





# EUROPEAN TOURISM: TRENDS & PROSPECTS

## Quarterly report (Q4/2021)

A report produced for  
the European Travel Commission  
by Tourism Economics



**TOURISM  
ECONOMICS**

AN OXFORD ECONOMICS COMPANY

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**ETC Market Intelligence Report**

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Rue du Marché aux Herbes, 61,  
1000 Brussels, Belgium

Website: [www.etc-corporate.org](http://www.etc-corporate.org)

Email: [info@visiteurope.com](mailto:info@visiteurope.com)

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## FOREWORD

2021 was expected to be the year of tourism recovery, before the arrival of the Delta and the Omicron variants over the summer and winter seasons respectively. As we enter the third year of the pandemic, uncertainty remains high due to its unpredictable nature and evolution. Over the last two years, Covid-19 has dictated the course of the global tourism economy. However, the impact of this lingering uncertainty could be gradually losing momentum as destinations and consumers increasingly seek stability and adapt to a new normal. Covid-19 protocols are here to stay and will be key for the safe and fast return of travel. Face masks, social distancing, testing and tracing measures, health passports, vaccine boosters and extra hygiene will remain part of the travel journey in the years to come. Additionally, global efforts are in place to decrease the life-threatening risks of Covid-19 through vaccine boosters and antiviral medicines, while at EU-level the idea of considering Covid-19 as a common flu has been put on the table.

2022 will be a year of further adaptation to the realities brought about by the pandemic and emerging tourism trends. A year in which we in the tourism industry continue to adapt and learn from experiences and feedback from travel consumers in the Covid-era. The future of leisure and business travel, the future of work, the climate emergency, support for local tourism economies and societies, and the emergence of new technologies are among the main matters to be addressed and have gained traction in recent years and should therefore be part of destinations' strategies in their recovery pathways.

The Covid-19 disruption exposed how vulnerable the sector is to external threats. Covid-19 may not be the only phenomenon challenging the tourism sector in the years to come. For this reason and to allow travel to emerge stronger from the global pandemic, all tourism stakeholders are called to work collaboratively, and build a sector that is much more resilient to future crises, more sustainable and more technologically advanced. After all, no one knows what the future holds.

The *European Tourism Trends & Prospects* quarterly report provides a thorough analysis of key economic and tourism trends in Europe and in key outbound markets. Based on the latest data available, the most recent edition monitors the European tourism recovery during the winter months, which was dampened by the emergence of the Omicron variant and the re-imposition of travel restrictions and lockdowns.

Jennifer Iduh  
ETC Executive Unit



## TABLE OF CONTENTS

FOREWORD.....	4
TABLE OF CONTENTS .....	5
EXECUTIVE SUMMARY.....	6
1. TOURISM PERFORMANCE SUMMARY 2021 .....	9
2. GLOBAL TOURISM FORECAST SUMMARY .....	15
3. RECENT INDUSTRY PERFORMANCE .....	16
AIR TRANSPORT.....	16
ACCOMMODATION.....	20
4. SPECIAL FEATURE: TRANSATLANTIC RECOVERY.....	22
5. KEY SOURCE MARKET PERFORMANCE .....	26
6. ORIGIN MARKET SHARE ANALYSIS.....	38
7. ECONOMIC OUTLOOK .....	50
APPENDIX 1.....	57
APPENDIX 2.....	58



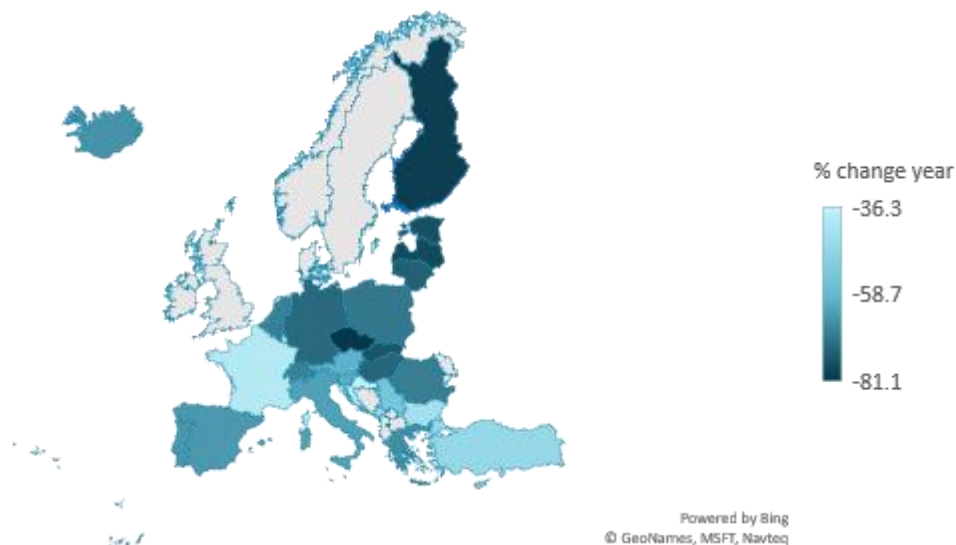
## EXECUTIVE SUMMARY

### OMICRON DISRUPTION, A TEMPORARY PHENOMENON WITH LITTLE IMPACT?

In 2021, strong vaccination coverage in Europe, the EU Digital Covid-19 Certificate and the easing of travel restrictions which allowed the release of large-pent up demand, set the grounds for tourism revival. However, the emergence of the Omicron variant at the year-end weighed on this recovery and brought back mobility restrictions due to record-breaking infection rates.

### Foreign Visits and Overnights to Select Destinations

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Year-to-date data informs estimates of a 62% decrease in tourist arrivals to Europe in 2021 over 2019 levels. The outlook, however, remains positive, with travel demand projected to be just 20% below pre-pandemic levels in 2022, fuelled by domestic and intra-European travel demand. Domestic travel is expected to exceed pre-pandemic peaks in 2022, while international travel will not do so until 2024.

Latest data shows that reporting destinations continue to recover at varying rates, with 65% posting declines in tourist arrivals below the weighted average, which stands at -62%. Croatia (-37%), France (-39%) and Monaco (-40%) saw the softest declines based on data to December, owing to demand from large neighbouring source markets.

Following a strong summer season which was later struck by the impact of the Omicron variant, Spain (-64%) hopes international visitors will recover over two-thirds of 2019 records in 2022<sup>1</sup>. Sizeable declines were registered in Finland (-80%) and central/Eastern destinations: the Czech Republic (-81%), Latvia (-78%), Estonia (-77%), Slovakia (-76%) and Lithuania (-74%).

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<sup>1</sup> <https://www.schengenvisainfo.com/news/spain-expects-tourism-sector-to-recover-in-spring/>



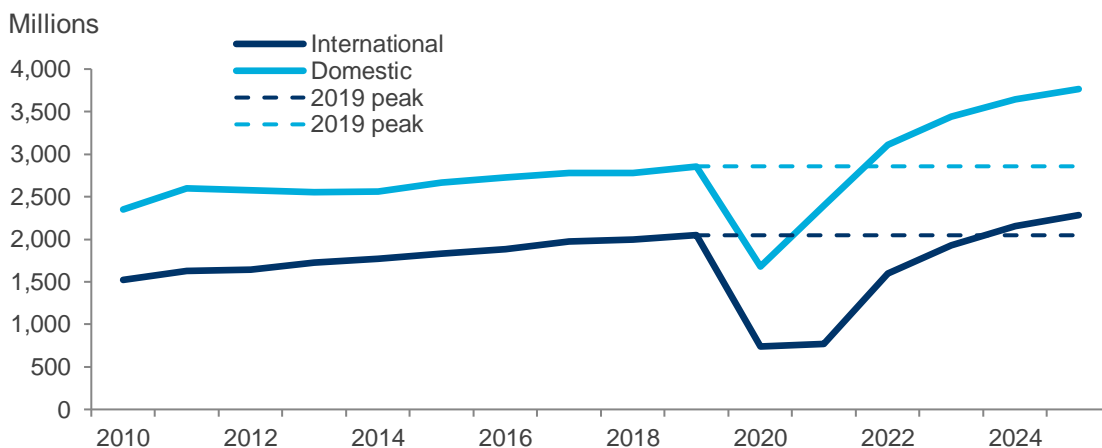
## OMICRON HAMPERED AIRLINES OVER THE YEAR-END HOLIDAY PERIOD

Thousands of commercial flights were cancelled over the Christmas period due to staffing shortages relating to a spike in Omicron cases. Although not as bad as in 2020, airline losses totalled €18.5 billion in 2021, with 1.4-1.5 billion fewer passengers than in 2019<sup>2</sup>. Prospects for the aviation sector remain bleak in Q1 2022 as further cancellations are expected in January and February. Lufthansa Group has already announced the cancellation of 33,000 flights over the winter season, while other major airline groups have also announced the cancellation of several routes. According to IATA, globally, tickets sold during the first half of January are down 44% over the same period in 2019.

## EUROPEAN TOURISM STILL ADJUSTING TO THE 'NEW NORMAL' IN 2022

Despite being two years into the pandemic, uncertainty is still high due to emerging new variants prompting governments to tighten entry rules, inconsistent and changing travel regulations across the EU and the health of the global economy. Although the economic recovery is still likely to continue in 2022, the Omicron effect has the potential to downgrade growth, at least for the first quarter of the year. The most recent World Economic Outlook (WEO) data anticipates that global growth will shrink from 5.9% in 2021 to 4.4% in 2022.

### Inbound and Domestic Nights, Western Europe



Source: Tourism Economics

Towards the end of 2021, following the emergence of Omicron, nations worldwide reimposed travel bans and quarantine requirements to curb the surge of this Covid-19 variant, consequently slowing Europe's recovery efforts. Nevertheless, the World Health Organisation (WHO) recently reiterated that international travel restrictions are ineffective at stopping the spread of the virus, urging governments to ease or lift them. Some experts argue that by the time travel bans are implemented, the virus has already been spread across the country, making them not worth the economic and social cost. Meanwhile, a debate has been opened at an EU-level to explore the possibility of tackling Covid-19 as an endemic illness at the same time that EU countries have agreed to embrace a holistic approach to Covid-19 travel measures<sup>3</sup>.

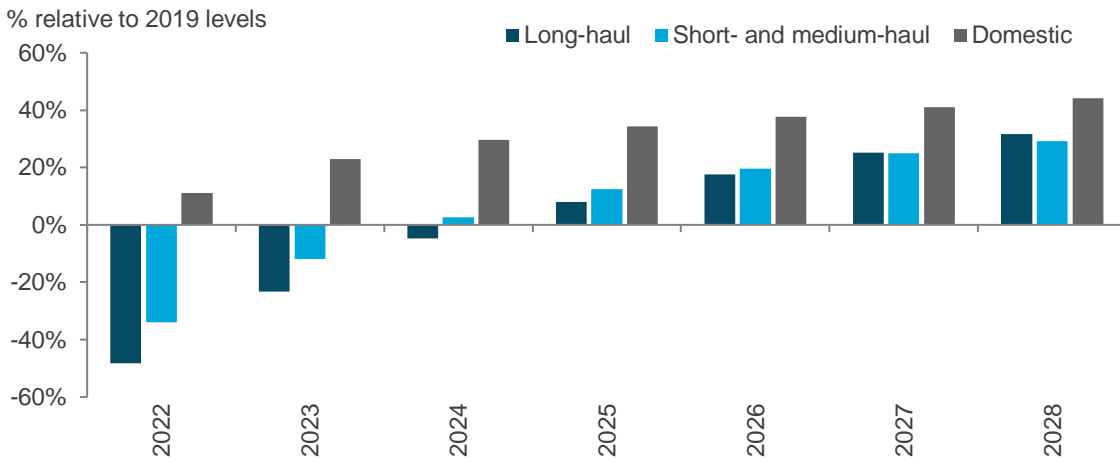
<sup>2</sup> [https://www.eurocontrol.int/sites/default/files/2022-01/eurocontrol-think-paper-15-2021-review-2022-outlook\\_0.pdf](https://www.eurocontrol.int/sites/default/files/2022-01/eurocontrol-think-paper-15-2021-review-2022-outlook_0.pdf)

<sup>3</sup> [https://www.consilium.europa.eu/en/infographics/covid19-travel-measures-eu-january-2022/?utm\\_source=linkedin.com](https://www.consilium.europa.eu/en/infographics/covid19-travel-measures-eu-january-2022/?utm_source=linkedin.com)



Outside Europe, China’s prolonged “zero Covid” stance, which entails stringent quarantines and travel restrictions, continues to affect global travel and is expected to remain until well after its Winter Olympics scheduled for February this year. This translates into little change in the data reported by destinations in recent months from this market. Meanwhile, travel resumption between Europe and the United States since November 2021 will help drive European tourism recovery in 2022. The positive performance of the US market will be driven mainly by consumers, owing to increased household savings and spending and strong pent-up demand for travel over the last two years.

### Global Overnight Visitors: Baseline Projections



Source: Tourism Economics

*“With another challenging year ahead, it is of paramount importance that there is a more joined up and coordinated approach to travel across Europe. As we venture further into 2022, we must be realistic – what the year holds for travel and tourism will depend on Europe’s ability to limit new outbreaks, harmonise Covid-19 rules and keep travel and tourism open. ETC is hopeful that with more vaccines and boosters administered around the world, Europe will take the decision to accept all WHO-listed vaccines for entry into the EU. This would undoubtedly help reboot long-haul recovery in 2022, something which is vital for reigniting tourism in Europe.”* 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 2021

## SUMMARY

- After an optimistic summer and autumn of 2021, recovery in European tourism stalled slightly in Q4 2021. Fears over the Omicron variant played a major part in this. Omicron will continue to impact European travel in Q1 2022 with key low-cost air routes axed.
- Europe benefited from some short-haul travel rebound in 2021, especially in those destinations accessible by car from large source markets, such as Germany. Short-haul travel will remain the key driver for Europe's recovery, with some lingering caution around longer-haul trips, and major restrictions on outbound travel still in place in some Asia-Pacific source markets.
- Air departures from European countries have recovered significantly in 2021 but passenger load factors remain well below normal, eating into carriers' profits.
- Pent-up demand is evident in the leisure market, with signs of recovery in 2022 also in business travel. Europe currently has the highest vaccination rate among world regions, which will enable the realisation of this pent-up demand. Therefore, the prospects for 2022 are relatively bright with the restoration of some capacity.
- Labour shortages in a number of European countries are a risk to the recovery and may act as a potential constraint on growth.

At the time of the [last quarterly report](#), the European travel and tourism sector was able to report a better than anticipated summer with easing travel restrictions, increased rates of vaccination and a co-ordinated EU Digital Covid-19 Certificate. It was already evident that, as the colder months of the year encroached, recovery was likely to stall a little. However, the final quarter of 2021 saw the emergence of the Omicron variant and, consequently, the tightening of travel restrictions and flight bans for some European countries. But the overall impact is perhaps less than might have been expected.

The Omicron variant outbreak hit just in time to alter Europeans' travel plans for the 2021 Christmas and New Year period. For many potential travellers worldwide, it was the second year in a row in which Christmas plans had to be changed. Globally, airlines cancelled more than 6,000 flights between 24-26 December, mainly as a result of a drop in demand, but also due to staff shortages relating to a rise in Covid-19 infections.

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**Omicron, although highly contagious, has not turned out to be the threat to European travel in 2022 it was considered previously. We forecast a relatively strong recovery in 2022.**

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However, with the realisation that Omicron, although highly contagious, is far from the threat it was initially deemed to be, and helped by widespread vaccine take-up, many travel restrictions in Europe are beginning to be relaxed which will result in a more positive outlook for 2022, at least after Q1.

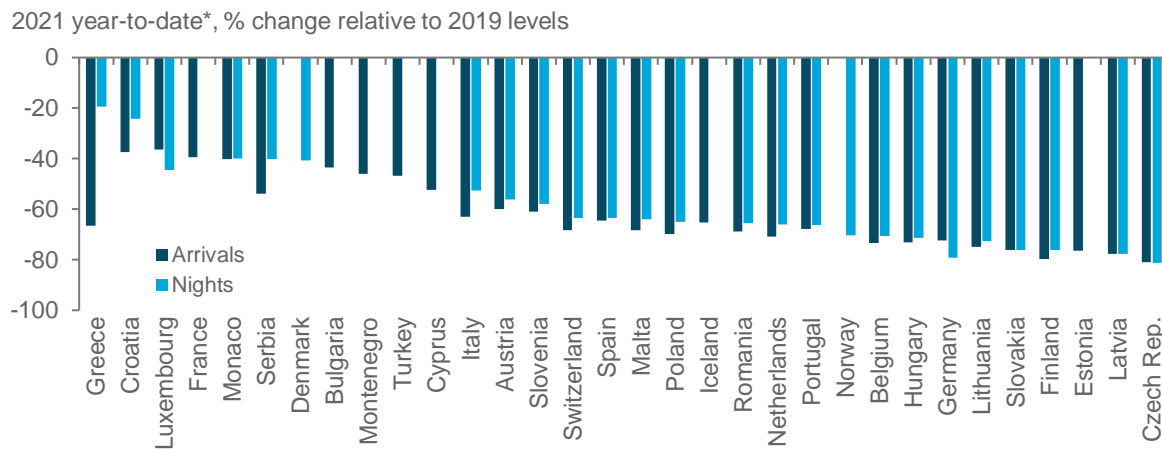
Forecasts from Tourism Economics' (TE) Global Travel Service (GTS) are that Europe should remain the strongest performing region in 2022. International arrivals were an estimated 61% lower than 2019 levels in 2021, but with some significant growth in H2 which should carry on into 2022. The region should enjoy an earlier recovery than elsewhere in the world. Over the year as a whole, TE forecast that arrivals to Europe will be 20% below 2019 levels. Domestic and short-haul travel will



remain the key drivers for Europe’s travel recovery, with a large proportion of travellers likely to remain cautious around taking long-haul trips and very tight restrictions still in place for outbound travellers in some key Asia-Pacific source markets.

Isolation periods for those who test positive are shortening which will boost recovery in the near-term. Spain, Portugal, Ireland and Greece have all cut isolation periods – although the exact details in each country vary. The UK has lifted the quarantine requirement. Italy has chosen to pursue a different course of action, leaving isolation periods unchanged, but scrapping quarantine for people who have received the Covid-19 booster vaccine (third dose) or have recently recovered from the virus for those who come into contact with someone who has tested positive.

### Foreign Visits and Overnights to Select Destinations



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

Over 2021, some countries have experienced far steeper declines in international visitors than others. Croatia is one of the relatively few countries which has reported data right through to December. Arrivals have grown more than the European average in 2021, even though they are still 37.3% below 2019 levels – that is still far lower than the weighted average 60% for Europe as a whole. One of the reasons for its relatively better performance is its accessibility by car from major European source markets. The Croatian National Tourist Board suggests that around 43% of its tourists arrive by car and this share is significantly higher for arrivals from Germany (including those with roots in Croatia) at around 60%. The same applies to Slovenia and to Monaco for French travellers.

Greece saw arrivals decline 66.6% but managed to get these visitors to stay for longer, making it the best overall performer in terms of nights spent in the country. These longer stays were partly due to its more lenient approach to quarantine which may have encouraged some travellers to enter Europe via Greece and quarantine there before travelling onward. Serbia has also apparently benefited from a similar policy.

Spain, reporting to November, saw a decline in arrivals in 2021 of 64.4% relative to 2019. It experienced a very disappointing start to 2021 but has benefited from some degree of recovery in Q3 and Q4 of 2021. As well as its vaccine roll-out programme and the co-ordination of the EU Digital Covid-19 Certificate, some of this recovery can be attributed to the perception of the country as both safe and familiar. Familiarity rather than adventure is a key driver of short-haul recovery with pre-pandemic destinations recovering more rapidly.



Short-term rentals – and coastal lettings in particular – were an important factor in the initial recovery in 2021. Denmark is an example of a country where, alongside domestic tourism, international arrivals have been strongly supported by coastal short-term lets.

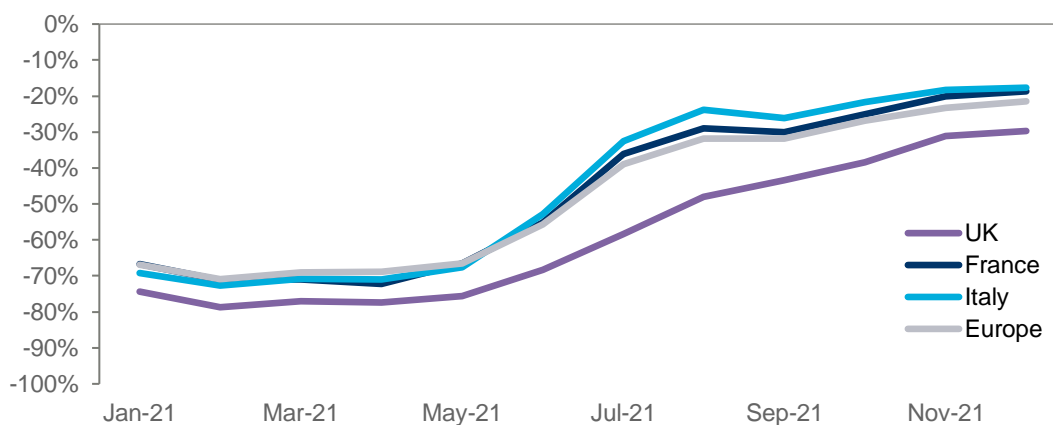
Countries in Central and Eastern Europe have tended to perform below average. In some cases, this may be associated with relatively low rates of vaccine uptake, but short break destinations such as the Baltic States have also suffered disproportionately. Serbia has managed to survive with a relatively moderate decline as a visa free destination for some key non-European source markets such as India. Some countries in the region, such as Poland, have maintained very strict entry requirements.

