



Annual Report 2003



CYPRUS TOURISM ORGANISATION



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CHAIRMAN'S ADDRESS

2003 has been both an important and a challenging year for Cyprus tourism. A year in which a combination of international, political and economic factors affected the industry.

The Iraq conflict, the economic downturn of important source markets and the SARS epidemic all contributed in creating negative consequences in the tourist industries of Cyprus and other popular tourist destinations.

Alerted by the negative potential of the aforementioned factors, the Government of Cyprus, in close cooperation with the Cyprus Tourism Organisation as well as with the private sector, took early drastic measures in support of the tourism industry. These measures were proved effective in minimizing the eventual loss in tourist arrivals and revenue.

2003 was the year during which the island's Strategic Plan for tourism was revised and updated. This came about in close cooperation and in consultation with all stakeholders in the tourism industry from the public and private sectors. The revised plan was approved by the Government in November and has since been put into practice. The vision of the Strategic Plan is to establish Cyprus as a quality tourist destination, addressing the needs of the tourist with diverse interests and to secure the improvement of the quality of life for the Cypriot.

It is my conviction that the implementation of the Strategic Plan must be the top priority target for all tourist industry partners. Towards the implementation of this target, there is already in place an excellent cooperation amongst the Cyprus Tourism Organisation, the Ministry of Commerce, Industry & Tourism, local authorities and the private sector. Soon Cyprus will be collectively promoted and marketed as a tourist destination that has much more to offer than its sun and sea.

Our aim is to establish Cyprus in the tourist map as a destination for Sports/Athletic Tourism, Cultural Tourism, Conferences & Incentives Tourism, Nature Tourism, Nautical Tourism, Agrotourism, Golf, Cycling and other special interest/activity tourism.

The Cyprus Tourism Organisation is fully prepared to utilize the positive momentum from the entry of Cyprus in the European Union, and in so doing face up to the challenges which our entry will inevitably bring about. The liberalization in air transport and other sectors and the eventual introduction of the EURO currency are expected to encourage more visitors to choose Cyprus as a holiday destination, and thus have a positive effect on our tourism industry. The European visitor shall feel secure in visiting a friendly country belonging to the same family as his own. This is of particular importance in creating a positive climate for visitors. On the other hand, Cyprus must rise up to the challenge of the increasing competition amongst European destination countries.

As far as the future of the Cyprus Tourism Organisation is concerned, C.T.O is in the process of evolving into a modern, flexible and effective Organisation. The necessary timeplan towards this target is developing in a satisfactory manner, and we shall soon be in a position to define the new role of the Organisation, which will be followed by the restructuring of its provided services.

I take this opportunity to express my sincere thanks to H.E the Minister of Commerce, Industry & Tourism Mr. G.Lillikas, to all the Organisation's associates from the private and public sectors and to local authorities, for all that has been achieved during 2003.

Finally, I wish to express my thanks to my Associate fellow members of the Board of Directors, to the Director General and to the entire personnel of the Cyprus Tourism Organisation, for working enthusiastically in realizing our strategic aims.

Photis Photiou
Chairman



DIRECTOR GENERAL'S ADDRESS

It is an undisputed fact that tourism is the most important industry for the economy of Cyprus, contributing substantially to the island's Gross Domestic Product whilst at the same time providing direct employment to over 40.000 individuals, a number representing 14% of the island's Gainfully Employed Population.

During 2003 our tourism industry faced many challenges, brought about to a large extent by important exogenous factors that negatively affected international tourism flows. Despite early fears for worse performance, the decrease in arrivals and revenue, compared to 2002 was eventually limited to 4.76% and 10.36% respectively, percentages which would have been much higher, had all tourism partners not combined forces and worked together in a systematic and coordinated manner.

An important development for 2003 has been the updating of the island's Strategic Plan for Tourism (2003-2010) and the preparation of a detailed implementation plan. The Strategic Plan aims to reposition Cyprus on the international tourist map as a quality destination with its own unique identity, offering the visitor a wide spectrum of attractions.

Cyprus' uniqueness focuses on two main axes on which the Strategic Plan relies: its diversity in culture and environment, all within a relatively small geographic area. The protection, preservation and presentation of these two axes is vital in the formulation of a unique and multidimensional tourist experience. Cyprus's repositioning demands strategic interventions in a variety of fields related to tourism, with the positive contribution of all relevant partners from the public and private sectors. Each partner is called upon to undertake the tasks and responsibilities which the Strategic Plan apportions to them, in a cooperative and collective spirit and in all levels, national, regional and local.

The implementation of the Strategic Plan is a necessity, if Cyprus is to enhance its attractiveness in terms of quality and sustainability, and strengthen its competitiveness as a European destination.

The Cyprus Tourism Organisation Board, the management and personnel, to whom I wish to express my thanks, are all dedicated towards the attainment of this important target.

Phryne Michael
Director General



CTO SET-UP AND STRUCTURE OF SERVICES

CTO was established and operates according to the provisions of the Cyprus Tourism Organisation Law of 1969 - 1999 and the related Regulations on Structure and Terms of Employment and Administration and Finance.

The Organisation's objective according to the Law is to organise and promote Tourism within the Republic by using all possibilities and resources available.

BOARD OF DIRECTORS

According to the provisions of the above mentioned Act and the Appointment of Public Entities Act (Appointment of Boards of Directors) 149/1988, the CTO is administered by a nine-member Board of Directors:

Until 31st July 2003, the members of the Board of Directors, as appointed by the Council of Ministers, were as follows:

CHAIRMAN :	Mr. Chrysis Prentzas, Businessman, from Larnaka.
VICE-CHAIRMAN:	Dr. Alexis Saveriades, Higher School Educator, from Lefkosia.
MEMBERS :	Mrs Eleni Chrysanthou-Demetriou, Business Management Consultant, from Pafos. Mr. Polydefkis Economou, Businessman, from Deryneia. Mr. Avgerinos Nikitas, Chairman of the Cyprus Hoteliers Association, from Lemesos. Mr. Marios Perikos, Businessman from Lemesos. Mr. Petros Pierides, Hotelier, from Lemesos. Mr. Photis Photiou, Accountant- Auditor, from Larnaka. Mr. Adamos Varnavas, Chairman of ACTA (Association of Cyprus Travel Agents), from Lemesos.

As from August 1st, 2003 the members of the Board of Directors were as follows:

CHAIRMAN :	Mr. Photis Photiou, Accountant - Auditor from Larnaka.
VICE-CHAIRMAN:	Mr. Alecos Oroudiotis, Lawyer from Lemesos.
MEMBERS :	Mr. Nicos Aristeides, Businessman from Lemesos Mr. Leondios Vryonides, Economist from Pafos Mr. Kendeas Zambirines, Economist from Pafos Mr. Loizos Kartoudes, Businessman from Lemesos. Mr. Costas Kolakides, Civil Engineer from Lemesos. Mr. Yiannis Kouis, Senior Lecturer from Lemesos. Mrs Cleopatra Mylona - Michaelidou, Banker - Economist from Pafos.

Mrs Phryne Michael is the Director-General of the CTO and according to the provisions of the Cyprus Tourism Organisation Law she is the Chief Executive Officer of the Organisation.

LEGAL ADVISOR

Mr. Michalakakis and Mr. Christos Triantafyllides continued during 2003 to offer their services as the Organisation's Legal Advisors.

AUDITORS

The General Auditor of the Republic of Cyprus continued to exercise during 2003 as well the duties of the CTO's Auditor that were assigned to her by the Council of Ministers.

STRUCTURE OF THE CTO

The Organisation consists of the Director-General's Office and four Departments: the Administration, Accounts and Registry Department, the Tourist Organisation (Planning) Department, the Promotion Department and the Tourist Services Department. The Organisation's offices and departments offer their services as follows:

1. The Head Offices are based in Lefkosia. Directors of Tourism were, Mrs Phoebe Katsouris, Head of the Planning Department, Mr. Michael Metaxas, Head of the Promotion Department, Mrs Annita Demetriadou, Head of the Administration Accounts and Registry Department, and Mr Lefkos Phylaktides Head of the Tourist Services Department.
2. The Local Regional Services consist of:
 - (a) Thirteen tourist information offices operating in: Lefkosia, Lemesos, Larnaka, Agia Napa, Pafos, Kato Pafos, Larnaka Airport, Pafos Airport, Lemesos Port, Germasogeia, Platres, Polis Chrysochous and Protaras.
 - (b) Six Inspectors' offices operating in: Lefkosia, Lemesos, Larnaka, Pafos, Agia Napa, and Polis.
 - (c) The Larnaka Marina.
3. The Overseas Regional Services, which consist of the following 17 tourist offices: London, Frankfurt, Paris, Stockholm, Athens, Milan, Zurich, Brussels, Amsterdam, Vienna, New York, Moscow, Tel Aviv, Budapest, Prague, Warsaw and Tokyo.



CTO SET-UP AND STRUCTURE OF SERVICES

PERSONNEL

On December 31st 2003, the CTO personnel members (permanent, temporary, on contract, and local staff in countries hosting CTO offices) were 300. 153 of these were employed at the Head Offices, 73 at the Local Regional Services and 74 at the Overseas Regional Services. Table 2 of the Report presents the personnel number as on 31.12.2003.

MEETINGS OF THE BOARD OF DIRECTORS

In 2003 the Board of Directors held 47 meetings and decided on a number of tourist policy related issues. The Board of Directors also approved the 2004 Budget of the Organisation, the 2002 Final Accounts, the overseas advertising campaign and other promotional programmes abroad.

Also the Board considered and made decisions upon the following issues:

The CTO's advertising campaign in the various tourist markets, a Strategic Plan for Tourism, the acceptance of tenders for the securing of services and equipment, the manufacturing or printing of various pamphlets, the classification of hotel enterprises, Agreements/Permits for the use of Tourist Beaches and Pavilions, the New Structure/Re-organisation of the CTO, the operation of Restaurants and Recreational centres, and the Collective Agreement.

The Personnel Committee, and the Tender's Committee, to which the Council had transferred its corresponding responsibilities for the better and faster implementation of the CTO's matters, held 19 and 39 meetings respectively during which they discussed and took decisions upon issues falling within their competence.

