

Global Travel Service

Global Highlights & Risks, July 2020

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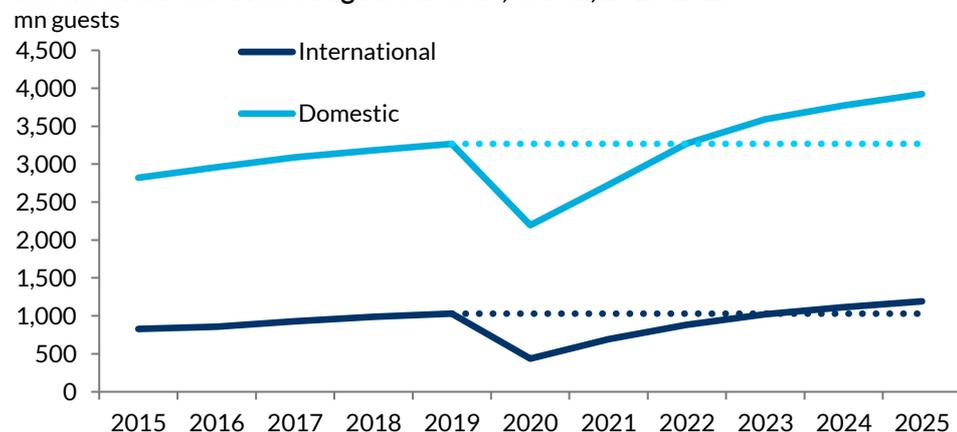
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Global inbound travel is forecast to decline 57% in 2020, with 2019 levels not being reached again until 2024.

Global Travel & Tourism Trends

- Global international travel demand is currently forecast to drop 57% in 2020, equivalent to 847mn fewer visitor arrivals, with a slower recovery in the second half of the year anticipated than in earlier forecasts. Initial rebound has been modest with travel restrictions remaining for some major countries.
- Domestic travel is set to experience a quicker recovery, returning to 2019 levels by 2022. However, inbound travel will not reach 2019 levels again until 2024, reflecting enduring adverse economic effects and lingering negative sentiment towards international travel, including persistent impacts on both leisure and business travel.
- A decline in international travel is forecast for all regions, with the largest immediate drop being the expected 69% decline in travel to North American destinations.
- Asia Pacific is forecast to be the second worst affected region in terms of international arrivals in 2020, reflecting the cautious approach being taken by destinations in reopening their borders to international travel. North East Asian destinations will see the greatest regional decline at 61%, although 2019 levels are expected to be regained by 2023 with some return to rapid growth in regional source markets.
- Despite the swift action taken by Europe to reopen borders and encourage travel activity, cross-border travel is still forecast to drop 56% in 2020, with expected full recovery not until 2024, in line with the global average.
- Major city destinations are more affected than more rural areas. Bangkok is forecast to see the greatest drop in visitor arrivals at 14.5mn, equivalent to almost two-thirds of the loss in visitor arrivals across Thailand. The 10 cities with the largest percentage fall in visitor arrivals are all in the US, with New York expected to see greatest decline at 79%.

International and domestic guest arrivals, World, 2015-2025



Source: Tourism Economics

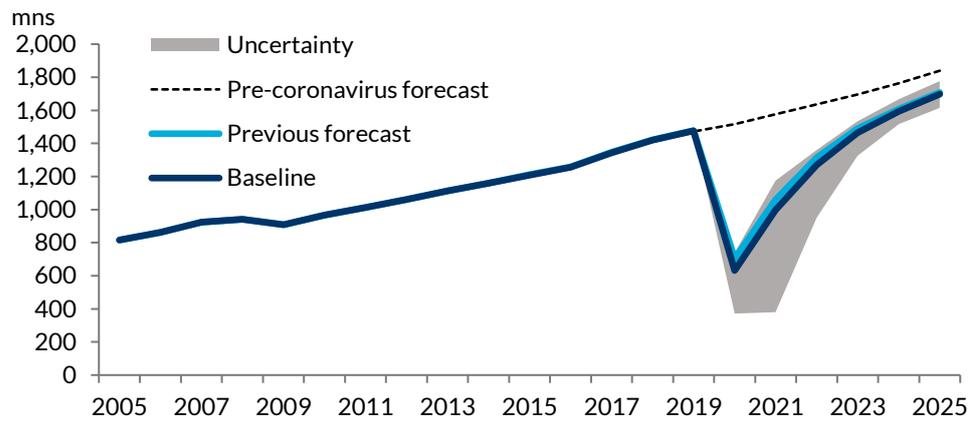
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Global Travel & Tourism Outlook

The intense spread of the coronavirus has devastated the conditions that underpin international travel, with countries worldwide closing borders or imposing quarantine measures on both new arrivals and returning residents. The travel outlook remains bleak for the year ahead, with visitor arrivals forecast to drop 57% in 2020.

Global travel and tourism faces a new challenge as many countries are now beginning the process of reopening their borders with travel corridors and “safe travel” lists. However, there is immense difficulty in striking the correct balance between ensuring the virus remains under control while reviving tourism. However, a recovery in tourism is essential as part of a wider economic recovery; tourism has borne the brunt of the job losses to date which will need to be regained for full recovery.

