

# GLOBAL TRAVEL: OUTLOOK & UNCERTAINTY

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# Recent developments affect the outlook and risks

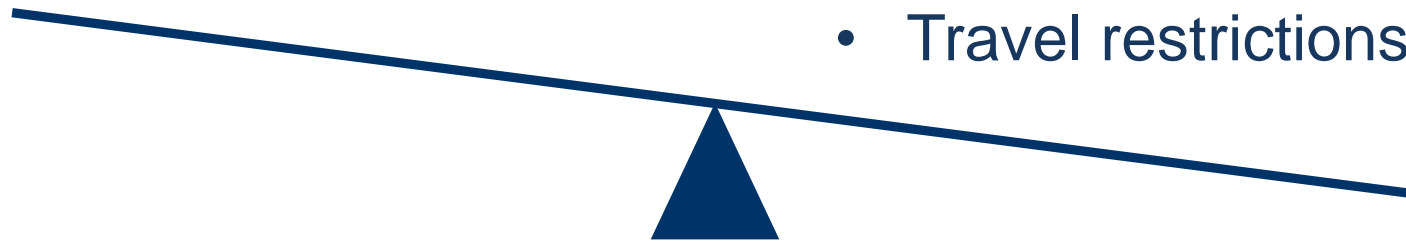
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## Positive

- Outbreak containment
- Lockdown measures easing
- Plans for return to domestic travel
- Short-haul returning between some neighbouring countries

## Negative

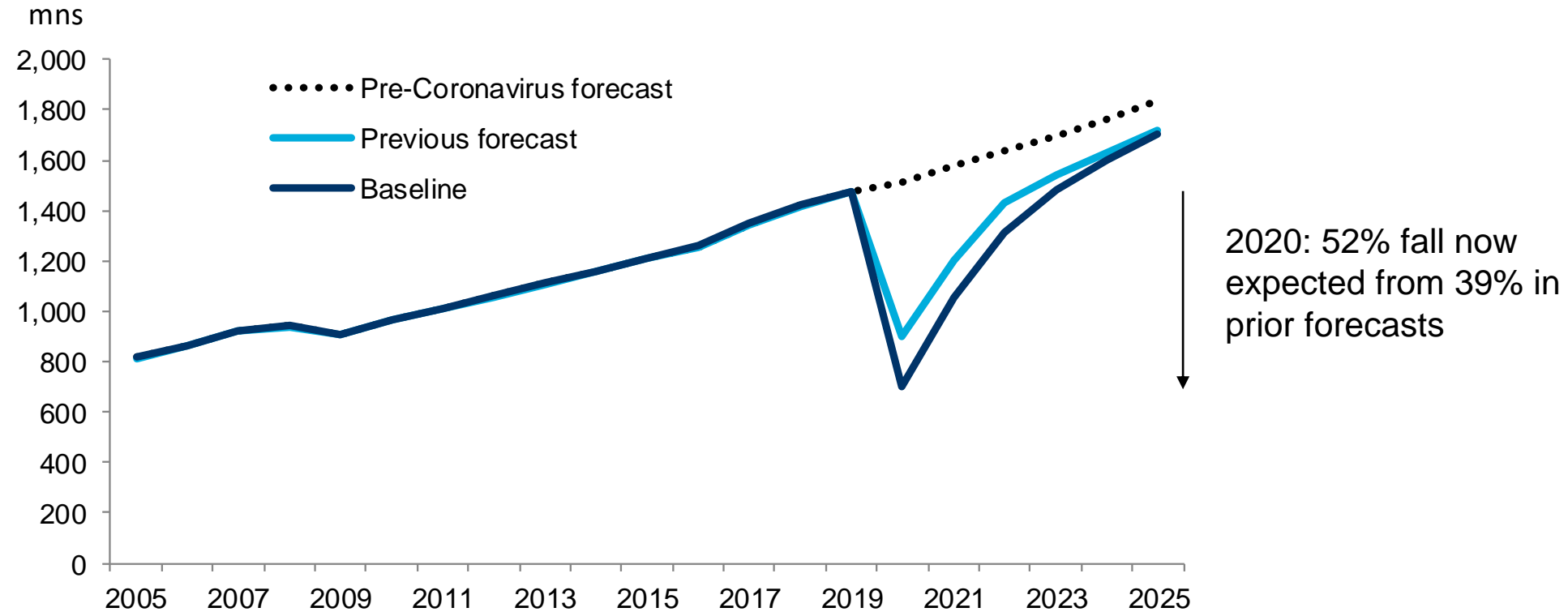
- Larger economic impacts evident in 2020 to date
- Easing of lockdown will be very gradual
- Travel restrictions to remain in force



Questions: Use the question panel on the right

# International travel will remain below 2019 levels until 2023

Inbound arrivals by scenario, 2005-25, World



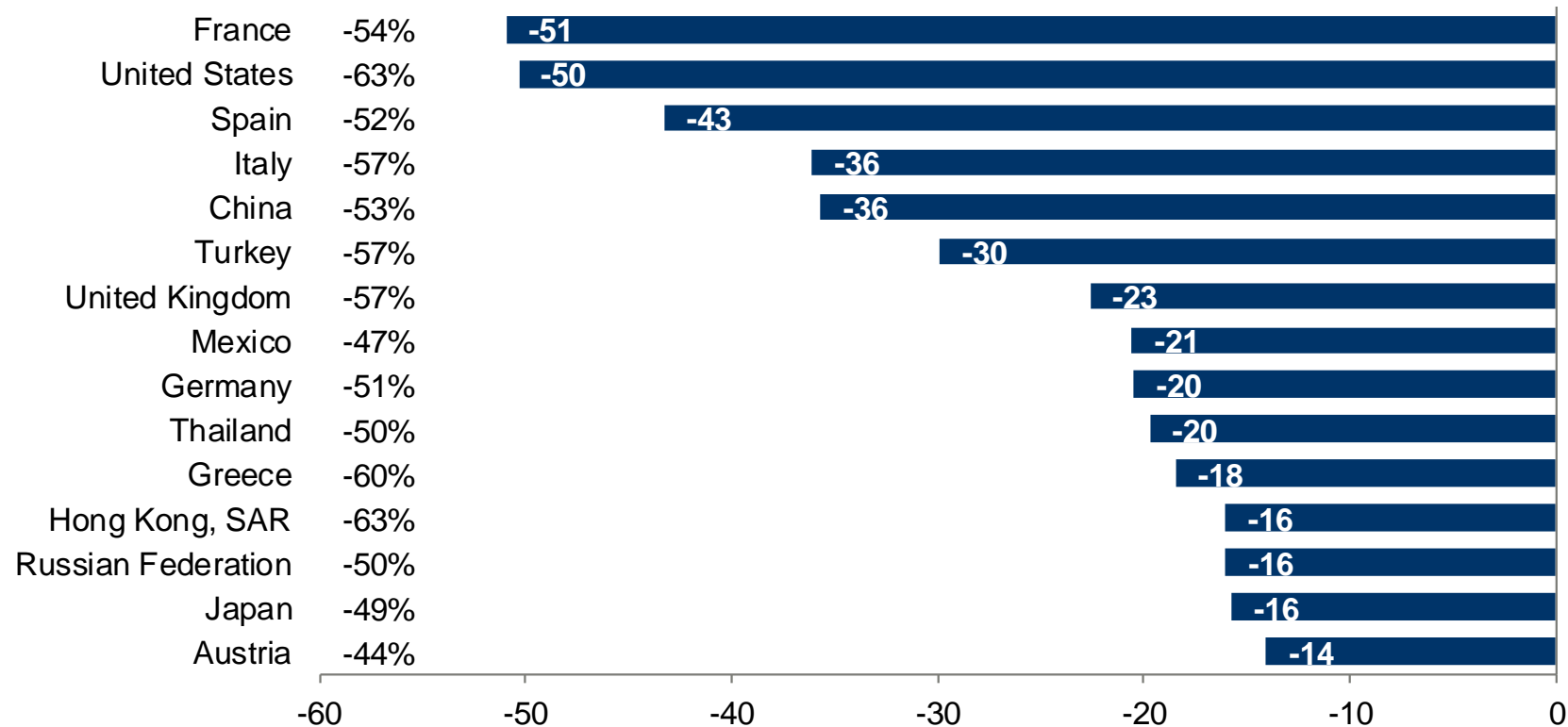
Source: Tourism Economics

Questions: Use the question panel on the right

# Large falls are expected across all destinations in 2020

## Inbound arrivals: largest drops in arrivals, 2020

Arrivals (mns)

