





EUROPEAN TOURISM: TRENDS & PROSPECTS

Quarterly report (Q1/2021)

A report produced for
the European Travel Commission
by Tourism Economics



**TOURISM
ECONOMICS**

AN OXFORD ECONOMICS COMPANY

Brussels, May 2021

ETC Market Intelligence Report

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Data sources: This report includes data from the [TourMIS database](#), [STR](#), [IATA](#), [Eurocontrol](#), [ACI Europe](#), [ForwardKeys](#), [Sojern](#), [UNWTO](#), and [Transparent](#). Economic analysis and forecasts are provided by [Tourism Economics](#) and are for interpretation by users according to their needs.

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FOREWORD

As the Covid-19 vaccine became available, a well-orchestrated and efficient inoculation scheme across Europe was expected. However, the EU's vaccination campaign was challenged by slow vaccine approval processes, pharmaceutical production delays, distribution challenges and fears over side effects with many EU nations temporarily halting the use of the Oxford/AstraZeneca vaccine. All these issues have prolonged and jeopardised nations' efforts to control the pandemic. At the time of writing, Europe is enduring a third wave despite vaccine rollout, with some countries seeing the numbers of infections raise significantly. By contrast, the UK, the US, and Israel have quickly rolled out mass inoculations.

Despite the many issues faced so far, immunisation efforts in Europe have ramped up. The doses delivered to the EU have substantially increased. The bloc is confident that the vaccination delivery will catch up over the next quarter and will bring down Covid-19 cases, allowing for a safe and sustainable reopening of travel and tourism in Europe.

With the summer season around the corner and a mounting pent-up demand, it is crucial that European nations work together on the implementation of a roadmap to restore a sector that very much relies on people's freedom to travel. To this end, the series of joint recommendations established by the [European Tourism Manifesto Alliance](#) are a way towards restoring European travel in a safe and coordinated manner as soon as it is possible. The aim of the initiative is to pinpoint the conditions and potential scenarios under which current international travel restrictions could be relaxed and eventually lifted across Europe and beyond.

The most recent edition of the European Tourism Trends & Prospects report continues to monitor the impact of the Covid-19 pandemic on the travel and tourism sector and the wider economic environment. The *Special Feature* of this latest edition addresses the risks of a failed reopening this summer due to vaccine challenges and examines the potential for domestic substitution in detail and the relative importance of domestic versus international travel flows.

Jennifer Iduh (ETC Executive Unit)



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EXECUTIVE SUMMARY

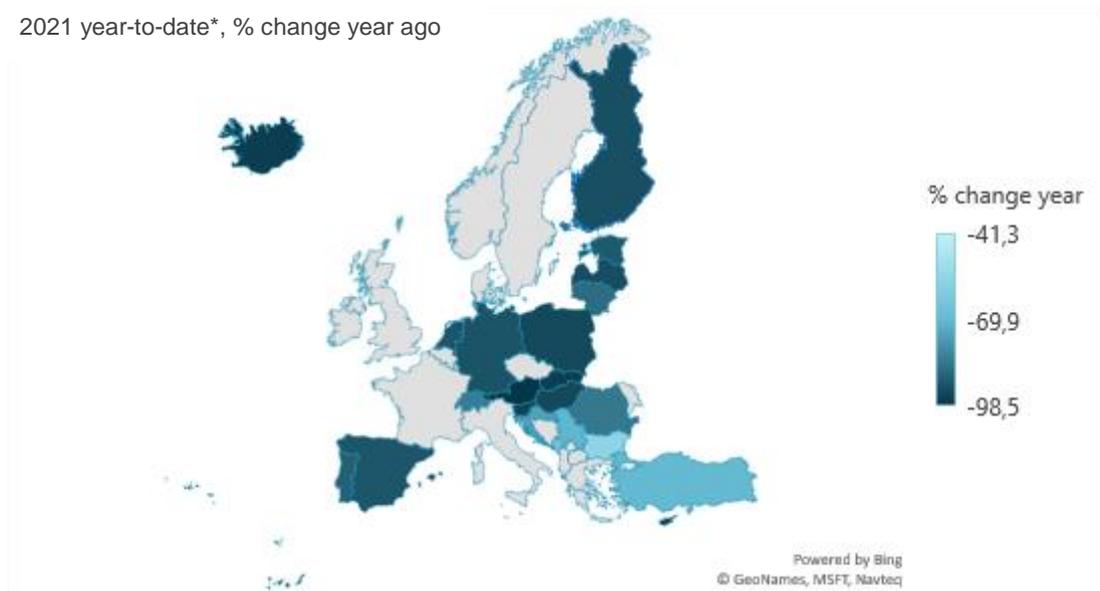
OVER A YEAR INTO THE PANDEMIC: NOT GREAT, NOT TERRIBLE

Lockdowns have persisted into 2021 as Covid-19 infection rates surge in some countries despite the vaccination rollout. Prospects for the summer season are mixed. While Europe works to overcome hurdles relating to vaccine side effects and supply shortages, inoculation programmes are still expected to accelerate over the summer, bringing down Covid-19 cases and raising hopes of easing restrictions.

Data to January indicates an 85% plunge in international tourist arrivals to Europe¹, and travel demand is now expected to remain below its pre-pandemic trajectory until 2024². On the other hand, domestic travel is leading the way, with volumes projected to reach 2019 levels in 2022. Travellers' mood is upbeat for summer holidays spurred by the availability of a vaccine, with 56% of Europeans willing to travel by the end of August³.

European destinations continued to see major declines in tourist arrivals during Q1/2021, with 1 in 2 plummeting more than 90% based on latest available data. Largest falls were registered in Austria (-99%) with strict entry rules in place, and Iceland (-97%), where fully vaccinated visitors from non-Schengen countries are now exempt from testing and quarantine obligations. A number of Central/Eastern European destinations together with Cyprus, Slovenia and Finland, were also amongst the hardest hit, all posting decreases above 93%. Monaco (-41%) was the only destination that did not exceed a 50% decline.

Foreign visits to select destinations



Source: TourMIS *date varies (Jan-Mar) by destination

¹ UN World Tourism Barometer Volume 19 • Issue 2 • March 2021 (UNWTO)

² Tourism Economics

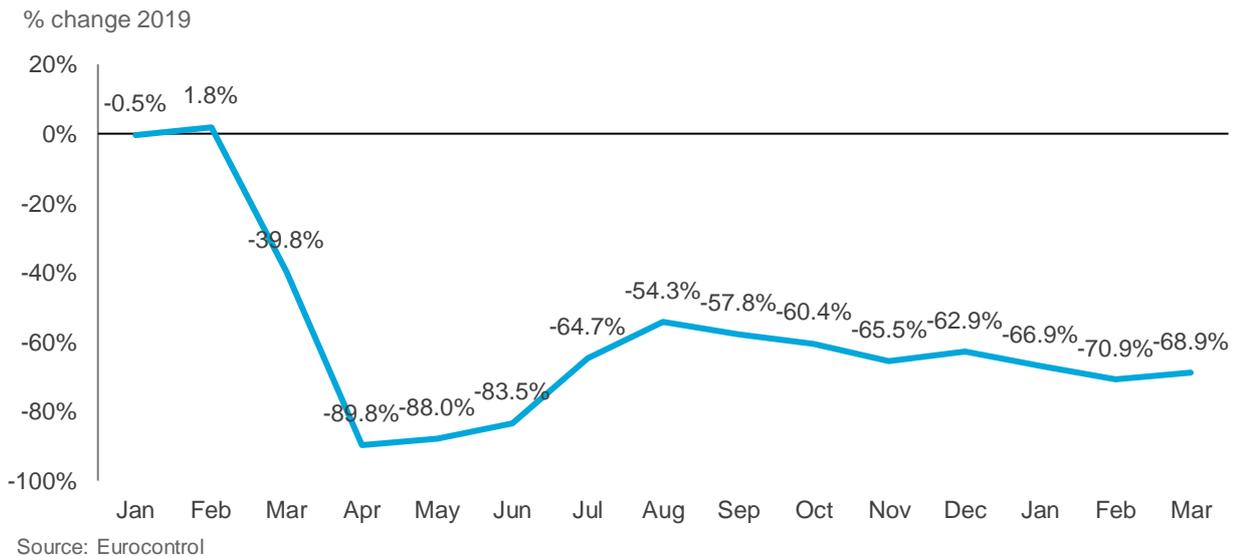
³ [Monitoring Sentiment for Domestic and Intra-European Travel \(Wave 6\)](#)



SO FAR SO BLEAK FOR THE AVIATION INDUSTRY, ALTHOUGH HOPE IS ON THE HORIZON.

Air traffic data for March 2021 is 68.9% lower than in March 2019 suggesting an uptick when compared to February (down 70.9%), albeit only marginally. As air traffic declines, some 4.7bn fewer passengers are projected to travel by the end of 2021 against the predicted baseline (-47.5% of global passenger traffic)⁴. In the near-term, however, prospects are brightening for a trans-Atlantic rebound supported by the smooth progress of the Covid-19 vaccinations rollout in the US.

Eurocontrol – Change in the number of flights across Europe, 2020 and 2021



UK AND USA OUTBOUND MARKETS GLIMMER OF HOPE. BUT WHAT ABOUT VACCINATION CERTIFICATES?

A faster rate of inoculations against Covid-19 in the UK and the USA have spawned expectations of a roaring rebound from both source markets creating opportunities to establish a UK/US travel corridor (and with other European destinations). In the UK, Prime Minister, Boris Johnson, confirmed Covid-19 lockdown and travel restriction exit plans, with the ban on international travel not lifted before 17th of May. Since the announcement, airlines and holiday firms have reported an upsurge in UK international holiday bookings, mainly to destinations such as Spain, Greece, Portugal, Cyprus, and Turkey. The rise in bookings well ahead of the summer peak season has also been bolstered by more flexible cancellation policies.

Westwards in the US, fully vaccinated citizens are now allowed to travel internationally. While the number of Americans vaccinated against Covid-19 climbs, summer forecasts are marked up as more European destinations allow entry upon proof of vaccination. Overall, consumer confidence seems on track in EMEA⁵ as recent data shows positive signals in inbound bookings since the 14th of February. This momentum is not only in line with the UK's Prime Minister announcement to end a longstanding travel ban, but it is also supported by a myriad of factors, among others, the inoculation

⁴ Airports Council International (ACI Europe): <https://aci.aero/news/2021/03/25/the-impact-of-covid-19-on-the-airport-business-and-the-path-to-recovery/>

⁵ Europe and the Middle East and Africa



rollout plans bringing down Covid-19 cases and scheduled easing of travel measures in some European destinations.

Year-to-date global flight bookings split by destination region



Source: Sojern

The EU's Digital Green Certificate planned to be introduced before summer, is expected to support the safe reopening of European travel and tourism. The certificate is envisaged as a tool to facilitate free and safe movements of citizens in the EU and further afield. It is planned to facilitate the exchange of data to prove that a person: has been vaccinated against Covid-19, holds a negative test or has recovered from Covid-19. Although individual European nations will be able to determine their own rules, the initiative is expected to be implemented in a coordinated fashion across the region.

“The Digital Green Certificate proposal is a major step in the right direction. But time is of essence now. We need a clear plan outlining conditions and timing to prepare for the safe restart of travel and tourism in Europe to be ready for the critical summer season 2021! Europe should work on this together leaving no place for fragmentation and unilateral actions.” said Eduardo Santander, Executive Director [European Travel Commission \(ETC\)](#).

Jennifer Iduh (ETC Executive Unit)

With the contribution of the [ETC Market Intelligence Committee](#)



1. TOURISM PERFORMANCE SUMMARY 2020

SUMMARY

- Despite a brief uplift in travel activity during the summer months, persistently high rates of Covid-19 infections necessitated longer restrictions and contributed to a 68% decline in European international arrivals in 2020.
- Domestic demand helped support Europe's travel industry in the absence of any meaningful volumes of international travel which faced more stringent restrictions than domestic travel.
- Vital optimism after several setbacks was provided by the development and rollout of multiple vaccinations at the end of 2020.

GLOBAL TRAVEL DECLINED 72% IN 2020 AS FAILURE TO SUPPRESS OUTBREAKS KEPT RESTRICTIONS IN-PLACE AND TRAVELLER CONFIDENCE LOW

Restrictions were required throughout most of the year to combat a resurgence of Covid-19 cases, yielding various non-essential travel bans and prohibitive quarantine and testing requirements for travel, dampening traveller sentiment. Available data show that European travel performance suffered as a result. European international arrivals declined 68% in 2020, compared to a 72% drop globally according to Tourism Economics' (TE) latest baseline. An earlier easing of domestic restrictions compared to international travel restrictions meant that domestic travel was less negatively impacted, although still sizeable declines of 40% and 34% for European and world domestic arrivals respectively were recorded in 2020. Of the 29 countries that reported full year data, 18 reported declines greater than 70% for 2020.

Some travel restrictions were eased during summer 2020, but needed to be re-imposed as infections surged again in autumn and winter months.

Full-year data for 2020 confirmed that Montenegro, Romania, and Cyprus all recorded a greater than 80% fall in international arrivals in 2020. With most European economies enacting restrictive measures, travel demand continued to suffer and as noted in the previous report, a greater reliance on non-short haul markets for Romania and Cyprus rendered these destinations more vulnerable to the drop in foreign travel, with distant source markets facing more prohibitive restrictions.

Luxembourg and Austria recorded the smallest drops in international arrivals across European destinations in 2020 at 52.0% and 52.7% respectively. Both destinations benefited from a disproportionate reliance on short-haul markets as this type of travel enjoyed less severe restrictions and a stronger rebound in tourist sentiment. The shorter travel time involved in visiting neighbouring markets also boosted travel demand, with both nations benefiting from increased car travel as many tried to avoid flying due to lingering health concerns about air travel during the pandemic.



Summary Performance, 2020

| Country | International Arrivals | | International Nights | |
|----------------|------------------------|----------|----------------------|----------|
| | % ytd | to month | % ytd | to month |
| Austria | -52.7% | Jan-Dec | -41.2% | Jan-Dec |
| Belgium | -72.2% | Jan-Dec | -69.0% | Jan-Dec |
| Bulgaria | -60.4% | Jan-Dec | | |
| Croatia | -66.6% | Jan-Dec | -54.6% | Jan-Dec |
| Cyprus | -84.1% | Jan-Dec | | |
| Czech Republic | -74.6% | Jan-Dec | -72.8% | Jan-Dec |
| Denmark | | | -44.3% | Jan-Dec |
| Estonia | -70.0% | Jan-Dec | -67.9% | Jan-Dec |
| Finland | -72.7% | Jan-Dec | -67.5% | Jan-Dec |
| Germany | -68.2% | Jan-Dec | -54.7% | Jan-Dec |
| Greece | -76.5% | Jan-Dec | | |
| Hungary | -76.6% | Jan-Dec | -75.4% | Jan-Dec |
| Iceland | -75.9% | Jan-Dec | -76.8% | Jan-Dec |
| Italy | -59.5% | Jan-Dec | -54.2% | Jan-Dec |
| Latvia | -63.3% | Jan-Dec | -60.9% | Jan-Dec |
| Lithuania | -73.1% | Jan-Dec | -72.3% | Jan-Dec |
| Luxembourg | -52.0% | Jan-Dec | -52.4% | Jan-Dec |
| Malta | -76.1% | Jan-Dec | -73.0% | Jan-Dec |
| Monaco | -51.7% | Jan-Dec | -59.4% | Jan-Dec |
| Montenegro | -85.6% | Jan-Dec | -85.7% | Jan-Dec |
| Netherlands | -63.9% | Jan-Dec | -58.8% | Jan-Dec |
| Norway | | | -71.3% | Jan-Dec |
| Poland | -69.7% | Jan-Dec | -64.6% | Jan-Dec |
| Portugal | -75.7% | Jan-Dec | -74.9% | Jan-Dec |
| Romania | -83.0% | Jan-Dec | | |
| Serbia | -75.9% | Jan-Dec | -68.5% | Jan-Dec |
| Slovakia | -65.5% | Jan-Dec | -62.4% | Jan-Dec |
| Slovenia | -74.1% | Jan-Dec | -70.5% | Jan-Dec |
| Spain | -77.3% | Jan-Dec | -81.7% | Jan-Dec |
| Switzerland | -71.2% | Jan-Dec | -66.1% | Jan-Dec |
| Turkey | -71.7% | Jan-Dec | | |

Source: Visit Britain (UK only) and TourMIS (<http://www.tourmis.info>)

Measures used for nights and arrivals vary by country. Available data as of 12.4.2021



2. TOURISM PERFORMANCE SUMMARY 2021

SUMMARY

- Vaccinations are vital in enabling the restart of travel. Europe has encountered various challenges during its vaccine rollout, which was slower than anticipated.
- Vaccine rates are now starting to accelerate, boosting the upside potential for Europe’s travel industry. However, even with an easing of travel restrictions expected in the second half of 2021 we expect European travel demand to remain 46% below pre-crisis levels in 2021.
- Cross-border travel recovery will likely require some proof of vaccination or a recent negative test result at least in the near-term. Co-ordinated cross-country standards will help to boost traveller confidence.

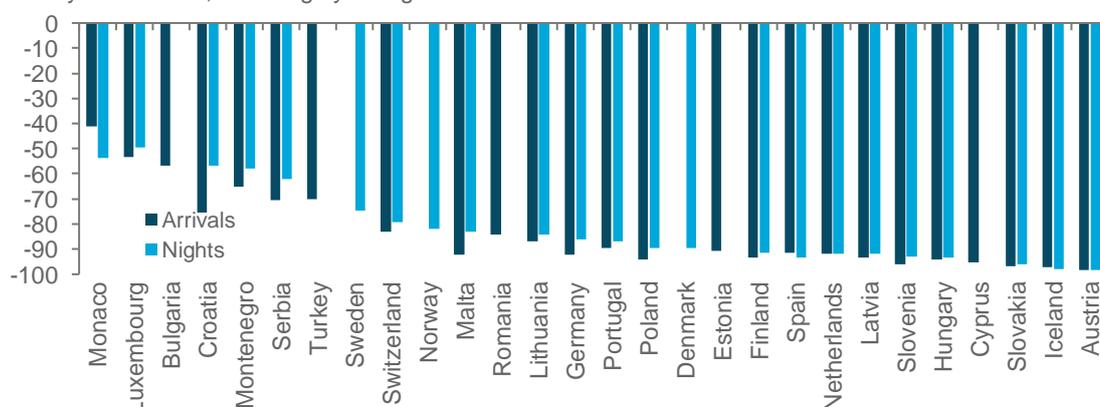
Vital optimism after several setbacks was provided by the development and rollout of multiple vaccinations at the end of 2020, increasing the likelihood of a meaningful easing of restrictions. A significant amount of pent-up demand has accumulated following months of Covid-19 lockdown measures. But for this demand to be released, vaccines and testing will be essential to restore traveller confidence, particularly given the emergence of new variants of the virus.

So far in 2021, there has been minimal change since the previous quarterly report, with most countries still in a similar position as the end of 2020. Europe’s travel industry is likely to face another challenging year and will need to remain flexible to ever-changing guidelines and sentiment. TE’s latest forecast estimates that international arrivals will remain 46% below 2019 levels in 2021, with a full recovery not expected until 2024.

However, an extension of border restrictions would likely see international travel remain considerably below our baseline forecast, but equally provides a greater opportunity for increased [domestic travel substitution](#). In a downside scenario, TE forecasts that international arrivals would remain 59% below 2019 levels in 2021.

Foreign visits and overnights to select destinations

2021 year-to-date*, % change year ago



Source: TourMIS *date varies (Jan-Mar) by destination

Europe’s travel industry is still waiting for governments to give the green light to restarting travel, with renewed outbreaks and the emergence of new Covid-19 variants resulting in restrictions remaining in place throughout Q1. Available data shows that countries are still recording major declines in visitor arrivals, with many exceeding falls of 90%. This is only for the first quarter and we expect that



as vaccine rates pick-up, destinations will be better able to control outbreaks, allowing the travel outlook to improve.

Despite recording a smaller decline in 2020 compared to its European counterparts, Austria's travel industry has recorded massive losses in international arrivals based on data from the first two months of 2021. This major decline reflects the loss of the 2020/21 ski season due to renewed outbreaks and the lockdown measures which were subsequently imposed. There are hopes that coronavirus infections have reached their peak and that cases will decrease, which provides a more positive outlook for Austria's travel industry.

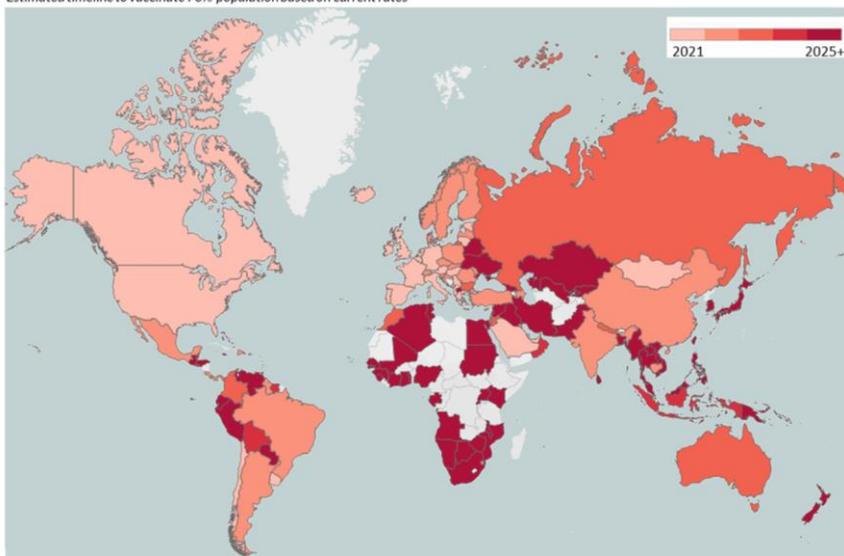
While there is no available data for the UK since March 2020, a successful vaccination programme, has allowed the UK to represent a promising outbound market to any destinations eager to welcome back foreign travel. Assuming there are no issues with vaccine roll-out, case numbers remain low, and no new variants present to reverse successes already achieved, all restrictions are set to be lifted by 21st June. However, a slower vaccine roll-out across European destinations may throw into doubt the ability for UK outbound travel to kickstart travel across Europe.

