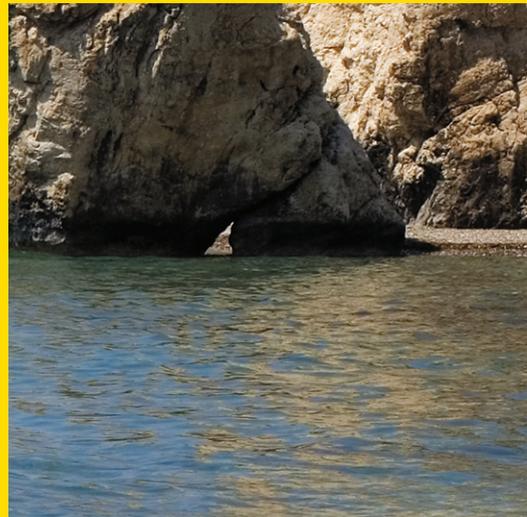




Love Cyprus



ANNUAL REPORT 2006
CYPRUS TOURISM ORGANISATION



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Chairman's message

It is with great pleasure that I present you with our annual report for the year 2006.

Tourism is a mainstay of our economy and as such is given top priority. It enhances economic growth and strengthens our country's commerce, construction and manufacturing sectors. Furthermore, it promotes balanced peripheral development.

Our country has much to offer its visitors. Cyprus is undeniably an attractive tourist destination, with a rich cultural heritage and a diverse and beautiful natural environment. But most importantly, it has a renowned tradition of hospitality.

However, we should take into account the fact that the rapidly developing tourist industry is becoming increasingly competitive. We not only have to keep up with our competitors, but also must face the fact that Cyprus is geographically a long way from its traditional tourist markets. As a result, travelling costs are higher, making tourist packages for Cyprus more expensive than those for other destinations.

This is something we must compensate for by providing a better service.

We acknowledge the fact that we must be continuously vigilant and adaptable to the new environment; we must be ready to effectively adopt modern trends, yet simultaneously proceed with the successful implementation of our revised strategic plan. With hard work and enthusiasm we will continue our task of providing quality improvements to our tourist product so that, in turn, we will increase the number of visitors to Cyprus.

Tourism should be foremost on our minds. Everyone should be directly or indirectly involved in this effort to contribute and motivate. Together we can raise the quality of our services and strengthen our country's position on the global tourist map, for the benefit of us all.



Mr. Panos Englezos
CHAIRMAN

Director General's message

The past year has been marked by several unfortunate events, including the political crisis in Lebanon and Iraq, increased fuel costs, terrorist acts and the introduction of several new, highly competitive travel destinations. All of which have had an adverse affect on the Cyprus tourism industry.

In spite of these problems and the Organisation's limited budget, we have moved decisively to establish the 3 core elements of our Strategic Plan, i.e., marketing, product and value/quality. In addition, we achieved considerable progress in the implementation of all aspects of our strategy and I feel confident that we have set strong foundations for the future.

2006 saw the launch of our new advertising campaign, Love Cyprus. So far this campaign has proved to be highly successful and we are still receiving positive feedback from it. Strengthening our ties with public relations companies has helped us to promote our product internationally in a more effective way. We participated in 129 tourism exhibitions, made improvements to our promotional material and have expedited the implementation of e-marketing strategy.

The CTO has also intensified its efforts to increase and introduce new, realistically priced and convenient air transport connections to Cyprus, from established and new markets.

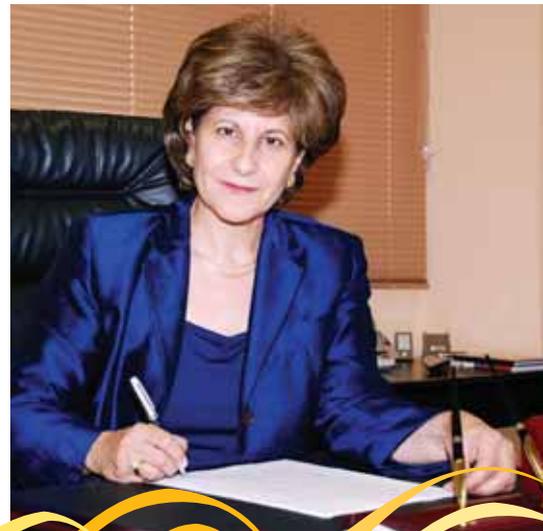
Our efforts have made possible the involvement of every sector of the industry using newly created and appointed Regional Bodies for Tourism development and promotion. In 2006, we organised the first-ever world conference for religious tourism, which laid the foundations for the networking in this specialised activity both in Cyprus and abroad. At the beginning of 2007, a conference on medical tourism was successfully organised, and we've also received very positive comments on the European Tourism Forum, which we organised in Limassol in November 2006 together with the Finnish Presidency of the European Union and the European Commission.

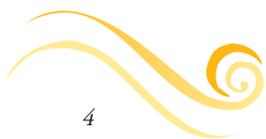
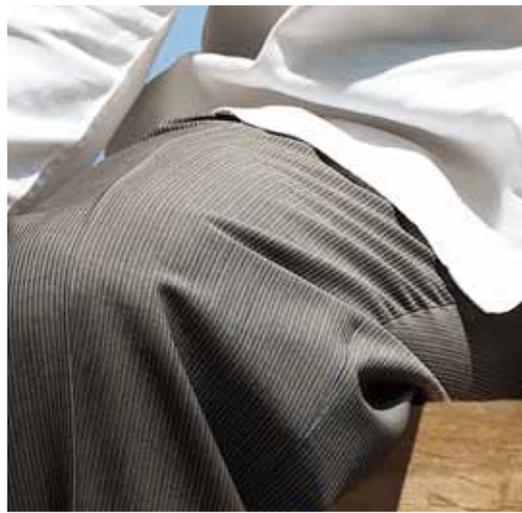
The Organisation also launched the promotion of Rural Tourism with two carefully planned networks of tourist routes; i.e. cycling routes and wine routes. Both projects are co-funded by the European Union's Structural Funds. During the year, the CTO also hosted many athletic events and sponsored several significant international cultural events.

During 2006, we received several important international awards. The Administration Department received the European Award for Business Excellence (EFQM) and the Services Department continued its successful implementation of the ISO system. CTO stands at international tourist exhibitions also received awards for their design, functionality and originality.

We are fully aware that the modernization of our strategy and its fast and efficient implementation is mandatory. Many challenges lie ahead and we must address them and dedicate ourselves to overcoming them. Based on the New Structure, we are working on the re-organisation of the CTO's services and departments, not only to enhance their efficiency but also for them to be able to adapt more readily to the continuously changing tourism environment.

In conclusion, I would like to assure everybody that my colleagues, all of whom I sincerely thank for their efforts, and myself, are committed to working hard to overcome any obstacles in order to successfully achieve our goals. Our vision and sense of responsibility for the substantial improvement of our tourist product, is our driving force.





Set-Up and Structure of Services of the Cyprus Tourism Organisation



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. The members of the Board of Directors until 31.7.2006 were the following:

CHAIRMAN: Mr. Photis Photiou - *Accountant-Auditor (until May 2006)*

VICE-CHAIRMAN: Mr. Alecos Oroudiotis - *Lawyer*

MEMBERS: Mr. Nicos Aristeides - *Economist Businessman*
Mr. Loizos Kartoudes - *Businessman*
Mr. Costas Kolakides - *Civil Engineer*
Mr Yiannis Kouis - *Senior Lecturer*
Mrs Cleopatra Mylona – Michaelidou - *Banker – Economist*
Mr. Leontios Vryonides - *Economist*
Mr. Kendeas Zambirines - *Economist*

As from 1.8.2006 the nine members of the Board of Directors were the following:

CHAIRMAN: Mr. Panos Englezos - *Businessman*

VICE-CHAIRMAN: Mr. Andreas Panayides - *Former Educator*

MEMBERS: Mr Loizos Kartoudes - *Businessman*
Mr Kyriacos Kokkinos - *Director General IBM Cyprus*
Mr Yiannis Kouis - *Senior Lecturer*
Mrs Cleopatra Mylona – Michaelidou - *Banker – Economist*
Mr Georgios Mintis - *Lawyer*
Mr. Leontios Vryonides - *Economist*
Mrs Vassoula Zachariadou - *Purchase Manager Cybarco Ltd*



DIRECTOR GENERAL

The four Directors of Tourism, Mrs. Phoebe Katsouris, Mr. Michael Metaxas, Mrs. Annita Demetriades and Mr. Lefkos Phylaktides carried out the duties of the Director General on a monthly, rotation basis, during 2006. As from December 2006, Mrs. Phoebe Katsouris was appointed Director General of the Organisation.

LEGAL ADVISOR

Mr. Christos Triantafyllides continued during 2006 to offer his services as the Organisation's Legal Advisor.

AUDITORS

During 2006, 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: the Administration, Accounts/Financial Services and Registry Department, the Strategy Department, the Marketing Department and the Quality Assurance Department.

The Organisation's offices and departments operate as follows:

The Head Offices that are based in Lefkosia. Directors of Tourism are, Mrs Phoebe Katsouris, Head of the Strategy Department, Mr Michael Metaxas, Head of the Marketing Department, Mrs Annita Demetriadou, Head of the Administration, Accounts/Financial Services and Registry Department and Mr Lefkos Phylaktides, Head of the Quality Assurance Department.

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

The Overseas Regional Services that consist of 22 offices: London, Dublin, Frankfurt, Berlin, Paris, Stockholm, Athens, Salonika, Milan, Zurich, Brussels, Amsterdam, Vienna, New York, Moscow, St. Petersburg, Dubai, Tel Aviv, Budapest, Prague, Warsaw and Helsinki.



TABLE 1

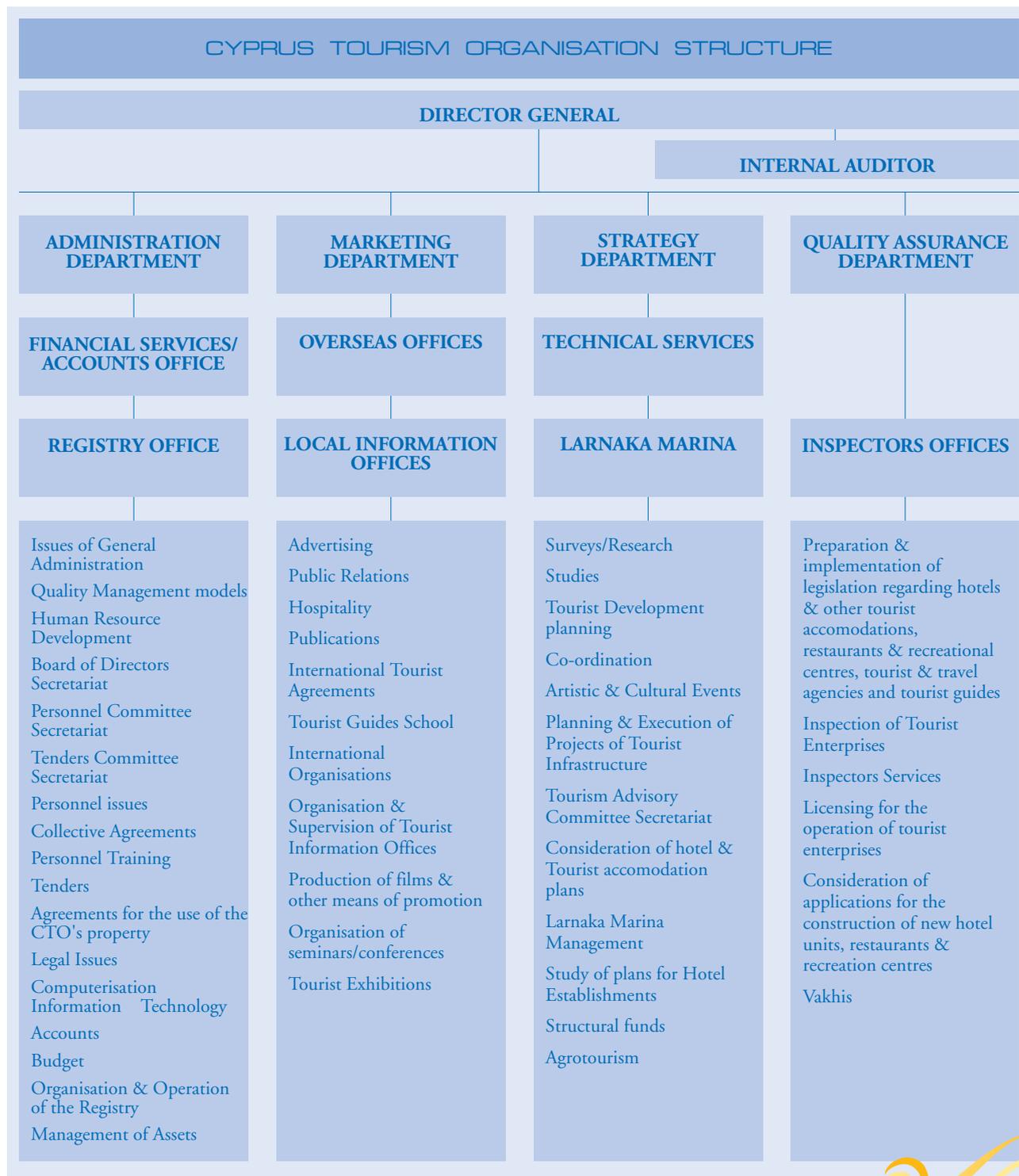


TABLE 2

CYPRUS TOURISM ORGANISATION STAFF POSTS AS AT 31.12.2006				
	HEAD OFFICE	LOCAL	OVERSEAS	TOTAL
DIRECTOR GENERAL'S OFFICE				
SECRETARIAT	2			2
INTERNAL AUDIT	3			3
ADMINISTRATION DEPARTMENT				
ADMINISTRATION	16			16
REGISTRY	29			29
FINANCIAL SERVICES/ACCOUNTS	28			28
STRATEGY DEPARTMENT				
PLANNING	18			18
TECHNICAL SERVICES	9			9
LARNAKA MARINA		13		13
MARKETING DEPARTMENT				
	32	31	91	154
QUALITY ASSURANCE DEPARTMENT				
	18	34		52
TOTAL	155	78	91	324

PERSONNEL

On December 31st 2006 the CTO personnel members (permanent, temporary, on contract, and local staff in offices abroad) were 324. Of these, 155 were employed at the Head Offices, 78 at the Local Regional Offices and 91 at the Overseas Regional Offices. Table 2 allocates CTO personnel, as at 31.12.2006.

TRAINING & DEVELOPMENT CENTRE

During 2006, the Training & Development Centre established and operated within the premises of the Organisation, continued offering in-house training on several subjects for the staff, as well as training for the tourism professionals. CTO had been organising school visits to its Training Centre during which officers presented the situation and importance of tourism in Cyprus.



EFQM

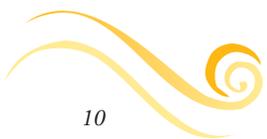
During 2006, the Administration Department had successfully implemented the EFQM model for Management Excellence and was awarded the prize “Committed to Excellence”. CTO is the first public / semi-governmental Organisation to receive this prize in Cyprus.

BOARD OF DIRECTORS' MEETINGS

In 2006, the Board of Directors held 44 meetings and decided on a number of tourist policy related issues. The Board of Directors also approved the 2007 Budget of the Organisation, the 2005 Final Accounts, the overseas advertising campaign and other promotional events abroad.

The Personnel Committee and the Tenders Committee, to which the Board had transferred its corresponding responsibilities for the better and faster implementation of CTO matters, held 14 and 28 meetings respectively, during which they discussed and took decisions upon issues falling within their competence.





