BONAIRE TOURISM

ANNUAL STATISTICS REPORT 2006

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 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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Date of publication: May 16 2007

3. Summary of Bonaire Tourism Markets:

Conclusions:

Compared to 2005, in 2006 1.6% more people visited Bonaire; this equals an increase from 62,550 to 63,552 tourists in 2006. After suffering a slight decrease in tourism arrivals of 1% in 2005, the island's total tourism arrivals has improved to end positively in 2006.

The increases in tourism arrivals in the North American, South American, Caribbean and other markets have compensated a decrease in arrivals from our European market. Increases and decreases are attributable to mainly seat capacity available to the island.

In 2006 the US market enjoyed a 5.6% year-over-year growth as compared to 2005 and North America (US and Canada combined) achieved a growth of 6.7%. Major influencer of an increase in 2006 US and Canadian tourism arrivals was additional airlift, whereby the total number of weekly inbound seats to the island from North America reached a level that exceeds the number of seats in the marketplace prior to the cessation of the three Air Jamaica flights in 2005 (785 vs. 765), where total tourism arrivals for Bonaire experienced a slight decrease. In this perspective, the success story of the first ever non-stop flight to Bonaire serviced by Continental Airlines, which flies Houston - Bonaire non-stop has proven to be a great asset to the island. American Eagle's increase in number of flights per week has also helped the North American market to bounce back in 2006.

In 2006 the European market decreased with 6.2% as compared to arrivals in 2005. Our main market, the Netherlands, experienced a decrease of 6.9%. The remainder of the European markets show a higher decrease. Historically, Bonaire has always received between 28.000 -30.000 tourists per/year. Total arrivals in 2006 were 28,202, a fluctuation caused again by a decrease in available seat capacity. Efforts to compensate this loss through stimulation of traffic via neighboring islands as per the summer period of 2006 have reaped their fruits. The positive trend continued after the summer of 2006 amongst other with the introduction of Arkefly in November 2006.

In 2006 the South American market enjoyed a 15.2% year-over-year growth as compared to 2005. Main contributor was the Brazilian market, where marketing efforts have been increased as per 2005. Only the Equatorial market has shown a decrease in 2006. Venezuela, Colombia, Peru and other South American destinations have performed positively.

Total tourism arrivals from the Caribbean region, with Aruba being the main market; have increased also from a total of 2,572 to 3,161 visitors in 2006.

Projections for 2007 and forward look great, whereby especially the addition of new accommodations puts Bonaire on a significant growth path, one that will enable the island to receive more visitors on a yearly basis. The total number of tourism arrivals to Bonaire should increase significantly once such projects are completed. Bonaire's historical number of tourism arrivals per year will no longer be around 60.000, but will be more.

4. Highlight Tourist Arrivals USA/ Canada Market:

The year ended with the stock markets closing at their highest levels in three years after a strong second half rally, sparked by a decline in energy prices, relieved fears of inflation. Consumer confidence remained strong according to a December Conference Board Survey, however, the confidence levels of the higher income families were substantially stronger than those of lower income families.

The Travel Market Indicator focused on the widening gap between America's income groups and the implication that the major expansion in discretionary travel is likely to be skewed more and more towards the consumers with the highest income levels.

Bonaire's current US Marketing Campaign that targets the affluent, leading edge baby boomers, positions the island well to take advantage of the above mentioned trend, and undoubtedly had a positive impact on our 2006 tourism numbers. However, the major influencer of 2006 US and Canadian tourism arrivals was additional airlift; specifically the addition of two more American Eagle flights per week – bring Eagle to a total of 5 rotations a week (which were uplifted to 7 when demand was there) and the inauguration of the Continental non-stop flight from Houston to Bonaire.

Commencing service on Dec. 17, 2005 and operating at an exceptional 86% annual average load factor, the Continental flight was a success from the beginning. Frequently upgraded from a 124 seat aircraft to a 155 seat aircraft, the success of the Houston flight paved the way for a second non-stop flight from the all-important New York area. The Newark flight commenced Dec. 17 2006.

The 2006 tourism arrival numbers are based on five Eagle flights per week and one continental non-stop (from Houston). However effective December 16, 2006, and continuing into 2007, the addition of a second Continental non-stop flight (from Newark) and the addition of two weekly flights on American Eagle (which resulted in a return to daily service) brings the total number of weekly inbound seats to Bonaire from the US to a level that exceeds the number of seats in the marketplace prior to the cessation of the three Air Jamaica flights in 2005 (783 vs. 765).

In 2006 the US Market enjoyed a 5.6 % year-over-year growth as compared to 2005 and North America (US and Canada combined) achieved a growth of 6.7%. For 2007 the market is poised to realize the strongest sustained growth since 1999. Baring any unforeseen events, the US market could achieve a year-over-year growth in 2007 of 8% - 9%.

5. Highlight Tourist Arrivals Europe Market:

In 2006, overall tourism arrivals from Europe decreased with 6.2% as compared to 2005. In 2005 tourism from Europe increased, hence the performance in 2006 was not as good as 2005.

To analyze the results, one has to place the European tourism arrivals in a historical perspective.