TRAINING AND EDUCATION OF THE PERSONNEL

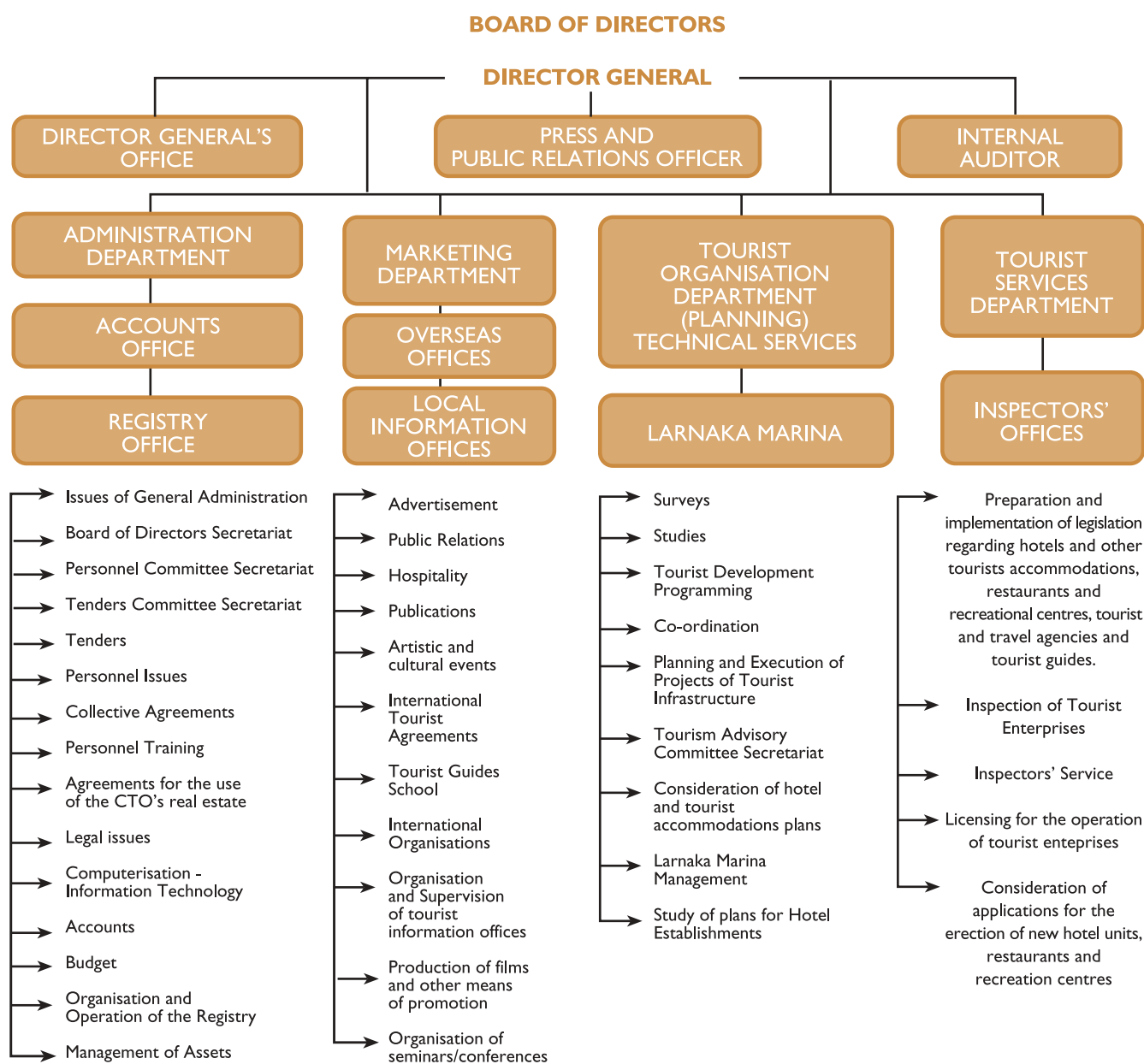
Within the framework of the CTO's policy for training and education of its personnel in 2003, 510 participations took place in various training and educational programmes/Seminars in Cyprus and/or abroad.

These programmes included, among others, the following: European Union, Implementation of Quality Systems, EFQM, Improving Management Performance, Labour Relations, Information Technology, Internet, Communication and Promotion of the Tourist Product, Evaluation and Development of Human Resources, Tourist Guides related topics, ISO 9000 Management in Hotels, Quality Services, the Dale Carnegie Course, Principles & Techniques of Food Hygiene (HACCP), Programmes conducted by the World Tourism Organisation, Crisis Management, Sales Techniques, ISO 9000 Certification, Cyprus Cuisine, Life Balance Skills, etc.



STRUCTURE OF CYPRUS TOURISM ORGANISATION SERVICES

TABLE I





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CYPRUS TOURISM ORGANISATION STAFF POSTS

as at 31.12.2003

TABLE 2

REGIONAL SERVICES

	HEAD OFFICE	LOCAL	OVERSEAS	TOTAL
GENERAL MANAGEMENT				
Director General	1			1
Tourist Officer	1			1
Press and Public Relations Officer	1			1
Clerk	3			3
Internal Audit	4			4
ADMINISTRATION DEPARTMENT	12			12
Registry	34			34
Accounting	30			30
PLANNING DEPARTMENT	11			11
Technical Services	7			7
Larnaka Marina		12		12
PROMOTION DEPARTMENT	31	28	74	133
TOURIST SERVICES DEPARTMENT	18	33		51
TOTAL	153	73	74	300

Notes: 1. Posts which were vacant on 31st December are not included.
2. Persons employed on part-time basis are not included.



FINANCIAL SITUATION OF THE CYPRUS TOURISM ORGANISATION

TABLE 3

Income and Expenditure Account for the year ended 31st December 2003

	£	2002 £
INCOME		
State Grant	12.500.000	12.950.575
Levy on Hotel bills	3.361.656	10.066.651
Levy on Restaurant bills	6.601.117	6.168.901
Licence Fees	379.583	380.371
Operation of Tourist Pavilions and other CTO establishments	652.754	663.004
Other Income	772.868	877.102
	24.267.978	31.106.604
EXPENDITURE		
Salaries	5.598.178	4.670.517
Compensations, Fees and Other Benefits	686.140	573.588
General Administrative Expenses	555.430	543.037
Promotion and Publicity	19.970.298	18.093.013
Organisation and Development of Tourist product	818.905	549.043
Personnel Training and Education	46.058	24.470
Larnaka Marina	121.886	112.446
Other Expenses	278.628	457.685
Depreciation and Loss on Disposal of Fixed Assets	386.005	379.547
	28.461.528	25.403.346
(Loss)/Surplus for the year	(4.193.550)	5.703.258

The above financial statements are indicative and have not been audited by the external auditors of the Organisation.



FINANCIAL SITUATION OF THE CYPRUS TOURISM ORGANISATION

TABLE 4

Balance sheet as at 31st December 2003

	£	2002 £
FIXED ASSETS	2.812.162	2.935.202
CURRENT ASSETS		
Debtors	3.420.049	4.270.768
Prepayments	481.163	371.389
Bank and Cash Balances	4.198.125	5.622.480
	8.099.337	10.264.637
Less: CURRENT LIABILITIES		
Current instalments of Long Term Loan	464.217	455.621
Creditors	6.743.584	4.653.727
Money Received in Advance	168.331	236.961
	7.376.132	5.346.309
NET CURRENT ASSETS/(LIABILITIES)	723.205	4.918.328
	3.535.367	7.853.530

REPRESENTED BY:

Capital	2.812.162	2.935.202
Account and Reserves	258.987	4.007.087
Long Term Loan	464.218	911.241
	3.535.367	7.853.530

The above financial statements are indicative and have not been audited by the external auditors of the Organisation.



DEVELOPMENTS IN THE INTERNATIONAL TOURISM MARKET

According to preliminary data and estimates of the World Tourism Organisation, the international tourist flow in 2003 was reduced by 1,2% in comparison to 2002, to reach 694,0 mil. tourist arrivals as against 702,5 mil. in 2002. Tourist traffic in Europe grew marginally by 0,4% in 2003 to reach 401,5 mil. tourist arrivals, as compared to 399,8 mil. in 2002. Europe held on to its dominant position in the global tourist market, as it slightly increased its market share in comparison to 2002 (57,9% versus 57,5%). Increased tourist arrivals in 2003 were also recorded in the Middle East (+10,1%) and Africa (+4,7%). At the opposite end, tourist arrivals in Asia and the Pacific countries fell significantly in 2003 (-9,3% over 2002). As far as the Americas are concerned, arrivals in 2003 displayed a small decrease over 2002 (-2,2%). Based on the above results, Asia and the Pacific countries and the American Continent rank second and third respectively in terms of global market share, with 17,2% and 16,2%.

TABLE 5
**INTERNATIONAL TOURIST ARRIVALS
2002-2003**

	ARRIVALS (IN MILLION)		
	2002	2003	2002-2003
World	702,6	694,0	-1,22%
Europe	399,8	401,5	0,43%
Asia and the Pacific	131,3	119,1	-9,29%
America	114,9	112,4	-2,18%
Africa	29,1	30,5	4,68%
Middle East	27,6	30,4	10,14%

MAJOR DEVELOPMENTS IN CYPRUS

According to the data of the Statistical Service of the Republic of Cyprus, tourist arrivals in 2003 recorded a decrease of 4,76% as against 2002 (2.418.233 in 2002, 2.303.246 in 2003). 2003 was the second year in a row to record a decrease in tourist arrivals. It was, in fact, a difficult year, which was influenced by unfavourable external factors which had a negative impact on tourist arrivals to Cyprus, such as the Iraq War in March 2003 and the fear of air travel that was caused by the SARS epidemic and the terrorism threat. The negative impact of the Iraq War was, in fact, very accentuated. In specific, the first two months of 2003 displayed a significant increase in arrivals over the corresponding months of 2002, but the months that followed until July were characterised by significant losses (percentagewise, the greatest decrease approached 34%, and it was recorded in March), albeit of diminishing magnitude.

The streak of negative results was interrupted in August, only to resume for September and October, with smaller decrease rates. Finally, November and December displayed a great increase percentagewise.

The coordinated efforts of the Organisation, the Cyprus Government and the private sector were instrumental in limiting the extent of the negative impact of the unfavourable external factors on Cyprus tourism. The Organisation undertook a supplementary advertising and public relations campaign, took measures to support the Tour Operators selling Cyprus, and organised more educational trips, while the Cyprus Government extended the temporary abolishment of the landing charges, the airport taxes and the 3% CTO levy and afforded extra funds for advertising and public relations activities. The private sector played its part by intensifying its marketing activities and following a sound pricing policy. As far as specific markets are concerned, the mitigation of the losses can be attributed mainly to the performance of the U.K. market, which was at about the same level as in 2002, and even displayed a marginal increase. Therefore, as total arrivals decreased, the U.K. market actually gained in market share, which rose from 55,3% in 2002 to 58,5% in 2003.

