



**ANNUAL REPORT 2004**  
CYPRUS TOURISM ORGANISATION



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2004 was a difficult year for international tourism. However the industry proved that it has an extraordinary endurance and prospects for further development. The partial recovery of the world economy has contributed to tourism's performances, despite the tragic episodes in S.E. Asia.

The Cyprus Government, the Cyprus Tourism Organisation and the private sector continued, with improved organisation and effectiveness, to implement a tourism strategy which, amongst other things, aims at the strengthening of competitiveness and the repositioning of Cyprus on the World Tourist map. We are confident that despite the difficulties international tourism faces, 2005 will be a better tourist year.

Regarding Cyprus tourism, despite its difficulties, 2004 has left behind hopeful messages with increases in arrivals particularly from some of the larger tourist markets such as Germany, Greece and France. With a great deal of effort we have managed to reverse the negative climate in arrivals, which had prevailed throughout 2002 and 2003, and also to limit the reduction of revenues of recent years. The Cyprus Tourism Organisation engaged in promotional activities for our product giving special attention to maintaining contacts with associates abroad and to the Organisation's participation in the main tourist exhibitions around the world.

Our vision, through the Strategic Plan for Tourism, is for our country to become a quality tourist destination that will keep our visitors satisfied with a variety of interests and activities, as well as secure the continuous improvement in the quality of life of the local people. The close, stable and productive co-operation forged during the past two years between the CTO, the Ministry of Commerce, Industry and Tourism, other Ministries and Services, Local Authorities and the Private Sector, have strengthened common efforts in facing various external and internal problems, promptly and effectively.

## CHAIRMAN'S ADDRESS

Recorded results on the Organisation's activities during the first 14 months of the implementation of the Strategic Plan are significant and positive. The CTO devotes a large and vital part of its activities to the following:

- The promotion of and support to the effort for the implementation of large and important infrastructure projects for tourism, which include golf courses, a new conference centre, casinos, marinas and theme parks. Studies were carried out, and policies and support measures for attracting the necessary investments were processed.
- The development of alternative forms of tourism: Sports, Cultural, Conference, Religious, Health Tourism and Agrotourism. Specifically, the three-year action plan for Sports Tourism is implemented and for the first time Cyprus attracted a large number of athletes and football teams for training and important sporting events.
- The Aphrodite Route was completed and promoted with great success. The European Trail was completed. Cyprus hosted many worthwhile artistic events and was established as a destination for big, quality events. The "Vakhis" programme for Cypriot traditional cuisine was successfully promoted.
- The design and implementation of regional strategies which aim at showing the special characteristics of each district and the mobilisation of all local entities in an effort to improve the competitiveness of the tourist product and its effective promotion.
- The preparation of a new institutional framework that will govern the hotel industry was a major issue. This new framework includes updated regulations and a new category system for tourist accommodation, as well as quality criteria for the hotel industry. Simultaneously, the CTO prepared incentives for the withdrawal and upgrading of beds. These were previously discussed with all tourist entities in order to ensure their immediate implementation. In the catering sector, a study was being carried out on the new category system for Recreation Centres and the determination of ways for upgrading their services.
- In co-operation with the Human Resource Development Authority and within the context of the Quality/Value Strategy, a plan for the operation of a Tourism Academy was prepared. This is aimed at upgrading the professionalism and standard of services offered to tourists, in order for Cyprus to be included amongst the top quality tourist destinations world-wide, which is the most competitive advantage. The Tourism Academy

will not only benefit hotel staff but also all professionals involved directly or indirectly in the tourism chain, including self-employed professionals.

- By bringing into effect the Marketing Strategy, we have upgraded activities and services in all our markets. In addition to intensifying our efforts in attracting the “Sun and Sea Plus” customers, we have engaged in a systematic effort to promote Special Interest Tourism, especially Conference and Sports tourism. Meanwhile, we co-operated with specialised entities in order to exploit the opportunities for Cyprus resulting from the “Athens 2004” Olympics. We also proceeded with a strong regional advertising campaign. In co-operation with Greece and Egypt, we have entered the huge market of China. The first ‘common’ tourist packages for the Chinese market have already been prepared.

Our aim is to make Cyprus an attractive and top quality year-round destination and, at the same time, to effectively face the challenges posed by increased competition.

Cyprus’ accession to the EU facilitates and strengthens our efforts for enrichment, improvement and the further support of our tourist industry. The liberalisation of transport provided a new boost to European tourism to our island, and the future introduction of the European monetary system will contribute to the stability of prices, which in turn will benefit enterprises, consumers, travellers, etc.

The Cyprus Tourism Organisation has received the messages of the modern era and is constantly readjusting its targets to accommodate them. A series of activities designed to update legislation, simplify procedures, apply quality systems, update employment schemes and prepare early retirement plans, will combine to make the Organisation more modern, flexible and effective. In the new structure proposed by us, an important role will be played by the Department of Strategy and Research, the Department for the Safeguarding of Product Quality, the Department of Promotion and Communications and the Department of Administration. I am absolutely sure that, with this new structure, the Organisation will be in a position to implement its main objective, the Strategic Plan, more effectively.

I would like to express my warmest appreciation to the President of the Republic of Cyprus, Mr Tassos Papadopoulos, for his personal interest and

encouragement. I would also like to thank the Minister of Commerce, Industry and Tourism, Mr. Giorgos Lillikas, for his enthusiastic and continuous support. In addition, I extend my thanks to the Council of Ministers, the House of the Representatives and all Parliamentary Committees involved in tourism matters, the Auditor General and the Accountant General of the Republic, and to all associates of the Organisation from both the Public and Private sectors, as well as from the Local Authorities.

My thanks also go to my associates from our Board of Directors with whom co-operation has been excellent, to the outgoing Director General, Ms Phryne Michael, the Directors of Tourism and to all the employees of the CTO, who combine their experience and knowledge with vitality, enthusiasm and vision, and who constitute the driving force behind the Organisation’s efforts to reach its targets.



Finally, I give my assurance that the Cyprus Tourism Organisation will continue to work indefatigably and fairly towards the development of our Tourism, which is the prime contributor to our country’s economy and to the continuous improvement of our quality of life.

Photis Photiou  
*Chairman*



The Cyprus Tourism Organisation (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 as follows:

**CHAIRMAN:** Mr. Photis Photiou, Accountant - Auditor from Larnaka.

**VICE-CHAIRMAN:** Mr. Alecos Oroundiotis, Lawyer from Lemesos.

#### **AUDITORS**

During 2004, the General Auditor of the Republic of Cyprus continued to exercise the duties of the CTO's Auditor that were assigned to her by the Council of Ministers.

#### **STRUCTURE OF THE CYPRUS TOURISM ORGANISATION**

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

1. The Head Offices are based in Lefkosia. Directors of Tourism are, Mrs Phoebe Katsouris, Head of the Organisation's 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.

## SET-UP AND STRUCTURE OF SERVICES OF THE CYPRUS TOURISM ORGANISATION

**MEMBERS:**

- Mr. Nicos Aristeides, Economist 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 was the Director General of the CTO and according to the provisions of the Cyprus Tourism Organisation Law she was the Chief Executive Officer of the Organisation until 30.9.04 when she retired.

#### **LEGAL ADVISOR**

Mr. Christos Triantafyllides continued during 2004 to offer his services as the Organisation's Legal Advisor.

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 consist of 17 tourist offices: London, Frankfurt, Paris, Stockholm, Athens, Milan, Zurich, Brussels, Amsterdam, Vienna, New York, Moscow, Tel Aviv, Budapest, Prague, Warsaw and Helsinki.

#### **PERSONNEL**

On December 31st 2004, the CTO personnel members (permanent, temporary, on contract, and local staff in countries hosting CTO offices) were 323. Of these, 164 were employed at the Head Offices, 77 at the Local Regional Offices and 82 at the Overseas Regional Offices. Table 2 allocates CTO personnel, as at 31.12.2004.

## **BOARD OF DIRECTORS MEETINGS**

In 2004, the Board of Directors held 44 meetings and decided on a number of tourist policy related issues. The Board of Directors also approved the 2005 Budget of the Organisation, the 2003 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, the 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.

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, Health and Safety Regulations, etc.

In 2004, the Training & Development Centre for the CTO was established within the premises of the Organisation. In-house training on several subjects will be taking place within the Centre as from 2005.

The study for the simplification of accounting procedures undertaken by KPMG for a more effective operation of the Accounts Department, was completed in 2004.



## **NEW STRUCTURE OF THE ORGANISATION**

Together with the consulting company of PricewaterHouseCoopers, a subcommittee consisting of members of the Board and the Directors of Tourism undertook the task, of completing the study for the New Structure of the Organisation, until March 2005.

The Personnel Committee, and the Tenders Committee, to which the Council had transferred its corresponding responsibilities for the better and faster implementation of CTO matters, held 21 and 31 meetings respectively, during which they discussed and took decisions upon issues falling within their competence.

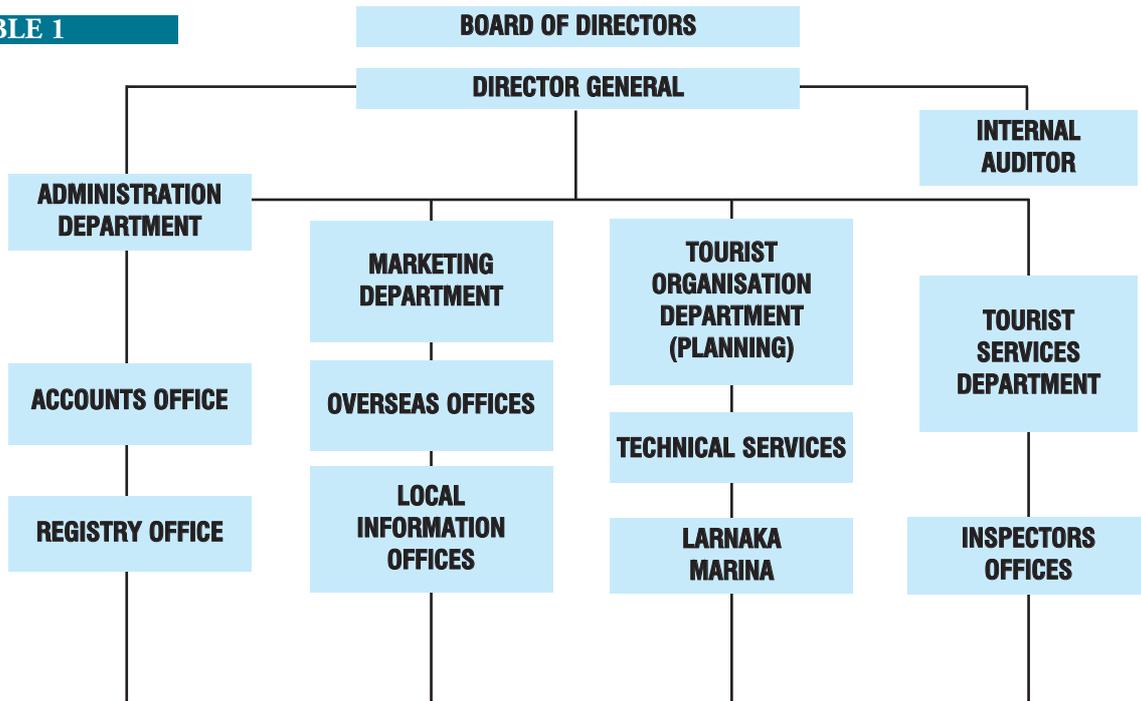
## **TRAINING AND EDUCATION OF PERSONNEL - TRAINING AND DEVELOPMENT CENTRE**

Within the framework of the CTO's policy for training and education of its personnel in 2004, 500 participations took place in various training and educational programmes/seminars held in Cyprus and/or abroad.

