

# Key Travel & Tourism Indicators: Monthly Update

March 2011

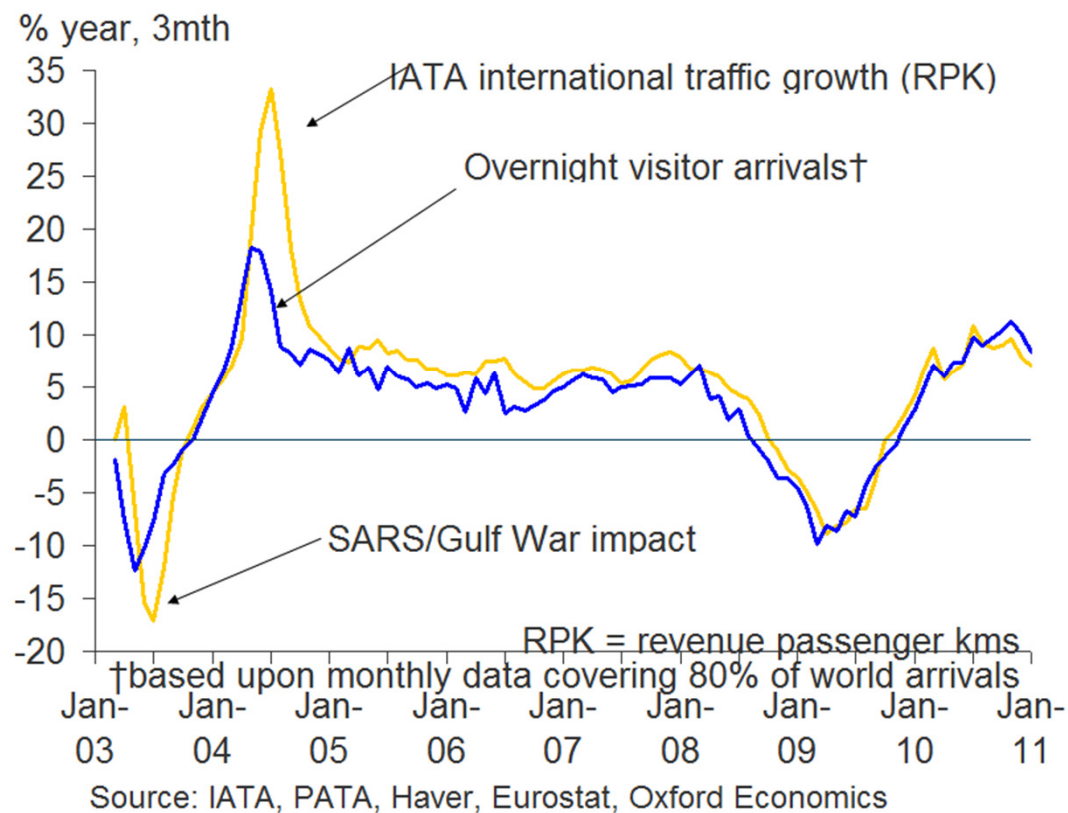


## Current Travel & Tourism Trends

- Airline passenger growth rebounded in January – notably in Europe, following the airport closures in late 2010 caused by the early winter storms.
- However, the slower growth trend for Travel & Tourism is continuing into 2011 to more sustainable growth rates.
- Emerging markets continue to demonstrate the strongest growth in passenger numbers but are also slowing.
- After turning in the best performance of all world regions in 2010, growth in hotel occupancy and overnight visitor arrivals in the Middle East has slowed significantly in early 2011. This is partly due to the political upheaval in the region and in North Africa.

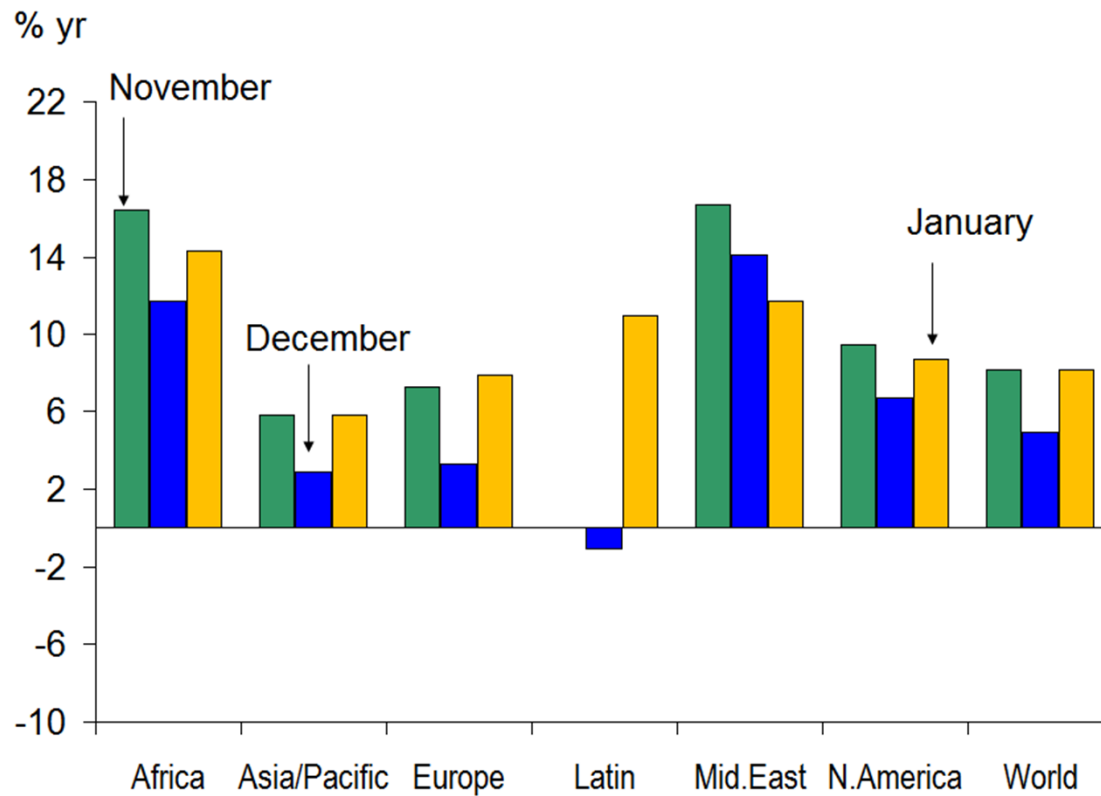
# Bad weather conditions in late 2010 were felt by the tourism industry...

## World: Short-term tourism indicators



# ...and air passenger growth rebounded in January, especially in Europe

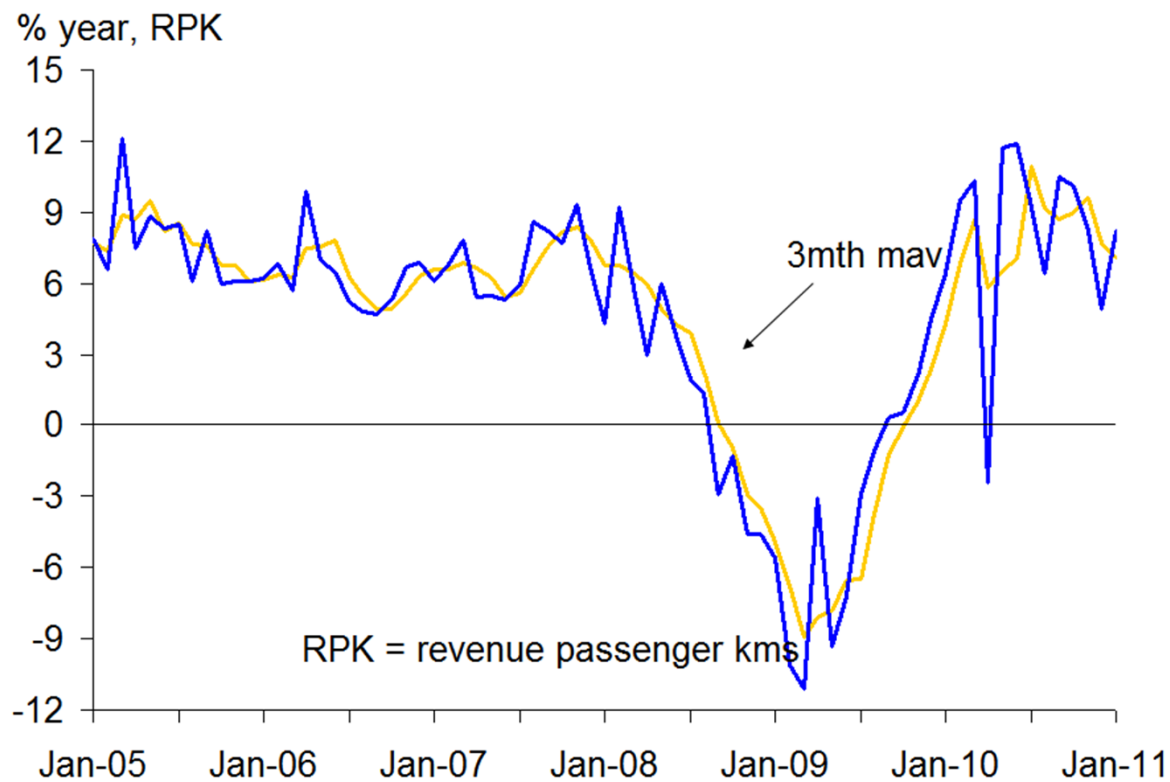
## International air passenger growth by region



