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EUROPE'S LONG- HAUL TRAVEL RECOVERY

6th March 2023 – *ITB Press Conference with ETC and ETOA*

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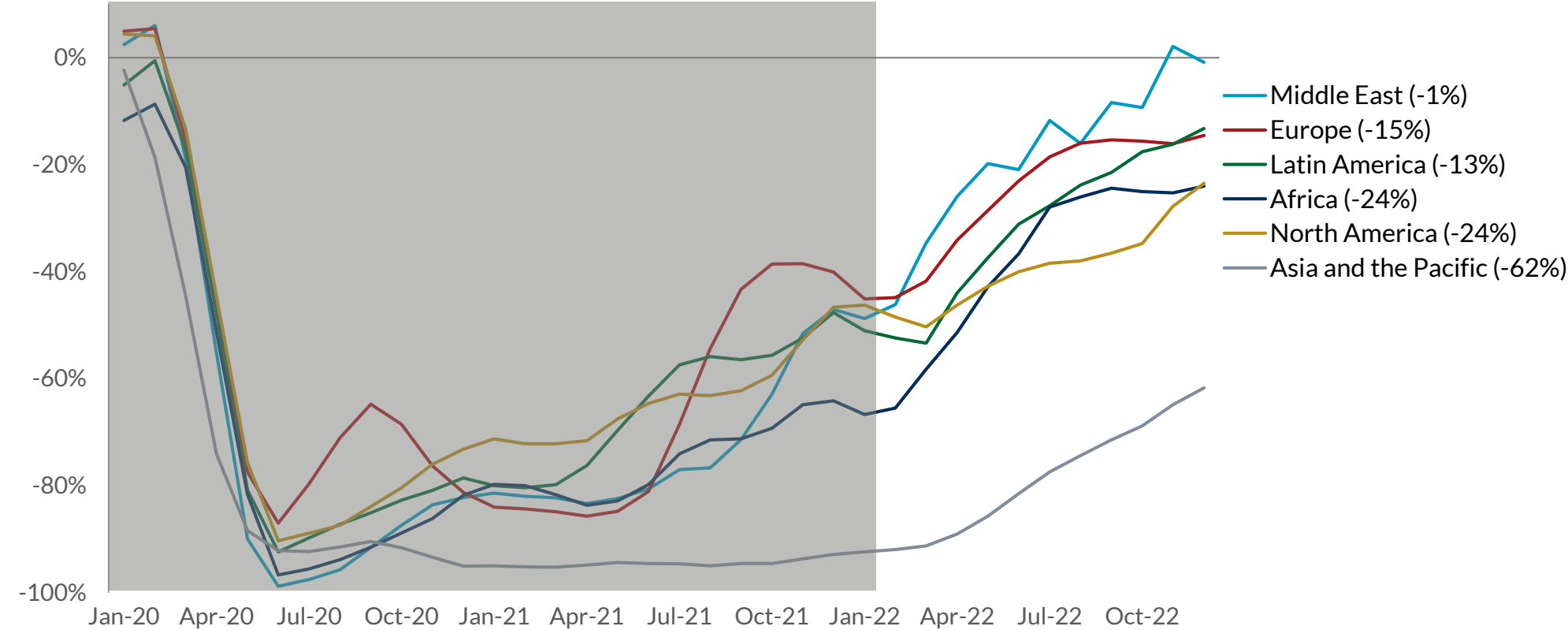
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Widescale rebound in travel activity began in 2022

International Tourist Arrivals by World Region

% difference from same month in 2019, 3mma (figures in brackets are 3 months to Dec)



Source: UNWTO

Traveller confidence remains buoyant

"I think you've heard travel CEOs talking about it for a while and maybe it was hopeful. But **we continue to see that people are prioritizing travel over just about everything**. If any of you have been traveling, I'm sure you've seen it. **Rates are still very high. Demand is high. Planes are full.**"

