



**EUROPEAN TOURISM 2012 – Trends & Prospects**

**Quarterly Report - 04/2012**

**EUROPEAN TRAVEL COMMISSION**





# **EUROPEAN TOURISM in 2012: TRENDS & PROSPECTS**

## **Quarterly Report (Q4/2012)**

A quarterly insights report produced for the Market Intelligence Group  
of the **European Travel Commission (ETC)**  
by **Tourism Economics (an Oxford Economics Company)**

Brussels, February 2013  
**ETC Market Intelligence Report**

## **European Tourism in 2012: Trends & Prospects (Q4/2012)**

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on behalf of the ETC Market Intelligence Group

Photo © iStockphoto / Joe Rainbow – January 2012 near Tromso in Northern Norway

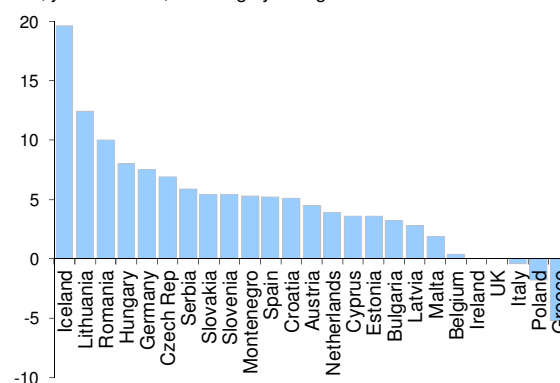
## Foreword

### European travel performance exceeds expectations in 2012

- Inbound travel to Europe is expected to have grown by a solid 4% in 2012, following a year of strong growth (+7% in 2011), and despite the persistence of a negative economic climate in the Eurozone. Growth is reported by the vast majority of destinations for which data are available through September-December 2012.
- Both emerging and established destinations contribute to this performance. Iceland (+20%), Lithuania (+12%) and Romania (+10%) top the ranking with exceptional double-digit growth, though moving from a low base. Some larger destinations, notably Germany (+8%), Spain (+5%) and Austria (+5%), also post healthy growth and consolidate the positive trend of recent years. Above average growth is reported also by most Balkan countries and Hungary (+8%).
- At the other end of the spectrum, Poland (-2%) and UK (+0%) experienced negative or flat growth despite worldwide exposure provided by large events. The unique combination of Queen Elizabeth's Diamond Jubilee and the Olympic and Paralympic Games in the UK, and the FIFA EURO 2012 in Poland (and Ukraine), produced mixed effects on the respective tourism sector. Evidence from past experiences suggests that large events tend to increase the interest of foreign tourists to hosting countries in the medium and long-term, while causing a shift in demand in the year of the event, due to price increases and congestion. Economic turbulences and negative perceptions persistently inhibit growth in Greece (-5.0%), Italy (-0.4%) and Ireland (+0%).
- Trends in foreign visitor nights highlight a slow but steady decline in the length of stay. Notable exceptions are Bulgaria (+8%), Serbia (+8%), Malta (+7%) Croatia (+7%), Spain (+7%), Latvia (+6%) and Italy (+2%) where foreign visitor nights grew at a faster pace than arrivals.

### Foreign visits to select destinations

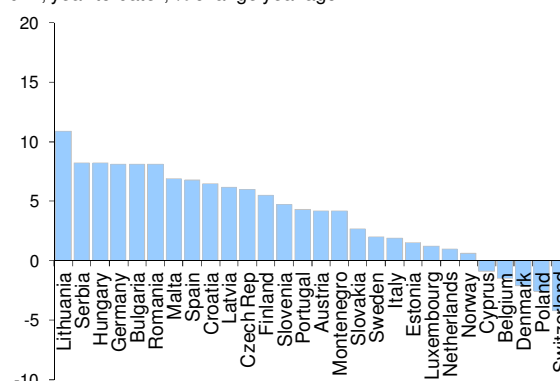
2012, year-to-date\*, % change year ago



Source : TourMIS \*date varies (Jun-Dec) by destination

### Foreign visitor nights in select destinations

2012, year-to-date\*, % change year ago



Source : TourMIS \*date varies (Jun-Dec) by destination

### Tourism Decision Metrics Visitor Growth Forecasts

Outbound	% p.y.			
	2010	2011	2012	2013
<b>Americas</b>	3.1	3.2	5.9	3.0
<b>Europe</b>	2.1	3.9	5.1	1.0
<b>Asia &amp; the Pacific</b>	12.3	9.0	8.2	4.9
<b>Africa</b>	5.4	4.8	4.0	2.5
<b>Middle East</b>	9.6	6.2	-1.9	4.0

Source: Tourism Economics

## **Growth in foreign visits from both intra-regional and long-haul markets**

- Both recovery from - and persistence of - the effects generated by the “Great Recession” and the Eurozone debt crisis helped to generate positive effects on European tourism in 2012.
- Under the persistence of tight fiscal policy and economic recession, an increasing number of Europeans opt for travel within the regional borders. This is consistent with observed behaviour in previous economic slowdowns, when lower-cost travel options were sought, including shorter trips taken closer to home. This trend is also confirmed by air passenger data, with regional travel comprising a rising share of European outbound demand in 2012.
- Russia remains the fastest growing source market within Europe, with growth in both arrivals and overnights in all reporting destinations. Positive signals are also evident in large established markets such as Germany, France and the Netherlands. As in previous years, travel to emerging destinations grew faster than travel to mature destinations.
- The rejuvenation of the economies in key long-haul markets also contributed to the growth of international arrivals to Europe. Most European destinations report robust growth from the US market, coupled with a strong rebound of Japanese travellers after the events of 2011. The weaker euro, especially relative to the US dollar is also benefitting European demand.

## **Outlook 2013**

- As the most significant risks for the global economy eased through 2012, the 2013 outlook for the global economy is more optimistic. Yet, the persistence of troubles in some Eurozone economies will prevent a swift recovery and present significant challenges. With more fiscal austerity ahead and tightening financing conditions, economic growth and sentiment will remain sluggish across Europe. Some encouragements may come from UK economy, where improvements in real incomes may generate some positive effects on outbound travel from this relevant source market.
- Inbound tourism from key long-haul markets is expected to continue growing in 2013 but growth from European markets remains the crucial element for European tourism to realize its full growth potential in 2013.
- The slowdown of air traffic, which is expected to extend over 2013, will not necessarily be reflected in a slowdown of inbound flows to Europe, as this is largely due to reduced traffic from Europe to North America. Recent trends of hoteliers lowering prices may act as an additional stimulus for demand for European destinations.
- Although it will be hard to match the strong recent performance, ETC expects European destinations to grow on average by 1% to 3% next year but with marked differences across regions.

ETC Market Intelligence Group

ETC Executive Unit

## 2012 Tourism Performance Summary

European travel performance exceeded expectations throughout much of 2012 with growth reported in many established and emerging destinations. The trend has been of a slowdown throughout the year as the economic backdrop has deteriorated. However, intra-European travel demand in particular has been more resilient than previously expected given the economic conditions. Demand from emerging markets was particularly strong, but developed markets are not turning away from tourism despite economic turmoil.

Slowdown in late 2012 is especially evident in the more timely hotel performance data and corroborates the emerging trend of shorter length of stay in the arrivals and overnights data. Hotel data is also influenced by increasing supply, while there may also be some move to less expensive non-hotel accommodation.

Tourist Arrivals and Nights 2012, Year to Date					
International Arrivals			International Nights		
Country	% ytd	to month	Country	% ytd	to month
Austria	4.5	Oct	Austria	4.2	Oct
Belgium	0.4	Sep	Belgium	-1.5	Sep
Bulgaria	3.2	Nov	Bulgaria	8.1	Sep
Croatia	5.1	Dec	Croatia	6.5	Dec
Cyprus	3.6	Nov	Cyprus	-0.9	Jun
Czech Republic	6.9	Jun	Czech Repub	6.0	Jun
Estonia	3.6	Oct	Denmark	-2.1	Nov
Germany	7.5	Nov	Estonia	1.5	Oct
Greece	-5.2	Sep	Finland	5.5	Nov
Hungary	8.0	Nov	Germany	8.1	Nov
Iceland	19.6	Dec	Hungary	8.2	Nov
Ireland	0.0	Nov	Italy	1.9	Sep
Italy	-0.4	Sep	Latvia	6.2	Sep
Latvia	2.8	Sep	Lithuania	10.9	Sep
Lithuania	12.4	Sep	Luxembourg	1.2	Oct
Malta	1.9	Nov	Malta	6.9	Nov
Montenegro	5.3	Oct	Montenegro	4.2	Oct
Netherlands	3.9	Sep	Netherlands	1.0	Sep
Poland	-1.8	Oct	Norway	0.6	Nov
Romania	10.0	Oct	Poland	-2.6	Oct
Serbia	5.9	Nov	Portugal	4.3	Oct
Slovakia	5.4	Sep	Romania	8.1	Oct
Slovenia	5.4	Oct	Serbia	8.2	Nov
Spain	5.2	Nov	Slovakia	2.7	Sep
United Kingdom	0.0	Nov	Slovenia	4.7	Oct
			Spain	6.8	Nov
			Sweden	2.0	Nov
			Switzerland	-4.2	Nov

Source: TourMIS, <http://www.tourmis.info>; available data as of 31.01.13

Measures used for nights and arrivals vary by country

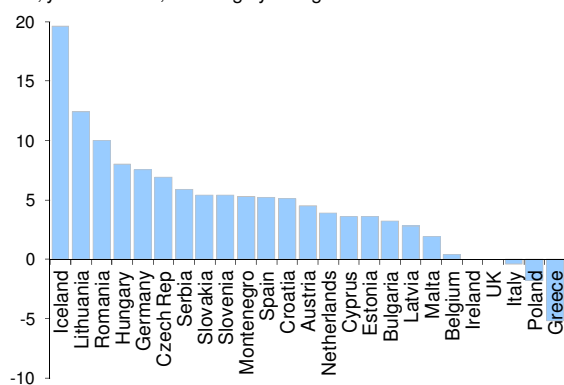
Hotel Performance Jan - Nov, 2012			
% year to date			
Country	Occupancy	ADR	RevPAR
Austria	0.7	3.3	4.0
Belgium	-0.9	-0.5	-1.4
Czech Republic	1.7	6.0	7.8
Denmark	-2.2	3.8	1.6
Estonia	-0.7	11.9	11.1
Finland	-2.6	5.6	2.8
France	-1.1	4.0	2.8
Germany	2.0	3.4	5.5
Greece	-2.2	-6.9	-9.0
Hungary	4.5	5.5	10.3
Iceland	11.0	5.8	17.4
Ireland	4.1	8.9	13.3
Italy	-2.2	1.0	-1.2
Lithuania	3.9	-8.2	-4.6
Malta	0.5	5.3	5.8
Netherlands	-1.1	-0.4	-1.5
Poland	2.9	9.5	12.6
Portugal	-1.0	-2.6	-3.6
Romania	-2.0	6.4	4.2
Russia	5.2	2.8	8.1
Slovakia	10.8	-11.4	-1.8
Spain	-1.8	3.2	1.3
Switzerland	-1.8	-0.7	-2.5
Turkey	0.5	0.5	1.1
United Kingdom	-1.7	3.2	1.5

Source: STR Global

ADR = Average Daily Rate, RevPAR = Revenue per Available Room, ADR and RevPAR in local currency

### Foreign visits to select destinations

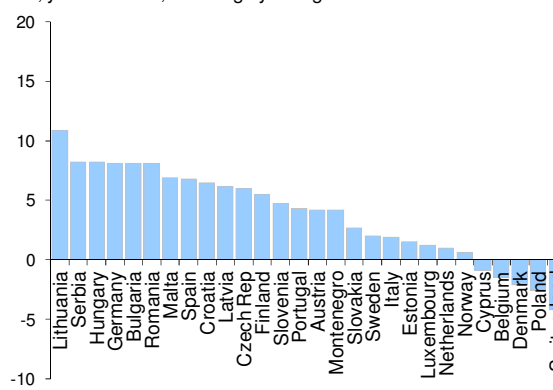
2012, year-to-date\*, % change year ago



Source : TourMIS \*date varies (Jun-Dec) by destination

### Foreign visitor nights in select destinations

2012, year-to-date\*, % change year ago



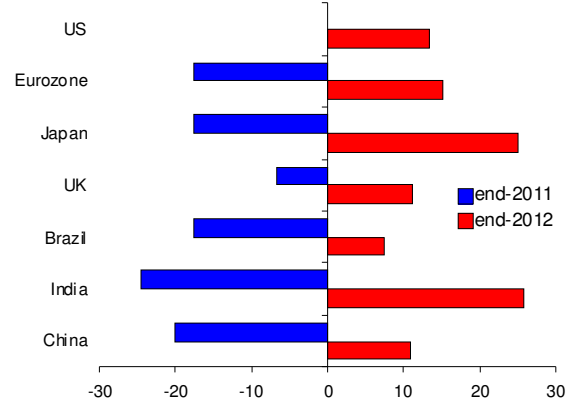
Source : TourMIS \*date varies (Jun-Dec) by destination

## Global Economy: 2013 outlook is brighter than 2012 as risks recede

- The outlook for world economic growth in 2013 is significantly brighter than was the case twelve months ago, according to Oxford Economics latest forecast. 2012 began with significant risk of renewed recession across a number of major economies. Although progress throughout 2012 was bumpy these event risks have diminished.
- A year ago, financial market strains, centred in the Eurozone, saw stock markets in the main advanced and emerging countries 10-20% down on the year – weighing on business and consumer confidence.
- Today, however, stock markets are 10-25% higher than a year before in the same economies. This turnaround has resulted mostly from key risks – mostly notably of a Eurozone breakup and a Chinese hard landing – diminishing substantially during the year.
- Event risk has been further reduced at the start of 2013 by a deal in the US to avert a ‘fiscal cliff’. While the deal as proposed will see a modest additional fiscal tightening in 2013-2014, better incoming data mean that the US growth forecast is little changed this month at 2.3% for 2013 and 3.1% for 2014.
- The event risk that dominated 2012 is now being replaced by a more normal pattern of macroeconomic risks – and a more balanced one. Indeed, upside risks to growth are starting to emerge, especially in the US.
- Under the influence of the US Fed Quantitative Easing (QE), real money supply growth has picked up further in the US in recent months and should continue to firm during the year. And looser monetary policy has also brought real money supply growth back into significantly positive territory in the Eurozone and the UK. In Japan, an abrupt yen weakening has also loosened monetary conditions notably.
- Policy loosening during 2012 should also feed through to the emergers, and this month sees forecast upgrades for both China and India.
- Oxford Economics is also more confident about their baseline forecasts than a year ago – the probability they assign to their baseline scenario is now 60% compared with 45% in January 2012.

### World: Stock markets at year end

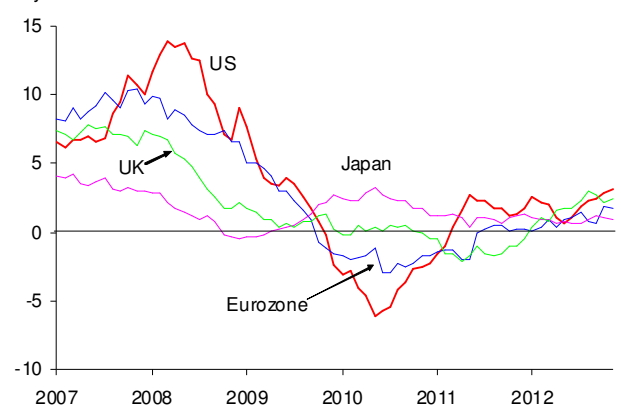
% change in stock markets, year-on-year



Source : Oxford Economics/Haver Analytics

### Advanced economies: Real broad money

% year



Source : Oxford Economics/Haver Analytics



## Recent Industry Performance

### Slowdown moving into 2013

- International air travel continued to grow throughout 2012, but the trend indicates slower demand moving into 2013.
- Intra-regional demand remains robust despite economic slowdown and will be the key factor in any growth in 2013.
- Hotel occupancy growth also slowed in late 2012 and was broadly flat for the year across Europe, allowing little scope for hoteliers to raise rates.

