

FOR INFORMATION

Agenda item 4
**Report of the Secretary-General on the
current trends of international tourism**

A/23/4
Madrid, 8 August 2019
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Executive summary

Driven by a still relatively strong global economy, a growing middle class in emerging markets, technological advances, new business models, affordable travel costs and visa facilitation, international tourism grew above its historical average in 2018.

International tourist arrivals grew 6% in 2018 to reach 1.4 billion, two years ahead of UNWTO's forecast. International tourism exports reached USD 1.7 trillion, and for the seventh year in a row, growth in tourism exports (+4%) was higher than growth in merchandise exports (+3%).

During the first months of 2019, growth returned to more historical trends. International tourist arrivals grew 4% in January-March 2019 compared to the same period last year, below the 6% average growth of the past two years.

A verbal update on the current report will be delivered at the 23rd session of the General Assembly.

Action by the General Assembly

DRAFT RESOLUTION¹

The General Assembly

Having examined the report on current trends of international tourism,

Takes note of its content and analysis.

¹ This is a draft resolution. For the final resolution adopted by the Assembly, please refer to the Resolutions document issued at the end of the session.

I. The global framework

The economic situation

1. After a period of strong growth that lasted for almost two years, the global economy showed notable signs of slowing down in the second half of 2018 and the first months of 2019. The International Monetary Fund (IMF, World Economic Outlook, April 2019) expects global GDP growth to reach 3.3% in 2019 against 3.6% in 2018. The slowdown is particularly noticeable in advanced economies (1.8% vs. 2.2%), where the euro zone lost momentum with consumer and business confidence affected by the decline in international trade conditions and the uncertainty around Brexit. The slowdown in emerging economies is expected to be minor (4.4% vs. 4.5%).
2. Both the European Central Bank and the US Federal Reserve have kept expansionary policies with low interest rates to support economic growth.
3. The continued uncertainty around Brexit and mounting trade tensions add to the downside risks coming from the economic slowdown in advanced economies, the rising oil prices and man-made and natural crises, many of which are weather related.

II. The tourism framework

Air transport and visa facilitation

4. 2018 was marked by a significant increase in air capacity and air travel demand, yet trends in early 2019 show signs of slower growth. Accounting for around 57% of all international tourist arrivals, air transport is facing the impacts of rising fuel prices, which account for 25% of airlines' costs. Airline margins are weakening and IATA expects a 5% growth in demand during 2019 as compared to 7% in 2018. Yet, consumers are expected to see a substantial increase in the value of air transport in 2019. The average return fare (before surcharges and tax) of USD 317 in 2019 is forecast to be 61% lower than in 1998, after adjusting for inflation. (IATA, June 2019)
5. Another positive factor stimulating international tourism has been visa facilitation. Recent initiatives by India, Uzbekistan, Saudi Arabia, Qatar, Argentina and Brazil, among many others, are examples of how visa facilitation can support tourism development. According to the 2018 UNWTO Visa Openness Report, the percentage of the world's population requiring a traditional visa has declined from 58% in 2016 to 53% in 2018. At the same time, the share of population able to apply for an e-visa grew from 7% to 10%.

Hospitality, distribution and investment

6. After a very strong 2018, key hotel performance indicators (occupancy, average daily rate and revenue per room) show signs of weakening in the period up to May 2019, particularly in Asia and the Pacific and in the Middle East (STR Global).
7. Distribution is facing increased consolidation with a growing concentration in the digital giants and the emergence of new players such as Google, which launched Travel Trends in 2018 allowing price comparisons.
8. Investment in tourism continues to show positive trends, despite still lagging behind. According to the Financial Times FDI Tourism Report, crossborder greenfield investment in tourism has not kept pace with the growth of international tourist numbers. FDI projects and capital investment volumes in hotels and tourism actually decreased from 2013 to 2017, according to greenfield investment monitor fDi Markets, although the main dip happened between 2013 and 2014 and a rebound started thereafter.
9. More investment is clearly needed to keep up with the steady increase of demand and to maximize the economic opportunities that the sector presents. Governments have an opportunity to make their countries' investment environments as conducive to tourism investment as possible and to actively court the necessary investment that would serve their broader tourism strategies, as well as to balance the needs of the industry with the

protection of natural assets. The UK, China and the USA led in the total number of direct investment projects in Tourism between 2013 and 2017. (FDI Tourism Investment Report, 2018)

Consumer travel trends

10. Demographic changes, including aging populations and increasing single households are leading to a growth in “solo travel” as well as extended family travel.
11. Consumer trends show a growing desire for unique experiences and a sense of “transformation”. This translates into the growth of experiences with learning elements (skills), gastronomy tourism, health and wellness, and adventure travel.
12. Experiences have become a key factor in travel. Google research shows that 48% of experiences are booked once the traveller is at the destination (the majority of which are done via mobile) opening an immense opportunity for effective destination marketing and stimulating local entrepreneurship. Mobile searches for “things to do/activities” and “near me” have seen a six-fold increase over the last two years.
13. Demand for cruises is on the rise. Passenger numbers grew by 7% in 2018 to reach 28.2 million with 30 million passengers forecasted for 2019. The United States of America, China and Germany are the main source markets. (CLIA)

Sustainability

14. Climate change, plastics and food waste have become major topics among the civil society and the media. Increased consumer awareness of such issues is a key stepping stone towards sustainability and constitutes a call for governments and companies to take action. In tourism, air travel and climate change and tourism’s impact on cities and their residents have gained increased attention.

