EUROPEAN TOURISM - TRENDS & PROSPECTS

QUARTERLY REPORT - Q1/2017

EUROPEAN
TRAVEL
COMMISSION

EUROPEAN TOURISM IN 2017:
TRENDS & PROSPECTS

Quarterly Report (Q1/2017)

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

Brussels, April 2017
ETC Market Intelligence Report

European Tourism in 2017: Trends & Prospects (Q1/2017)

Data sources: This report includes data from the TourMIS database (http://www.tourmis.info), STR Global, IATA, AEA and UNWTO.

Economic analysis and forecasts are provided by Tourism Economics and are for interpretation by users according to their needs.

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FOREWORD

STRONG START INTO 2017 REFLECTS A VIBRANT SECTOR

European tourism demand remains on a positive path despite some volatility in recent years. Following the modest 2% increase in international tourist arrivals in 2016, the outlook for this year remains upbeat, between +2% and +3%, despite uncertainty concerning geopolitical instability in some destinations and safety and security worries[1].

Source: World Tourism Organisation (UNWTO) *Provisional figure

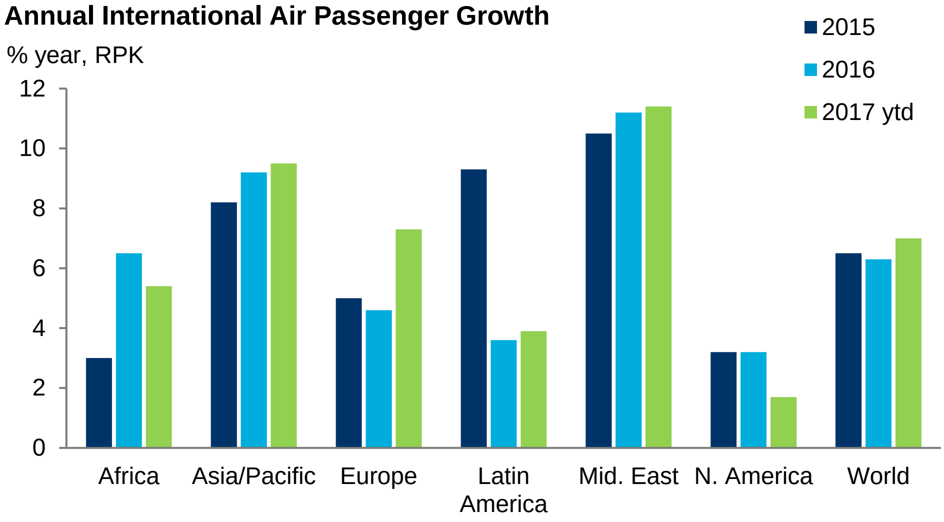
Year-to-date results indicate a positive start to the year. The majority of reporting destinations showed robust growth over this period reflecting the positive demand from major intra-regional and long-haul source markets. The solid performance in the sector is sustained by strong promotional efforts to reduce seasonality, low level of oil prices which continue to be passed onto travellers, favourable exchange rates and improved air connectivity.

WIDESPREAD GROWTH ACROSS MOST DESTINATIONS

Almost one in two reporting destinations saw double digit-increases in tourist arrivals during the first months of the year. Iceland (+54%) leads growth benefitting from the ongoing surge in air capacity on transatlantic routes while both Portugal (+25%) and Malta (+23%) proved their success in battling seasonality. Off-the-beaten-track destinations such as Bulgaria (+19%), Finland (+18%), and Estonia (+13%) also enjoyed rapid growth, benefitting from being perceived as safe destinations. Whereas Switzerland (+3%) saw a slight increase owing to its position as a key winter destination, so far, Turkey (-8%) has shown no signs of recovery following the spate of terror attacks and the attempted coup.

[1] UNWTO (2017) World Tourism Barometer Vol. 15, March (2017)

Early 2017 data for the airline industry saw a continuation of the 2016 growth trend aided by reductions in fuel costs that are keeping down fares. The first two months of 2017, Revenue passenger kilometre (RPK) surged by 7.3%. Encouraging economic conditions in the US continue to drive travel from the Americas to Europe while Asian travel to the region remains cautious due to safety concerns. The European accommodation sector also enjoyed robust growth in the first two months of the year. Average room rate (ADR) saw a slight reduction (0.3%) while occupancy rates and revenue per available room (RevPAR) remained positive at 3.8% and 3.5% respectively.



Source: IATA

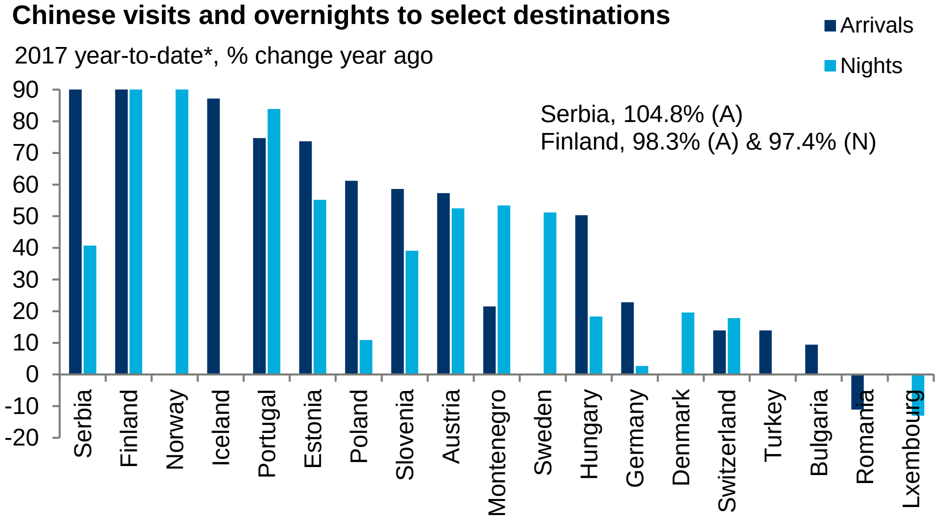
APPETITE FOR EUROPEAN TOURISM REMAINS AMID UNCERTAINTIES AND RISKS

Despite the ongoing economic recovery in the Eurozone, we should expect some headwinds arising from the impact on tourism demand due to safety concerns. This is especially the case in the light of a recent wave of attacks carried out in London (March), Stockholm and Paris (April) this year, suggesting further disruption and displacement within the region. Nevertheless, European tourism growth continues to steam ahead from Europe's largest source markets, especially from Germany - whose travellers seem to be exploring non-traditional winter destinations such as Bulgaria - and France. Considerable uncertainty also surrounds the potential implications of the UK's withdrawal from the European Union ("Brexit") concerning free movement of goods and workers in Europe. The impact of the upcoming elections in the UK are as yet unknown but can be expected to influence the negotiations for Britain's departure from the EU. Although growth in tourist arrivals from the UK continues, the effects of a weaker pound may be more evident as the year progresses.

A strong US dollar is expected to persist in 2017 underpinning another strong year for the country's outbound travel market. The biggest beneficiary during the first months of the year is Iceland (+89%) trailed by Portugal (+47%) and Serbia (+44%). Nevertheless, uncertainties remain high as to the forthcoming changes by the new US Administration regarding policies on international trade, immigration, and climate change as they all have the potential to derail the country's economic performance. The US still accounts for 5% of the share of international tourist arrivals to Europe (27.3 million tourist arrivals in 2016) with an average annual growth of +7% forecast by 2020. European destinations saw a strong performance early in the year from Chinese visitors, boosted by an earlier-than-usual Chinese New Year (Figure 3). Growth rates, however, are expected to normalise as we move forward to the peak seasons in 2017. In 2016 alone, Europe welcomed 10.6 million tourist arrivals from this market, up 1% from the previous year. It is also worth noting that China's expansion is expected to remain stable, as it continues to implement a proactive fiscal policy.

Chinese visits and overnights to select destinations

2017 year-to-date*, % change year ago



Source: TourMIS *date varies (Jan-Mar) by destination

This year, the Russian Federation's economy is projected to register its first year of growth since 2014 while tourist flows from this market improve alongside the rouble's expected recovery. Year-to-date data shows that several destinations continue to recover from the recent under-performance of Russian outbound travel, particularly, Iceland (+157%) and less predictably, Turkey (+88%). For Turkey, this marks a steep increase since 2014 attributable to temporarily restored relations with its second largest source market (Russia).

BUILDING BRIDGES TOWARD THE SUSTAINABLE PROMOTION OF EUROPE AS A TRAVEL DESTINATION

Encouragingly in 2016, the European tourism sector continued to grow (+2% compared to 2015) and proved resilient to safety and security challenges and political turmoil. Appetite for travel remains strong. However, holidaymakers are now switching to alternative, non-traditional destinations. Although factors such as terror attacks, the refugee humanitarian crisis, Brexit and the rise of populism have created concerns for the travel and tourism industry, barriers to travel will not ensure a destination's safety, but will instead hamper the tourism sector overall.

In order to ensure future growth and sustain market share in a competitive sector, European destinations must acknowledge shifts in the global market place and identify industry trends that are expected to drive the future travel trends and consumer travel experiences. *"At times of dwindling market share and increased competition, European leaders must co-operate at a country level to formulate appropriate policies and actions aimed at fostering Europe's image as a tourism destination"* said Eduardo Santander, Executive Director of the European Travel Commission.

Jennifer Iduh (ETC Executive Unit)
with the contribution of the ETC Market Intelligence Group

1. TOURISM PERFORMANCE SUMMARY 2017

18

The number of European destinations reporting growth in 2017 to date

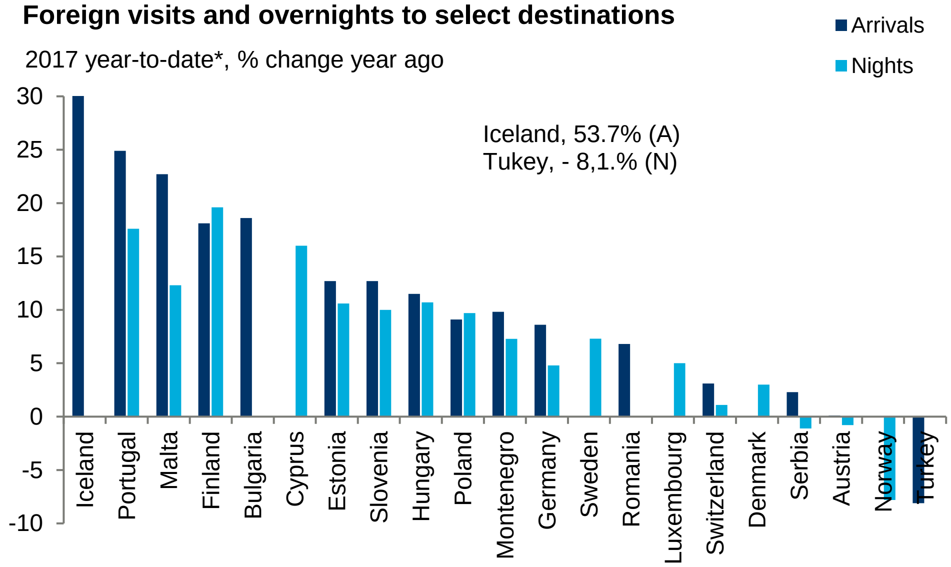
21 destinations have reported on tourism performance in 2017

Early data for 2017 suggest yet another good year for European tourism is on the cards. The majority of European countries have posted year-to-date results for the first two months of the year indicating strong growth during this time. Twenty one countries have posted results for at least the first month of the year and the majority have reported data for the first two months; Iceland has reported year-to-date to March.

Of the 21 countries, 18 have reported either arrivals or overnights growth and 9 have reported growth in double-digit territory. Growth in Iceland shows no sign of slowing with growth of 53.7% in the first 3 months of 2017 compared to the same period in 2016.

Foreign visits and overnights to select destinations

2017 year-to-date*, % change year ago



Source: TourMIS *date varies (Jan-Mar) by destination

Iceland has been the top performing European growth destination since 2012 and early indications point to another year of rapid expansion again in 2017. Growth has averaged over 25% per annum over the past five years and was 40% in 2016. Growth in the first quarter of 2017 is a continuation of this trend but slowdown can still be expected in the medium term as accommodation capacity and other tourism infrastructure constraints begin to bite.

Portugal and Malta also started the year well, enjoying growth of 24.9% and 22.7% in international arrivals based on data for January compared to a year ago. In both those cases, 2016 growth was in double-digit territory and it is encouraging to see that this momentum has carried through into 2017, especially since both are usually considered to be summer destinations and such growth is indicative of a reduction in seasonality. Growth in Portugal and Malta was also fairly well spread across the range of source markets.

Finland and Estonia also made a strong start to 2017 with growth from a range of source markets for which data are available. But there have been especially large increases in Chinese arrivals relative to the comparable period in 2016 and their proximity to one another may be a component of this shared prosperity through an increase in tours from long-haul markets.

Despite this relatively rosy picture of European growth, some countries have seen arrivals fall so far in 2017. Turkey has begun 2017 following the same downward spiral that began in 2015. Total arrivals based on data to February were 8.1% lower compared to the same period in 2016 and much lower than in prior years. And at the source market level Turkey had little to cheer about with arrivals from all countries lower than in 2016 with the exception of Russia. A period of political stability and no terrorism activity will be required before recovery can fully begin.

Tourism Performance, 2017 Year-to-Date

	International Arrivals		International Nights	
Country	**% ytd**	**to month**	**% ytd**	**to month**
Austria	0.1	Jan-Feb	-0.8	Jan-Feb
Bulgaria	18.6	Jan-Feb		
Cyprus			16.0	Jan-Jan
Denmark			3.0	Jan-Feb
Estonia	12.7	Jan-Feb	10.6	Jan-Feb
Finland	18.1	Jan-Feb	19.6	Jan-Feb
Germany	8.6	Jan-Jan	4.8	Jan-Jan
Hungary	11.5	Jan-Feb	10.7	Jan-Feb
Iceland	53.7	Jan-Mar		
Luxembourg			5.0	Jan-Feb
Malta	22.7	Jan-Jan	12.3	Jan-Jan
Montenegro	9.8	Jan-Feb	7.2	Jan-Feb
Norway				Jan-Feb
Poland	9.1	Jan-Jan	9.7	Jan-Jan
Portugal	24.9	Jan-Jan	17.6	Jan-Jan
Romania	6.8	Jan-Feb		
Serbia	2.3	Jan-Feb	-1.1	Jan-Feb
Slovenia	12.7	Jan-Jan	10.0	Jan-Jan
Sweden			7.3	Jan-Feb
Switzerland	3.1	Jan-Feb	1.1	Jan-Feb
Turkey	-8.1	Jan-Feb		

Source: TourMis, http://www.tourmis.info; available data as of 26.4.2017
Measures used for nights and arrivals vary by country
See TourMis for further data including absolute values

2. TOURISM PERFORMANCE SUMMARY 2016

31

The number of European destinations reporting growth in 2016 to date

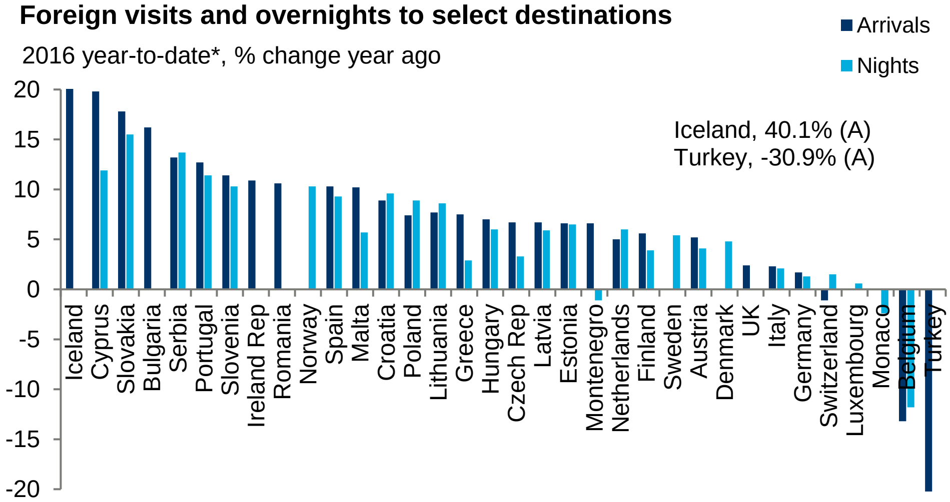
34 destinations have reported on tourism performance in 2016

An overwhelming majority of European destinations reported growth in tourism demand in 2016. Full year data are available for the majority of the 34 destinations which have submitted data for 2016. 31 destinations have recorded growth in arrivals, overnights, or both. Travel to Belgium, Monaco, and Turkey fell according to the 2016 data available through TourMIS and other data, including hotel performance statistics, show that there were also falls in travel to France.

Overall, 2016 marked the seventh consecutive year of growth in foreign tourist demand to the region. However, growth is estimated to have slowed compared to 2015, at least partly due to the concerns regarding safety in some large destinations. Some of the evident displacement in travel to other destinations does not fully replace these falls.

Foreign visits and overnights to select destinations

2016 year-to-date*, % change year ago



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

Iceland was the top growth destination in Europe once again in 2016, an accolade which it has enjoyed since 2012. This growth has been supported by demand from a wide array of both short and long haul markets which has reduced exposure to risks and economic shocks. Ongoing growth in air capacity on transatlantic routes using Iceland as a hub continues to benefit the destination and the destination gained further share of the expanding transatlantic demand from the US, which was supported by the continued strength of the US dollar in 2016.

Cyprus enjoyed both strong arrivals and overnights growth of 19.8% and 10.7% respectively based on full year data. This performance appears to have involved some gain in market share at the expense of Turkey given the recurrent threat of terrorism and the tumultuous political landscape following the attempted military coup in the summer of 2016. Russia was a notable contributor to this growth with arrivals up 48.9% and overnights 31.9% higher, more than offsetting the fall in Russian arrivals in 2015.

Bulgaria also fared well in 2016 with full year arrivals growth of 16.2% with some notable pick-up coming after the peak summer months, and also evident moving into 2017. This was aided by its growing prominence as a ski destination. STR data show that Bulgaria is one of the least expensive destinations in Europe in terms of average room rate (ADR) and, as a relatively low cost market, demand growth may reflect some continued bargain-hunting in the market. In any case, Bulgaria's broad-based growth throughout 2016 demonstrates that it is a destination with year-round appeal for short-haul markets.

The relative strength of the Swiss franc continued to weigh on Switzerland's performance in 2016. Arrivals were 1.1% lower compared to 2015. However, there was a notable pick-up in December, likely linked to the arrival of the ski season while 2017 also began more strongly than in Austria. Price impacts from the appreciation of the Swiss franc may now be beginning to fade.

Travel to the UK continued to grow but at a slower rate as the year progressed. Weaker sterling means the UK is now a more price-attractive destination which is supporting inbound leisure travel, and also domestic travel. This was, at least partly, offset by some lower business travel associated with some slowdown in investment and business activity, while adverse sentiment may also be reducing demand from some European markets.

Arrivals growth was strong in Ireland, with 10.9% growth reported for the year. There is limited impact from UK travel to date but there is a large potential exposure to any Brexit fallout. The UK is Ireland's biggest source market and weaker sterling may dissuade some travel. The UK and Ireland also compete directly for some visitors and a lower pound will encourage some displacement away from Ireland and towards the UK and this may begin to show in 2017.