Taking into account how the European market has developed since 1993, one can conclude that arrivals from this market have fluctuated for a long time around 20,000 tourism arrivals per year. After a decline in tourism arrivals in the end of the nineties, tourism arrivals have increased significantly from the historical total of 20,000 to 30,000 due to new KLM connections. The historical total arrivals for Europe has then changed and has been fluctuating between 28,000 and 30,000 arrivals per year, since the addition of new direct KLM flights in the early twenties. Noteworthy is that decreases in number of arrivals have been less than decreases in number of seat capacity.

The first 6 months of 2006 showed a decrease in total tourism arrivals of 11.2% as compared to the same period in 2005. Due to an increase in demand from South America on the existing direct KLM connections, the seat capacity available for Bonaire did decrease during the first half of 2006. Moreover the price for trips to Bonaire increased significantly as a consequence of the decreased supply of seat capacity on these flights with end destination Lima and Quito. The reduced seat capacity on KLM flights was not compensated adequately by the Dutch Antilles Express and Divi Divi connections via Curacao and Aruba.

Discussions with DAE in May 2006, focused on better capturing those that are traveling via Aruba and Curacao, did compensate some loss in the months that followed but did not lead to a positive result at the end of the year. The trend booked after the first half of 2006 has improved as compared to the first half and has been pushed even more with the introduction of Arkefly in November 2006. Nevertheless, the island had to still compensate a loss of 11.2% in the first half of 2006, which has been partially removed but not sufficiently so as to close the year with an increase of European arrivals in 2006 as compared to 2005. Total tourism arrivals in 2006 were, 28,202.

The primary market, which is the Netherlands, has decreased with 6.9% as compared to an increase of 33% during 2005. Remainder of the European destinations have mostly also decreased as compared to the year before, due to the developments on the airlift front in 2006.

For 2007 we expect to remain within the 28,000 and 30,000 arrivals per year. However, sales booked through Arkefly and steps to be taken by

KLM with regards to the current flights can lead once again to fluctuations on the airlift front.

The projected increase in hotel rooms capacity will provide an opportunity to negotiate with European Tour Operators and with airlines, which looks promising. Care needs to be taken so as to ensure that steps taken do not affect the total product offering applicable in the European, but also in other markets. The latter refers to for instance overall price levels, which have to be suitable for the attraction of quality tourists.

6. Highlight Tourist Arrivals South America Market:

The statistics show an great growth in the entire region of **15,2%,** mainly in Brazil our biggest market in South America where the focus is primarily on the diving segment.

Brazil's total arrivals reflect an important annual growth of 101%. The afore-mentioned is a result of increased promotional efforts and improvements on the area of airlift, whereby Avianca fortified its services after Varig found

itself in serious economic crisis last year. The airline Avianca introduced daily flights from Sao Paulo to Aruba via Bogota and four times a week via Curacao, where those visiting Bonaire could then connect easily to Bonaire with DAE.

TCB has increased efforts in this market, with the support of the private sector, and is seeing results. Advertising, attendance at shows and organization of sales blitz in Sao Paulo, Rio de Janeiro and Belo Horizonte, close contact with the trade, production of packages by on-island accommodations and press visits to Bonaire are part of the increased efforts in this market with a huge diving market and thus huge potential. According to PADI estimates the Brazil market consists of more than 250,000 divers.

Brazilian divers are showing great excitement in Bonaire, that is positioned as a top and well known diving destination. Top and well known for its quality and pristine diving, its unlimited shore diving, its visibility conditions and its warm water temperature all year round.

Despite of the complicated political situation, **Venezuela has shown a small growth of 0,6%.** This market continues to be the leading market in terms of generation of tourism towards the island. Bonaire is an ideal destination to visit during holidays and long weekends and the island keeps receiving diving groups during these vacation breaks.

Airlift has always been a challenge and this is progressing very slowly. Transaven is flying 4 times a week with a 19 seat aircraft between Caracas, Valencia and Bonaire, and DAE is flying also 4 times a week between Valencia to Curacao offering a connection to Bonaire hours later.

Venezuela is a natural market for Bonaire due to its proximity. It is positioned as an ideal destination for divers and the upper class leisure segment who are seeking peace and tranquility.

Peru shows a 32% growth. The promotion in this market is moderate and efforts are focused on promotion among the sales channel, e.g. travel agents. Some hotels also participate actively in this market and have developed competitive packages for this market characterized by short stays. Airlift offered by KLM has provided opportunities for Bonaire to position itself as an ideal dual destination (Peru / Bonaire).

Meanwhile **Ecuador is showing a decrease of 24.7%.** Efforts in this market are very small and the focus is on maintaining the effort that we place in the market. Equador offers the Galapagos to divers and on the leisure segment there's fierce competition from neighboring islands. Efforts are being injected in Equador though, because of the opportunities provided through the KLM connection.

Airlift conditions remain a challenge. Flights from Brazil are existent, but still require the passenger to

travel many hours and have many stopovers before reaching our destination. Nevertheless Brazil, being a huge market showing a constant growth, having a large dive population and representing the strongest country in South America in economic terms, is a market which will continue to be a high priority for Bonaire in 2007. As for Venezuela there's more significant improvement with DAE's new service from Caracas, something which Bonaire should leverage from.

