



UNWTO World Tourism Barometer May 2020

Special focus on the Impact of COVID-19



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Executive Summary

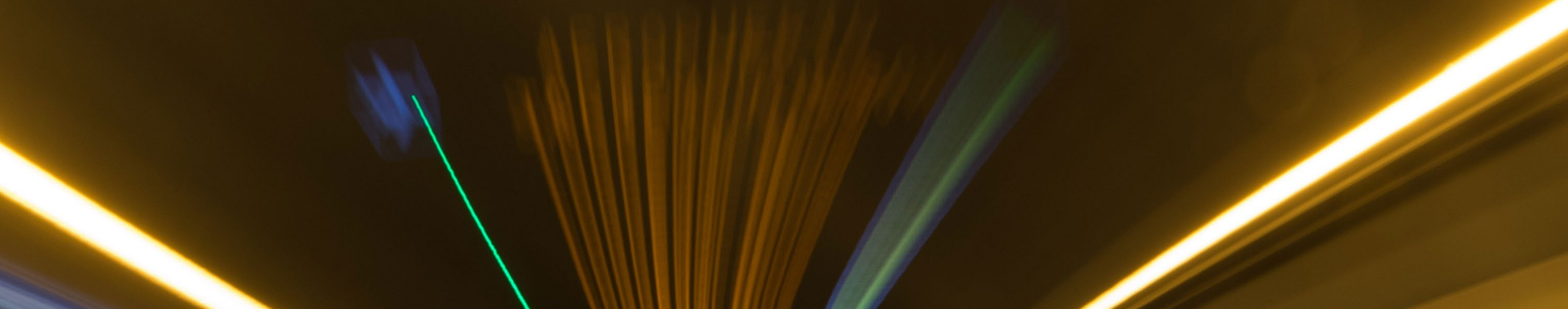
- The world is facing an **unprecedented** global health, social and economic emergency with the COVID-19 pandemic.
- Travel and **tourism is among the most affected sectors** with airplanes on the ground, hotels closed and travel restrictions put in place in virtually all countries around the world.
- In an unprecedented blow to the tourism sector, the COVID-19 pandemic has cut international tourist arrivals in the first quarter of 2020 to a fraction of what they were a year ago.
- Available data points to a **double-digit decrease of 22% in Q1 2020**, with **arrivals in March down by 57%**. This translates into a **loss of 67 million international arrivals** and about USD **80 billion in receipts**.

Executive Summary

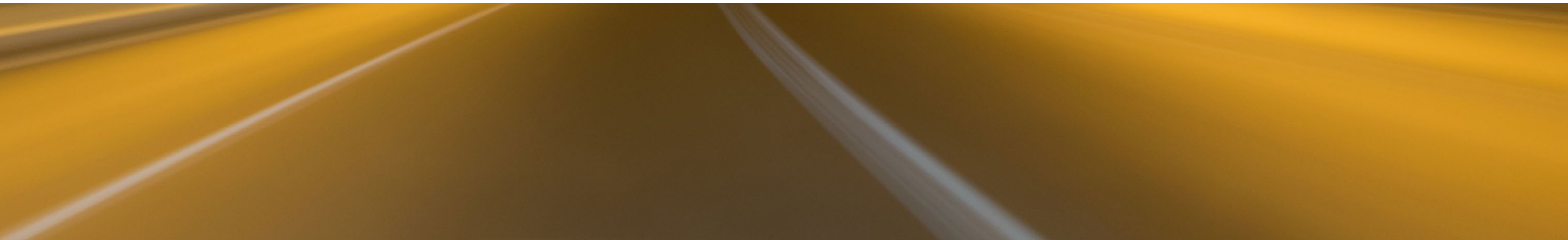
- **Prospects for the year** have been downgraded several times since the outbreak in view of the high level of **uncertainty**.
- **Current scenarios point to declines of 58% to 78%** in international tourist arrivals for the year, depending on the speed of the containment and the duration of travel restrictions and shutdown of borders, although the outlook remains highly uncertain (the **scenarios are not forecasts and should not be interpreted as such**).
- The scenarios reflect three possible patterns of monthly change in arrivals from April to December 2020 supposing that travel restrictions start to be lifted and national borders opened in early July (Scenario 1: -58%), in early September (Scenario 2: -70%) or in early December (Scenario 3: -78%).
- These scenarios would put **100 to 120 million direct tourism jobs at risk**.

Executive Summary

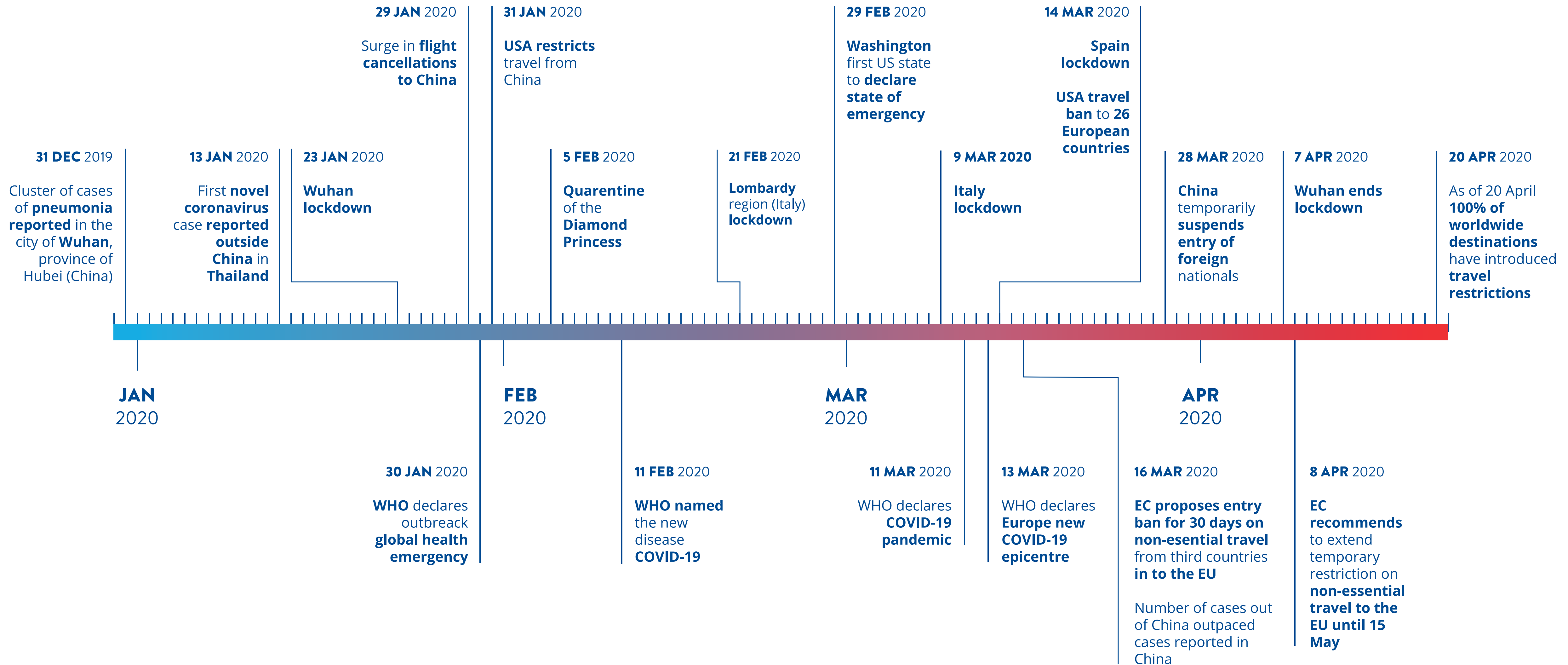
- This is by far the **worst result in the historical series of international tourism** since 1950 and would put an abrupt end to a 10-year period of sustained growth since the 2009 financial crisis.
- Sentiment expressed by the **UNWTO Panel of Experts points to a start of the recovery of international demand mostly in 2021**. According to Panel Experts from around the world, domestic demand would recover faster than international demand.
- Considerable **challenges remain** ahead, starting with the unknown duration of the pandemic and travel restrictions, in a context of global economic recession. Countries around the world are implementing a wide range of measures to mitigate the impact of the COVID-19 outbreak and to stimulate the recovery of the tourism sector.



