





# EUROPEAN TOURISM: TRENDS & PROSPECTS

## Quarterly report (Q2/2021)

A report produced for  
the European Travel Commission  
by Tourism Economics



Brussels, July 2021

ETC Market Intelligence Report



## EUROPEAN TOURISM: TRENDS & PROSPECTS (Q2/2021)

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

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## FOREWORD

Despite a sluggish start, the Covid-19 vaccine rollout is rapidly gathering pace across Europe, significantly boosting consumer and travel confidence. European destinations are already capturing strong pent-up demand from prospective vaccinated travellers, especially those coming from the US. In addition to this, we have observed in recent months the strong correlation between the easing of travel restrictions and an upsurge in air bookings to certain destinations, increasing the possibility of a great summer season. On the downside however, the emergence of the new Covid-19 Delta variant, with considerable transmission advantage, has the potential to drive a rise in infection rates and threaten destination's reopening plans.

The recovery of the tourism economy will not be possible without the revival of the travel sector, which despite the improving epidemiological situation, must still adhere to the health and hygiene protocols (wearing masks, physical distancing, etc.) which will remain in place for the foreseeable future. Consumer trends continue to revolve around travelling closer to home and "staycations", coupled with longer-term stays, short booking windows, travellers craving local experiences, "safety first" mindset while travelling, and the pursuit of nature and outdoor experiences, among others. The "bleisure" phenomenon, also enabled by increased remote working is expected to be on the rise as well.

Meanwhile, domestic travel has so far supported the void left by international inbound travel to Europe and has the potential to be a bridge to recovery in those destinations that are not highly dependent on international tourism. It is a fact that the pace of recovery will differ from country to country, and destinations where vaccines are rolling out more broadly are expected to bounce back faster.

In the effort to establish the "new normal" in the coming months, destinations are called on to develop a more coordinated approach to lifting travel restrictions across Europe, harmonise global travel requirements and communicate clear and consistent messages to those willing to visit Europe. It is imperative not to let our guard down despite encouraging signs, and destinations must continue to ensure safe experiences during the entire travel journey and invest in new technologies that could help to shape the recovery of the tourism sector.

The most recent edition of the *European Tourism Trends & Prospects* report continues to monitor the path to recovery and the impact of the Covid-19 pandemic on the tourism industry and the wider economic environment. The *Special Feature* of this latest edition addresses the prospects for recovery from long-haul markets which were brought to a standstill in the midst of the pandemic.

Jennifer Iduh (ETC Executive Unit)



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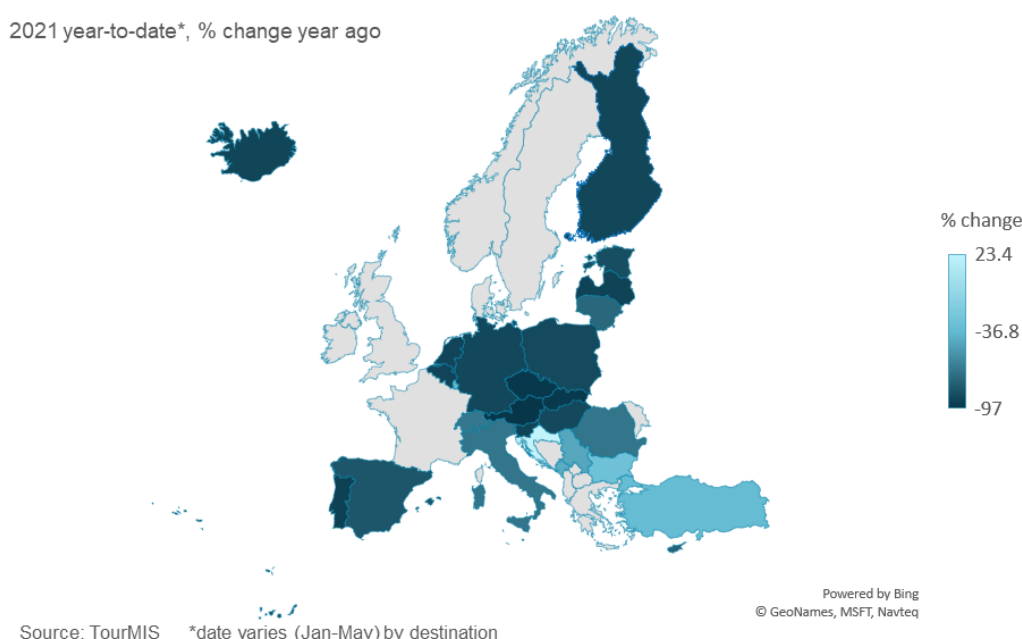
## EXECUTIVE SUMMARY

### TOURISM REBOUND FEELS WITHIN SIGHT AHEAD OF THE SUMMER SEASON

European travel demand remained weak in early 2021 as international tourist arrivals dropped 83% in the first quarter of the year compared to the same period in 2020<sup>1</sup>. The gradual easing of restrictions, the ramp-up in vaccinations in Europe, and the reopening of the EU to fully vaccinated travellers from third countries provide some momentum ahead of the peak summer months. Downside risks remain following the surge in infections of the new and more transmissible Covid-19 Delta variant, which could force the return of travel restrictions.

### Foreign visits to selected destinations

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



Mass vaccinations have been essential to kickstart travel sentiment with 54% of surveyed Europeans intending to book a trip once they have been vaccinated against Covid-19<sup>2</sup>. This sentiment is in line with a recent EU survey which shows that 75% of respondents believe that Covid-19 vaccines are the only way to end the pandemic, and 49% agree that getting a vaccine is very important to allow them to resume travel<sup>3</sup>. However, uneven vaccination rates, will lead to an uneven recovery across Europe.

<sup>1</sup> UN World Tourism Organisation (UNWTO)

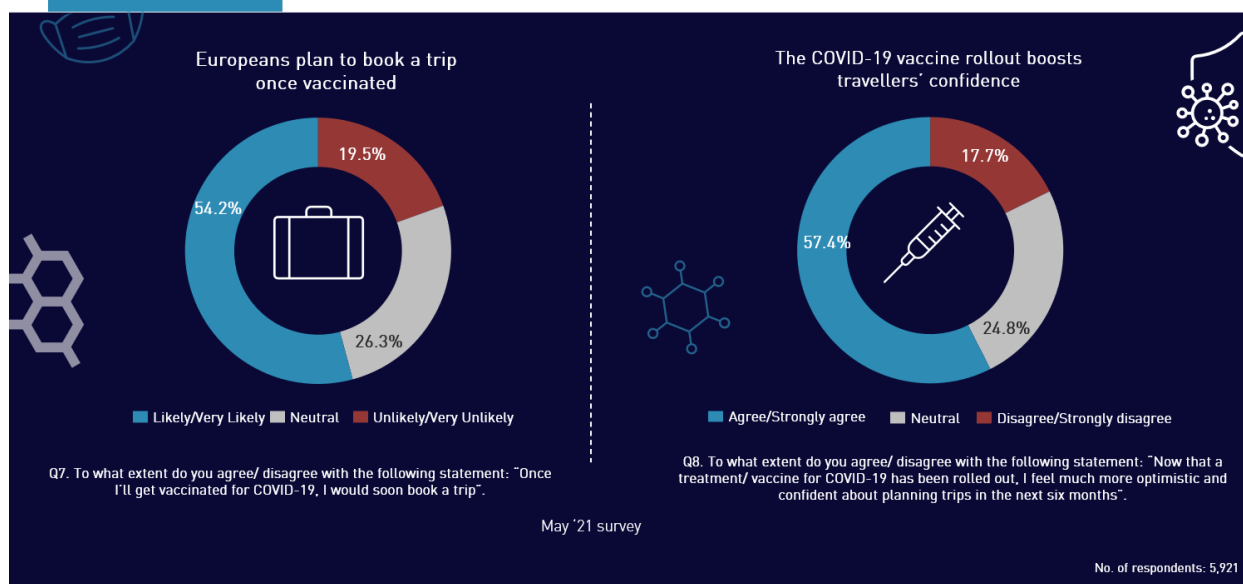
<sup>2</sup> "Monitoring Sentiment for Domestic and Intra-European Travel – Wave 7"

<sup>3</sup> Flash Eurobarometer 494 - Attitudes on vaccination against Covid-19



## Impact of Covid-19 vaccination on travel attitudes among Europeans

For over half of Europeans, vaccination roll-out is key to both regaining confidence in travel and booking an upcoming trip



Source: European Travel Commission

Recent data shows that 3 in 5 reporting destinations posted declines in excess of 80% although falls are smaller than those observed early in the year or throughout much of 2020. Croatia (+23%), where tourism accounts for 20% of its GDP, led the way in waiving most Covid-19 travel entry restrictions for international travellers<sup>4</sup>; those who have been vaccinated, present a negative Covid-19 test, or have recovered from the virus. In Austria (-97%) Covid-19 restrictions wiped out expectations of a winter tourism season. The Alpine country now pins its hopes on the EU's Digital Covid-19 Certificate "Digital Green Pass" to salvage the summer season.

### REOPENING ANNOUNCEMENTS DRIVE BOOKING MOMENTUM INCREASES

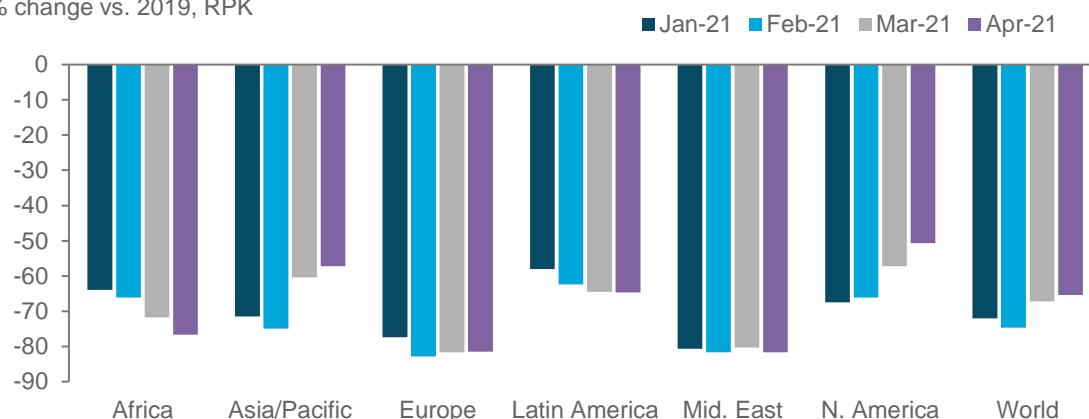
Announcements to welcome US vaccinated visitors have boosted Transatlantic travel to destinations such as Iceland, Croatia and Greece in May 2021 over 2019. According to ForwardKeys' data to May, issued tickets from the US to Croatia (+0.5%) and Iceland (+22.7%) have surpassed 2019 levels, while Greece is just 10.9% behind. Overall ticketing trends to Europe accelerate, especially to destinations in the Southern Mediterranean. Despite mild improvements in global RPKs in recent months, in Europe RPK volumes were 82% below their 2019 equivalent in April.

<sup>4</sup> From the European Union, the European Economic Area countries and the United States.



## Monthly Air Passenger Growth

% change vs. 2019, RPK



Source: IATA

### A FAINT GLIMMER OF HOPE OVER THE SUMMER MONTHS

US outbound travel is set to speedily return to status quo, helped by fast inoculation rates and the lifting of travel bans on fully vaccinated travellers. Recent insights from the Expedia Group Travel Outlook, indicates that “43% of Americans are either more comfortable traveling, or inspired to make a trip booking, as a result of the vaccine announcements, with one in three planning to take, or have already taken, a vacation to celebrate getting vaccinated”. Data to May shows an increase in US arrivals only to Croatia (+44%) compared to the 30% decline registered in March this year. Meanwhile, in China domestic traffic continues to show remarkable recovery to pre-pandemic levels, international travel remains stagnant. All reporting destinations have recorded steep falls in Chinese arrivals and overnights so far in 2021.

Domestic and intra-European travel will continue to remain a lifeline to support the European tourism sector. Latest TE forecasts indicate that Intra-European travel will account for 83% of the share of the region’s inbound arrivals in 2021.

As vaccinations gather pace across Europe with around 62% of the EU’s adult population having received at least one vaccine dose, European travel demand this summer could catch up. The [EU’s Digital Covid-19 Certificate](#), which was successfully tested by a few EU member states, is active from July 1<sup>st</sup> and is expected to support the release of pent-up travel demand and accumulated excess savings during the pandemic.

*“In view of the rapidly advancing vaccination programmes, which reduce pressure on national health systems and protect our most vulnerable, Europe is now managing the COVID risks well both for locals and our long-awaited travellers. We therefore believe that safe travel is possible this summer. The reopening is also fuelled by the strong desire of people to travel again and secured by the readiness of our sector to provide safe and responsible travel experiences. As Europe is opening up, it is imperative that clear and coherent messages are communicated to prospective travellers.”* said Luís Araújo, President [European Travel Commission \(ETC\)](#).

Jennifer Iduh (ETC Executive Unit)

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





# 1. TOURISM PERFORMANCE SUMMARY 2021

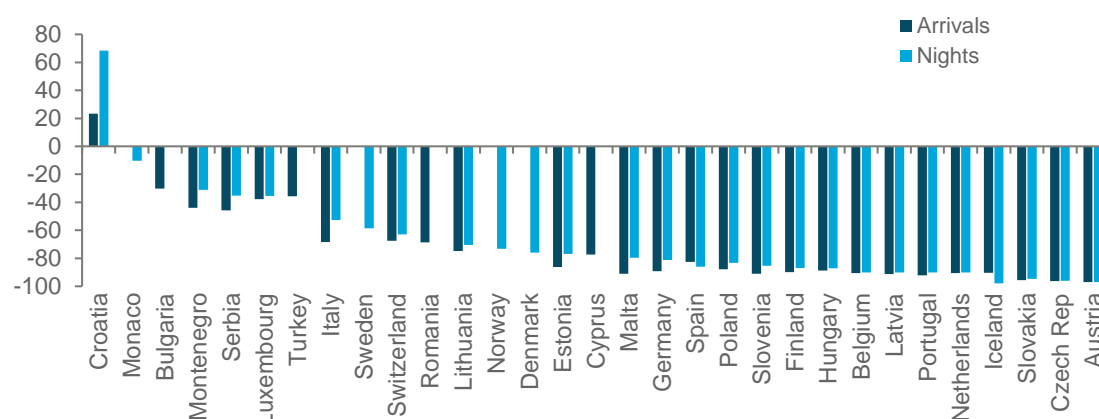
## SUMMARY

- Improvements in vaccination rates continue to strengthen the upside potential for Europe. TE expect travel demand to pick up considerably in the second half of 2021, though international arrivals will remain 49% below 2019 levels.
- The introduction of Covid-19 certificates and the latest data from Google Trends relating to booking momentum indicates that Europe's travel recovery is underway, with Europe set to achieve the strongest growth among world regions by 2024.
- However, downside risks linger, with the uncertainty surrounding new variants potentially disrupting the rebound, especially for international travel.

Travel trends in Europe continue to look bleak based on the latest available data, with over 60% of the reporting countries registering declines in travel demand of greater than 90%. Rising Covid-19 cases and delays in vaccination rollouts necessitated the re-tightening of restrictions at the start of 2021, triggering sharp declines in travel demand. The outlook, however, is beginning to look much more favourable, with European countries striving to avoid another [lost summer of travel](#).

Lockdown measures and rapid vaccine rollouts have contributed to a noticeable drop in infection rates, with a greater easing of restrictions following on from these successes. An economic recovery is underway across most of Europe, with the more meaningful easing of restrictive measures prompting a surge in consumer activity. Travel and tourism faces a more challenging path to recovery as one of the sectors hit hardest by the pandemic, but there are clear signs that the recovery is progressing. According to Tourism Economics' (TE) latest baseline, European international arrivals are forecast to remain 49% below 2019 levels in 2021 but will attain the strongest growth across world regions by 2024.

## Foreign visits and overnights to select destinations



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

The latest YTD data does provide some encouragement, with several countries recording much smaller percent declines than at the start of the year or throughout much of 2020. Bulgaria, Turkey, and Luxembourg all reported declines of less than 40%, represented a marked improvement on declines reported earlier in the year. Data reporting by European countries, through TourMIS, is currently largely based on Q1 trends and annual comparison is still relative to pre-pandemic levels. As



data are reported for later months, growth will become apparent by comparison with the low levels experienced throughout much of 2020. Any growth should be interpreted with care as travel will likely remain below the pre-pandemic levels.

Intra-European travel will help bolster travel demand in H2 2021, with vaccine success across Europe enabling governments to ease restrictions and satisfy the longing among citizens to travel again. TE forecast that intra-European travel will account for 83% of Europe's inbound arrivals in 2021 compared to 77% in 2019.

Croatia significantly outperformed the other European countries based on data to May, reporting a 23% increase in visitor arrivals. Growth is partly due to reporting for the more recent months and comparison with 2020 lows. However, Croatia was one of the first European countries to allow vaccinated tourists to forego quarantine measures. The Croatian government, recognising the importance of the travel industry's recovery for the wider economic recovery is eager to sustain this strong growth. A targeted vaccination programme is being undertaken, prioritising tourism workers to facilitate a quicker reopening of the full industry. Campaigns by the Croatian National Tourism Board, the introduction of additional non-stop flights from the US to Croatia, alongside high vaccination rates in the US should also help Croatia attract US tourists as transatlantic travel returns.

Austria has so far suffered the greatest percent decline in visitor arrivals, reporting a 97% drop in arrivals based on data for the first 4 months of 2021. While tight containment measures helped control the virus outbreak, it devastated travel demand during Austria's peak ski season. A travel warning for Tyrol issued due to rising cases of the South African variant depressed travel activity to the Austrian region, which is a major tourist spot within the country and renowned for its ski resorts.

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### **Europe's travel industry is hanging its hopes on vaccine success, Covid-19 certificates, and targeted travel campaigns stimulating greater travel activity.**

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While Covid-19 is certainly not behind us, European governments are in a much better position to encourage travel without risking the safety of their citizens or fearing their healthcare sector will again come under extreme pressure. This is largely attributable to a successful vaccination campaign and more restrictive policies pursued by governments earlier in the year which helped control outbreaks.

The reopening of the hospitality and retail industries has occurred across many European destinations recently and will significantly lift the prospects for tourism hotspots. This is reinforced by almost 95% of the reporting [European countries](#) in the World Hotel Index receiving increased bookings over the last month compared to 67% of all countries<sup>5</sup>.

The implementation of the EU's Covid-19 certificates from 1<sup>st</sup> July marks a major step forward for the travel industry, with many European countries already launching certificates. This will allow those who have been vaccinated to travel freely across the EU, enabling the release of pent-up travel demand and excess savings accumulated throughout the pandemic.

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### **An uneven travel recovery may occur across European destinations due to varying rates of vaccinations and Covid-19 cases.**

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<sup>5</sup> SiteMinder, June 2021



While the digital health passes will help countries feel easier about lifting international restrictions and instil greater confidence among travellers, the success is contingent on European tourists being vaccinated. Many countries have achieved high rates of vaccination among their population but there are still some that are lagging, which may lead to an uneven recovery. The UK got off to the fastest start and has fully vaccinated almost 50% of its population (as of the 14<sup>th</sup> June – the highest share across Europe at present), and since the start of this June, Germany, France and Italy have all administered more doses of vaccine than the UK on a seven-day average basis. While the UK remains ahead on fully vaccinated people in both absolute and relative terms, EU countries are catching up fast: Germany recently reached 50% of its population with a first dose. However, in contrast, many Emerging European countries, including Russia, have fully vaccinated less than 10% of their population.

The emergence of new, highly transmissible variants, such as the Delta variant still have the potential to threaten well-intentioned efforts by governments to restart travel. If these variants of concern spread across countries before there is sufficient vaccine coverage, it may lead again to the tightening of border restrictions and endanger the recovery of traveller confidence. The adverse impact of the Delta variant has been witnessed most recently in the UK, causing a surge in Covid-19 infections and has prompted some unilateral restrictions on outbound travel from the UK. Spain, however, has continued to welcome UK travellers.