Source: IATA

# Global airline passenger traffic growth remains strong, but is slowing...

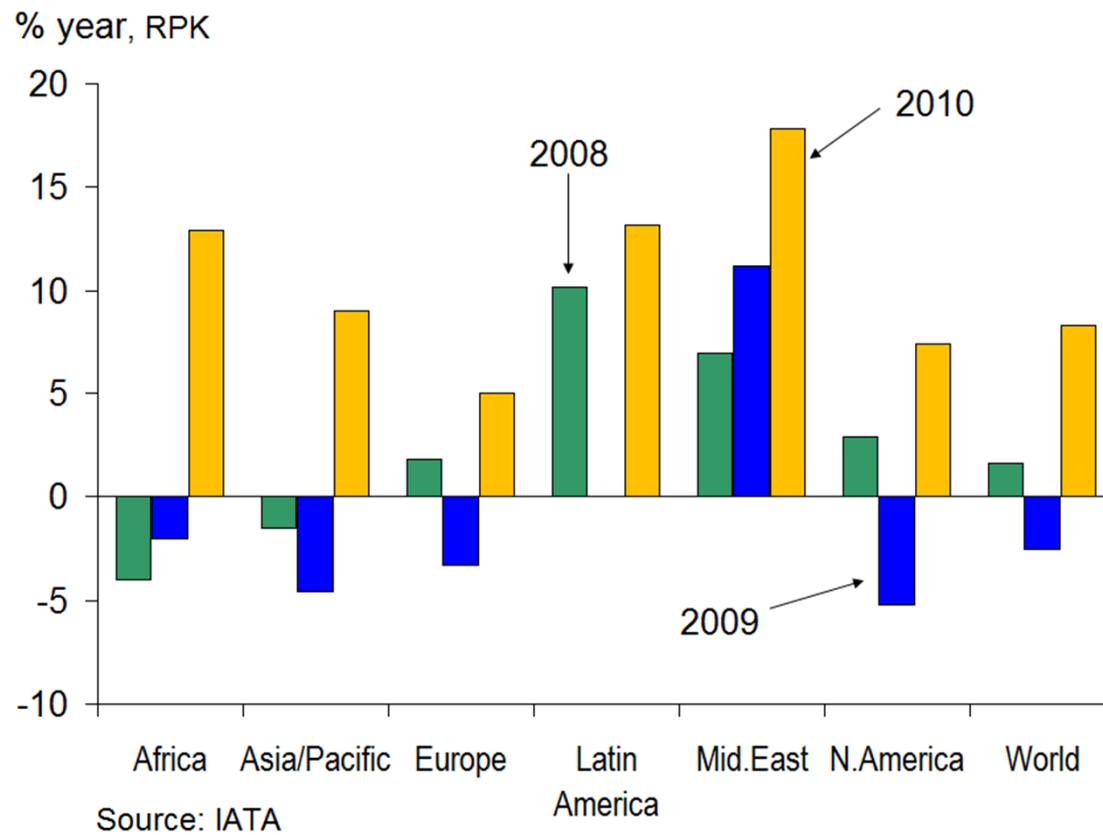
## International air passenger traffic growth



Source: IATA

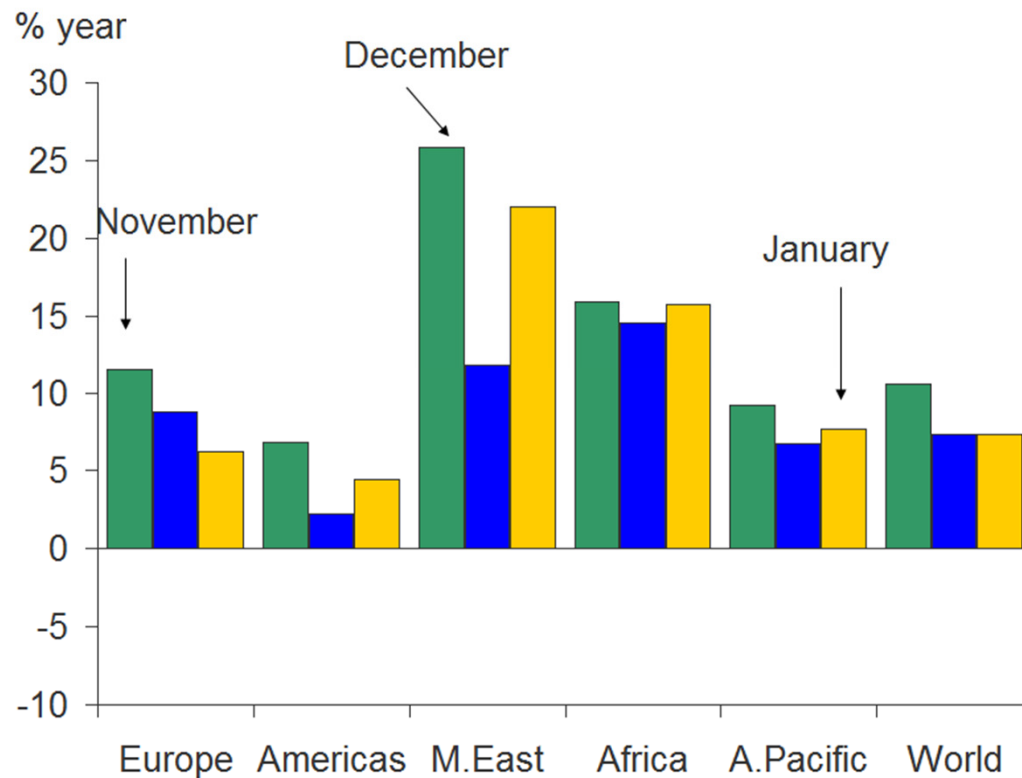
... and growth for all world regions is likely to slow in 2011

### International air passenger growth by region



# Visitor arrivals growth remained steady in January...

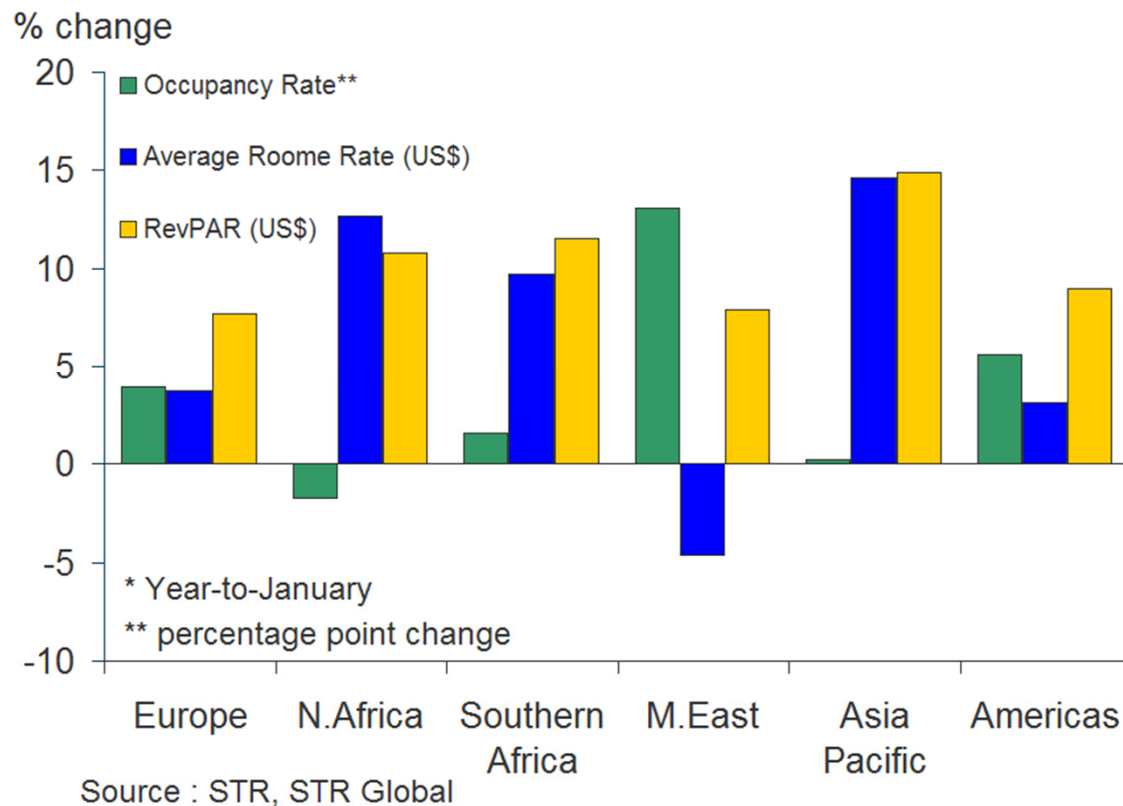
## Overnight visitor arrival growth by region