The Context



COVID-19 timeline



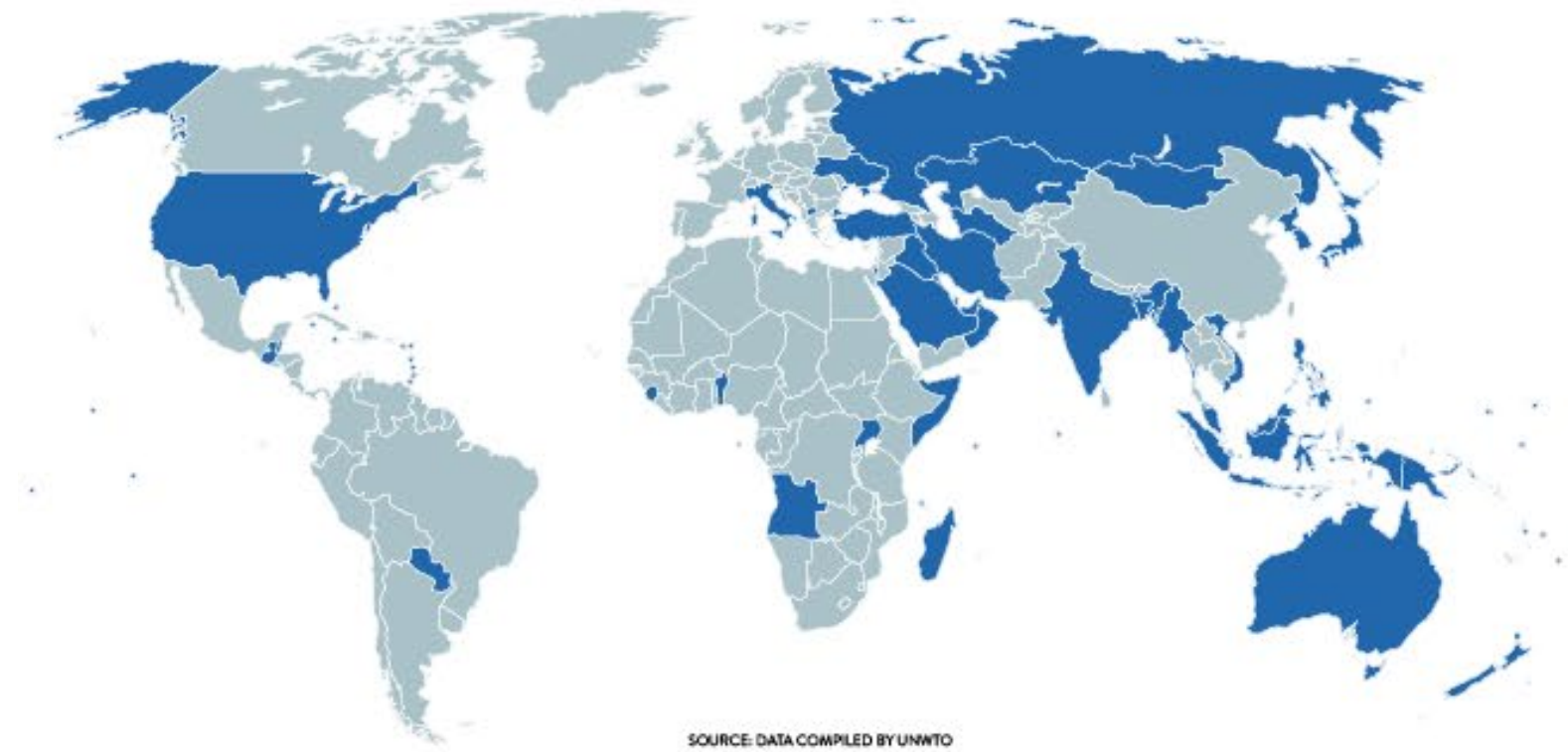
Travel Restrictions

100% of worldwide
destinations have
introduced travel
restrictions in
response to the
pandemic

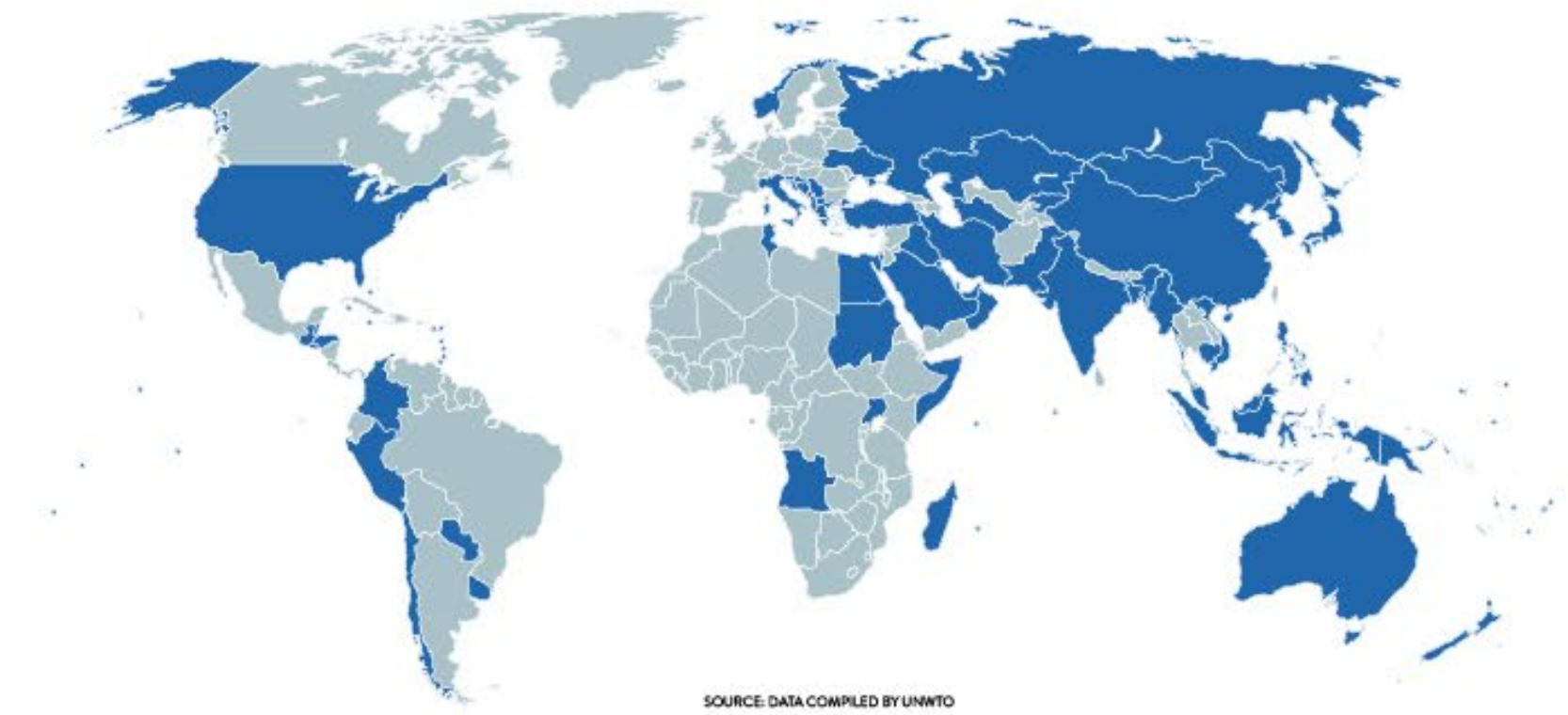
- According to **UNWTO's Report on COVID – 19 Related Travel Restrictions**, as of 20 April, 100% of all worldwide destinations have introduced travel restrictions in response to the pandemic.
- 97 destinations (45%) have totally or partially closed their borders for tourists.
- 65 destinations (30%) have suspended totally or partially international flights.
- 39 destinations (18%) are implementing the closing of borders in a more differentiated manner by banning the entry for passengers from specific countries of origin”.