Financial Position of the Cyprus Tourism Organisation



The total income has decreased by 8% due to the decrease of the income from the levy of 3% on hotel bills (£11.049.330) and restaurant bills (£7.827.306).

The state subsidy has increased significantly in 2006 (£16.000.000 – 114%), because the levy of 3% on hotel and restaurant bills has been abolished since 01/01/2006.

The total expenditure has increased by 9% due to the increase of the promotion and publicity expenses (£1.282.315) and the increase of the product development and organisation expenses (£1.594.841).

The debtors have decreased (£3.740.159 – 64%) mainly due to the decrease of debtors relating to the levy of 3% and licence fees.

The cash at bank and in hand (including bank overdraft) has decreased by 62% (£5.786.935) due to the abolition of the levy of 3% and the increase of total expenditure.

The creditors have decreased (£3.459.862 – 28%) mainly due to the decrease of creditors relating to advertising (inclusive of VAT).

The taxation charge of £420.000 relates to the tax liability of the Organisation for the years 1983-2006.



TABLE 3

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2006		
	2006 £	2005 £ (as restated)
Income		
State subsidy	30.000.000	14.000.000
Levy on hotel bills	159.253	11.208.583
Levy on restaurant bills	69.584	7.896.890
Licence fees	319.677	356.553
Operation of tourist pavilions and other CTO establishments	672.167	635.260
Other income	1.459.461	1.399.144
	32.680.142	35.496.430
Expenditure		
Salaries	5.985.457	5.698.480
Compensation, fees and other benefits	907.329	808.617
Administration expenses	835.015	804.077
Promotion and publicity	26.787.114	25.504.799
Organisation and development of tourist product	3.222.388	1.627.547
Training and education	65.861	81.346
Operation of Larnaca Marina	138.167	129.525
Sundry expenses	289.852	240.307
Depreciation and loss on disposal of fixed assets	212.234	262.554
Exchange differences	51.427	16.562
	38.494.844	35.173.814
(Deficit) / surplus for the year before taxation	(5.814.702)	322.616
Taxation	(420.000)	-
(Deficit) / surplus for the year after taxation	(6.234.702)	322.616

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

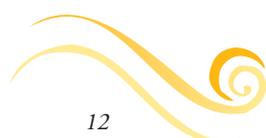


TABLE 4

BALANCE SHEET AS AT 31ST DECEMBER 2006

	2006 £	2005 £ (as restated)
ASSETS		
Non-Current assets		
Fixed assets	2.839.791	2.672.726
Total non-current assets	2.839.791	2.672.726
Current assets		
Debtors	2.059.738	5.799.897
Prepayments	440.301	364.009
Cash at bank and in hand	4.307.624	9.920.757
Total current assets	6.807.663	16.084.663
TOTAL ASSETS	9.647.454	18.757.389
EQUITY & LIABILITIES		
Equity		
Reserves – Income and Expenditure account	(796.274)	5.438.428
Total equity	(796.274)	5.438.428
Long-term liabilities		
Taxation	420.000	–
Total long-term liabilities	420.000	–
Current liabilities		
Creditors	9.062.687	12.522.549
Receipts in advance	256.046	265.219
Bank overdraft	704.995	531.193
Total current liabilities	10.023.728	13.318.961
TOTAL EQUITY & LIABILITIES	9.647.454	18.757.389

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



Developments in the International Tourism Market



As at June 2007, according to preliminary data and estimates of the World Tourism Organisation (UNWTO), the international tourist flow in 2006 increased by 4,9% as compared to 2005, reaching 842 mil. tourist arrivals as against 802 mil. in 2005.

Tourist traffic in Europe grew by 4.3% in 2006 to reach 456,9 mil. tourist arrivals, as compared to 438,3mil. in 2005. Especially as far as the Southern / Mediterranean European region is concerned, tourist arrivals recorded a 4,4% increase.

It is worth noting that an increase in tourist arrivals in 2006 was recorded in all regions of the world. The greatest rate of increase was observed in Africa (9.8%), while a significant increase was also recorded in Asia and the Pacific Countries (7,8%) and the Middle East (6,0%). Tourist arrivals were also higher than 2005 in all other world regions, but such positive rates of change still lagged behind the global average (Europe saw arrivals rise by 4,3%, and the Americas by 2,1%). As far as market share is concerned, Europe held on to its dominant position in the global tourist market despite experiencing a marginal decrease in market share (54,3% in 2006 versus 54,7% in 2005), as arrivals in Europe grew at a rate slower than the global average. Asia and the Pacific countries and the American Continent rank second and third, but while the share of the former rose from 19,4% in 2005 to 19,8% in 2006, that of the latter fell from 16,6% in 2005 to 16,2% in 2006.

As far as international revenue from tourism is concerned (including revenue from international passenger transport), according to preliminary data and estimates of the UNWTO, there was a rise from US\$678 bn. in 2005 to US\$735 bn. in 2006 (or, from €545 bn. in 2005 to €586 bn. in 2006)

MAJOR DEVELOPMENTS IN CYPRUS

According to the results of the Passenger Survey conducted by the Statistical Service of the Republic of Cyprus upon the arrival of passengers in Cyprus, tourist arrivals in 2006 recorded a decrease of 2,8% as against 2005 (2.400.924 in 2006, 2.470.063 in 2005). Increased arrivals were recorded only in April (a 12,5% rise) and July (marginal increase of 0,7%), while marginal to substantial decrease rates were observed in all other months, ranging from 0,2% in May and 0,9% in June to 21,9% in March.

As far as arrivals to Cyprus from specific main markets are concerned, the U.K. market displayed a 2,3% decrease, but gained slightly in market share (from 56,3% in 2005 to 56,7% in 2006).

From the remaining main markets, some of them did better in 2006 than 2005, such as the Russian (+17,6%), the Swedish (+6,7%) and the Norwegian markets (+4,9%), while other ones performed worse. The latter included, among others, Germany (-16,4%), France (-28,4%), Ireland (-10%) and Greece (-2,6%).

As far as changes in other markets are concerned, on the positive side one may note the great increase recorded in arrivals from the Czech Republic and the increases in the arrivals from Belgium, the Scandinavian Countries and Switzerland, and on the negative side the big reduction in arrivals from Austria and the significant decreases in arrivals from Israel, USA and Italy.

According to the results of the Passenger Survey 2006 conducted by the Statistical Service of the Republic of Cyprus upon the departure of tourists from Cyprus, the per person expenditure of tourists in Cyprus in 2006 had risen by 5,1% in nominal terms in comparison to 2005 (from £407,14 to £427,88). The increase in the average daily expenditure was even higher (5,7%, up from £39,07 to £41,28), since the average length of stay was marginally lower (0,5% reduction, from 10,43 days to 10,28 days).

TOURISM INDICATORS IN 2006

TOURIST ARRIVALS

Arrivals of long-stay visitors (tourists) were reduced by 2,8% in 2006 to 2.400.924 as against 2.470.063 in 2005.

SEASONAL PATTERN OF TOURISM

The distribution of tourist arrivals over the four quarters of 2006 was as follows: January-March 9,5% (the respective percentage for 2005 was 10,9%), April-June 32,1% (30,4% in 2005), July-September 39,7% (39,6% in 2005) and October-December 18,7% (19,1% in 2005).

ARRIVALS OF EXCURSIONISTS

Arrivals of excursionists in 2006 totalled 228.254, recording an increase of 22,3% in comparison to the corresponding 2005 figure (186.679).

Increase was recorded only in the arrivals of excursionists who participated in cruises (this figure has risen by 25,4%, from 175.699 in 2005 to 220.347 in 2006). The arrivals of same-day tourists fell by 16,5% (from 8.555 in 2005 to 7.145 in 2006) and the number of transit visitors also fell by 69,0% (from 2.455 in 2005 to 762 in 2006). It should be noted that the arrivals of the excursionists who participated in cruises in 2004 were 119.203, therefore the corresponding 2006 figure was higher by 84,9% as compared to 2004.

Excursionists participating in cruises in 2006 came mainly from Israel (34% of the participants), Germany (21%), Italy (19%), France (10%) and the rest from other countries.

INCOME FROM TOURISM

Gross receipts from tourism in 2006 were estimated at £1.037 million, displaying an increase of 2,3% over the 2005 receipts (£1.014 million) in nominal terms.

According to preliminary data, revenue from tourism was estimated to have accounted for 12,4% of the country's Gross Domestic Product for 2006, down from 12,9% in 2005.



DEVELOPMENTS IN THE SUPPLY OF HOTEL BEDS

The total hotel bed supply in licensed accommodation units fell from 95.592 beds that were in operation on 31.12.2005 to 93.957 on 31.12.2006. Of all the hotel beds that had been in operation at the end of 2006, 53.266 belonged to 237 star hotels, 22.189 to 243 hotel apartments of all classes, 6.698 to 22 tourist villages A' and B' class, and the remaining 11.804 to tourist villas, tourist apartments, furnished apartments, traditional houses, hotels without star, guest houses and camping sites.

GUESTNIGHTS IN TOURIST ACCOMMODATION ESTABLISHMENTS

Guestnights in all accommodation categories in 2006 decreased by 4,1% as compared to 2005, to reach a total of 14.438.592 as against 15.058.319 in 2005. A reduction in guestnights was recorded in most areas, ranging from 9,0% in Lemesos to 1,2% in Agia Napa. Increase in guestnights was recorded only in Lefkosia (17,0%) and the Hill Resorts area (2,8%).

As far as guestnights of foreign tourists in all categories of licensed accommodation establishments in 2006 are concerned, they fell by 5,0% as compared to the corresponding figure of 2005 (13.310.257 in 2006 and 14.006.282 in 2005).

The guestnights of Cyprus residents in all categories of licensed accommodation establishments in 2006 displayed an increase of 7,3% in comparison to 2005 (from 1.052.037 in 2005 to 1.128.335 in 2006).

ARRIVALS AT TOURIST ACCOMMODATION ESTABLISHMENTS

Arrivals at licensed accommodation in all categories in 2006 were increased by 3,1% as compared to 2005, to reach a total of 2.287.229 as against 2.218.786 in 2005. Varying rates of increase were recorded in all areas (ranging from 1,7% in the Hill Resorts area to 7,5% in Pafos), with the exception of two areas, where a marginal decrease was recorded (Agia Napa with 0,6% and Lemesos with 0,8%).

TABLE 5

INTERNATIONAL TOURIST ARRIVALS 2005-2006 ARRIVALS (IN MILLION)			
	2005	2006*	% CHANGE 2006/2005
World	802,0	842,0	4,9%
Europe	438,3	456,9	4,3%
Asia and the Pacific	155,4	167,4	7,8%
Americas	133,2	136,0	2,1%
Africa	37,3	40,9	9,8%
Middle East	38,3	40,7	6,0%

*Preliminary estimates and forecasts

UNWTO data, as at June 2007

TABLE 6

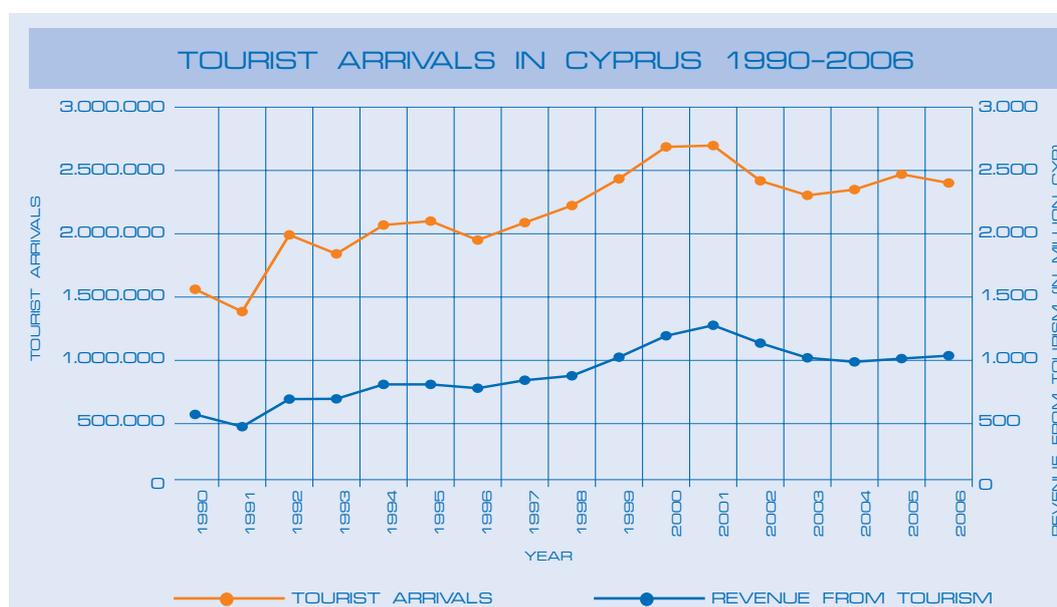
5-1 STAR HOTEL BED CAPACITY 2005-2006						
	5*	4*	3*	2*	1*	TOTAL
2005	10.463	21.057	16.465	4.331	1.060	53.376
2006	10.461	21.407	16.070	4.268	1.060	53.266

TABLE 7

BED CAPACITY IN HOTEL APARTMENTS AND OTHER ACCOMMODATION 2005-2006								
HOTEL APARTMENTS					TOURIST VILLAGES	TRADITIONAL HOUSES	OTHER*	TOTAL
	DELUXE	A CLASS	B CLASS	C CLASS				
2005	234	9.887	11.048	1.822	6.698	755	11.772	42.216
2006	234	9.435	10.748	1.772	6.698	866	10.938	40.691

*Tourist Apartments, Furnished Apartments, Tourist Villas, Hotels Without Star, Guest Houses and Camping Sites.

DIAGRAM 1



Arrivals of foreign tourists in all categories of licensed accommodation establishments rose marginally by 0,5% in comparison to 2005 (1.770.704 in 2006 and 1.762.658 in 2005).

Arrivals of Cypriot residents in all categories of licensed accommodation establishments displayed an increase of 13,2% (from 456.128 in 2005 to 516.525 in 2006).

AVERAGE NET BED OCCUPANCY RATES

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

The average net bed occupancy in all tourist accommodation establishments in 2006 fell by 1,7 percentage points as compared to 2005 (from 59,49% in 2005 to 57,80% in 2006).

As far as star hotels are concerned, their average net bed occupancy rate in 2006 fell to 56,41% as compared to 58,52% in 2005, thereby recording a decrease of 2,1 percentage points.



Implementation of the Strategy for Tourism Development 2003-2010

A. GENERAL - PUBLIC SECTOR

The Council of Ministers with its Decision no. 59.218 of 7.1.2004, set up the mechanisms to monitor the Implementation Plan of the Strategy for Tourism Development 2003-2010. Specifically, it has decided the following:

- i. To set up a Ministerial Committee chaired by the Minister of Commerce, Industry and Tourism and consisting 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. Each of the involved Ministries is to appoint a coordinator, who will have the responsibility of monitoring and coordinating the actions undertaken by the respective Ministry according to the Implementation Plan.

Regular meetings of the Organisation with the Ministries involved in the implementation of the Strategy for Tourism Development are being held, in order to monitor the progress made and to discuss ways of expediting actions in areas of importance.

Additionally, the Board of Directors of the Cyprus Tourism Organisation monitors on a regular basis the progress made in actions to be undertaken by the Organisation, within the framework of the implementation of the Strategy for Tourism Development.

In 2006, pursuant to the above Decision of the Council of Ministers the Organisation, in cooperation with all the Ministries involved, drafted the Second Progress Report on the Implementation of the Strategy for Tourism Development, which covers the period from June 2005 – May 2006. This report was submitted to the Ministry of Commerce, Industry and Finance and discussed at the competent Ministerial Committee.