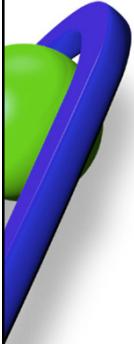


Source: PATA, Haver, Eurostat, Oxford Economics, UNWTO

# ...but some indicators turn negative for North Africa and the Middle East

## Regional Hotel Performance\*





# Implications of Current Events in the Middle East and North Africa

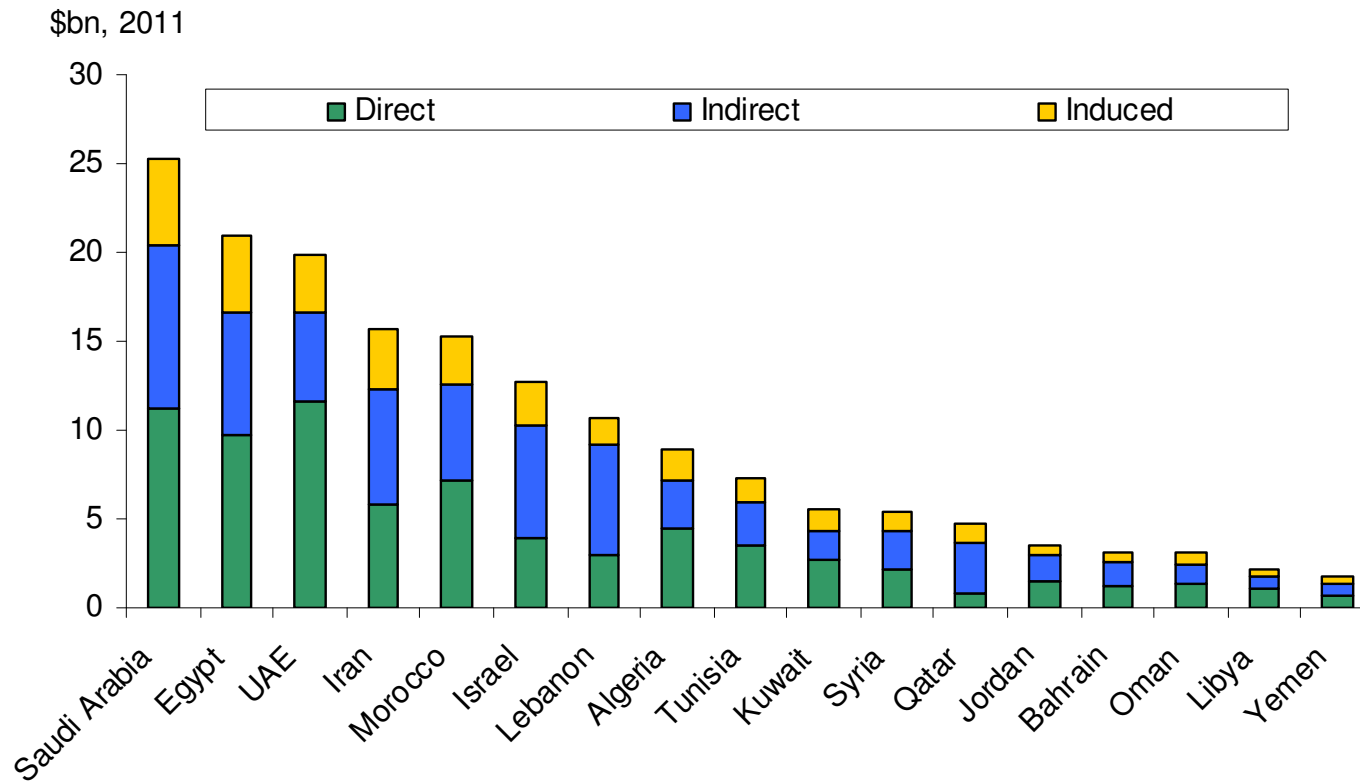


## Summary

- Travel & Tourism makes a significant contribution to GDP and employment in the economies of the Middle East and North Africa.
- Domestic travel is important, but countries with a greater relative contribution to GDP from Travel & Tourism tend to be more reliant on international visitors.
- In addition to any direct disruptions, other countries in the region may be affected by a loss of confidence. This could lead to a displacement of tourism activity to northern Mediterranean destinations – a trend that is already emerging in some markets.
- There is clearly also a risk of wider impacts from rising oil prices.

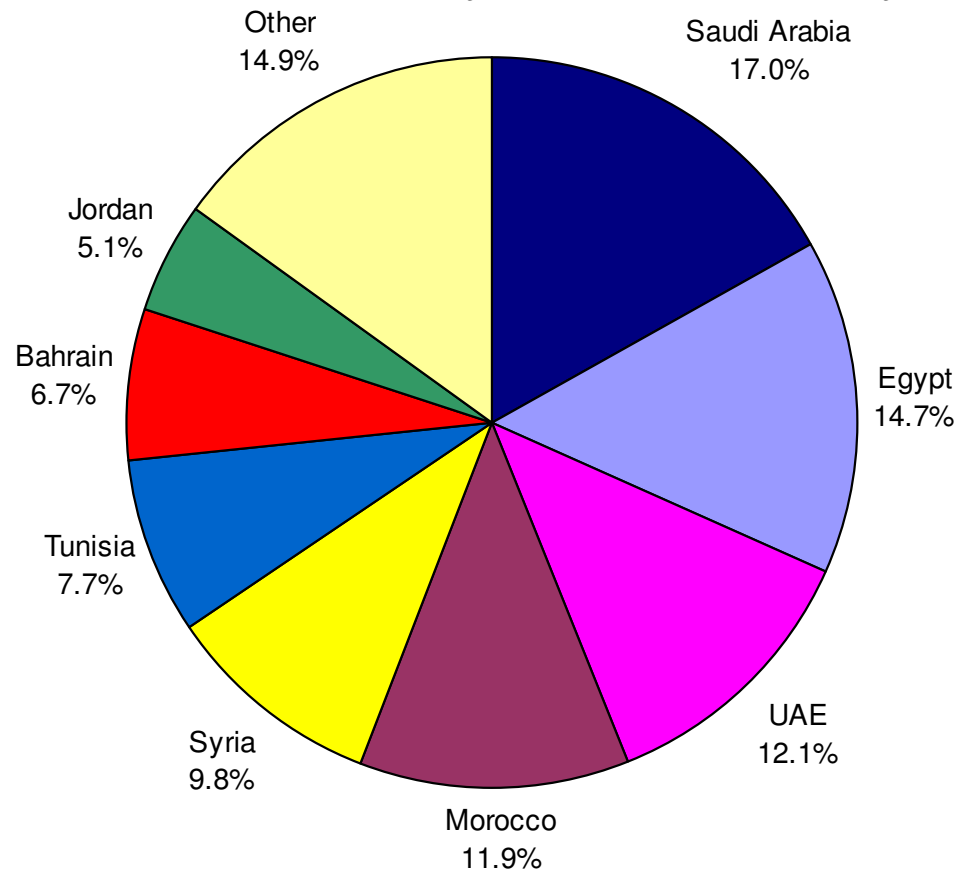
# Travel & Tourism's contribution to GDP depends partly on a country's size...

Travel & Tourism contribution to total GDP by country in absolute terms, 2011



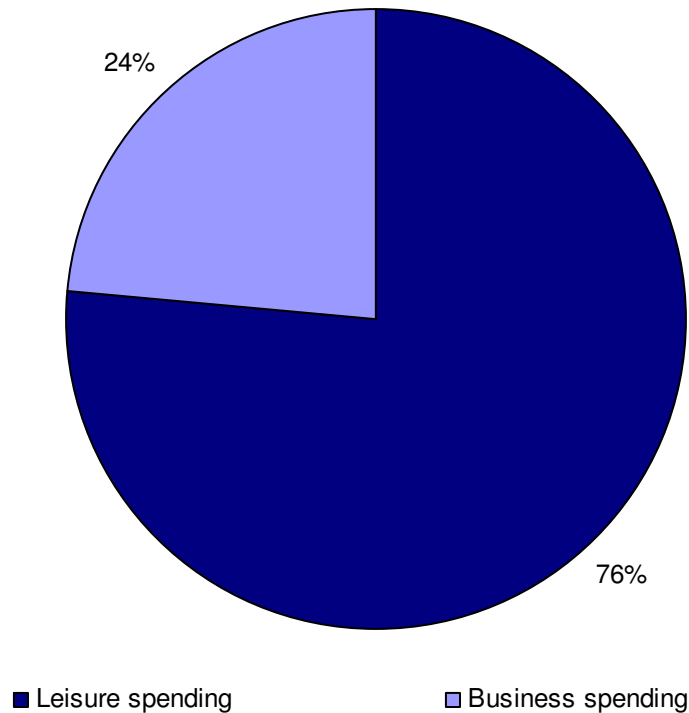
...but is also dictated by its volume of international tourist arrivals

Share of total international overnight visitors in the Middle East and North Africa by destination country, 2011