Inbound arrivals by scenario, World, 2005-25



Source: Tourism Economics

The initial recovery in international tourism in the second half of 2020 is now expected to be more moderate than in prior forecasts, with further downward revision to the outlook for 2021 as well and beyond. A complete re-opening of international borders is not expected immediately, while further temporary closures, at least at a local level, are to be expected in the near-term. There remains considerable uncertainty in the outlook, as described in previous [briefs](#), and alternative scenarios have also been updated in [dashboards](#), and summarised in the chart above.

Countries face numerous hurdles in restarting international travel, with a protracted recovery expected as 2019 levels will not be reached again until 2024.

The Americas will be the hardest-hit region in 2020, with visitor arrivals declining 64%, while destinations here will also experience the most protracted travel recovery with low traveller sentiment expected to remain for some time. Only 84% of countries are expected to return to 2019 levels by 2024, a lower proportion than in all other world regions.

Asia Pacific countries have remained hesitant to reopen international travel and are forecast to see a 57% drop in travel demand in 2020. Asia Pacific will see the quickest rebound in travel demand, with 97% of countries surpassing 2019 levels by 2024. This quicker travel rebound will be facilitated by some return to pre-coronavirus growth patterns, including greater economic development in regional source markets leading to an increasing number of middle-income households

Inbound travel to **Europe** will suffer a significant decline in visitor arrivals at 56% in 2020, however the region’s swift action to revive its tourism sector means that almost all European countries (96%) will return to 2019 levels by 2024.

Travel demand to the **Middle East & Africa** is set to fall 56% in 2020, equivalent to 89mn fewer visitor arrivals. However, given the less severe spread of the virus throughout the

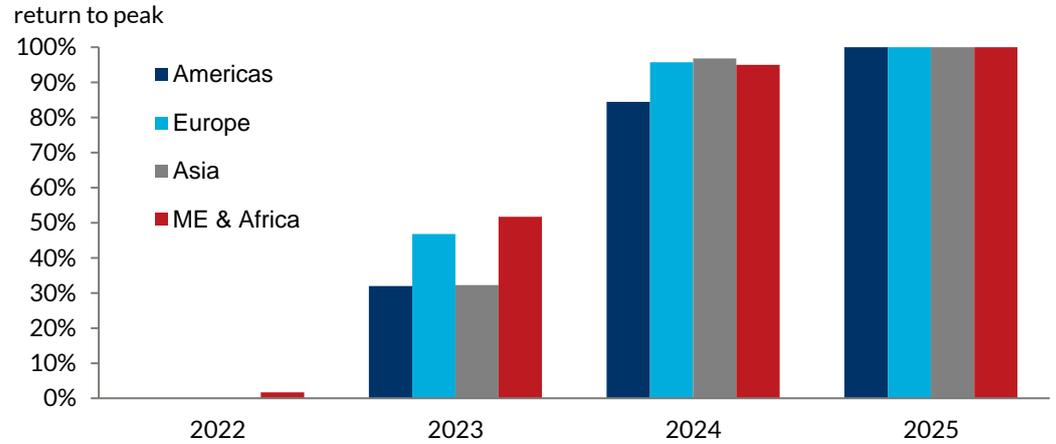
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Global travel demand is forecast to drop 57% in 2020, equivalent to 847mn fewer visitor arrivals.

Global travel is set to encounter a challenging transition phase as countries gradually ease travel restrictions.

region, and in African nations in particular, 95% of countries are set to return to 2019 levels by 2024. Middle East destinations are expected to recover relatively rapidly with good connectivity to growth markets, including large emerging Asian markets.

% of countries returning to 2019 peak levels by region



Source: Tourism Economics

City tourism has been devastated by the coronavirus outbreak, with a challenging recovery ahead, as many tourists may stay away from densely populated areas due to persistent fears of the virus. Moreover, a more prolonged recovery for business travel will have a disproportionate impact on cities, as the majority of business travel occurs between cities. Travel recovery to many major cities will lag wider trends and they will lose market share. Although 93% of countries are expected to regain 2019 levels by 2024, only 80% of the cities covered within our Global City Travel Service (GCT) will have regained this benchmark.

City international visitor arrivals, 2024



Asia Pacific is forecast to see the highest share of cities returning to 2019 levels by 2024 at 89%. China, the source of the outbreak, will see 80% of its cities returning to pre-coronavirus levels by 2024, but foreign visitor arrivals to Beijing will remain below 2019 levels, as leisure will be a larger driver of travel. An earlier expected return in domestic travel volumes will be more important for most Chinese cities.

Within the Americas, US cities are expected to lag significantly in recovery, with only 70% expected to return to 2019 levels by 2024. This is a lower proportion than among both Canadian and Latin American cities. The top 3 US destinations for international arrivals in

2019 (New York, Los Angeles and Orlando) are not expected to surpass or match 2019 levels until 2025.