### Route cancellations due to falling travel demand as a result of measures brought in across Europe to combat the spread of the Omicron variant of Covid-19 will affect the start of 2022

Flight cancellations were notable over the festive period but there have been wider impacts. Over the winter of 2021 / 2022 several carriers cancelled routes altogether. During Q1 2022, Europe's airlines are expected to cancel tens of thousands of flights. Lufthansa Group alone has announced that it is cancelling 33,000 flights. The carrier would have cancelled more flights but for the regulations securing EU take-off and landing slot rights. Wizz Air has also cancelled 84 routes, particularly those involving Italian destinations or Vienna, and further routes have been taken off schedules by Ryanair.

### Recovery of Flight Departures in Europe Over 2021

Relative to 2019 levels



Source: Eurocontrol, Tourism Economics

Despite the cancellations, data from Eurocontrol show some rebound in flight departures from Europe throughout 2021. By December, departures were around 21% down on 2019 levels overall with some variation between countries – the UK an outlier on the downside and Italy and France outliers on the upside. There may have been a recovery in flight numbers in 2021, but that does not mean that planes were even nearly full or that airlines were making profits. The need to operate flights to retain airport slots is likely to be inflating the flight departures and implies lower average load factors.

According to Eurocontrol there were nearly 1.5 billion fewer passengers on flights to, from, and within Eurocontrol member countries in 2021 than in 2019. For airlines within Eurocontrol's membership, financial losses stood at €18.5 billion for the year. Although that is better than in 2020, obviously this remains a challenging period for Europe's carriers, especially those not in receipt of government funding.



One point of discussion is whether carriers will recoup losses and loans through higher fares. Some carriers that were not bailed-out by governments have borrowed heavily; those repayments will be made more challenging by declining credit ratings and higher financing costs. Meanwhile, the increased share accounted for by short-haul leisure – at the expense of business and premium class – will eat further into profits. Even new routes may not be immediately profitable. But, so far, the evidence is mixed, including some indications of lower pricing.

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### **Strong signs of pent-up demand for leisure travel. The return of business travel will be slower but will start in 2022.**

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There are strong indications that there is significant pent-up demand for leisure travel. For example, [according to EasyJet](#), more than half of survey respondents in the UK say that they intend to take at least two holidays over 2022 and one in three is planning to spend more than £1,000 (€1,200) more on holidays than they would typically spend. [According to Booking.com](#), 40% of travellers either have, or are intending to rebook, a trip which had to be cancelled because of Covid-19 travel restrictions.

Business travel recovery in 2021 was slower than some had anticipated. However, according to a [survey by the Global Business Travel Association \(GBTA\)](#), business travel spend is expected to surge in 2022 and fully recover by the end of 2024 – a year earlier than originally anticipated. Tourism Economics' own forecast aligns with this domestic business travel view, but still puts the recovery of international business tourism as late as 2025. The US has led the recovery with spend rebounding 27% in 2021 relative to 2020. In contrast, Europe lagged, only improving by 10% over 2021 with contraction in Western Europe. However, according to the GBTA, business travel demand in Europe is set to outpace most other global regions.

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### **Labour shortages in the hospitality sector across Europe could be a constraint on the recovery in 2022, unless addressed in a co-ordinated fashion**

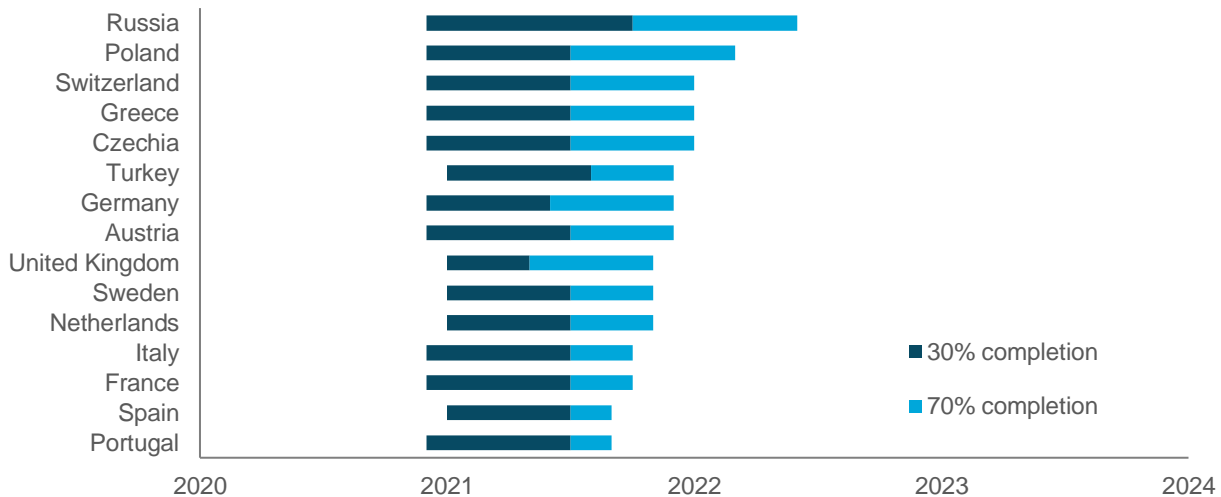
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High vaccination rates – at least in Western Europe – should enable the realisation of pent-up demand. One possible constraint on demand may be staffing in the travel and tourism sector. The impact of the two-year downturn in hospitality has led to some staff seeking jobs outside the sector and this may result in skills and labour shortages in some European countries as tourism starts to return. [A recent study](#) by Tourism Economics for the World Travel and Tourism Council (WTTC) examined the level of staff shortages in the hospitality sector in a number of European countries (UK, France, Spain, Portugal, Italy) and in the United States. While there have been recent shortages, that does not mean this will be a constraint in the recovery at a national level in the coming year. The problems may be worse in some regions within countries as there is some shift in demand from urban to rural destinations (partly linked to slower business travel recovery) but without labour supply fully adjusting; shortages in some places may be offset in national data by spare capacity elsewhere.



## Vaccine completion timeframe at current rates, Europe

Time period to vaccinate 30% and 70% of population



However, staffing problems have also been exacerbated in other European countries which were not part of the study. For example, the Cypriot Association of Tourism Businesses (Stek) has said personnel shortages are their biggest problem at present and threaten the sector's ability to serve more customers than they did in 2021. The European Parliament has recently asked the EU to look into policies to facilitate migrants from third-party countries to help the sector meet a potential surge in demand.



## Summary Performance, 2021 YTD vs. 2019

Country	International Arrivals		International Nights	
	% YTD vs. 2019	to month	% YTD vs. 2019	to month
Austria	-60.1%	Jan-Dec	-55.7%	Jan-Dec
Belgium	-68.8%	Jan-Oct	-66.3%	Jan-Oct
Bulgaria	-43.5%	Jan-Nov		
Croatia	-37.3%	Jan-Dec	-24.2%	Jan-Dec
Cyprus	-52.4%	Jan-Nov		
Czech Republic	-81.1%	Jan-Sep	-81.2%	Jan-Sep
Denmark			-40.7%	Jan-Nov
Estonia	-76.5%	Jan-Nov		
Finland	-79.7%	Jan-Nov	-76.2%	Jan-Nov
France	-39.4%	Jan-Dec		
Germany	-70.8%	Jan-Nov	-77.4%	Jan-Nov
Greece	-66.6%	Jan-Nov	-19.3%	Jan-Nov
Hungary	-73.1%	Jan-Nov	-71.4%	Jan-Nov
Iceland	-65.4%	Jan-Dec	-61.1%	Jan-Nov
Italy	-63.0%	Jan-Sep	-52.6%	Jan-Sep
Latvia	-77.7%	Jan-Oct	-77.8%	Jan-Oct
Lithuania	-74.0%	Jan-Dec	-71.5%	Jan-Dec
Luxembourg	-36.3%	Jan-Oct	-44.4%	Jan-Oct
Malta	-65.8%	Jan-Nov	-61.6%	Jan-Nov
Monaco	-40.1%	Jan-Dec	-39.9%	Jan-Dec
Montenegro	-46.0%	Jan-Nov		
Netherlands	-68.4%	Jan-Nov	-63.5%	Jan-Nov
Norway			-69.1%	Jan-Dec
Poland	-69.9%	Jan-Oct	-65.1%	Jan-Oct
Portugal	-65.0%	Jan-Nov	-63.3%	Jan-Nov
Romania	-68.9%	Jan-Nov	-65.6%	Jan-Nov
Serbia	-52.8%	Jan-Dec	-39.4%	Jan-Dec
Slovakia	-76.0%	Jan-Nov	-76.0%	Jan-Nov
Slovenia	-61.0%	Jan-Dec	-57.8%	Jan-Dec
Switzerland	-68.3%	Jan-Oct	-63.5%	Jan-Oct
Turkey	-46.8%	Jan-Nov		

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

Measures used for nights and arrivals vary by country. Available data as of 4.2.2022



## 2. 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 year ago

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
<b>World</b>	<b>-72.8%</b>	<b>9.2%</b>	<b>112.8%</b>	<b>35.1%</b>	<b>18.0%</b>	<b>-72.5%</b>	<b>6.5%</b>	<b>113.9%</b>	<b>34.8%</b>	<b>17.7%</b>
<b>Americas</b>	<b>-68.4%</b>	<b>1.8%</b>	<b>103.7%</b>	<b>30.4%</b>	<b>15.1%</b>	<b>-71.2%</b>	<b>4.9%</b>	<b>101.7%</b>	<b>28.9%</b>	<b>15.0%</b>
North America	-68.2%	-1.5%	116.9%	31.0%	14.7%	-71.3%	2.6%	106.0%	30.4%	15.0%
Caribbean	-68.5%	34.7%	51.8%	28.0%	14.8%	-67.8%	36.5%	50.3%	18.4%	14.3%
Central & South America	-68.7%	-6.5%	102.1%	29.6%	16.9%	-71.3%	10.6%	93.1%	24.6%	15.1%
<b>Europe</b>	<b>-68.1%</b>	<b>24.1%</b>	<b>98.3%</b>	<b>20.8%</b>	<b>11.2%</b>	<b>-67.2%</b>	<b>19.7%</b>	<b>97.3%</b>	<b>22.5%</b>	<b>11.8%</b>
ETC+2	-67.2%	20.1%	102.4%	19.2%	10.8%	-66.2%	15.1%	102.0%	21.1%	11.2%
EU	-66.6%	14.2%	107.4%	20.0%	10.3%	-66.3%	14.8%	101.8%	21.4%	11.3%
Non-EU	-73.7%	70.5%	69.8%	24.1%	14.3%	-71.0%	42.7%	80.3%	27.3%	13.6%
Northern	-69.9%	-11.1%	153.7%	32.2%	14.6%	-72.4%	12.7%	125.6%	26.2%	13.9%
Western	-57.9%	-3.9%	99.5%	16.2%	9.8%	-61.8%	11.8%	96.1%	18.9%	10.6%
Southern/Mediterranean	-71.5%	60.1%	85.8%	15.6%	9.9%	-68.0%	21.8%	99.1%	22.4%	10.9%
Central/Eastern	-73.3%	33.2%	100.5%	30.0%	13.2%	-70.2%	40.9%	76.8%	25.6%	12.0%
- Central & Baltic	-72.2%	6.9%	141.3%	28.9%	11.8%	-66.6%	26.8%	86.1%	18.3%	8.6%
<b>Asia &amp; the Pacific</b>	<b>-84.1%</b>	<b>-55.7%</b>	<b>383.2%</b>	<b>102.0%</b>	<b>36.2%</b>	<b>-83.7%</b>	<b>-52.1%</b>	<b>367.7%</b>	<b>90.0%</b>	<b>34.1%</b>
North East	-88.0%	-36.9%	353.8%	104.9%	37.6%	-85.4%	-46.4%	358.6%	96.2%	36.3%
South East	-81.4%	-77.3%	633.9%	109.2%	37.2%	-82.6%	-71.4%	623.7%	89.6%	31.8%
South	-75.8%	-43.9%	205.6%	70.0%	24.0%	-74.3%	-28.4%	146.4%	52.6%	22.1%
Oceania	-76.3%	-42.3%	197.4%	77.0%	31.1%	-82.6%	-66.7%	459.1%	83.9%	32.9%
<b>Africa</b>	<b>-74.7%</b>	<b>25.5%</b>	<b>44.2%</b>	<b>59.8%</b>	<b>28.3%</b>	<b>-72.8%</b>	<b>16.1%</b>	<b>44.2%</b>	<b>58.9%</b>	<b>27.2%</b>
<b>Middle East</b>	<b>-73.1%</b>	<b>29.2%</b>	<b>101.6%</b>	<b>29.7%</b>	<b>20.0%</b>	<b>-70.8%</b>	<b>35.9%</b>	<b>79.9%</b>	<b>31.4%</b>	<b>20.3%</b>

\* 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, Greece, Italy, Malta, Montenegro, North Macedonia, Portugal, Serbia, Slovenia, Spain, and Turkey;

\*Andorra, Liechtenstein, Monaco, San Marino, and Vatican City are not available within GTS, but regional forecasts are indicative.

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

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

ETC+2 is all ETC members plus Sweden, and the United Kingdom

Source: Tourism Economics based on GTS as of 24.1 2022

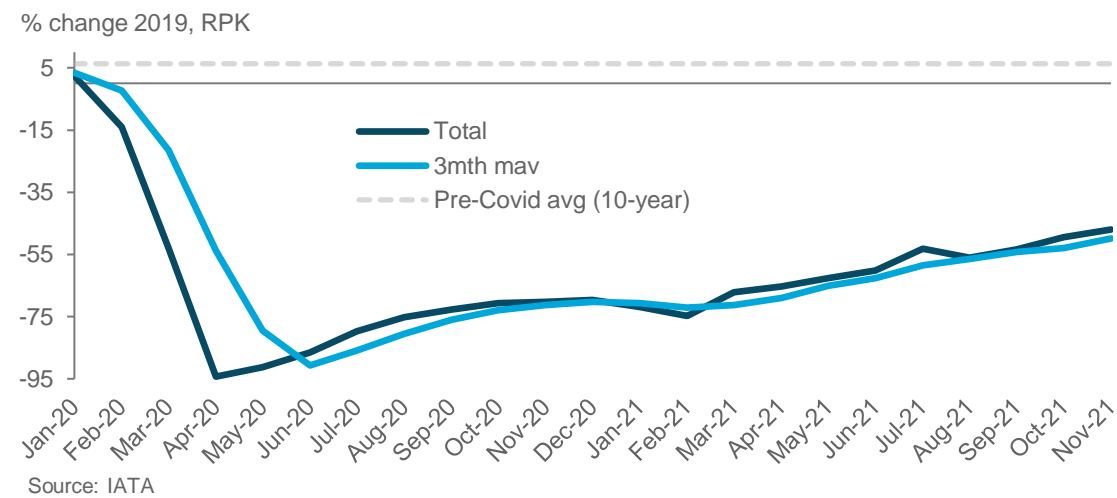


### 3. RECENT INDUSTRY PERFORMANCE

#### AIR TRANSPORT

Global air passenger demand continued its recovery towards 2019 levels in the final months of 2021, with global revenue passenger kilometres (RPK) in November 47% below 2019 levels; in August, global RPK was 56% below 2019 levels. However, the emergence of Omicron in November and tighter restrictions aimed at controlling its spread prominent by the end of November, means that this recovery is estimated to have stalled somewhat in December.

#### Global Air Passenger Traffic Growth



In general, monthly air passenger growth has improved steadily over the past four months from August. However, August performance was stronger relative to the same month in 2019 versus September. This deterioration in RPK in Africa, Europe, and North America in September is likely due to the transition from peak travel season in the Northern Hemisphere into the less busy shoulder season. This was also reflected in the latest Eurocontrol data, which showed that the number of daily flights in Europe slowly decreased from early September, except at the start of the Christmas break which enjoyed increased demand related to holidays.

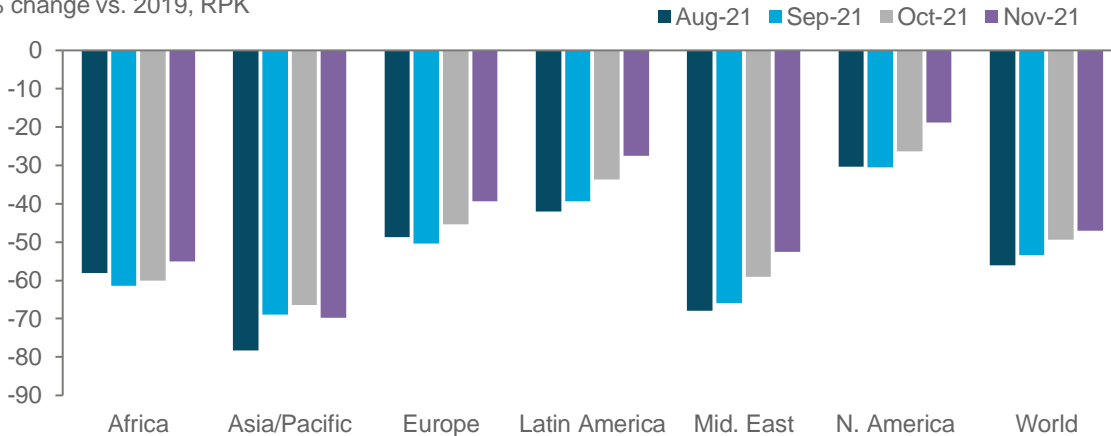
In contrast, in Asia-Pacific, recovery is not steady, with some deterioration in November versus October compared to the same month in 2019. This downtick was caused by more prohibitive restrictions in the region in an attempt to curb rising infections. This was particularly evident in China as several cities, including Beijing, introduced stricter travel restrictions to contain small Covid-19 outbreaks with domestic air passenger demand in China affected as a result.





## Monthly Air Passenger Growth

% change vs. 2019, RPK



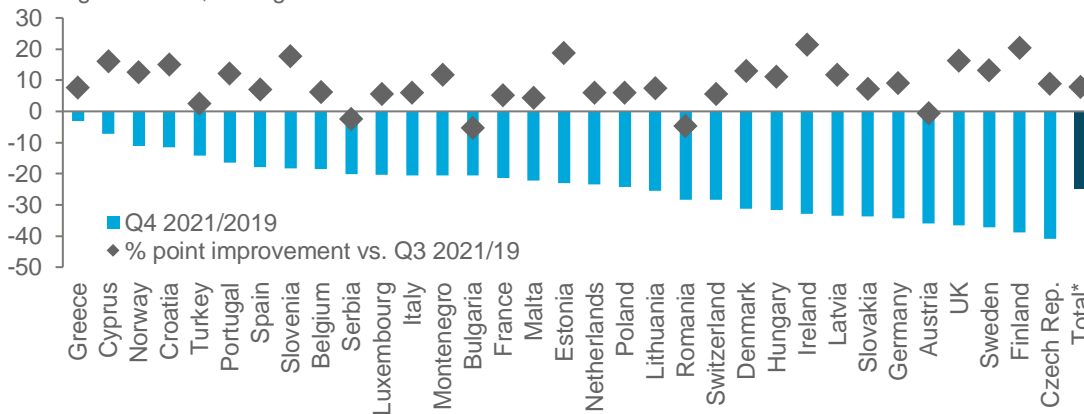
Source: IATA

Full-month data for December have yet to be made available by IATA, but the spread of Omicron looks likely to derail the recovery slightly: [recent analysis](#) by IATA suggests that less travel was booked in December compared to November, for travel at any point in time in the future. According to IATA's analysis, total tickets sold in December 2021 stood at 50% of the December 2019 level, down from 56% in November on the same basis.

This deterioration was more pronounced for international travel (from 43% of 2019 levels in November to 30% in December) than for domestic trips (from 68% of 2019 levels in November to 65% in December), due to the tightening of travel restrictions as a consequence of Omicron concerns. Given that travellers are increasingly booking on relatively short notice, this decline is likely to be reflected in actual traffic volumes in January and February 2022.