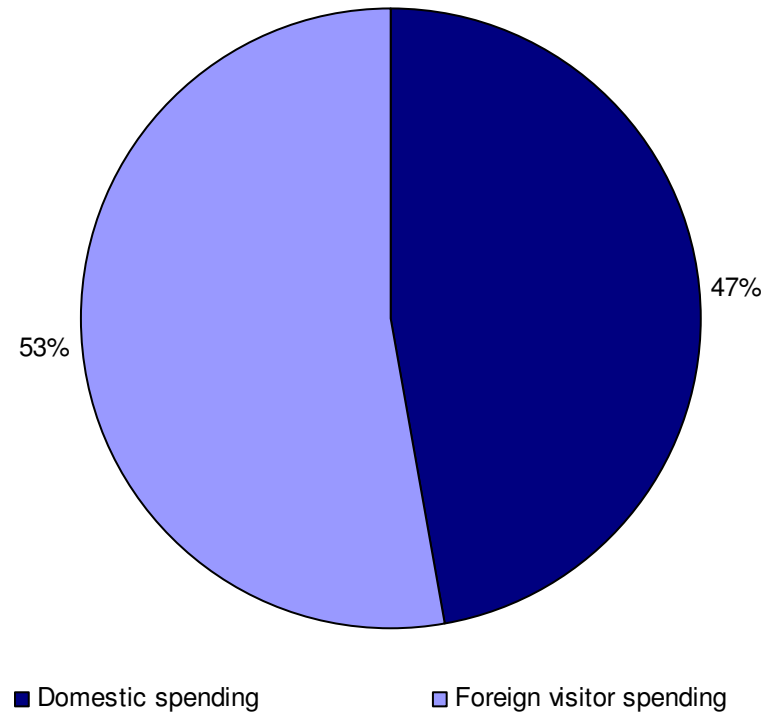


# Domestic tourism is also important, and leisure is the prime motivation for travel

Business vs. leisure spending

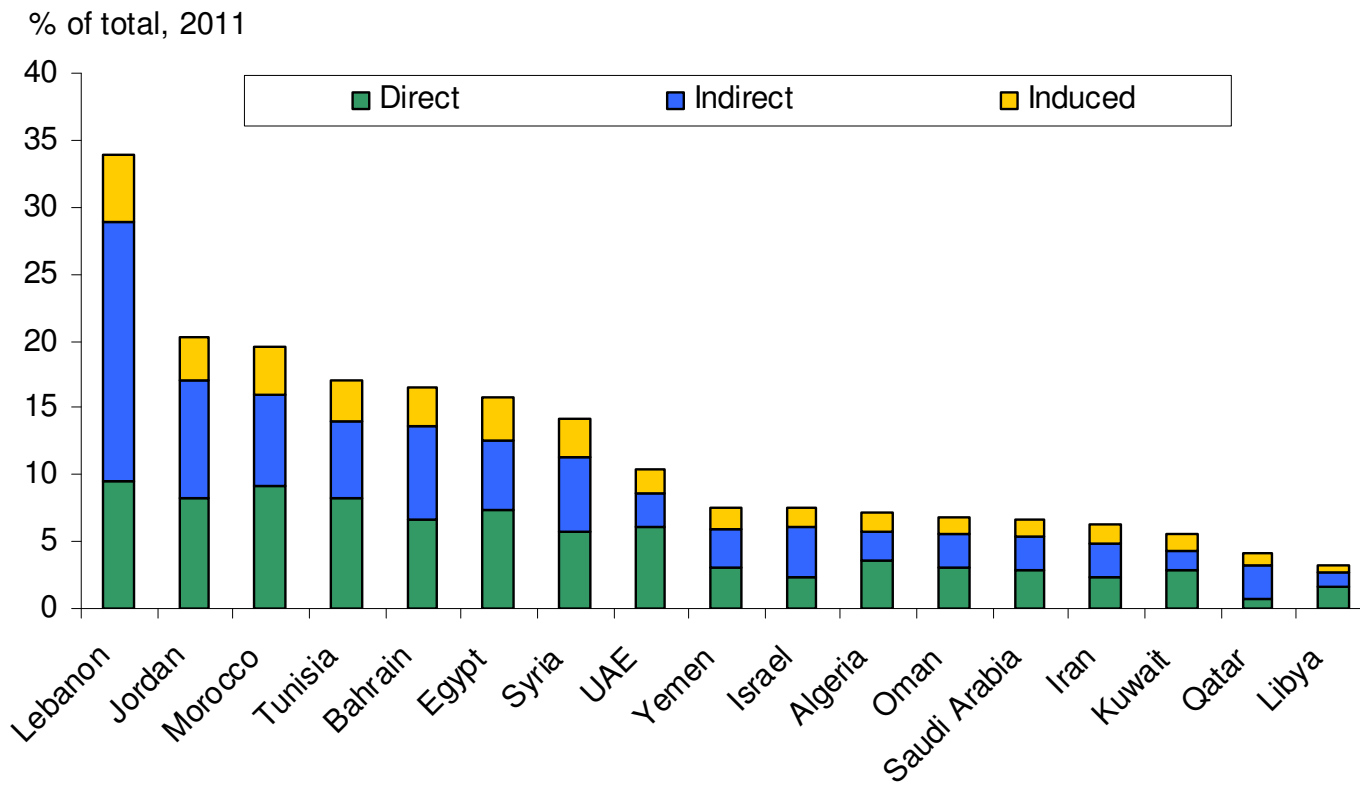


Domestic vs. international spending



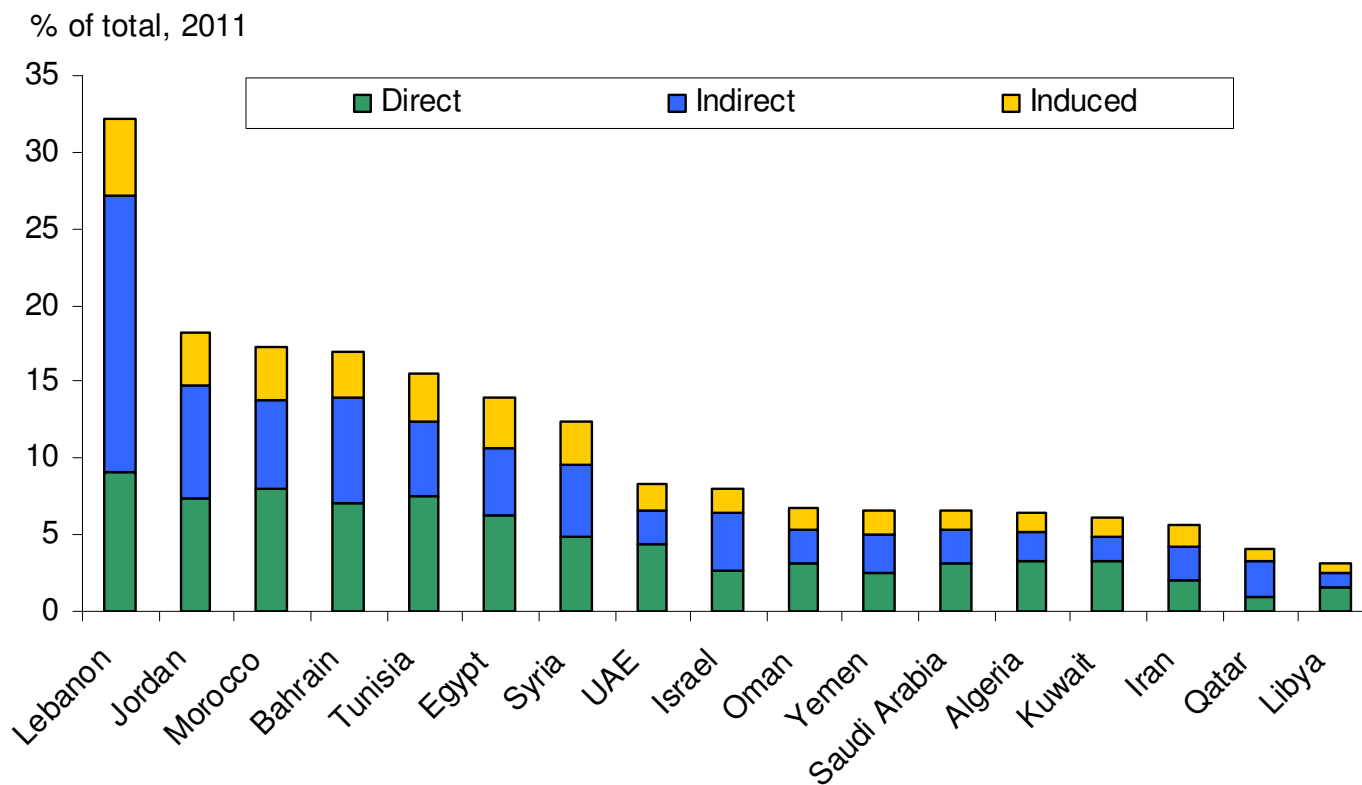
# The relative contribution to GDP largely depends on international arrivals...

Relative Travel & Tourism contribution to total GDP by country, 2011



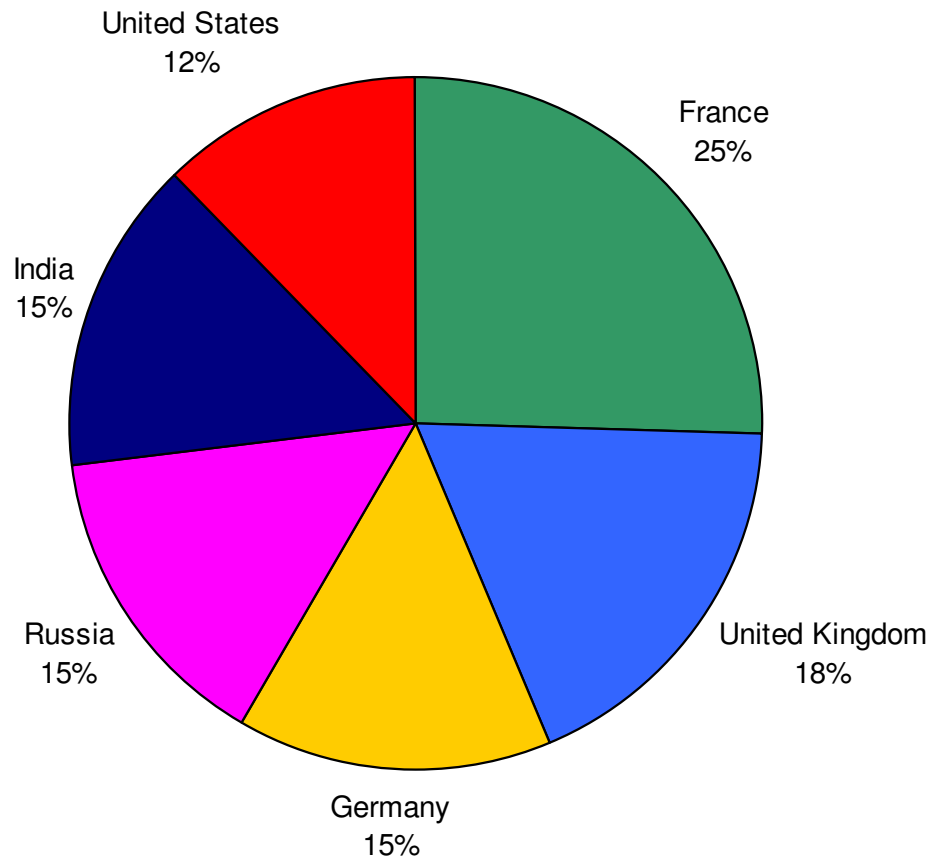
# ...and the pattern is similar for the relative contribution to employment

