BONAIRE TOURISM

ANNUAL STATISTICS REPORT 2005

TOURISM CORPORATION
BONAIRE

Foreword:

This report provides important tourism statistics for Bonaire. It contains information that is determinant for decisions to be made with regards to our tourism industry.

This report has been prepared for you by the Statistics department of Tourism Corporation Bonaire in cooperation with Bonaire International Airport (BIA), Immigration, Bonhata and all other tourism entities.

1. Background

The Tourism Corporation Bonaire (TCB) has published the Year Report for the Bonaire Tourism Industry, for both the local as well as international stakeholders. This statistical report contains information useful for those studying and planning the development of the tourism industry in Bonaire, and the development of individual operations comprising our tourism industry. The data contained in this report is derived from the Embarkation/Debarkation (E/D cards).

2. Data definitions:

Visitors: Any person visiting a country other that that in which they normally reside, for not more than one year.
Tourists: Visitors staying at least 24 hours on the island.
Same-day-visitors/Excursionists: Visitors staying less than 24 hours on the island.
Cruise Passengers: Special type of same day visitors (even if the ship overnights in port)

(Data definitions are recommended by the World Tourism Organization (WTO)

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3. Summary of Bonaire Tourism Markets:

During the year 2005, Bonaire received a total of 62,550 tourist arrivals. Compared to 2004 these figures show a decline of 1% in our arrivals. The latter is mainly attributable to the loss in seat capacity from the US market. The huge loss was proportionally higher than the decline (For instance 30%/45% loss in capacity resulting in 4.7% decline in the US market as compared to 1% decline in 2005 arrivals), which is a manifest of the interest to travel to Bonaire. 2005 closed with positive news with introduction of the first ever non-stop service provided by a US flag carrier, the service between Houston and Bonaire provided by Continental Airlines. 2005 was a good year for the European market with an increase of 7.5% in overall European arrivals. To the contrary total arrivals from the South American market impacted the total arrivals in 2005 negatively.

4. Highlight Tourist Arrivals USA/ Canada Market:

BONAIRE 2005 MARKET FOCUS REPORT

Although consumer spending held steady throughout 2005, consumer confidence fluctuated. It opened low during the first quarter, spiked during the second quarter and then plummeted during the third quarter due in large part to the devastating hurricane season.

However, fourth quarter market reports showed that the US economy is strong, evidenced by the US dollar rising against the Euro, unemployment down to 5% and the job market recovering from hurricanes Katrina, Rita and Wilma.

The major unknown was (and still is) the long-term impact of surging oil prices. From a travel standpoint, the impact of the sky-high oil prices manifested itself by airlines significantly reducing capacity and increasing fares. This was evidenced in Bonaire when an ailing Air Jamaica reduced their flights to the island.

The first five months of the year, Bonaire showed steady growth, reaching 4.5% as of May 2005. Then on May 11 it was announced that Air Jamaica would be pulling out of Bonaire. After a series of meetings and negotiations Air Jamaica pulled three of their four flights leaving the Saturday flight in place. After meetings with American Eagle, they added two (and for the peak of July and August, four) flights to the market.

The reduction in Air Jamaica flights represented a loss of 30% of the capacity from the US during the summer months and 45% during the period September 2 – December 16, as demonstrated in the figures below.

Seat Capacity prior to cessation

JM 4 rotations x 150 seats per flight = 600 seats per week (inbound)

AA 3 rotations x 55 seats per flight = 165 seats per week

Total 765 seats

Seat Capacity July 2 – September 1

JM 1 rotation x 150 seats per flight = 150 seats per week (inbound)

AA 7 rotations x 55 seats per flight = 385 seats per week

Total 535 seats

Seat Capacity September 2 – December 15

JM 1 rotation x 150 seats per flight = 150 seats per week (inbound)

AA 5 rotations x 55 seats per flight = 275 seats per week

Total 425 seats

At years end, the growth in the first five months ameliorated the severity of the loss in the marketplace as measured by a year-over-year comparisons, however, the US market still ended the year down 4.7% over 2004. Additional air capacity is required in order for the market to regain its position and begin growing again. Efforts to attract additional airlift, fortunately have reaped fruits in a very short time span. Continental Airlines introduced a non-stop service between Houston and Bonaire in a record time, when they started in mid December 2005. Even though the flight has been and is performing tremendously well, its introduction so late in the year had little effect on our year end arrival figures.

5. Highlight Tourist Arrivals Europe Market:

BONAIRE 2005 MARKET FOCUS REPORT

In 2004, overall tourism arrivals from Europe showed a decrease of 3.8%. In 2005 overall tourism arrivals increased by 7.5%, which is mainly attributable to an increase of 6% from Netherlands and increases in the secondary markets, which are Germany (10.9%), England (9.8%), and Scandinavia (Sweden: 8.7%, Norway: -6.9%, Finland 79.1%).

The European market faced a situation of saturated seat capacity in 2004. Therefore the focus was placed on yield management, whereby the TCB Europe office together with TCB aimed at attracting the upscale visitors so as to maximize the revenue generated for the Bonairean economy.

KLM, as a reaction to the saturated seat capacity and hence a situation where the demand was surpassing the supply, also followed pace and increased the rates. The latter maximized the effect on the Dutch market as well as the secondary markets, as the pursuit to attract the upscale segment was emphasized and supported by high ticket prices.

With regards to the secondary markets, they required extra effort, as successful performance of these markets could only be achieved through early bookings, hampering the local KLM offices established in the respective markets of having to give back their seat allotments to the overall KLM allotment (KLM HQ).

Tourism arrivals for Bonaire in the primary market, the Netherlands, and in the secondary markets, proved that the increased focus on yield management has made it possible to increase yield and number of tourists from the European market, as the usage of the available seat capacity was maximized (at higher yields).