Expedia earnings call, February 9, 2023

**Emphasis by Tourism Economics*

Traveller confidence remains buoyant

"As we look ahead to full year 2023, **there is meaningful uncertainty about global economic growth**. Lodging is a cyclical business, and it's not immune to downturns in the macroeconomic environment. To date, however, we have not seen signs of demand softening. Certainly, trends could change relatively quickly given our average transient booking window is around 3 weeks. **But 1.5 months into 2023, booking demand and pricing remains strong.**"

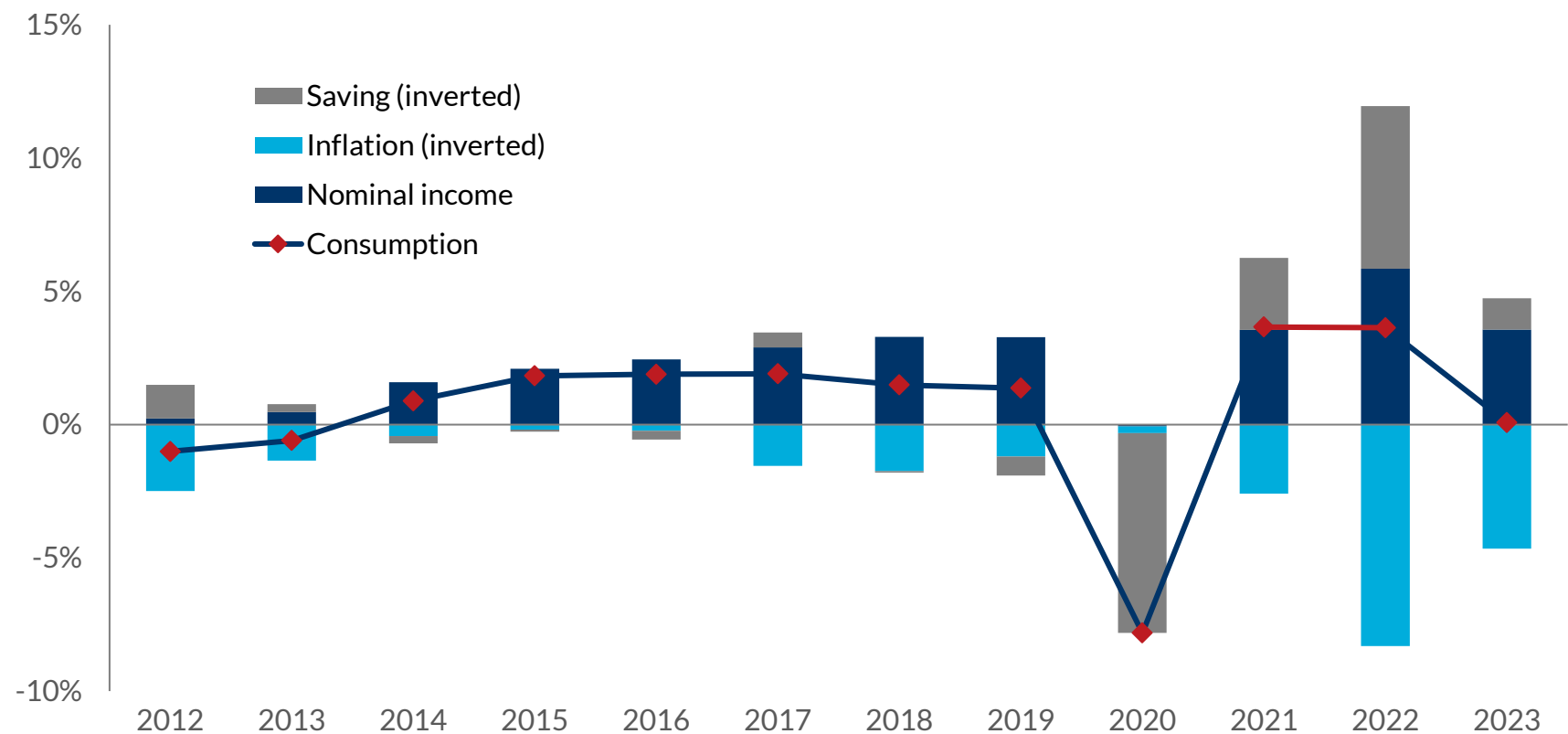
Marriott earnings call, February 14, 2023

