



Summary of World Economic Forum Travel & Tourism Competitiveness Report 2007¹ 1 March 2007

The World Economic Forum today released the first ever Global Travel and Tourism Competitiveness Report covering 124 countries around the world. The report aims to “measure the factors and policies that make it attractive to develop the Travel and Tourism (T&T) sector in different countries.”

T&T is one of the most important international economic activities and the fastest growing economic sector, according to the UNWTO, in terms of foreign exchange, earnings and job creation. Furthermore, is the largest economic sector for many countries, and is an important driver for growth, prosperity and poverty reduction.

To measure the competitiveness of the travel and tourism industry, WEF developed the Travel & Tourism Competitiveness Index (TTCI) with relevant travel industry counterparts. The index is comprised of 3 main subindexes, which are based on 13 pillars of T&T competitiveness:

T&T Regulatory Framework

- 1) Policy Rules & Regulations
- 2) Environmental Regulation
- 3) Safety & Security
- 4) Health & Hygiene
- 5) Prioritization of Travel & Tourism

T&T Business Environment & Infrastructure

- 6) Air Transport Infrastructure
- 7) Ground Transport Infrastructure
- 8) Tourism Infrastructure
- 9) ICT Infrastructure
- 10) Price Competitiveness in the T&T industry

T&T Human, Cultural & Natural Resources

- 11) Human Resources
- 12) National Tourism Perception
- 13) Natural & Cultural Resources

Overall Rankings

Armenia's rankings in the main TTCI index and the three subindices are shown in the chart below along with 20 other countries that CAPS believes Armenia should benchmark themselves against.

Armenia's overall ranking from 124 countries is 74. It is ranked 3rd within the CIS and 14th among its 'Competitor & Comparator' countries.

¹ *This summary was prepared by the Competitive Armenian Private Sector Project (CAPS) and does not necessarily reflect the views of the United States Agency for International Development or the United States Government. For additional information, please contact the CAPS office (556371, 559602, office@caps.am).*

In terms of the Regulatory Framework subindex, Armenia ranks 65th in the world and 15th position among its 'Competitor & Comparator' countries.

Within the Business Environment & Infrastructure subindex, Armenia ranks 96th in the world and 18th among its 'Competitor & Comparator' countries.

Within the Human, Cultural and Natural Resources subindex, Armenia ranks 62nd in the world and 13th among its 'Competitor & Comparator' countries.

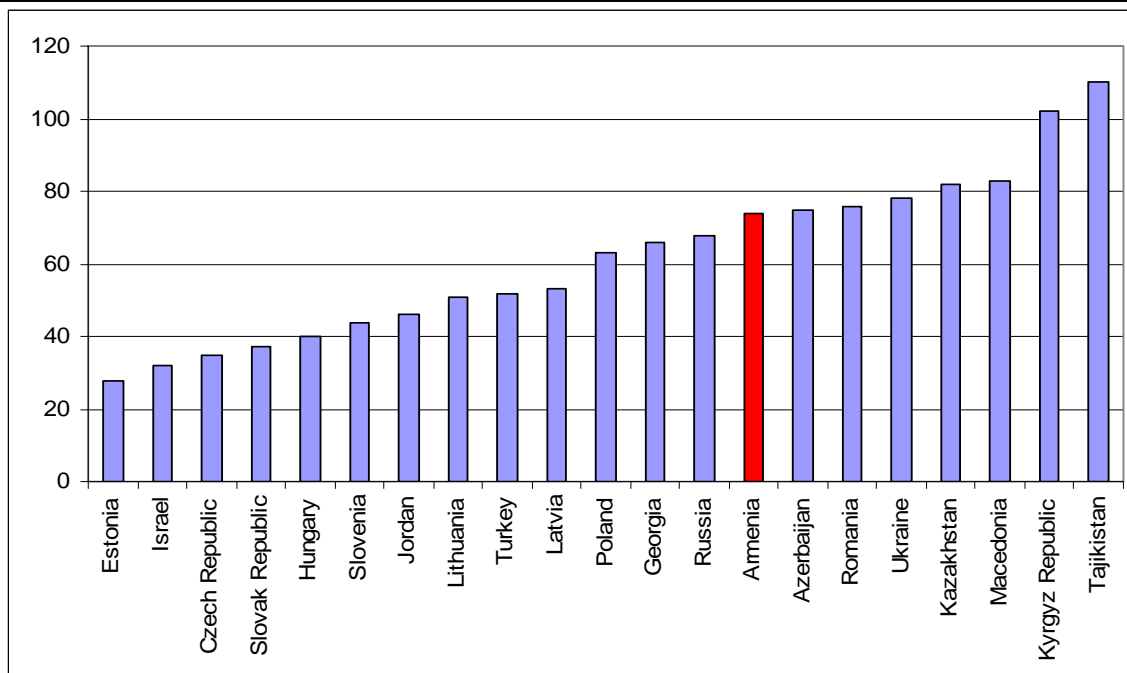
The indicators used in each of the subindices are outlined in the following pages along with further analysis of Armenia's position relative to its Competitor & Comparator Countries.

Figure 1. Rankings of Armenia and 20 Competitor & Comparator Countries in the TCC Index and 3 Subindices.

Country	Overall TCCI Ranking	Regulatory Framework	Business Environment & Infrastructure	Human, Cultural and Natural Resources
Estonia	28	32	25	34
Israel	32	36	33	35
Czech Republic	35	40	37	22
Slovak Republic	37	37	45	18
Hungary	40	26	51	51
Slovenia	44	44	38	53
Jordan	46	30	54	58
Lithuania	51	57	43	61
Turkey	52	53	63	48
Latvia	53	60	41	77
Poland	63	63	62	60
Georgia	66	55	98	31
Russia	68	100	49	65
Armenia	74	65	96	62
Azerbaijan	75	77	70	88
Romania	76	87	74	71
Ukraine	78	76	73	89
Kazakhstan	82	81	81	90
Macedonia	83	114	82	44
Kyrgyz Republic	102	111	104	84
Tajikistan	110	97	112	105