European cities seemingly face the most protracted recovery on average. Despite the earlier recovery in travel within the region only 72% of cities covered within the GCT database are expected to regain 2019 levels by 2024. This is due to the protracted impacts on business travel and continued antipathy towards highly populated destinations, but is also partly related to the large number of UK cities within the database. The UK has suffered the highest number of COVID-19 related deaths in Europe. Tourists are more likely to opt for destinations with lower infection rates and a lower association with the virus even once a vaccine is available. UK cities face a prolonged travel recovery, with only 12% of cities returning to 2019 levels by 2024.

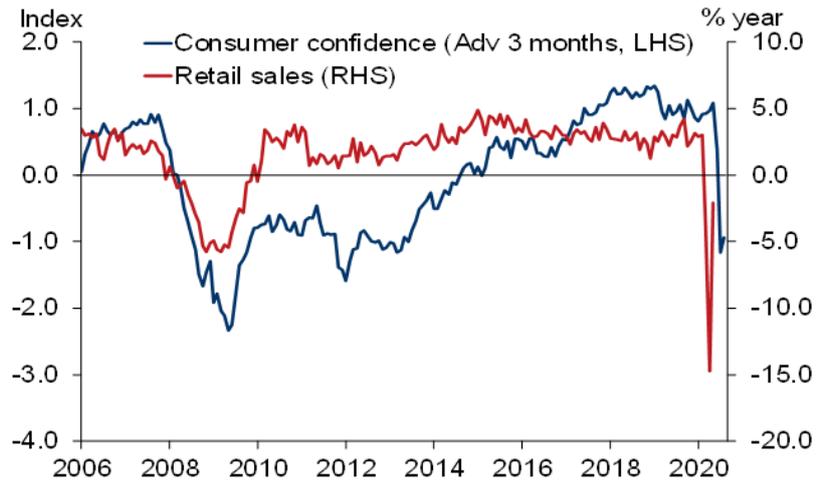
Prior to the coronavirus outbreak, popular city destinations, such as Barcelona and Venice were continuing to struggle with overtourism. However, the abrupt standstill in travel activity has led many tourists and companies to reconsider their travel decisions, with calls for sustainable tourism recovery. As destination marketing organisations and businesses restart activity, they are expected to be more mindful of preventing a return to the previous environment. Therefore, we may see a shift in emphasis from destination marketing towards destination management as cities avoid prioritising volume measures of success. More emphasis on visitor value is likely along with other measures of success that are important for residents.

Global GDP is forecast to decline 4.5% in 2020.

Global Macroeconomic Outlook

The global economy is showing tentative signs of stabilisation after suffering a dismal start to Q2, due to most of the world being under lockdown restrictions. A sharp increase in consumer spending reflects the release of pent-up demand during this period of lockdown and provides a vital source of relief to devastated economies. Additionally, evidence of a revival in industrial production and global trade is encouraging. Our world GDP growth forecast for 2020 has therefore been nudged up to -4.5%. Despite these positive steps, the risk of a second Covid-19 wave remains a major threat to the economic recovery.

Adv econ: Retail sales & consumer



Source : Oxford Economics/Haver Analytics

Following a dramatic near-20% plunge in activity in March and April, consumer spending and business investment in the US have experienced a faster-than-expected rebound. Therefore, this strong first phase of recovery has led us to revise our 2020 real GDP forecast from -6.1% to -4.2%. However, this progression is reported with an air of caution as the rebound was only partial and largely supported by April's massive fiscal stimulus injection.

China's economy is continuing to show signs of recovery, with industrial value-added growth improving further in May and investment and household consumption increasing substantially. This recovery is expected to continue throughout the year, with GDP forecast to grow 2% in 2020. However, the remaining threat of a second wave of the outbreak, which would hit consumer sentiment and hinder economic activity presents a major downside risk.

Recent data show that economic activity began to recover in May as restrictive measures were lifted and sentiment improved. However, Europe faces an uneven path to recovery with the pandemic hitting some countries harder than others while various degrees of policy responses have been taken by governments. There are also serious concerns around an escalation in unemployment in H2 2020 as public support is removed. Therefore, we expect eurozone GDP to contract 7.9% in 2020 before a solid pick-up to 6.1% growth in 2021.

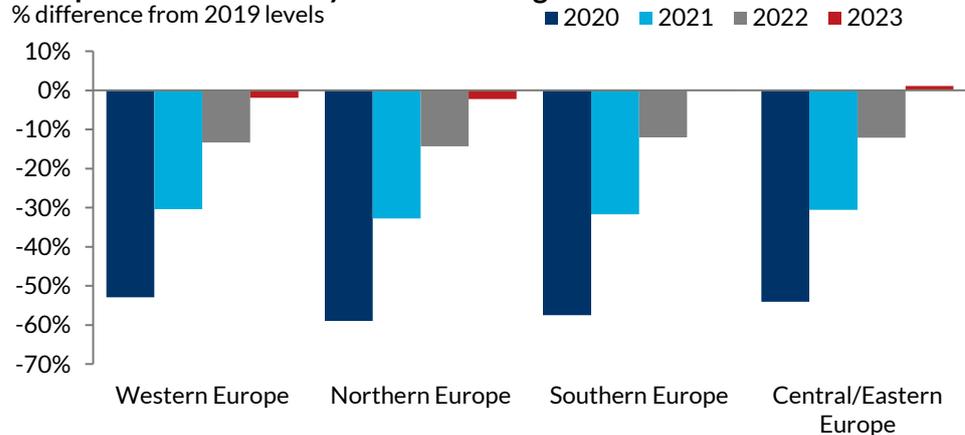
The difficulty in containing the virus alongside weak global demand will weigh heavy on Emerging Markets (EMs), with GDP forecast to decline 2.3% in 2020. The revival in China's industrial activity has boosted the short-term outlook for the Asian economies. However, prospects vary greatly across the region, with weakness seen lingering in India, Philippines and Indonesia. Latin America, as the current epicentre of the pandemic, also faces fundamental challenges as activity has turned only marginally upward despite the lifting of many restrictions.