In another development, the Organisation decided in 2006 to commission an independent foreign consultancy firm to conduct a study on the progress made in the implementation of the Strategy for Tourism Development and the need for an update / review. Within the framework of the study, deliberations were held between the consultants and the stakeholders of the public, general public and private sectors, both in private and in a common workshop. The Final Report of the study has been submitted to the Organisation and it is being evaluated.

B. PRIVATE SECTOR - TOURISM CONSULTATIVE COMMITTEE

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

In 2006, the Committee met once with the Board of Directors of the Organisation, under the chairmanship of the Ministry of Commerce, Industry and Tourism, and dealt mainly with the implementation and the update / review of the Strategy for Tourism Development. Additionally, the private sector stakeholders participated in a common workshop within the framework of the study on the progress made in the implementation of the Strategy for Tourism Development and the need for its update / review, and they were given the opportunity to express their views.

The involvement of the private sector in the implementation of the Strategy is also discussed in meetings held between the CTO Board of Directors and the Cyprus Hoteliers Association, the Association of Cyprus Tourist Enterprises and the Association of the Cyprus Travel Agents, and in the meetings of the CTO and the Regional Tourism Bodies.

C. LOCAL AUTHORITIES

The CTO Board of Directors was briefed on the results of the deliberations between the Organisation and the Local Authorities regarding the plans of the latter for the next five years about the activities they will be undertaking towards the implementation of the Strategy for Tourism Development. For purposes of monitoring the implementation of these plans, the Organisation and the Local Authorities are working on the prioritization of the planned actions.

D. REGIONAL STRATEGIES

In accordance with the Strategy for Tourism Development, the regions of Lefkosia, Lemesos, Larnaka, Pafos, Ammohostos and the Mountain Resorts have been encouraged to develop Regional Strategies and Action Plans for the development of tourism. The cost of the studies conducted towards the development of these Regional Strategies is subsidized at a 90% rate by the Organisation.

It was recognized that the task of preparing and implementing these regional strategies would be facilitated by the organization of the various tourism stakeholders at the local level. To this end, these stakeholders are encouraged to join forces to form Regional Tourism Development and Promotion Bodies, which will be coordinating tourism development in the above regions. Such bodies will be responsible for the development of the Regional Tourism Strategies and the respective Implementation Plans, the coordination of the implementation activities and the management of the relevant budget. The Organisation has prepared a proposal to the Council of Ministers over the legal framework



governing the establishment and operation of these Regional Bodies. These Bodies are nevertheless expected to exploit other mechanisms and sources of funding as well e.g member contributions, award of funds from Structural Programmes, website management and so on.

In 2006 the Organisation funded certain promotional activities of the Regional Bodies within the framework of its budget and the existing incentive schemes, and offered financial support towards the operation of regional committees / tourism bodies.

E. CTO ACTIVITIES TOWARDS IMPLEMENTATION OF THE STRATEGY

I. STUDIES - RESEARCH

Joint Research Cooperation Between CTO and ERC

The Organisation continued its research co-operation with the Economic Research Centre of the University of Cyprus. The relevant agreement is of an initial duration of three years, with the possibility of further renewal.

In the third year of the research cooperation (June 2006-June 2007) the following research topics will be covered, among others:

- m *Continuation of the survey for the satisfaction of tourists and the evaluation of the Cyprus tourist product.*
- m *Development of an econometric model for the analysis of factors affecting the degree of satisfaction of tourists in Cyprus.*
- m *Creation of a Documentation Centre and a databank of various tourism statistics.*

Research - Studies

Within the framework of the increased emphasis the Organisation places on research and development activities, the execution of the following research projects / programmes has been promoted in 2006:

- m *Research Programme for the Creation of a Databank and the Preparation of Statistical Time Series*

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

- m *Research Programme for the Introduction of a Tourism Satellite Accounts System*

The implementation of a Tourism Satellite Accounts System (TSA), which will allow for a more precise estimation of the contribution of the tourist sector to the economy, is underway. The implementation of the TSA falls within the responsibilities of the Statistical Service of the Republic of Cyprus.

- m *Survey for the Satisfaction of Tourists and the Evaluation of the Cyprus Tourist Product*

The Survey is conducted on a continuous basis by a private market research firm, it is divided in four phases (each phase corresponding to a quarter of the year) and its results are issued on a quarterly basis.



Within its framework, personal interviews of tourists upon their departure from Cyprus are being conducted, 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 qualitative upgrade of the tourist product, as provided for in the Strategic Plan.

A total of 4,937 interviews were conducted in 2006, covering a total sample of 9,973 persons. Tables containing the results of the survey, brief reports for every phase and a full report containing the unified results of the whole year have been prepared.

The execution of the following studies was completed during 2006:

1. Study for the Social Impact from the Potential Creation of Casinos in Cyprus.
2. Study for the Economic Impact on the Tourist Sector and the Wider Economy from the Possible Creation of Casinos in Cyprus.
3. Study for the Development of 'Wellbeing and Pampering' Special Products.
4. 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.
5. Survey for taking stock of the Current Conference Tourism Product / Conference Facilities in Cyprus.
6. Survey / Compilation of Statistical Data for Sports Tourism (Priority Sports).
7. Market Research Study for the U.K. Market.
8. Market Research Study for the Greek Market.
9. Market Research Study for the Russian Market.
10. Study for the Design and Development of Wine Routes in Cyprus.
11. Study for the Design and Development of a Cycling Route Network.
12. Study for the Design and Development of a Religious Route in the Objective 2 Area of the Cyprus Countryside.
13. Compilation of Statistical Data and Market Research for Conference Tourism (the Survey was conducted in 2006 and will be repeated in 2007).

Also, in 2006 tenders were invited by private sector consultants and researchers and / or the preparation for the execution of the following studies, which are expected to commence in 2007, was done:

14. Market Research Study for the Nordic Countries.
15. Study for the Development of an Evaluation System for Sports Events.
16. Survey for the Attraction of Investments Compatible with the Strategy for Tourism Development 2003-2010.
17. Study for the Establishment of a Convention Bureau in Cyprus.
18. Site Selection and Feasibility Study for the Limassol Conference Centre.

Regional Tourism Development Strategy Studies and Action Plans

In addition to the above the CTO finances the 90% of the cost of the Regional Tourism Strategy Studies, and coordinates and monitors their preparation. The Regional Tourist Boards, following invitations to tenders, have commissioned private sector consultants to conduct the studies. In 2006, the studies for Lefkosa, Ammohostos, Lemesos and Larnaka were completed, while the Pafos and the Mountain Resorts studies were in progress.

Creation of a System of Indicators for the Monitoring of Sustainability in Tourism Development

Based on available data, a number of sustainability indicators have been estimated. The list of indicators to be estimated is expected to be completed and publicized in 2007, as the competent government departments are expected to contribute towards their estimation.

II. INFRASTRUCTURE

1. Financial Support Afforded Towards the Execution and Implementation of Studies on Embellishing the Environment in Municipalities and Communities

The Organisation continued to provide financial support to projects aiming at the embellishment of public spaces, the promotion of cultural heritage elements, the creation of event venues, coastal pedestrian ways, public sanitation facilities, green spaces and other infrastructure for culture and nature special products.

2. Cleanliness

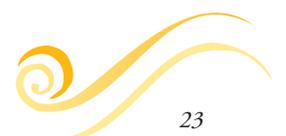
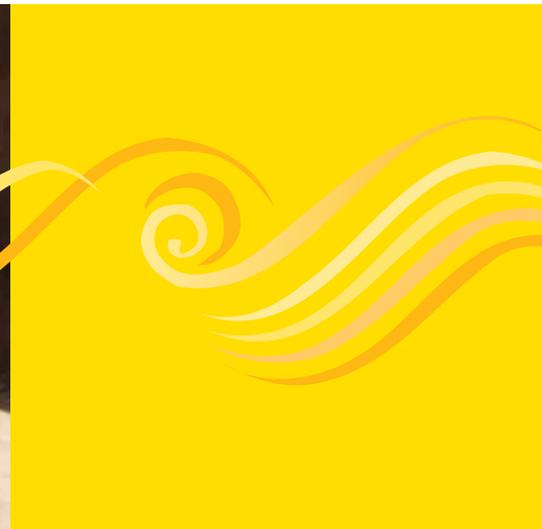
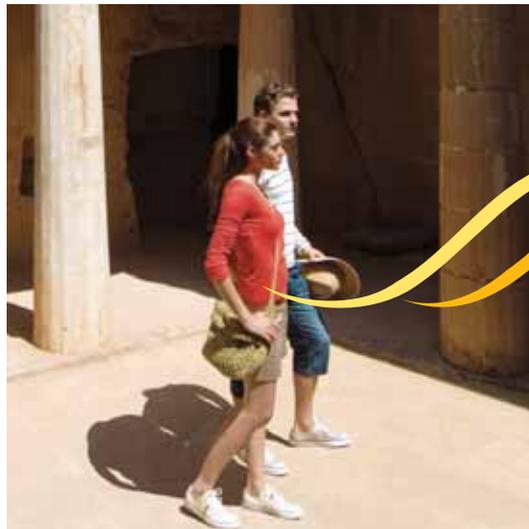
The Organisation continued its efforts towards the competent Authorities in order to promote the establishment of a co-ordinating body and the preparation of a Strategic Plan for cleanliness, which will be revolving around the following four axes:

Improvement and modernisation of the ways and methods of cleanliness and recycling, in order to render them more intensive and effective.

Awareness and mobilisation of the citizens.

Development of environmental awareness in schools.

Follow-up on the actions undertaken.



In 2006, the Organisation provided financial support to a number of bodies towards the cleaning of polluted areas and the undertaking of educational campaigns and pollution-preventing actions. The CTO has also given awards to organisations, associations and local authorities that have promoted such activities.

3. Education and Development of Awareness

The Organisation attaches great importance to the development of environmental awareness among the public-at-large. To this end, it has undertaken activities such as:

The organization of presentations in Elementary Schools all over Cyprus.

The organization of presentations in villages, in co-operation with the Environmental Studies Unit of the Intercollege Research Centre.

The implementation of cleanliness campaigns in co-operation with Elementary Schools.

The design of an Environmental Education Programme in association with the Paedagogical Institute.

The carrying-out of an advertising campaign.

The publishing of a poster promoting cleanliness.

The production of paper bags which will be distributed to car drivers and bathers.

The sponsoring of cleanliness campaigns.

4. Blue Flag Programme

In 2006, "Blue Flags" were awarded to more than 3,100 beaches and marinas in 35 countries. In Cyprus, "Blue Flags" were awarded to a total of 49 organised beaches in 14 municipalities and communities.

The Organisation, within the framework of its role as National Coordinator of the Blue Flag Programme, financially supported the production of the publications "Blue Flags in Cyprus", "Explanatory Guidelines for the Blue Flag Criteria", the production of a poster for the prevention of sea pollution, the purchase of a GPS device, and public works on beaches.

III. SPECIAL INTEREST PRODUCTS

1. Rural Tourism (Agrotourism)

Rural Tourism is considered a high priority special interest product, which revolves around nature and culture. This product capitalizes on the cultural and environmental diversity of the island, thus contributing towards the repositioning of Cyprus as a quality tourist destination.

m Opportunities for E.U. Funding

Within the framework of the E.U. Community Policy for Regional Development, Cyprus has developed and implements the following measures and actions for 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 and the European Agricultural Fund. The Organisation is a member of the respective Monitoring Committees for the two plans.

The Second Invitation for Applications within the framework of the Regional Development Plan was announced in 2006. A total of 84 applications were submitted, but only about half of them were evaluated, due to the exhaustion of the available funds. A total of 39 applications in 29 communities were approved, involving a total investment cost of £9 mil. The corresponding total financial aid granted amounted to £3,6 mil.

m Agrotourist Beds

On 31.12.2006, 88 traditional accommodation units with a total capacity of 710 beds had been in operation in 39 villages. Furthermore, another 31 tourist accommodation units with a total capacity of 1.989 beds had been in operation in nine villages of the Mountain Resorts area.

m Promotion of Agrotourism

The Organisation participated in a series of initiatives for the promotion of the Cyprus Agrotourism Program such as TV and Radio programs, article contributions to various media as well as presentations in rural tourism events and seminars. Such seminars include the European Programme “Forest Recreation and Nature Tourism”, the programme “Agrotourism in the World” of the Polish television “TV Polonia”, a radio programme London Greek Radio “LGR” in the U.K., the “Skylines” magazine of Austrian Airlines, and various radio programmes of the Cyprus Broadcasting Corporation.

m Embellishment Works

The Organisation subsidised embellishment works and sign posting in various villages as well as the preparation of special signs for the traditional houses.

m Cyprus Agrotourism Company

The Cyprus Agrotourism Company, which was established following a CTO initiative, continued the operation of its office, and upgraded its central reservations system and website (www.agrotourism.com.cy) which enables on line bookings (there was an increase in bookings in 2006 in comparison to 2005). The Company was also reinforced with the addition of new members.

As far as promotional activities are concerned, the Cyprus Agrotourism Company participated in the tourist fairs World Travel Market WTM 2006 in London and ITB 2006 in Berlin.

2. Golf Courses

The Organisation played an active role in the drafting of the New Policy for the Development of Golf Courses, which aims at the development of up to a total of 14 courses. Towards the implementation of the New Policy, the Organisation played the role of a coordinator and a catalyst between interested investors and the competent Government Departments, acting towards the solution of problems and the expedition of procedures, in order to promote the development of golf courses.



The development of a stand-alone golf course on government land in Agia Napa has been promoted in 2006. The Forestry Department made amendments to the contract for the lease of the government land to the local joint venture of private and public sector entities “Agia Napa Forest Golf Ltd”, following deliberations with that joint venture.

Within the framework of the co-operation between the Organisation and the Cyprus Golf Federation, the former subsidized the second issue of the specialized publication of the Federation “Golf in Cyprus.”

The Organisation carried out various activities to promote Cyprus as a golf destination such as organization of educational trips, provision of hospitality to tour operators and journalists and sponsorship of international golf tournaments.

An important conference which was held in Cyprus was the Golf Business Forum 2006. Cyprus was chosen to host the 2006 Forum following a presentation given by the Organisation at the Golf Business

Forum 2005, which portrayed Cyprus as an emerging golf destination. A total of 211 participants from 31 countries, and the legendary golfer Gary Player attended the Forum, which received wide international publicity.

3. Nautical Tourism – Marinas

The procedure of the evaluation of the tenders submitted for the marinas of Agia Napa and Lemesos is in the stage of the final negotiations. The Larnaka Marina and Port are promoted jointly as a single project to potential strategic investors, while the tenders received for the development of a Marina in

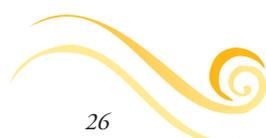
Pafos are under evaluation. Upgrading and extension works are being carried out in the various fishing shelters and small ports along the coast of Cyprus.

4. Casino

A series of preparatory studies are being prepared by the Organisation prior to the decision to be taken by the Government for the establishment of casinos in Cyprus. The two studies conducted by independent consultants on the financial and social impact from the development of casinos in Cyprus have already been completed, with useful results and recommendations.