Relative Travel & Tourism contribution to total employment by country, 2011



# Most international visitors to the region are from large European markets

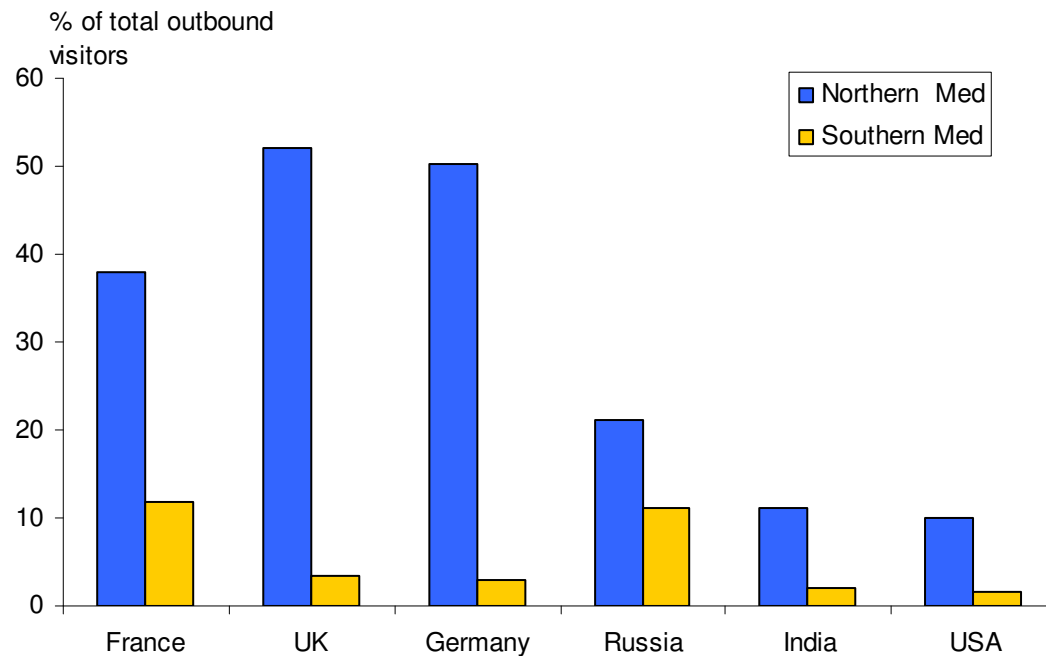
Top 6 origin markets of international overnight visitors to the Middle East and North Africa, 2010



The chart represents 49.8% of total overnight visitors coming to the Middle East and North Africa, excluding visitors from other Middle East or North African countries. France, for example, accounted for 25% of visitors from the top 6, and 12.5% of all international overnight visitors.

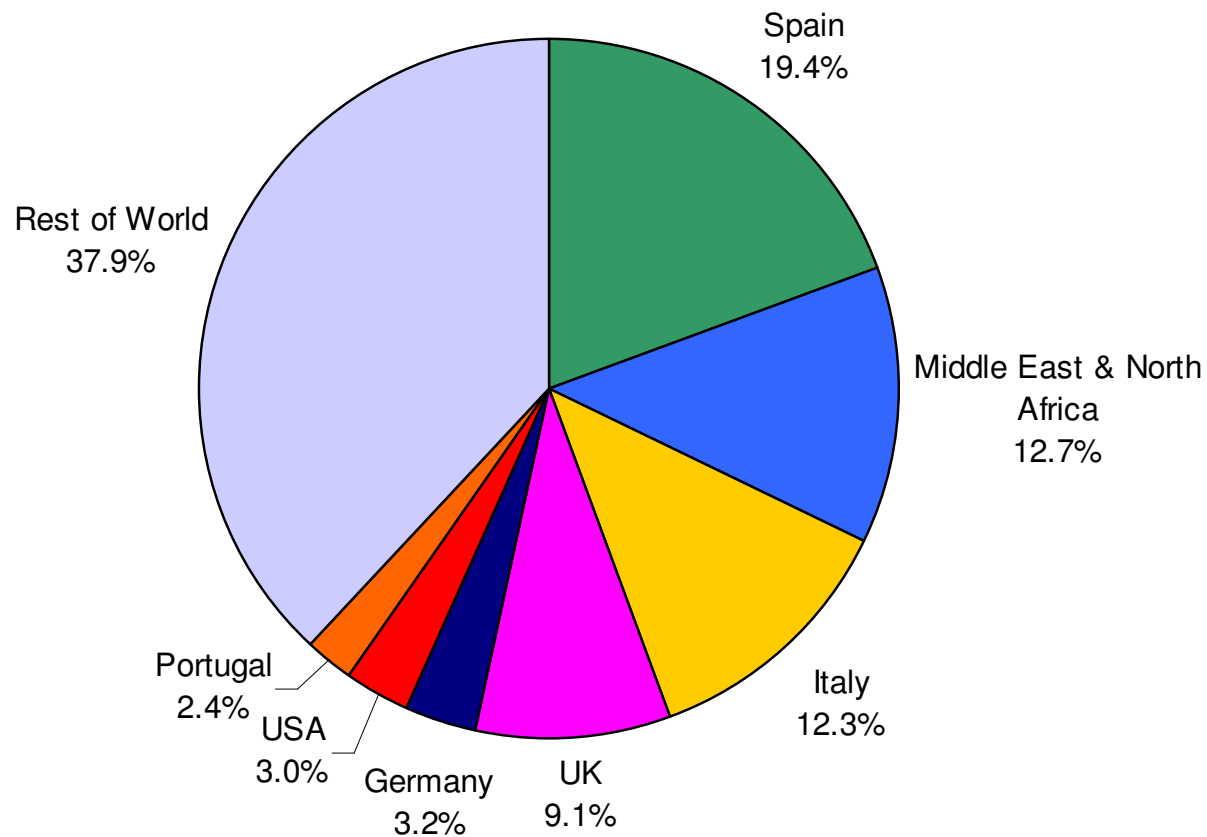
# Northern Med may grow further as upheaval in Southern Med deters tourists

Proportion of outbound visitors going to Northern / Southern Mediterranean



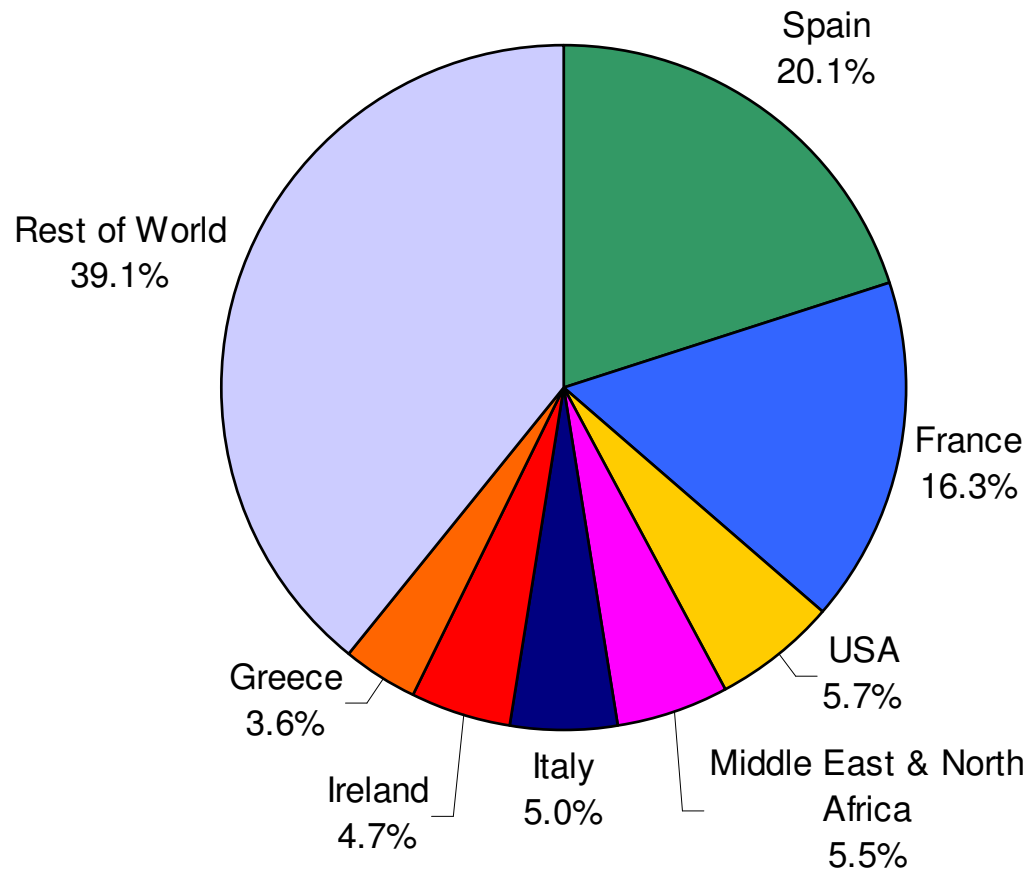
# Roughly half of all French outbound trips are to Mediterranean destinations