These programmes included the following: European Union, Implementation of Quality Systems, EFQM,



**TABLE 1**



**SET-UP AND STRUCTURE OF SERVICES OF THE CYPRUS TOURISM ORGANISATION**

<ul style="list-style-type: none"> <li>Issues of General Administration</li> <li>Board of Directors Secretariat</li> <li>Personnel Committee Secretariat</li> <li>Tenders Committee Secretariat</li> <li>Tenders</li> <li>Personnel Issues</li> <li>Collective Agreements</li> <li>Personnel Training</li> <li>Agreements for the use of the CTO's real estate</li> <li>Legal issues</li> <li>Computerisation - Information Technology</li> <li>Accounts</li> <li>Budget</li> <li>Organisation and Operation of the Registry</li> <li>Management of Assets</li> </ul>	<ul style="list-style-type: none"> <li>Advertisement</li> <li>Public Relations</li> <li>Hospitality</li> <li>Publications</li> <li>Artistic and Cultural events</li> <li>International Tourist Agreements</li> <li>Tourist Guides School</li> <li>International Organisations</li> <li>Organisation and Supervision of tourist information office</li> <li>Production of films and other means of promotion</li> <li>Organisation of seminars/conferences</li> </ul>	<ul style="list-style-type: none"> <li>Surveys</li> <li>Studies</li> <li>Tourist Development Programming</li> <li>Co-ordination</li> <li>Planning and Execution of Projects of Tourist Infrastructure</li> <li>Tourism Advisory Committee Secretariat</li> <li>Consideration of hotel and tourist accommodation plans</li> <li>Larnaka Marina Management</li> <li>Study of plans for Hotel Establishments</li> </ul>	<ul style="list-style-type: none"> <li>Preparation and implementation of legislation regarding hotels and other tourists accommodations, restaurants and recreational centres, tourist and travel agencies and tourist guides.</li> <li>Inspection of Tourist Enterprises</li> <li>Inspectors Service</li> <li>Licensing for the operation of tourist enterprises</li> <li>Consideration of applications for the construction of new hotel units, restaurants and recreation centres</li> </ul>
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# CYPRUS TOURISM ORGANISATION STAFF POSTS

as at 31.12.2004

**TABLE 2**

	HEAD OFFICE	LOCAL	OVERSEAS	REGIONAL SERVICES TOTAL
<b>DIRECTOR'S GENERAL OFFICE</b>				
Clerk	2			2
Internal Audit	4			4
<b>ADMINISTRATION DEPARTMENT</b>	<b>84</b>			<b>84</b>
Administration	15			15
Registry	40			40
Accounting	29			29
<b>PLANNING DEPARTMENT</b>	<b>16</b>			<b>16</b>
Technical Services	10			10
Larnaka Marina		14		14
<b>PROMOTION DEPARTMENT</b>	<b>30</b>	<b>30</b>	<b>82</b>	<b>142</b>
<b>TOURIST SERVICES DEPARTMENT</b>	<b>18</b>	<b>33</b>		<b>51</b>
<b>TOTAL</b>	<b>164</b>	<b>77</b>	<b>82</b>	<b>323</b>

*Notes: Persons employed on part-time basis are not included.*



## FINANCIAL POSITION OF THE CYPRUS TOURISM ORGANISATION

*Income and Expenditure Account for the year ended 31st December 2004*

**TABLE 3**

	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
<b>INCOME</b>		
State Subsidy	14.500.000	12.500.000
Levy on Hotel bills	9.721.748	3.361.656
Levy on Restaurant bills	7.288.916	6.601.117
Licence Fees	372.304	379.583
Operation of Tourist Pavilions and other CTO establishments	637.528	652.754
Other Income	957.459	772.868
	<b>33.477.955</b>	<b>24.267.978</b>
<b>EXPENDITURE</b>		
Salaries	5.405.978	5.598.178
Compensation, Fees and other Benefits	756.518	686.140
Administrative Expenses	780.758	555.430
Promotion and Publicity	22.955.783	19.970.298
Organisation and Development of Tourist Product	1.111.124	818.905
Training and Education	73.291	46.058
Operation of Larnaka Marina	131.016	121.886
Sundry Expenses	249.815	278.628
Depreciation and Loss on Disposal of Fixed Assets	283.860	386.005
	<b>31.748.143</b>	<b>28.461.528</b>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>1.729.812</b>	<b>(4.193.550)</b>

*The amounts shown above are only indicative and have not been audited by the external auditors of the Organisation.*

## FINANCIAL POSITION OF THE CYPRUS TOURISM ORGANISATION

Balance sheet as at 31st December 2004

TABLE 4

	2004	2003
	£	£
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Fixed Assets	2.743.318	2.812.162
<b>Total Non-Current Assets</b>	<b>2.743.318</b>	<b>2.812.162</b>
<b>Current Assets</b>		
Debtors	5.159.898	3.420.049
Prepayments	384.770	481.163
Cash at bank and in hand	6.202.928	4.791.683
<b>Total Current Assets</b>	<b>11.747.596</b>	<b>8.692.895</b>
<b>TOTAL ASSETS</b>	<b>14.490.914</b>	<b>11.505.057</b>
<b>EQUITY &amp; LIABILITIES</b>		
<b>Equity</b>		
Capital	2.743.318	2.812.162
Reserves-Income and Expenditure account	2.372.494	258.987
<b>Total Equity</b>	<b>5.115.812</b>	<b>3.071.149</b>
<b>Non-Current Liabilities</b>		
Long-term loan	-	464.218
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>464.218</b>
<b>Current Liabilities</b>		
Current installments of long-term loan	452.482	464.217
Creditors	8.202.008	6.743.584
Receipts in advance	97.855	168.331
Bank Overdraft	622.757	593.558
<b>Total Current Liabilities</b>	<b>9.375.102</b>	<b>7.969.690</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>14.490.914</b>	<b>11.505.057</b>



The amounts shown above are only indicative and have not been audited by the external auditors of the Organisation.

According to preliminary data and estimates of the World Tourism Organisation, the international tourist flow in 2004 increased by 10% in comparison to 2003, to reach 760 million tourist arrivals as against 691 million in 2003.

Tourist traffic in Europe grew by 4% in 2004 to reach 414 mil. tourist arrivals, as compared to 399 mil. in 2003. Europe held on to its dominant position in the global tourist market, although it has lost market share since 2003 (57,7% in 2003 versus 54,6% in 2004). As far as the Southern/Mediterranean European region is concerned, tourist arrivals recorded a 3% increase in 2004 over 2003.

It is worth noting that an increase in tourist arrivals in 2004 was recorded in all regions of the world. The greatest rate of increase was observed in Asia and the Pacific countries (+29%), with other big increase rates appearing also in the Middle East (+20%) and the Americas (+10%). Healthy increases, albeit of a smaller magnitude, were recorded in Africa (+7%) and Europe (+4%). 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 20,2% and 16,3%, with the former increasing its share by almost three percentage points as compared to 2003 (from 17,3% in 2003 to 20,2% in 2004).

**TABLE 5**

	ARRIVALS (IN MILLION)		% CHANGE 2003-2004
	2003	2004	
World	691	760	9,99%
Europe	399	414	3,76%
Asia and the Pacific	119	153	28,57%
America	113	124	9,73%
Africa	31	33	6,45%
Middle East	29	35	20,69%

*\*Preliminary estimates and forecasts of W.T.O.*

## DEVELOPMENTS IN THE TOURIST MARKET

### MAJOR DEVELOPMENTS IN CYPRUS

According to data of the Statistical Service of the Republic of Cyprus, tourist arrivals in 2004 recorded an increase of 2% as against 2003 (2.303.247 in 2003, 2.349.012 in 2004). In the first two months of 2004 tourist arrivals registered a decrease when compared to the respective months of 2003. The mood changed in March, April and May 2004, but the impressive increase in the recorded arrivals was predominantly due to the very poor performance of the respective months of 2003, at the time affected by the Iraq war. June 2004 performed marginally better than 2003, while July and August recorded a significant decrease (around 5%). Tourist arrivals were on the rise again in September and October (an increase of about 4%), to revert back to negative performance in November and December (a decrease of about 7%).

As far as individual markets are concerned, the U.K. market performed at about the same level as in 2003, recording only a marginal decrease in the order of 1%. The market share of the U.K. was slightly reduced, by about 1% (from 58,5% in 2003 to 57,5% in 2004).

Other markets that performed better in 2004 than in 2003 were the German market (161.568 arrivals, an increase of about 25%), the Greek market (an increase of 21% to 133.000 arrivals, and a consistently upward trend), the

French market (arrivals grew by 50% to 47.000), the Italian, Finnish, Austrian, Danish and Israeli markets. Satisfactory rates of increase in arrivals were also recorded from the Polish, Czech and Hungarian markets. Smaller rates of increase were observed from other major markets. At the other end of the spectrum, significant decreases in arrivals occurred from the Russian market (20%), the Irish market (28%) and the Middle Eastern countries and the Gulf markets (20% and 16% respectively). Smaller rates of decrease in arrivals were also recorded from other markets of a lesser contribution to the overall arrivals volume.

According to the results of the Tourist Expenditure Survey 2004, the per person expenditure of tourists in Cyprus in 2004 was reduced by 5,1% in nominal terms in comparison to 2003 (from CYP440,70 to CYP418,19). The per day expenditure was reduced by 3% (from CYP40,28 to CYP39,15) and the average length of stay by 2,4% (from 10,9 days to 10,7 days).

### DEVELOPMENTS IN THE TOURIST INDUSTRY IN 2004

#### TOURIST ARRIVALS

Arrivals of long-stay visitors (tourists) increased by 2% in 2004 to 2.349.012 as against 2.303.247 in 2003.

### **SEASONAL PATTERN OF TOURISM**

The distribution of tourist arrivals over the four quarters of 2004 was as follows: January-March 10,4% (the respective percentage for 2003 was 9,9%), April-June 30,6% (28,8% in 2003), July-September 39% (40,4% in 2003) and October-December 20,1% (20,8% in 2003).

### **TOURIST ARRIVALS ON CHARTERED FLIGHTS**

In 2004, 1.292.782 tourists arrived on chartered flights to Cyprus, compared to 1.313.315 in 2003, thus recording a slight decrease of 1,6%. These tourists arrived mainly from the United Kingdom, Germany, Russia, Switzerland, France and the Scandinavian countries.

### **ARRIVALS OF EXCURSIONISTS**

Arrivals of excursionists in 2004 totaled 128.532, recording an increase of 13,5% in comparison to the corresponding 2003 figure (113.208).

Only one of the three types of excursionists recorded an increase in 2004. Specifically, the arrivals of excursionists who participated in cruises rose by 27,3% (from 93.670 in 2003 to 119.203 in 2004). In comparison, the arrivals of same-day tourists decreased by 52,3% (from 16.073 in 2003 to 7.672 in 2004) and the number of transit visitors by 52,2% (from 3.465 in 2003 to 1.657 in 2004).



Excursionists participating in cruises came mainly from Israel (46% of the participants), Germany (23%), France and Italy (9% each).

### **INCOME FROM TOURISM**

Gross receipts from tourism in 2004 were estimated at CYP988 million, a decrease of 3,1% over 2003 receipts (CYP1.020 million).

Revenue from tourism is estimated to have accounted for 13,6% of the island's Gross Domestic Product for 2004, down from 15% in 2003.

### **DEVELOPMENTS IN THE SUPPLY OF HOTEL BEDS**

In 2004, a total of 2.420 new beds were added to the existing capacity, as compared to 1.788 new beds in 2003. These new additions increased the supply of hotel beds across various types of accommodation, as follows:

Four new hotels commenced operation in 2004, with a total capacity of 971 beds. Of the remaining 1.447 new beds, 104

as against 14.457.937 in 2003. Rates of increase of varying magnitudes in the number of guest nights were recorded in all regions except Lemesos, where a decrease of 4% was recorded and Paralimni, with a marginal decrease of 0,14%.

Guest nights of foreign tourists in all categories of licensed accommodation establishments in 2004 increased by 1,1% as compared to the corresponding figure of 2003 (13.490.132 in 2003 and 13.636.517 in 2004).

Guest nights of Cyprus residents in all categories of licensed accommodation establishments in 2004 also saw an increase of 11,7% in comparison to 2003 (from 967.805 in 2003 to 1.080.752 in 2004).

### **ARRIVALS AT TOURIST ACCOMMODATION ESTABLISHMENTS**

Arrivals at licensed accommodation in all categories in 2004 were reduced by 2% as compared to 2003, to reach a total of 2.186.842 as against 2.231.455 in 2003. An increase in the number of arrivals was recorded in Lefkosia, Pafos and the Hill Resorts, while varying rates of decrease were recorded

## **DEVELOPMENTS IN THE TOURIST MARKET**

belonged to one new hotel apartment A' class unit, 992 corresponded to 2 new A' class tourist villages, 290 to 13 new tourist villas and 63 to 8 new traditional houses.