For both the Brazilian and Venezuelan markets, Bonaire's strength lies in the attraction of groups (dive groups), the focus will be therefore targeted on group business from these main South American markets. Other markets offering favorable travel conditions will not be overlooked in 2007.

Bearing no major changes in the market conditions of South America, the focus will be on continuing to grow. In this respective, the overall region can achieve a growth of 10% in 2007 as compared to 2006.

7. Highlight Tourist Arrivals Caribbean/ Rest World Market:

Caribbean

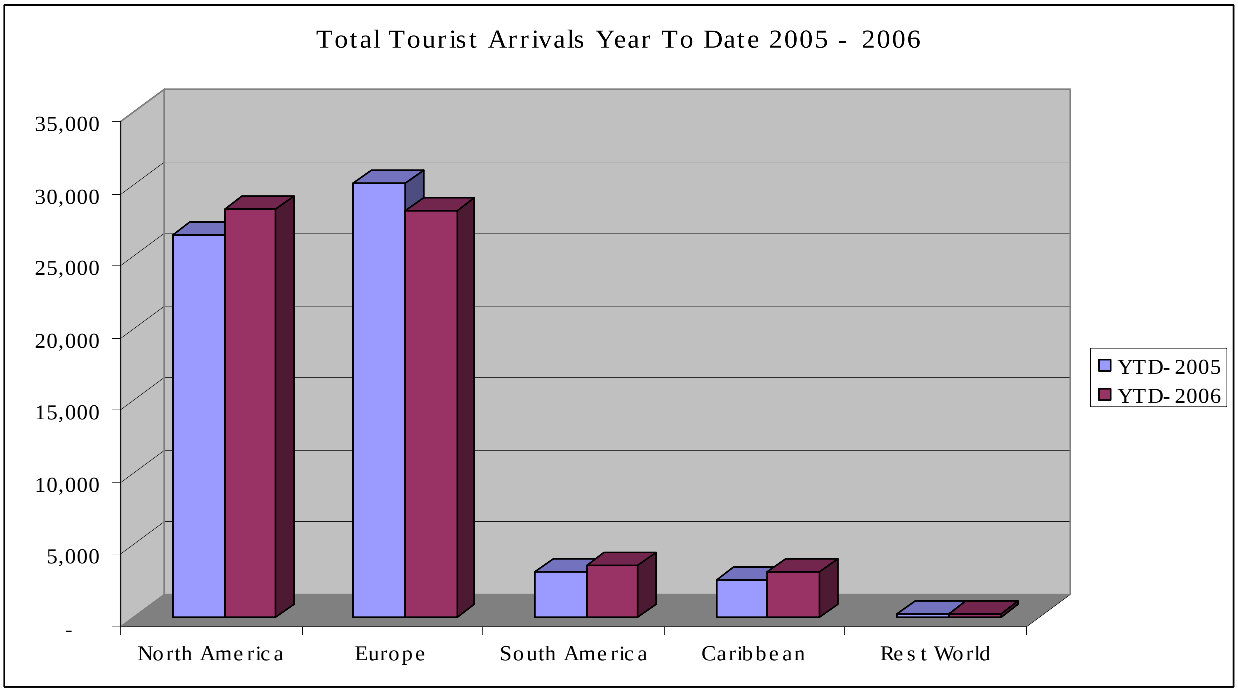
Total tourism arrivals from the Caribbean region, with Aruba being the main market; have increased from a total of 2572 to 3161 visitors in 2006. Arrivals from Aruba show a year over year growth of 28.4% in 2006 as compared to 2005.

