Taxation can have significant impacts on travel behaviour, with many countries considering the imposition of new eco-taxes, especially on aviation and to combat overtourism in cities.

In Europe, hotels grew occupancy rates 0.4% compared to a year ago. Montenegro and Slovakia have seen +21% and +14% growth, respectively. Turkey, Monte Carlo, Spain, and Slovakia have seen +9%, +8%, +7%, and +9% growth, respectively. Europe’s top growth destinations (tourist arrivals, % change to a year ago)

The most visited region worldwide saw its number of international tourist arrivals expand by 4% in 2019 [1]. Some of the sources of encouragement are increased air connectivity, bilateral business relations between destinations and key source markets, and positive economic conditions in the US spurring the value of the dollar against the euro and making Europe a more affordable travel destination.

In Turkey, Turkish arrivals grew by 30% compared to the previous year. Turkey remains the fastest growing destination for Indians in Europe. In Russia, consumer spending may now be ticking-up. Overall, there is a weaker picture from Japan than earlier in 2019. 13 of the 29 reporting destinations showed no growth in tourism. The largest increases in Japanese arrivals were observed in Monaco (+37%), Turkey (+27%), Spain (+26%) and Slovakia (+24%).

Global hotel performance in 2019 was quite mixed, but overall positive with all but one region enjoying growth in at least one measure of performance. In Eastern Europe, hotel arrivals grew at a rate of 6.4% compared to the previous year. In dollar terms, Europe saw a decline in ADR and RevPAR compared to a year ago by 3% and 2.6% respectively. Although, these metrics both improved when considering euro terms.

There is a clear benefit to destinations which discount VAT more heavily for tourist accommodation. For example, Belgium’s reduced VAT rate makes it 2.5% more attractive as a destination than France, which has a standard VAT rate.

In the case of tourism-related products and services, notably hotel accommodation, most countries within Europe apply a reduced rate of VAT. Rates of VAT on hotel accommodation across Europe (%)

Recent escalation of the coronavirus crisis in China has resulted in travel bans and route cancellations in an effort to curb the outbreak. Such restrictions inevitably make it challenging and creates uncertainty about the impact of the coronavirus outbreak on the global tourism sector. However, it has been reported that significant download in travel demand has continued.

As of February 2020, Europe remained largely unaffected by the coronavirus outbreak. However, with the increased number of cases in China and more health advisories, there is growing concern about the potential impact on the tourism sector. It is anticipated that due to the novel coronavirus outbreak, tourist destinations are likely to see reductions in activities, especially operations and to combat outbreaks in the region.

For detailed results, please have a look at the full report.