From the accommodations perspective, noteworthy is that a majority of European visitors stay at non-paid accommodations or choose to stay at a house/villa, therefore most of those staying at hotels/apartments are Americans. Also to be kept in mind is the differing profile, whereby the average European visitor does not visit to dive, but spends his/her money in other activities on island.

6. Highlight Tourist Arrivals South America Market:

BONAIRE 2005 MARKET FOCUS REPORT

In 2005 the focus was on 4 major markets; Brazil for its diving population, Venezuela, a natural market in leisure/diving, and Peru & Ecuador with direct flights to the island.

In Venezuela and Brazil, the focus continued to be on trying to overcome the airlift difficulties which continue affect the number of tourist arrivals and hamper the ability to take advantage of the market potential effectively. Improvement in air connections is vital and will permit Bonaire to tap into the potential market more efficiently.

It's important to focus on improving Dutch Antilles Express' (DAE) agreements with South American airlines, whereby visitors could be transported via Aruba and Curacao. Should the latter be realized, properties and tour operators would be motivated to establish business relationships and to create competitive packages, especially in those seasons where there are rooms available on island and South America would be an attractive solution to unoccupied rooms. Since the closing the DAE operation in October 2004, there is no commercial airline between Venezuela and Bonaire which complicates the air traffic in almost all the region, with the exception of Peru and Ecuador, with the direct KLM connection.

Difficulties in airlift had a strong effect on arrivals from South America. The total arrivals decreased by **10.9%** compared to 2004.

Venezuela

A market with a complex economic, social and political environment with a real airlift difficulty, but with a lot of potential and an attractive proximity to Bonaire.

The airlift difficulties have had an adverse effect on the number of tourist arrivals, which creates uncertainty among the travellers who expect better conditions to plan their trip to Bonaire, and which does build confidence among the trade. Fortunately, the diving sector differs, as they have learned how to contract their own charter flights and bring groups to the island.

In 2005, Bonaire relied mainly on the small charter operation from Jasta Travel, between Caracas Valencia Bonaire. Unfortunately there was no concrete information available for travel partners. The other possibility for connections to Bonaire was via Aruba or Curacao and then connecting with Dutch Antilles Express. However the fare is very expensive and the tour operators are not able to issue it.

Counting only on small charter operation from Jasta Travel, with 3 weekly flights of 19 seats and without any information to the tourism industry and final consumer, total arrivals from Venezuela reflected a decrease of 0,1% compared to 2004.

Brazil

Brazil is a natural dive market that characterizes itself with 7 nights stays and that has the biggest diving population in the region. Bonaire does not have direct flights to serve this market. The airlift improved with the introduction of new

regular flights from Varig, which operated on Tuesdays (Rio, Sao, Aua) and which provided same day connections to Bonaire, however this connection was in place until the middle of July 2005. Dutch Antilles Express' lack of an office in Brazil impedes the tour operators' ability to issue ticket to Bonaire. This is a big limitation to sell Bonaire programs.

Besides the latter, a negative online campaign (in the first quarter of the year) about security issues on island, affected the image of Bonaire in Brazil, causing cancellation of many groups.

Mainly due to the above, 2005 was not a good year for arrival from the Brazilian market. The market shows a decrease of **13.4%** in the number of visitors in 2004.

Peru

A market that started the year with the introduction of a visa requirement to travel to Bonaire, a fact that impacted sales of Bonaire packages negatively. This is a complex market even though KLM flies directly to Bonaire, tourist arrivals have declined due to lack of awareness of the island among consumers and the tourism sector and to limited ad campaigns in media (limited budget) as well as the fact that packages to Bonaire are higher than other Caribbean destinations and also to the absence of a diving segment. This has translated reduced interest in on island properties promoting packages, etc.

Arrivals from Peru decreased by 36.4% in 2005 compared to 2004.

Ecuador

Arrivals from the Ecuadorian market in 2005 declined by 36.6%, as the business relationship with Viamerica, considered to be the strongest ally for Bonaire, cooled off due to cancellation of the rate agreement between KLM and Dutch Antilles Express. Furthermore the political crisis where the Ecuadorian President was forced to resign also caused instability.

Ecuador is in many ways same as Peru with a lack of awareness of the island in the market. Developing this market properly requires more time, effort and money. Bonaire is also perceived as being expensive, when comparing Bonaire to other destinations.

Ecuador itself does not have a large diving and adventure infrastructure however the focus is on capturing the in-bound tourism that comes to see the Galapagos Islands.