5. Cultural Tourism - Cultural And Artistic Events – Cultural Routes

The preservation, enhancement and promotion of the island’s tradition and history as well as the active and continuous support of the cultural expression of contemporary Cypriots are fundamental preconditions for the successful repositioning of Cyprus on the international tourist map. As the



Organisation aims at the development of the appropriate tourist product, it promotes and subsidises the organisation of artistic, cultural and other events related to the Cypriot tradition and culture. Moreover, the Organisation intends that these events be held throughout the year and cover all areas of Cyprus. In 2006 the Organisation organised the following four cycles of events:

Musical Sundays

Summer Nights in Polis Chrysochous

Cultural Winter (in co-operation with the Agia Napa and Paralimni Municipalities)

Cyprus: A Treat of the Soul (in Pafos)

The CTO also provided financial support towards the organisation of events by internationally famous artists such as concerts by Sting, the Scorpions, the Stomp and the Mozart Orchestra of Vienna, the International Festival of Ancient Drama, the musical “My Fair Lady”, the opera “Un Ballo in Maschera” of the Marinski Theatre of St. Petersburg and the performance “Lord of the Dance” of Michael Flatley. At the same time, the Organisation also afforded financial support to a great number of cultural and artistic events organised by local authorities, non-profit organisations and festival organizers.

Additionally, in 2006 the CTO offered financial support to the following new thematic events, which have been organized in 2006 for the first time:

Eis Afroditi Festival, at Geroskipou and Kouklia

Agia Napa Medieval Festival

Euro-mediterranean Festival of Folkloric Dances in Larnaka

Mediterranean Folkloric Festival of Lemesos

As far as the Aphrodite Cultural Route is concerned, the Organisation offered financial support towards the publishing of the research conducted by Dr. Jacqueline Karageorghis entitled “Kyprida – the Aphrodite of Cyprus” in the Greek language. This book is expected to be published by the Levendis Foundation in the first quarter of 2007.

In addition, the Organisation published three posters for the promotion of the Aphrodite Route, and carried out maintenance works of the interpretation centres in the main and secondary areas of the route.

Another E.U. project co-funded by the E.U. Structural Funds which was promoted in 2006, was the “Routes of Wine.” The study for the design and development of the “Routes of Wine” was completed, and the eight wine routes were defined. The sign-posting of the routes and the publishing of the relevant promotional material is under way.

6. Religious Tourism

The First International Conference on Religious Tourism (ICORET) was organized in Lefkosia in October 2006. The Conference, which was organized in co-operation with the UNWTO was a success, as delegates from more than 30 countries participated in it. A special website was created for the purposes of the Conference (at the address www.icoret.org).



This Conference, which was the first of its kind, aimed at bringing together bodies and organizations involved in the field of Religious Tourism, at focusing its work on core subjects and at offering the participants networking opportunities. The conference programme covered topics such as the development of special interest tourism, examples of good practice, the new trends in the field and the protection and preservation of holy sites.

As far as the Religious Routes are concerned, the E.U. Structural Funds will co-fund the design and publishing of a specialized Religious Tourism publication, which will be covering 30 thematic routes and other general topics related to the religious wealth of Cyprus (Byzantine art, music, pilgrimages, customs and traditions and so on).

7. Nature Tourism

The Organisation, within the framework of its role as a member of the European Ramblers Association (ERA), organized on the 10.9.2006 an event entitled “Walking the Nature Trail Teisia Tis Madaris” to commemorate the European Walking Day. The event received publicity via the CTO and the ERA websites, and mass media.

The promotional activities of the European Trail E4 and other nature trails continued in 2006. Such activities involved interviews and articles published in local and foreign mass media, and the organization of educational trips.

The development of new nature trails within the framework of the Rural Development Plan 2004-2006 was completed. This process involved the co-operation between the CTO and the Forestry Department.

The Organisation participated in the UNESCO scientific conference “Olive Routes”, which was held in November in Lemesos. The CTO offered financial aid towards the organization of the Conference, and promoted it through the mass media.

The Association “Cyprus Sustainable Tourism Initiative” published the first brochure with the title “Discover Real Cyprus: Village Routes 1”. The Organisation provided financial support towards the publishing of the brochure, and undertook relevant promotional activities.

8. Sports Tourism

In 2006 the CTO continued to implement the actions included in the Action Plan for the Development of Sports Tourism.

In this framework the Organisation continued to operate the scheme for the subsidisation of the development and / or upgrade of sporting facilities aimed at servicing the sports tourism market. Furthermore, the Organisation successfully continued its policy of co-operation with foreign Tour Operators to attract soccer teams for winter training. The Organisation also offered financial support to teams and athletes of other sports such as swimming, triathlon and track and field, who chose Cyprus for training.

In 2006 the Organisation also offered financial support towards the hosting of an increased number of international sports events in Cyprus. Such events included the Cyprus Rally, the Troodos Middle Eastern Rally, the Balkan Youth Swimming Championship, the international tournament FIVB Challenger Beach Volley, the basketball game FIBA All-Star Game, international cycling races, golf and sea sports events.

The survey conducted towards the collection of statistical data for the priority sports (soccer, swimming, cycling, track and field – triathlon) has been completed.

9. Cycling Tourism – Cycling Routes

The design of a cycling routes network in the Objective 2 areas of Cyprus has been completed, and the development of the first phase of the network in the Troodos area is under way. These routes make a new product offering which will facilitate the further development of tourist activity and contribute towards the strengthening of the local economy by complementing other new products such as the thematic routes. The project is co-funded, at a 50% rate, by the E. U. Structural Funds and the Organisation.

The construction and installment of vertical and horizontal signing and other complementary structures has been awarded to a private sector contractor, and according to the relevant timetable, the works will be completed in 2007.

The cycling team “Bikin’ Cyprus” has continued to participate in cycling competitions in 2006, taking part in many European events and thus promoting Cyprus as an ideal biking destination.

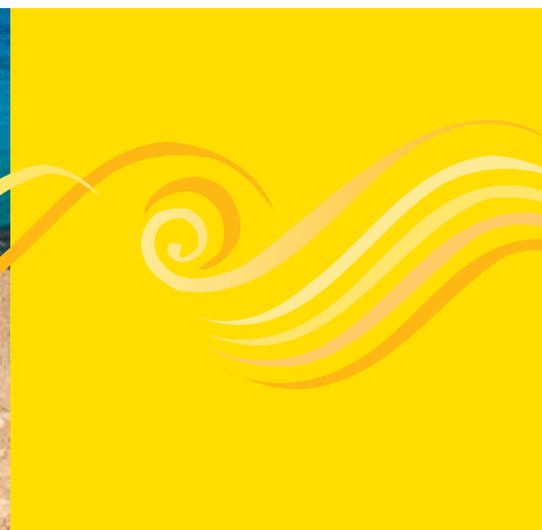
An international cross-country mountain bike race was successfully held in Germasogeia. This event, which attracted famous foreign athletes, was co-organised by the Cyprus Cycling Federation and the CTO.

The Organisation participates as a partner in the Cyronmed programme of the E.U. initiative Interreg IIIB – Archimed. This programme concerns the design of a unified Mediterranean cycling route network across Cyprus, Greece, Malta and Italy.

10. Health Tourism

The study for the Development of “Wellbeing and Pampering” Special Products was completed, and its main findings were presented to the stakeholders of the sector.

As far as medical tourism is concerned, the CTO participates in the deliberations with other stakeholders from the private and public sectors taking place within the framework of the Body for the Promotion of Medical Services in Cyprus, which was founded in association with the Cyprus Chamber of Commerce and Industry. The Organisation also participates in the Ministerial Committee, which has been commissioned to propose ways to promote the further development of this sector.



A workshop on the development of medical tourism in Cyprus was held, with special emphasis given on the subject of clustering of services.

The CTO participated in the World Health Tourism Congress in Germany, and won the bid to organize the next Congress in Cyprus, in March 2007, which will be sponsored and supported by the Organisation.

11. Conference and Incentive Tourism

Following the decision taken by the Government to support the effort to develop an International Conference Centre in Lemesos the Organisation, in co-operation with the Limassol Chamber of Commerce and Industry, invited tenders for a site selection and feasibility study for the Conference Centre.

The Organisation also participates in the deliberations for the execution of the Master Plan of the Cyprus State Fairs Authority and the utilization of the Nicosia Conference Centre.

Certain activities towards the assessment of the current situation in the conference sector were undertaken, such as collecting statistical data and taking stock of the existing conference infrastructure.

In addition to the above, the CTO provided guidance and financial support to the organisers of big conferences. The Organisation also introduced successfully a scheme providing financial support towards the submission of bids for the hosting of international conferences in Cyprus.

12. Theme Parks

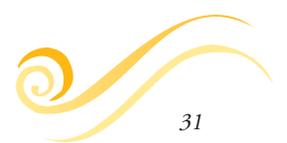
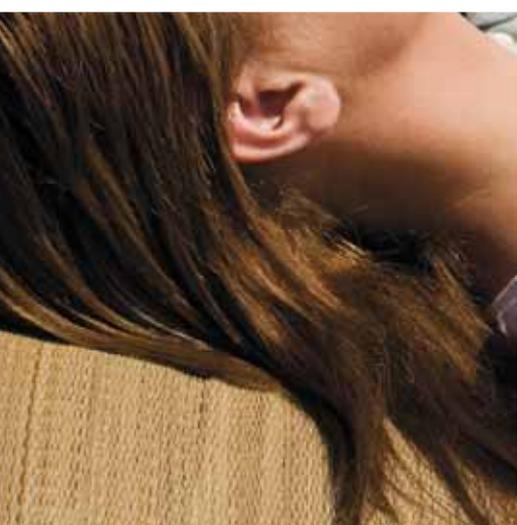
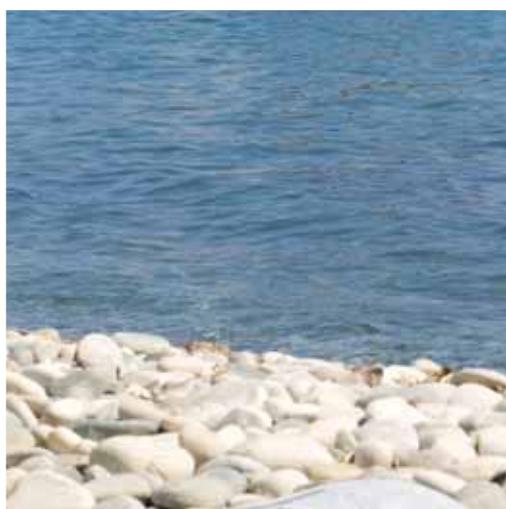
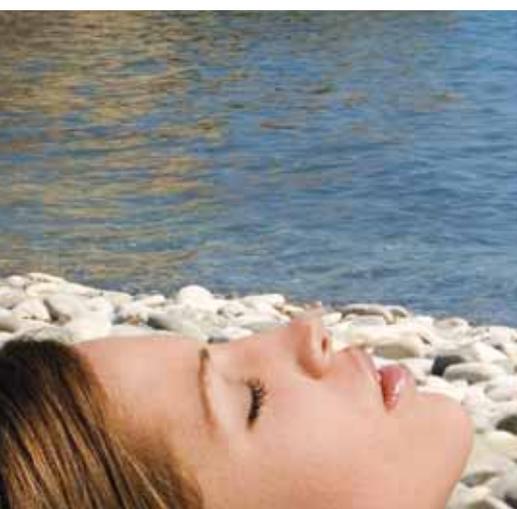
The findings of the study for the development of theme parks and theme centres in Cyprus were presented to the stakeholders of the sector. The Organisation maintains contact with investors who have displayed an interest in investing in the sector, and supports them in various ways.

As far as the development of theme centres in the Mountain Resorts is concerned the Organisation, in co-operation with the respective Regional Tourism Body, has been conducting a series of presentations in the area and has submitted its proposals to the Ministry of Agriculture, Natural Resources and the Environment for the Programming Period 2007-2013.

13. Incentive Scheme for Investment in Ancillary Projects

The new incentive scheme directed at tourism SME's for the development of large scale ancillary projects "tourism attractors" and special interest projects, has been amended in accordance with the views expressed by the Ministry of Finance. It was subsequently reviewed by the Office of State Aid Commissioner for compatibility with the E.U. regulations on state aid.

The scheme was proposed for co-financing by the E.U. Structural Funds within the framework of the New Programming Period 2007-2013.



European Union

A. EUROPEAN TOURISM FORUM

The Organisation undertook the hosting of the 5th European Tourism Forum which was held in Lemesos (16-17.11.2006). About 350 participants from the European tourist sector participated in the Forum, which constitutes the greatest gathering of tourism stakeholders in the E.U.. The Forum was co-organised with the European Commission and the Finnish Government which presided over the E.U. during the second half of 2006.

The Forum dealt mainly with the new opportunities and future outlook of European Tourism, and for the first time there were presentations by key figures from the academia and the tourism trade of the E.U. The topics covered centered around the issues of technology, innovative co-operations and new market trends.

The Organisation participated in the Steering Committee for the hosting of the Forum, which was set up following an initiative of the Tourism Unit. Other participants in the Steering Committee included representatives from the European Commission, the Governments of Cyprus and Finland and the private tourism sector stakeholders at the E.U. level.

B. TOURISM ADVISORY COMMITTEE - TOURISM UNIT

The Organisation participated in the meetings of the Tourism Advisory Committee, which is presided by the Tourism Unit of the General Directorate of Business of the E.U..

Following a recommendation by the Tourism Unit, the European Commission approved funds of €1 mil. towards the pilot application of an award system for tourist destinations. The subject the Consultative Committee chose for 2006 was "Rural Tourism Destinations". In response to the relevant invitation by the European Commission, the Organisation submitted its proposal, which was approved. The proposal was prepared by independent consultants, who were commissioned for this purpose.

C. PROGRAMMING PERIOD 2004-2006

PROGRAMMES CO-FUNDED BY THE E.U. STRUCTURAL FUNDS

1. Monitoring Committees 2004-2006

The CTO, as member of the Monitoring Committee of the Programme Complement for Objective 2 and the Monitoring Committee of the Agricultural Development Plan for the programming period 2004-2006, participated in the meetings of the Committees, monitoring the implementation of particular measures and actions carried out within the framework of the relevant programmes.

2. Co-funded Programmes Within the Framework of the Single Programming Document of Objective 2

The Administrative Committee granted its approval towards the co-funding of the three projects which the Organisation proposed within the framework of the Single Programming Document and the Programme Complement for Objective 2 of the E.U. Structural Funds for the period 2004-2006.

The projects, with a total budget of CY€2,4 mil. concern the Design and Development of a Cycling Route Network and a Cultural Route on Wine and the preparation of a Promotional Plan for Rural Tourism, within the framework of which printed promotional material for Religious Tourism will be prepared.

All three projects are managed by private sector project managers, who were commissioned following a tender competition.

3. Co-funded Programmes Within the Framework of the Communal Initiative Interreg

The Organisation participates as a partner in three proposals which have been approved within the framework of the community initiative Interreg III B-Archimed, in cooperation with partners from Greece and Italy. These proposals fall under the Measure 3.2 “Sustainable Tourism Development” and concern the areas of cycling tourism, religious tourism in conjunction to agrotourism, and the development of certification systems for Mediterranean destinations. The implementation of the actions involved in two of the three programmes, the programme CYRONMED (cycling tourism) and MESST (certification systems) has already begun, and the first meetings of the partners of these programmes have been held.

The Organisation also participates as a partner together with other partners from Greece in five proposals within the framework of the cross-border programme Interreg IIIA – Greece-Cyprus, which were approved by the Administrative Authority. These programmes concern actions towards the development of cruise, nature and walking, conference and religious tourism.



D. PROGRAMMING PERIOD 2007-2013

The required preparation and deliberations for the submission of the detailed Organisation proposals for the co-funding of actions and projects from the E.U. Structural Funds, the E.U. Agricultural Fund, and the E.U. Fisheries Fund during the new Programming Period 2007-2013, have taken place. The proposals of the Organisation are based on the Tourism Strategy 2003-2010 and its review and the National Programme for the Lisbon Strategy, in order for all the programmes and strategies to be in complete synergy. These proposals concern actions towards the encouragement of private sector investment in ancillary tourist projects, marketing and promotion of rural tourism, development of an integrated project in the Mountain Resorts area, and other actions of a thematic content (mainly of a cultural nature). The preliminary activities towards the maturing of the proposed projects and actions are already underway.