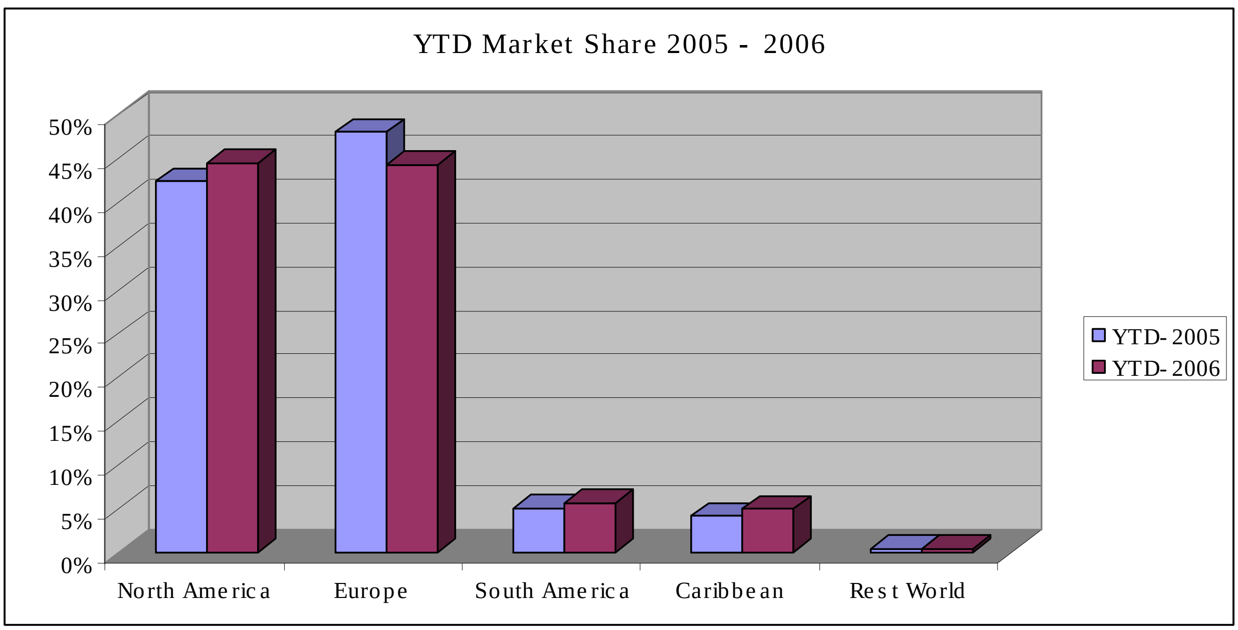
Rest of the World

Performance of other countries not listed separately in TCB's arrivals breakdown, due to their significance in the overall tourism arrivals, have increased with 7.08%. A total of 240 arrivals have been categorized under this group in 2005, whereas in 2006 this increased to a total of 257 arrivals.

Table 1: TOURIST BY COUNTRY OF ORIGIN

	YTD-2005	% of Total	YTD-2006	% of Total	% Chg.
North America					
USA	25,363	41%	26,790	42%	5.63
Canada	1,157	2%	1,511	2%	30.60
	26,520	42%	28,301	45%	6.72
Europe					
Netherlands	20,676	33%	19,246	30%	(6.92)
Germany	2,072	3%	1,709	3%	(17.52)
Great Britain	2,790	4%	2,771	4%	(0.68)
Belgium	722	1%	593	1%	(17.87)
Switzerland	714	1%	711	1%	(0.42)
Sweden	622	1%	656	1%	5.47
Norway	175	0%	241	0%	37.71
Finland	274	0%	229	0%	(16.42)
France	294	0%	327	1%	11.22
Italy	463	1%	491	1%	6.05
Other	1,264	2%	1,228	2%	(2.85)
	30,066	48%	28,202	44%	(6.20)
South America					
Venezuela	1,632	3%	1,642	3%	0.61
Colombia	222	0%	228	0%	2.70
Brazil	415	1%	834	1%	100.96
Peru	278	0%	367	1%	32.01
Ecuador	251	0%	189	0%	(24.70)
Other S.A.	354	1%	371	1%	4.80
	3,152	5%	3,631	6%	15.20
Caribbean					
Aruba	2,018	3%	2,592	4%	28.44
Other Caribbean	554	1%	569	1%	2.71
	2,572	4%	3,161	5%	22.90
Rest World	240	0%	257	0%	7.08
Total Tourist Arrivals	62,550	100%	63,552	100%	1.60
Total Excursionists	25		33		32.0
Total Cruise Passengers	40,077		61,844		
Total Visitors	102,652	100%	125,429	100%	22.2





Disclaimer: Figures are produced by Tourism Corporation Bonaire and as any statistics are subject to a margin of error of +/- 3%.

Table 2: TOURIST ARRIVALS PER MONTH

	2005		2006		% Chng.	
Jan	5,702	9%	4,963	8%	(13.0)	-739
Feb	6,798	11%	6,085	10%	(10.5)	-713
Mar	6,623	11%	5,454	9%	(17.7)	-1169
Apr	5,742	9%	6,659	10%	16.0	917
May	4,808	8%	4,889	8%	1.7	81
Jun	4,599	7%	4,379	7%	(4.8)	-220
Jul	5,897	9%	5,988	9%	1.5	91
Aug	4,272	7%	4,366	7%	2.2	94
Sep	2,942	5%	4,249	7%	44.4	1307
Oct	4,029	6%	4,880	8%	21.1	851
Nov	5,603	9%	5,288	8%	(5.6)	-315
Dec	5,535	9%	6,352	10%	14.8	817
Total	62,550	100%	63,552	100%	1.6	1002