Turkey reported lower arrivals from all major source markets based on data to November due to a combination of political unrest, weakened relations with the large source market of Russia and numerous terrorist attacks. Continued attacks in Turkey added to the perception that it may not be safe to travel to the country. The political unrest during the year may also have discouraged some potential tourists from visiting Turkey. Arrivals for 2016 fell sharply on top of a more modest drop in 2015.

Tourism Performance, 2016 Year-to-Date

	International Arrivals		International Nights	
Country	% ytd	to month	% ytd	to month
Austria	5.2	Jan-Dec	4.1	Jan-Dec
Belgium	-13.2	Jan-Oct	-11.8	Jan-Oct
Bulgaria	16.2	Jan-Dec		
Croatia	8.9	Jan-Dec	9.6	Jan-Dec
Cyprus	19.8	Jan-Dec	11.9	Jan-Dec
Czech Rep	6.7	Jan-Dec	3.3	Jan-Nov
Denmark			4.8	Jan-Dec
Estonia	6.6	Jan-Dec	6.5	Jan-Dec
Finland	5.6	Jan-Dec	3.9	Jan-Dec
Germany	1.7	Jan-Dec	1.3	Jan-Dec
Greece	7.5	Jan-Dec	2.9	Jan-Dec
Hungary	7.0	Jan-Nov	6.0	Jan-Nov
Iceland	40.1	Jan-Dec		
Ireland Rep	10.9	Jan-Dec		
Italy	2.3	Jan-Oct	2.1	Jan-Oct
Latvia	6.7	Jan-Dec	5.9	Jan-Dec
Lithuania	7.7	Jan-Dec	8.6	Jan-Dec
Luxembourg			0.6	Jan-Dec
Malta	10.2	Jan-Dec	5.7	Jan-Dec
Monaco			-2.4	Jan-Dec
Montenegro	6.6	Jan-Nov	-1.1	Jan-Nov
Netherlands	5.0	Jan-Oct	6.0	Jan-Oct
Norway			10.3	Jan-Dec
Poland	7.4	Jan-Dec	8.9	Jan-Dec
Portugal	12.7	Jan-Dec	11.4	Jan-Dec
Romania	10.6	Jan-Nov		
Serbia	13.2	Jan-Dec	13.7	Jan-Dec
Slovakia	17.8	Jan-Dec	15.5	Jan-Dec
Slovenia	11.4	Jan-Dec	10.3	Jan-Dec
Spain	10.3	Jan-Dec	9.3	Jan-Dec
Sweden			5.4	Jan-Dec
Switzerland	-1.1	Jan-Dec	1.5	Jan-Dec
Turkey	-30.9	Jan-Nov		
UK	2.4	Jan-Sep		

Source: TourMIS, http://www.tourmis.info; available data as of 10.4.17
Measures used for nights and arrivals vary by country
See TourMIS for further data including absolute values

3. 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. Forecasts are consistent with Oxford Economics' macroeconomic outlook according to estimated relationships between tourism and the wider economy. Full origin-destination country detail is available online to subscribers.

TDM Visitor Growth Forecasts, % change year

	Inbound*					Outbound**				
	2014	2015	2016	2017	2018	2014	2015	2016	2017	2018
data/estimate/forecast ***	d	d	e	f	f	d	d	e	f	f
World	**4.1%**	**4.4%**	**3.8%**	**4.2%**	**4.6%**	**3.2%**	**4.7%**	**4.2%**	**4.1%**	**4.6%**
Americas	**8.5%**	**6.1%**	**4.8%**	**2.5%**	**3.3%**	**6.9%**	**5.0%**	**3.0%**	**3.2%**	**3.2%**
North America	9.7%	5.6%	4.5%	1.3%	2.7%	8.3%	4.3%	3.9%	3.8%	3.4%
Caribbean	5.3%	8.1%	4.5%	5.3%	4.3%	9.7%	15.6%	4.7%	3.8%	3.9%
Central & South America	6.8%	6.5%	6.0%	4.6%	4.3%	1.7%	6.9%	-0.7%	1.2%	2.5%
Europe	**2.1%**	**4.7%**	**2.2%**	**3.6%**	**4.3%**	**-0.2%**	**3.4%**	**2.8%**	**3.4%**	**4.4%**
ETC+4	4.4%	4.9%	1.9%	3.4%	4.3%	2.4%	5.5%	3.8%	3.5%	4.2%
EU	4.4%	5.5%	4.3%	3.3%	4.1%	2.0%	5.5%	4.0%	3.5%	4.2%
Non-EU	-6.2%	1.5%	-6.7%	5.3%	5.6%	-8.9%	-5.5%	-2.8%	3.0%	5.2%
Northern	5.2%	6.5%	6.3%	3.6%	4.0%	5.2%	7.3%	6.4%	0.1%	2.3%
Western	2.2%	3.9%	-1.2%	2.2%	4.3%	-1.2%	3.3%	2.1%	4.6%	5.0%
Southern/Mediterranean	7.1%	4.7%	1.3%	3.9%	4.1%	5.9%	7.8%	3.2%	4.9%	4.4%
Central/Eastern	-7.9%	5.2%	6.0%	5.1%	4.9%	-4.8%	-3.7%	-0.1%	4.3%	5.8%
- Central & Baltic	*1.9%*	*7.2%*	*8.1%*	*4.2%*	*4.7%*	*6.4%*	*8.2%*	*5.7%*	*5.8%*	*5.6%*
Asia & the Pacific	**5.2%**	**5.7%**	**8.1%**	**5.7%**	**5.4%**	**6.7%**	**7.9%**	**8.5%**	**5.7%**	**5.5%**
North East	7.3%	4.3%	8.3%	4.4%	5.5%	8.1%	9.1%	9.7%	6.3%	5.9%
South East	2.8%	8.1%	7.9%	7.5%	5.6%	4.6%	6.3%	7.2%	5.7%	5.7%
South	9.8%	3.4%	11.4%	7.4%	4.8%	13.8%	9.8%	5.4%	6.6%	6.2%
Oceania	6.1%	7.2%	9.1%	4.3%	4.0%	3.9%	4.0%	5.1%	1.8%	2.2%
Africa	**2.2%**	**-4.5%**	**-2.3%**	**6.9%**	**6.2%**	**4.1%**	**2.4%**	**0.3%**	**5.3%**	**5.3%**
Mid East	**8.4%**	**0.8%**	**3.3%**	**4.7%**	**5.5%**	**9.1%**	**0.6%**	**1.4%**	**5.6%**	**6.1%**

* 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

The geographies of Europe are defined as follows:

Northern Europe is Denmark, Finland, Iceland, Ireland, Norway, Sweden, and the UK;

Western Europe is Austria, Belgium, France, Germany, Luxembourg, Netherlands, and Switzerland;

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

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

Central & Baltic Europe *is Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, and Slovakia;*

ETC+4 is all ETC members plus France, the Netherlands, Sweden, and the United Kingdom

Source: Tourism Economics

4. RECENT INDUSTRY PERFORMANCE

INDUSTRY PERFORMANCE POINTS TO CONTINUED GROWTH

- Passenger growth in 2017 continued in line with the solid growth seen in 2016.
- A strong dollar continues to aid growth from the Americas to Europe, while Asian travel may be more affected by safety concerns.
- Hotel occupancy continues to rise in early 2017 in most European countries, but hoteliers remain cautious in raising prices in most destinations.

7%

The rate of World RPK growth in 2017 to date

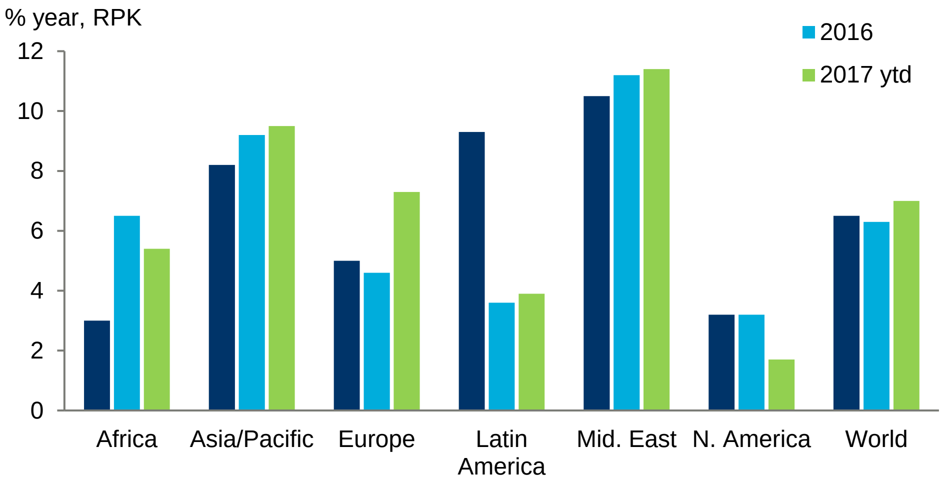
YTD growth based on data to February

4.1 AIR TRANSPORT

In the year to February, World Revenue Passenger Kilometre (RPK) growth was 7% – comfortably above the average annual growth rate of the past 10 years (5.2%). This higher demand is helped by a lower price of air travel which has fallen significantly over the past year as lower fuel prices continue to be passed onto travellers. The real underlying growth trend may be even higher than this headline rate as data are distorted by the fact that 2016 was a leap year (for this reason RPK growth in February 2017 was down). Adjusting for this leap year effect year-to-date RPK growth was likely in the range 8-9%.

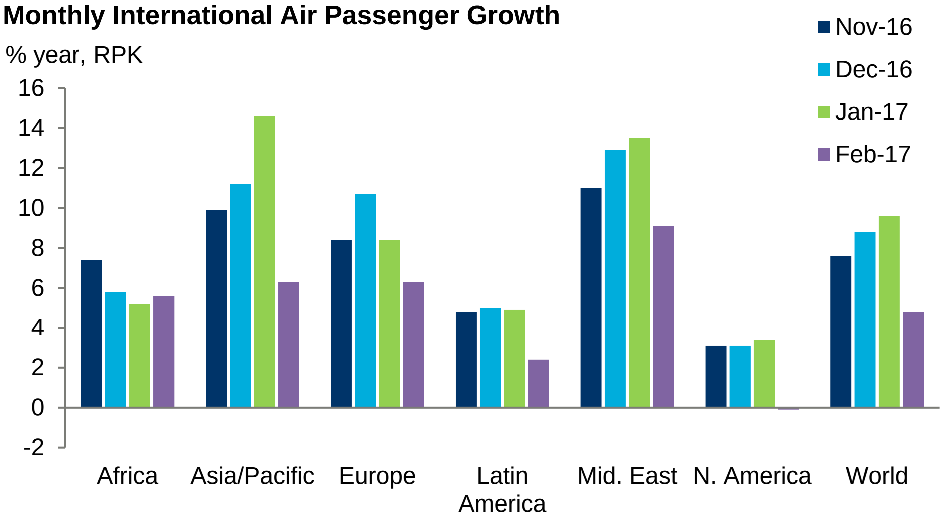
RPK growth remains strongest in the Middle East based on data for 2017-to-date, but capacity growth has continued to outstrip demand. Passenger load factor (PLF) hit its lowest value of the past decade in November 2016 and in early data for 2017 PLF was lower than every other region with the exception of Africa.

Annual International Air Passenger Growth



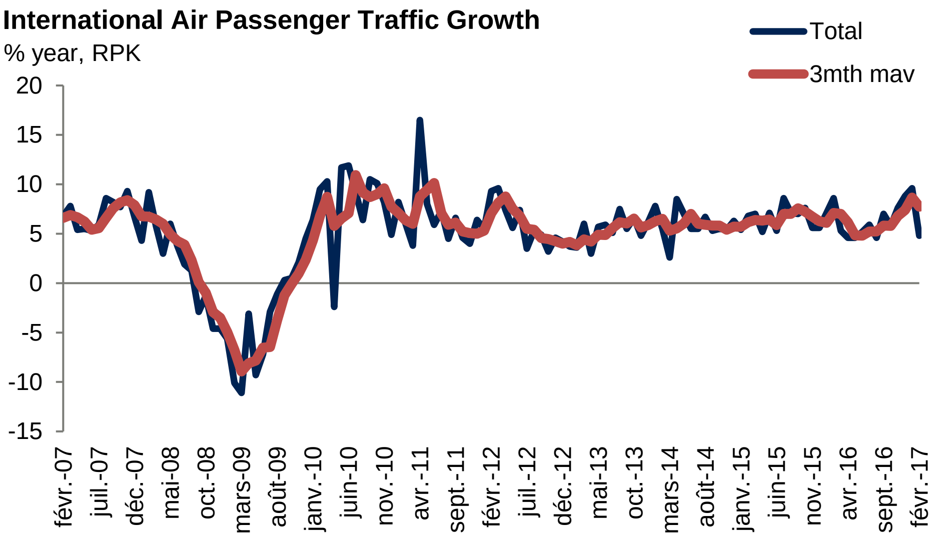
Source: IATA

Air passenger demand to, from and within Asia/Pacific has grown by 9.5% so far in 2017 based on data to February. Substantial growth in January was largely responsible for this, potentially helped by the earlier timing of Chinese New Year this year. RPK growth of this magnitude throughout the year would mark 2017 as the fastest growth year of the past decade, exceeding even the post-recession rebound in 2010, although growth is expected to moderate somewhat as the year progresses. But continued expansion will be facilitated by capacity expansion. Both Indian and Chinese airlines have increased the number of airport-pairs they serve which have reduced journey times for passengers and stimulated demand in the same way as a reduction in fares.



Source: IATA

In Latin America year-to-date RPK growth is only marginally above the 2016 rate, which was the lowest since 2009. Recessions in Argentina, Brazil and Venezuela have offset some demand growth elsewhere in the region. Air demand is likely to remain sluggish throughout 2017 and both business and leisure-related travel are suffering. RPK growth is unlikely to surpass that of 2015 at any point this year. In the case of Brazil, last summer's Olympic Games in Rio de Janeiro may have provided temporary respite, while recoveries in Venezuela and Argentina remain a distant prospect.

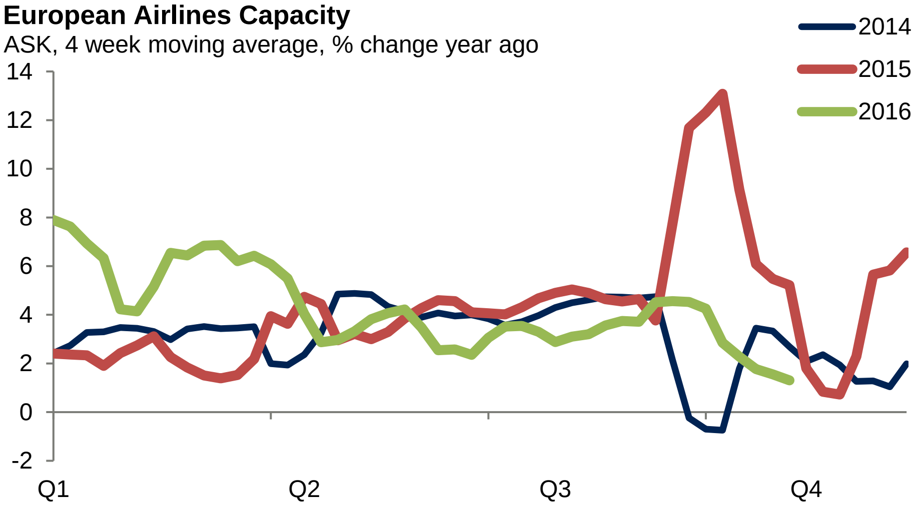


Source: IATA

In Europe, RPK growth was 7.3% based on data for the first two months of 2017. This follows a marked pick-up in growth in the latter half of 2016, most notably in December when growth of 10.7% was reported. At one point in 2016 RPKs were growing at their slowest rate since 2009. Fear of terrorist attacks have seemingly waned in recent data with some improvements in passenger growth. But the recent spate of attacks carried out in London, Paris and Stockholm in March and April may lead to further disruption and displacement within the region.

Data from the Association of European Airlines (AEA) are not yet available for 2016 as a whole or for 2017 but earlier data confirm that robust growth in European airline capacity continued throughout 2016, but slowed somewhat towards the end of the year. Capacity growth averaged 4.2% in 2016 compared to 4.4% in 2015 and will be supportive of further demand growth.

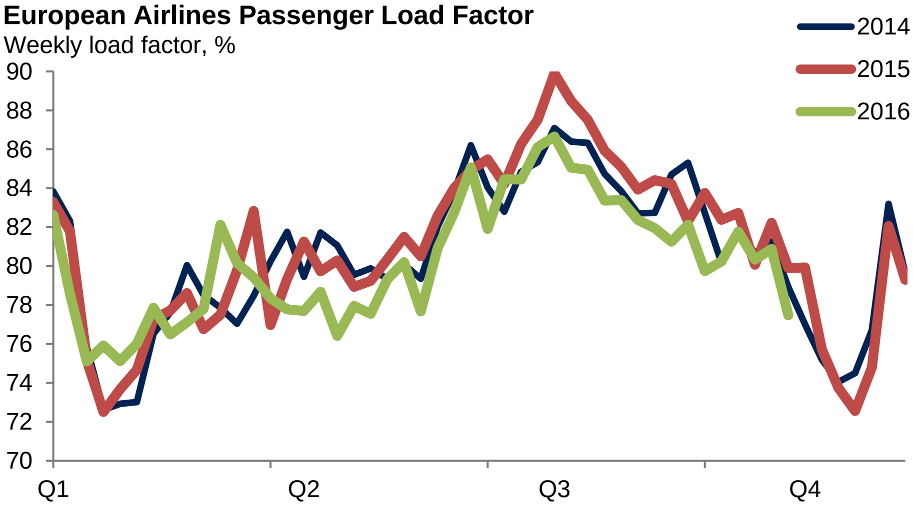
European Airlines Capacity
ASK, 4 week moving average, % change year ago



Source: AEA

Airline load factors eased a little towards the end of 2016 but remained high despite the capacity growth. Average load factor was only marginally lower than for the same period in previous years (80.3% compared to 81.5% in 2015 and 81.1% in 2014). There was convergence in load factor with the average for prior years later in 2016.