Other markets that performed better in 2003 than in 2002 were the Greek market (which actually well exceeded the 100.000 arrivals mark to reach 110.000 arrivals), the Irish, the French, the Italian, the Hungarian, the Middle East Countries and the Arab Gulf Countries markets. All the other markets recorded decreased arrivals to varying degrees.

According to the results of the Tourist Expenditure Survey 2003, the per person expenditure of tourists in Cyprus in 2003 was reduced by 5,9% in comparison to 2002 (from CYP468,24 to CYP440,70), the per day expenditure by 3,7% (from CYP41,82 to CYP40,28) and the average length of stay by 1,6% (from 11,12 days to 10,94 days).

DEVELOPMENTS IN THE TOURIST INDUSTRY IN 2003 TOURIST ARRIVALS

Arrivals of long-stay visitors (tourists) decreased by 4,76% in 2003 to 2.303.246 as against 2.418.233 in 2002.





DEVELOPMENTS IN THE INTERNATIONAL TOURISM MARKET

SEASONAL PATTERN OF TOURISM

A total of 436.854 tourist arrivals were registered during the winter months (January-March and November-December), accounting to 19% of the total arrivals for 2003, as compared to 18,76% for 2002. On the other hand, the percentage of arrivals during the two peak summer months (July and August) rose from 26% in 2002 to 28% in 2003.

TOURIST ARRIVALS ON CHARTERED FLIGHTS

In 2003, 1.313.315 tourists flew chartered flights to Cyprus as opposed to 1.520.930 in 2002, thus recording a decrease of 13,7%. These tourists came mainly from the United Kingdom, Germany, Russia, Switzerland, Ireland and the Scandinavian countries.

ARRIVALS OF EXCURSIONISTS

Arrivals of excursionists in 2003 totaled 113.006, recording an increase of 46,7% in comparison to the corresponding 2002 figure (77.024).

An increase was also registered in two of the three types of excursionists. On the one hand, the arrivals of same-day tourists increased by 22% (from 13.081 in 2002 to 16.073 in 2003) and the arrivals of the excursionists who participated in cruises also rose by 59,1% (from 58.747 in 2002 to 93.468 in 2003). On the other hand, the number of transit visitors displayed a decrease of 33,3% (from 5.196 in 2002 to 3.465 in 2003).

Excursionists participating in cruises came mainly from Israel, the United States, Germany and Italy.

INCOME FROM TOURISM

Gross receipts from tourism in 2003 were estimated at CYP1.020 million, displaying a decrease of 10,2% over the 2002 receipts (CYP1.136 million).

Revenue from tourism was estimated to have accounted for 32,8% of the foreign exchange earnings from the export of goods and services (the respective ratio for 2002 was 35,6%).

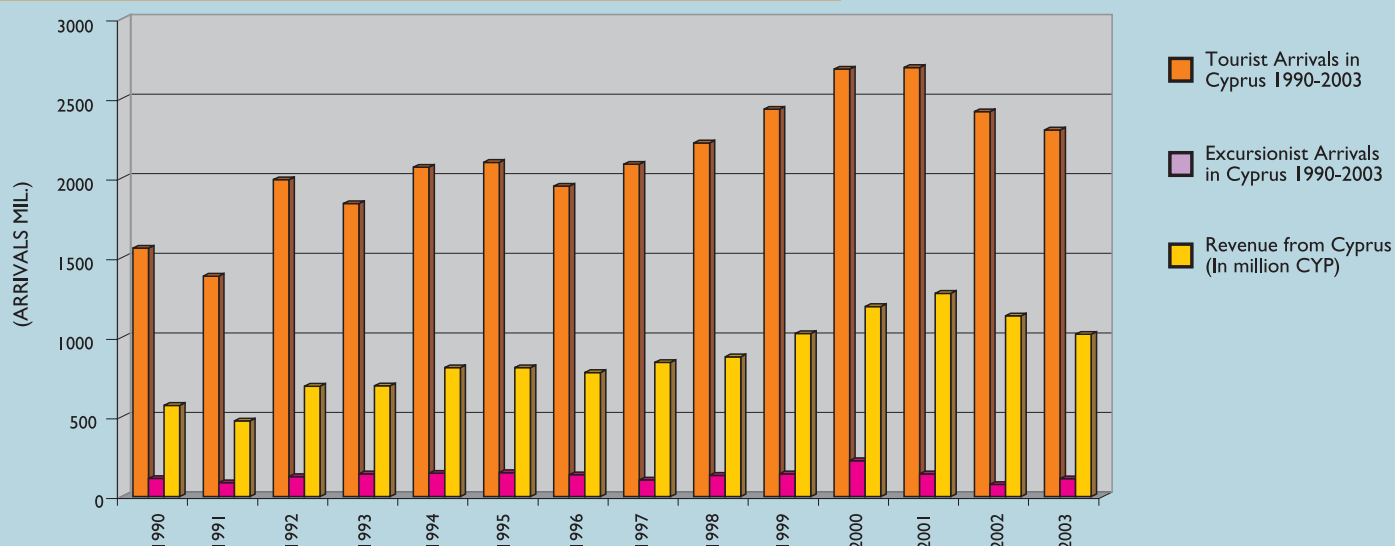
DEVELOPMENTS IN THE SUPPLY OF HOTEL BEDS

In 2003, a total of 1.788 new beds joined the existing stock, as compared to 2.539 beds in 2002. These new additions increased the supply of hotel beds across various types of accommodation, as follows:

Three new hotels started operation in 2003, with a total capacity of 551 beds, and as far as the remaining 1.237 beds are concerned, 316 of these belonged to one new hotel apartment A' class unit, 760 corresponded to two new A' class tourist villages, 118 to 19 new tourist villas and 43 to 8 new traditional houses.

The total hotel bed supply in licensed accommodation units rose from 94.466 beds that were in operation on 31.12.2002, to 95.185 on 31.12.2003. Of all the hotel beds that had been in operation at the end of 2003, 52.974 belonged to 242 star hotels, 23.313 to 264 hotel apartments of all classes, 5.718 to 19 tourist villages, and the remaining 13.180 to tourist villas, tourist apartments, furnished apartments, traditional houses, hotels without star, guest houses and camping sites.

DIAGRAM I





DEVELOPMENTS IN THE INTERNATIONAL TOURISM MARKET

As far as the construction of new units is concerned, at the end of 2003 6 new star hotels with a total capacity of 2.257 beds, one hotel apartments A' class unit with 104 beds, 2 A' class tourist villages with 992 beds, 3 complexes of tourist villas with 204 beds and 2 traditional houses with 10 beds were under construction. Moreover, the following new beds that constituted extensions to existing accommodation units were also under construction at the same time: 97 beds in two existing star hotels and 64 beds in one hotel apartments unit B' class.

Of all the hotel beds that had been in operation at the end of 2002, 52.410 belonged to 241 star hotels, 23.537 to 273 hotel apartments of all classes, 4.958 to 17 tourist villages, and the remaining 13.561 to tourist villas, tourist apartments, furnished apartments, traditional houses, hotels without star, guest houses and camping sites. As far as the construction of new units is concerned, at the end of 2002 five new star hotels with a total capacity of 1.245 beds, two hotel apartments A class with 424 beds, two tourist villages with 760 beds and two traditional houses with 10 beds were under construction. Moreover, the following new beds that constituted extensions to existing accommodation units were also under construction at the same time: 97 beds in two existing star hotels, 64 beds in one hotel apartments unit B class and 72 beds in a tourist village B class.

GUESTNIGHTS IN TOURIST ACCOMMODATION ESTABLISHMENTS

Guestnights in all accommodation categories in 2003 were

reduced by 10,53% as compared to 2002, to reach a total of 14.457.937 as against 16.159.347 in 2002.

A decrease of varying magnitude in the number of guestnights was also recorded in all the regions of Cyprus, ranging from 5,37% in Pafos to 17,27% in Lefkosia.

ARRIVALS AT TOURIST ACCOMMODATION ESTABLISHMENTS

Arrivals to all accommodation categories in 2003 were reduced by 7,67% as compared to 2002, to reach a total of 2.231.455 as against 2.416.761 in 2002. As in the case of guestnights, a decrease of varying degrees in the number of arrivals was also recorded at the regional level, ranging from 2,89% in Larnaka to 15,32% in the Hill Resorts.

AVERAGE NET BED OCCUPANCY RATES

The average net bed occupancy rate in tourist accommodation establishments is obtained by dividing the number of guestnights (as declared by the manager of every tourist accommodation unit) by the bed capacity of each unit, multiplied by the actual number of its days of operation during the year in question.

The average net bed occupancy in all tourist accommodation establishments in 2003 fell by 11,64% in comparison to 2002 (from 62,7% in 2002 to 55,4% in 2003). Especially, as far as star hotels are concerned, their average net bed occupancy rate in 2003 came up to 53% versus 59,87% in 2002, thereby recording a decrease of 11,5%.

TABLE 6

5-1 STAR HOTEL BED CAPACITY 2002-2003

	5*	4*	3*	2*	1*	TOTAL
2002	9429	19781	17519	4407	1274	52410
2003	9443	20863	17173	4415	1080	52974

TABLE 7

BED CAPACITY IN HOTEL AND OTHER ACCOMMODATION 2002-2003

	DELUXE	HOTEL APARTMENTS A CLASS	B CLASS	C CLASS	TOURIST VILLAGES	TRADITIONAL HOUSES	OTHER*	TOTAL
2002	114	9595	11738	2090	4958	625	12936	42056
2003	114	9869	11432	1898	5718	672	12508	42211

* Tourist Apartments, Furnished Apartments, Tourist Villas, Hotels without Star, Guesthouses and Camping Sites.



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TOURISM CONSULTATIVE COMMITTEE

The Tourism Consultative Committee was established in accordance with the provisions of the Cyprus Tourism Organisation Law. Almost all of the private sector stakeholders are represented in this Committee at a very high level, under the chairmanship of the Minister of Commerce, Industry and Tourism.

The Committee functions as a think tank for tourism, and as such it deals only with general tourist policy matters and advises the CTO Board of Directors accordingly.

In 2003 the Committee met twice, and it mainly discussed the subject of the Competitiveness of the Cypriot Tourist Product.

Also, during their June 2003 visit to Cyprus, the Directors of the CTO Offices overseas met with the Committee in order to brief its members on the latest developments and future prospects of their respective markets.





RESEARCH, STUDIES, PROGRAMMES

TOURIST DEVELOPMENT STRATEGY AND IMPLEMENTATION PLAN 2003 – 2010

The revised Tourist Development Strategy and the Implementation Plan 2003-2010 was approved at a meeting of all tourism industry stakeholders, held on the 4th of November 2003 under the presidency of the President of the Republic of Cyprus.