7. Highlight Tourist Arrivals Caribbean/ Rest World Market:

BONAIRE 2005 MARKET FOCUS REPORT

Caribbean

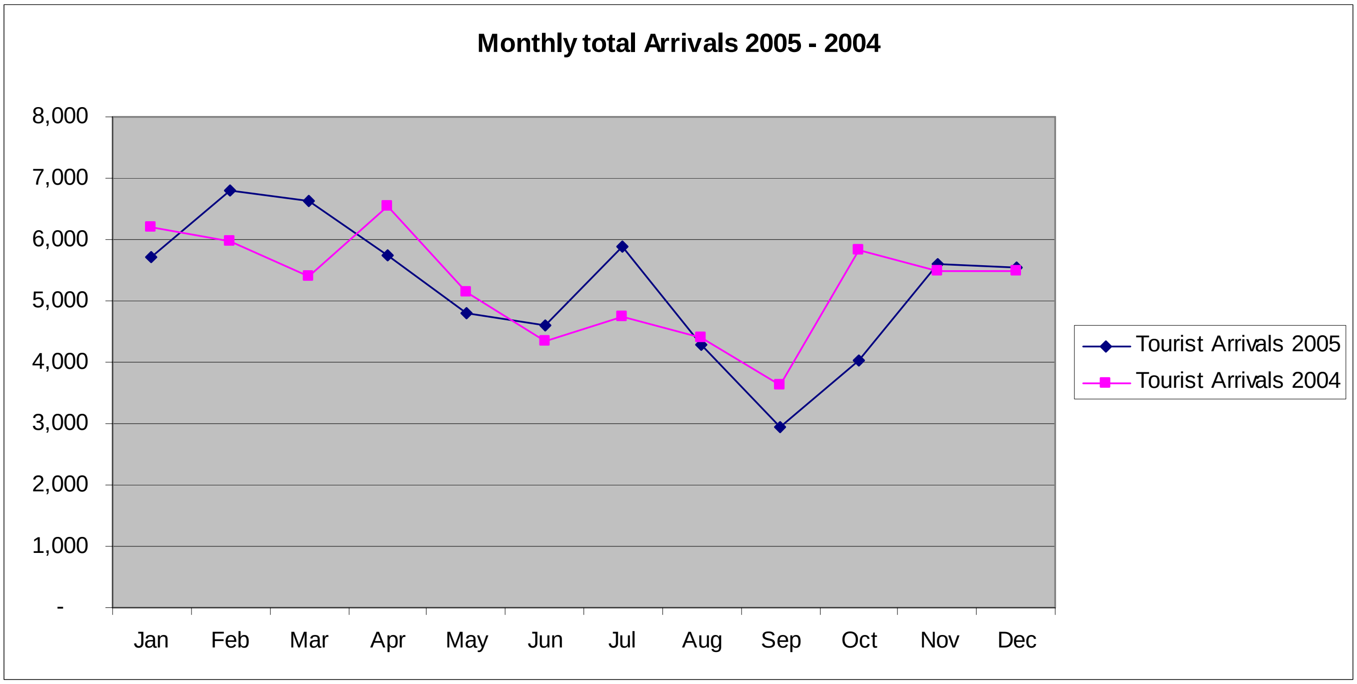
Arrivals from the Caribbean region did experience a decrease in 2005 compared to arrivals in 2004. The latter can be attributed to a drop in arrivals from our main Caribbean market, Aruba. Arrivals from decreased by 25% in 2005. Increased costs (ticket price) to travel to Bonaire and cancellation of non-stop connections to Bonaire from the main market of Aruba are to be seen as reasons for this development. The remainders of arrivals from the Caribbean region have increased in 2005, showing an increase of 14.9%.

Rest of the World

Performance of other countries not listed separately in TCB's arrivals breakdown, due to their significance in the overall tourism arrivals, have decreased by 64.5%. A total of 676 arrivals have been categorized under this group in 2004, whereas in 2005 this dropped to a total of 240 arrivals.

Table 1: TOURIST BY COUNTRY OF ORIGIN

	YTD Totals 2005	YTD Totals 2004	PCT Change	YTD Market Share 2005	YTD Market Share 2004
North America					
USA	25,363	26,623	(4.7)	40.55	42.15
Canada	1,157	1,175	(1.5)	1.85	1.86
	26,520	27,798	(4.6)	42.40	44.01
Europe					
Netherlands	20,676	19,506	6.0	33.06	30.89
Germany	2,072	1,868	10.9	3.31	2.96
Great Britain	2,790	2,541	9.8	4.46	4.02
Belgium	722	715	1.0	1.15	1.13
Switerzerland	714	846	(15.6)	1.14	1.34
Sweden	622	572	8.7	0.99	0.91
Norway	175	188	(6.9)	0.28	0.30
Finland	274	153	79.1	0.44	0.24
France	294	304	(3.3)	0.47	0.48
Italy	463	413	12.1	0.74	0.65
Other	1,264	867	45.8	2.02	1.37
	30,066	27,973	7.5	48.07	44.29
South America					
Venezuela	1,632	1,633	(0.1)	2.61	2.59
Colombia	222	222	-	0.35	0.35
Brazil	415	479	(13.4)	0.66	0.76
Peru	278	437	(36.4)	0.44	0.69
Ecuador	251	396	(36.6)	0.40	0.63
Other S.A.	354	370	(4.3)	0.57	0.59
	3,152	3,537	(10.9)	5.04	5.60
Caribbean					
Aruba	2,018	2,690	(25.0)	3.23	4.26
Other Caribbean	554	482	14.9	0.89	0.76
	2,572	3,172	(18.9)	4.11	5.02
Rest World	240	676	(64.5)	0.38	1.07
Tourist Arrivals 2005	62,550	63,156	(1.0)	100.00	100.00


Monthly total Arrivals 2005 - 2004
8,000
7,000
6,000
5,000
4,000
3,000
2,000
1,000
-
Jan
Feb
Mar
Apr
May
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Tourist Arrivals 2005
Tourist Arrivals 2004

