European Tourism Trends & Prospects
Quarterly Report 3/2018

32 out of 34 reporting destinations registered some form of growth this summer, with 1 in 4 enjoying double-digit expansion in arrivals.

International Tourist Arrivals to Select Destinations in 2018 (YTD, % change to a year ago)

- **Europe**: Most destinations continue to report substantial growth.
- **Asia Pacific**: Weakness in Australia and the strong RPK growth based on data to August, with air passenger demand to, from and within the region 9.9% higher vs. same period in 2017.
- **North America**: Air travel flights and strikes and a mixed economic outlook appear to have had an impact on European air traffic growth with RPK slowing to 6.2% based on year-to-date figures.

**Encouraging Industry Performance**

<table>
<thead>
<tr>
<th>Region</th>
<th>World Tourism Organisation RPK Growth by % change to a year ago in 2018 vs. 2017</th>
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</thead>
<tbody>
<tr>
<td>Europe</td>
<td>4.1%</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>7.6%</td>
</tr>
<tr>
<td>Americas</td>
<td>2.4%</td>
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<tr>
<td>Middle East</td>
<td>3.5%</td>
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</tbody>
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**Solid Demand from Long-Haul Source Markets**

- 32 out of 33 destinations posted some form of growth from the US. Robust economic growth and low unemployment rates, aided by recent tax reform, are driving a strong dollar resulting in solid consumer confidence that has sustained income and consumption growth.
- Arrivals growth from China is solid with 24 out of 30 European destinations reporting some form of expansion. Balkan destinations saw highest growth rates: Serbia (140%), Turkey (+87%), Montenegro (+68%), Croatia (+41%).
- Arrivals from India have increased in all reporting destinations 32 out of 32 destinations reported growth from India. Montenegro (+360%), Turkey (+270%), Latvia (+70%) and Spain (+83%) recorded fastest growth from this market.

**Special Feature: Trade Wars’ Impact on Global Economic & Travel Growth**

- **Travel to Europe from long-haul markets, notably from the US and China**, would be hit by trade war. Travel demand would slow in lines with weaker economic activity but should continue to outpace 2018.
- **Travel from China would slow in such a year in lines with weaker economic activity but travel demand should continue to outpace economic activity. By 2020**, it is estimated that China travel to European destinations will be 1.7% lower than would otherwise be the case.
- **Travel from the US will be more erratic under a trade war, with potential for some modal (initial) positive impact from the relaid currency movements.**

**Travel Impacts** could be associated if all prices continue to rise, affecting costs and ultimately travel prices. Airlines businesses are already facing higher fuel bills, as well as rising labor costs and a prolonged trade war would hit the business travel sector especially badly. However, weaker travel would reduce demands on airlines and pricing could alleviate some of these cost concerns.

**European Arrivals by source market, 2021**

- **Total arrivals**: +2.0%
- **Intra-regional**: -0.0%
- **From China**: +0.8%
- **From US**: +3.9%

*Source: World Tourism Organization*