European Airlines Passenger Load Factor
Weekly load factor, %



Source: AEA

87%

Peak of European airline passenger load factor in 2016 to date

Based on data to mid-November

9.7pp

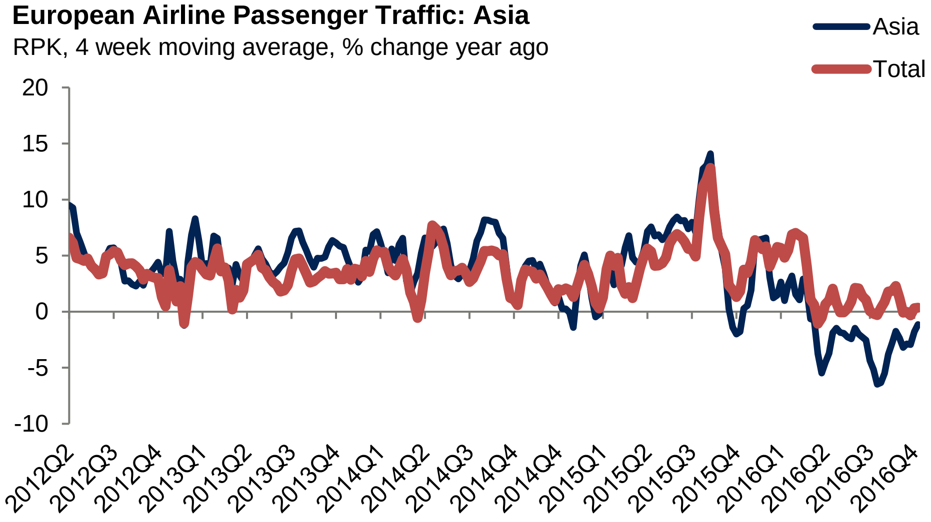
The gap between Europe-Americas and total European airline passenger growth in 2016

This was the largest observed pp difference in 2016

In 2016 passenger demand on European-Asian routes lagged total European airline passenger demand. This may have been related to fears regarding recent terrorist attacks as well as some slowdown in emerging markets. This was particularly true in the case of travel to France where around 40% fewer Japanese and 20% fewer Chinese arrivals were reported (not available through TourMIS). The impact on overall passenger numbers indicates that these potential tourists are not just being redirected to other European destinations but that there is an impact on total demand. Passenger demand growth for Asian routes has diverged from total European passenger demand to an unprecedented extent in 2016: the average percentage point (pp) difference was 3.3pp and 6.7pp at its greatest. Encouragingly, this gap was narrowing in late 2016.

European Airline Passenger Traffic: Asia

RPK, 4 week moving average, % change year ago

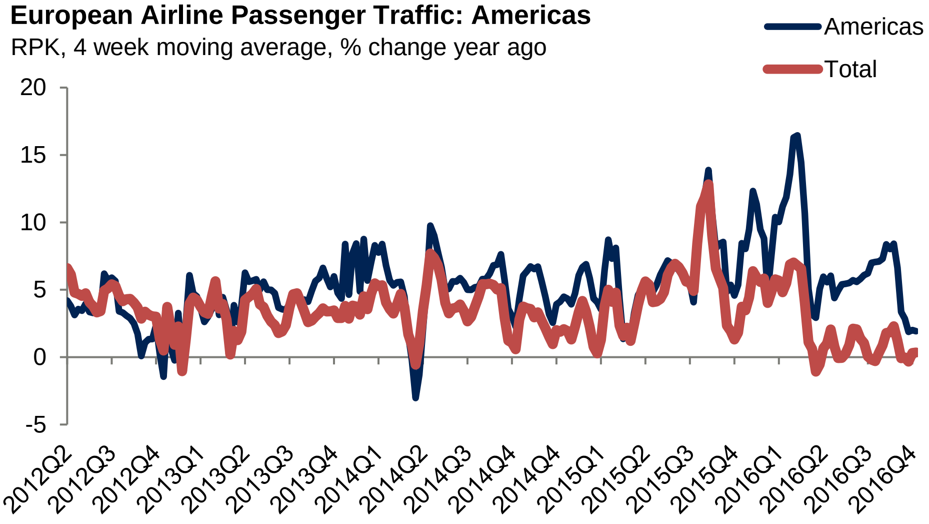


Source: AEA

Air passenger flows between Europe and the Americas continued to grow at a faster rate than total scheduled travel to, from and within Europe in 2016. The two flows have also diverged to an unprecedented degree. The average difference between them was 5pp for 2016 to date. This is a substantial premium compared to the average difference in 2015 of 1.7pp – the greatest percentage point difference observed in 2016 was 9.7. United States outbound travel to Europe has been particularly strong due to the relative strength of the dollar against key European currencies as well as favourable economic conditions in the United States. The implementation of some draconian immigration policies (and risk of trade barriers) are a cause for concern and may impact on demand for travel to the US, as seen during previous periods of unpopular US policy. It is too early to draw any firm conclusions from the available data.

European Airline Passenger Traffic: Americas

RPK, 4 week moving average, % change year ago



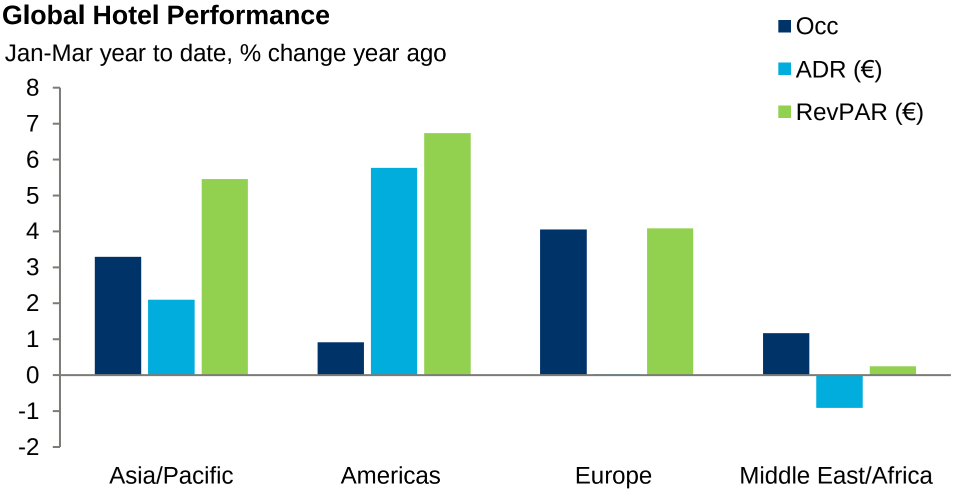
Source: AEA

4.2 ACCOMMODATION

Globally, accommodation performance has been positive so far in 2017 based on data to March. The poorest performing global region in terms of occupancy was the Americas (+0.9%). In spite of this ADR was up 5.8% resulting in RevPAR also increasing by 6.7%. Until now, hotels seem to have been able to raise rates with only limited impact on occupancy. There are some large differences within the region as a whole as occupancy is falling across many Caribbean and South American countries, while the strong occupancy performance in North America is allowing ADR increases.

Global Hotel Performance

Jan-Mar year to date, % change year ago



Source: STR Global

In Asia/Pacific occupancy was up 3.3% compared to the same period in 2016 which was achieved with a simultaneous increase of ADR in the region, at least when denominated in euros. As a result, RevPAR grew by 5.5%.

4.1%

Occupancy growth across Europe in 2017

Based on data to March

In the Middle East / Africa, occupancy growth was also slow, up 1.2% on a year ago. This is in spite of ADR being reduced by 0.9%. As a result, RevPAR was barely changed, up just 0.2%.

In Europe as a whole, accommodation performance was positive with occupancy growing by just 4.1% alongside no change in ADR over the same period (priced in euros). As a result, RevPAR grew by 4.1%. Occupancy performance lags the international arrivals growth due to some offsetting growth in supply and a further drag from domestic demand in some countries.

5. SPECIAL FEATURE

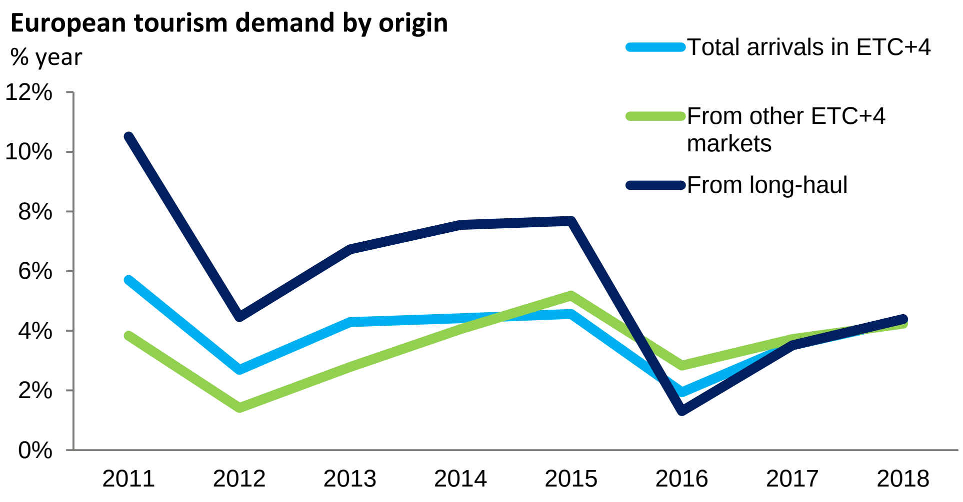
Rebound in tourism demand is expected in 2017, especially from long-haul source markets

2017 EUROPEAN PERFORMANCE OUTLOOK

The strong growth in tourism demand in early 2017 extends the growth of late 2016 and if continued throughout the year would result in the eighth consecutive year of growth in demand for European inbound tourism. Continued growth is expected in Tourism Economics' latest forecasts for European tourism.

Growth is expected to pick up from the more subdued performance in 2016, including some rebound to the levels suggested by underlying demand trends. Travel to some key European destinations was disrupted last year by a series of terrorist attacks. France, Belgium and Turkey were the most affected destinations as the sites of terrorist attacks, but the region as a whole was affected by the perceptions of safety. There was some displaced travel to other European destinations but this was not sufficient to offset these falls for the region as a whole.

2016 saw a slowdown in travel growth to the ETC member countries plus the key regional destinations of France, Netherlands, Sweden and UK (the ETC+4 countries) in 2016. The slowdown was especially sharp for travel from long-haul markets, and included some falls from key origins. Regional travel also slowed, but was more stable.

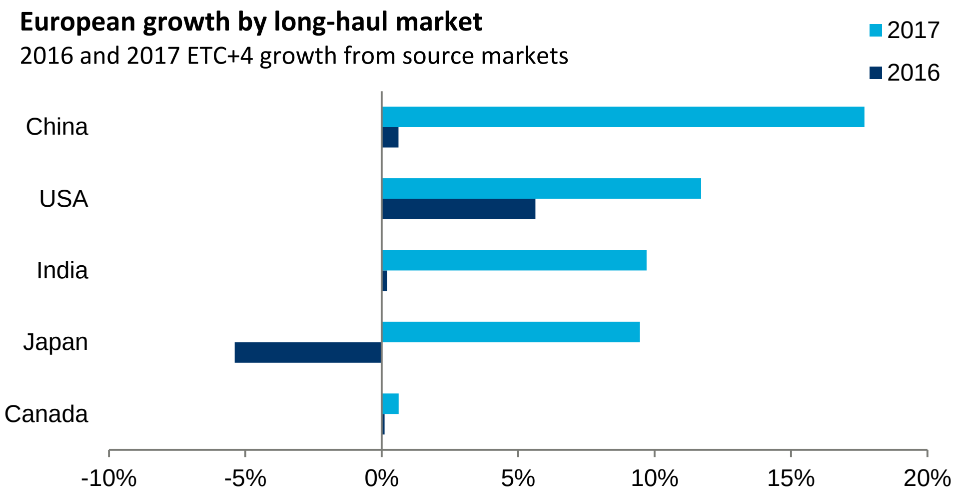


Source: Tourism Economics

Asian source markets in particular were affected by security concerns in 2016. European destinations accounted for a much lower share of long-haul travel from large markets including China, India and Japan.

Some expected rebound from these markets in 2017 will provide large numbers of additional visitors and make a significant contribution to European tourism performance. However, the rebound is not expected to fully offset the fall in market share in 2016 and a return to the rates of growth witnessed in 2015 is unlikely.

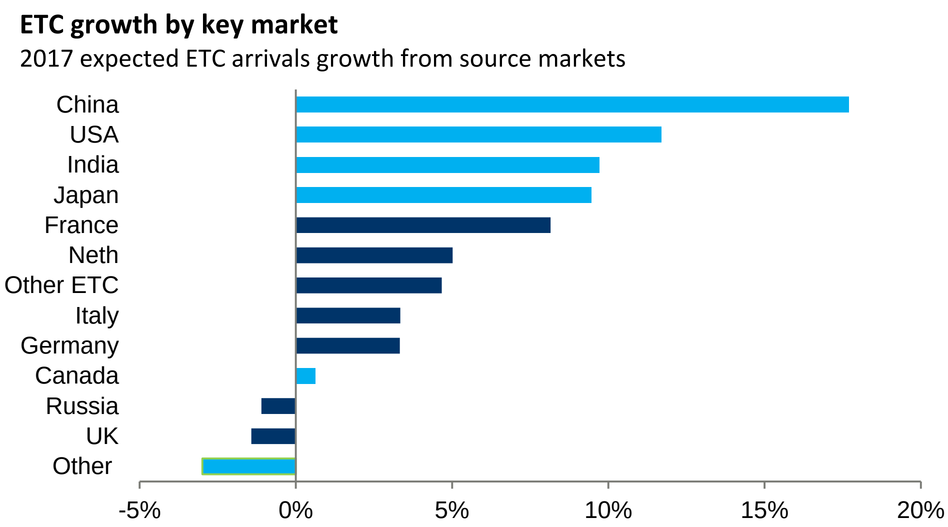
Large turnaround in growth performance is expected for large Asian markets of Japan, China and India



Source: Tourism Economics

Travel from Japan to the ETC+4 markets as a whole fell in 2016 and acted as a drag on regional tourism performance. However, this included larger falls earlier in the year and there was some later recovery. Early data for 2017 suggests that this momentum has continued and growth is expected for the year as a whole.

China and India are also expected to make significant contributions to European tourism growth in 2017 after being broadly flat in 2016. Around 10% of all growth for the year is expected to come from these markets. Early data for 2017 indicates some very strong growth but due to the low volumes involved for some countries during these winter months some more moderate growth rates are likely for the year as a whole. A large proportion of the growth from China recorded in arrivals and overnights data is influenced by the timing of Chinese New Year (see below). However, some of the growth appears to be due to increased tour sales to these markets which may help to reduce seasonality for destinations.



Source: Tourism Economics

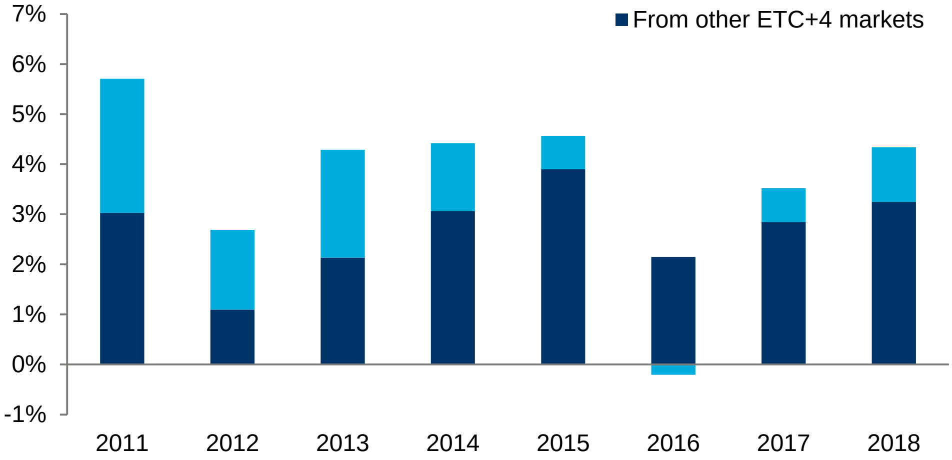
US remains an important long-haul source market

US demand growth is apparently continuing to benefit from the stronger dollar and relatively low fares for transatlantic travel. The US will remain a key long haul market in 2017 and will provide a significant proportion of growth.

The prospects for some other long-haul markets are not as positive and a fall in arrivals and overnights is anticipated for a number of smaller long-haul source markets. These include the South American countries of Brazil, Venezuela and Argentina which have yet to recover from recessions.

Short-haul market growth will be less dramatic but due to the large size of these markets, they will still make a large contribution to overall European performance. Eurozone markets in particular should not be overlooked as they will generate the bulk of the growth in travel to European destinations. Economic growth in the region is expected to continue at apparently modest rates. But, with recovery widening across sectors, and rising confidence, this will support continued robust expansion in demand.

European tourism demand by origin
% year, contribution to growth



Source: Tourism Economics

Short-haul markets remain important for European destinations

Short-haul markets will continue to provide the majority of demand for ETC+4 destinations and will also continue to make the largest contribution to growth. This contribution is expected to improve from that of 2016, albeit not as dramatically as the improvement from long-haul markets.

The UK is expected to be an exception to this strong outlook for short-haul markets. Travel from the UK to the rest of Europe is set to fall following the large depreciation of the pound. Sterling weakness means that international travel from the UK is more expensive than was the case in prior years. The bulk of the fall in the value of the pound occurred in 2016 but a lag is typically observed between price changes of this sort and travel activity largely due to forward bookings.

CHINESE NEW YEAR GROWTH

Growth from China has been particularly strong in early 2017 data with many destinations reporting very high growth in the first months of 2017. Some slowdown is likely in full year data as these growth rates are often coming from very low volumes during these winter months and can be volatile.

The timing of Chinese New Year in 2017 is earlier than in 2016 and is having a large impact on the reported growth. It is apparent that growth rates for January have been much stronger than those for February in the limited number of countries reporting for both months. Chinese New Year fell in January 2017 and in February 2016. This is an important holiday period with a lot of Chinese travel and we would not expect to see the January performance repeated throughout the year.

January data suggest that there is a strong preference for travel to Europe among Chinese visitors during this holiday period. This sentiment is a positive indicator for growth in later months and years, suggesting that European destinations remain attractive for Chinese tourists.

6. KEY SOURCE MARKET PERFORMANCE

GROWTH CONTINUES INTO 2017

- European travel demand continues to grow across the majority of markets.
- Intra-European travel remains crucial for future growth while US travel demand continues to grow – helped by a strong dollar.
- Economic slowdown and a weaker pound in the UK as a result of the Brexit referendum is a concern for outbound travel demand but UK inbound will benefit.

Trends discussed in this section in some cases relate to the first three months of the year although actual coverage varies by destination. For the majority of countries February will be the latest available data point. Further detailed monthly data for origin and destination, including absolute values, can be obtained from TourMIS, http://tourmis.info.

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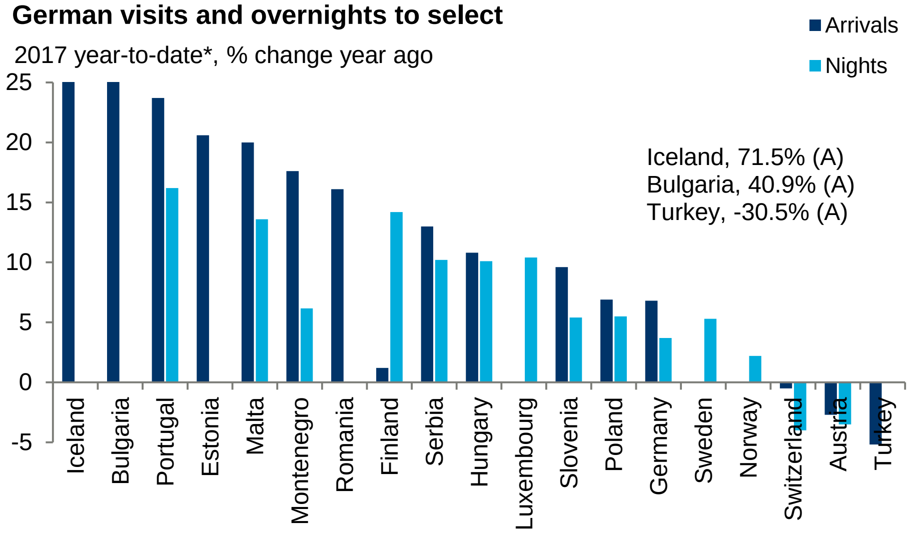
out of 16 destinations reported arrivals growth from Germany pointing to continued intra-regional growth in 2017

6.1 KEY INTRA-EUROPEAN MARKETS

A majority of European destination markets have reported growth from Germany in the first months 2017 versus comparable periods of 2016. Iceland and Bulgaria enjoyed the strongest arrivals growth (71.5% and 40.9% respectively) from Germany. In both cases this follows strong 2016 growth and, in the case of Bulgaria in particular, this is further continuation of a pick-up which has been gathering steam since August 2016. Since German tourists typically account for 10% of all arrivals to Bulgaria growth of this magnitude represents a substantial number of new arrivals. German tourists may be seeking out more affordable winter destinations at the expense of the more traditional Alpine ski resorts in Austria and Switzerland.