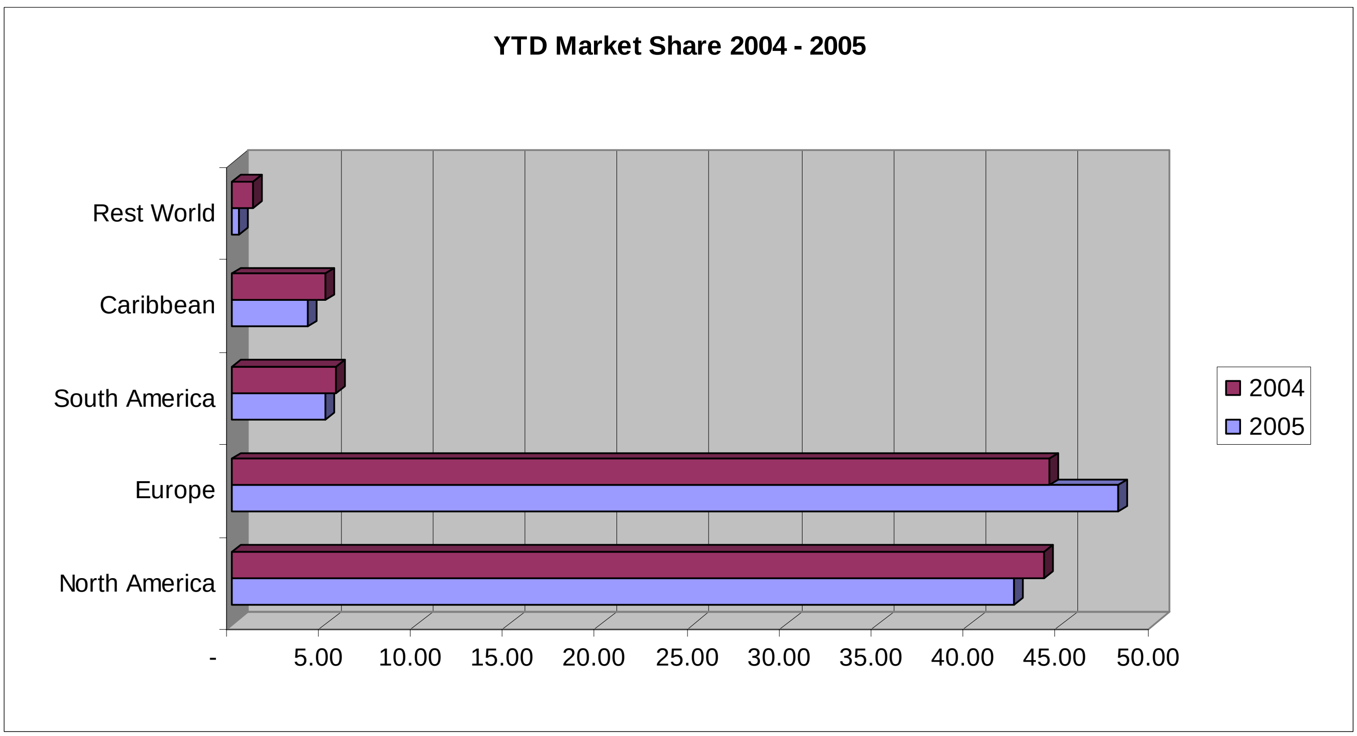
YTD Market Share 2004 - 2005
Rest World
Caribbean
South America
Europe
North America
-
5.00
10.00
15.00
20.00
25.00
30.00
35.00
40.00
45.00
50.00
2004
2005

Table 2: TOURIST ARRIVALS PER MONTH

Tourist Arrivals By Month

	2004		2005		% Change.	
Jan	6,201	10%	5,702	9%	(8.0)	-499
Feb	5,982	9%	6,798	11%	13.6	816
Mar	5,391	9%	6,623	11%	22.9	1232
Apr	6,539	10%	5,742	9%	(12.2)	-797
May	5,130	8%	4,808	8%	(6.3)	-322
Jun	4,352	7%	4,599	7%	5.7	247
Jul	4,736	7%	5,897	9%	24.5	1161
Aug	4,387	7%	4,272	7%	(2.6)	-115
Sep	3,624	6%	2,942	5%	(18.8)	-682
Oct	5,836	9%	4,029	6%	(31.0)	-1807
Nov	5,492	9%	5,603	9%	2.0	111
Dec	5,486	9%	5,535	9%	0.9	49
Total	63,156	100%	62,550	100%	(1.0)	-606