The *Open up to Europe* campaign, a collaboration between the ETC, the EU, and the tourism industry will also encourage travel by seeking to increase online engagement and provide assurances to potential tourists that European countries are meeting all the essential health and safety standards. The campaign also involves the launching of a [microsite](#) to collate all the necessary information and guidance for travelling across Europe to achieve a smooth transition back to 'normality'. This campaign is primarily designed to inform European nationals of the current travelling situation across the continent and highlight the health and safety measures the tourism industry has put in place, but travellers from beyond the region can also benefit from access to the same information.



## Summary Performance, 2021 YTD

Country	International Arrivals		International Nights	
	% ytd	to month	% ytd	to month
Austria	-97.0%	Jan-Apr	-96.9%	Jan-Apr
Belgium	-90.6%	Jan-Feb	-90.0%	Jan-Feb
Bulgaria	-30.1%	Jan-Apr		
Croatia	23.4%	Jan-May	68.4%	Jan-May
Cyprus	-77.3%	Jan-Apr		
Czech Republic	-96.2%	Jan-Mar	-96.0%	Jan-Mar
Denmark			-75.9%	Jan-Apr
Estonia	-86.3%	Jan-Apr	-76.8%	Jan-Apr
Finland	-89.9%	Jan-Apr	-87.0%	Jan-Apr
Germany	-89.1%	Jan-Mar	-81.1%	Jan-Mar
Hungary	-88.8%	Jan-Apr	-87.2%	Jan-Apr
Iceland	-90.4%	Jan-May	-97.9%	Jan-Apr
Italy	-68.4%	Jan-Mar	-52.5%	Jan-Mar
Latvia	-91.2%	Jan-Mar	-90.0%	Jan-Mar
Lithuania	-74.8%	Jan-Apr	-70.4%	Jan-Apr
Luxembourg	-37.8%	Jan-Mar	-35.4%	Jan-Mar
Malta	-91.0%	Jan-Mar	-79.6%	Jan-Mar
Monaco		Jan-May	-10.2%	Jan-May
Montenegro	-43.8%	Jan-Apr	-31.1%	Jan-Apr
Netherlands	-90.6%	Jan-Mar	-90.1%	Jan-Mar
Norway			-73.1%	Jan-Apr
Poland	-87.9%	Jan-Mar	-83.3%	Jan-Mar
Portugal	-92.1%	Jan-Mar	-90.0%	Jan-Mar
Romania	-68.6%	Jan-Apr		
Serbia	-45.8%	Jan-Apr	-35.3%	Jan-Apr
Slovakia	-95.7%	Jan-Mar	-94.7%	Jan-Mar
Slovenia	-91.1%	Jan-Apr	-85.3%	Jan-Apr
Spain	-82.6%	Jan-Apr	-86.1%	Jan-Apr
Sweden			-58.6%	Jan-Apr
Switzerland	-67.5%	Jan-Apr	-62.9%	Jan-Apr
Turkey	-35.6%	Jan-Apr		

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

Measures used for nights and arrivals vary by country. Available data as of 15.6.2021



## 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

data/estimate/forecast	Inbound*					Outbound**				
	2020	2021	2022	2023	2024	2020	2021	2022	2023	2024
	e	f	f	f	f	e	f	f	f	f
World	-72.8%	49.8%	71.5%	30.3%	14.9%	-72.4%	48.3%	72.2%	30.0%	14.6%
Americas	-68.6%	26.7%	73.2%	28.2%	16.4%	-71.3%	29.6%	73.5%	28.6%	16.4%
North America	-68.2%	28.8%	79.0%	25.7%	14.0%	-71.4%	31.7%	76.7%	27.9%	15.6%
Caribbean	-68.6%	38.0%	53.4%	28.0%	17.0%	-68.2%	33.5%	44.5%	26.6%	16.7%
Central & South America	-69.9%	13.0%	66.1%	38.4%	24.8%	-71.2%	21.3%	63.2%	31.9%	20.1%
Europe	-68.1%	58.9%	56.9%	22.2%	10.4%	-67.1%	53.6%	58.9%	23.3%	10.9%
ETC+4	-66.9%	54.7%	55.8%	22.0%	9.9%	-65.9%	47.5%	59.2%	23.6%	10.6%
EU	-66.2%	48.8%	58.5%	22.4%	9.4%	-66.0%	47.1%	59.6%	23.9%	10.7%
Non-EU	-75.1%	109.3%	51.4%	21.5%	14.4%	-71.5%	85.2%	56.0%	20.8%	11.7%
Northern	-70.1%	39.9%	84.7%	22.6%	9.6%	-72.4%	80.8%	61.6%	25.9%	11.8%
Western	-57.7%	27.8%	45.8%	21.9%	9.1%	-60.9%	29.4%	57.9%	24.4%	11.0%
Southern/Mediterranean	-70.8%	82.7%	54.1%	21.7%	9.8%	-67.7%	53.9%	58.4%	22.9%	9.8%
Central/Eastern	-74.9%	85.4%	62.8%	23.6%	13.8%	-71.1%	80.5%	57.2%	19.0%	10.4%
- Central & Baltic	-72.1%	70.5%	61.9%	22.2%	12.1%	-66.8%	56.2%	59.7%	16.9%	7.4%
Asia & the Pacific	-84.0%	45.1%	131.0%	53.9%	21.9%	-83.7%	53.1%	125.1%	49.1%	21.0%
North East	-88.0%	126.4%	116.9%	48.8%	19.5%	-85.1%	80.2%	117.6%	48.0%	20.3%
South East	-81.0%	0.8%	162.7%	57.0%	23.7%	-82.9%	21.0%	158.7%	48.9%	19.9%
South	-75.3%	-23.0%	122.0%	63.0%	27.9%	-75.0%	11.0%	76.9%	40.7%	21.9%
Oceania	-76.3%	-24.7%	112.5%	95.1%	29.8%	-82.4%	9.2%	175.1%	73.4%	31.4%
Africa	-74.1%	40.3%	67.8%	35.6%	20.2%	-71.9%	31.4%	66.2%	33.1%	17.0%
Middle East	-74.7%	44.9%	84.7%	33.8%	20.6%	-73.0%	53.7%	68.9%	33.6%	18.6%

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

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

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

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

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

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

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

ETC+4 is all ETC members plus Austria, France, Sweden, and the United Kingdom

Source: Tourism Economics based on GTS as of 18.6.2021





### 3. RECENT INDUSTRY PERFORMANCE

#### AIR TRANSPORT

Latest data for air passenger demand show some semblance of recovery is underway, with a slight improvement in global revenue passenger kilometres (RPK) in March and April versus the start of the year. While global RPKs were still 65% lower compared to April 2019, April 2021 represented the most improved month since the onset of the pandemic, outperforming mid-2020 when international restrictions were relaxed to permit some summer travel.

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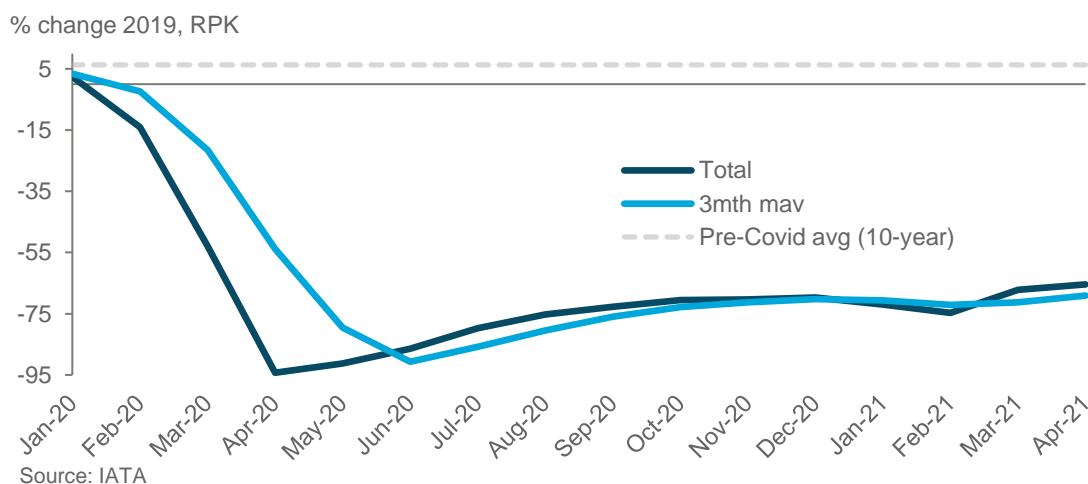
April 2021 represented the most improved month since the onset of pandemic

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This improvement has largely been driven by increased domestic activity, with international demand still stifled by travel restrictions as of April; relative to April 2019, international RPK was down 87%, while domestic RPK was 26% lower. But the strength of global economic recovery combined with the decline in new Covid-19 cases globally bodes well for international travel demand in the coming months. Indeed, bookings in May point to further recovery in both domestic and international travel demand.

#### Global Air Passenger Traffic Growth

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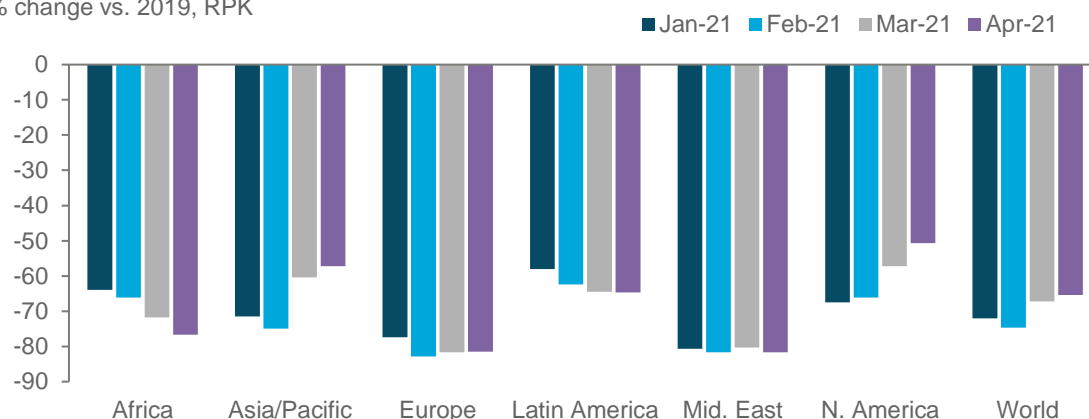
The improvements in global RPK in recent months can clearly be attributed to improvements in Asia Pacific and North America. Domestic demand in China and the US (the two largest domestic markets in the world based on 2019 RPK volumes) has driven performance in these regions. In China in particular, domestic RPKs in April are suggestive of a full recovery, exceeding volumes of April 2019.

In Europe and the Middle East, however, total RPK have shown limited signs of improvement in recent months; in April RPK volumes were 82% below their 2019 equivalent. In Latin America, Brazil continued to deteriorate amid a surge in new Covid-19 cases and consequent imposition of new restrictions.



## Monthly Air Passenger Growth

% change vs. 2019, RPK

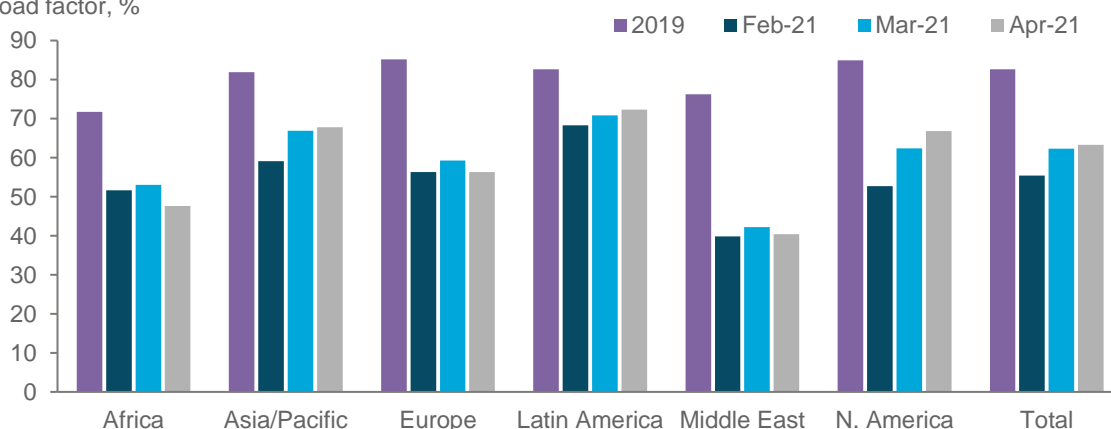


Source: IATA

The fact that load factors have remained high relative to such steep declines in demand points to the vast reduction in global seat capacity as a consequence of lower demand. Despite the significant supply-side response to lower levels of demand, load factors in April were still well below those in 2019 as a whole. As the demand outlook continues to improve, it is expected that supply will quickly mobilise to meet it, although there is some risk that some degree of capacity will be slower to return due to a portion of the industry's workforce having moved into other types of employment during the pandemic.

## Monthly Passenger Load Factor

Load factor, %

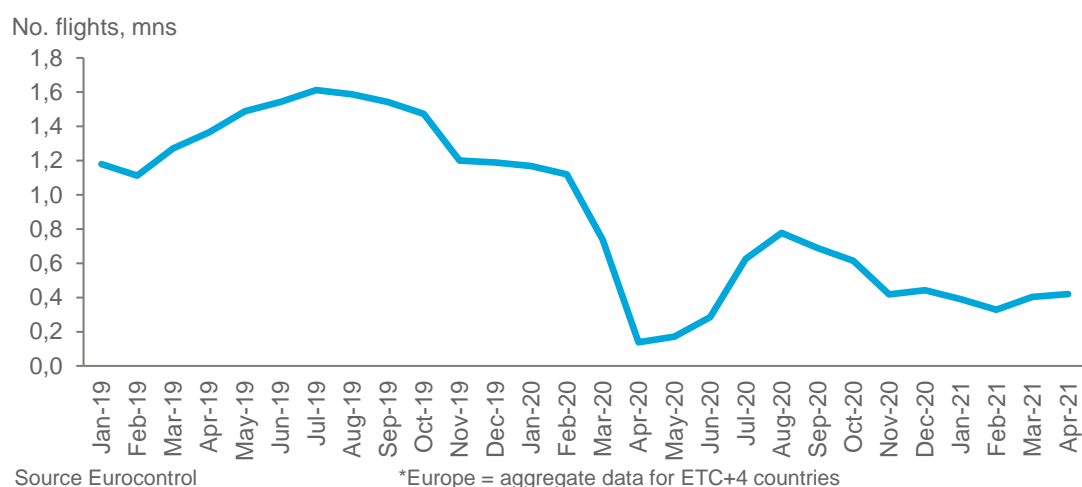


Source: IATA

European airport traffic data from Eurocontrol confirms this improvement in March and April. While flights arriving and departing European airports remain well below their pre-pandemic volumes, there was significantly more airport traffic in April of this year compared to April 2020 when most of European travel demand was stifled during the initial series of lockdowns and travel restrictions.

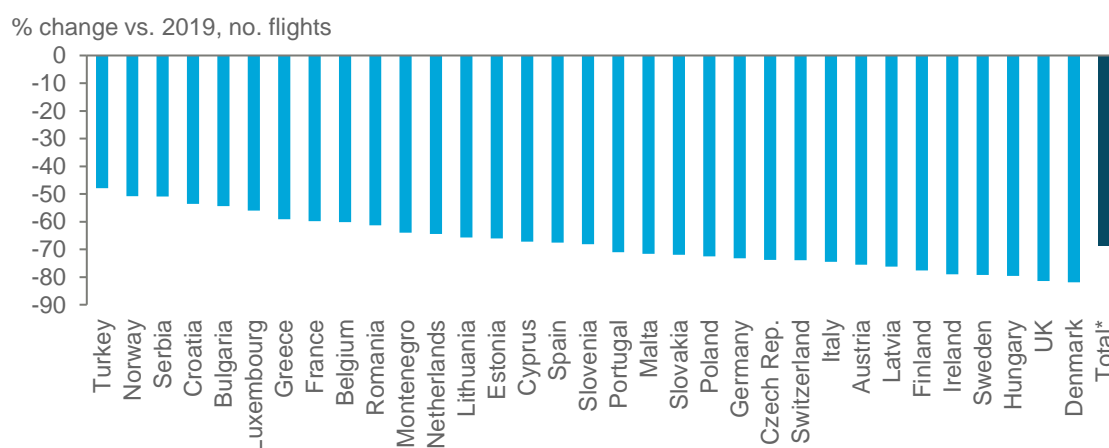


## European\* Airport Traffic, Total Flights Arriving and Departing by Month



Latest data from Eurocontrol show a wide variation in airport traffic across European destinations for 2021 so far. Based on flights arriving and departing, Turkey's recovery towards 2019 levels was the most advanced according to data to April. Flights volumes were around half what they were in 2019, although this improvement was mainly driven by domestic flows. In contrast to Turkey, where restrictions on air travel are relatively lax, at the time of writing travelling by air to or within Denmark requires a negative Covid-19 test within 48 hours prior to departure. As such, airport traffic in Denmark has not enjoyed similar reprieve from increased domestic activity, with flight volumes 82% below that for the same period in 2019.

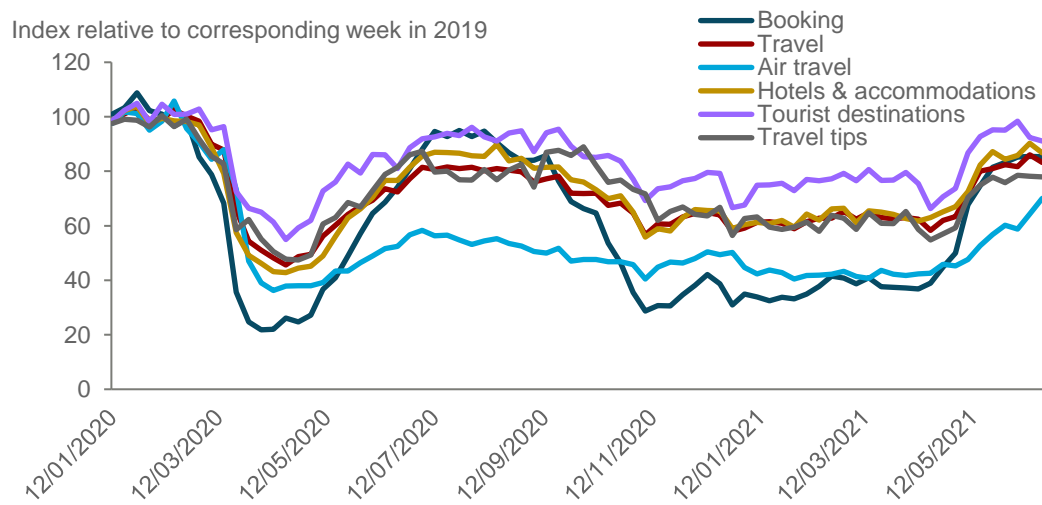
## European Airport Traffic in 2021 by Country, Year-to-date (Jan-Apr)



Recent developments indicate a strong willingness to travel from individuals. Announcements of new travel bubbles, quarantine exemptions or roadmaps to reopening borders have often been followed by an uptick in travel bookings according to Google Trends data. Combined with the large savings that many consumers have accumulated, this is likely to provide an important boost to travel demand, once vaccination becomes widespread and most travel restrictions are lifted. Indeed, early bookings for June-August travel period point to an improvement, although travellers continue to book much closer to their preferred date of travel than usual.