Analysis from [ForwardKeys](#) points to the Greek island of Corfu as being the most resilient destination for UK outbound travel in 2021, suggesting that the UK will remain an important source market for European nations. Further, there has also been increased calls from the aviation industry for a trans-atlantic bubble between the UK and the US, potentially challenging TE's assumption that short-haul travel will return to pre-crisis levels first.

Europe's vaccination campaign has garnered much attention and often been met with frustration, struggling with supply shortages and delays. Vaccine safety and confidence is also key; the suspension of AstraZeneca vaccinations in several European economies intensified difficulties. Dr Kluge, the WHO's European regional director, has stated that the region's rollout has been "unacceptably slow".

Global vaccine completion timeframe at current rates

Estimated timeline to vaccinate 70% population based on current rates



Hungary and Malta are leading the way, and based on current rates should see 70% of their populations vaccinated in 2021. Several bigger destinations such as France, Italy, and Portugal are facing slower vaccine timelines, but it should be noted that this is based on current rates and we expect these to continue to pick up over the coming months, shortening the current reported timelines.

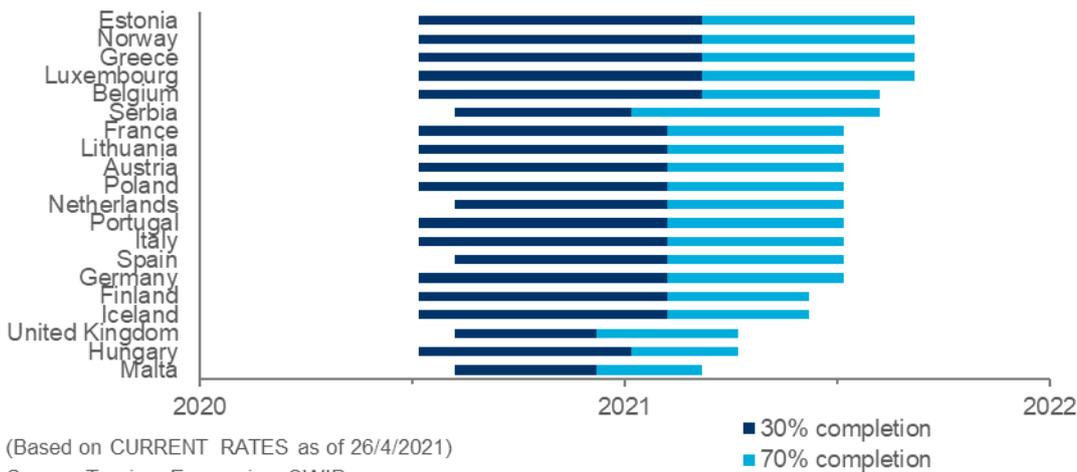


There has already been a marked acceleration in vaccination rates with Germany doubling its daily vaccinations, increasing optimism for a greater easing of restrictions in H2 2021.

The sooner populations are vaccinated, the sooner travel can restart in a meaningful way. Those countries with a more rapid vaccination rate are likely to enjoy a quicker easing of restrictions and greater freedom to travel to foreign destinations.

Vaccine completion timeframe at current rates across Europe

Time period to vaccinate 30% and 70% of population



Vaccine rollouts have improved the upside potential by increasing the possibility for countries to maintain low coronavirus cases, ease domestic restrictions and be able to start a gradual lifting of international restrictions. However, there are still considerable downside risks involved in their supply and distribution, which may endanger the recovery. Furthermore, divisions surrounding the approval and use of vaccines, particularly the Sputnik vaccine developed in Russia, has raised further challenges across Europe.

Cross-border travel recovery will likely require some proof of vaccination or a recent negative test result at least in the near-term.

Additional measures such as increased testing and tracing, improved health and safety standards, travel corridors, and vaccine status certifications may also be utilised by those countries with slower vaccination programmes to help restart travel safely. Although concerns have been voiced regarding the effectiveness of rapid coronavirus tests, which reiterates the ongoing volatility in the international environment. Cross-border travel recovery will likely require some proof of vaccination or a recent negative test result at least in the near-term. Co-ordinated cross-country standards will help to boost traveller confidence.

Vaccination is only one of several factors which will determine the timing and pace of recovery. Other factors such as traveller sentiment, the spread of new variants, and longer-term economic impacts will also influence the travel recovery profile. With regards to traveller sentiment, according to a recent [survey](#) conducted by ETC, 56% of Europeans are feeling positive about taking their summer holidays (27% are reluctant to travel within the next six months). However, the limited scope of holiday activities due to Covid-19 restrictions weighs on the minds of Europeans.



Summary Performance, 2021 YTD

| Country | International Arrivals | | International Nights | |
|-------------|------------------------|----------|----------------------|----------|
| | % ytd | to month | % ytd | to month |
| Austria | -98.5% | Jan-Feb | -98.4% | Jan-Feb |
| Bulgaria | -56.6% | Jan-Feb | | |
| Croatia | -75.5% | Jan-Mar | -56.8% | Jan-Mar |
| Cyprus | -95.3% | Jan-Feb | | |
| Denmark | | | -89.7% | Jan-Feb |
| Estonia | -90.8% | Jan-Feb | | |
| Finland | -93.2% | Jan-Feb | -91.6% | Jan-Feb |
| Germany | -92.3% | Jan-Jan | -86.3% | Jan-Jan |
| Hungary | -94.3% | Jan-Feb | -93.5% | Jan-Feb |
| Iceland | -97.1% | Jan-Feb | -98.0% | Jan-Feb |
| Latvia | -93.4% | Jan-Jan | -91.8% | Jan-Jan |
| Lithuania | -86.8% | Jan-Feb | -84.3% | Jan-Feb |
| Luxembourg | -53.3% | Jan-Jan | -49.5% | Jan-Jan |
| Malta | -92.2% | Jan-Feb | -83.1% | Jan-Feb |
| Monaco | -41.3% | Jan-Mar | -53.6% | Jan-Mar |
| Montenegro | -65.0% | Jan-Feb | -57.9% | Jan-Feb |
| Netherlands | -91.7% | Jan-Jan | -91.7% | Jan-Jan |
| Norway | | | -82.0% | Jan-Feb |
| Poland | -94.3% | Jan-Jan | -89.4% | Jan-Jan |
| Portugal | -89.4% | Jan-Jan | -87.0% | Jan-Jan |
| Romania | -84.1% | Jan-Feb | | |
| Serbia | -70.5% | Jan-Feb | -62.2% | Jan-Feb |
| Slovakia | -96.8% | Jan-Jan | -96.1% | Jan-Jan |
| Slovenia | -96.0% | Jan-Feb | -92.9% | Jan-Feb |
| Spain | -91.6% | Jan-Feb | -93.3% | Jan-Feb |
| Sweden | | | -74.5% | Jan-Jan |
| Switzerland | -83.2% | Jan-Feb | -79.3% | Jan-Feb |
| Turkey | -70.2% | Jan-Feb | | |

Source: TourMIS (<http://www.tourmis.info>)

Measures used for nights and arrivals vary by country. Available data as of 27.4.2021



3. GLOBAL TOURISM FORECAST SUMMARY

Tourism Economics' global travel forecasts are shown on an inbound and outbound basis in the following table. These are the results of the Global Travel Service (GTS) model, which is updated in detail three times per year. Forecasts are consistent with Oxford Economics' macroeconomic outlook according to estimated relationships between tourism and the wider economy. Full origin-destination country detail is available online to subscribers.

GTS Visitor Growth Forecasts, % change

| data/estimate/forecast | Inbound* | | | | | Outbound** | | | | |
|-------------------------------|---------------|---------------|--------------|--------------|--------------|---------------|---------------|--------------|--------------|--------------|
| | 2020 | 2021 | 2022 | 2023 | 2024 | 2020 | 2021 | 2022 | 2023 | 2024 |
| | e | f | f | f | f | e | f | f | f | f |
| World | -72.5% | 73.9% | 47.9% | 27.1% | 15.8% | -72.4% | 73.3% | 48.1% | 27.3% | 15.7% |
| Americas | -68.5% | 41.2% | 56.5% | 24.9% | 15.7% | -71.1% | 49.9% | 52.9% | 24.2% | 16.0% |
| North America | -67.9% | 45.2% | 56.0% | 22.9% | 13.3% | -71.1% | 55.6% | 52.3% | 22.8% | 15.1% |
| Caribbean | -68.8% | 56.1% | 51.5% | 19.6% | 14.5% | -69.3% | 50.1% | 49.9% | 18.2% | 11.5% |
| Central & South America | -70.1% | 18.9% | 62.2% | 36.8% | 25.1% | -71.4% | 27.3% | 56.1% | 31.3% | 20.5% |
| Europe | -68.4% | 71.9% | 40.3% | 23.7% | 12.7% | -67.1% | 66.9% | 41.9% | 24.9% | 13.0% |
| ETC+3 | -67.2% | 68.6% | 38.5% | 23.4% | 12.4% | -66.0% | 61.7% | 40.8% | 25.1% | 12.8% |
| EU | -66.6% | 64.8% | 39.2% | 23.3% | 11.8% | -66.1% | 61.8% | 41.1% | 25.3% | 12.8% |
| Non-EU | -74.9% | 106.7% | 44.7% | 25.2% | 16.2% | -71.4% | 91.4% | 45.3% | 23.5% | 13.8% |
| Western | -59.1% | 35.3% | 34.5% | 23.6% | 13.4% | -61.8% | 48.4% | 39.0% | 25.3% | 12.9% |
| Southern/Mediterranean | -70.7% | 96.6% | 38.3% | 22.7% | 11.4% | -68.5% | 65.4% | 42.7% | 25.8% | 11.7% |
| Central/Eastern | -75.0% | 98.4% | 47.5% | 24.7% | 14.8% | -71.3% | 92.9% | 43.8% | 21.9% | 12.2% |
| - Central & Baltic | -72.8% | 87.8% | 40.9% | 24.0% | 14.3% | -67.4% | 74.2% | 39.9% | 18.9% | 9.2% |
| Asia & the Pacific | -83.8% | 133.3% | 62.5% | 35.9% | 21.9% | -83.6% | 131.9% | 60.5% | 34.2% | 21.2% |
| North East | -88.4% | 247.4% | 59.4% | 36.1% | 22.0% | -85.3% | 166.3% | 59.7% | 35.2% | 21.9% |
| South East | -80.7% | 85.3% | 68.2% | 35.0% | 20.6% | -82.2% | 108.7% | 58.8% | 31.1% | 19.1% |
| South | -75.7% | 54.9% | 46.5% | 32.6% | 23.7% | -74.0% | 41.6% | 54.5% | 30.5% | 19.6% |
| Oceania | -75.3% | 15.0% | 79.8% | 47.2% | 27.9% | -82.2% | 86.1% | 88.6% | 40.8% | 23.4% |
| Africa | -72.1% | 57.8% | 51.1% | 29.9% | 17.5% | -71.7% | 57.9% | 48.7% | 28.1% | 16.7% |
| Middle East | -72.8% | 61.7% | 55.0% | 32.2% | 18.9% | -73.3% | 68.5% | 54.8% | 34.7% | 18.7% |

* Inbound is based on the sum of the country overnight tourist arrivals and includes intra-regional flows

** Outbound is based on the sum of visits to all destinations

Northern Europe is Denmark, Finland, Iceland, Ireland, Norway, Sweden, and the UK;

Western Europe is Austria, Belgium, France, Germany, Luxembourg, Netherlands, and Switzerland;

Southern/Mediterranean Europe is Albania, Bosnia-Herzegovina, Croatia, Cyprus, FYR Macedonia, Greece, Italy, Malta, Montenegro,

Central/Eastern Europe is Armenia, Azerbaijan, Bulgaria, Czech Republic, Estonia, Hungary, Kazakhstan, Kyrgyzstan, Latvia, Lithuania,

Poland, Romania, Russian Federation, Slovakia, and Ukraine;

- Central & Baltic Europe is Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, and Slovakia;

ETC+3 is all ETC members plus France, Sweden, and the United Kingdom

Source: Tourism Economics based on GTS as of 16.4.2021



4. RECENT INDUSTRY PERFORMANCE

AIR TRANSPORT

New Covid-19 cases globally peaked during January and February of 2021. Consequently, industry wide RPKs remained weak, more than 70% beneath the same months in 2020, despite the emergence of the virus in some countries during those first couple of months of 2020 (and those months providing the baseline for comparison for 2021). As expected, international travel has been more severely impacted than domestic travel. Despite capacity cuts associated with new lockdowns, demand has continued to fall more steeply than supply, pushing European airlines' Passenger Load Factors to record lows for the months.

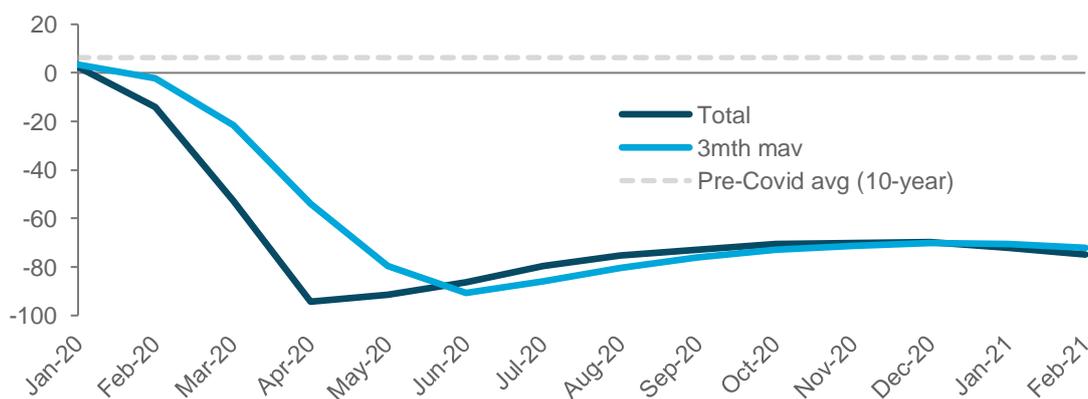
Early indicators for March, such as scheduled flights and booking patterns, yield some hope of a moderate rebound in March, although Eurocontrol data suggest that any uptick is likely to be relatively weak. Furthermore, a dramatic fall in the number of operational routes in Europe and consequent loss of air connectivity could threaten the recovery.

Despite capacity cuts associated with new lockdowns, demand has continued to fall more steeply than supply, pushing European airlines' PLFs to new lows

Global RPK volumes were 75% lower based on year-to-date data to February compared to the same period of 2019. This reflects a significant worsening in monthly RPK volumes over the last three months of the series. In January, there was a 72.2% fall versus January 2019.

International Air Passenger Traffic Growth

% change 2019, RPK

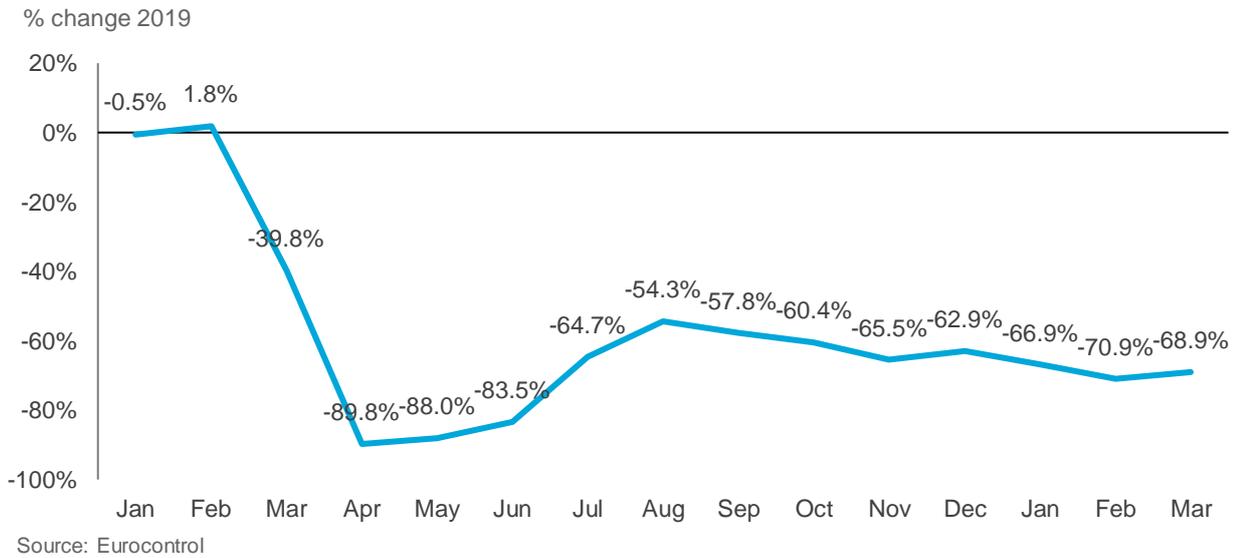


Source: IATA

Data from Eurocontrol is more up-to-date with data for March; where annual month variations over 2020-21 relative to 2019 have been examined. This provides a more useful comparison for March 2021, since it will not be distorted by the sharp fall which took place in March 2020. On this basis, traffic data for March is 68.9% lower than in March 2019. This does suggest an uptick in March when compared to February (down 70.9%) – albeit only marginally.

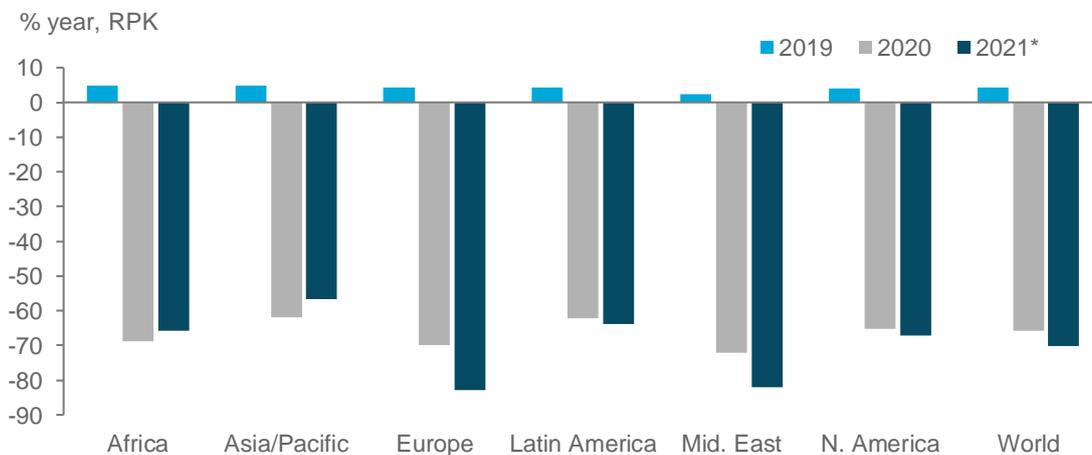


Eurocontrol – Change in the number of flights across Europe, 2020 and 2021



Based on data to February, global RPKs are 70.3% beneath 2019 levels. Europe suffered the steepest decline (82.8%). As expected, domestic travel routes have been affected less than international travel. Globally, international RPKs in February were down 88.7% on February 2019, while domestic RPKs fell by only 51.0% over the same time period.

Annual International Air Passenger Growth

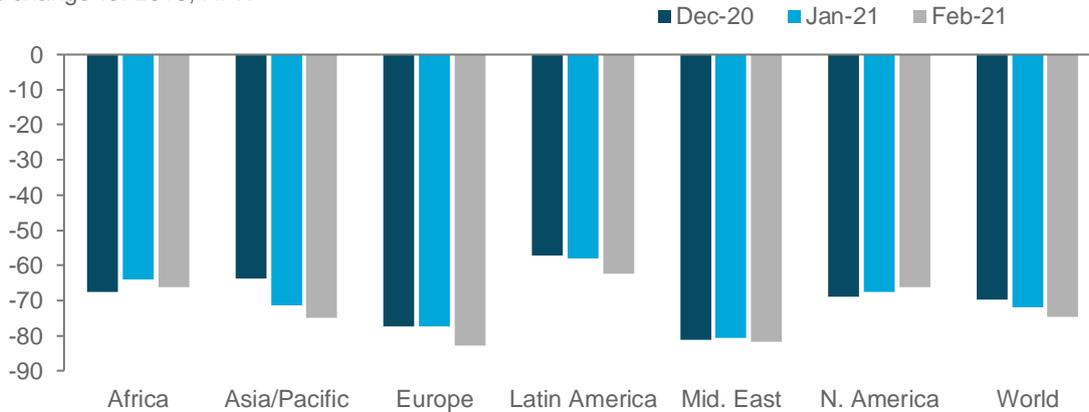


Smaller but still significant falls were seen in Latin America, Asia- Pacific and Africa. However, in the longer term, these regions may face greater recovery challenges as vaccination programmes are slower to take off.



Monthly International Air Passenger Growth

% change vs. 2019, RPK



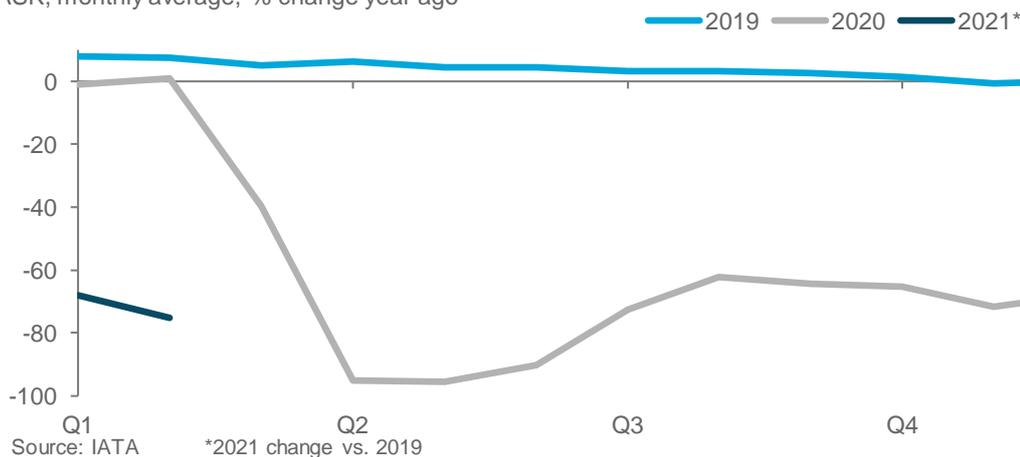
Source: IATA

Globally, each month since the Q4 2020 report has seen a deterioration in the percentage change on 2019. In Europe, there was little change between December and January but a marked deterioration in February made Europe the worst performing region globally (down 82.8%). Only North America and Africa have seen any improvement over the three-month period. Africa eased restrictions slightly in February, while in North America, the relatively high rate of vaccination has facilitated some degree of reopening.