European travel demand is set to drop 56% in 2020.

European Travel & Tourism Outlook

Most European nations have begun to enter a transition phase, lifting the highly restrictive measures on travel to reopen their borders to international travel. However, despite Europe’s concerted efforts to restart tourism, inbound travel is forecast to decline 56% in 2020, equivalent to a loss of 414mn visitor arrivals compared to 2019, with many destinations not likely to recover these losses until 2024.

Europe inbound travel by destination region

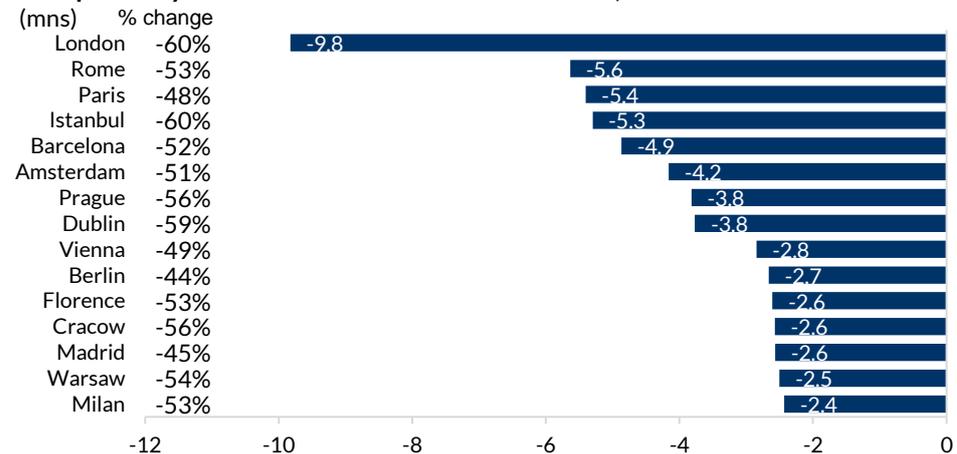


Source: Tourism Economics

Moreover, Europe’s increased efforts to encourage travel has already been thrown into chaos, with a resurgence in coronavirus cases. In particular, the surge in cases in Spain and Belgium are driving fears that Europe is facing a “second wave” of the virus, which would further dampen tourist sentiment and protract the travel recovery. Travel demand to Spain is forecast to decline 55% in 2020, however the re-imposition of travel bans may protract Spain’s travel recovery. The UK’s sudden decision to remove Spain from its “safe-travel” list dealt a massive blow to Spain’s tourism industry as British tourists accounted for over 20% of Spain’s tourist arrivals in 2019. Moreover, the rapid action taken across Europe to re-impose travel bans against Spain highlights how quickly the situation progresses and the necessity for the tourism industry to remain highly responsive during this period.

Some of the most visited cities are in Europe, with many depending heavily on the tourism sector for employment and foreign revenue. London is set to suffer the greatest loss in visitor arrivals at 9.8mn visitor arrivals, followed by Rome and Paris. However, most European cities can take relief from their increased reliance on short-haul travel which is likely to recover at a quicker rate than long-haul travel; therefore, enabling a quicker rebound in travel demand.

European city international visitor arrivals decline, 2019-2020

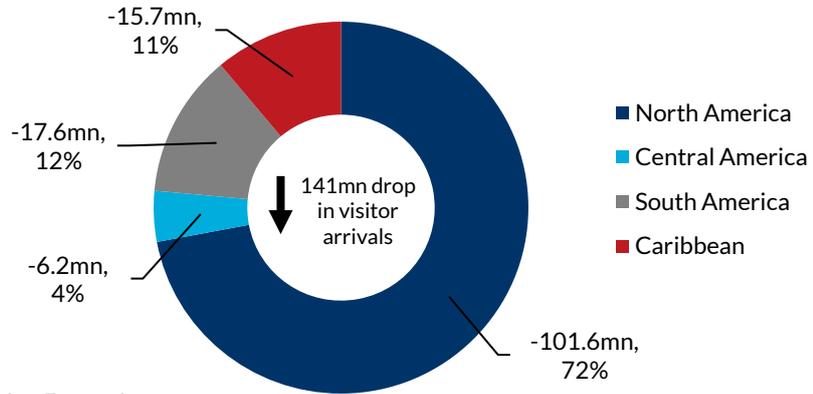


Source: Tourism Economics

Americas Travel & Tourism Outlook

The Americas is forecast to be the worst-affected global region, with international travel forecast to fall 64% in 2020. North America is set to endure the greatest percent decline in visitor arrivals at 70%, equivalent to the loss of 102mn arrivals. Inbound travel to the Caribbean and Central & South America will endure substantial declines at 59% and 51%.