## EU: Tourism-related online activity





## ACCOMMODATION

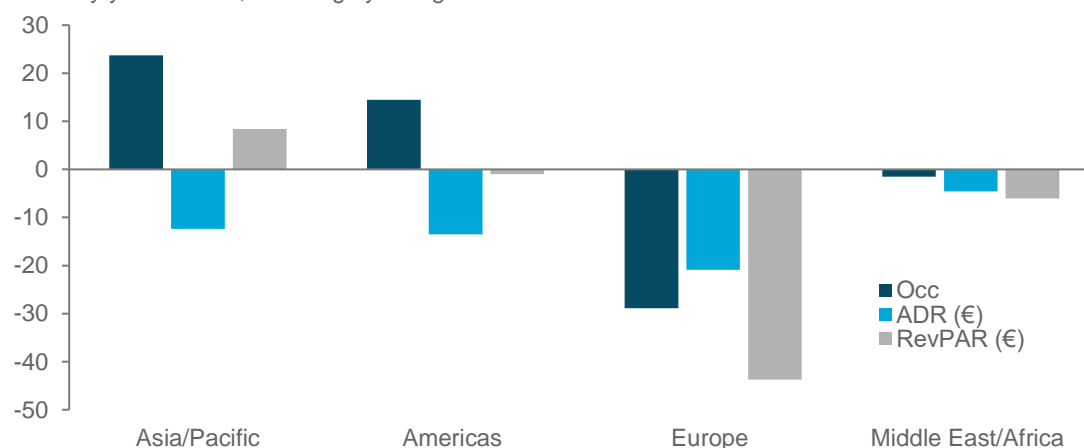
The accommodation industry has started to see some green shoots of recovery emerge following a challenging start to 2021. Asia Pacific markets have enjoyed higher occupancy rates in the first five months of 2021 compared to the same period a year ago, when many hotels were forced to close their doors to either survive or adhere to closure orders handed down by government. In 2021, these pressures have eased slightly. Despite ADR remaining lower in 2021 compared to a year ago, hotels in the region managed to grow RevPAR 8.4%, albeit this remains well below pre-pandemic levels. Demand in the region was predominantly domestic in nature, with government travel restrictions still prohibiting any meaningful volume of international demand.

The story is similar in the Americas, although occupancy rates did not bounce back as robustly as those in Asia Pacific. As such, RevPAR remained lower (-1%) compared to the same period a year ago. In the Middle East and Africa, all measures of hotel performance were lower compared to the same period a year ago; with a much higher reliance on long-haul travel demand compared to other regions, travel restrictions have had a bigger impact since these tend to be less favourable towards long-haul travel.

In European markets, as tighter restrictions and lockdowns implemented during Q1 remained in place well into Q2, it comes as no surprise that signs of recovery are absent across all measures of performance. However, recent easing of lockdowns and travel restrictions, supported by high rates of vaccination within the region bodes well for the summer, with domestic and intra-regional demand expected to drive growth.

### Global Hotel Performance

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



Source: STR





## Hotel Performance 2021, Year-to-date (Jan-May)

Country (Region)	Occupancy		ADR*		RevPAR*	
	% change year ago	YTD level (%)	% change year ago	YTD level (euro)	% change year ago	YTD level (euro)
Austria (WE)	-60.5%	12.7	-28.4%	75.8	-71.7%	9.6
Belgium (WE)	-46.8%	19.9	-14.8%	87.9	-54.6%	17.5
Bulgaria (EE)	-5.9%	23.6	-9.7%	78.5	-15.0%	18.5
Croatia (SE)	25.5%	17.9	3.8%	87.8	30.2%	15.7
Czech Rep. (EE)	-68.7%	8.9	-23.5%	51.2	-76.0%	4.6
Denmark (NE)	-35.4%	21.0	-20.4%	81.1	-48.5%	17.1
Estonia (NE)	-16.5%	22.8	-39.7%	46.2	-49.6%	10.5
Finland (NE)	-45.5%	18.5	-11.8%	93.0	-52.0%	17.2
France (WE)	-19.0%	30.6	-32.0%	73.3	-44.9%	22.4
Germany (WE)	-55.5%	15.4	-25.6%	71.0	-66.9%	10.9
Greece (SE)	-26.3%	20.8	24.0%	110.4	-8.6%	23.0
Hungary (EE)	-59.9%	12.7	15.6%	83.2	-53.6%	10.6
Ireland (NE)	-57.7%	16.9	-27.3%	76.2	-69.2%	12.9
Italy (SE)	-16.1%	22.9	-13.4%	87.5	-27.3%	20.1
Latvia (NE)	-32.9%	20.7	10.7%	63.6	-25.7%	13.2
Lithuania (NE)	-31.5%	18.2	-18.9%	45.7	-44.4%	8.3
Malta (SE)	-52.6%	13.2	1.5%	96.1	-51.9%	12.7
Monaco (WE)	-47.6%	19.5	14.8%	285.8	-39.8%	55.6
Netherlands (WE)	-51.0%	17.1	-21.8%	80.5	-61.7%	13.7
Poland (EE)	-51.6%	15.8	-13.2%	49.4	-58.0%	7.8
Portugal (SE)	-45.0%	15.1	7.3%	87.0	-41.0%	13.2
Romania (EE)	-19.5%	22.9	-24.1%	48.9	-38.9%	11.2
Serbia (SE)	-4.7%	24.2	2.3%	83.3	-2.5%	20.2
Slovakia (EE)	-67.2%	8.3	-28.0%	55.5	-76.4%	4.6
Slovenia (SE)	-50.7%	14.2	-19.8%	61.0	-60.4%	8.7
Spain (SE)	-25.1%	26.0	-11.5%	82.4	-33.7%	21.4
Switzerland (WE)	-15.0%	28.1	4.8%	220.9	-11.0%	62.1
Turkey (SE)	-6.4%	33.4	44.1%	59.6	34.8%	19.9
UK (NE)	-31.6%	32.8	-31.0%	63.3	-52.8%	20.8

\*ADR and RevPAR growth based on local currency values

Note: Includes all European markets for which STR collect data with a sufficient sample for reporting



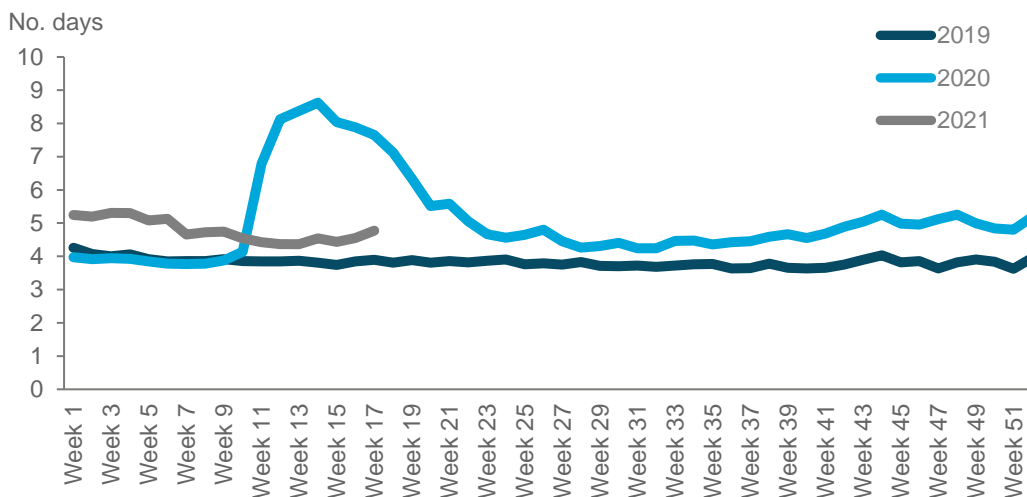
## SHORT TERM RENTALS

As vaccination accelerates and travel restrictions relax, pent-up demand for travelling has been unleashed. For short-term accommodations, which promise a more self-sufficient, flexible, and contained experience, this demand has seen unprecedented growth.

At the end of March, [occupancy was more recovered in short-term rentals](#) than hotels, and also for on the books occupancy for the rest of 2021, with [pricing reflecting](#) this sector's confidence in demand.

Indeed, European short-term rental reservations have recovered to [-33% of 2019 levels](#) during the second quarter of 2021, now surpassing the recovery seen in Oceania and Asia. While demand is currently strongest in Germany and France, [fluctuation is continuous across the continent](#); largely reactive to restriction changes. Indeed, [Portugal](#) enjoyed a 155% increase in summer occupancy following their border relaxation announcements – similar to the spike experienced in the [UK](#) in the aftermath of initial announcements.

### Weekly average length of stay worldwide 2019-21



Source: Transparent

Worldwide, this new influx of guests are still [staying longer](#) than in previous years, while their booking window has stabilised around the 6 week mark once again. Perhaps most critically, these guests are paying more, with [global rates up 10%](#) on 2019.



## 4. SPECIAL FEATURE: LONG-HAUL TRAVEL RECOVERY

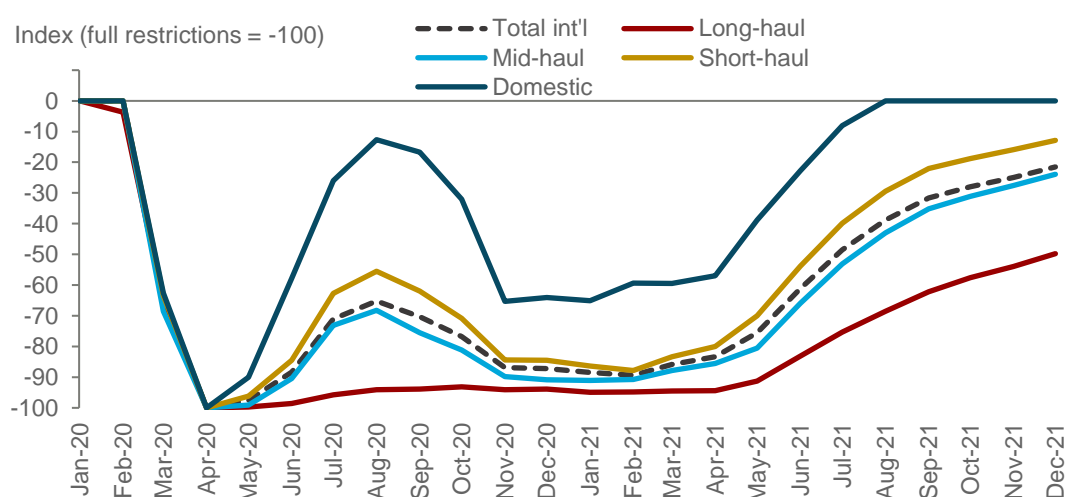
### SUMMARY

- Advanced vaccination rates have increased the possibility for countries to maintain low coronavirus case numbers, ease domestic restrictions and be able to start a gradual lifting of international travel restrictions.
- But long-haul travel demand is expected to recover more slowly, with barriers set to remain in place well beyond the end of this year.
- The United States is the long-haul source market expected to make the most significant contribution to Europe-wide travel demand growth between 2019-30.
- TE expect long-haul demand to return to its 2019 market share by 2030.

Recovery in domestic and short-haul travel is currently underway, with some marked improvement likely as the summer progresses and restrictions ease more meaningfully, helped by successful vaccine rollouts. There are also improved upside prospects for global travel following a depressing start to the year. Advanced vaccination rates have increased the possibility for countries to maintain low coronavirus case numbers, ease domestic restrictions and be able to start a gradual lifting of international travel restrictions.

From July 1<sup>st</sup>, the EU digital Covid-19 certificate is available and active across the EU. The certificate makes it easier to travel across EU countries: it is a proof that you are vaccinated, tested negative, or recovered from Covid-19. It is free of charge and recognised in all 27 EU member states as well as in Iceland, Liechtenstein, Norway, and Switzerland.

### Covid-19 travel impact index for Europe



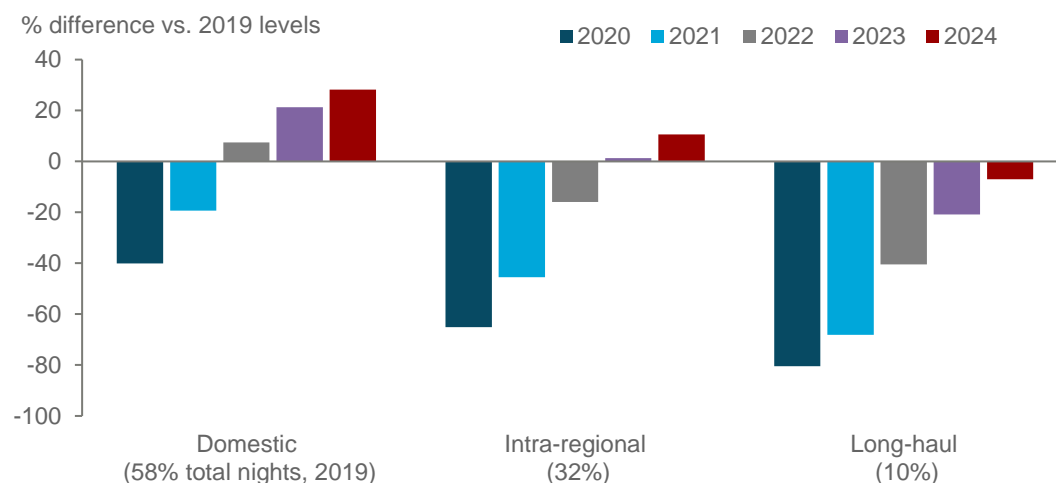
Source: Tourism Economics

But long-haul travel demand is expected to recover more slowly with barriers set to remain in place well beyond the end of this year. While domestic visitor nights at European destinations are expected to return to 2019 volumes by 2022, and intra-regional visitor nights (i.e., short-haul) is expected to recover by 2023, visitor nights from long-haul source markets are not expected to return to 2019 volumes until 2025 on average. While this is a blow to the sector, particularly for countries which typically enjoyed a higher proportion of total overnights from long-haul markets, for Europe as a whole, just one in ten overnights came from long-haul source market in 2019. This compares to



almost 60% from domestic and 30% from within Europe. While volumes are expected to recover by 2023, long-haul market share will take a longer time to return to pre-pandemic levels with some fast rates of intra-regional travel demand growth in the coming years making market share gains more difficult to win.

## Europe recovery in travel segments

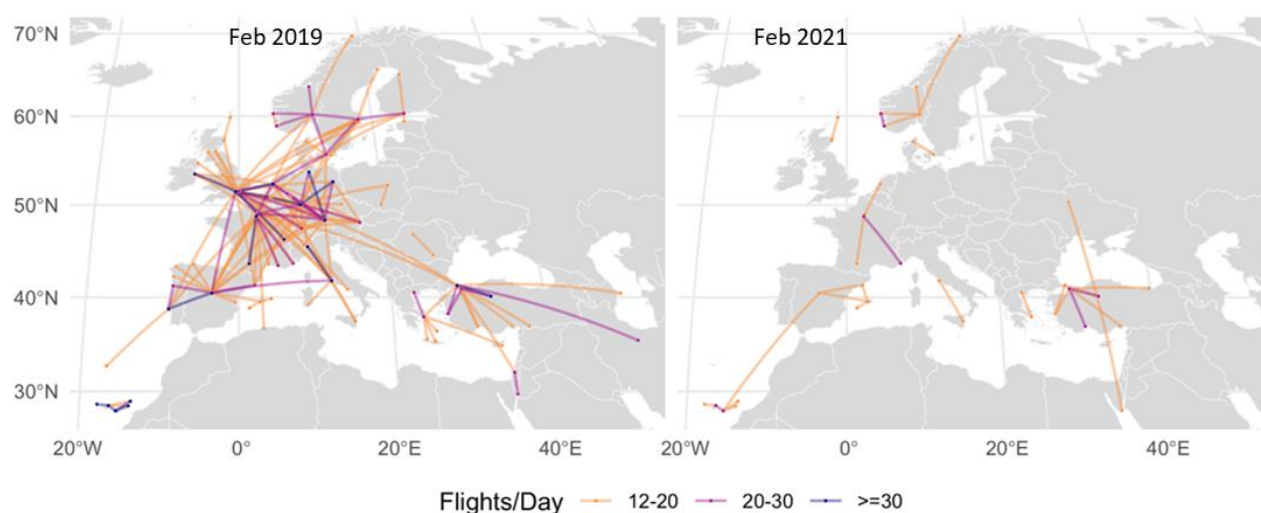


Source: Tourism Economics

## THE IMMEDIATE IMPACT OF THE PANDEMIC ON LONG-HAUL TRAVEL

The number of daily flights has dropped markedly on high-frequency long-haul routes to/from Europe as a consequence of prohibitive travel restrictions. While long-haul connections have not been severed entirely, they are operating at a much lower frequency than pre-pandemic. As restrictions have been eased in the months since February, more long-haul flights have resumed and frequencies will ramp up, but volumes remain much lower than pre-pandemic.

## Long-haul flight volumes, pre- vs. post-pandemic



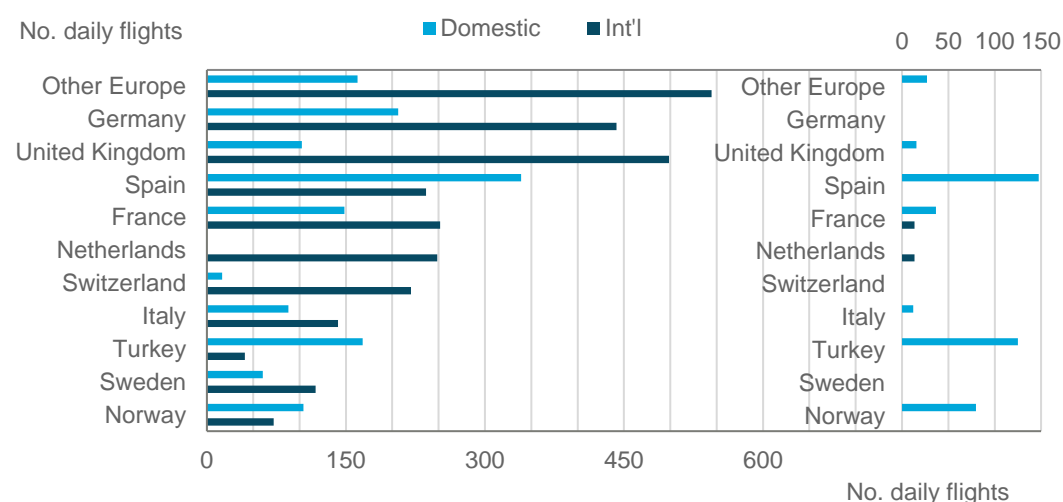
Source: Eurocontrol

Even domestic, short- and mid-haul flights are much diminished compared to pre-pandemic levels. In February 2020, there were numerous high-frequency connections in the European network: 157 short- and mid-haul airport pairs had 12 or more flights per day (total of both directions). In February 2021, only 29 routes reached the 12 per day threshold considered by Eurocontrol to represent a



“high-frequency” route. Domestic routes were less affected with a number of high-frequency domestic routes continuing to operate in the midst of one of the most prohibitive periods of the pandemic for travel. In Spain and Turkey in particular, a large volume of high-frequency domestic flights was operating in February 2021.