**Emphasis by Tourism Economics*

But economic downturn is a major challenge for Europe

Eurozone: consumption and drivers

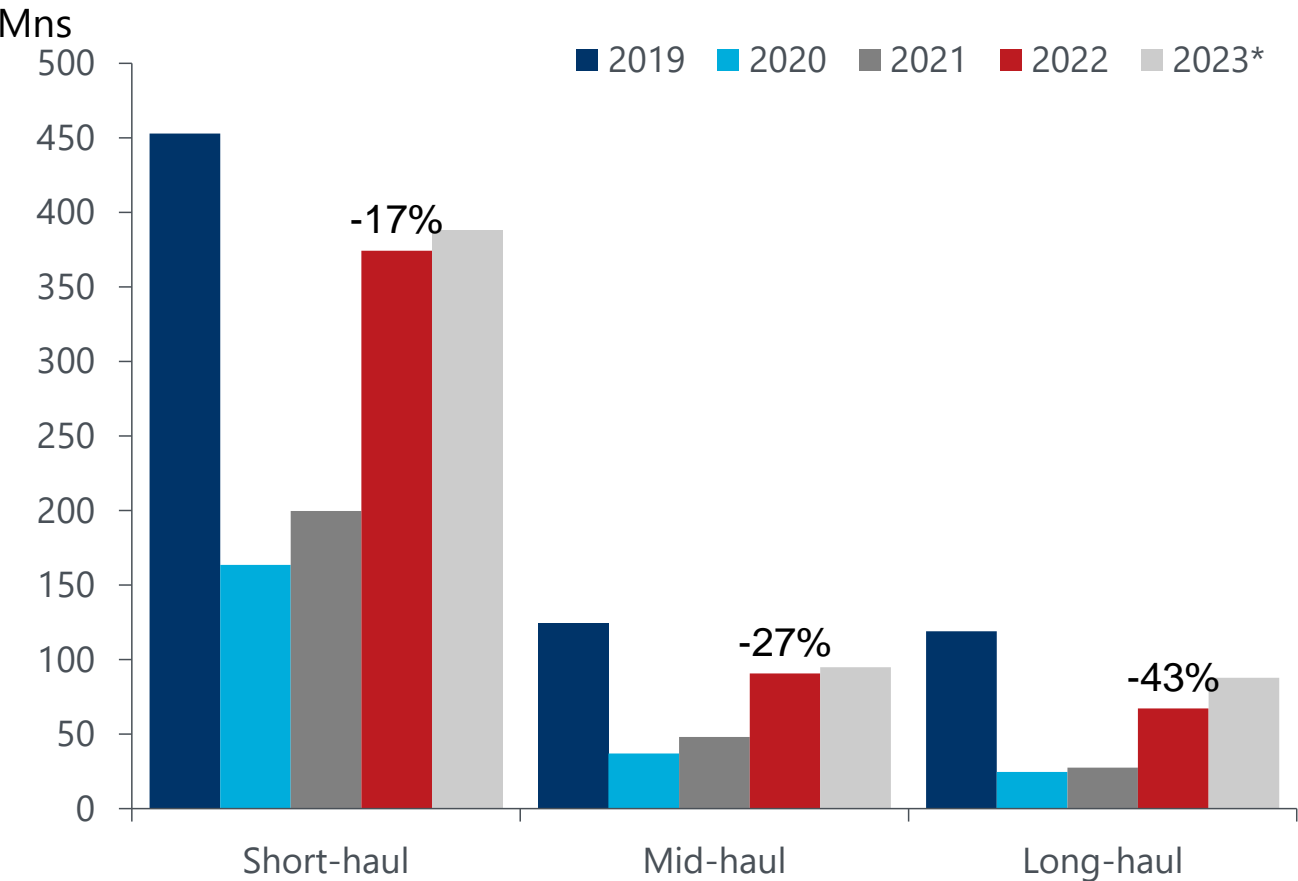
% year: pp contributions