German visits and overnights to select

2017 year-to-date*, % change year ago

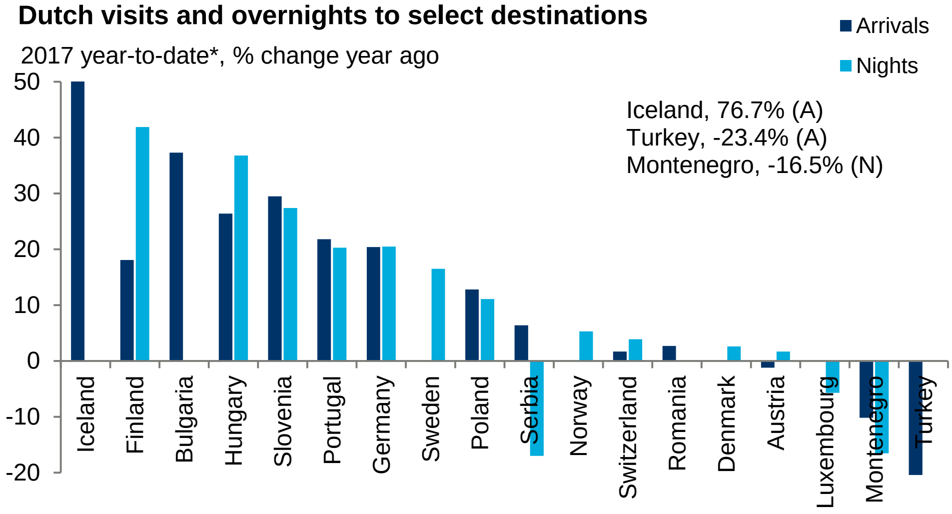


Source: TourMIS *date varies (Jan-Mar) by destination

Iceland and Bulgaria were also top growth destinations for Dutch tourists in early 2017: Iceland enjoyed a 76.7% rise in Dutch arrivals in the first three months of the 2017 and Bulgaria an increase of 37.3% to February. This follows a marked acceleration of growth which began in summer 2016. On an overnights growth basis Finland and Hungary also fared well, each accommodating 41.9% and 36.8% more Dutch overnights in February respectively compared to the same month a year ago.

Dutch visits and overnights to select destinations

2017 year-to-date*, % change year ago



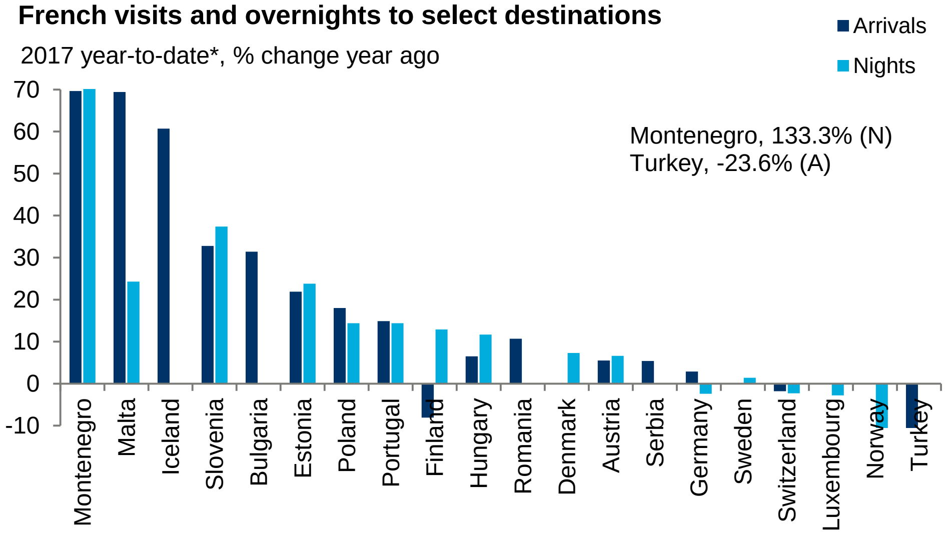
Source: TourMIS *date varies (Jan-Mar) by destination

French travel behaviour has 'normalised' following disruption in 2016 related to terror attacks.

Some of the caution among French travellers which marred the beginning of 2016 appears to have dissipated. The vast majority of destinations have reported a rebound in arrivals from France, returning to more typical trends. The disruption from terrorist attacks continues to affect France as a destination but not as a source market. Montenegro, Malta and Iceland have each enjoyed arrivals growth in excess of 50% based on early 2017 data, and six other destinations have reported double-digit arrivals growth. Switzerland and Turkey were the only destinations not to see any arrivals growth from France.

French visits and overnights to select destinations

2017 year-to-date*, % change year ago

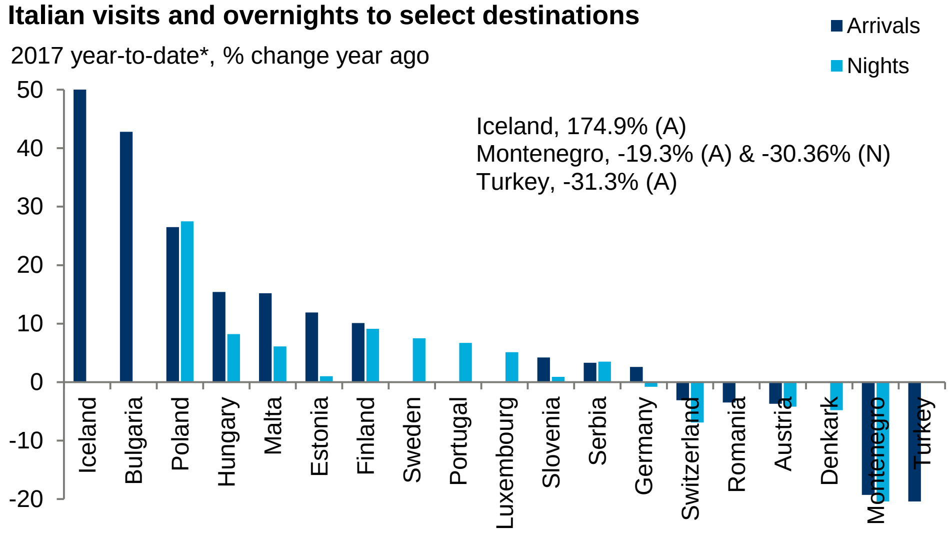


Source: TourMIS *date varies (Jan-Mar) by destination

Iceland was also the top growth destination for Italians according to early 2017 data, albeit based on some relatively small volumes. Arrivals to Iceland from Italy grew by 174.9% in the first three months of 2017 compared to 2016. A further six countries enjoyed double-digit growth in either arrivals, overnights, or both, most notably Bulgaria (42.8%). Travel to Austria and Switzerland fell as Italians also appear to be exploring non-traditional winter destinations in greater numbers.

Italian visits and overnights to select destinations

2017 year-to-date*, % change year ago

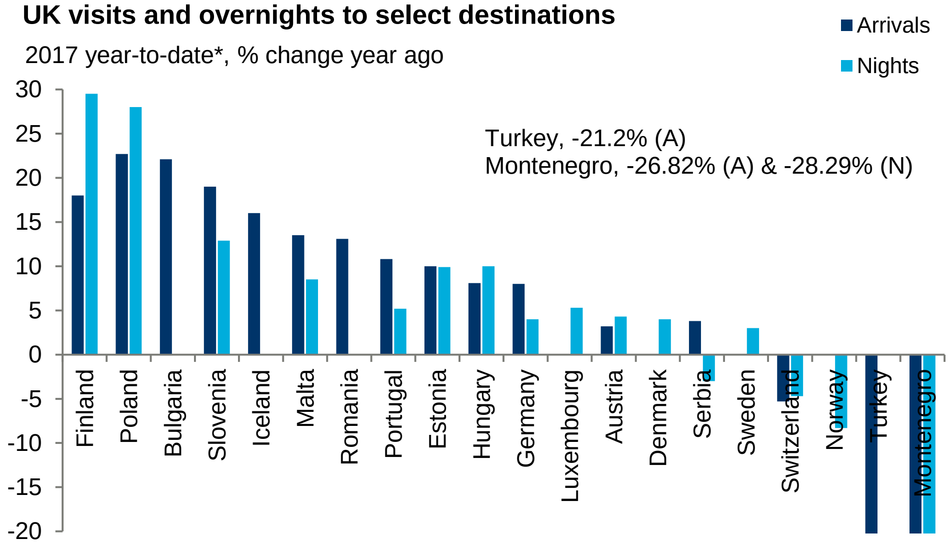


Source: TourMIS *date varies (Jan-Mar) by destination

Sixteen out of twenty reporting destinations have enjoyed growth from the UK so far in 2017, nine of which have enjoyed arrivals growth exceeding 10%. Poland was the top growth market welcoming 22.7% more British arrivals in January 2017 compared to January a year ago. Overnights from the UK to Poland and Finland were also up significantly (28.0% and 29.5% respectively) based on data to January and February respectively.

UK visits and overnights to select destinations

2017 year-to-date*, % change year ago



Source: TourMIS *date varies (Jan-Mar) by destination

Growth from the UK has continued, so far, in the face of a weaker pound which has made international travel more expensive. But effects may be more evident as 2017 progresses since travel behaviour often lags price movements due to advanced bookings. The large UK destinations of Spain and Ireland have yet to report data for 2017, but Portugal, another large UK destination market, has seen arrivals grow 10.8% in January compared to a year ago. And, since arrivals from the UK typically account for around 17% of total arrivals to Portugal, any negative trend would be a cause for concern.

Outbound travel from Russia should improve as 2017 progresses in line with the rouble's expected recovery. This is evident in data for the year-to-date which show that a majority of reporting destinations have enjoyed growth from Russia. Iceland was the top growth destination, up 157.3% in the first three months of 2017, albeit from a fairly small volume.

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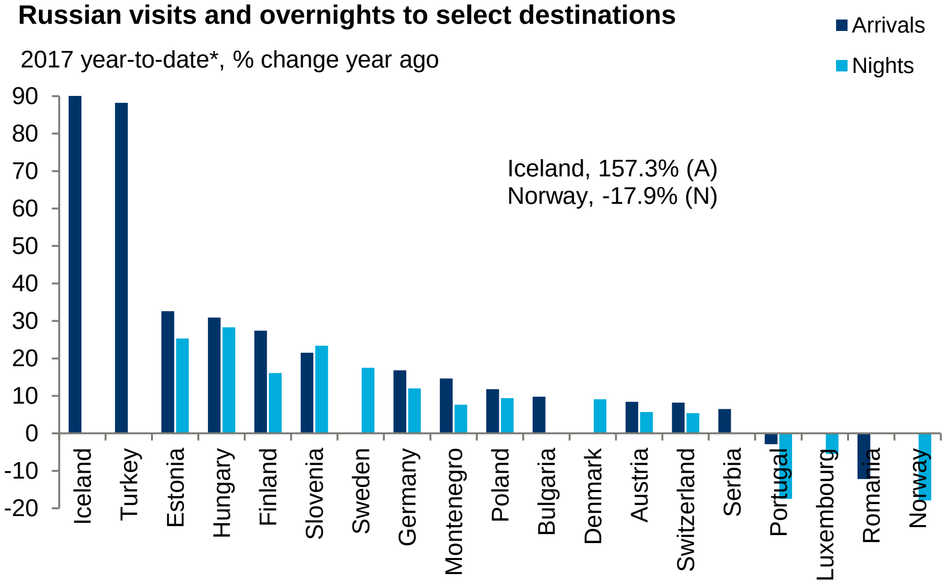
out of 18 destinations reported growth in arrivals or overnights from Russia.

Russian travel to Turkey grew for the first time since 2014, and at an apparently very rapid rate (88.2%). This growth followed some mild improvement in the latter part of 2016 after Russia lifted travel restrictions on its citizens visiting Turkey and notable efforts have been made to restore relations between the two countries and the situation remains precarious. Growth is an indication that something of their former relationship has been salvaged, but is not sufficient to offset the very large falls in prior months. Growth for these months is also not indicative of the full year due to some high seasonality. There is still a long way to go for arrivals volumes to get back their pre-crisis levels.

Russian visits and overnights to select destinations

2017 year-to-date*, % change year ago



Source: TourMIS *date varies (Jan-Mar) by destination

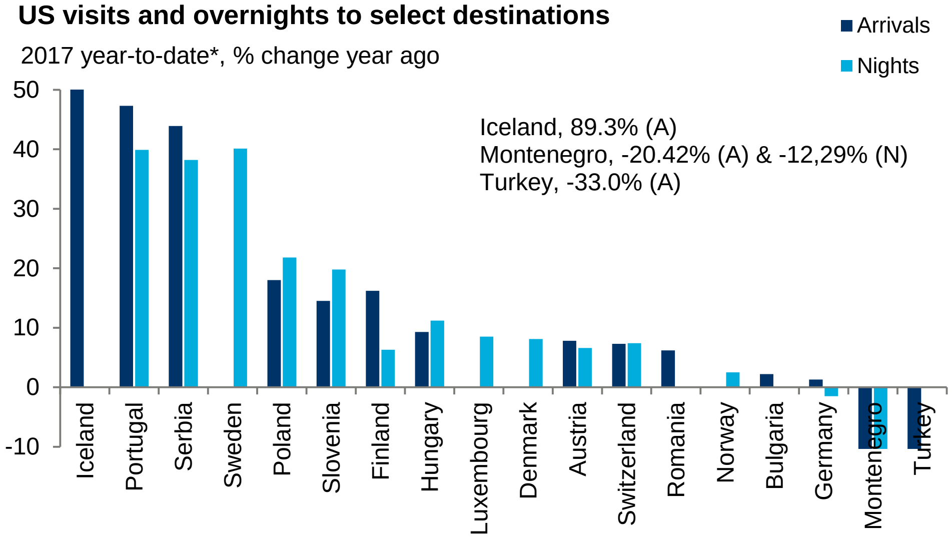
6.2 NON-EUROPEAN MARKETS

Sixteen out of eighteen reporting destinations enjoyed growth from the US in 2017 to date. Iceland remains the fastest growing destination for US travellers – up 89.3% based on data to March. This is a very significant growth rate since arrivals from the US account for around 20% of the total for Iceland; unlike the high growth from many markets this is not from a low base level. Growth continues to be aided by Iceland's role as a hub for transatlantic travel as both Europeans and North Americans have been increasingly breaking up transatlantic trips with some nights in Iceland. This pace of growth is well ahead of the increase in transatlantic travel and Iceland is gaining share of this market, which will continue to be supported by further planned growth in scheduled seats on flights on these routes.

Portugal welcomed 47.3% more arrivals from the US in January 2017 compared to a year ago and US growth to Serbia was also substantial at 43.9% based on data to February. Overnights growth to Sweden was also notable (40.1%) and may have set the tone for a strong year of US growth. However, April's terror attack in Stockholm may prove to brake this growth. Meanwhile, Turkey has continued to see lower arrivals from the US due to a combination of political unrest and recurrent terror attacks.

US visits and overnights to select destinations

2017 year-to-date*, % change year ago



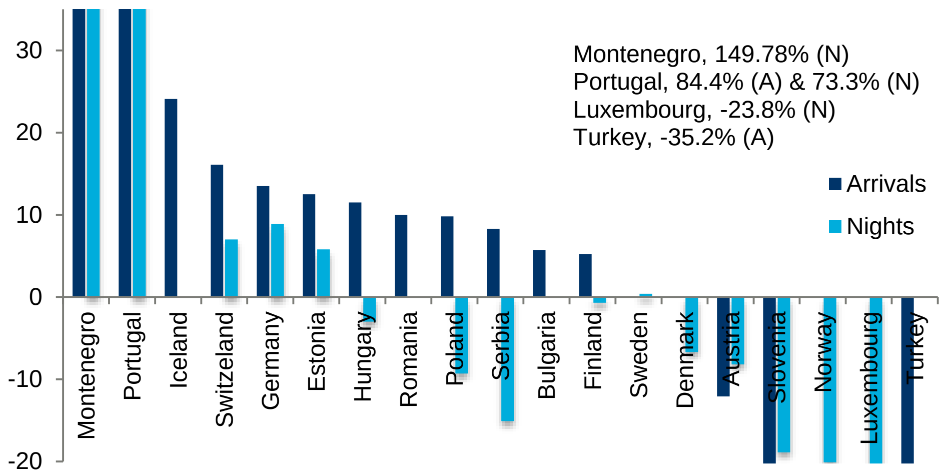
Source: TourMIS *date varies (Jan-Mar) by destination

Early 2017 data showed arrivals growth from Japan in twelve out of fifteen reporting destinations and the growth in some of these destinations was significant. This follows some strengthening of the yen in 2016 through 2017, notably following the Brexit referendum and more recently amid geopolitical tensions, aiding affordability for Japanese travellers.

Growth has been notable in a number of destinations with eight reporting some form of double-digit growth (albeit from relatively low bases). The robust growth in travel to the traditionally more expensive destinations of Switzerland and Finland (evident in the STR data for ADR) may be an indication that price pressures are becoming less of a constraint on Japanese travellers. But some destinations have reported declines which are also stark in their magnitude, notably Turkey. These may be linked to perceived security risks related to terrorist attacks. Asian travel to European markets has typically been highly sensitive to such shock events.

Japanese visits and overnights to select destinations

2017 year-to-date*, % change year ago

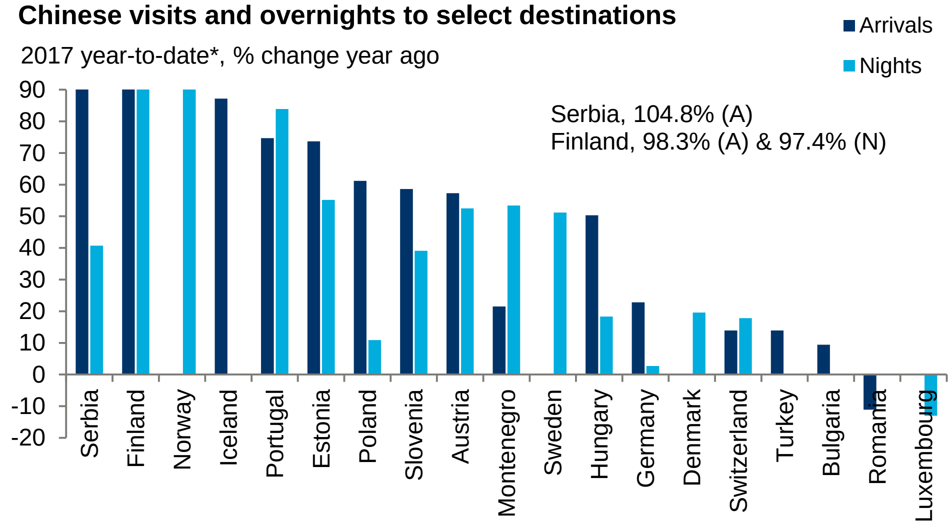


Source: TourMIS *date varies (Jan-Mar) by destination

China has been a source of notable arrivals growth for many European destinations so far in 2017, albeit from some lower volumes than for more established markets, with growth in all but two reporting destinations. Furthermore, in all of those growth markets only one (Bulgaria) did not enjoy at least double-digit growth. Based on data to February, Serbia was the top growth destination on an arrivals basis (+104.8%) whilst Finland was top on an overnights basis (+97.4%). Finland has traditionally been a key winter destination for Russian travellers and Chinese growth seemingly replaces some of the lost Russian visitors during these months.