### High-frequency\* short/mid-haul flights in Europe, Feb 20 (LHS) vs. Feb 21 (RHS)



Source: Eurocontrol

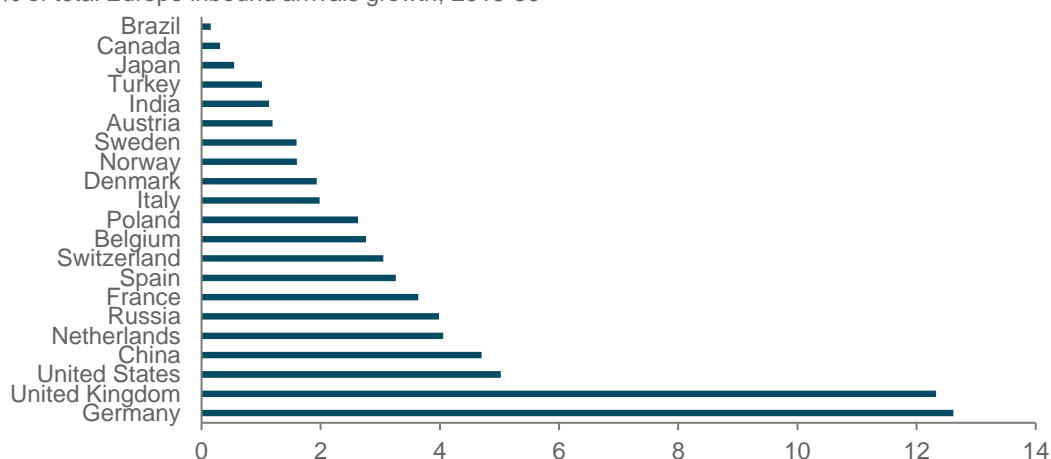
\*\*High-frequency\* = 12 or more flights per day

### THE ROAD TO RECOVERY

While travel restrictions and the economic fallout from the pandemic induced global recession will weigh on travel demand in the near-term, TE nonetheless expect long-haul source markets to make significant contributions to growth in European travel demand over the coming decade. Once travel restrictions are fully lifted and economies recover, TE expect travel behaviour to converge on pre-pandemic growth trends once again.

### Source market contribution to growth in Europe, 2019-30

% of total Europe inbound arrivals growth, 2019-30



Source: Tourism Economics

The United States will make the most significant contribution to Europe-wide travel demand growth between 2019-30 from a long-haul source market. This contribution is expected to be bettered only by Germany and the UK (Europe’s first and second largest source markets based on share of growth in arrivals to the region).



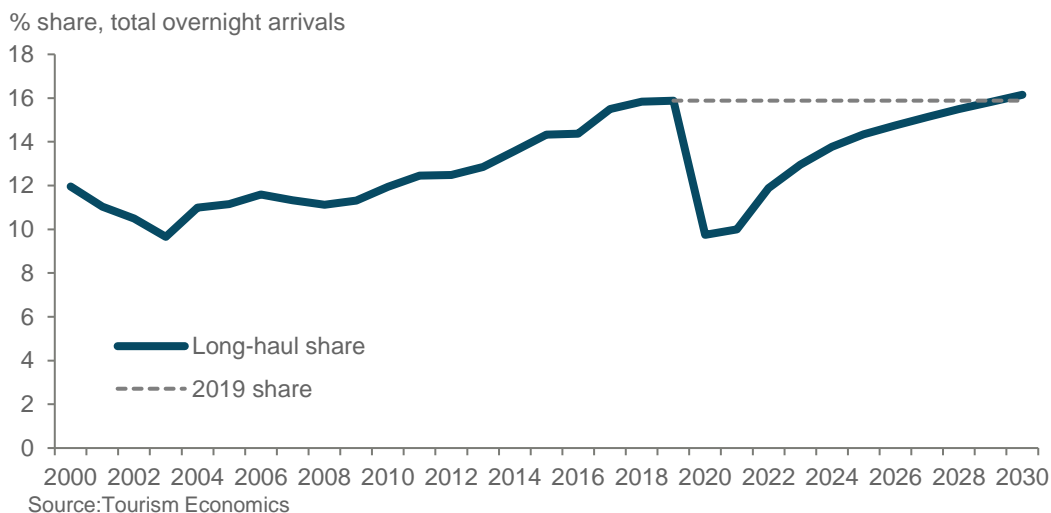


Slower rates of growth from Germany and the UK will yield significant contributions to overall growth in the region because of the large size of these markets. By contrast, arrivals from the US are expected to grow at a much faster rate, consistent with established trends and expected developments in demographics and economic activity. Combined with the significant share of past demand, US arrivals are expected to account for 5% of overall arrivals growth over the 2019-30 period. This is the largest expected contribution beyond that from the much larger German and the UK markets which will yield contributions in excess of 12% over the same period.

China is also expected to make a sizeable contribution to European travel demand growth over the next decade. Despite accounting for a smaller proportion of arrivals to the region, an expected robust average annual growth rate of 12% would see Chinese arrivals contribute 4.7% of overall arrivals growth to European destinations over the 2019-30 period. This robust rate of growth will be underpinned by the rapid increase in the number of middle-income households in China; by 2030 an additional 77 million households are expected to be sufficiently wealthy to travel abroad (with household income over \$35,000) compared to 2019. The growing importance of long-haul demand for European destinations overall is evident with a number of key long-haul markets moving into the space occupied by some large European source markets.

TE expect the restoration of long-haul demand's pre-pandemic market share will be slow, not regaining its 2019 market share until 2030. The economic scarring caused by the pandemic-induced recession is expected to weigh on inbound and outbound long-haul travel demand. There, this slowness is as much a function of European outbound demand to long-haul destinations being slow to recover, with intra-regional travel accounting for a higher market share compared to pre-pandemic as a consequence.

### Overnights arrivals to Europe from long-haul source markets





## 5. KEY SOURCE MARKET PERFORMANCE

Trends discussed in this section in some cases relate to the period January to May, 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>).

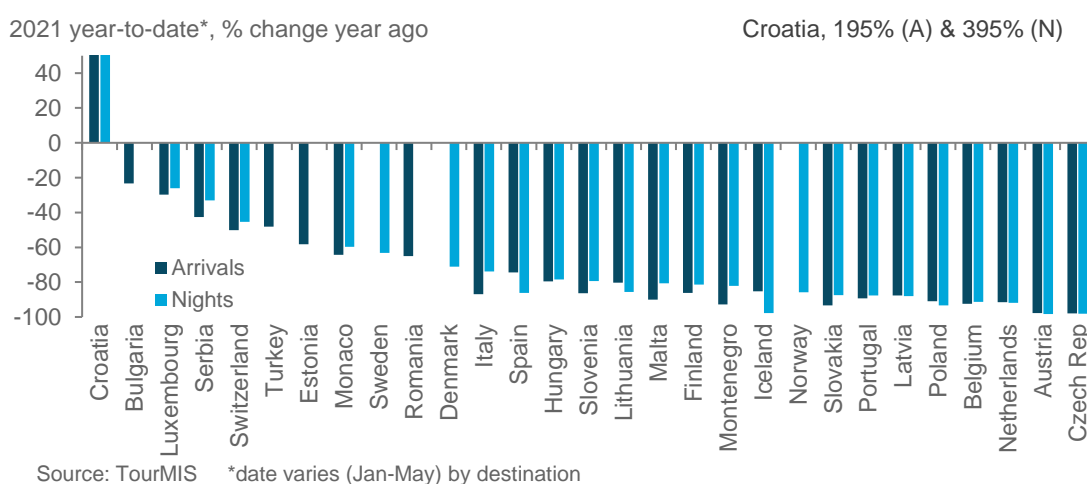
### SUMMARY

- Relative to 2019 levels for the same period, arrivals across European destinations were an estimated 85% lower based on the latest year-to-date data for 2021.
- Nonetheless, there are some green shoots beginning to emerge, most evident for destinations that are reporting data for May, including the period when there was some easing of restrictions.
- Croatia, which is reporting data to May, has enjoyed some return to growth, albeit based on low volumes in 2020. This shows the benefits to early movers in easing restrictions.

### KEY INTRA-EUROPEAN SOURCE MARKETS

Relative to 2019 levels for the same period, arrivals across European destinations were an estimated 85% lower based on the latest year-to-date data for 2021. Declines in both arrivals and overnights remain prevalent across the board for two main reasons. First, for the most part, available data cover the period of 2021 when much of Europe was subject lockdown and travel restrictions. Second, comparison of early-2021 with early-2020 is a comparison between post- and pre-pandemic travel demand. Nonetheless, there are some green shoots beginning to emerge, most evident for destinations that are reporting data for May, including the period when there was some easing of restrictions.

#### German visits and overnights to select destinations

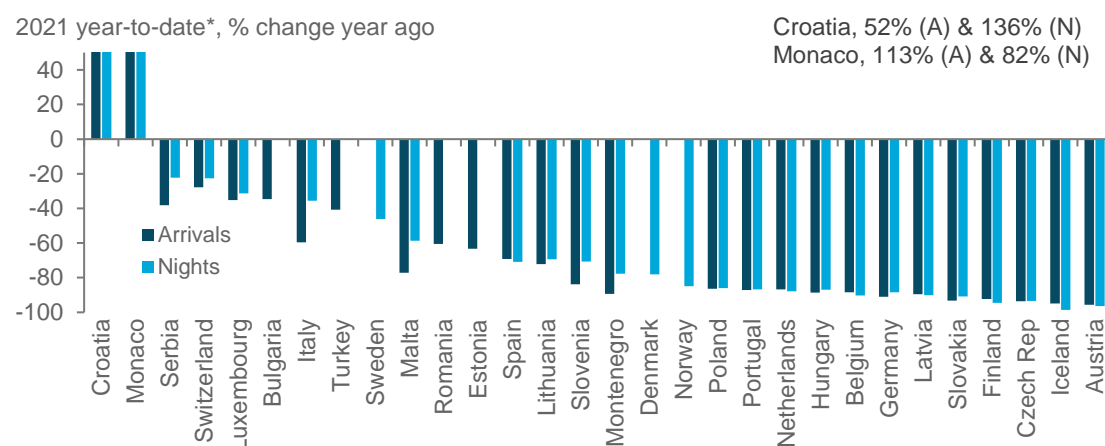


According to Eurocontrol data for April, flights departing from German airports were 71% below April 2019 volumes. Nonetheless, Croatia reported arrivals growth of 195% and overnights growth of 395% from Germany. This is a big swing versus declines of 54% and 28% (arrivals and overnights respectively) that were reported for the year-to-March. As of 1<sup>st</sup> April, anyone can visit Croatia if either a Covid-19 vaccination certificate can be presented, with the final dose administered at least 14 days



before arrival, or a negative test has been undertaken no more than 48 hours prior to arrival. While the growth rates being reported currently are flattering given the low volumes upon which they are based, they demonstrate just how quickly growth can return once travel is permitted.

## French visits and overnights to select destinations



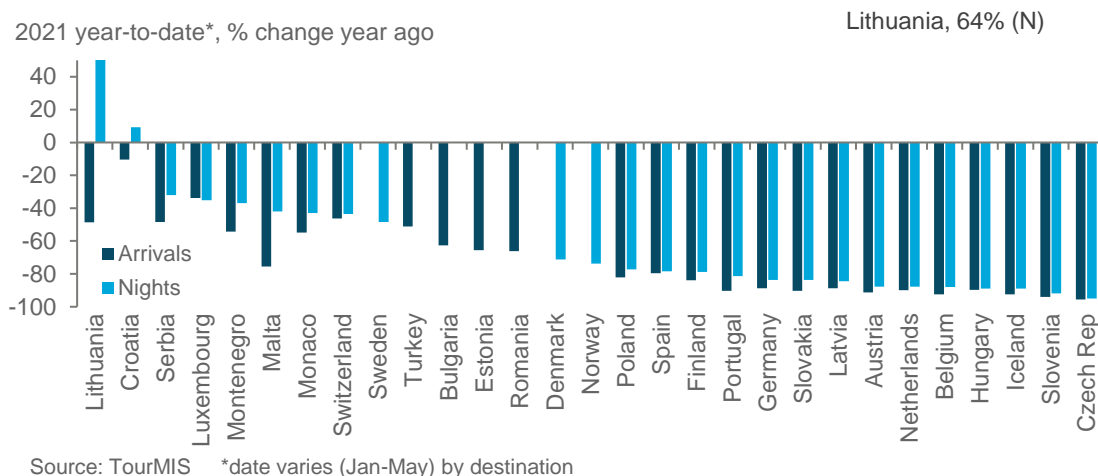
Source: TourMIS \*date varies (Jan-May) by destination

According to airport traffic data reported by Eurocontrol, relative to 2019, flights departing from France have deteriorated with each passing month in 2021, falling to -65% in April. This is consistent with some tightening of lockdown and travel restrictions within France through the year to date. On 3<sup>rd</sup> April, restrictions which were already in place in some parts of France, were extended across the whole country. These include not going more than 10 kilometres from home without an exemption certificate during the daytime and a night-time curfew. From 5<sup>th</sup> April, French citizens may not travel beyond their region, except under exceptional circumstances, and with an exemption certificate. The situation has improved in recent weeks with a gradual easing of restrictions, which should facilitate some outbound travel demand.

Despite these restrictions, Croatia reported arrivals and overnights growth from France based on data to May, representing a swing from declines based on data to March. Monaco also reported growth based on data to May. This represents an uptick in growth as reported earlier in the year (which was based on data to March). This sustained growth in 2021 has been aided by its principality status within France, which gives some leniency to residents from the local French residents of Alpes-Maritimes, Var, and the Province of Imperia.



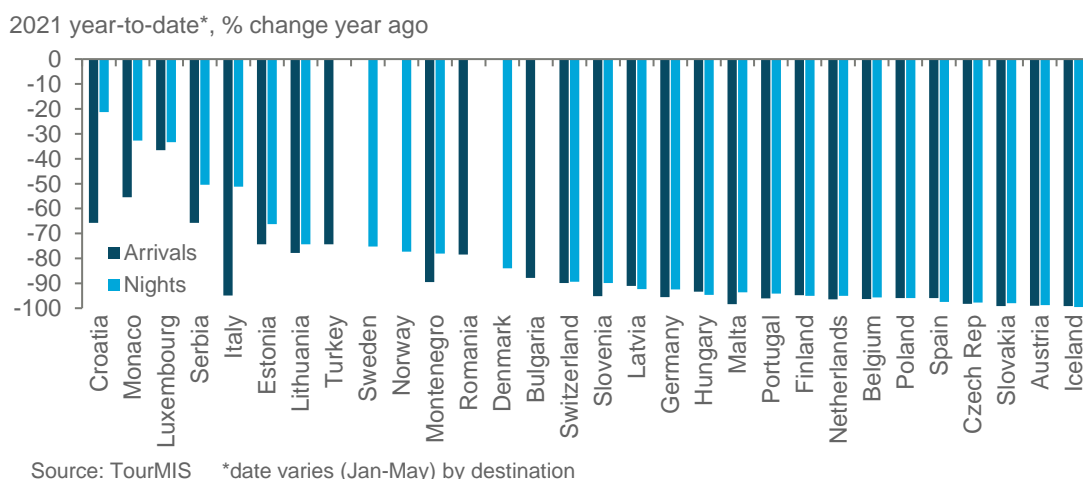
## Italian visits and overnights to select destinations



Lithuania and Croatia have both reported some growth in overnights from Italy according to data to April and May respectively. Although arrivals are lower compared to last year, the average length of stay has increased. Italy had planned to showcase a celebration of Lithuanian independence, and while many events had to be cancelled, the significance of the celebration itself has supported some travel demand. Modest nights growth reported by Croatia is much weaker than from some other markets due to the continued restrictions on Italian outbound.

Restrictions in Italy were extended until the end of April, but the UK and the Tyrol region of Austria have joined the 'C' list of countries (which includes most of the EU), which can only be visited for work or health. Despite restrictions being prolonged, departing flights from Italy have continued to recover to 2019 levels, with improvements in March and April compared to February according to Eurocontrol data (-77% in February, ticking up to -75% in March and -73% in April).

## United Kingdom visits and overnights to select destinations

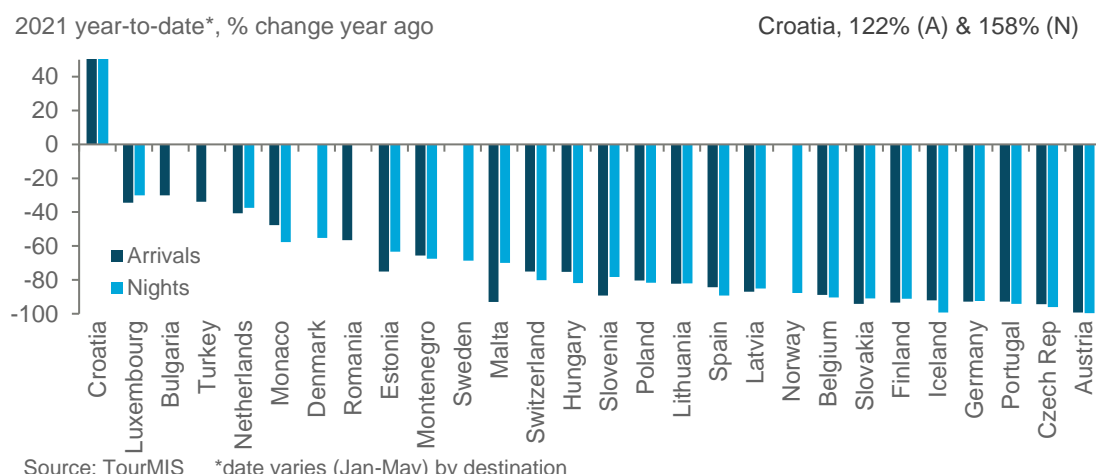


While domestic restrictions have eased significantly, at present the UK government permits quarantine-free travel (upon return to the UK) to less than a dozen countries, most of which are UK territories. In addition to this, concerns surrounding the prevalence of the Delta Covid-19 variant in the UK have prompted a number of unilateral travel bans against the UK. The impact of these restrictions is evident in the most recent data with all destinations continuing to report steep declines versus the same period a year ago. Eurocontrol air traffic data show flights departing the UK in April 2021 were



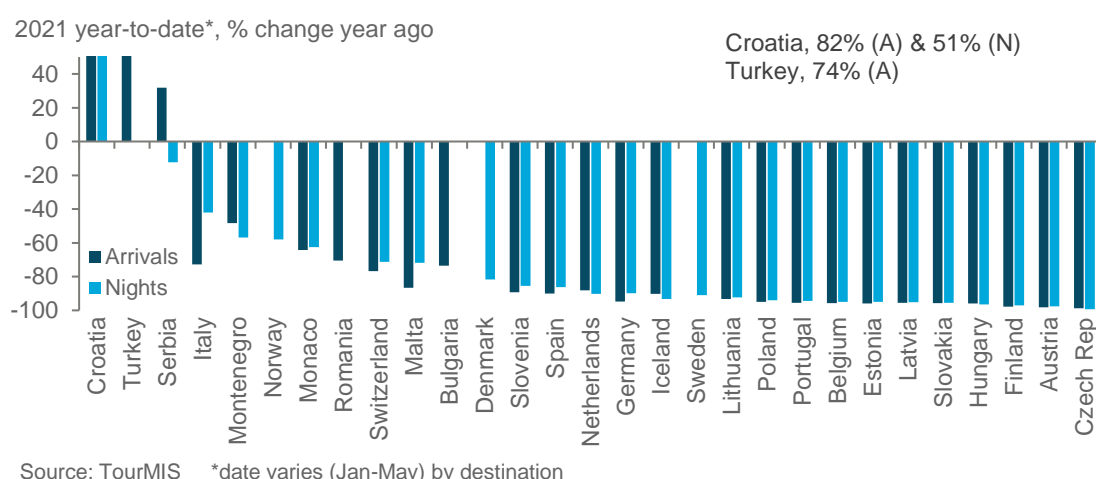
82% lower compared to 2019. Portugal's inclusion on the UK's initial "green list" in May saw a spike in bookings for UK holidays to Portugal. However, Portugal was swiftly relegated to the "amber list" (meaning a lengthy quarantine period at home is required for anyone returning) and is likely to have stifled demand. Arrivals and overnights data are not yet available beyond March meaning the extent to which these bookings translated to actual arrivals and overnights cannot yet be assessed.

### Dutch visits and overnights to select destinations



Unless deemed essential (family emergencies, or for work that cannot be postponed and that requires physical presence), Dutch residents were required to remain in the Netherlands until 15<sup>th</sup> May. Few destinations have reported data for May, meaning that the easing of these restrictions will not yet be visible within the data. There was a clear positive impact for Croatia which has enjoyed some uptick in the number of Dutch arrivals and overnights compared to the same period a year ago.

