TOURISM ECONOMICS
AN OXFORD ECONOMICS COMPANY

GLOBAL TRAVEL SERVICE (GTS)

Updated outlook 27th March 2020

March 2020

Key changes

Since our update of the Global Travel Service on 16th March, the coronavirus outbreak has become even more widespread, with an increasing number of countries taking action seeking to contain the spread of the virus, safeguard the economy and avoid overwhelming national health services.

In light of these recent developments, we have made a further downgrade to our Global Travel Outlook. The key assumptions in this revised outlook are summarized as follows:

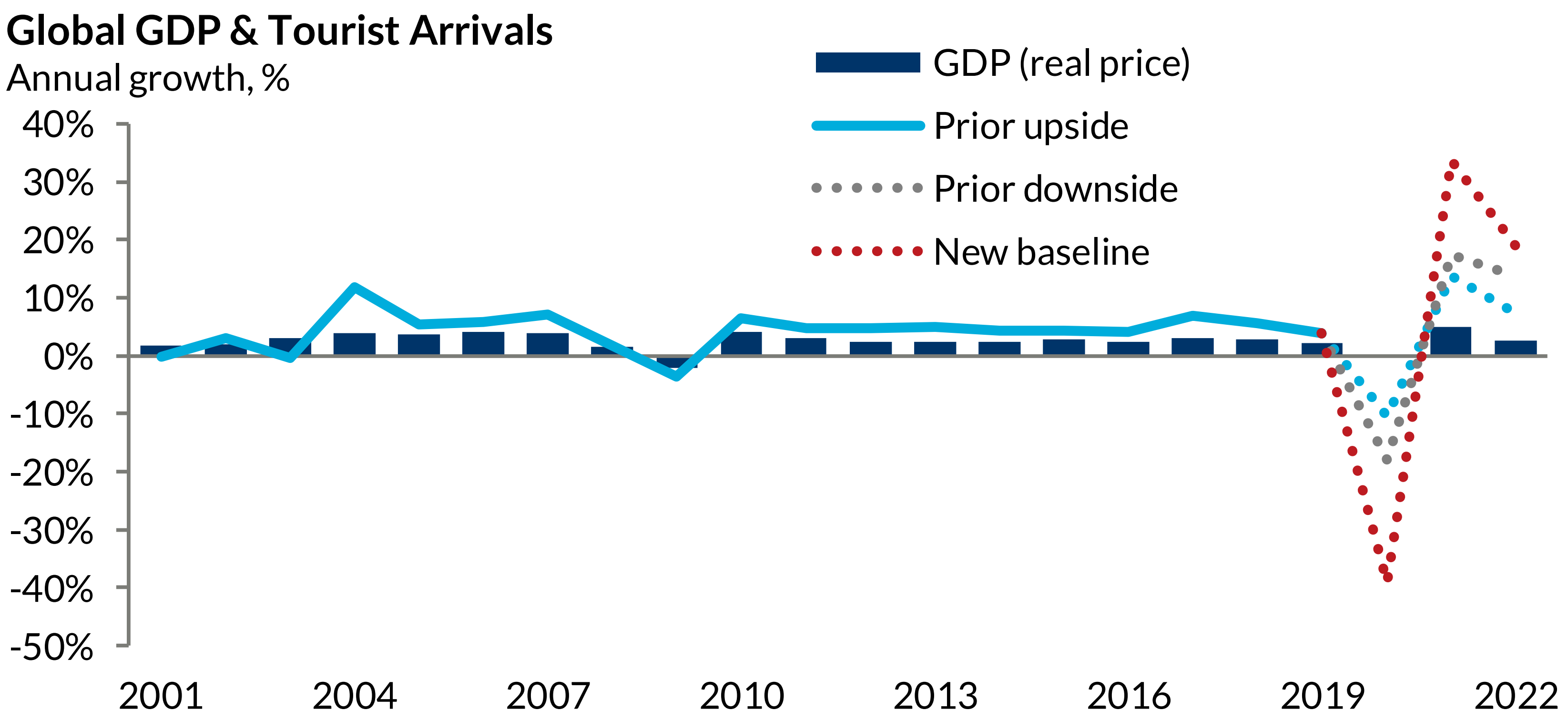
- As more than 150 countries have now introduced some form of travel ban and governments increasingly move to implementing lockdown measures, we expect all destinations to be impacted as a result of the outbreak.
- As economies begin to reopen, it is assumed that this will be gradual and controlled, such that a second wave of the outbreak can be avoided.
- How long the situation lasts is a key determinant in the outlook. We anticipate 8 months of negative impact across the industry, with the most severe impacts over the first 4 months (Mar-Jun) followed by continued drops but at a slower rate over the following 4 month period (Jul-Oct).
- Given the severity of the expected drop in travel, as well as the duration, we now see the recovery as being more protracted compared to our previous outlooks. We expect global inbound arrivals to return to 2019 levels by 2023.