Data for Lebanon, Syria, Iran and Uzbekistan not obtained by study

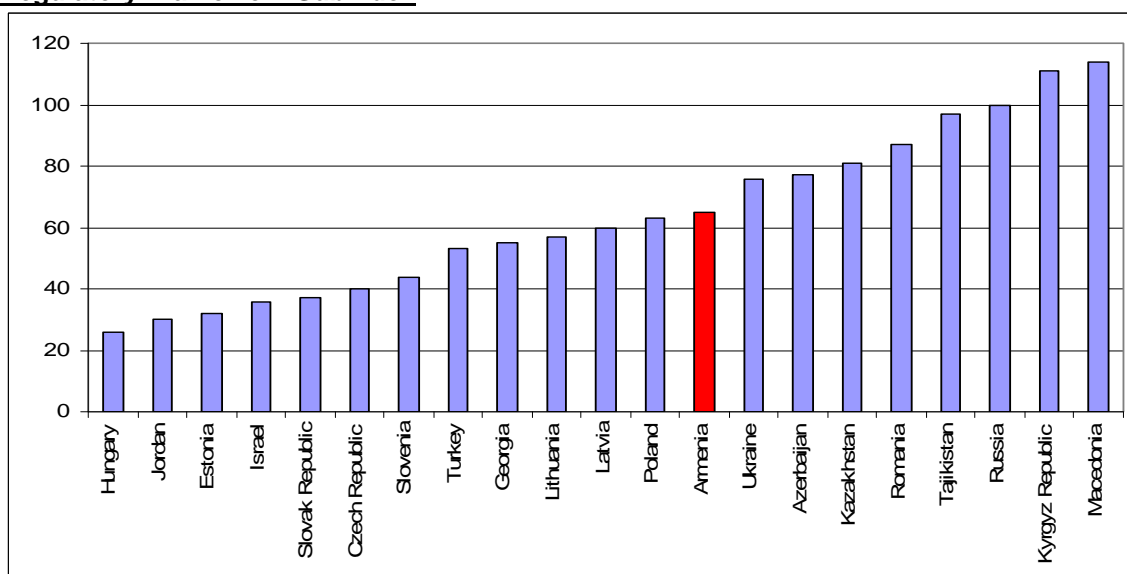
Figure 2. Rankings of Armenia and its 20 Competitor & Comparator Countries in the TTCI



Regulatory Framework

In the Regulatory Framework subindex, Armenia ranks 65th in the world and is in 15th position among its 'Competitor & Comparator' countries.

Figure 3. Rankings of Armenia and its 20 Competitor & Comparator Countries in the Regulatory Framework Subindex



The Regulatory Framework Subindex comprises of the following groups of indicators:

- 1) Policy Rules and Regulations
- 2) Environmental Regulation
- 3) Safety & Security
- 4) Health & Hygiene
- 5) Prioritization of Travel & Tourism

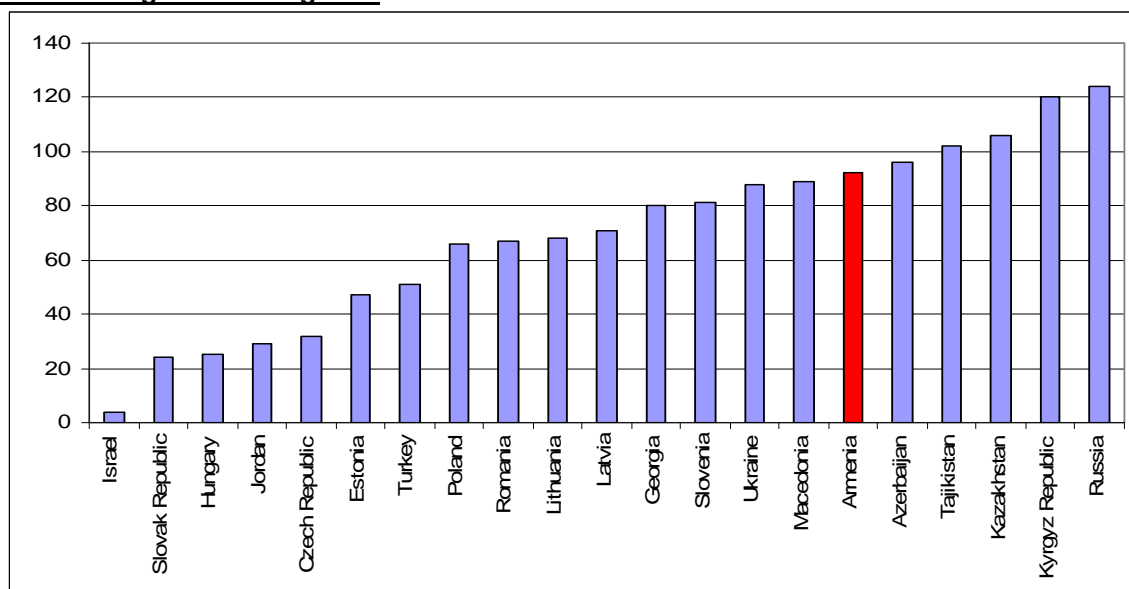
Each of these groups of indicators are analyzed with Armenia's Competitor and Comparator countries in the charts below alongside details of specific indicators used, Armenia's Global Ranking for each indicator and whether the data is hard (HD) from quantifiable statistics or soft (SD) from opinion surveys.

Policy Rules and Regulations

The following indicators were used in calculating nation rankings. The number provided in brackets is Armenia's global ranking. SD – Soft Data, HD – Hard Data.

- 1) Foreign Ownership Restrictions (75) - SD
- 2) Property Rights (71) – SD
- 3) Rules Governing FDI (56) - SD
- 4) Visa Requirements (100) - HD
- 5) Openness of Bilateral Air Service Agreements (84) - HD

Figure 4. Rankings of Armenia and its 20 Competitor & Comparator Countries in the Policy Rules & Regulations Segment



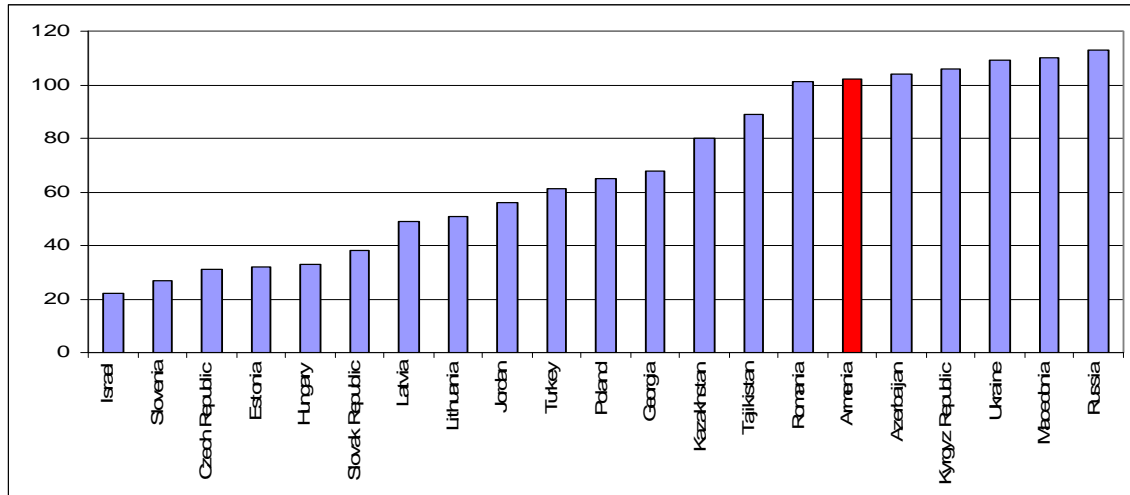
Armenia performs poorly (ranking below 60) for all of the indicators under this segment, except for Rules Governing FDI. Armenia ranks overall in 92nd position in the world for this group of indicators and in 16th amongst the 20 Competitor & Comparator Countries.

Environmental Regulation

The following indicators were used in calculating nation rankings. The number provided in brackets is Armenia's global ranking. SD – Soft Data, HD – Hard Data.