In the Q4 2020 report, it was reported that European travel corridors had been largely curtailed and that this had triggered a renewed decline in European airlines' capacity. Despite this, December 2020 saw a mild recovery, but capacity decline resumed in January and in February it stood 75% lower than February 2019.

European Airlines Capacity

ASK, monthly average, % change year ago



Source: IATA

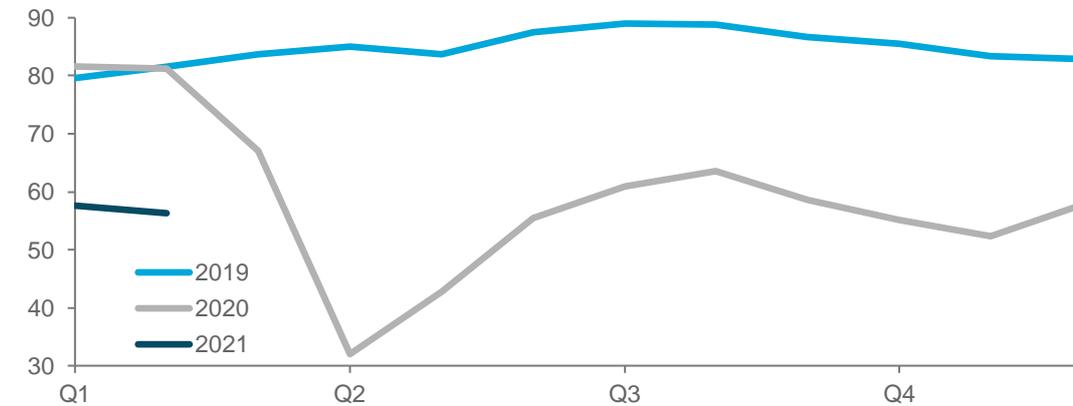
*2021 change vs. 2019

Although capacity has fallen, the decline in demand has outpaced the decline in supply, resulting in a decline in load factors as well. Driven by a Christmas uptick in demand, December load factor recovered to 57.8% in contrast to expectations in the Q4 2020 report. But monthly load factors have since fallen back to 56.3%, comparable to monthly factors across Q3 of last year.



European Airlines Passenger Load Factor

Monthly load factor, %



Source: IATA

A concern for recovery must be the loss of connectivity in Europe. In November, an IATA study indicated that, since 2019, total connectivity from Frankfurt had declined by 68%, 67% from London, 67% from Paris, 66% from Istanbul, 64% from Moscow, and 53% from Amsterdam using the IATA air connectivity metric⁶.

According to an annual report on Airport Industry Connectivity published by the Airport Council International (ACI Europe), over the first nine months of 2020 more than 6,000 routes that existed pre-Covid-19 remained 'unused' and the fear must be that with new lockdowns since, more routes could be lost⁷.

According to ACI Europe, hub connectivity has been even more affected than airport connectivity. Furthermore, smaller regional airports such as Linz, Newquay, Vaasa and Shannon are estimated to be most heavily impacted.

⁶ [IATA - No Connectivity, No Economic Growth](#)

⁷ [ACI – Airport Industry Connectivity Report 2020](#)



ACCOMMODATION

Renewed lockdowns in Europe have impacted on hotels. A variety of government orders have ranged from restrictions limiting travel to essential travel only, to the complete shutdown of accommodation. Northern Europe has tended to have the strictest second wave lockdown measures in the early months of 2021, with limited hotel activity in the UK, Danish hotels closed until May and people from the most affected areas in Finland now being unable to stay in hotels – although the last of these are not yet reflected in the latest data.

Occupancy rates in the latest period varied from 36% in Turkey to under 7% in Slovakia

Eastern European destinations appear to have fared better according to recent hotel performance data. But these data hide marked internal variations as parts of Central Europe are now coming out of the worst wave of the pandemic. In the first wave of the Covid-19 pandemic, much of Central and Eastern Europe remained relatively unscathed when compared with other parts of Europe. However, concerns over the so-called UK variant resulted in renewed lockdowns and by March 2021 the Czech Republic had the highest cumulative death toll from Covid-19 per head of population globally. Hotels in Slovakia have only been allowed to reopen to a limited number of guests from 19th April. Therefore, it is unsurprising that the country registered the lowest rate of hotel occupancy in Europe. In Hungary, despite the lifting of some restrictions, hotels remain closed.

In most European countries, the majority of the decline in RevPAR over the 12-month period has been primarily attributable to a marked occupancy decline rather than changes in room rates. Actual levels of occupancy across Europe in the latest period varied from 36% in Turkey to under 7% in Slovakia.

Beyond Europe, there was wide disparity in changes in occupancy between global regions. Since the Asia-Pacific region was far more affected in the first quarter of 2020, it is not surprising that it registered a slight increase in occupancy. Nevertheless, a 25.9% fall in average room rates resulted in RevPAR declining by 23.9%.

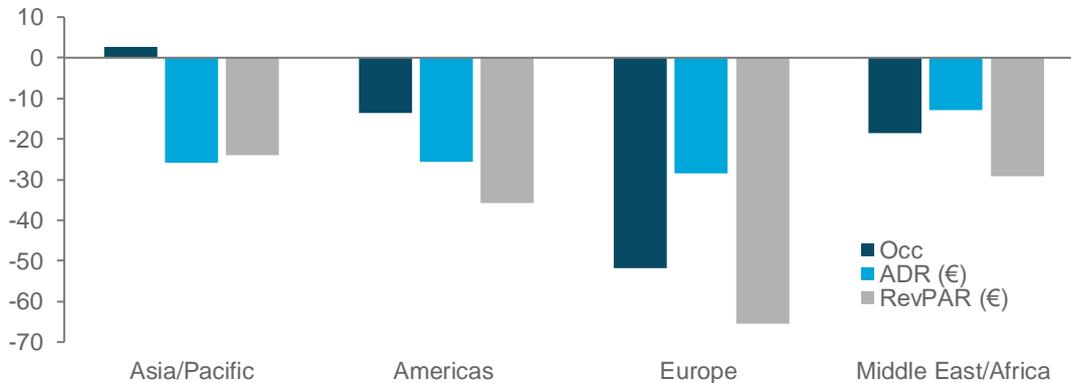
While both the Americas and the Middle East / Africa regions continued to experience declines in both occupancy and ADR, there are signs of some improvement in both these regions. However, it should be noted that North America and Latin America are likely to be behaving very differently with the United States having one of the fastest rates of vaccine rollout globally in contrast to the current situation in parts of South America – most notably, in Brazil.

European occupancy remains significantly lower compared to Q1 2020, registering a 51.8% decline. Combined with a relatively steep fall in average room rates of 28.5%, this has resulted in a decline of RevPAR of 65.6% - far higher than the other global regions. This is not surprising in the light of the shutdown of hotels in many European countries other than for essential travel and accommodation for key workers. In the light of such tight restrictions, many hotels have not been able to meet the thresholds to justify remaining open.



Global Hotel Performance

Jan-Mar year-to-date, % change year ago



Source: STR

SHORT TERM RENTALS

Despite a spate of European Covid-19 resurgences, the demand for travelling and short-term accommodations has made its presence known.

As restrictions and social implications usher guests into more isolated, domestic stays, demand has shifted towards [longer](#), more [rural](#) and self-sufficient stays that play directly into the hands of alternative accommodations. Within Europe, [short term rentals are currently outperforming hotels](#) with 56% fewer reservations than in 2019, compared with -72% for hotels.

Indeed, European short term rental reservations have recovered to [-43% of 2019 levels](#) during the first quarter of 2021, but still constitute [the least significant world-regional recovery](#), with Italy and Spain in particular dragging year on year reservations down.

However, as travel restrictions lift, demand bubbles up, with 155% increase in reservations seen [week on week in the UK](#) following the announcement of their recovery roadmap. As a result, bookings vary from region to [region across Europe](#); reactive to latest guidelines and according to the destination types offered.

While more last-minute bookings persisted through the beginning of the quarter, [booking windows appear to be normalising](#) as people look forward to restrictions lifting. In contrast to hotels, rental managers have reacted to reduced revenues and this opportunistic demand by [raising short term rental rates](#).

These trends look set to continue until the re-introduction of mainstream international travel, where flight reservations will surely be the first indication.



5. SPECIAL FEATURE: LOST SUMMER SCENARIO – DOMESTIC TRAVEL OPPORTUNITY

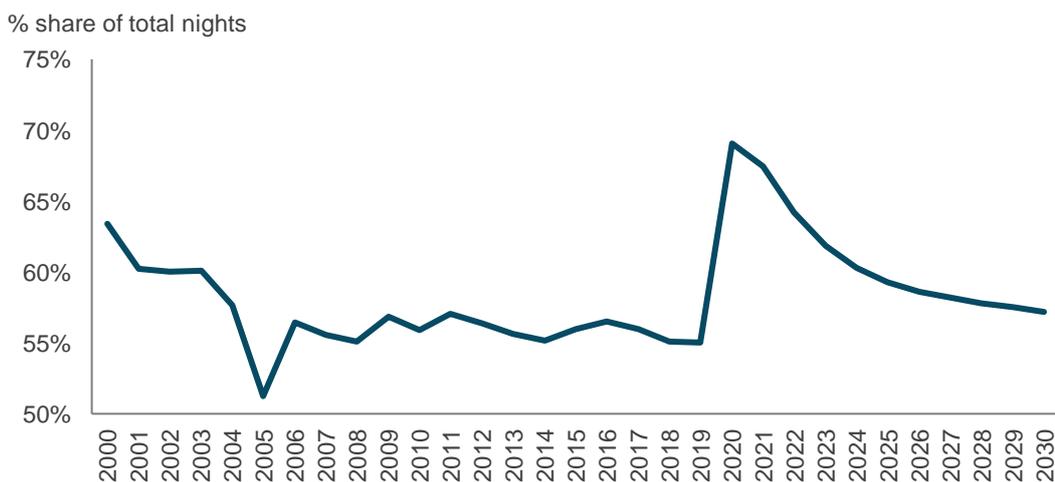
SUMMARY

- Domestic travel was a lifeline for the industry during 2020, filling part of the void left by inbound travel, which was severely dampened as a result of international travel restrictions in place for most of the year and across the majority of European destinations.
- If inbound travel is similarly limited this coming summer, to what extent can destinations expect domestic demand to fill the gap? In this analysis, Tourism Economics (TE) examine that possibility at a destination level.

Despite some positive progress on the vaccine front, Europe looks set to face another summer season with much-reduced levels of demand due to government-mandated travel restrictions, job losses as a consequence of the pandemic induced recession, and lingering concerns about the potential for infection through new variants of the virus. Requirements to provide negative tests or proof of vaccination when travelling will also act as a deterrent.

But can some demand be salvaged from within destinations? The general population is as keen as ever to enjoy some much-needed rest and recovery, particularly given the stresses endured over the past 12 months. Pent-up travel demand supported by enforced savings will facilitate this desire to travel. With limited opportunity to travel abroad, it is highly likely that many will turn to their domestic travel offering.

Domestic share of total residents' travel, Europe



Source: Tourism Economics

Indeed, last summer there was a high degree of domestic substitution due to prohibitive travel guidelines: as a share of total travel within European destinations (inbound and domestic), domestic travel jumped from 55% in 2019 to 69% in 2020. It should be noted that some loss of international business travel will have arisen as a consequence of the pandemic and it is unlikely that this portion of lost travel demand will have been substituted for domestic travel. This impact will account for some increase in the domestic share of total travel.



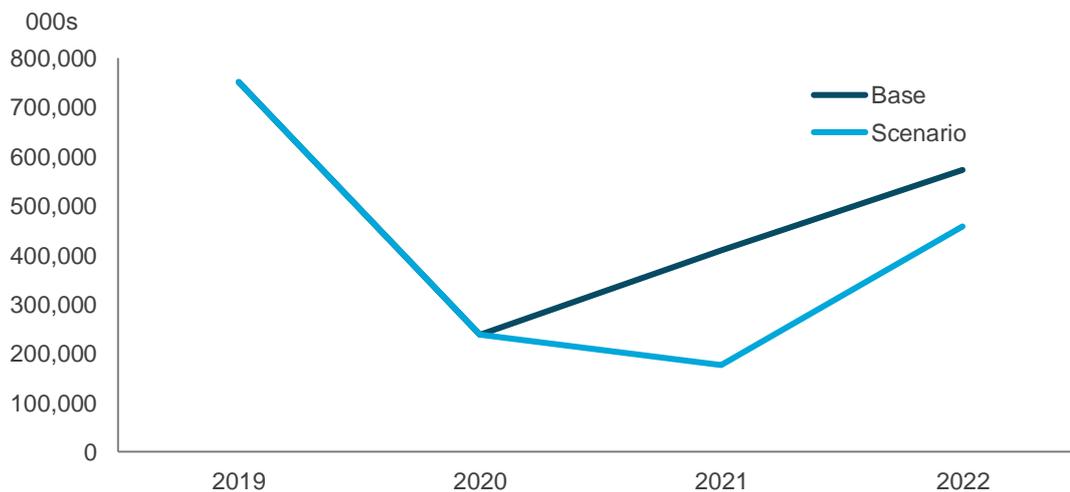
Following restrictions that blighted travel and tourism towards the end of Q1 and Q2 2020, concessions granted during Q3 2020 facilitated some opportunity for international travel, but there was a more notable uplift in domestic travel during this period, with the uncertainty making tourists more reticent to travel abroad. Some form of travel restrictions remain in place across most of Europe, with a vigorous resurgence of Covid-19 case numbers in early-2021. With restrictions on travel likely to persist into this summer due to a cautious approach by governments, this behavioural shift observed in Q3 2020 is likely to repeat itself, notwithstanding any developments which offer cause for a more positive outlook for international travel.

At present, the restrictions in place cast a considerable degree of doubt of the viability of an inbound tourist season this summer. Given that Covid-19 case numbers have, for the most part, been brought under control (in most of Europe at least) and vaccination programmes continue to progress rapidly, there is some hope that, like last year, some portion of the summer season can be salvaged. But governments across the region will be eager not to repeat 2020's mistake – relaxing restrictions too much and too soon, undoing all of the sacrifices made during lockdown.

TE have conducted a brief analysis to ascertain how 2021 might transpire for Europe and its constituent destinations should inbound travel be restricted for the entirety of the summer (until the end of Q3). In this scenario, full restrictions on inbound travel are assumed to endure until the end of Q3 2021 (in the baseline these are already beginning to ease), leaving only domestic demand on the table for the peak summer season.

As expected, this would have a significant impact on inbound travel volumes in the region for the year. Further, the slower, more cautious removal of restrictions means the recovery is more protracted in the scenario compared to the baseline, with inbound travel volumes also lower in 2022 as a consequence.

Europe inbound visits, base vs scenario



Source: Tourism Economics

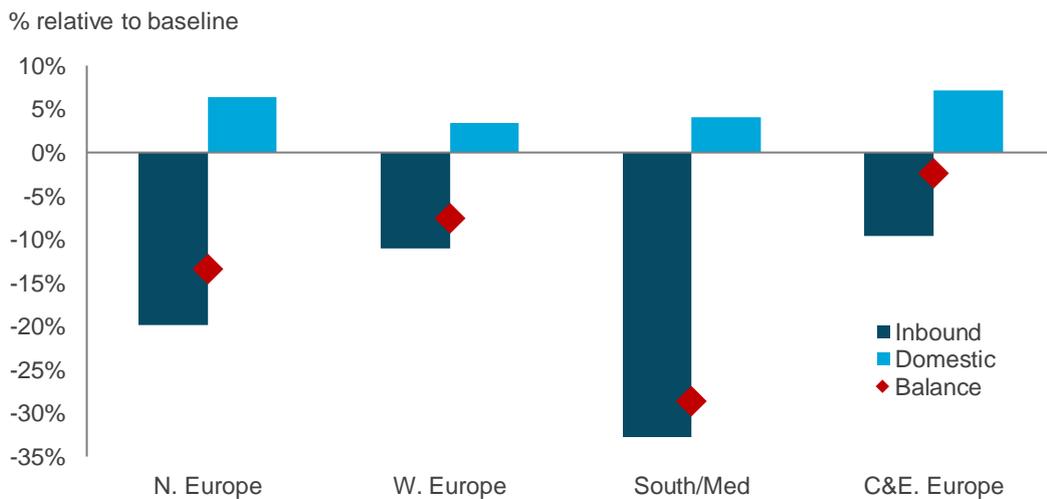
But the impact will be uneven across the region with some destinations benefitting more than others. In destinations where domestic travel already accounts for a large proportion of total travel (i.e., inbound and domestic combined) there is a greater opportunity to fill the gap left by inbound travel. Countries with typically large outbound travel markets will also be well-placed due to greater amounts of pent-up demand which can be redirected towards some form of domestic trip.



Across Europe, while all sub-regions can expect to see some uplift in domestic tourism relative to the baseline, in all cases this uplift would be insufficient to offset any corresponding declines in inbound travel. The impact of more severe restrictions would be most stark in Southern and Mediterranean Europe as a whole, since these destinations tend to be more reliant on inbound travel.

As a whole, Central and Eastern European destinations would see the smallest impact. In contrast to Southern and Mediterranean Europe, Central and Eastern Europe typically enjoys a higher share of domestic travel relative to inbound and can therefore better mobilise domestic demand when foreign travel is taken off the table.

Inbound vs domestic nights impact by region, 2021



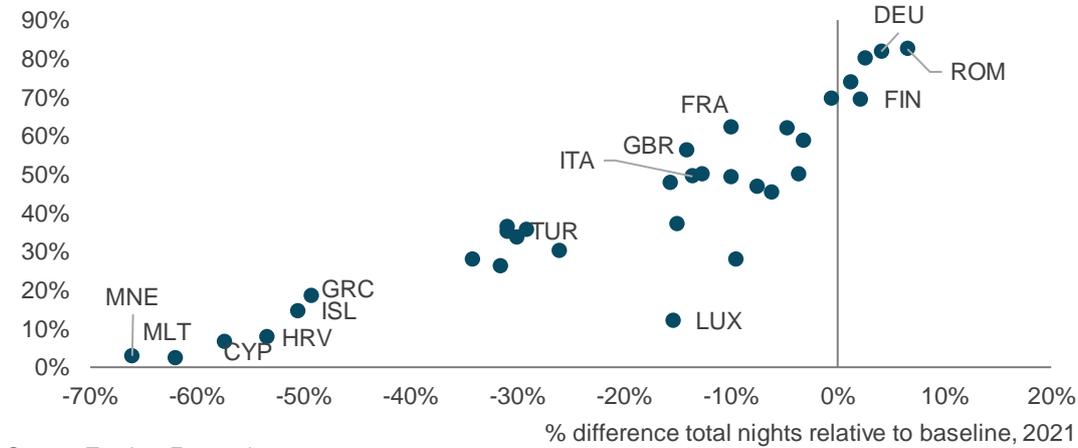
Source: Tourism Economics

A more detailed breakdown illustrating how this scenario would impact on individual destinations is shown below. There is a clear relationship between inbound reliance (i.e., destinations with a low share of domestic nights relative to total nights) and the impact of the more sustained international travel restrictions: clearly destinations which are more reliant on inbound demand would suffer larger declines in the scenario compared to destinations with a lesser reliance on inbound travel demand.



Domestic tourism reliance vs lost summer travel net impact

Domestic share of total nights, 2019

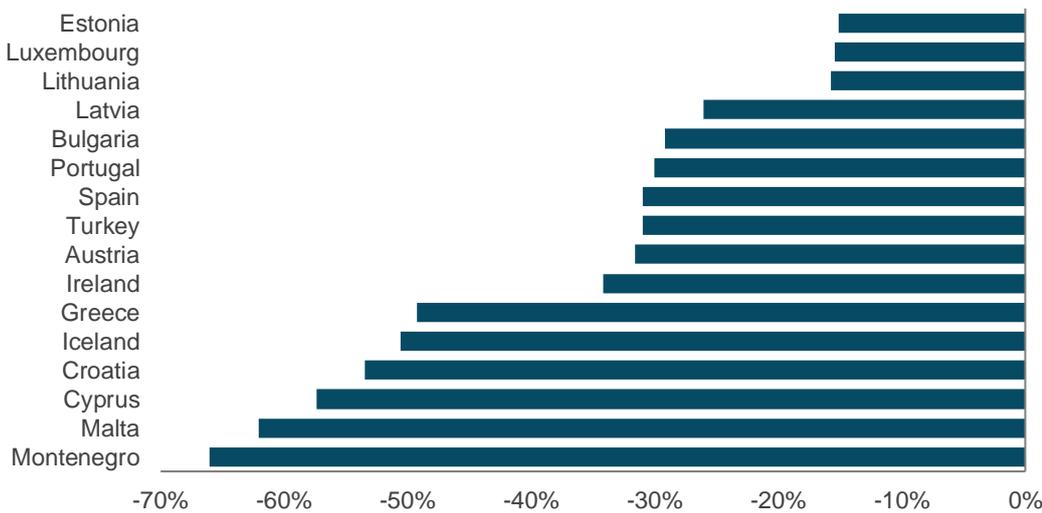


Source: Tourism Economics

Destinations falling in the lower-left of this chart have the least scope to offset inbound declines with domestic travel. The lack of opportunity is due to their relatively smaller domestic travel market and reliance on inbound travel. As such, in these destinations the impact of more severe travel restrictions over the summer would result in the largest decrease of total nights relative to the baseline. A number of Southern and Mediterranean destinations can be observed in this area: Montenegro, Malta, Cyprus, Croatia, and Greece. For further context, the European destinations deemed to have the least domestic opportunity are compiled in the chart below.