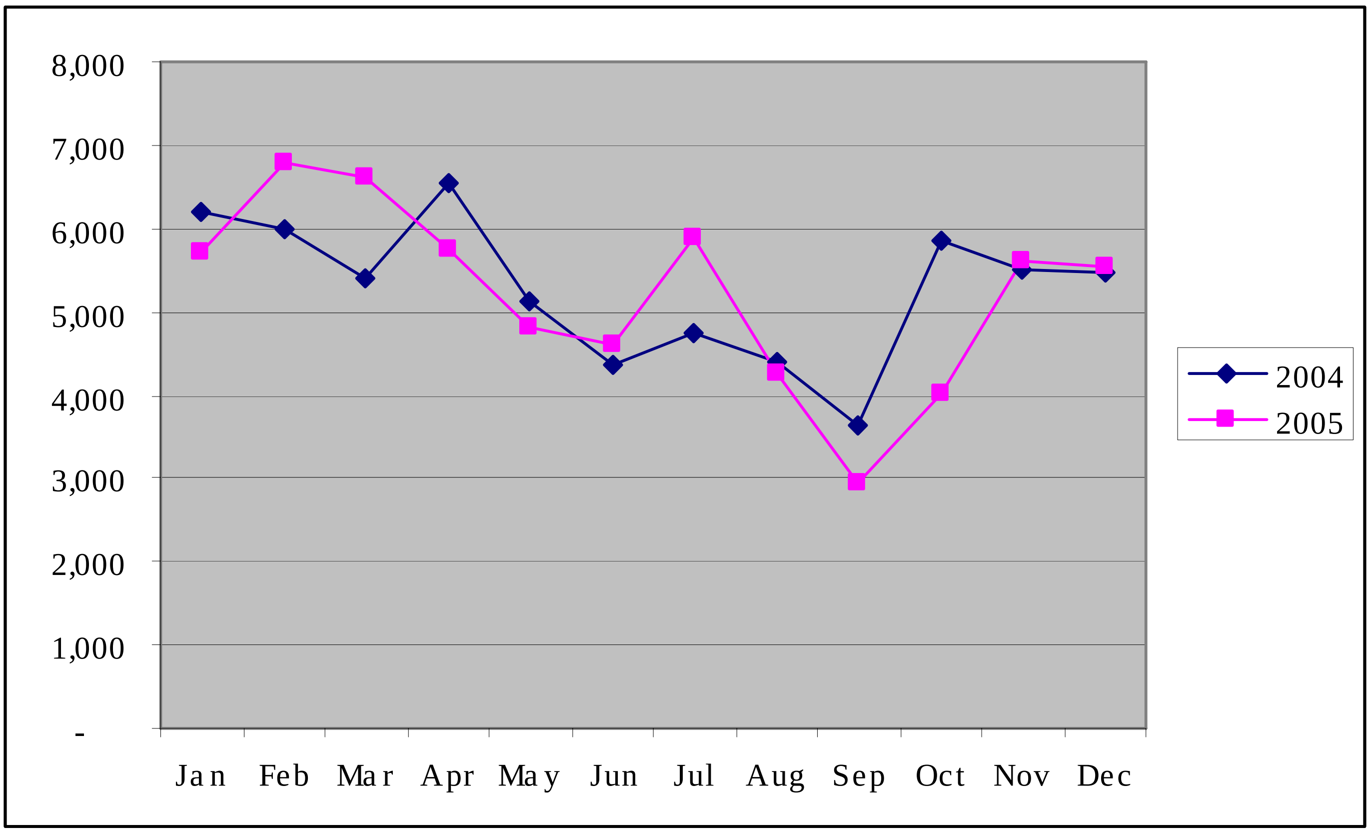

Table 3: TOURIST ARRIVALS BY USA/ CANADA MARKET

	Tourist Arrivals By USA / Canada Market			
	2004	**2005**	**% Change.**	
Jan	2,882	2,442	(15.3)	-440
Feb	2,972	3,023	1.7	51
Mar	2,619	3,194	22.0	575
Apr	2,386	2,508	5.1	122
May	2,495	1,700	(31.9)	-795
Jun	2,077	2,409	16.0	332
Jul	1,931	2,568	33.0	637
Aug	2,045	1,822	(10.9)	-223
Sep	1,337	943	(29.5)	-394
Oct	2,227	1,280	(42.5)	-947
Nov	2,413	2,248	(6.8)	-165
Dec	2,414	2,383	(1.3)	-31
Total	27,798	26,520	(4.6)	-1278

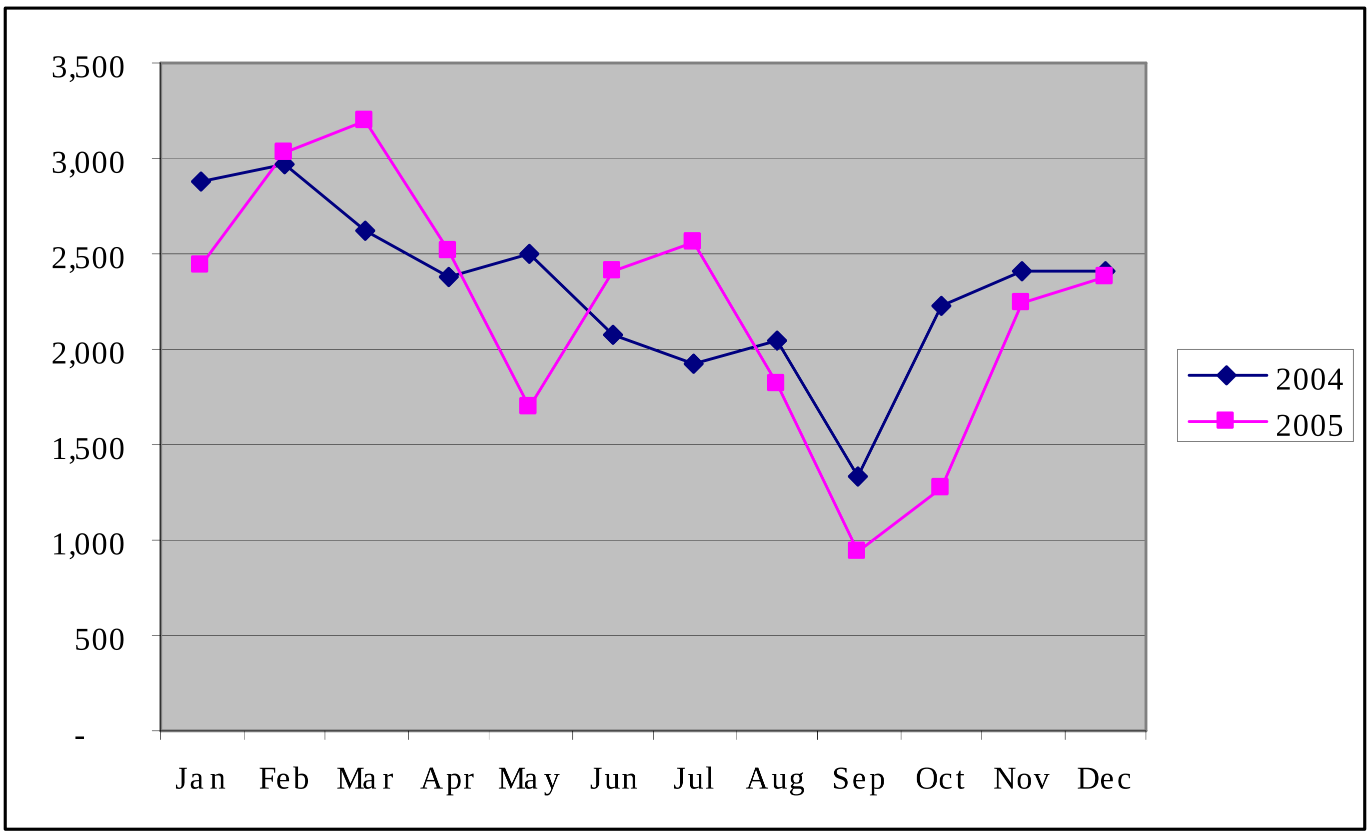

Table 4: TOURIST ARRIVALS BY EUROPEAN MARKET

	Tourist Arrivals By European Market			
	2004	**2005**	**% Change.**	
Jan	2,729	2,789	2.2	60
Feb	2,558	3,371	31.8	813
Mar	1,987	2,754	38.6	767
Apr	3,252	2,596	(20.2)	-656
May	2,024	2,639	30.4	615
Jun	1,717	1,714	(0.2)	-3
Jul	2,168	2,679	23.6	511
Aug	1,867	1,948	4.3	81
Sep	1,842	1,596	(13.4)	-246
Oct	2,763	2,368	(14.3)	-395
Nov	2,629	3,035	15.4	406
Dec	2,437	2,577	5.7	140
Total	27,973	30,066	7.5	2093