### Russian visits and overnights to select destinations



Russian travel demand has shifted from international to local destinations due to restrictions and government promotions to support local destinations amid the pandemic. Despite this, where restrictions are more favourable towards them, Russians have travelled internationally. Croatia, Turkey, and Serbia all reported arrivals growth from Russia compared to the same period a year ago.

Despite the Russian government imposing restrictions on regular and chartered air services with Turkey in April 2021 until 1<sup>st</sup> June (ostensibly to slow the spread of Covid-19, but possibly also connected to improving relations between Turkey and Ukraine), there was a swing from a 26% fall in arrivals in

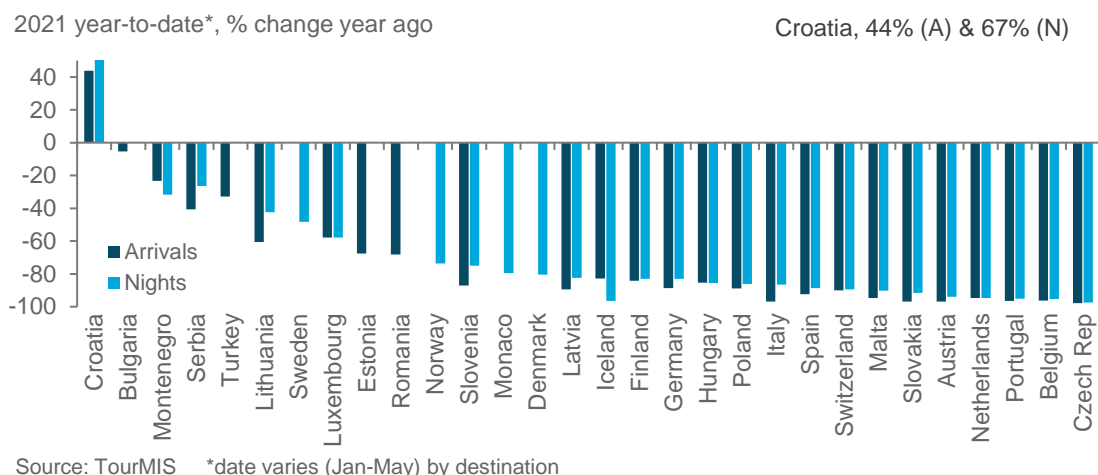




the year-to-February to 74% growth in the year-to-April. However, there may be a lag on the impact of these restrictions which will become apparent in May data.

## NON-EUROPEAN SOURCE MARKETS

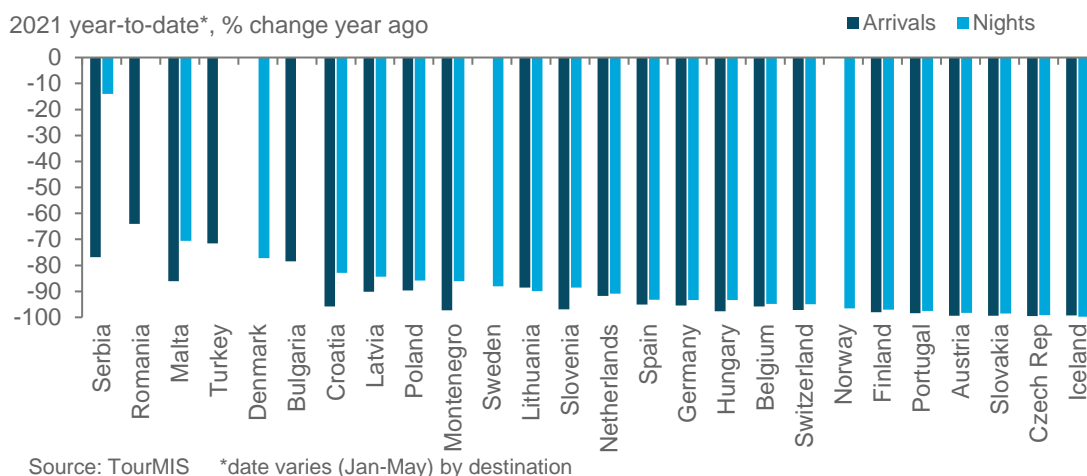
### United States visits and overnights to select destinations



High Covid-19 infection rates in the US throughout the pandemic saw it placed on the EU's red-list, stifling travel demand. In recent months, as the health situation in the US has improved helped by widespread vaccination, restrictions on US arrivals have started to ease and an uptick in arrivals growth should follow. Based on data to May, Croatia has already reported an upward swing in US arrivals, from -30% based on data to March, to +44% based on data to May. Despite a prohibition on US citizens entering Bulgaria unless they meet one of the exceptions to entry restrictions under the current Bulgarian Ministry of Health Order, which operated to the end of April, demand from the US held up well. But for most destinations in the Schengen area, arrivals from the US have been limited due to external Schengen borders being closed to US passport-holders unless they hold proof of vaccination or prior infection, and visitors are still required to undergo one Covid-19 test upon arrival.

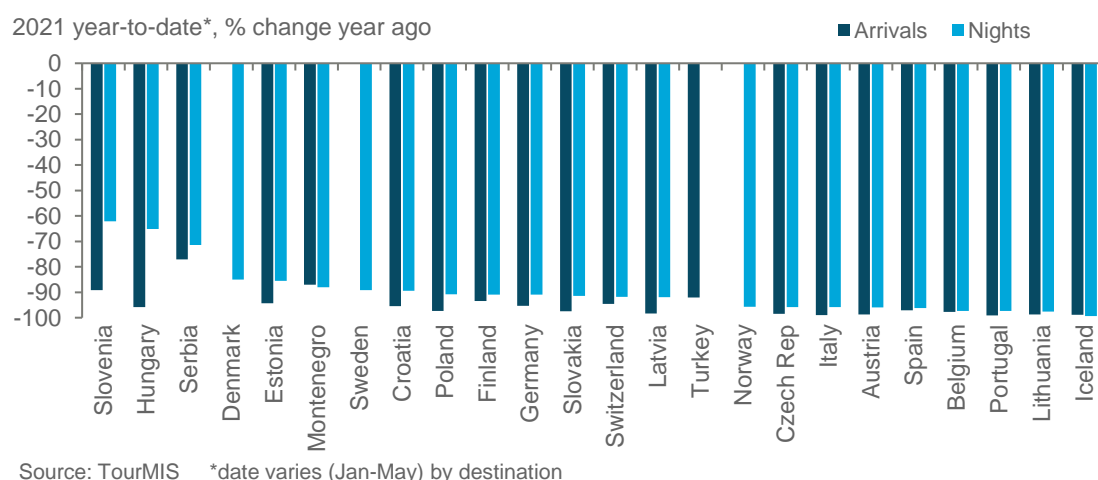


## Chinese visits and overnights to select destinations



While Chinese domestic travel appeared to recover 2019 volumes in April, international demand remains well below 2019, with no destinations reporting growth so far in 2021. Rather than being due to travel restrictions present in Europe, lack of demand seems due to the Chinese government restricting Chinese airlines to just one international route to any specific country with no more than one flight every week. Sentiment towards foreign travel being lukewarm in China is also a factor.

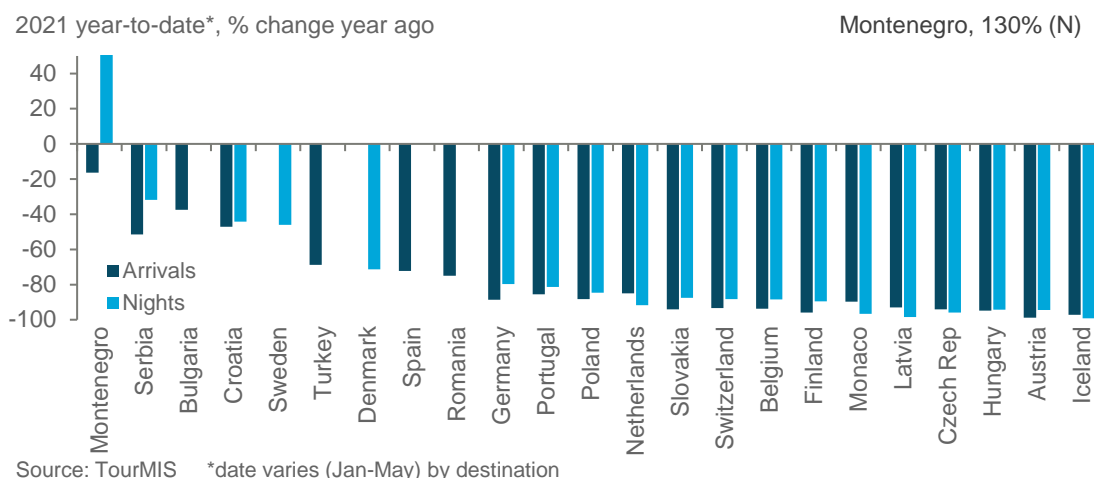
## Japanese visits and overnights to select destinations



In January, Japan declared a state of emergency in Tokyo which was expected to last one month. These emergency measures were reintroduced in April and were then extended until June 20<sup>th</sup>. These restrictions have severely limited outbound travel demand from Japan (as well as inbound). The severity of the restrictions has not been helped by Japan's relatively slow start to its vaccination programme. Consequently, all destinations in Europe have reported declines from Japan for the year so far. With a significant proportion of Japanese citizens opposed to the Olympic Games going ahead this summer, there is clearly a high-degree of risk aversion impacting on Japanese outbound.



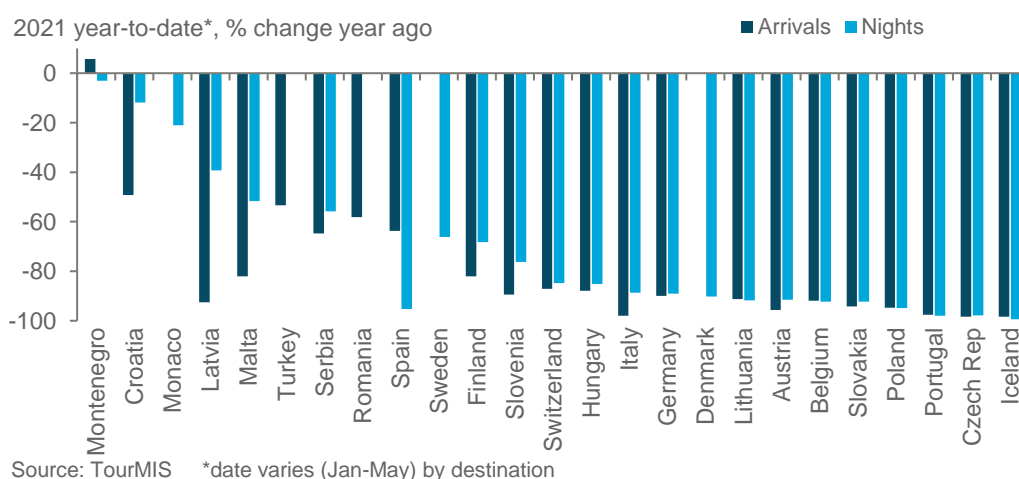
## Indian visits and overnights to select destinations



Only Montenegro has reported growth from India in 2021, and in overnights only (arrivals declined, but by less than all other reporting destinations). However, Montenegro was among the worst performers in Q1 2020 and actual volumes of Indian visitors are very small and, therefore, subject to quite large swings. Travel from India has been subject to significant restrictions in most destinations due to the emergence of the more transmissible Delta variant.

The vaccine roll-out which began in January did briefly boost traveller confidence, but record high levels of new infections from April onwards (including a new variant) is significant and has prompted most destinations to impose prohibitive arrivals restrictions on India to combat the risk. Difficulties in procuring enough vaccines despite being one of the world's major producers has not helped. The impact of these restrictions will become more visible in the coming months as more recent data covering their imposition become available.

## Canadian visits and overnights to select destinations



Only Montenegro reported any growth from Canada for 2021 so far, with arrivals 5.8% higher according to data-to-April compared to the same period of 2020. This is despite the Canadian government advising against any non-essential travel from Canada and the requirement upon re-entry to take a Covid-19 test and a mandatory stay of up to three nights at a government-authorised accommodation for air travellers. In common with most destinations in the Schengen area, arrivals from Canada have been limited due to external Schengen borders being closed to Canadians unless they hold proof of vaccination or prior infection, and visitors are still required to undergo one Covid-19 test upon arrival.



## 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 a given year, US data reporting shows significantly fewer departures to Europe compared to the sum of European arrivals from the US. Thus, each US trip to Europe involved a visit to more than one destinations on average.*

*The geographies of Europe are defined as follows:*

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

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

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

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



## United States Market Share Summary

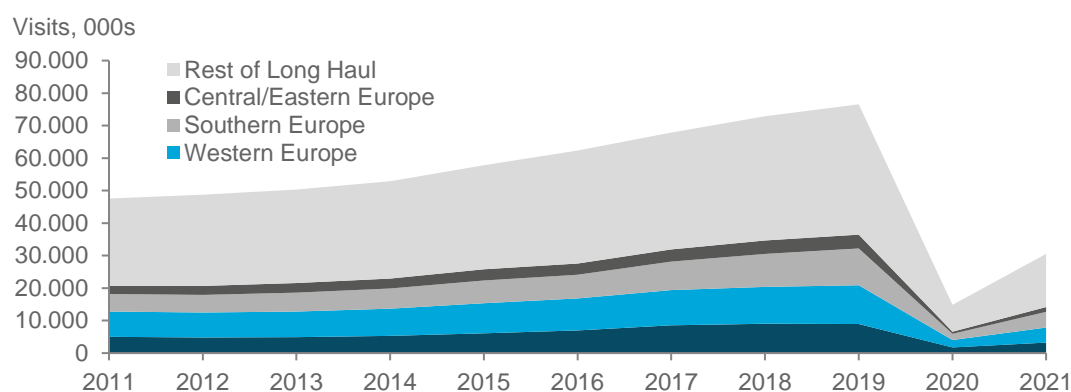
	2020	Growth (2020-25)			Growth (2015-20)		
	000s	Share**	Annual average	Cumulative growth*	Share 2025**	Cumulative growth*	Share 2015**
Total outbound travel	38,170	-	30.2%	273.5%	-	-60.4%	-
Long haul	14,764	38.7%	41.5%	467.1%	58.7%	-74.5%	59.9%
Short haul	23,406	61.3%	20.3%	151.5%	41.3%	-39.5%	40.1%
Travel to Europe	6,464	16.9%	41.4%	465.7%	25.6%	-74.9%	26.7%
European Union	5,906	15.5%	40.7%	451.8%	22.9%	-74.5%	24.0%
Northern Europe	1,596	4.2%	43.1%	499.6%	6.7%	-73.9%	6.3%
Western Europe	2,327	6.1%	37.3%	387.9%	8.0%	-74.7%	9.5%
Southern Europe	1,914	5.0%	42.7%	490.8%	7.9%	-72.8%	7.3%
Central/Eastern Europe	628	1.6%	47.2%	591.8%	3.0%	-81.4%	3.5%

\*Shows cumulative change over the relevant time period indicated

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

Source: Tourism Economics

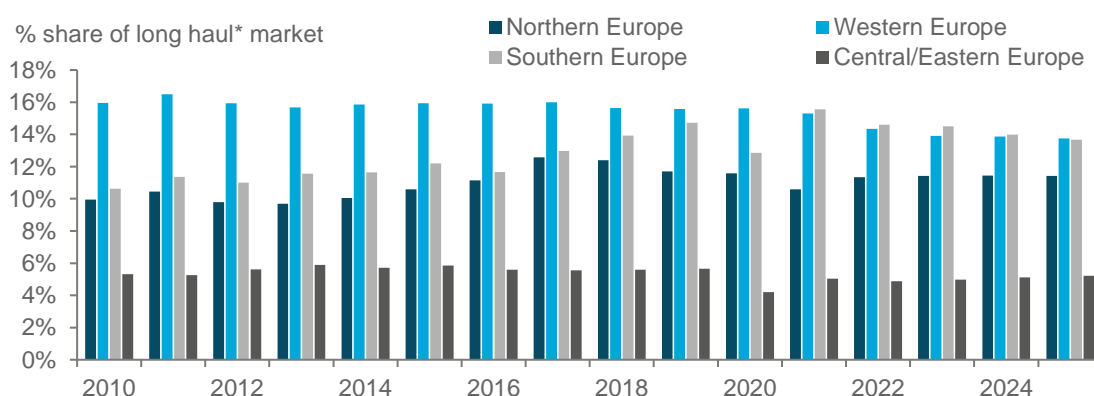
## United States Long Haul\* Outbound Travel



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

Source: Tourism Economics

## Europe's Share of United States Market



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

Source: Tourism Economics



## Canada Market Share Summary

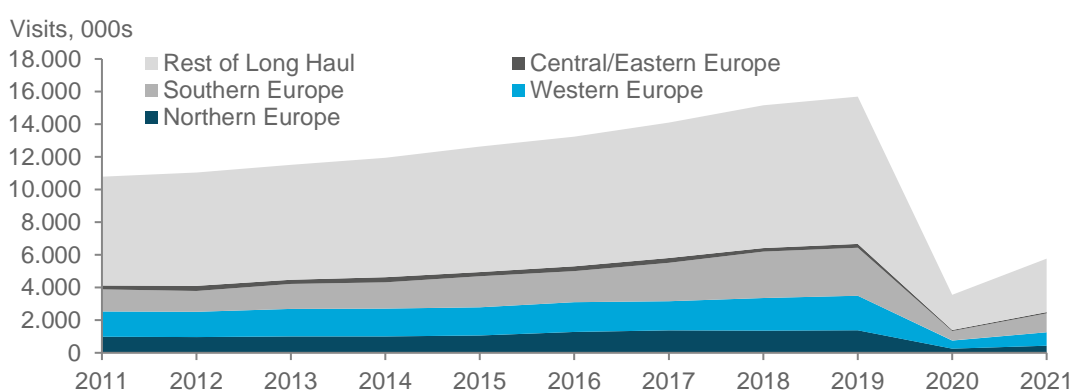
	2020	Growth (2020-25)			Growth (2015-20)		
	000s	Share**	Annual average	Cumulative growth*	Share 2025**	Cumulative growth*	Share 2015**
Total outbound travel	9,313	-	35.4%	355.4%	-	-73.4%	-
Long haul	3,547	38.1%	36.6%	375.9%	39.8%	-71.9%	36.0%
Short haul	5,766	61.9%	34.7%	342.8%	60.2%	-74.3%	64.0%
Travel to Europe	1,384	14.9%	35.2%	352.3%	14.8%	-72.0%	14.1%
European Union	1,331	14.3%	35.8%	362.6%	14.5%	-71.9%	13.5%
Northern Europe	235	2.5%	42.8%	493.6%	3.3%	-77.9%	3.0%
Western Europe	506	5.4%	32.1%	302.1%	4.8%	-70.8%	4.9%
Southern Europe	575	6.2%	35.6%	358.8%	6.2%	-69.8%	5.4%
Central/Eastern Europe	68	0.7%	23.2%	183.5%	0.5%	-73.2%	0.7%