Europe lost summer scenario: destinations with least domestic opportunity

nights gained/lost % share of total nights (domestic + int'l), 2021



Source: Tourism Economics

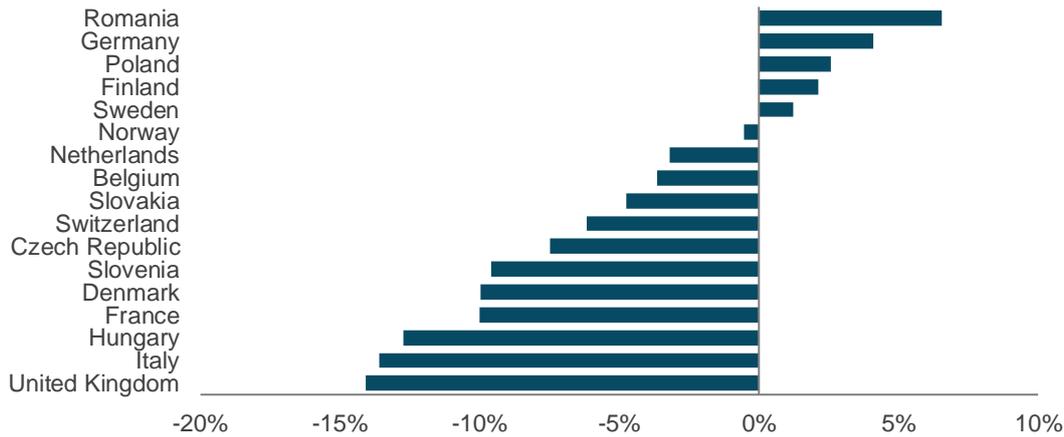
Some destinations have a greater opportunity to mitigate inbound declines through increased levels of domestic travel. These destinations feature in the upper-right area of the scatter chart above. In the scenario, only a handful of European destinations could feasibly see domestic demand fully offset declines in inbound travel. This opportunity exists due to the relatively large size of the domestic market within these destinations. Romania, Germany, and Poland have the three largest domestic markets respectively, accounting for more than 80% of total nights in each in 2019. Finland and Sweden also have sizeable domestic markets as a share of total travel demand. These five destinations



are the only ones which could fully offset inbound declines through higher levels of domestic travel activity. Their large domestic markets provide a degree of protection from international travel restrictions because the restrictions apply only to a relatively small proportion of total demand within each of these destinations. For context, the European destinations deemed to have the greatest opportunity to offset inbound declines are shown in the chart below.

Europe lost summer scenario: destinations with greatest domestic opportunity

nights gained/lost % share of total nights (domestic + int'l), 2021



Source: Tourism Economics



6. KEY SOURCE MARKET PERFORMANCE

Trends discussed in this section in some cases relate to the period January to March, although actual coverage varies by destination. For most countries, the latest available data point will be earlier than this. Further detailed monthly data for origin and destination, including absolute values, can be obtained from TourMIS (<http://tourmis.info>).

SUMMARY

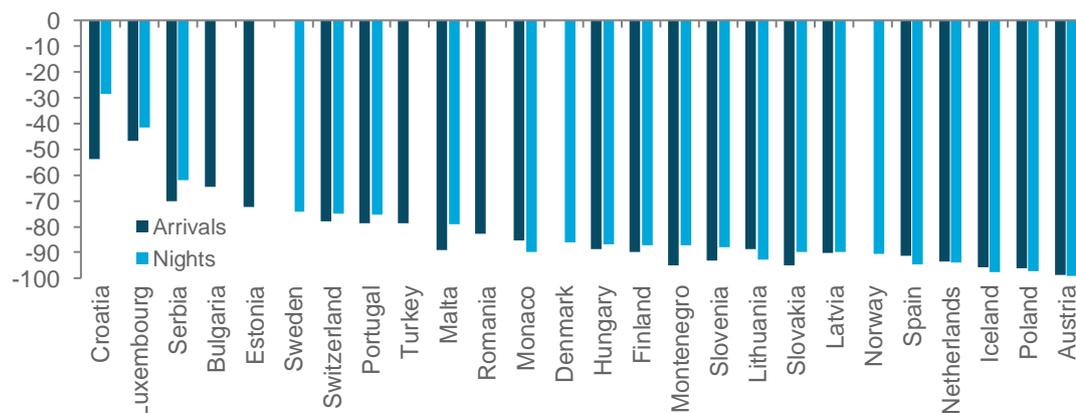
- New lockdowns in Europe have hampered any recovery of Intra-European travel & tourism with all reporting destinations showing steep declines from all major European source markets.
- Non-European source market arrivals in Europe continue to be constrained by restrictions on international travel and the shift to short-haul destinations.
- Some European destinations, such as Switzerland have become more reliant on overland visits from neighbouring countries.
- Continued lockdowns, curfews and travel restrictions as well as marked variations across Europe in vaccination programmes make it unlikely that there will be any short-term improvement when March and April arrivals and nights data become available for most destinations.

KEY INTRA-EUROPEAN SOURCE MARKETS

Overall, there has been an 87.2% decline in arrivals across Europe compared to the same period in 2020. Most destination countries are now reporting to either January or February. Croatia and Monaco have reported figures to March. An important consideration is the fact that March 2020 was the month in which travel and tourism in Europe started to unravel due to Covid-19. Although some discrepancy between reporting months for this report compared to the Q1/2020 report present challenges, where possible, trends have been examined over a two-year period to enhance their relevance.

German visits and overnights to select destinations

2021 year-to-date*, % change year ago



Source: TourMIS *date varies (Jan-Mar) by destination

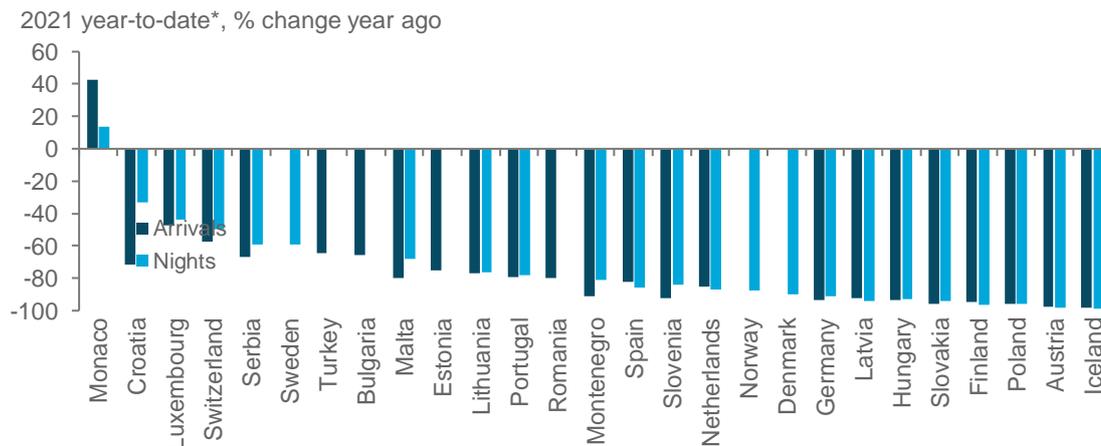
No country has seen growth in either metric from Germany. The chief casualty was Austria with a decline in nights of more than 99%. A swathe of destinations reported declines in German arrivals of more than 85%.



One of the countries reporting to March has witnessed the most moderate decline: Croatia. But it should be noted that a decline of 28% in nights and a 54% fall in arrivals is relative to a decline in 2020 that was not necessarily due to Covid-19; in our Q1/2020 report, although German arrivals to Croatia were down, the majority of other destinations still saw growth.

At present, the German government is reportedly considering closing the perimeter between every region, or *Länder*, in the country. Although this would not prevent outbound air travel, it would stop many Germans from accessing international airports. This could further impact German arrivals growth across all European destinations in the near-term.

French visits and overnights to select destinations



Source: TourMIS *date varies (Jan-Mar) by destination

Only one country has seen growth in either metric from France. This was Monaco which experienced a 13.5% increase in nights and 42.5% growth in arrivals., aided by its principality status within France.

The worst performers included Iceland, Austria, Finland, and Poland – all of which experienced declines in nights of over 95%, primarily because their reliance on air arrivals from France. Countries reporting to January experienced an 83.9% fall in French arrivals; those reporting to February, 81.3% and those reporting to March only a 31.4% decline – although that was distorted by the two countries reporting to that month: Croatia and Monaco.

Monaco aside, the best performing destination was Croatia, where there was a fall in arrivals of 72% relative to March 2020 but only a one third fall in nights over the same period. Again, it has to be emphasised that because Croatia is reporting to March, the baseline in 2020 has also been impacted by Covid-19 to some extent. Over the two-year period from March 2019, Croatia has seen a 77.0% fall in French arrivals.

Neighbouring Luxembourg and Switzerland also saw relatively moderate declines. Over a two-year period countries, such as Switzerland (down a moderate 54.9%) with the possibility of overland arrival from France have tended to fare best, while destinations further afield in Europe, such as Hungary and Finland have seen the steepest falls in French arrivals.

Spain, which has seen an 85.8% decline in nights from French visitors, now requires a negative PCR test for French arrivals who have crossed into the country by road within 72 hours of entry. Until now, negative PCR tests have only been required for French arrivals by sea and air. Some regional governments in Spain – such as Madrid - have been keen to encourage tourists from France, with relatively lax restrictions when compared to France. This has been met with discontent among the general

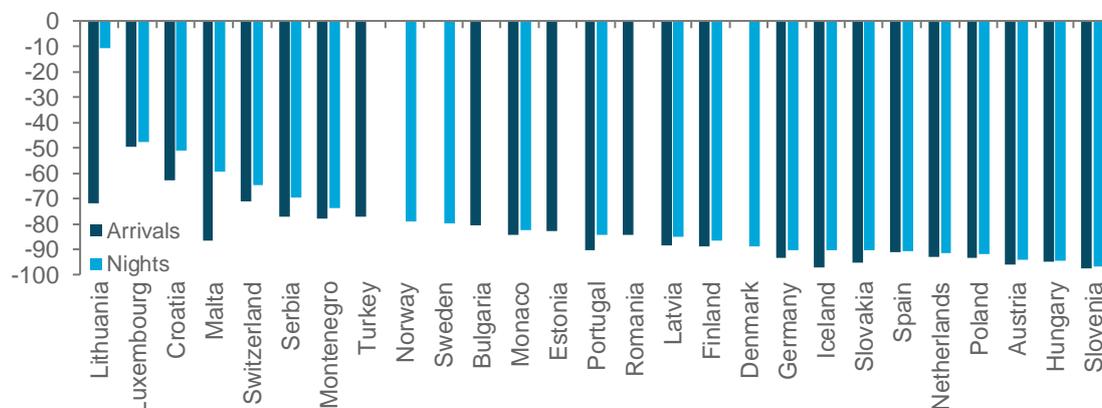


Spanish population who cannot travel between the country's regions, while French and German tourists can. This speaks to the need for co-ordinated and consistent policymaking across European destinations.

It seems unlikely that European destinations will experience growth from France over the next couple of months. On 3rd April, restrictions which were already in place in some parts of France, were extended across the whole country. These include not going more than 10 kilometres from home without an exemption certificate during the daytime and a night-time curfew. From 5th April, French citizens may not travel beyond their region except under exceptional circumstances, and with an exemption certificate. French nationals abroad may travel back to France, and cross-border workers may continue to cross the border.

Italian visits and overnights to select destinations

2021 year-to-date*, % change year ago



Source: TourMIS *date varies (Jan-Mar) by destination

No country has seen growth in either metric from Italy. The worst performers included Slovenia, Hungary, Austria, the Netherlands, Poland, Slovakia, Germany and Iceland – all of which experienced declines in nights of over 90%. Countries reporting to January experienced an 88.3% fall in Italian arrivals; those reporting to February, 85.6% and those reporting to March a still relatively steep 70.5% decline.

Lithuania enjoyed the smallest decline in Italian tourism – at least in nights, down only 10.7%. It was a different picture in terms of Italian arrivals with a decline of 71.8. Italy had planned to showcase a celebration of Lithuanian independence, but many events had to be cancelled.

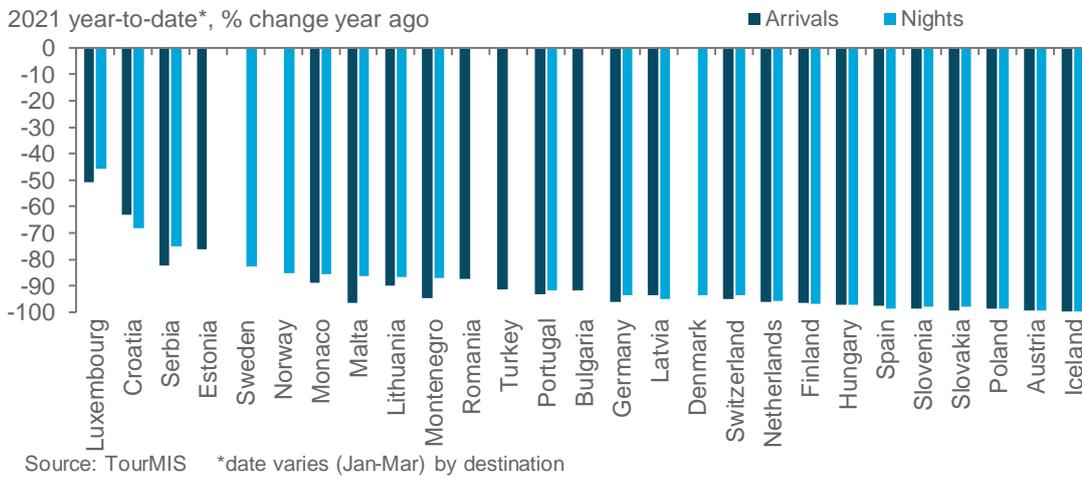
Croatia, reporting to March, still saw a 63% decline in Italian visitors despite having experienced a 37.2% decline in March 2020 as well. Over the two-year period, Croatia experienced a 76.8% decline in Italian arrivals.

Over this same two-year period, countries accessible by road, such as Switzerland has seen the least decline in Italian arrivals, down 72.2%. Although some Mediterranean destinations, such as Turkey and Montenegro also fared relatively well. More distant locations in Europe, such as Hungary and Poland tended to suffer greater declines.

The current picture of restrictions in Italy is complicated. Previous restrictions have been extended until the end of April, but the UK and the Tyrol region of Austria have joined the 'C' list of countries (which includes most of the EU), which can be visited for work or health. Until the 6th April, the UK was on List E which had a 14-day quarantine period.



United Kingdom visits and overnights to select destinations



All reporting destinations countries saw steep falls in arrivals from the United Kingdom, ranging from a decline of 50.9% in Luxembourg, a major financial and business destination, through to a 99.6% decline in Iceland. The percentage declines from the UK source market have tended to be steeper than those from most other European source markets with those destination countries reporting to January seeing a 92.8% decline in UK arrivals, February a 92.7% decline and March a 72.2% decline.

Croatia, reporting to March, experienced one of the most moderate declines with UK arrivals down 68.3%. However, this is relative to a baseline reported in the Q1 2020 report wherein UK nights were already in negative territory. Over a two-year period, UK visitors to Croatia have fallen by 56.6% - a less serious decline than most European destination countries.

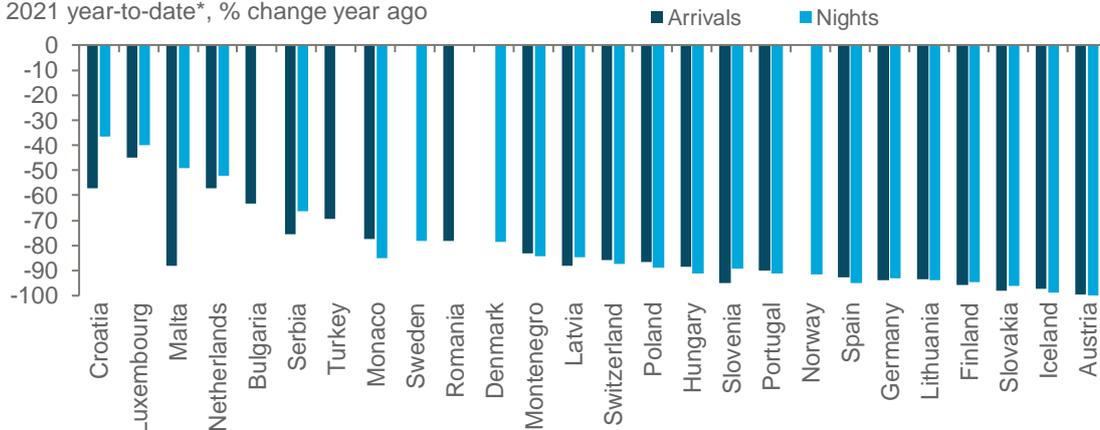
For comparison over the two-year period, UK visits to Spain (which totalled over 18 million in 2019) have declined by 97.8%. Similarly, for Turkey which have declined by 90.7%.

It is currently prohibited to travel abroad from the UK for leisure purposes and for most types of VFR trips. Although international travel is the responsibility of devolved administrations, it may start to return after mid-May.



Dutch visits and overnights to select destinations

2021 year-to-date*, % change year ago



Source: TourMIS *date varies (Jan-Mar) by destination

No reporting destination saw growth in tourism from the Netherlands. The steepest falls in Dutch arrivals were recorded in Austria, Iceland, Slovakia, Finland and Slovenia, all of which recorded declines in arrivals from the Netherlands in excess of 95%.

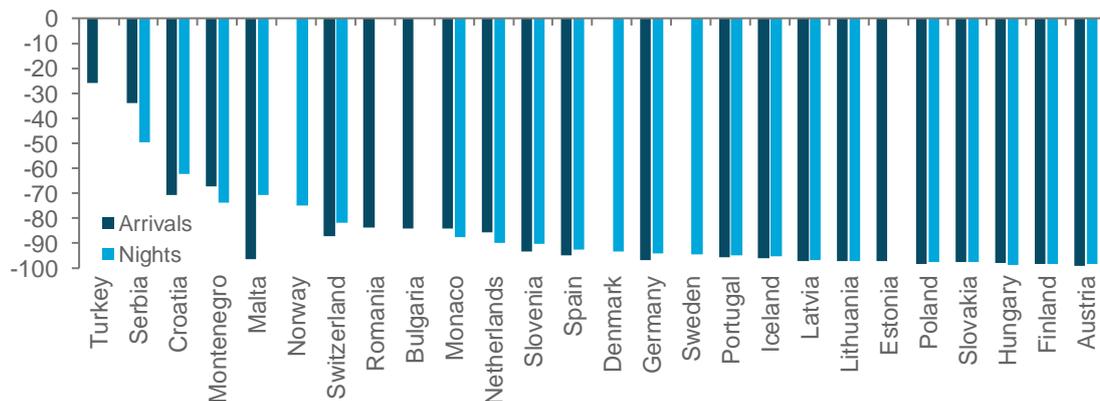
The most moderate falls were registered in Croatia, reporting to March, and in Luxembourg, reporting to January. As well as being an important business travel centre, Luxembourg is also a neighbouring state to the Netherlands and no border checks are carried out on persons entering the Grand Duchy by road. Some destinations, such as Croatia and Malta, registered much steeper declines in arrivals than nights, suggesting that one of the impacts of Covid-19 has been to increase average length of stay.

Over the two-year period, it is apparent that Turkey and Bulgaria have fared relatively well – seeing only a 65.5% decline in Dutch arrivals. Among the poorest performers have been Finland and Montenegro.

Until 15th May, Dutch residents are required to stay in the Netherlands unless a foreign trip is essential – such as for family emergencies, or for work that cannot be postponed and that requires physical presence. A self-quarantine regime for those who have travelled is in place although it can be shortened with testing.

Russian visits and overnights to select destinations

2021 year-to-date*, % change year ago



Source: TourMIS *date varies (Jan-Mar) by destination



There are clear indications that pent-up demand in Russia is high. ForwardKeys data on flight bookings suggest a strong rebound for the country's domestic tourism market in 2021. For the first four months of 2021, tickets issued for domestic travel in Russia reached 88% of 2019 volumes by 20th January this year. However, that does not yet reflect in terms of international travel to elsewhere in Europe⁸.

Most destinations continued to see steep falls from Russia. Of late, Russian restrictions have been relatively mild when compared with most other European countries. In particular, there have been no restrictions on domestic flights.

Although the majority of countries saw declines in arrivals of more than 90%, Turkey and some of the Balkan countries have proved exceptions. Turkey, reporting to February, experienced only a 25.8% decline in Russian arrivals. This is unlikely to remain the case. In April 2021, the Russian government decided to impose restrictions on regular and chartered air services with Turkey until 1st June, nominally in order to slow the spread of Covid-19 but possibly also connected to improving relations between Turkey and Ukraine.

However, Turkey's performance from the Russian source market over the past two years has been impressive, given the global health crisis. It has seen only a 1.7% fall in Russian visitors, driven by strong growth in 2019; it has been important for Turkey to hold on to the majority of its Russian visitors (6.5 million in 2019).

Croatia also witnessed a relatively moderate decline in Russian visitation, although arrivals were still down by 70.7%. However, arrivals from Russia were already falling in March 2020 and over the two-year period there has been a fall in Russian arrivals of 74.8%. Russian visits to Serbia recorded a decline of 34.0% although the fall in nights was steeper at 49.7%.