Also, the Organisation submitted its proposals concerning the new Cross-border Cooperation Programme which falls under the framework of the new Objective 3. This programme promotes interregional and European cooperation and in essence replaces the current Communal Initiative Programme Interreg IIIA “Greece – Cyprus”.

The Organisation participated in relevant meetings at the competent Authorities, as well as in meetings of the Advisory Committee for the Business Plans of the new Programming Period.

The Organisation submitted to the Planning Bureau its proposals, and participated in the workings for the preparation and development of the Regional Aid Map.

E. NATIONAL PROGRAMME OF ACTION FOR THE LISBON STRATEGY

The Organisation, within the framework of the National Programme of Action for the Lisbon Strategy 2005-2008 processed and submitted the measures and actions of the tourist sector which will be implemented and will contribute to the achievement of the goals of the above Strategy.

F. EUROPEAN BUREAU OF CYPRUS

The European Bureau of Cyprus in Brussels aims at providing complete and accurate information and effective support to its members (currently there are 17 members) so as to improve their capacity to exploit the opportunities being made available by the E.U. both in terms of financing and shaping policies in the E.U. The Organisation continues to participate in the Bureau as a partner. The operation of the Bureau is defined by its Memorandum and Articles of Association, and it will be operating as a non-profit institution following the approval of its application for registration by the Registrar of Institutions and Associations. The CTO had participated in the hiring process of an Officer of the Bureau, who is being employed as of October 2006.

G. COMPETITIVE EUROPEAN PROGRAMMES

1. Leonardo Da Vinci Programme: “Green Investments in Tourism Industry”

The European Programme “Green Investments in Tourism” in which the Organisation participated as a partner, was successfully completed. According to the approved final progress report and financial report, the Organisation completely utilized the E.U. funds to which it was entitled as a partner, and closed the programme accounts.

The Organisation also contributed to the dissemination of the programme results i.e the website, the brochure and the following four training manuals:

- 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 Sources in a Tourist Unit

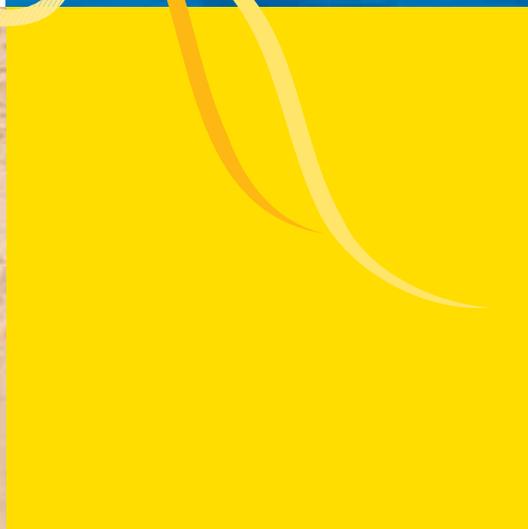
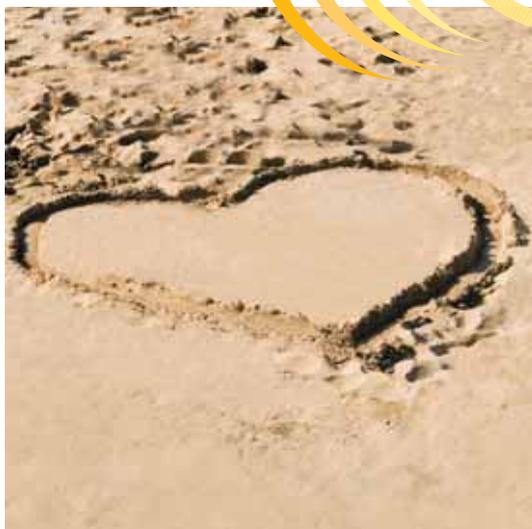
2. Programme COST ACTION 33: “Forest Recreation & Nature Tourism”

The Organisation, as a partner with the Forestry Department, continued the work towards the implementation of the E.U. Programme “Forest Recreation and Nature Tourism – FORREC.” Within the framework of this programme, the organization participated in the workings of the Coordinating Committee of the partners, contributed to the preparation of “Country Reports”, “Case Studies” and other deliverables, and made presentations on Nature Tourism topics and promoted them via the website of the Programme.

In 2006 the Organisation participated in meetings of the European partners in Latvia and Slovakia.

3. Medina – Daedalus

The implementation of the projects MEDINA and Daedalus which were approved by the European Commission within the framework of the EUMEDIS initiative, was completed. The Organisation participated as a partner in the above projects, together with European and Mediterranean countries. The projects concerned the development of internet portals as a means of promotion of cultural tourism.



Larnaka Marina

In 2006 the Marina operated as in previous years under conditions of acute lack of free berthing space. The demand of berth spaces both by Cypriot and foreign yacht owners has been very strong. On average 72% of the vessels hosted in the Marina during 2006 were of Cypriot ownership, and the remaining 28% of foreign ownership. 505 arrivals and 520 departures of vessels were recorded in 2006 as against 575 arrivals and 549 departures in 2005. 34% of the vessels using the Marina on 31.12.2006 were between 0 and 9 metres long, 47% between 10 and 14 metres long, 13% between 15 and 20 metres long and 6% 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 2006 are displayed graphically in the diagrams 2-7.

The main services rendered at the Marina are the following:

Facilities for the safe mooring of vessels and their connection to electricity as well as water supply.

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

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

Towage and rescue service.

Provision of naval information through a VHF marine radio.

Collection and removal of garbage, used engine oils, toxic wastes and other vessel materials.

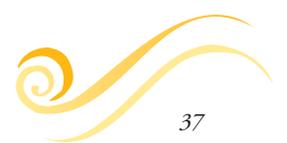
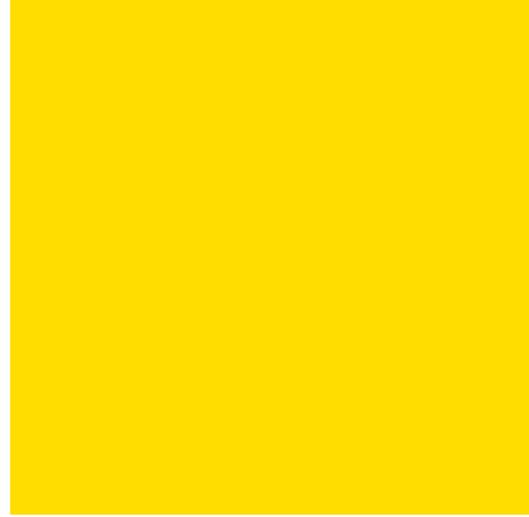
Provision of weather information and broadcasting of severe weather warning bulletins in collaboration with the Meteorological Service.

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

Direct telephone connection to almost every part of the world.

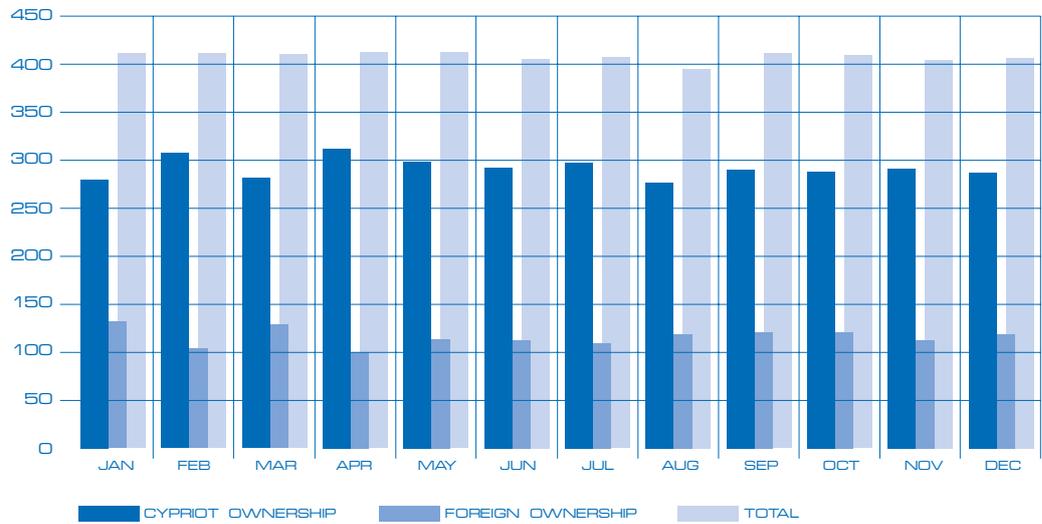
Connection to the Internet and provision of e-mail services, postal and fax service.

Common areas building offering amenities such as toilets, showers, laundry machines and mini-storage facilities.



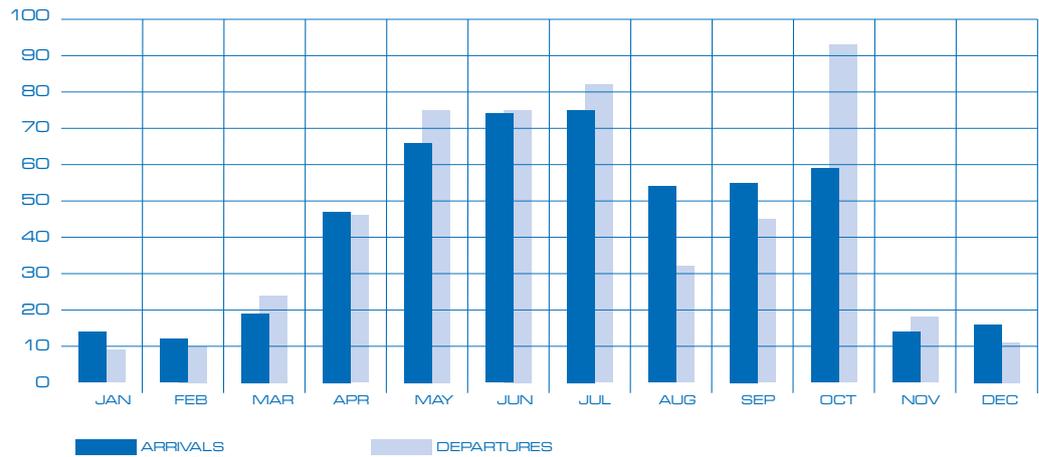
OWNERSHIP OF VESSELS IN THE MARINA IN 2006

DIAGRAM 2



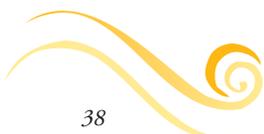
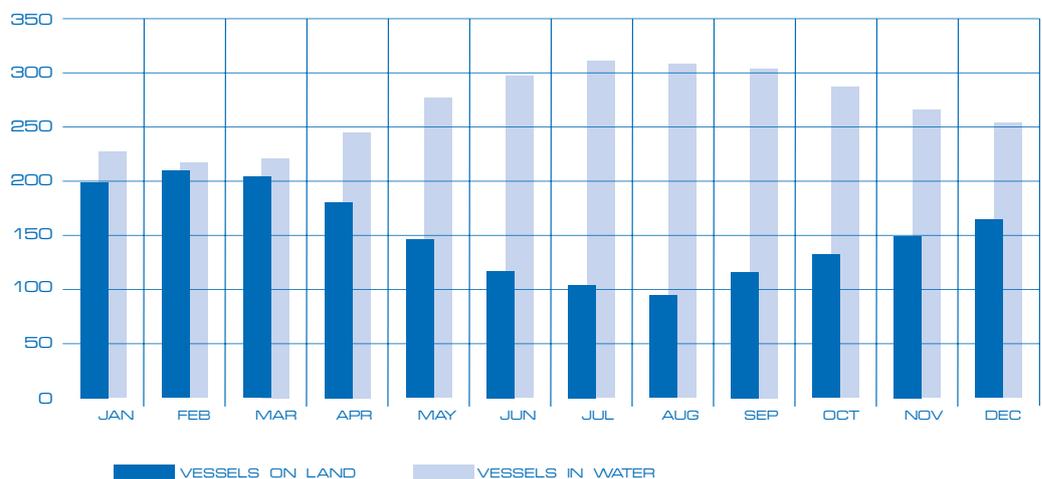
ARRIVALS AND DEPARTURES OF VESSELS IN 2006

