



# LONG-HAUL TRAVEL TO EUROPE

## Recovery expectations

March, 2023



TOURISM  
ECONOMICS

AN OXFORD ECONOMICS COMPANY

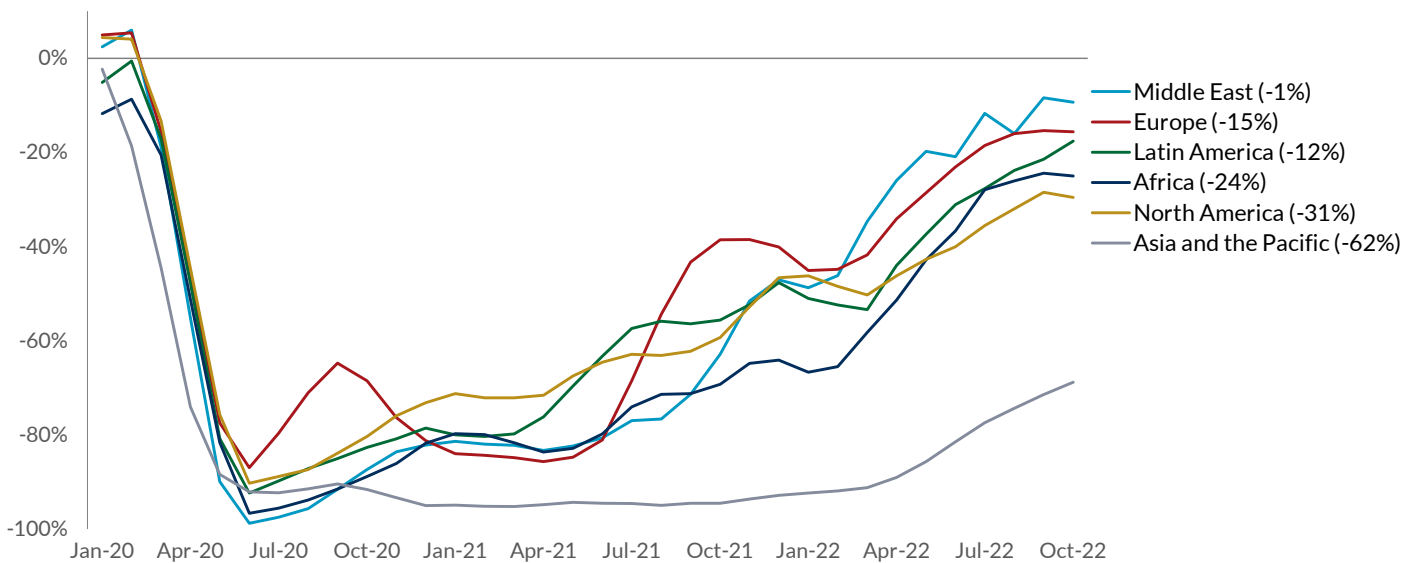


## EUROPEAN TOURISM RECOVERY

- European travel recovery began in earnest in 2022 and international arrivals increased to almost 80% of 2019 levels for the year on average. An even stronger performance was observed in the second half of 2022, outpacing restored capacity.
- International travel to Europe is forecast to achieve pre-pandemic levels in 2025.
- Short-haul travel has driven the recovery to date, but high inflation across European economies, including rising travel costs, and the associated economic slowdown are a major challenge for continued rebound. Income, and spending power, continues to be squeezed.
- Savings accumulated during the pandemic supported the realisation of pent-up demand throughout 2022 in Europe, but thus dynamic will soften this year.
- As some longer-haul markets, and notably in Asia Pacific, are re-opening there is greater near-term growth potential from pent-up demand.