### Air Transport

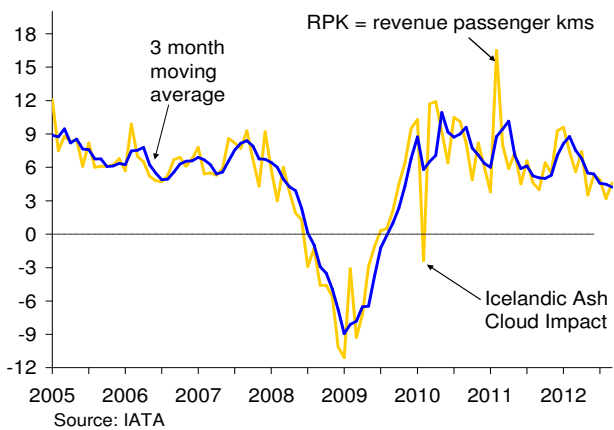
International air passenger traffic flows have continued to slow towards the end of 2012 with lower growth than in 2011 for the year as a whole. Air traffic measured as Revenue passenger kilometres (RPK) grew by 6.0% in the year to November following 8.3% growth in 2010 and 6.9% in 2011. Growth in 2012 benefited from particularly strong growth earlier in the year. This was notably in Africa and the Middle East including a rebound from lower travel volumes in 2011 due to the Arab Spring.

The trend moving into 2013 is of slower growth closer to 4% with slowdown evident in European and North American air traffic. However, monthly data for all regions is still positive.

Passenger load factors towards the end of 2012 remained higher than in 2011 in almost all regions. Slowdown in demand has been largely anticipated by airlines and does not appear to be a cause for concern at current rates, especially so given economic slowdown in major markets. However, there is increasing evidence of rising short-haul travel demand as tourists continue to seek lower cost options.

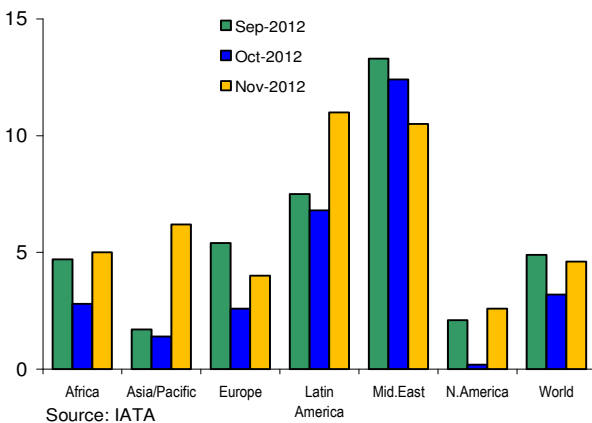
### International air passenger traffic growth

% year, RPK



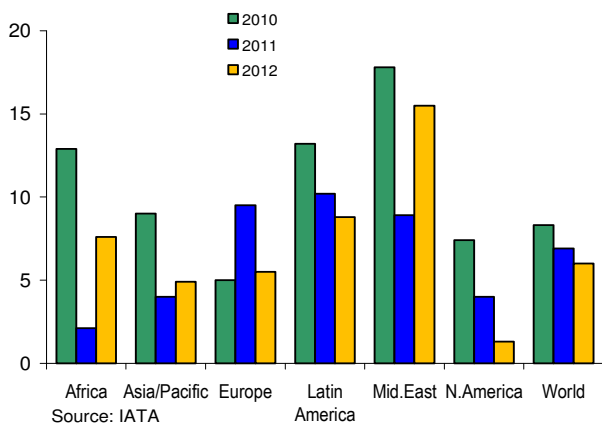
### Monthly international air passenger growth

% year, RPK



### Annual international air passenger growth

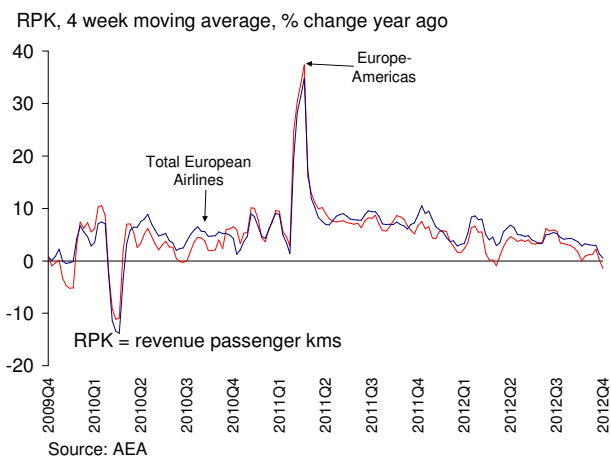
% year, RPK



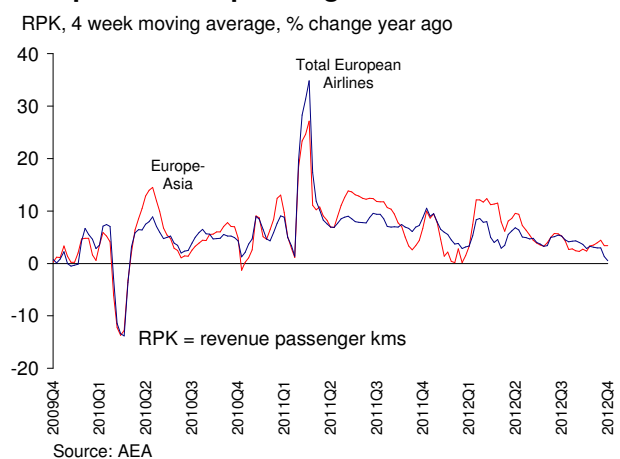
Intra-European travel remains an important aspect of the largely positive results in air traffic among European airlines. Passenger traffic in terms of RPK showed some signs of strengthening on European routes on average over the final weeks of 2012. However, RPK growth for all routes slowed to a more moderate pace and exhibited a small decline in early December.

The late-year slowdown is almost entirely a result of weakness on routes between Europe and North America. Traffic on these routes underperformed the average in 12 of the last 13 weeks to mid-December and contracted in 5 of the last 8 weeks. This can be partly explained by disruption in the Eastern US, as both a destination and origin market, following Superstorm Sandy, although a downward trend was in place before that event. Softer demand for travel to the US by Europeans is a key factor, especially given the appreciation of the US dollar against the euro. Meanwhile, Europe-Far East air travel has been more robust over the same period, posting better than average results in recent weeks.

### European airline passenger traffic: Americas

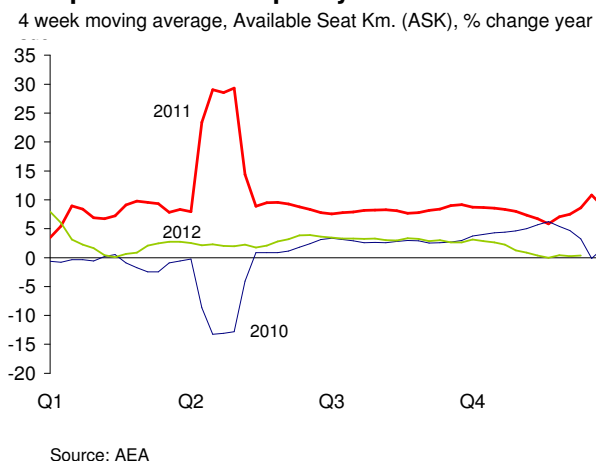


### European airline passenger traffic: Asia

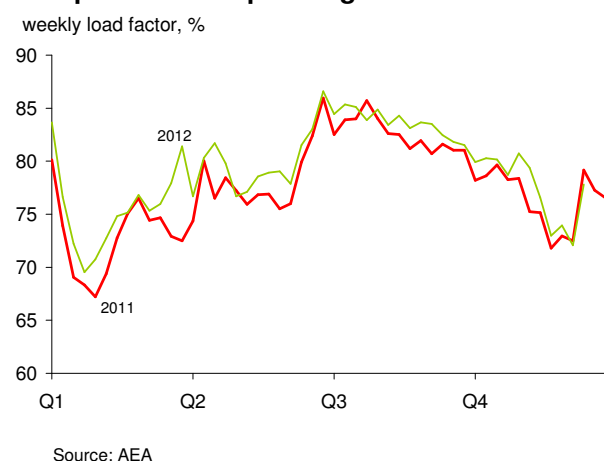


The airlines have responded rather quickly on the supply side, as the slower demand has been largely anticipated. Available seat kilometer growth has slowed to below 1% on average in recent weeks with reductions in the North American routes. Load factors were generally higher in 2012 compared to 2011, but the gap narrowed later in the year

### European airlines capacity



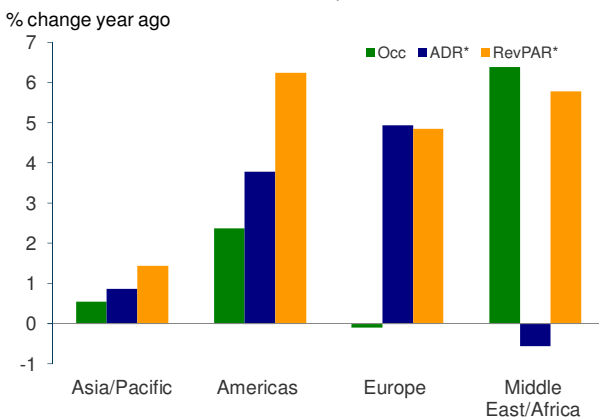
### European airlines passenger load factor



## Accommodation

While the global hotel industry largely performed well in 2012, a slowing trend persists in much of the world. Recent STR Global data indicate all regions except Europe experienced weaker occupancy growth in the second half of 2012, although it should be noted that hotel occupancy in Europe was already lower than in 2011. Average daily rate (ADR) growth also slowed in the Asia-Pacific and Europe regions, but held steady in the Americas and the Middle East and Africa. The combination of weaker occupancy and flat to weaker ADR growth resulted in a general slowing of Revenue Per Available Room (RevPAR), in each region.

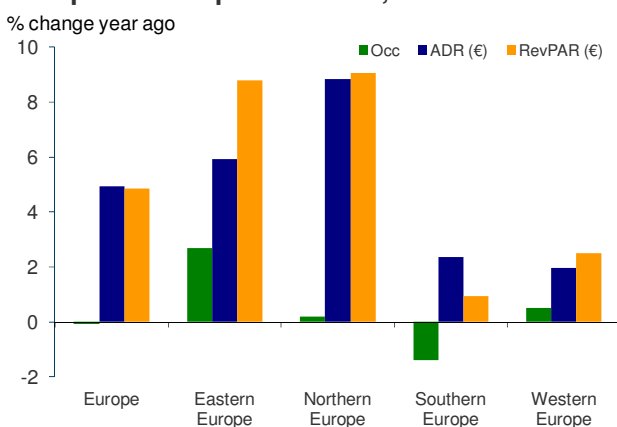
### Global Hotel Performance, Jan-Nov 2012



Source: STR Global \*ADR and RevPAR denominated in US\$ except for Europe

Occupancy in European hotels in aggregate remained lower than in 2011 for all of 2012 to November, with the Southern region exerting the largest drag, notably later in the year, and since August, the performance gap has narrowed. Slower room supply is a factor in the equation, while an increase in the share of intra-European travel also benefits the demand side. But overall hotel performance has been slower than arrivals and overnights growth to date suggesting that there has been some rise in the share of lower cost non-hotel accommodation as has been observed in prior periods of weak economic performance.

### European hotel performance, Jan-Nov 2012



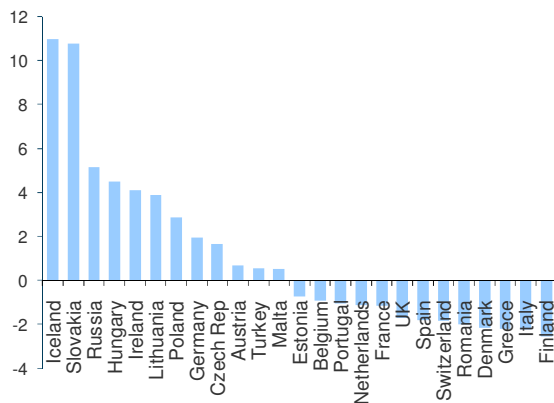
Source: STR Global

Room rates do not show the same recent momentum as occupancy. While ADR growth remained robust for the year as a whole, rate growth slowed over the period from August to November. ADR in Europe was exceptionally strong in the early part of the year given lower occupancy. This was assisted by events such as the London Olympics and FIFA EURO 2012, which had a very large impact on room rates especially in Poland and in Warsaw in particular. The more recent trend across Europe appears to be that hoteliers are lowering prices in an attempt to stimulate demand.

Recent industry trends have been differed somewhat across Europe. Although, Northern and Southern European countries experienced the largest relative occupancy gains in late 2012 the biggest gains for the year as a whole were in Eastern Europe. Of the 25 countries for which data are available, 13 countries report lower occupancy through November.

### Hotel occupancy rates

Jan-Nov year to date, % change year ago

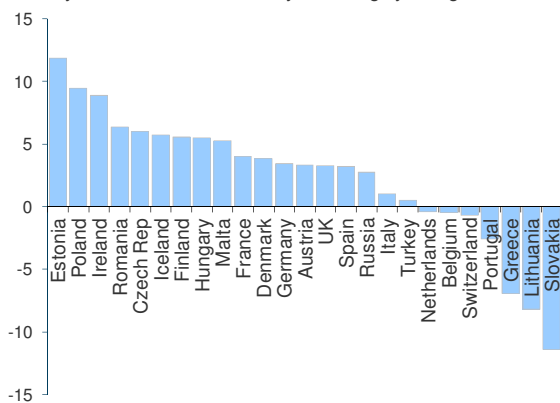


Source: STR Global

ADR growth remained positive across Europe for the year through November, with Eastern and Northern Europe gaining above the average for the region, helped by event impacts. However, the rate of ADR growth slowed during the year and rates are below 2011 levels for 7 of the 25 reported destinations through November. Hoteliers are coming under pressure to keep rates low as occupancy remains subdued. Broader inflation in the whole economy is also slowing which also reduces the supply-side need to raise rates,

### Hotel Average Daily Rate

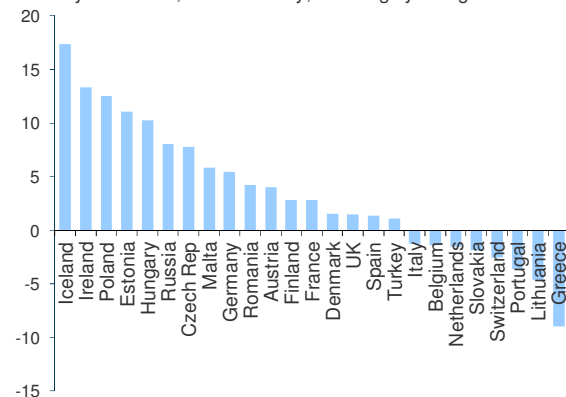
Jan-Nov year to date, local currency, % change year ago



Source : STR Global

### Hotel revenue per available room (RevPAR)

Jan-Nov year to date, local currency, % change year ago



Source: STR Global

RevPAR growth continues to be driven by gains in Northern and Eastern Europe. Rate growth in Western Europe has been strong enough to allow for RevPAR expansion despite weaker occupancy in recent months.