The total hotel bed supply in licensed accommodation units rose from 95.185 beds in operation on 31.12.2003, to 96.535 on 31.12.2004. Of all the hotel beds that had been in operation at the end of 2004, 53.218 were allocated to 242 classified star hotels, 23.313 to 261 classified hotel apartments of all classes, 6.926 to 22 classified tourist villages A' and B' class, and the remaining 13.078 to classified tourist villas, tourist apartments, furnished apartments, traditional houses, hotels without star, guest houses and camping sites.

As far as the construction of new accommodation units is concerned, at the end of 2004 four new star hotels with a total capacity of 2.257 beds, one hotel apartments A' class unit with 104 beds, one complex of tourist villas with 54 beds and two traditional houses with 10 beds were being built. In addition, 153 new beds that constituted extensions to existing accommodation units were also under construction at the same time in two existing star hotels.

### **GUEST NIGHTS IN TOURIST ACCOMMODATION ESTABLISHMENTS**

Guest nights in all accommodation categories in 2004 increased by 1,8% over 2003, to reach a total of 14.717.269

elsewhere (in Lemesos the decrease was only marginal).

Arrivals of foreign tourists at all categories of licensed accommodation establishments decreased by 5% in comparison to 2003 (1.825.827 in 2003 and 1.734.586 in 2004).

On the other hand, arrivals of Cypriot residents in all categories of licensed accommodation establishments increased by 11,5% (from 405.628 in 2003 to 452.256 in 2004).

### **AVERAGE NET BED OCCUPANCY RATES**

The average net bed occupancy rate in tourist accommodation establishments is obtained by dividing the number of guest nights (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 2004 remained at the same levels as in 2003 (55,4% in 2003 and 55,5% in 2004).

As far as star hotels are concerned, their average net bed occupancy rate in 2004 was 54,1% as compared to 53,0% in 2003, thereby recording an increase of 1,1%.

**TABLE 6**

<b>5-1 STAR HOTEL CAPACITY 2003-2004</b>						
	<b>5*</b>	<b>4*</b>	<b>3*</b>	<b>2*</b>	<b>1*</b>	<b>TOTAL</b>
<b>2003</b>	9.443	20.863	17.173	4.415	1.080	52.974
<b>2004</b>	9.443	21.197	17.087	4.431	1.060	53.218

**TABLE 7**

<b>BED CAPACITY IN HOTEL APARTMENTS AND OTHER ACCOMMODATION 2003-2004</b>								
	<b>DELUXE</b>	<b>HOTEL APARTMENTS</b>			<b>TOURIST VILLAGES</b>	<b>TRADITIONAL HOUSES</b>	<b>OTHER*</b>	<b>TOTAL</b>
		<b>A' CLASS</b>	<b>B' CLASS</b>	<b>C' CLASS</b>				
<b>2003</b>	114	9.869	11.432	1.898	5.718	672	12.508	42.211
<b>2004</b>	234	9.895	11.134	2.050	6.926	724	12.354	43.317



**DIAGRAM 1**



## TOURISM CONSULTATIVE COMMITTEE

The Tourism Consultative Committee was established in accordance with the provisions of the Cyprus Tourism Organisation Law. Almost all private sector stakeholders are represented in this Committee at senior 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.

As of 2004 the Committee has assumed a new role. This role involves the coordination of the activities of the private sector towards the implementation of the Tourism Strategy and the monitoring of progress made in that area.

Within the framework of its new role, the Committee has met twice with the CTO Board of Directors. During these meetings, the members of the Committee were briefed on the progress made in various projects and programmes pursued within the framework of the Tourism Strategy. As far as the implementation of the Tourism Strategy by the private sector is concerned, the members discussed the role and the areas of intervention of the private sector and the ways of monitoring progress made in the actions to be undertaken by them.

## RESEARCH - STUDIES - PROGRAMMES

### **TOURISM DEVELOPMENT STRATEGY AND IMPLEMENTATION PLAN 2003-2010**

With its Decision no.59.218 of 7.1.2004, the Council of Ministers set up the mechanisms to monitor the Implementation Plan of the Tourist Development Strategy 2003-2010. More precisely, it has decided the following:

(i) To set up a Ministerial Committee, chaired by the Minister of Commerce, Industry and Tourism and comprised of 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 Committee has the obligation to report to the Council, on the progress made on the implementation of the Plan as well as on any problems that might arise, every four months.

(ii) The appointment of co-ordinators in each of the involved Ministries, to be responsible for monitoring and co-ordinating the actions undertaken by each Ministry according to the Implementation Plan.

Following the above Decision, the CTO assumed responsibility to co-ordinate the preparation of the Progress Reports on the actions undertaken by all sectors – the Public Sector, the Private Sector, Local Authorities and the CTO. As such, two Progress Reports for the

periods November 2003-April 2004 and May-September 2004 were prepared and submitted to the Minister of Commerce, Industry and Tourism who, following the approval of the Ministerial Committee, submitted them to the Council of Ministers.

The progress reports relative to the actions undertaken by the Public Sector were prepared based on prior discussion of the various issues between the Ministries' co-ordinators and the CTO during two meetings, held in January and September 2004.

The role of the Private Sector in the implementation of the Strategy has been the point of discussion between the CTO Board of Directors and the Minister of Commerce, Industry and Tourism with all Private Sector representatives during two meetings held on 10.3.2004 and 21.5.2004 as well as of many others held on a regional and local level.

At the same time efforts have been made and a series of meetings took place between the CTO and various Local Authorities aiming at the preparation of Action Plans relative to tourism and related actions that each Municipality plans to take within the framework and guidelines of the Implementation Plan of the Tourist Development Strategy.

Relative to the actions and obligations undertaken by the CTO, the Board of Directors of the Organisation monitors the progress and takes decisions for remedial action in case of any problems or constraints relative to the implementation of the Plan on a monthly and quarterly basis through progress reports prepared for this purpose.

#### **JOINT RESEARCH COOPERATION BETWEEN CTO AND ERC**

The Organisation has entered into a research cooperation agreement with the Economic Research Centre of the University of Cyprus. The agreement will have an initial duration of three years, with the possibility of further renewal. The research programmes that will be undertaken, will be agreed upon on an annual basis by an Advisory Board, and their execution will be promoted by a Working Group that has been set up.

In the first year of the research cooperation (June 2004-June 2005) the following research topics will be covered:

- Survey on tourist satisfaction and evaluation of the Cyprus tourist product.

- Study for the introduction of a Tourism Satellite Accounts system (TSA).
- Creation of a Documentation Centre and a databank of tourism statistics.

Further information about the above research activities is provided in other areas of the Annual Report.

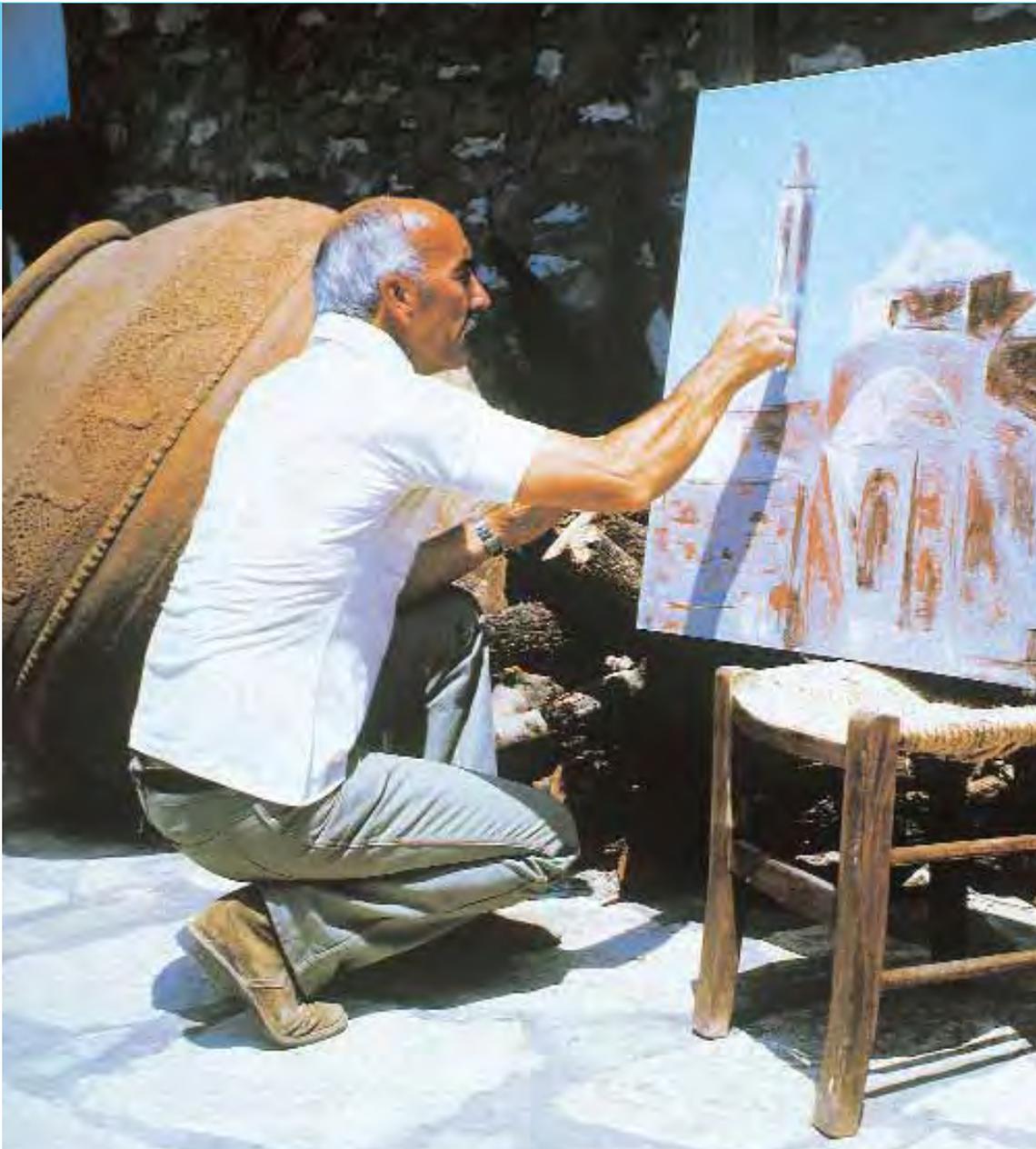
#### **STUDIES-RESEARCH**

As the Organisation has intensified its research and development activities, the execution of the following studies/research projects has been promoted in 2004:

##### **1. Tourist Expenditure Survey**

This survey is being carried out by the Statistical Service of the Republic of Cyprus on a continuous basis. Further information about this survey, as well as its results for 2004 can be found in other sections of the Annual Report.

##### **2. Research Programme for the Creation of a Databank and the Preparation of Statistical Timeseries**



Within the framework of the joint research programme of the CTO and the ERC, a documentation centre with relevant tourism bibliography and a databank containing timeseries on tourism statistics and data are being developed.

### **3. Research Programme for the Introduction of a Tourism Satellite Accounts System**

Another study which is being undertaken as a part of the joint research programme between the CTO and the ERC concerns the definition of requirements for the introduction of a Tourism Satellite Accounts System (TSA), which allows for a better estimate of the full contribution of tourism in an economy. The responsibility for the development and introduction of the TSA system ultimately lies with the Statistical Service of the Republic of Cyprus, which has assumed the role of coordinator in this preparatory work.

will commence in early 2005 and completed within the first half of the year.

The execution of the following studies was completed during 2004:

### **6. Study for the Determination of the Impact on the Cyprus Tourist Industry from a Potential Settlement of the Cyprus Problem on the Basis of the Annan Plan**

The above study, which was commissioned to an Irish consultancy firm, was completed in 2004.