Americas: Inbound arrivals by destination region, 2020
Volume of losses, mns, contribution to the overall region decline, %



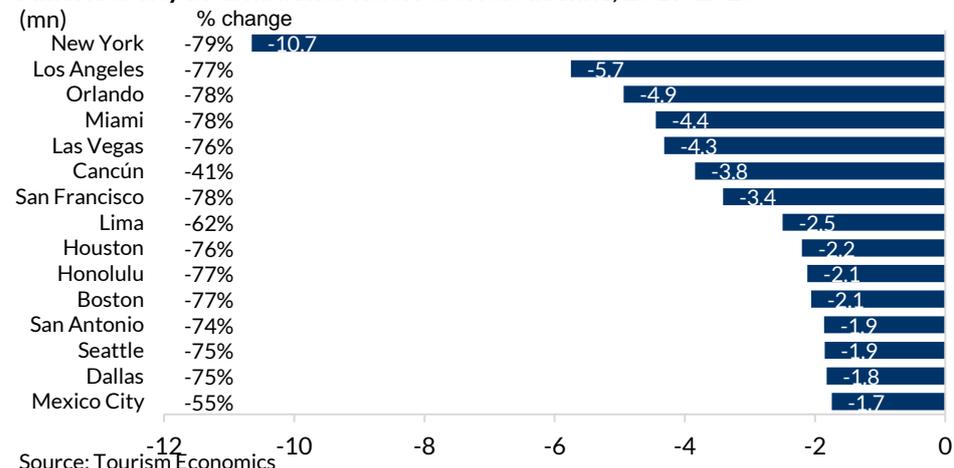
Source: Tourism Economics

Despite a recent resurgence in COVID-19 cases, domestic travel is leading a nascent recovery in the US. However, most activity is regional as drive travel replaces air travel and total travel spending in the US has averaged 50% of last year's levels over the past month. On the international front, while US borders have reopened to select countries, global travellers remain averse to the US due to the rise in cases. We expect inbound travel to decline 76.5% in 2020, equating to nearly 61 million fewer visitors. Downside risks remain well into 2021, and a full recovery to 2019 levels not likely until 2025.

High levels of inequality across Latin America have intensified the damage caused by the pandemic. Brazil has suffered one of the worst outbreaks, with inbound travel set to drop 46% in 2020. Moreover, while the Caribbean once reaped the benefits of a globalised economy, their economics are now heavily exposed to the global pandemic.

The negative impact on travel is particularly clear at a city level, with New York forecast to be the worst affected city within the Americas, with inbound travel set to drop 79% in 2020, equivalent to the loss of 10.7mn arrivals. Los Angeles and Orlando are forecast to suffer the 2nd and 3rd largest declines in visitor arrivals at 5.7mn and 4.9mn. Beyond the US cities, Cancún is forecast to see the largest decline in international travel at 3.8mn visitor arrivals.

Americas city international visitor arrivals decline, 2019-2020



Source: Tourism Economics

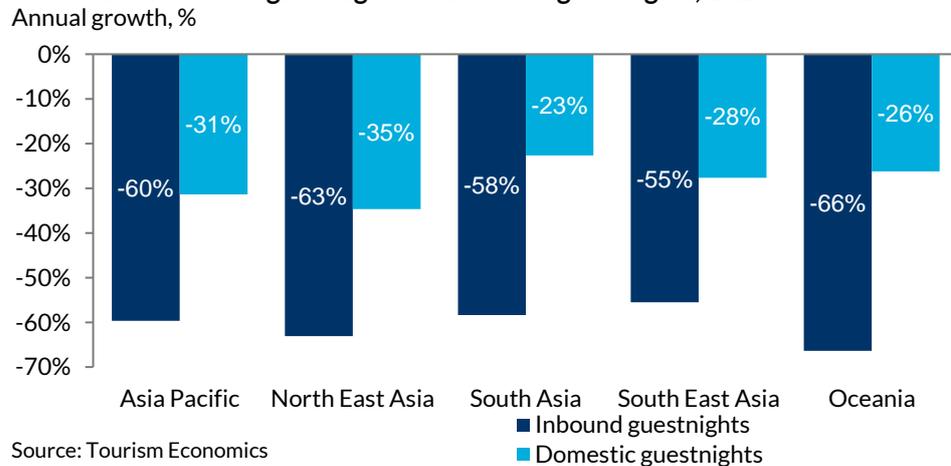
Travel demand to the Americas is forecast to drop 64%, with inbound travel to North America set to decline 70% in 2020.