DIAGRAM 3

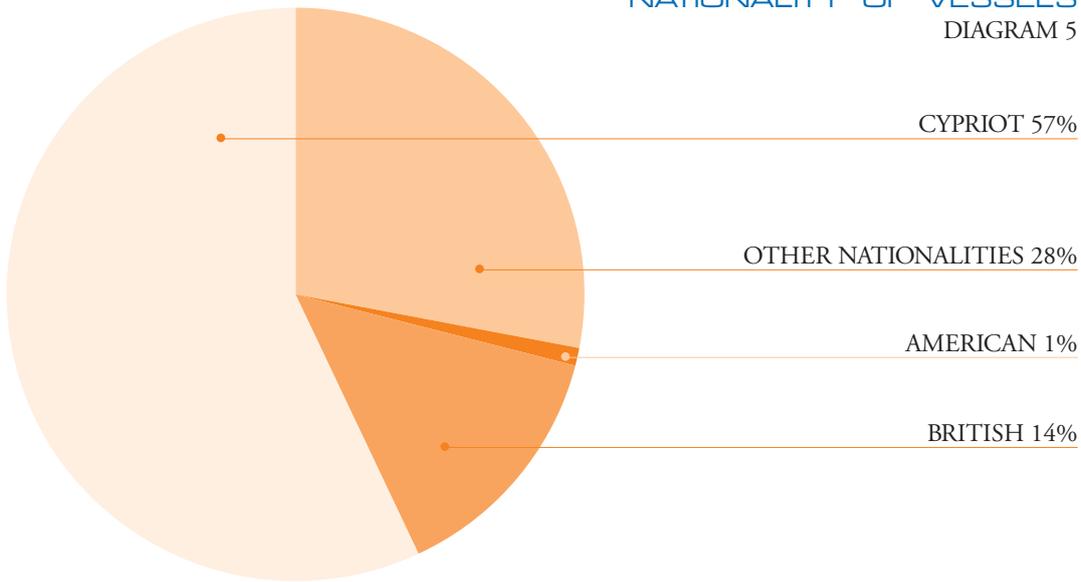


VESSELS ON LAND AND IN THE WATER IN 2006

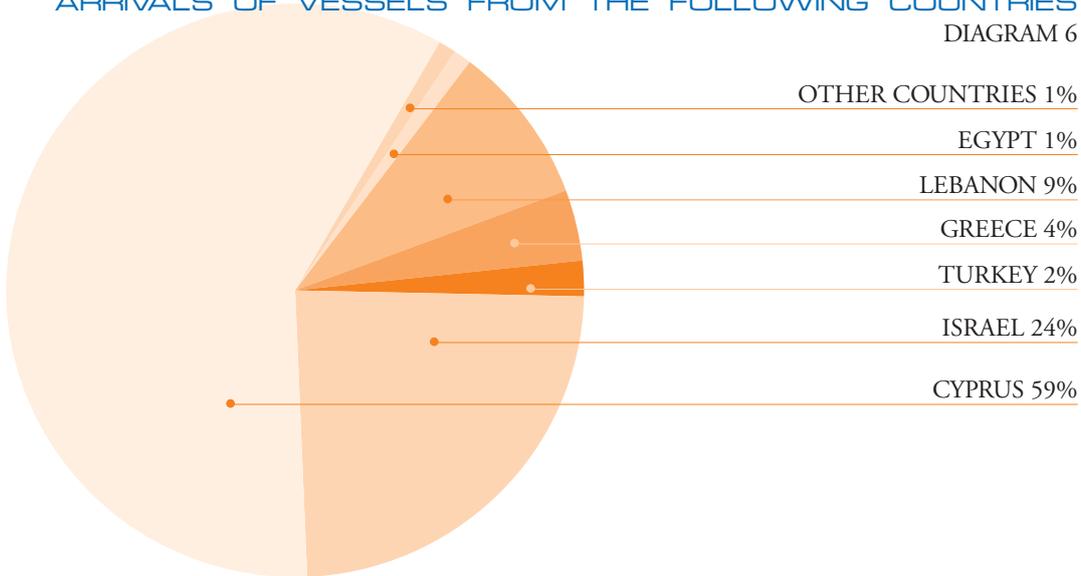
DIAGRAM 4



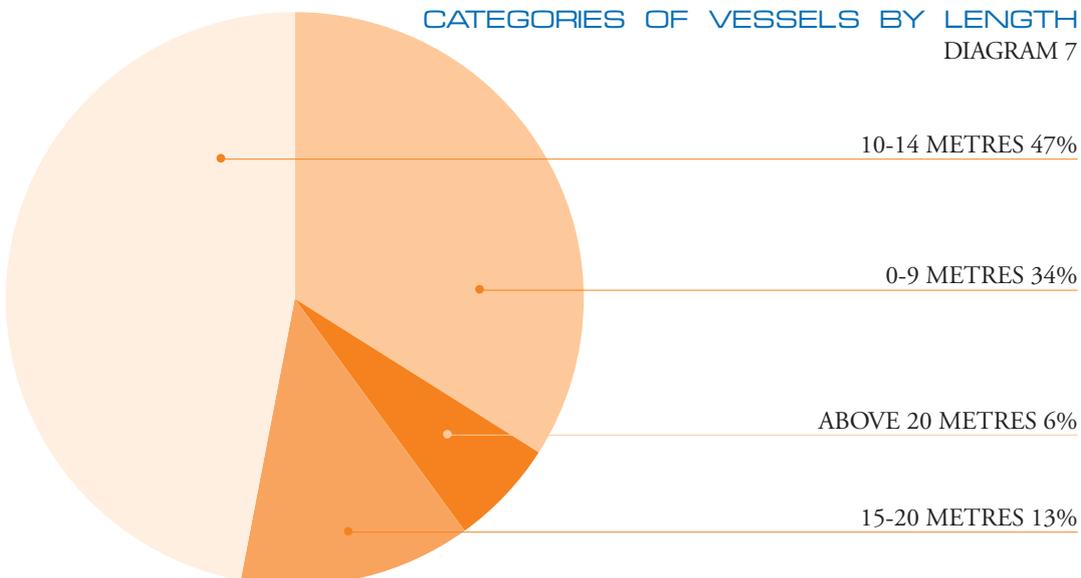
NATIONALITY OF VESSELS
DIAGRAM 5



ARRIVALS OF VESSELS FROM THE FOLLOWING COUNTRIES
DIAGRAM 6



CATEGORIES OF VESSELS BY LENGTH
DIAGRAM 7



Regulation & Supervision of Tourist Enterprises



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

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

CLASSIFICATION OF HOTEL UNITS & 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 2006, according to a relevant decision by the Minister of Commerce, Industry and Tourism, was as follows:

Chairman of the Committee: Mr Ph. Photiou, until 9.6.06 and Mr P. Englezos as from 1.8.06, CTO Chairman.

Committee members:

- 1 CTO Acting Director General
- 1 Mr. L. Phylaktides, CTO Director of Tourism
- 1 Mr. M. Papageorgiou, representative of the Ministry of Communications and Works
- 1 Mr. Chr. Christou, representative of the Ministry of Health
- 1 Mrs. A. Hadjipanagi, representative of the Town Planning and Housing Department
- 1 Mrs. N. Paschalidou, representative of the Ministry of Commerce, Industry and Tourism
- 1 Mr. M. Christofinis, representative of the Cyprus Civil Engineers and Architects Association
- 1 Mr. Chr. Kitazos and Mr. A. Tsokkos, representatives of the Cyprus Hotels Association
- 1 Mr. A. Vavlitis, representative of the Cyprus Association of Tourist Enterprises and
- 1 Mr. A. Gregoriou, representative of the Cyprus Hotel Managers Association.

During 2006 the Committee held four 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.

HOTEL RATES & HOTEL GUIDE

According to the provisions of the relevant legislation, hotel rates were set by hoteliers for the period between 16.3.2006 and 15.3.2007 and constitute the maximum rates that can be charged during this

TABLE 8

TRAVEL AGENCIES 2005-2006				
AREA	HEAD OFFICES		BRANCH OFFICES	
	2005	2006	2005	2006
Lefkosia	136	135	10	12
Lemesos	158	155	47	43
Larnaka	57	56	25	26
Pafos	70	70	28	29
Ammochostos	28	28	29	26
Total	449	444	139	136

ΣΗΜΕΙΩΣΗ: Τα πιο πάνω γραφεία απασχολούσαν περίπου 2000 υπαλλήλους

TABLE 9

LICENCED TOURIST GUIDES BY DISTRICT	
Lefkosia	97
Lemesos	97
Larnaka	39
Pafos	39
Ammochostos	12

period. Prices include all charges and taxes. The 2006 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 2006 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 2006, 449 licensed Travel Agencies were in operation with 139 branch offices in comparison to 449 Agencies and 139 branch offices in 2005.

TOURIST GUIDES

During 2006, 284 licences were issued to professional tourist guides, as provided by the relevant legislation, compared to 266 in 2005.

Table 9 shows the breakdown of tourist guide licences by district on 31.12.2006.

CATERING & ENTERTAINMENT ESTABLISHMENTS

In accordance with the provisions of the relevant Law, the Catering and Entertainment Establishments Committee held one meeting in 2006 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 2006 according to a relevant decision by the Minister of Commerce, Industry and Tourism was as follows:

Chairman of the Committee: Mr. Ph. Photiou, until 9.6.06 and Mr P. Englezos as from 1.8.07 CTO Chairman.

Committee members:

- 1 CTO Acting Director General
- 1 Mr. L. Phylaktides, CTO Director of Tourism
- 1 Ms. Xenia Georgiadou, representative of the Ministry of Commerce, Industry and Tourism
- 1 Mr. Chr. Christou, representative of the Ministry of Health
- 1 Mrs. St. Rousi, representative of the Ministry of Interior
- 1 Mr. Ph. Leventis, representative of the Cyprus Catering and Entertainment Establishments Owners Association
- 1 Mr. N. Thrasyvoulou, representative of the Federation of the Cyprus Catering and Entertainment Establishments Owners Association
- 1 Mr. A. Germanos, representative of the Union of Cyprus Municipalities.

TABLE 10

OPERATING ESTABLISHMENTS				
DISTRICT	OPERATING ESTABLISHMENTS AS AT 31.12.2005		OPERATING ESTABLISHMENTS AS AT 31.12.2006	
	Independent	Establishments within Hotel Units	Independent	Establishments within Hotel Units
Lefkosia	667	35	675	37
Lemesos	907	101	899	96
Larnaka	494	64	486	58
Pafos	626	111	626	111
Ammochostos	501	221	493	211
Total	3195	532	3179	513

TABLE 11

CATERING & ENTERTAINMENT ESTABLISHMENTS BY CATEGORY (31.12.2006)						
CATEGORY	LEFKOSIA	LEMESOS	AMMOCHOSTOS	LARNAKA	PAFOS	TOTAL
Restaurant, Tavern	438	597	324	295	428	2082
Cafeteria, Pizza House	43	48	35	22	33	181
Snack Bar, Pub, Bar	152	181	114	128	128	703
Discotheque	16	17	13	17	8	71
Cabaret	15	27	5	18	15	80
Night-Club	11	29	2	6	14	62
Total	675	899	493	486	626	3179

¹ Mr. P. Damianos, representative of the Union of Cyprus Communities and the Lefkosia, Lemesos, Larnaka, Pafos and Ammochostos District Officers.

On 31st December 2006, 3.179 Catering and Entertainment Establishments of various categories were in operation, compared to 3.195 on 31st December 2005. At the end of 2006, 513 catering and entertainment establishments were in operation within hotel units compared to 532 on December 31st 2005.

Table 10 shows the Catering and Entertainment Establishments in operation on 31st December 2005 and 2006 respectively, broken down by district.

Table 11 shows the Catering and Entertainment Establishments by category and by district operating on 31st December 2006. The table does not include establishments operating within hotel units.

HOTEL TRAINING

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

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

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

During 2006 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 2006, about 25.000 people of various specialisations were employed in the hotel industry and about 15.800 people were employed in Catering and Entertainment Establishments.

CTO INSPECTORS

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



Promotion of the Cyprus Tourist Product



In 2006 a series of external factors impacted and brought about a negative effect on tourism arrivals in Cyprus. The war in neighboring Lebanon brought Cyprus to the forefront of the international stage of events in all media around the globe, as the only escape route for thousands of people of all nationalities.

The humanitarian aid that Cyprus offered was acknowledged internationally, but because the events took place during the tourist peak season, tourist arrivals were negatively affected and showed a decrease of 1% in comparison to 2005.

The increase in oil prices was yet another external factor that mainly influenced Cyprus' competitiveness by causing an impact on the prices of the tourist packages, as Cyprus is, in comparison geographically, located far from its source markets.

In spite of the aforementioned impediments, the per person expenditure of tourists in 2006 marked - for the first time since 2002 - an increase of 2,5% in comparison to 2005, leading to a further positive and significant development; the increase of the gross receipts from tourism in 2006 by 2,4% compared to 2005.

PROMOTIONAL ACTIVITIES

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

This communication strategy comprises a wide spectrum of activities that directly promotes the Cyprus tourist product and includes; generic advertising campaigns, organising and realising promotional activities, hosting tourist professionals, journalists and other personalities in Cyprus and the participation in tourist fairs. High emphasis was placed, once more in 2006, on the promotion of Special Interests Tourism, and in particular the segments of Sports Tourism, Religious Tourism, Walking/Hiking, Third-Age Tourism, as well as the Conferences and Incentives segment.

The appropriate printed, audio-visual and electronic promotional tools, including the constant upgrading of the CTO website, supported the Organisation's activities.

The Organisation also placed high importance on the development and maintenance of excellent relations with tourism professionals and the media both in all tourism source-countries and in Cyprus with the aim of promoting the Cyprus tourist product.

Advertising

CO-OPERATION WITH THE ADVERTISING AGENCY

The advertising efforts of CTO during 2006 targeted and geared towards boosting the demand and sales for Cyprus and supporting the local tourism industry. During 2006 CTO's advertising activities continued to target the consumer, to make Cyprus memorable as a tourism destination, through mainstream media, and to raise the profile of the island through the repositioning of Cyprus as a high quality tourist destination using a new Brand image and a suitable creative idea.

During 2006, CTO proclaimed a competition for the selection of a new advertising agency and the tender was awarded to ADEL Saatchi & Saatchi. The new creative idea promotes the brand mark "Love Cyprus" and the supplementary message "The year-round island". CTO decided on the new creative idea as it supports the Strategic Plan for repositioning Cyprus through the following parameters:

- It succeeds in creating an emotional communication channel between Cyprus and the targeted audience using an original approach

- The central message "Love Cyprus" of the creative idea is at the same time a statement and an invitation, is timeless and has a universal appeal.

- The message is convincing since the symbol of Aphrodite and love has always been connected to Cyprus and sets the island apart from the competition.

- The design of the creative idea succeeds in projecting its own distinctive look.

- It promotes the variety of the tourist experience offered on Cyprus through the use of numerous pictures (more than 30 different layouts), factual titles and personalised texts.

- Is flexible and can be adjusted to the needs of various geographic markets and sub-segments, as well as to new developments (i.e. new products),

- The supplementary message "The year round island" is a continuance of the previous campaign and is coherent with the projected message that Cyprus is a destination worth visiting at any time of the year.

The new creative material has been produced during the first semester of 2006 and is being applied since September 2006 to all CTO's advertising activities. Furthermore, within the framework of CTO's co-operation with the advertising agency the production of various materials has begun, such as a Brand manual for the campaign, a tool kit with material to help CTO Offices to apply the new creative, decorative elements for travel agencies, materials and ideas to implement the new creative in the decoration of CTO's stands at various tourists exhibitions, etc. These materials will be used to support the implementation of the new creative approach to all of CTO's communications as stated in the strategic plan.

IMPLEMENTATION OF CTO'S SCHEDULE OF THE ADVERTISING CAMPAIGNS ABROAD (MEDIA PLANNING AND BUYING)

According to the strategic plan and taking into consideration the 2006 targets CTO implemented scheduled advertising campaigns in various markets abroad, which were categorised as follows:

Image campaigns targeting the repositioning of Cyprus in high priority markets (i.e. UK, Germany, Russia, Greece, Arab Countries)

Preservation campaigns targeting to maintain Cyprus's presence in medium priority markets (i.e. France, Scandinavian Countries)

Tactical campaigns targeting to profit from ad-hoc opportunities occurring in some markets (i.e. Italy, Czech Republic, Hungary, Croatia)



The media planning and buying of the above mentioned campaigns was assigned to professional agencies (media buyers) after an open, international tender, which started in 2005 and was completed in February 2006. Media buying agencies specialise in planning advertising campaigns, by using special computerised programs which analyse data and evaluate the effectiveness of the media. The media buying agencies based the planning of the 2006 campaigns on the terms and conditions of the relevant competition, which included a specific brief for each of the 23 countries in which

CTO runs an advertising campaign. In each country's specific brief, CTO set the targets of that particular campaign, the target segment, the geographic coverage, the available budget, the campaign period and the media mix. The selection of the media buyer for each country was based on the effectiveness of each offer.

ASSESSING ADVERTISING EFFECTIVENESS

During 2006 CTO assigned two market researches to measure the effectiveness of CTO's campaigns in the UK and in Germany. The market researches aim at measuring the effectiveness of the new creative idea in relation to its impact on the views and behaviour or potential behaviour of the consumers, changes in Cyprus's awareness degree and the consumers' perceptions in relation to the actual advertisement. The first stage of the researches aimed at depicting the current situation (benchmarking) was completed in September 2006. The second stage will be carried out in 2007 after the new creative idea will be implemented for at least a full year in order to yield results.

INTERNATIONAL MEDIA

CTO continued to enhance its presence in international media (particularly in international TV networks and in-flight magazines) which support significantly CTO's country specific advertising efforts and contribute dynamically to the creation of a global identity for Cyprus. The use of international media is also important for the markets in which CTO invests smaller advertising budgets and/or has no television advertising campaign.

OTHER ADVERTISING ACTIVITIES

During 2006, CTO also advertised in specialised magazines promoting Conferences and Incentive trips, special interest tourism (biking, sports activities, etc) and tourism trade magazines. CTO also utilised special opportunities to advertise Cyprus during special events such as exhibitions, sport and cultural events, through competitions for Cyprus in the press, radio or internet, offered support for publishing special reports about Cyprus and other non-traditional media. Such activities support the creation of a special brand for Cyprus.

Tourist Promotion and Public Relations

Within the framework of the Annual Action Plan, which is a significant planning and controlling tool for the Organisation's activities in the promotional and public relations sector, the Organisation has in 2006 continued to exercise every effort for the better projection of the Cyprus tourist product in all tourism source-markets. CTO organized a great spectrum of promotional activities, such as Cyprus nights/weeks, seminars (workshops) in Cyprus addressed to the employees of foreign travel agencies, roadshows in a number of cities, special promotional events targeting consumers, information days for consumers in travel agencies, presentations on tourist related themes to specialized groups etc.