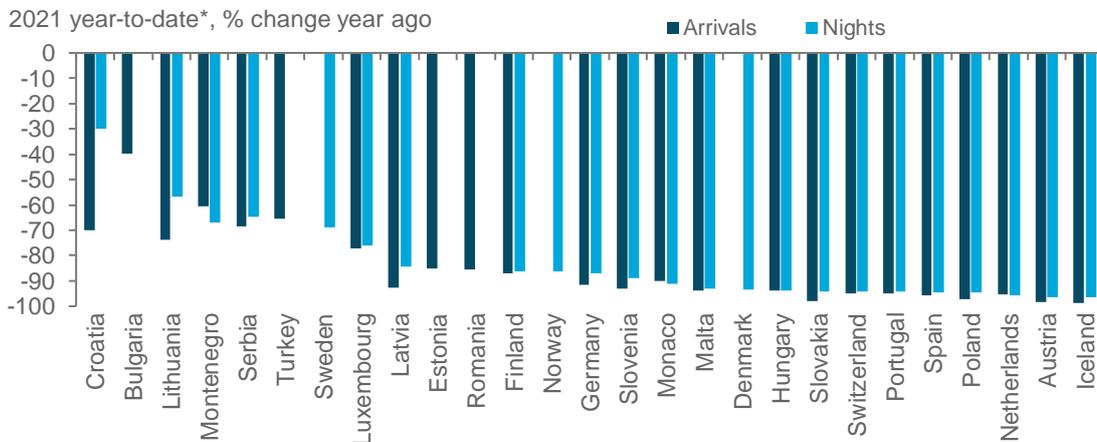
Both Croatia and Greece have been clear that they will accept all travellers who have been vaccinated with two doses of vaccines against Covid-19, regardless of whether the vaccines have been approved by the European Medicines Agency (EMA). This will clearly be important for attracting Russian demand.

⁸ <https://forwardkeys.com/trend-alert-russia-a-travel-market-to-capture/>



NON-EUROPEAN SOURCE MARKETS

United States visits and overnights to select destinations



Source: TourMIS *date varies (Jan-Mar) by destination

Given the new lockdowns and travel restrictions across Europe, it is no longer clear – as it has been in previous quarters – that declines in long-haul are greater than short-haul travel although short-haul travel can be expected to recover more quickly. For countries reporting to January, US arrivals were down by an average of 93.5%, for those reporting to February by 76.9% and for those reporting to March 77.2%.

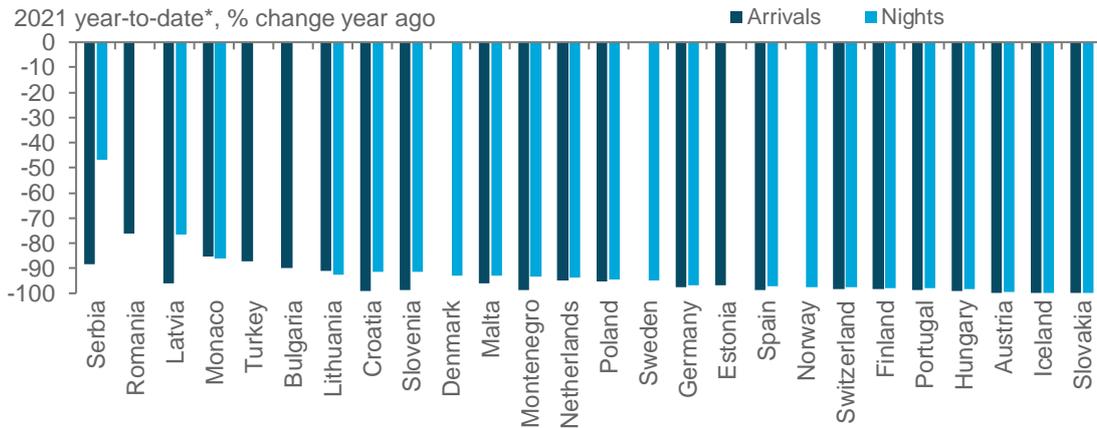
The United States has never been on the EU's list of 'safe' countries with regard to Covid-19. In the other direction, the US still has a ban on travellers from the Schengen Area as well as the United Kingdom and Ireland, although this does not apply to US citizens or permanent residents in the US.

However, there are exceptions to the general ban on US arrivals in Europe, including both Iceland and Croatia. As of 1st April, anyone can visit Croatia if presenting a Covid-19 vaccination certificate with the final dose at least 14 days before arrival or a negative test undertaken no more than 48 hours prior to arrival. Croatia is the country with the least steep decline in US visitors with nights only down 29.8% but arrivals still reduced by 70.1%. However, in Q1 2020, when only Croatia and Iceland reported to March, American arrivals to Croatia were already down by 58.5%.

Bulgaria saw less of a decline in US visitors than Croatia and experienced very little change in arrivals from the US in Q1 2020. Over the two-year period they were among the softest of declines in US visitors, falling by only 38.9%, compared to 87.6% in Croatia or 96.0% in Spain. US citizens are still prohibited from entering Bulgaria unless they meet one of the exceptions to entry restrictions under the current Bulgarian Ministry of Health Order which has been extended until the end of April.



Chinese visits and overnights to select destinations



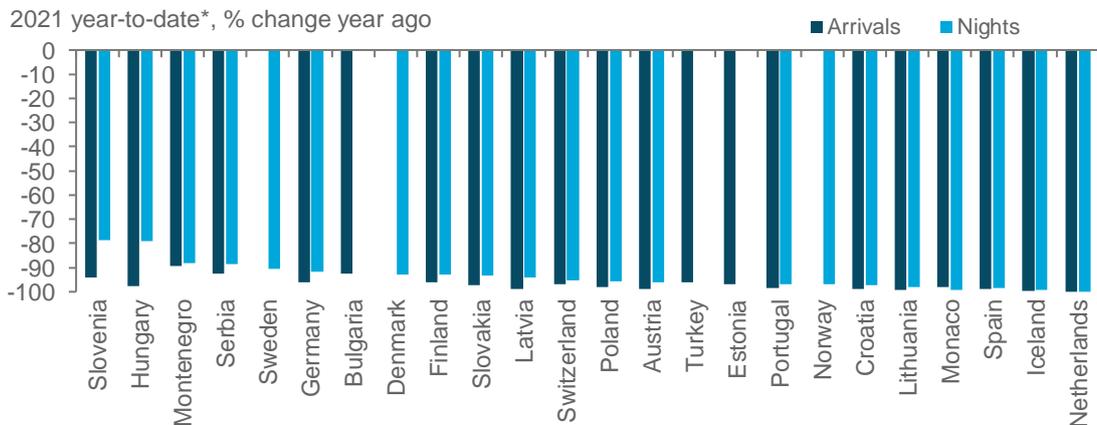
Source: TourMIS *date varies (Jan-Mar) by destination

Chinese domestic travel had been recovering but IATA reports that a marked fall in traffic within China that has been driven by the Chinese government request that citizens stay at home during the traditional new year travel period⁹. Usually this leads to January and February traffic volumes being close to those of December or March but this year, RPKs during those two months (January and February) combined were roughly 40% below normal levels.

International travel from China has certainly not resumed. Even though Chinese outbound travel was severely affected by the impacts of Covid-19 in January and February of 2020, 12 month declines since then have generally exceeded 90%. Furthermore, some of the declines seen have effectively (temporarily) wiped-out Chinese tourism.

Countries such as Slovakia, Iceland, Austria, Hungary, Portugal, Finland and Switzerland have lost between 98% and 100% of Chinese visitors over the twelve-month period. The average for countries reporting to January was a decline of 96.9%, for February 94.5% and for March 94.2%. Therefore, there is absolutely no sign of a March upturn for Chinese arrivals.

Japanese visits and overnights to select destinations



Source: TourMIS *date varies (Jan-Mar) by destination

⁹ [IATA Air Passenger Market Analysis, Feb. 2021](#)

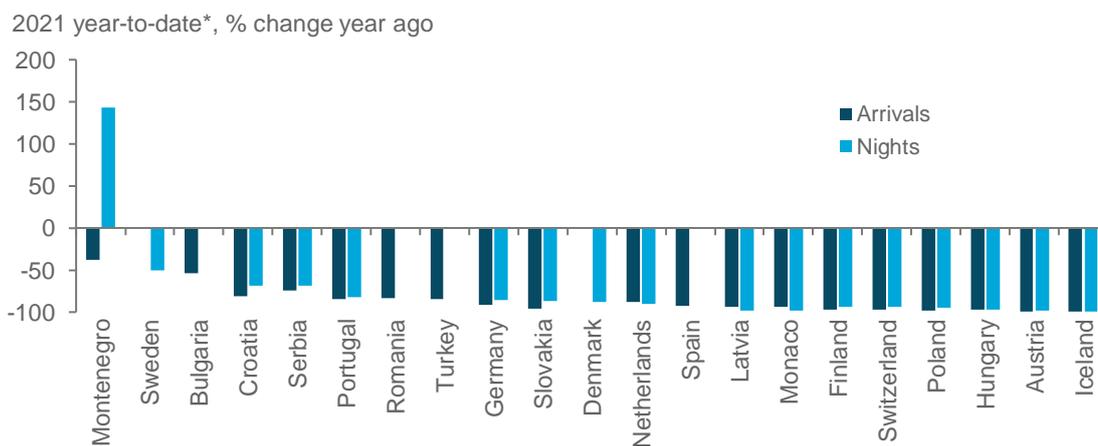


Unsurprisingly, there is also very little sign of an upturn in outbound Japanese travel and tourism to European destinations. European destination countries reporting to January averaged a decline in Japanese arrivals of 98.2%, to February 96.4% and to March 98.7%.

As with China, Q1 2020 was already affected by the global outbreak of the Covid-19 virus. However, this has not stopped all European destinations experiencing further declines over the past year. Although it is worth noting that in some cases nights have declined less than arrivals, even the most moderate decline – in Slovenia – represents a decline in visitor numbers of 94.2% on twelve months earlier. Over the longer two-year period, all European reporting destinations experienced severe declines in Japanese visitors with Austria, Poland, Hungary, and Slovakia suffering the worst percentage declines.

Japan had a relatively slow start to its vaccination programme. However, All Nippon Airways (ANA) now plans to trial IATA's 'Travel Pass' app, which allows passengers to verify if they meet the Covid-19 testing requirements of their destination and shares their test results with airlines and airport authorities.

Indian visits and overnights to select destinations



Source: TourMIS *date varies (Jan-Mar) by destination

Only one European destination country reported growth in either metric from India. That country was Montenegro and only on nights, which have increased 144% based on data to February. Over the same period, visits from India fell by 38%. Montenegro was among the worst performers in Q1 2020 and actual volumes of Indian visitors are very small and, therefore, subject to quite large swings.

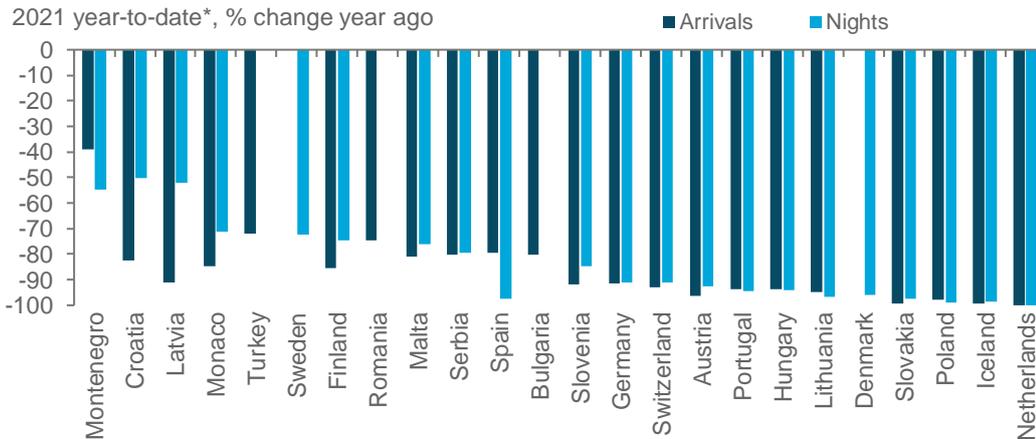
All other countries experienced steep declines in Indian visitation. Of these, Sweden and Bulgaria were the most moderate. Indeed, over the two-year period, Bulgaria has only experienced a 53.2% decline in Indian arrivals, with Serbia also performing reasonably well.

The average decline in Indian arrivals for countries reporting to January was 92.0%, to February 84.9% and to March 85.9%. However, arrivals to February were distorted by Montenegro and Bulgaria, and to March, by Croatia.

Vaccine roll-out in January in India did briefly boost traveller confidence – but this was short-lived as the country is now reporting record high levels of new infection (including a new variant) and struggling on its own vaccine programme despite being one of the World's major vaccine producers.



Canadian visits and overnights to select destinations



Source: TourMIS *date varies (Jan-Mar) by destination

No reporting destination experienced any growth in either metric from Canada. The Netherlands experienced a 100% loss in both visitors and nights from Canada and Iceland, Poland and Slovakia were not far behind.

Montenegro enjoyed the smallest decline from Canada (this was true of Q1/2020 also). This has resulted in a relatively moderate fall of 46.4% of Canadian visitors over the two-year period. Croatia also experienced a less than average decline of 82.4%, although this was relative to a baseline in March 2020 in which Croatia was among the worst performers. Croatia has experienced a 91.1% fall in Canadian travellers over the two-year period.

The Canadian federal government currently advises that Canadians avoid all non-essential travel, both domestic and international.



7. ORIGIN MARKET SHARE ANALYSIS

Based on the Tourism Economics' Global Travel Service (GTS) model, the following charts and analysis show Europe's evolving market position – in absolute and percentage terms – for selected source markets.

Data in these charts and tables relate to reported arrivals in all destinations as a comparable measure of outbound travel for calculation of market share.

For example, US outbound figures featured in the analysis are larger than reported departures in national statistics as long-haul trips often involve travel to multiple destinations. In 2014, US data reporting shows 11.9 million departures to Europe while the sum of European arrivals from the US was 23.4 million. Thus, each US trip to Europe involved a visit to two destinations on average.

The geographies of Europe are defined as follows:

Northern Europe is Denmark, Finland, Iceland, Ireland, Norway, Sweden, and the UK;

Western Europe is Austria, Belgium, France, Germany, Luxembourg, Netherlands, and Switzerland;

Southern/Mediterranean Europe is Albania, Bosnia-Herzegovina, Croatia, Cyprus, North Macedonia, Greece, Italy, Malta, Montenegro, Portugal, Serbia, Slovenia, Spain, and Turkey;

Central/Eastern Europe is Armenia, Azerbaijan, Bulgaria, Czech Republic, Estonia, Hungary, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Poland, Romania, Russian Federation, Slovakia, and Ukraine.



United States Market Share Summary

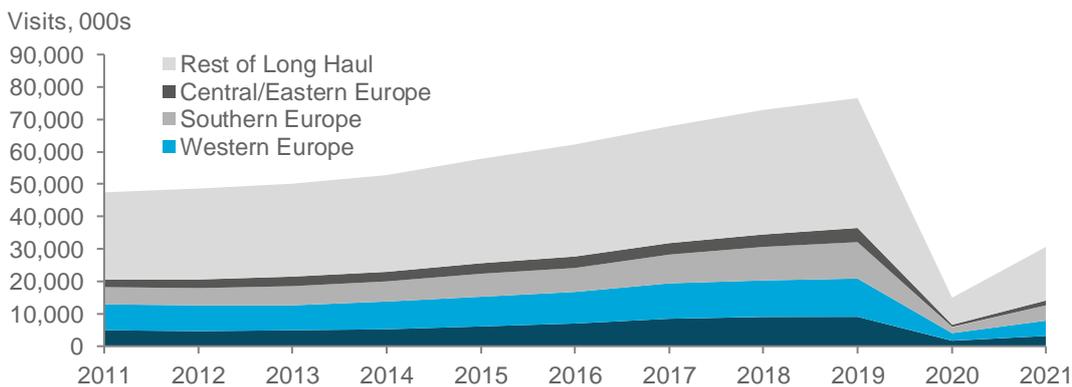
| | 2020 000s | Growth [2020-25] | | | Growth [2015-20] | | |
|-------------------------|--------------|------------------|----------------|--------------------|------------------|--------------------|--------------|
| | | Share** | Annual average | Cumulative growth* | Share 2025** | Cumulative growth* | Share 2015** |
| Total outbound travel | 38,053 | - | 31.0% | 286.5% | - | -60.6% | - |
| Long haul | 14,868 | 39.1% | 42.1% | 478.6% | 58.5% | -74.3% | 59.9% |
| Short haul | 23,185 | 60.9% | 21.4% | 163.3% | 41.5% | -40.1% | 40.1% |
| Travel to Europe | 6,581 | 17.3% | 41.9% | 476.1% | 25.8% | -74.4% | 26.7% |
| European Union | 28,851 | 75.8% | -7.1% | -31.0% | 13.5% | 56.2% | 19.1% |
| Northern Europe | 1,722 | 4.5% | 41.7% | 470.9% | 6.7% | -71.8% | 6.3% |
| Western Europe | 2,322 | 6.1% | 38.5% | 409.6% | 8.0% | -74.8% | 9.5% |
| Southern Europe | 1,912 | 5.0% | 43.8% | 515.4% | 8.0% | -72.9% | 7.3% |
| Central/Eastern Europe | 625 | 1.6% | 48.3% | 616.9% | 3.0% | -81.5% | 3.5% |

*Shows cumulative change over the relevant time period indicated

**Shares are expressed as % of total outbound travel

Source: Tourism Economics

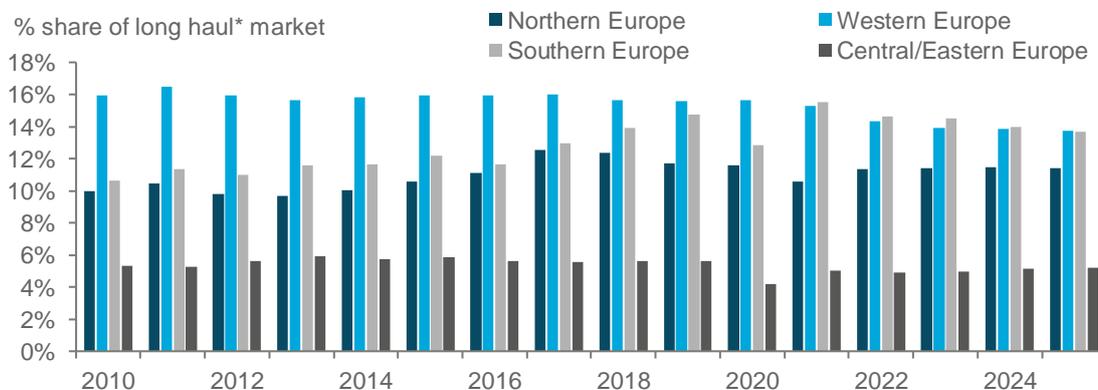
United States Long Haul* Outbound Travel



*Long haul defined as tourist arrivals to destinations outside North America

Source: Tourism Economics

Europe's Share of United States Market



*Long haul defined as tourist arrivals to destinations outside North America

Source: Tourism Economics



Canada Market Share Summary

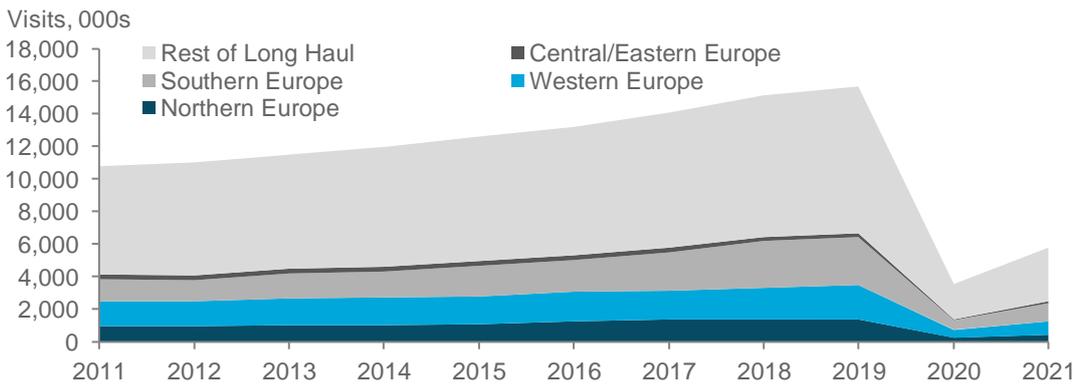
| | 2020 000s | Growth (2020-25) | | | Growth (2015-20) | | |
|-------------------------|--------------|------------------|----------------|--------------------|------------------|--------------------|--------------|
| | | Share** | Annual average | Cumulative growth* | Share 2025** | Cumulative growth* | Share 2015** |
| Total outbound travel | 9,314 | - | 36.5% | 374.7% | - | -73.4% | - |
| Long haul | 3,557 | 38.2% | 37.3% | 387.3% | 39.2% | -71.8% | 36.0% |
| Short haul | 5,757 | 61.8% | 36.1% | 366.9% | 60.8% | -74.3% | 64.0% |
| Travel to Europe | 1,401 | 15.0% | 35.9% | 364.4% | 14.7% | -71.7% | 14.1% |
| European Union | 5,580 | 59.9% | -6.6% | -29.0% | 9.0% | 45.5% | 10.9% |
| Northern Europe | 252 | 2.7% | 41.3% | 462.4% | 3.2% | -76.2% | 3.0% |
| Western Europe | 506 | 5.4% | 33.3% | 321.3% | 4.8% | -70.8% | 4.9% |
| Southern Europe | 575 | 6.2% | 36.9% | 380.2% | 6.2% | -69.8% | 5.4% |
| Central/Eastern Europe | 68 | 0.7% | 23.6% | 188.6% | 0.4% | -73.4% | 0.7% |