Asia Pacific Travel & Tourism Outlook

Asia Pacific countries were the first to be impacted by the global health crisis, leading to assertions that they will likewise be the first to recover, and Chinese domestic activity offered an initial benchmark of a recovery path. However, the recent outbreak of cases in Vietnam and Hong Kong demonstrates that the region, like everywhere else, needs to remain vigilant to prevent any further large-scale outbreaks which would delay the recovery. Discussions of travel bubbles between various countries across Asia Pacific have recently been thrown into doubt with the resurgence in cases throughout the region. For example, the Australia-New Zealand travel bubble is likely to face a further delay following a recent surge in infections in both destinations.

Unlike Europe, Asia Pacific has taken a more cautious approach in reopening borders to international travel, continuing to enforce strict border restrictions while focusing on restarting domestic travel. International arrivals are forecast to decline 57% in 2020, equivalent to the loss of 203mn visitor arrivals. North-East Asia is forecast to suffer the greatest percent decline among the sub-regions, with visitor arrivals set to drop 61%.

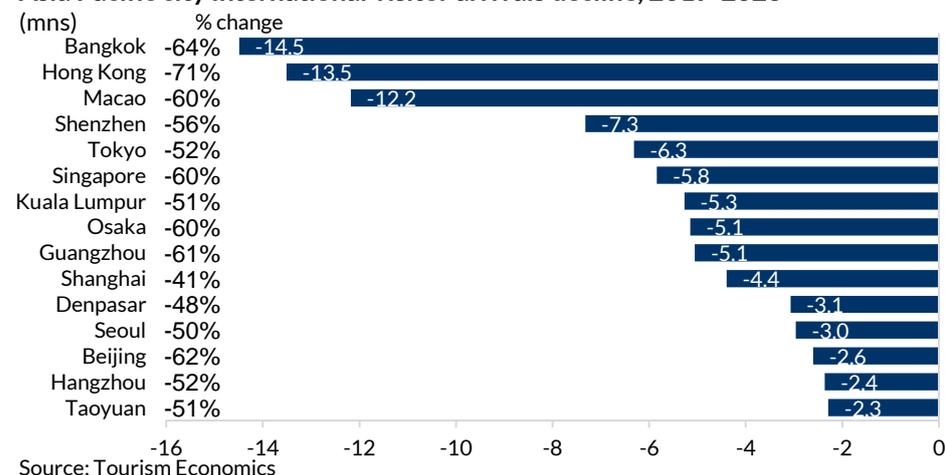
Asia Pacific: Inbound guestnights vs domestic guestnights, 2020



Despite a 61% decline forecast for China's inbound travel in 2020, China's travel demand will be more resilient given the disproportionate share that its domestic market holds. However, not all nations can rely on a large domestic market; for example, long-haul tourists accounted for around 40% of total inbound arrivals in Sri Lanka and Indonesia in 2019.

At a city level, Bangkok is forecast to see the greatest drop in visitor arrivals, followed by Hong Kong and Macao. With all three cities seeing visitor arrivals fall by more than 10 million in 2020. However, Bangkok may face a more volatile recovery than other Asia Pacific cities due to long-haul source markets accounting for almost ¼ of total international arrivals.

Asia Pacific city international visitor arrivals decline, 2019-2020



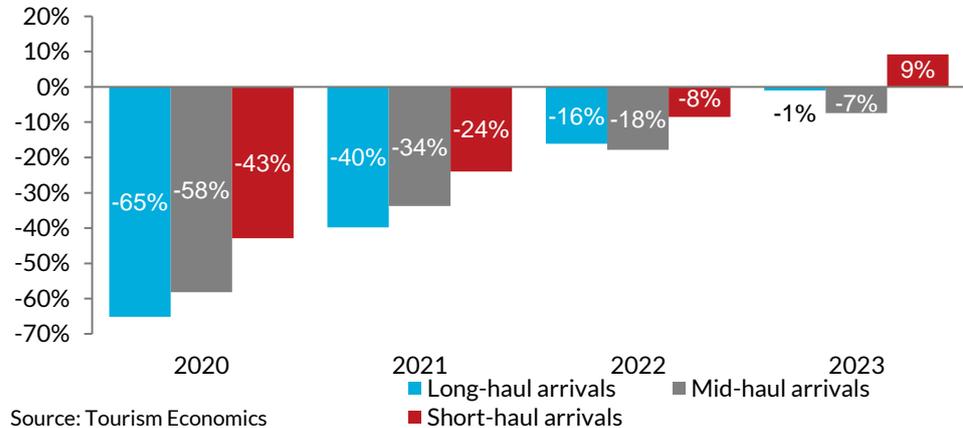
Asia Pacific destinations remain hesitant to open external borders; thus, international travel is forecast to fall 57% in 2020.

Middle East Travel & Tourism Outlook

The Middle East is not unfamiliar with the temperamental nature of tourism demand, having overcome serious challenges in alluring visitors back after the Arab uprisings and several tourist attacks which devastated the region. However, the coronavirus outbreak presents a new set of challenges as it has caused tourism to shut down worldwide and has shattered tourist sentiment. Therefore, visitor arrivals are forecast to fall 57% in 2020.