EVOLUTION OF TRAVEL RESTRICTIONS

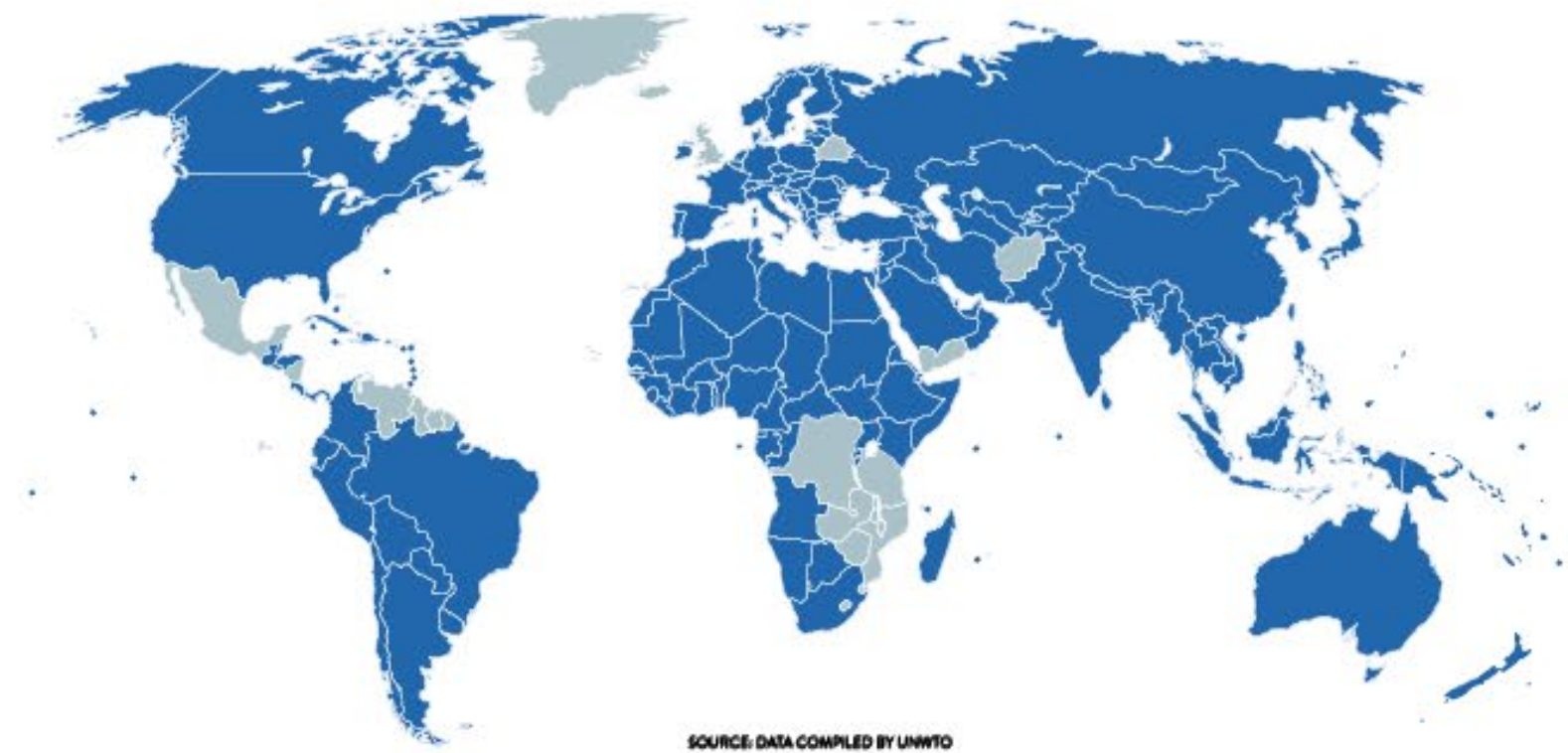
9 MARCH



13 MARCH



24 MARCH



20 APRIL





The impact of COVID-19 on international tourism

January-March 2020

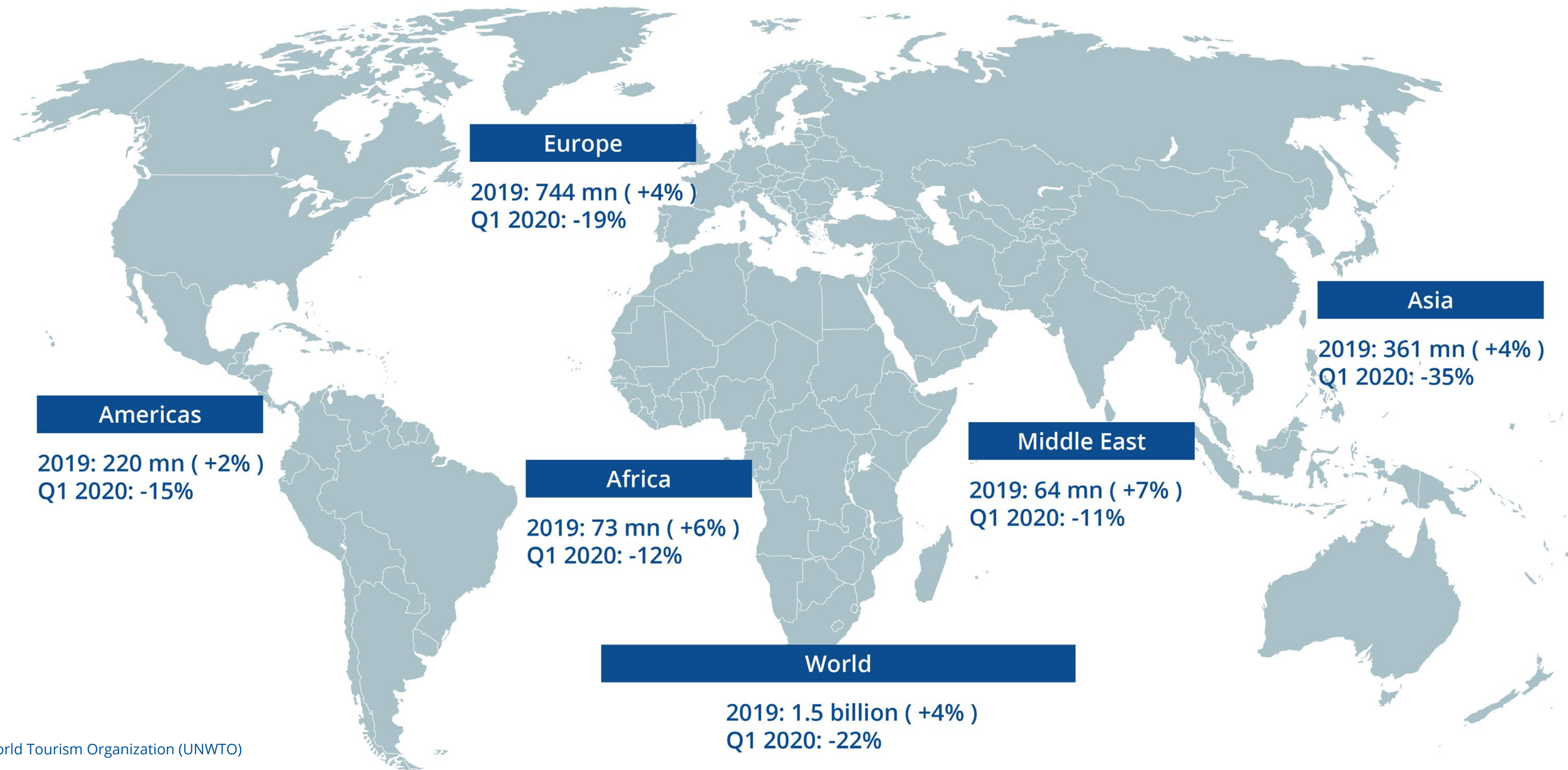


International Tourist Arrivals

January - March
2020

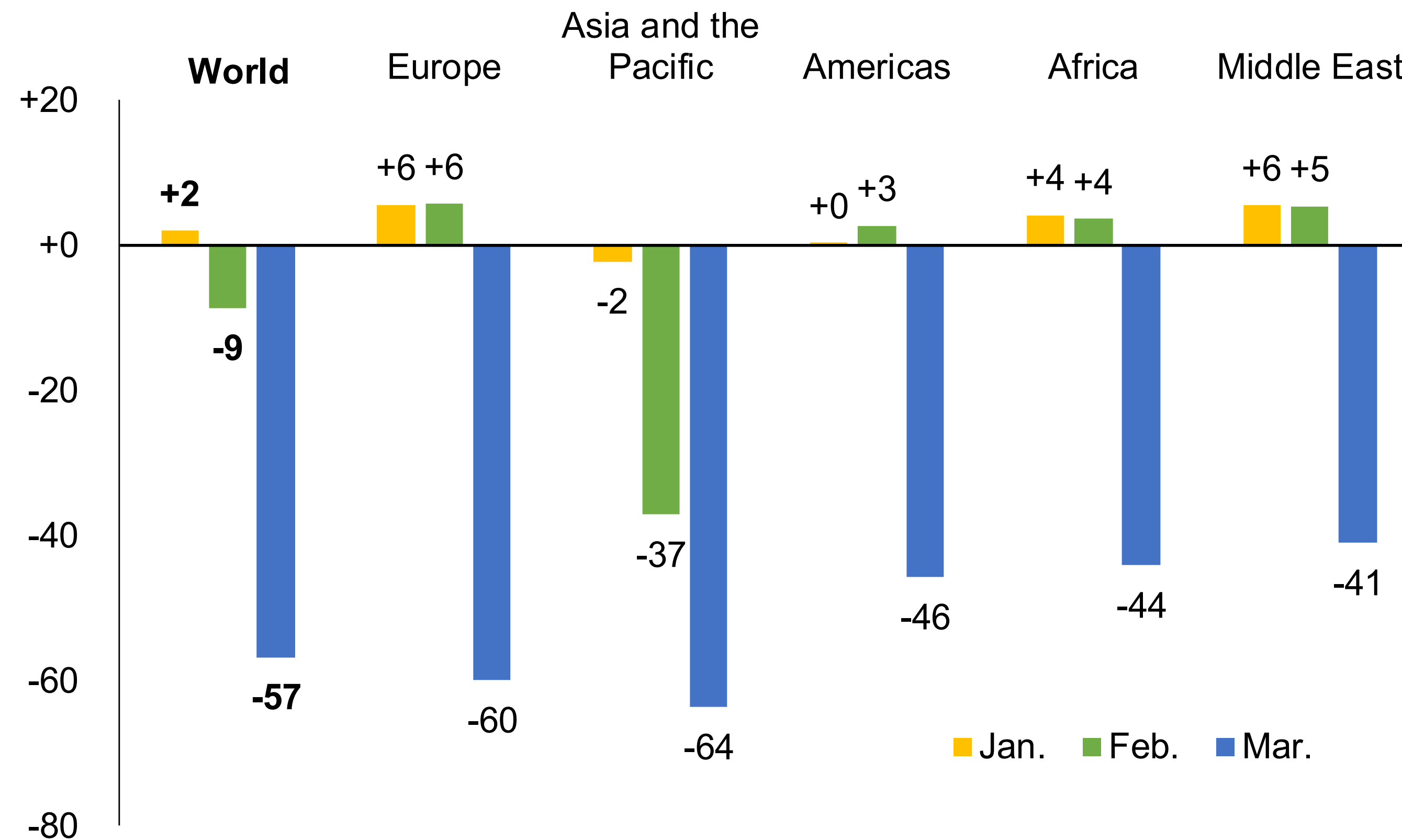
- Available data points to a double-digit **decrease of 22% in international tourist arrivals in Q1 2020**, with arrivals in the month of March down by 57% following the start of the lockdown in many countries, widespread travel restrictions and the shutdown of airports and national borders.
- This represents a **loss of 67 million international arrivals** in the first quarter of 2020 compared to the same period of last year.
- By regions, Asia and the Pacific, the first region to suffer the impact of COVID-19, saw a 35% decrease in arrivals in Q1 2020. The second-hardest hit was Europe with a 19% decline, followed by the Americas (-15%), Africa (-12%) and the Middle East (-11%).