<b>Jan - Nov, 2012</b>			
<b>% year to date</b>			
<b>Country</b>	<b>Occupancy</b>	<b>ADR</b>	<b>RevPAR</b>
Austria	0.7	3.3	4.0
Belgium	-0.9	-0.5	-1.4
Czech Republic	1.7	6.0	7.8
Denmark	-2.2	3.8	1.6
Estonia	-0.7	11.9	11.1
Finland	-2.6	5.6	2.8
France	-1.1	4.0	2.8
Germany	2.0	3.4	5.5
Greece	-2.2	-6.9	-9.0
Hungary	4.5	5.5	10.3
Iceland	11.0	5.8	17.4
Ireland	4.1	8.9	13.3
Italy	-2.2	1.0	-1.2
Lithuania	3.9	-8.2	-4.6
Malta	0.5	5.3	5.8
Netherlands	-1.1	-0.4	-1.5
Poland	2.9	9.5	12.6
Portugal	-1.0	-2.6	-3.6
Romania	-2.0	6.4	4.2
Russia	5.2	2.8	8.1
Slovakia	10.8	-11.4	-1.8
Spain	-1.8	3.2	1.3
Switzerland	-1.8	-0.7	-2.5
Turkey	0.5	0.5	1.1
United Kingdom	-1.7	3.2	1.5

Source: STR Global

ADR = Average Daily Rate, RevPAR = Revenue per Available Room, ADR and RevPAR in local currency

## Key Source Market Performance

### Growth ahead of expectations in 2012, but slowing

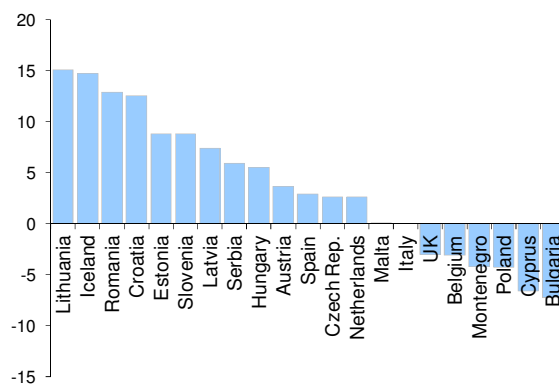
- Growth has continued throughout 2012 ahead of expectations but slowed significantly later in the year
- Emerging European markets have seen stronger growth than some more established markets as both origins and destinations
- Intra-European demand has surprised on the upside while long-haul demand has been healthier.

### Key intra-European markets

Travel from Germany to other European destinations continued to grow throughout much of 2012. However, growth has been most notable to the typically smaller Eastern European destinations while there have been some reported falls in travel demand and notably for some large destinations. In general growth has slowed as the year has progressed. Trips to some key destinations such as Netherlands and Spain are reported to have continued to rise, while overnights have fallen. The shorter length of stay is consistent with lower consumer confidence and cost savings being sought by travellers.

#### Visits from Germany to select destinations

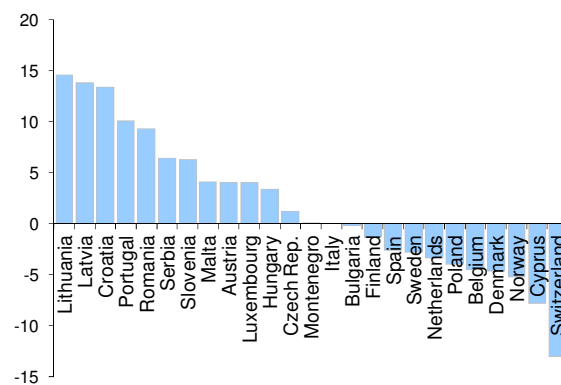
2012, year-to-date\*, % change year ago



Source : TourMIS \*date varies (Jun-Nov) by destination

#### German visitor nights in select destinations

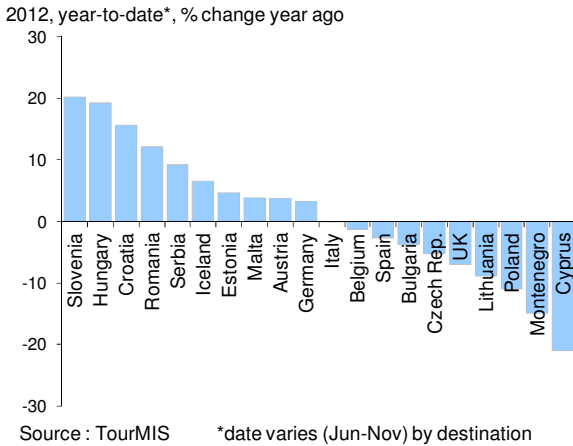
2012, year-to-date\*, % change year ago



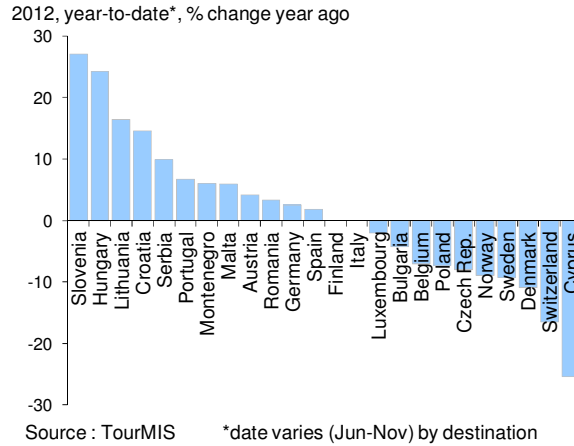
Source : TourMIS \*date varies (Jun-Nov) by destination

Outbound travel from the Netherlands followed a similar pattern to German demand, but travelers exhibited even more caution. Falling arrivals were reported by a greater number of destinations, with falls of a large magnitude. Travel to emerging market destinations continued to grow strongly, albeit from a lower starting base. More encouragingly average length of stay has reportedly grown for several destinations, while it is likely that total outbound tourism spending increased as a share of consumer spending.

**Visits from Netherlands to select destinations**

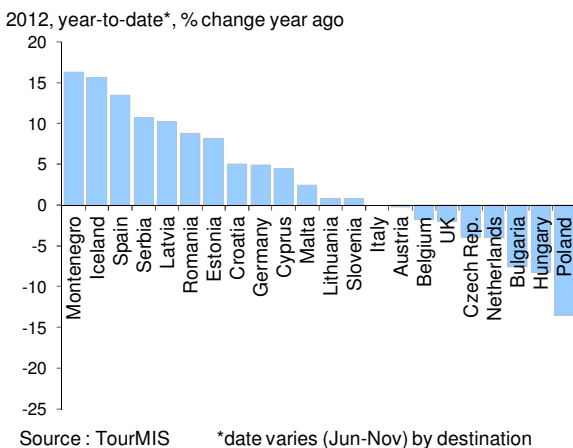


**Netherlands nights in select destinations**

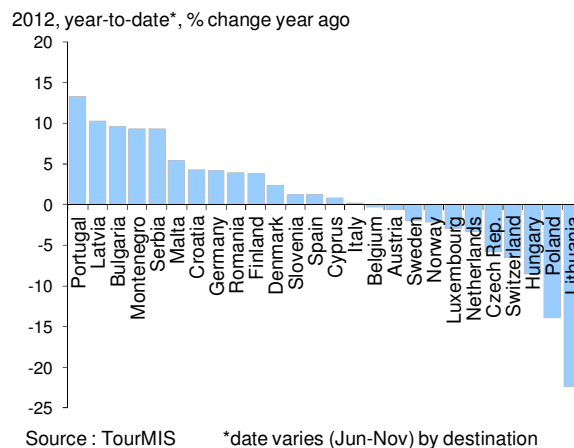


French demand also slowed as 2012 progressed in line with economic growth, but performance for key destinations has been mixed. The majority of destinations reported a higher number of visitors but several large destinations, including the UK, report falling French demand. Overnights data suggest even weaker demand than arrivals data as French travellers have tended to take shorter trips.

**Visits from France to select destinations**



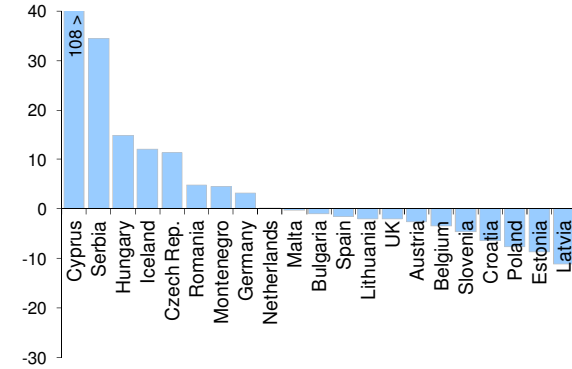
**French visitor nights in select destinations**



Italian tourism demand was weaker than some of the other European origin markets as more destinations reported lower Italian arrivals and nights than reported growth. Within this there was some exceptionally high growth, notably to Cyprus and Serbia, but it should be noted that these are low volume markets and not reflective of overall demand.

**Visits from Italy to select destinations**

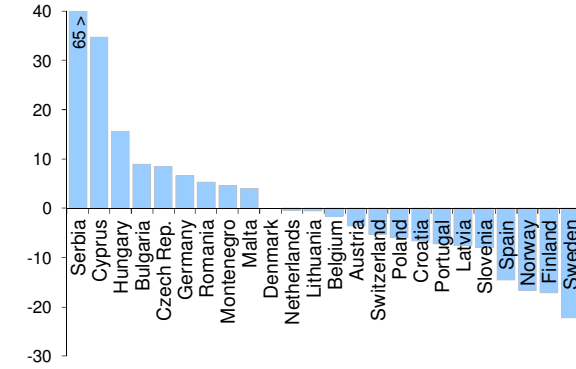
2012, year-to-date\*, % change year ago



Source : TourMIS \*date varies (Jun-Nov) by destination

**Italian visitor nights in select destinations**

2012, year-to-date\*, % change year ago

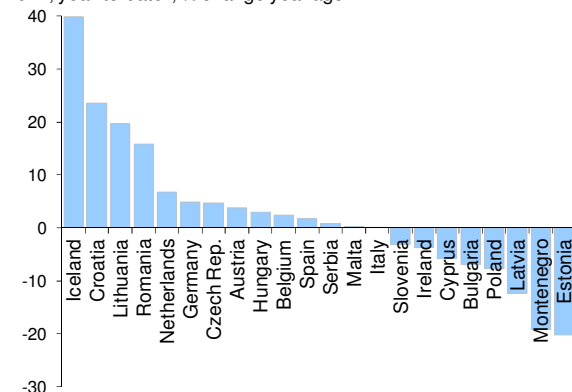


Source : TourMIS \*date varies (Jun-Nov) by destination

Tourism demand from the UK was mixed during 2012 with some large destinations, such as Spain, reporting robust growth, while other destinations saw lower arrivals. There are some encouraging signs of increasing average length of stay, but it is hard to determine a clear trend for the year as a whole. UK demand was disrupted in 2012 by the London Olympics which may have prompted some potential travellers to remain in the UK for the event instead of taking a trip abroad. Further reports suggest others were encouraged to travel abroad to avoid potential disruption.

**Visits from UK to select destinations**

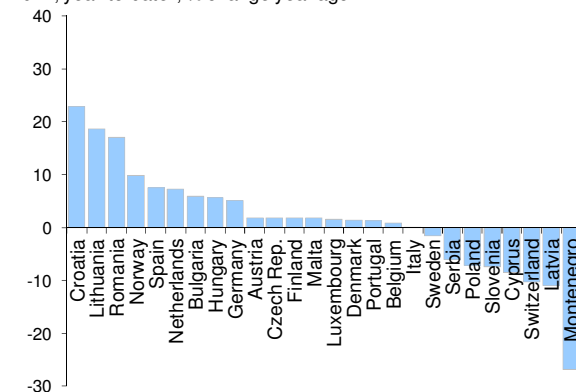
2012, year-to-date\*, % change year ago



Source : TourMIS \*date varies (Jun-Nov) by destination

**British visitor nights in select destinations**

2012, year-to-date\*, % change year ago



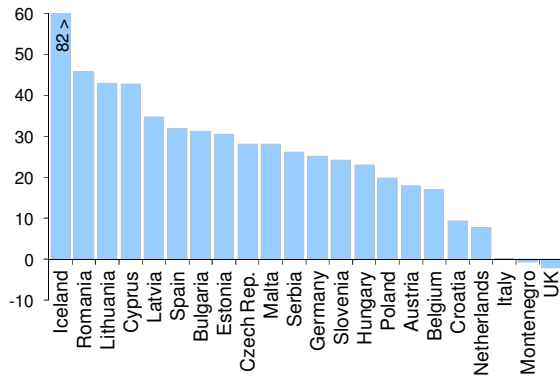
Source : TourMIS \*date varies (Jun-Nov) by destination



Russia remains a top performing source market with the overwhelming majority of destinations reporting strong growth in arrivals in 2012. The clear exception is the UK, possibly disrupted by the London Olympics. The continued high oil price has benefited the Russian market and subsequently tourism demand.

**Visits from Russia to select destinations**

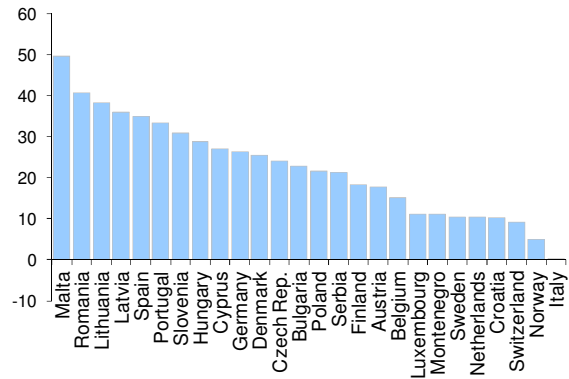
2012, year-to-date\*, % change year ago



Source : TourMIS \*date varies (Jun-Nov) by destination

**Russian visitor nights in select destinations**

2012, year-to-date\*, % change year ago



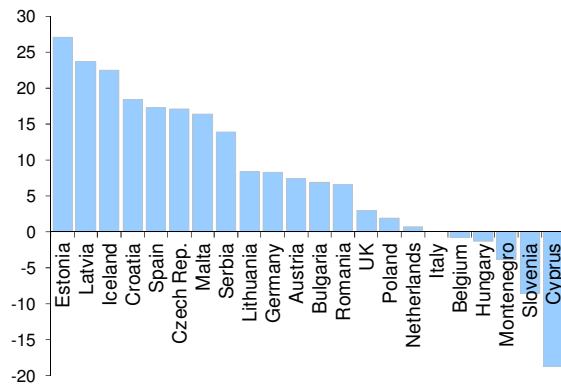
Source : TourMIS \*date varies (Jun-Nov) by destination

## Non-European markets

US tourism demand has also surprised on the upside throughout 2012, as growth did not slow significantly from 2011 rates as expected. This has been clear for US domestic demand as well as for outbound travel to many global destinations. Most European destinations report robust growth in US arrivals. Appreciation in the US\$, notably relative to the euro, helped with this trend.