Middle East: Inbound arrivals by long-haul, medium-haul & short-haul travel

% difference from 2019 levels



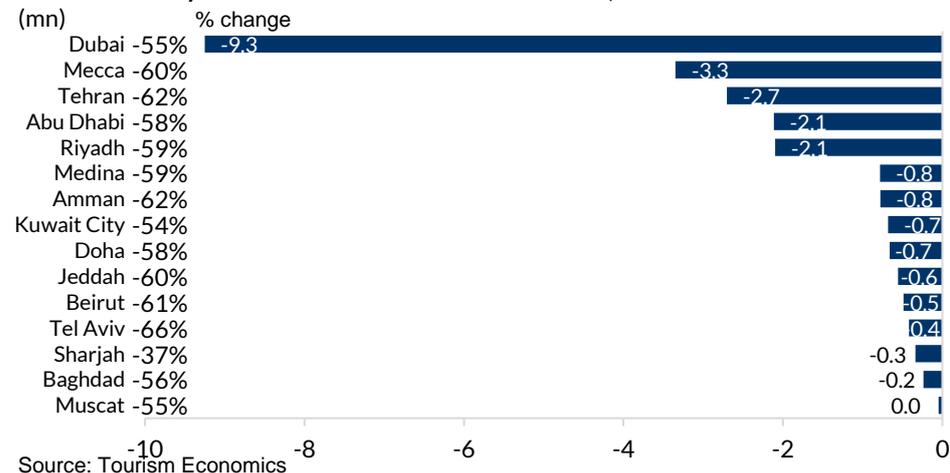
Source: Tourism Economics

Moreover, the global health crisis threatens the region's concentrated efforts to support a growing tourism sector. The UAE's tourism industry has continued to advance in recent years; however, the nation is set to suffer the greatest decline in arrivals at 56%, with long-haul arrivals forecast to decline 63% in 2020. Moreover, Dubai has emerged as a tourism hub within the Middle East, with international arrivals disproportionately accounting for total arrivals into the city. Therefore, the 55% decline forecast for inbound travel in 2020 will have negative repercussions for the wider economy.

Saudi Arabia's tourism industry has also been hit hard by the global pandemic, with inbound travel forecast to decline 54% in 2020. The government's decision to suspend entry for pilgrimages during the health crisis was a devastating blow to the nascent tourism industry, as this would traditionally be a profitable period for the sector. This negative impact is evident at a city level, with inbound travel forecast to drop 60% in Mecca in 2020.

Beirut faces a difficult year ahead, following the explosion in the city's port which has killed more than 200 people, destroyed many of the city's buildings and sparked protests. Inbound travel is forecast to drop 61% in 2020 and it is likely the city will face an even more prolonged recovery than other cities.

Middle East city international visitor arrivals decline, 2019-2020



Source: Tourism Economics

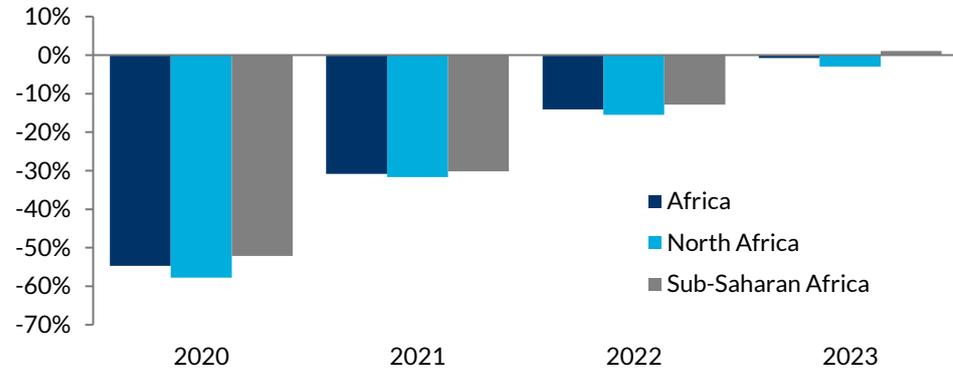
The Middle East will suffer from a 57% drop in visitor arrivals in 2020.

African inbound travel will drop 55% in 2020.

Africa Travel & Tourism Outlook

Travel demand to Africa is set to fall 55% in 2020, with visitor arrivals not surpassing 2019 levels again until 2024. The coronavirus outbreak has regrettably slowed vital infrastructure developments which were occurring across the African region, with important steps being taken to improve connectivity and transport networks in recent years. This setback to tourism developments will undoubtedly raise issues in the region’s long-term travel outlook.