## European Air Traffic by Country, Total Flights Arriving and Departing

% change vs. 2019, no. flights



Source: Eurocontrol

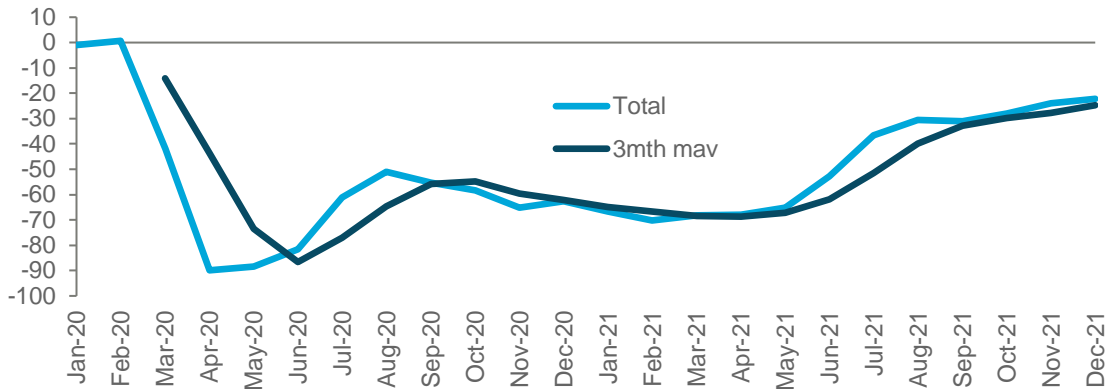
Within Europe, Eurocontrol data shows that while total flight volumes in Q4 remained below 2019 levels for the same quarter, almost all countries reported growth in the number of flights arriving and departing in Q4 2021 versus Q3 2021 relative to 2019. The exceptions to this trend were Serbia, Bulgaria, Romania, and Austria, and the slight downtick is likely linked to the renewal of inbound (and internal) travel restrictions imposed in those countries in response to a surge in the number of infections. Ireland enjoyed the greatest uptick in flight numbers in Q4 versus Q3 relative to 2019 volumes. Ireland had imposed some of the most stringent and prolonged restrictions in Europe which delayed



its recovery somewhat, and part of the strong uptick in Q4 will be a result of this. But as a key transit hub for Transatlantic traffic, the reopening of the US and Canada to European travellers in Q4 has likely fuelled some recovery also.

### Flights to/from ETC+2 countries

% change compared to same month 2019



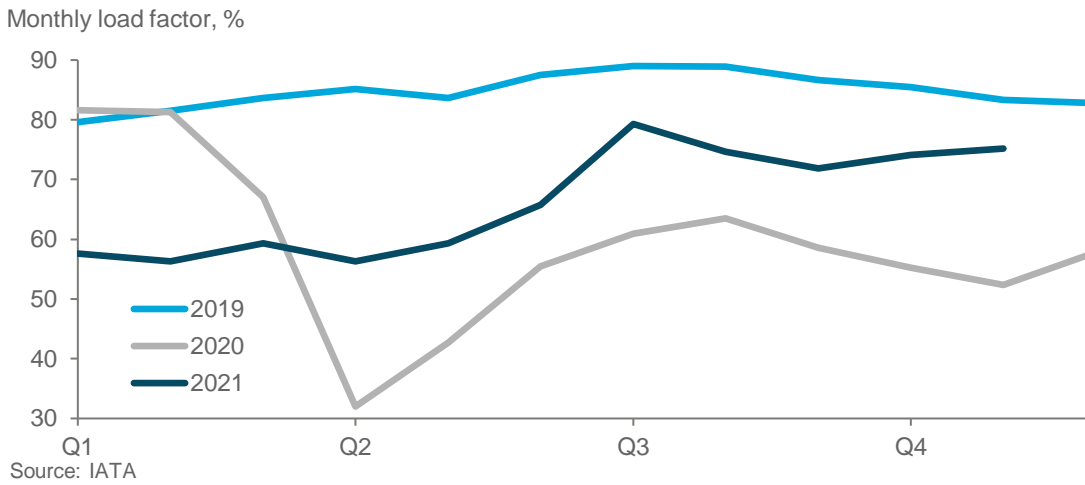
Source Eurocontrol

As a whole, European countries appear to be recovering well according to Eurocontrol flights data, with the recovery relative to 2019 seemingly much more advanced when compared with that of passenger or RPK volumes. This gap is explained by low load factors being reported by European airlines. Load factors have fallen back slightly, from 79% in the peak of summer travel to 75% as of November across all European airlines and routes, but aircraft on some routes are reportedly being flown nearly empty so that airlines can retain airport slots, as required under European Commission rules.

This comes at a cost to airlines and to the environment. Consequently, the European Commission has set a minimum 64% airport slot usage threshold for the summer 2022 season. This is up from the current 50% (which some airlines argue is too high), but much lower than the usual 80% threshold. This lower threshold should allow airlines to be more selective about which flights they maintain. This will ultimately reduce choices available to consumers and may jeopardise some jobs within the industry, but it should also allow airlines to save cash and improve their chances of survival. It will also reduce unnecessary emissions since airlines will not fly aircrafts that they expect to be nearly empty.



## European Airlines Passenger Load Factors



Looking ahead, [IATA analysis](#) reveals that tickets sold in the first half of January show a continuation of the decline observed in December. Globally, they were at 44% of the same period in 2019. Nevertheless, TE expects rapid improvements once the Omicron wave recedes and control measures are eased.

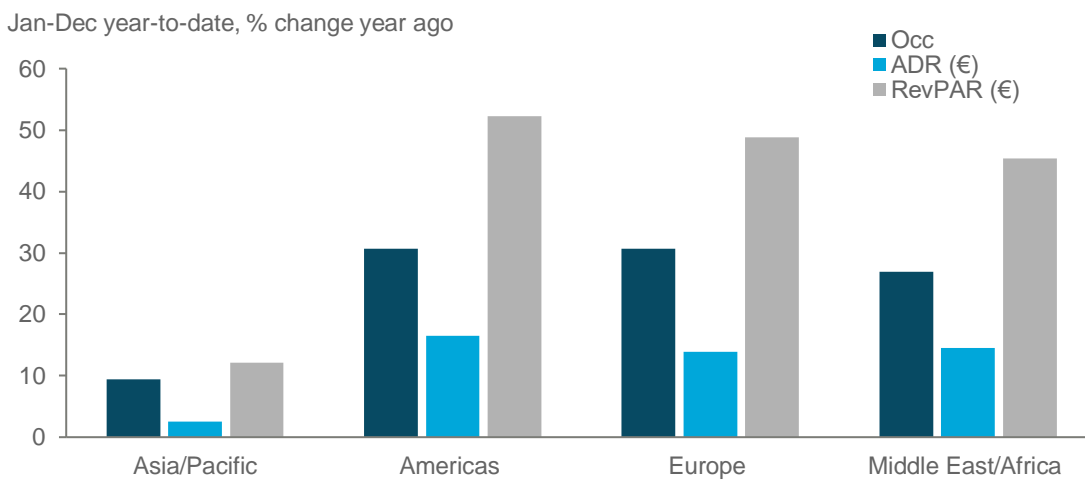
These forward-looking indicators do raise some concerns, as do the recent deceleration of GDP growth and significantly higher inflation rates than the past decade, both in part driven by supply chain problems. Furthermore, downside risks to recovery still exist in the form of new virus variants and from the extent of vaccine efficacy. A sharp increase in the price of jet fuel also represents a risk to the recovery.



## ACCOMMODATION

Globally, all regions reported growth in occupancy, ADR and RevPAR in the full-year hotel data for 2021 compared to 2020. All regions were affected by Covid travel restrictions, but the severity of these was concentrated in the first half of the year for most regions, with improvements during the northern hemisphere's summer and autumn seasons. There was only a relatively limited impact from the Omicron variant in Q4 in most destinations. Hotel performance has also been affected by the degree of domestic substitution, so tight restrictions on inbound and outbound travel do not always reflect in hotel performance, especially where the majority of the market is from the domestic segment.

### Global Hotel Performance



Source: STR

Hotel performance in the Americas and Europe was broadly similar, but the Asia-Pacific region lagged severely. In terms of occupancy growth, both the Americas and Europe saw growth of 30.7% and the Middle East / Africa grew 26.9%. But there is a huge disparity in performance relative to 2019. Europe fell by more than other regions in 2020, so growth in 2021 has facilitated less of a recovery; relative to 2019, Europe looks weaker than Asia-Pacific in terms of occupancy.

With China still following a zero Covid policy and relatively stringent measures in place elsewhere in the region, travel demand recovery in Asia-Pacific has lagged way behind other global regions, with occupancy growth of 9.4%. Tight restrictions remain in China, and other Asian destinations that rely on China for inbound international tourists have really struggled to see improvements in 2021.

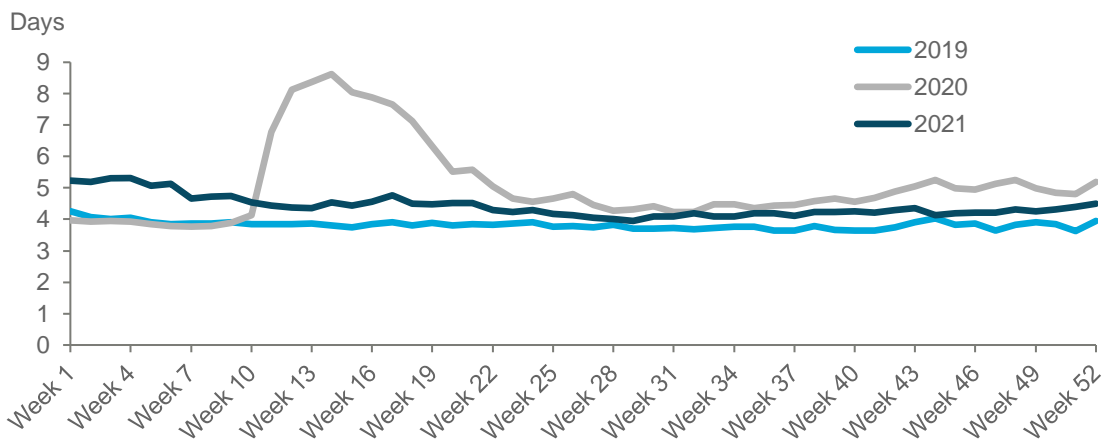
With demand continuing to be so low, Asia-Pacific's growth in ADR was also very weak: an improvement of only 2.5% from 2020. All other global regions saw considerably stronger growth. Although all similar, the strongest region for ADR growth was the Americas at 16.5%. This was followed by the Middle East / Africa (14.5%) with Europe recording growth of 13.9%. Resultant RevPAR growth was highest in the Americas at 52.2%, slightly ahead of Europe (48.8%) and the Middle East / Africa (45.3%).



## SHORT TERM RENTALS

Travel is re-blossoming, and while it might take time to reach full bloom, the growth is plain to see. Pent up income and wanderlust mean that short term rentals have enjoyed occupancy levels exceeding 2019 levels over the holiday period. Indeed, on average, bookings across [European regions](#) are only 5% down on 2019 on average, although of course volatile in the wake of any changing restrictions. What's more, with work more flexible than ever and more intricate rules and restrictions to navigate, guests are looking to [stay longer](#).

### Average length of stay in short-term rentals worldwide, 2019-21



Source: Transparent

In a [global context](#), Europe as a whole is seeing more relative reservations than Asia and Oceania, but remains behind North America. On a country by country basis, France and the UK are currently fairing best overall. After a recovery for the UK, Spain and Italy are currently the worst performing of [Europe's top short term rental supply nations](#) in year on year reservations. Whilst [average booking window](#) remains a third shorter than in 2019, [prices have climbed](#) to a third higher, illustrating the confidence currently felt in demand.



## 4. SPECIAL FEATURE: TRANSATLANTIC RECOVERY

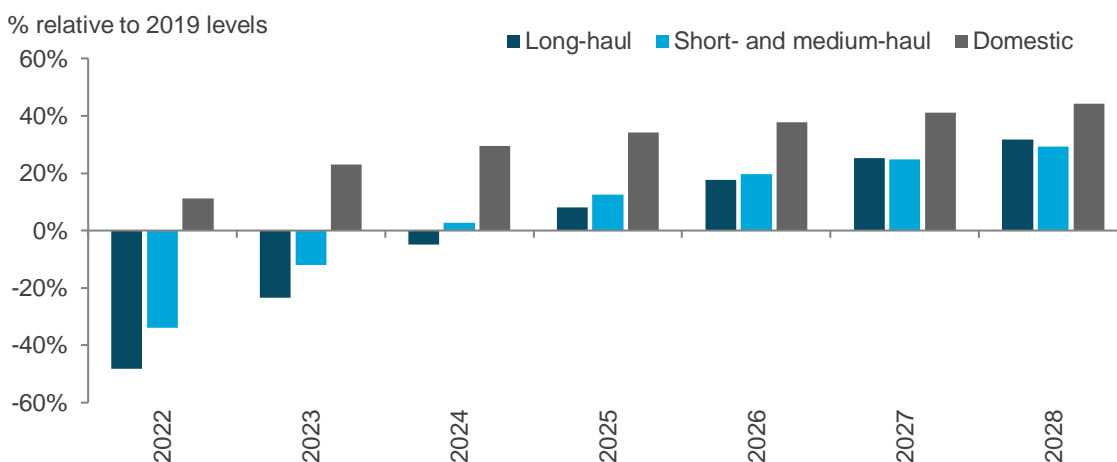
### SUMMARY

- Transatlantic travel reopened in November 2021, and, while some restrictions were reimposed in response to the rapid spread of the Omicron variant, continued vaccine roll-out and improvements in treatment should allow easing in early 2022.
- On average, the European travel industry is more reliant on transatlantic flows than the US.
- The return of transatlantic travel will also be crucial for a recovery in airline revenues and profits for a range of carriers.

Although the recovery in international travel is expected to begin in earnest during 2022, the pace of recovery will vary across regions and the length of the travel taking place. The recovery of long-haul travel – trips between, rather than within, global regions – is expected to recover more slowly than other segments. Long-haul tourism played a key role in driving growth in international travel in the years leading up to the pandemic, generally outpacing that of shorter-distance travel and with the long-haul share of all international trips peaking at just under 22% in 2019; its recovery is therefore critical.

In the near-term, long-haul will lag the prominence of other forms of travel due to the relatively higher costs associated with these trips and uncertainty of airline routes. Indeed, long-haul trips are projected to remain 48% below 2019 volumes in 2022, and account for only 18% of all international trips. Long-haul travel as a whole should exceed 2019 levels in 2025. However, later in the decade, long-haul travel will reclaim its prominence in driving international tourism. The long-haul share of all international visitors is expected to exceed the pre-pandemic peak from 2027 onwards, and volumes of long-haul visitors will exceed 2019 levels by 32% in 2028 (stronger growth than that for short- and medium-haul trips over the period).

### Global Overnight Visitors: Baseline Projections



Source: Tourism Economics



Transatlantic travel is likely to be a key driver of long-haul recovery. In this section we primarily focus on the return of US inbound demand to Europe as being indicative of a transatlantic recovery in general. In 2019 US arrivals to European destinations accounted for more than 80% of arrivals from North America (Canada, Mexico, and United States), with 84% of these arrivals to Western European destinations. The following analysis was focussed on this basis.

On 8<sup>th</sup> November 2021 transatlantic air routes for vaccinated passengers reopened between the US and 33 countries, including most of Europe, after more than 18 months of travel restrictions and disruption. While Eurocontrol data shows that the number of flights taking off from Europe has recovered considerably in 2021, most of these are intra-European and long-haul air travel is lagging as expected. Despite some degree of disruption and cancellations during the Omicron outbreak on both sides of the Atlantic and further cancellations surrounding the US 5G rollout in the vicinity of airports, transatlantic travel is expected to be one of the first elements of long-haul air travel to return.

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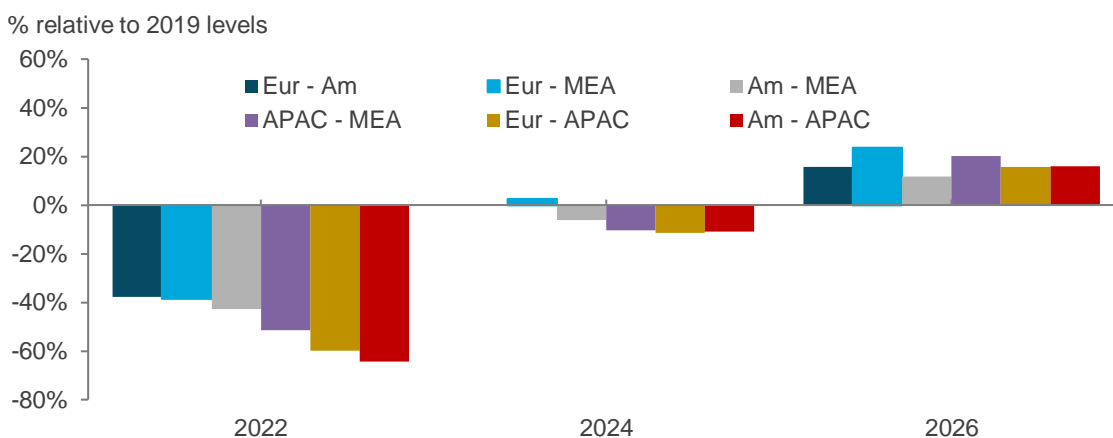
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European countries remained open to US visitors for much of 2021 despite guidance to remove the US from the EU ‘safe’ list, whereas the US only opened to most vaccinated EU travellers in November. This allowed pent-up demand to be realised as capacity was restored with the ability to travel in both directions. The reopening of travel between the United States and Europe is a critical development for destinations in both regions, and hence a focus of this analysis. Transatlantic routes are important for airlines and also account for a significant share of travel volumes for these destinations, and a higher share of travel value as trips typically involve longer stays and higher spending.

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**Overnight Visitors by Long-Haul Pairs: Baseline Projections**

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\*\*"Am" refers to Americas, "Eur" to Europe, "MEA" to Middle East & Africa and "APAC" to Asia-Pacific  
Source: Tourism Economics

TE expects transatlantic growth in both directions to continue through 2022, after a subdued start to the year, with airlines and destinations alike keen to restore capacity. A relatively short distance is involved compared with other long-haul routes (with only a single flight required in many cases) and there is a willingness of most of the countries to ease restrictions and to “learn to live with” the virus.

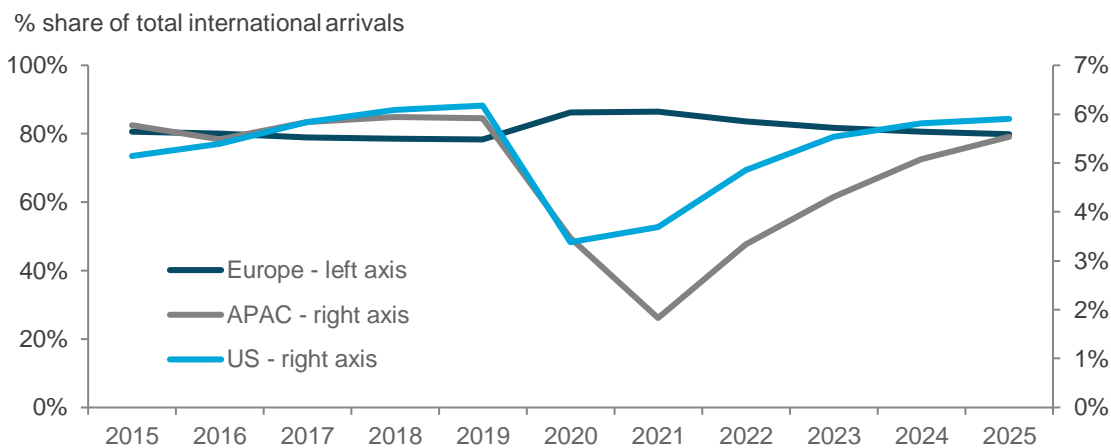
United Airlines has announced its intention to ramp up transatlantic services to Bergen, the Balearics, Munich, Milan, Berlin, Rome and Dublin, amongst other destinations. JetBlue and Norse Atlantic Airlines are also looking to introduce new capacity. Norse plans to operate routes from Oslo, London



and Paris to New York, Los Angeles and Florida and has received its operator certificate from the Norwegian Civil Aviation Authority. However, opinion is more divided over the future of the \$1.4 trillion business travel segment, the key driver of profit for carriers such as British Airways.

As well as the domestic travel sector, Western Europe (as defined by TE within its Global Travel Service: see [section 2](#) for details) is also highly reliant on intra-European arrivals. Furthermore, reliance on intra-European travel increased during the Covid-19 pandemic. Consequently, the US share for Western European (as defined by Tourism Economics) inbound fell to 3.4% in 2020, from 6.2% a year prior. In TE's latest GTS forecast it is expected that this share will return to 5.9% of total Western European inbound by 2025.

### Western Europe Arrivals: Share by Major Source Market (%)



Source: Tourism Economics

Europe's intra-regional share can be seen to have risen shown as the dark blue line above). It will unwind but will take some time. Meanwhile, the US share will recover more rapidly than other long-haul markets, such as Asia-Pacific.

The US seemingly has more to gain from a return in transatlantic travel when looking at just international flows. 14% of inbound visitors to the US in 2019 were from Western Europe. However, once the huge domestic US travel market is included in the denominator, this share falls to around 2%. The European industry as a whole is more reliant on the US than vice versa.

The return of transatlantic travel will also be crucial for a recovery in airline revenues and profits for a range of carriers. While intra-regional travel volumes accounted for the bulk of activity for airlines, transatlantic flights generated a disproportionately large share of revenue. [IATA analysis](#) indicates that US travellers accounted for around 16% of total European airlines' international revenues in 2019, while 31% of North American carrier revenues were made in Europe in 2019. However, the lagged recovery of business travel and associated premium class traveller revenues means these values will not be immediately regained.