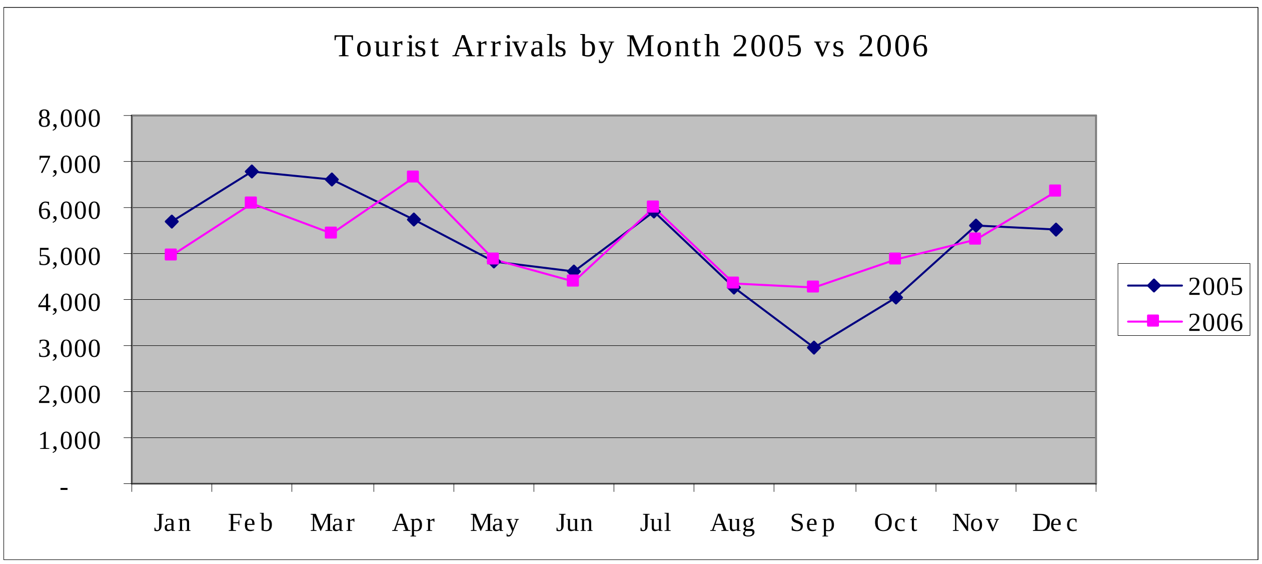


Table 3: TOURIST ARRIVALS BY USA/ CANADA MARKET

	2005	2006	% Chng.	
Jan	2,442	2,323	(4.9)	-119
Feb	3,023	2,697	(10.8)	-326
Mar	3,194	2,715	(15.0)	-479
Apr	2,508	2,596	3.5	88
May	1,700	1,998	17.5	298
Jun	2,409	2,362	(2.0)	-47
Jul	2,568	2,897	12.8	329
Aug	1,822	2,033	11.6	211
Sep	943	1,813	92.3	870
Oct	1,280	1,727	34.9	447
Nov	2,248	2,158	(4.0)	-90
Dec	2,383	2,982	25.1	599
Total	26,520	28,301	6.7	1781

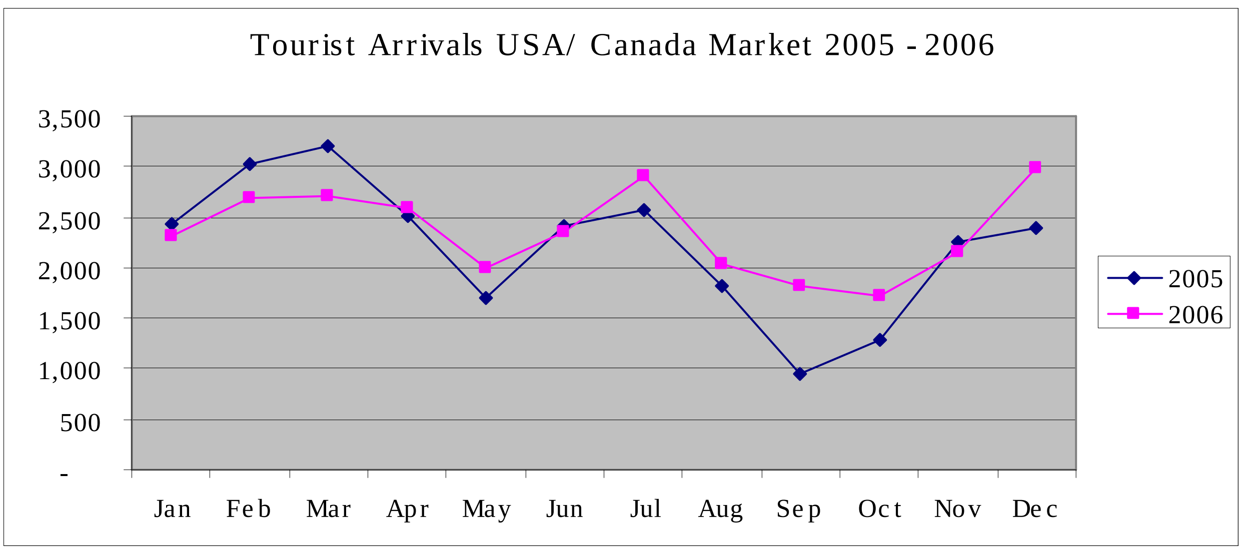


Table 4: TOURIST ARRIVALS BY EUROPEAN MARKET

	2005	2006	% Chng.	
Jan	2,789	2,269	(18.6)	-520
Feb	3,371	2,820	(16.3)	-551
Mar	2,754	2,337	(15.1)	-417
Apr	2,596	2,742	5.6	146
May	2,639	2,388	(9.5)	-251
Jun	1,714	1,599	(6.7)	-115
Jul	2,679	2,278	(15.0)	-401
Aug	1,948	1,831	(6.0)	-117
Sep	1,596	2,015	26.3	419
Oct	2,368	2,459	3.8	91
Nov	3,035	2,694	(11.2)	-341
Dec	2,577	2,770	7.5	193
Total	30,066	28,202	(6.2)	-1864