The Strategic Plan has been revised following a series of meetings and discussions carried out under the chairmanship of the Minister of Commerce, Industry and Tourism, with industry stakeholders of both the private and public sector. The conclusions and results of the meetings, the new facts and the changing data in the wider field of the tourism sector, as well as the measures and actions of the Government Programme constituted the basis of the Strategic Plan on tourism 2003-2010.

The application of a new integrated approach on the implementation of the Tourism Strategy has been initiated. The Implementation Plan, calls for the active participation of stakeholders of the tourism sector, and indicates the expectations and the levels of actions to be undertaken by the Private Sector, the Public Sector, the Local Authorities and the Cyprus Tourism Organisation, in a specific time framework.

The Plan will be monitored through an evaluation/progress report, on the actions of all four implementors (CTO, private sector, public sector, local authorities) to be submitted to the President of the Republic every four months.

In addition, regarding the actions and tasks, which according to the Implementation Plan are to be undertaken by the Public Sector, the Council of Minister with its decision no. 59.218, decided to set up a Ministerial Committee, composed of the Minister of Commerce, Industry and Tourism (which presides), the Minister of the Interior, the Minister of Communications and Works, the Minister of Education and Culture, the Minister of Finance and the Minister of Agriculture, Natural Resources and Environment.

The Ministerial Committee will meet every four months and will prepare an Evaluation/Progress Report, to be submitted to the Ministerial Council.

REGIONAL STRATEGIES

CTO Board of Directors and the Minister of Commerce, Industry and Tourism engaged in a series of meetings with the tourism stakeholders at the local/regional level, the Chambers of Commerce and Industry, the local authorities, associations of hoteliers etc.

The Organisation has set a new policy as far as the regional strategy goes. It has announced its intention to provide technical and economic support at a regional level by which each region will develop its own tourism strategy and detailed action plans in the area of product, marketing and quality added value.

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As a member of the Advisory Committee, CTO participated in the Committee sessions on 31.3.2004 and 26.5.2003, where the executive summary of the Strategic Development Plan 2004-2006, the Single Programming Documents for Objective 2, Objective 3, Fishery, Cohesion Fund and the Agricultural Development Plan, had been presented and approved.

INDICATORS FOR SUSTAINABLE TOURISM DEVELOPMENT

In light of the fact that the Strategic Plan for Tourism 2010 aims at the achievement of sustainable tourist development, the Organisation has taken the initiative to create a system of sustainability indicators. Such indicators attempt to link tourism with the environment of the destination (economic, social, cultural, natural and man-made) and can be used to monitor the implementation of the Strategic Plan and to assist in decision-making.

Within the framework of these efforts the Organisation, in co-operation with the WTO, invited the renowned consultant Dr. Edward Manning to a field visit to Cyprus. During his visit, Dr. Manning consulted with the stakeholders of Cyprus tourism, and subsequently produced and submitted to CTO a report with his recommendations on the establishment of a system of sustainability indicators.

STUDY ON THE IMPACT ON TOURISM FROM A POTENTIAL SETTLEMENT OF THE CYPRUS PROBLEM

The Organisation has commissioned Dr. P. Pashardes of the University of Cyprus to conduct a study on the impact on the tourist industry of the Government-controlled area of Cyprus from the partial lifting of the restrictions in crossing the dividing line.

The study, which consisted of two parts and took two months to complete, was completed and submitted to the Organisation in August.

The Organisation has also decided to commission a comprehensive study to assess the impact on tourism from a potential settlement of the Cyprus Problem on the basis of the provisions of the Annan Plan for the tourist sector.

UNIVERSITY OF NOTTINGHAM STUDY FOR THE PRICE SENSITIVITY AND THE EFFECTS OF TOURISM ON OTHER SECTORS OF THE CYPRIOT ECONOMY

The Organisation participates - along with other NTO's from Spain and Malta – in the aforementioned comparative



TOURISM INFRASTRUCTURE, IMPROVEMENT/UPGRADING OF THE TOURIST PRODUCT

EUROPEAN LONG DISTANCE PATH E4

The Organisation continued the implementation of the extension of European Long Distance Path E4 in Cyprus. The main partners of the project are the Cyprus tourism Organisation and the Forest Department. The route of E4 in Cyprus connects Akamas peninsula in north west and Cape Greko in south east. The total length of the route in Cyprus exceeds 400 Km.

European Long Distance Path E4 is part of the European Long Distance Path network consisting of 11 different paths in Europe. E4 starts from Gibraltar and passes through Spain, France, Switzerland, Germany, Austria, Hungary, Roumania, Bulgaria and Greece ending until recently in Greta and now in Cyprus.

In 2003 directional and informational signs were produced for signposting the whole route. Signs were placed in 300 Km of the route starting from Agios Epiphanius village in Nicosia district to Pafos airport. The total cost of the project exceeds £100,000.

NATURE TRAILS DEVELOPMENT PROJECT

CTO financed the opening and sign posting of the following nature trails:

- Moni – Phylagira
- Kato Amiandos – Loumata Aeton
- Thematic trail connecting Medieval Castles in Pafos region

OTHER PROJECTS WITH A STRONG ENVIRONMENTAL ELEMENT

In 2003 CTO financed the creation of a vulture shelter in Vretsia village. The project is implemented by the Forest department and is incorporated within a broad program for the protection of a unique auspice of vulture in Cyprus.

APHRODITE'S CULTURAL ROUTE

In 2003 a visitor center was organized at Kition Kathari covering many aspects of Aphrodite: Aphrodite's relation to sacred site of Kition, Genesis of Aphrodite, Mythology and character of the Cypriot Goddess, Names of "Aphrodite", rituals connected with the cult of Aphrodite, plants and seashells associated with Aphrodite. Works have also been promoted for the organization of other two visitors centers in Amathous and Kouklia archaeological sites which will be ready in spring 2004.

CTO financed the production of a promotional leaflet of the route in English and Greek. CTO also financed the implementation of improvement works at Kouklia and Kition sites which contribute to better organization of the route.

The study for identification of objects in Cyprus Museums which are related to Aphrodite was completed in 2003. Objects in Larnaka District Museum as well as Pierides Museum have been sign-posted with the special logo of the route.

SPORTS TOURISM

Since January 2003 two new financial schemes concerning the creation or upgrading of sports infrastructure are in operation.

CTO in cooperation with the Cyprus Sports Organisation and tourist professional associations has prepared an action plan for the development and promotion of Sports Tourism in Cyprus. The main target of the aforementioned plan is to establish Cyprus as a training destination for high level foreign teams and athletes as well as a host country for important international sports competitions and other athletic venues.

The action plan is going to be submitted to the Minister of Commerce, Industry and Tourism by the beginning of next year for further discussion and decision making.

CYCLING TOURISM

CTO is working on a proposal for the creation of a National Cycle Network in Cyprus in collaboration with the relevant government departments and the Cyprus cycling Federation.

The proposal was drafted by the route co-ordinator of the Eurovelo network, an expert on the field, who was invited by CTO. The proposal for the Cyprus National Cycling Network was presented at a cycling seminar that was organised by CTO in April. The development of the cycling network is undertaken by a technical committee chaired by CTO with the participation of the Town Planning Department, the Public Works Department and the Cyprus Cycling Federation.

As a result of the continuous efforts of CTO, Cyprus has joined "Eurovelo" (The European Cycle Route Network) and is now part of "Route 8 - The Mediterranean Route".

TRAINING

During 2003 CTO has organised and implemented nine educational programmes / seminars as follows: six for Life-guards and sea sports, two on the experience of Traditional Gastronomy for the owners of traditional tavernas and one on Cycling Tourism.

The above programmes were attended by more than 260 participants in total.

The programmes were presented and facilitated by local and foreign trainers.

The co-operation between CTO and the Department of Agricultural Economy of the Ministry of Agriculture, Natural Resources and Environment in training the inhabitants of rural areas continued in 2003. The Department of Agricultural Economy included in its educational programmes topics related to Agrotourism.





REGULATION AND SUPERVISION OF TOURIST ENTERPRISES

The Cyprus Tourism Organisation implements the provisions of the relevant laws governing the setting up and operation of tourist enterprises and tourist occupations such as:

- Hotels and other tourist accommodation establishments
- Travel Agencies
- Catering and entertainment establishments
- Tourist guides

CLASSIFICATION OF HOTEL UNITS AND APPROVAL OF PLANS

According to the existing legislation governing hotels and tourist accommodation establishments, the architectural plans of new hotel units to be built, as well as extensions and classification of existing ones must be first approved by the Hotels Committee.

The composition of the Hotels Committee in 2003 according to a relevant decision by the Minister of Commerce, Industry and Tourism was as follows:

Chairman of the Committee was CTO Chairman Mr Ph. Photiou.

The Members of the Committee were:

Mrs Phryne Michael, CTO Director General, Mr L. Phylaktides, CTO Director of Tourism, Mr M. Papageorgiou, representative of the Ministry of Communications and Works, Mr G. Stergides, representative of the Ministry of Health, Mrs E. Avraamidou, representative of the Town Planning and Housing Department, Mrs N. Paschalidou, representative of the Ministry of Commerce, Industry and Tourism, Mr M. Christofinis, representative of the Cyprus Civil Engineers and Architects Association, Mr Chr. Kitazos and Mr A. Tsokkos, representatives of the Cyprus Hotels Association, Mr A. Vavlitis, representative of the Cyprus Association of Tourist Enterprises and Mr A. Christodoulides, representative of the Cyprus Hotel Managers Association.

During 2003 the Committee held seven meetings and examined matters relating to the initial classification of new hotel units, reclassification of existing units, revocation of operating licences, approval of plans and applications for the establishment of accommodation units within traditional houses, extensions or renovations/ improvements of existing hotels and hotel apartments and revision of the classification of existing hotel units. The Committee's suggestions as far as the classification or revocation of operating licences are concerned are forwarded to the Board of Directors for consideration.

HOTEL RATES AND HOTEL GUIDE

According to the provisions of the relevant legislation hotel rates were set by hoteliers for the period between 16.3.2003 and 15.3.2004 and constitute the maximum rates that can be charged during this period. Prices include all charges and taxes. The 2003 edition of the Hotel Guide includes all hotel and tourist establishments in operation in the government controlled areas and provides information on each establishment and the rates charged. All hotel units located in the Turkish occupied areas belonging to Greek Cypriots are listed in the Guide in the form of an Appendix. The 2003 Hotel Guide also includes information on travel agencies and car rental firms. It was printed in 80.000 copies.