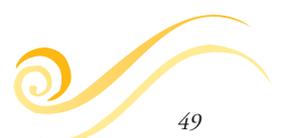
Furthermore, the CTO Offices abroad take part in promotional events organized by tour operators, other tourist professionals or related bodies/organizations.

In 2006 special emphasis was placed upon the promotion of Special Interests as well as the Conferences and Incentives segments, by organising presentations and meetings with specialized tourist agencies and groups abroad, as well as educational trips to Cyprus for tour operators.

At the same time, the Organisation continued and intensified its cooperation with its appointed Public Relations firms in the main tourism source-markets, and the staff of the CTO Offices abroad was further strengthened by appointing new specialized personnel.

UNITED KINGDOM AND IRELAND

In 2006 Cyprus was not able to escape a general downtrend in the UK tourist market to all overseas destinations, which was due mainly to external events, including high oil prices, rising interest rates, the crisis in Lebanon and the fear of terrorist threats in UK airports.



In spite of the above, Cyprus proved quite resilient and capable of retaining its traditional clientele, due to the good quality product that it continues to offer as a tourism destination and its good reputation.

The Cyprus Tourism Organisation continued its intense advertising efforts. In the UK the new advertising campaign focuses mainly on television, press, underground posters and taxis.

The Office in London intensified its public relations actions and continued its support to the marketing and advertising efforts of tour operators, which were specific to the promotion of Cyprus.

At the beginning of the year Cyprus hosted the members of the British Guild of Travel Writers who were impressed by the high quality of accommodation, services and professionalism. A number of positive articles on Cyprus followed this visit. The Office continued to organise events to promote Cyprus among travel agents and increased the number of educational visits to Cyprus for special interest tour operators (religion, golf, walking).

In the area of conferences & incentives a major workshop was organised in Cyprus, with the participation of 100 UK conference organisers. Smaller events also took place both in the UK and in Cyprus.

For the promotion of special interest tourism unique events were organised in London for tour operators, travel agents and journalists that had an interest in promoting rural Cyprus and cultural tourism.

The London Office hosted a golf educational trip for 31 golf professionals from across the UK to showcase the island's excellent golf product. CTO personnel visited a record number of travel agents throughout the UK.

In Ireland, the Organisation supported the major tour operators in an attempt to ensure as high a number of flights as feasible. Various promotional events were organised both in Dublin and smaller Irish cities, where interest proved to be high for quality accommodation, special interest activities as well as weddings and honeymoons in Cyprus.

GERMANY

During 2006, the incoming tourist traffic from Germany marked a decrease of 16,4% in comparison to 2005, reaching a total of 152.803 German tourists.

The cooperation of the CTO Office in Frankfurt with the appointed Public Relations Agency continued throughout 2006 and the joint efforts resulted in the organisation of educational trips to Cyprus for television crews and journalists, which yielded many wide exposure television and radio programs and positive articles in the German media. Press conferences were also organised in various German cities and monthly information bulletins were sent to the most significant media.

In 2006 the Organisation continued its press and outdoor advertising campaign.

A series of Seminars in various German cities and educational trips to Cyprus were organized, with the participation of travel agents and tour operators, aimed at promoting Cyprus as a tourist destination.

In order to project Cyprus as a special interest tourist destination, the CTO Office participated in biking races, hiking events and golf tournaments, such as the BMW OPEN, which is considered one of the most important tournaments in Europe. Furthermore, the Organisation participated in the conference of the German Olympic Sports Trainers Federation, during which CTO Officers had the opportunity to present Cyprus as a training destination.

The Organisation aimed to promote Conferences and Incentives tourism in Cyprus, with its participation in the specialized IMEX fair in Frankfurt and in an event, in which German companies specializing in this tourism segment took part.

Aimed at informing the general public, “information days” were organised in main train stations and in cooperation with travel agencies and other associations in Germany.

Moreover, the Frankfurt CTO Office cooperated closely with travel agencies and tour operators for the promotion of Cyprus and participated at the presentations of the catalogues of German tour operators offering packages to Cyprus.

During 2006, the efforts to further promote Cyprus in the German market continued through sales calls, undertaken by the CTO Marketing and Sales Officers, to travel agencies and tour operators.

SWITZERLAND

Despite the tensions caused by the war in Lebanon, arrivals from Switzerland showed a 3.2% increase.

In 2006 the CTO Zurich Office continued its efforts to promote Special Interest Tourism such as golf, cycling, trekking, “wellness” and conferences and incentives. Advertisements were placed in special publications, and the office participated in special events and exhibits. In addition, educational trips to Cyprus were organised for travel agents, association representatives and journalists.

The CTO Zurich Office cooperated closely with travel agents and tour operators and launched “information days” for the public. In order to achieve the best possible exposure for Cyprus tourism products, educational trips for travel agents were also realised.

For the first time a workshop was organised in Cyprus with the participation of 30 travel agents. The objective of the workshop was the familiarization with the products of cycling, trekking, golf and “wellness”.

To intensify the awareness of Cyprus in the Swiss media, collaboration with a public relations agency was initiated for the first time. As a result, newsletters were sent to the media and Cyprus was promoted through radio programs and publications. Educational trips to Cyprus for journalists were also organised.

Particularly significant was the participation at the Zurich Ballroom Dance, where Cyprus served as the honorary country, and outstanding promotion was consequently achieved. Attending the dance were various Swiss politicians and other personalities.

More than 300 sales calls were carried out by the Office’s personnel to travel agencies in all Swiss Cantons.



AUSTRIA

The CTO Office in Vienna organized a workshop in Cyprus for travel agents from all over Austria, in order to familiarize them with the Cyprus tourist product.

The CTO Office also cooperated closely with travel agents and tour operators in organizing presentations on Cyprus in Vienna, Salzburg, Innsbruck, Bregenz, Klagenfurt and other cities.

Particular emphasis was given in maintaining a systematic contact with tourism professionals and to the dissemination of information to travel agencies on the diverse holiday activities offered in Cyprus and particularly in relation to the special interests segments.

GREECE

In 2006 the CTO Office in Athens implemented a series of events and presentations of tourist Cyprus, which were directed at travel agents, journalists, delegates of the Church and the Local Authorities.

Regarding the sales promotion sector, the officers of both the CTO Offices in Athens and Thessaloniki visited a great number of Travel Agencies in Peloponnesos, Larissa, Thessaloniki and Attica.

For the promotion of Cyprus as a conference & incentives destination an ad hoc workshop was organized in Athens with the participation of Greek and Cypriot professionals and representatives of medical, insurance & pharmaceutical companies.

Special emphasis was given to the organisation and implementation of educational trips to Cyprus for journalists, travel agents, large companies' representatives and priests. Contacts with company executives, church and educational delegations for the promotion of Conference, Religious and Student Tourism in Cyprus were also carried out.

The efforts and cooperation of the CTO Offices with the Organisation of Agricultural Insurances in Greece and the Organisation of Labor Hearth were successful and led to the visit of 2.500 new farmers and 5.000 social tourists to Cyprus.

The CTO Office in Athens participated in three Tourist Exhibitions (in Athens and Thessaloniki) and in the International Exhibitions of Thessaloniki, Slovenia, Bulgaria and Romania.

Both Offices in Athens and Thessaloniki further developed their close contacts with the media in Greece, resulting in the publication of a large number of articles, as well as in the broadcast of radio and television programs on tourist Cyprus.

NETHERLANDS

Based on the aims of the market action plan 2006, the promotional activities of the CTO Office in Amsterdam were geared towards 3 targets:

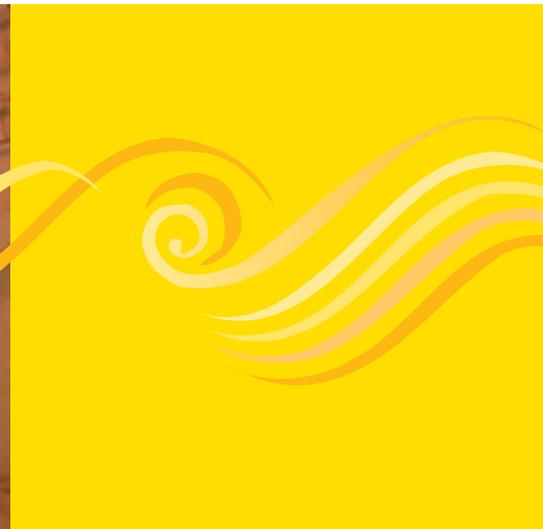
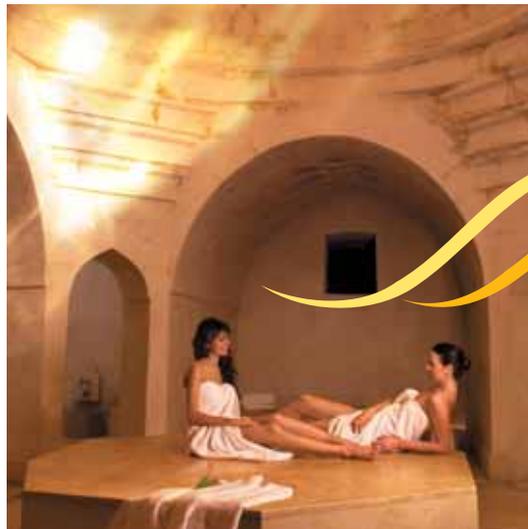
The first was to encourage new tour operators to include Cyprus in their programs. The Office's efforts were successful, as four large tour operators have done so.

The second was to develop and strengthen the relationship between the CTO Office and the travel agents, who still play a leading role in making an opinion about a destination. In order to achieve this, events were organised in various cities and the participation of travel agencies' employees was abundant. The most successful event organised took place on a cruise boat in the presence of more than 250 travel agents. Furthermore, in co-operation with various large tour operators, information days on the Cyprus tourist product were organised. The marketing efforts of the CTO Office in Amsterdam were of such a high level that it was awarded for the quality of services it offered to travel agencies.

The third was to form and communicate a positive image of Cyprus to the consumers. Within the framework of achieving this target a successful press, radio and TV advertising campaign was realized in the Netherlands and information days addressed to the consumers were organised. The Organisation also participated in tourist fairs.

Furthermore, positive articles were published in the press by journalists that were invited to educational trips to Cyprus.

Aiming to promote special interests tourism and to positively contribute towards the improvement of seasonality, the CTO Office participated in various events, such as golf tournaments and a biking event organised by the Biking Association of East Netherlands which took place in September 2006.



BELGIUM AND LUXEMBOURG

The CTO Office in Brussels organized promotional events and Cyprus nights for the travel trade professionals in major cities in Belgium (Liege, Bertrix, Namour), targeting the projection of the Cyprus tourist product and participated in the promotional events organized by the main tour operators in Belgium, Jetair and Neckermann.

An event was also organized in Belgium with the participation of 50 representatives of conference and incentives organizers targeting the inclusion of Cyprus in their programs. Furthermore, in order to promote special interest segments the Office participated with its own information pavilion at the World Mountain Bike Championship in Francochamps and sponsored the golf championship PrivilegeProAm, in which 500 important company and organisation executives participated.

The CTO Office in Brussels participated in tourist fairs addressed to the consumers in Anvers, Brussels, Charleroi and Luxemburg. In order to promote the biking, hiking, conferences and third-age tourism segments the Office participated in 4 specialised exhibitions.

Newsletters were sent, in French and Flemish, to 1.750 travel agents in Belgium and Luxemburg and informative visits were carried out to 160 travel agents, members of the tour operator group Pegase.

Sales calls were performed to travel agencies and tour operators providing a direct update on the Cyprus tourist product.

ITALY

In order to project and promote Cyprus, the CTO Office in Milan, organized 4 educational seminars in March with the participation of 150 employees of tourist agencies in Milan, Rome, Bologna and Mestre, and 2 educational seminars in November, with the participation of 65 travel agents from various cities of Italy. Cypriot tourist trade professionals attended all seminars, during which a general presentation of tourist Cyprus was conducted, giving particular emphasis to special interests tourism.

Moreover, the Office actively supported the realization of two conferences, which were organised in Cyprus by the tour operators Tourisanda and Columbus, in May and October, with the participation of 180 travel agents. In April, in co-operation with the tour operator Xevents, the 'Granfondo' biking event was organised, in which approx. 150 bikers from Italy took part. The success of this event was so great, that the tour operator wishes to repeat it in 2007.

Furthermore, educational trips to Cyprus were realized for groups and individual journalists, as well as a RAI TV crew, which gathered information and visual material for a special travel documentary on Cyprus, to be aired as part of the "Alle falde del Kilimangiaro" travel programme. The Office also took part in promotional events of tour operators specialized in learning (English language) tourism.

In order to promote golf tourism, the Office, in co-operation with the specialized tour operator Acentro, organised an event promoting Cyprus as a golf destination to 140 members of the Golf Club Acentro.

The Office in Milan participated in tourist fairs and realized sales calls to travel agencies in Italy.

FRANCE

Tourist arrivals from France were affected to a large extent by the war in Lebanon, as for weeks all the media, and especially TV channels, were broadcasting live reports from Larnaka Airport on the evacuation of thousands of French and Lebanese citizens and their transport from Lebanon to Cyprus and then to France.

From the end of July all charter flights from France to Cyprus were cancelled and the air transport capacity was limited, with the only flights operating being the ones scheduled by Cyprus Airways, which were fully booked until the end of November by the Lebanese, as the Beirut Airport was closed. Due to the aforementioned events, the demand for tourist packages to Cyprus dropped considerably.

In order to promote the special interest segment, the CTO Office in Paris realized a workshop with the participation of 80 French travel agents specializing in this form of tourism and 20 Cypriot tourist professionals. The Office participated in events for the promotion of rural tourism, golf and nature trails and organised thematic educational trips to Cyprus for journalists.

The promotional activities of the CTO Office in Paris aimed at a broad projection of the Cyprus tourist product. Activities included the organisation of a series of presentations addressed to travel agents with the co-operation of tour operators in Paris and in various provincial cities, mainly at the east and west provinces of France, the mega-event “Nuit d’ Aphrodite” which was organised in Paris for the fourth consecutive year, and the “Trésors d’ Aprodite á Chypre” contest. Moreover, 140 French and Cypriot travel trade professionals and journalists were present at a reception that was held during the TOP RESA fair.

In November 2006 the tour operator Thomas Cook organised its conference in Cyprus with the participation of 150 directors of travel agencies.

NORDIC COUNTRIES

During 2006, the CTO Offices in Stockholm and Helsinki kept in close contact with travel trade professionals and organized a large number of events both for trade professionals and for the general public in all Nordic Countries.

Sales visits were carried out in all Nordic countries by the Sales and Marketing Officers of the CTO offices and the CTO Office in Stockholm participated in catalogue presentations and other public relations events held by major tour operators addressed to the employees of travel agencies.

Emphasis was placed upon promotional events for the general public to promote the sun and sea segment targeting especially families, as well as the special interests tourism. CTO participated in various golf tournaments in Sweden, Denmark and Finland. In order to project the wellness/Spa tourism, a theme night was successfully organized in Norway for travel trade professionals.

Several educational trips to Cyprus were organised for tour operators, travel agents and journalists. The Organisation also participated in all major tourist fairs in Sweden, Norway, Denmark, Finland, Estonia, Latvia and Lithuania.

A number of events were organized in cooperation with tour operators in the Baltic countries as their interest in including Cyprus in their programs grew even stronger in 2006. In addition, the Organisation also participated in a Baltic Roadshow, in various cities, addressed to Trade professionals.

RUSSIA AND THE COMMONWEALTH OF INDEPENDENT STATES

The CTO Office in Moscow kept in systematic contact with executives of the tourism industry to promote the Cyprus tourist product, placing special emphasis upon finding ways to support tour operators. The Moscow office organized seminars in all major cities including Moscow, Kiev, Minsk, St. Petersburg, as well as other rural cities.