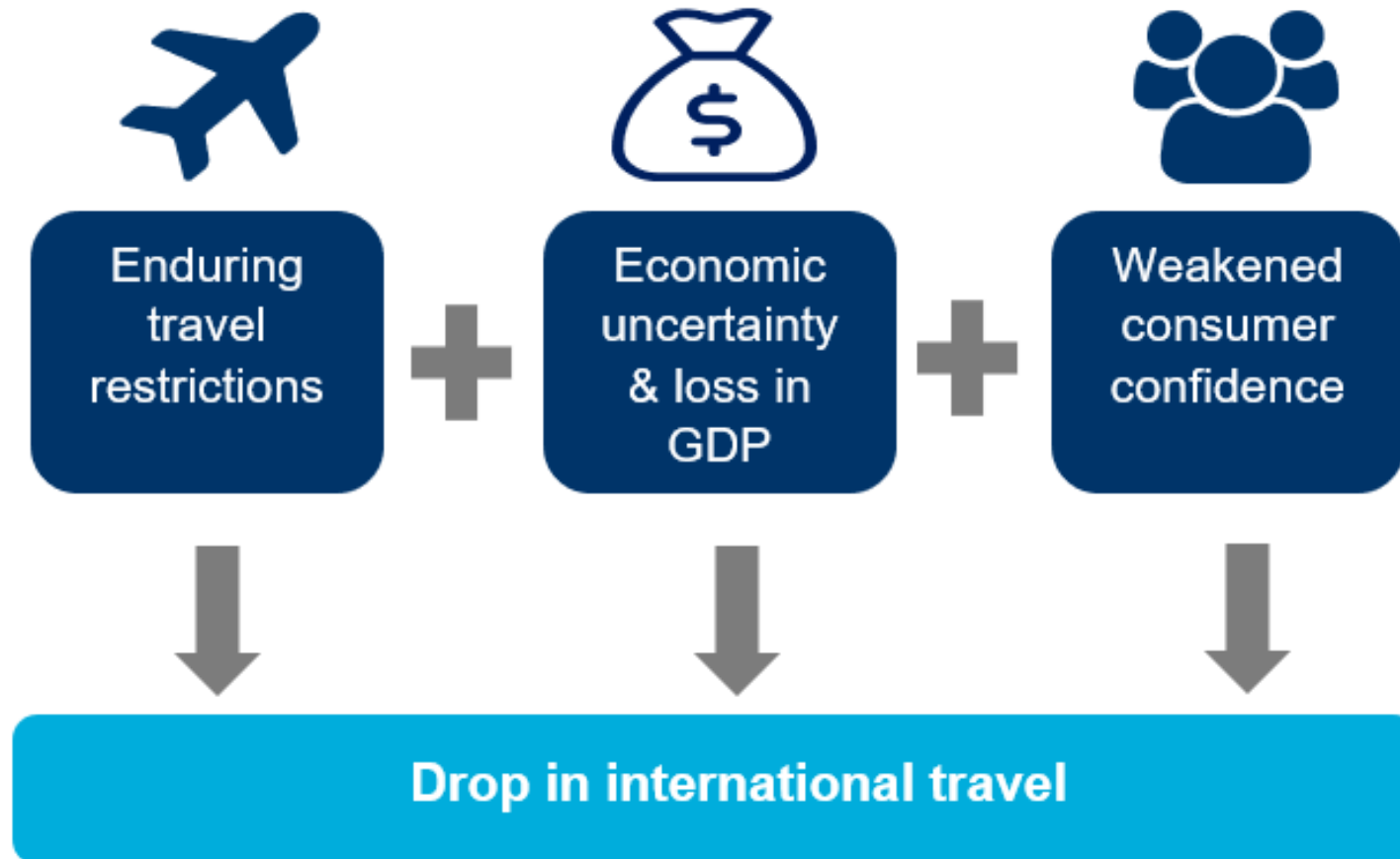


Source: Oxford Economics

Questions: Use the question panel on the right

## Three broad areas of uncertainty in the outlook

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Questions: Use the question panel on the right

# Significant uncertainty remains in duration of impact in 2020

## Coronavirus scenario assumptions: World

	Total expected impact duration		#months including:		Total 2020 travel fall* %year
	# months	%2020 affected	Current restrictions	Reduced restrictions	
Mar-Aug	6	55%	3	3	-28%
Mar-Oct	8	73%	4	4	-39%
Mar-Dec	10	87%	4	6	-51%
Mar-Feb	12	93%	6	6	-65%
Mar-Aug21	18	93%	10	1	-79%

\* impact on arrivals relative to counterfactual

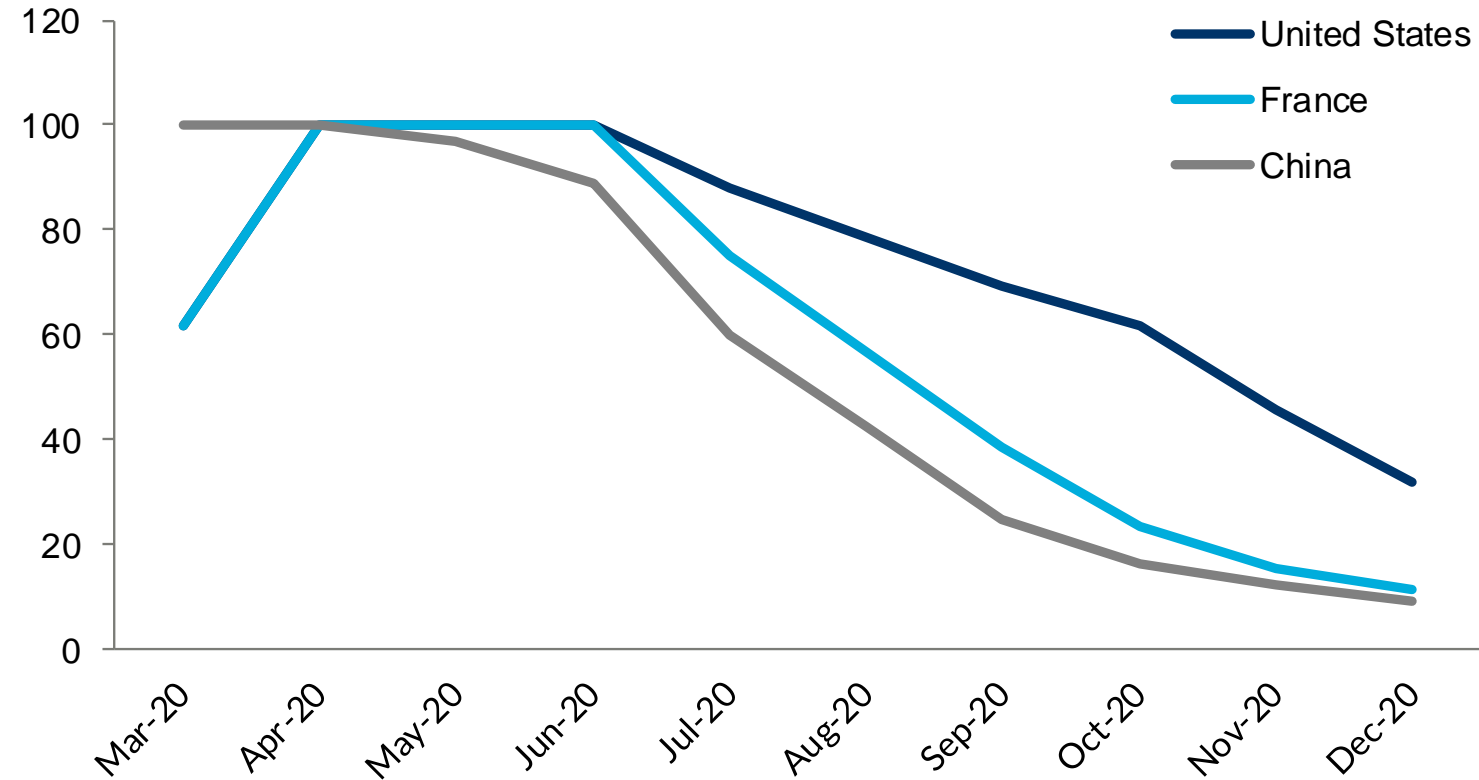
- Previous outlook was based on 8-month restriction period which would reduce inbound travel by ~40% on top of other economic effects (eg reduced incomes)
- New baseline assumes some restrictions linger for 10-months with less immediate easing beyond short-haul
- If current restrictions are in force into 2021 (12- or 18-month resolution scenario), travel will fall 60-70% in 2020 even without other effects