TRAVEL AGENCIES

As shown in Table 8, at the end of 2003, 449 licensed Travel Agencies were in operation with 161 branch offices in comparison to 457 Agencies and 187 branch offices in 2002.

TOURIST GUIDES

During 2003, 267 licences were issued to professional tourist guides, as provided by the relevant legislation, compared to 278 in 2002.

Table 9 shows the breakdown of tourist guide licences by district on 31.12.2003.

TRAVEL AGENCIES 2002-2003

TABLE 8

AREA	HEAD OFFICES		BRANCH OFFICES	
	2002	2003	2002	2003
Lefkosia	147	140	20	15
Lemesos	162	160	63	54
Larnaka	59	58	29	28
Pafos	59	62	31	28
Ammochostos	30	29	44	36
Total	457	449	187	161

NOTE: The above agencies employed approximately 2000 persons.



REGULATION AND SUPERVISION OF TOURIST ENTERPRISES

CATERING AND ENTERTAINMENT ESTABLISHMENTS

In accordance with the provisions of the relevant law the Catering and Entertainment Establishments Committee held two meetings in 2003 and examined issues related to the approval of plans, the classification or reclassification of Catering and Entertainment Establishments, the revocation of operating licences and other matters relating to the operation of these establishments.

The composition of the Committee in 2003 according to a relevant decision by the Minister of Commerce, Industry and Tourism was as follows:

Chairman of the Committee was CTO Chairman Mr Ph. Photiou. The Members of the Committee were: Mrs Phr. Michael, CTO Director General, Mr. L. Phylactides, Director of Tourism, CTO, Mrs Xenia Georgiadou, representative of the Ministry of Commerce, Industry and Tourism, Mr G. Stergides, representative of the Ministry of Health, Mrs St. Rousi, representative of the Ministry of the Interior, Mr A. Aristidou, representative of the Cyprus Catering and Entertainment Establishments Owners Association, Mr. N. Thrasyvoulou, representative of the Federation of the Cyprus Catering and Entertainment Owners Association, Mr A. Germanos, representative of the Union of Cyprus Municipalities, Mr D. Michael, representative of the Union of Cyprus Communities and the Lefkosia, Lemesos, Larnaka, Pafos and Ammochostos District Officers. On 31st December 2003, 3.222 Catering and Entertainment Establishments of various categories were in operation, compared to 3.243 on 31st December 2002. At the end of 2003, 553 catering and entertainment establishments were in operation within hotel units compared to 565 on December 31st 2002.

Table 10 shows the Catering and Entertainment Establishments in operation on 31st December 2002 and 2003 respectively, broken down by district.

Table 11 shows the Catering and Entertainment Establishments by category and by district operating on 31st December 2003. The table does not include establishments operating within hotel units.

HOTEL TRAINING

Vocational training in hotel professions is provided by both public and private educational institutions.

The Ministry of Education and Culture operates hotel training departments in the Technical Schools of Lefkosia, Lemesos, Pafos, Polis Chrysochous, Larnaka and Paralimni, providing basic training for cooks and waiters.

The Cyprus Higher Hotel Institute, which operates under the auspices of the Ministry of Labour and Social Insurance, offers hotel management courses with specialisations in the fields of Rooms, Food and Beverage. It also continues to provide training in the fields of Reception, Housekeeping, Confectionery and Cooking.

During 2003 several private hotel schools and colleges offered courses of study in the hotel occupations and also in the field of hotel and tourism management.

In addition to the professional training offered by public and private academic institutions, the Human Resource Development Authority of Cyprus offered a series of specialised courses, the aim of which was to improve the professional skills of those employed in the tourist industry.

LICENSED TOURIST GUIDES BY DISTRICT (31.12.2003)

TABLE 9

District	Number of Licensed Tourist Guides
Lefkosia	91
Lemesos	93
Larnaka	36
Pafos	35
Ammochostos	12



REGULATION AND SUPERVISION OF TOURIST ENTERPRISES

EMPLOYMENT IN THE HOTEL INDUSTRY

According to a CTO survey, during the summer of 2003, about 25.000 people of various specialisations were employed in the hotel industry and about 16.000 people were employed in the Catering and Entertainment Establishments.

CTO INSPECTORS

The Organisation employs 41 inspectors who regularly inspect all the tourist enterprises falling within the jurisdiction of the Organisation. Specifically in the course of these inspections they examine the standards of cleanliness and hygiene, the overall performance of the establishments, the implementation of the approved prices and the compliance of the entrepreneurs with the provisions of the relevant Laws and Regulations.

TABLE 10

CATERING AND ENTERTAINMENT ESTABLISHMENTS BY DISTRICT

District	OPERATING ESTABLISHMENTS AS AT 31.12.2002		OPERATING ESTABLISHMENTS AS AT 31.12.2003	
	Independent	Establishments within Hotel Units	Independent	Establishments within Hotel Units
Lefkosia	651	31	657	31
Lemesos	933	117	936	114
Larnaka	509	81	495	75
Ammochostos	544	226	530	221
Pafos	606	110	604	112
Total	3243	565	3222	553

TABLE 11

CATERING AND ENTERTAINMENT ESTABLISHMENTS BY CATEGORY (31.12.2003)

Category	Lefkosia	Lemesos	Ammochostos	Larnaka	Pafos	Total
Restaurant, Tavern	434	636	345	321	411	2147
Cafeteria, Pizza House	42	48	33	22	30	175
Snack Bar, Pub, Bar	137	179	126	116	125	683
Discotheque	16	16	19	13	8	72
Cabaret	16	27	5	16	15	79
Night-Club	12	30	2	7	15	66
Total	657	936	530	495	604	3222





Annual Report 2003

PROMOTION OF THE CYPRUS TOURIST PRODUCT

The effect of external factors such as the Iraq conflict, international terrorism, and SARS backed by the prevailing economic recession in important source markets contributed in bringing about a negative effect for the Cyprus tourist industry for a second consecutive year.

From the outset of the year, alerted to the detrimental effect of the aforementioned events to the tourist potential of the island, the Cyprus Government took effective, practical measures to encourage tourist flow. A series of measures were put into place, geared towards the maintenance of the availability of seats for scheduled and charter flights, the financial incentives for foreign tour operators to maintain/expand their programs to Cyprus and the intensification of the Organisation's generic advertising and promotion campaigns for winter as well as for domestic tourism.

In order to maximize the effectiveness of these measures the Government granted an extension to the Organisation's annual budget by an additional fund of 7 million Cyprus pounds. This extension was allocated as follows:

- Generic Cyprus advertising campaign extension until the end of 2003
- Financial support to foreign tour operators for extended advertising and promotional activities for Cyprus.
- Extension of activities and facilities for the invitation and provision of hospitality to journalists, tour operators, travel agents, opinion leaders and other personalities from tourist source markets.

Furthermore, the Government proceeded to the waving of charges for departure tax and for landing fees in both Cyprus airports, up to the end of June 2003 and for the period of November 2003 to March 2004.

The instantaneous declaration and fast implementation of the measures, combined with the cooperation and efforts amongst the Organisation and all partners in the tourist industry, resulted in an actual scale down from early fears that the tourist arrivals in 2003, compared to 2002, would record a double digit decrease. The actual recorded decrease was limited to 4.76%.

PROMOTIONAL ACTIVITIES

The Organisation revised and updated its declared 10year Strategic Plan for tourism, the implementation of which began in 2000, in line with new conditions and trends evolving in the international tourist market. Consequently, the overall Marketing Strategy has also been revised. Within the framework of the Strategic Plan, the Organisation is implementing an integral Communication Strategy for the promotion of the Cyprus tourist product, based on the systematic promotion of a single and unique image of Cyprus.

This Communication Strategy comprises a wide spectrum of activities that directly promote the Cyprus tourist product. They include generic advertising campaigns, organisation of promotional activities, hosting in Cyprus tourist professionals, journalists and other personalities and participation in tourist fairs. The Organisation places high emphasis on the development and maintenance of excellent relations with tourism professionals and the media, in all tourist source-markets. The Organisation is activities are backed by the appropriate printed, audio-visual and electronic promotional tools. Furthermore, the Organisation is indirectly promoting the Cyprus tourist product by supporting the activities of tour operators, tourist professionals and other parties. The CTO promotional activities are geared towards the consumer, the travel trade and organised groups dealing within the special interest market segments, as these have been determined in the revised Marketing Strategy.

Advertising

During January through March 2003 the Organisation executed its planned Summer advertising campaign extending to 14 tourist source – markets. The campaign was subsequently boosted with additional funds, to further attract consumer interest for Cyprus and encourage bookings to Cyprus. Thus, the Summer campaign was eventually extended to July 2003, whilst at the same time a campaign was executed in six additional tourist source - markets. The Summer campaign included predominantly press and outdoor advertising. Television advertising was realized in the markets of the United Kingdom and Germany. In support of the advertising campaign a parallel campaign was scheduled with the international television networks CNN International and Eurosport. This campaign was of special importance for markets for which limited or no advertising funds were available.

In February 2003 the Organisation signed a contract of cooperation with a new advertising partner, Scholz & Friends. CTO decided upon conducting a concept testing research in main tourist source-markets to select the creative idea to be used for the purposes of the Organisation's campaigns, for a minimum of two years. The chosen creative idea has the new logo and slogan **“Cyprus the island for all seasons”**. In order to put into effect the new creative idea, pioneering photo shooting and film techniques were assigned. Following the completion of the photo shooting and the filming in Cyprus, the new creative material was prepared to be advertised in press and television. Adaptations and translations were made in different languages in order to simultaneously launch the advertising Winter 2003/2004 campaign in the 14 tourist source –markets.



PROMOTION OF THE CYPRUS TOURIST PRODUCT

Prior to the launch of the Winter 2003/2004 campaign, a test research was decided in two phases, in order to estimate the effectiveness of the new campaign which would introduce the new chosen creative idea.

During 2003, particular emphasis was given towards the promotion of the island to Cyprus residents - domestic tourism. Two advertising campaigns were run for that purpose, Summer and Winter, backed by special offers provided by the hoteliers.

During the year the planning of the advertising campaign of the Organisation was completed. The campaign is planned to be launched in 20 tourist source – markets. Decisions were made pertaining to the strategies and targets of the campaign, the markets where the campaign will be launched and the funds allocation and choice of media mix to be used. The general and technical terms were prepared and tenders were invited for the undertaking of the planning of the media buying. During December 2003, the process of the evaluation was completed and tenders for six tourist source – markets were awarded.

Table 12 summarizes the markets where Summer and/or Summer Interim and/or Winter Advertising Campaigns were carried out during 2003.