\*Shows cumulative change over the relevant time period indicated

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

Source: Tourism Economics

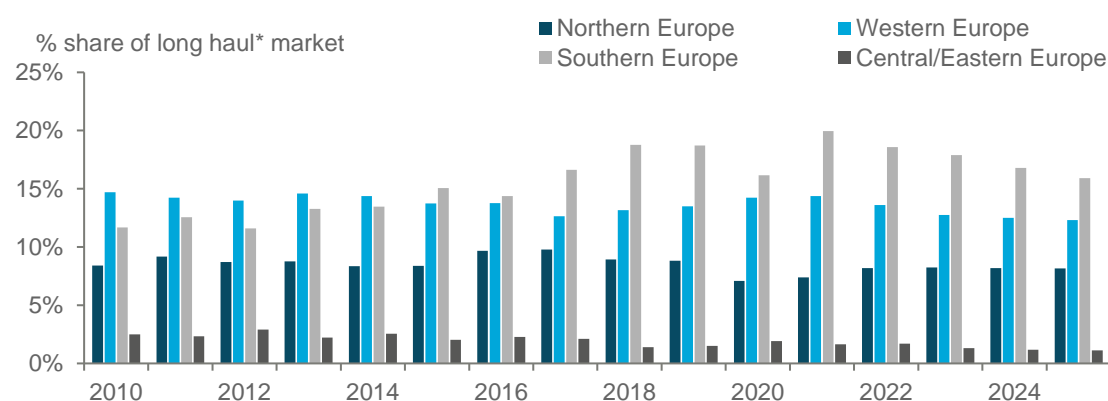
## Canada Long Haul\* Outbound Travel



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

Source: Tourism Economics

## Europe's Share of Canadian Market



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

Source: Tourism Economics



## Mexico Market Share Summary

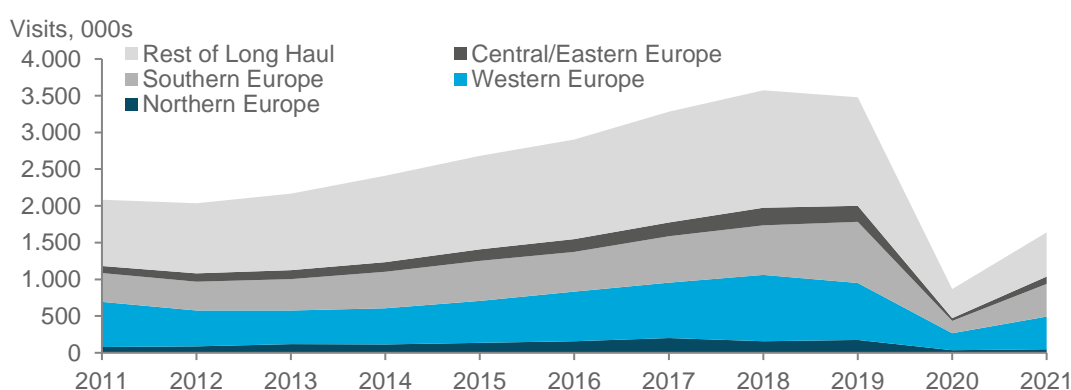
	2020	Growth (2020-25)			Growth (2015-20)		
	000s	Share**	Annual average	Cumulative growth*	Share 2025**	Cumulative growth*	Share 2015**
Total outbound travel	8,323	-	20.6%	155.0%	-	-60.8%	-
Long haul	878	10.5%	29.6%	265.1%	15.1%	-67.3%	12.6%
Short haul	7,445	89.5%	19.3%	142.0%	84.9%	-59.9%	87.4%
Travel to Europe	478	5.7%	28.5%	249.9%	7.9%	-66.1%	6.6%
European Union	437	5.2%	27.8%	241.1%	7.0%	-66.3%	6.1%
Northern Europe	39	0.5%	35.3%	353.1%	0.8%	-71.1%	0.6%
Western Europe	231	2.8%	24.0%	192.6%	3.2%	-59.5%	2.7%
Southern Europe	168	2.0%	30.3%	275.6%	3.0%	-69.2%	2.6%
Central/Eastern Europe	40	0.5%	36.6%	375.1%	0.9%	-75.2%	0.8%

\*Shows cumulative change over the relevant time period indicated

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

Source: Tourism Economics

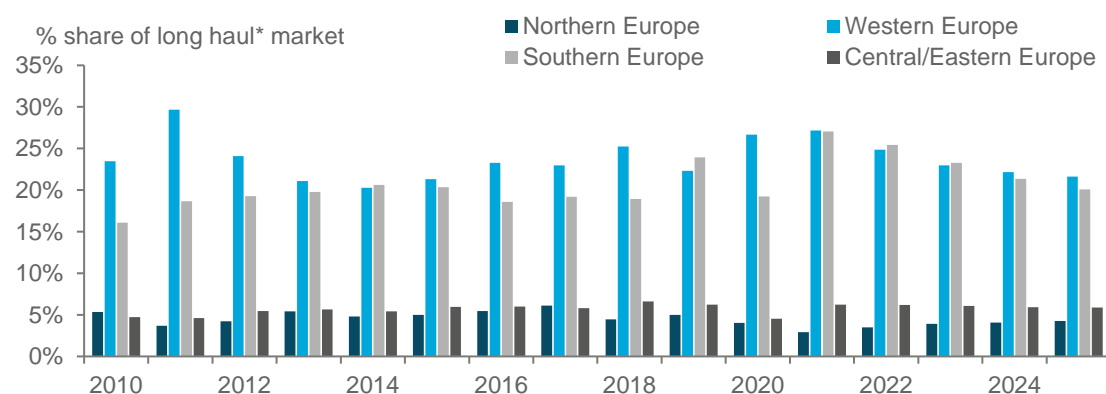
## Mexico Long Haul\* Outbound Travel



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

Source: Tourism Economics

## Europe's Share of Mexican Market



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

Source: Tourism Economics





## Argentina Market Share Summary

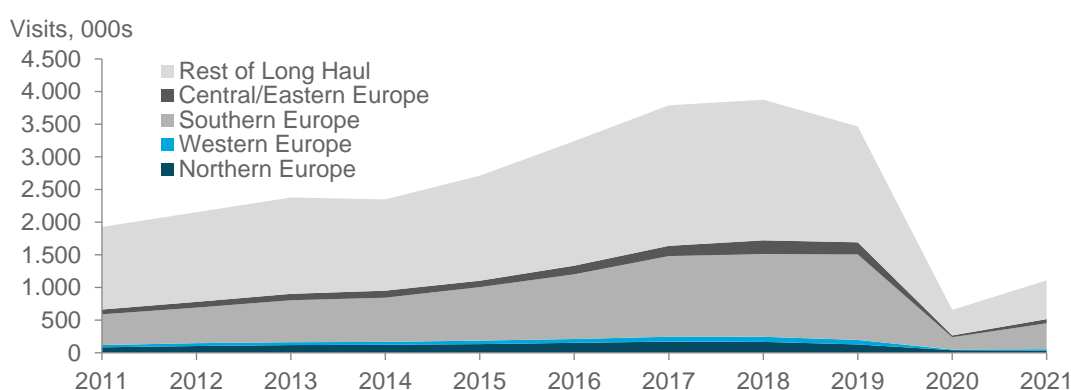
	2020	Growth (2020-25)			Growth (2015-20)		
	000s	Share**	Annual average	Cumulative growth*	Share 2025**	Cumulative growth*	Share 2015**
Total outbound travel	2,937	-	25.1%	206.4%	-	-69.7%	-
Long haul	663	22.6%	36.1%	366.2%	34.4%	-75.5%	28.0%
Short haul	2,274	77.4%	21.0%	159.8%	65.6%	-67.4%	72.0%
Travel to Europe	272	9.3%	36.3%	369.6%	14.2%	-75.4%	11.4%
European Union	241	8.2%	34.4%	339.3%	11.8%	-74.4%	9.7%
Northern Europe	45	1.5%	25.8%	215.7%	1.6%	-66.4%	1.4%
Western Europe	11	0.4%	41.6%	468.5%	0.7%	-78.0%	0.5%
Southern Europe	188	6.4%	36.1%	366.2%	9.7%	-77.0%	8.4%
Central/Eastern Europe	27	0.9%	47.9%	607.0%	2.1%	-73.4%	1.1%

\*Shows cumulative change over the relevant time period indicated

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

Source: Tourism Economics

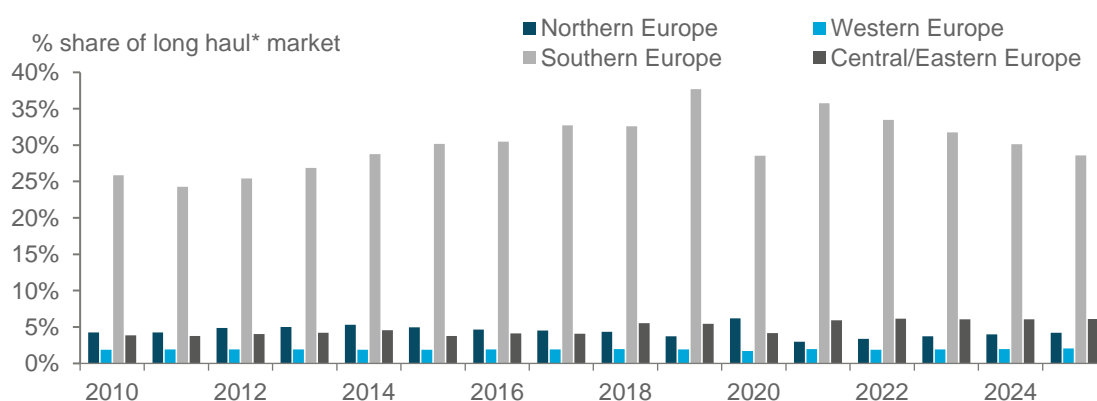
## Argentina Long Haul\* Outbound Travel



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

Source: Tourism Economics

## Europe's Share of Argentine Market



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

Source: Tourism Economics



## Brazil Market Share Summary

	2020	Growth (2020-25)			Growth (2015-20)		
	000s	Share**	Annual average	Cumulative growth*	Share 2025**	Cumulative growth*	Share 2015**
Total outbound travel	3,033	-	28.6%	251.9%	-	-70.1%	-
Long haul	2,020	66.6%	29.9%	270.2%	70.1%	-73.0%	73.8%
Short haul	1,013	33.4%	25.8%	215.5%	29.9%	-61.9%	26.2%
Travel to Europe	1,195	39.4%	27.6%	238.5%	37.9%	-69.6%	38.7%
European Union	1,104	36.4%	26.9%	228.6%	34.0%	-69.3%	35.4%
Northern Europe	90	3.0%	26.6%	225.8%	2.8%	-71.6%	3.1%
Western Europe	433	14.3%	22.8%	179.5%	11.3%	-73.0%	15.8%
Southern Europe	593	19.6%	29.6%	265.4%	20.3%	-64.4%	16.4%
Central/Eastern Europe	79	2.6%	36.5%	374.4%	3.5%	-76.5%	3.3%

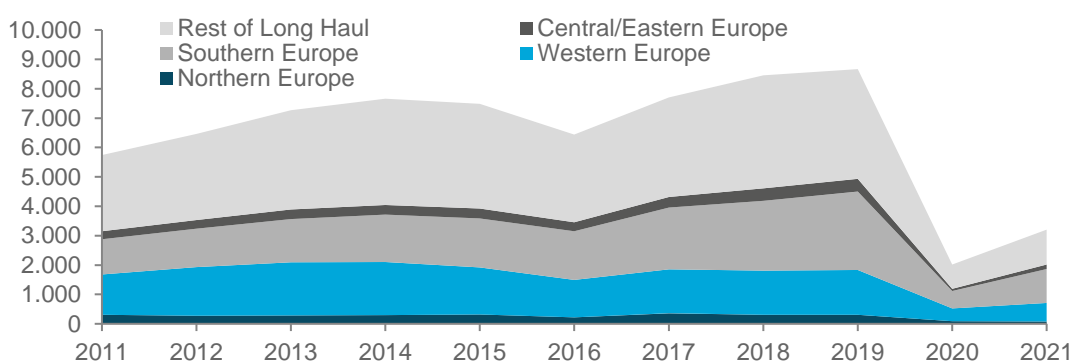
\*Shows cumulative change over the relevant time period indicated

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

Source: Tourism Economics

## Brazil Long Haul\* Outbound Travel

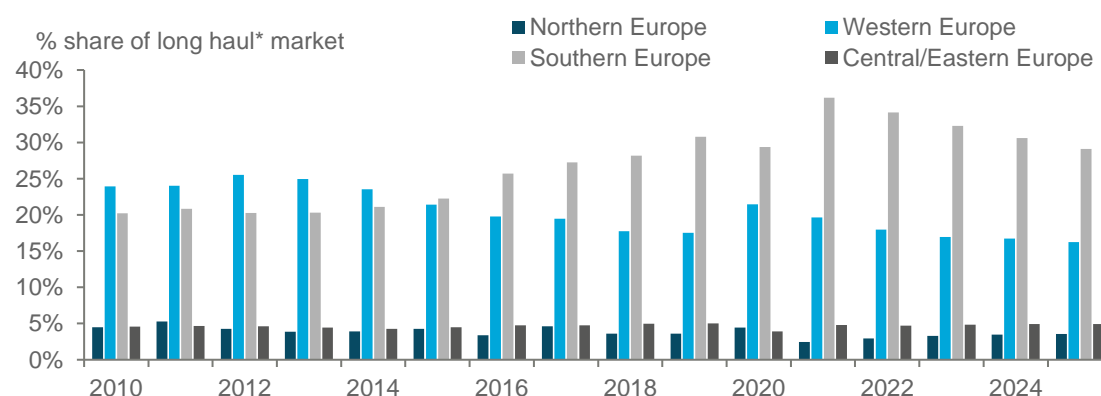
Visits, 000s



\*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

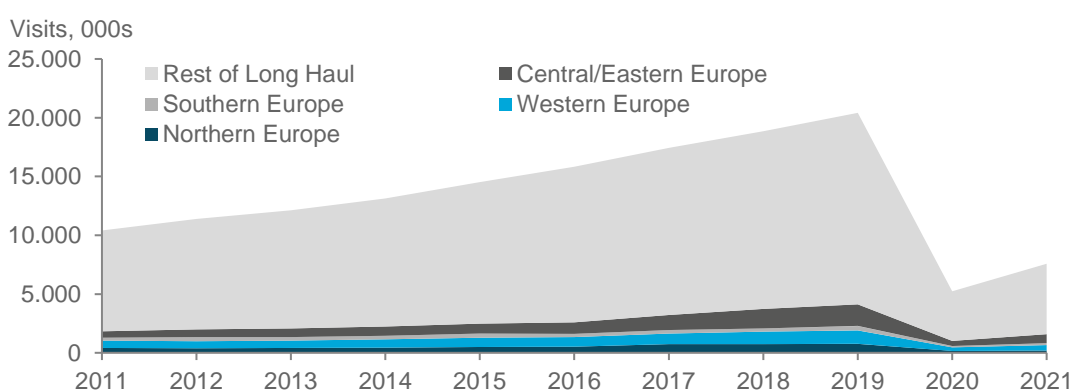
	2020	Growth (2020-25)			Growth (2015-20)		
	000s	Share**	Annual average	Cumulative growth*	Share 2025**	Cumulative growth*	Share 2015**
Total outbound travel	5,759	-	29.9%	270.0%	-	-62.6%	-
Long haul	5,293	91.9%	30.6%	280.1%	94.4%	-63.5%	94.4%
Short haul	466	8.1%	20.7%	156.1%	5.6%	-46.2%	5.6%
Travel to Europe	1,064	18.5%	28.0%	243.9%	17.2%	-57.3%	16.2%
European Union	609	10.6%	24.1%	194.6%	8.4%	-54.3%	8.7%
Northern Europe	205	3.6%	26.9%	228.6%	3.2%	-57.9%	3.2%
Western Europe	302	5.2%	25.2%	207.6%	4.4%	-62.6%	5.2%
Southern Europe	122	2.1%	23.9%	191.7%	1.7%	-63.4%	2.2%
Central/Eastern Europe	435	7.6%	31.4%	291.0%	8.0%	-49.5%	5.6%

\*Shows cumulative change over the relevant time period indicated

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

Source: Tourism Economics

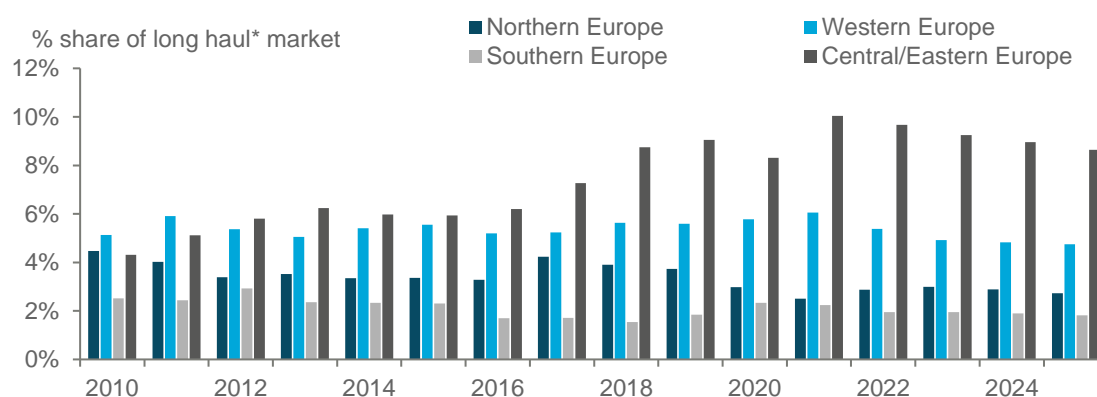
## India Long Haul\* Outbound Travel



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

Source: Tourism Economics

## Europe's Share of Indian Market



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

Source: Tourism Economics



## China Market Share Summary

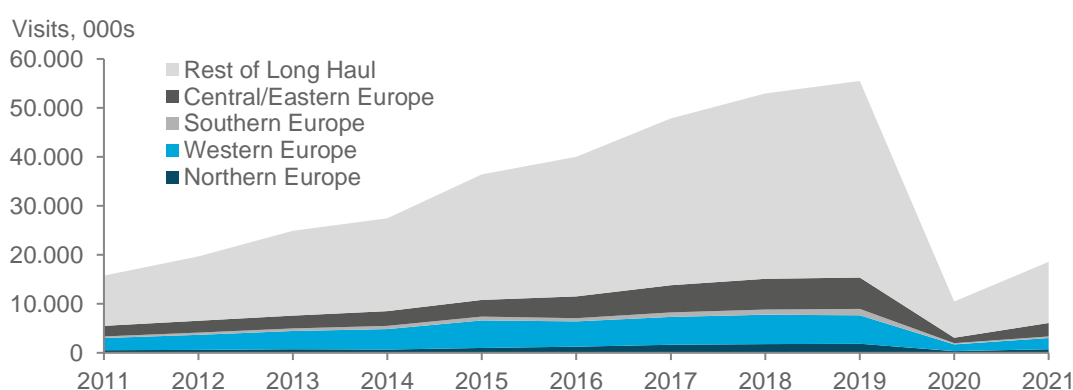
	2020	Growth (2020-25)			Growth (2015-20)		
	000s	Share**	Annual average	Cumulative growth*	Share 2025**	Cumulative growth*	Share 2015**
Total outbound travel	15,431	-	47.4%	596.9%	-	-80.6%	-
Long haul	10,398	67.4%	40.4%	444.6%	52.7%	-71.4%	45.8%
Short haul	5,033	32.6%	58.9%	911.6%	47.3%	-88.3%	54.2%
Travel to Europe	3,056	19.8%	39.5%	428.6%	15.0%	-71.7%	13.6%
European Union	2,042	13.2%	38.6%	410.9%	9.7%	-69.5%	8.4%
Northern Europe	378	2.4%	45.5%	551.2%	2.3%	-61.4%	1.2%
Western Europe	1,383	9.0%	37.1%	383.6%	6.2%	-75.5%	7.1%
Southern Europe	228	1.5%	36.7%	377.1%	1.0%	-70.0%	1.0%
Central/Eastern Europe	1,067	6.9%	40.9%	454.6%	5.5%	-68.9%	4.3%