The economic and connectivity benefits to European countries will vary, but should be highest in Iceland, which has developed as a hub between Europe and the United States and nearly 18% of international visitors in 2019 were from the US. Ireland, the UK, Switzerland and the Netherlands are also particularly reliant on US inbound travellers as a share of all international travel. However, the UK also has a large domestic market and the overall benefit of returning US travellers is more modest for the country as a whole but may be more concentrated within some parts of the country, such as





London. Similarly, the large domestic market in Germany means that there is less to gain from returning transatlantic travel than for other countries. Furthermore, there is the potential for new operators and routes to change pre-Covid-19 patterns of benefits.

### Transatlantic Flows – Most Reliant Markets in 2019

2019 share of visits from the US / Western Europe



Source: Tourism Economics

Having fallen to a 6.7% share in 2020, the Western European source market share of US international visitors is expected to increase to 19% by 2024 – marginally higher than its share over 2015 to 2019.



## 5. KEY SOURCE MARKET PERFORMANCE

*Trends discussed in this section in some cases relate to the period January to December 2021, 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

- Relative to 2019 levels for the same period, arrivals across European destinations were an estimated 60% lower based on the latest year-to-date data for 2021. Eurocontrol data suggests that more flights are departing, but there are implications for load factors.
- The spread of Omicron and increased travel restrictions in Europe will have dampened recovery in Q4 2021, but some European source markets have seen improvement across the quarter. However, the accessibility by road of some of the countries reporting to December means that very recent improvements should be treated with some caution.
- Stricter restrictions and a weakened tourist sentiment for long-haul travel has meant that non-European markets continue to report sizeable declines in arrivals and nights relative to 2019 levels. In particular, there are few signs of an increase in long-haul outbound travel from either Japan or China – the latter of which continues to follow a ‘zero Covid’ strategy.

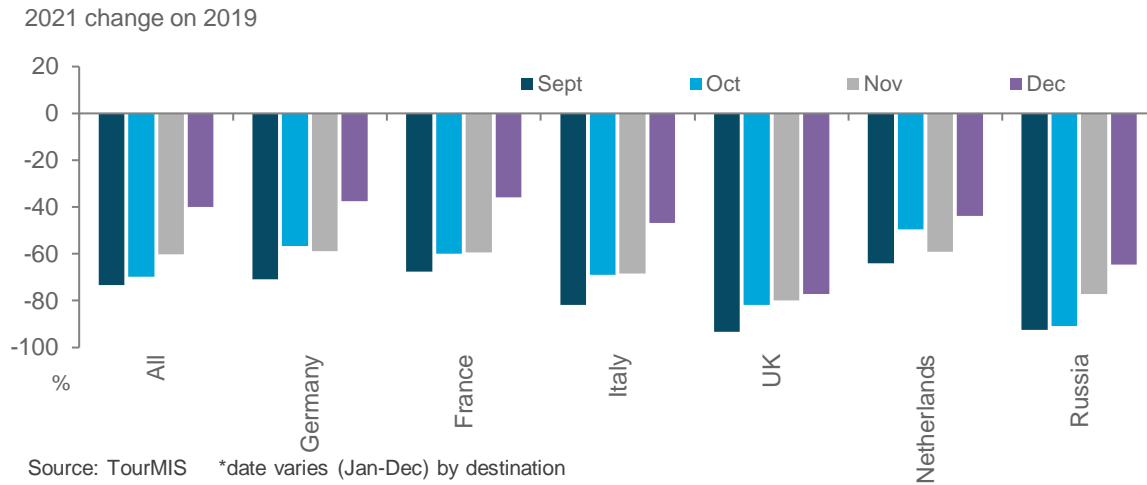
### KEY INTRA-EUROPEAN SOURCE MARKETS

Relative to 2019 levels for the same period, arrivals across European destinations from intra-European markets were an estimated 60% lower based on the latest year-to-date data for 2021 on a weighted basis. That is an improvement on the previous quarter (63%) but is strongly influenced by data from some large source markets, such as France. Declines in both arrivals and overnights continue to be widespread following the emergence of Omicron.

The few countries reporting data to December have tended to record milder declines, but this is largely because they include Croatia, France and Monaco which are ‘drive market’ destinations for some major European source markets. Since several countries reporting to December are driveable destinations from major western European source markets, it cannot be concluded that other reporting countries will register similar improvements in December’s data.



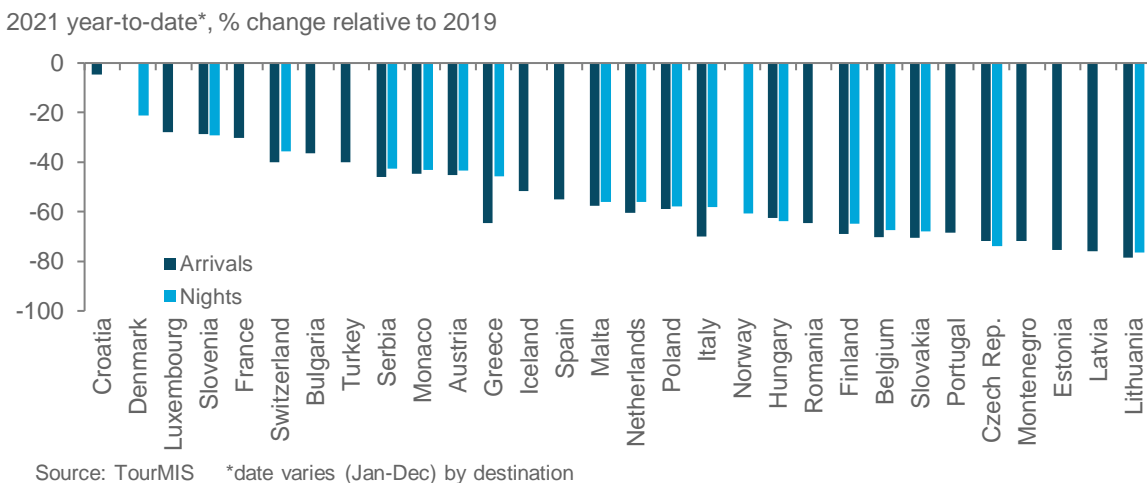
## Average Decline in Tourist Arrivals by Reporting Month by Source Market, 2021



The graphic above shows the average decline in tourist arrivals to European destinations by source market and reporting month. However, it should be noted that December as the latest reporting month is a simple average between Croatia, France, Monaco and Iceland. In some cases, the changes are on relatively small baselines. It should also be noted that the *All* category includes all source markets for which data were reported, not just those listed and also comprises non-European source markets.

With the spread of the Omicron variant and sudden increases in Covid-19 case numbers generally in the last months of 2021, many European countries reimposed tight travel restrictions and some countries went as far as to reimpose lockdowns. Travellers from the UK had especially stringent travel restrictions placed on them by a number of European countries.

## German Visits and Overnights to Select Destinations



Eurocontrol data indicate that flights departing from Germany were 25.6% lower in December 2021 than in the same month in 2019. In the last quarterly report a comparable August 2021 figure of a 35.3% decline was reported.

Arrivals from Germany have also seen some improvement in performance since September in most reporting destinations. Those countries reporting only to September averaged a decline in German arrivals of 70.8%, compared to less than 60% in both October and November, implying significant recovery in the later months of 2021. The relative proximity of some of the few countries reporting

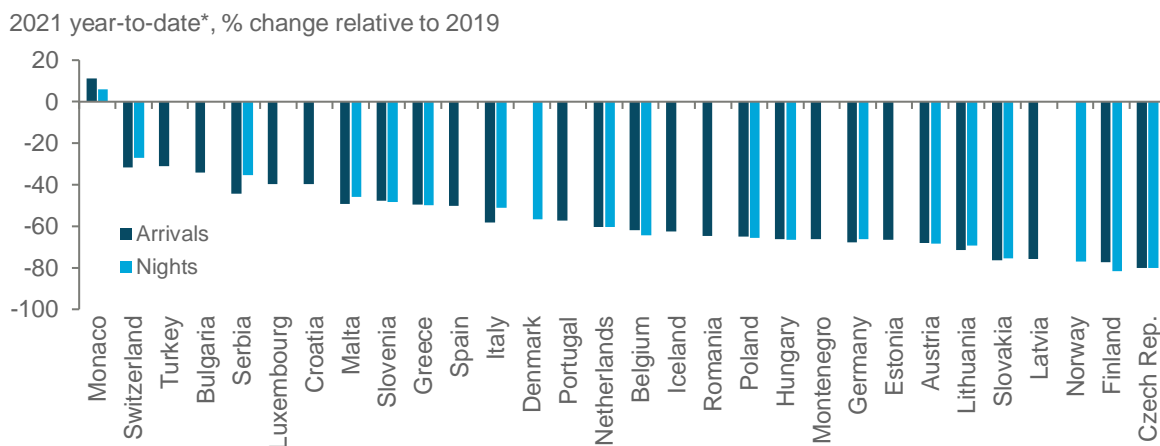


to December means that the December average should not be taken as indicative of what other destination countries might report when December data becomes available.

Croatia continued to have the smallest decline in German visitors, just 4.7% beneath 2019 levels. Other countries located a short distance from Germany – such as Denmark, Luxembourg, Slovenia France and Switzerland – have also demonstrated the potential to recover in terms of German arrivals.

The poorest performances were registered in the Baltic countries: Estonia, Latvia and Lithuania all saw declines in arrivals of more than 75% on 2019 levels.

### French Visits and Overnights to Select Destinations



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

With the exception of the destinations reporting through to December, there has been little sign of improvement in Q4 2021 in outbound tourism from France. After an average decline of 67.8% in countries reporting to September, countries reporting to October and November broadly registered around 60% declines on 2019 levels.

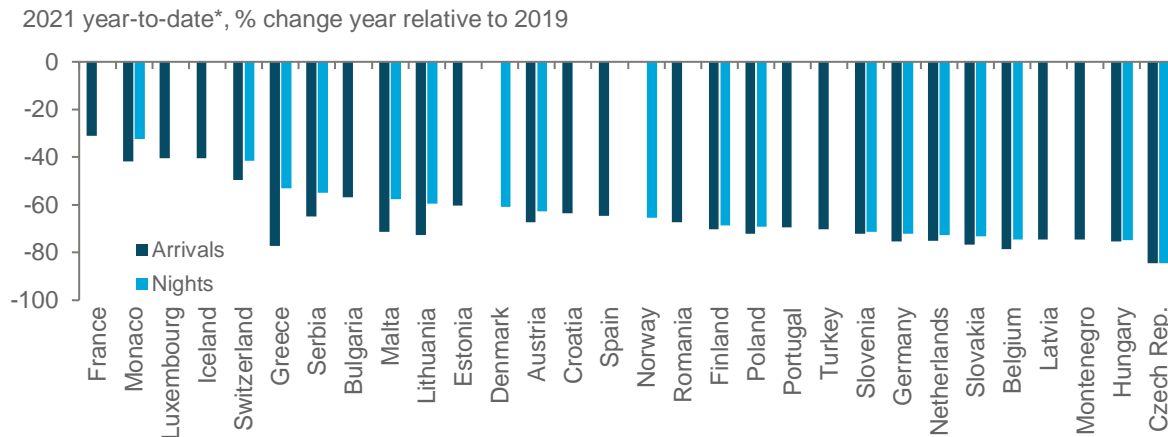
Only one destination, Monaco, registered arrivals higher than in 2019, 11.2% up reporting to December – a result of being a car-friendly destination from France. Despite this, overall destinations reporting to December were still 35.8% lower than 2019 levels for the same period, with Croatia seeing a decline in French arrivals of 39.8%.

Other than Czech Republic, which saw an 80.2% decline in arrivals on 2019 levels, the worst performing countries tended to be concentrated in Scandinavia and the Baltics. Arrivals to Finland declined 77.4%, while Slovakia performed a little better, declining 76.4%.

Eurocontrol data indicate that flights departing from France were only 18.7% lower in December 2021 than in the same month in 2019, making the country one of the better performing key European markets.



## Italian Visits and Overnights to Select Destinations



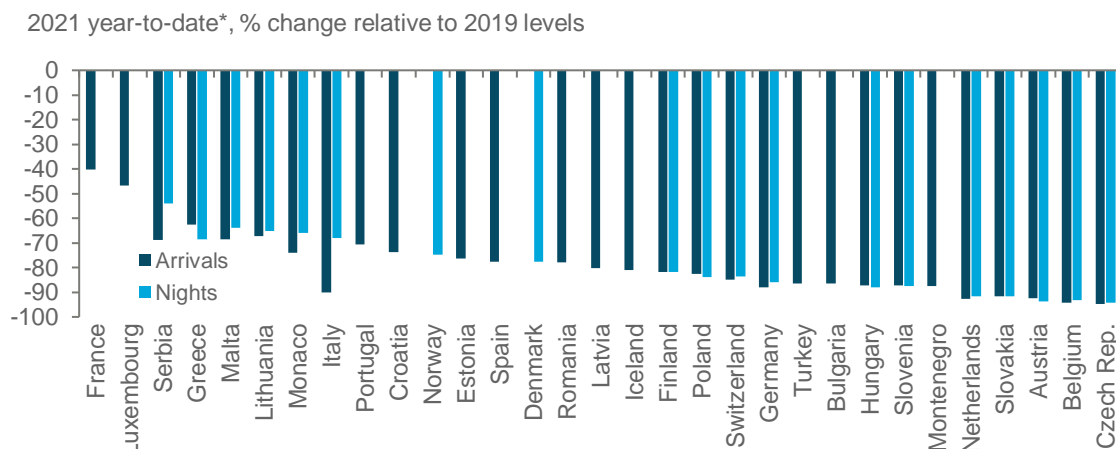
Source: TourMIS \*date varies (Jan-Dec) by destination

Visitation from Italy to reporting destinations does appear to have improved marginally over Q4 2021. Those countries reporting to either October or November averaged declines of less than 70%, compared to an average of 81.7% for those countries reporting to September.

No destination saw growth in either nights or arrivals from Italy relative to their 2019 levels. Other than France which saw a decline of only 31.1% on 2019 levels, Monaco, Iceland (reporting to December) and Luxembourg (only reporting to October) experienced the smallest declines. However, the overall decline for those countries reporting to December was still 46.8% as a result of a relatively steep fall (compared to other source markets) in Italian visitors to Croatia (down 63.4% on 2019 levels). A swathe of countries including Germany, the Netherlands, Belgium and Hungary all saw declines in arrivals in excess of 75%. The single worst performing country was Czech Republic with a decline of 84.5% in arrivals.

Eurocontrol data indicate that flights departing from Italy were only 17.7% lower in December 2021 than in the same month in 2019, the best performer amongst the key Western European source markets.

## United Kingdom Visits and Overnights to Select Destinations



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

Eurocontrol data indicate that flights departing from the UK were still 29.7% lower in December 2021 than in the same month in 2019. That is considerably better than across the Eurocontrol area as a



whole. Across 2021 in total, Eurocontrol estimates that UK air travel lost 1.3 million flights or 62% of 2019 totals, making it (and Ireland) among the worst performers in the area.

Declines in arrivals from the UK have been steeper than for other Western European source markets as well. Those countries reporting to either October or November have registered falls of 80% or more. Furthermore, for the three countries reporting to December, there is little sign of any major improvement in UK arrivals. The December average was a decline of 77.1% on 2019 levels.

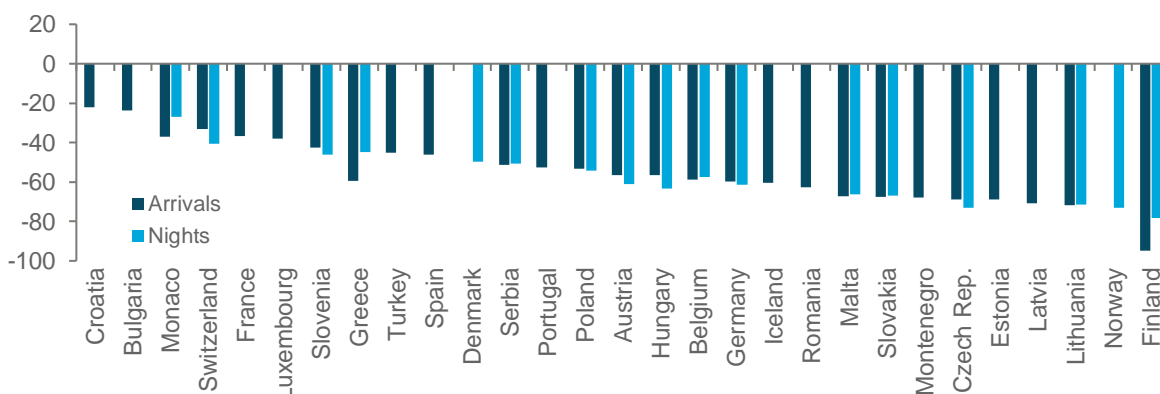
Every reporting destination continued to register steep declines from the UK. France saw the smallest decline (-40.3%) followed by Luxembourg (-46.8%) relative to 2019. Every other country reported declines in UK arrivals in excess of two thirds of 2019 levels.

The Netherlands, Slovenia, Austria and Belgium all saw declines in excess of 90%. The Netherlands introduced mandatory quarantining for arrivals from the UK during the Omicron variant outbreak. However, there are also positive developments and new routes are being announced, suggesting that carriers also sense that 2022 will see some recovery. The single worst performing country was Czech Republic with a decline in arrivals of 94.8%.

British Airways has announced that its London Gatwick based subsidiary will start flying 35 short-haul routes to European destinations with low prices. Wizz Air plans to launch services on 14 new routes from Gatwick following its acquisition of former Norwegian Air slots, which will increase low-cost competition at the airport. Furthermore, more than half of people in the UK plan to take at least two holidays in 2022 according to a [survey by EasyJet](#). However, the delayed 'ETIAS' scheme is likely to come into force during 2022; entering the Schengen Area will require a €7 visa waiver application for UK citizens.

### Dutch Visits and Overnights to Select Destinations

2021 year-to-date\*, % change relative to 2019 levels



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

No destination saw growth in arrivals or nights from the Netherlands. The smallest declines were seen in those countries reporting to December: Croatia (-22.1%) France (-36.6%) and Monaco (a decline in arrivals of 36.9%, although the fall in nights was smaller). Bulgaria (-23.7%) and Switzerland (-33.2%) were also relatively strong performances.

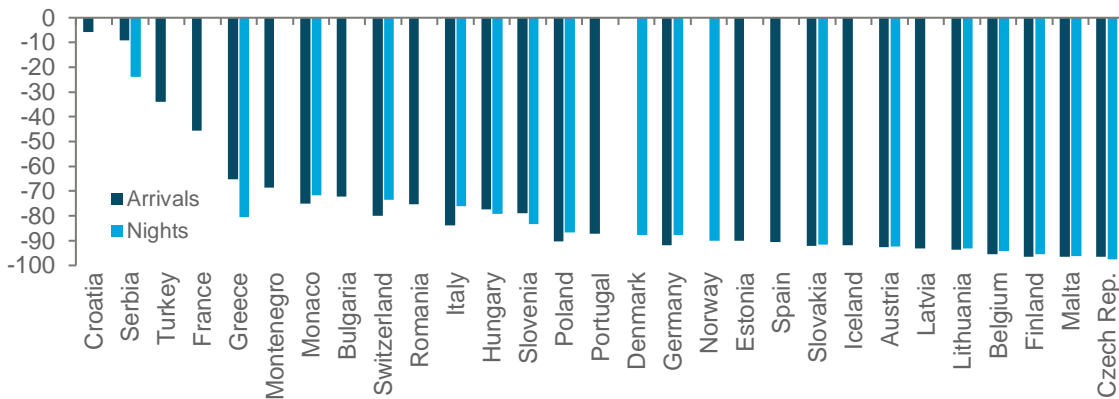
Far steeper declines were seen in Scandinavia and the Baltics, especially Finland where Dutch arrivals fell 94.8%, although less of a decline was seen in nights.



However, Eurocontrol data for the Netherlands present a more optimistic picture, pointing to a 22.4% decline in flight departures from Dutch airports, which is slightly more positive than for the Eurocontrol area as a whole.

## Russian Visits and Overnights to Select Destinations

2021 year-to-date\*, % change relative to 2019 levels



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

No reporting destination saw any growth in arrivals or nights from Russia. Overall, the declines have been very steep when compared with other European source markets.

Croatia reported the smallest decline, including data to December, a mere 5.7% lower than 2019 levels. The Croatian Tourism Board expects 200,000 Russian visitors in 2022. This compares with 23,000 in 2020 according to Tourism Economics' GTS and 117,000 in 2021, and would also surpass 2019 levels. Among the other relatively strong performers was Serbia, which saw a decline in Russian arrivals of only 9.1%, although nights were down more steeply. France also saw a relatively moderate decline in Russian arrivals of 45.6%.

Most other countries saw Russian arrivals fall by more than two-thirds, while a range of countries (Estonia, Spain, Slovakia, Iceland, Austria, Latvia, Lithuania, Belgium, Finland, Malta and Czech Republic) saw Russian arrivals decline by more than 90%.

