

Global Travel Service

Global Highlights & Risks, October 2021

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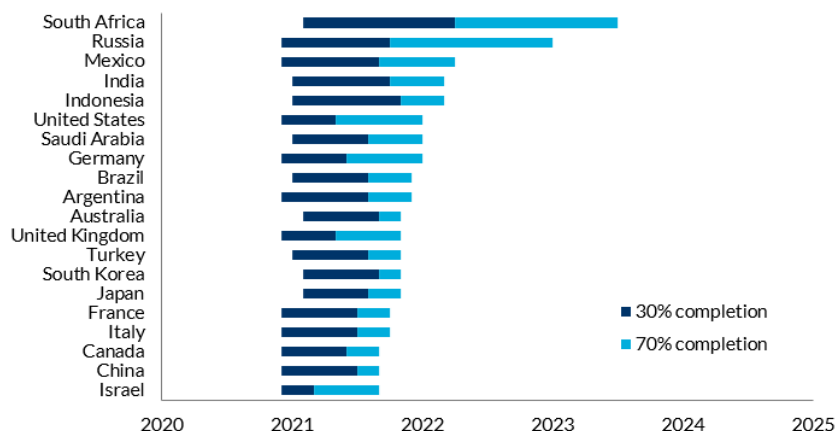
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Global Travel & Tourism Trends

- Tentative travel recovery has begun with some significant improvements in activity during the middle of the year, and notably in some Northern Hemisphere destinations during summer months. But, for 2021 on average, global travel activity remains weak, with 68% fewer international arrivals expected compared to 2019. Improving vaccine rates, a greater easing of restrictions and a rebounding traveller confidence will ensure continued improvement in the travel outlook for 2022.
- Recovery to date is clearest for domestic travel, which has increased in importance for many destinations. The domestic share of total travel reached an all-time peak in 2021, accounting for 88% of guest nights. We expect domestic travel to remain important, helping to offset some of the losses experienced by reduced international travel flows.
- Travel restrictions & policy responses to vaccines and infection rates will determine the speed of recovery and they continue to vary across the globe. Lower vaccination rates, a zero-Covid policy response across many destinations and renewed lockdowns in **Asia-Pacific** makes it the worst performing region in 2021. International arrivals are forecast to remain 90% below 2019 levels in 2021. Although there are signs of optimism with announcements of planned easing across several markets before the year-end, including Australia, Indonesia, and Thailand.
- **Europe** should remain the best performing region moving into 2022. International arrivals are estimated to be 60% lower than 2019 levels in 2021, but this includes some significant improvements in H2 with further growth set to continue into 2022 and the recovery should enjoy an earlier recovery than in many other destinations.
- The recent and long-awaited announcement by the US to lift the travel ban for vaccinated travellers in November will provide an uplift to **North America's** travel recovery, especially for transatlantic travel.

Vaccine completion timeframe at current rates, G20 countries & Israel

Time period to vaccinate 30% and 70% of population



Source: Tourism Economics, OWID

Chart updated:04/10/2021

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Global Travel & Tourism Outlook

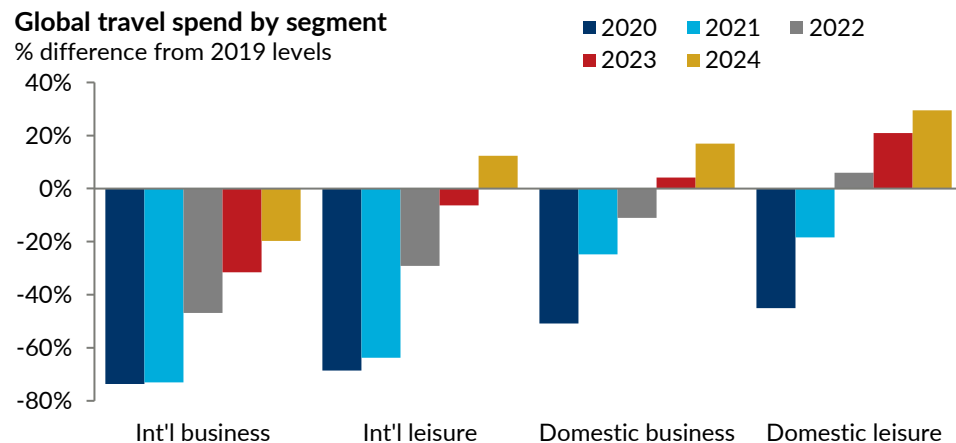
Vaccination progress has enabled the easing of restrictions and the reopening of borders in many countries, paving the way for greater normalisation and a recovery for international travel. We expect global international arrivals to be 68% below 2019 levels in 2021 and that a full recovery will be achieved by 2024.

Travel restrictions & policy responses to vaccines and infection rates will determine the speed of recovery and they continue to vary across the globe. Our baseline expectation for policy easing and travel recovery remains linked to vaccine timelines and the rate at which countries are able to fully vaccinate their populations. An uneven spread of vaccine timelines remains a major downside risk.

Europe & North America are leading in terms of vaccination progress, but Asia-Pacific and Africa are encountering much slower progress. This disparity risks jeopardising the travel recovery due to the inter-connectedness of countries. Strong vaccine progress is good news for European & North American markets, but the lower rates of vaccination in other regions will impede recovery as restrictions will be required for longer and visitor arrivals from these regions will face a slower recovery.

Across Asia-Pacific a zero Covid-19 policy has been more prevalent, necessitating strict border restrictions and the tightening of restrictions as soon as Covid-19 cases are detected. In contrast, many countries have favoured containment policies helped by high vaccination rates, this has been exemplified across Europe.

Domestic substitution has remained strong throughout 2021, accounting for 88% of total domestic guest nights worldwide – up from 70% in 2019. We expect domestic travel to surpass pre-crisis levels by 2022, though as a greater opening up occurs, and international restrictions are eased and there is a further uplift in traveller confidence assisted by improving vaccination rates, we expect the importance of domestic travel to ease from 2022 onwards but shares will remain elevated compared to pre-pandemic trends.



Source: Tourism Economics

International business spend will be slower to recover compared to leisure travel, remaining below 2019 levels until 2026. The more contagious Delta variant has caused the cancellation of several in-person events scheduled for 2021 such as the San Diego Travel and Adventure Show and VidCon US. Businesses remain anxious to attend or set-up large business events due to health and safety concerns. Business travel faces a challenging outlook, but we anticipate that domestic business travel will recover ahead of international business travel as international travel demand continues to be affected by constrained travel budgets. More events are being planned, and even with reduced attendance, they are helping to build confidence and re-instil the importance of in-person meetings and events for building connections and encouraging greater collaboration.

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Global international travel will remain 68% below 2019 levels in 2021.

Domestic travel will remain dominant but as international travel restrictions are eased, its importance will begin to dip.