### **7. Study for the Elasticity of Demand of Cyprus Tourism and the Impact of Tourism on the Other Sectors of the Cyprus Economy**

The Organisation has participated, along with other NTO's from Spain and Malta, in the aforementioned comparative study conducted by the University of Nottingham. The study, completed in 2004, consisted of two parts. The first part examined the demand

## RESEARCH - STUDIES - PROGRAMMES

### **4. Survey on Tourist Satisfaction and Evaluation of the Cyprus Tourist Product**

This Survey is also carried out within the framework of the CTO-ERC joint research programme. In 2004, all the preparatory work for the Survey was done, as the Working Group determined the methodology and approved the questionnaire and the sample to be used. The Survey is expected to begin in February 2005 and, within its framework, personal interviews of tourists upon departure from Cyprus will be conducted at both Larnaka and Pafos airports by a private market research firm, so as to gather feedback on the satisfaction derived from their experience with the Cyprus tourist product. The data gathered will be used to develop a Satisfaction Barometer which will allow for the monitoring of the success of the effort to meet the goal of the quality upgrade of the tourist product.

### **5. Study on the Social Impact of Tourism**

The study aims at identifying and assessing the social impact of tourism and making recommendations towards their amelioration. It will be undertaken by a private consultancy firm, which has been awarded the contract following an invitation to tenders. The study

elasticity for the tourist product of the participating countries with respect to the price of the product, the level of income at the respective source markets and other relevant factors. The second part examined interrelationships between the tourist sector and other sectors of the Cyprus economy, and how changes in taxation or subsidies in one sector affect the output of the others and the general economic welfare of Cyprus.

### **8. Market Research Surveys in the German and French Markets**

### **9. Study for the Development and Promotion of Conference and Incentive Tourism**

### **10. Telephone Survey among Tourism Entrepreneurs to Determine their Degree of Satisfaction from the Services Rendered by the CTO**

The above survey constituted an obligation of the CTO, in accordance with the ISO 9001 certification which was awarded to the CTO Tourist Services Department.

### **11. Survey Among Visitors to the CTO Information Offices to Determine Their Degree of Satisfaction from Services Rendered**

The above survey is conducted on a continuous basis, via the completion of questionnaires by visitors to the CTO Information Offices. The data collected is

processed in-house, and the results are presented in tables prepared by the Organisation.

For the following studies, the selection of the researchers/counselants was made (via an invitation to tenders process, where applicable). The execution of the studies commenced in 2004 and will be completed in 2005.

- 12. Study for the Review of the Institutional Framework Governing the Classification of Hotels and Other Tourist establishments (Introduction of Qualitative Criteria)**
- 13. Study for the introduction of Incentives for the Upgrade and/or Withdrawal of Lower-Category Hotel Beds from the Bed Supply**
- 14. Study for the Introduction of Incentive Schemes for the Upgrade of Catering Establishments**
- 15. Study for the Impact on the Tourist Industry from the Encouragement of Non-Cyprus Residents Acquire Immovable Property (Second Home) in Cyprus**

## **16. Indicators of Sustainability in Tourism**

The study for the preparation of a system of indicators which will be monitoring the sustainability in tourism development is being carried out in-house by a CTO Working Group. A significant number of indicators (economic, social and environmental) will be constructed and estimated within 2005.

Also, in 2004 tenders were invited by private sector consultants and researchers for the execution of the following studies within 2005:

- 17. Study for the Development of 'Wellbeing and Pampering' Special Products**
- 18. Study for the Potential Social Impact from the Creation of Casinos in Cyprus**
- 19. Study for the Economic Impact on the Tourist Sector and the Wider Economy from the Possible Creation of Casinos in Cyprus**
- 20. Study for the Development of Theme Parks in Cyprus**



**21. Study for the Development of Cooperation Mechanisms (e.g. Between the Private and/or the Public Sectors and/or the Local Authorities) Towards the Exploitation of European Programmes and the Management of New Composite Tourist Products**

**22. Study to Determine the Strategy/Programme of the CTO Towards the Exploitation of e-Marketing**

**23. Studies for the Execution of Actions of the EU Structural Funds:**

- Design and Development of a Wine Route in Cyprus
- Design and Organisation of a Cycling Route Network

**24. Study for the Determination of the Needs in Personnel that will Arise in the Tourist Industry from the Implementation of the Strategic Plan for Tourism**

The above study, which has been undertaken by the Ministry of Labour and Social Insurance and will be co-financed by the CTO, will be completed within 2005.

**RURAL TOURISM (AGROTOURISM)**

According to the Strategic Tourism Plan 2003-2010, Rural Tourism is considered a high priority special interest product. Centred around nature and culture, it capitalises on the cultural and environmental diversity of the island thus contributing towards the repositioning of Cyprus on the tourist map as a quality tourist destination.

The development of an Integrated Rural Tourism Product offering a rural tourism experience to visitors, composed of the following important elements:

- Accommodation in traditional rural and hill/mountain rural tourism establishments
- Traditional Gastronomy, Local Wines and Other Products
- Nature & Cultural Attractions
- Special Interest Activities
- Traditional, Cultural and other Events
- Authentic Cyprus Hospitality

## RESEARCH - STUDIES - PROGRAMMES

In addition to the above, the CTO finances 90% of the cost of the Regional Tourism Strategy Studies, and coordinates and monitors their preparation. Within 2004, the Regional Tourist Boards, following an invitation to tenders process, commissioned the execution of the Pafos, Ammohostos, Larnaka and Lefkosia studies to private sector consultants. The Lemesos study is expected to be commissioned during the first quarter of 2005.

**TOURIST EXPENDITURE SURVEY**

The tourist expenditure survey is conducted on an annual basis by the Statistical Service of the Republic of Cyprus. Its main purpose is to obtain information on the expenditure of tourists in Cyprus. Such information is collected through personal interviews that take place at the various points of departure of tourists from the country.

During the course of the Survey in 2004, 30.723 interviews were conducted at both Larnaka and Pafos International Airports, covering a total of 65.566 tourists from the main source markets.

**Financial Incentives Scheme**

On the occasion of the accession of Cyprus to the European Union and within the framework of the Community Policy for Regional Development, Cyprus developed and is implementing the following measures and actions relevant to Rural Tourism:

- the Regional Development Plan 2004 –2006 for the Objective 2 area, and
- the Rural Development Plan 2004 – 2006

The Plans are co-financed by EU Structural Funds. The CTO is a member of the respective Monitoring Committees for the two plans.

The Regional Development Plan and its Single Programming Document, include:

- (a) A Grant Scheme for investments and business support for Rural Tourism SMEs (e.g. rural tourist accommodation, taverns, traditional coffee shops, traditional workshops, ancillary activities that enrich the rural tourism product, etc).
- (b) Public-led tourism infrastructure projects, implemented by the CTO, which contribute towards the development of an integrated rural tourism product: {e.g. Thematic Routes (wine routes and

Byzantine Cyprus), Cycling Routes, and the organisation and promotion of Rural Tourism}.

Study for the measurement of the Carrying Capacity and the evaluation of potential for Integrated Tourism Development in the Objective 2 Rural Area

This pioneering Study, as recommended by the European Commission, has commenced and will contribute towards the achievement and implementation of the Community objectives for Regional Development and maximisation of the benefits of the measures and actions of the Cyprus Regional Development Plan for the Objective 2 rural area.

The CTO, together with the Planning Bureau, the Ministry of Interior and the Town and Country Planning Department, is a member of the monitoring committee of a study on the carrying capacity and development potential of the rural areas of Objective 2 of the Structural funds. As such the Organisation participated in all the meetings and presentations which were organised. The study is being

### **Embellishment Works**

The Organisation subsidised embellishment works in various villages. In addition, the CTO initiative for the design and placement of information maps in wooden panels/shelters in villages has continued for this year as well.

### **CYPRUS AGROTOURISM COMPANY**

The Cyprus Agrotourism Company, established on CTO initiative, continued the operation of its office, website: [www.agrotourism.com.cy](http://www.agrotourism.com.cy) and central reservations system, enabling on-line bookings.

### **GOLF COURSES**

During 2004, the relevant Committee, in which the Organisation is a member, examined several issues pertinent to the revision of the policy for golf course



prepared by Business Architects Consultancy, appointed by the Planning Bureau through an open call procedure. The Draft Final Report was submitted in November 2004.

### **Accommodation Units - Beds**

On the 31st of December 2004, 76 traditional accommodation units were in operation in, 33 villages, with a total capacity of 607 beds.

### **Promotion**

The Organisation participated in a series of initiatives for the promotion of the Cyprus Agrotourism Programme such as TV and Radio programmes, article contributions to various print media as well as presentations in rural tourism events and seminars: WTO Seminar "Rural and Ecotourism in Europe", in Romania, "Rural Tourism, a Challenge for Development", organised within the European Week for Quality in Rhodes, and at the EU Seminar "Sustainable Rural Development in Europe", in Cyprus.

developments. A new Policy Proposal for the encouragement of investments in integrated golf courses has been prepared and submitted to the Council of Ministers for approval.

The Organisation participated in the international seminar "Golf Business Forum" which took place during May in Budapest.

The 3rd Cyprus Amateur Golf Open Tournament was organised by the Cyprus Golf Federation in October. The Organisation has been the sole sponsor for the event's Gala Dinner during which the Prizegiving Ceremony took place.



2004 was the year during which Cyprus became a full member of the European Union.

In October 2004 the CTO participated in the European Tourism Forum organised by the European Commission. It was invited to participate at the presentation of Cyprus's National Cultural Policy to the Cultural Committee of the Council of Europe, during which it was given the opportunity to present the Aphrodite Cultural Route. The project, as commented upon by the Committee, has the prospect of becoming a project of European dimensions and calibre.

The CTO was also a guest speaker at the hearings of the subcommittee on Tourism of the Council of Europe, held in Rhodes in November 2004, where it presented Cyprus' tourism policy.

### **European Structural Funds – Co-funded actions 2004-2006**

The Organisation has been appointed as a member of the Temporary Monitoring Committee of Programme Complement for Objective 2 and a member of the Monitoring Committee of the Agricultural Development Plan for the programming period of 2004-2006 and, as such, participated in the meetings of the Committees held on the 27.1.2004 and 16.9.2004 respectively.

For the first time, the CTO is directly participating as beneficiary of Structural funds. It has been appointed Final Beneficiary in the Programme Complement for Objective 2 of the Structural funds for tourism related activities with a budget of EURO 4,7 million. All actions will take place in the rural area of Objective 2 and include: The organisation of two thematic cultural routes entitled 'Wine' and 'Byzantine Cyprus', a network of cycling routes and the promotion of rural tourism.

### **European Union Programmes**

The CTO is a partner in the Medina and Daedalus projects, which have been approved by the European Commission within the framework of Eumedis. Both projects aim to develop a portal promoting cultural tourism.

## EUROPEAN UNION

In 2004, the Organisation participated in the meeting of the Technical Committee of the projects that studied and took decisions on planning and other technical issues related to the successful implementation of the project.

### **Information Seminar for the Leonardo da Vinci Programme:**

The Organisation participated in two seminars organised by the Cyprus National Coordination Unit of the Leonardo da Vinci programme, which took place in June and December.

### **Leonardo da Vinci Programme: Cultural Heritage Tourism Network, "CHTN"**

The Leonardo da Vinci project Cultural Heritage Tourism Network, which was promoted and coordinated by the CTO and included in the European Commission's Call for Proposals, aimed at developing innovative content in the field of tourism that has been utilized by the CTO. Namely, the CTO has contributed towards the valorisation of the "CHTN" project's results by including them in its annual training programme, in the field of gastronomy, for rural and cultural tourism SMEs.

### **Leonardo da Vinci Programme: Green Investments in Tourism Industry**

Within its role as a project partner, the CTO participated in the work programme for the implementation of the pilot project "Green Investments in Tourism", which is co-ordinated by RAI Consultants Services Ltd. Within the framework of the project, a web presence has been established at [www.tourism-e-learning.net](http://www.tourism-e-learning.net) and [www.green-investments-in-tourism-industry.net](http://www.green-investments-in-tourism-industry.net), together with a brochure and four training modules, which will also offer the possibility for distance-learning through the e-learning method:

- Quality Management of a Tourist Unit
- Quality Management of the F&B and Housekeeping Department of a Tourist Unit
- Quality Management of a Tourist Agency, aiming at Environmental Tourism
- Development of ISO 14001 and use of renewable energy resources in a Tourist Unit

The CTO participated in Partner Co-ordination Meetings which took place in January in Athens and in May in Palermo, as well as at an Informational Seminar for the presentation of the project's results which took place in Cyprus.