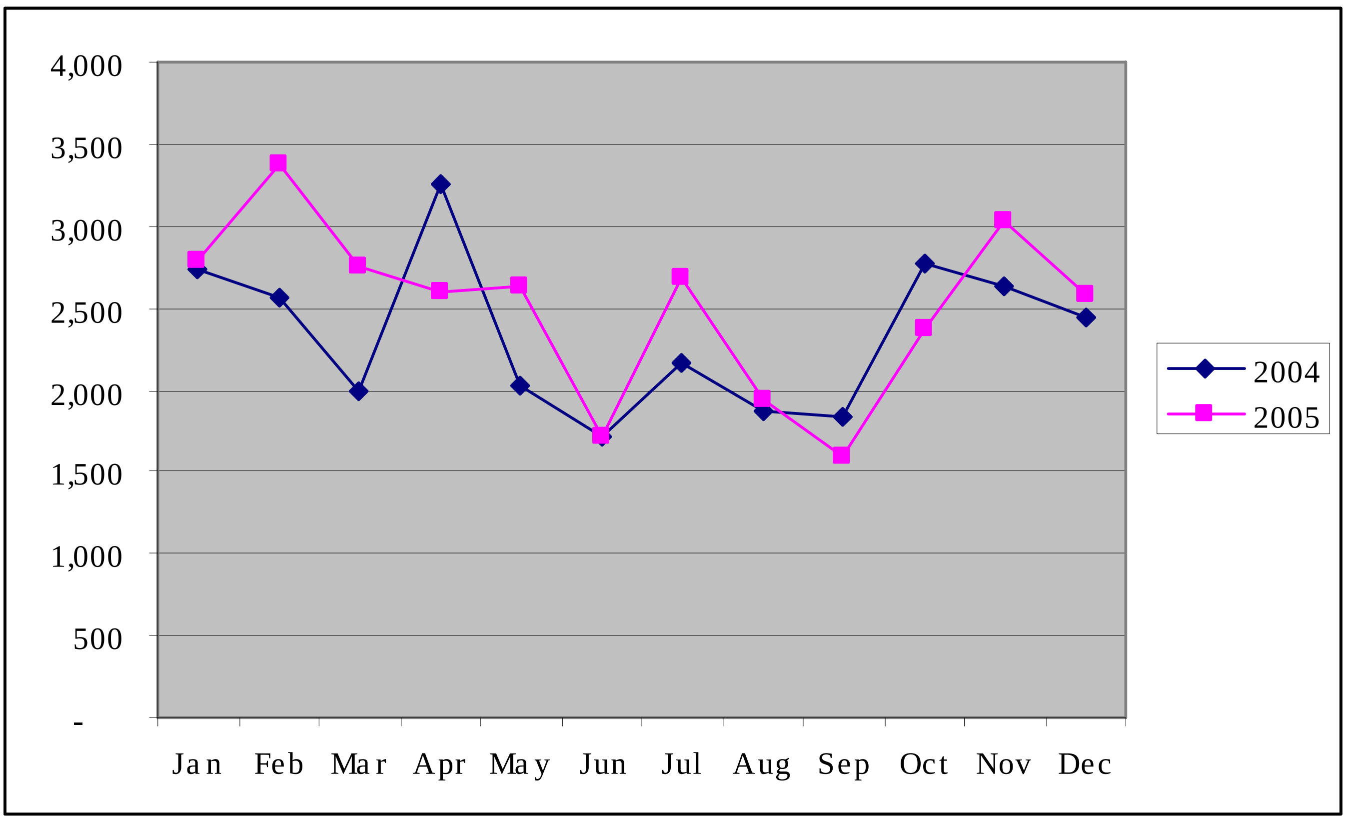

Table 5: TOURIST ARRIVALS BY SOUTH AMERICAN MARKET

Tourist Arrivals By South American Market

	2004	**2005**	**% Change.**	
Jan	298	213	(28.5)	-85
Feb	281	255	(9.3)	-26
Mar	394	393	(0.3)	-1
Apr	287	199	(30.7)	-88
May	283	232	(18.0)	-51
Jun	274	290	5.8	16
Jul	346	325	(6.1)	-21
Aug	261	280	7.3	19
Sep	179	195	8.9	16
Oct	374	187	(50.0)	-187
Nov	202	186	(7.9)	-16
Dec	358	397	10.9	39
Total	3,537	3,152	(10.9)	-385