Questions: Use the question panel on the right

# Different easing profile is expected for different markets

## Travel restriction stringency index baseline, international travel for key markets

Index (Max = 100)

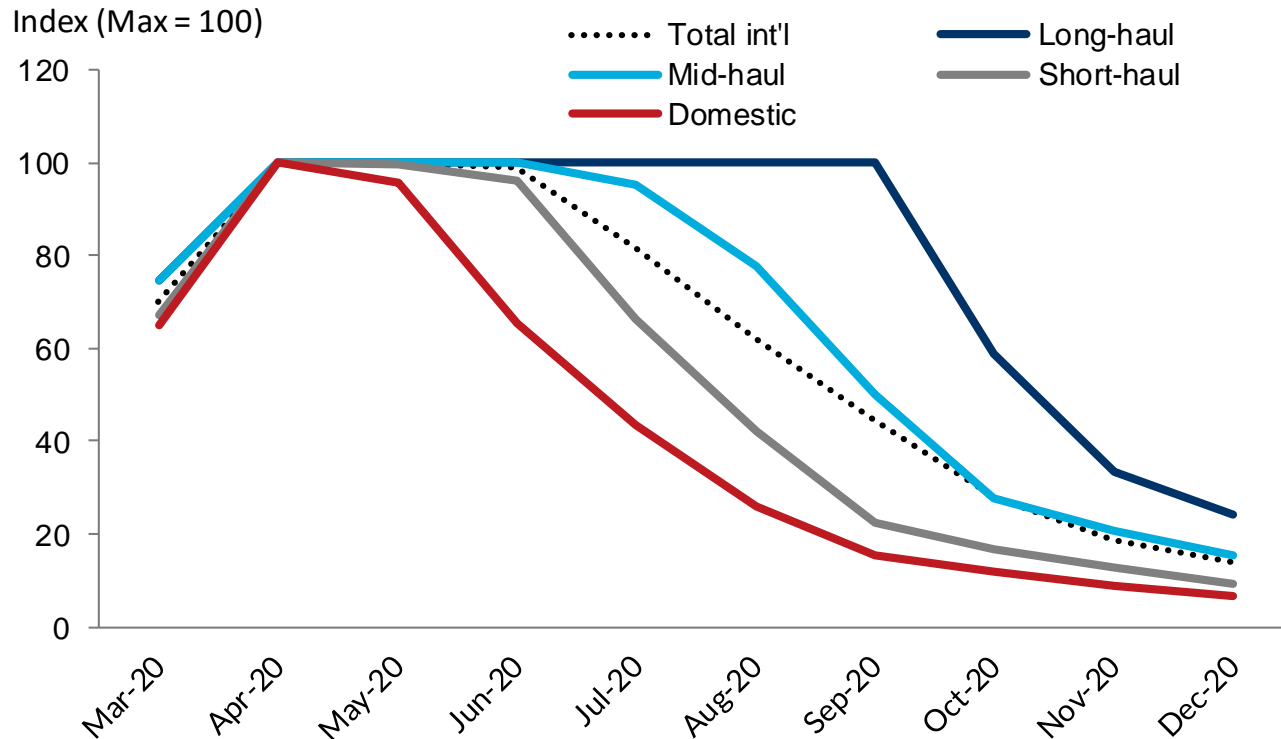


Source: Tourism Economics

**Questions: Use the question panel on the right**

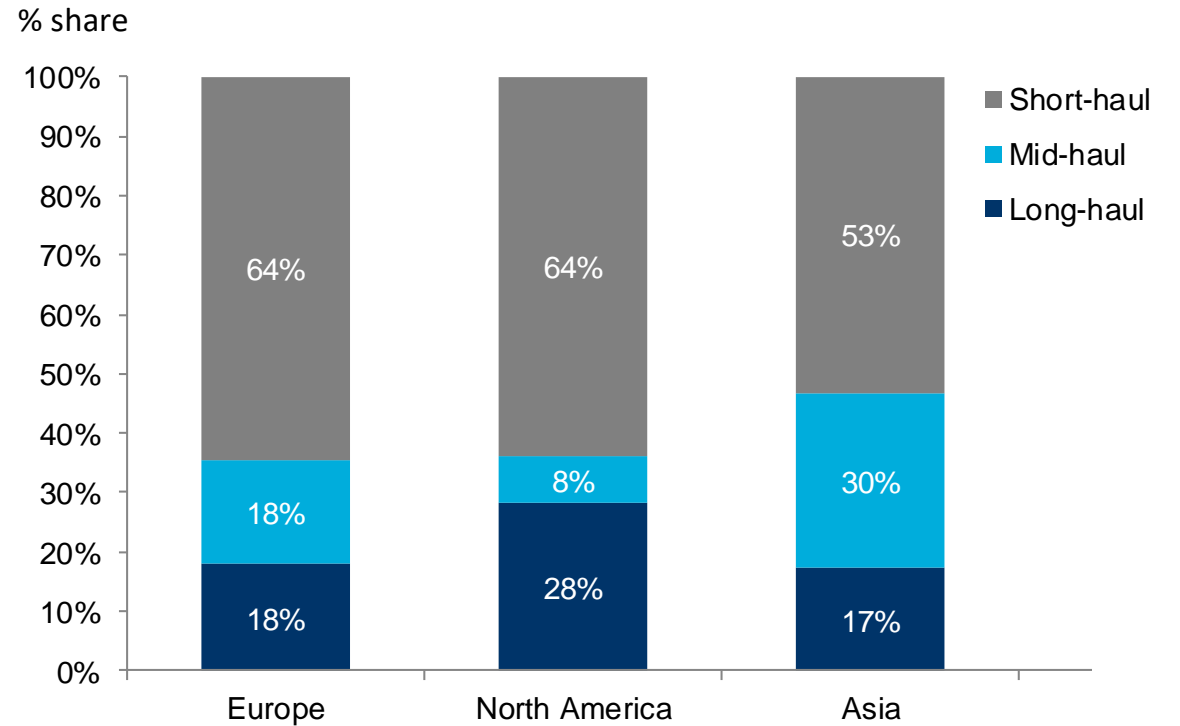
# Related to easing by source market

Travel restriction stringency index, baseline scenario, global travel



Source: Tourism Economics

Inbound arrivals by origin, 2019 by region



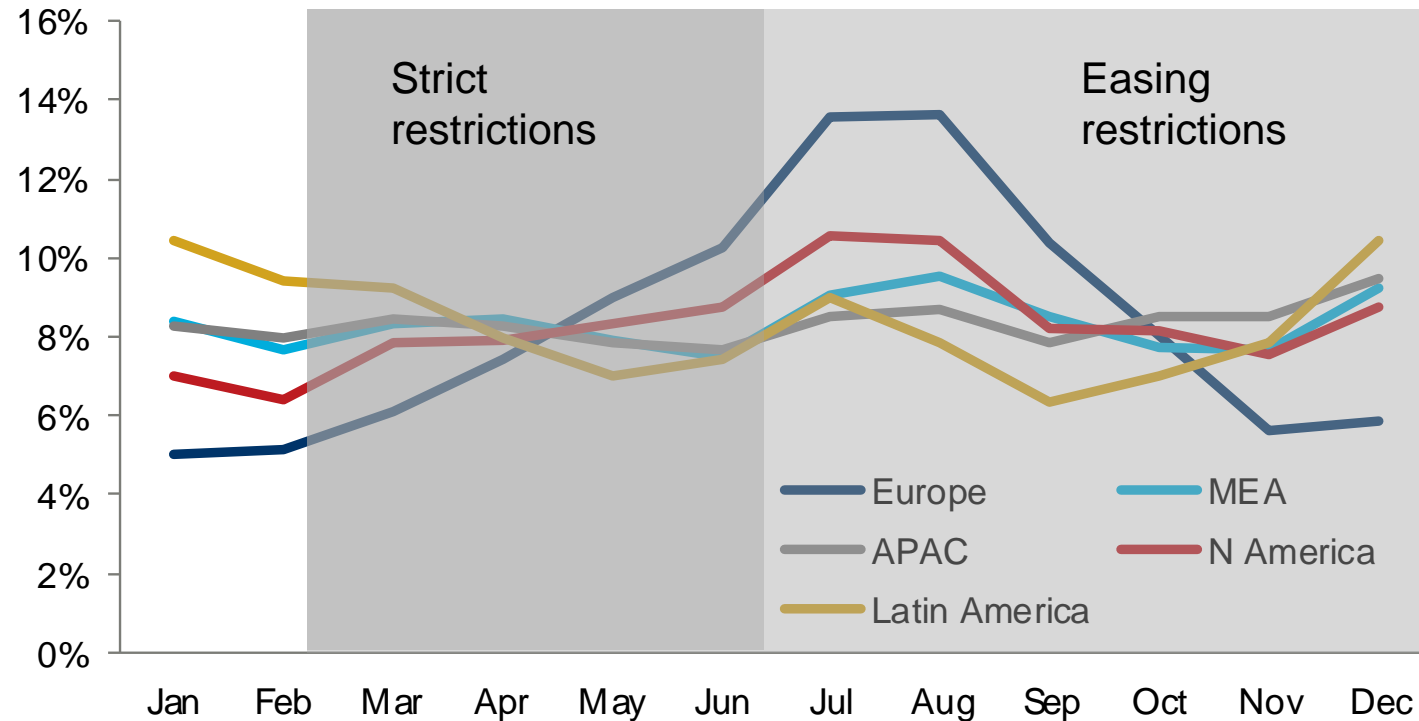
Source: Tourism Economics

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# Expected impacts in 2020 will be affected by duration and seasonality