### Visits from US to select destinations

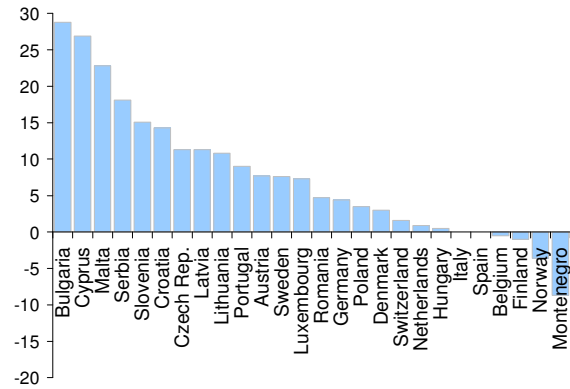
2012, year-to-date\*, % change year ago



Source : TourMIS \*date varies (Jun-Nov) by destination

### US visitor nights in select destinations

2012, year-to-date\*, % change year ago

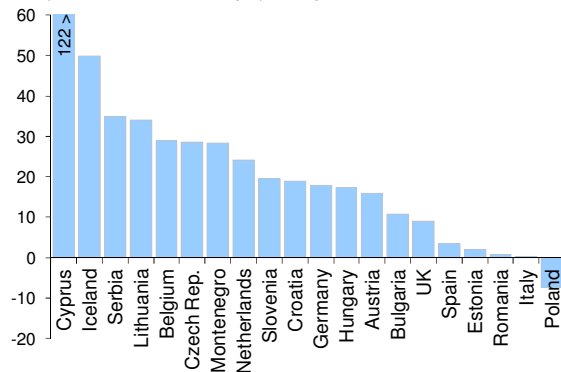


Source : TourMIS \*date varies (Jun-Nov) by destination

The rebound in Japanese tourism demand continued throughout 2012 following the falls due to the events of 2011. Travel to most European destinations grew strongly throughout 2012 but with significant slowdown later in the year as economic growth stalled.

### Visits from Japan to select destinations

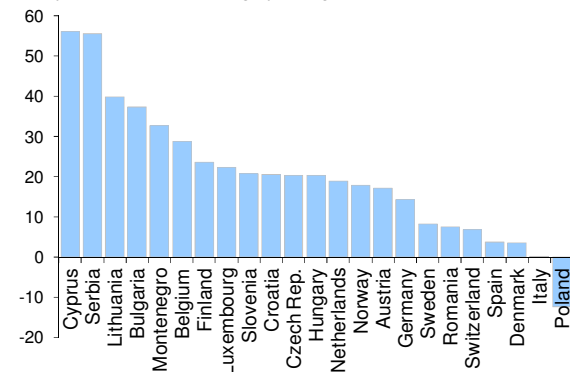
2012, year-to-date\*, % change year ago



Source : TourMIS \*date varies (Jun-Nov) by destination

### Japanese visitor nights in select destinations

2012, year-to-date\*, % change year ago



Source : TourMIS \*date varies (Jun-Nov) by destination

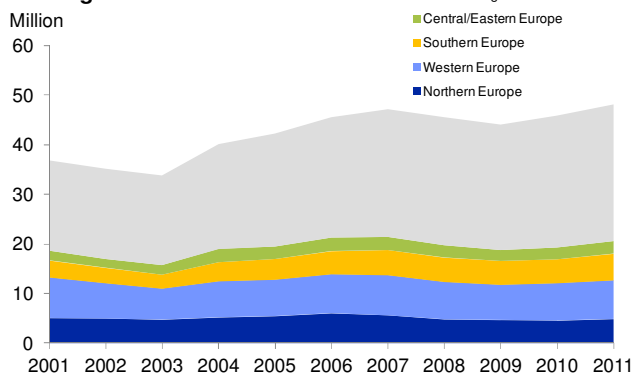
## Origin Market Share Analysis

Based on the Tourism Decision Metrics (TDM) model, the following charts and analysis show Europe's evolving market position - both in absolute and percentage terms - for selected source markets.

### United States

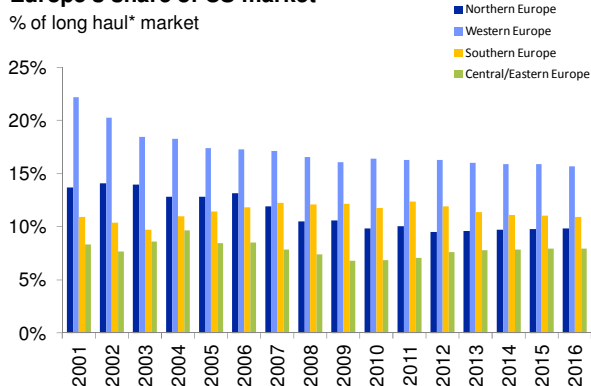
- 78.3 million tourists traveled from the US in 2011. Of these, 30.2 million traveled within North America, while 48.2 million (61.5%) traveled to long haul destinations.
- US tourist arrivals to Europe in 2011 totaled 20.6 million, representing 42.7% of the US long haul outbound market.
- US tourist arrivals to Northern Europe in 2011 totaled 4.8 million, representing 23.5% of US arrivals to Europe.
- US tourist arrivals to Western Europe in 2011 totaled 7.8 million, representing 38.2% of US arrivals to Europe.
- US tourist arrivals to Southern Europe in 2011 totaled 5.4 million, representing 26.1% of US arrivals to Europe.
- US tourist arrivals to Central/Eastern Europe in 2011 totaled 2.5 million, representing 12.2% of US arrivals to Europe.
- Northern Europe's share of the US market was 10.0% in 2011, a 3.6 percentage point decrease from 2001.
- Western Europe's share of the US market was 16.3% in 2011, a 5.9 percentage point decrease from 2001.
- Southern Europe's share of the US market was 12.4% in 2011, a 1.5 percentage point increase from 2001.
- Central/Eastern Europe's share of the US market was 7.1% in 2011, a 1.2 percentage point decrease from 2001.
- Long haul outbound from the US is forecast to grow 5.8% per year on average through 2016.
- Arrivals to Northern Europe are expected to increase 29.8% through 2016, to 6.3 million. Northern Europe's share of the US market is forecast to fall to 9.8% in 2016.
- Arrivals to Western Europe are expected to increase 27.5% through 2016, to 10.0 million. Western Europe's share of the US market is forecast to fall to 15.7% in 2016.
- Arrivals to Southern Europe are expected to increase 16.8% through 2016, to 6.3 million. Southern Europe's share of the US market is forecast to fall to 10.9% in 2016.
- Arrivals to Central/Eastern Europe are expected to increase 50.0% through 2016, to 3.8 million. Central/Eastern Europe's share of the US market is forecast to rise to 7.9% in 2016.

#### US long haul\* outbound travel



\*Long haul defined as tourist arrivals to destinations outside North America  
Source: Tourism Economics

#### Europe's share of US market



\*Long haul defined as tourist arrivals to destinations outside North America  
Source: Tourism Economics

**Note:** this analysis is based on the *Tourism Decision Metrics (TDM)* model. The geographies of Europe are defined as:

**Northern Europe:** Denmark, Finland, Iceland, Ireland, Norway, Sweden, UK

**Western Europe:** Austria, Belgium, France, Germany, Luxembourg, Netherlands, Switzerland

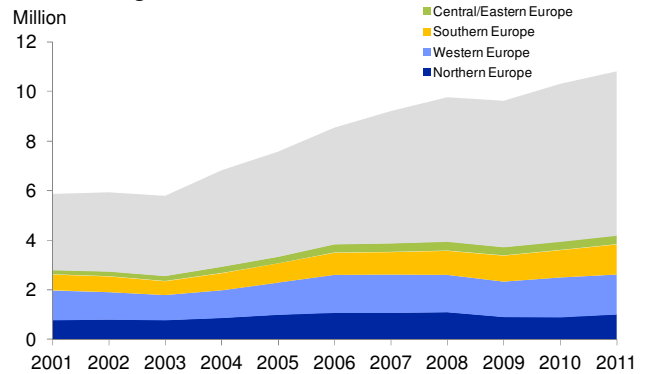
**Southern/Mediterranean Europe:** Albania, Bosnia-Herzegovina, Croatia, Cyprus, FYR Macedonia, Greece, Italy, Malta, Montenegro, Portugal, Serbia, Slovenia, Spain, Turkey

**Central/Eastern Europe:** Armenia, Azerbaijan, Bulgaria, Czech Republic, Estonia, Hungary, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Poland, Romania, Russian Federation, Slovakia, Ukraine

## Canada

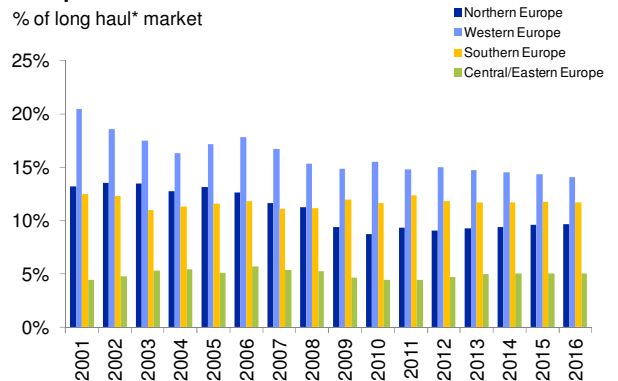
- 32.9 million tourists traveled from Canada in 2011. Of these, 22.1 million traveled within North America, while 10.8 million (32.9%) traveled to long haul destinations.
- Canadian tourist arrivals to Europe in 2011 totaled 4.2 million, representing 38.8% of the Canadian long haul outbound market.
- Canadian tourist arrivals to Northern Europe in 2011 totaled 1.0 million, representing 24.1% of Canadian arrivals to Europe.
- Canadian tourist arrivals to Western Europe in 2011 totaled 1.6 million, representing 38.3% of Canadian arrivals to Europe.
- Canadian tourist arrivals to Southern Europe in 2011 totaled 1.2 million, representing 28.9% of Canadian arrivals to Europe.
- Canadian tourist arrivals to Central/Eastern Europe in 2011 totaled 0.4 million, representing 8.7% of Canadian arrivals to Europe.
- Northern Europe's share of the Canadian market was 9.3% in 2011, a 3.9 percentage point decrease from 2001.
- Western Europe's share of the Canadian market was 14.8% in 2011, a 5.7 percentage point decrease from 2001.
- Southern Europe's share of the Canadian market was 12.4% in 2011, a 0.2 percentage point decrease from 2001.
- Central/Eastern Europe's share of the Canadian market was 4.4% in 2011, a 0.0 percentage point decrease from 2001.
- Long haul outbound from Canada is forecast to grow 2.3% per year on average through 2016.
- Arrivals to Northern Europe are expected to increase 16.1% through 2016, to 1.2 million. Northern Europe's share of the Canadian market is forecast to rise to 9.7% in 2016.
- Arrivals to Western Europe are expected to increase 6.3% through 2016, to 1.7 million. Western Europe's share of the Canadian market is forecast to fall to 14.1% in 2016.
- Arrivals to Southern Europe are expected to increase 5.6% through 2016, to 1.3 million. Southern Europe's share of the Canadian market is forecast to fall to 11.7% in 2016.
- Arrivals to Central/Eastern Europe are expected to increase 27.9% through 2016, to .5 million. Central/Eastern Europe's share of the Canadian market is forecast to rise to 5.0% in 2016.

### Canada long haul\* outbound travel



\*Long haul defined as tourist arrivals to destinations outside North America  
Source: Tourism Economics

### Europe's share of Canadian market

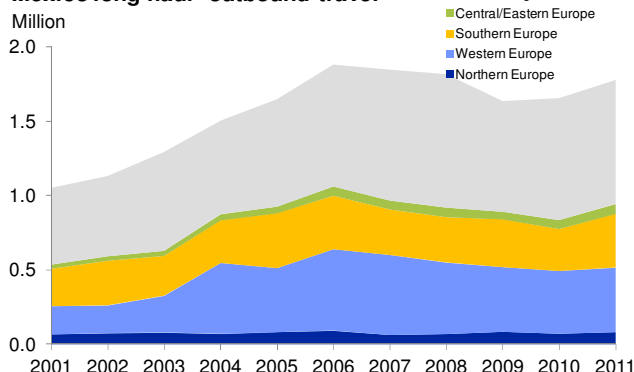


\*Long haul defined as tourist arrivals to destinations outside North America  
Source: Tourism Economics

## Mexico

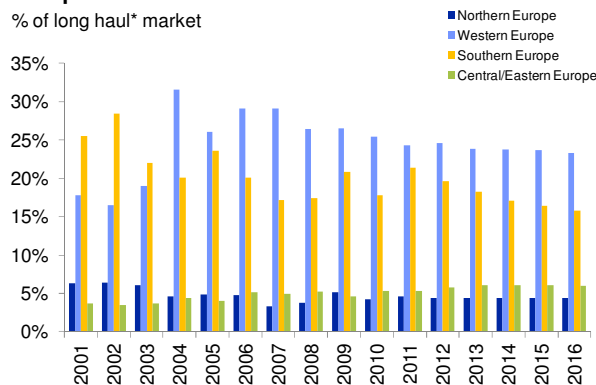
- 15.4 million tourists traveled from Mexico in 2011. Of these, 13.6 million traveled within North America, while 1.8 million (11.5%) traveled to long haul destinations.
- Mexican tourist arrivals to Europe in 2011 totaled 0.9 million, representing 53.1% of the Mexican long haul outbound market.
- Mexican tourist arrivals to Northern Europe in 2011 totaled 82,000, representing 8.7% of Mexican arrivals to Europe.
- Mexican tourist arrivals to Western Europe in 2011 totaled 432,000, representing 45.8% of Mexican arrivals to Europe.
- Mexican tourist arrivals to Southern Europe in 2011 totaled 363,000, representing 38.4% of Mexican arrivals to Europe.
- Mexican tourist arrivals to Central/Eastern Europe in 2011 totaled 67,000, representing 7.1% of Mexican arrivals to Europe.
- Northern Europe's share of the Mexican market was 4.6% in 2011, a 1.7 percentage point decrease from 2001.
- Western Europe's share of the Mexican market was 24.3% in 2011, a 6.5 percentage point increase from 2001.
- Southern Europe's share of the Mexican market was 21.4% in 2011, a 4.1 percentage point decrease from 2001.
- Central/Eastern Europe's share of the Mexican market was 5.3% in 2011, a 1.6 percentage point increase from 2001.
- Long haul outbound from Mexico is forecast to grow 6.5% per year on average through 2016.
- Arrivals to Northern Europe are expected to increase 32.4% through 2016, to 108,000. Northern Europe's share of the Mexican market is forecast to fall to 4.4% in 2016.
- Arrivals to Western Europe are expected to increase 31.3% through 2016, to 567,000. Western Europe's share of the Mexican market is forecast to fall to 23.3% in 2016.
- Arrivals to Southern Europe are expected to increase 1.0% through 2016, to 366,000. Southern Europe's share of the Mexican market is forecast to fall to 15.7% in 2016.
- Arrivals to Central/Eastern Europe are expected to increase 56.1% through 2016, to 105,000. Central/Eastern Europe's share of the Mexican market is forecast to rise to 6.0% in 2016.