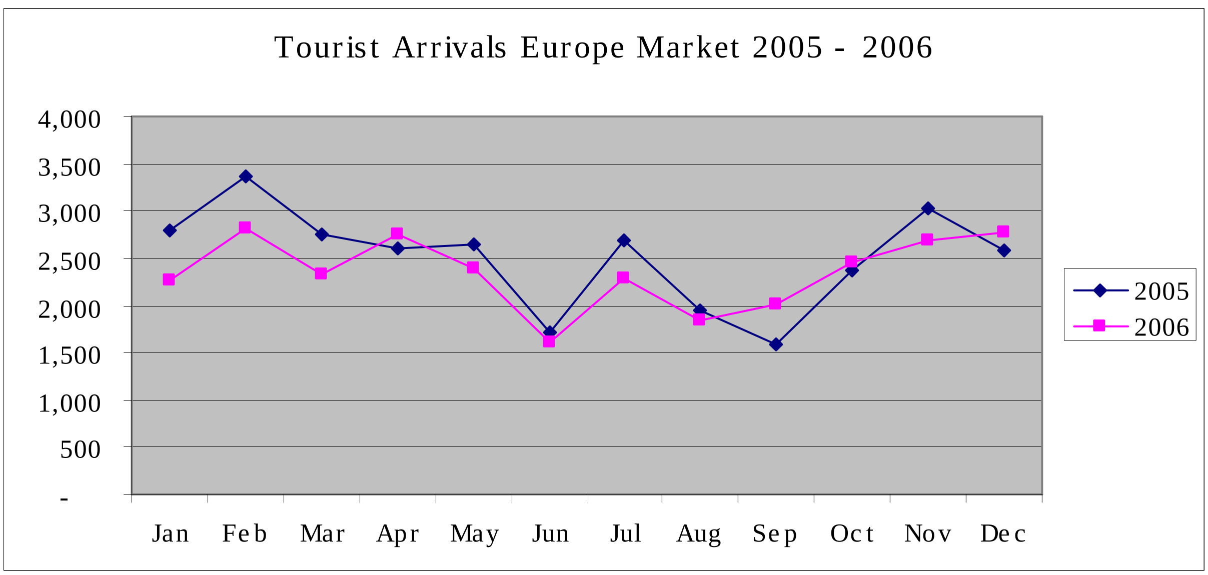


Table 5: TOURIST ARRIVALS BY SOUTH AMERICAN MARKET

	2005	2006	% Chng.	
Jan	213	229	7.5	16
Feb	255	419	64.3	164
Mar	393	191	(51.4)	-202
Apr	199	565	183.9	366
May	232	235	1.3	3
Jun	290	251	(13.4)	-39
Jul	325	358	10.2	33
Aug	280	249	(11.1)	-31
Sep	195	225	15.4	30
Oct	187	369	97.3	182
Nov	186	261	40.3	75
Dec	397	279	(29.7)	-118
Total	3,152	3,631	15.2	479