The project's Interim Report has been submitted in February.

## BLUE FLAG PROGRAMME

In 2004, "Blue Flags" were awarded to more than 2,900 beaches and marinas in 24 countries in Europe and South Africa. In Cyprus, "Blue Flags" were awarded to 39 organised beaches in 12 municipalities and communities, as follows:

- Paralimni (3): Perna, Vrysi, Protaras
- Agia Napa (14): Konnos Bay, Kermia, Landa, Nissi, Nissi Bay, Makronisos, Agia Thekla, Vathia Gonia, Glyko Nero, Katsarka, Loukkos tou Manti, Ammos tou Kambouri, Pantahou, Perna
- Voroklini (1): Yiannades Beach
- Larnaka (2): Finikoudes, Mackenzie
- Pentakomo (1): CTO Kalymnos Beach
- Pyrgos (1): Panagies/Aoratoi
- Agios Tychonas (7): Santa Barbara, Loures, Vouppa, Armonia, Kastella, Aphrodite and Onisilos
- Pissouri (1): Pissouri Beach
- Geroskipou (1): CTO Municipal Beach
- Pafos (5): Pachyammos, Vrysoudia A & B, Alykes and Municipal Beach
- Pegeia (1): Laourou Beach
- Polis Chrysochous (2): Municipal Beach, CTO Dasoudi Beach



## APHRODITE CULTURAL ROUTE

In 2004, the Cyprus Tourism Organisation completed the Aphrodite Cultural Route, the first themed cultural project implemented within the Strategic Plan for Tourism up to the year 2010. Visitors are able to follow the footsteps of the goddess through information at the primary and secondary sites, which are linked to other nature sites and museums where artifacts relating to Aphrodite are displayed.

Open visitor centres, presenting the many aspects of Aphrodite, were set up in archaeological sites that constitute the core of the route: Kouklia - Palaipafos, Amathus and Kition. Information panels were also placed at the following archaeological and nature sites: Lempa Neolithic Settlement, Tamassos Archaeological Site, Larnaka Salt Lake Nature Trail, Aphrodite's Nature Trail at Cape Gkreko and the Petra tou Romiou and Akamas nature trails.

Objects displayed in ten museums have been sign-posted with the special logo of the route. Six leaflets were produced for the following museums focusing on the interpretation of objects related to Aphrodite:

- Cyprus Museum
- Leventis Municipal Museum, Museum for the History of Cypriot Coinage, Tziapra Pierides Archaeological Museum
- Pierides Museum – Larnaka
- Larnaka District Museum
- Limassol District Museum
- Pafos District Museum, Kouklia Museum, Marion-Arsinoe Museum at Polis

## IMPROVEMENT/UPGRADE OF THE TOURIST PRODUCT

The CTO also produced a general leaflet, in English and Greek, presenting primary and secondary sites as well as nature sites included in the route. The total cost of the project exceeded £100.000.

In October 2004, the CTO presented the project at the Council of Europe within the framework of the Cultural Policy of Cyprus. The Council of Europe expressed its interest to include the route in its programme for transitional cultural routes under the condition that at least two European countries will participate in the route.

### 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, the CTO promotes and subsidises the organisation 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 2004 the CTO organised the following three cycles of events:

- Musical Sundays (October – April)

- Summer Nights in Polis Chrysochous
- Cultural Winter (in co-operation with the Agia Napa and Paralimni Municipalities)

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 renowned artists Luciano Pavarotti, Elton John, the Chamber Orchestra of Europe, Michael Flatley's – The Lord of the Dance and Vicky Leandros. The CTO also supported a rock music concert by the "Scorpions", the 1st International Cyprus Opera Festival with the "Rousse" Bulgaria State Opera, two concerts with the "Buena Vista Social Club" from Cuba and Cesaria Evora, the International Festival of the Ancient Greek Drama, the "Great Ballets - Spartacus", organised by the Limassol Municipality, the European Limassol Festival, the musical "Grease" organised by the Larnaka Municipality and the opera "Rigoletto" by the National Opera of Poland organised by the Pafos Aphrodite Festival Cyprus.

### EUROPEAN LONG DISTANCE PATH E4

The Cyprus Tourism Organisation in cooperation with the Forestry Department, completed the project for the extension of European long distance path E4 in Cyprus.

The E4 path commences from Gibraltar, passes through Spain, France, Switzerland, Germany, Austria, Hungary, Bulgaria, mainland Greece, the Greek island of Crete and onwards to the island of Cyprus. Cyprus is linked to Crete by air. The path was extended to Cyprus following a proposal by the Greek Ramblers Association to the European Ramblers Association, the coordinating body of the European Network of long distance paths.

In its Cyprus section, the European Long distance path E4 connects Larnaka and Pafos International Airports. Along the route, it traverses the Troodos mountain range, the Akamas peninsula and long stretches of Cyprus rural areas, along regions of enhanced natural beauty and areas of high ecological, historic, archaeological, cultural and scientific value. The Cyprus E4 Path route covers about 400 kilometres.

discussed in a Ministerial meeting with the participation of the Minister of Interior, the Minister of Education and the Minister of Commerce, Industry and Tourism. It was decided that the proposed budget for sports infrastructure be revised and submitted to the Ministry of Finance for discussion.

Within the framework of the recommendations of the Action Plan, an Olympic size swimming pool has been built in the district of Pafos (Geroskipou) as well as track and field infrastructure in the municipal stadium of Pegeia.

### **CYCLING TOURISM**

The CTO has prepared the tender documents for a competition for the preparation of study and consultancy services for the design and organisation of a cycling route network within the area of Objective 2. The study will be co-financed by the Cyprus Tourism Organisation and EU



### **NATURE TRAILS DEVELOPMENT PROJECT**

In 2004, the CTO financed the inauguration and signposting of the following 6 new nature trails in the following villages:

- Lemithou
- Drimou
- Panthea – Kampos – Tsakistra village
- Prodromos
- Pomos – Nea Dimmata

### **SPORTS TOURISM**

Since August 2004 two new financial schemes for hosting international sports events in Cyprus have been put into operation. The CTO has also received and evaluated a number of applications according to the already existing schemes concerning the creation and upgrading of sports infrastructure.

The Action Plan for the development and promotion of Sports Tourism in Cyprus has been approved by the Board of Directors and was submitted to the Minister of Commerce, Industry and Tourism. The Action Plan was

Structural Funds. The call for tenders was published on December 2004. The duration of the study is 16 weeks. The first stage of implementation of the project itself is expected to start at the end of 2005.

During a meeting of the Technical Committee for the national cycling network the lack of specific legislation regarding cycling in Cyprus has been pointed out. The CTO has written to the Ministry of Transport in order to promote an amendment to the already existing legislation concerning the road traffic circulation.

Within the framework of its efforts in promoting and establishing Cyprus as a cycling destination, the CTO in cooperation with the Cyprus Cycling Federation is planning to organise the first ever MTB Marathon World Cup race in Cyprus, to take place during April 2005 in the district of Limassol.



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 secure prior approval from the Hotels Committee.

The composition of the Hotels Committee in 2004, according to a relevant decision by the Minister of Commerce, Industry and Tourism was as follows:

#### **HOTEL RATES AND HOTEL GUIDE**

According to the provisions of the relevant legislation, hotel rates were set by hoteliers for the period between 16.3.2004 and 15.3.2005 and constitute the maximum rates that can be charged during this period. Prices include all charges and taxes. The 2004 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 2004 Hotel Guide also includes information on travel agencies and car rental firms. It was printed in 60.000 copies.

#### **TRAVEL AGENCIES**

As shown in Table 8, at the end of 2004, 444 licensed Travel Agencies were in operation with 153 branch offices in comparison to 449 Agencies and 161 branch offices in 2003.

## **REGULATION AND SUPERVISION OF TOURIST ENTERPRISES**

Chairman of the Committee: Mr Ph. Photiou, CTO Chairman.

Committee members: Mrs Phryne Michael, CTO Director General, until 25.6.04.; 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 2004 the Committee held six 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 suggestions, as far as the classification or revocation of operating licences are concerned, are forwarded to the CTO Board of Directors for consideration.

#### **TOURIST GUIDES**

During 2004, 264 licences were issued to professional tourist guides, as provided by the relevant legislation, compared to 267 in 2003.

Table 9 shows the breakdown of tourist guide licences by district on 31.12.2004.

#### **CATERING AND ENTERTAINMENT ESTABLISHMENTS**

In accordance with the provisions of the relevant law, the Catering and Entertainment Establishments Committee held two meetings in 2004 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 2004 according to a relevant decision by the Minister of Commerce, Industry and Tourism was as follows:

Chairman of the Committee: Mr Ph. Photiou, CTO Chairman. Members of the Committee: Mrs Phr. Michael, CTO Director General until 25.6.04; 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

**TABLE 8**

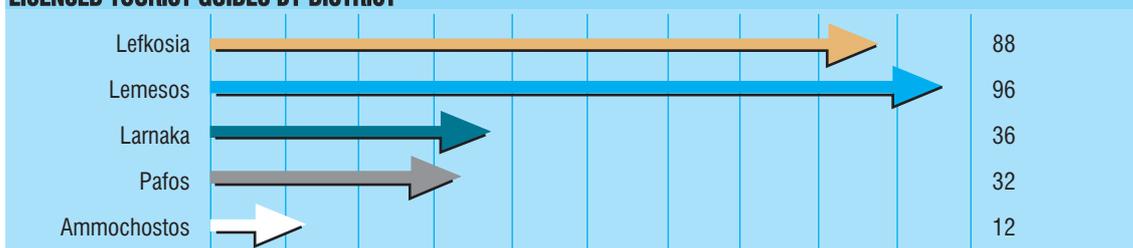
**TRAVEL AGENCIES 2003-2004**

AREA	HEAD OFFICES		BRANCH OFFICES	
	2003	2004	2003	2004
Lefkosalia	140	133	15	12
Lemesos	160	160	54	49
Larnaka	58	56	28	26
Pafos	62	65	28	29
Ammochostos	29	30	36	37
<b>Total</b>	<b>449</b>	<b>444</b>	<b>161</b>	<b>153</b>

*NOTE: The above agencies employed approximately 2000 persons*

**TABLE 9**

**LICENSED TOURIST GUIDES BY DISTRICT**



Health; Mrs St. Rousi, representative of the Ministry of 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 Establishments 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 2004, 3,241 Catering and Entertainment Establishments of various categories were in operation, compared to 3,222 on 31st December 2003. At the end of 2004, 547 catering and entertainment establishments were in operation within hotel units compared to 553 on December 31st 2003.

Table 10 shows the Catering and Entertainment Establishments in operation on 31st December 2003 and 2004 respectively, broken down by district.

Table 11 shows the Catering and Entertainment Establishments by category and by district operating on

offers hotel management courses with specialisations in the fields of Rooms and Food and Beverage. It also continues to provide training in the fields of Reception, Housekeeping, Confectionery and Cooking.

During 2004 several private hotel schools and colleges offered courses of study in hotel occupations and also in the field of hotel and tourism management.

In addition to 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.

#### EMPLOYMENT IN THE HOTEL INDUSTRY

According to a CTO survey, during the summer of 2004, about 25,500 people of various specialisations were employed in the hotel industry and about 16,000 people were employed in Catering and Entertainment Establishments.

## REGULATION AND SUPERVISION OF TOURIST ENTERPRISES

31st December 2004. 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,

#### 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 establishments, the implementation of approved prices and the compliance of entrepreneurs with the provisions of relevant Laws and Regulations.