In parallel to the mainstream advertising campaigns, a series of ad hoc advertisements and promotional activities were carried out, in order to further enhance targeted special features about Cyprus. Such efforts were carried out by the Organisation, acting either on its own or in cooperation with foreign tour operators.

Tourist promotion and public relations

The Organisation exercised every effort for the better programming and enhancement of its promotional and public relations activities. For this purpose, the staffing of CTO offices abroad was strengthened with specialized personnel and in the main tourist source - markets the Organisation appointed public relations firms. All promotional activities undertaken by the CTO offices abroad are included in the Annual Action Plan which is a significant planning and controlling tool for the Organisation's activities in the promotional sector.

ADVERTISING CAMPAIGNS		TABLE 12	
Market	Summer	Summer Interim	Winter
	Advertising Campaign 2003	Advertising Campaign 2003	Advertising Campaign 2003
United Kingdom	✓	✓	✓
Ireland	✓	✓	✓
Germany	✓	✓	✓
Denmark	✓	✓	
Finland	✓		
Norway	✓	✓	
Sweden	✓	✓	✓
Switzerland	✓	✓	✓
Netherlands	✓	✓	✓
Belgium / Luxembourg	✓	✓	✓
Austria	✓	✓	✓
Russia	✓	✓	
Poland	✓	✓	
Greece		✓	✓
Italy		✓	✓
Israel		✓	✓
Czech Republic	✓		
Hungary	✓		
Arab Countries		✓	✓



PROMOTION OF THE CYPRUS TOURIST PRODUCT

A great spectrum of promotional activities were organised by the CTO offices abroad, including Cyprus weeks, presentations or seminars (workshops) on Cyprus, roadshows, special promotional activities on Cyprus for the public, e.t.c. Parallel to their own activities, CTO offices abroad participated in promotional activities organised by tour operators, other tourist professionals e.t.c.

United Kingdom / Ireland

Despite the Iraq conflict, Cyprus remained a preferable destination for the U.K. market, with the volume of arrivals reaching about the same numbers as during 2002. The Irish market recorded a satisfactory increase.

During 2003, the Organisation launched an aggressive press, television and outdoor advertising campaign. At the same time, rigorous Public Relations activities were put into effect, yielding a large number of trips to Cyprus for travel agents, television crews and journalists, who promoted Cyprus through the publication of positive press articles.

Specific actions were taken to promote special interest market segments such as golf, hiking and cycling including the support of the collaboration between the Organisation and the British Olympic Committee, which integrated such promotional activities as the organisation of a press conference and the preparation of specialised press advertising insertions.

Particular emphasis was given for the promotion of conference and incentives tourism through fairs. A highlight of this was the organisation of events at the specialized tourist fairs CONFEX and M&IT, as well as the organisation of educational trips to Cyprus for tour operators specializing in the promotion of conference and incentive tourism. The Organisation participated for the first time in a specialized tourist fair for Golf.

In order to promote winter tourism, a series of Cyprus presentations were held in six cities, with the attendance of tourist professionals from Cyprus.

Sales calls to travel agencies were executed, during which particular importance was given to informing the travel agents about the modified Strategic Plan and the strategic goals of the Organisation emphasizing the diverse experiences that Cyprus is in a position to offer to the U.K. visitor.

In Ireland the promotional activities included the organisation of road shows in urban areas of Ireland and of special events in order to publicize the inauguration of flights from Ireland to Cyprus. Special events were also organised with the participation of the Irish Olympic Committee and the Irish Olympic Association of athletes

with special needs to promote the advantages that Cyprus possesses for the training of athletic teams.

Germany

The cooperation of the CTO Office in Frankfurt with the appointed Public Relations Agency continued throughout 2003 and the joint efforts resulted in the organisation of educational trips to Cyprus for television crews and journalists, which yielded many wide exposure through television programs and positive articles in the German media. Press conferences were also organised in various German cities and monthly information bulletins were sent to the most significant media in Germany.

A series of roadshows (presentations) for travel agents were organised in various German cities, aiming to promote the Cyprus tourist product, with emphasis to special interest tourism such as golf, cycling and hiking. Furthermore, promotional events were organised targeting the public. These events were geared towards the marketing of special interest tourism and included among other activities the setup of presentations targeted towards cultural clubs, golf, cycling and hiking tourists. Additionally, the number of visits performed by the Frankfurt Office sales personnel at travel agencies and tour operators was increased.

In order to promote the conference and incentive tourism in Cyprus, the Organisation participated in the specialized fair IMEX, organised for the first time in Frankfurt. In an attempt to further strengthen the activities of the tour operators and the further dissemination of information to the staff of travel agents CTO Frankfurt also participated in the presentations of the catalogues and other forms of promotional events of tour operators addressed to the employees of travel agencies.

During 2003, the Organisation established a new Office in Berlin. The Office is located within the Embassy of the Republic of Cyprus in Germany. The activities of the Office will focus on the promotion of Cyprus in the geographic area of the former German Democratic Republic.

Switzerland

During 2003 the CTO Office in Zurich organised a series of promotional events and presentations for the travel trade professionals and the public covering almost all the cantons of Switzerland. In order to further market special interest products such as golf, cycling, and hiking, the Office actively participated in specialized fairs and organised promotional events in cooperation with tour operators.





PROMOTION OF THE CYPRUS TOURIST PRODUCT

The Office organised over 200 sales calls, as well as a large number of educational trips to Cyprus for travel trade professionals and journalists, resulting in the publication of many positive articles about Cyprus in the press. Furthermore, the Office subsidised many promotional events and contests, aired by radio stations, assisting towards the further promotion of Cyprus to Swiss consumers.

Austria

The most prominent event of the year organised by the CTO Office in Austria was the organisation of a series of roadshows directed towards travel agents in the main cities of Austria with the participation of tourism professionals from Cyprus. In addition, the Office cooperated rigidly with travel agents and tour operators in order to organise informational days about Cyprus for the consumers in the most important cities of Austria and took part in the presentations of Austrian tour operators which featured Cyprus in their programs.

Emphasis was given to the maintenance of systematic contact with tourism professionals and to the dissemination of information to travel agency employees on the different possibilities for holidays in Cyprus. For this purpose, the sales personnel of the Office visited over 100 travel agencies. At the same time the Office successfully implemented a hospitality program that was scheduled for the winter season. Hospitality facilities were extended towards 150 travel agents. Good cooperation with television, radio crews and journalists, supported by educational trips to Cyprus, resulted in the production and broadcast of promotional programs about Cyprus, as well as to the publication of positive articles in the Austrian press.

Within the scope of promotional activities for Cyprus during the month of May 2003 a "Cyprus Week" was organised in the town of Graz (the appointed Cultural Capital of Europe for 2003). Importance was also given to the organisation of added promotional activities, which focused on the marketing of special interest tourism, more specifically the marketing of the potential of Cyprus as an ideal destination for golf, cycling and hiking tourism.

Greece

The CTO Office in Athens organised and carried out general and specialised presentations that focused on promoting Cyprus as an ideal tourist destination. The presentations were carried out in Athens and in provincial residential centres and were directed towards tour operators, journalists, principals of schools, Clerics,

and representatives of associations and organisations. Intensified activities were also carried out by the sales staff of the Office which performed sales calls in tourist offices in Attica, Peloponissos, Crete, Thessaloniki, and Larisa in order to educate tourist agents about the qualitative potential of Cyprus as a tourist destination.

Particular importance was given to the implementation of specialised promotional events such as the organisation of seminars for the perspective that Cyprus offers as a conference destination. Furthermore, educational trips were organised for journalists, tour operators, representatives of large companies, Clerics, principals of Greek schools and student associations, in order to promote conference, religious, and student tourism as well as the subsidised holiday scheme for social tourism.

The Athens Office further developed its close contacts with the media in Greece resulting in the publication of a great number of articles and special features in the press as well as the production and airing of special radio and television programs.

The Netherlands

The promotional activities of the CTO Office in Amsterdam were geared towards the increase of familiarization of the Dutch travel trade with the Cyprus tourist product. For this purpose promotional Cyprus seminars were organised in main residential areas of the Netherlands, as well as educational trips to Cyprus. Furthermore, personal sales calls visits were performed by the sales staff of the Office, directed towards travel agencies. Constant contact was maintained with all the tour operators that feature Cyprus in their programs for the purpose of exchanging information and determining novel means in order to mutually promote Cyprus in the Dutch market.

Belgium and Luxemburg

During 2003 the CTO Office in Brussels participated in all the major tourist fairs in various cities of Belgium and Luxemburg.

At the same time presentations of the Cyprus tourist product were organised for tour operators who included such promotional events as "Cyprus Nights". The Office also attended a number of events that were organised by tour operators that feature Cyprus in their program. As a result of the initiatives of the Office in Brussels, Cyprus was included in the filming of a popular television series that will be broadcasted by the Flemish television channel VTM.



PROMOTION OF THE CYPRUS TOURIST PRODUCT

A series of seminars/presentations were arranged exclusively for journalists and travel agents as well as educational trips to Cyprus, which had as an effect the publication in the press of multiple flattering articles of tourist content.

The Office gave particular importance to the promotion of sports tourism and golf. The highlight of these efforts was the hosting in Cyprus of the Final Golf Tournament of the Intercompany Golf Challenge.

Italy

During 2003, the CTO Office in Milan organised 10 educational seminars in various Italian cities, directed towards travel agents. During the seminars a general presentation on Cyprus was conducted and particular significance was given to the presentation of special interest products. For this purpose, the participants of these seminars had - at a later stage - the opportunity to visit Cyprus on specially organised educational trips.

Educational trips to Cyprus were also organised for individuals and groups of Italian journalists in order to familiarize them with the product of sun and sea as well as with the products of culture, agrotourism, nature, thalassotherapy, gastronomy and golf.

Supplementary promotional activities of the Office included the publication of a quarterly newsletter as well as press releases that were circulated to publishing firms, journalists and travel trade professionals.

The Office within the framework of the marketing of golf proceeded to a series of conducts that resulted in the organisation of the Final Golf Tournaments of the ACI in Cyprus.

In addition promotional activities were carried out in order to market Cyprus as an ideal destination for conferences and incentives and for this purpose a special mailing of informational and advertising material was circulated to 100 companies that operate all over Italy and specialize in this type of tourism.

The CTO Office in Milan actively participated in presentations and workshops that were organised by tour operators and professional associations as well as in events that were organised on the occasion of the accession of Cyprus in the European Union.

France

The CTO Office in Paris carried out a number of activities that were directed towards tour operators and airline companies resulting in the chartering of flights from Paris and Lyon to Cyprus. These activities recovered to a large extent the losses that were generated by the arrivals of the first quarter of 2003, due to the war in Iraq and at the same time enhanced the prospects for the further increase in arrivals from the French market in 2004.