\*Shows cumulative change over the relevant time period indicated

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

Source: Tourism Economics

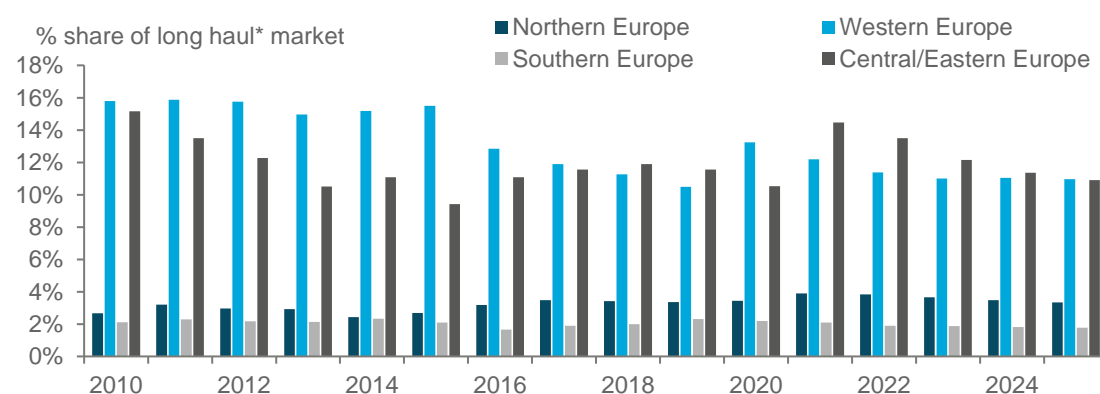
## China Long Haul\* Outbound Travel



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

Source: Tourism Economics

## Europe's Share of Chinese Market



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

Source: Tourism Economics



## Japan Market Share Summary

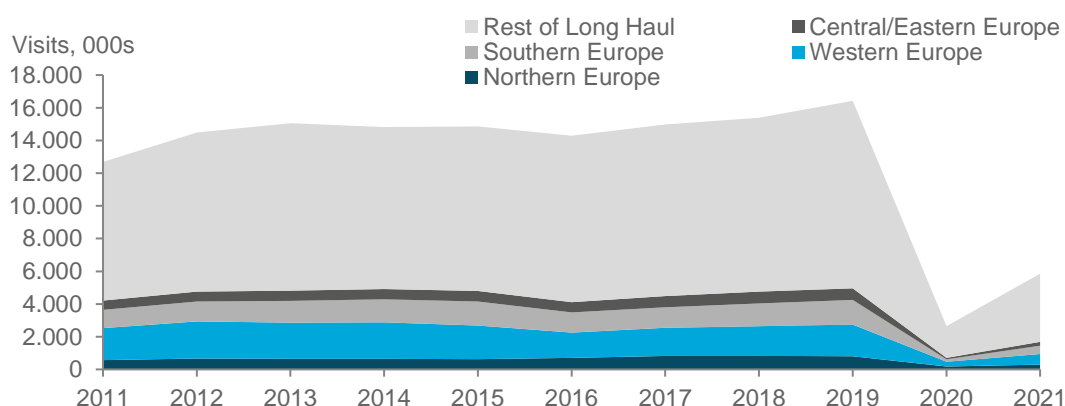
	2020	Growth (2020-25)			Growth (2015-20)		
	000s	Share**	Annual average	Cumulative growth*	Share 2025**	Cumulative growth*	Share 2015**
Total outbound travel	3,579	-	53.5%	752.4%	-	-83.6%	-
Long haul	2,641	73.8%	48.3%	617.3%	62.1%	-82.2%	68.1%
Short haul	938	26.2%	65.3%	1132.7%	37.9%	-86.5%	31.9%
Travel to Europe	709	19.8%	49.4%	644.0%	17.3%	-85.2%	22.0%
European Union	659	18.4%	48.4%	618.6%	15.5%	-84.6%	19.6%
Northern Europe	182	5.1%	35.2%	351.8%	2.7%	-71.3%	2.9%
Western Europe	284	7.9%	50.2%	665.5%	7.1%	-86.2%	9.4%
Southern Europe	155	4.3%	58.3%	893.1%	5.0%	-89.4%	6.7%
Central/Eastern Europe	87	2.4%	53.1%	740.0%	2.4%	-86.3%	2.9%

\*Shows cumulative change over the relevant time period indicated

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

Source: Tourism Economics

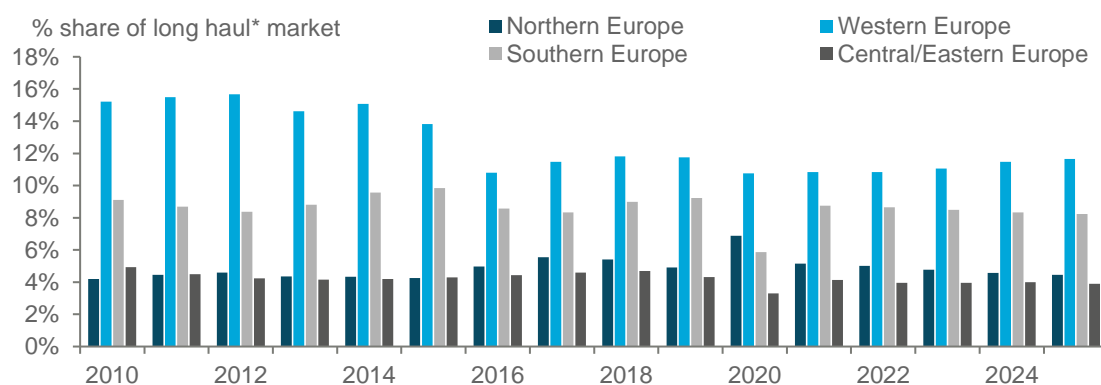
## Japan Long Haul\* Outbound Travel



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

Source: Tourism Economics

## Europe's Share of Japanese Market



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

Source: Tourism Economics



## Australia Market Share Summary

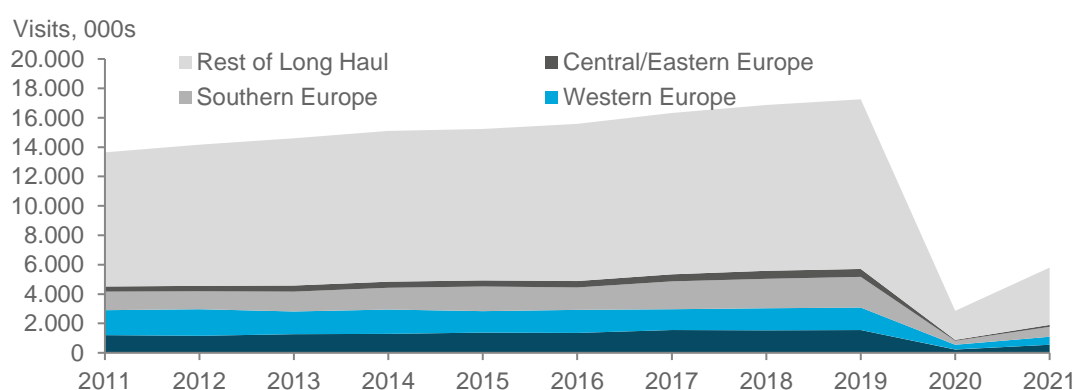
	2020	Growth (2020-25)			Growth (2015-20)		
	000s	Share**	Annual average	Cumulative growth*	Share 2025**	Cumulative growth*	Share 2015**
Total outbound travel	3,001	-	48.4%	618.8%	-	-81.1%	-
Long haul	2,908	96.9%	48.3%	618.2%	96.9%	-80.9%	95.8%
Short haul	92	3.1%	49.0%	635.2%	3.1%	-86.2%	4.2%
Travel to Europe	921	30.7%	41.1%	460.3%	23.9%	-81.3%	31.0%
European Union	854	28.5%	40.6%	449.5%	21.8%	-81.2%	28.5%
Northern Europe	271	9.0%	22.5%	176.2%	3.5%	-80.2%	8.6%
Western Europe	318	10.6%	35.7%	360.5%	6.8%	-78.2%	9.2%
Southern Europe	273	9.1%	55.3%	802.0%	11.4%	-83.7%	10.5%
Central/Eastern Europe	59	2.0%	52.5%	726.0%	2.2%	-85.9%	2.6%

\*Shows cumulative change over the relevant time period indicated

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

Source: Tourism Economics

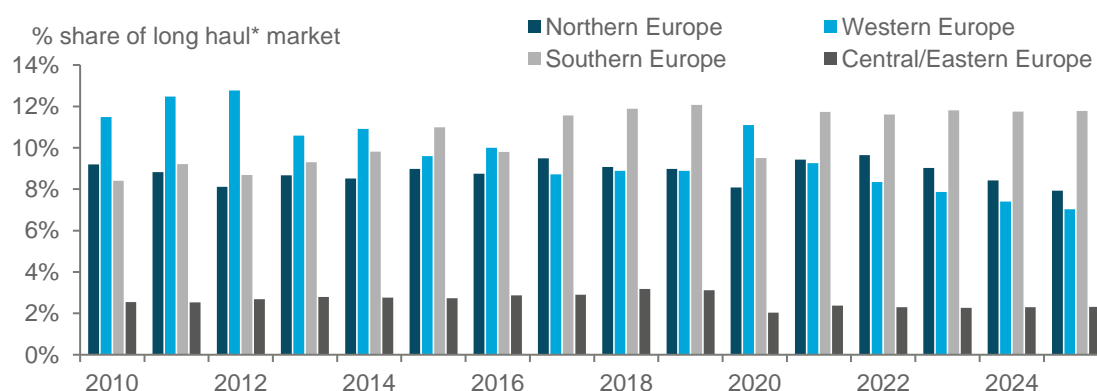
## Australia Long Haul\* Outbound Travel



\*Long haul defined as tourist arrivals to destinations outside Oceania

Source: Tourism Economics

## Europe's Share of Australian Market



\*Long haul defined as tourist arrivals to destinations outside Oceania

Source: Tourism Economics



## Russia Market Share Summary

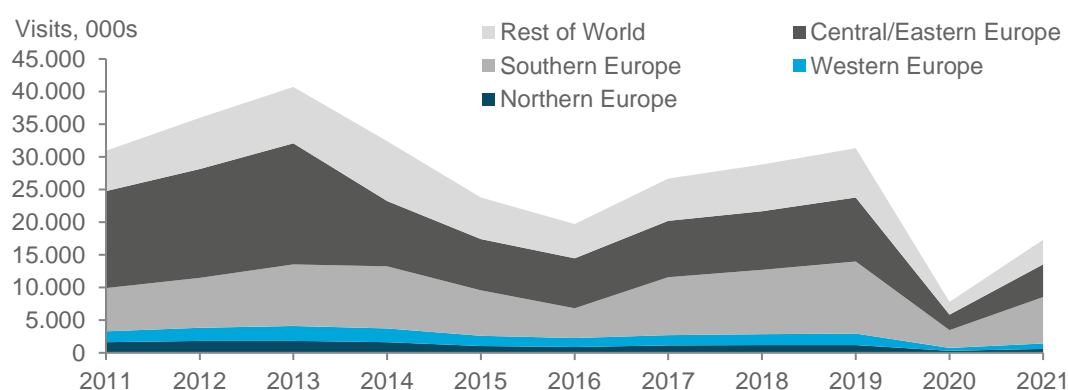
	2020	Growth (2020-25)			Growth (2015-20)		
	000s	Share**	Annual average	Cumulative growth*	Share 2025**	Cumulative growth*	Share 2015**
Total outbound travel	7,868	-	38.2%	404.5%	-	-66.9%	-
Long haul	1,984	25.2%	38.0%	400.0%	25.0%	-68.9%	26.8%
Short haul	5,884	74.8%	38.3%	406.0%	75.0%	-66.2%	73.2%
Travel to Europe	5,884	74.8%	38.3%	406.0%	75.0%	-66.2%	73.2%
European Union	2,264	28.8%	37.9%	399.0%	28.5%	-72.3%	34.4%
Northern Europe	309	3.9%	36.0%	365.6%	3.6%	-70.4%	4.4%
Western Europe	459	5.8%	35.8%	361.8%	5.3%	-71.0%	6.7%
Southern Europe	2,741	34.8%	37.5%	391.6%	33.9%	-60.4%	29.1%
Central/Eastern Europe	2,375	30.2%	39.9%	436.4%	32.1%	-69.8%	33.0%

\*Shows cumulative change over the relevant time period indicated

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

Source: Tourism Economics

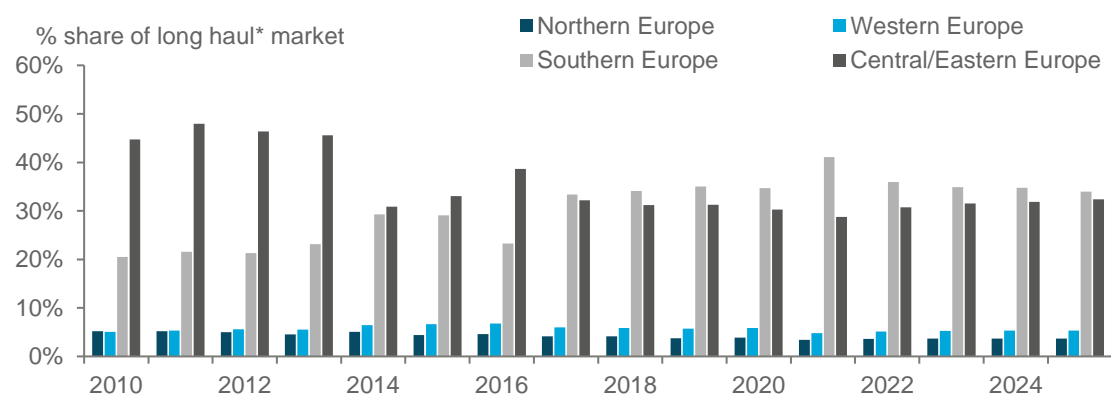
## Russia Long Haul\* Outbound Travel



\*Long haul defined as tourist arrivals to all destinations

Source: Tourism Economics

## Europe's Share of Russian Market



\*Long haul defined as tourist arrivals to all destinations

Source: Tourism Economics





## United Arab Emirates Market Share Summary

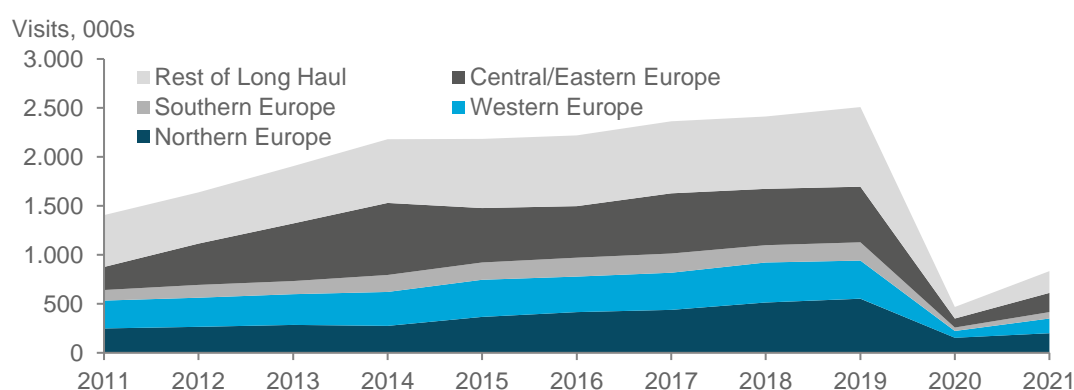
	2020	Growth (2020-25)			Growth (2015-20)		
	000s	Share**	Annual average	Cumulative growth*	Share 2025**	Cumulative growth*	Share 2015**
Total outbound travel	931	-	37.8%	396.2%	-	-76.4%	-
Long haul	501	53.8%	35.6%	358.0%	49.7%	-77.0%	55.3%
Short haul	430	46.2%	40.2%	440.8%	50.3%	-75.6%	44.7%
Travel to Europe	383	41.1%	33.4%	322.7%	35.0%	-74.1%	37.5%
European Union	272	29.2%	28.8%	254.0%	20.8%	-65.0%	19.7%
Northern Europe	186	19.9%	25.0%	204.6%	12.2%	-49.1%	9.3%
Western Europe	70	7.6%	38.0%	401.0%	7.6%	-81.6%	9.7%
Southern Europe	35	3.7%	34.1%	333.9%	3.3%	-80.2%	4.4%
Central/Eastern Europe	92	9.9%	43.0%	497.0%	11.9%	-83.5%	14.1%

\*Shows cumulative change over the relevant time period indicated

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

Source: Tourism Economics

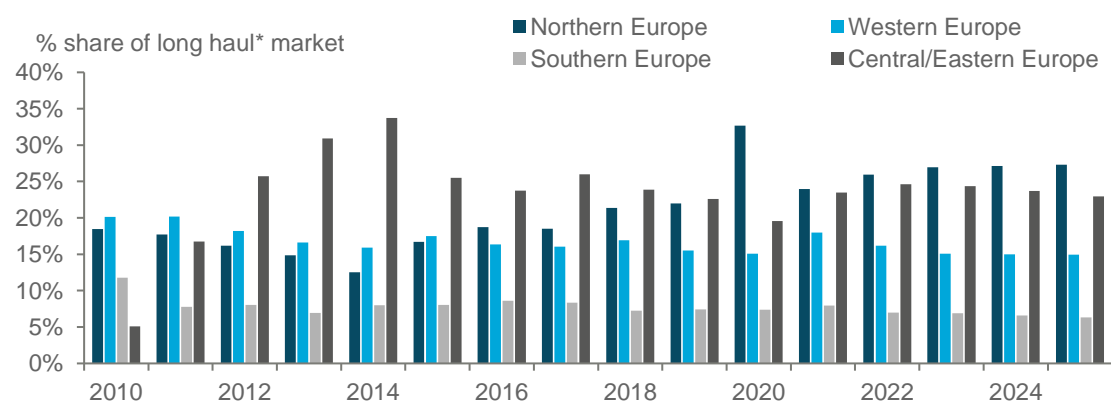
## United Arab Emirates Long Haul\* Outbound Travel



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

Source: Tourism Economics

## Europe's Share of Emirati Market



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

Source: Tourism Economics



## 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 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

We have nudged up our world GDP growth forecast for 2021 to 6.4% from 6.3% previously and continue to expect a healthy gain of 4.6% in 2022. Our above consensus outlook for global economic growth both this year and next year continues to be supported by recent activity developments.

Recent news on Covid-19 cases have been positive, as global case numbers are almost back down to their March lows, and economic data have continued to consistently beat economists' expectations on the upside. Business surveys indicate that the healthy rebalancing of the global economy away from manufacturing and towards services is continuing. The global services PMI remains comfortably ahead of the manufacturing headline index for a second consecutive month after rising in May.

We continue to expect a strong global growth rebound in Q2 as the Chinese economy regains momentum and advanced economies benefit from a relaxation in activity restrictions and the resulting release of pent-up demand by households. Non-Chinese emerging markets are likely to see GDP growth slow in Q2 because of a surge in Covid-19 cases, most notably in India, but growth should improve in H2.

We have raised our CPI inflation forecasts to reflect the strengthening recovery, supply bottlenecks, and rising cost pressures. At a global level, we now expect inflation to average 3.8% this year, the strongest annual rise since the 2011/2012 period.

Although there has been plenty of talk about a new inflation regime, we still think there is only a small chance of the current inflation pick-up marking the start of a sustained period of high inflation. For most economies, we continue to believe the current rise in inflation is a response to temporary supply and demand dynamics that will start to subside as we move into 2022.