## Global arrivals: average monthly seasonality

% share annual arrivals, 2013-18



Source: UNWTO, Tourism Economics

*Shading is expected duration of travel restrictions: dark shading is current restrictions, lighter is some easing*

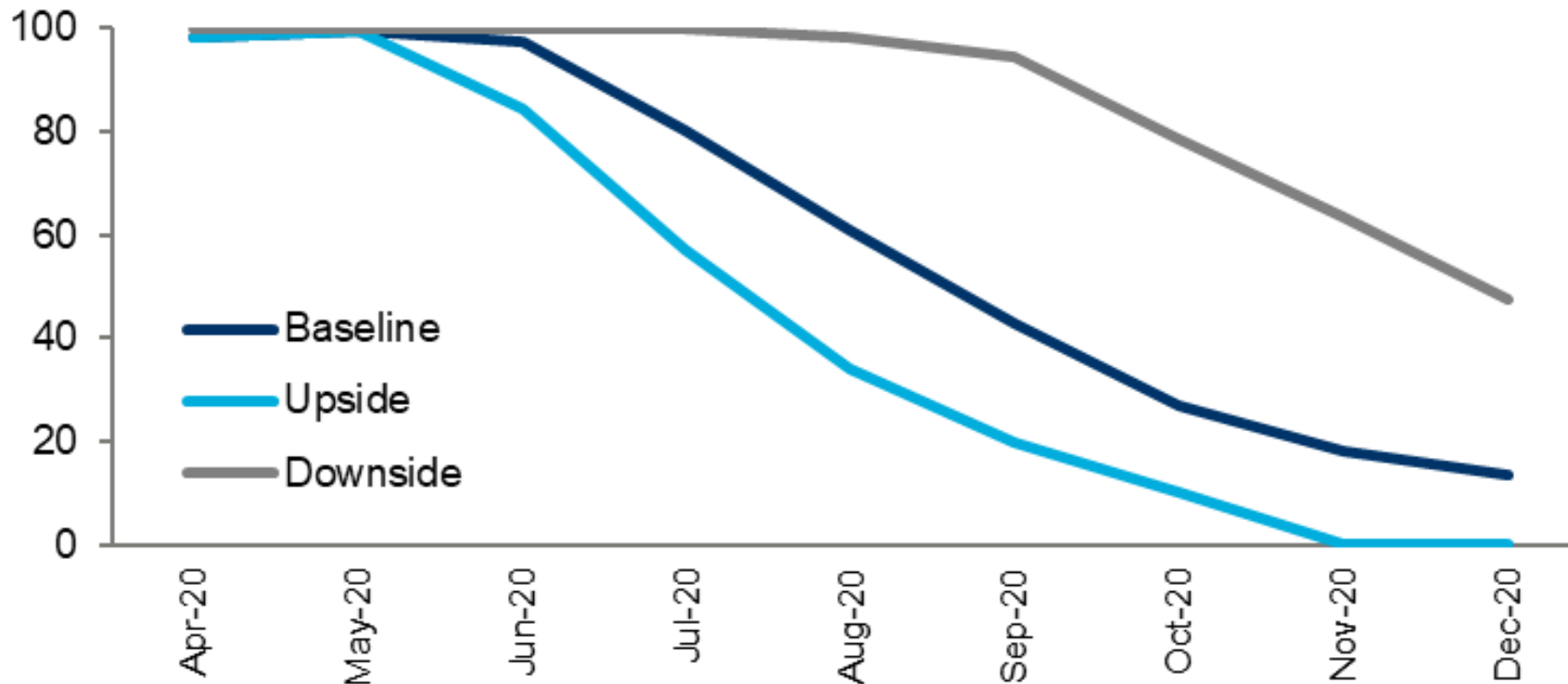
- Extent of restrictions into H2 will influence 2020 travel performance
- Peak travel months will be subject to some restrictions – these cover large proportion of usual activity.
- Second wave of outbreak leading to renewed lockdown measures and renewed restrictions are a key risk.

Questions: Use the question panel on the right

# Pace of easing of restrictions may vary from the baseline view

## Travel restriction stringency index: global international travel index

Index (Max = 100)