**Mexico long haul\* outbound travel**



\*Long haul defined as tourist arrivals to destinations outside North America  
Source: Tourism Economics

**Europe's share of Mexican market**

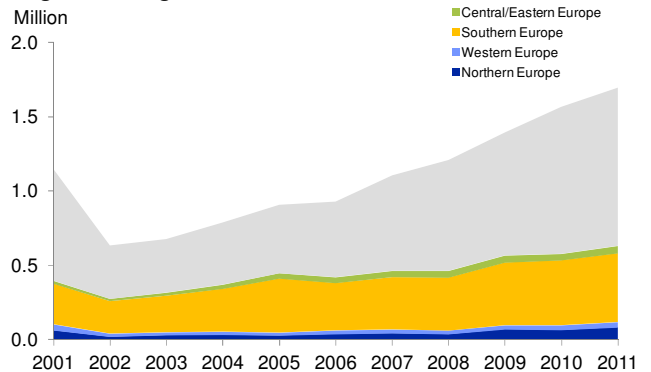


\*Long haul defined as tourist arrivals to destinations outside North America  
Source: Tourism Economics

## Argentina

- 6.7 million tourists traveled from Argentina in 2011. Of these, 5.0 million traveled within South America, while 1.7 million (25.2%) traveled to long haul destinations.
- Argentinian tourist arrivals to Europe in 2011 totaled 0.6 million, representing 37.2% of the Argentinian long haul outbound market.
- Argentinian tourist arrivals to Northern Europe in 2011 totaled 83,000, representing 13.1% of Argentinian arrivals to Europe.
- Argentinian tourist arrivals to Western Europe in 2011 totaled 37,000, representing 5.9% of Argentinian arrivals to Europe.
- Argentinian tourist arrivals to Southern Europe in 2011 totaled 461,000, representing 73.0% of Argentinian arrivals to Europe.
- Argentinian tourist arrivals to Central/Eastern Europe in 2011 totaled 50,000, representing 8.0% of Argentinian arrivals to Europe.
- Northern Europe's share of the Argentinian market was 4.9% in 2011, a 0.6 percentage point decrease from 2001.
- Western Europe's share of the Argentinian market was 2.2% in 2011, a 1.4 percentage point decrease from 2001.
- Southern Europe's share of the Argentinian market was 28.6% in 2011, a 3.4 percentage point increase from 2001.
- Central/Eastern Europe's share of the Argentinian market was 3.2% in 2011, a 1.3 percentage point increase from 2001.
- Long haul outbound from Argentina is forecast to grow 8.1% per year on average through 2016.
- Arrivals to Northern Europe are expected to increase 89.2% through 2016, to 157,000. Northern Europe's share of the Argentinian market is forecast to rise to 6.3% in 2016.
- Arrivals to Western Europe are expected to increase 56.2% through 2016, to 58,000. Western Europe's share of the Argentinian market is forecast to rise to 2.3% in 2016.
- Arrivals to Southern Europe are expected to increase 47.6% through 2016, to 680,000. Southern Europe's share of the Argentinian market is forecast to rise to 29.0% in 2016.
- Arrivals to Central/Eastern Europe are expected to increase 81.8% through 2016, to 92,000. Central/Eastern Europe's share of the Argentinian market is forecast to rise to 4.0% in 2016.

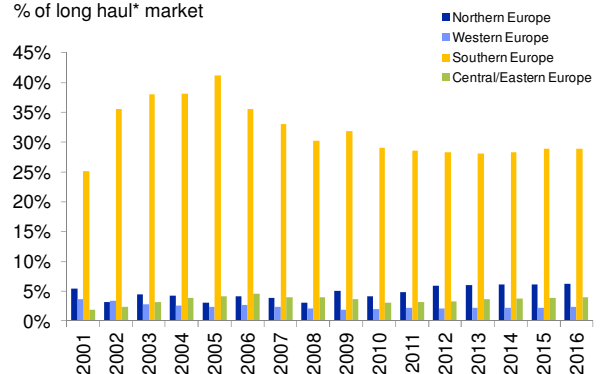
### Argentina long haul\* outbound travel



\*Long haul defined as tourist arrivals to destinations outside South America  
Source: Tourism Economics

### Europe's share of Argentinian market

% of long haul\* market

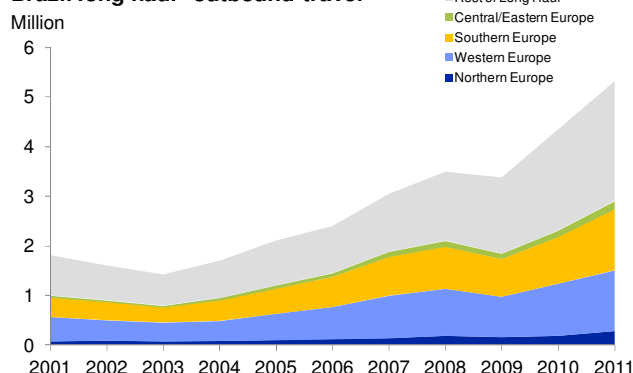


\*Long haul defined as tourist arrivals to destinations outside South America  
Source: Tourism Economics

## Brazil

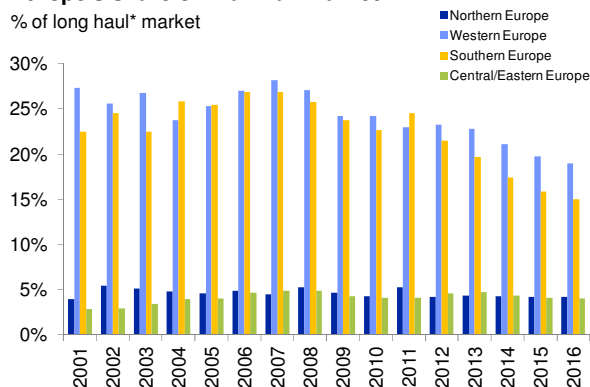
- 7.9 million tourists traveled from Brazil in 2011. Of these, 2.6 million traveled within South America, while 5.3 million (67.3%) traveled to long haul destinations.
- Brazilian tourist arrivals to Europe in 2011 totaled 2.9 million, representing 54.5% of the Brazilian long haul outbound market.
- Brazilian tourist arrivals to Northern Europe in 2011 totaled 282,000, representing 9.7% of Brazilian arrivals to Europe.
- Brazilian tourist arrivals to Western Europe in 2011 totaled 1,225,000, representing 42.2% of Brazilian arrivals to Europe.
- Brazilian tourist arrivals to Southern Europe in 2011 totaled 1,238,000, representing 42.6% of Brazilian arrivals to Europe.
- Brazilian tourist arrivals to Central/Eastern Europe in 2011 totaled 159,000, representing 5.5% of Brazilian arrivals to Europe.
- Northern Europe's share of the Brazilian market was 5.3% in 2011, a 1.3 percentage point increase from 2001.
- Western Europe's share of the Brazilian market was 23.0% in 2011, a 4.4 percentage point decrease from 2001.
- Southern Europe's share of the Brazilian market was 24.5% in 2011, a 2.0 percentage point increase from 2001.
- Central/Eastern Europe's share of the Brazilian market was 4.2% in 2011, a 1.3 percentage point increase from 2001.
- Long haul outbound from Brazil is forecast to grow 10.4% per year on average through 2016.
- Arrivals to Northern Europe are expected to increase 30.2% through 2016, to 367,000. Northern Europe's share of the Brazilian market is forecast to fall to 4.2% in 2016.
- Arrivals to Western Europe are expected to increase 35.6% through 2016, to 1,661,000. Western Europe's share of the Brazilian market is forecast to fall to 19.0% in 2016.
- Arrivals to Southern Europe are expected to increase 1.5% through 2016, to 1,257,000. Southern Europe's share of the Brazilian market is forecast to fall to 15.0% in 2016.
- Arrivals to Central/Eastern Europe are expected to increase 72.1% through 2016, to 274,000. Central/Eastern Europe's share of the Brazilian market is forecast to fall to 4.1% in 2016.

**Brazil long haul\* outbound travel**



\*Long haul defined as tourist arrivals to destinations outside South America  
Source: Tourism Economics

**Europe's share of Brazilian market**

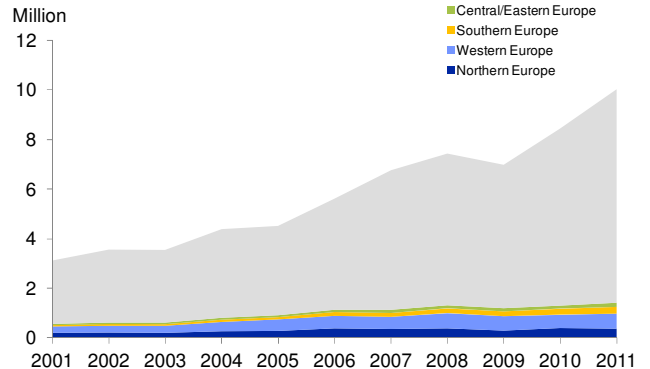


\*Long haul defined as tourist arrivals to destinations outside South America  
Source: Tourism Economics

## India

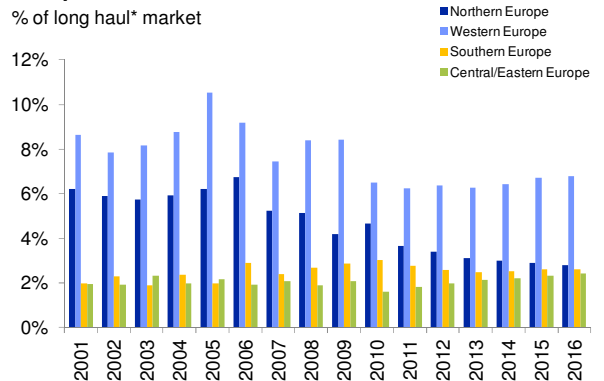
- 10.5 million tourists traveled from India in 2011. Of these, 0.5 million traveled within South Asia, while 10.0 million (95.3%) traveled to long haul destinations.
- Indian tourist arrivals to Europe in 2011 totaled 1.4 million, representing 14.2% of the Indian long haul outbound market.
- Indian tourist arrivals to Northern Europe in 2011 totaled 366,000, representing 25.8% of Indian arrivals to Europe.
- Indian tourist arrivals to Western Europe in 2011 totaled 624,000, representing 43.9% of Indian arrivals to Europe.
- Indian tourist arrivals to Southern Europe in 2011 totaled 267,000, representing 18.8% of Indian arrivals to Europe.
- Indian tourist arrivals to Central/Eastern Europe in 2011 totaled 164,000, representing 11.5% of Indian arrivals to Europe.
- Northern Europe's share of the Indian market was 3.7% in 2011, a 2.6 percentage point decrease from 2001.
- Western Europe's share of the Indian market was 6.2% in 2011, a 2.4 percentage point decrease from 2001.
- Southern Europe's share of the Indian market was 2.8% in 2011, a 0.8 percentage point increase from 2001.
- Central/Eastern Europe's share of the Indian market was 1.8% in 2011, a 0.1 percentage point decrease from 2001.
- Long haul outbound from India is forecast to grow 7.7% per year on average through 2016.
- Arrivals to Northern Europe are expected to increase 10.8% through 2016, to 405,000. Northern Europe's share of the Indian market is forecast to fall to 2.8% in 2016.
- Arrivals to Western Europe are expected to increase 57.7% through 2016, to 983,000. Western Europe's share of the Indian market is forecast to rise to 6.8% in 2016.
- Arrivals to Southern Europe are expected to increase 38.4% through 2016, to 369,000. Southern Europe's share of the Indian market is forecast to fall to 2.6% in 2016.
- Arrivals to Central/Eastern Europe are expected to increase 93.3% through 2016, to 317,000. Central/Eastern Europe's share of the Indian market is forecast to rise to 2.4% in 2016.

### India long haul\* outbound travel



\*Long haul defined as tourist arrivals to destinations outside South Asia  
Source: Tourism Economics

### Europe's share of Indian market



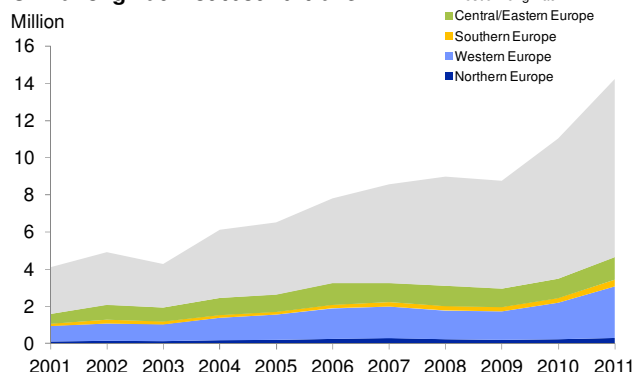
\*Long haul defined as tourist arrivals to destinations outside South Asia  
Source: Tourism Economics



## China

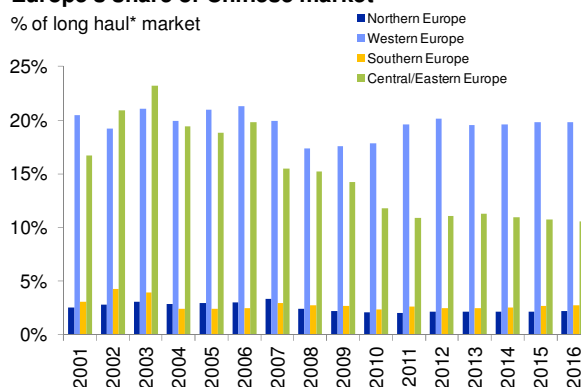
- 40.6 million tourists traveled from China in 2011. Of these, 26.4 million traveled within Northeast Asia, while 14.2 million (35.0%) traveled to long haul destinations.
- Chinese tourist arrivals to Europe in 2011 totaled 4.7 million, representing 32.7% of the Chinese long haul outbound market.
- Chinese tourist arrivals to Northern Europe in 2011 totaled 291,000, representing 6.3% of Chinese arrivals to Europe.
- Chinese tourist arrivals to Western Europe in 2011 totaled 2,791,000, representing 60.0% of Chinese arrivals to Europe.
- Chinese tourist arrivals to Southern Europe in 2011 totaled 361,000, representing 7.8% of Chinese arrivals to Europe.
- Chinese tourist arrivals to Central/Eastern Europe in 2011 totaled 1,210,000, representing 26.0% of Chinese arrivals to Europe.
- Northern Europe's share of the Chinese market was 2.0% in 2011, a 0.5 percentage point decrease from 2001.
- Western Europe's share of the Chinese market was 19.6% in 2011, a 0.9 percentage point decrease from 2001.
- Southern Europe's share of the Chinese market was 2.6% in 2011, a 0.5 percentage point decrease from 2001.
- Central/Eastern Europe's share of the Chinese market was 10.9% in 2011, a 5.9 percentage point decrease from 2001.
- Long haul outbound from China is forecast to grow 8.3% per year on average through 2016.
- Arrivals to Northern Europe are expected to increase 60.3% through 2016, to 466,000. Northern Europe's share of the Chinese market is forecast to rise to 2.2% in 2016.
- Arrivals to Western Europe are expected to increase 50.6% through 2016, to 4,202,000. Western Europe's share of the Chinese market is forecast to rise to 19.8% in 2016.
- Arrivals to Southern Europe are expected to increase 57.9% through 2016, to 570,000. Southern Europe's share of the Chinese market is forecast to rise to 2.7% in 2016.
- Arrivals to Central/Eastern Europe are expected to increase 44.2% through 2016, to 1,744,000. Central/Eastern Europe's share of the Chinese market is forecast to fall to 10.5% in 2016.