Chinese visits and overnights to select destinations

2017 year-to-date*, % change year ago



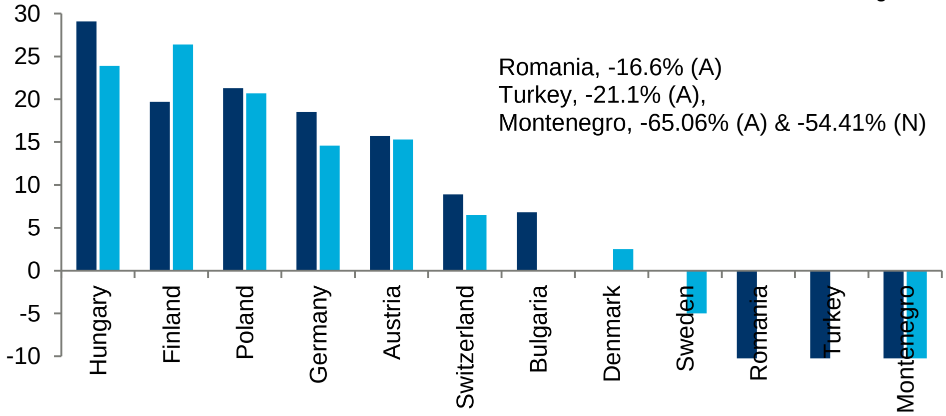
Source: TourMIS *date varies (Jan-Mar) by destination

Based on data to February, Hungary was the most popular Indian growth destination with arrivals up by 29.1%. However, on a nights basis Finland was top (+26.4%). Several other Central European nations also enjoyed significant growth and these may be benefitting jointly as part of multi-destination trips.

This growth has been aided by a strong economic backdrop in India, evident in robust GDP growth, a positive consumer spending outlook, and a rising number of middle-income households. Although current volumes from India are low in absolute terms, in time the country will become increasingly more important as a source market for European destinations.

Indian visits and overnights to select destinations

2017 year-to-date*, % change year ago

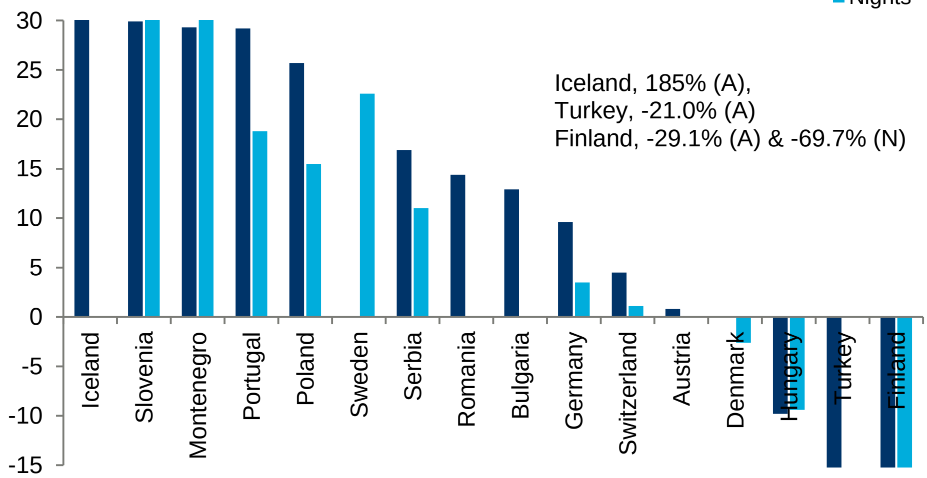


Source: TourMIS *date varies (Jan-Mar) by destination

Many destinations have reported arrivals and overnights growth from Canada so far in 2017. Travel to Iceland remains particularly strong (185%), aided by the increase in hub traffic on transatlantic flights. Slovenia and Portugal have also enjoyed some very positive arrivals growth (29.9% and 29.2% respectively) according to early 2017 data, albeit from lower volumes. It is possible that Iceland, Slovenia and Portugal, as well as some other strong growers, are benefiting from some displaced travel which may have otherwise been bound for Belgium, France, and Turkey if not for recent terrorist activity. Falls reported by Finland offset the extraordinary growth in January 2016 when it hosted the *Ice Hockey World Junior Championships* and is not a cause for concern.

Canadian visits and overnights to select destinations

2017 year-to-date*, % change year ago



Source: TourMIS *date varies (Jan-Mar) by destination

7. ORIGIN MARKET SHARE ANALYSIS

METHODOLOGY

Based on the Tourism Decision Metrics (TDM) model, the following charts and analysis show Europe's evolving market position – in absolute and percentage terms – for selected source markets. 2015 values are, in most cases, year-to-date estimates based on the latest available data and are not final reported numbers.

Data in these charts and tables relate to reported arrivals in all destinations as a comparable measure of outbound travel for calculation of market share.

For example, US outbound figures featured in the analysis are larger than reported departures in national statistics as long haul trips often involve travel to multiple destinations. In 2014 US data reporting shows 11.9m departures to Europe while the sum of European arrivals from the US was 23.4m. Thus each US trip to Europe involved a visit to two destinations on average.

The geographies of Europe are defined as follows:

Northern Europe is Denmark, Finland, Iceland, Ireland, Norway, Sweden, and the UK;

Western Europe is Austria, Belgium, France, Germany, Luxembourg, Netherlands, and Switzerland;

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

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

7.1 UNITED STATES

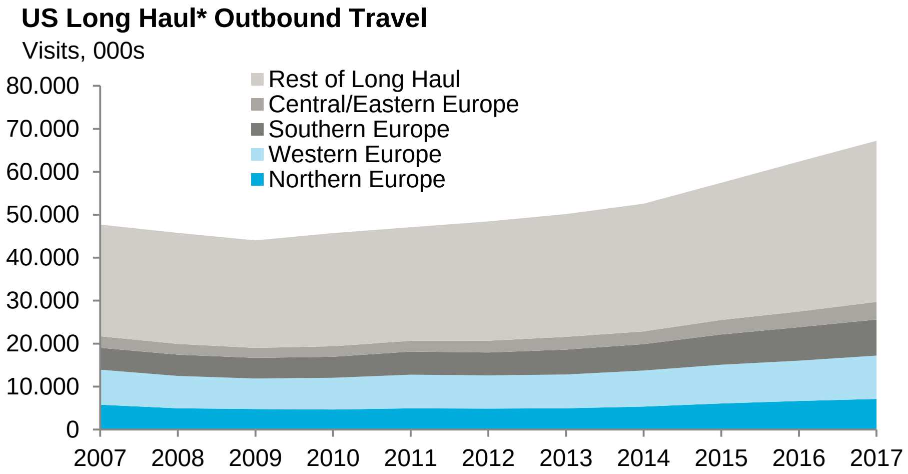
US Market Share Summary

	2016	Growth (2016-21)				Growth (2011-16)	
	Level	Share**	Annual average	Cumulative growth*	Share 2021**	Cumulative growth*	Share 2011**
Total outbound travel (000s)	104,037	-	5.9%	33.2%	-	34.9%	-
Long haul (000s)	62,137	59.7%	6.6%	37.7%	61.7%	32.0%	61.0%
Short haul (000s)	41,900	40.3%	4.8%	26.6%	38.3%	39.4%	39.0%
Travel to Europe (000s)	27,234	26.2%	6.7%	38.1%	27.1%	31.9%	26.8%
Northern Europe (000s)	6,890	6.6%	5.3%	29.6%	6.4%	39.8%	6.4%
Western Europe (000s)	9,199	8.8%	5.2%	28.8%	8.6%	17.4%	10.2%
Southern Europe (000s)	7,465	7.2%	8.1%	47.8%	8.0%	38.8%	7.0%
Central/Eastern Europe (000s	3,679	3.5%	9.6%	57.9%	4.2%	47.1%	3.2%

*Shows cumulative change over the relevant time period indicated

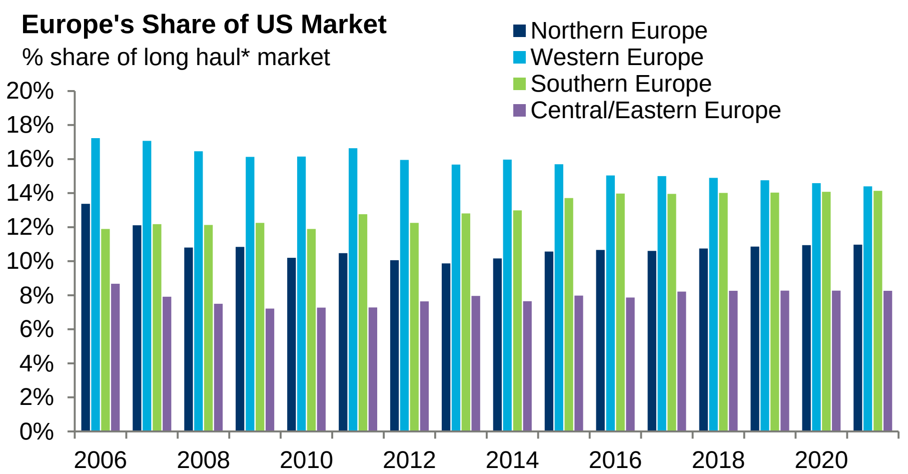
**Shares are expressed as % of total outbound travel

Source: Tourism Economics



*Long haul defined as tourist arrivals to destinations outside North America

Source: Tourism Economics



*Long haul defined as tourist arrivals to destinations outside North America

Source: Tourism Economics

7.2 CANADA

Canada Market Share Summary

	2016	Growth (2016-21)				Growth (2011-16)	
	Level	Share**	Annual average	Cumulative growth*	Share 2021**	Cumulative growth*	Share 2011**
Total outbound travel (000s)	33,145	-	3.3%	17.6%	-	0.8%	-
Long haul (000s)	12,748	38.5%	3.7%	19.9%	39.2%	18.3%	32.8%
Short haul (000s)	20,397	61.5%	3.0%	16.2%	60.8%	-7.7%	67.2%
Travel to Europe (000s)	4,936	14.9%	2.7%	14.4%	14.5%	19.1%	12.6%
Northern Europe (000s)	1,226	3.7%	4.3%	23.6%	3.9%	21.7%	3.1%
Western Europe (000s)	1,599	4.8%	3.5%	18.5%	4.9%	4.2%	4.7%
Southern Europe (000s)	1,775	5.4%	1.9%	9.9%	5.0%	31.6%	4.1%
Central/Eastern Europe (000s)	335	1.0%	-3.3%	-15.5%	0.7%	33.1%	0.8%

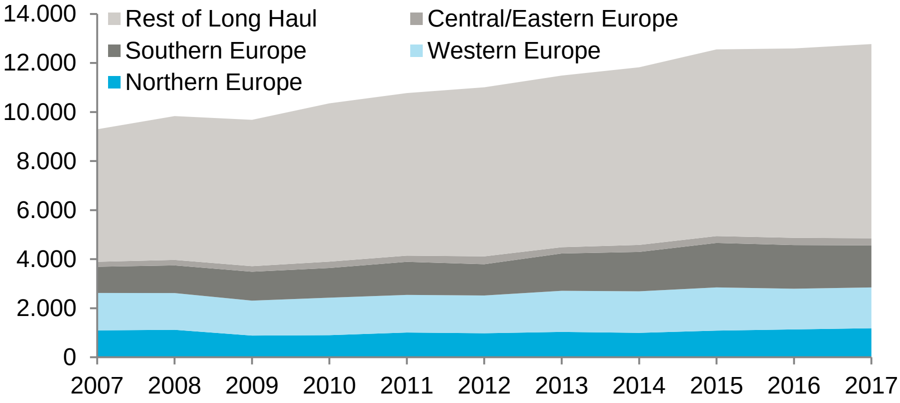
*Shows cumulative change over the relevant time period indicated

**Shares are expressed as % of total outbound travel

Source: Tourism Economics

Canada Long Haul* Outbound Travel

Visits, 000s

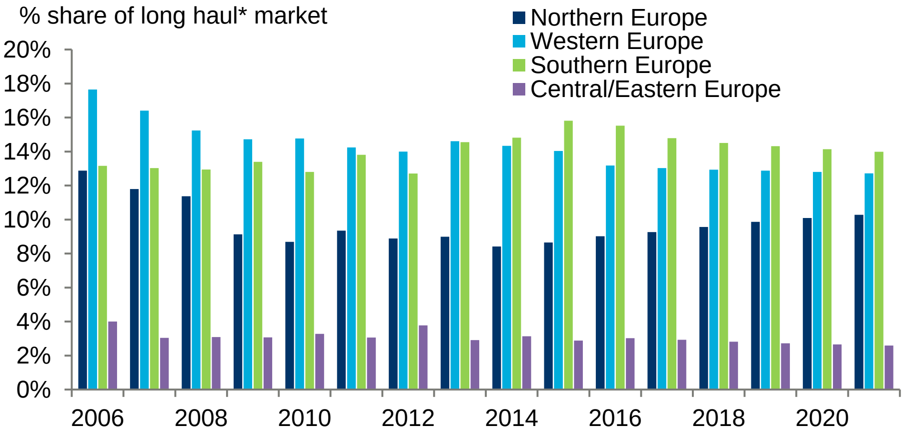


*Long haul defined as tourist arrivals to destinations outside North America

Source: Tourism Economics

Europe's Share of Canadian Market

% share of long haul* market



*Long haul defined as tourist arrivals to destinations outside North America

Source: Tourism Economics

7.3 MEXICO

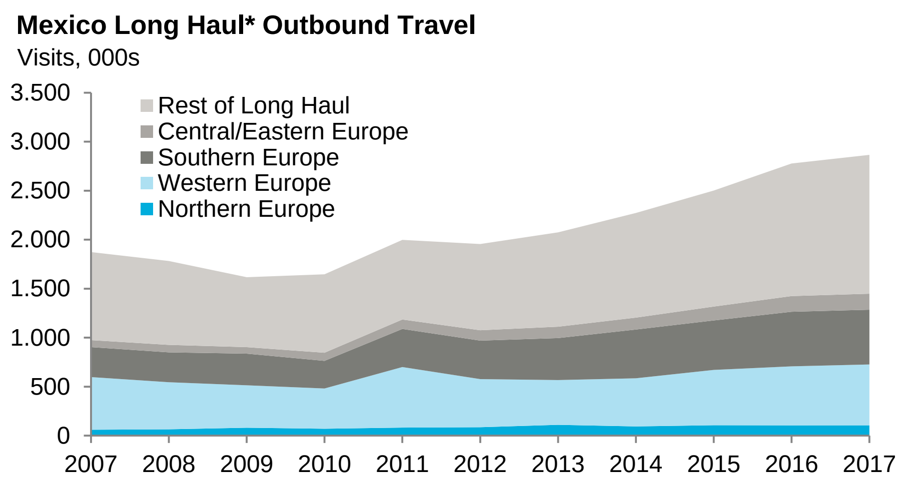
Mexico Market Share Summary

	2016	Growth (2016-21)				Growth (2011-16)	
	Level	Share**	Annual average	Cumulative growth*	Share 2021**	Cumulative growth*	Share 2011**
Total outbound travel (000s)	21,771	-	0.9%	4.8%	-	38.4%	-
Long haul (000s)	2,852	13.1%	4.9%	26.8%	15.9%	42.7%	12.7%
Short haul (000s)	18,920	86.9%	0.3%	1.5%	84.1%	37.8%	87.3%
Travel to Europe (000s)	1,459	6.7%	4.0%	21.8%	7.8%	23.1%	7.5%
Northern Europe (000s)	109	0.5%	1.5%	7.8%	0.5%	32.5%	0.5%
Western Europe (000s)	602	2.8%	5.6%	31.3%	3.5%	-2.7%	3.9%
Southern Europe (000s)	584	2.7%	3.1%	16.6%	3.0%	50.2%	2.5%
Central/Eastern Europe (000s)	165	0.8%	2.8%	14.8%	0.8%	71.2%	0.6%

*Show s cumulative change over the relevant time period indicated

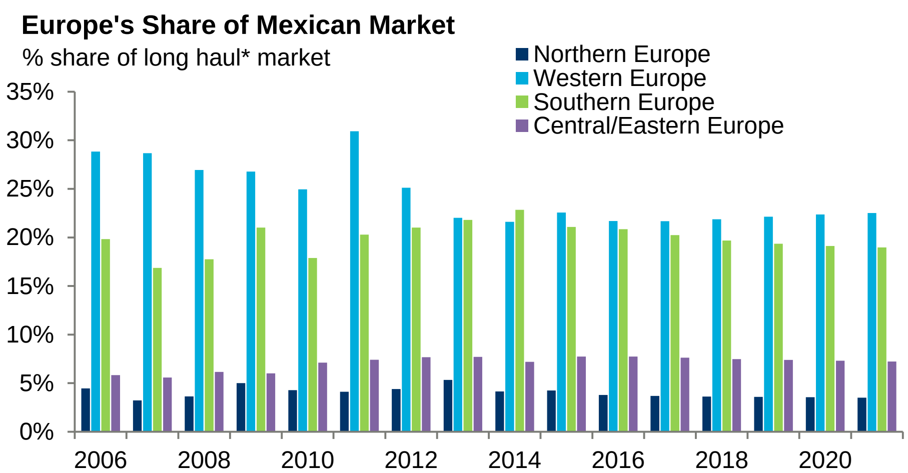
**Shares are expressed as % of total outbound travel