## Summary of economic outlook, % change\*

Country	2021					2022				
	GDP	Consumption	Unemployment**	Exchange rate***	Inflation	GDP	Consumption	Unemployment**	Exchange rate***	Inflation
UK	7.7%	5.0%	0.7%	2.7%	1.4%	6.2%	8.7%	-1.3%	0.0%	2.1%
France	5.1%	2.9%	0.6%	0.0%	1.4%	4.7%	6.4%	0.8%	0.0%	1.3%
Germany	3.7%	1.3%	-0.1%	0.0%	2.5%	4.4%	8.7%	-0.5%	0.0%	1.4%
Netherlands	2.9%	1.1%	0.2%	0.0%	2.2%	3.3%	6.7%	1.2%	0.0%	1.9%
Italy	5.0%	3.7%	0.6%	0.0%	1.5%	4.7%	6.2%	0.0%	0.0%	1.2%
Russia	2.5%	3.3%	-0.3%	-9.0%	5.6%	2.7%	5.0%	-0.5%	-0.8%	4.2%
US	7.7%	9.5%	-2.9%	-6.6%	3.8%	4.5%	5.1%	-1.2%	-0.8%	2.5%
Canada	6.8%	5.2%	-2.1%	2.0%	2.7%	3.5%	6.2%	-0.5%	-3.2%	2.3%
Brazil	5.0%	4.4%	-0.2%	-9.2%	6.6%	2.1%	3.4%	-1.2%	-2.1%	4.2%
China	8.9%	9.4%	-1.8%	-0.3%	1.5%	5.5%	9.4%	-1.3%	-2.1%	2.5%
Japan	2.1%	1.5%	0.0%	-8.2%	0.1%	3.3%	3.0%	-0.2%	-1.9%	0.5%
India	9.1%	8.2%	-2.5%	-5.5%	4.8%	7.1%	7.1%	-1.1%	-2.0%	4.8%

\* 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

Restrictions to fight second and third waves of Covid-19 infections weakened activity across the eurozone at the start of the year. But the situation is improving thanks to falling infection numbers and rising vaccination rates. Governments have started to ease restrictions, and consumers are eager to take advantage. High-frequency data points to a faster-than-expected rebound in consumption, as the reopening of the hospitality and non-essential retail sectors lifts prospects for Europe's tourism hotspots. We now forecast GDP growth of 4.3% in 2021 (up from 4.2% last month) and increasing to 4.6% in 2022.

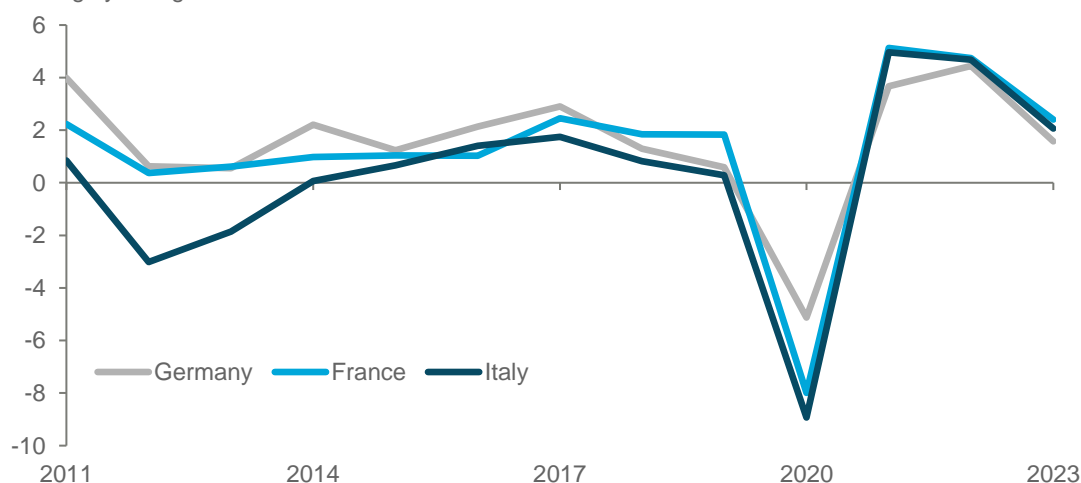
Retail sales dropped 3.1% month on month in April after rising 3.3% in March, signalling that measures to counter the spread of Covid-19 continue to weigh on economic activity. But more recent evidence from mobility data and surveys paints a more upbeat picture. The services PMI jumped to a three-year high in May, while Google mobility data at the end of May suggest that activity in non-essential retail and the hospitality sector rose to near the highs seen last summer. Our Eurozone Recovery Tracker also suggests activity strengthened throughout May.

After a GDP drop of 0.6% in Q1, vaccination progress and the gradual but broad-based reopening of the eurozone economies point to a strong GDP rise in Q2 and Q3. While uncertainty surrounding the scale of the rebound is still high, our bottom-up forecast now points to quarterly GDP growth of 1.7% in Q2 and 2.2% in Q3.

Inflation rose to 2% in May, the highest in over two years, due to surging energy prices. But underlying price pressures remained subdued, with core inflation rising to 0.9%. Inflation could be as high as 2.5% in H2, lifted by price hikes in hospitality, supply-bottlenecks, and base effects. We expect inflation to average 1.8% this year, but we anticipate a slowdown to 1.4% in 2022 given weak underlying price pressures.

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

% change year ago



Source: Oxford Economics



## UNITED KINGDOM

Activity has risen strongly in response to the relaxation of restrictions on social consumption, according to the latest high-frequency data. We now expect 2021 GDP growth of 8% (up from 7.2% in May) and 5.9% in 2022. We also think the pandemic will leave less scarring than previously feared, mainly due to the success of the furlough scheme in limiting the rise in unemployment.

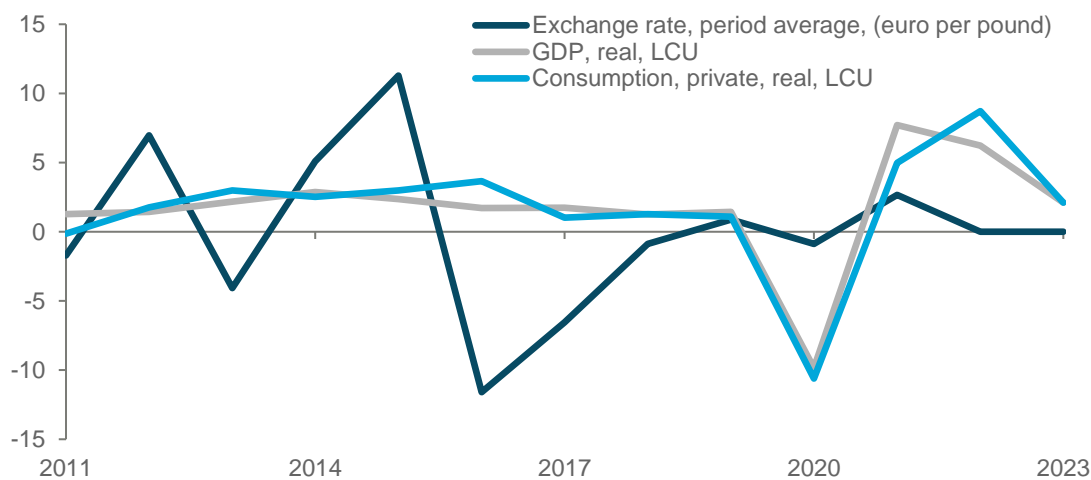
GDP surprised on the upside in March, rising by 2.1% month on month. Though the reopening of schools in England was a key part of the story, the pick-up in activity was broad-based, with consumer-facing sectors faring particularly well despite most restrictions on social consumption remaining in place.

Activity appears to have improved further in April following the reopening of non-essential retailers and outdoor hospitality on April 12. Retail sales rose 9.2% m/m and the Bank of England's CHAPS data reported a strong recovery in spending on credit and debit cards. Further momentum came from the reopening of indoor hospitality and entertainment venues in mid-May, with restaurant bookings running well above 2019 levels and mobility metrics also recovering. We now think the Q2 rebound will be slightly firmer than previously expected, with GDP growth of more than 6% quarter on quarter.

With the vaccination rollout continuing apace, the spread of the Delta variant caused a delay in the final step of the reopening plan to be delayed by a few weeks. The impact of this delay on the forecast is modest given the most economically significant steps have already been taken.

### United Kingdom economic outlook

% change year ago



Source: Oxford Economics



## UNITED STATES

The US economy is about to experience a summer boom fuelled by reduced virus fears, steady household incomes, and elevated savings. Consumer demand will rotate from goods toward services while supply gradually responds to stronger activity. Higher inflation will be a feature of the transitory supply and demand imbalance, but we do not foresee the economy overheating. We continue to expect GDP growth of 7.7% in 2021, the fastest rate since 1951.

Consumer spending paused in April after a shopping spree in March. But households still have the itch to spend, the means to do so, and fewer health reasons not to indulge. As health conditions improve and the economy reopens, generous fiscal stimulus, rebounding employment, and rising optimism will power consumption growth of 9.5% this year – the strongest performance since 1946.

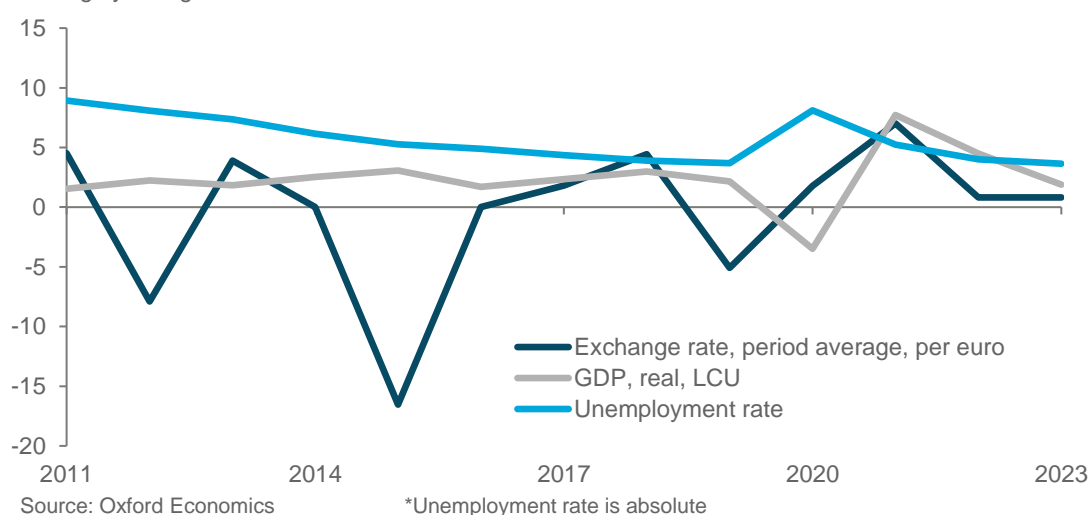
The labour market only felt a little warmer in May as the economy added 559,000 jobs, while the unemployment rate fell to 5.8% amid lower labour force participation. While the spectacle of a blooming labour market is not visible yet, we still foresee multiple +1 million jobs reports over the summer with the economy adding around 8 million jobs in 2021 and the unemployment rate falling to 4.3% by year-end.

Our baseline signals that the pickup in inflation is neither purely “transitory” nor the start of an upward spiral. We see headline inflation averaging 3.2% in 2021 and core PCE at 3.1% – its highest since the early 1990s. Core inflation will likely display some signs of stickiness, remaining at 2.5% in 2022 compared with 1.6% during 2010-2019.

In this environment, we anticipate the Fed will tread carefully and await a formal announcement for QE tapering plans at the annual Jackson Hole Economic Symposium in August, with tapering commencing in early 2022. Thereafter, we believe the Fed will proceed with a rate lift-off in Q1 2023.

### United States economic outlook

% change year ago\*





## JAPAN

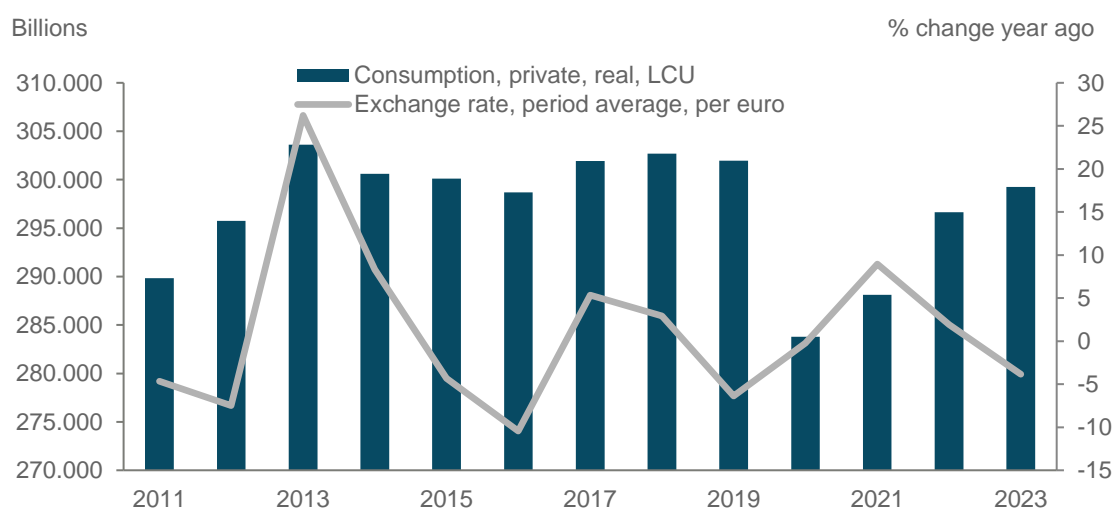
The Japanese government extended the State of Emergency (SOE) for major cities until June 20<sup>th</sup>, meaning that the economy will likely experience another contraction in Q2 after the 1.3% decline in Q1. We have therefore downgraded our 2021 GDP forecast to 2.1% from 3% previously. We still forecast the recovery to pick up pace in H2, reflecting progress in the vaccination programme, and expect GDP growth of 3.3% in 2022.

While we think the SOE will not be as disruptive as last year, the consequent contraction in Q2 will be modest as the manufacturing sector should fare better, partly due to strong foreign demand from China and the US. Indeed, the manufacturing PMI of 53 for May remains above 50, which separates contraction from expansion, while the services PMI dropped to 46.5 from 49.5 in April.

We see the economic recovery picking up pace in H2 as domestic demand recovers, supported by progress in the vaccine rollout and a buoyant manufacturing sector due to strong foreign demand. However, health-related risks are skewed to the downside, and a combination of delays in the vaccine rollout and limited medical capacity to treat Covid-19 patients could lead to tighter restrictions, threatening recovery prospects.

As the SOE is prolonged, the government is considering extending the deadlines for some of the support it has been providing to assist firms and households, including the employment subsidies. At its June meeting, the Bank of Japan (BoJ) will likely leave monetary policy unchanged, but it may extend the deadline of its Covid-19 related lending and purchase operations beyond end-September 2021. With more favourable US growth prospects amid additional fiscal expansion, the yen has somewhat depreciated in the past month and will likely remain weak until late 2022.

### Private consumption in Japan



Source: Oxford Economics





## EMERGING MARKETS

Our outlook for emerging markets (EMs) continues to be more optimistic than the consensus. Our GDP growth forecasts of 7% in 2021 and 5% in 2022 are little changed relative to last month. However, recent developments highlight the ongoing divergence of the economic trajectories for EM countries.

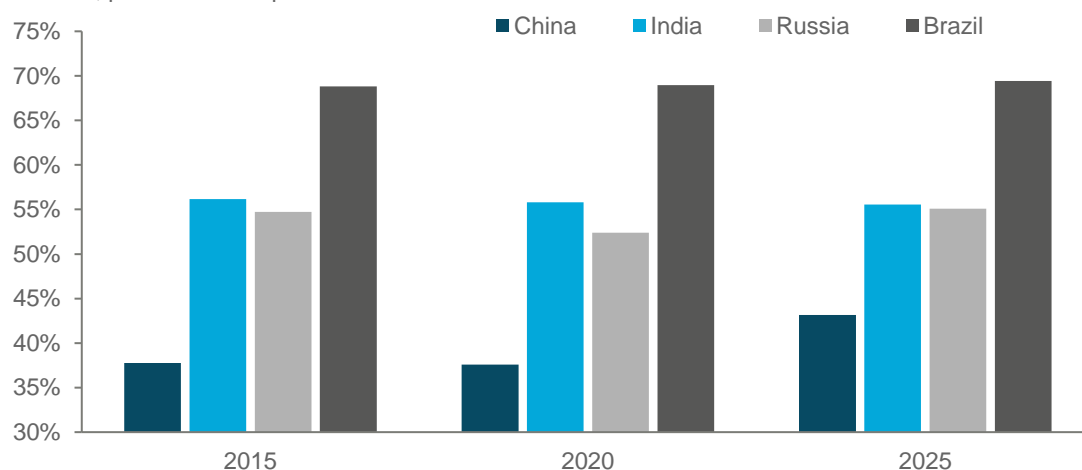
Our current baseline forecast continues to imply EMs (ex-China) will recover to pre-pandemic GDP levels by year-end. But with only a handful of governments having succeeded in bringing Covid-19 outbreaks under control, we expect sequential GDP growth in many locations will be weaker in Q2 than in Q1. While the broad outlook is bright for H2, the slow pace of the vaccination programmes will impinge on the expected rebound in some countries, including India and ASEAN.

The strong global economic recovery will buoy the EM industry and export outlook, consistent with recent PMI readings, with commodity producers benefitting from the upswing in prices. However, supply shortages and shipping delays may dampen industrial momentum in the coming months, and producer prices could face further upward pressure. Meanwhile, weakness in services exports will linger in the near term, though the reopening of international travel will underpin the recovery in H2 and into 2022.

With inflationary pressures picking up almost everywhere and offsetting wide output gaps, more central banks are turning hawkish. In addition to Brazil, Mexico, and Russia, where we had expected higher rates by the end of 2021, Colombia and some Central/ Eastern European countries are also expected to tighten monetary policy settings.

### Propensity to consume in key emerging markets

% share, private consumption / GDP



Source: Oxford Economics



# APPENDIX 1

## GLOSSARY OF COMMONLY USED TERMS AND ABBREVIATIONS

### AIRLINE INDUSTRY INDICATORS

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

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

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

**Xmth mav** – X month moving average.

### HOTEL INDUSTRY INDICATORS

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

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

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

### CENTRAL BANKS

**BoE** – Bank of England;

**MPC** – Monetary Policy Committee of BoE;

**BoJ** – Bank of Japan;

**ECB** – European Central Bank;

**Fed** – Federal Reserve (US);

**RBI** – Reserve Bank of India;

**OBR** – Office for Budget Responsibility;

**PBoC** – People's Bank of China.

### ECONOMIC INDICATORS AND TERMS

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

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

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

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

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

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

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

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

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

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

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



## APPENDIX 2

### ETC MEMBER ORGANISATIONS

**Belgium:** Flanders – Visit Flanders, Wallonia – Wallonie-Belgique Tourisme  
**Bulgaria** – Bulgarian Ministry of Tourism  
**Croatia** – Croatian National Tourist Board (CNTB)  
**Cyprus** – Deputy Ministry of Tourism, Republic of Cyprus  
**Czech Republic** – CzechTourism  
**Denmark** – VisitDenmark  
**Estonia** – Estonian Tourist Board – Enterprise Estonia  
**Finland** – Business Finland Oy, Visit Finland  
**Germany** – German National Tourist Board (GNTB)  
**Greece** – Greek National Tourism Organisation (GNTTO)  
**Hungary** – Hungarian Tourism Agency Ltd.  
**Iceland** – Icelandic Tourist Board  
**Ireland** – Fáilte Ireland and Tourism Ireland Ltd.  
**Italy** – Italian Government Tourist Board  
**Latvia** – Investment and Development Agency of Latvia (LIAA)  
**Lithuania** – Ministry of the Economy and Innovation, Tourism Policy Division  
**Luxembourg** – Luxembourg for Tourism (LFT)  
**Malta** – Malta Tourism Authority (MTA)  
**Monaco** – Monaco Government Tourist and Convention Office  
**Montenegro** – National Tourism Organisation of Montenegro  
**Netherlands** – NBTC Holland Marketing  
**Norway** – Innovation Norway  
**Poland** – Polish Tourism Organisation (PTO)  
**Portugal** – Turismo de Portugal, I.P.  
**Romania** – Romanian Ministry of Tourism  
**San Marino** – State Office for Tourism  
**Serbia** – National Tourism Organisation of Serbia (NTOS)  
**Slovakia** – Ministry of Transport and Construction of the Slovak Republic  
**Slovenia** – Slovenian Tourist Board  
**Spain** – Turespaña – Instituto de Turismo de España  
**Switzerland** – Switzerland Tourism