- 1) Stringency of Environmental Regulation (95) - SD
- 2) Clarity and Stability of Environmental Regulations (113) - SD
- 3) Government Prioritization of Sustainable Travel & Tourism (90) - SD

Figure 5. Rankings of Armenia and its 20 Competitor & Comparator Countries in the Environmental Regulation Segment



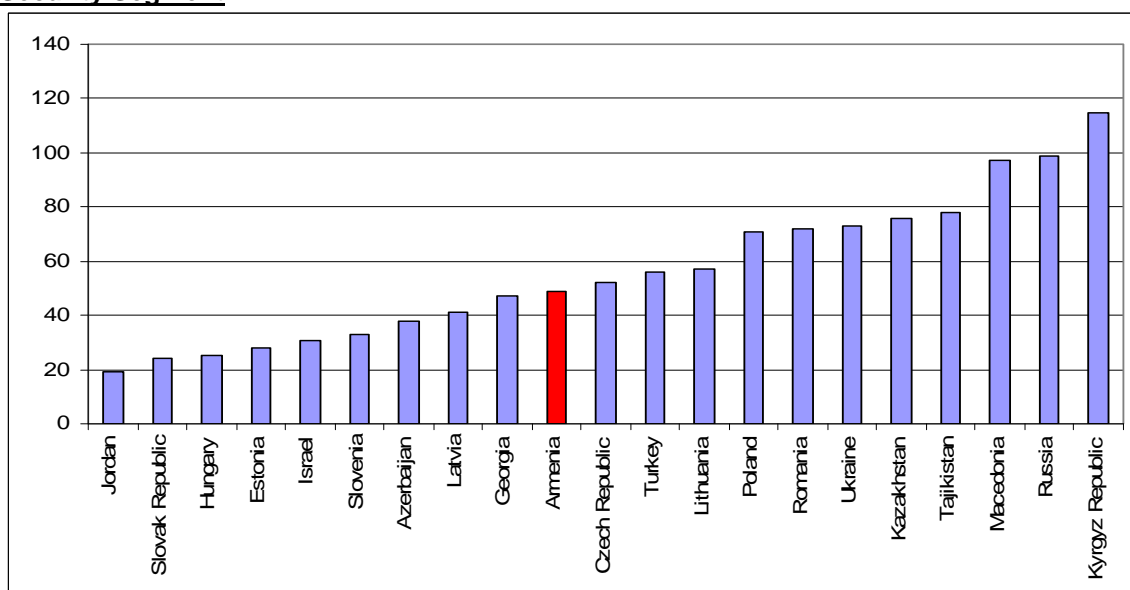
Armenia performs poorly (ranking below 60) for all of the indicators under this segment. Armenia ranks overall in 102nd position in the world for this group of indicators and in 16th position amongst the 20 Competitor & Comparator Countries.

Safety and Security

The following indicators were used in calculating nation rankings. The number provided in brackets is Armenia's global ranking. SD – Soft Data, HD – Hard Data.

- 1) Business Costs of Terrorism (39) - SD
- 2) Reliability of Police Services (74) - SD
- 3) Business Costs of Crime & Violence (37) - SD

Figure 6. Rankings of Armenia and its 20 Competitor & Comparator Countries in the Safety & Security Segment



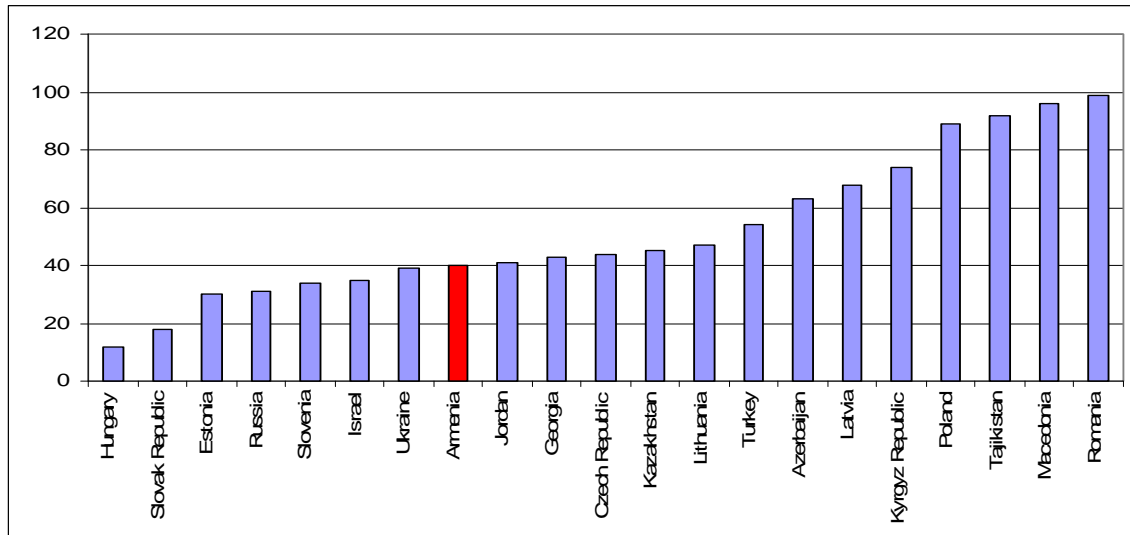
Armenia performs poorly (ranking below 60) only for the reliability of its Police Services under this segment. Armenia ranks overall in 49th position in the world for this group of indicators and in 10th position amongst the 20 Competitor & Comparator Countries.

Health and Hygiene

The following indicators were used in calculating nation rankings. The number provided in brackets is Armenia's global ranking. SD – Soft Data, HD – Hard Data.

- 1) Government Efforts to Reduce Health Risks from Pandemics (90) - SD
- 2) Physician Density per 1000 population (12) - HD
- 3) Access to Improved Sanitation -% of Population (53) – HD
- 4) Access to Improved Drinking Water - % of Population (53) - HD

Figure 7. Rankings of Armenia and its 20 Competitor & Comparator Countries in the Health & Hygiene Segment



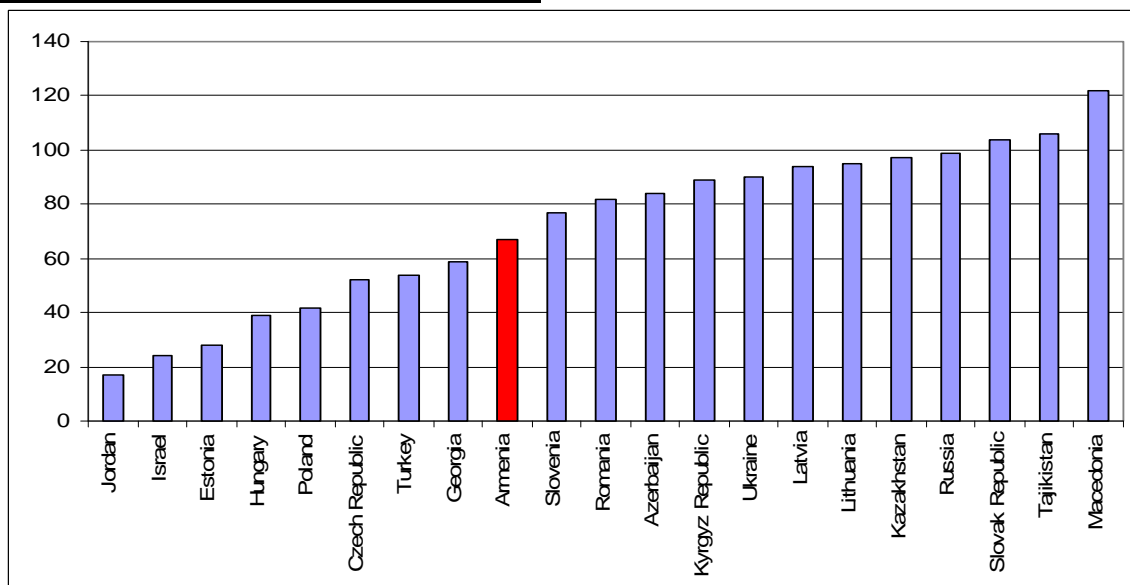
Armenia performs poorly (ranking below 60) only for the Government Efforts to Reduce Health Risks from Pandemics under this segment. Armenia ranks overall in 40th position in the world for this group of indicators and in 8th position amongst the 20 Competitor & Comparator Countries.