Global inbound arrivals now expected to fall 39% in 2020

The prior upside scenario projected an 11% fall in global inbound arrivals in 2020. This scenario assumed the outbreak would be more short-lived (5 months of negative impact), and concentrated in a small number of countries.

The prior downside scenario projected an 18% decline in global inbound arrivals. This scenario assumed the outbreak would impact the industry over an 8 month period, but was still concentrated in a small number of countries.

The new baseline projects a 39% drop in global inbound arrivals. This scenario reflects the widespread nature of the pandemic, and the significant increase in travel bans and lockdown measures across the world since the previous update.



Source: Tourism Economics

Note: the prior upside and downside scenarios were published on 16th March, with significant impacts to the countries where the spread of the virus was increasing at that point in time, and smaller impacts elsewhere due to negative sentiment/fear of exposure. The countries with the largest impact were: China, Korea, Japan, Italy, France, Germany, Spain, UK, US and Iran.

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A significant drop in inbound travel is expected across all regions

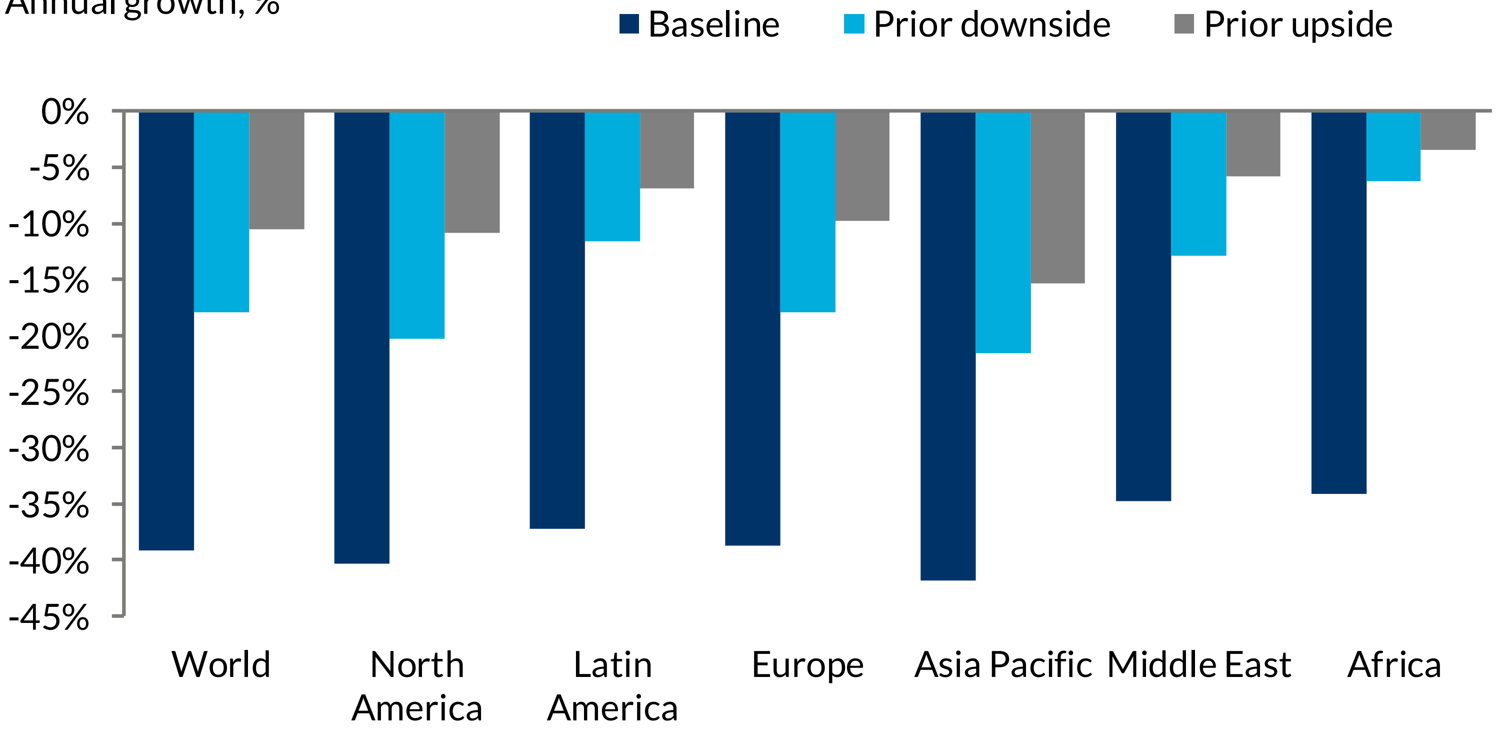
All regions will endure a large decline in travel in 2020 in the new baseline outlook.