Source: Oxford Economics

Our outlook remains cautious, especially for short-haul

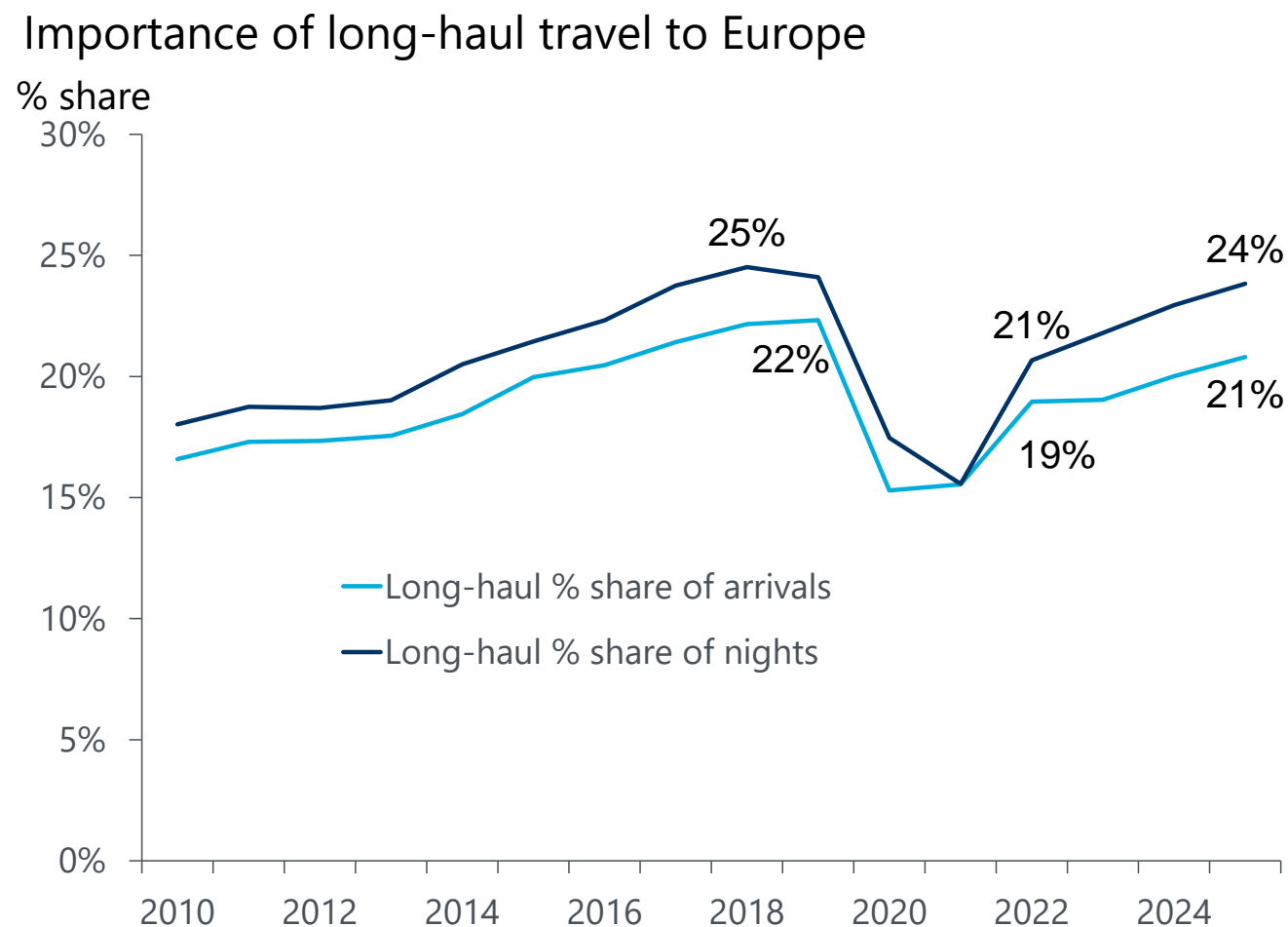
European international arrivals: major flows