Top destinations for French overseas visitors, 2010



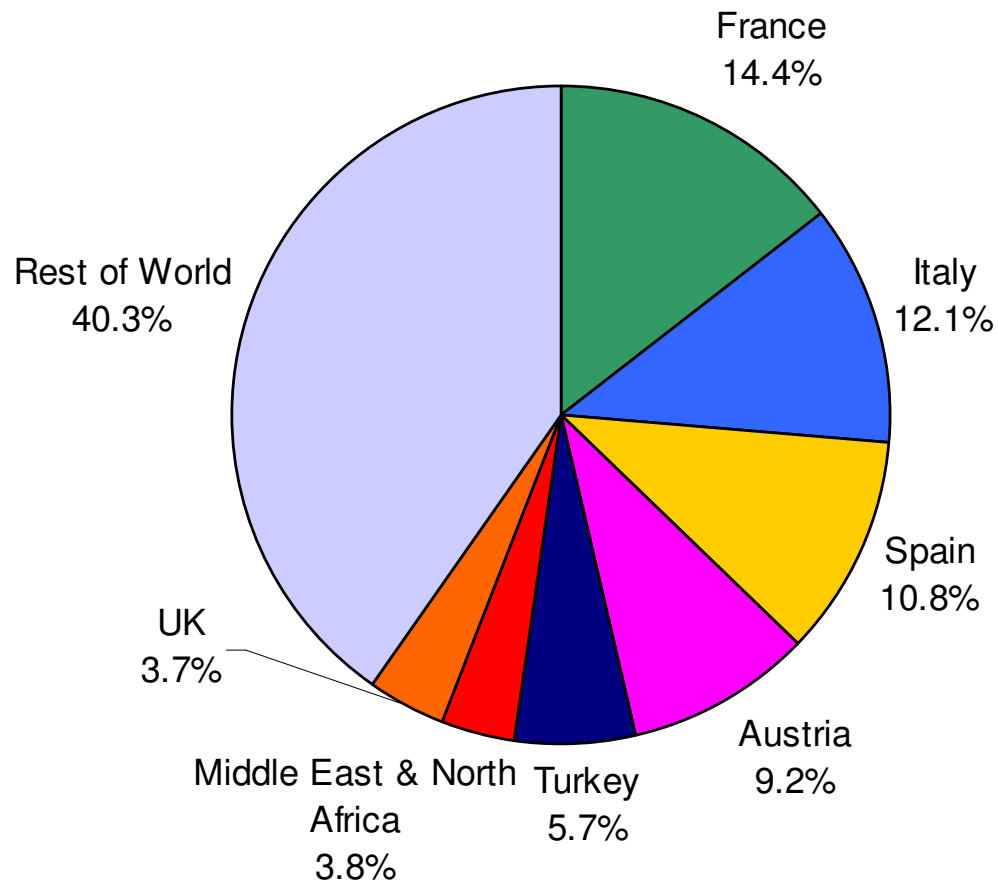
# A large majority of British trips are to Mediterranean destinations

Top destinations for British overseas visitors, 2010



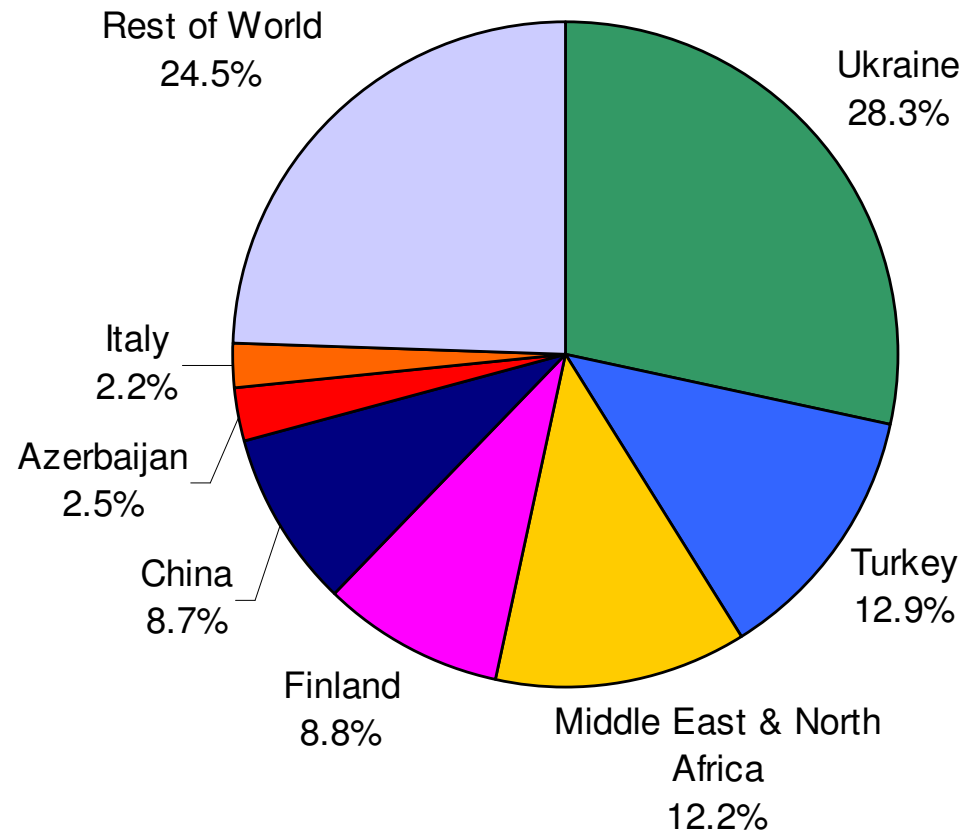
# A similar large proportion of German trips are to the Mediterranean

Top destinations for German overseas visitors, 2010



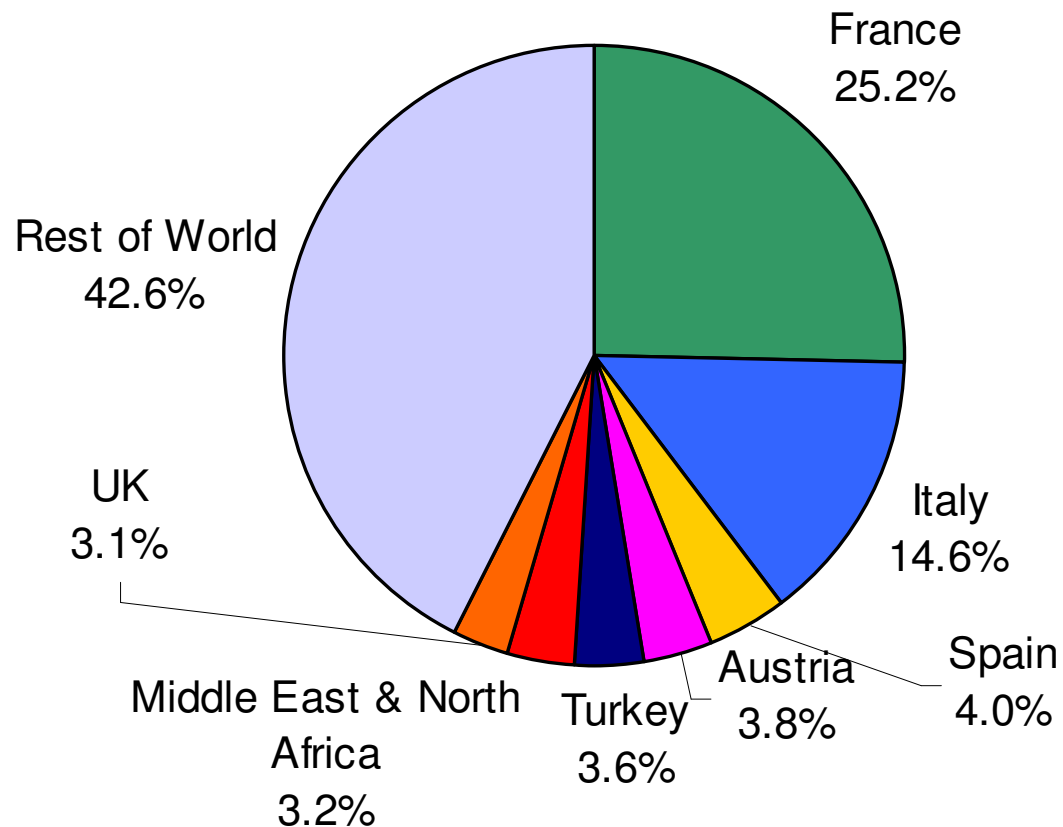
# Southern Med is almost as important as Northern Med for the Russian market