*Shows cumulative change over the relevant time period indicated

**Shares are expressed as % of total outbound travel

Source: Tourism Economics

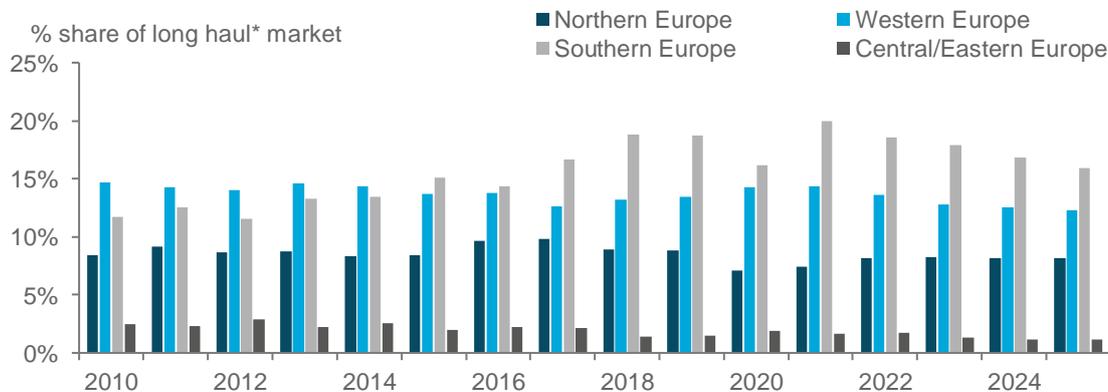
Canada Long Haul* Outbound Travel



*Long haul defined as tourist arrivals to destinations outside North America

Source: Tourism Economics

Europe's Share of Canadian Market



*Long haul defined as tourist arrivals to destinations outside North America

Source: Tourism Economics



Mexico Market Share Summary

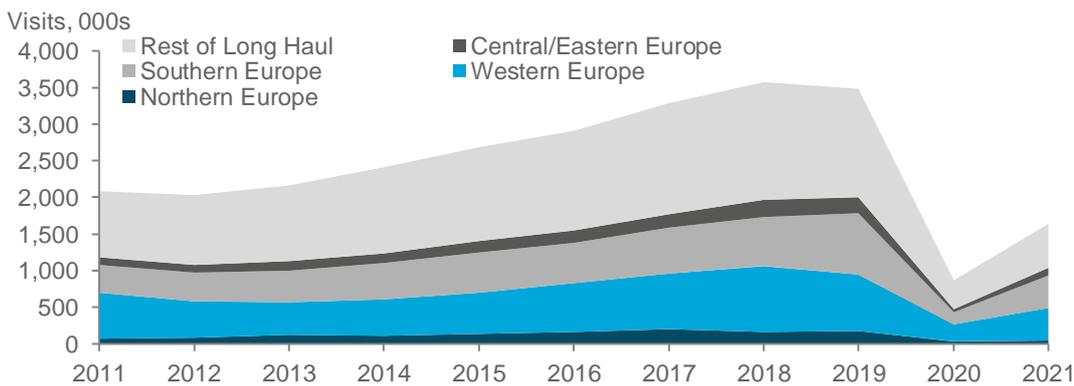
| | 2020 000s | Growth (2020-25) | | | Growth (2015-20) | | |
|------------------------|--------------|------------------|----------------|--------------------|------------------|--------------------|--------------|
| | | Share** | Annual average | Cumulative growth* | Share 2025** | Cumulative growth* | Share 2015** |
| Total outbound travel | 8,313 | - | 21.9% | 169.2% | - | -60.9% | - |
| Long haul | 869 | 10.4% | 30.8% | 283.0% | 14.9% | -67.6% | 12.6% |
| Short haul | 7,444 | 89.6% | 20.7% | 155.9% | 85.1% | -59.9% | 87.4% |
| Travel to Europe | 473 | 5.7% | 29.5% | 264.5% | 7.7% | -66.4% | 6.6% |
| European Union | 1,652 | 19.9% | -4.3% | -19.7% | 5.9% | 63.8% | 4.7% |
| Northern Europe | 35 | 0.4% | 32.2% | 304.4% | 0.6% | -73.8% | 0.6% |
| Western Europe | 232 | 2.8% | 25.4% | 210.5% | 3.2% | -59.5% | 2.7% |
| Southern Europe | 167 | 2.0% | 32.0% | 300.0% | 3.0% | -69.4% | 2.6% |
| Central/Eastern Europe | 39 | 0.5% | 37.7% | 395.6% | 0.9% | -75.2% | 0.8% |

*Shows cumulative change over the relevant time period indicated

**Shares are expressed as % of total outbound travel

Source: Tourism Economics

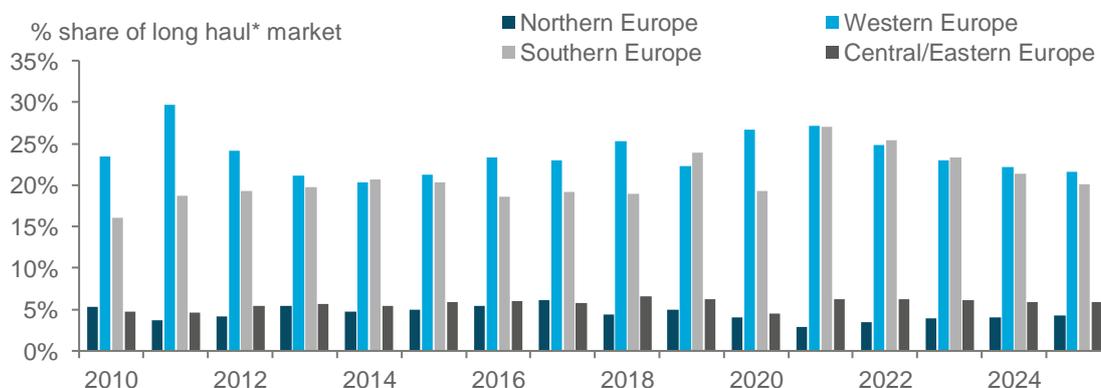
Mexico Long Haul* Outbound Travel



*Long haul defined as tourist arrivals to destinations outside North America

Source: Tourism Economics

Europe's Share of Mexican Market



*Long haul defined as tourist arrivals to destinations outside North America

Source: Tourism Economics



Argentina Market Share Summary

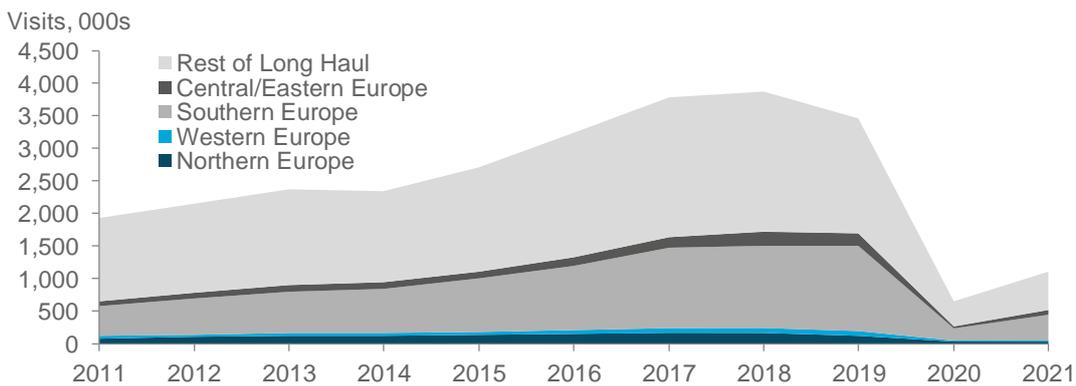
| | 2020 000s | Growth [2020-25] | | | Growth [2015-20] | | |
|-------------------------|--------------|------------------|----------------|--------------------|------------------|--------------------|--------------|
| | | Share** | Annual average | Cumulative growth* | Share 2025** | Cumulative growth* | Share 2015** |
| Total outbound travel | 2,935 | - | 25.9% | 216.2% | - | -69.7% | - |
| Long haul | 657 | 22.4% | 36.7% | 377.6% | 33.8% | -75.8% | 28.0% |
| Short haul | 2,277 | 77.6% | 21.9% | 169.7% | 66.2% | -67.3% | 72.0% |
| Travel to Europe | 267 | 9.1% | 36.9% | 381.3% | 13.8% | -75.9% | 11.4% |
| European Union | 1,439 | 49.0% | -13.0% | -50.1% | 7.7% | 113.2% | 7.0% |
| Northern Europe | 41 | 1.4% | 26.4% | 222.6% | 1.4% | -69.7% | 1.4% |
| Western Europe | 11 | 0.4% | 41.9% | 475.8% | 0.7% | -78.1% | 0.5% |
| Southern Europe | 188 | 6.4% | 36.7% | 378.0% | 9.7% | -77.1% | 8.4% |
| Central/Eastern Europe | 27 | 0.9% | 47.7% | 602.2% | 2.1% | -73.4% | 1.1% |

*Shows cumulative change over the relevant time period indicated

**Shares are expressed as % of total outbound travel

Source: Tourism Economics

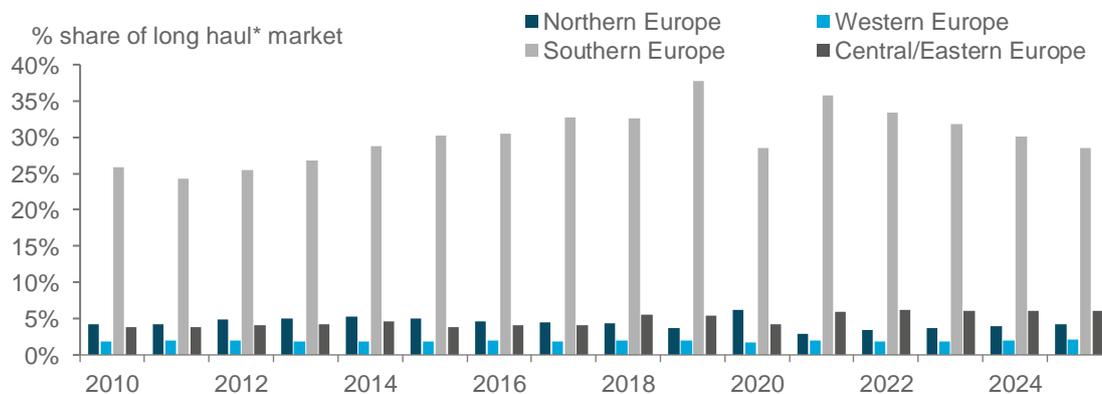
Argentina Long Haul* Outbound Travel



*Long haul defined as tourist arrivals to destinations outside South America

Source: Tourism Economics

Europe's Share of Argentine Market



*Long haul defined as tourist arrivals to destinations outside South America

Source: Tourism Economics



Brazil Market Share Summary

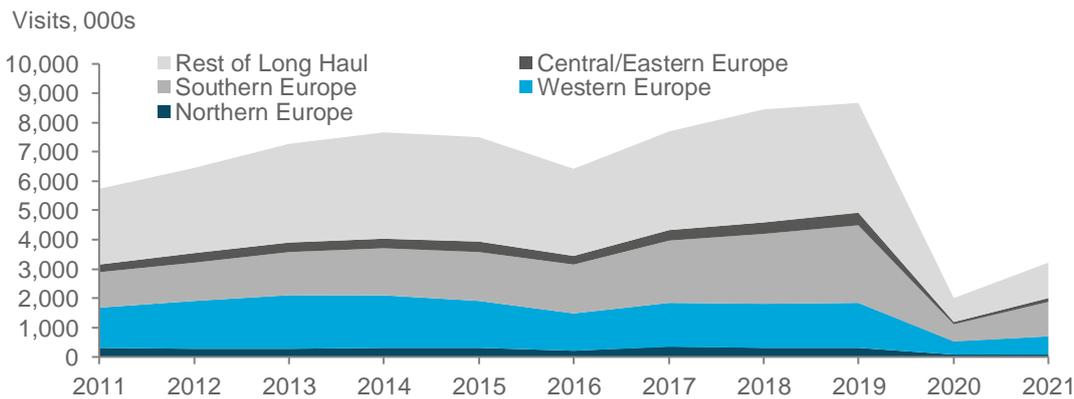
| | 2020 000s | Growth [2020-25] | | | Growth [2015-20] | | |
|------------------------|--------------|------------------|----------------|--------------------|------------------|--------------------|--------------|
| | | Share** | Annual average | Cumulative growth* | Share 2025** | Cumulative growth* | Share 2015** |
| Total outbound travel | 3,039 | - | 30.0% | 272.0% | - | -70.1% | - |
| Long haul | 2,018 | 66.4% | 31.5% | 293.0% | 70.2% | -73.1% | 73.8% |
| Short haul | 1,021 | 33.6% | 27.0% | 230.3% | 29.8% | -61.6% | 26.2% |
| Travel to Europe | 1,194 | 39.3% | 29.0% | 257.6% | 37.8% | -69.6% | 38.7% |
| European Union | 3,970 | 130.7% | -7.9% | -33.7% | 23.3% | 22.9% | 31.8% |
| Northern Europe | 90 | 2.9% | 26.0% | 217.1% | 2.5% | -71.9% | 3.1% |
| Western Europe | 433 | 14.3% | 24.3% | 197.3% | 11.4% | -73.0% | 15.8% |
| Southern Europe | 593 | 19.5% | 31.2% | 289.3% | 20.4% | -64.5% | 16.4% |
| Central/Eastern Europe | 79 | 2.6% | 37.8% | 396.8% | 3.5% | -76.5% | 3.3% |

*Shows cumulative change over the relevant time period indicated

**Shares are expressed as % of total outbound travel

Source: Tourism Economics

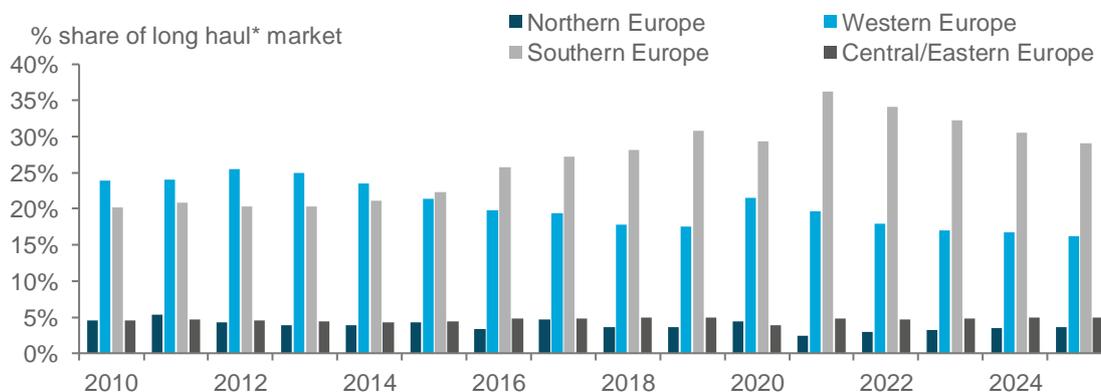
Brazil Long Haul* Outbound Travel



*Long haul defined as tourist arrivals to destinations outside South America

Source: Tourism Economics

Europe's Share of Brazilian Market



*Long haul defined as tourist arrivals to destinations outside South America

Source: Tourism Economics



India Market Share Summary

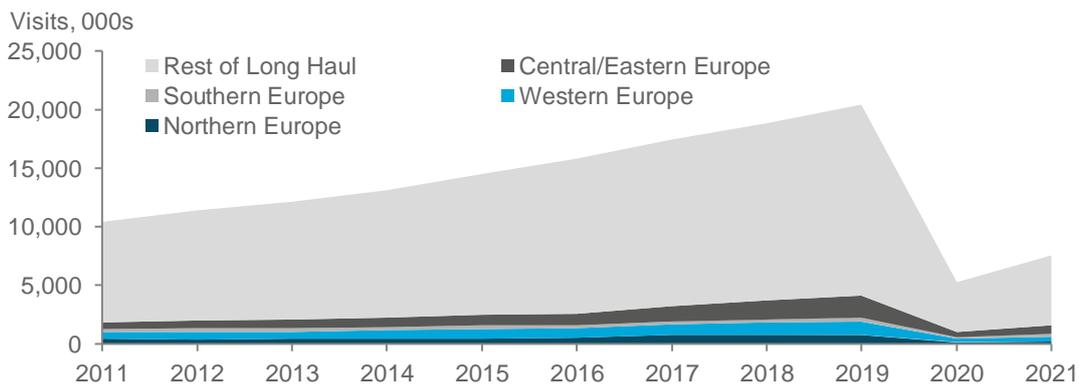
| | 2020 000s | Growth [2020-25] | | | Growth [2015-20] | | |
|------------------------|--------------|------------------|----------------|--------------------|------------------|--------------------|--------------|
| | | Share** | Annual average | Cumulative growth* | Share 2025** | Cumulative growth* | Share 2015** |
| Total outbound travel | 5,698 | - | 31.6% | 295.2% | - | -63.0% | - |
| Long haul | 5,233 | 91.8% | 32.3% | 305.8% | 94.3% | -63.9% | 94.4% |
| Short haul | 466 | 8.2% | 22.5% | 175.4% | 5.7% | -46.3% | 5.6% |
| Travel to Europe | 1,015 | 17.8% | 30.3% | 275.4% | 16.9% | -59.2% | 16.2% |
| European Union | 1,656 | 29.1% | -6.6% | -29.0% | 5.2% | 51.6% | 7.1% |
| Northern Europe | 156 | 2.7% | 30.1% | 272.6% | 2.6% | -68.0% | 3.2% |
| Western Europe | 302 | 5.3% | 27.3% | 233.7% | 4.5% | -62.5% | 5.2% |
| Southern Europe | 122 | 2.1% | 25.9% | 216.7% | 1.7% | -63.5% | 2.2% |
| Central/Eastern Europe | 435 | 7.6% | 33.4% | 321.9% | 8.1% | -49.5% | 5.6% |

*Shows cumulative change over the relevant time period indicated

**Shares are expressed as % of total outbound travel

Source: Tourism Economics

India Long Haul* Outbound Travel



*Long haul defined as tourist arrivals to destinations outside South Asia

Source: Tourism Economics

Europe's Share of Indian Market



*Long haul defined as tourist arrivals to destinations outside South Asia

Source: Tourism Economics



China Market Share Summary

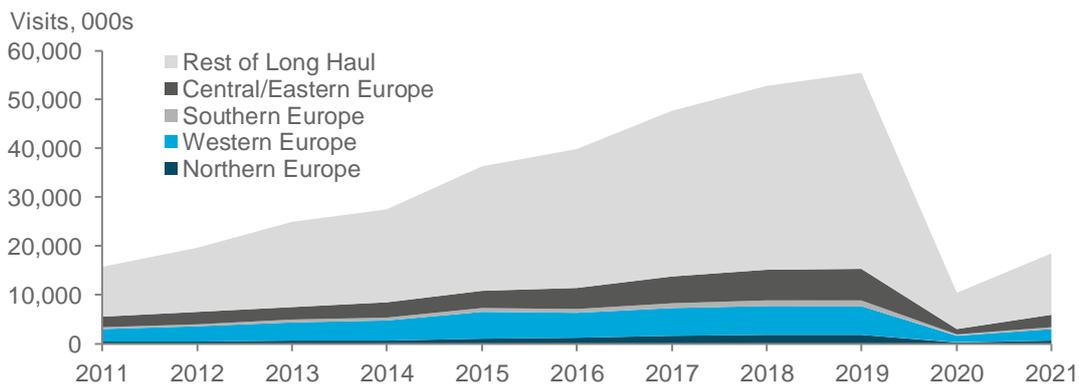
| | 2020 000s | Growth [2020-25] | | | Growth [2015-20] | | |
|-------------------------|--------------|------------------|----------------|--------------------|------------------|--------------------|--------------|
| | | Share** | Annual average | Cumulative growth* | Share 2025** | Cumulative growth* | Share 2015** |
| Total outbound travel | 15,480 | - | 50.6% | 674.0% | - | -80.5% | - |
| Long haul | 10,447 | 67.5% | 44.0% | 520.1% | 54.1% | -71.3% | 45.8% |
| Short haul | 5,033 | 32.5% | 61.3% | 993.5% | 45.9% | -88.3% | 54.2% |
| Travel to Europe | 3,070 | 19.8% | 41.6% | 469.0% | 14.6% | -71.6% | 13.6% |
| European Union | 8,331 | 53.8% | -7.3% | -31.5% | 4.8% | 116.4% | 4.8% |
| Northern Europe | 358 | 2.3% | 43.2% | 502.3% | 1.8% | -63.3% | 1.2% |
| Western Europe | 1,383 | 8.9% | 38.7% | 413.5% | 5.9% | -75.5% | 7.1% |
| Southern Europe | 228 | 1.5% | 38.1% | 402.7% | 1.0% | -70.0% | 1.0% |
| Central/Eastern Europe | 1,101 | 7.1% | 45.0% | 541.7% | 5.9% | -67.9% | 4.3% |