Asia is expected to be the worst affected region, as the virus impacts were initially felt there. While we expect economic activity to resume, this will be gradual and controlled to avoid a second wave of the outbreak. Further measures to curtail travel from other regions is likely to persist in the coming months until there are greater signs of containment. Asia inbound travel is expected to decline 42% in 2020.

North America and Europe are the second and third worst affected regions, reflecting the significant escalation of the crisis in these regions. Inbound travel to North America and Europe is expected to fall 40% and 39% in 2020.

Inbound travel by region, 2020

Annual growth, %



Source: Tourism Economics

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Summary

TDM Visitor Growth Forecasts, % change

	Inbound*						Outbound**					
	2018	2019	2020	2021	2022	2023	2018	2019	2020	2021	2022	2023
data/estimate/forecast	d	d	e	f	f	f	d	d	e	f	f	f
World	5.6%	3.9%	-39.1%	33.7%	18.8%	8.2%	4.5%	3.4%	-40.1%	34.9%	19.4%	8.3%
Americas	2.7%	1.4%	-39.4%	34.9%	18.9%	9.0%	4.6%	1.7%	-40.2%	35.5%	17.8%	7.7%
North America	3.6%	2.2%	-40.3%	33.7%	18.8%	8.7%	5.5%	3.3%	-41.4%	37.3%	18.1%	7.5%
Caribbean	1.2%	4.1%	-38.4%	35.1%	17.7%	8.4%	3.3%	7.5%	-31.7%	22.6%	15.7%	8.5%
Central & South America	1.0%	-2.2%	-37.3%	38.3%	19.7%	10.0%	1.2%	-4.3%	-36.5%	30.5%	17.2%	8.3%
Europe	5.3%	3.9%	-38.7%	32.5%	18.0%	7.4%	3.8%	3.5%	-39.4%	34.2%	19.0%	8.1%
Western Europe	3.3%	2.5%	-40.9%	33.2%	18.5%	6.9%	2.1%	2.8%	-41.3%	35.3%	19.8%	7.9%
Eastern Europe	9.5%	6.7%	-34.5%	31.4%	17.0%	8.1%	8.8%	5.6%	-34.2%	31.7%	17.1%	8.4%
Asia & the Pacific	6.9%	4.6%	-41.8%	36.2%	20.8%	9.0%	5.9%	3.7%	-43.0%	37.3%	22.0%	9.2%
North East	6.1%	3.1%	-46.9%	41.2%	24.3%	9.0%	5.1%	2.5%	-47.7%	41.8%	24.6%	9.3%
South East	7.7%	7.3%	-38.0%	32.5%	17.6%	8.7%	8.3%	6.5%	-36.4%	30.8%	17.1%	8.2%
South	10.5%	2.2%	-34.8%	33.7%	19.8%	11.0%	5.9%	7.3%	-32.7%	33.0%	21.4%	11.8%
Oceania	3.8%	2.1%	-31.8%	27.2%	16.2%	8.2%	4.7%	2.3%	-33.1%	30.0%	17.7%	8.8%
Africa	13.4%	5.2%	-34.1%	31.1%	17.8%	9.3%	8.3%	1.9%	-32.3%	29.1%	17.0%	8.3%
Middle East	3.6%	7.9%	-34.8%	33.6%	19.2%	8.7%	0.2%	9.4%	-35.4%	32.2%	17.8%	8.1%

* 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

Source: Tourism Economics

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