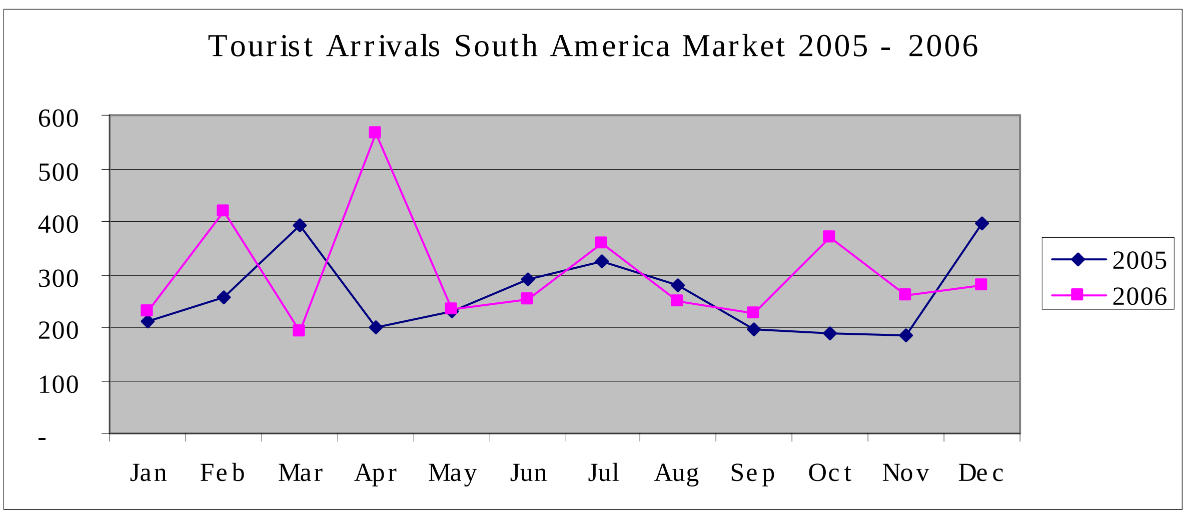


Table 6: TOURIST ARRIVALS BY CARIBBEAN / REST OF THE WORLD MARKET

	2005	2006	% Chng.	
Jan	215	142	(34.0)	-73
Feb	122	149	22.1	27
Mar	268	211	(21.3)	-57
Apr	407	756	85.7	349
May	210	268	27.6	58
Jun	166	167	0.6	1
Jul	311	455	46.3	144
Aug	210	253	20.5	43
Sep	199	196	(1.5)	-3
Oct	176	325	84.7	149
Nov	121	175	44.6	54
Dec	167	321	92.2	154
Total	2,572	3,418	32.9	846

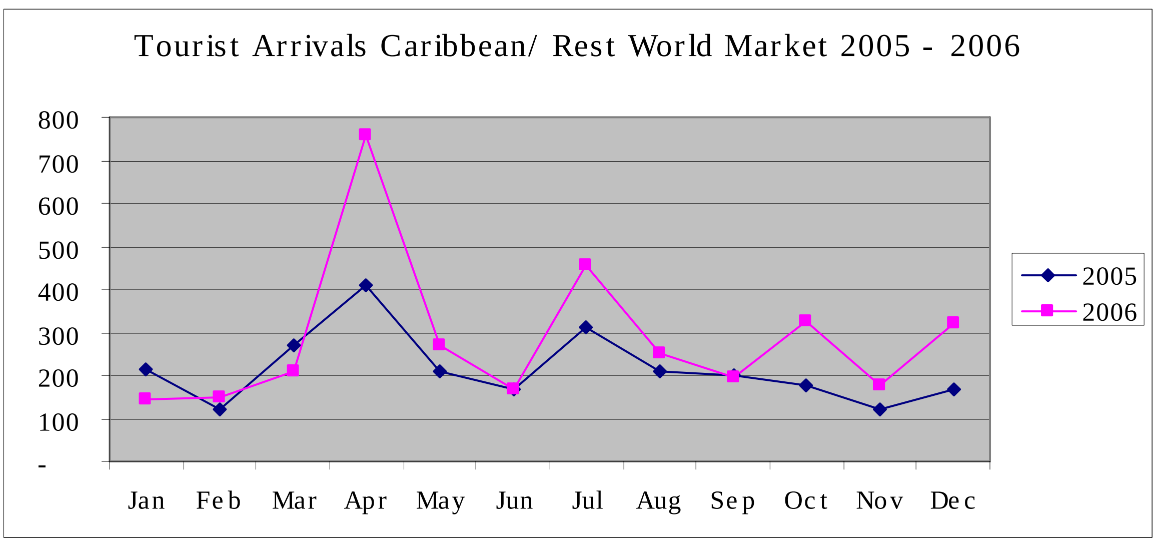
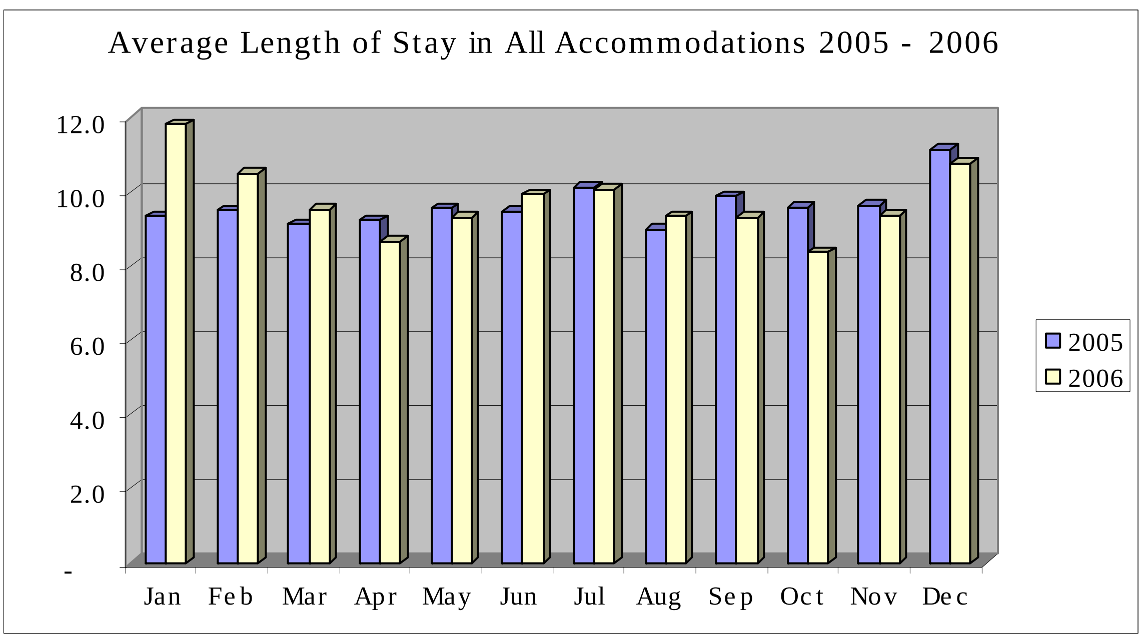
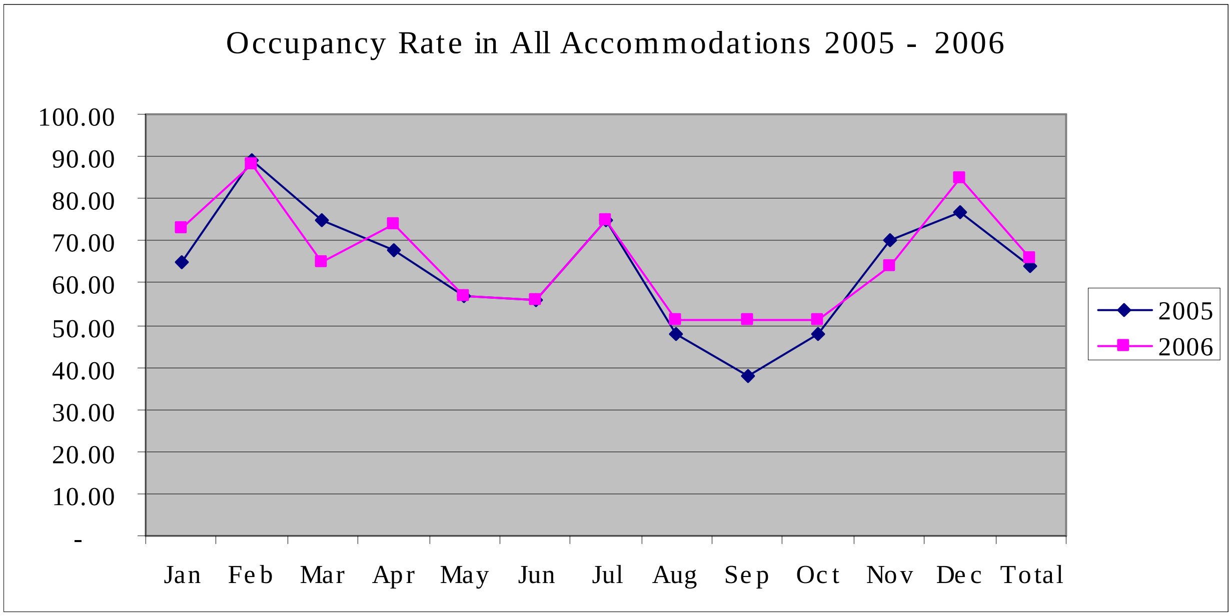