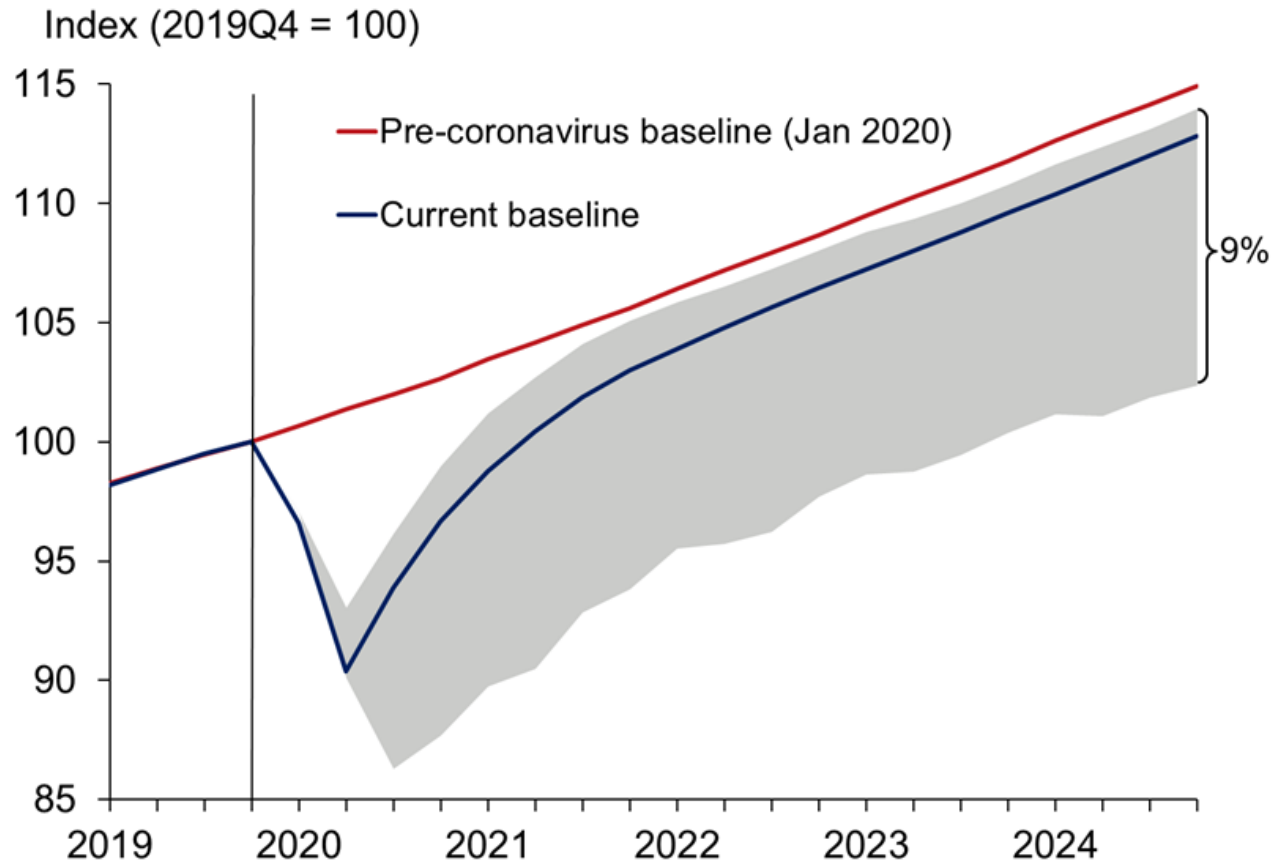


Source: Tourism Economics

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# Significant economic risks will impact medium term

## Global GDP: distribution of plausible scenarios



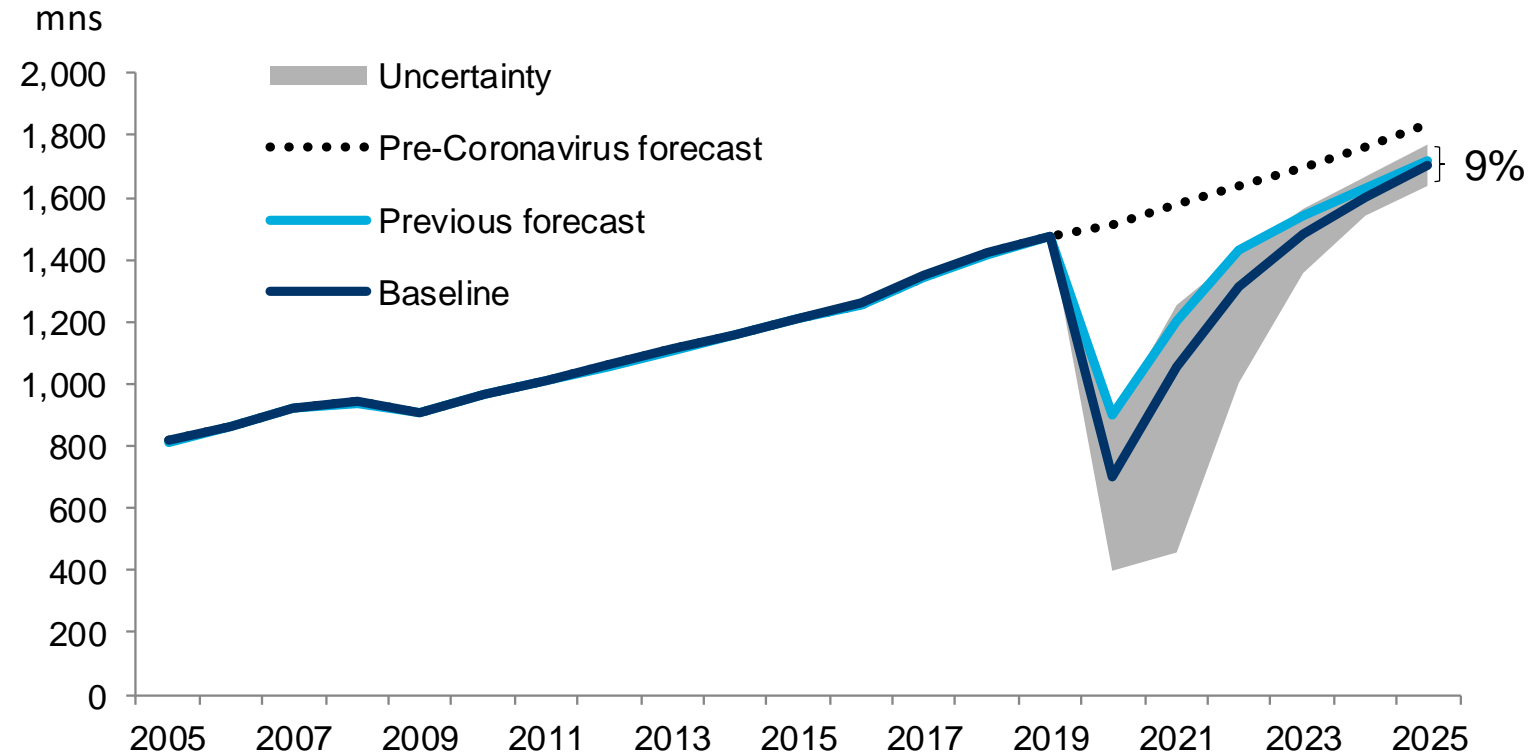
Source : Oxford Economics/Haver Analytics

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- Medical advancements and greater fiscal support could see a marginally stronger upside.
- To the downside, longer and more stringent lockdowns in the absence of sufficient policy support could lead to a financial crisis and prolonged impacts.
- The baseline is positioned at the upper end of the range with significant fiscal support evident.

# International travel will remain below 2019 levels until 2023

Inbound arrivals by scenario, 2005-25, World



Source: Tourism Economics

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# Deeper and longer falls under downside, with later recovery

## 2019 recovery under upside assumptions

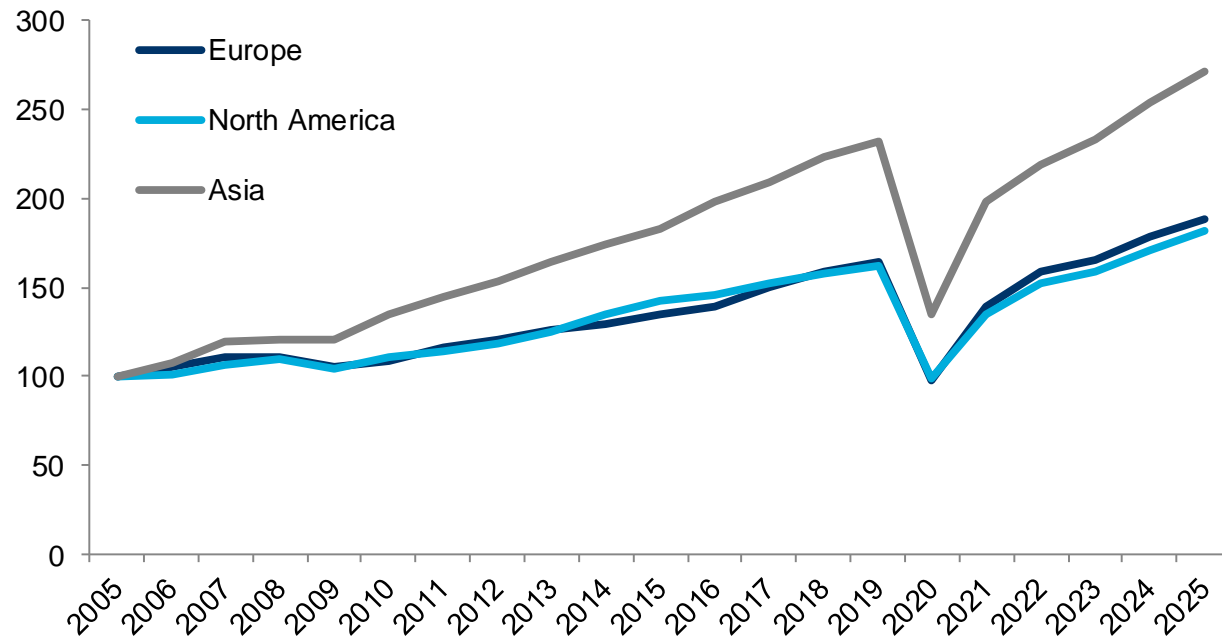
- Europe 2023
- N. America 2024
- Asia 2023