Source: Tourism Economics



*Long haul defined as tourist arrivals to destinations outside North America

Source: Tourism Economics



*Long haul defined as tourist arrivals to destinations outside North America

Source: Tourism Economics

7.4 ARGENTINA

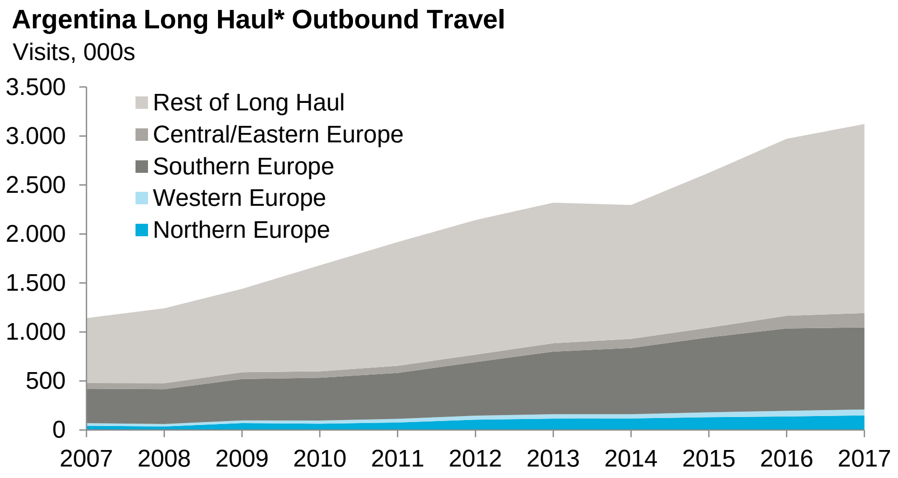
Argentina Market Share Summary

	2016	Growth (2016-21)				Growth (2011-16)	
	Level	Share**	Annual average	Cumulative growth*	Share 2021**	Cumulative growth*	Share 2011**
Total outbound travel (000s)	10,608	-	1.8%	9.4%	-	53.9%	-
Long haul (000s)	3,143	29.6%	1.7%	8.8%	29.5%	63.9%	27.8%
Short haul (000s)	7,465	70.4%	1.9%	9.7%	70.5%	50.0%	72.2%
Travel to Europe (000s)	1,218	11.5%	0.8%	4.3%	10.9%	86.1%	9.5%
Northern Europe (000s)	139	1.3%	3.3%	17.8%	1.4%	81.9%	1.1%
Western Europe (000s)	58	0.5%	2.7%	14.2%	0.6%	54.8%	0.5%
Southern Europe (000s)	885	8.3%	-0.7%	-3.7%	7.3%	89.0%	6.8%
Central/Eastern Europe (000s)	136	1.3%	6.7%	38.0%	1.6%	87.2%	1.1%

*Shows cumulative change over the relevant time period indicated

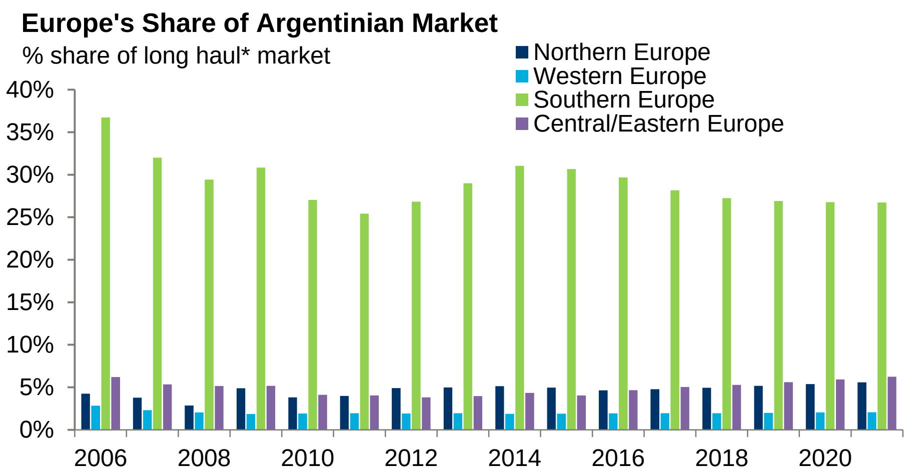
**Shares are expressed as % of total outbound travel

Source: Tourism Economics



*Long haul defined as tourist arrivals to destinations outside South America

Source: Tourism Economics



*Long haul defined as tourist arrivals to destinations outside South America

Source: Tourism Economics

7.5 BRAZIL

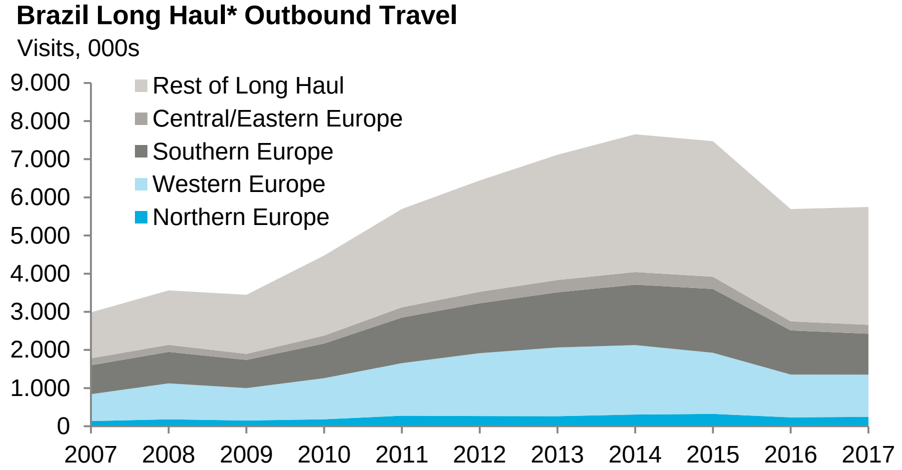
Brazil Market Share Summary

	2016	Growth (2016-21)				Growth (2011-16)	
	Level	Share**	Annual average	Cumulative growth*	Share 2021**	Cumulative growth*	Share 2011**
Total outbound travel (000s)	8,187	-	4.3%	23.5%	-	-0.7%	-
Long haul (000s)	5,844	71.4%	4.2%	22.5%	70.8%	2.6%	69.1%
Short haul (000s)	2,343	28.6%	4.7%	25.9%	29.2%	-7.9%	30.9%
Travel to Europe (000s)	2,840	34.7%	1.9%	10.0%	30.9%	-8.9%	37.8%
Northern Europe (000s)	197	2.4%	8.3%	49.0%	2.9%	-28.4%	3.3%
Western Europe (000s)	1,154	14.1%	3.4%	17.9%	13.5%	-16.3%	16.7%
Southern Europe (000s)	1,232	15.1%	-1.2%	-6.0%	11.5%	3.0%	14.5%
Central/Eastern Europe (000s)	257	3.1%	4.0%	21.5%	3.1%	-4.1%	3.2%

*Show s cumulative change over the relevant time period indicated

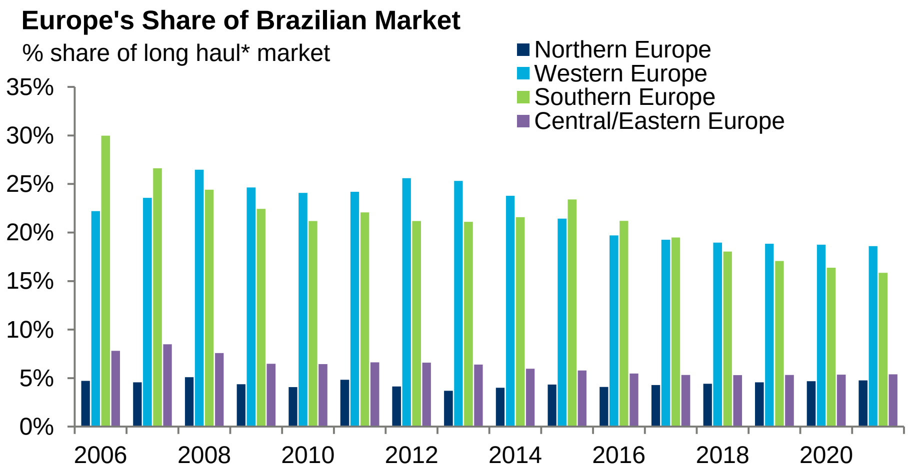
**Shares are expressed as % of total outbound travel

Source: Tourism Economics



*Long haul defined as tourist arrivals to destinations outside South America

Source: Tourism Economics



*Long haul defined as tourist arrivals to destinations outside South America

Source: Tourism Economics

7.6 INDIA

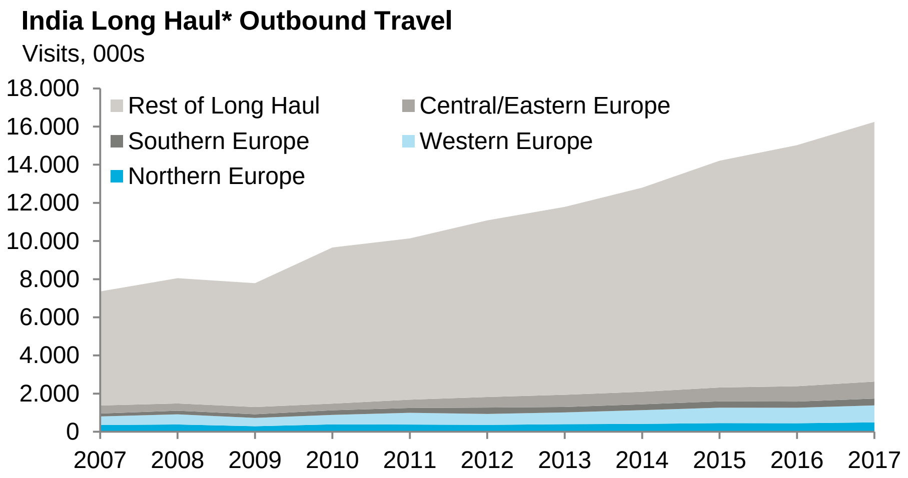
India Market Share Summary

	2016	Growth (2016-21)				Growth (2011-16)	
	Level	Share**	Annual average	Cumulative growth*	Share 2021**	Cumulative growth*	Share 2011**
Total outbound travel (000s)	15,933	-	7.3%	42.5%	-	49.1%	-
Long haul (000s)	15,287	95.9%	7.3%	42.1%	95.7%	50.8%	94.9%
Short haul (000s)	647	4.1%	8.7%	52.0%	4.3%	17.9%	5.1%
Travel to Europe (000s)	2,367	14.9%	8.8%	52.3%	15.9%	40.7%	15.7%
Northern Europe (000s)	440	2.8%	7.1%	40.6%	2.7%	16.5%	3.5%
Western Europe (000s)	804	5.0%	8.8%	52.7%	5.4%	30.6%	5.8%
Southern Europe (000s)	295	1.9%	11.0%	68.5%	2.2%	16.0%	2.4%
Central/Eastern Europe (000s)	829	5.2%	8.8%	52.3%	5.6%	90.5%	4.1%

*Shows cumulative change over the relevant time period indicated

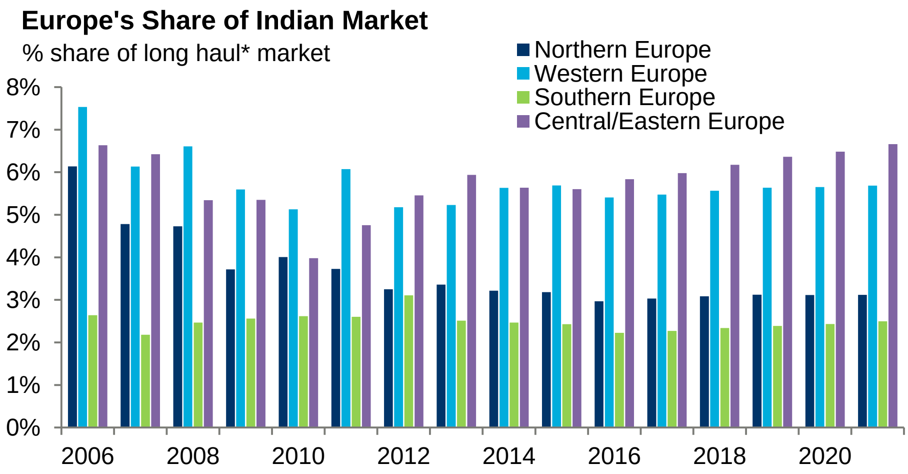
**Shares are expressed as % of total outbound travel

Source: Tourism Economics



*Long haul defined as tourist arrivals to destinations outside South Asia

Source: Tourism Economics



*Long haul defined as tourist arrivals to destinations outside South Asia

Source: Tourism Economics

7.7 CHINA

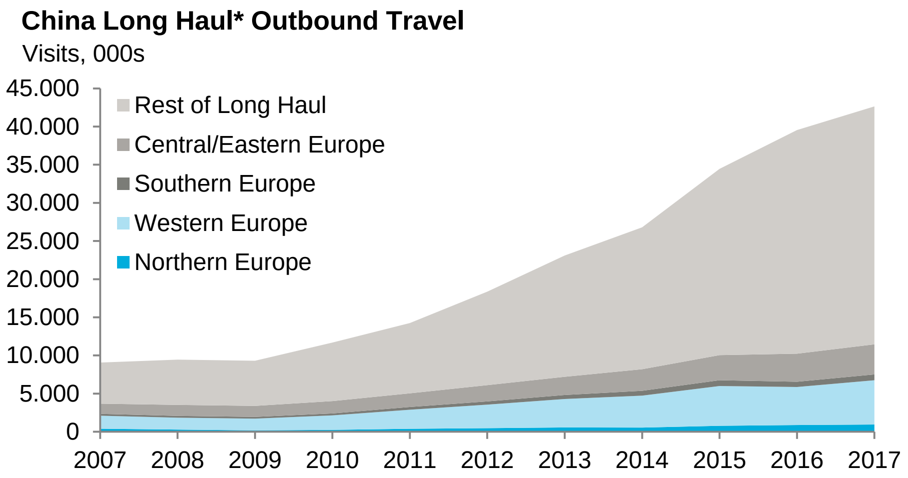
China Market Share Summary

	2016	Growth (2016-21)				Growth (2011-16)	
	Level	Share**	Annual average	Cumulative growth*	Share 2021**	Cumulative growth*	Share 2011**
Total outbound travel (000s)	86,036	-	7.5%	43.3%	-	111.4%	-
Long haul (000s)	39,192	45.6%	9.0%	53.6%	48.8%	175.0%	35.0%
Short haul (000s)	46,845	54.4%	6.1%	34.7%	51.2%	77.1%	65.0%
Travel to Europe (000s)	10,390	12.1%	10.2%	62.8%	13.7%	106.2%	12.4%
Northern Europe (000s)	903	1.0%	8.8%	52.3%	1.1%	132.7%	1.0%
Western Europe (000s)	4,898	5.7%	12.4%	79.6%	7.1%	96.0%	6.1%
Southern Europe (000s)	657	0.8%	9.3%	56.0%	0.8%	82.3%	0.9%
Central/Eastern Europe (000s)	3,932	4.6%	7.8%	45.3%	4.6%	119.7%	4.4%

*Shows cumulative change over the relevant time period indicated

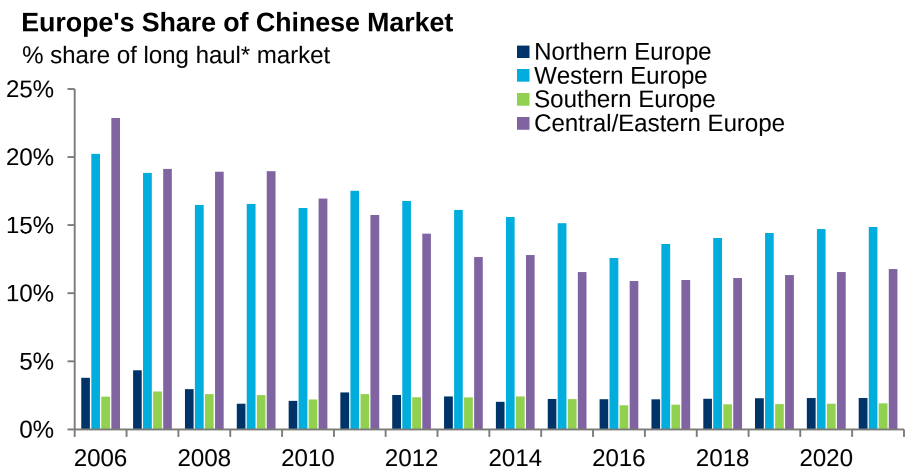
**Shares are expressed as % of total outbound travel

Source: Tourism Economics



*Long haul defined as tourist arrivals to destinations outside Northeast Asia

Source: Tourism Economics



*Long haul defined as tourist arrivals to destinations outside Northeast Asia

Source: Tourism Economics

7.8 JAPAN

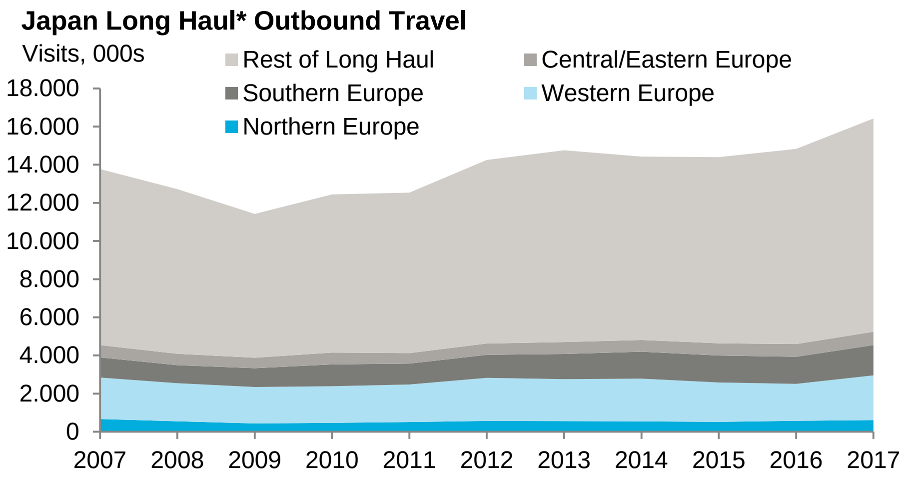
Japan Market Share Summary

	2016	Growth (2016-21)				Growth (2011-16)	
	Level	Share**	Annual average	Cumulative growth*	Share 2021**	Cumulative growth*	Share 2011**
Total outbound travel (000s)	22,463	-	5.3%	29.2%	-	2.0%	-
Long haul (000s)	14,770	65.8%	5.4%	30.0%	66.2%	17.8%	56.9%
Short haul (000s)	7,693	34.2%	5.0%	27.6%	33.8%	-19.0%	43.1%
Travel to Europe (000s)	4,413	19.6%	6.0%	34.0%	20.4%	7.0%	18.7%
Northern Europe (000s)	582	2.6%	2.4%	12.5%	2.3%	14.6%	2.3%
Western Europe (000s)	1,783	7.9%	8.5%	50.0%	9.2%	-9.4%	8.9%
Southern Europe (000s)	1,385	6.2%	5.2%	28.9%	6.2%	26.4%	5.0%
Central/Eastern Europe (000s)	662	2.9%	3.7%	20.2%	2.7%	20.5%	2.5%

*Shows cumulative change over the relevant time period indicated

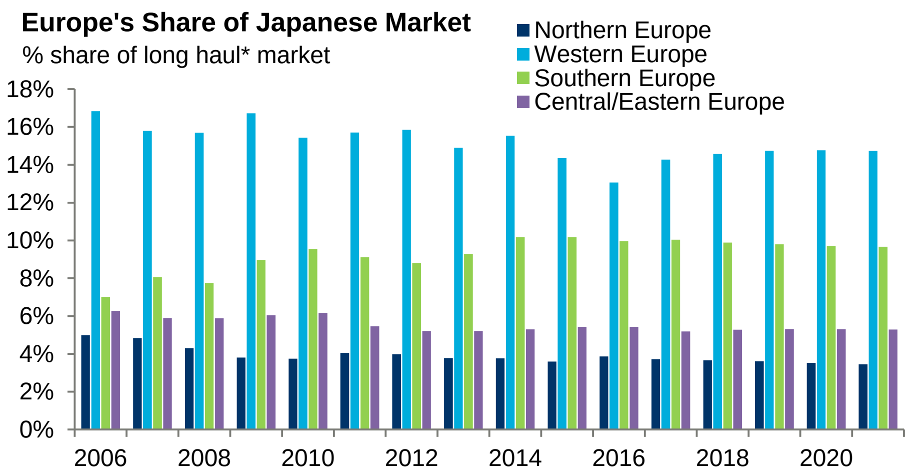
**Shares are expressed as % of total outbound travel

