

STRONG OUTLOOK FOR EUROPEAN TOURISM RECOVERY BUT STAFF SHORTAGES AND COST OF LIVING CRISIS LOOM

- As concerns over Covid-19 wane, Europe is expected to recover 70% of pre-pandemic travel demand in 2022
- Sudden surge in consumer demand coupled with staff shortages pose serious challenges for the sector going into the summer months
- Long-haul travel into Europe continues to lag significantly behind short- and medium-haul recovery

Brussels, 7 July 2022: Uncertainty brought about by worsening inflation, prolonged war disruption and rising rates of Covid-19 continue to endanger the tourism outlook across Europe. Nonetheless, the European Travel Commission (ETC) predicts willingness to travel this summer will prevail. The most recent edition of the *'European Tourism Trends & Prospects'* quarterly report indicates that recovery is in full swing going into the peak summer season of 2022, with consumers' savings accumulated through the pandemic expected to support travel demand.

ETC predicts Europe will recover 70% of pre-Covid travel demand this year. For 2022 to date, Bulgaria (-8%), Serbia (-10%) and Turkey (-14%) saw the strongest rebounds in tourist arrivals. Monaco (-22%), Croatia (-30%), Iceland (-35%) and Slovenia (-37%) – the only destinations reporting data to May – also exhibited a strong recovery. At the other end of the spectrum, Latvia's geographical proximity to Russia is slowing the country's tourism recovery from the pandemic (-63%) following mass hotel booking cancellations. Slovakia and the Czech Republic are also among the Eastern European destinations exceeding the 50% decline.

Commenting following the publication of the report, Luís Araújo, ETC's President, said: *"Covid-19 restrictions have been rolled back, and people are eager to make up for two years of lost travel opportunities. We are witnessing a much faster rebound than travel businesses in Europe had been expecting, and staff shortages may prove to be an obstacle to a complete recovery. Bringing back talent, and making careers in the sector more enticing, is the top priority for European tourism recovery in the months to come. It is also crucial that the EU continues to monitor the impact of inflation on the cost of living – Europe must do everything within its power to ensure that travel does not become inaccessible for the average European."*

High inflation likely to shift demand to domestic and short-haul travel

While travel sentiment in Europe remains strong, the savings base – which was expected to bolster growth – has been eroded by the increasing cost of living due to energy and food price hikes. Moreover, the steep acceleration in fuel prices also directly increases the price of travel, or more specifically transport. For consumers, the price hike will likely shift preferences to lower cost options such as staycations, or more affordable forms of transport to nearby countries.

As a result, short- and medium-haul travel is expected to continue driving European tourism recovery. Arrivals from long-haul markets still lag significantly behind, especially in Asia where travel sentiment has been hampered by ongoing Covid-19 restrictions. Although sentiment in the United States is more positive, recovery has still been slower than expected. US citizens returning from Europe were required to take PCR tests prior to travel until the end May/beginning of June, which may have held back demand.

Talent shortages across Europe pose another threat to pent-up travel demand

Given the stronger than expected demand bounce-back during 2022, the ongoing lag in labour supply is creating staff shortages across the European travel and tourism sector. As a result, many European destinations may struggle to facilitate the high demand this summer. The primary reasons cited for these shortages are the restricted pool of available workers, long lead times on security clearance and the sector being viewed as an unstable employment opportunity post-Covid.

Although staff shortages in hospitality are acute, presently a shortage of workers in the aviation sector is dominating headlines. Roughly 190,000 European aviation workers were laid off during the pandemic. Despite airlines and airports reacting with recruitment drives, it is unlikely the industry will be able to respond within this peak summer season. The impact of this shortage is already being felt – over the first weekend of June, the Netherlands saw cancellation rates of up to 11% and up to 4% in the UK. Airports are cutting back the number of flights to mitigate the travel chaos that is expected to continue into the summer months as several air carriers announce strikes and cancel flights over labour shortages.

The report can be downloaded from ETC's website under the following link: <https://etc-corporate.org/reports/european-tourism-2022-trends-prospects-q2-2022/>

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Note to editors

The **European Travel Commission** (ETC) represents the national tourism organisations of Europe. Established in 1948, ETC's mission is to strengthen the sustainable development of Europe as a tourist destination and to promote Europe in third markets. Its 35-member tourism boards work together to build the value of tourism for all the diverse European destinations through cooperation in sharing best practice, market intelligence and promotion. For more information, visit www.etc-corporate.org and follow [@ETC_Corporate](https://twitter.com/ETC_Corporate).

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