*Shows cumulative change over the relevant time period indicated

**Shares are expressed as % of total outbound travel

Source: Tourism Economics

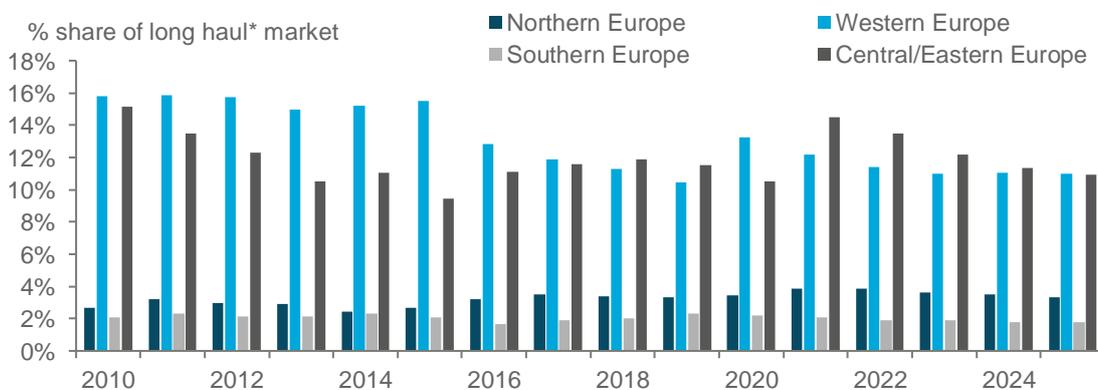
China Long Haul* Outbound Travel



*Long haul defined as tourist arrivals to destinations outside Northeast Asia

Source: Tourism Economics

Europe's Share of Chinese Market



*Long haul defined as tourist arrivals to destinations outside Northeast Asia

Source: Tourism Economics



Japan Market Share Summary

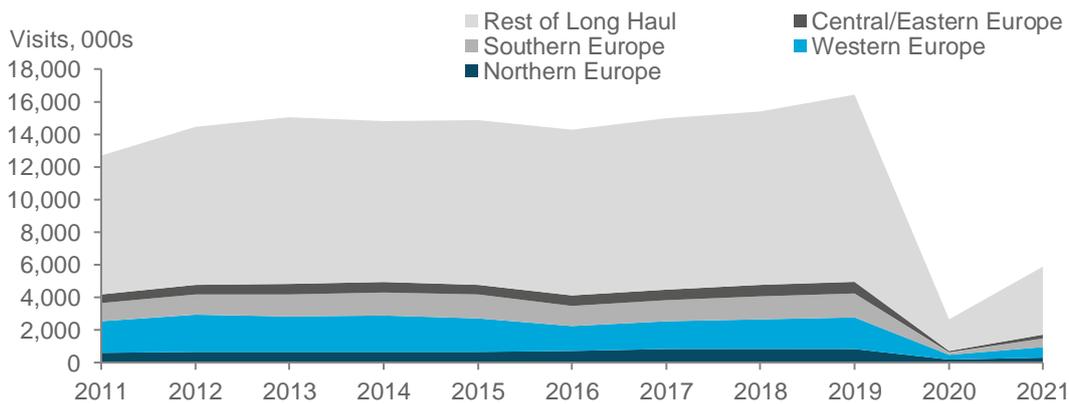
| | 2020 000s | Growth [2020-25] | | | Growth [2015-20] | | |
|-------------------------|--------------|------------------|----------------|--------------------|------------------|--------------------|--------------|
| | | Share** | Annual average | Cumulative growth* | Share 2025** | Cumulative growth* | Share 2015** |
| Total outbound travel | 3,577 | - | 53.1% | 742.3% | - | -83.6% | - |
| Long haul | 2,638 | 73.7% | 47.8% | 605.4% | 61.8% | -82.3% | 68.1% |
| Short haul | 939 | 26.3% | 65.1% | 1126.8% | 38.2% | -86.5% | 31.9% |
| Travel to Europe | 707 | 19.8% | 49.4% | 643.3% | 17.4% | -85.3% | 22.0% |
| European Union | 3,981 | 111.3% | -7.2% | -31.2% | 9.1% | -1.9% | 18.6% |
| Northern Europe | 181 | 5.1% | 35.5% | 356.1% | 2.7% | -71.4% | 2.9% |
| Western Europe | 284 | 7.9% | 50.2% | 663.9% | 7.2% | -86.2% | 9.4% |
| Southern Europe | 155 | 4.3% | 58.2% | 889.7% | 5.1% | -89.4% | 6.7% |
| Central/Eastern Europe | 87 | 2.4% | 53.0% | 737.2% | 2.4% | -86.4% | 2.9% |

*Shows cumulative change over the relevant time period indicated

**Shares are expressed as % of total outbound travel

Source: Tourism Economics

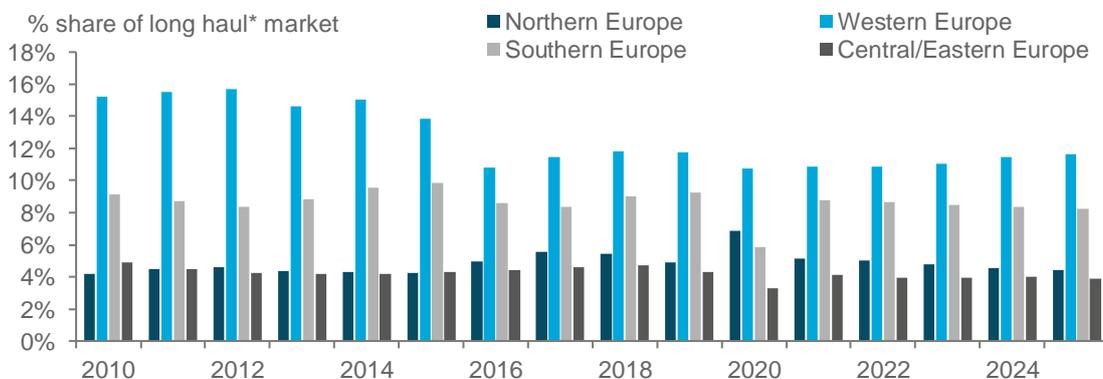
Japan Long Haul* Outbound Travel



*Long haul defined as tourist arrivals to destinations outside Northeast Asia

Source: Tourism Economics

Europe's Share of Japanese Market



*Long haul defined as tourist arrivals to destinations outside Northeast Asia

Source: Tourism Economics



Australia Market Share Summary

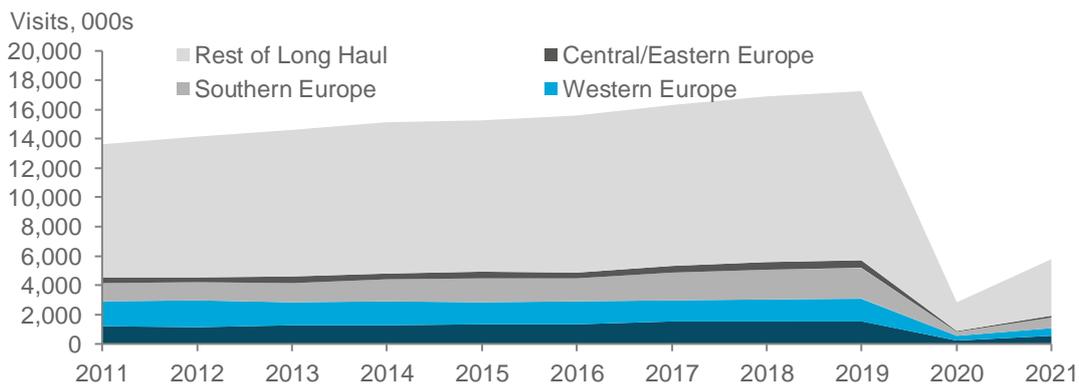
| | 2020 000s | Growth [2020-25] | | | Growth [2015-20] | | |
|-------------------------|--------------|------------------|----------------|--------------------|------------------|--------------------|--------------|
| | | Share** | Annual average | Cumulative growth* | Share 2025** | Cumulative growth* | Share 2015** |
| Total outbound travel | 2,959 | - | 49.0% | 634.5% | - | -81.4% | - |
| Long haul | 2,868 | 96.9% | 49.0% | 634.3% | 96.9% | -81.2% | 95.8% |
| Short haul | 92 | 3.1% | 49.3% | 642.7% | 3.1% | -86.3% | 4.2% |
| Travel to Europe | 881 | 29.8% | 47.3% | 594.4% | 28.1% | -82.1% | 31.0% |
| European Union | 4,950 | 167.3% | -8.0% | -34.1% | 15.0% | 16.7% | 26.7% |
| Northern Europe | 232 | 7.8% | 48.4% | 620.9% | 7.7% | -83.1% | 8.6% |
| Western Europe | 318 | 10.8% | 36.0% | 365.3% | 6.8% | -78.2% | 9.2% |
| Southern Europe | 273 | 9.2% | 55.5% | 809.4% | 11.4% | -83.7% | 10.5% |
| Central/Eastern Europe | 58 | 2.0% | 52.8% | 733.9% | 2.2% | -86.0% | 2.6% |

*Shows cumulative change over the relevant time period indicated

**Shares are expressed as % of total outbound travel

Source: Tourism Economics

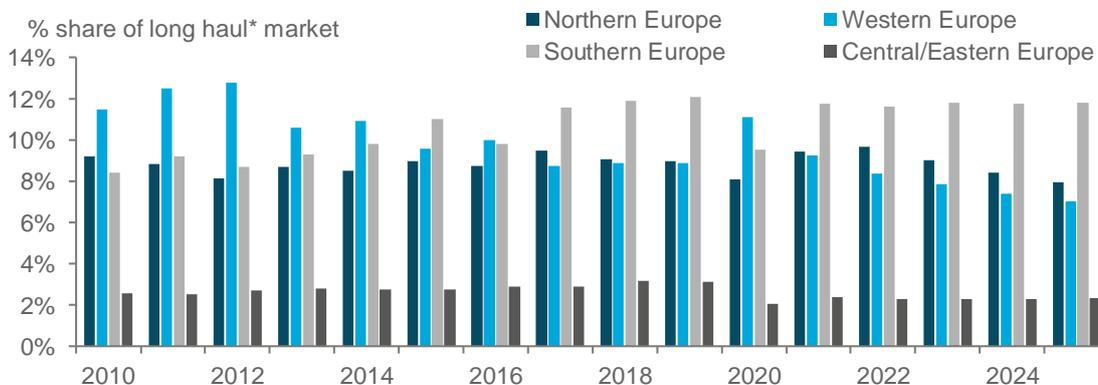
Australia Long Haul* Outbound Travel



*Long haul defined as tourist arrivals to destinations outside Oceania

Source: Tourism Economics

Europe's Share of Australian Market



*Long haul defined as tourist arrivals to destinations outside Oceania

Source: Tourism Economics



Russia Market Share Summary

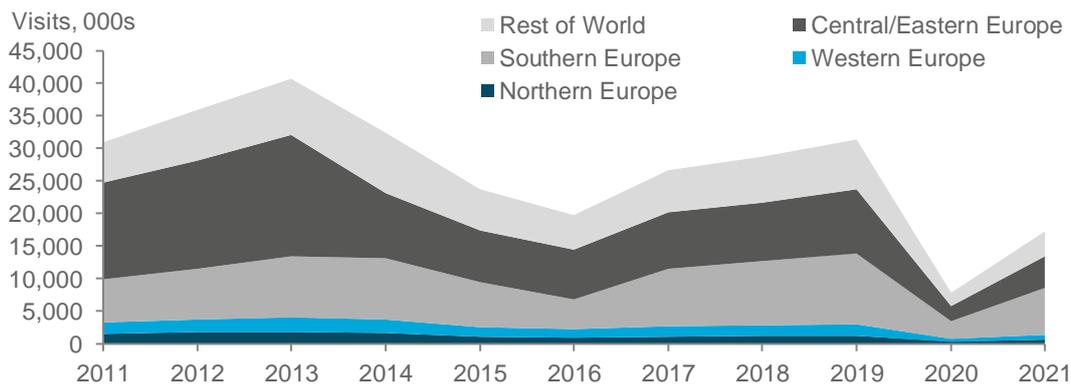
| | 2020 000s | Growth [2020-25] | | | Growth [2015-20] | | |
|-------------------------|--------------|------------------|----------------|--------------------|------------------|--------------------|--------------|
| | | Share** | Annual average | Cumulative growth* | Share 2025** | Cumulative growth* | Share 2015** |
| Total outbound travel | 7,825 | - | 39.0% | 419.3% | - | -67.1% | - |
| Long haul | 1,981 | 25.3% | 38.3% | 405.3% | 24.6% | -69.0% | 26.8% |
| Short haul | 5,844 | 74.7% | 39.3% | 424.0% | 75.4% | -66.4% | 73.2% |
| Travel to Europe | 5,844 | 74.7% | 39.3% | 424.0% | 75.4% | -66.4% | 73.2% |
| European Union | 9,625 | 123.0% | -4.7% | -21.6% | 18.6% | -16.3% | 48.3% |
| Northern Europe | 302 | 3.9% | 37.6% | 393.3% | 3.7% | -71.0% | 4.4% |
| Western Europe | 457 | 5.8% | 36.6% | 375.1% | 5.3% | -71.1% | 6.7% |
| Southern Europe | 2,717 | 34.7% | 38.4% | 408.5% | 34.0% | -60.8% | 29.1% |
| Central/Eastern Europe | 2,368 | 30.3% | 40.9% | 455.2% | 32.4% | -69.9% | 33.0% |

*Shows cumulative change over the relevant time period indicated

**Shares are expressed as % of total outbound travel

Source: Tourism Economics

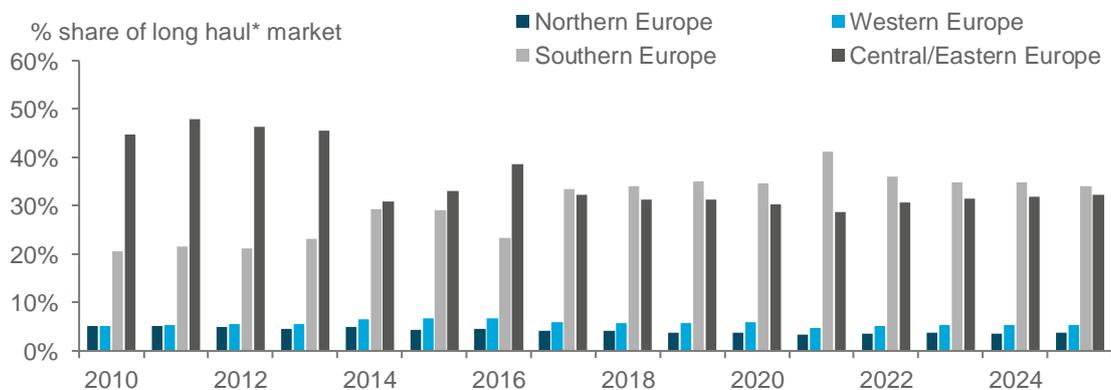
Russia Long Haul* Outbound Travel



*Long haul defined as tourist arrivals to all destinations

Source: Tourism Economics

Europe's Share of Russian Market



*Long haul defined as tourist arrivals to all destinations

Source: Tourism Economics



United Arab Emirates Market Share Summary

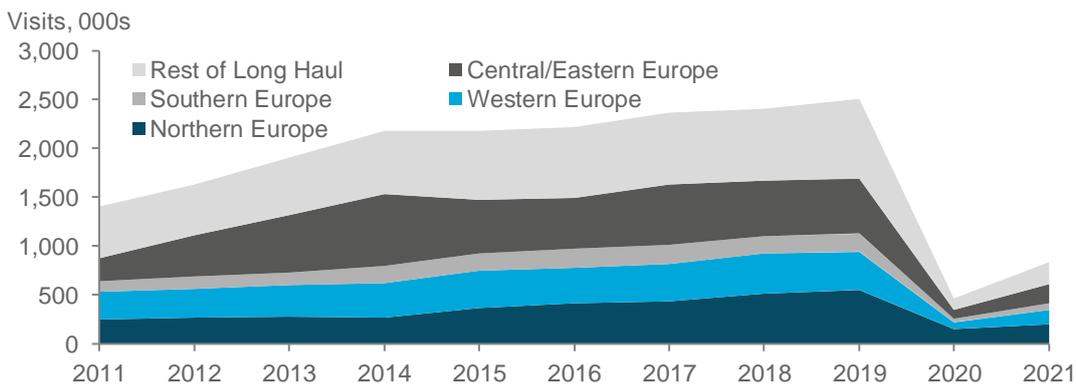
| | 2020 000s | Growth [2020-25] | | | Growth [2015-20] | | |
|------------------------|--------------|------------------|----------------|--------------------|------------------|--------------------|--------------|
| | | Share** | Annual average | Cumulative growth* | Share 2025** | Cumulative growth* | Share 2015** |
| Total outbound travel | 898 | - | 38.2% | 404.6% | - | -77.2% | - |
| Long haul | 468 | 52.2% | 36.7% | 377.8% | 49.4% | -78.5% | 55.3% |
| Short haul | 430 | 47.8% | 39.8% | 433.9% | 50.6% | -75.6% | 44.7% |
| Travel to Europe | 350 | 39.0% | 35.5% | 357.6% | 35.3% | -76.3% | 37.5% |
| European Union | 855 | 95.2% | -6.2% | -27.2% | 13.7% | 44.3% | 15.0% |
| Northern Europe | 153 | 17.0% | 31.9% | 299.6% | 13.5% | -58.1% | 9.3% |
| Western Europe | 71 | 7.9% | 36.5% | 373.3% | 7.4% | -81.5% | 9.7% |
| Southern Europe | 35 | 3.9% | 32.5% | 308.9% | 3.1% | -80.2% | 4.4% |
| Central/Eastern Europe | 92 | 10.2% | 41.2% | 460.7% | 11.3% | -83.5% | 14.1% |

*Shows cumulative change over the relevant time period indicated

**Shares are expressed as % of total outbound travel

Source: Tourism Economics

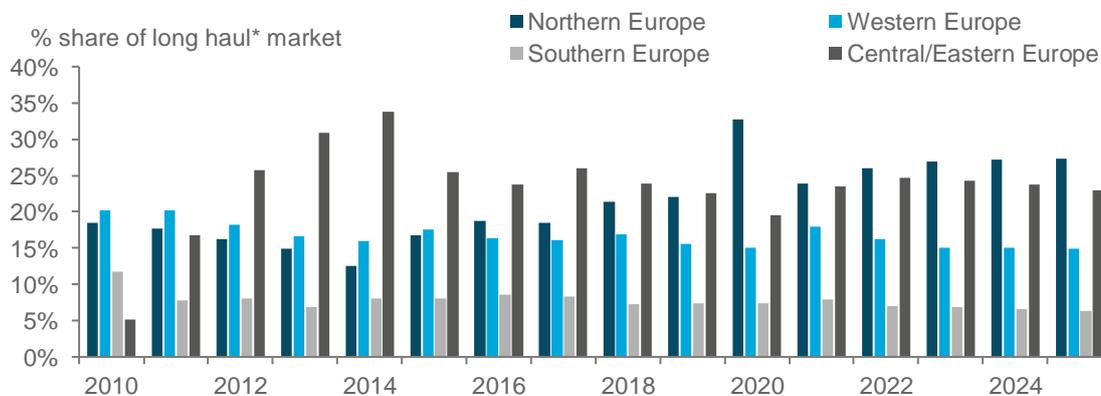
United Arab Emirates Long Haul* Outbound Travel



*Long haul defined as tourist arrivals to destinations outside Middle East

Source: Tourism Economics

Europe's Share of Emirati Market



*Long haul defined as tourist arrivals to destinations outside Middle East

Source: Tourism Economics



8. ECONOMIC OUTLOOK

Assessing recent tourism data and industry performance is a useful way of directly monitoring the key trends for travel demand across Europe. This can be complemented by looking at key trends and relationships in macroeconomic performance in Europe's key source markets which can provide further insight into likely tourism developments throughout the year.

The linkages between macroeconomics and tourism performance can be very informative. For example, strong GDP or consumer spending growth is an indication of rising prosperity with people more likely to travel abroad. It is also an indication of rising business activity and therefore stronger business travel. Movements in exchange rates against the euro can be equally important as it can influence choice of destination. For example, if the euro appreciated (gained value) against the US dollar, the Eurozone would become a more expensive destination and therefore potentially less attractive for US visitors. Conversely, depreciation of the euro against the US dollar would make the Eurozone a relatively cheaper destination and therefore more attractive to US travellers.

Disclaimer: the opinions expressed in the forthcoming section [Economic Outlook] are those of Oxford Economics ("we, us, our"). They do not purport to reflect the opinions or views of ETC or its members.

OVERVIEW

Despite rising numbers of new coronavirus cases, we have nudged up our forecasts for world GDP growth by 0.1ppts to 6.1% in 2021 and 4.3% in 2022. We remain more optimistic than the both the consensus and IMF forecasts.

Recent data confirm that, although the quarterly pace of global growth slowed in Q1 after a robust H2 2020, the hit to activity from tighter restrictions has been a bit less severe than we envisaged. This partly reflects businesses becoming more adept at dealing with social distancing and other coronavirus-related rules.

In the near term, risks remain tilted to the downside. Rising numbers of new coronavirus cases – even in countries such as the US and Chile where vaccination programmes are progressing – are a cause for concern. But our baseline assumes vaccination rollouts will win the race against rising cases in these countries.

Some encouragement can be drawn from the latest activity data. March activity surveys in particular have provided an upbeat tone. Last month, the global composite PMI rose to its highest in over six years, consistent with robust activity. This supports our view that a re-acceleration in world GDP growth will begin in Q2.

Furthermore, sharply falling numbers of new coronavirus cases in the UK and Israel provide hope that large-scale vaccinations can enable a sustained and meaningful easing of restrictions. Before long, this could help support the next stage of the recovery and encourage households to spend some of the excess savings accumulated over the past year.

For now, we assume that a relatively small proportion of these excess savings will be spent and that the process is fairly gradual. But a bigger unwind is certainly a risk and could plausibly trigger faster growth in H2 this year and beyond.



In purchasing power parity (PPP) terms, we expect world GDP to grow by 6.3% in 2021 and 4.5% in 2022, above the IMF's latest projections of 6% and 4.4%.

Summary of economic outlook, % change*

| Country | 2021 | | | | | 2022 | | | | |
|-------------|-------|-------------|----------------|------------------|-----------|------|-------------|----------------|------------------|-----------|
| | GDP | Consumption | Unemployment** | Exchange rate*** | Inflation | GDP | Consumption | Unemployment** | Exchange rate*** | Inflation |
| UK | 7.2% | 5.7% | 0.7% | 3.5% | 1.4% | 5.7% | 6.4% | -1.5% | 0.0% | 2.0% |
| France | 4.9% | 3.0% | 0.5% | 0.0% | 1.5% | 5.3% | 6.7% | 0.9% | 0.0% | 1.4% |
| Germany | 3.8% | 1.9% | -0.1% | 0.0% | 2.2% | 4.3% | 8.2% | -0.5% | 0.0% | 1.5% |
| Netherlands | 2.9% | 2.8% | 0.7% | 0.0% | 1.9% | 3.4% | 6.9% | 0.7% | 0.0% | 1.5% |
| Italy | 4.5% | 3.6% | 0.7% | 0.0% | 1.4% | 4.6% | 5.8% | 0.1% | 0.0% | 1.2% |
| Russia | 2.5% | 3.3% | -0.4% | -6.3% | 5.6% | 2.7% | 5.0% | -0.4% | 0.3% | 4.2% |
| US | 7.2% | 8.4% | -2.9% | -3.4% | 2.8% | 3.4% | 4.9% | -1.0% | 0.0% | 2.2% |
| Canada | 6.2% | 4.5% | -1.7% | 2.0% | 2.6% | 2.6% | 5.9% | -1.0% | -1.3% | 2.0% |
| Brazil | 3.5% | 2.4% | 0.2% | -8.1% | 6.1% | 2.5% | 3.3% | -1.6% | 0.6% | 4.2% |
| China | 8.9% | 10.8% | -1.8% | 2.5% | 1.7% | 5.4% | 9.1% | -1.3% | -0.4% | 2.3% |
| Japan | 3.0% | 2.0% | 0.1% | -5.5% | -0.3% | 2.3% | 2.6% | -0.4% | -0.8% | 0.3% |
| India | 11.8% | 11.6% | -2.8% | -1.8% | 4.7% | 6.1% | 6.1% | -0.8% | -1.4% | 4.8% |

Source: Tourism Economics based on GEM as of 16.4.2021

* Unless otherwise specified

** Percentage point change

*** Exchange rates measured against the euro. A positive change indicates stronger local currency against the euro and therefore a positive impact on outbound tourism demand. A negative change indicates weaker local currency against the euro and therefore a negative impact on outbound tourism demand.