TABLE 10

District	OPERATING ESTABLISHMENTS AS AT 31.12.2003		OPERATING ESTABLISHMENTS AS AT 31.12.2004	
	Independent	Establishments within Hotel Units	Independent	Establishments within Hotel Units
Lefkosia	657	31	667	35
Lemesos	936	114	921	108
Larnaka	495	75	508	72
Ammochostos	530	221	522	220
Pafos	604	112	623	112
<b>Total</b>	<b>3222</b>	<b>553</b>	<b>3241</b>	<b>547</b>

**TABLE 11**

<b>CATERING AND ENTERTAINMENT ESTABLISHMENTS BY CATEGORY (31.12.2004)</b>						
Category	Lefkosia	Lemesos	Ammochostos	Larnaka	Pafos	Total
Restaurant, Tavern	436	628	337	320	425	2146
Cafeteria, Pizza House	45	44	32	25	31	177
Snack Bar Pub, Bar	141	174	127	125	128	695
Discotheque	16	16	19	15	9	75
Cabaret	16	27	5	17	15	80
Night-Club	13	32	2	6	15	68
<b>Total</b>	<b>667</b>	<b>921</b>	<b>522</b>	<b>508</b>	<b>623</b>	<b>3241</b>



During 2004, the tourist industry of Cyprus has succeeded, despite an overall difficult year, to register an increase in tourist arrivals for the first time since the years 2002 and 2003, during which significant decreases of the incoming tourist traffic were recorded.

This successful reversal of the negative outcomes of previous years can be attributed to the combined efforts of the Organisation and all related partners in the tourist industry of Cyprus and abroad.

The Organisation has intensified its contacts and cooperation with the main Tour Operators in all priority markets, thus succeeding in presenting a significant increase of tourist arrivals from most priority markets such as Germany, Greece, France and Italy, while limiting the decrease (1,5%) from the main source-market of the United Kingdom.

The achievement of the aforementioned outcome is also attributed to the Organisation's successful application of an integral approach in implementing the Marketing Strategy for the period 2003-2010, which was revised and approved by the Ministerial Council in November 2003.

Particular emphasis was also given to the development and promotion of Conference and Incentive Tourism and Special Interest Tourism segments by creating a special section within the Marketing Department to deal exclusively with these forms of tourism. In 2004, the Organisation established two new offices abroad in Helsinki and Dubai.

### **Promotional Activities**

Within the framework of the revised Strategic Plan for Tourism 2003-2010, the Organisation began the implementation of its Marketing Strategy by executing an integral communication and action programme that promotes a single and unique image of Cyprus.

## PROMOTION OF THE CYPRUS TOURIST PRODUCT

This communication Strategy comprises a wide spectrum of activities that directly promote the Cyprus tourist product, such as generic advertising campaigns, organisation of promotional activities, hosting in Cyprus tourist professionals, journalists and other personalities and participation in tourist fairs. In 2004, the Organisation placed high emphasis on the promotion of Conference and Incentive Tourism based on the results of specialised market research, and on Special Interest Tourism, particularly Athletic and Religious Tourism, Hiking and Third Age Tourism.

All the aforementioned activities were backed by the appropriate print, audio-visual and electronic promotional tools including the Organisation's website, which was constantly upgraded.

The Organisation also placed high importance on the development and maintenance of its excellent relations with tourism professionals and the media in Cyprus and in all tourism source-countries, in order to further promote the Cyprus tourist product.

### **Advertising**

During 2004, the Organisation executed a planned advertising campaign extending to 20 countries. The main target of the campaign was to attract consumer interest and to encourage bookings to Cyprus.

The campaign was implemented in such way as to serve also the CTO repositioning target. The campaign included TV, Press and Outdoor advertising. In support of the advertising campaign in local media in various countries a parallel campaign was scheduled with main international television networks. This campaign was of special importance for markets for which limited or no advertising funds were available.

During 2004, the Organisation continued to cooperate with Scholz & Friends advertising agency. The new creative idea with the capture line "Cyprus the Island for all seasons" was adopted for the 2004 advertising campaign.

During 2004, particular attention was given to the promotion of the island to Cyprus residents – domestic tourism. An advertising campaign was run for promoting the summer period, backed by special offers provided by the hoteliers.

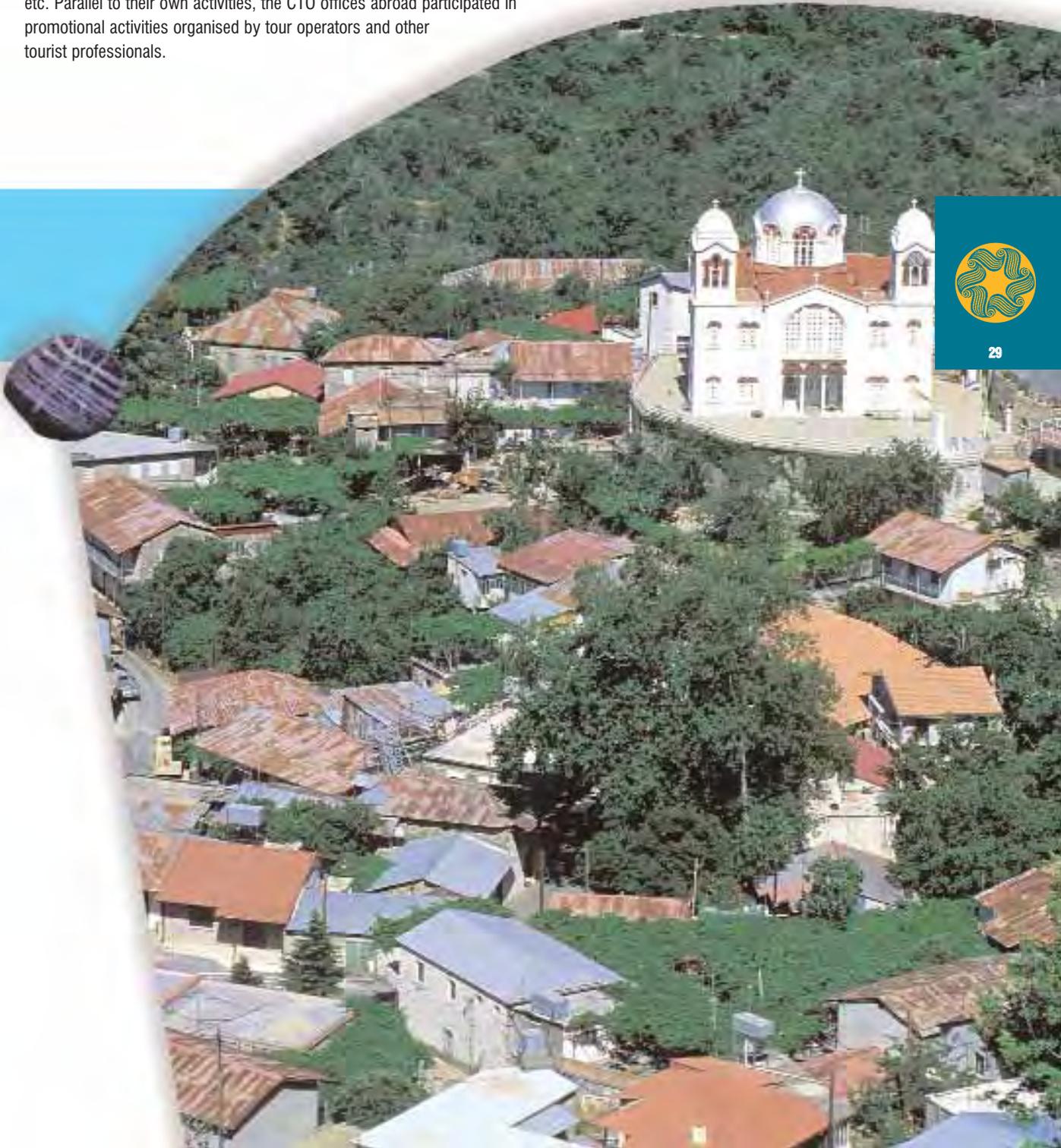
During the year the planning for the advertising campaign of 2005 was completed. The 2005 campaign is to be launched in 20 tourist source-markets. Decisions were made pertaining to the strategies and targets of the campaign, the markets where the campaign will be launched and the funds allocation and 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. All competition procedures

and documents were adjusted to comply with new legislation in accordance with relevant E.U. directives. The progress of the evaluation was completed in November 2004 and tenders for all markets were awarded.

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

### **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 staff of the overseas CTO offices was strengthened with specialised personnel and in main tourist markets, the Organisation appointed public relations firms. All promotional activities undertaken by the CTO offices abroad were included in the annual action plan, a significant planning and controlling tool for the Organisation's activities in the promotional sector. A great spectrum of promotional activities were organised by the CTO offices abroad, including Cyprus weeks, presentations or seminars (workshops) on Cyprus, roadshows, promotional activities on Cyprus for the public, presentations on tourist related themes to specialised groups, i.e. special interest tourism, etc. Parallel to their own activities, the CTO offices abroad participated in promotional activities organised by tour operators and other tourist professionals.



### **United Kingdom / Ireland**

Although Cyprus was considered as an expensive tourist destination in 2004, due to the enforcement of taxation on travel agents' profits following Cyprus' accession to the E.U., the increase of V.A.T. and the cost of living in the island, tourist arrivals from the U.K. showed only a small decrease of 1,5%.

In 2004, the Organisation intensified its television, press and outdoor advertising campaign. At the same time rigorous public relations activities were put into effect, yielding a large number of educational trips to Cyprus for television crews and journalists, who promoted Cyprus through TV programmes and the publication of positive articles.

The CTO's close collaboration with the British Olympic Committee before and during the Olympic Games of Athens resulted in extensive TV and press exposure of Cyprus as an ideal training destination.

Progress was also achieved in further promoting specific forms of tourism such as golf, hiking and cycling.

A series of presentations (roadshows) for travel agents were organised in various German cities, aimed at promoting the Cyprus tourist product, with emphasis on special interest tourism such as golf, cycling and hiking.

Intensified activities were also carried out for the promotion of the Cyprus tourist product in the German tourist market by the sales staff of the Office, who carried out sales calls on tourist agencies and tour operators.

Furthermore, promotional events were organised targeting the general public. These events were geared towards marketing special interest tourism and in particular golf, cycling, hiking and cultural tourism. In order to promote golf in Cyprus, sales visits were intensified and golf tournaments were organised for tourism professionals.

In order to promote conference and incentive tourism in Cyprus, the Organisation participated in the specialized IMEX fair 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

## **PROMOTION OF THE CYPRUS TOURIST PRODUCT**

Particular emphasis was given to the promotion of conference and incentive tourism through the Organisation's participation in specialised tourist exhibitions and the organisation of educational trips to Cyprus for tour operators.

In order to project the Cyprus tourist product, presentations were held in main cities of the U.K. with the attendance of tourist professionals from Cyprus. Sales calls to travel agencies in England and Scotland were also intensified.

In Ireland, methodical promotional activities were carried out targeting tour operators and travel agents located in rural areas. Special interests tourism and golf were also successfully promoted.

### **Germany**

The cooperation of the CTO Office in Frankfurt with the appointed Public Relations Agency continued throughout 2004 and the joint efforts resulted in the organisation of educational trips to Cyprus for television crews and journalists, which yielded many wide exposure television programmes 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.

presentations of the catalogues and other forms of promotional events of tour operators addressed to the employees of travel agencies.

On the occasion of Cyprus' accession in the E.U. the Office participated and supported the organisation of various events, and the publication of articles and special features on Cyprus' accession.

The Organisation participated in two important tourist exhibitions in Stuttgart and in Dresden. Cyprus was the honored country in both exhibitions.

### **Switzerland**

In 2004, the CTO Office in Zurich maintained close contact with the Swiss travel trade professionals targeting the strengthening of Cyprus' presence in the Swiss travel market. An important result of these contacts was the reinstatement of the Geneva-Lamaka charter flight.

Intensive contacts were also kept with the mass media, a press conference was held and educational trips to Cyprus for journalists were organised, resulting in the promotion of Cyprus through the publication of many positive articles in the Swiss press.

The Organisation participated in specialised tourist exhibitions for golf, cycling and hiking and a series of

promotional events were organised, in cooperation with specialised tour operators.

The CTO Office in Zurich organised a series of promotional events and presentations for travel trade professionals and the public, covering almost all the Cantons of Switzerland. The Office also organised educational trips to Cyprus for travel trade professionals in order to disseminate knowledge acquired regarding the Cyprus tourist product to their clientele. One-day seminars were organised in all major cities of the country and a two-day seminar with the participation of travel trade professionals from Cyprus was organised on the subject of special interest tourism in Cyprus.