Prioritization of Travel and Tourism

The following indicators were used in calculating nation rankings. The number provided in brackets is Armenia's global ranking. SD – Soft Data, HD – Hard Data.

- 1) Government Prioritization of the T&T Industry (52) - SD
- 2) T&T Government Expenditure as a percentage of total budget (n/a) - HD
- 3) Effectiveness of Marketing & Branding to Attract Tourists (92) - SD
- 4) T&T Fair Attendance – Country presence at 12 major T&T fairs (70) - HD

Figure 8. Rankings of Armenia and its 20 Competitor & Comparator Countries in the Prioritization of Travel & Tourism Segment

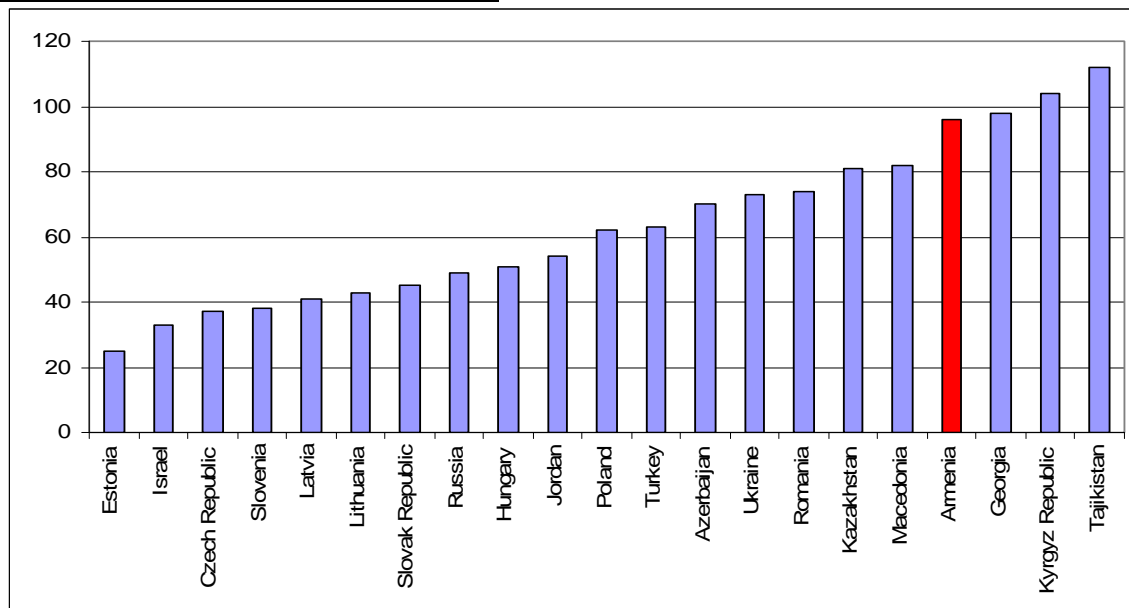


Armenia performs poorly (ranking below 60) in its Effectiveness of Marketing & Branding to Attract Tourists and its T&T Fair Attendance under this segment. Information was unavailable during the analysis on the T&T Government Expenditure as a percentage of total budget. Armenia ranks overall in 67th position in the world for this group of indicators and in 9th position amongst the 20 Competitor & Comparator Countries.

Business Environment and Infrastructure

In the Business Environment & Infrastructure subindex, Armenia ranks in 96th in the world and 18th position among its 'Competitor & Comparator' countries.

Figure 9. Rankings of Armenia and its 20 Competitor & Comparator Countries in the Business Environment & Infrastructure Subindex



The Business Environment and Infrastructure Index comprises of the following groups of indicators:

- 1) Stringency of Environmental Legislation
- 2) Clarity and Stability of Environmental Regulations
- 3) Government Prioritization of Sustainable Travel & Tourism

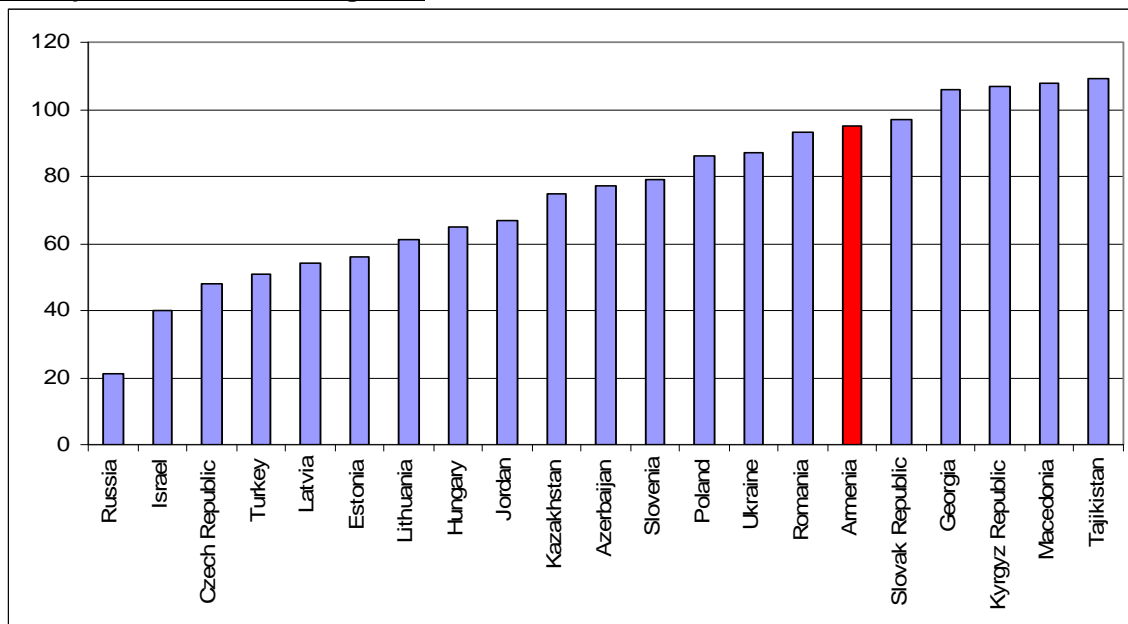
Each of these groups of indicators are analyzed with Armenia's Competitor and Comparator countries in the charts below alongside details of specific indicators used, Armenia's Global Ranking for each indicator and whether the data is hard (HD) from quantifiable statistics or soft (SD) from opinion surveys.