## 2019 recovery under downside assumptions

- Europe 2024
- N. America 2024
- Asia 2024

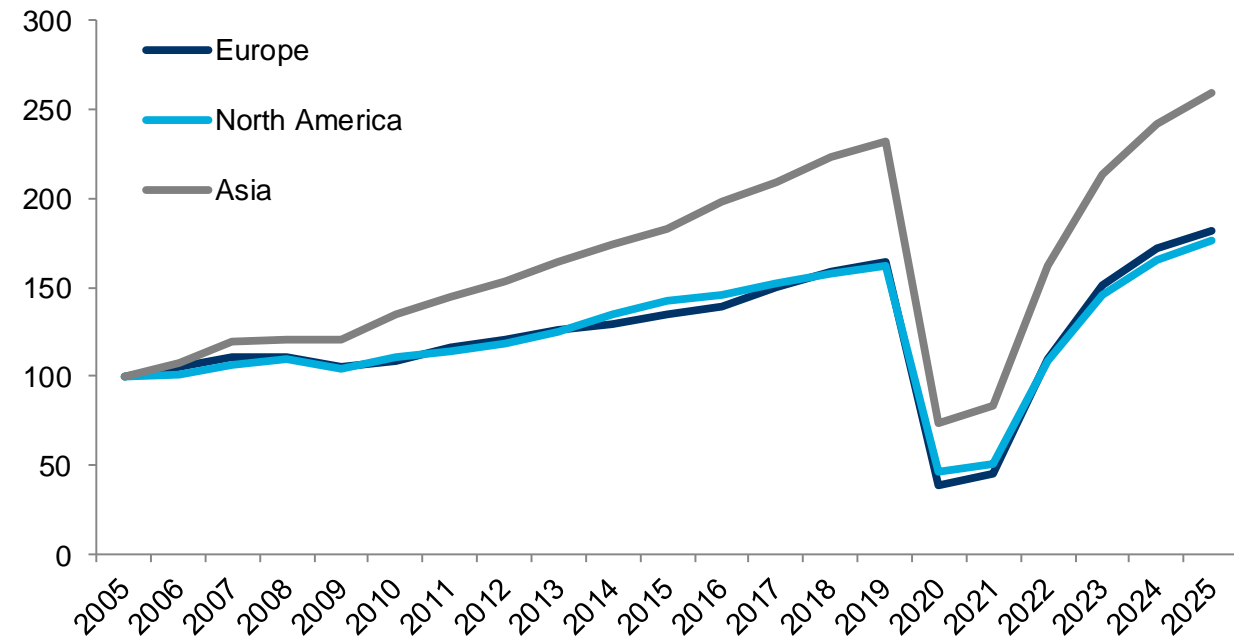
### Inbound arrivals growth upside, 2005-25, key regions

Index 2005=100



### Inbound arrivals growth downside, 2005-25, key regions

Index 2005=100



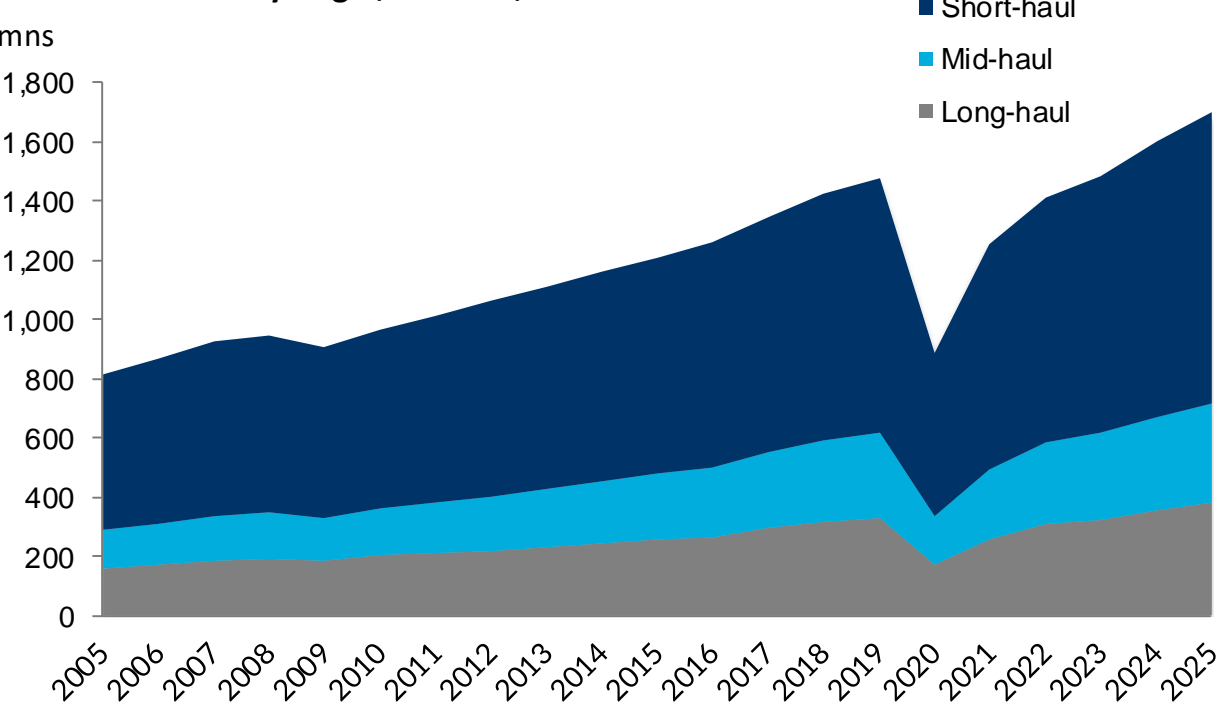
Source: Tourism Economics

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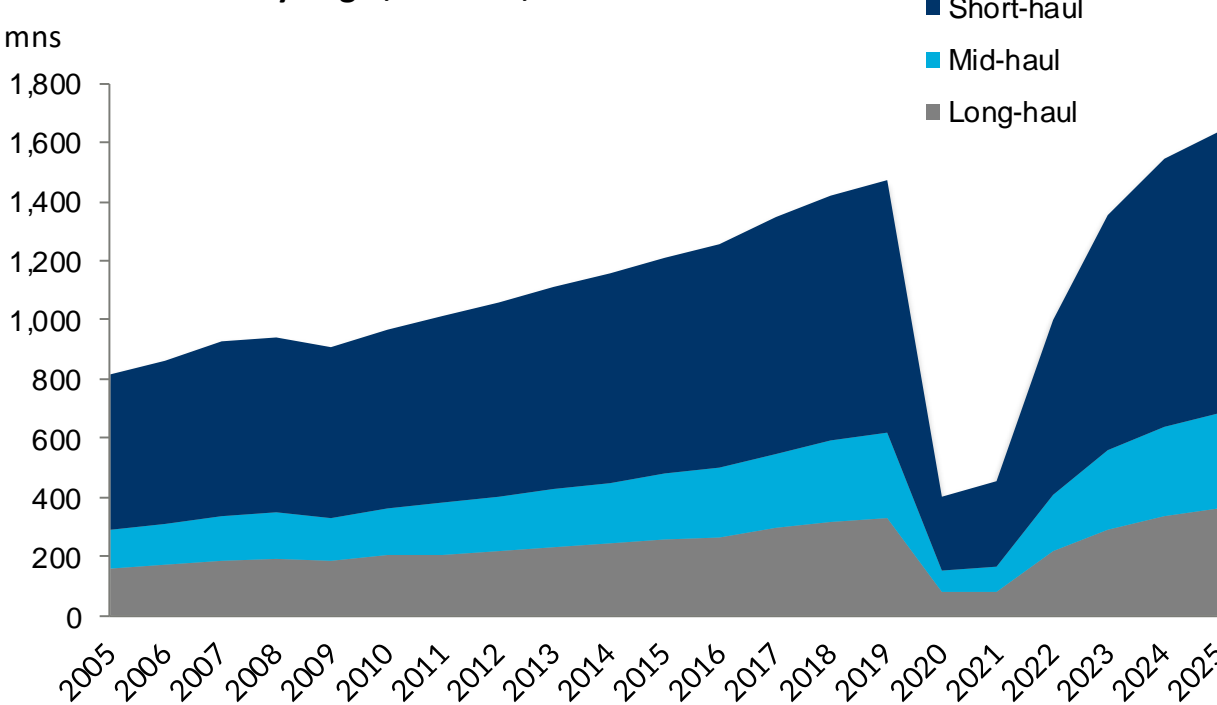
# Short-haul travel is key for recovery, especially in downside