The sales personnel made more than 200 sales calls, covering almost all the Cantons of Switzerland.

programmes on Cyprus. Themed educational trips to Cyprus for athletic tourism, "spa & wellness", youth tourism and "food and wine of Cyprus" were organised for journalists. This resulted in the publishing of positive articles in the Austrian press.

Special emphasis was given to organising presentations and other events for the promotion of special interest tourism, and particularly for the different possibilities of golfing in Cyprus. The Office organised the 2nd Golf Trophy tournament for Austrian travel agents. In order to promote cycling in Cyprus the team "bikin' Cyprus", which is sponsored by the CTO, participated in three competitions in Austria, during which information on Cyprus was provided.

The Office participated in promotional events on the occasion of Cyprus' accession in the E.U.



### **Austria**

The most prominent events of the year organised by the CTO Office in Austria were a Cypriot Week for the public at the «Ringstrassen Galerien» shopping centre in Vienna, and a series of presentations on Cyprus in the cities of Vienna, Linz, Salzburg and Graz with the participation of Cypriot tourism professionals.

The Office cooperated closely with travel agencies and tour operators in the organisation of informational days on Cyprus for the public in all major cities of Austria and participated at the presentations of the programmes of the Austrian tour operators, who feature Cyprus in their programmes.

Particular 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, educational trips were organised with the participation of travel agents from all over Austria, successfully implementing a hospitality programme for over 80 travel agents during the winter season.

The Office also cooperated with television and radio crews for the production and broadcast of promotional

### **Greece**

The CTO Office in Athens organised and carried out general and specialised presentations focusing on promoting Cyprus as an ideal tourist destination. The presentations, carried out in Athens and in provincial residential centres, were directed towards tour operators, journalists, school principals, clerics and representatives of associations and organisations. Intensified activities were also carried out by the sales staff of the Office who performed sales calls on tourist agencies in Attica, Peloponnissos, Crete, Thessaloniki and Larisa in order to educate tourist agents about the qualitative potential of Cyprus as a tourist destination.

Particular emphasis was given to the organisation and implementation of educational trips to Cyprus for journalists, tour operators, representatives of companies and clerics. Systematic contacts were also kept with company executives, clerics, school principals and associations, as well as with representatives of the subsidised holiday scheme for social tourism.

The liberalization of flights between Cyprus and Greece has led to a closer cooperation between the CTO and airline companies such as Cyprus Airways, Olympic Airways and Helios Airways, giving rise to travel agents' interest in selling tourist packages to Cyprus.



The Athens Office further developed its close contacts with the media in Greece, resulting in the publication of a large number of articles and special features, as well as to the production and airing of special radio and television programmes on tourist Cyprus. Within this framework, the CTO Chairman gave three press conferences, in Athens, Thessaloniki and Crete.

During the summer Olympic Games in Athens, the CTO promoted Cyprus as an athletic destination through its stand in a central square of Athens, its active participation at the Lefkosia Municipality's stand and the successful organisation of a promotional event in a central hotel. At the same time, through its cooperation with a specialised company, the Organisation promoted tourist Cyprus at the lobbies of 90 hotels in Athens.

#### **The Netherlands**

The promotional activities of the CTO Office in Amsterdam were geared towards the increase of familiarisation of the Dutch travel trade with the Cyprus tourist product. For this

of articles in tourist magazines and other important publications.

A "Cyprus day" was organised at the European Parliament and, on the occasion of Cyprus' accession in the E.U., a Cyprus week was organised, during which the Cyprus tourist product was presented to the communal employees.

In 2004 the Office continued and intensified the promotion of special interest tourism, and especially the segments of Conference and athletic tourism.

#### **Italy**

During 2004, the CTO Office in Milan organised 9 educational seminars in various Italian cities with the participation of approximately 460 travel agents. During the seminars a general presentation of the Cyprus tourist product was conducted and particular emphasis was given to the presentation of special interest tourism.

At the same time, educational trips to Cyprus were organised for travel agents, journalists and members of

## PROMOTION OF THE CYPRUS TOURIST PRODUCT

purpose a series of promotional activities were organised, including educational trips to Cyprus for tour operators and journalists.

The CTO continued its advertising campaign geared towards the repositioning of Cyprus on the Netherlands tourist map. For this purpose sales calls were performed and promotional seminars were organised in main residential areas of the Netherlands in cooperation with Dutch tour operators.

#### **Belgium and Luxembourg**

During 2004 the CTO Office in Brussels participated in all the major tourist fairs in various cities of Belgium and Luxembourg.

At the same time the Cyprus tourist product was promoted through events such as 'Cyprus Nights' held for tour operators, and the participation in various events organised by tour operators that feature Cyprus in their programmes.

The filming in Cyprus of the popular Flemish series 'Families', which is screened by the Flemish television channel VTM, continued for a second consecutive year.

A series of seminars/presentations were arranged exclusively for journalists and travel agents followed by educational trips to Cyprus, which resulted in the publication

'NEOS', who write articles exclusively for tourist magazines. Educational trips in Cyprus were also organised for specialised agencies and trade professionals in order to familiarize them with the products of Conferences and Incentives, and golf.

The Office participated in tourist exhibitions and in various events organised by tour operators. It has also organised promotional activities in two commercial centres in Verona and in Milan.

#### **France**

The efforts of the CTO Office in Paris for the improvement of the air connection between France and Cyprus that have started in 2003 continued successfully in 2004 as the chartered flights from Paris and Lyon to Pafos firmly continued. In eastern France, and especially in Alsace, the air connection to Cyprus was improved through flights from the airport of Mullhouse that also connects eastern France with the Swiss and German markets. In addition, for the first time there were air connections to Cyprus from various cities of the west and central France. The Paris Office focused its efforts and promotional activities on the cities and areas, from which direct flights to Cyprus operated. Presentations and educational trips were organised for travel agents, who operate in those areas.

The establishment of a well-known French club in Cyprus yielded a series of events that effectively promoted the image of Cyprus to travel agents and the public. The Office, in cooperation with the public relations firm and the tour operators, provided hospitality to over 70 journalists and a large number of travel agents, resulting in the publication of a large number of articles on the Cyprus tourist product and its various tourism segments.

In cooperation with tourist organisations, presentations were organised with the participation of hundreds of travel agents (in Paris, over 600 travel agency employees). Specific tourism forms were promoted through the organisation of thematic educational trips to Cyprus for journalists and specialised tour operators. Special emphasis was given in promoting the specific forms of tourism of conference and incentives, spa, hiking and golf.

### **Nordic Countries**

In 2004 the CTO Office in Stockholm kept systematic contacts and organised a large number of events for the

trade professionals and the public in all Nordic countries.

Within the framework of the promotion of the Cyprus tourist product, presentations were held exclusively for tour operators and travel agents and a cruise was organised for all the trade professionals of the Nordic countries.

Educational trips to Cyprus were organised for tour operators, travel agents and journalists.

The Organisation participated in all major tourist exhibitions in Sweden, Norway, Denmark, Finland, Estonia, Lithuania and Latvia. Special emphasis was given to the promotion of golf tourism with the participation of the Organisation in various golf tournaments in the Nordic countries as well as with the organisation of a golf tournament in Cyprus.

In 2004 the Organisation established a new office in Helsinki in order to promote and systematic project tourist Cyprus in Finland. Furthermore, the Organisation aims to further develop its cooperation with the Finnish tour operators and travel agents.



### **Russia and the Commonwealth of Independent States**

The CTO Office in Moscow carried out systematic contacts with the Russian travel trade industry in order to promote and project the Cyprus tourist product, with emphasis on the Organisation's support to the efforts of the tour operators. Seminars promoting Cyprus were organised in major cities, i.e. Moscow, St. Petersburg, Kiev, Minsk, as well as in cities in the Russian province.

All major tour operators of Moscow and St. Petersburg were kept constantly informed and updated on the developments regarding the introduction of entry visas to Cyprus for Russian citizens.

A large number of sales calls were carried out at travel agencies located in the Russian province and in cities of the Commonwealth of Independent States, focusing on the promotion of Cyprus to tourist professionals. Special emphasis was given to the promotion of those tourism forms that exhibit prospects of developing i.e. conference and athletic tourism.

### **USA & Canada**

The CTO Office in New York participated in the ITME exhibition for the promotion of conference tourism and for the first time it also participated in the 'Adventure Travel Expo' exhibition for the promotion of soft adventure tourism. Through the participation in various tourist exhibitions, emphasis was given to the promotion of Cyprus as a special interest tourist destination.

The Office also participated in the activities of the European Travel Commission (ETC), which included the Travel Media Exchange, the Trans-Atlantic Marketing Conference, the 'Europe in NYC' and trade shows in Canada.

In Canada the Office participated in the International Tourism & Travel Show, and in the Travel & Leisure exhibitions. Special emphasis was given on the promotion of cultural and winter tourism.

## **PROMOTION OF THE CYPRUS TOURIST PRODUCT**

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

### **Hungary - Czech Republic & Slovakia**

During 2004, the CTO Offices in Prague and Budapest carried out a number of sales calls 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 feature 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 in the broadcast of promotional programmes on Cyprus on television and radio stations. The Offices also provided hospitality arrangements in Cyprus for journalists, resulting in the publication of positive articles about Cyprus in the Czech, Hungarian and Slovakian national press.

### **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 the participation in major tourist fairs.

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

Aimed marketing special interest tourism, a series of activities were carried out by the Office such as the organisation of a special seminar directed exclusively to Polish tour operators that specialise in the promotion of conferences and incentives. In order to promote golf tourism, the Office organised a series of presentations and Cyprus Nights in cooperation with the "Society of Polish Golfers". The Office also cooperated with the wine lovers' association "Collegium Vini" in organising events for the promotion of Cyprus wines.

### **Israel**

The CTO Office in Tel Aviv concentrated its activities on the promotion of the Cyprus tourist product to the tourist

trade professionals and consumers. In order to project incentive tourism the Office participated in two tourist exhibitions, namely IMTM and ICX, and organised presentations addressed to tourist trade professionals and companies.

The Office participated in TV and radio programmes promoting Cyprus and its different types of tourism, and carried out sales calls to a large number of tour operators and travel agents.

In 2004, chartered flights connecting Tel Aviv with Larnaka operated for the first time, bringing about an increase in Israeli tourist traffic to Cyprus. In order to project this, the Organisation cooperated with the airlines and tour operators to organise a series of promotional activities for travel agents.

During 2004, the Organisation invited and hosted a total of 2,583 persons, marking a decrease of 19% compared to 2003, where the number of individuals that were invited and hosted reached the total number of 3,184. In particular, the Organisation offered hospitality to 1,193 travel agents & tour operators, 519 journalists, 199 members of television crews, 48 conference organisers, 595 contest winners and other important personalities.

In addition, the Organisation provided facilities to 3,865 individuals, guests of the Cyprus tourism industry (including travel agents, tour operators and others), showing a small increase compared to 2003 (2003: 3,817 individuals).

#### **Participation in International Travel Fairs**

The participation in tourist fairs is another complimentary marketing tool that offers the possibility to contact tourism professionals and consumers directly, in order to inform them on a destination. The Organisation also participates in specialised tourist fairs that target the specific market



#### **Arab Countries**

In 2004, the CTO established a new office in Dubai. The Office participated in all major tourist exhibitions in Lebanon, Egypt and Dubai and organised promotional events in co-operation with tour operators.

The Organisation also participated in the presentation of the programme of “Emirates Holidays”, which includes an extensive programme on Cyprus.

Educational trips to Cyprus were organised for travel agents and journalists from the Arab countries.

#### **Hospitality**

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

segments highlighted in its Strategic Plan.

During 2004, the review of the CTO policy for its participation in tourist exhibitions and the 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, reflect Cyprus’ repositioning as a destination offering variety and value and facilitates the effective presentation of the Cyprus tourist product.

The Organisation took part in 132 International Travel Fairs during 2004. Furthermore, in order to promote domestic tourism, the Organisation participated in two fairs in Cyprus, namely the “29th International (State) Fair”, and the Tourist Fair “Travel 2004”, which was organised by the Association of Cypriot Travel Agents (ACTA).