Table 7: BED NIGHTS & LENGTH OF STAY

Tourist Bed Nights by Months in Paid and Non-Paid Accommodations				Average Stay		Occupancy Rate	
	2005	2006	% Chng.	2005	2006	2005	2006
Jan	52,207	58,718	12.5	9.4	11.8	65.00	73.00
Feb	50,115	64,035	27.8	9.5	10.5	89.00	88.00
Mar	58,728	51,973	(11.5)	9.1	9.5	75.00	65.00
Apr	53,248	57,723	8.4	9.2	8.7	68.00	74.00
May	46,273	45,629	(1.4)	9.6	9.3	57.00	57.00
Jun	44,399	43,526	(2.0)	9.5	9.9	56.00	56.00
Jul	59,809	60,395	1.0	10.1	10.1	75.00	75.00
Aug	38,456	40,810	6.1	9.0	9.4	48.00	51.00
Sep	29,101	39,538	35.9	9.9	9.3	38.00	51.00
Oct	38,764	40,905	5.5	9.6	8.4	48.00	51.00
Nov	54,070	49,485	(8.5)	9.7	9.4	70.00	64.00
Dec	61,767	68,470	10.9	11.2	10.8	77.00	85.00
Total	586,937	621,207	5.8	9.7	9.8	64.00	66.00





Occupancy Rate in All Accommodations 2005 - 2006
100.00
90.00
80.00
70.00
60.00
50.00
40.00
30.00
20.00
10.00
-
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
Total
2005
2006

Table 9: CRUISE PASSENGERS AND CALLS

	Cruise Passengers		%	Calls		
	2005	2006	Chng.	2005	2006	% Chng.
Jan	5,049	7,685	52.2	8	5	(37.5)
Feb	5,164	11,598	124.6	7	8	14.3
Mar	8,004	7,580	(5.3)	9	6	(33.3)
Apr	1,383	4,761	244.3	2	5	150.0
May	550	693	26.0	6	1	(83.3)
Jun	1,406	-	100.0	9	0	100.0
Jul	1,166	464	(60.2)	8	4	(50.0)
Aug	1,039	732	(29.5)	8	5	(37.5)
Sep	765	753	(1.6)	9	8	(11.1)
Oct	584	819	40.2	7	9	28.6
Nov	5,999	12,658	111.0	8	14	75.0
Dec	8,968	14,101	57.2	8	13	62.5
Total	40,077	61,844	54.3	89	78	(12.4)