Air Transport Infrastructure

The following indicators were used in calculating nation rankings. The number provided in brackets is Armenia's global ranking. SD – Soft Data, HD – Hard Data.

- 1) Quality of Air Transport Infrastructure (85) - SD
- 2) Available Seat Kilometers per week originating in country - millions (34.8) - HD
- 3) Departures per 1000 population (76) - HD
- 4) Airport Density per million population (72) - HD
- 5) Number of Operating Airlines (47) - HD
- 6) International Air Transport Network (107) - SD

Figure 10. Rankings of Armenia and its 20 Competitor & Comparator Countries in the Air Transport Infrastructure Segment



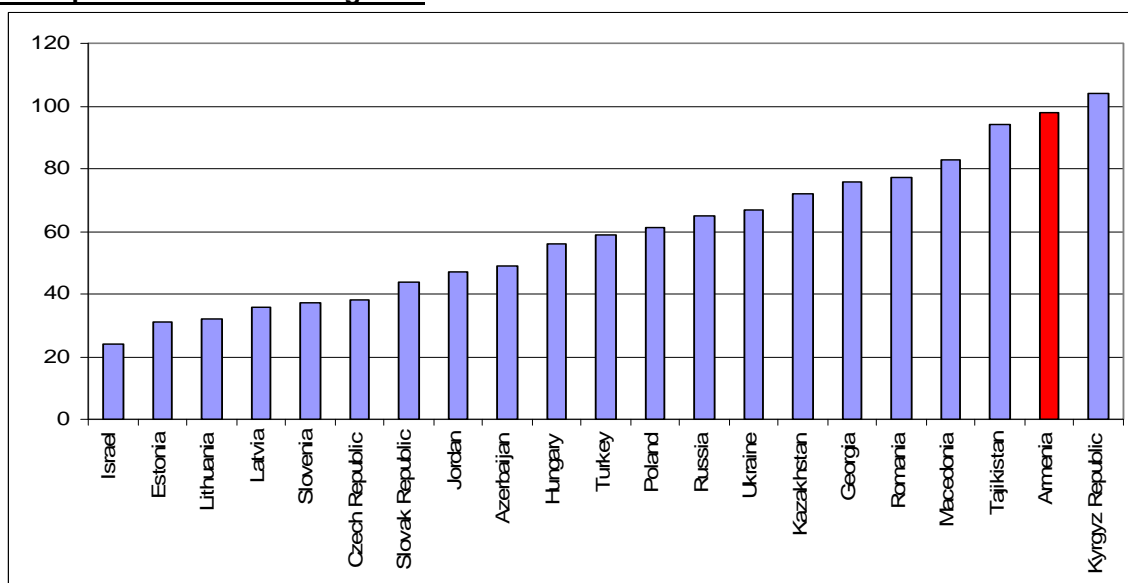
Armenia performs poorly (ranking below 60) in its Quality of Air Transport Infrastructure, Departures, Airport Density and International Air Transport Network under this segment. Armenia ranks overall in 95th position in the world for this group of indicators and in 16th position amongst the 20 Competitor & Comparator Countries.

Ground Transport Infrastructure

The following indicators were used in calculating nation rankings. The number provided in brackets is Armenia’s global ranking. SD – Soft Data, HD – Hard Data.

- 1) Road Infrastructure (68) – SD
- 2) Railroad Infrastructure (76) – SD
- 3) Port Infrastructure (124) – SD
- 4) Domestic Transport Network (86) - SD

Figure 11. Rankings of Armenia and its 20 Competitor & Comparator Countries in the Ground Transport Infrastructure Segment



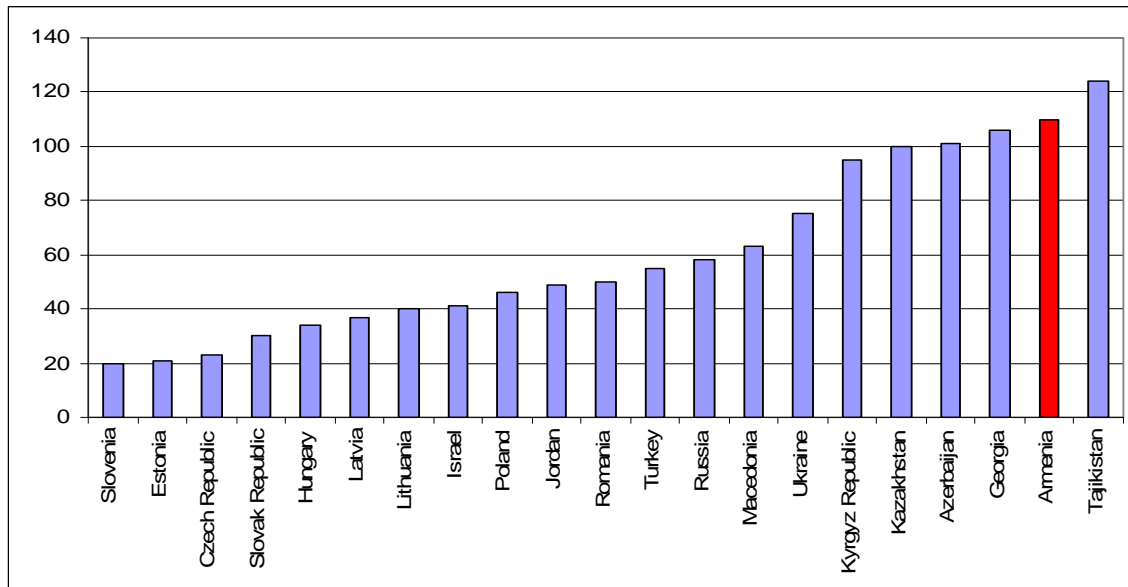
Armenia performs poorly (ranking below 60) in its Road Infrastructure, Railroad Infrastructure, Port Infrastructure and Domestic Transport Network under this segment. Armenia ranks overall in 98th position in the world for this group of indicators and in 20th position amongst the 20 Competitor & Comparator Countries.

Tourism Infrastructure

The following indicators were used in calculating nation rankings. The number provided in brackets is Armenia's global ranking. SD – Soft Data, HD – Hard Data.