Top destinations for Russian overseas visitors, 2010



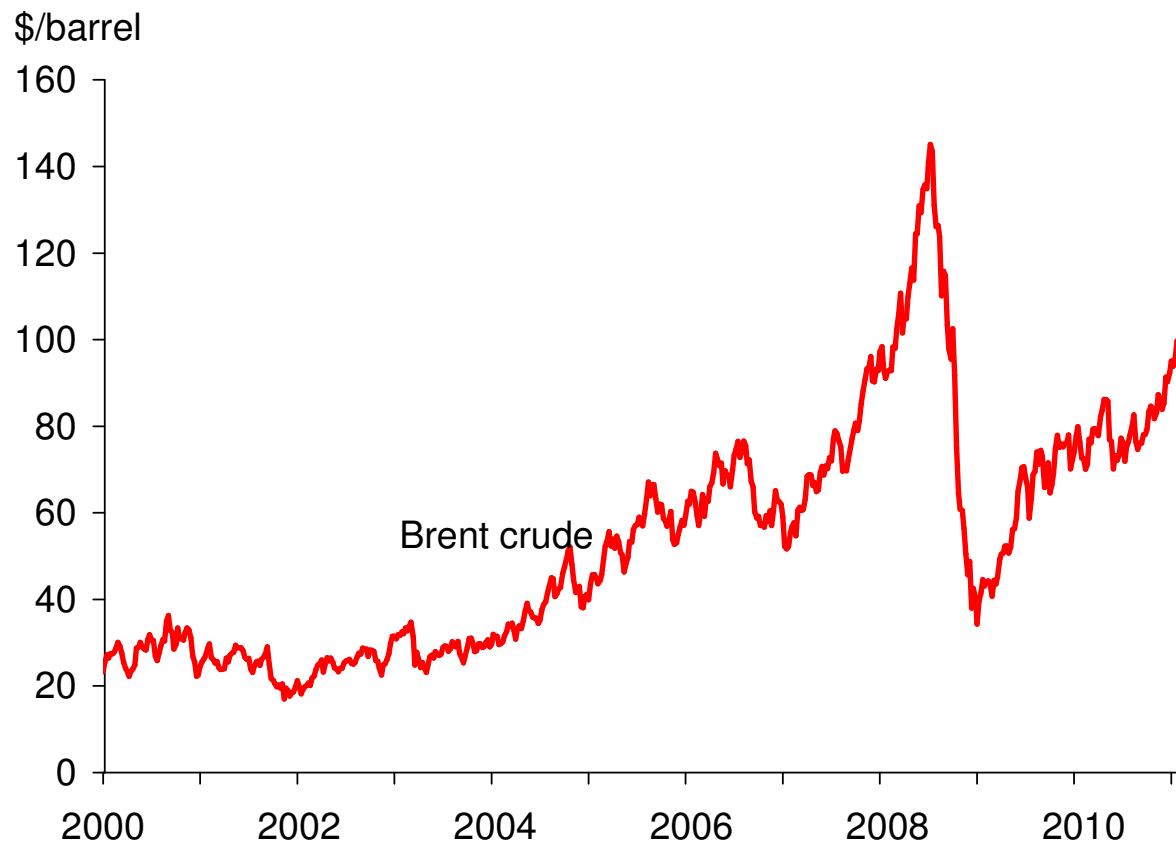
# Most American trips to the Mediterranean region are to the northern shores

Top destinations for American overseas visitors, 2010



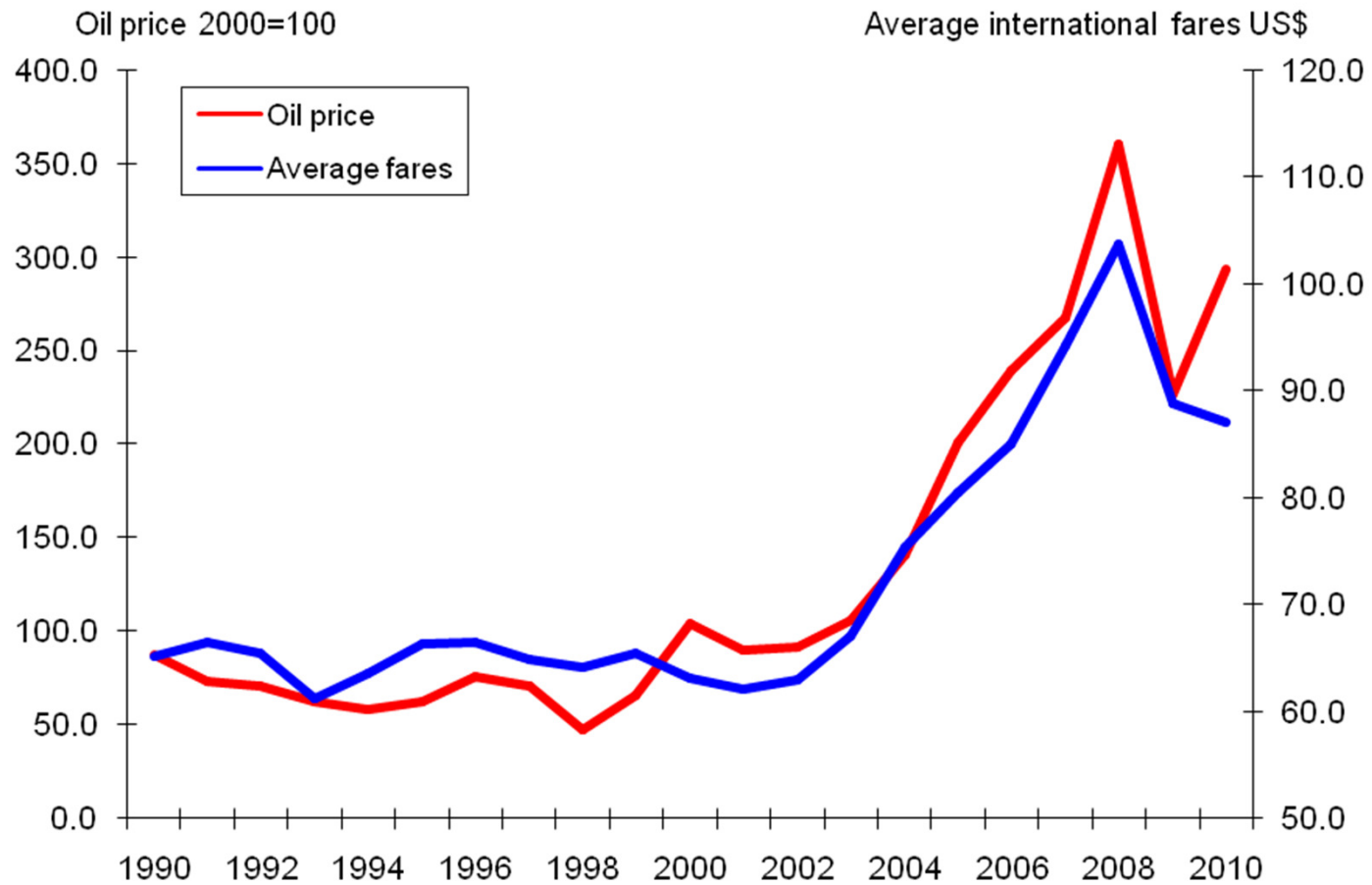
High oil prices could also encourage visitors to look closer to home...

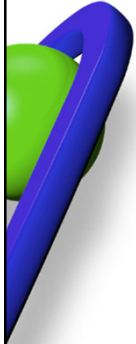
### Brent Oil Price



Source: Haver Analytics

...as travel costs correlate closely with oil prices





# Potential Impacts of the Tohoku Tsunami on Japanese and World Travel & Tourism



## Overview

- The Tohoku Pacific earthquake and tsunami, which struck Japan on 11 March, was the most serious to hit Japan since the Kobe earthquake of 1995, and can be expected to have significant short-term economic and travel demand impacts.
- The quake was of magnitude 9.0 – somewhat stronger than the 7.3 magnitude of the Kobe earthquake in 1995.
- The Tohoku earthquake and tsunami struck a broader, more rural area, representing 4% of Japanese GDP – somewhat less than the Hyogo region containing Kobe. But the major damage to electricity production facilities, including nuclear plants, is likely to have significant wider effects.



## Economic impact channels

- Early tentative estimates of the damage suggest costs of up to US\$200 billion or around 4% of Japanese GDP (compared with US\$100 billion for the Kobe quake), which can be expected to come through a variety of channels:
  - Direct disruption of economic activity
  - Industrial shutdowns – several major industries, including the car industry have announced closures
  - Power shortages – nuclear power meets a third of Japan's electricity demand and rolling power cuts have been announced, with implications for economic output
  - Financial contagion.