Inbound arrivals by origin, 2005-20, World



Source: Tourism Economics

Inbound arrivals by origin, 2005-20, World

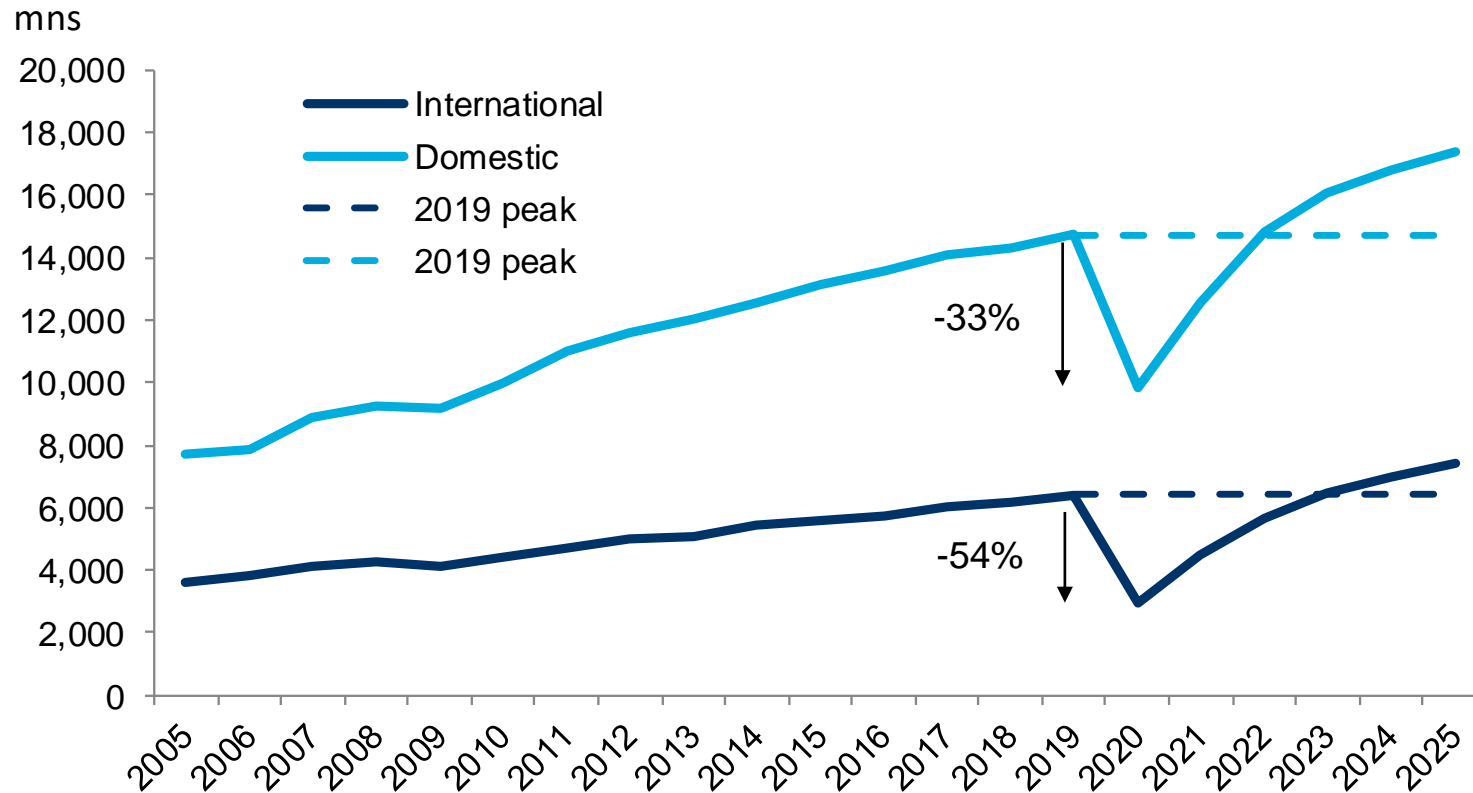


Source: Tourism Economics

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# Domestic guestnights to become a larger source of demand

Inbound & domestic nights, 2005-25, World, baseline

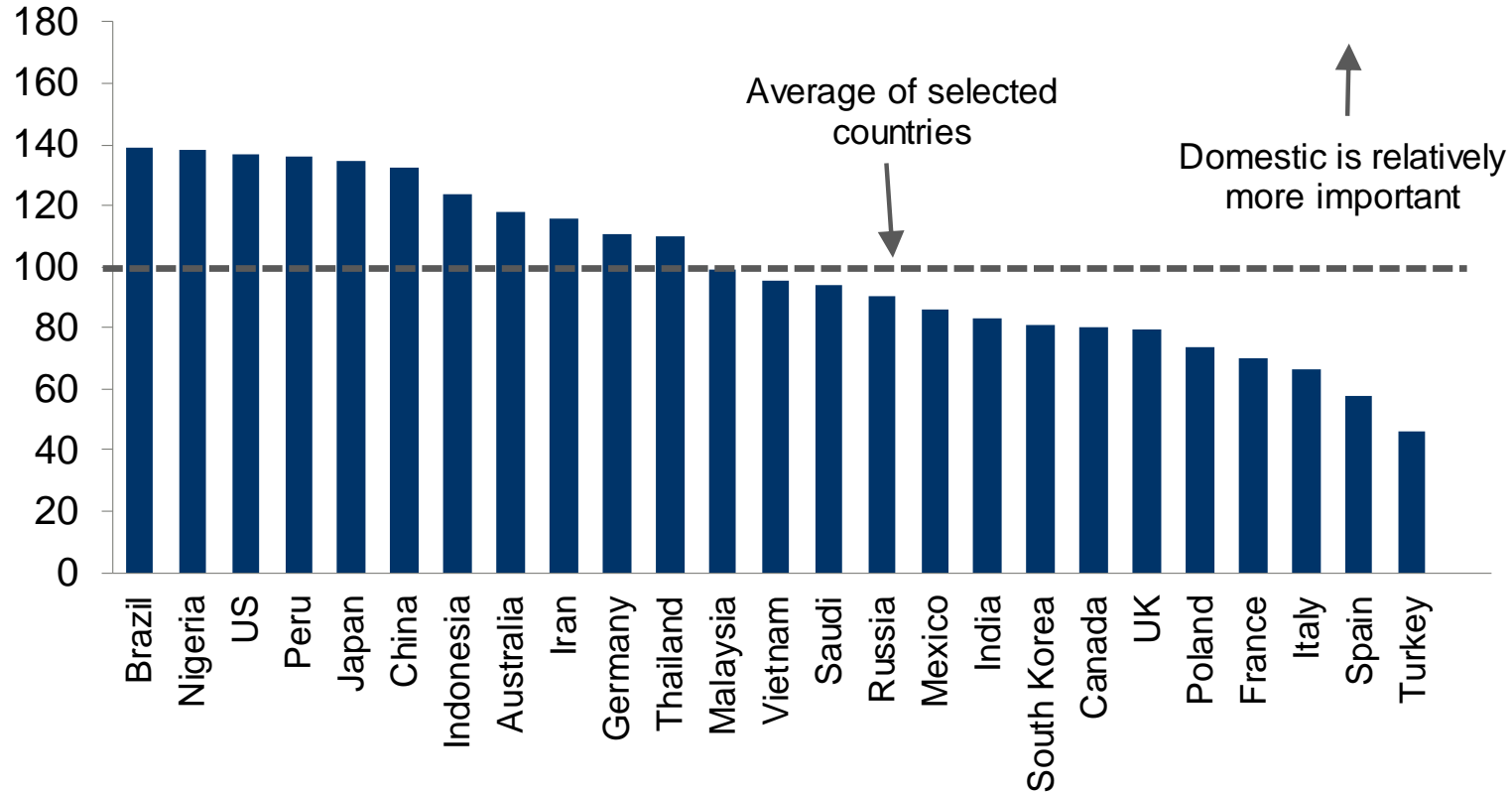


Source: Tourism Economics

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# Markets with high domestic travel share will be more resilient