During 2003, particular importance was given to the section of promotional activities and to the promotion of conference and incentive tourism. For this reason a series of activities were carried out, which included the organisation of a seminar in Cyprus exclusively for 120 sales employees of the network AFAT, an educational visit to Cyprus exclusively for 150 travel agents and an educational trip to Cyprus for two groups of travel agents that specialize in the promotion of conference and incentive tourism.

Within the scope of the activities of the Office in Paris, approximately 40 journalists were invited to Cyprus. The consumer and trade press was kept informed about developments in Cyprus through the production and distribution of bimonthly newsletters.

Nordic Countries

During 2003 the CTO Office in Stockholm aimed at the development and maintenance of excellent relations with tourism professionals and the media in the Nordic Countries thus promoting the Cyprus tourist product. Within the framework of the promotion of the multi-dimensional Cyprus a series of events were organised such as "Cyprus Nights" and presentations featuring Cyprus as well as visits to travel agencies and tour operators.

Particular importance was given to expand the relationship of the Office with the tour operators in order to secure a productive cooperation. For this purpose a series of events were organised in association with tour operators such as educational visits to Cyprus.

Within the scope of the promotion of golf in Cyprus a series of activities were carried out by the Office. The CTO Office in Stockholm attended a number of golf tournaments, during which tourist information on Cyprus was given and was also responsible for the organisation of a final golf tournament in Cyprus. These activities had as an effect the publication of many positive Cyprus articles in golf publications.



PROMOTION OF THE CYPRUS TOURIST PRODUCT

Russia and the Commonwealth of Independent States

The CTO Office in Moscow carried out regular and systematic contacts with the Russian travel trade industry to promote the Cyprus tourist product. All major tour operators of Moscow and St. Petersburg were constantly informed and updated on the developments regarding the introduction of visas for Russian citizens.

A large number of visits were carried out at travel agencies located in the Russian provinces and in cities of the Commonwealth of Independent States, focusing on the promotion of Cyprus to tourist professionals. Within the scope of promoting special interest tourism and conference tourism a series of seminars/presentations of Cyprus were organised in various cities in Moscow and the CIS.

The activities for the promotion of the Cyprus tourist product were reinforced by constant and regular flow of information to the media, enhanced by the circulation of newsletters. As a result numerous positive articles about Cyprus were published in the trade and consumer Russian press. Newsletters of similar content were circulated to tour operators throughout Russia and the CIS.

Hungary - Czech Republic & Slovakia

During 2003, the CTO Offices in Prague and Budapest carried out a number of visits to travel agencies. Furthermore, a series of promotional seminars on Cyprus were organised for tourist partners in the cities of Prague, Bratislava and Budapest. The CTO Offices participated in the presentations of catalogues of tour operators that featured Cyprus, and arranged educational trips to Cyprus for journalists, travel agents and tour operators. The Offices of Prague and Budapest undertook a series of activities, which resulted to the broadcast of promotional programs on Cyprus on television and radio stations. The Offices also provided hospitality arrangements in Cyprus for journalists, resulting to the publication of positive articles about Cyprus in the Czech, Hungarian and Slovakian national press.

USA & Canada

The CTO Office in New York participated in the European Travel Commissions' (ETC) workshops in five cities in Canada, during which a series of presentations were carried out, attended by approximately 1.000 travel agents. In general the events undertaken by the Office were focused to inform and educate the consumers and the tourist professionals on the rich cultural heritage of Cyprus.

Poland

The CTO Office in Warsaw concentrated its' activities on the promotion of the multi – dimensionality of the Cyprus tourist product and in particular on the promotion of special interest products by means of a number of activities such as the organisation of educational seminars and participation in major tourist fairs.

The Office also took part in a number of events, organised by tour operators that featured Cyprus in their programs. Within the framework of these events presentations of Cyprus were organised.

Aiming at the marketing of special interest tourism a series of activities were carried out by the Office such as the organisation of a seminar directed exclusively to Polish tour operators that specialized in the promotion of conferences and incentives. In order to promote golf tourism the Office in cooperation with the Society of Polish Golfers organised a series of presentations of Cyprus as well as "Cyprus Nights". The Office also undertook activities that targeted on the promotion of business tourism.

Public Relations activities were put into effect through a series of contacts the Office had with representatives of the media. Television crews and journalists had the opportunity to participate in a large number of educational trips to Cyprus. This yielded many wide exposure of Cyprus on television and radio, and the publication of positive press articles in the Polish media. Supplementary activities of the Office included the publication and circulation of newsletters to tour operators, journalists and associations.

Israel

The CTO Office in Tel Aviv carried out a series of contacts with all major tour operators and travel agents in Israel and concentrated its' activities on the promotion of Cyprus and in particular on the promotion of special interest products such as conferences and incentives and winter tourism. In addition the Office participated in tourist fairs and organised a number of educational trips to Cyprus specifically for tour operators and journalists.

Within the framework of the promotion of Cyprus the Office proceeded to the first publication of a newsletter titled "Cyprus News", which focused on general information and particular developments of the Cyprus tourist product.

The Office carried out a series of contacts with representatives of the mass media, which had as a result the broadcast of a number of programs about Cyprus on television and radio stations of Israel and also the publication of various articles about Cyprus in the Israeli press.





PROMOTION OF THE CYPRUS TOURIST PRODUCT

Arab Countries

During 2003 the Organisation took part in all the major tourist fairs in Lebanon, Egypt and Dubai. Educational trips to Cyprus for travel agents and journalists from the Arab countries were organised, as well as a series of promotional activities in cooperation with tour operators.

The Organisation participated in the presentation of the Program of "Emirates Holidays" which included an exclusive section on Cyprus.

Hospitality

Hospitality is defined as a marketing tool which is extremely useful for the repositioning and the targeting of specific market segments especially through the publicity offered by the guest journalists and the dissemination of the knowledge acquired by the tourism professionals to their clientele regarding the Cyprus tourist product. Hosting journalists from various countries where advertising funds are limited and/or non-existent bears great significance since it contributes to the overall promotion of Cyprus. Moreover, hospitality is defined as one of the most value effective actions as it presupposes the participation and cooperation with all tourism partners (CTO, airlines, travel agents & tour operators, hotel and restaurant establishments).

In the immediate aftermath of the Iraq conflict, the Organisation intensified the activities of the hospitality sector. These were directed to the encouragement, invitation and provision of hospitality to visit Cyprus to, among others: journalists, tour operators, travel agents, opinion leaders and leading personalities. These facilities were extended both to individual guests as well as to organised educational and/or press groups. To enhance the effectiveness of hospitality, the respective budget was boosted with extra funds.

During 2003 the Organisation invited and hosted either through its own offices abroad or directly a total of 3.184 individuals marking an increase of 81% compared to 2002 where the number of individuals that were invited and hosted reached 1.753. In particular the Organisation offered hospitality to 1.730 travel agents & tour operators, 570 journalists, 178 members of television crews, 55 conference organisers, 625 contest winners and other important personalities.

In addition, the Organisation provided facilities to an additional number of 3.817 individuals, guests of the Cyprus tourism industry - including travel agents, tour operators and others. Compared to 2002 this number decreased by 24% (2002: 5.030 individuals).

Participation in International Travel Fairs

The participation in tourist fairs is another complimentary marketing tool that offers the possibility to contact directly tourism professionals and consumers in order to inform them on a destination. The Organisation also participates in specialised tourist fairs targeting the specific market segments that are highlighted in its Strategic Plan.

During 2003 the review of CTO's policy for participation in tourist exhibitions as well as the continuous upgrading of its pavilions continued. The design, decoration and effective use of technology at its stands as well as the promotional activities and competitions organised during the fairs contests reflected Cyprus' repositioning as a destination that offers wide variety and value and facilitates the effective presentation of the Cyprus tourist product.

During 2003 the Organisation took part in 130 International Travel Fairs including specialized fairs for the promotion of special interest tourism. Furthermore, in order to promote Cyprus domestically, the Organisation participated in two fairs organised in Cyprus, namely the "28th International (State) Fair", and the Tourist Fair "Travel 2003" that was organised by the Association of Cyprus Travel Agents (ACTA).

Cultural and Artistic Events

The preservation, enhancement and promotion of the island's tradition and history as well as the active and continuous sustainability of the cultural expression of contemporary Cypriots are fundamental preconditions for the successful repositioning of Cyprus on the international tourist map. Aiming at the creation of an ideal tourist product, CTO promotes and subsidizes the organization of artistic, cultural and other events related to the Cypriot tradition and culture. In order to promote tourism on an annual basis and especially winter tourism, events are held throughout the year in all the areas of Cyprus. Specifically in 2003 the CTO organized the following six cycles of events:

- Musical Sundays I & II
- Rhythms of Light – At the Ancient Odeon of Pafos, the Cultural center of occupied Ammochostos (Famagusta), the Hatzigeorgakis Kornesios House and at the Ancient Amathous Agora.
- Summer Nights in Polis Chrysochous
- Cultural Winter (in cooperation with the Agia Napa and Paralimni Municipalities)
- Traditional Fair
- Moonlight Concerts





PROMOTION OF THE CYPRUS TOURIST PRODUCT

Concurrently, the Organisation contributed financially towards a number of cultural and artistic events organised by local authorities, non – profit organisations and festival organisers. These included concerts of the internationally famous artists Andrea Boccelli, Nana Moushouri and Stamatis Spanoudakis, performances by the renowned Flamenco dancer Christina Hoyos, the U.S.A. contemporary company “Alvin Alley” and the acclaimed Arena Di Verona staging the opera “Tosca”. CTO also supported the annual events: International Festival of Ancient Greek Drama, and the “Great Ballets” organised by the Limassol Municipality.

Athletic Events

In the light of the Athens Olympic Games 2004 and within the framework of the development of Sports Tourism, the Organisation entered into an agreement with the British Olympic Committee in order to highlight the fact that Great Britain selected Cyprus for the preparation and training of the British Olympic team. Furthermore, the Organisation provided hospitality for the Olympic and Paralympic Committee of Ireland.

The CTO has subsidised a number of athletic events such as the World Championships in Clay Target Shooting, the Mountain Bike Races “Afxentia” and “Oroklini EI”, the Aphrodite Marathon and Half Marathon Races, the Pafos Marathon, The Lemesia athletic events, Tennis and Sailing Tournaments, the International Historical Car Rally, Golf and Football Tournaments.

The Organisation also undertook the costs for the advertising and the promotion of the Cyprus World Rally in Europe, the Middle East, and the Gulf Countries.