Africa: Inbound travel by destination region
% difference from 2019 levels



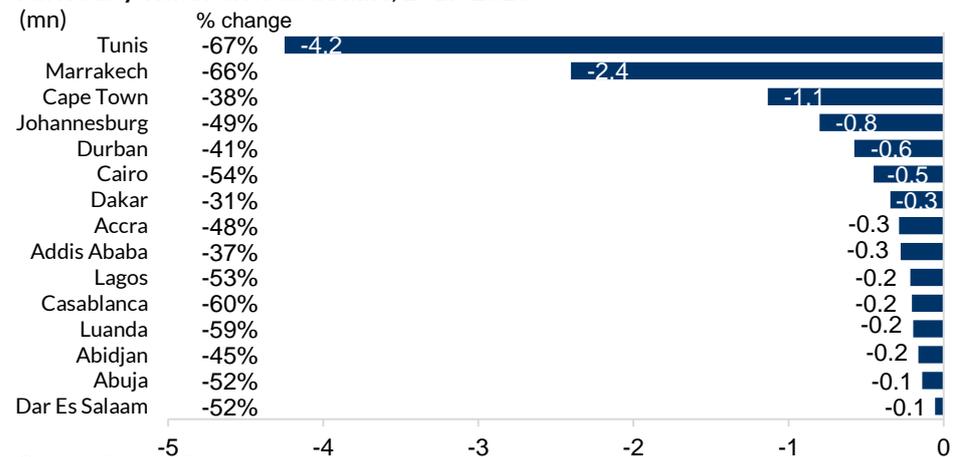
Source: Tourism Economics

The global pandemic has negated the remarkable progress that Egypt’s tourism industry has made in recent years, as Egypt is set to suffer the greatest loss in visitor arrivals at 8mn visitors. Moreover, with long-haul source markets accounting for over 50% of Egypt’s visitor arrivals, the tourism sector faces a further challenge as it is likely that this type of travel will take the longest to recover.

South Africa’s international borders remain closed, with the potential that they will not reopen until late 2020/early 2021. Therefore, inbound travel is forecast to decline 50% in 2020. Increased domestic tourism may alleviate some pressure; however, it is unlikely to be a perfect substitute as fears over the virus may lead some to postpone any travel indefinitely.

Tunisia was one of the earliest African countries to lockdown, and while these measures have suppressed the outbreak, they have devastated the tourism industry. This is evidenced at a city level, with Tunis forecast to see the greatest drop in visitor arrivals in 2020 at 4.2mn. Marrakech is set to be the second-worst affected city within the region, losing 2.4mn visitor arrivals in 2020. Morocco’s borders remain closed to international tourists however domestic tourism has been allowed to restart, which is good news for Marrakech as the domestic market accounted for over two-thirds of total arrivals into the city in 2019.

Africa city visitor arrivals decline, 2019-2020



Source: Tourism Economics

Forecast Summary Table

GTS Visitor Growth Forecasts, % change

data/estimate/forecast	Inbound*						Outbound**					
	2019	2020	2021	2022	2023	2024	2019	2020	2021	2022	2023	2024
	d	d	e	f	f	f	d	d	e	f	f	f
World	4.0%	-57.3%	57.8%	27.4%	15.4%	8.7%	3.2%	-57.5%	58.1%	27.4%	15.3%	8.6%
Americas	1.6%	-64.3%	73.3%	30.6%	17.1%	9.0%	1.5%	-65.2%	80.1%	29.0%	14.2%	7.1%
North America	2.5%	-69.7%	96.0%	35.5%	17.7%	8.9%	3.0%	-68.2%	93.6%	31.3%	14.9%	7.1%
Caribbean	4.1%	-58.6%	54.4%	24.1%	16.2%	9.0%	4.7%	-60.2%	72.7%	22.1%	8.0%	5.4%
Central & South America	-2.2%	-50.8%	39.0%	21.1%	15.7%	9.6%	-4.3%	-53.8%	44.1%	20.9%	12.1%	7.3%
Europe	3.9%	-55.6%	55.0%	26.9%	14.1%	7.7%	3.3%	-54.4%	51.4%	26.8%	14.7%	8.2%
Western Europe	2.5%	-55.4%	54.2%	26.9%	13.5%	7.3%	2.7%	-55.5%	52.5%	27.8%	15.0%	8.3%
Eastern Europe	6.7%	-56.0%	56.5%	27.1%	15.2%	8.6%	4.9%	-51.6%	48.4%	24.3%	13.9%	8.0%
Asia & the Pacific	4.5%	-57.1%	57.9%	26.6%	16.6%	10.4%	3.6%	-59.0%	62.6%	28.5%	17.4%	10.7%
North East	3.1%	-61.0%	71.4%	28.3%	17.8%	11.0%	2.4%	-61.2%	68.3%	30.4%	18.8%	11.4%
South East	7.2%	-53.7%	47.2%	26.0%	15.8%	9.6%	6.3%	-52.2%	46.1%	22.0%	13.9%	9.0%
South	2.2%	-51.5%	42.2%	20.5%	13.6%	10.7%	7.2%	-59.0%	66.2%	30.9%	17.0%	10.9%
Oceania	2.1%	-53.8%	53.2%	23.9%	14.8%	9.1%	2.5%	-63.5%	80.8%	32.8%	16.9%	10.5%
Africa	5.2%	-54.7%	52.6%	24.3%	15.4%	8.9%	1.8%	-51.8%	47.7%	19.1%	12.3%	6.6%
Middle East	7.9%	-57.0%	54.0%	30.6%	18.1%	9.5%	9.3%	-53.0%	44.7%	27.5%	18.6%	8.8%

* 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