**China long haul\* outbound travel**



\*Long haul defined as tourist arrivals to destinations outside Northeast Asia  
Source: Tourism Economics

**Europe's share of Chinese market**

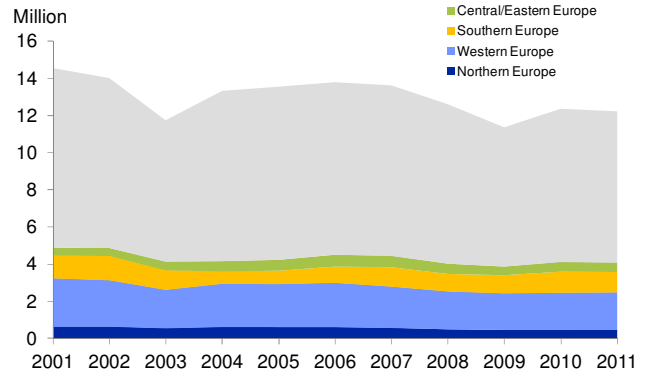


\*Long haul defined as tourist arrivals to destinations outside Northeast Asia  
Source: Tourism Economics

## Japan

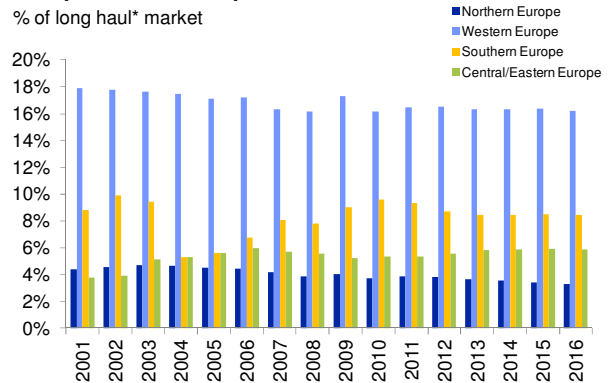
- 21.3 million tourists traveled from Japan in 2011. Of these, 9.1 million traveled within Northeast Asia, while 12.2 million (57.4%) traveled to long haul destinations.
- Japanese tourist arrivals to Europe in 2011 totaled 4.1 million, representing 33.6% of the Japanese long haul outbound market.
- Japanese tourist arrivals to Northern Europe in 2011 totaled 471,000, representing 11.5% of Japanese arrivals to Europe.
- Japanese tourist arrivals to Western Europe in 2011 totaled 2,011,000, representing 49.1% of Japanese arrivals to Europe.
- Japanese tourist arrivals to Southern Europe in 2011 totaled 1,098,000, representing 26.8% of Japanese arrivals to Europe.
- Japanese tourist arrivals to Central/Eastern Europe in 2011 totaled 518,000, representing 12.7% of Japanese arrivals to Europe.
- Northern Europe's share of the Japanese market was 3.9% in 2011, a 0.5 percentage point decrease from 2001.
- Western Europe's share of the Japanese market was 16.5% in 2011, a 1.4 percentage point decrease from 2001.
- Southern Europe's share of the Japanese market was 9.4% in 2011, a 0.5 percentage point increase from 2001.
- Central/Eastern Europe's share of the Japanese market was 5.3% in 2011, a 1.6 percentage point increase from 2001.
- Long haul outbound from Japan is forecast to grow 6.1% per year on average through 2016.
- Arrivals to Northern Europe are expected to increase 15.8% through 2016, to 545,000. Northern Europe's share of the Japanese market is forecast to fall to 3.3% in 2016.
- Arrivals to Western Europe are expected to increase 32.1% through 2016, to 2,657,000. Western Europe's share of the Japanese market is forecast to fall to 16.2% in 2016.
- Arrivals to Southern Europe are expected to increase 21.5% through 2016, to 1,335,000. Southern Europe's share of the Japanese market is forecast to fall to 8.4% in 2016.
- Arrivals to Central/Eastern Europe are expected to increase 50.0% through 2016, to 778,000. Central/Eastern Europe's share of the Japanese market is forecast to rise to 5.9% in 2016.

### Japan long haul\* outbound travel



\*Long haul defined as tourist arrivals to destinations outside Northeast Asia  
Source: Tourism Economics

### Europe's share of Japanese market

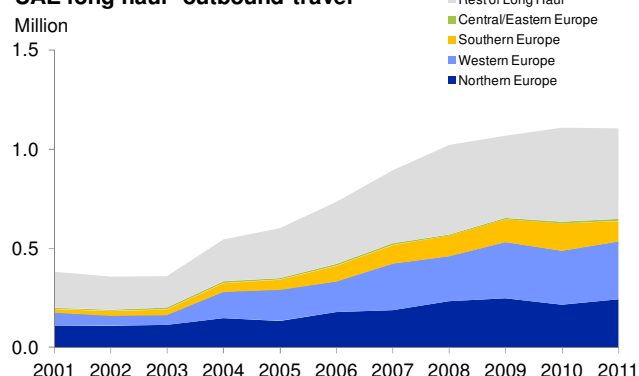


\*Long haul defined as tourist arrivals to destinations outside Northeast Asia  
Source: Tourism Economics

## United Arab Emirates

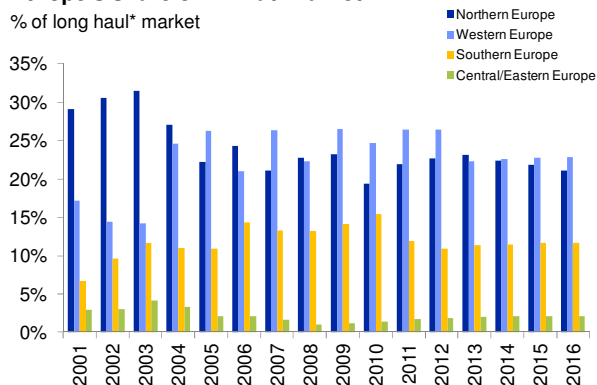
- 4.0 million tourists traveled from the UAE in 2011. Of these, 2.9 million traveled within the Middle East, while 1.1 million (27.8%) traveled to long haul destinations.
- Emirati tourist arrivals to Europe in 2011 totaled 0.6 million, representing 58.7% of the Emirati long haul outbound market.
- Emirati tourist arrivals to Northern Europe in 2011 totaled 242,000, representing 37.4% of Emirati arrivals to Europe.
- Emirati tourist arrivals to Western Europe in 2011 totaled 292,000, representing 45.1% of Emirati arrivals to Europe.
- Emirati tourist arrivals to Southern Europe in 2011 totaled 103,000, representing 15.9% of Emirati arrivals to Europe.
- Emirati tourist arrivals to Central/Eastern Europe in 2011 totaled 10,000, representing 1.6% of Emirati arrivals to Europe.
- Northern Europe's share of the Emirati market was 22.0% in 2011, a 7.1 percentage point decrease from 2001.
- Western Europe's share of the Emirati market was 26.5% in 2011, a 9.3 percentage point increase from 2001.
- Southern Europe's share of the Emirati market was 12.0% in 2011, a 5.3 percentage point increase from 2001.
- Central/Eastern Europe's share of the Emirati market was 1.8% in 2011, a 1.1 percentage point decrease from 2001.
- Long haul outbound from the UAE is forecast to grow 2.4% per year on average through 2016.
- Arrivals to Northern Europe are expected to increase 8.1% through 2016, to 262,000. Northern Europe's share of the Emirati market is forecast to fall to 21.1% in 2016.
- Arrivals to Western Europe are expected to decrease -2.7% through 2016, to 284,000. Western Europe's share of the Emirati market is forecast to fall to 22.9% in 2016.
- Arrivals to Southern Europe are expected to increase 11.1% through 2016, to 115,000. Southern Europe's share of the Emirati market is forecast to fall to 11.7% in 2016.
- Arrivals to Central/Eastern Europe are expected to increase 46.9% through 2016, to 15,000. Central/Eastern Europe's share of the Emirati market is forecast to rise to 2.1% in 2016.

**UAE long haul\* outbound travel**



\*Long haul defined as tourist arrivals to destinations outside the Middle East  
Source: Tourism Economics

**Europe's share of Emirati market**

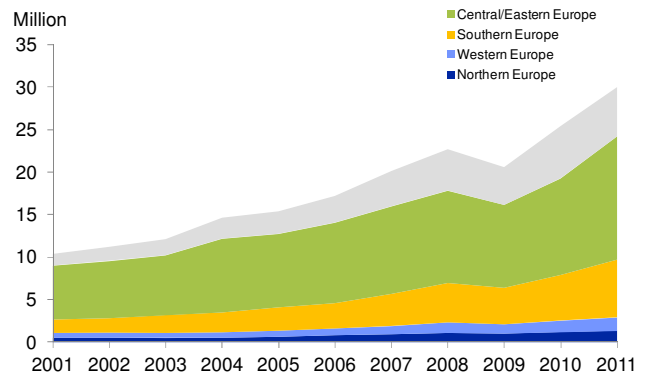


\*Long haul defined as tourist arrivals to destinations outside the Middle East  
Source: Tourism Economics

## Russia

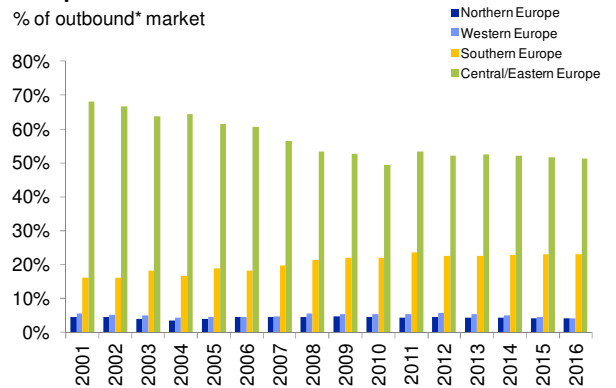
- 30.4 million tourists traveled from Russia in 2011. Of these, 24.6 million (80.9%) traveled within Europe, while 5.8 million traveled to destinations outside Europe.
- Russian tourist arrivals to Northern Europe in 2011 totaled 1.3 million, representing 5.3% of Russian arrivals to Europe.
- Russian tourist arrivals to Western Europe in 2011 totaled 1.6 million, representing 6.8% of Russian arrivals to Europe.
- Russian tourist arrivals to Southern Europe in 2011 totaled 6.8 million, representing 28.1% of Russian arrivals to Europe.
- Russian tourist arrivals to Central/Eastern Europe in 2011 totaled 14.5 million, representing 59.8% of Russian arrivals to Europe.
- Northern Europe's share of the Russian market was 4.3% in 2011, a 0.4 percentage point decrease from 2001.
- Western Europe's share of the Russian market was 5.5% in 2011, a 0.1 percentage point decrease from 2001.
- Southern Europe's share of the Russian market was 23.6% in 2011, a 7.5 percentage point increase from 2001.
- Central/Eastern Europe's share of the Russian market was 53.5% in 2011, a 14.7 percentage point decrease from 2001.
- International outbound travel from Russia is forecast to grow 2.9% per year on average through 2016.
- Arrivals to Northern Europe are expected to increase 12.6% through 2016, to 1.4 million. Northern Europe's share of the Russian market is forecast to fall to 4.2% in 2016.
- Arrivals to Western Europe are expected to decrease -11.0% through 2016, to 1.5 million. Western Europe's share of the Russian market is forecast to fall to 4.2% in 2016.
- Arrivals to Southern Europe are expected to increase 12.7% through 2016, to 7.7 million. Southern Europe's share of the Russian market is forecast to fall to 23.1% in 2016.
- Arrivals to Central/Eastern Europe are expected to increase 12.0% through 2016, to 16.2 million. Central/Eastern Europe's share of the Russian market is forecast to fall to 51.2% in 2016.

### Russia outbound travel



\*Outbound travel defined as tourist arrivals to all destinations  
Source: Tourism Economics

### Europe's share of Russian market



\*Outbound market defined as tourist arrivals to all destinations  
Source: Tourism Economics

## Global Tourism Forecast Summary

Tourism Economics' global travel forecasts are shown on an inbound and outbound basis in the following table. These are the results of the *Tourism Decision Metrics (TDM)* model, which is updated in detail three times per year. Full origin-destination country detail is available online to subscribers.

TDM Visitor Growth Forecasts, % change										
data/estimate/forecast ***	Inbound*					Outbound**				
	2010	2011	2012	2013	2014	2010	2011	2012	2013	2014
	d	d	e	f	f	d	d	e	f	f
<b>World</b>	<b>6.5%</b>	<b>5.2%</b>	<b>5.1%</b>	<b>2.3%</b>	<b>4.2%</b>	<b>5.7%</b>	<b>5.5%</b>	<b>5.5%</b>	<b>2.7%</b>	<b>4.4%</b>
<b>Americas</b>	<b>6.4%</b>	<b>4.1%</b>	<b>5.2%</b>	<b>2.9%</b>	<b>4.6%</b>	<b>3.1%</b>	<b>3.2%</b>	<b>5.9%</b>	<b>3.0%</b>	<b>5.1%</b>
North America	6.6%	3.0%	4.6%	3.1%	4.3%	1.5%	0.2%	4.6%	3.2%	4.3%
Caribbean	2.4%	4.2%	4.2%	2.5%	3.6%	1.1%	-3.1%	9.6%	5.5%	4.2%
Central & South America	8.4%	7.7%	7.6%	2.6%	6.0%	9.8%	16.1%	9.1%	1.8%	7.8%
<b>Europe</b>	<b>2.8%</b>	<b>6.4%</b>	<b>3.9%</b>	<b>0.7%</b>	<b>2.8%</b>	<b>2.1%</b>	<b>3.9%</b>	<b>5.1%</b>	<b>1.0%</b>	<b>2.9%</b>
EU	2.4%	5.5%	3.6%	-0.5%	2.4%	0.0%	1.5%	3.7%	0.3%	2.7%
Non-EU	4.4%	9.4%	5.0%	5.1%	4.1%	10.2%	12.0%	9.6%	2.8%	3.4%
Northern	0.9%	5.2%	2.1%	0.1%	3.5%	-1.2%	2.4%	3.1%	0.9%	3.1%
Western	3.6%	3.5%	5.7%	-0.4%	2.2%	-0.6%	2.7%	3.3%	0.2%	2.7%
Southern/Mediterranean	2.8%	7.9%	0.1%	-0.2%	3.0%	3.0%	2.5%	-1.8%	-0.5%	2.7%
Central/Eastern	2.8%	9.0%	8.7%	4.1%	3.1%	7.3%	7.4%	13.2%	2.6%	3.2%
- Central & Baltic	3.3%	6.8%	7.3%	1.3%	3.2%	-0.1%	1.0%	7.9%	3.4%	4.5%
<b>Asia &amp; the Pacific</b>	<b>12.7%</b>	<b>6.8%</b>	<b>7.6%</b>	<b>4.7%</b>	<b>6.5%</b>	<b>12.3%</b>	<b>9.0%</b>	<b>8.2%</b>	<b>4.9%</b>	<b>6.7%</b>
North East	13.8%	3.8%	8.2%	3.2%	7.3%	10.9%	7.5%	9.0%	4.0%	6.6%
South East	12.1%	11.5%	7.5%	6.8%	5.8%	18.3%	10.7%	7.7%	6.7%	6.7%
South	14.3%	11.9%	7.5%	5.8%	5.0%	7.5%	19.6%	4.1%	7.5%	8.1%
Oceania	4.3%	2.7%	3.0%	4.9%	4.6%	10.1%	7.2%	5.7%	3.8%	4.8%
<b>Africa</b>	<b>10.4%</b>	<b>-6.3%</b>	<b>10.0%</b>	<b>2.7%</b>	<b>4.3%</b>	<b>5.4%</b>	<b>4.8%</b>	<b>4.0%</b>	<b>2.5%</b>	<b>3.7%</b>
<b>Middle East</b>	<b>16.0%</b>	<b>6.2%</b>	<b>0.0%</b>	<b>5.3%</b>	<b>5.2%</b>	<b>9.6%</b>	<b>6.2%</b>	<b>-1.9%</b>	<b>4.0%</b>	<b>2.7%</b>

\* Inbound is based on the sum of the country overnight tourist arrivals and includes intra-regional flows

\*\* Outbound is based on the sum of visits to all destinations

\*\*\* d - data reported by national statistical agencies are available for all years to 2011

e - 2012 estimated using all available year-to-date data, and forecasts for the rest of the year

f - forecasts according to Tourism Economics' global economic and tourism forecast models

EU = Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Greece, Germany, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, UK

Non-EU Europe is all European countries (listed below) outside EU

Northern Europe = Denmark, Finland, Iceland, Ireland, Norway, Sweden, UK

Western Europe = Austria, Belgium, France, Germany, Luxembourg, Netherlands, Switzerland

Southern/Mediterranean Europe = Albania, Bosnia-Herzegovina, Croatia, Cyprus, FYR Macedonia, Greece, Italy, Malta, Montenegro, Portugal, Serbia, Slovenia, Spain, Turkey