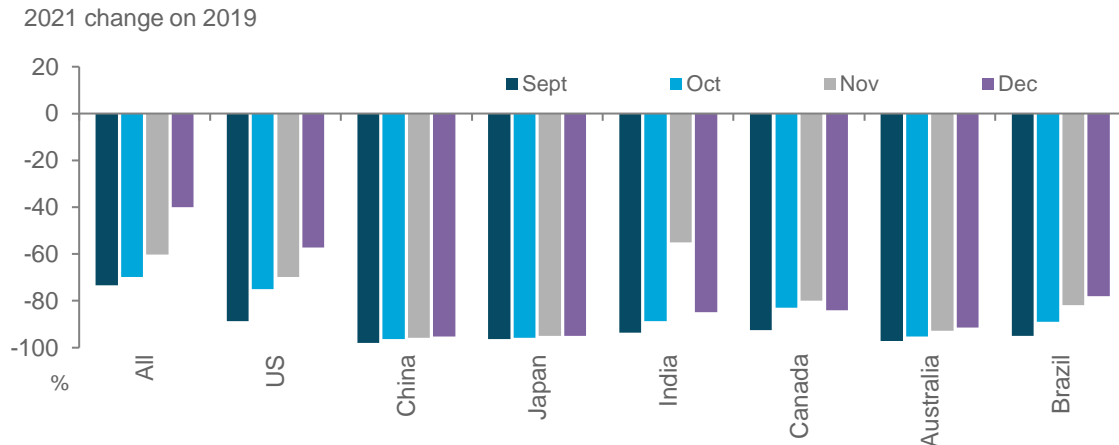
One likely influence on the Russian visitors' initial recovery is how strictly individual countries have implemented EU guidelines on which vaccines are recognised. For example, Croatia was one of the first European countries to accept the Sputnik V vaccination from Russian arrivals. Turkey and Serbia, both outside the European Union, are both using the Sputnik V vaccine in their vaccination roll-outs. Croatia has also seen some degree of 'vaccine tourism' from Russia for those wishing to get other vaccines.



## NON-EUROPEAN SOURCE MARKETS

The graphic below shows the average decline in tourist arrivals to European destinations by long-haul source market and reporting month. Again, it needs to be noted that December as the latest month is a simple average between a relatively small number of reporting countries. It should also be noted that the *All* category includes all source markets for which data were reported, not just those listed and also comprises European source markets.

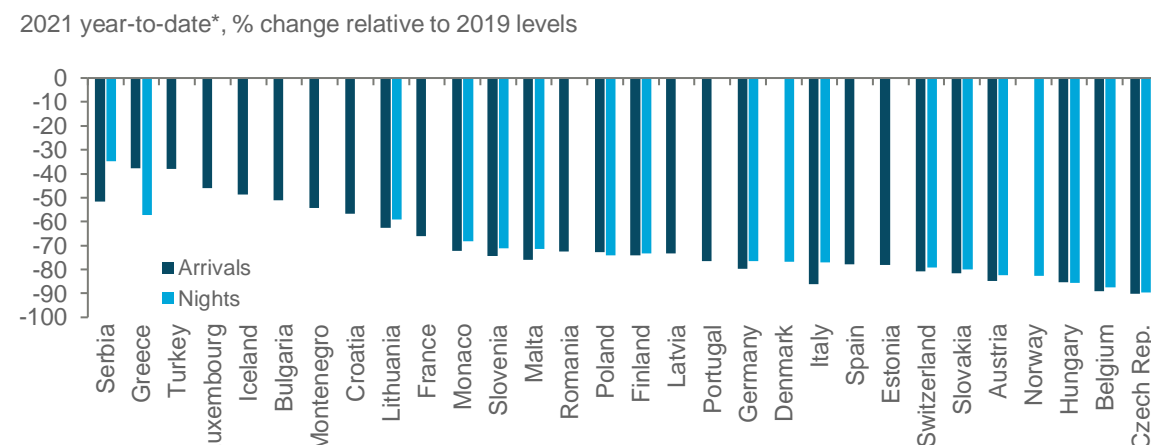
### Average Decline in Tourist Arrivals by Reporting Month by Source Market, 2021



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

It is clear that long-haul travel to Europe remains far more seriously affected from ongoing restrictions than short-haul travel within Europe. Two source markets in particular – China and Japan – have seen hardly any improvement over Q4 2021. In some other source markets, despite a poor start to the quarter, there are more grounds for optimism regarding a tourism recovery and some key source markets have made progress in vaccination roll-out since the Q3 report.

### United States Visits and Overnights to Select Destinations



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

Despite the overall long-haul picture, travel to European destinations has seen some improvement over Q4 2021, driven by the easing of travel restrictions between the US and Europe in November and high rates of vaccination – both in the US and in much of Europe. The United States has also led the recovery in business tourism, although this is likely to have had little impact on European destinations to date. Despite this, there has been considerable variation between European destinations in tourist arrivals and overnights.



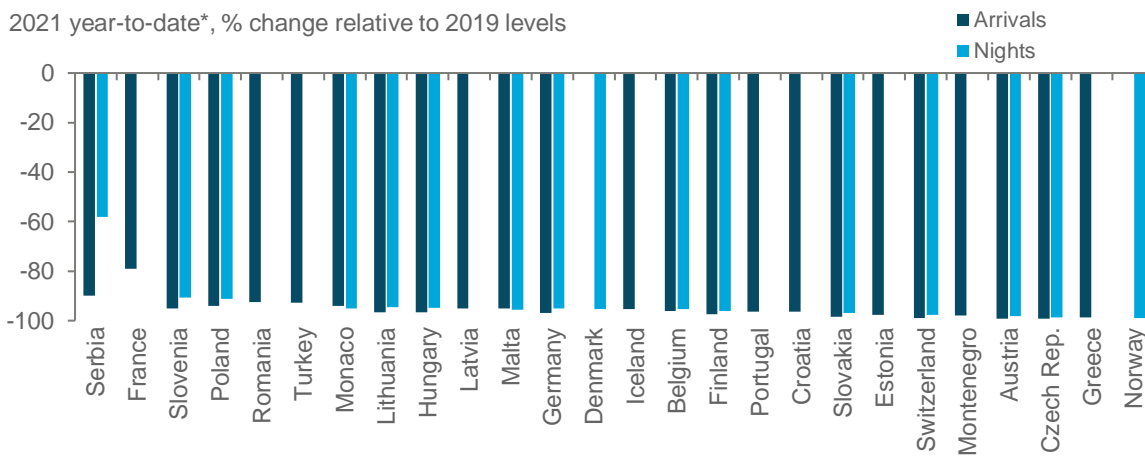


Serbia, reporting to November, was the best performing destination in terms of nights from the United States with a decline of 34.7% on 2019, even though this was on a small base. In terms of arrivals both Turkey (-38.0%) and Luxembourg (-45.9%) performed better than Serbia.

At the other end of the spectrum, the worst performing countries in terms of US arrivals include Czech Republic (with a decline in US arrivals of 90.2% on 2019) Belgium with an 89.0% decline, Hungary at 85.4% and Austria at 84.9%.

It seems likely that over 2022 transatlantic travel between the US and Europe will be one of the key drivers of the sector's recovery as discussed in the [Special Feature](#) section.

### Chinese Visits and Overnights to Select Destinations

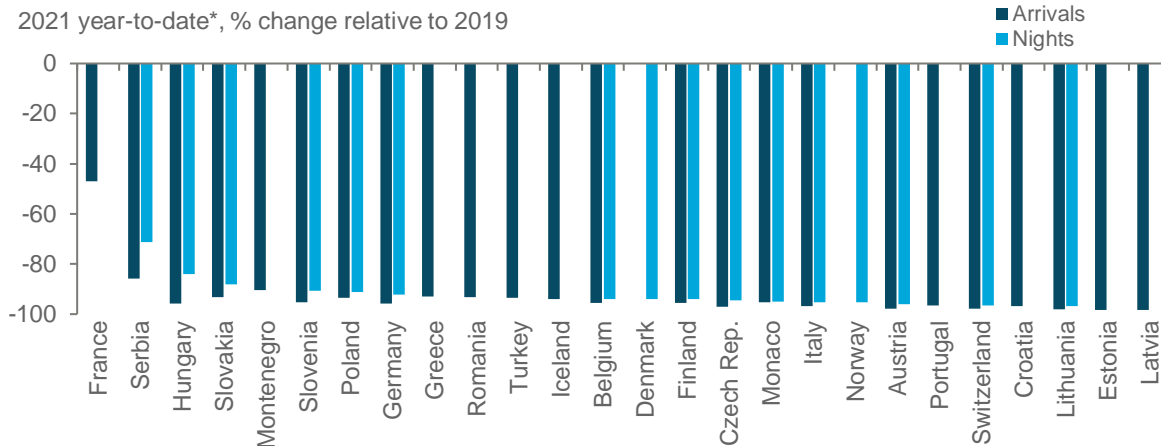


Source: TourMIS \*date varies (Jan-Dec) by destination

China continues to have tight quarantine restrictions in place for returning travellers and has pursued a 'zero Covid' policy, subjecting citizens to compulsory quarantine. This has resulted in very little change in outbound travel from China, although domestic tourism has been boosted. There is little discernible difference between European destinations reporting to September, October, November or December. It is likely that this zero Covid stance will continue for the short-term. Therefore, it is unlikely that there will be a rapid recovery in Chinese arrivals. This is despite being on a list of countries that the Council of the European Union recommends for the removal of restrictions.



## Japanese Visits and Overnights to Select Destinations

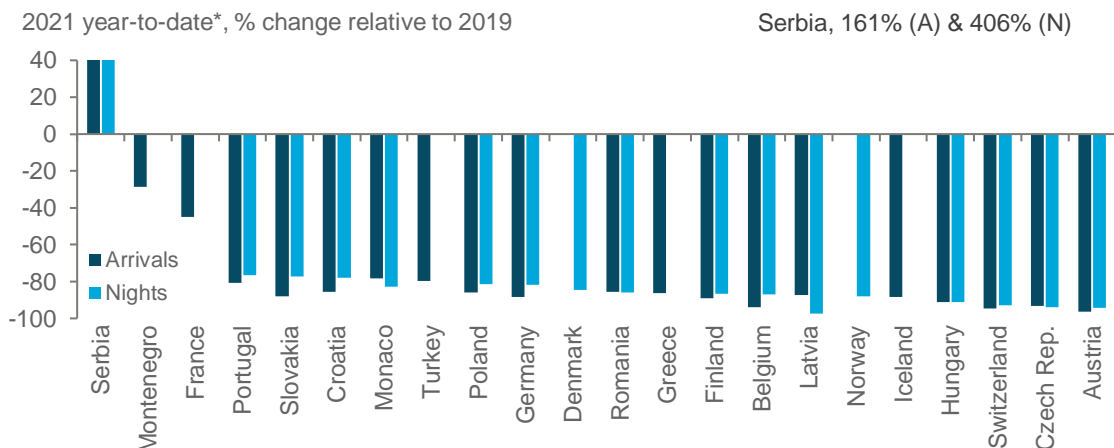


Source: TourMIS \*date varies (Jan-Dec) by destination

Japan is another long-haul source market for which recovery in arrivals to Europe seems a long way off. It intends to keep a ban on almost all foreign international arrivals until at least the end of February.

Across most reporting destinations, visits from Japan have fallen around 95% and there is relatively little difference in the declines either by latest reporting month or by destination. The big outlier is France which saw the mildest decline in Japanese arrivals (-46.9%). The other exception is Serbia, which has still seen an 85.6% decline in Japanese visitors with respect to 2019 but has only seen a 71.3% fall in nights.

## Indian Visits and Overnights to Select Destinations



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

With just three exceptions, no country has seen less than an 80% decline on 2019 levels in Indian arrivals. The first is Serbia, which has seen extraordinary growth in arrivals from India when compared to 2019. This has been driven by a loophole in the travel requirements of other countries. Travellers who have been vaccinated and who can present a negative test can stay in Serbia visa-free. Depending on the requirements of their final destination, they usually need to isolate for seven days and after that are free to explore Belgrade.

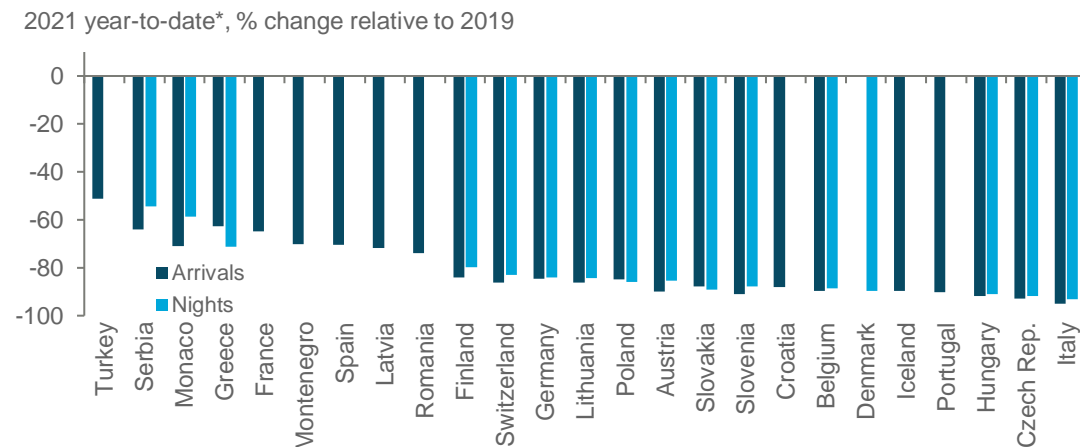
A larger destination which also performed relatively well is France, which saw a decline in Indian arrivals of 45.0% on 2019 levels.



Another outlier is Montenegro, which like Serbia, has reported to November. Arrivals from India are 28.5% lower than in 2019, but that is a relatively moderate decline compared with other European destinations.

These three exceptions aside, the coming months are unlikely to witness an especially rapid recovery from the Indian source market, given the relatively low rates of vaccination in the country. However, rates of vaccination in India have increased. 47% of the population is now estimated to have had two vaccines and nearly two thirds of the population, at least one.

### Canadian Visits and Overnights to Select Destinations



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

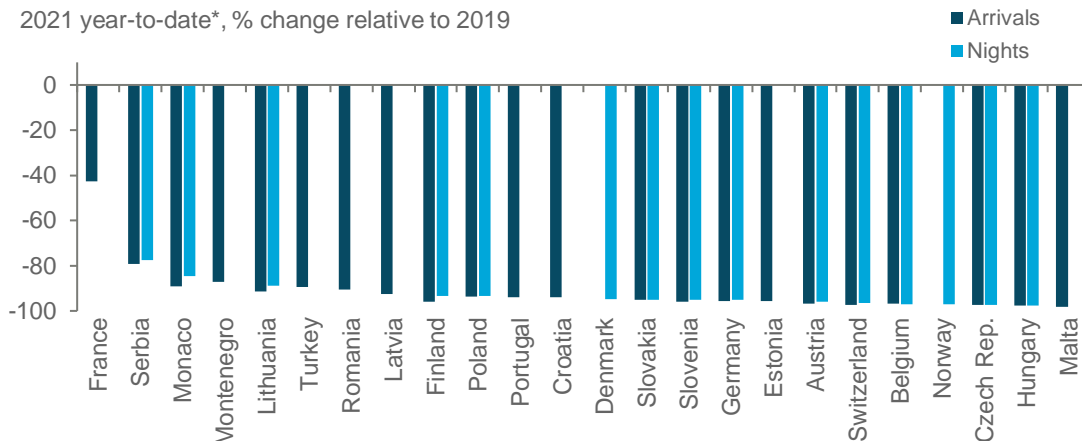
European destinations continue to report weak travel activity from Canada, with only minimal improvement over Q4 2021. Despite a successful vaccination roll-out, many European countries continue to register falls in Canadian arrivals of more than 85%, while Portugal, Hungary, Italy and Czech Republic all reported declines greater than 90%.

However, there are some exceptions where declines have been more moderate. Turkey, reporting to November, recorded a decline in Canadian visitors of 51.1%, with Serbia and Monaco also among the relatively strong performers. In 2021, both Turkey and Monaco saw over 100% growth over 2020. France also performed relatively well (with a decline in Canadian tourists of 64.9% on 2019 levels) as did Greece.

The Canadian Government continues to advise its citizens to avoid all non-essential travel and the Covid-19 case load in the country remains high. The European Union has tightened restrictions on entry from Canada for unvaccinated travellers.



## Australian Visits and Overnights to Select Destinations



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

Despite the easing of restrictions in Australia, European destinations continue to record very reduced tourism activity from this market. There does appear to have been some slight improvement in Australian arrivals over Q4, but the falls relative to 2019 remain huge. Countries reporting to November recorded an average decline of 92.7% and the three countries reporting to December, 91.4%. This compares with a decline in Australian arrivals in September of 97.1%.

The most moderate reported decline in Australian arrivals was seen in France (-42.6%). Other than France, Serbia has been the least poor performer with a decline in Australian arrivals of 79.3%. All other reporting destinations have experienced declines in arrivals of more than 85%.

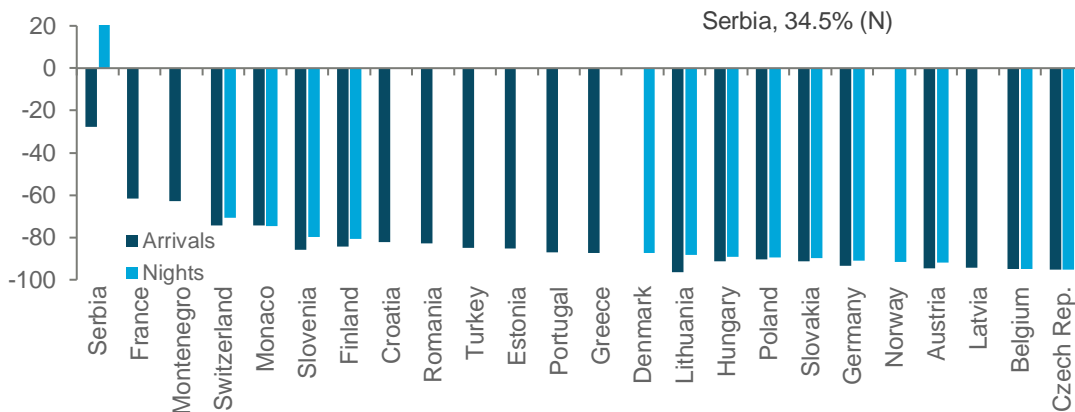
However, Australia has effectively abandoned its 'zero Covid' strategy in the wake of increased vaccination take-up. Fully vaccinated Australians and children aged under 12 can now travel to and from Australia without needing to apply for a travel exemption. The European Union has tightened restrictions on entry from Australia for unvaccinated travellers, but this should not be too great a constraint as Australia has a high vaccination uptake.

Qantas has also announced that it is launching direct flights from Australia to Europe in 2022. The new flights will allow tourists to travel directly from Perth to Rome from June and then on to their final European destinations through local airlines with whom Qantas has collaborated.



## Brazilian Visits and Overnights to Select Destinations

2021 year-to-date\*, % change relative to 2019



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

Despite having one of the worst outbreaks of the virus globally, outbound travel from Brazil has made some limited recovery in Q4 2021. European destinations reporting to September registered a 95.1% decline in Brazilian arrivals when compared with 2019. By November, this appears to have recovered to 81.9% and the countries reporting to December average a decline in arrivals of 78.1% - although this improvement was largely driven by France. Despite a slow start on vaccination roll-out, more than two thirds of Brazilians have now had two vaccinations against Covid-19.

As in the last report, Serbia posted the strongest results with nights from Brazil up by 34.5% despite a fall of 27.8% in arrivals. France recorded a decline of 61.6% on 2019 levels. Neither Serbia nor Montenegro has imposed a complete travel ban on arrivals from Brazil provided passengers satisfy entry requirements.

In contrast, a range of countries, including Germany, Austria and Belgium as well as several Central European countries have seen declines in Brazilian arrivals of well over 90%.



## 6. 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, Belarus, Bulgaria, Czech Republic, Estonia, Georgia, Hungary, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Moldova, Poland, Romania, Russian Federation, Slovakia, and Ukraine.



## United States Market Share Summary

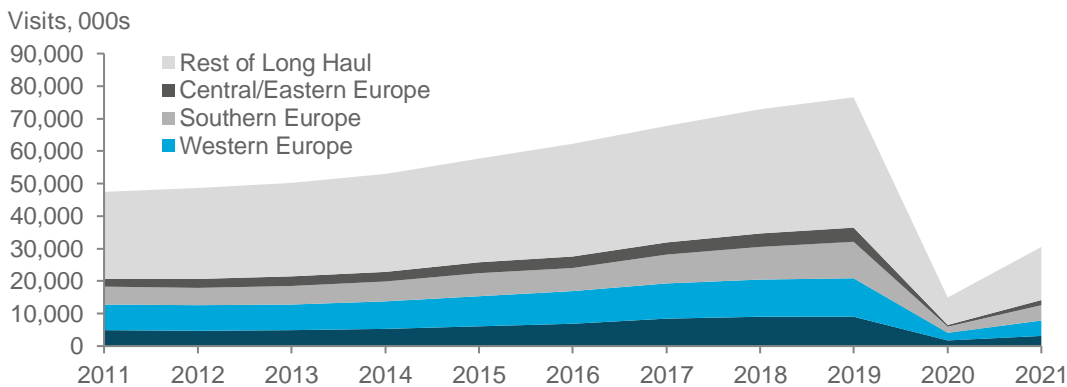
	2020		Growth (2020-25)			Growth (2015-20)	
	000s	Share**	Annual average	Cumulative growth*	Share 2025**	Cumulative growth*	Share 2015**
Total outbound travel	38,319	-	28.7%	253.7%	-	-60.4%	-
Long haul	15,040	39.2%	39.5%	427.7%	58.6%	-74.0%	60.0%
Short haul	23,279	60.8%	19.3%	141.3%	41.4%	-39.9%	40.0%
Travel to Europe	6,620	17.3%	42.4%	485.5%	28.6%	-74.3%	26.6%
European Union	6,034	15.7%	41.9%	476.2%	25.7%	-74.0%	24.0%
Northern Europe	2,029	5.3%	37.4%	389.4%	7.3%	-66.8%	6.3%
Western Europe	2,318	6.0%	39.1%	420.2%	8.9%	-74.8%	9.5%
Southern Europe	1,657	4.3%	48.5%	623.1%	8.8%	-76.5%	7.3%
Central/Eastern Europe	615	1.6%	50.7%	677.9%	3.5%	-81.8%	3.5%

\*Shows cumulative change over the relevant time period indicated. 2015-20 includes COVID-19 pandemic related declines.