#### **Cultural and Entertainment 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, the CTO promotes and subsidises artistic, cultural and other events related to 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 areas of Cyprus. Specifically in 2004, the CTO organised the following three cycles of events:

- Musical Sundays (October – April)
- Summer Nights in Polis Chrysochous
- Cultural Winter (in co-operation with the Agia Napa and Paralimni Municipalities).

Concurrently, the Organisation contributed financially towards a number of cultural and entertainment events organised by local authorities, non-profit organisations and festival organisers.

Such events included concerts of the internationally famous artists, Luciano Pavarotti, Elton John, the Chamber Orchestra of Europe, Michael Flatley's "The Lord of the Dance" and Vicky Leandros. The CTO also supported a rock music concert by the group "Scorpions", the 1st

Mountain Bike Races "Afxentia" and "Oroklini E1", the Aphrodite Marathon and Half Marathon Races, the Pafos Marathon, The Lemesia athletic events, Tennis and Sailing Tournaments, the European Futsal University Championship, Golf and Football Tournaments.

In 2004, the CTO, in co-operation with the Cyprus Cycling Federation, started all necessary procedures to organise the first MTB Marathon World Cup race, which will be held in Limassol (Germasogeia) on the 10th of April 2005.

The Organisation created and sponsored the team "Bikin" Cyprus', which will, through participation in biking competitions in the European main tourism source-markets, enhance the CTO efforts for the promotion of biking tourism in Cyprus and ensure the island's inclusion on the European map of mountain biking venues.

The Organisation also undertook the costs for the advertising and promotion in Europe, the Middle East, and the Gulf Counties, for the Cyprus Rally, which is a World Championship event.

## PROMOTION OF THE CYPRUS TOURIST PRODUCT

International Cyprus Opera Festival with the "Rousse" Bulgaria State Opera, two concerts with the "Buena Vista Social Club" from Cuba and Cesaria Evora, as well as the annual events, International Festival of Ancient Greek Drama, the "Great Ballets" organised by the Limassol Municipality, the European Limassol Festival, the musical "Grease" organised by the Larnaka Municipality and the opera "Rigoletto" by the National Opera of Poland, organised by the Pafos Aphrodite Festival Cyprus.

### Athletic Events

Within the framework of the development of Sports Tourism, the Organisation continued its co-operation 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 and assistance to a number of Olympic teams and committees that have been training in Cyprus for the Athens Olympics. On the occasion of World Tourism Day, dedicated to Sport and Tourism, the CTO honored the Olympic Teams and Committees that chose Cyprus as their training base for the Olympics.

The CTO sponsored a number of athletic events such as the European Championships in Clay Target Shooting, the

### 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 the production of a series of specialised publications that promote Cyprus as the cruise centre of the eastern Mediterranean, as well as participation at the 'Seatrade' fair in Genoa, Italy.

### Publications and Films

In the production of printed material, in addition to maintaining stocks of current publications through reprints, the Organisation implemented a policy of upgrading and renewing its promotional publications, whilst at the same time introducing an easily recognisable corporate identity to link all new publications. During 2004, the Organisation designed new print publications, including a general promotional brochure (in English), a promotional publication on Conference and Incentive tourism (in English), new posters, new visitor maps of Cyprus, plastic and paper bags, and themed wall and desk calendars.

For its audio-visual promotions, the Organisation completed the production of a new film on Cultural Tourism and a DVD Video compilation of eight previous video productions on various promotion topics such as

General and Special Interest Tourism, Conferences and Incentives, Walking, Cycling, etc. Additionally, the Organisation has invited tenders for the production of four new films promoting Athletic Tourism.

#### **Internet**

The website of the Organisation, currently available in seven languages, can be found at the electronic address, [www.visitcyprus.org.cy](http://www.visitcyprus.org.cy) and offers complete information on the Cyprus Tourist Product. It includes the Cyprus Hotel Guide, lists of foreign tour operators that include Cyprus in their programmes, a list of local travel agencies, Information on sightseeing, maps, a calendar featuring the main events taking place in Cyprus and a wealth of other useful information. During 2004 over a million people visited the Organisation's website.

An operational online Trade Section was set up in 2004, which offers information on the CTO and its activities. This can be found at the electronic address, [www.visitcyprus.biz](http://www.visitcyprus.biz).

#### **Promotion through Information Offices**

During 2004, a total of 343,316 persons visited the thirteen Information Offices operated by the CTO in Cyprus, recording an increase of 8% over the respective number in 2003, of 317,879. Specifically, the three Information Offices that operate at the points of entry to Cyprus (Larnaka and Pafos International Airports and Limassol Port) recorded 132,323 visitors. The remaining 210,993 persons visited the CTO Information Offices located in Laiki Geitonia - Lefkosia (Nicosia), Larnaka, Agia Napa, Protaras, Lemesos (Limassol), Germasogeia, Platres, Pafos, Kato Pafos and Polis Chrysochous.



In 2004, Larnaka Marina operated, as in previous years, under conditions of acute lack of available berthing space. The demand for berth spaces, both by Cypriot and foreign yacht owners, has been very strong. At the end of 2004 a total of 418 vessels were at the Marina. 302 of these vessels (72%) were of Cypriot ownership and 116 (28%) of foreign ownership. 561 arrivals and 562 departures of vessels were recorded in 2004 as against 593 arrivals and 553 departures in 2003. 23% of the vessels using the Marina on 31.12.2004 were between 0 and 9 metres long, 56% between 10 and 14 metres long, 13% between 15 and 20 metres long and 8% over 20 metres long. The ownership of vessels (Cypriot and foreign), their distribution according to their length and the arrivals and departures that were recorded in 2004 are displayed graphically in Diagrams 2 - 7.

The main services rendered at the Marina are:

- Facilities for the safe mooring of vessels and their connection to electricity and water supplies.
- Lifting/launching and repair/maintenance of vessels by private companies.
- A fire-extinguishing network with separate fire extinguishing terminals connected to a central system of pressurised water.
- Towing 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.

## LARNAKA MARINA

- Provision of weather information and broadcasting of severe weather warning bulletins in collaboration with the Meteorological Service.
- Provision of information regarding the Marina and Cyprus in general.
- Direct telephone connectivity to almost every part of the world.
- Connection to the Internet and provision of e-mail, postal and fax services.
- Common areas offering amenities such as toilets, showers, laundry machines and mini-storage facilities.

DIAGRAM 2

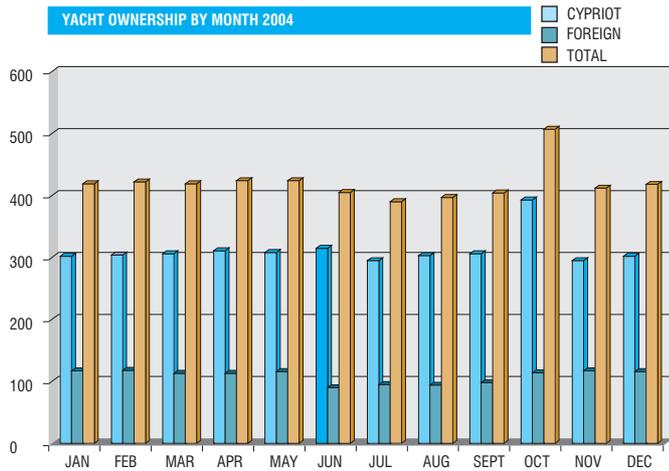


DIAGRAM 5

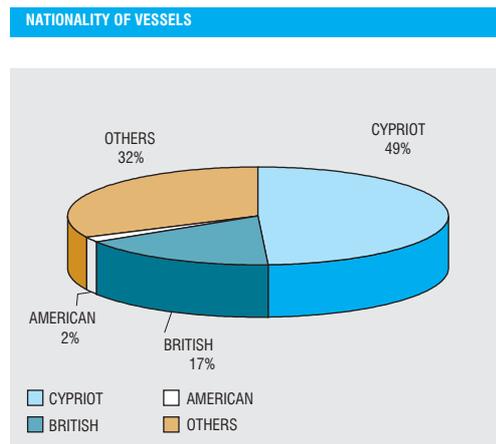


DIAGRAM 3

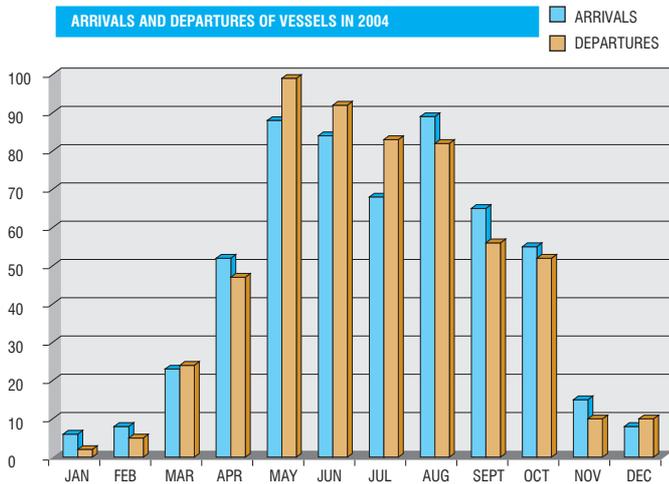


DIAGRAM 6

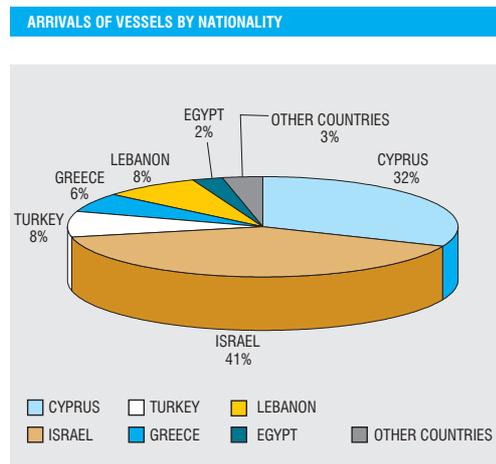


DIAGRAM 4

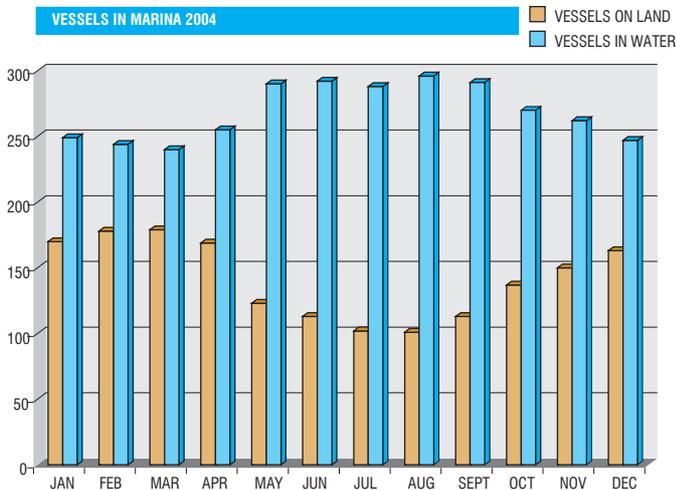
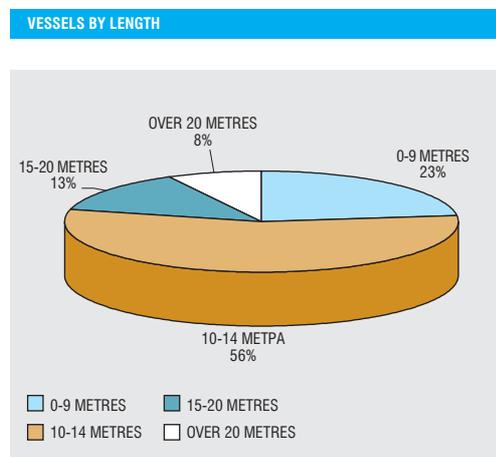


DIAGRAM 7



**PRODUCTION**

CYPRUS TOURISM ORGANISATION

**DESIGN**

ACTION GLOBAL COMMUNICATIONS

**PHOTOGRAPHS**

CYPRUS TOURISM ORGANISATION  
ACTION GLOBAL COMMUNICATIONS  
HELEN STYLIANOU, DENNY ROWLAND

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