## Domestic Resilience Index\*

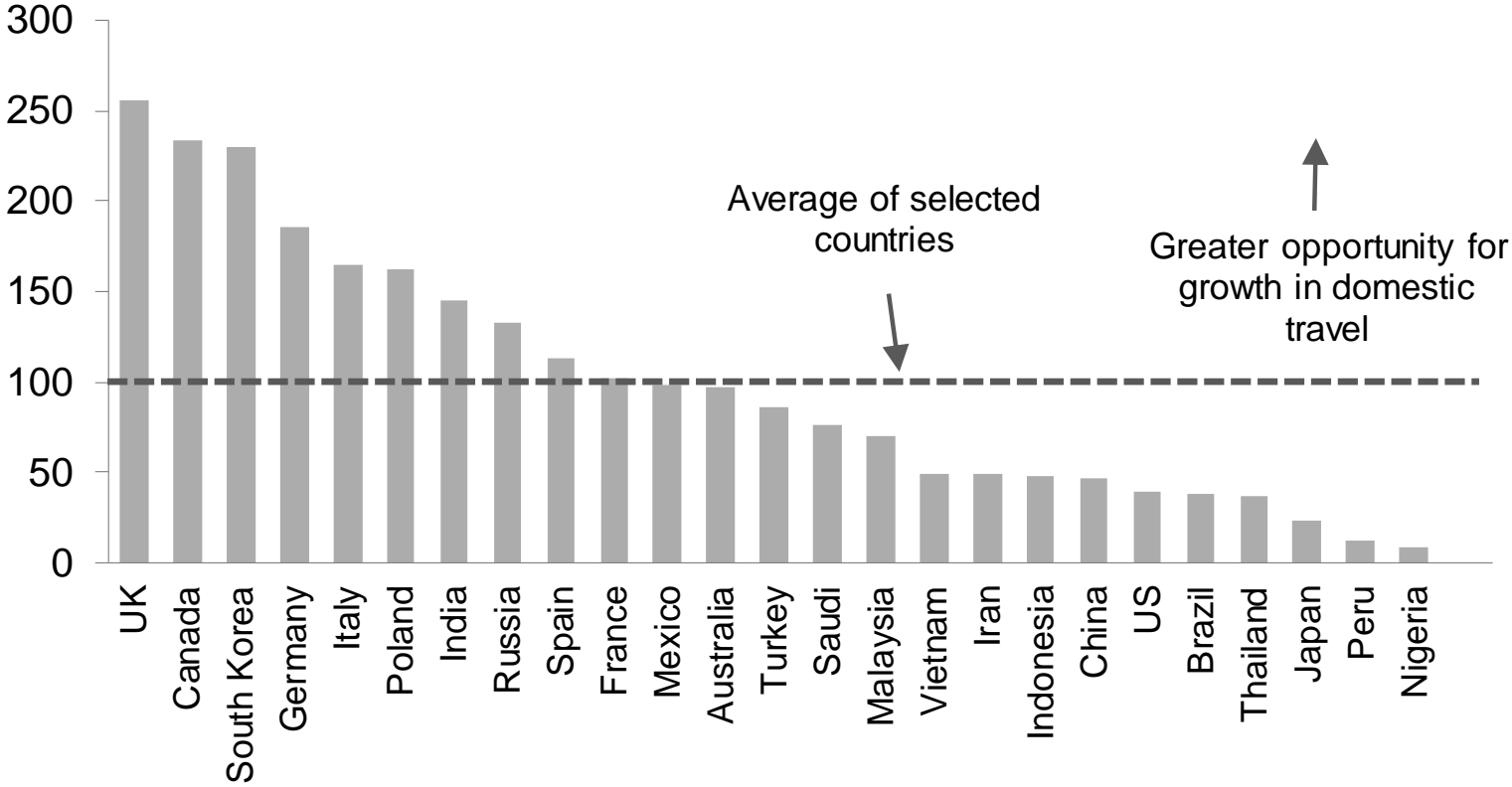


\*Domestic travel as a share of domestic and arrivals combined; 2019 data; overnight travel only  
Source: Tourism Economics

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# Opportunity for substitution for outbound from domestic

**Domestic Opportunity Index\***

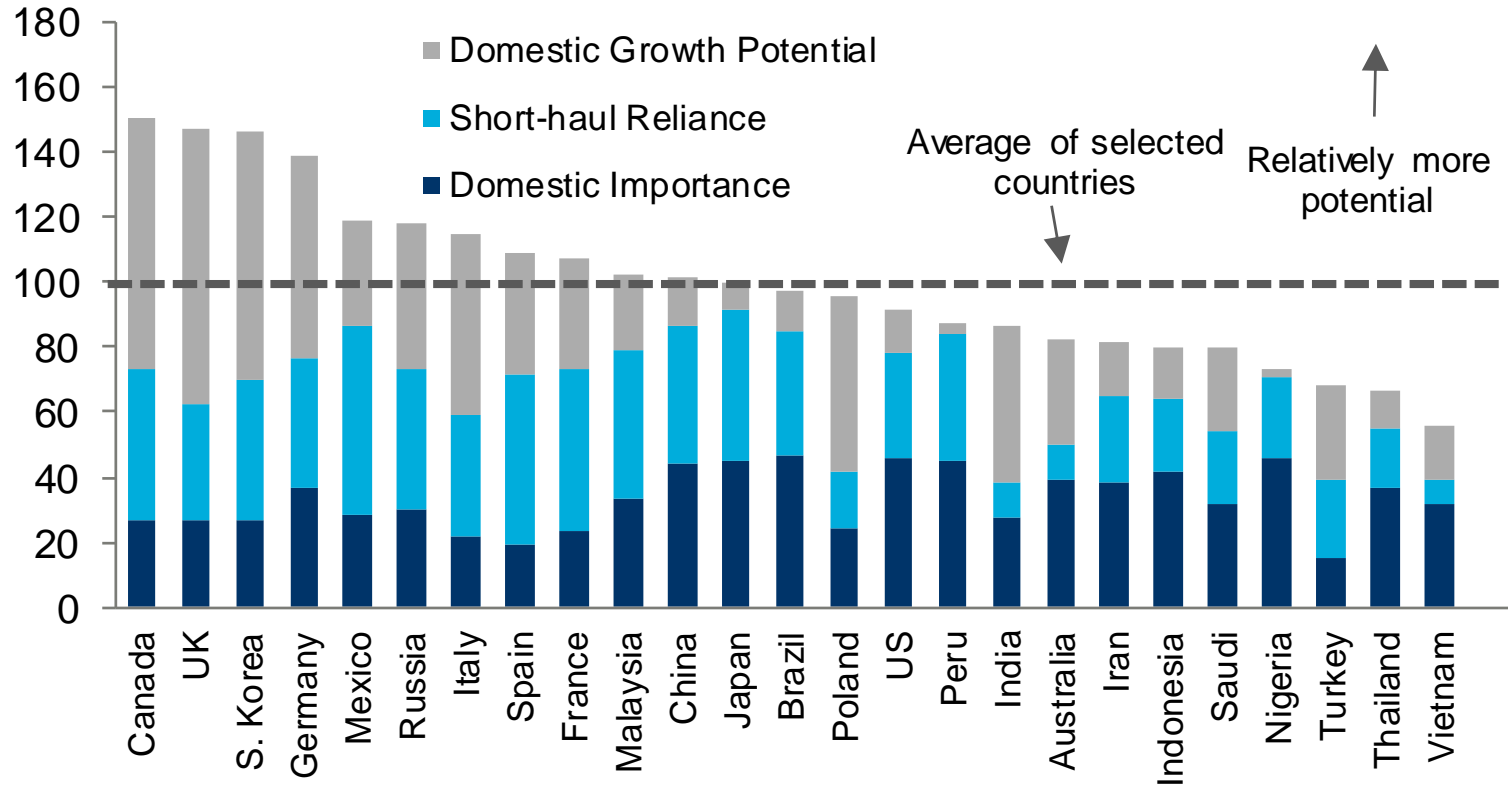


\*Departures as a share of domestic travel and departures combined; 2019 data; overnight travel only  
 Source: Tourism Economics

**Questions: Use the question panel on the right**

# Destination performance will depend on source market mix

## Travel Potential Index\*



\*2019 data; overnight travel only  
Source: Tourism Economics

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