III. International tourism in 2018 and 2019

International tourist arrivals

15. International tourist arrivals (overnight visitors) grew 6% in 2018 compared to the previous year to reach 1.4 billion, two years ahead of UNWTO’s forecast.
16. UNWTO’s long-term forecast issued in 2010 indicated the 1.4 billion mark would be reached in 2020, yet stronger economic growth, more affordable air travel, technological changes, new businesses models and greater visa facilitation around the world have accelerated growth in recent years.
17. The positive trend in international tourism continued in first quarter of 2019 with a growth of 4% in international tourist arrivals.
18. International tourist arrivals in Europe grew by 4% during the first three months of 2019 over an exceptionally strong 2018. Results were positive in all sub-regions led by Southern Mediterranean and Central/Eastern Europe (+5% each). UK bookings were slow due to the Brexit uncertainty, but many Mediterranean destinations saw British arrivals pick up. Visa facilitation led to an increase of Chinese tourists in some Central and Eastern European destinations. Countries such as Greece or Portugal saw growth above the regional average.
19. In Asia and the Pacific (+6%), growth was led by North-East Asia with an amazing +8%, followed by South Asia and South-East Asia. These results contrast with a flat performance in Oceania. Chinese outbound was up 12% during Chinese New Year and continues to stimulate demand in the region. On the other side, high-speed train development and the promotion of the Greater Bay Area continues to fuel growth toward China. The Rugby World Cup and the G20 meetings in Japan are expected to contribute to continued strength in regional flows.

20. The Americas grew 3% with the Caribbean rebounding strongly (+17%) from the impact of hurricanes Irma and Maria (at the end of 2017). There was strong growth in Central America and North America, but arrivals were down in South America partly due to weaker outbound from Argentina. A strong US outbound market (+7% spending in Q1 2019) continues to fuel arrivals growth in many destinations.
21. Data from Africa points to a 3% increase with strong results in North Africa led by Tunisia (+17%) and Morocco (+8%). Kenya recorded double-digit growth (+16%) thanks to improved security and more air connectivity and so did the Seychelles (+11%). Africa still faces important challenges in data coverage and thus UNWTO encourages countries to work in this area.
22. The Middle East (+8%) showed solid results. Saudi Arabia registered double-digit growth (+13%), due to visa facilitation and the expansion of infrastructure. Evidence points to the continued recovery of Egypt and Qatar. Qatar, among the top 10 most visa open countries in the world, continues to recover thanks to visa facilitation, investments and marketing in a number of source markets.

International tourism exports

23. Exports from tourism (international tourism receipts + passengers transport) reached a record 1.7 trillion USD (+4%) in 2018. The increase in international tourism exports have outpaced the growth of GDP worldwide in the last 2 years and showing our tourism has been a major contributor to economic growth.
24. China continues to be the leader in outbound spending (USD 277 billion) with a 5% increase in spending on travel abroad in 2018. Among the other top ten source markets in the world, the strongest growth came from the USA, France, Australia, and the Russian Federation. By contrast, growth was modest in the source markets of Germany and the Republic of Korea.

2019 global international tourism outlook

25. Overall confidence seems to be picking up as compared to previous months. Based on current trends, economic prospects and the UNWTO Confidence Index, UNWTO forecasts international arrivals to grow 3% to 4% in 2019, more in line with historical growth trends.
26. By regions, Europe is projected to see 3% to 4% more international arrivals in 2019. Arrivals in Asia and the Pacific are forecast to grow 5% to 6%, with still considerable growth potential in many emerging source markets and destinations and arrivals in the Americas are forecast to grow 2% to 3% in 2019, in line with the 3% increase in 2018.
27. The projection for Africa is of growth between 3% and 5% in 2019, after a 7% increase in 2018, as some destinations consolidate their rebound. Prospects for the Middle East point to 4% to 6% growth, following a 10% increase last year. In both cases the projections contain a larger degree of uncertainty due to higher volatility and more limited data availability.
28. Overall, 2019 is expected to see the consolidation among consumers of emerging trends such as the quest for “travel to change and to show”, “the pursuit of healthy options” such as walking, wellness and sports tourism, “multigenerational travel” as a result of demographic changes and more responsible travel.
29. Sustainability, digitalization, new business models, societal changes are expected to continue shaping the sector, so both destinations and companies need to adapt if they want to remain competitive.
30. A verbal update on the current report will be delivered at the 23rd session of the General Assembly.