Central/Eastern Europe = Armenia, Azerbaijan, Bulgaria, Czech Republic, Estonia, Hungary, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Poland, Romania, Russian Federation, Slovakia, Ukraine

of which

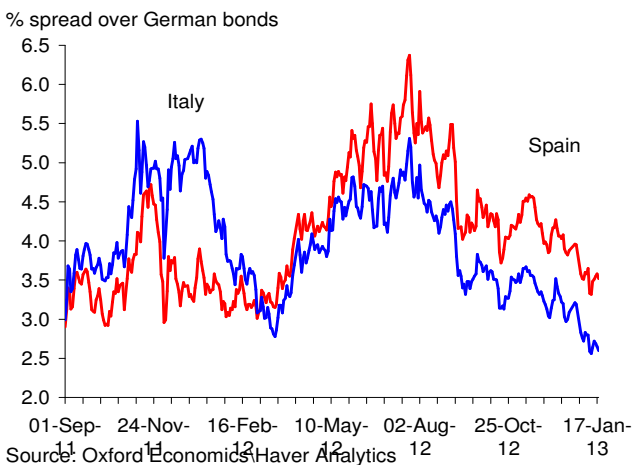
Central Europe & Baltic countries = Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia

## Economic Outlook for Key Markets

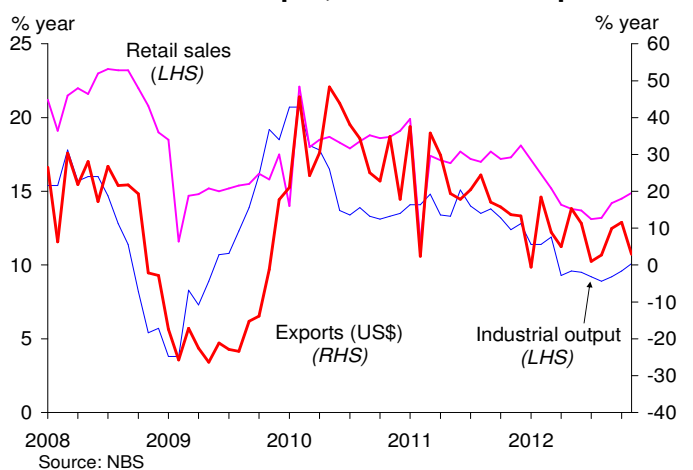
### Uncertainty around central outlook has diminished for 2013

- Eurozone break-up risk fell significantly in late 2012 following policy action by the European Central Bank (ECB) and European governments. Markets view the outstanding debt more favourably with lower bond spreads while Oxford Economics places greater probability on the central outlook.
- The US fiscal deal was incomplete but the compromise removes some important uncertainties in the outlook, while consumer spending and sentiment has improved and a strong end to 2013 is expected.
- China appears to have engineered a soft-landing and output is picking up speed again moving into 2013 while risks are more balanced.
- Looser monetary policy in key global markets fuels a more optimistic outlook and adds to upside risks, despite the continued drag from fiscal action.

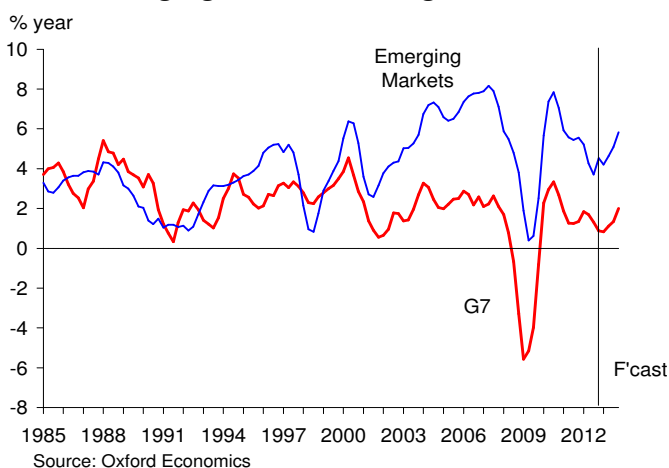
#### Sovereign bond spreads



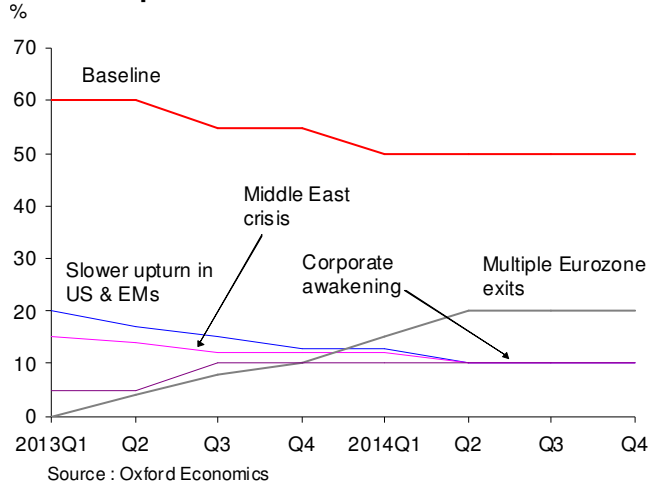
#### China: Industrial output, retail sales & exports



#### G7 & Emerging Markets: GDP growth



#### Scenario probabilities



<b>Summary of International Forecasts</b>						
	2011	2012	2013	2014	2015	2016
<b>Real GDP</b>						
<b>North America</b>						
United States	1.8	2.3	2.3	3.1	3.3	2.9
Canada	2.6	2.0	1.7	2.9	2.8	2.6
<b>Europe</b>						
Eurozone	1.5	-0.5	-0.2	1.1	1.4	1.5
Germany	3.1	0.9	0.7	1.9	1.7	1.6
France	1.7	0.0	0.0	1.1	1.2	1.3
Italy	0.6	-2.1	-1.2	0.3	1.1	1.2
UK	0.9	0.1	1.0	2.1	2.4	2.5
EU27	1.6	-0.3	0.1	1.4	1.8	1.8
<b>Asia</b>						
Japan	-0.5	2.0	0.5	1.7	2.1	1.2
China	9.3	7.7	8.3	9.0	8.5	8.0
India	7.5	5.4	6.0	7.5	7.9	7.8
<b>G7</b>	1.4	1.4	1.3	2.3	2.6	2.2
<b>World</b>	2.9	2.3	2.4	3.4	3.7	3.5
<b>World 2005 PPPs</b>	3.6	3.1	3.5	4.2	4.3	4.3
<b>World trade</b>	6.9	1.9	4.2	6.9	6.9	6.4
<b>Inflation (CPI)</b>						
<b>North America</b>						
United States	3.1	2.1	2.1	2.1	2.3	2.2
Canada	2.9	1.6	1.9	2.1	2.2	2.3
<b>Europe</b>						
Eurozone	2.7	2.5	1.9	1.5	1.3	1.3
Germany	2.3	2.0	1.8	1.6	1.5	1.5
France	2.1	2.0	1.7	1.6	1.5	1.4
Italy	2.8	3.1	2.3	1.8	1.1	1.2
UK	4.5	2.8	2.4	1.6	1.5	1.6
EU27	3.1	2.6	2.0	1.6	1.5	1.5
<b>Asia</b>						
Japan	-0.3	0.0	-0.2	1.2	0.5	1.1
Emerging Asia, excl Japan	6.6	4.8	5.0	4.8	4.7	4.5
China	5.4	2.6	2.5	3.4	3.6	3.2
India	8.9	9.2	8.2	4.4	4.1	3.9
<b>World</b>	4.4	3.5	2.3	2.2	2.0	2.0
<b>Exchange Rates</b>						
US\$ Effective	70.9	73.5	75.7	79.1	81.2	81.9
\$/€	1.39	1.29	1.27	1.21	1.17	1.17
¥/\$	79.7	79.8	88.6	93.8	95.7	97.4
<b>Commodity Prices</b>						
Brent Oil (\$/bl)	111.3	111.7	105.2	108.6	113.0	116.3

World 2005 PPP: A measure of GDP in real (2005) prices where PPP (purchasing power parity) is an implicit exchange rate which equalises the price of goods and services across countries.

## Eurozone Economy

The Eurozone seems much more secure at the start of 2013 than one year ago. Risks of an imminent break-up or a substantial credit crunch have significantly diminished. And the external environment looks more stable than in early 2012.

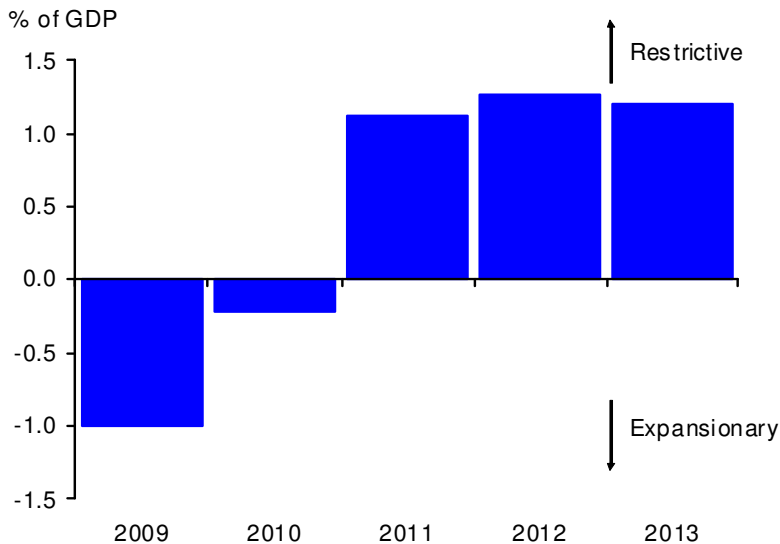
Oxford Economics are therefore more confident in their baseline forecast. To the extent that businesses are also perceiving a reduction in downside risks, it should boost investment, at least by cash-rich companies, compared to 2012.

However, the Eurozone continues to face enormous challenges that will prevent a swift recovery. A small contraction in GDP is still expected this year (-0.2%) and only modest growth in 2014. First, while the banking sector no longer looks to be on the edge of an abyss, it is still precariously placed and not in a position to contribute to growth by providing ample credit to the real economy. Second, even after sharp increases during 2012, unemployment will likely rise further this year as companies need to restore productivity.

Moreover, fiscal policy will be tightened again in 2013 and this will hit the economy as hard as in the last couple of years, subtracting around 1 percentage point from Eurozone GDP growth.

In this environment, monetary policy will remain expansionary. The reduction of downside risks means that a rate cut may not be necessary but Oxford Economics does not foresee any increase in rates by the ECB before 2017.

### Eurozone: fiscal measures





## UK Economy

2012 was a challenging year for the UK economy, with growth estimated to have been just 0.1%. There has been some encouragement from steady recoveries in consumer spending and business investment, but this was offset by the poor trade performance, which is estimated to have wiped almost 1 percentage point off GDP growth.

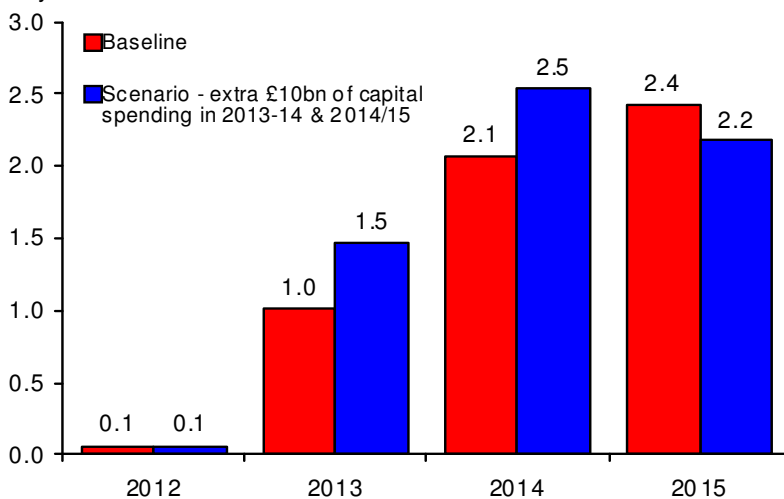
Prospects for 2013 are a little better. Though sticky initially, inflation should come down as the year progresses, while the large increase in the income tax personal allowance, due to be implemented in April, should also support households' purchasing power. Though it is unlikely that we will see as strong a performance from the labour market as we did in 2012, the improvement in real incomes should be sufficient to trigger a modest acceleration in consumer spending growth.

The external outlook is also more positive, with the risk of a Eurozone break-up receding and the US having pulled away from the fiscal cliff. Not only will this generate a strengthening in export demand, but it should also underpin an improvement in sentiment and lead firms to begin investing their accumulated cash surpluses.

On the downside, there appears little prospect of any fresh stimulus from either fiscal or monetary policy. Without this, the recovery is likely to remain slow and GDP is expected to grow by 1% in 2013 and 2.1% in 2014, before accelerating to 2.4% in 2015.

### UK: GDP

% year



Source : Oxford Economics

## US Economy

A compromise deal over New Year to tackle the 'fiscal cliff' risk has reduced downside risks to the US economy substantially, although significant uncertainties remain. While last-minute legislation avoided a sudden increase in taxes, it also postponed major decisions. The government must still approve a new budget, raise the debt ceiling and negotiate spending cuts within the first 3 months of 2013.

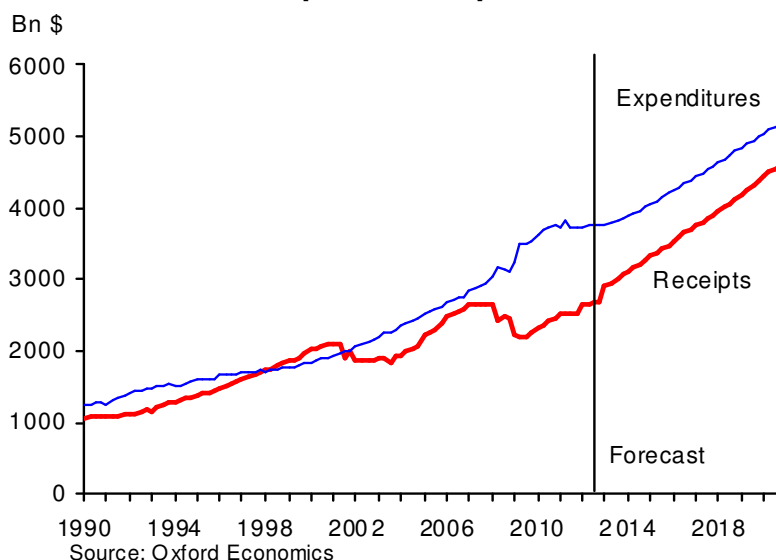
Oxford Economics now expect slightly more fiscal tightening than in their previous forecast, equivalent to 1.4% of GDP in 2013, and 1% in 2014. But this will be offset by stronger consumer spending, so the growth forecast for 2013 remains unchanged at 2.3%. The forecast still points to more strength in the second half of 2013 and growth of 3.1% in 2014.

Recent data have also suggested some improvement to investment trends, and there is an upside risk to our forecast should investment prove higher than expected due to improved business confidence or a 'grand bargain' among politicians to solve fiscal issues.

In the longer term, strong fundamentals will see a return to robust GDP growth. These fundamentals include a flexible economy, exploitable natural resources and a manageable deleveraging process.

Despite some rumblings from Fed Board members about risks from QE, large-scale bond purchases are likely to continue until late 2013, supporting growth.

### US: Federal receipts and expenditures



## Japanese Economy

The final weeks of 2012 saw a sharp weakening of the yen which has continued into the start of 2013. The trade-weighted yen has depreciated by 10% since mid-November.