International tourist arrivals by region in Q1 2020



International tourist arrivals fell sharply in March 2020

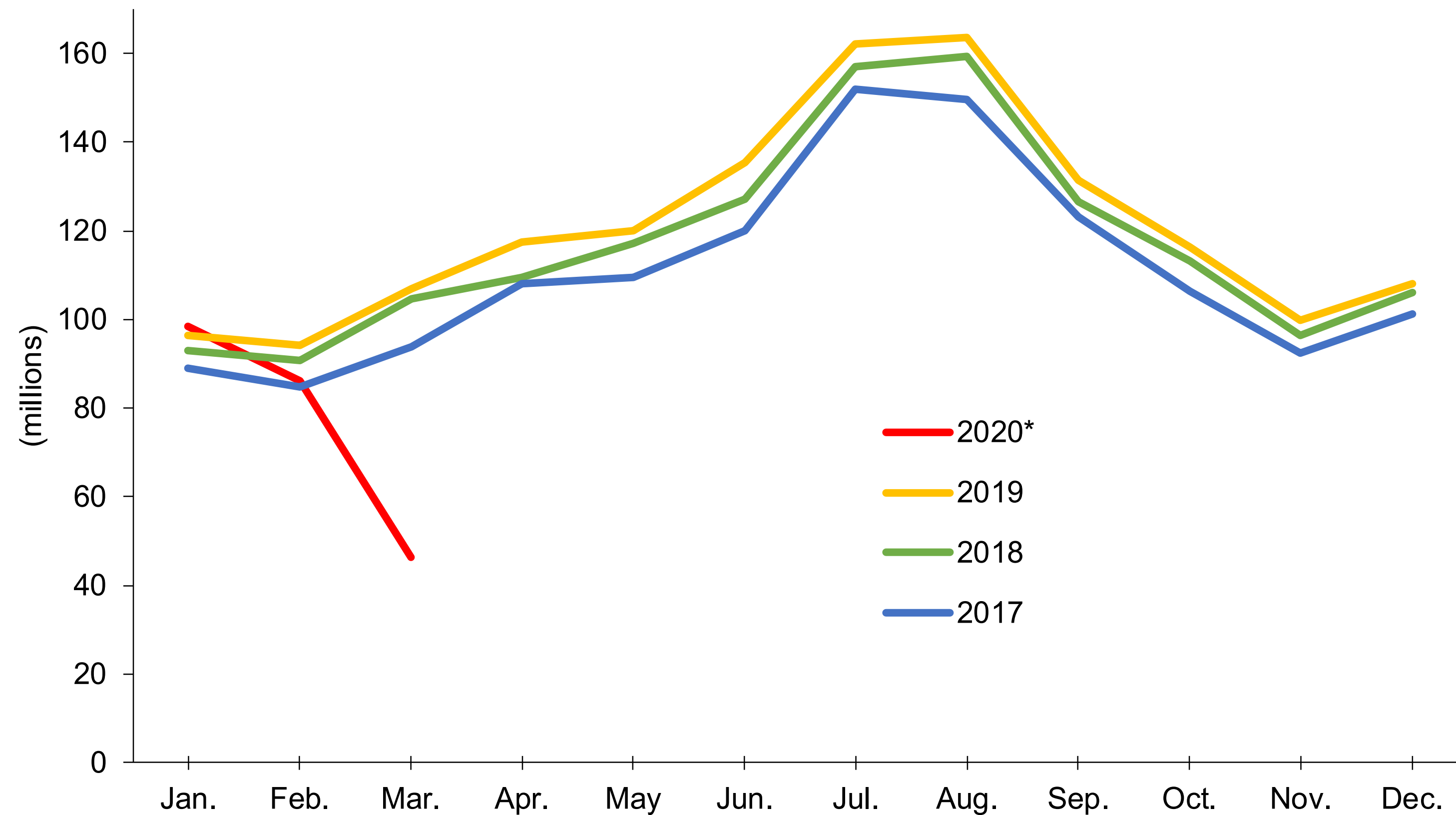
International tourist arrivals, Jan, Feb, March 2020 (% change)



Data is provisional

Sharp drop of international arrivals in March 2020

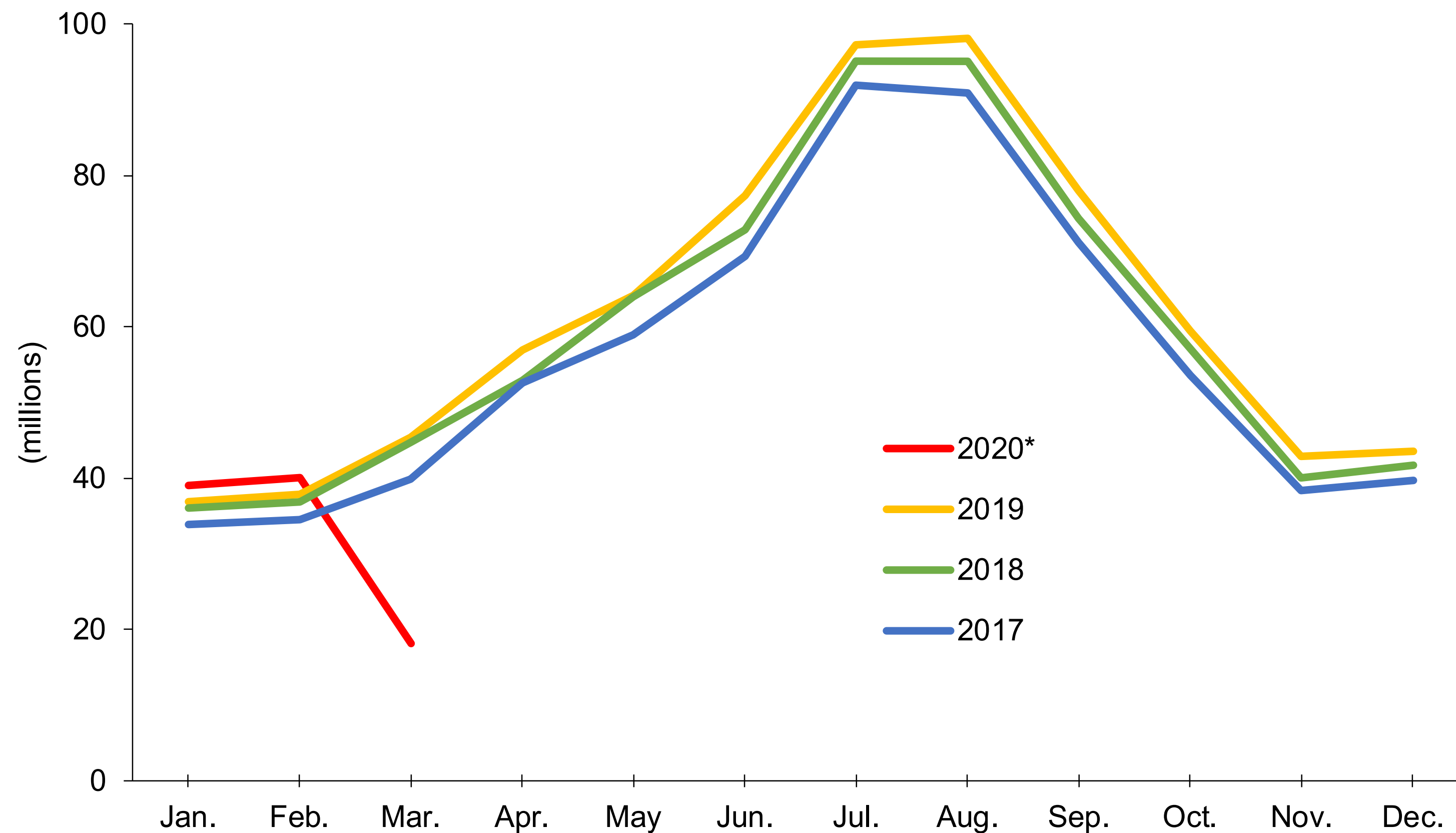
World: International tourist arrivals by months (millions)



* Data for January-March 2020 is provisional and includes estimates for countries which have not yet reported data.
Source: UNWTO

All regions suffered a strong decline in March 2020

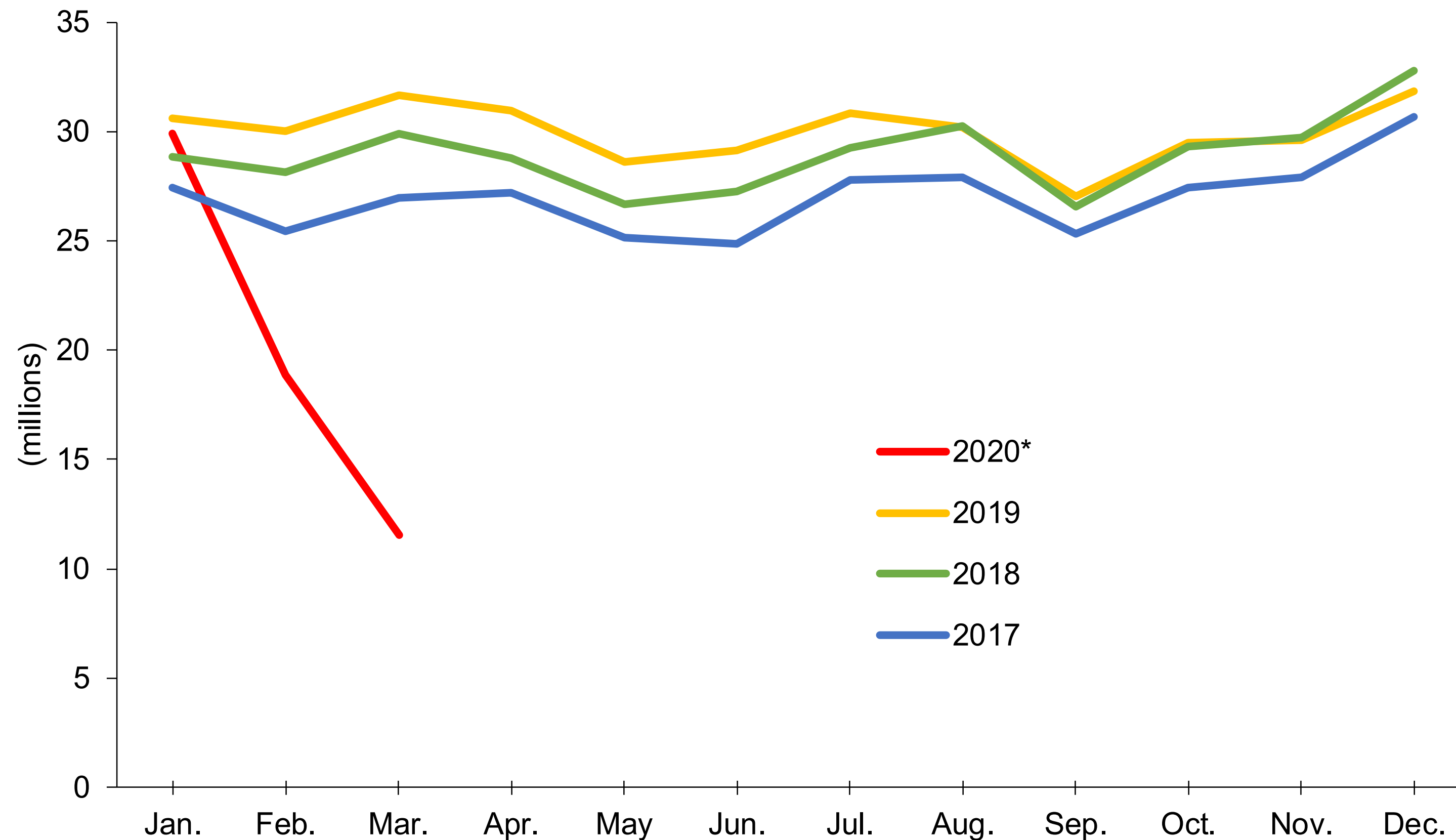
Europe: International tourist arrivals by months (millions)