### International Tourist Arrivals by World Region

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

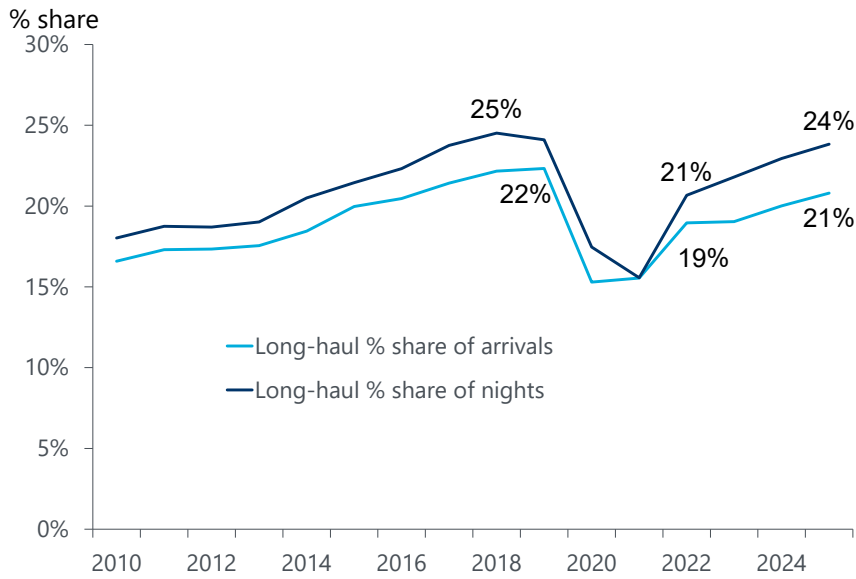


Source: UNWTO Statistical Barometer (later months are incomplete data based on limited sample of reporting countries)

- Returning long-haul travel is essential for complete recovery in visitor arrivals, nights, spend and associated economic benefits.
- Long-haul visitors accounted for a quarter of the international nights spent in Europe prior to the pandemic. This contribution rose from less than a 20% share over the prior ten years reflecting the rising strength of long-haul demand.
- The share of nights (and spend) from long haul markets exceeds the proportion of visits from these markets due to the higher length of stay, and higher associated spend per trip from these important markets.



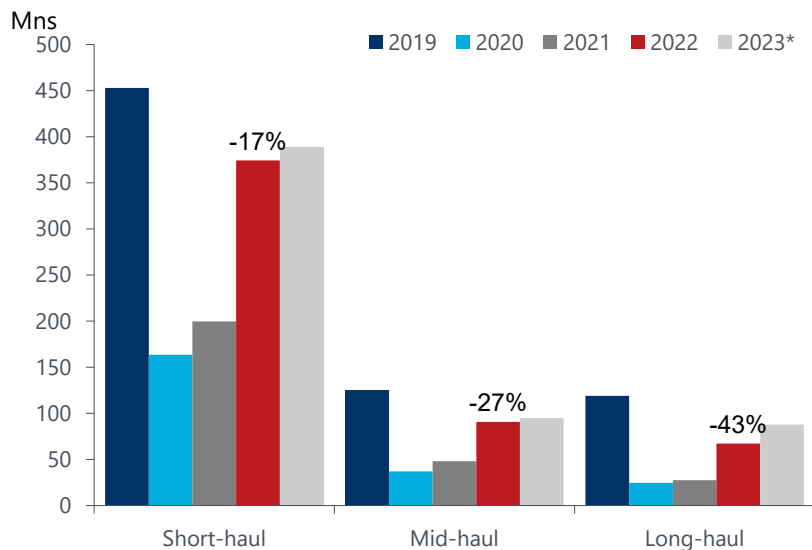
## Importance of long-haul travel to Europe



Source: Tourism Economics Global Travel Service (GTS)

- Tourism Economics expect the share of travel from long-haul markets to recover over the medium-term to these pre-pandemic peaks as restrictions are now fully eased and confidence in travel to less familiar places returns.
- In the baseline outlook, long-haul travel is expected to regain pre-pandemic peaks more slowly than short-haul demand, but from a lower current starting point, and rapid recovery is anticipated.
- There is a large opportunity for European destinations to quickly regain share of travel from long-haul markets given the expected softer rebound in intra-regional demand and available capacity.