Source: Tourism Economics

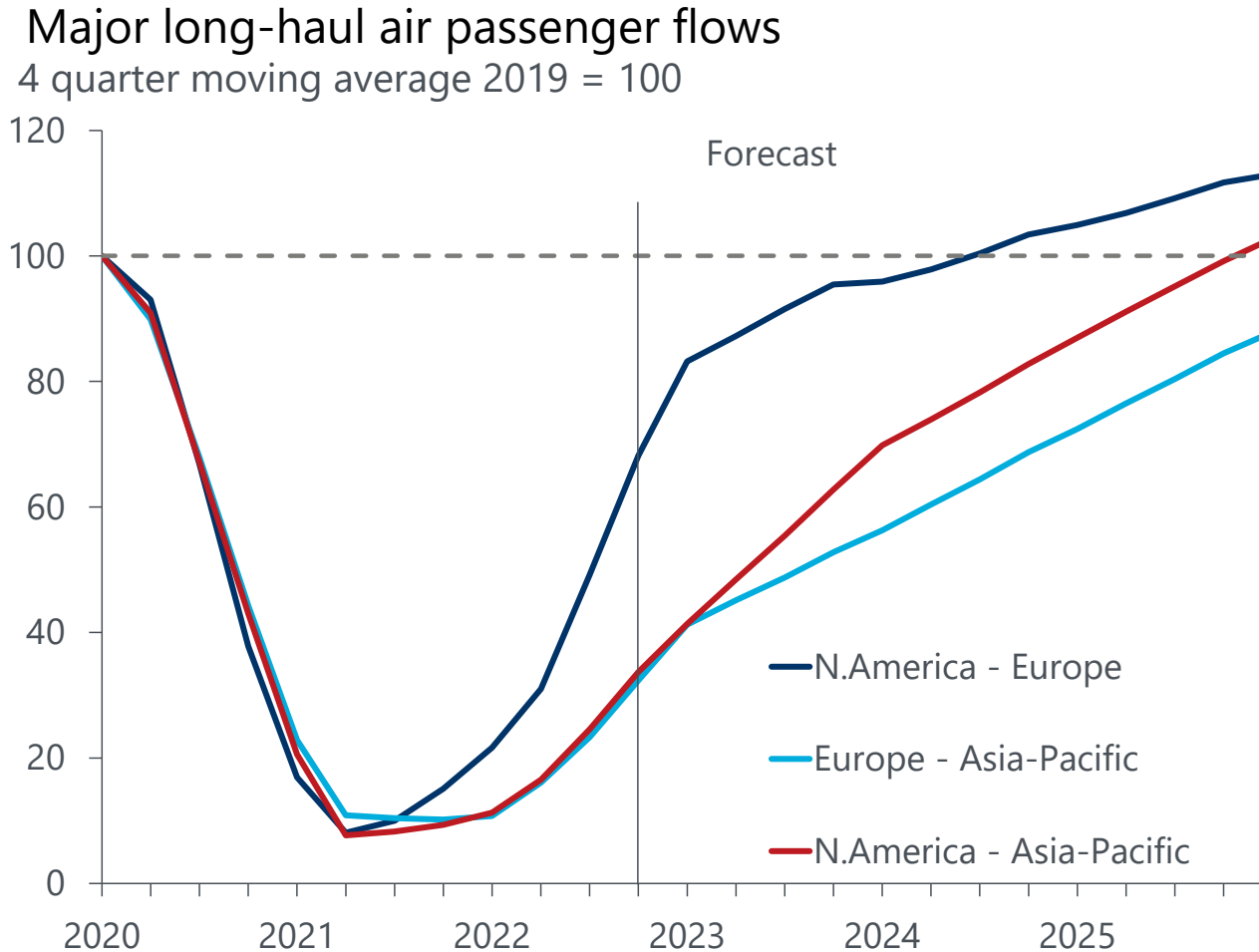
* draft outlook

Long-haul travel is required for full recovery



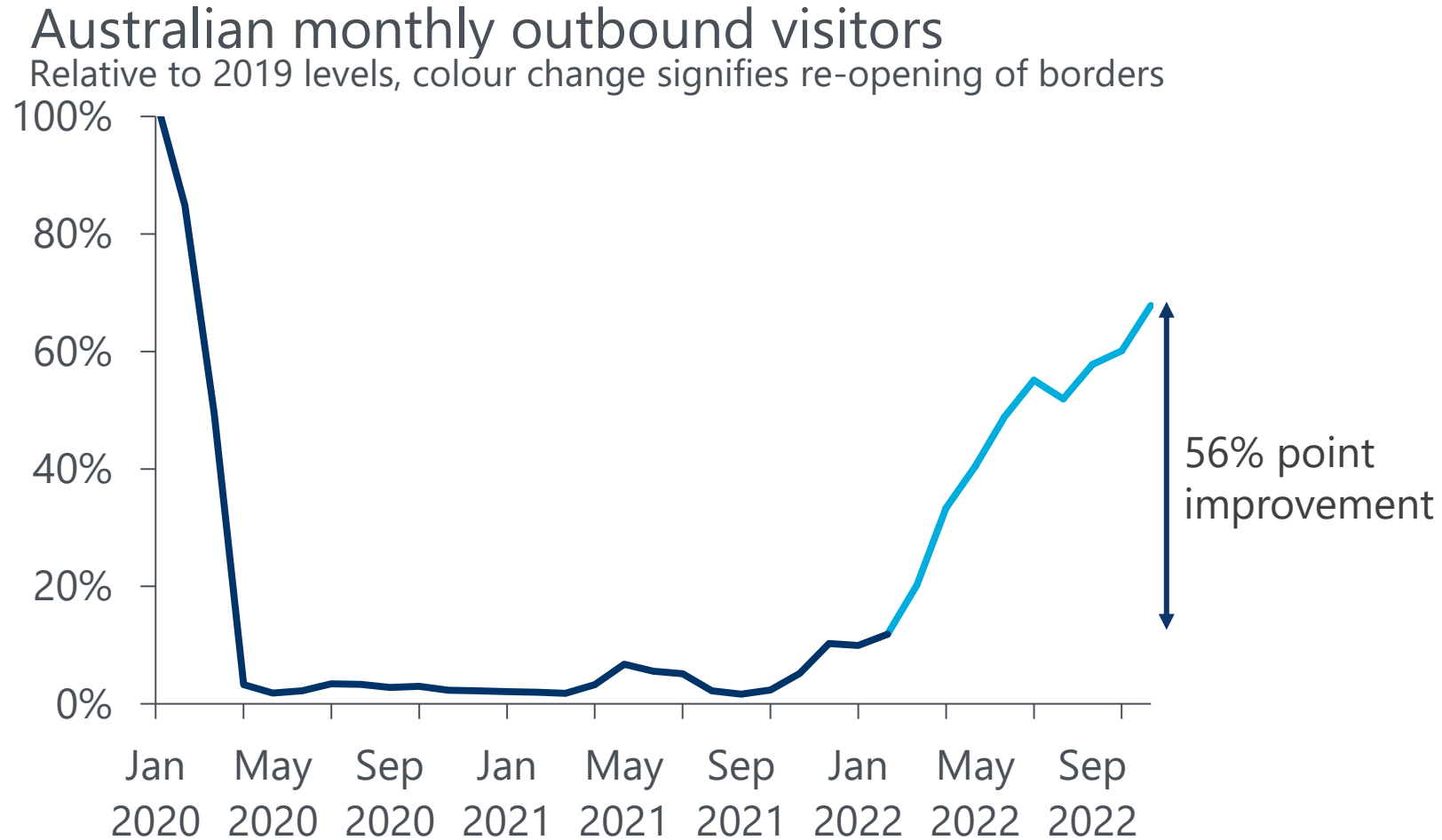
Source: Tourism Economics

Transatlantic travel is leading the way



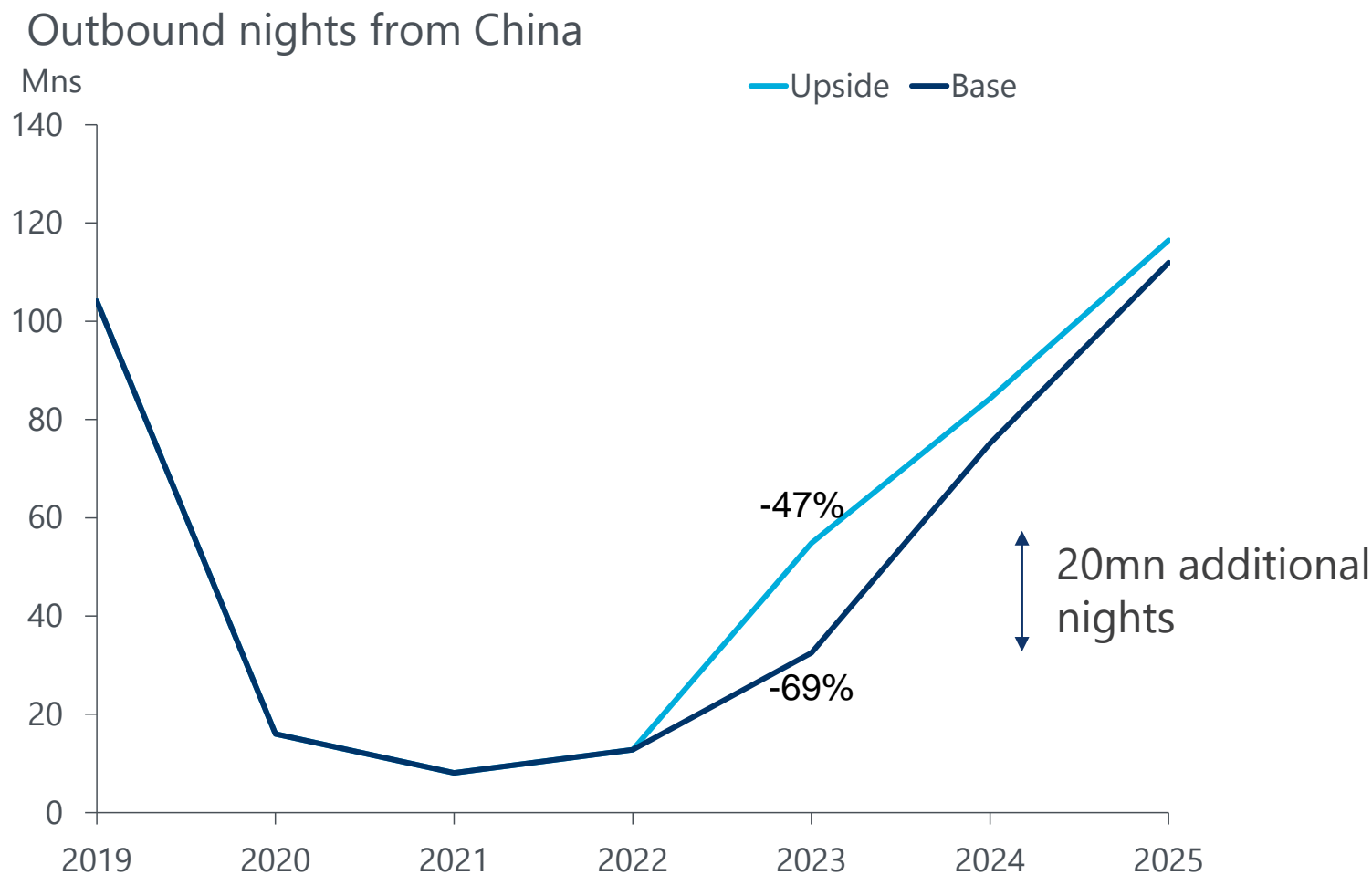