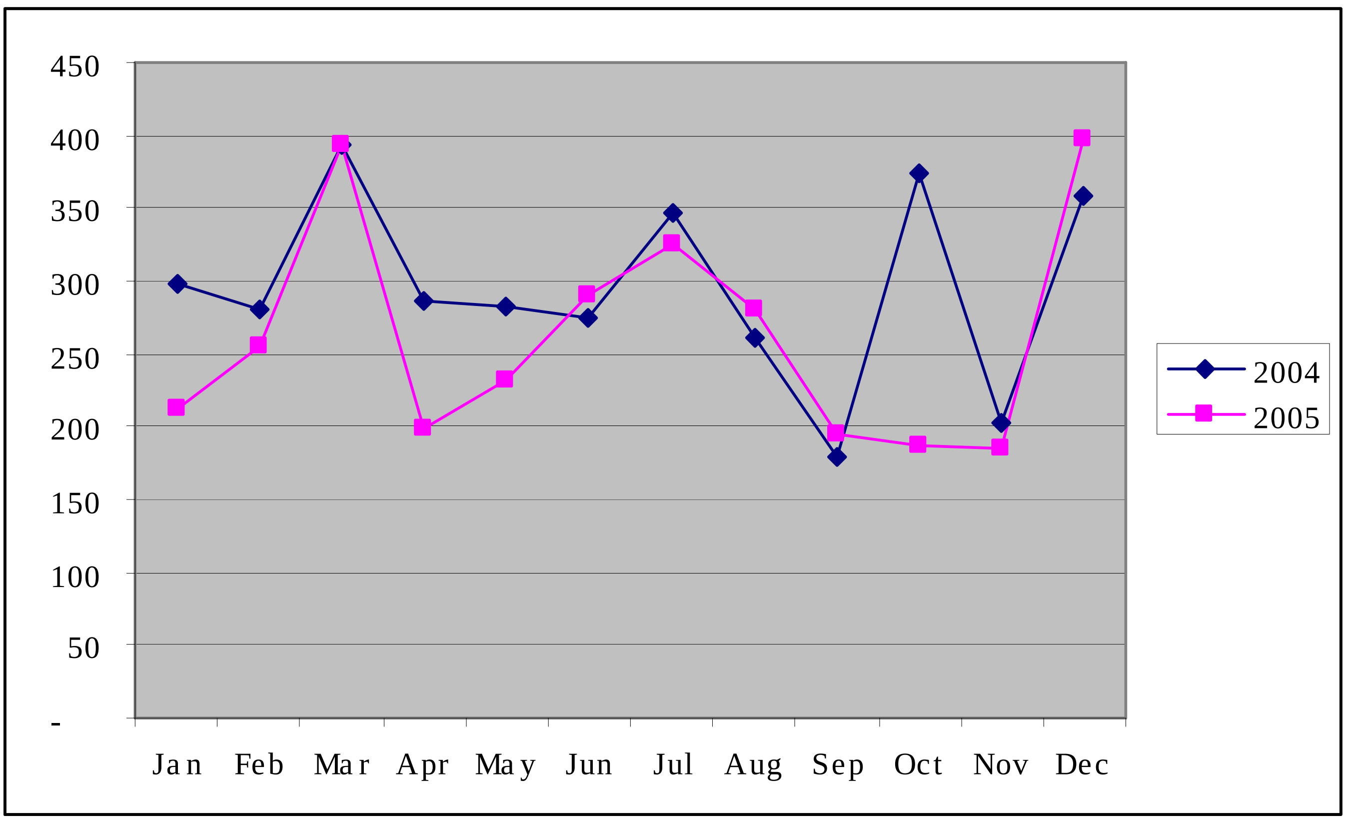

Table 6: TOURIST ARRIVALS BY CARIBBEAN / REST OF THE WORLD MARKET

Tourist Arrivals By Caribbean / Rest World Market

	2004	**2005**	**% Change.**	
Jan	233	215	(7.7)	-18
Feb	142	122	(14.1)	-20
Mar	246	268	8.9	22
Apr	474	407	(14.1)	-67
May	284	210	(26.1)	-74
Jun	250	166	(33.6)	-84
Jul	231	311	34.6	80
Aug	164	210	28.0	46
Sep	247	199	(19.4)	-48
Oct	449	176	(60.8)	-273
Nov	202	121	(40.1)	-81
Dec	250	167	(33.2)	-83
Total	3,172	2,572	(18.9)	-600

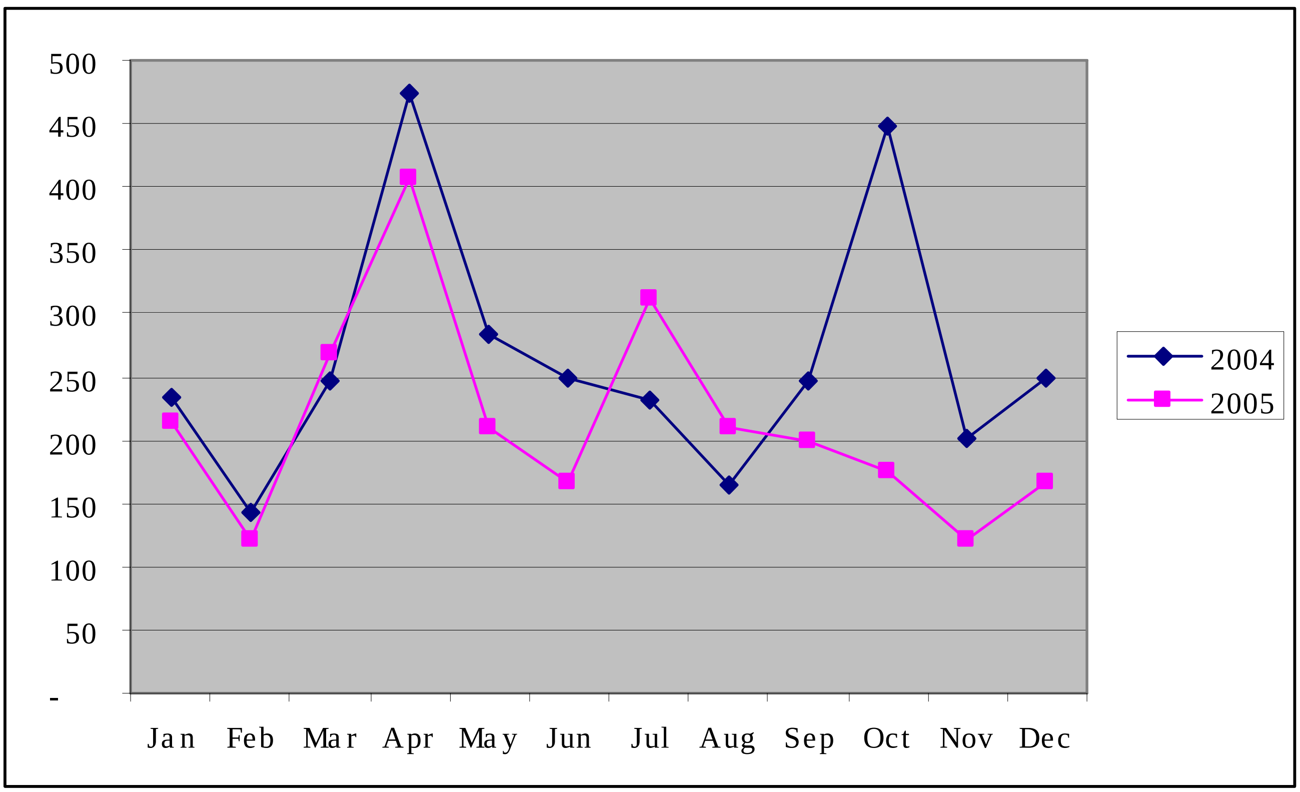

Table 7: BED NIGHTS & LENGTH OF STAY

Tourist Bed Nights by Months in Paid and Non-Paid Accommodations / **Average Stay**