Development of Cruise Tourism

Recognising the importance of cruise tourism in its overall strategy, the Organisation has undertaken a series of activities to promote the establishment and enhancement of cruises to/from Cyprus. These include a film titled “CYPRUS: The cruise centre of the eastern Mediterranean”, a series of specialised publications and a special poster exhibited in tourist fairs.

The topic of the promotion of cruises from Cyprus was featured in a successful seminar organised in September 2003 with the support of the Organisation. The seminar was attended by 22 journalists from 7 countries.

Publications and Films

The new approach stemming from the CTO Strategic Plan is featured in the production of print and audiovisual material for the year.

During 2003 the Organisation maintained its large spectrum of printed publications, promoting various

aspects and special interests of the Cyprus tourist product, in a wide variety of languages. In addition to reprints of all current editions to meet demand from overseas and local CTO information offices, as well as from the domestic and foreign travel trade, the Organisation introduced new publications. These included the production of wall and desk calendars, a new specialized booklet featuring cycling routes in Cyprus, 5 new posters in 17 languages (golf, cycling, events, landscapes x 2), and specialized leaflets on the Cultural Aphrodite Route. Translations/adaptations of existing publications added new languages to the Organisation's spectrum of publications (Spanish, Finnish, Norwegian, Danish, and Bulgarian).

In the audio-visual field, the Organisation completed the production of its' brand new broad-spectrum film about Cyprus titled “ The Magic of Cyprus “ which was originally produced in 2 languages, Greek and English. Additionally, the Organization completed the production of two new promotional films on the subjects of cruises and special interest tourism and assigned the production of a new film on the subject of cultural tourism.

Internet

The web site of the Organisation currently available in 7 languages can be found through the electronic address www.visitcyprus.com.cy. The web site offers complete information on the Cyprus tourist product. It includes the Cyprus Hotel Guide, lists of the foreign tour operators that include Cyprus in their programs, list of local travel agencies, information on sightseeing, maps, calendar featuring the main events that take place in Cyprus and a wealth of other useful information.

During 2003 over 500.000 persons visited the Organisation's web site.

Promotion through Information Offices

In June 2003 the Organisation inaugurated its new Information Office at Kato Pafos. During 2003 a total of 317.879 persons visited all the Information Offices of the Organisation recording a decrease of 9.85% since the number of visitors in 2002 reached 352.593. Specifically, the Information Offices that operate at the ports of entry in Cyprus (Larnaka and Pafos airports and Limassol port) recorded a number of visitors that reached 114.535 while the remaining 203.344 persons visited the CTO Information Offices located in Larnaka, Laiki Gitonia - Lefkosia, Lemesos, Platres, Germasogia, Pafos, Polis Chrysohous, Agia Napa, Protaras and Kato Pafos .





LARNAKA MARINA

In 2003 the Marina operated as in previous years under conditions of acute lack of free berthing space. The demand of berth spaces both by Cypriot and foreign yacht owners has been intense. From the total number of vessels that were at the Marina at the end of 2003, 296 (70%) were of Cypriot ownership and 125 (30%) of foreign. 593 arrivals and 553 departures were recorded during 2003 in comparison to 593 arrivals and 543 departures in 2002.

The basic services offered at the Marina were the following: Facilities for the safe mooring of vessels and their connection to electricity as well as water supply.

Lifting/launching and repair/maintenance of vessels by independent companies.

A fire-extinguishing network with separate fire extinguishing terminals connected to a central system of pressurised water.

Towage and rescue service.

Provision of naval information through a VHF marine radio. Collection and removal of garbage, used engine oils, toxic wastes and other vessel materials.

Provision of weather information and broadcasting of warning weather bulletins in collaboration with the Meteorological Service.

Provision of general information regarding the Marina and Cyprus in general.

Direct telephone connection to almost every part of the world.

Connection to the Internet and provision of e-mail services, postal and fax service.

Public & Customer amenities building with toilets, showers, cloth washing machines and mini-storage facilities.



LARNAKA MARINA

DIAGRAM 2

VESSELS BY NATIONALITY
(2003)

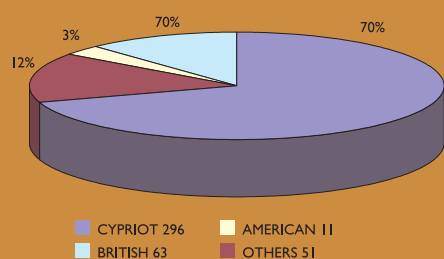


DIAGRAM 3

VESSELS BY LENGTH
(31.12.2003)

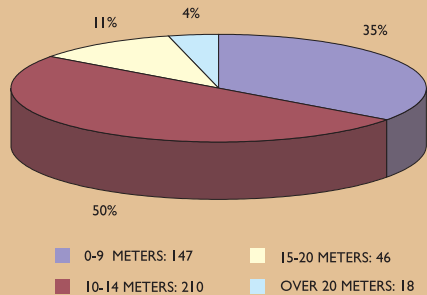
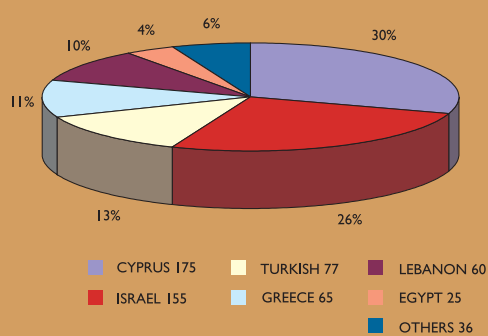


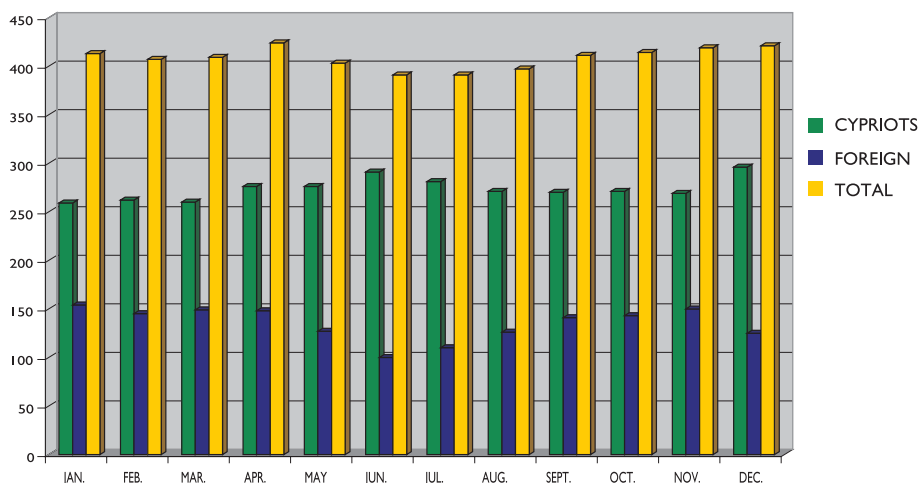
DIAGRAM 4

ARRIVALS BY NATIONALITY
(31.12.2003)



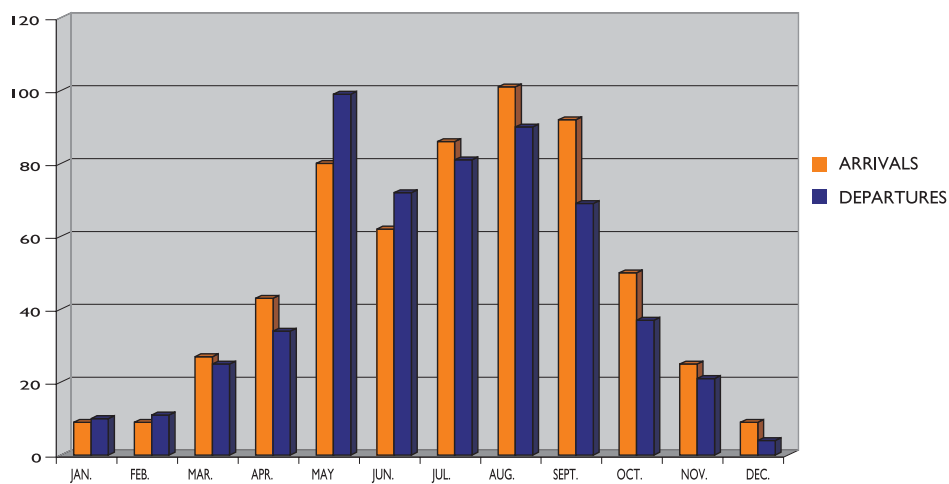
YACHT OWNERSHIP PER MONTH

DIAGRAM 5



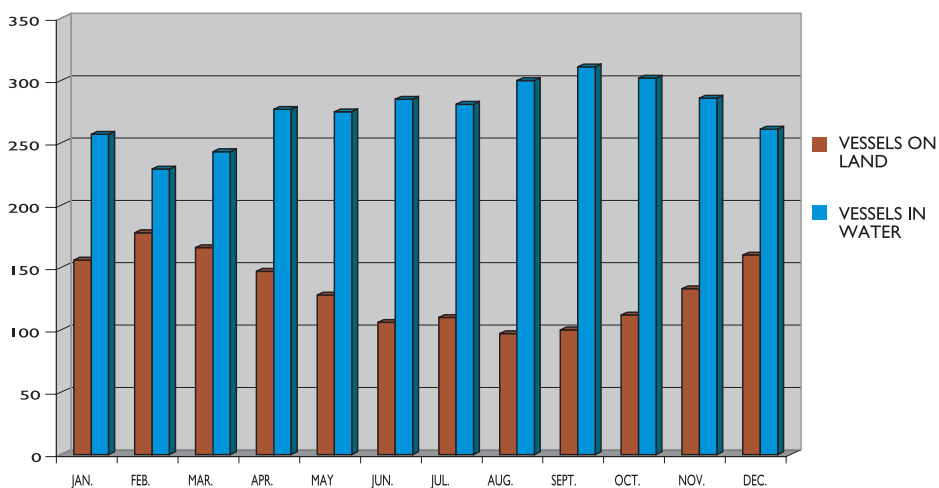
YACHT MOVEMENT - ARRIVALS AND DEPARTURES PER MONTH

DIAGRAM 6



VESSELS IN MARINA 2003

DIAGRAM 7



PRODUCTION

CYPRUS TOURISM ORGANISATION

DESIGN

SUCCESS ADVERTISING CO. LTD

PHOTOGRAPHS

CYPRUS TOURISM ORGANISATION
ACTION GLOBAL COMMUNICATIONS

COLOUR SEPARATION - PRINTING

THEOPRESS LTD



www.visitcyprus.org.cy