- 1) Hotel Rooms per 100 population (66) – HD
- 2) Presence of Major Car Rental Companies (102) – HD
- 3) ATMs Accepting VISA Cards (88) – HD

Figure 12. Rankings of Armenia and its 20 Competitor & Comparator Countries in the Tourism Infrastructure Segment



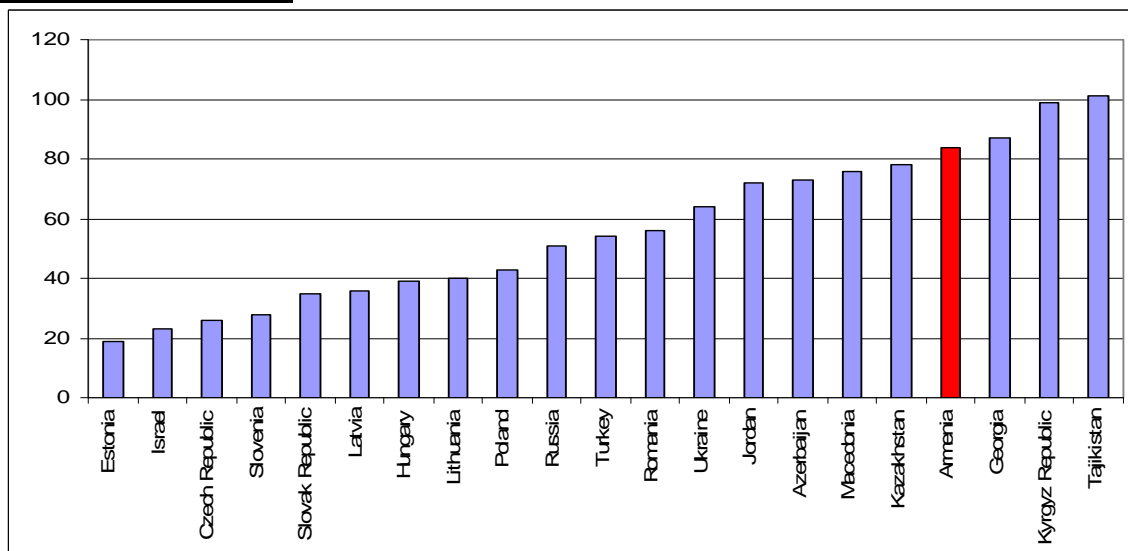
Armenia performs poorly (ranking below 60) in its Hotel Room Availability, Presence of Major Car Rental Companies and ATMs Accepting VISA Cards under this segment. Armenia ranks overall in 110th position in the world for this group of indicators and in 20th position amongst the 20 Competitor & Comparator Countries.

ICT Infrastructure

The following indicators were used in calculating nation rankings. The number provided in brackets is Armenia's global ranking. SD – Soft Data, HD – Hard Data.

- 1) Extent of Business Internet Use (91) – SD
- 2) Internet Users per 100 population (88) – HD
- 3) Telephone Lines per 100 inhabitants (67) – HD

Figure 13. Rankings of Armenia and its 20 Competitor & Comparator Countries in the ICT Infrastructure Segment



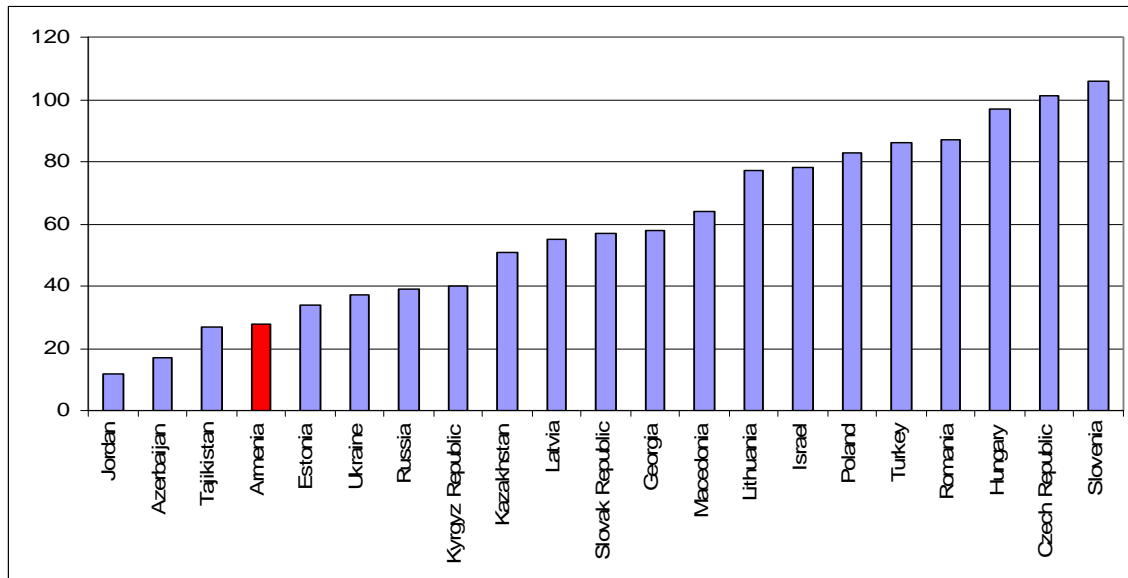
Armenia performs poorly (ranking below 60) for all indicators under this segment. Armenia ranks overall in 84th position in the world for this group of indicators and in 18th position amongst the 20 Competitor & Comparator Countries.

Price Competitiveness

The following indicators were used in calculating nation rankings. The number provided in brackets is Armenia's global ranking. SD – Soft Data, HD – Hard Data.

- 1) Ticket Taxes – Relative Cost of Access (35) – HD
- 2) Purchasing Power Parity – Ratio to Official Exchange Rate (33) – HD
- 3) Extent and Effect of Taxation (67) – SD
- 4) Fuel Price Levels – Retail Diesel Prices (40) – HD

Figure 14. Rankings of Armenia and its 20 Competitor & Comparator Countries in the Price Competitiveness Segment

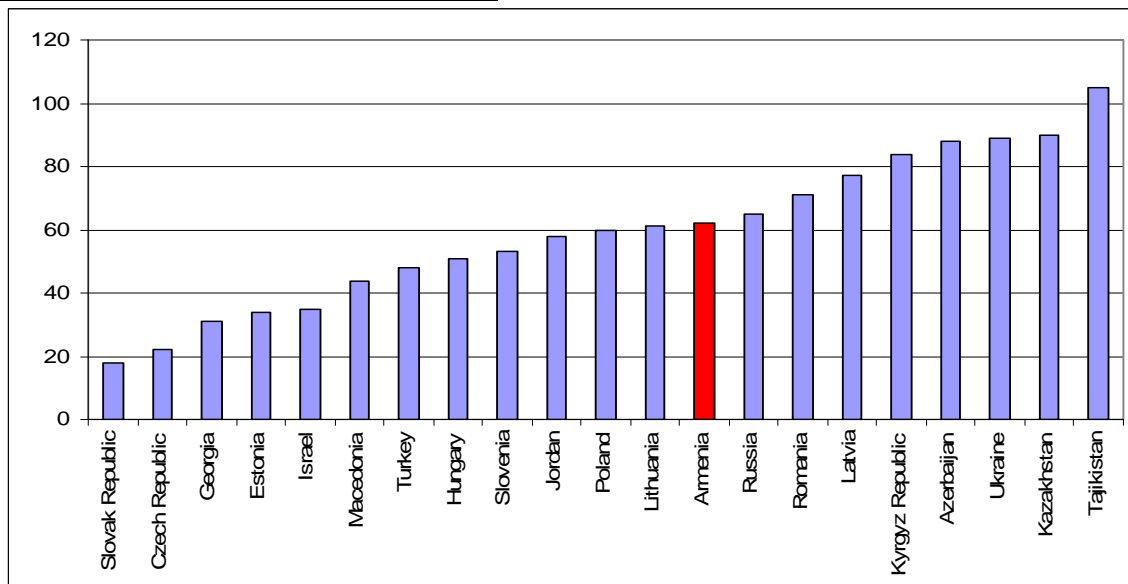


Armenia performs poorly (ranking below 60) for its Extent and Effect of Taxation under this segment. Armenia ranks overall in 28th position in the world for this group of indicators and in 4th position amongst the 20 Competitor & Comparator Countries.