\*\*Shares are expressed as % of total outbound travel

Source: Tourism Economics

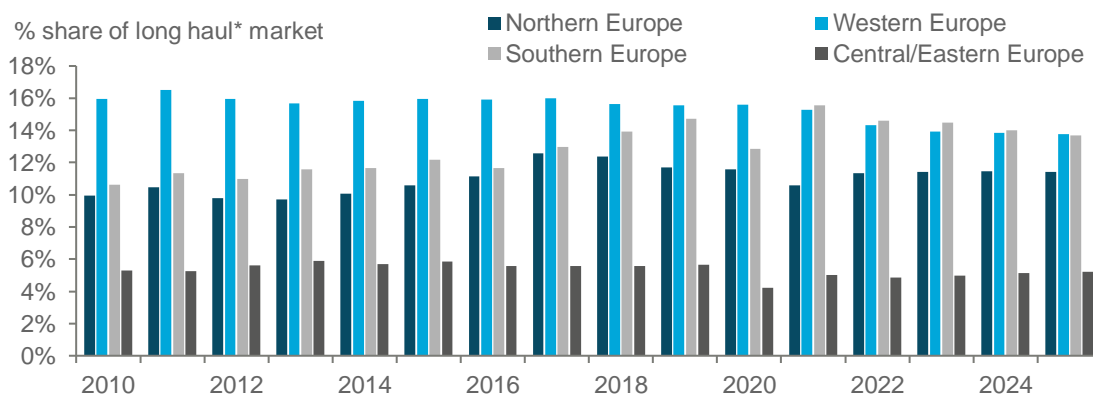
## United States Long Haul\* Outbound Travel



\*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

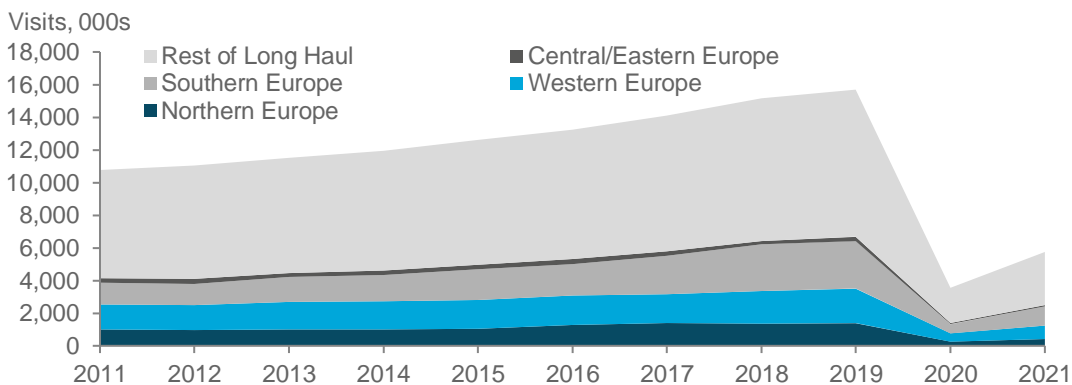
	2020		Growth (2020-25)			Growth (2015-20)	
	000s	Share**	Annual average	Cumulative growth*	Share 2025**	Cumulative growth*	Share 2015**
Total outbound travel	9,246	-	35.6%	358.6%	-	-73.7%	-
Long haul	3,489	37.7%	36.9%	380.2%	39.5%	-72.5%	36.2%
Short haul	5,757	62.3%	34.8%	345.5%	60.5%	-74.3%	63.8%
Travel to Europe	1,350	14.6%	38.0%	399.9%	15.9%	-72.7%	14.1%
European Union	1,295	14.0%	38.6%	411.4%	15.6%	-72.7%	13.5%
Northern Europe	304	3.3%	36.2%	369.3%	3.4%	-71.3%	3.0%
Western Europe	512	5.5%	33.1%	318.4%	5.1%	-70.5%	4.9%
Southern Europe	463	5.0%	44.8%	536.6%	7.0%	-75.6%	5.4%
Central/Eastern Europe	71	0.8%	26.7%	227.0%	0.6%	-72.0%	0.7%

\*Shows cumulative change over the relevant time period indicated. 2015-20 includes COVID-19 pandemic related declines.

\*\*Shares are expressed as % of total outbound travel

Source: Tourism Economics

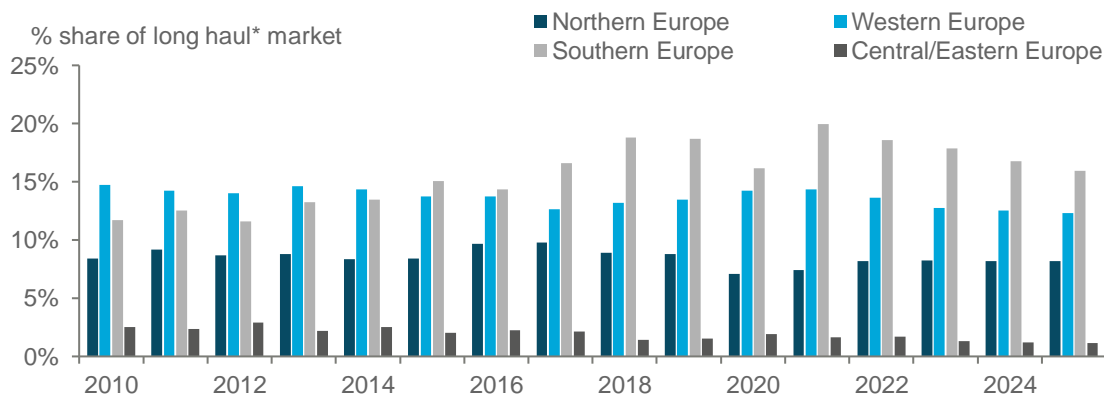
## Canada Long Haul\* Outbound Travel



\*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

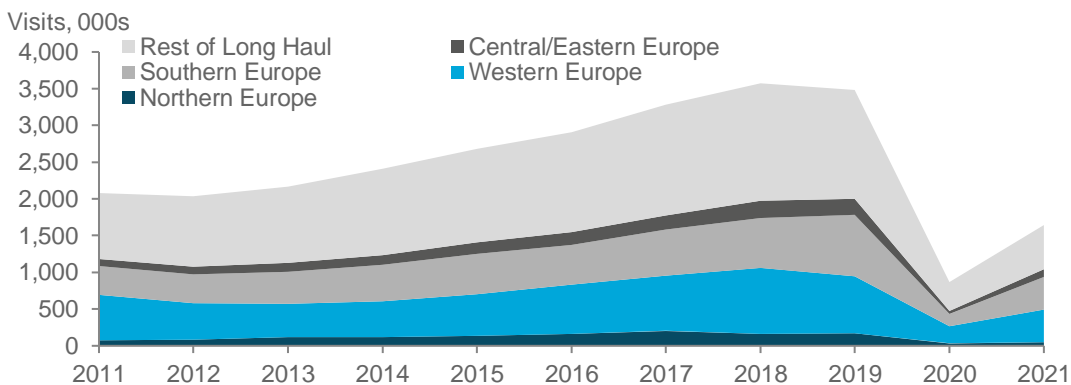
	2020		Growth (2020-25)			Growth (2015-20)	
	000s	Share**	Annual average	Cumulative growth*	Share 2025**	Cumulative growth*	Share 2015**
Total outbound travel	7,977	-	23.5%	187.4%	-	-62.5%	-
Long haul	841	10.5%	31.3%	290.6%	14.3%	-68.7%	12.6%
Short haul	7,136	89.5%	22.4%	175.3%	85.7%	-61.6%	87.4%
Travel to Europe	432	5.4%	33.3%	321.4%	7.9%	-69.3%	6.6%
European Union	403	5.0%	32.4%	306.4%	7.1%	-69.0%	6.1%
Northern Europe	35	0.4%	35.0%	348.3%	0.7%	-73.7%	0.6%
Western Europe	243	3.1%	23.9%	192.5%	3.1%	-57.4%	2.7%
Southern Europe	125	1.6%	43.6%	510.8%	3.3%	-77.2%	2.6%
Central/Eastern Europe	29	0.4%	45.7%	556.7%	0.8%	-81.8%	0.8%

\*Shows cumulative change over the relevant time period indicated. 2015-20 includes COVID-19 pandemic related declines.

\*\*Shares are expressed as % of total outbound travel

Source: Tourism Economics

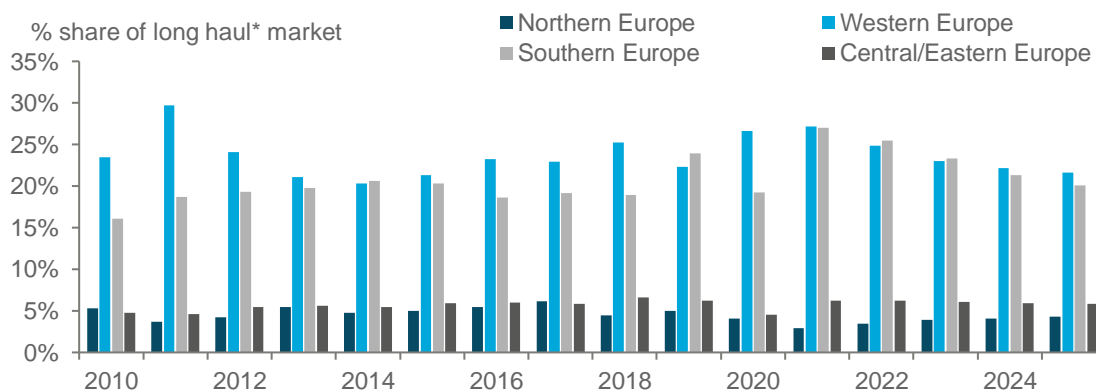
## Mexico Long Haul\* Outbound Travel



\*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

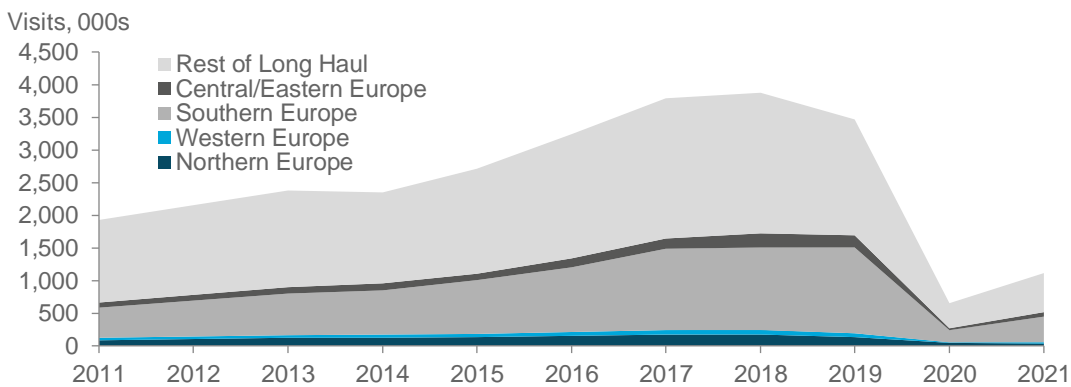
	2020		Growth (2020-25)			Growth (2015-20)	
	000s	Share**	Annual average	Cumulative growth*	Share 2025**	Cumulative growth*	Share 2015**
Total outbound travel	2,928	-	23.4%	186.2%	-	-69.8%	-
Long haul	603	20.6%	37.3%	387.5%	35.1%	-77.8%	28.0%
Short haul	2,325	79.4%	18.5%	134.0%	64.9%	-66.7%	72.0%
Travel to Europe	212	7.2%	43.6%	510.0%	15.4%	-80.8%	11.4%
European Union	195	6.6%	41.7%	470.7%	13.3%	-79.3%	9.7%
Northern Europe	39	1.3%	19.3%	141.4%	1.1%	-70.8%	1.4%
Western Europe	11	0.4%	40.1%	439.6%	0.7%	-79.0%	0.5%
Southern Europe	149	5.1%	46.6%	577.8%	12.1%	-81.8%	8.4%
Central/Eastern Europe	13	0.4%	58.8%	908.7%	1.6%	-87.5%	1.1%

\*Shows cumulative change over the relevant time period indicated. 2015-20 includes COVID-19 pandemic related declines.

\*\*Shares are expressed as % of total outbound travel

Source: Tourism Economics

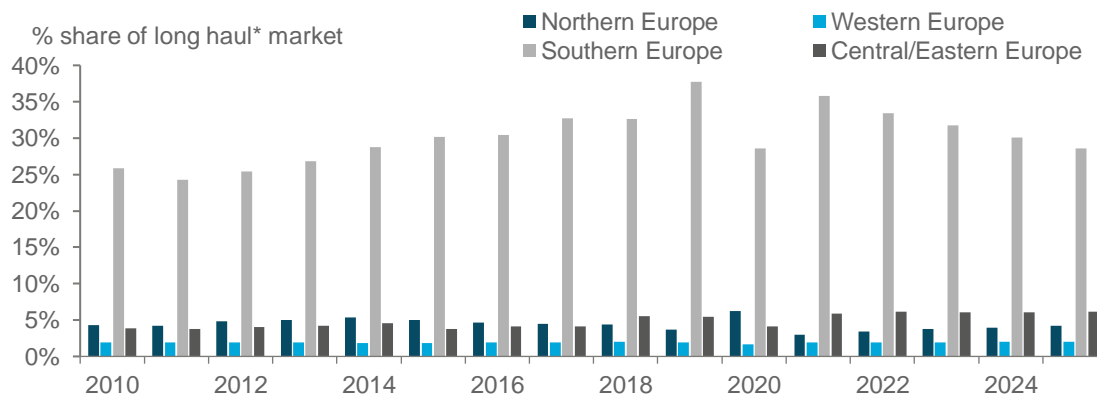
## Argentina Long Haul\* Outbound Travel



\*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

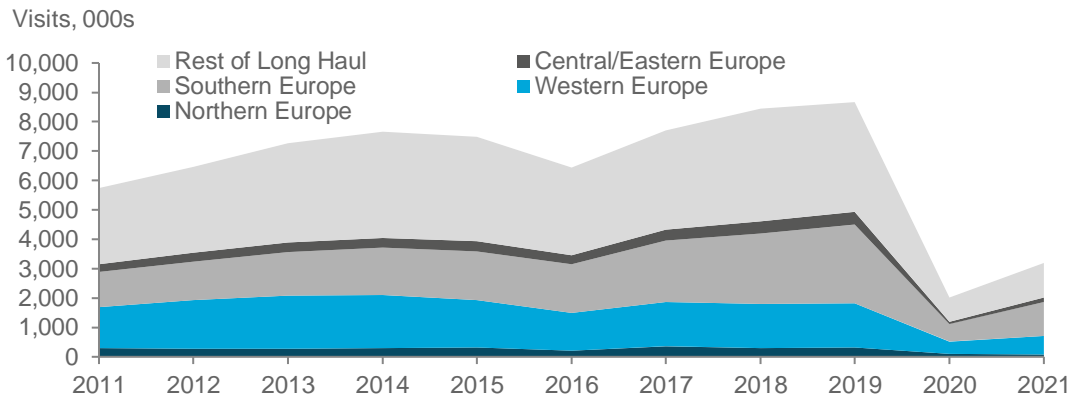
	2020		Growth (2020-25)			Growth (2015-20)	
	000s	Share**	Annual average	Cumulative growth*	Share 2025**	Cumulative growth*	Share 2015**
Total outbound travel	2,859	-	31.5%	293.3%	-	-71.8%	-
Long haul	1,837	64.3%	35.0%	348.5%	73.3%	-75.5%	73.8%
Short haul	1,022	35.7%	24.1%	194.2%	26.7%	-61.6%	26.2%
Travel to Europe	1,019	35.7%	35.0%	348.7%	40.7%	-74.0%	38.6%
European Union	929	32.5%	34.7%	343.0%	36.6%	-74.1%	35.4%
Northern Europe	96	3.4%	25.0%	205.6%	2.6%	-69.7%	3.1%
Western Europe	451	15.8%	24.2%	195.0%	11.8%	-71.9%	15.8%
Southern Europe	394	13.8%	45.2%	545.9%	22.6%	-76.4%	16.4%
Central/Eastern Europe	78	2.7%	39.0%	418.4%	3.6%	-76.7%	3.3%

\*Shows cumulative change over the relevant time period indicated. 2015-20 includes COVID-19 pandemic related declines.

\*\*Shares are expressed as % of total outbound travel

Source: Tourism Economics

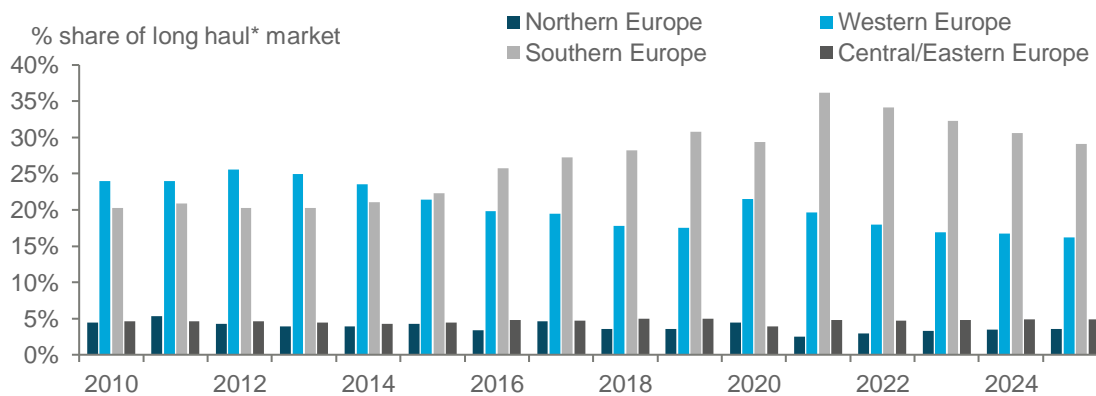
## Brazil Long Haul\* Outbound Travel



\*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

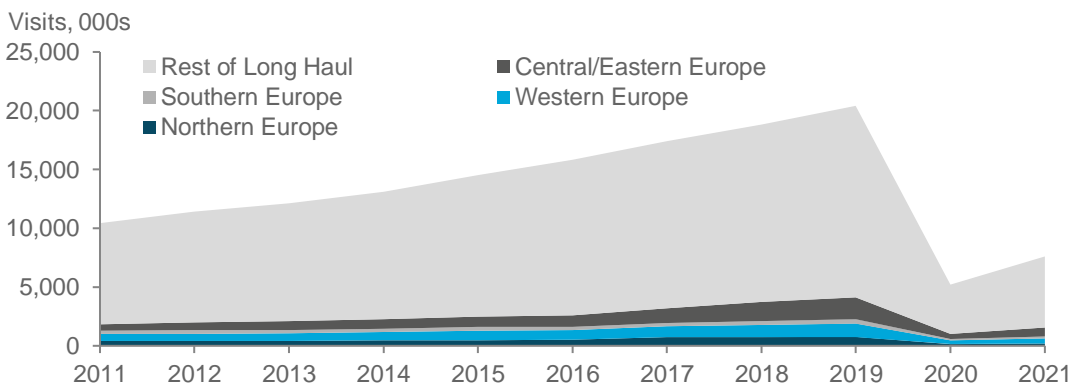
	2020		Growth (2020-25)			Growth (2015-20)	
	000s	Share**	Annual average	Cumulative growth*	Share 2025**	Cumulative growth*	Share 2015**
Total outbound travel	5,747	-	29.7%	266.7%	-	-63.1%	-
Long haul	5,315	92.5%	30.1%	272.8%	94.0%	-63.8%	94.2%
Short haul	432	7.5%	23.9%	191.9%	6.0%	-52.2%	5.8%
Travel to Europe	1,148	20.0%	27.8%	240.8%	18.6%	-53.9%	16.0%
European Union	652	11.3%	23.2%	183.7%	8.8%	-51.0%	8.5%
Northern Europe	245	4.3%	25.4%	210.3%	3.6%	-49.7%	3.1%
Western Europe	316	5.5%	25.7%	214.0%	4.7%	-60.8%	5.2%
Southern Europe	113	2.0%	25.6%	212.8%	1.7%	-66.2%	2.1%
Central/Eastern Europe	474	8.2%	30.7%	281.0%	8.6%	-45.0%	5.5%

\*Shows cumulative change over the relevant time period indicated. 2015-20 includes COVID-19 pandemic related declines.