## European international arrivals: major flows

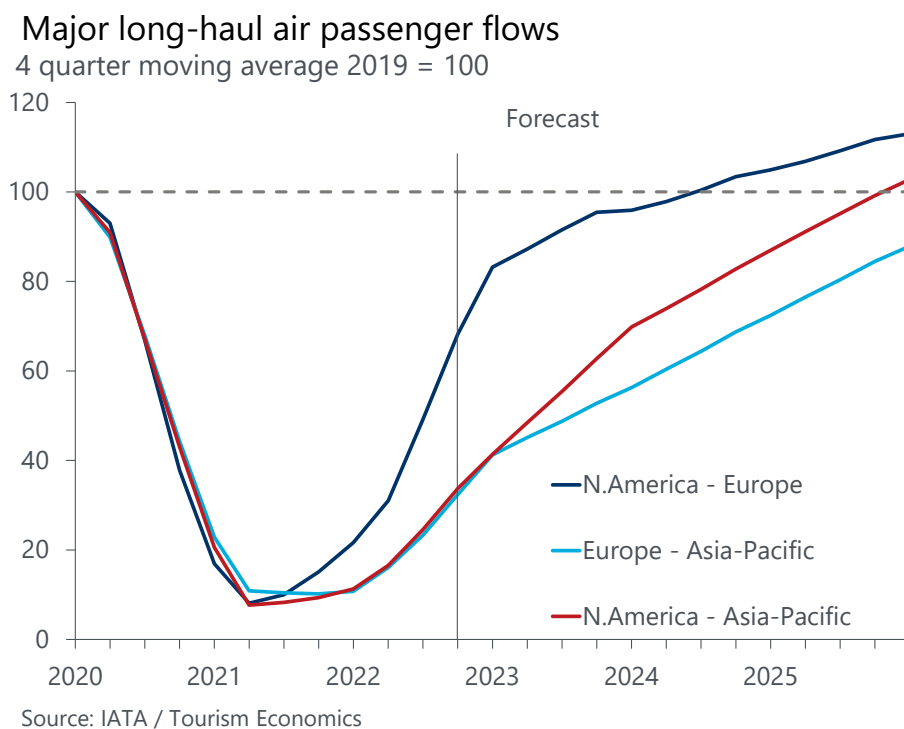


Source: Tourism Economics Global Travel Service (GTS)



## RECOVERY EXPECTATIONS IN KEY LONG-HAUL MARKETS

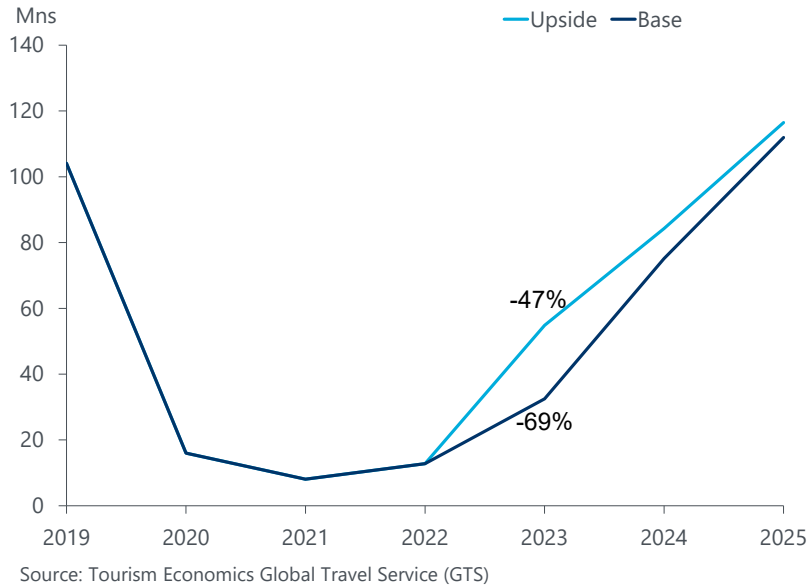
- US remains the largest long-haul market and is leading the way in recovery with rapid rebound to date, supported by the strength of the US dollar. In 2019, the US accounted for almost one quarter of all European long-haul travel.
- Travel from the US to Europe is expected to regain over 80% pre-pandemic levels in 2023, including stronger recovery in some Western and Northern European destinations. Bookings for travel to Eastern Europe remain weak related to the war in Ukraine.
- 2019 pre-pandemic levels of travel from the US is anticipated to be regained during 2024.