Human, Cultural and Natural Resources

In the Human, Cultural and Natural Resources subindex, Armenia ranks in 62nd in the world and 13th position among its 'Competitor & Comparator' countries.

Figure 15. Rankings of Armenia and its 20 Competitor & Comparator Countries in the Human, Cultural & Natural Resources Subindex



The Human, Cultural & Natural Resources subindex comprises of the following groups of indicators:

- 1) Human Resources
- 2) National Tourism Perception
- 3) Natural & Cultural Resources

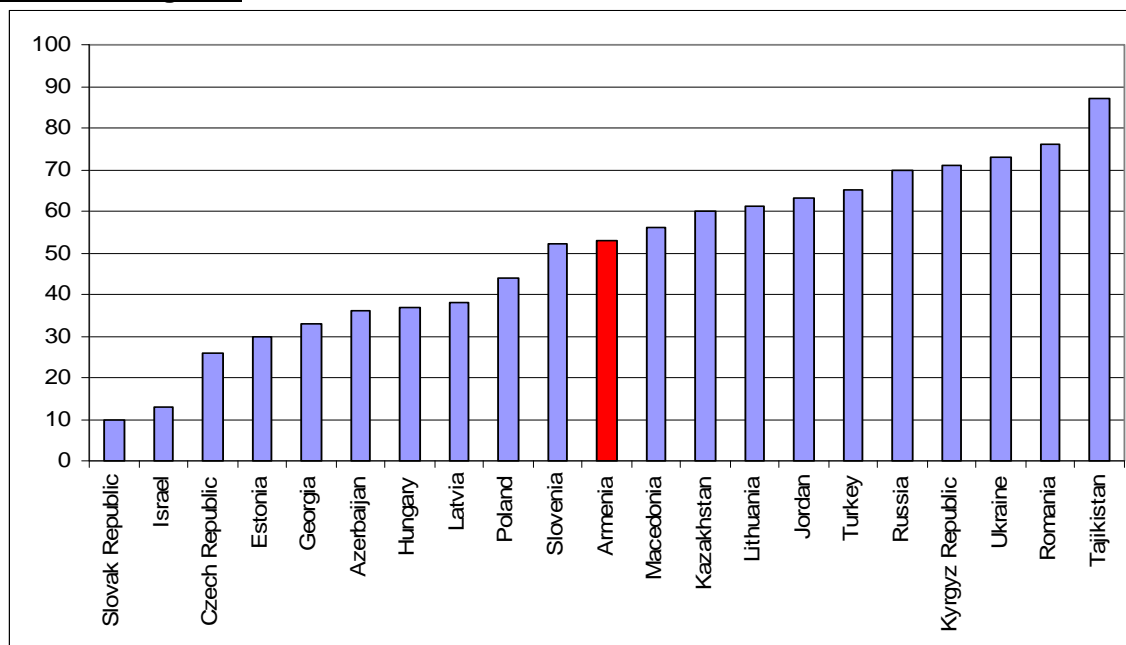
Each of these groups of indicators are analyzed with Armenia's Competitor and Comparator countries in the charts below alongside details of specific indicators used, Armenia's Global Ranking for each indicator and whether the data is hard (HD) from quantifiable statistics or soft (SD) from opinion surveys.

Human Resources

The following indicators were used in calculating nation rankings. The number provided in brackets is Armenia's global ranking. SD – Soft Data, HD – Hard Data.

- 1) Primary Education Enrollment Rate (72) – HD
- 2) Secondary Education Enrollment Rate (48) – HD
- 3) Quality of the Educational System (88) – SD
- 4) Local Availability of Specialized Research & Training Services (104) – SD
- 5) Extent of Staff Training (103) – SD
- 6) Hiring & Firing Practices (53) – SD
- 7) Difficulty of Hiring Foreign Labor (5) – SD
- 8) HIV Prevalence - % of Adults aged 15-49 (25) – HD
- 9) Malaria Incidence per 100,000 inhabitants (62) – HD
- 10) Tuberculosis Incidence per 100,000 inhabitants (72) – HD
- 11) Life Expectancy at birth (79) – HD

Figure 16. Rankings of Armenia and its 20 Competitor & Comparator Countries in the Human Resource Segment



Armenia performs poorly (ranking below 60) for its Primary Education, Quality of Educational System, Local Availability of Specialized Research & Training Services, Extent of Staff Training, Malaria Incidence, Tuberculosis Incidence and Life Expectancy under this segment. Armenia ranks overall in 53rd position in the world for this group of indicators and in 11th position amongst the 20 Competitor & Comparator Countries.

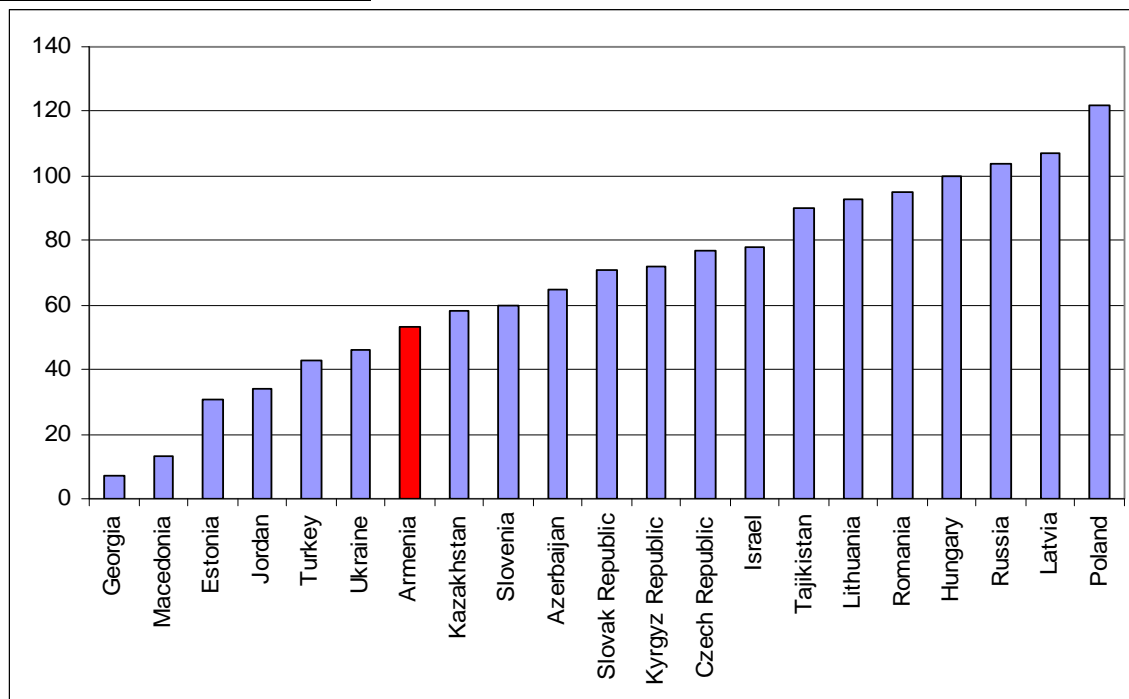
National Tourism Perception

The following indicators were used in calculating nation rankings. The number provided in brackets is Armenia's global ranking. SD – Soft Data, HD – Hard Data.