EUROZONE

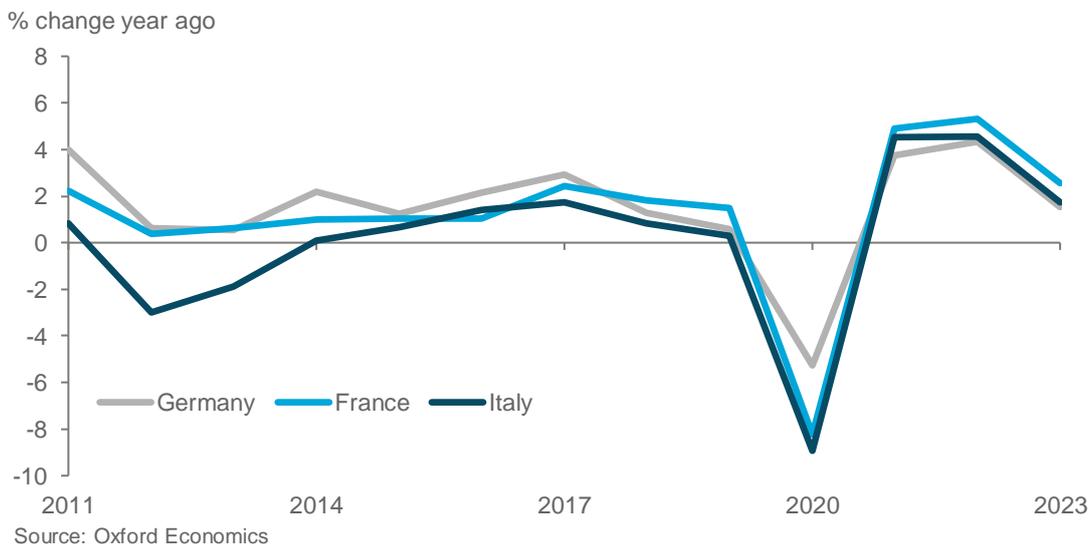
With restrictions in place across the eurozone throughout the quarter, we expect GDP to have posted a small decline in Q1. The short-term outlook remains weak as several countries are extending restrictions due to the renewed rise in infections. But we still expect a recovery to start in Q2 and then strengthen further in Q3, as the vaccination process picks up speed and mobility gradually returns to normality. We forecast GDP to grow 4.1% in 2021 and 4.8% in 2022, broadly unchanged from March's forecasts.

Although the economy remains weak, survey data suggest activity picked up towards the end of Q1. The composite PMI rose to its highest level in eight months in March and has now moved into expansionary territory. Our *Eurozone Recovery Tracker*, which uses high-frequency data, shows a similar picture and suggests activity strengthened in March. Although we expect GDP to suffer a small decline in Q1, the stronger end to the quarter reinforces our view that GDP will expand in Q2.

We expect manufacturing to remain much less affected by the new round of lockdown measures than the more contact-intensive services sector. Consumer spending is likely to remain weak in the short term, and the new restrictions will mean a further postponement in the recovery in air travel and tourism, but we still anticipate a pick-up in growth in Q2 and Q3 this year as restrictions are rolled back. Despite strong growth this year, eurozone GDP is not seen returning to its pre-crisis level until the start of 2022, with the hardest-hit countries seeing even slower recoveries.

Inflation rose to 1.3% in March, the highest in 14 months, mostly due to higher energy prices as core inflation moderated to 0.9%. Inflation will rise further this month as higher energy costs continue to feed through, but we see limited room for core inflation to rise significantly from current levels.

Economic performance in key eurozone economies, GDP real





UNITED KINGDOM

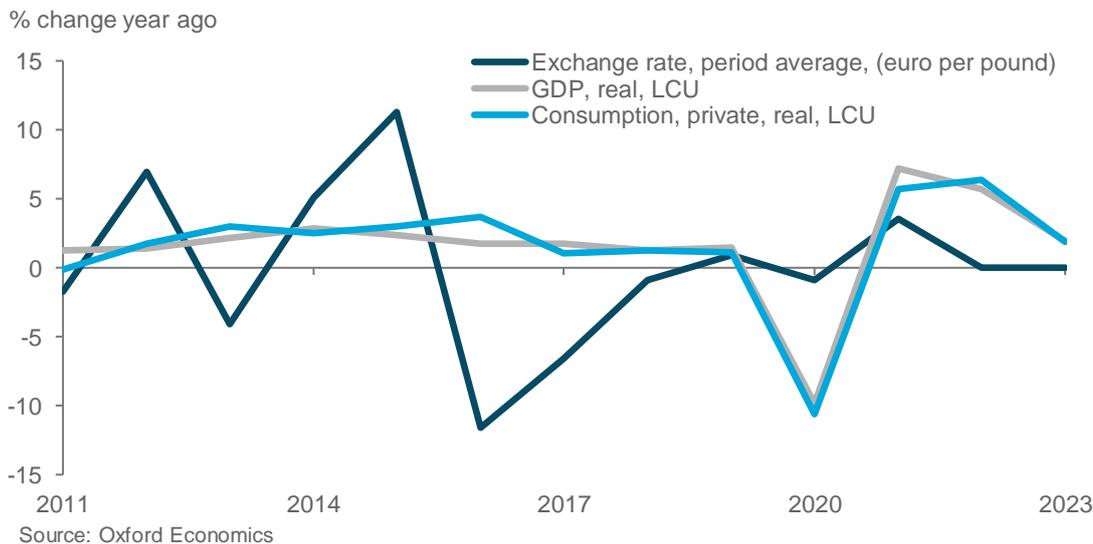
We have raised our forecast for 2021 GDP growth to 7.2%, from 5.9% seen in March, after output fell by less than expected at the start of the latest lockdown. As restrictions are relaxed through Q2, we expect a strong consumer-led recovery to take hold.

GDP fell 2.9% m/m in January, a much smaller decline than expected. This was partly due to the ONS making sizeable adjustments for the testing and tracing and vaccination schemes, which contributed a boost of almost 1ppt to the m/m change in GDP. In addition, consumers and firms have adapted to life under lockdown, for example significantly increasing the share of retail sales conducted online.

The theme of consumers and firms being able to maintain a higher level of activity during lockdowns continued through the remainder of Q1. Retail sales rose 2.1% m/m in February, while debit and credit card data reported a firming in consumer spending through Q1 despite restrictions on social consumption remaining in place. We expect GDP to have fallen by 2.0% q/q in Q1, much smaller than the 19% drop in Q2 2020.

The government has confirmed that the second step of its four-step roadmap for relaxing restrictions will commence on 12 April as planned. This includes the reopening of non-essential retailers and outdoor hospitality and, in macroeconomic terms, is likely to prove the most important step, triggering a strong rebound in GDP. With the vaccination roll-out continuing and the number of Covid-19 cases steadily falling, the UK should continue to progress along the roadmap on schedule. This would mean the vast majority of the economy re-opens by mid-May, with the remaining restrictions set to fall away on 21 June. If this scenario plays out, then the consensus forecast for 2021 GDP growth of 4.7% (according to the latest HMT survey) is likely to prove far too low. We now expect the economy to grow by 7.2% this year and 5.5% in 2022.

United Kingdom economic outlook





UNITED STATES

A vaccine- and stimulus-fuelled economic boom is now under way. The US economic restart is gaining traction, propelled by an improving health situation, rising fiscal stimulus and warmer weather. Expanded vaccinations will allow for a wider re-opening of the economy starting in the spring, sparking the strongest economic performance in nearly 40 years. We now forecast GDP growth of 7.2% in 2021, up from 7.0% seen in March, and 3.4% in 2022.

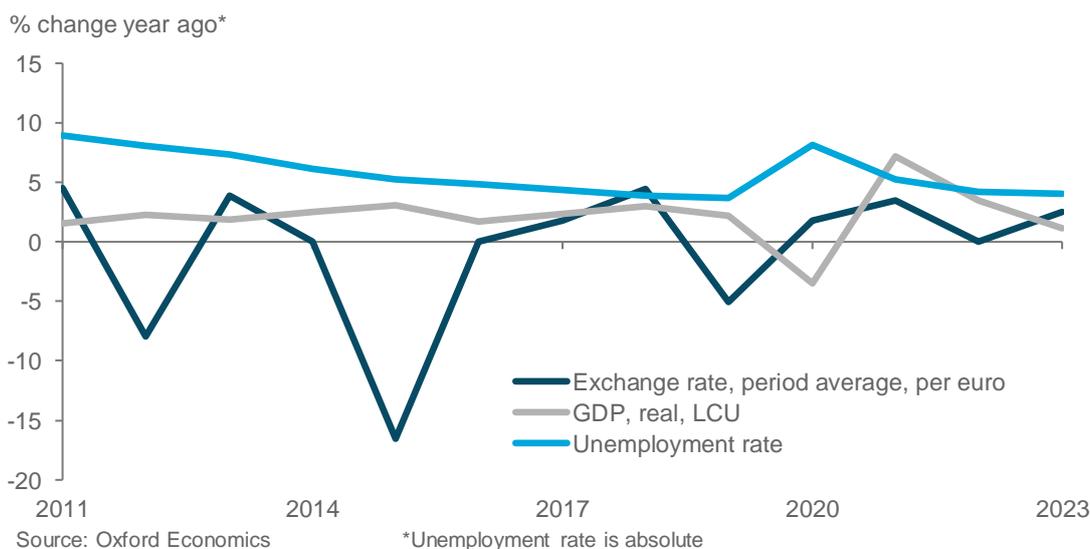
While consumers took a breather in February, they are ready for the 'great splurge'. As the economy re-opens and virus fears dissipate, lower-income families will be able to spend more freely on the back of generous fiscal transfers from the *American Rescue Plan*, while higher-income families will rely on their steady income streams and tap into some of the accumulated \$1.9tn of excess savings.

Accelerating job gains are also paving the way for a strong revival in demand. The economy added an impressive 916,000 jobs in March, with the unemployment rate falling 0.2ppt to 6.0% and the labour force participation rate edging up to 61.5%. We expect the hiring spree to continue in the coming months, with the economy likely to add 7.5m jobs this year and the unemployment rate falling to 4.3% by year-end.

Although inflation remained well-contained in February, with headline PCE inflation up 0.2ppts to 1.6% and core PCE inflation down 0.1ppt to 1.4%, price pressures have started to build. The combination of base effects, a wider economic re-opening and supply chain bottlenecks may lift core inflation to 2.5% in the spring. However, with inflation expectations likely to remain anchored, the spike should prove temporary.

Economic and labour market conditions are set to heat up rapidly but reaching the Federal Reserve's broad-based and inclusive maximum employment goal will be a multi-year process. As such, we expect the Fed to maintain a very dovish stance and do not expect a rise in the Fed funds rate before mid-2023.

United States economic outlook





JAPAN

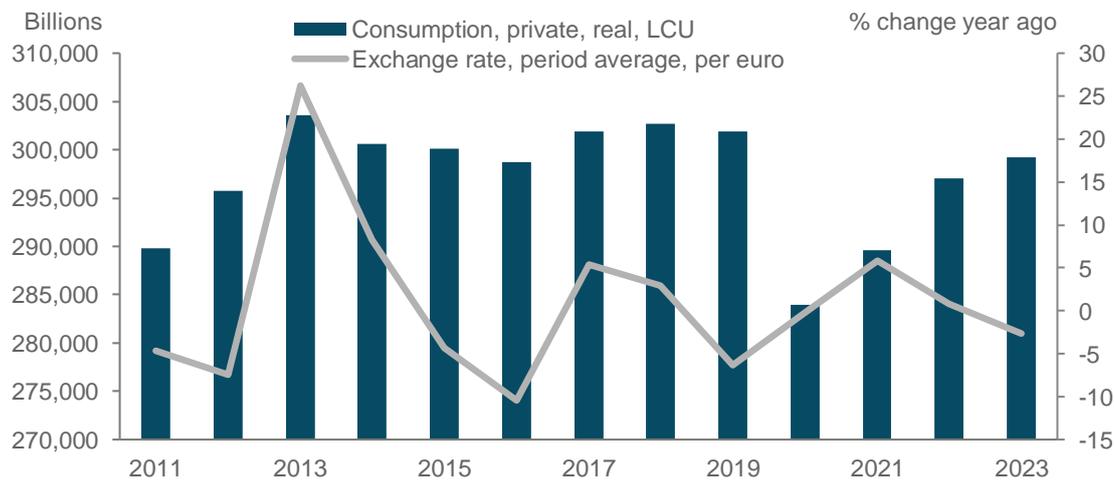
We expect the near-term outlook to remain under pressure, but the economy should then recover at a faster pace than previously expected in H2 this year. But with some restrictions still in place, the services sector will pick up only gradually. We expect the pace of recovery to accelerate in H2 as the vaccine roll-out gathers pace and manufacturers benefit from stronger foreign demand, notably from the US and China. We have raised our GDP growth forecasts to 3.0% in 2021 and 2.3% in 2022 from 2.7% and 2.2% previously.

Activity indicators weakened in Q1 as pandemic-related restrictions limited spending. The service sector was hit particularly hard, while trade and production remained relatively buoyant. Real export growth softened in February and industrial production saw a temporary setback amid a global chip shortage. However, the increase in the au Jibun Bank Manufacturing PMI to 52.7 in March from 51.4 in February suggests that the outlook remains encouraging.

We expect the economy to recover gradually from Q2 thanks to loosened restrictions, the vaccine roll-out and the resumption of policy support for domestic travel. On the downside, health-related risks persist and weak labour market prospects pose a threat to the recovery.

The government's third supplementary budget for fiscal year 2020 and its 2021 annual budget extended fiscal support for businesses, households and the health care system into this year. At its March meeting, the BoJ unveiled the results of its policy review, which provided the central bank with more flexibility to maintain its policy measures while avoiding perceptions that it is edging towards tightening. With more favourable growth prospects amid additional US fiscal expansion, the yen has depreciated notably and will probably remain weak until mid-2022.

Private consumption in Japan



Source: Oxford Economics



EMERGING MARKETS

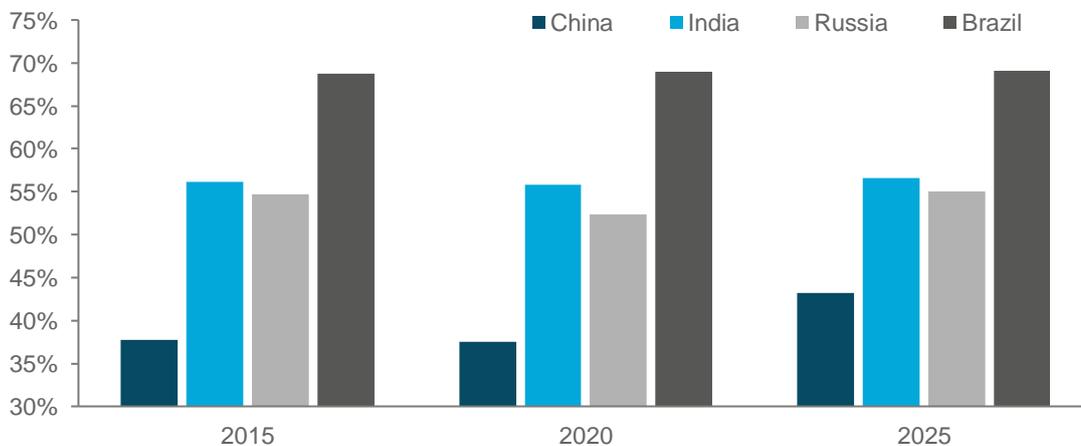
Many emerging markets (EMs) face ongoing challenges from virus-related restrictions with vaccinations picking up only slowly. Our baseline continues to see a stronger rebound in H2, supported by a more positive external environment, although scars from the pandemic will take some time to heal and new outbreaks remain a key risk. Overall, our 2021 and 2022 EM GDP growth forecasts are unchanged at 7.0% and 4.9% respectively.

Most EM countries have little chance of reaching collective herd immunity this year. And Covid-19 outbreaks have worsened in many areas, with several countries forced to ratchet up lockdown measures. This will hurt near-term activity, though the economic drag will be significantly milder than in 2020. Both consumers and businesses are better prepared for these restrictions which should support recovery later in Q2 even if some containment measures remain in place. Moreover, trade has been a bright spot and should continue to support EM, particularly in Asia. We expect manufacturing recovery to gain pace in the months ahead as global recovery broadens.

Although the global growth backdrop remains positive for EMs, the recent surge in US Treasury yields and the ensuing outflow of portfolio capital from EMs has pushed some central banks, including Brazil, Russia and Turkey, into policy tightening. Rising inflation pressures will warrant further rate hikes, but institutional risks will probably prevent these in Turkey. Elsewhere, monetary authorities will look past the current temporary rise in inflation and delay any rate hikes.

Propensity to consume in key Emerging Markets

% share, private consumption / GDP



Source: Oxford Economics



APPENDIX 1

GLOSSARY OF COMMONLY USED TERMS AND ABBREVIATIONS

AIRLINE INDUSTRY INDICATORS

ASK – Available Seat Kilometres. Indicator of airline supply, available seats * kilometres flown;

RPK – Revenue Passenger Kilometres. Indicator of airline demand, paying passenger * kilometres flown;

PLF – Passenger Load Factor. Indicator of airline capacity. Equal to revenue passenger kilometres (RPK) / available seat kilometres (ASK);

Xmth mav – X month moving average.

HOTEL INDUSTRY INDICATORS

ADR – Average Daily Rate. Indicator of hotel room pricing, equal to hotel room revenue / rooms sold in a given period;

Occ – Occupancy Rate. Indicator of hotel performance, equal to the number of hotel rooms sold / room supply;

RevPAR – Revenue per Available Room. Indicator of hotel performance, equal to hotel room revenue / rooms available in a given period.

CENTRAL BANKS

BoE – Bank of England;

MPC – Monetary Policy Committee of BoE;

BoJ – Bank of Japan;

ECB – European Central Bank;

Fed – Federal Reserve (US);

RBI – Reserve Bank of India;

OBR – Office for Budget Responsibility;

PBoC – People's Bank of China.

ECONOMIC INDICATORS AND TERMS

BP – Basis Point. A unit equal to one-hundredth of a percentage point;

Broad money – Key indicator of money supply and liquidity including currency holdings as well as bank deposits that can easily be converted to cash;

CPI – Consumer Price Index. Measure of price inflation for consumer goods;

FDI – Foreign Direct Investment. Investment from one country into another, usually by companies rather than governments;

GDP – Gross Domestic Product. The value of goods and services produced in a given economy;

LCU – Local Currency Unit. The national unit of currency of a given country, e.g., pound, euro, etc.;

PMI – Purchasing Managers' Index. Indicator of producers' sentiment and the direction of the economy;

PPI – Purchase Price Index. Measure of inflation of input prices to producers of goods and services;

PPP – Purchasing Power Parity. An implicit exchange rate which equalises the price of identical goods and services in different countries, so they can be expressed with a common price;

QE – Quantitative Easing. Expansionary monetary policy pursued by central banks involving asset purchases to reduce bond yields and increase liquidity in capital markets;

G7 – Group of seven industrialised countries comprising the United States, the United Kingdom, France, Germany, Italy, Canada, and Japan.



APPENDIX 2

ETC MEMBER ORGANISATIONS

Belgium: Flanders – Visit Flanders, Wallonia – Wallonie-Belgique Tourisme

Bulgaria – Bulgarian Ministry of Tourism

Croatia – Croatian National Tourist Board (CNTB)

Cyprus – Deputy Ministry of Tourism, Republic of Cyprus

Czech Republic – CzechTourism

Denmark – VisitDenmark

Estonia – Estonian Tourist Board – Enterprise Estonia

Finland – Business Finland Oy, Visit Finland

Germany – German National Tourist Board (GNTB)

Greece – Greek National Tourism Organisation (GNTO)

Hungary – Hungarian Tourism Agency Ltd.

Iceland – Icelandic Tourist Board

Ireland – Fáilte Ireland and Tourism Ireland Ltd.

Italy – Italian Government Tourist Board

Latvia – Investment and Development Agency of Latvia (LIAA)

Lithuania – Ministry of the Economy and Innovation, Tourism Policy Division

Luxembourg – Luxembourg for Tourism (LFT)

Malta – Malta Tourism Authority (MTA)

Monaco – Monaco Government Tourist and Convention Office

Montenegro – National Tourism Organisation of Montenegro

Netherlands – NBTC Holland Marketing

Norway – Innovation Norway

Poland – Polish Tourism Organisation (PTO)

Portugal – Turismo de Portugal, I.P.

Romania – Romanian Ministry of Tourism

San Marino – State Office for Tourism

Serbia – National Tourism Organisation of Serbia (NTOS)

Slovakia – Ministry of Transport and Construction of the Slovak Republic

Slovenia – Slovenian Tourist Board

Spain – Turespaña – Instituto de Turismo de España

Switzerland – Switzerland Tourism