* Data for January-March 2020 is provisional and includes estimates for countries which have not yet reported data.
Source: UNWTO

All regions suffered a strong decline in March 2020

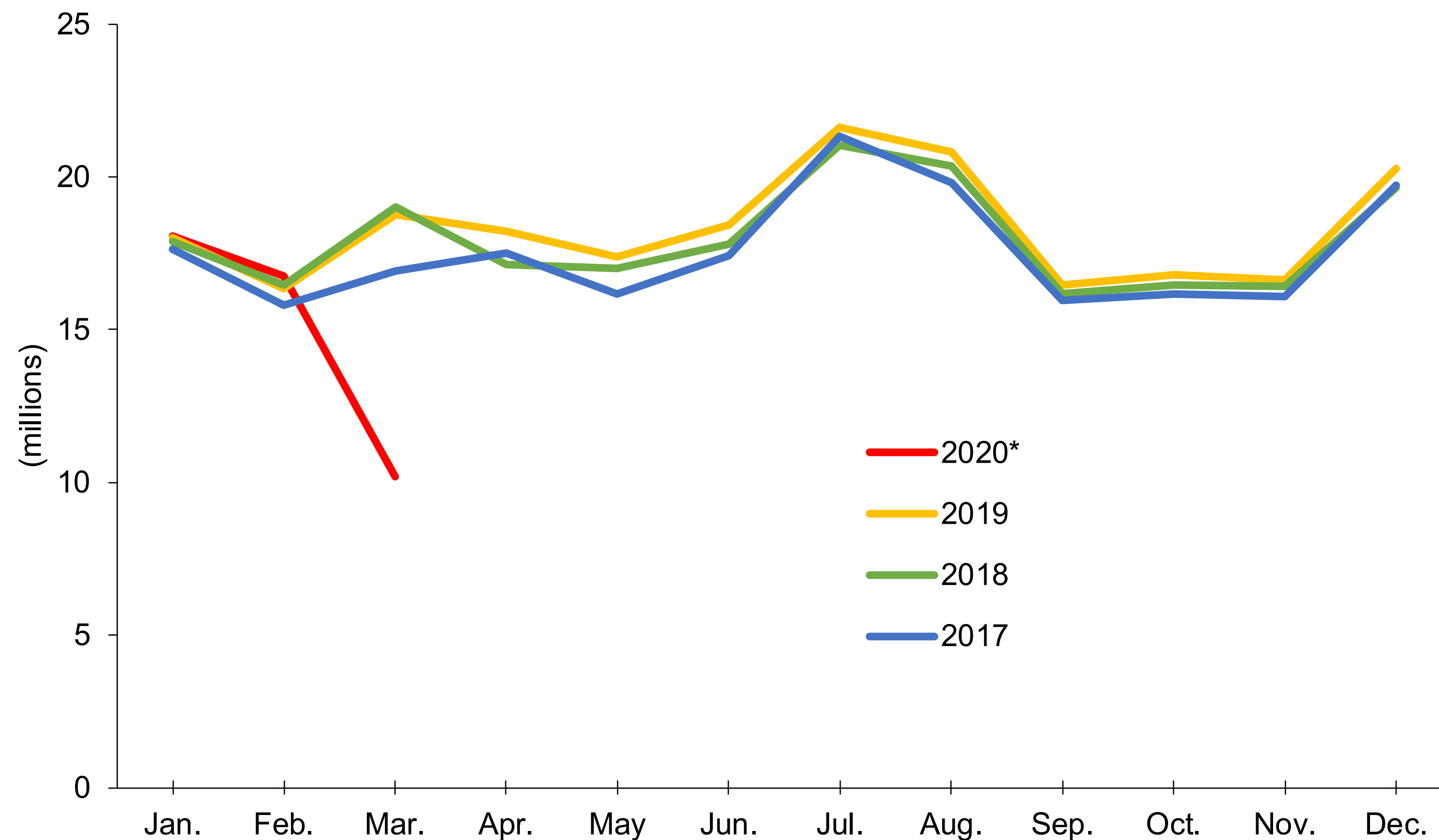
Asia and the Pacific: International tourist arrivals by months (millions)



* Data for January-March 2020 is provisional and includes estimates for countries which have not yet reported data.
Source: UNWTO

All regions suffered a strong decline in March 2020

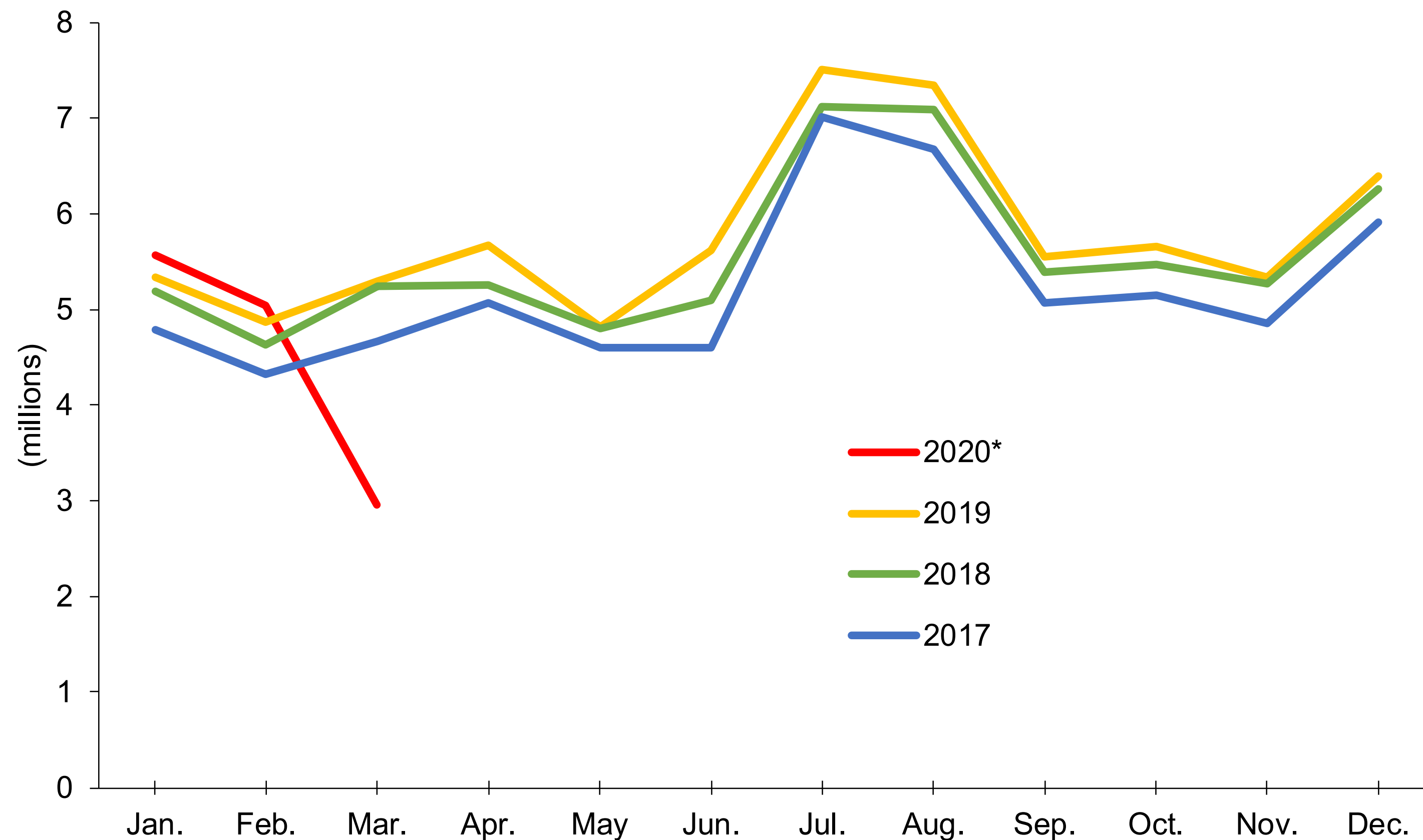
Americas: International tourist arrivals by months (millions)



* Data for January-March 2020 is provisional and includes estimates for countries which have not yet reported data.
Source: UNWTO

All regions suffered a strong decline in March 2020

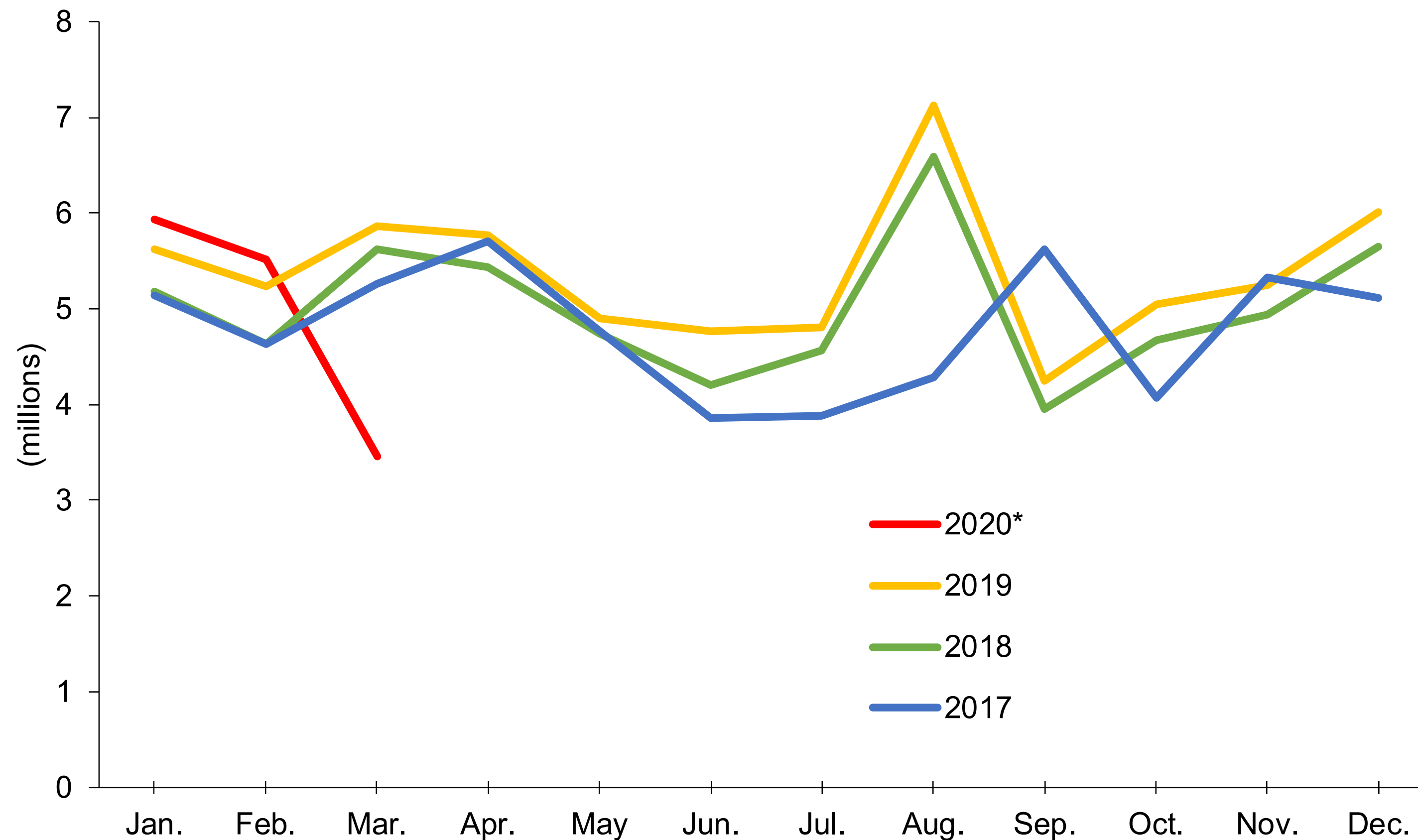
Africa: International tourist arrivals by months (millions)