Source: Tourism Economics



*Long haul defined as tourist arrivals to destinations outside Northeast Asia

Source: Tourism Economics



*Long haul defined as tourist arrivals to destinations outside Northeast Asia

Source: Tourism Economics

7.9 AUSTRALIA

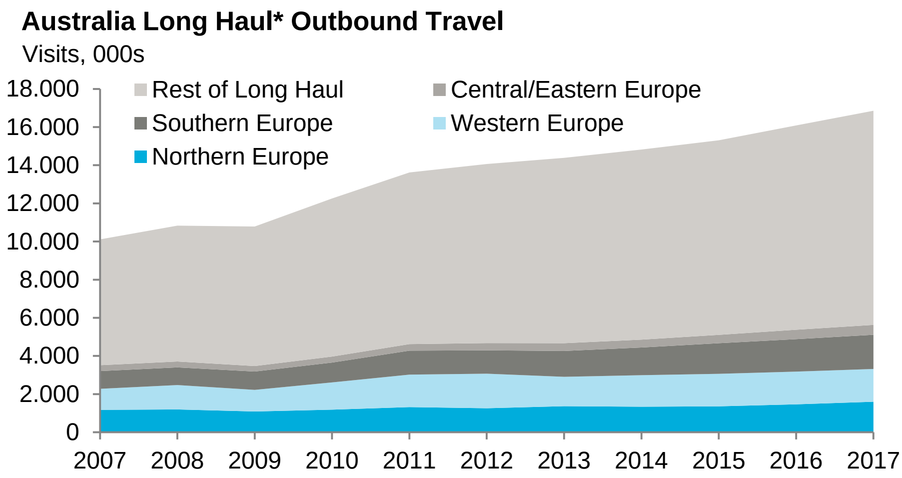
Australia Market Share Summary

	2016	Growth (2016-21)				Growth (2011-16)	
	Level	Share**	Annual average	Cumulative growth*	Share 2021**	Cumulative growth*	Share 2011**
Total outbound travel (000s)	16,587	-	2.9%	15.5%	-	17.9%	-
Long haul (000s)	15,932	96.0%	2.9%	15.3%	95.9%	17.0%	96.8%
Short haul (000s)	656	4.0%	3.7%	19.9%	4.1%	47.0%	3.2%
Travel to Europe (000s)	5,240	31.6%	2.9%	15.2%	31.5%	13.4%	32.8%
Northern Europe (000s)	1,359	8.2%	5.1%	28.3%	9.1%	3.1%	9.4%
Western Europe (000s)	1,688	10.2%	-0.4%	-2.2%	8.6%	-0.9%	12.1%
Southern Europe (000s)	1,701	10.3%	3.9%	21.0%	10.7%	35.5%	8.9%
Central/Eastern Europe (000s)	492	3.0%	3.5%	18.8%	3.1%	42.8%	2.4%

*Shows cumulative change over the relevant time period indicated

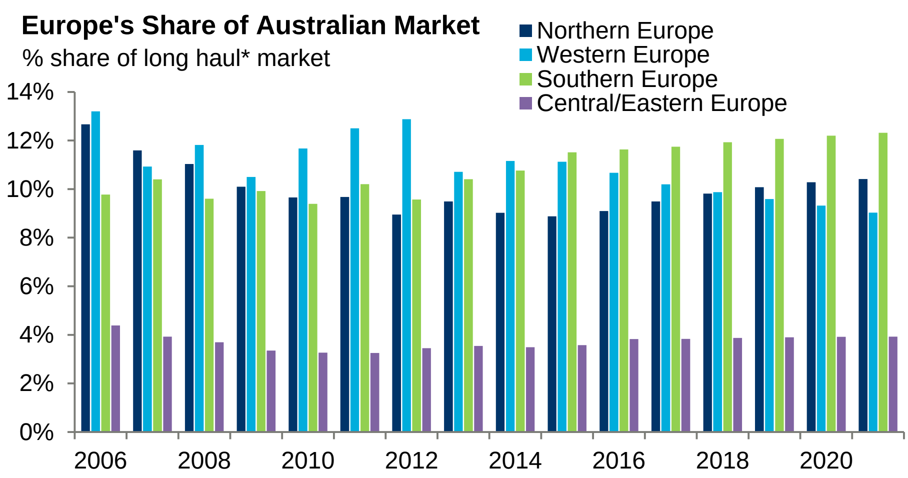
**Shares are expressed as % of total outbound travel

Source: Tourism Economics



*Long haul defined as tourist arrivals to destinations outside Oceania

Source: Tourism Economics



*Long haul defined as tourist arrivals to destinations outside Oceania

Source: Tourism Economics

7.10 UNITED ARAB EMIRATES

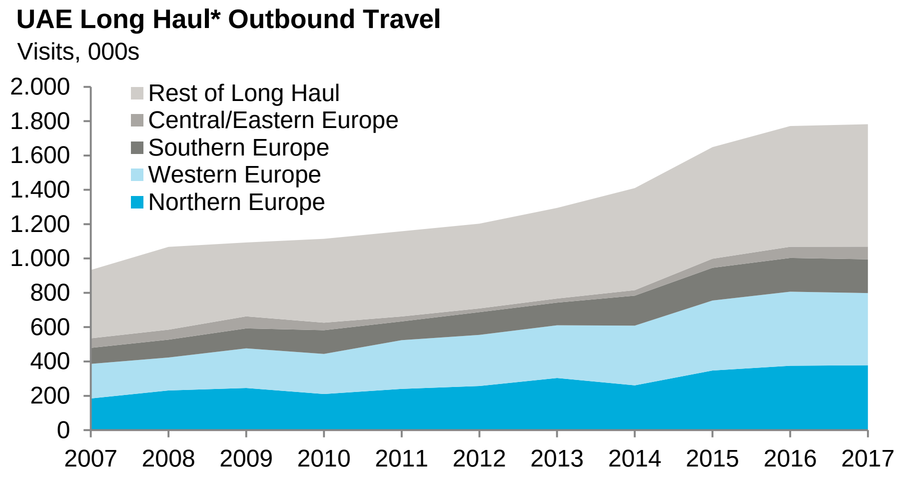
United Arab Emirates Market Share Summary

	2016	Growth (2016-21)				Growth (2011-16)	
	Level	Share**	Annual average	Cumulative growth*	Share 2021**	Cumulative growth*	Share 2011**
Total outbound travel (000s)	3,398	-	4.8%	26.1%	-	18.4%	-
Long haul (000s)	1,604	47.2%	2.0%	10.6%	41.4%	38.4%	40.4%
Short haul (000s)	1,795	52.8%	7.0%	40.0%	58.6%	4.9%	59.6%
Travel to Europe (000s)	956	28.1%	1.8%	9.4%	24.4%	44.3%	23.1%
Northern Europe (000s)	359	10.6%	1.3%	6.6%	8.9%	49.6%	8.4%
Western Europe (000s)	360	10.6%	0.8%	3.9%	8.7%	26.9%	9.9%
Southern Europe (000s)	184	5.4%	3.1%	16.4%	5.0%	68.1%	3.8%
Central/Eastern Europe (000s)	52	1.5%	7.4%	42.6%	1.7%	81.4%	1.0%

*Shows cumulative change over the relevant time period indicated

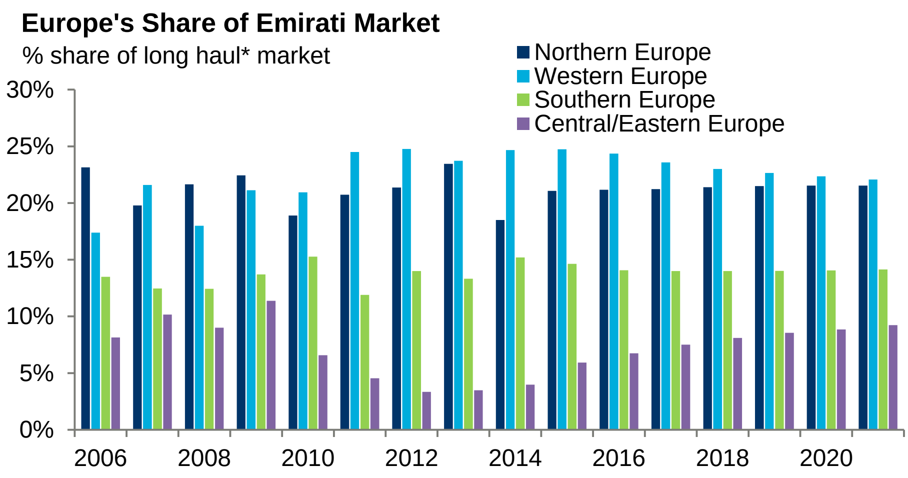
**Shares are expressed as % of total outbound travel

Source: Tourism Economics



*Long haul defined as tourist arrivals to destinations outside Middle East

Source: Tourism Economics



*Long haul defined as tourist arrivals to destinations outside Middle East

Source: Tourism Economics

7.11 RUSSIA

Russia Market Share Summary

	2016	Growth (2016-21)				Growth (2011-16)	
	Level	Share**	Annual average	Cumulative growth*	Share 2021**	Cumulative growth*	Share 2011**
Total outbound travel (000s)	18,422	-	9.4%	56.5%	-	-40.2%	-
Long haul (000s)	4,730	25.7%	8.0%	47.0%	24.1%	-22.4%	19.8%
Short haul (000s)	13,692	74.3%	9.8%	59.8%	75.9%	-44.6%	80.2%
Travel to Europe (000s)	13,692	74.3%	9.8%	59.8%	75.9%	-44.6%	80.2%
Northern Europe (000s)	1,007	5.5%	10.5%	64.6%	5.7%	-38.1%	5.3%
Western Europe (000s)	1,304	7.1%	6.3%	35.6%	6.1%	-21.5%	5.4%
Southern Europe (000s)	4,330	23.5%	8.9%	52.9%	23.0%	-35.0%	21.6%
Central/Eastern Europe (000s)	7,050	38.3%	10.9%	67.9%	41.0%	-52.2%	47.9%

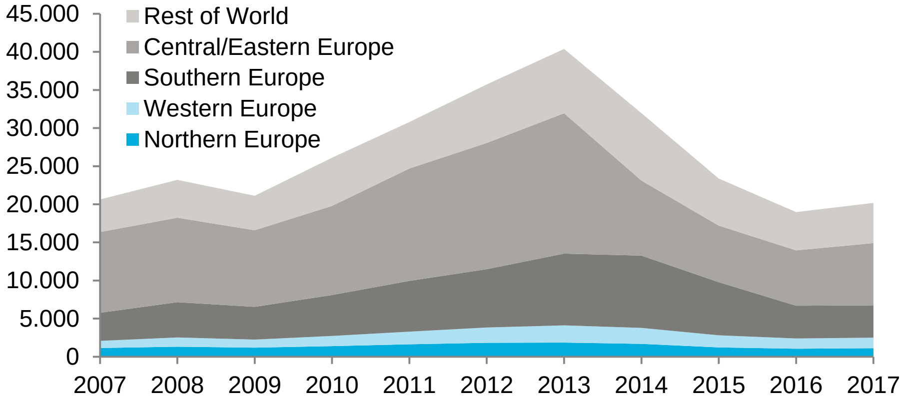
*Shows cumulative change over the relevant time period indicated

**Shares are expressed as % of total outbound travel

Source: Tourism Economics

Russia Long Haul* Outbound Travel

Visits, 000s

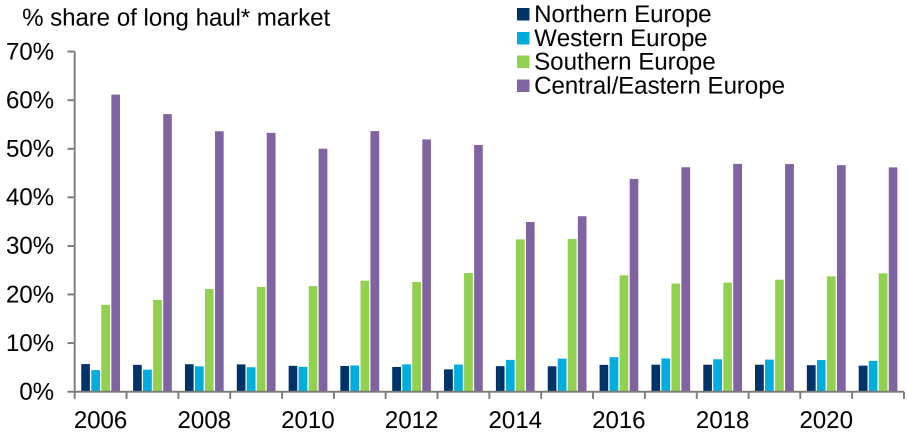


*Long haul defined as tourist arrivals to all destinations

Source: Tourism Economics

Europe's Share of Russian Market

% share of long haul* market



*Long haul defined as tourist arrivals to all destinations

Source: Tourism Economics

8. ECONOMIC OUTLOOK

Assessing recent tourism data and industry performance is a useful way of directly monitoring the key trends for travel demand across Europe. This can be complemented by looking at key trends and relationships in macroeconomic performance in Europe's key source markets which can provide further useful insight into likely tourism developments throughout the year.

The linkages between macro and tourism performance can be very informative. For example, strong GDP or consumer spending growth is an indication of rising prosperity with people more likely to travel abroad. It is also an indication of rising business activity and therefore stronger business travel. Movements in exchange rates against the euro can be equally important as it can influence choice of destination. For example, if the euro appreciated (gained value) against the US dollar, the Eurozone would become a more expensive destination and therefore potentially less attractive for US visitors. Conversely, depreciation of the euro against the US dollar would make the Eurozone a relatively cheaper destination and therefore more attractive to US travellers.

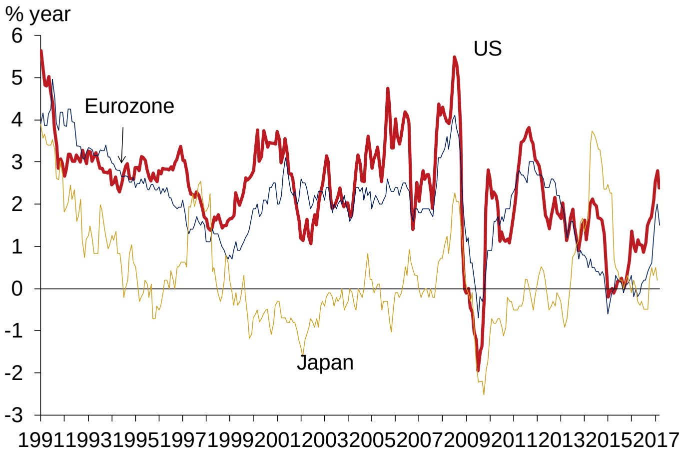
8.1 OVERVIEW

REFLATION ENTHUSIASM IS TEMPERED

Oxford Economics' global GDP growth forecast remains unchanged from in recent months, at 2.6% for 2017 and 2.9% in 2018. But the outlook for inflation has been lowered to 3.0% this year (from 3.3% last month) as inflation is close to a peak in several economies and oil prices have fallen recently.

Global indicators continue to point to buoyant activity, driven by manufacturing. The global manufacturing PMI rose to its highest level in almost six years in February, which in turn is boosting world trade. Despite the exuberance shown by the surveys, we remain cautious. We continue to expect a slowdown in consumer spending as households are squeezed by higher prices.

World: Inflation



Source: Haver Analytics

Although GDP growth in the US is likely to accelerate this year, we have lowered our forecast to 2.1% as economic data have been weaker than expected at the start of the year. Large uncertainties around our central forecast persist given the unpredictability of President Trump's policies, and markets have tempered their initial enthusiasm regarding the success of 'Trumponomics'.

With the Federal Reserve now close to meeting its dual mandate, the pace of policy normalisation will accelerate. The Fed raised interest rates in March and three rate increases are expected overall this year. This means that US bond yields are likely to continue to rise and the euro will remain under pressure due to the widening interest rate differential between the US and the Eurozone.

The Eurozone economy remains resilient ahead of key elections in France, the Netherlands and Germany. Oxford Economics' view remains that populist fears are overstated and that Emmanuel Macron is still favourite to become the next French president.

Many emerging markets have started 2017 with positive momentum, but caution remains the name of the game as the Fed prepares to raise rates faster than previously expected and the future of US trade policy remains uncertain.

Summary of economic outlook, % change year ago*

	2016					2017				
Country	GDP	Consumer expenditure	Unemploy-ment *	Exchange rate***	Inflation	GDP	Consumer expenditure	Unemploy-ment **	Exchange rate***	Inflation
UK	1.8%	2.8%	-0.1%	-11.2%	0.6%	1.9%	1.6%	-0.1%	-4.0%	2.6%
France	1.1%	1.8%	-0.3%	0.0%	0.2%	1.4%	1.5%	-0.4%	0.0%	1.2%
Germany	1.8%	1.8%	-0.3%	0.0%	0.5%	1.8%	1.3%	-0.3%	0.0%	1.9%
Netherlands	2.1%	1.7%	-1.3%	0.0%	0.3%	2.1%	1.7%	-1.2%	0.0%	1.6%
Italy	1.0%	1.3%	-0.3%	0.0%	-0.1%	0.9%	0.9%	-0.1%	0.0%	1.4%
Russia	-0.2%	-4.5%	0.0%	-8.9%	7.0%	1.2%	1.0%	0.1%	17.0%	4.6%
US	1.6%	2.7%	-0.4%	0.3%	1.3%	2.1%	2.4%	-0.3%	2.1%	2.6%
Canada	1.4%	2.2%	0.1%	-3.3%	1.4%	2.2%	2.1%	-0.1%	2.3%	2.0%
Brazil	-3.6%	-4.3%	3.0%	-4.2%	8.7%	0.1%	-0.3%	1.0%	13.9%	4.3%
China	6.7%	8.0%	0.0%	-5.1%	2.0%	6.5%	7.2%	0.0%	-1.9%	2.4%
Japan	1.0%	0.4%	-0.3%	11.6%	-0.1%	1.4%	0.6%	-0.3%	-2.1%	0.6%
India	7.4%	7.7%	0.2%	-4.3%	4.9%	7.2%	6.0%	0.1%	5.2%	4.7%

Source: Tourism Economics

* Unless otherwise specified

** Percentage point change

*** Exchange rates measured against the euro. A positive change indicates stronger local currency against the euro and therefore a positive impact on outbound tourism demand. A negative change indicates weaker local currency against the euro and therefore a negative impact on outbound tourism demand.