\*\*Shares are expressed as % of total outbound travel

Source: Tourism Economics

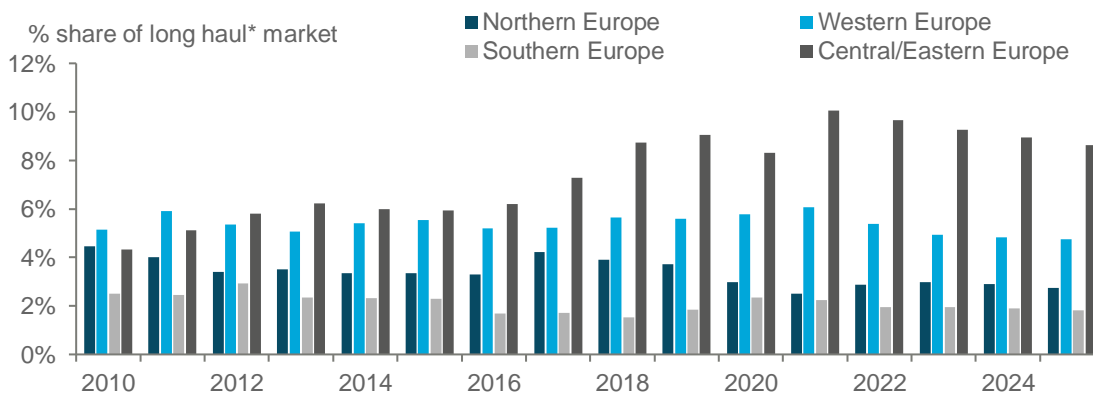
## India Long Haul\* Outbound Travel



\*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

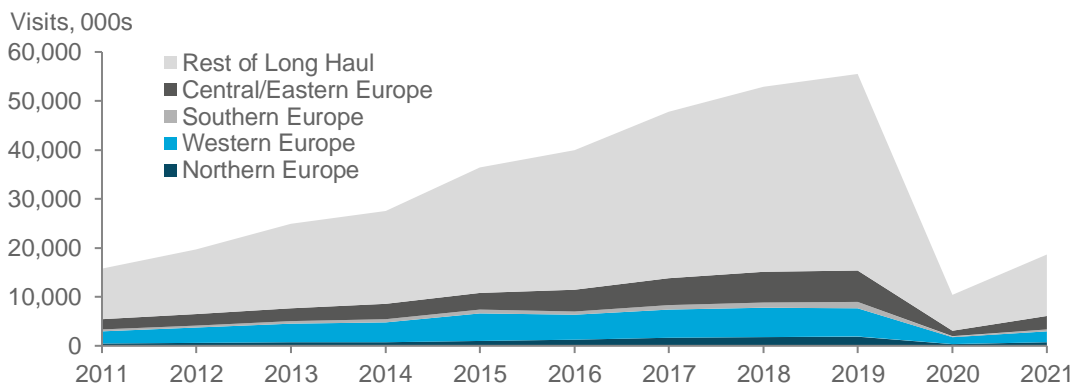
	2020		Growth (2020-25)			Growth (2015-20)	
	000s	Share**	Annual average	Cumulative growth*	Share 2025**	Cumulative growth*	Share 2015**
Total outbound travel	17,750	-	50.2%	664.2%	-	-80.4%	-
Long haul	10,268	57.9%	43.8%	515.2%	46.6%	-72.0%	40.6%
Short haul	7,481	42.1%	57.5%	868.8%	53.4%	-86.1%	59.4%
Travel to Europe	2,990	16.8%	41.5%	467.7%	12.5%	-72.3%	11.9%
European Union	2,042	11.5%	38.1%	402.3%	7.6%	-69.5%	7.4%
Northern Europe	277	1.6%	48.1%	613.3%	1.5%	-71.6%	1.1%
Western Europe	1,488	8.4%	35.1%	350.4%	4.9%	-73.6%	6.2%
Southern Europe	223	1.3%	41.6%	469.9%	0.9%	-70.7%	0.8%
Central/Eastern Europe	1,002	5.6%	47.6%	601.1%	5.2%	-70.8%	3.8%

\*Shows cumulative change over the relevant time period indicated. 2015-20 includes COVID-19 pandemic related declines.

\*\*Shares are expressed as % of total outbound travel

Source: Tourism Economics

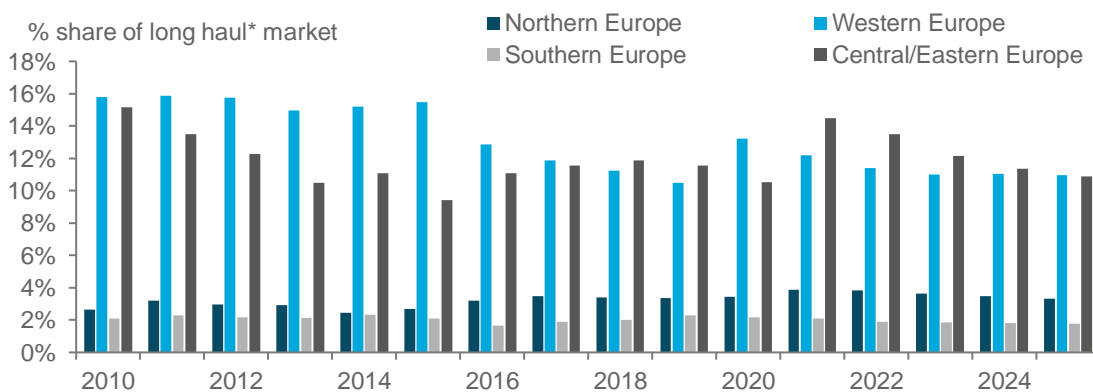
## China Long Haul\* Outbound Travel



\*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

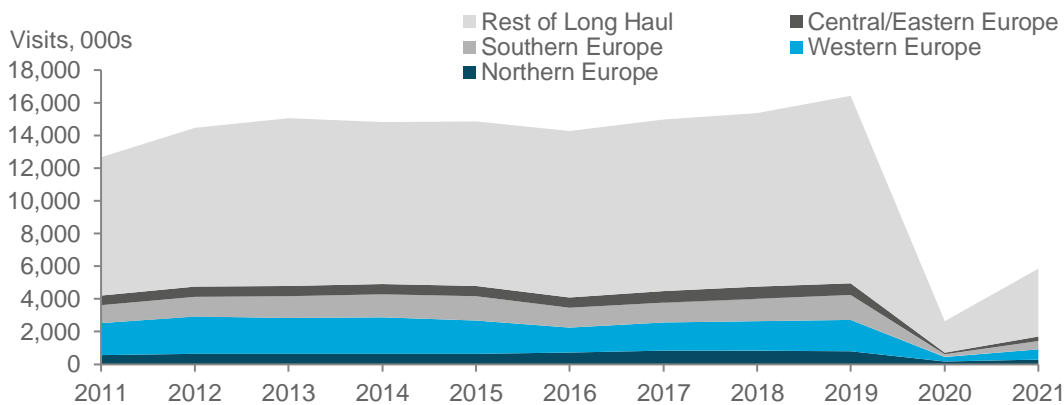
	2020		Growth (2020-25)			Growth (2015-20)	
	000s	Share**	Annual average	Cumulative growth*	Share 2025**	Cumulative growth*	Share 2015**
Total outbound travel	3,604	-	53.3%	745.7%	-	-83.4%	-
Long haul	2,679	74.3%	45.1%	543.9%	56.6%	-82.0%	68.3%
Short haul	925	25.7%	70.2%	1330.0%	43.4%	-86.6%	31.7%
Travel to Europe	668	18.5%	49.5%	647.1%	16.4%	-86.1%	22.0%
European Union	617	17.1%	49.3%	641.0%	15.0%	-85.6%	19.7%
Northern Europe	166	4.6%	37.0%	383.0%	2.6%	-73.9%	2.9%
Western Europe	290	8.0%	45.4%	549.8%	6.2%	-85.9%	9.4%
Southern Europe	124	3.5%	64.5%	1106.3%	4.9%	-91.5%	6.7%
Central/Eastern Europe	89	2.5%	55.6%	812.9%	2.7%	-86.1%	2.9%

\*Shows cumulative change over the relevant time period indicated. 2015-20 includes COVID-19 pandemic related declines.

\*\*Shares are expressed as % of total outbound travel

Source: Tourism Economics

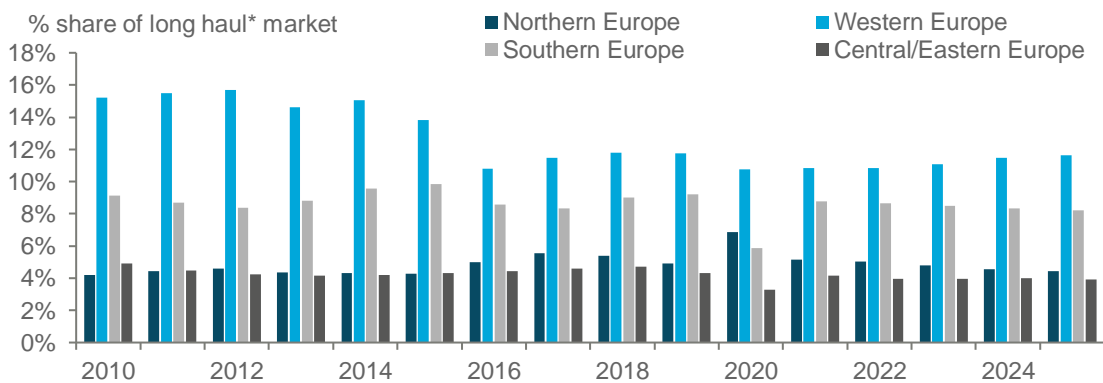
## Japan Long Haul\* Outbound Travel



\*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

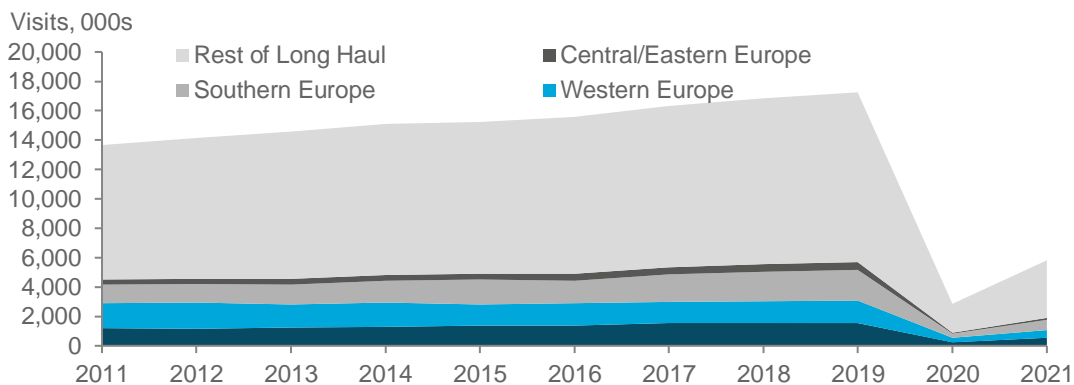
	2020		Growth (2020-25)			Growth (2015-20)	
	000s	Share**	Annual average	Cumulative growth*	Share 2025**	Cumulative growth*	Share 2015**
Total outbound travel	2,790	-	49.1%	638.0%	-	-82.6%	-
Long haul	2,696	96.6%	49.3%	641.0%	97.0%	-82.4%	95.6%
Short haul	95	3.4%	45.6%	553.6%	3.0%	-86.6%	4.4%
Travel to Europe	777	27.9%	52.9%	735.4%	31.5%	-84.2%	30.8%
European Union	723	25.9%	53.3%	745.4%	29.7%	-84.1%	28.4%
Northern Europe	265	9.5%	46.6%	576.7%	8.7%	-80.7%	8.6%
Western Europe	229	8.2%	44.7%	533.7%	7.0%	-84.4%	9.1%
Southern Europe	225	8.1%	62.4%	1030.7%	12.4%	-86.6%	10.5%
Central/Eastern Europe	59	2.1%	64.4%	1101.5%	3.4%	-85.9%	2.6%

\*Shows cumulative change over the relevant time period indicated. 2015-20 includes COVID-19 pandemic related declines.

\*\*Shares are expressed as % of total outbound travel

Source: Tourism Economics

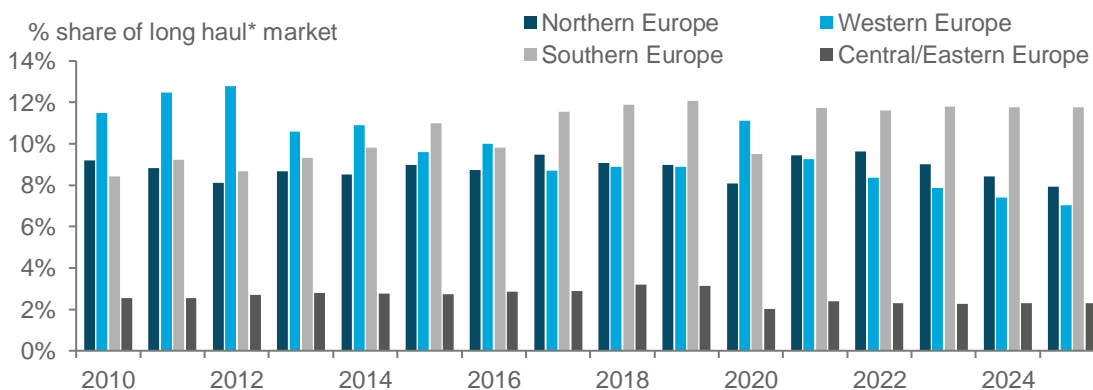
## Australia Long Haul\* Outbound Travel



\*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

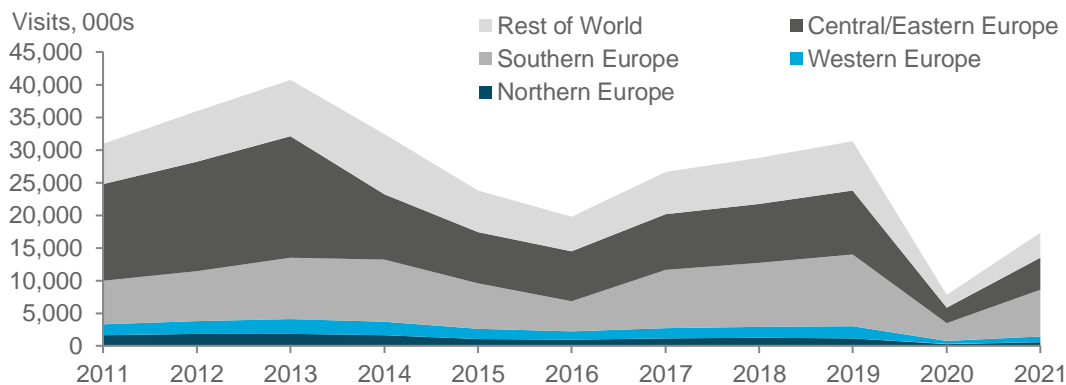
	2020		Growth (2020-25)			Growth (2015-20)	
	000s	Share**	Annual average	Cumulative growth*	Share 2025**	Cumulative growth*	Share 2015**
Total outbound travel	7,649	-	36.5%	374.2%	-	-67.8%	-
Long haul	1,844	24.1%	33.8%	329.0%	21.8%	-70.8%	26.6%
Short haul	5,805	75.9%	37.3%	388.5%	78.2%	-66.7%	73.4%
Travel to Europe	5,805	75.9%	37.3%	388.5%	78.2%	-66.7%	73.4%
European Union	2,222	29.0%	35.9%	363.9%	28.4%	-72.9%	34.5%
Northern Europe	326	4.3%	33.3%	321.5%	3.8%	-68.8%	4.4%
Western Europe	469	6.1%	31.4%	291.2%	5.1%	-70.3%	6.7%
Southern Europe	2,646	34.6%	38.6%	411.7%	37.3%	-61.8%	29.2%
Central/Eastern Europe	2,364	30.9%	37.5%	391.1%	32.0%	-69.9%	33.2%

\*Shows cumulative change over the relevant time period indicated. 2015-20 includes COVID-19 pandemic related declines.

\*\*Shares are expressed as % of total outbound travel

Source: Tourism Economics

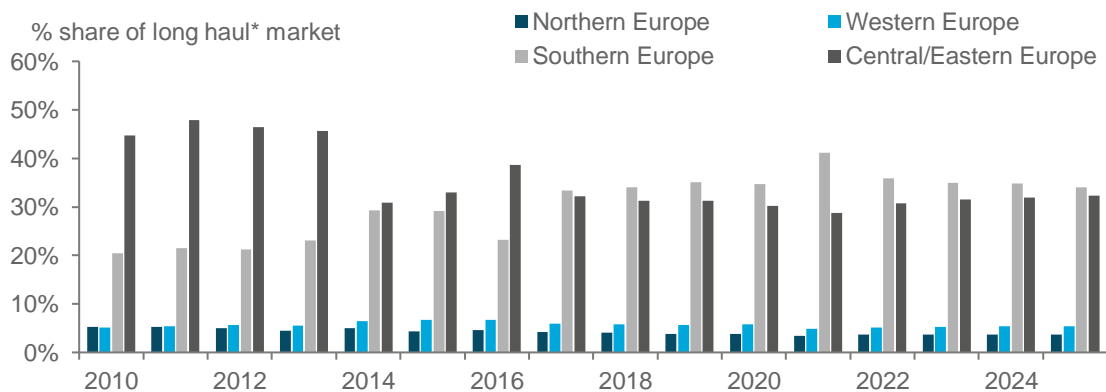
## Russia Long Haul\* Outbound Travel



\*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

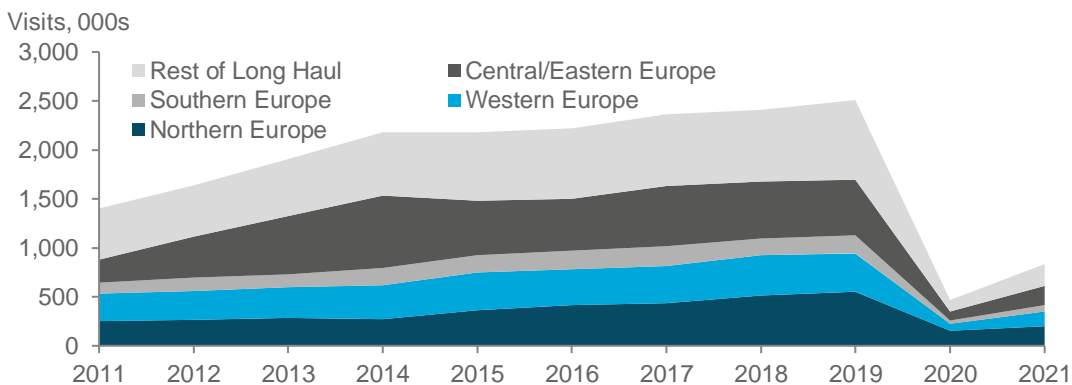
	2020		Growth (2020-25)			Growth (2015-20)	
	000s	Share**	Annual average	Cumulative growth*	Share 2025**	Cumulative growth*	Share 2015**
Total outbound travel	1,018	-	36.7%	377.5%	-	-74.5%	-
Long haul	533	52.4%	36.0%	365.9%	51.1%	-76.1%	55.9%
Short haul	485	47.6%	37.4%	390.3%	48.9%	-72.5%	44.1%
Travel to Europe	404	39.7%	32.8%	313.8%	34.4%	-73.5%	38.2%
European Union	287	28.2%	26.4%	222.2%	19.0%	-65.1%	20.6%
Northern Europe	179	17.6%	23.9%	192.0%	10.8%	-51.0%	9.1%
Western Europe	91	9.0%	36.8%	379.8%	9.0%	-78.6%	10.7%
Southern Europe	36	3.6%	37.7%	394.9%	3.7%	-79.4%	4.4%
Central/Eastern Europe	97	9.5%	40.4%	446.1%	10.9%	-82.6%	13.9%

\*Shows cumulative change over the relevant time period indicated. 2015-20 includes COVID-19 pandemic related declines.