- 1) Tourism Openness – Expenditures and Receipts as a % of GDP (47) – HD
- 2) Attitude Towards Tourists (25) – SD

3) Recommendation to Extend Business Trips (9) – SD

Figure 17. Rankings of Armenia and its 20 Competitor & Comparator Countries in the National Tourism Perception Segment



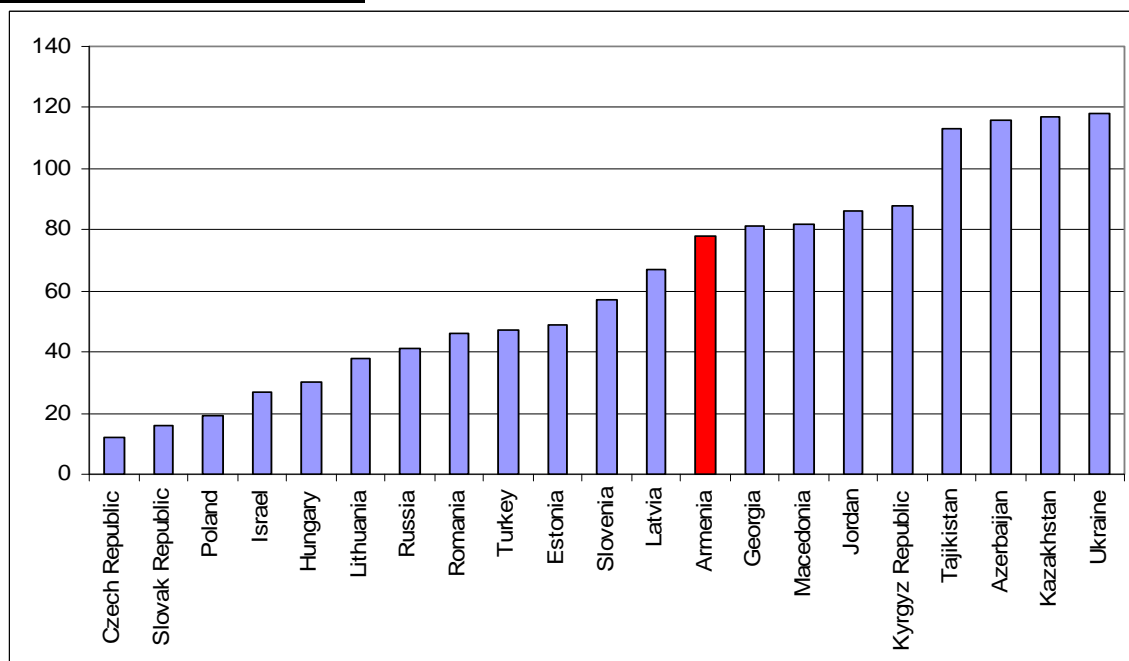
Armenia does not perform poorly (ranking below 60) under this segment. Armenia ranks overall in 53rd position in the world for this group of indicators and in 7th position amongst the 20 Competitor & Comparator Countries.

Natural & Cultural Resources

The following indicators were used in calculating nation rankings. The number provided in brackets is Armenia's global ranking. SD – Soft Data, HD – Hard Data.

- 1) Number of World Heritage Sites in the Country (60) – HD
- 2) Carbon Dioxide Damage as % of GNI (94) – HD
- 3) Nationally Protected Areas – Area as a % of Total Land Area (57) – HD
- 4) Business Concern for Ecosystems (117) – SD
- 5) Risk of Malaria and Yellow Fever (52) – HD

Figure 18. Rankings of Armenia and its 20 Competitor & Comparator Countries in the Natural & Cultural Resources Segment



Armenia performs poorly (ranking below 60) its Carbon Dioxide Damage and Business Concern for Ecosystems under this segment. Armenia ranks overall in 78th position in the world for this group of indicators and in 13th position amongst the 20 Competitor & Comparator Countries.

Press Release

Armenia ranks 74th in the world by Travel and Tourism Competitiveness Index

Economy and Values Research Center being a partner organization of the Global Competitiveness Network (GCN) of the World Economic Forum (WEF) participated in the development of the Travel and Tourism Competitiveness Report 2006-2007. The World Economic Forum published this report for the first time. It is a comprehensive analytical study providing the assessment of the travel and tourism competitiveness of 124 countries.

In compliance with the report, Switzerland is the most competitive country in the world in terms of travel and tourism, followed by Austria and Germany, while Chad, Burundi and Angola are among the most non-competitive ones.

Results for Armenia

Armenia ranks the 74th among 124 countries within the Tourism Competitiveness Index. It is 3rd among NIS countries with only Georgia and Russia ahead. Georgia is positioned in 66th position and Azerbaijan ranks 75th.

The Global Tourism Competitiveness Index consists of 3 subindexes:

1. Tourism regulatory framework
2. Tourism business environment and infrastructure
3. Human, cultural and natural resources

The business environment and infrastructure index was the one which especially had a negative impact on the rank of Armenia making it the 96th country in the world. However, from the point of view of the tourism regulatory framework and human, cultural and natural resources, Armenia is positioned comparatively higher, ranking 65th and 62nd correspondingly.

The most significant among Armenia's competitiveness advantages are:

- Health and hygiene
- Safety and security
- Price competitiveness in T&T industry
- Attitude towards tourists

The main disadvantages of the competitiveness of Armenia's tourism industry were those connected with:

- Visa requirements in relation with those countries the citizens of which travel most of all (for instance Germany, Italy)
- Environmental protection
- Domestic transport network
- International air transport network
- Passenger air transportation infrastructure
- Bilateral air service agreements
- Presence of major car rental companies
- ATMs accepting Visa cards
- Hotel rooms
- Local availability of research and training services and extent of staff training
- Business concern for ecosystems
- Carbon dioxide damage
- Effectiveness of marketing and branding
- Extent of business internet use

By the way, Armenia highest ranking is level of primary education coverage and lowest, port infrastructure.

Economy and Values Research Center is a think tank striving to introduce new concepts of development via high level international contacts and a network of the best analytics and consultants.

Economy and Values Research Center being a partner organization of Global Competitiveness Network (GCN) of World Economic Forum (WEF) participates in the process of the development of its reports. This is the second year that Armenia is being included in the Global Competitiveness Report and in the Global IT Report.

Address:

H. Emin 123
Yerevan, 0051
Tel: 010 21 97 40
E-mail: info@ev.am
www.ev.am