Source: IATA / Tourism Economics

More gradual recovery following extended border closures



Source: Australia Bureau of Statistics

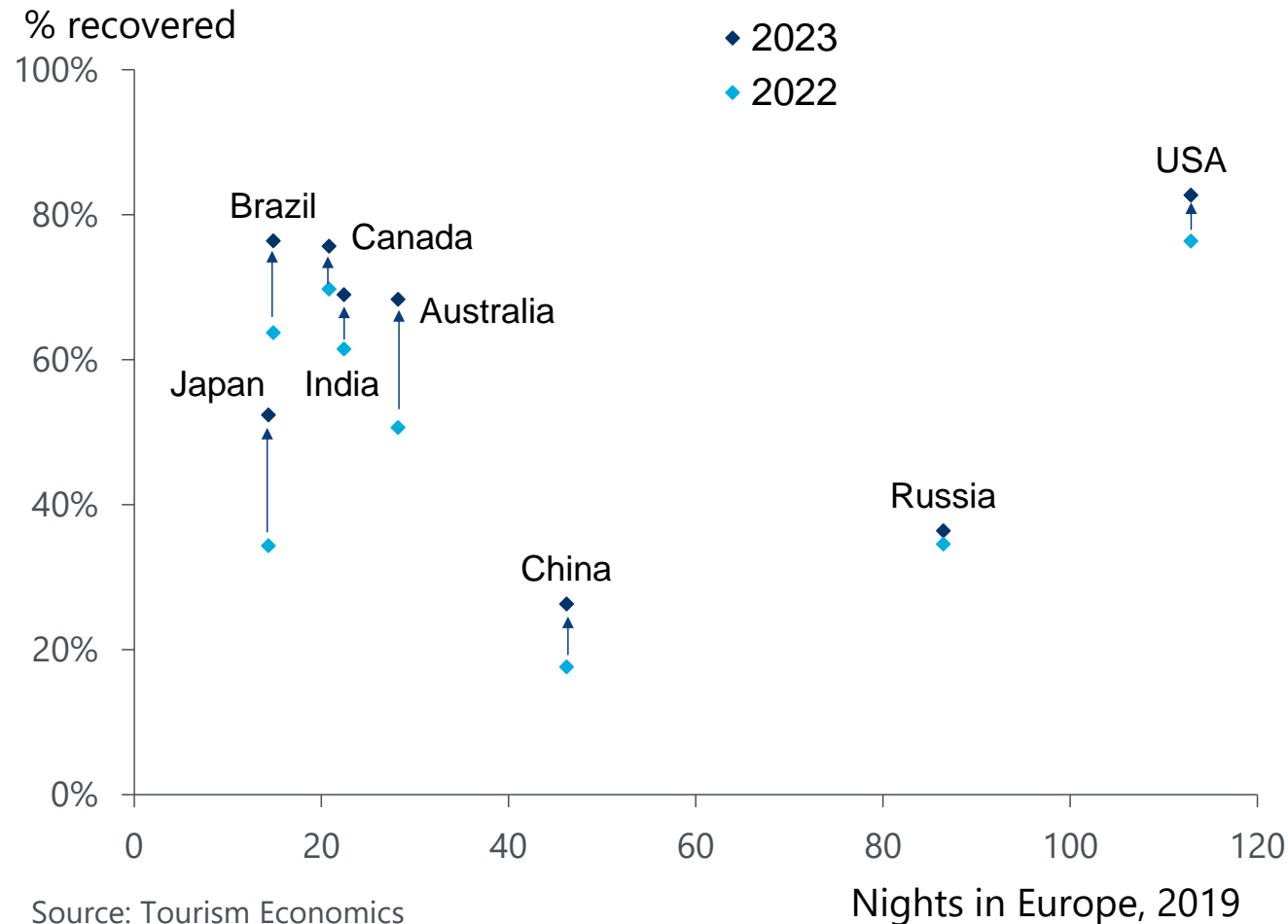
Slow Chinese recovery likely, as domestic travel is preferred



Source: Tourism Economics

Expected long-haul recovery

Long-haul (and Russia) market size and expected recovery



Source: Tourism Economics

Takeaways

- Long-haul travel recovery is crucial for full recovery and future growth
- There are opportunities for faster growth given short-haul challenges
- Arrivals to the EU from North America are closest to pre-pandemic levels
- Brazil, India and Australia catching up in 2023
- China and Japan continue to lag but set to see significant growth in 2023, and beyond



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