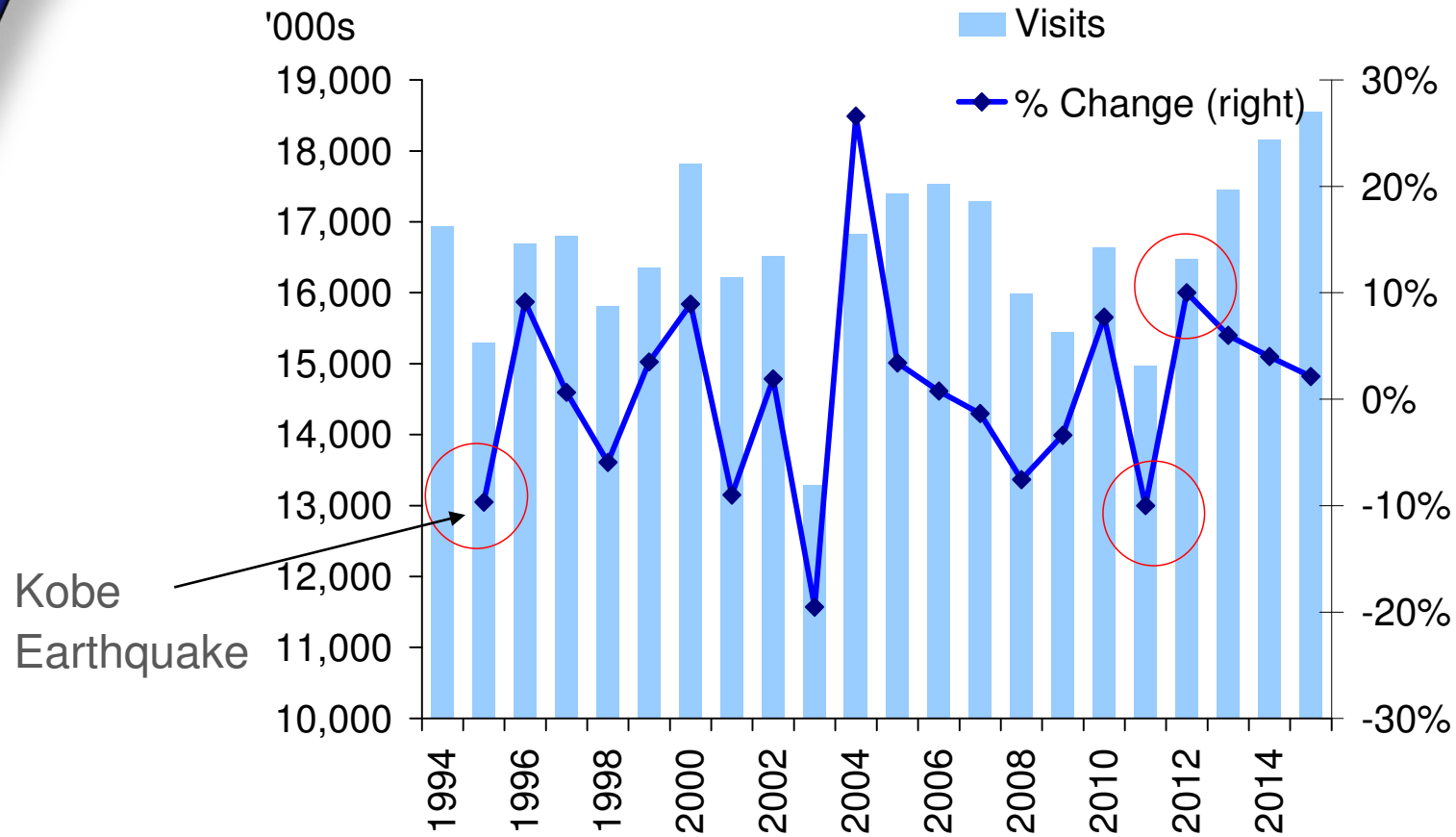


## Travel & Tourism impacts

- As well as domestic impacts there will be significant international implications.
- An initial surge in Japanese outbound travel may be observed as some Tokyo and other regional residents flee potential radiation. This will likely benefit Asian destinations.
- A significant drop-off in Japanese outbound trips is expected for 2011 – in line with the 10% decline in departures observed in 1995.
- This will affect longer-haul destinations more acutely.
- A strong recovery is expected in 2012 as the economy and travel confidence rebound.

# Impact on travel demand

## Departures from Japan

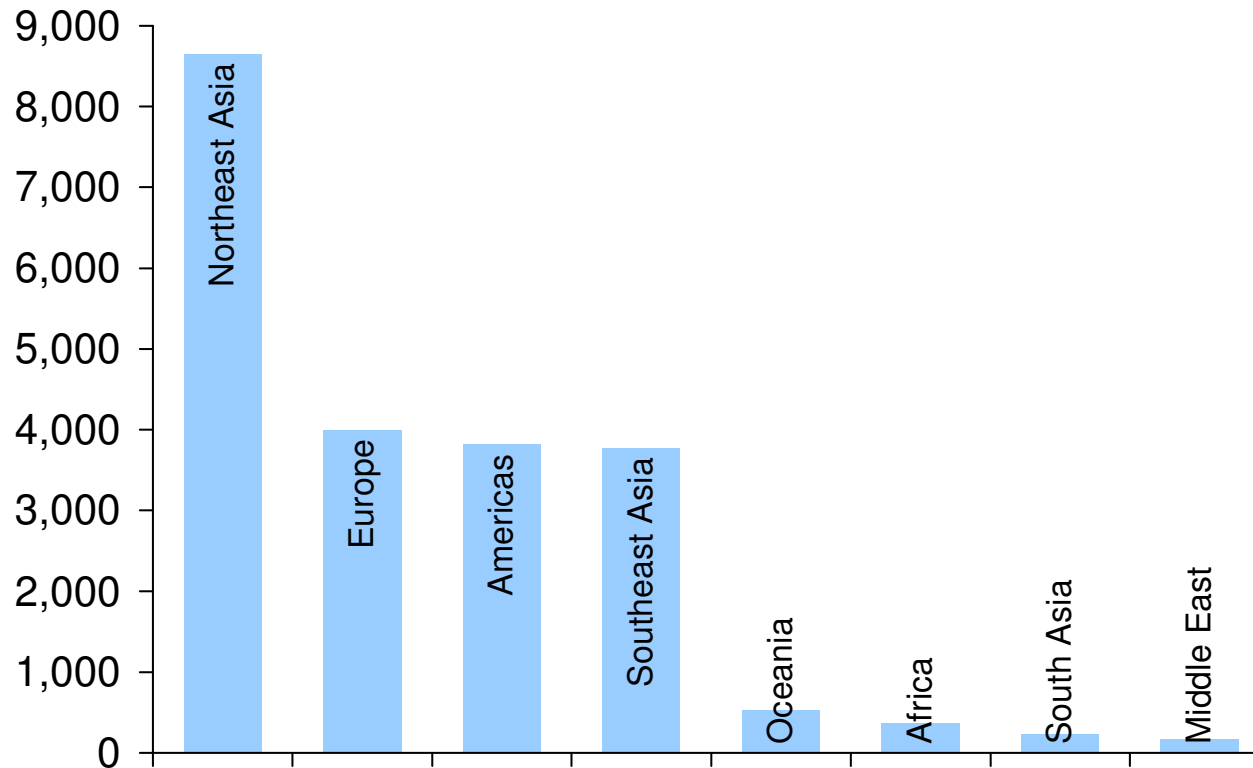


Source : JTB, Tourism Economics

# Major destinations for Japanese outbound travellers

## Overnight Arrivals from Japan

by destination region, '000

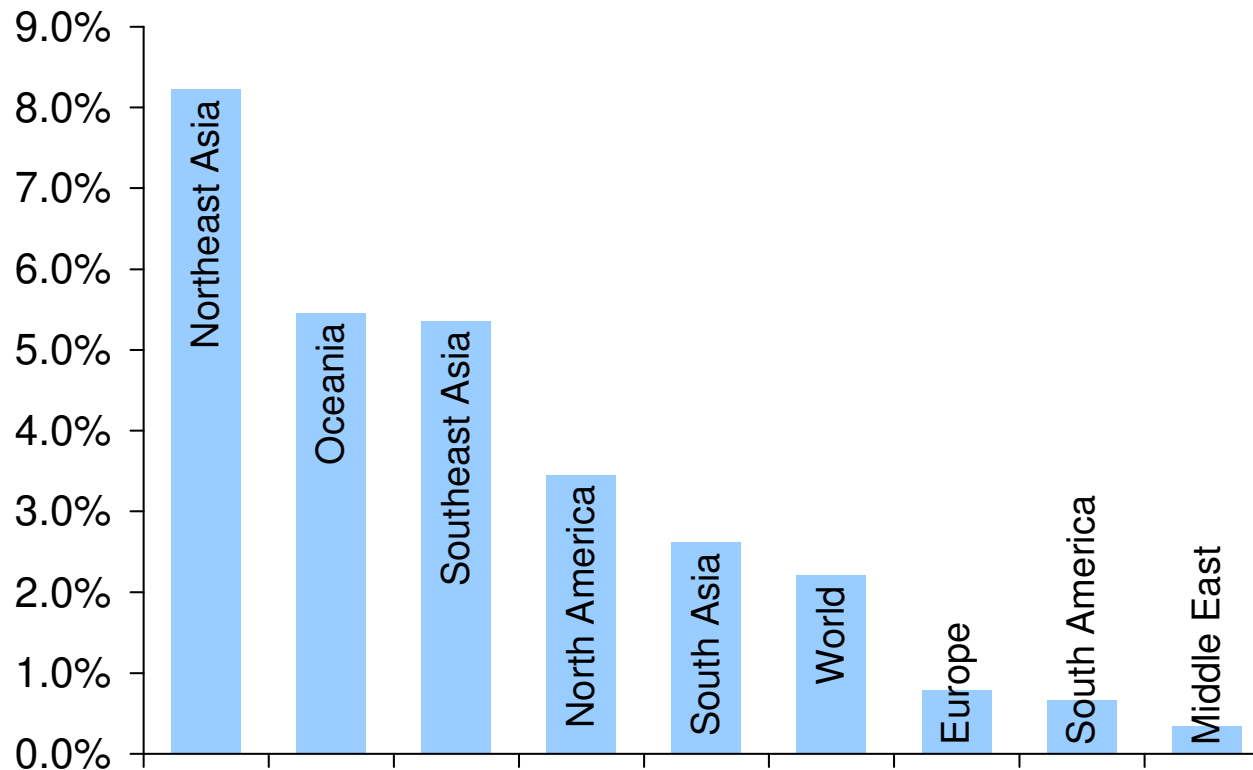


Source: Tourism Economics, TDM

# Regions' dependency on Japanese visitor arrivals

## Japan Dependency Ratio

Share of international arrivals by destination region



Source: Tourism Economics, TDM