* Data for January-March 2020 is provisional and includes estimates for countries which have not yet reported data.
Source: UNWTO

All regions suffered a strong decline in March 2020

Middle East: International tourist arrivals by months (millions)



* Data for January-March 2020 is provisional and includes estimates for countries which have not yet reported data.
Source: UNWTO

Air Travel

- **ICAO** data shows a sharp 38% decline in world total air capacity in March, with massive double-digit decreases across regions. The latest estimates for the full-year 2020 compared to baseline would be a reduction of 39% to 56% of seats offered by airlines if the recovery is in late May, or 49% to 72% if the restart is in Q3 or later. International passengers would decline 44% to 80% in 2020.
- **IATA** points to a decline of 22% in international passenger demand (RPKs) in January-March, with a 56% drop in March. IATA forecast total air passenger market to end 2020 at -48% in RPKs.
- **ForwardKeys** data shows a massive 80% decline in air bookings worldwide in Q1. Asia and the Pacific (-98%) suffered the biggest drop and started to decline earlier, with the introduction of travel restrictions in China. Air bookings from Europe (-76%), the Americas (-67%), Africa and the Middle East (-65%) all had severe declines in the first quarter of 2020.

Hospitality

- According to **STR**, the impact of COVID-19 on the global hotel industry in January 2020, measured in change in revenue per available room (RevPAR), was apparent in Asia (-9.6%), but not in other world regions.
- By March, the hotel industry in all world regions recorded large double-digit declines in global RevPAR, with Asia (-67.8%) and Europe (-61.7%) posting the biggest decreases.
- Global occupancies declined significantly in March with double-digit decreases in countries around the world, ranging from 20% to more than 70%.

The impact of COVID-19 on Tourism in Q1

67 million fewer international tourist arrivals

80 US\$ billion lost in exports

100% destinations with travel restrictions



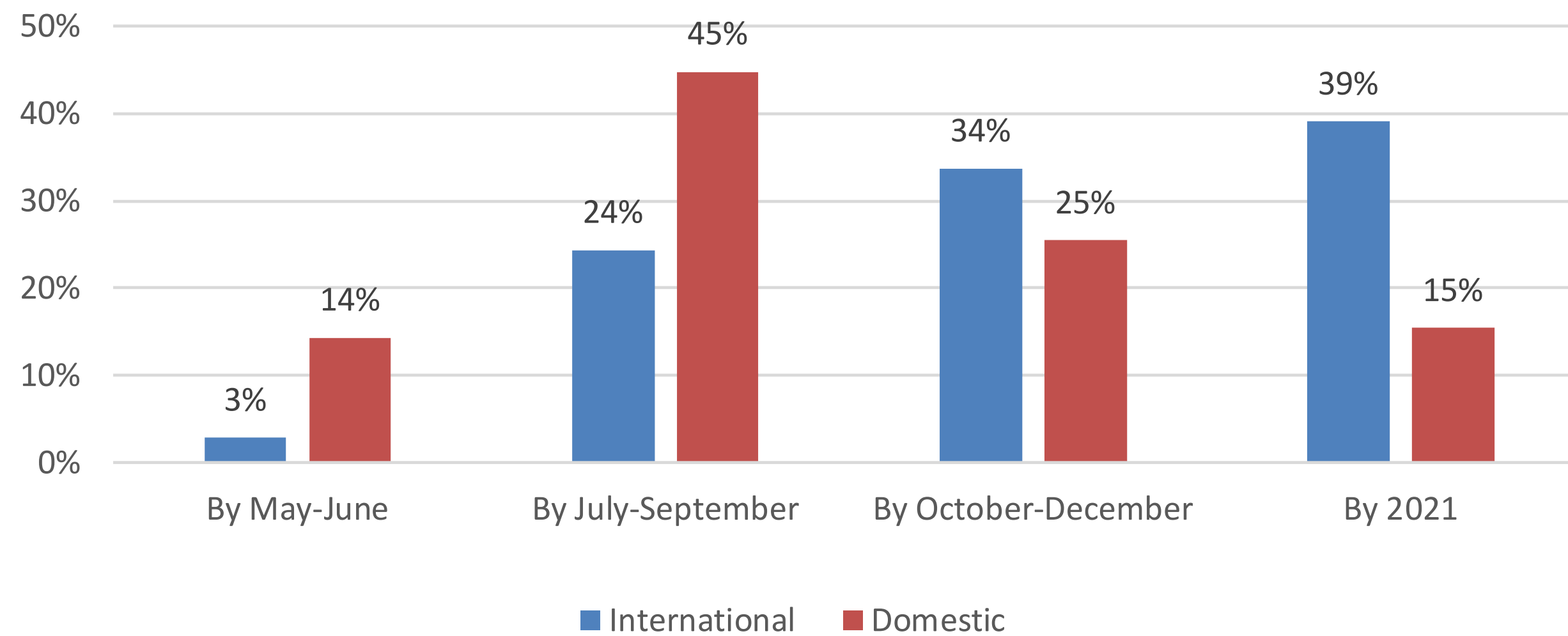
Looking Ahead



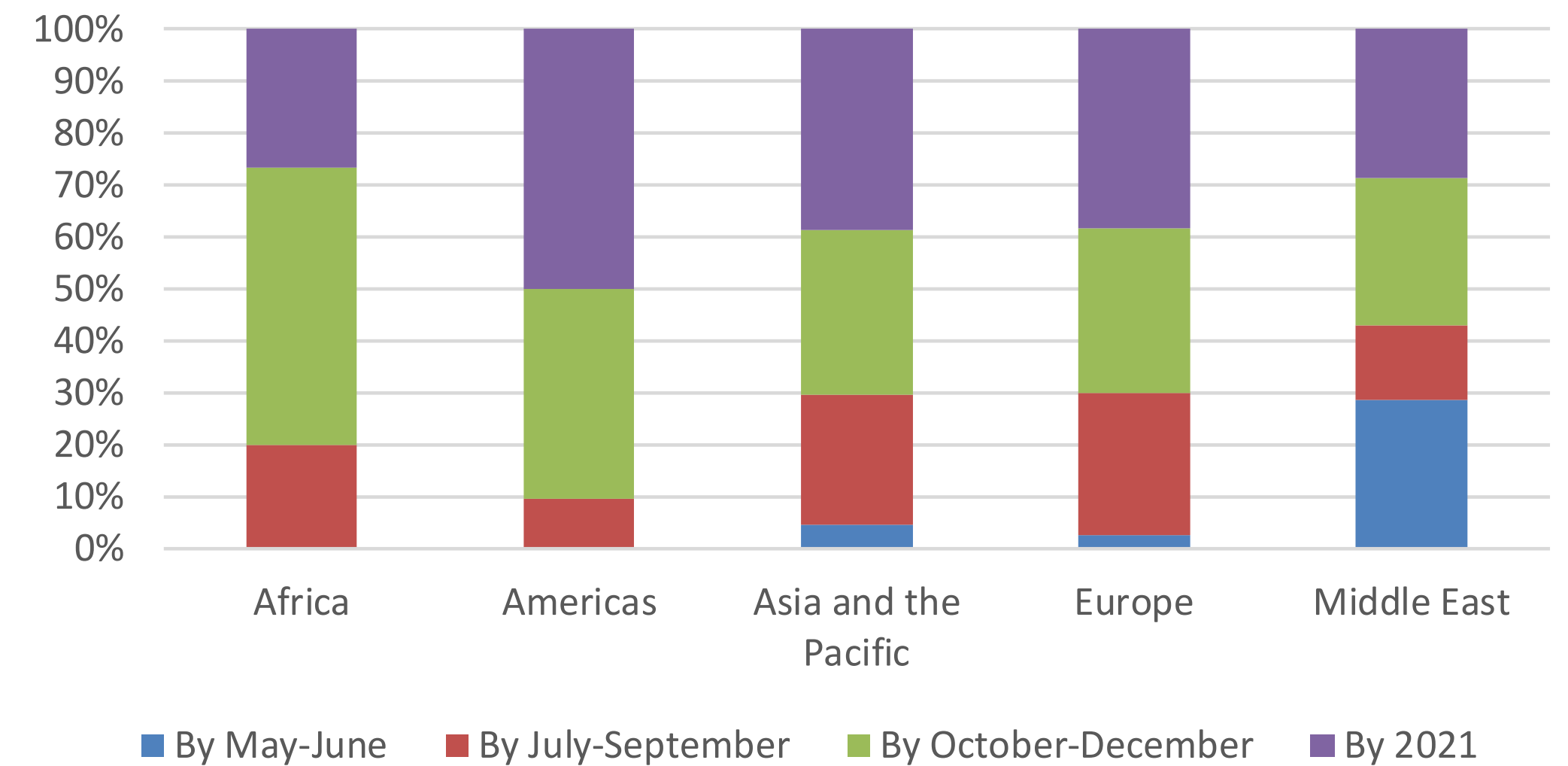
Domestic demand expected to recover faster than international demand

International demand would recover by Q4 and mainly in 2021 according to the UNWTO Panel of Experts survey responses

When do you expect tourism demand for your destination will start to recover?