\*\*Shares are expressed as % of total outbound travel

Source: Tourism Economics

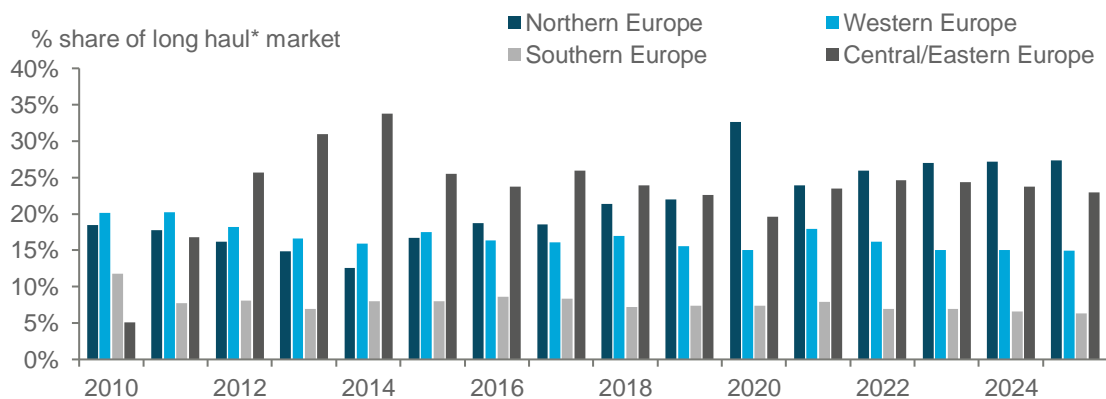
## United Arab Emirates Long Haul\* Outbound Travel



\*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



## 7. 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 (lost value) 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

Although some of the initial worst fears about Omicron have proved unfounded, the unexpectedly large surge in global Covid-19 cases is causing more cautious behaviour by individuals and greater disruption to businesses than envisaged. We have cut our Q1 GDP forecast and now expect world GDP growth of 4.2% in 2022.

There remain plenty of unknowns regarding the Omicron variant and its health impact. But the evidence from economies such as South Africa, the UK and Denmark suggests that the Omicron wave is likely to be associated with much smaller rises in hospitalisations than earlier Covid-19 waves. And for now, our initial assessment that there would only be a modest reimposition of mobility restrictions is correct.

Nonetheless, the rise in global Covid-19 cases to more than double the previous peak has exceeded expectations of a month ago by a large margin and points to greater economic damage via more social distancing and disruption to businesses from staff having to self-isolate.

As with previous Covid-19 waves, we expect activity to rebound quickly when cases start to fall back, so the downward revision to the outlook in Q1 will be largely offset by a bigger bounce in Q2. Nonetheless, the weak start to the year will dampen overall 2022 growth slightly.

Meanwhile, greater disruption in the near term – especially in China where a zero-tolerance approach to Covid continues to be pursued – points to slower normalisation of supply-chain pressures and potentially a slower transition of consumer spending from goods back to services. Partly due to this, we have lifted our 2022 global CPI inflation forecast to 4.5%. But inflation is still expected to fall sharply over the course of the year, limiting the need for aggressive monetary policy tightening.



## Summary of economic outlook, % change\*

Country	2021					2022				
	GDP	Consumption	Unemployment**	Exchange rate***	Inflation	GDP	Consumption	Unemployment**	Exchange rate***	Inflation
UK	7.2%	5.6%	0.1%	2.7%	2.6%	4.5%	5.4%	-1.3%	3.4%	4.5%
France	6.7%	4.6%	0.0%	0.0%	1.6%	3.7%	5.1%	0.1%	0.0%	1.9%
Germany	2.5%	0.4%	-0.2%	0.0%	3.1%	3.9%	8.0%	-0.5%	0.0%	2.4%
Netherlands	4.6%	3.8%	-0.6%	0.0%	2.6%	3.5%	6.5%	0.3%	0.0%	3.3%
Italy	6.3%	5.3%	0.2%	0.0%	1.9%	4.4%	5.9%	-0.5%	0.0%	3.0%
Russia	4.1%	11.1%	-0.8%	-5.4%	6.7%	3.1%	4.5%	-0.3%	5.2%	6.6%
US	5.6%	8.1%	-2.7%	-3.4%	4.7%	4.0%	4.0%	-1.5%	2.6%	4.4%
Canada	4.6%	5.3%	-2.2%	3.4%	3.3%	4.1%	5.2%	-1.1%	1.4%	4.0%
Brazil	4.6%	3.7%	-0.3%	-7.7%	8.3%	0.0%	2.2%	-1.0%	-1.7%	8.6%
China	8.0%	12.7%	0.1%	3.1%	1.0%	5.0%	5.6%	-0.1%	4.7%	2.5%
Japan	1.6%	0.9%	0.0%	-6.2%	-0.2%	3.1%	2.6%	-0.3%	-0.5%	0.7%
India	8.3%	8.2%	-1.2%	-3.2%	5.2%	7.9%	10.1%	-1.8%	2.0%	5.1%

Source: Tourism Economics based on GEM as of 24.1.2022

\* 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

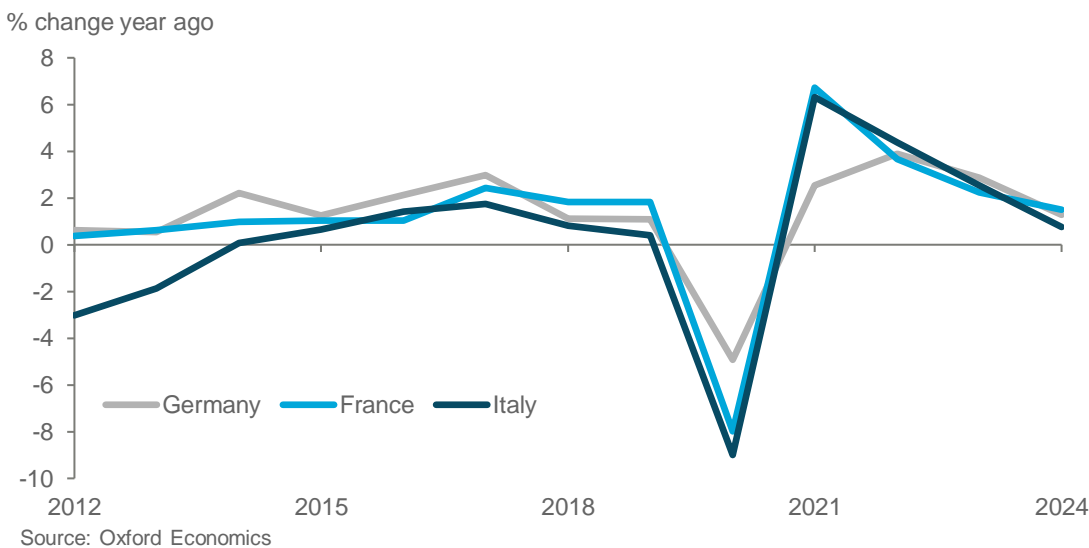
We now see the eurozone growing by 3.9% in 2022, down marginally from our December forecast, after expected expansion of 5.1% in 2021. The latest surge in Covid infections has led us to lower our forecast for Q1. But as we assume that the health situation will not result in hard lockdowns, we expect the economy to recover the lost ground by mid-year, with the impact over this year as a whole being very mild. Growth in 2023 is forecast to slow to 2.7%.

Our latest forecast sees a sharp slowdown in growth in Q4 2021 and Q1 2022, which are now both seen at around 0.3%, before returning to strength in the rest of 2022. The hit to eurozone growth will be milder than during the 2020 winter wave, but the outlook remains highly uncertain, not least because of the still-limited knowledge about the Omicron variant and its evolution in Europe, the scope and duration of winter restrictions and behavioural shifts among consumers.

Recent industrial data, such as German industrial production for November, continue to show that the recovery in this sector will be bumpy. But confidence indicators are improving, and we see eurozone industrial production posting gradual increases over the coming quarters.

The increase in inflation to 5.0% in December from 4.9% in November was driven by non-energy components, but energy continued to be the main contributor. The next few months may be very volatile, but we believe that that inflation will slow materially later this year as supply bottlenecks ease and structural inflation headwinds reassert themselves. And while the European Central Bank (ECB) revamped its asset purchase plans at its December meeting, the outlook for policy rates is largely unchanged, with rate hikes expected only in the medium term.

### Economic performance in key eurozone economies, real GDP





## UNITED KINGDOM

We have cut our near-term growth forecast, with the surge in Covid cases likely to cause greater consumer caution and force large numbers of people to isolate. However, as after previous Covid waves, the subsequent rebound should be strong. We now expect GDP growth of 4.4% in 2022, down from 5.0% in December. But our forecast for 2023 has been nudged up to 2.8% from 2.7%.

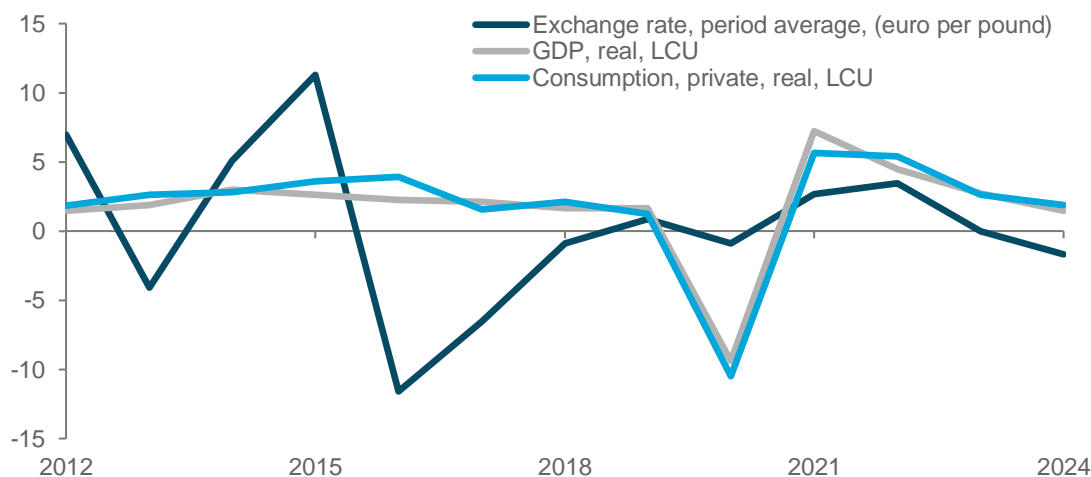
Monthly GDP data suggests that the recovery moved into a lower gear in the autumn. Sectoral performance has been mixed. Surging health output, partly due to high levels of Covid testing, has offered support to GDP, but supply-chain bottlenecks and raw material shortages brought the recoveries in manufacturing and construction to a halt.

Sectors heavily reliant on social consumption had performed much better in the autumn. But the emergence of the Omicron variant has shifted the recovery in social consumption into reverse. Though the government has imposed only very minor restrictions, high-frequency data shows much lower activity in social consumption sectors in December. This is likely to reflect greater consumer caution and large numbers of people being forced to isolate. We estimate that GDP fell by 0.6% m/m in December and is likely to remain weak in January before rebounding strongly once infections come back down. By delaying the rotation in spending back from goods to services, Omicron may also exacerbate the pressure on global goods prices. We expect CPI inflation to spike to nearly 6% in April before falling back, with an average of 4.4% now forecast this year, up from 3.8% seen last month.

Despite the huge uncertainty caused by Omicron, the Bank of England's Monetary Policy Committee (MPC) decided to raise Bank Rate from 0.1% to 0.25% in December. Heightened uncertainty is likely to discourage another hike in February. But the MPC's increasingly hawkish rhetoric now leads us to expect further hikes in May and November, meaning Bank Rate ends 2022 at 0.75%.

### United Kingdom economic outlook

% change year ago



Source: Oxford Economics



## UNITED STATES

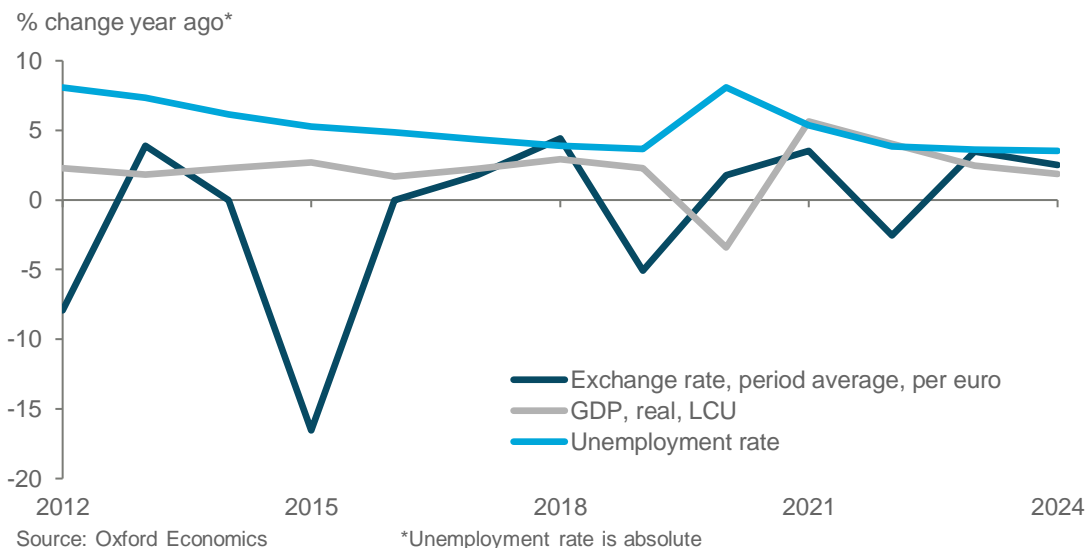
The US economy will undergo a delicate rebalancing act in 2022. A deteriorating health situation due to the rapid spread of the Omicron variant will lead to a lull in economic activity in Q1, but we expect a spring rebound led by in-person services sectors. We now forecast GDP growth of 4.0% this year (down from 4.4% forecast in December) after an estimated 5.6% in 2021. However, risks are tilted to the downside given an unresolved health situation, a growing fiscal drag and a more hawkish Federal Reserve. GDP growth is still seen at 2.5% in 2023.

With employment having recouped around 85% of Covid job losses and wages rising rapidly, we expect to see compensation growth picking up the income baton from fiscal transfers in 2022. The Omicron wave is expected to weigh on labour demand and constrain the labour supply recovery in early-2022, but elevated job openings, hirings and quits point to sturdy labour market fundamentals. After a slow start to the year, we see the economy adding around 3.5-4.0m jobs in 2022.

Headline inflation rose 0.6pp to 5.7% in November – the highest since 1982 – while core inflation was up 0.5pp to 4.7% – the fastest since 1989. Elevated inflation will remain a headwind in 2022 but easing supply constraints should support growth and reduce inflationary pressures. We believe inflation will peak in Q1 2022, but we do not expect core PCE inflation to fall below 3% until Q4.

The rebalancing of monetary policy will require Fed Chair Powell to walk a tightrope. At its December policy meeting, the Fed crystallised a hawkish pivot amid rising inflation concerns. We now expect the Fed to begin rate lift-off in May, with two further rate hikes in H2 2022, along with the balance sheet run-off starting before year-end. While financial conditions have not tightened excessively so far, the Fed will need to tread carefully as a deteriorating health backdrop and excessive eagerness to tap the policy breaks could unnerve markets.

### United States economic outlook





## JAPAN

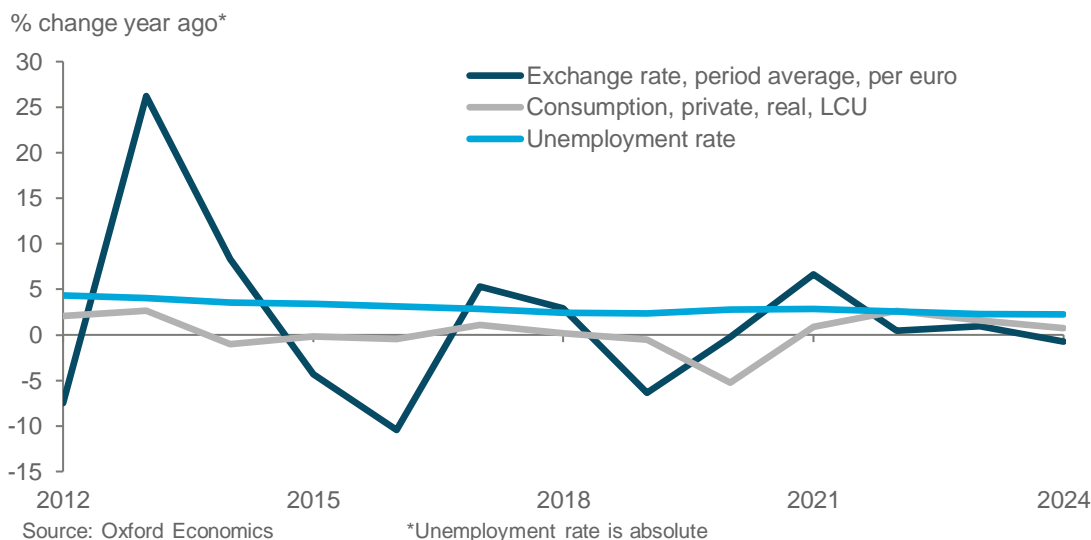
We have lowered our Q1 2022 GDP growth forecast for Japan to 1.0% from 1.4% in December to reflect fears about the emerging Omicron variant. But we expect the lost activity to be made up in Q2 and Q3, as the consumption recovery gathers pace from Q2, supported by release of pent-up demand. Overall, we have lowered our 2022 GDP growth forecast slightly, by 0.1pp to 3.2%. Growth is then seen slowing to 1.6% in 2023.

Consumption has regained momentum since last November with Covid cases being limited. We expect the recovery trend in consumption to continue in 2022, supported by pent-up consumer demand. However, early signs of a renewed rise in Covid cases have started to be seen recently, so the Omicron variant could hinder progress in the coming months.

Exports are projected to recover, supported by a pick-up in production in the auto industry and robust capital goods demand. However, these improvements are likely to be moderate amid slower global trade growth, in part reflecting the weaker environment in China.

Core CPI (excluding fresh food) was 0.5% y/y in November, up from 0.1% in October, led by energy prices. But with inflation still chronically undershooting the Bank of Japan (BoJ) target, we expect current policy rates to be kept unchanged for the foreseeable future. The yen has been weak against both the US dollar and the euro amid wider yield spreads, and we expect it to continue trading around its current level.

### Japan economic outlook





## EMERGING MARKETS

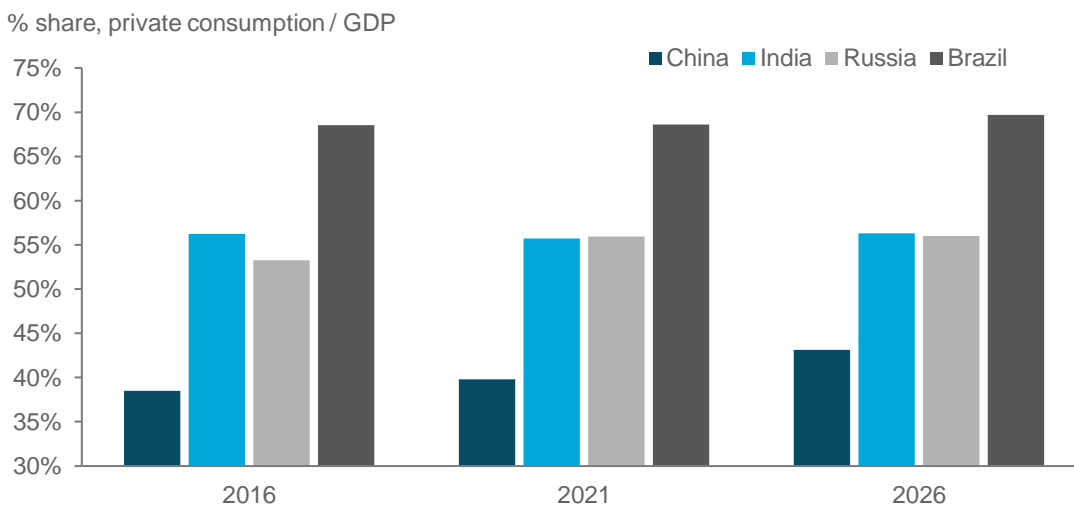
Emerging Markets (EMs) enter 2022 facing a resurgent pandemic, threatening some softening in demand in Q1, alongside continued supply-chain disruption. Apart from China, most governments have not tightened Covid-related curbs to any significant degree so far, but we have turned more cautious in the short term, lowering our 2022 GDP growth forecast for EMs to 4.6% (down 0.1pp from December) before a 4.8% rise in 2023. We still estimate overall EM growth at 6.7% in 2021.

China has stuck to its zero-tolerance approach to Covid, which is weighing on consumption and, with headwinds from the real estate sector persisting, we still forecast GDP growth will slow to 5.0% in 2022 from an estimated 8.0% in 2021.

Elsewhere, restrictions remain mild amid expectations that the Omicron health impact is less severe than previous variants. However, disruption associated with staff absences and fading business confidence highlighted in latest PMI surveys point to a muted start to the year. We expect output growth will bounce back in Q2. China's Covid policy has delayed supply-side normalisation.

We continue to see a turnaround in EM inflation, with annual rates peaking in H1, but we have made substantial upward revisions to our forecasts for Poland and Turkey, with price pressures adding to political challenges ahead of their 2023 elections. Policy rates will be raised in many countries, including in Brazil and Russia, which have front-loaded hikes, but also in Asia, albeit remaining below pre-Covid levels.

### Propensity to consume in key Emerging Markets



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

- Austria** – Austrian National Tourist Office (ANTO)
- 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
- France** – Atout France
- 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** – Agenzia Nazionale del Turismo (ENIT)
- 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 Economy, Entrepreneurship and Tourism
- San Marino** – State Office for Tourism
- Serbia** – National Tourism Organisation of Serbia (NTOS)
- Slovakia** – Slovakia Travel
- Slovenia** – Slovenian Tourist Board
- Spain** – Turespaña – Instituto de Turismo de España
- Switzerland** – Switzerland Tourism