	2004	2005	% Change.	Average Stay 2004	Average Stay 2005
Jan	83,239	52,207	(37.3)	9.86	9.16
Feb	58,564	50,115	(14.4)	9.79	7.37
Mar	24,900	58,728	135.9	7.90	8.87
Apr	56,021	53,248	(4.9)	8.57	9.27
May	44,691	46,273	3.5	8.71	9.62
Jun	42,574	44,399	4.3	9.78	9.65
Jul	42,303	59,809	41.4	8.93	10.14
Aug	38,269	38,456	0.5	8.72	9.00
Sep	33,974	29,101	(14.3)	9.37	9.89
Oct	49853	38,764	(22.2)	8.54	9.62
Nov	48,307	54,070	11.9	8.80	9.65
Dec	55,302	61,767	11.7	10.08	11.16
Total	577,997	586,937	1.5	9.15	9.38

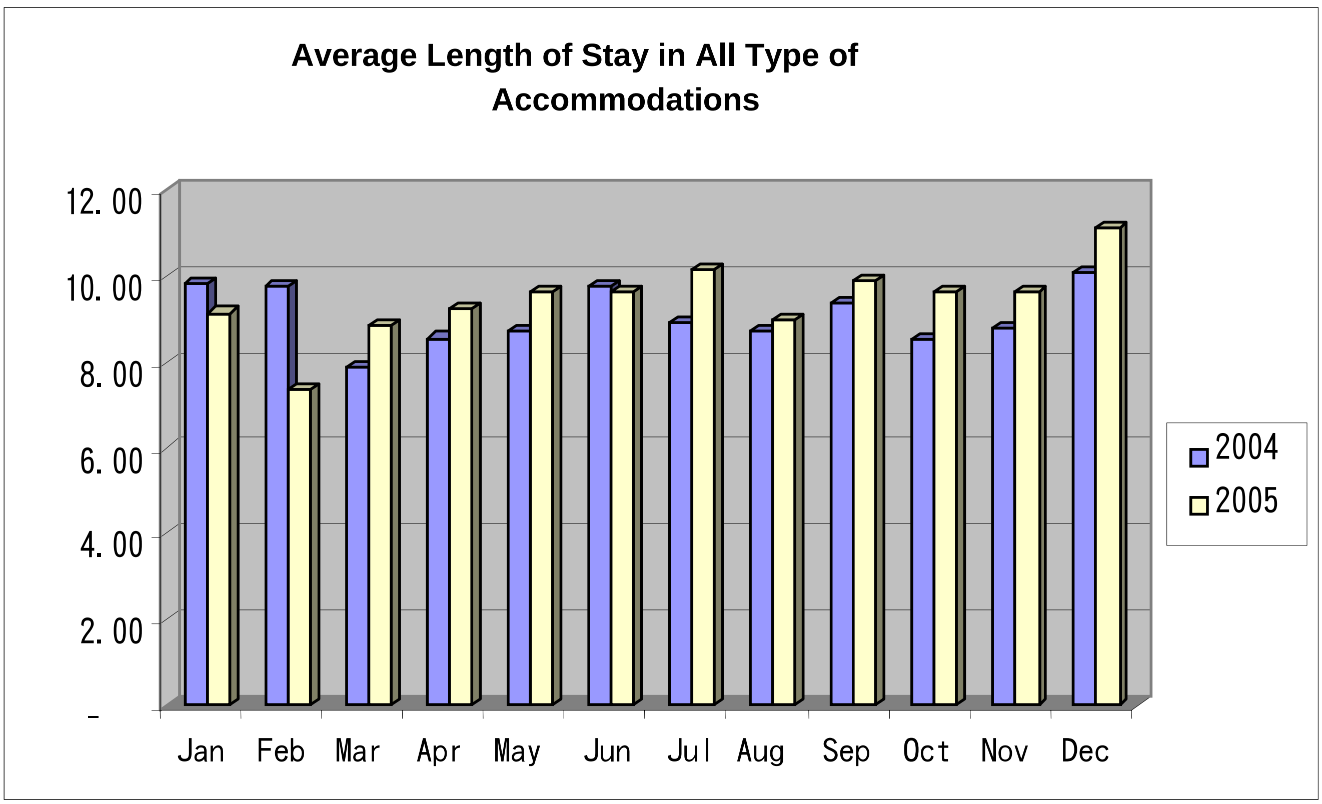

Table 9: CRUISE PASSENGERS AND CALLS

	Cruise Passengers			Calls		
	2004	2005	% Change.	2004	2005	% Change.
Jan	11,484	5,049	(56.0)	8	8	0.0
Feb	9,259	5,164	(44.2)	6	7	16.7
Mar	5,388	8,004	48.6	5	9	80.0
Apr	3,603	1,383	(61.6)	7	2	(71.4)
May	346	550	59.0	3	6	100.0
Jun	-	1,406	100.0	0	9	100.0
Jul	574	1,166	103.1	3	8	166.7
Aug	477	1,039	117.8	4	8	100.0
Sep	390	765	96.2	4	9	125.0
Oct	774	584	(24.5)	9	7	(22.2)
Nov	7,715	5,999	(22.2)	13	8	(38.5)
Dec	13,333	8,968	(32.7)	16	8	(50.0)
Total	53,343	40,077	(24.9)	78	89	14.1