When do you expect international demand for your destination will start to recover?



Scenario Assumptions

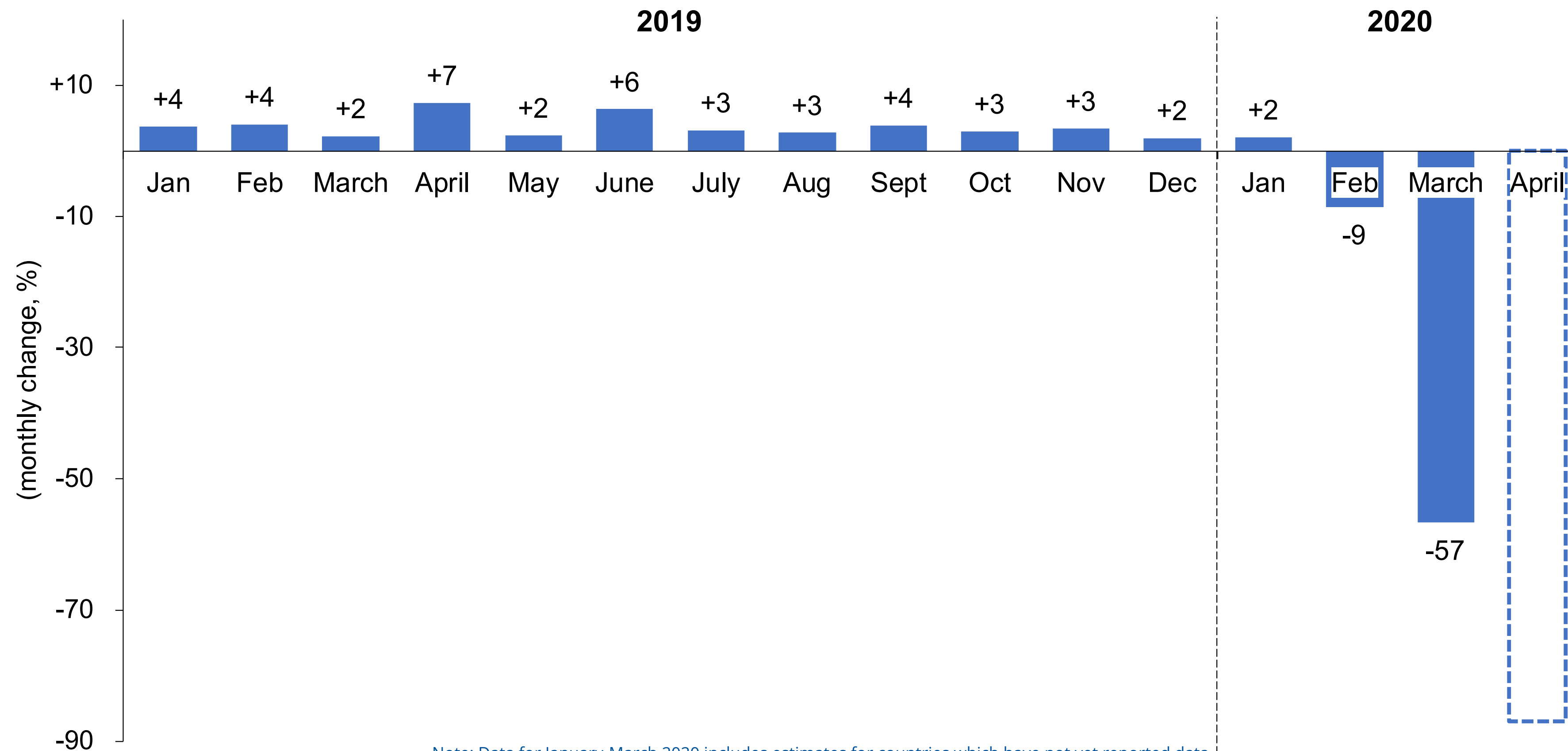
- The three scenarios of international tourism in 2020 presented are **not forecasts** and should not be interpreted as such.
- They reflect three possible patterns of monthly change in arrivals from April to December 2020 supposing that travel restrictions start to be lifted and national borders opened in early July (Scenario 1), in early September (Scenario 2) or in early December (Scenario 3). They are based on available tourism data for January-March and other information such as the shutdown of all national borders as of late April, though still in a context of high uncertainty.
- The three scenarios reflect three very gradual paces of normalization in which monthly declines in arrivals start to recede in those respective months and there is no significant or long-lasting worsening of the pandemic that affects travel conditions thereafter. All three scenarios consider declines in arrivals through December 2020, albeit to different extents.

Scenario Assumptions

- The scenarios are based on models that consider different patterns of recovery for the different world regions, where Asia and the Pacific sees a change in trend earlier, as the pandemic hit Asia before other regions and seasonality in Asia is less significant than in other regions where the bulk of demand takes place in June-September.
- The models do not specifically incorporate economic factors on the patterns of monthly change, though the economic recession resulting from the pandemic is expected to have a major impact on international tourism in the near to middle term affecting consumers' spending propensity.
- The data and assumptions of these scenarios will be adjusted as the situation evolves and more information becomes available.

Progressive decline in arrivals in Q1 2020, with 57% drop in March

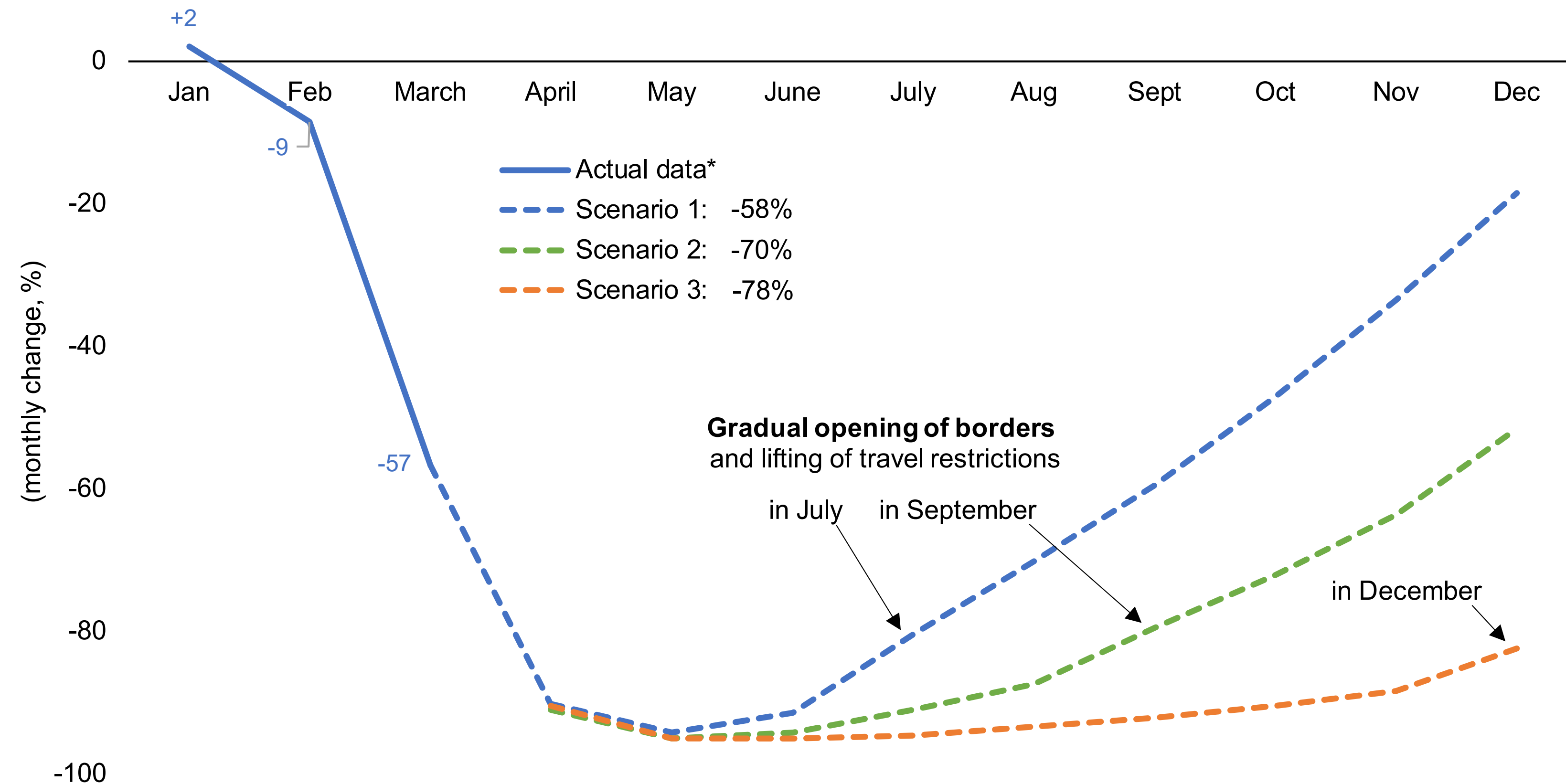
International tourist arrivals (YoY monthly change, %)



Note: Data for January-March 2020 includes estimates for countries which have not yet reported data.
Source: UNWTO

Forward-looking scenarios depend on re-opening of borders

International tourist arrivals in 2020: three scenarios (YoY monthly change, %)