- Gradual recovery is likely from China based on forward bookings data, which point to some continued domestic substitution; and also following the examples of regional markets. Australia and Japan, which retained closed borders for longer than many other countries, have seen modest growth in recovery.
- Travel from China to European destinations is expected to remain 60-70% lower than pre-pandemic levels in 2023. In the upside scenario of more rapidly restored capacity and confidence, Chinese travel is expected to be 50% lower this year than in 2019.
- Full recovery to 2019 levels of Chinese travel to Europe is not anticipated until 2026 in the baseline outlook – it will take time to restore long-haul traveller confidence. China accounted for 10% of long-haul travel to Europe in 2019.

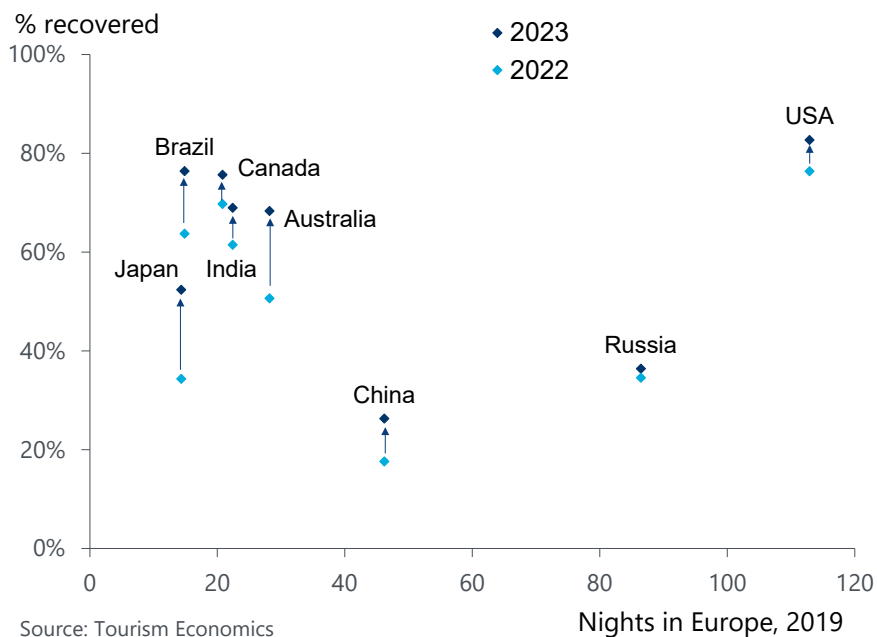


### Outbound nights from China



- More rapid recovery is anticipated for travel from India and Brazil, following robust growth in travel to many destinations during 2022.
- However, these markets remain relatively small for most European destinations; India provided 5% of long-haul travel to Europe while Brazil accounted for just 3% in 2019. The importance of these markets varies considerably by destination and this recovery will be very valuable in some place – for example, Brazilian travel is more concentrated in Portugal which is set to benefit.
- Travel from India to Europe is set to be 20-30% lower than 2019 levels in 2023 and should regain pre-pandemic levels during 2025.
- Travel from Brazil to Europe is also set to grow to be just 20-30% lower than 2019 levels in 2023 and should regain pre-pandemic levels during 2025.

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



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