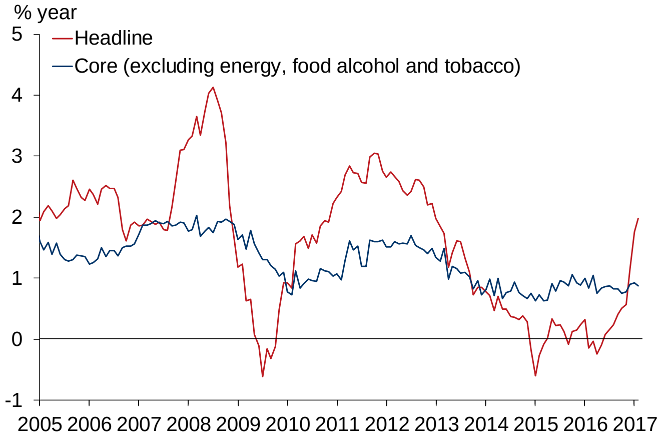
8.2 EUROZONE

The business surveys suggest that the Eurozone recovery has shifted up a gear in early-2017, and as a result we have raised our 2017 GDP growth forecast slightly from 1.5% to 1.6%.

After expanding by 0.4% in Q4 2016, the business surveys suggest that a further acceleration is under way. At face value, the composite PMI implies that quarterly GDP growth could rise by around 0.6% in Q1 this year. Despite a likely pick-up in industrial production in January, the hard data so far paints a less upbeat picture than the surveys, but even so we have pencilled in a still very respectable Q1 quarterly rise of almost 0.5%.

Encouragingly, there have been some signs that the recovery in the industrial sector has coincided with improving export growth, and reflecting this we have upgraded our 2017 export forecast. But it remains to be seen whether last year's strength of domestic demand growth can be maintained. The recent pick-up in CPI inflation means that real wages are probably now contracting on an annual basis, a trend which is likely to continue over the coming quarters. While further gains in employment and a drop in the savings rate may compensate to some degree, we still expect consumer spending growth to ease this year. And given the ongoing political uncertainties, it may be too optimistic to expect much of a pick-up in investment.

Eurozone: HICP Inflation



Source : Oxford Economics/Haver Analytics

Despite the forecast upgrade for this year, we still expect GDP growth to ease back in 2018 and 2019. And with the current rise in CPI inflation likely to be reversed later in the year as energy inflation falls back, we expect the ECB to resist pressure to scale back its existing QE plans.

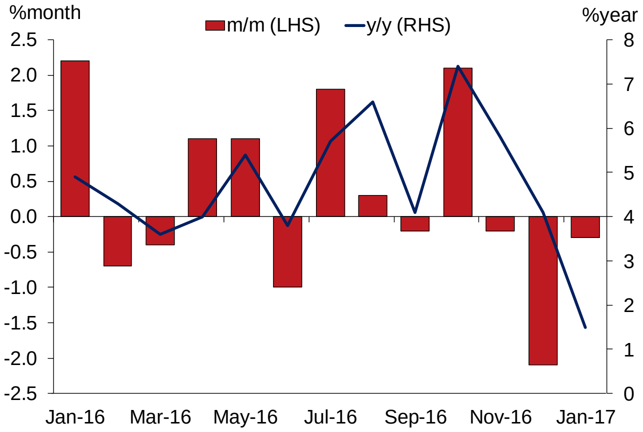
8.3 UNITED KINGDOM

The outturn for GDP growth in 2016 has been revised down from 2.0% to 1.8% but we have raised our forecast for 2017 from 1.6% to 1.9%. In the most part, the forecast changes are due to revisions to the historical data, but the Budget also included a modest increase in planned government consumption this year. The bigger picture is one of growth slowing through 2017 as higher inflation erodes household spending power and weakens consumer spending growth.

The second estimate for Q4 2016 saw quarterly GDP growth revised up from 0.6% to 0.7%, largely due to stronger data towards the end of the quarter in manufacturing and construction. However, this better news was balanced by downgrades to prior quarters, leaving the outturn for 2016 as a whole weaker.

Retail sales recovered in February, growing by 1.4% after a period of contraction and the CBI Distributive Trades Survey released in April is optimistic. There have been more promising signs from other sectors of the economy, notably manufacturing. We expect GDP growth to slow into the 0.4-0.5% range in Q1 2017.

UK: Retail sales volumes (inc fuel)



Source : Haver Analytics

The Budget was something of a non-event, with the OBR’s medium-term forecasts largely unrevised and the Chancellor opting against any major changes of policy.

Financial markets had expected the MPC to deliver a more hawkish message in its February Inflation Report. But while the Committee upgraded its expectations for growth, it also took a more upbeat view of supply-side factors, meaning its forecasts for inflation were little changed. As a result, market sentiment has changed significantly; prior to the February meeting, markets were pricing in a first rate hike for early-2018 but this has subsequently moved back towards our call of H2 2019.

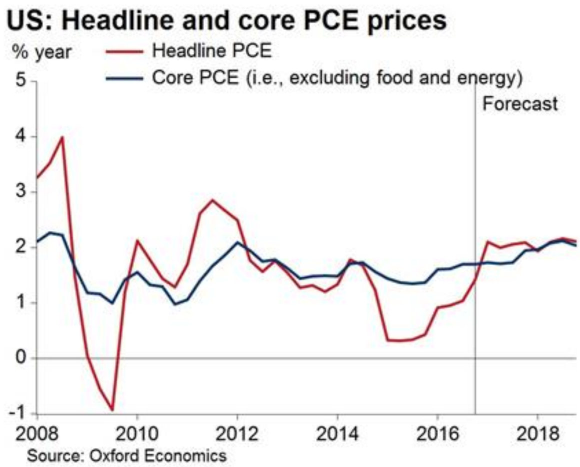
8.4 UNITED STATES

The US economy is facing a very peculiar environment where stock valuations and confidence are inflated by promised fiscal stimulus and deregulation, but private sector outlays remain cautious. Solid fundamentals continue to support consumer spending but inflation is taking a bigger bite out of real disposable income. Trade and investment are rebounding but only gradually.

After a 2.0% advance in Q4, we see real GDP growth moderating to just north of 1.0% in Q1 owing to disappointing consumer spending, a drag from international trade and lower inventories. This will stand in stark contrast with record-high consumer and business confidence surveys.

The US economy added 235,000 jobs in February and 98,000 in March, leaving the 12-month moving average at a robust 182,000 jobs. Wage growth (hourly earnings) stayed firm at 2.7% y/y, while the unemployment and underemployment rates remain near full-employment levels and labor force participation ticked up to 63.0%.

With PCE inflation firming to around 2% in 2017, real disposable income growth is likely to slow to 2.1% (from 2.8% last year). In this environment, we see consumer spending advancing about 2.5% in 2017 (from 2.7% last year).



Leading business indicators continue to indicate firming activity, albeit from low levels, supported by mining, manufacturing and construction. We see business investment growth around 3% in 2017 after contracting last year. Net trade will, however, remain a drag on the economy as imports outpace exports.

In light of recent hawkish statements, we now see the Fed raising rates three times this year.

8.5 JAPAN

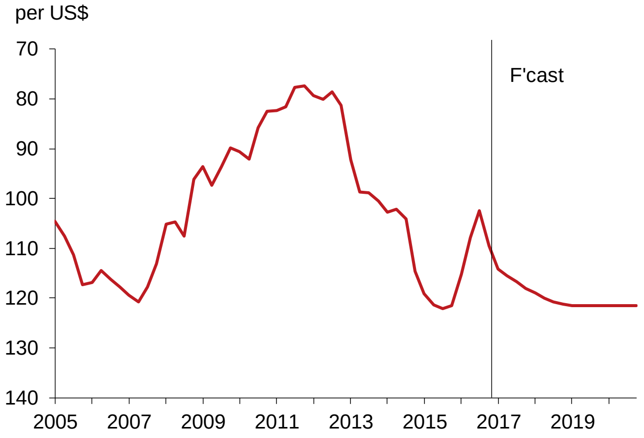
The JPY/USD is forecast to depreciate to 121.5 by end-2018, which will help an ongoing recovery in exports during the next two years. Moreover, fiscal and monetary policy will remain supportive, with government infrastructure spending set to rise and cash handouts and solid employment to underpin a modest recovery in household consumption. We forecast GDP to grow by 1.3% pa in 2017 and 2018, with domestic demand set to become an increasing driver of growth.

GDP growth was revised up to 0.3% q/q in Q4, from the 0.2% advance estimate. The stronger Q4 outcome was entirely driven by stronger business investment; beyond this there were few changes to the other components of GDP. Exports made another solid contribution which, coupled with the bounce in business investment, offset a sharp fall in public investment and sluggish household spending.

Recent indicators for investment and exports have also continued to improve in early-2017. The manufacturing PMI index reached a near three-year high in February, with both domestic and export orders rising. Meanwhile, business confidence among SMEs also rose to its highest level in three years this month, and residential building starts have once again ticked up.

However, inflation is still forecast to undershoot the BoJ's 2% target. As such, the BoJ is expected to maintain its 'around 0%' yield target. This will see monetary policy in the US and Japan diverge further over the next two years, which in turn will underpin a further depreciation in the JPY/USD. But with political considerations to temper the overall pace of depreciation we now look for the JPY/USD to end-2017 at 118.5 and 121.5 by end-2018, stronger than our previous forecast of 123.5 and 127.

Japan: Exchange rate per US$



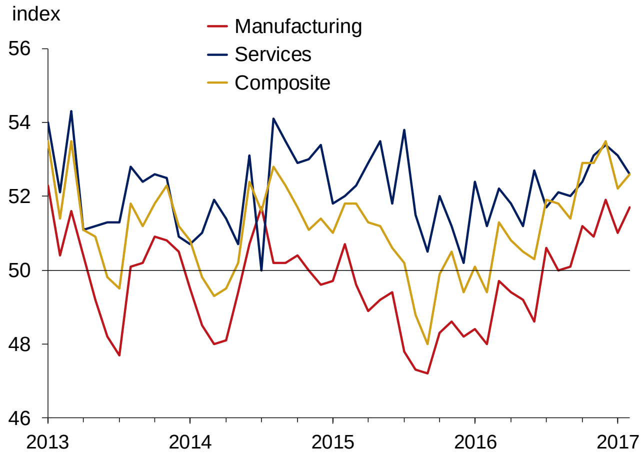
Source: Oxford Economics / Haver Analytics

8.6 EMERGING MARKETS

CHINA MAINTAINS STRONG MOMENTUM

China started 2017 with solid growth momentum, with PMI surveys suggesting continued expansion. Headline exports for March rose strongly, confirming that global demand is strengthening – and this trend should continue to support China's exports in the coming months. However, downside risks persist as China's exports to the US will face a harsher climate under the Trump administration (with potential risks of broader damage to global trade).

China: Output PMI



Source: Oxford Economics/Markit/Caixin

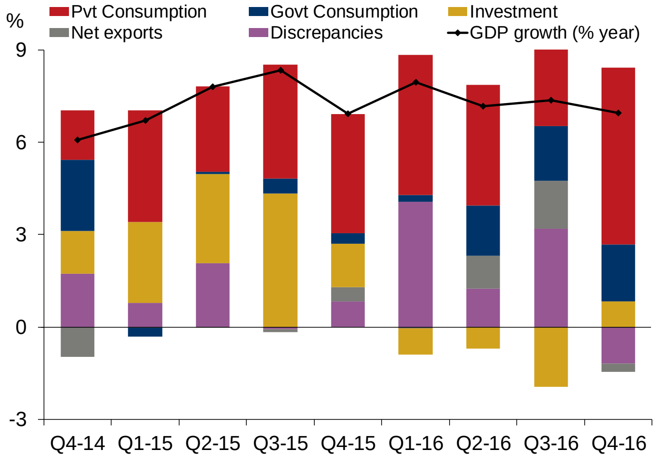
The surge in US$ goods imports reflects steady domestic demand momentum and higher commodity prices. But we expect GDP growth to slow to 6.3% this year as the tightening of housing purchase restrictions in many large cities will weigh on real estate investment. Policymakers continue to place more emphasis on reducing financial risks and less on ensuring at least 6.5% GDP growth. Indeed, the PBoC has allowed interbank rates to rise since November, signalling that it does not want monetary conditions to be too loose. We also think that policymakers will continue to dampen depreciation pressures via FX intervention and clamping down on financial outflows.

INDIA SHRUGS OFF DEMONETISATION

India's Q4 GDP growth beat both our expectations and those of the consensus by a wide margin – suggesting that India's formal economy has emerged relatively unscathed from demonetisation. Growth slowed to 7.0% y/y in Q4 2016 from an upwardly revised 7.4% in Q3.

All expenditure categories showed significant improvement, with both private and government consumption registering double-digit annual growth rates (10.1% and 19.9% respectively) and investment expanding for the first time since Q4 2015. Indeed, the growth slowdown was largely driven by discrepancies, with a little assistance from net exports.

India : Contribution to GDP



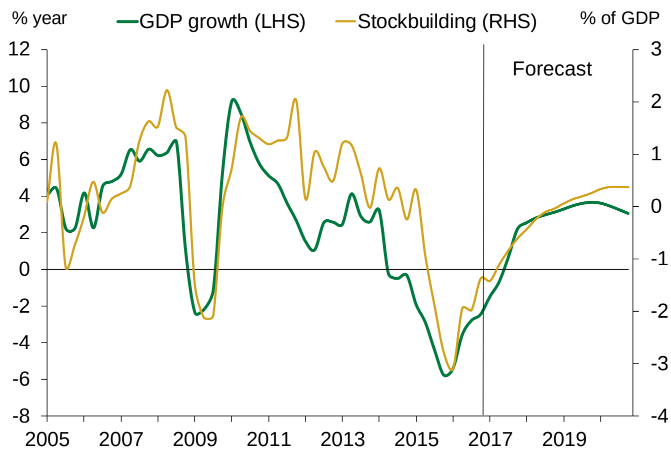
Source: Oxford Economics/CEIC

While we were of the view that the economic impact of demonetisation would be temporary, we expected it to be much more substantial, in line with trends witnessed in the 'bottom-up' indicators. It is possible that the first set of growth estimates have not captured this impact adequately and may be eventually revised lower. But for now, we have revised our 2017 and 2018 growth forecasts higher to 7.2% and 7.5% respectively. With inflation expected to move back above 5% in H2, we think the RBI will start to tighten monetary policy in the final quarter of 2017**.**

BRAZIL CONTRACTION IN 2016 WORSE THAN EXPECTED

Brazil's GDP contracted by 0.9% q/q in Q4, worse than we had expected, taking full-year 2016 growth to -3.6% (our estimate was -3.4%). This disappointing outturn, combined with a faster than anticipated fall in inflation, will likely spur the central bank to speed up the pace of rate cuts if the external environment does not sour after the US Fed rate hike in March. Brazil embarked on a deep rate cut in January and we expect cuts to continue to around 8% in 2018.

Brazil: Inventory-led recovery



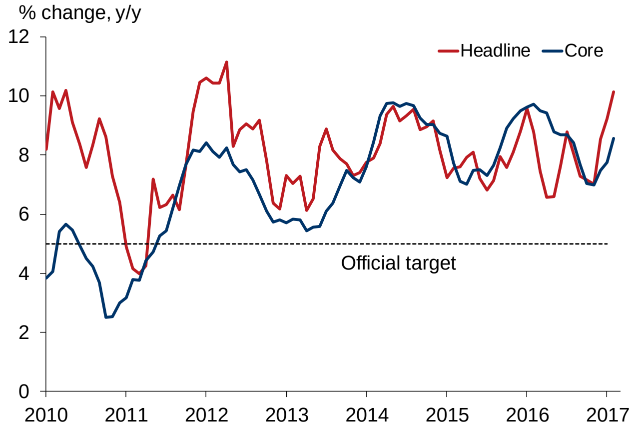
Source: IBGE, Oxford Economics

Due to a more negative statistical carry-over effect from the weak end to 2016 and more aggressive and front-loaded monetary easing, we now have a slightly different profile for GDP growth in 2017. We forecast an expansion of 0.1% in 2017, down from 0.4% previously, but with a stronger acceleration during H2 resulting from the effects of lower interest rates kicking in earlier. We have revised our 2018 forecast up to 2.8% (from 2.4%), mostly resulting from a stronger carry-over and a slightly lower real interest rate.

INFLATION AT FIVE-YEAR HIGH IN TURKEY

Annual inflation has continued to increase after reaching double-digits for the first time in five years in February, rising to 11.3% in March. This was not surprising, given that the exchange rate pass-through effect in Turkey is high and almost immediate. Inflation has increased in all categories, especially of late in food prices. Core inflation has also continued to pick up. Although the central bank has managed to shore-up the lira in the short term, we continue to expect that the lira will remain fragile over the next year or so.

Turkey: Headline and core inflation



Source : Oxford Economics/Haver Analytics

9. APPENDIX 1

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;

3mth mav – Three month moving average.

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 performance, equal to hotel room revenue / rooms available in a given period.

Central Banks

BoE – Bank of England;

MPC – Monetary Policy Committee of BoE;

BoJ – Bank of Japan;

ECB – European Central Bank;

Fed – Federal Reserve (US);

RBI – Reserve Bank of India;

OBR – Office for Budget Responsibility;

PBoC – People’s Bank of China.

Economic indicators and terms

BP – Basis Point. A unit equal to one hundredth of a percentage point;

Broad money – Key indicator of money supply and liquidity including currency holdings as well as bank deposits that can easily be converted to cash;

CPI – Consumer Price Index. Measure of price inflation for consumer goods;

FDI – Foreign Direct Investment. Investment form one country into another, usually by companies rather than governments;

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;

QE – Quantitative Easing. Expansionary monetary policy pursued by central banks involving asset purchases to reduce bond yields and increase liquidity in capital markets;

G7 – Group of seven industrialised countries comprising the United States, the United Kingdom, France, Germany, Italy, Canada, and Japan.

10. APPENDIX 2

ETC MEMBER ORGANISATIONS

Austria – Austrian National Tourist Office (ANTO)

Belgium: Flanders – Tourism Flanders
Wallonia – Wallonie-Bruxelles Tourisme (WBT)

Bulgaria – Bulgarian Ministry of Tourism

Croatia – Croatian National Tourist Board (CNTB)

Cyprus – Cyprus Tourism Organisation (CTO)

Czech Republic – CzechTourism

Denmark – VisitDenmark

Estonia – Estonian Tourist Board - Enterprise Estonia

Finland – Visit Finland – Finpro Ry

Germany – German National Tourist Board (GNTB)

Greece – Greek National Tourism Organisation (GNTO)

Hungary – Hungarian Tourism Ltd.

Iceland – Icelandic Tourist Board

Ireland – Fáilte Ireland and Tourism Ireland Ltd.

Italy – Italian Government Tourist Board

Latvia – Latvian Tourism Development Agency (TAVA)

Lithuania – Lithuanian State Department of Tourism

Luxembourg – Luxembourg for Tourism (LFT)

Malta – Malta Tourism Authority (MTA)

Monaco – Monaco Government Tourist and Convention Office

Montenegro – National Tourism Organisation of Montenegro

Norway – Innovation Norway

Poland – Polish Tourist Organisation (PTO)

Portugal – Turismo de Portugal, I.P.

Romania – Romanian Ministry of Tourism

San Marino – State Office for Tourism

Serbia – National Tourism Organisation of Serbia (NTOS)

Slovakia – Ministry of Transport and Construction of the Slovak Republic

Slovenia – Slovenian Tourist Board

Spain – Turespaña - Instituto de Turismo de España

Switzerland – Switzerland Tourism

Turkey – Ministry of Culture and Tourism