In order to disseminate information on the diversity of the Cyprus tourist product, sales calls were carried out in a large number of travel agencies in the Russian rural areas and other Commonwealth towns.

Particular attention was given to those tourism segments that present developing prospects, such as conferences and sport tourism, and promotional events were held for tour operators and travel agents.

The promotional activities were further strengthened by the operation of the CTO Office in St. Petersburg and the continuous and systematic contact with the Russian & CIS media through the publication of newsletters that were sent on a regular basis. This resulted in the publication of various positive articles on Cyprus both in the trade, as well as the consumer press in Russia. Similar monthly bulletins were also sent to local tour operators in Russia & CIS.

HUNGARY – CZECH REPUBLIC

During 2006, the CTO Offices in Prague and Budapest performed a number of sales calls to travel agencies in order to disseminate information on the multi-dimensional tourist product of Cyprus.

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 CTO Office in Budapest organised a successful event for promoting special interest tourism with the participation of 20 specialized travel agencies.

The CTO Office in Prague participated in presentations of Cyprus which were organised in cooperation with Cypriot tourism professionals.

The Offices in Prague and Budapest undertook a series of activities, which resulted in the broadcasting of promotional programs 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.

USA/CANADA

The CTO Office in New York participated in all main fairs and conferences in the USA and Canada, during which Cyprus was promoted as a special interests destination, particularly for the tourism segments of history/archaeology, gastronomy, hiking, biking, conferences and religious tourism.

The Organisation invited and hosted in Cyprus a group of journalists in February, as well as other journalists individually throughout 2006. As a result, a substantial number of articles in selected magazines of the U.S.A./Canada were published.

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 trips and 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 programs. Within the framework of these events presentations of Cyprus were held.

An educational trip, with special emphasis on sports tourism in Cyprus, was realized for journalists, resulting in the publication of many positive articles.

ISRAEL

In 2006, the CTO Office in Tel Aviv concentrated its efforts on promoting the Cyprus tourist product to the consumers, as well as to the travel trade professionals. Emphasis was placed up on the promotion of conferences and incentives tourism. Many decision makers and incentive groups of members of the tourist industry were hosted in Cyprus in order to promote this segment. A number of tour operators were encouraged to conduct incentive trips for their staff in Cyprus, i.e. the Israel SKAL Club conducted its annual meeting in Pafos in February 2006.

Due to the increased promotional activities of the CTO Office, there was an increase in the number of Israelis traveling to Cyprus during the first part of 2006.

Unfortunately, the war in Lebanon, which started in July, at the beginning of the peak season, caused a drop in outgoing tourism in general. The drop was even larger for Cyprus, due to the fact that all Lebanese evacuees and other foreigners living in Lebanon were evacuated to Cyprus, something that discouraged the few Israelis who still wanted to travel to Cyprus. Furthermore, most of the charter flights were cancelled and they did not resume after the end of the war.

The Office in Tel Aviv participated in the IMTM Exhibition and organised a number of presentations to tourist trade professionals and companies. It also participated in a series of TV and radio shows in order to promote tourism to Cyprus, including the different forms of tourism, and our excellent tourist facilities.



ARAB COUNTRIES

During its second year of operation, the Dubai office, increased the awareness for Cyprus towards the public and the travel professionals across the Arab world. Out of the source markets, certain countries were identified as having more potential for outbound travel, due to their market size, wealth and airline connectivity. High importance countries were the U.A.E., Saudi Arabia, Bahrain, Jordan and Egypt. Lebanon, which is our main source market from the region, was affected by the war with Israel and the political turmoil.

Media advertising was increased to cover the Arab countries with special focus on Saudi Arabia and the U.A.E. through print, outdoor and television, which promoted Cyprus as a new, short-haul European destination.

The Dubai Office participated in tourist exhibitions in Oman, Dubai, Abu Dhabi, Bahrain, Jordan and Egypt. A great number of sales calls and events took place in all markets. Educational trips for journalists and travel agents were carried out throughout the year and Cyprus was promoted through the publication of positive articles.

Regarding special interests tourism, Cyprus was promoted in the Arab markets as a destination for conference and incentives, weddings, health and sports tourism. The Dubai Office took part in a specialized Weddings exhibition in Dubai where Cyprus was marketed as a honeymoon and cruise center destination.

The CTO Office in Dubai is also responsible for the promotion of Cyprus in the tourist markets of China and India. The Office participated in seminars organized in New Delhi and Bombai and in tourist exhibitions in Beijing and Shanghai. The CTO and the Malta Tourism Authority worked jointly in promoting both countries in China and the U.A.E. with the support of Emirates Airlines.

Hospitality

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

During 2006, the Organisation continued its activities in the area of hospitality by inviting and hosting journalists, tourist agents and tour operators. The Organisation invited and hosted, through its own offices abroad or directly, a total of 11.546 individuals, including 7.331 visitors of the Labor Hearth Organisation, to whom, within the framework of developing social tourism, an excursion was offered.

In particular, and excluding the visitors of the Labour Hearth Organisation, during 2006 the Organisation offered hospitality to 1.554 tourist agents and tour operators, 555 journalists, 143 members of TV crews, 1.498 travel agents who specialize in conference and special interest tourism and 461 contest winners and other important personalities, reaching a total of 4.215 individuals and marking a 72% increase compared to 2005.

In addition, the Organisation provided facilities to 7.649 individuals, of which 5.271 were tourist agents and tour operators, guests of the Cyprus tourism industry and 2.378 were individuals invited by various government departments and other authorities, thus marking a significant increase compared to 3.131 individuals invited in 2005.

Participation in International Tourism Exhibitions

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

During 2006 the review of CTO's policy for the participation in tourist exhibitions as well as the continuous upgrading of its pavilions continued. The design, decoration and effective use of technology at its stands as well as the promotional activities and competitions organised during the fairs contests reflected Cyprus repositioning as a destination that offers wide variety and value and facilitates the effective presentation of the Cyprus tourist product.

During 2006 the Organisation took part in 131 International Tourist Fairs, including specialised fairs for the promotion of special interest tourism. Furthermore, in order to promote domestic tourism and enhance awareness of the Cyprus tourist product amongst Cypriot consumers, and in particular of the special interest segment, the Organisation participated in two fairs organised in Cyprus, namely the "31st International (State) Fair" and the tourist fair "Travel 2006" organised by the Association of Cypriot Travel Agents (ACTA).

SPECIAL INTERESTS AND CONFERENCES AND INCENTIVES TOURISM

Within the framework of the set strategy to reposition Cyprus as a sustainable destination offering visitors a variety of products beyond those of the sun and sea segment, the “Special interests and Conferences and Incentives Tourism” branch within the Organisation continued its effort, aiming at the implementation of a well designed and targeted policy through a complete marketing plan and a coordinated communication strategy.

Promotion of the Special Interests Tourism Segments

Weddings and Honeymoons

For the promotion of this special interest segment from countries, such as the U.K, Ireland, Israel and Lebanon, the Organisation participated in a number of specialized tourist fairs on Weddings, such as the “National Wedding Show”, held in Birmingham, U.K, and is planning to participate in the “Wedding Journal Show” during the beginning of 2007. Important press trips were organized by our offices in the U.K and in Ireland for journalists that represent high profile wedding magazines, i.e. the “Wedding Journal” in Ireland. Recognizing the significance of this important segment the Organisation is to publish a brochure on Weddings and Honeymoons, which will include valuable information.

Religious Tourism

Recognizing the importance of Religious Tourism, the Cyprus Tourism Organisation undertook the initiative, in cooperation with the UN World Tourism Organization, to host the 1st International Conference on Religious Tourism on 19 - 21 October 2006, in Nicosia (www.icoret.org). Distinguished speakers and participants from thirty countries from all over the world attended the Conference. The importance and success of the Conference was reflected in numerous articles published in the local and international press and through programs broadcast by the media. The Conference gave tremendous exposure to Cyprus as an ideal destination for religious tourism, and both local and foreign tour operators and travel agents showed great interest in promoting and including Cyprus in their programmes in conjunction with other tourist segments such as cultural, rural etc.

Efforts for the promotion of Religious tourism were also made in cooperation with the Holy Synod of the Church of Greece for the proclamation of the Pan European Student Competition themed: Apostle Paul – The Apostle of Greece and Cyprus – The Apostle of Europe. The scope of this Competition is to promote the religious and cultural heritage of Greece and Cyprus, by means of a single thematic pilgrim’s cultural journey, based on Apostle Paul’s historic presence in Europe.

The Organisation also participated in the specialized tourist exhibition “AUREA” which took place in San Giovanni, Italy.

Cultural Tourism

Cultural tourism constitutes a priority as it covers an important part of the Cyprus tourism product, due to the history and civilization of the island. During 2006, great interest was shown for Cyprus wine, wineries and wine museums. A great number of familiarisation and educational trips were organized by our offices abroad and a number of advertorials and articles were published mainly in the Arab, British, German, Austrian and Swiss press.

Cruise Tourism

The development of cruise tourism is one of the priorities of the CTO Strategic Plan and an action plan is in place to promote and develop the sector. The action plan includes the improvement of services offered to cruise ships and passengers, and also the promotion of Cyprus as a cruise destination.

The majority of the cruise passengers originate from Europe and Israel and the arrivals of cruise passengers were on a significant increase in the last three years.

In October CTO participated in the specialized event “Seatrade Mediterranean Cruise Conference and Exhibition” held in Naples, Italy and a welcoming event was organised in December for the first visit to Cyprus of the mega-ship of Costa Cruises, Costa Concordia.

The series of brochures promoting cruises from Cyprus and as a port of call were updated.

Sport Tourism

During 2006, CTO implemented a plan to assist the arrival of more soccer teams to Cyprus for their winter training.

As far as biking is concerned, CTO continued its efforts for the promotion and advertising of the sector, placing special emphasis upon the German market, which appears to be the most promising one.

Furthermore, CTO contacted personalities of high caliber in the biking and sports community in general. These contacts will undoubtedly assist the organisation in its efforts to support the hosting of races in Cyprus and will strengthen the island’s reputation as an attractive biking and sports destination.

The Organisation has also advertised in specialized media for sports and cycling in the U.K., Germany, Ireland and the Nordic countries and organised a very successful sports event in Germany promoting Cyprus as a sports destination to 155 German sports Federations.

Through its well planned marketing efforts CTO supported the trade team ‘Bikin’ Cyprus’ for the promotion of Cyprus, co-operated with German Bikemasters in advertising the local races and assisted the decision making process for the organization of a training camp in Cyprus to be organised in 2007 by the largest European mountain biking magazine TOUR.

CTO also participated in golf exhibitions and co-sponsored various golf events and tournaments to promote Cyprus as a golf destination. In addition, it offered hospitality to golf journalists, professionals and specialized agents and advertised Cyprus in golf magazines.

CTO also sponsored the organization of the 3rd Golf Business Forum.



Learning Tourism

This segment is at the early stage of being developed in the Cyprus tourist market. The main source market for Learning Tourism is at the moment the Italian market, and for this reason the Organisation has produced an advertising layout which was published in specialized magazines of the Italian press.

Hiking Tourism

During 2006 a number of fam trips and educational were organised in Cyprus for journalists, photographers, specialized agents from Central Europe, Germany, Belgium, and Holland. Also the CTO advertised in specialized media in the German speaking markets and participated in two specialized fairs, the Salon de Randonées in Paris and the Tournatour in Düsseldorf.

Rural Tourism

For the implementation of the Rural Tourism Plan, which is to be co-funded by 50% by the EU Structural Funds, actions have been taken such as the assigning of contracts which concern amongst others, the production and reproduction of advertising material, a slogan and a logo, advertisements in the press, the production of a DVD and of a printed guide, the participation in 4 international fairs, the organisation of 10 special promotional events in 4 different countries, the organisation of 12 familiarisation trips during which tourist agents, tour operators and journalists from 6 different countries have been invited etc.

Conferences and Incentives

During 2006, the Organisation continued implementing its strategic plan in this particular segment.

Amongst other actions, it advertised in specialized print media in the U.K., Germany, Greece, Italy, France, Poland, Belgium and the U.A.E., hosted journalists, corporate and incentive agents specializing in conferences and incentives, and organized and attended many workshops in Belgium, France, Greece, U.K. and Russia. Additionally, the Organisation participated in specialized international fairs IMEX – Frankfurt, EIBTM – Barcelona, ITME – Chicago, EMIF – Brussels and also participated in the new international exhibition in Milan, ICI.

In 2006, the Organisation continued the updating of the data bank of clientele, carried out the first statistical survey for conferences and incentives in Cyprus and also a survey for the available conference venues. Furthermore, the conferences and incentives supplement was revised to include all the latest information concerning conference venues, Destination Management Companies and Professional Conference Organisers.

In 2006, the Organisation began the implementation of a policy to support local associations of a non-profitable nature to bid for the organization of international conferences in Cyprus when competing with other destinations.

PRINT MEDIA AND FILMS

During 2006 the Organisation maintained and enriched the wide spectrum of print media publications highlighting aspects and attractions of the Cyprus tourist product on the basis of the Strategic Plan 2003-2010. Within 2006 the Organisation introduced current publications in new languages, such as the 'General Brochure' in Spanish, Polish and Portuguese and the '10 000 years of Culture and Civilisation' in English, French and German. Within 2006, the Organisation designed new print publications, including a brochure on Sports Tourism 'Cyprus, Your Sports Destination' in English, new posters, new visitor maps of Nicosia and Lemesos, as well as themed desk and wall calendars.

In film production area the Organisation reproduced existing productions in the original and new language such as 'The Magic of Cyprus' in Italian, Dutch and Swedish, the '10 000 Years of Culture and Civilisation' in Italian, Dutch and Swedish, and the 'Sports Tourism' in German and Swedish. In addition, the Organisation invited tenders for the production of the new DVD on Cypriot Gastronomy, which will be completed by mid 2007.

INTERNET

The Organisation's website, currently available in seven languages, can be found at www.visitcyprus.com. This website offers complete information on the Cyprus tourist product and 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 2006, over a million people visited the Organisation's website. An operational trade section, with information about the organisation's activities is available at www.visitcyprus.biz.

During 2006 major advancements have been made regarding the introduction of the organisation's new Portal and the Geographical Information System (GIS), which will be launched in 2007.

PROMOTION THROUGH THE INFORMATION OFFICES

The Organisation has upgraded the image of various Information Offices and the quality of services on offer. Nine Information Offices have already been renovated (Lemesos, Lemesos Port, Kato Pafos, Protaras, Polis Chrysochous, Pafos, Larnaka, Agia Napa and Germasogeia).

During 2006, a total of 307.989 people visited the thirteen Information Offices operated by CTO in Cyprus. Specifically, the three Information Offices operating at the points of entry to Cyprus (Larnaka and Pafos International Airports and Lemesos Port) recorded 133.072 visitors, while the remaining 174.917 visited the CTO Offices located in Laiki Geitonia – Lefkosia, Larnaka, Agia Napa, Protaras, Lemesos, Germasogeia, Platres, Pafos, Kato Pafos and Polis Chrysochous.

The office dealing with electronic information, located in the main offices replied to 3.548 e-mails (1.890 received through the information e-mail address: cytour@cto.org.cy and 1.658 received through the Organisation's website).





PRODUCTION

CYPRUS TOURISM ORGANISATION

DESIGN

ACTION GLOBAL COMMUNICATIONS

PHOTOGRAPHY

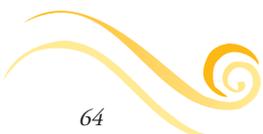
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PRINTING

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TOURIST SERVICES
DEPARTMENT



TOURIST SERVICES
DEPARTMENT



ADMINISTRATION
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CYPRUS TOURISM ORGANISATION

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