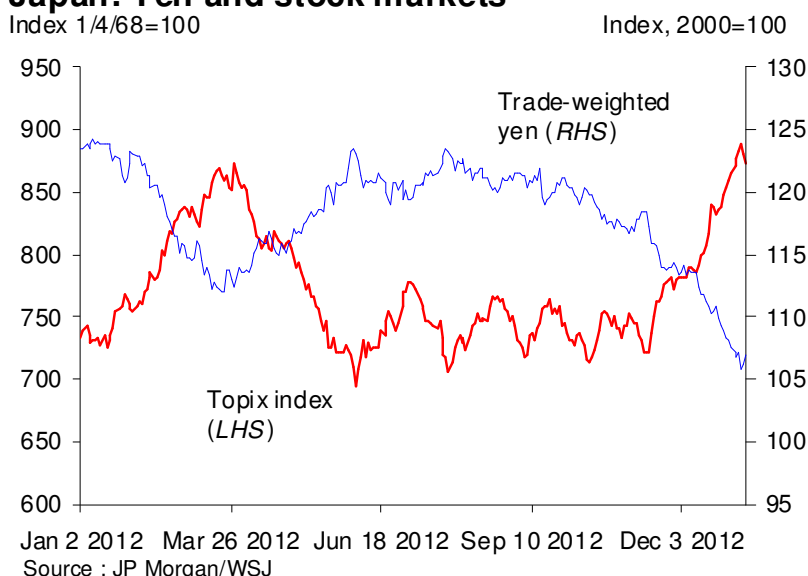
This weakening started as a result of pledges of more aggressive monetary easing by the then-opposition LDP ahead of December's elections, pledges that have been restated since the LDP's landslide poll victory. One possibility is a shift to a 2% inflation target, compared to 1% currently.

The yen's weakness may already have given the economy a boost, with manufacturers' forecasts suggesting that industrial output will rebound in December and January. We expect GDP growth to return to positive territory in 2013Q1 after contracting in 2012H2.

However, our forecast already assumed a much weaker yen even before the recent depreciation so growth revisions this month are modest and limited to the early part of the forecast period. Oxford Economics expect GDP growth at 0.5% in 2013 and 1.7% in 2014.

Further revisions may come soon, depending on the outcome of government talks with the Bank of Japan and the new government's budget later this month. The government may suggest raising borrowing, adding a modest fiscal stimulus to the monetary stimulus already in train.

### Japan: Yen and stock markets



## Emerging Market Economies

Chinese exports in December were 14.1% higher than the previous year – a sharp improvement on November's data and the largest annual increase since May. This is further evidence that activity is picking up speed again, following an improvement in the December Purchasing Managers Index (PMI) as manufacturers reported rising output for the second month running. Credit conditions have also been improving slowly, and imports were stronger in December.

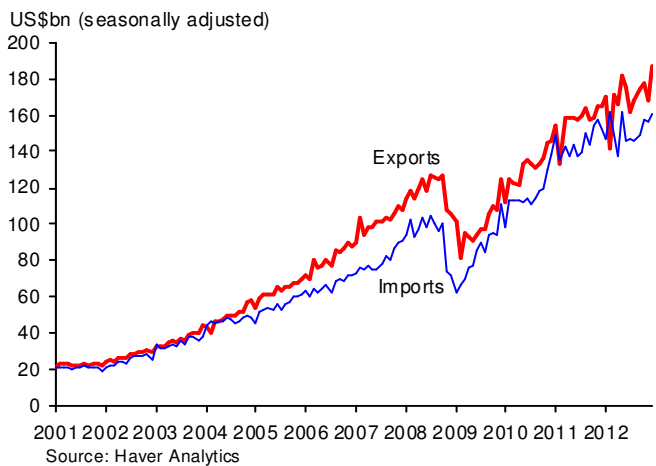
As the improvements were more marked than expected Oxford Economics have nudged up their GDP estimate for Q4 2012; and China's GDP is believed to have grown by 7.7% last year rather than 7.6%. More importantly this will feed through into higher growth this year and the growth forecast for 2013 has been increased to 8.3%.

Policy measures have already begun to help domestic activity and stronger export demand should broaden the domestic recovery, boosting both the manufacturing and services sectors and initiating stronger private sector activity. Risks to the forecast – which have been largely skewed to the downside in the recent past – are now more finely balanced. It is still possible that the recovery will be held back if credit constraints limit investment or if promised state infrastructure projects do not materialise, but momentum is just as likely to accelerate if other countries in the region pick up faster than expected.

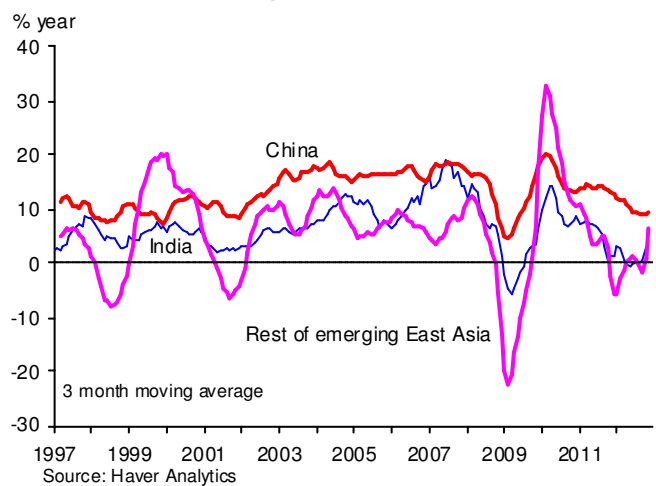
There are some encouraging signs elsewhere in the region but the picture is by no means clear. Exports from Hong Kong were strong in November although retail sales growth is still much lower than in 2010-11. As trade improves one would expect to see rising consumer confidence, reinforcing the upswing in the region.

Singapore's exports returned to (low) annual growth in October and November in US\$ terms, but new orders for manufactured goods, particularly electronics, are still contracting. Recent trade and PMI data for Taiwan were more encouraging, and in Korea a modest improvement in manufacturing is expected to continue into 2013 as the PMI returned to positive territory in December. November's industrial production rose more sharply than expected in Thailand, prompting a modest increase to the 2013 GDP forecast to 5.3%.

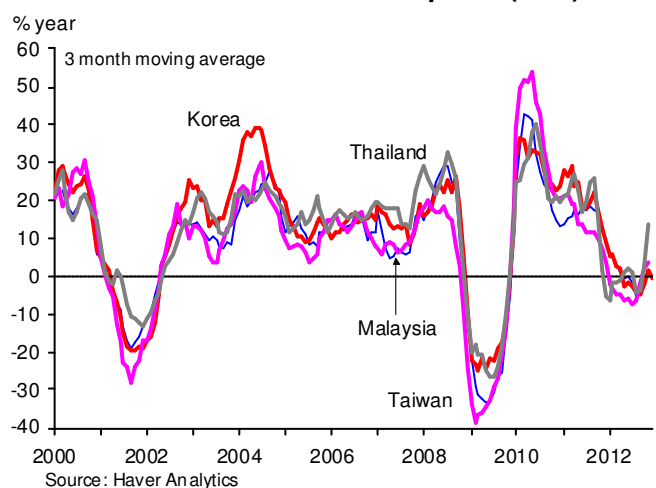
### China: Trade



### Asia: Industrial output



### "Rest of East Asia": Goods' Exports (US\$)



The GDP forecast for India has also been raised as December's manufacturing PMI increased at its fastest pace for six months on expanding order book volumes. 6% growth is now expected this year, compared with 5.7% previously. Output is set to receive a further boost from a widely-signalled interest rate cut likely to be announced at the end of January, now that inflation is moderating as the effects of last year's currency depreciation wear off.

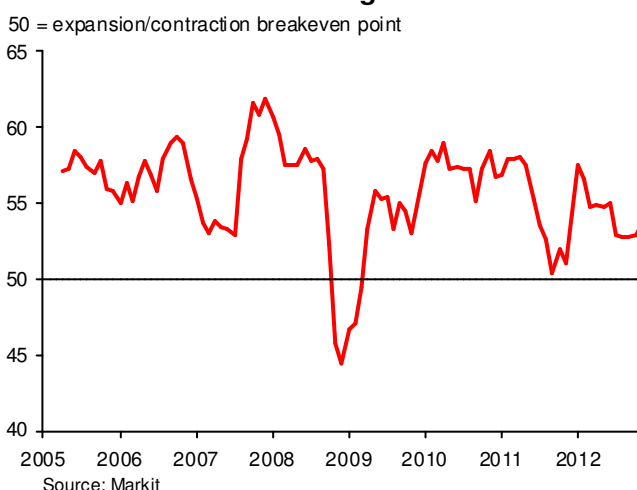
3.9% growth is still expected in Brazil this year, unchanged from previous outlooks, but the risks are skewed to the downside, as the economy struggles to rustle up enough investment and still faces competitiveness challenges. Consumer spending – the bright spot in the economy last year – should continue to motor ahead this year, but uncompetitive local producers will limit the extent to which this rise in spending is satisfied by local output.

The outlook for Chile continues to improve: exports were strong in December and output in November was higher than expected. Consumers are also faring well with unemployment at a record low and inflation falling sharply to 1.5% in December. GDP is now expected to grow by 4.5% in 2013 with the possibility of even stronger growth.

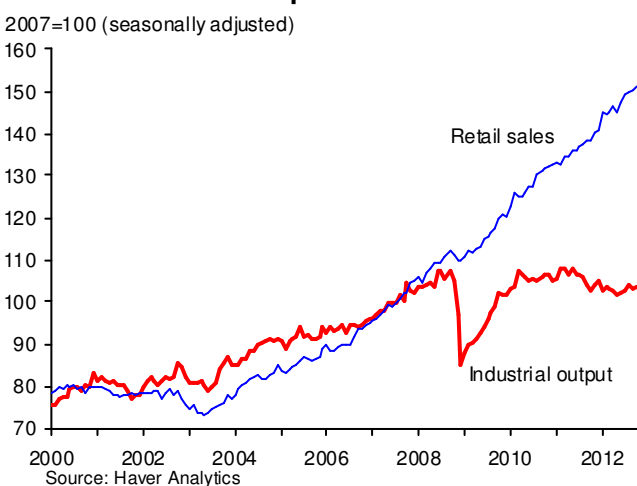
Recent data point to a modest acceleration in growth in Russia, mainly driven by a pickup in service sector activity. The release of the national accounts for Q3 2012 indicated that GDP had increased slightly more than expected, raising growth expectation for both last year and this. Oxford Economics now forecast GDP to grow by 3.6% this year, supported by solid domestic demand, although higher inflation will dent purchasing power to some extent.

Other forecast revisions in the region are negative, however, as the Eurozone recession continues to hold back any chance of growth. Oxford Economics now expect no growth at all in Hungary this year, and the Czech economy seems likely to shrink by 0.5% rather than tread water as had been previously thought, following a further decline in manufacturing in December. Growth in Poland has been downgraded again this month as domestic demand continues to flag.

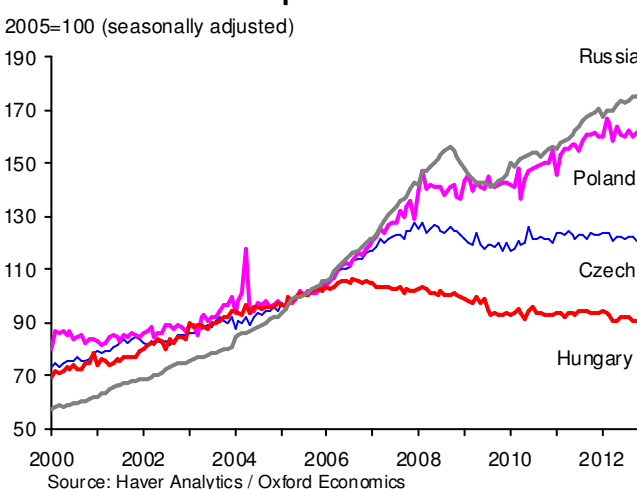
### India: HSBC Manufacturing PMI



### Brazil: Industrial output & retail sales volumes



### Central & East. Europe: Retail sales volumes



## Glossary of commonly used terms and abbreviations

### Airline industry indicators

- ASK Available Seat Kilometers.** Indicator of airline supply, available seats x kilometers flown
- PLF Passenger Load Factor.** Indicator of airline capacity. Equal to revenue passenger kilometers (RPK) / available seat kilometers (ASK)
- RPK Revenue Passenger Kilometers.** Indicator of airline demand, paying passenger x kilometers flown

### Central Banks

- BoE Bank of England**
- BoJ Bank of Japan**
- ECB European Central Bank**
- Fed Federal Reserve (US)**
- RBI Reserve Bank of India**

### Economic indicators

- CPI Consumer Price Index.** Measure of price inflation for consumer goods
- GDP Gross Domestic Product.** The value of goods and services produced in a given economy
- LCU Local Currency Unit.** The national unit of currency of a given country, e.g. pound, euro, etc.
- PMI Purchasing Managers' Index.** Indicator of producers' sentiment and the direction of the economy
- PPI Purchase Price Index.** Measure of inflation of input prices to producers of goods and services
- PPP Purchasing Power Parity.** An implicit exchange rate which equalises the price of identical goods and services in different countries so they can be expressed with a common price.

### Hotel industry indicators

- ADR Average Daily Rate.** Indicator of hotel room pricing. Equal to hotel room revenue / rooms sold in a given period.
- Occ Occupancy Rate.** Indicator of hotel performance. Equal to the number of hotel rooms sold / room supply.
- RevPAR Revenue Per Available Room.** Indicator of hotel revenue performance. Equal to hotel room revenue / room supply.

## ETC Member Organisations

<b>Austria</b>	Austrian National Tourist Office (ANTO)
<b>Belgium</b>	Flanders: Tourist Office for Flanders Wallonia: Tourist Office for Wallonia-Brussels
<b>Bulgaria</b>	Bulgarian State Agency for Tourism
<b>Croatia</b>	Croatian National Tourist Board (CNTB)
<b>Cyprus</b>	Cyprus Tourism Organisation (CTO)
<b>Czech Republic</b>	CzechTourism
<b>Denmark</b>	VisitDenmark
<b>Estonia</b>	Estonian Tourist Board - Enterprise Estonia (ETB)
<b>Finland</b>	Finnish Tourist Board (MEK)
<b>Germany</b>	German National Tourist Board (GNTB)
<b>Greece</b>	Greek National Tourism Organisation (GNTO)
<b>Hungary</b>	Hungarian Tourism Plc.
<b>Iceland</b>	Icelandic Tourist Board
<b>Ireland</b>	Fáilte Ireland and Tourism Ireland Ltd.
<b>Italy</b>	Presidency of the Council of Ministers, Department for the Development and Competitiveness of Tourism
<b>Latvia</b>	Latvian Tourism Development Agency (TAVA)
<b>Lithuania</b>	Lithuanian State Department of Tourism
<b>Luxembourg</b>	Luxembourg National Tourist Office (ONT)
<b>Malta</b>	Malta Tourism Authority (MTA)
<b>Monaco</b>	Monaco Government Tourist and Convention Office (DTC)
<b>Montenegro</b>	National Tourism Organisation of Montenegro
<b>Norway</b>	Innovation Norway
<b>Poland</b>	Polish National Tourist Office (PNTTO)
<b>Portugal</b>	Turismo de Portugal, I.P.
<b>Romania</b>	Ministry of Regional Development and Tourism
<b>San Marino</b>	Ministry of Tourism, Sports, Economic Planning
<b>Serbia</b>	National Tourism Organisation of Serbia (TOS)
<b>Slovakia</b>	Slovak Tourist Board
<b>Slovenia</b>	Slovenian Tourist Board (STB)
<b>Spain</b>	Turespaña - Instituto de Turismo de España
<b>Sweden</b>	VisitSweden
<b>Switzerland</b>	Switzerland Tourism (ST)
<b>Turkey</b>	Ministry of Culture and Tourism