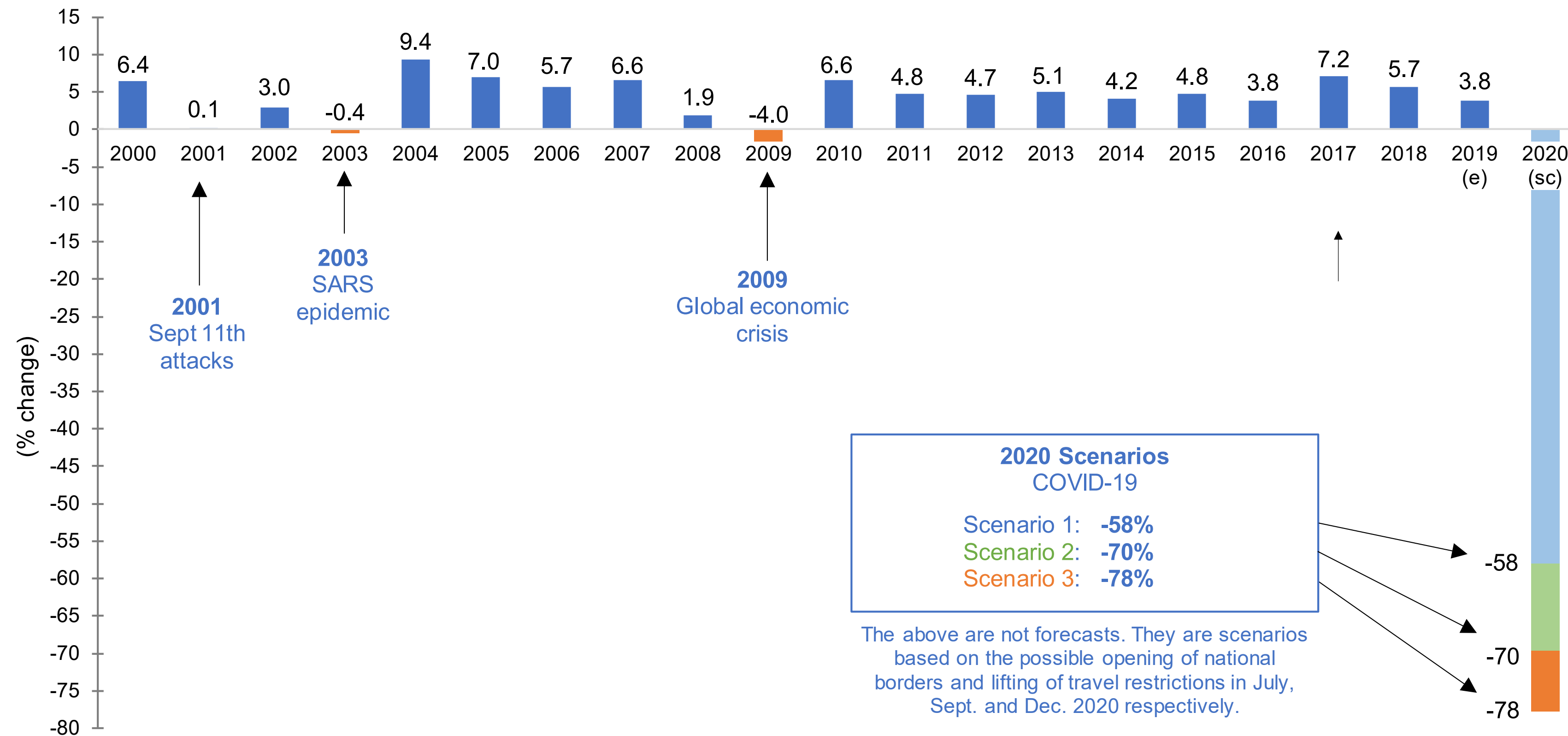
* Actual data through March includes estimates for countries which have not yet reported data.

Source: UNWTO

Note: the scenarios presented in this graph are not forecasts. They represent alternative monthly change in arrivals based on the gradual opening of national borders and lifting of travel restrictions on different dates, still subject to high uncertainty.

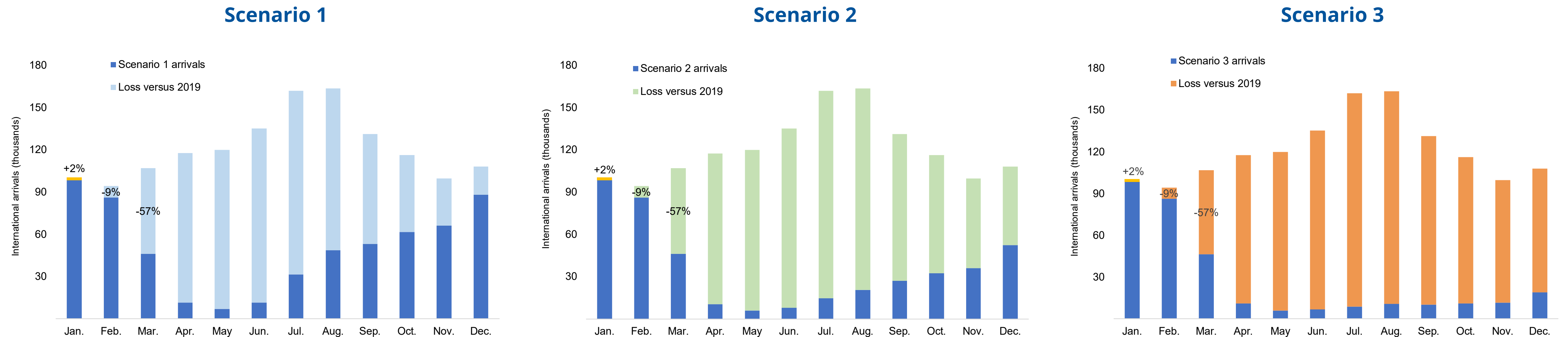
Arrivals could drop 58% to 78% depending on pace of normalization

International tourist arrivals, 2000-2019 and scenarios for 2020 (% change)



Crisis could severely impact summer season (northern hemisphere)

International tourist arrivals by months, 2020: three scenarios (millions)

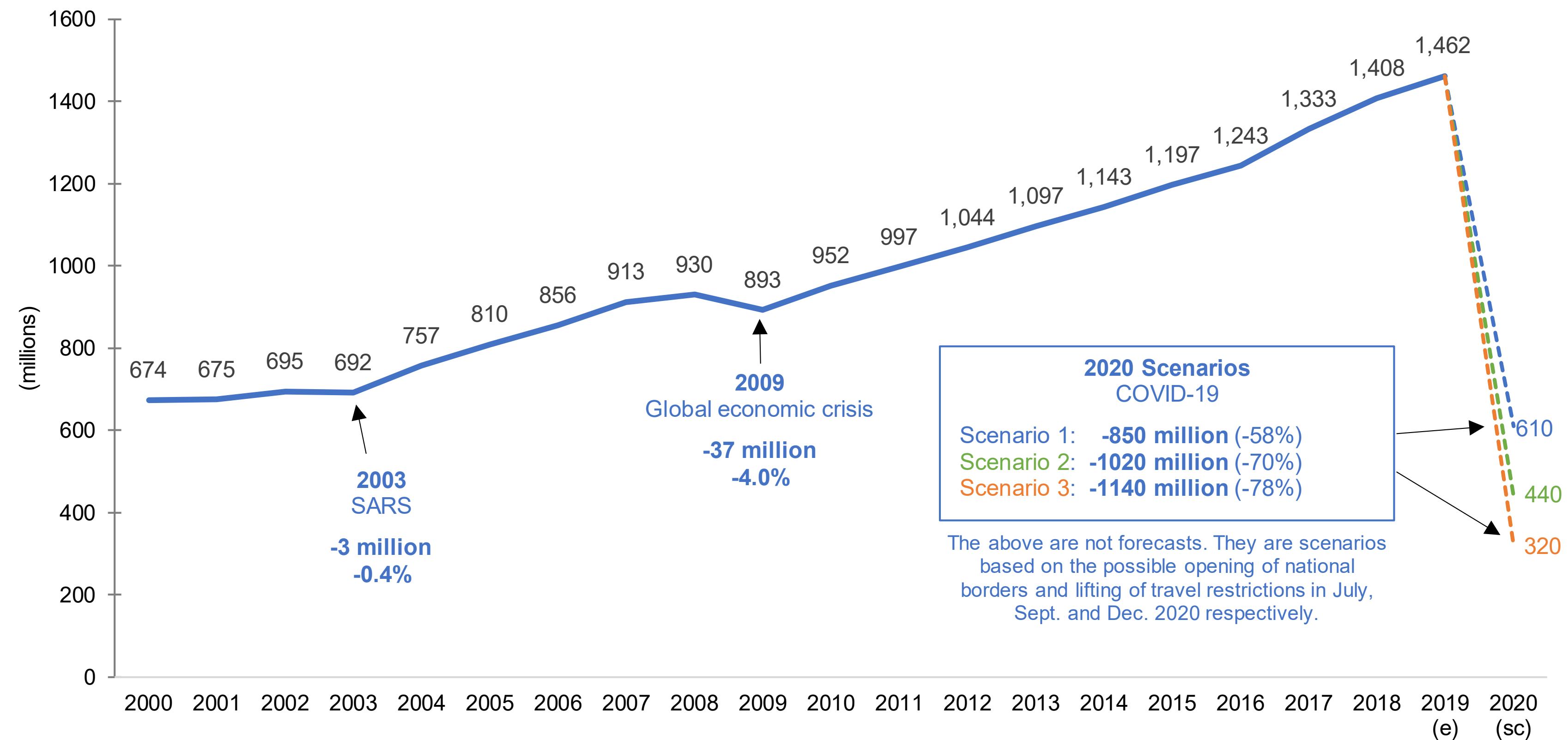


Note: the data for 2020 presented in these graphs are not forecasts. They represent three scenarios based on the gradual opening of national borders and lifting of travel restrictions in July, September and December 2020 respectively, in a context of still high uncertainty.

Source: World Tourism Organization (UNWTO)

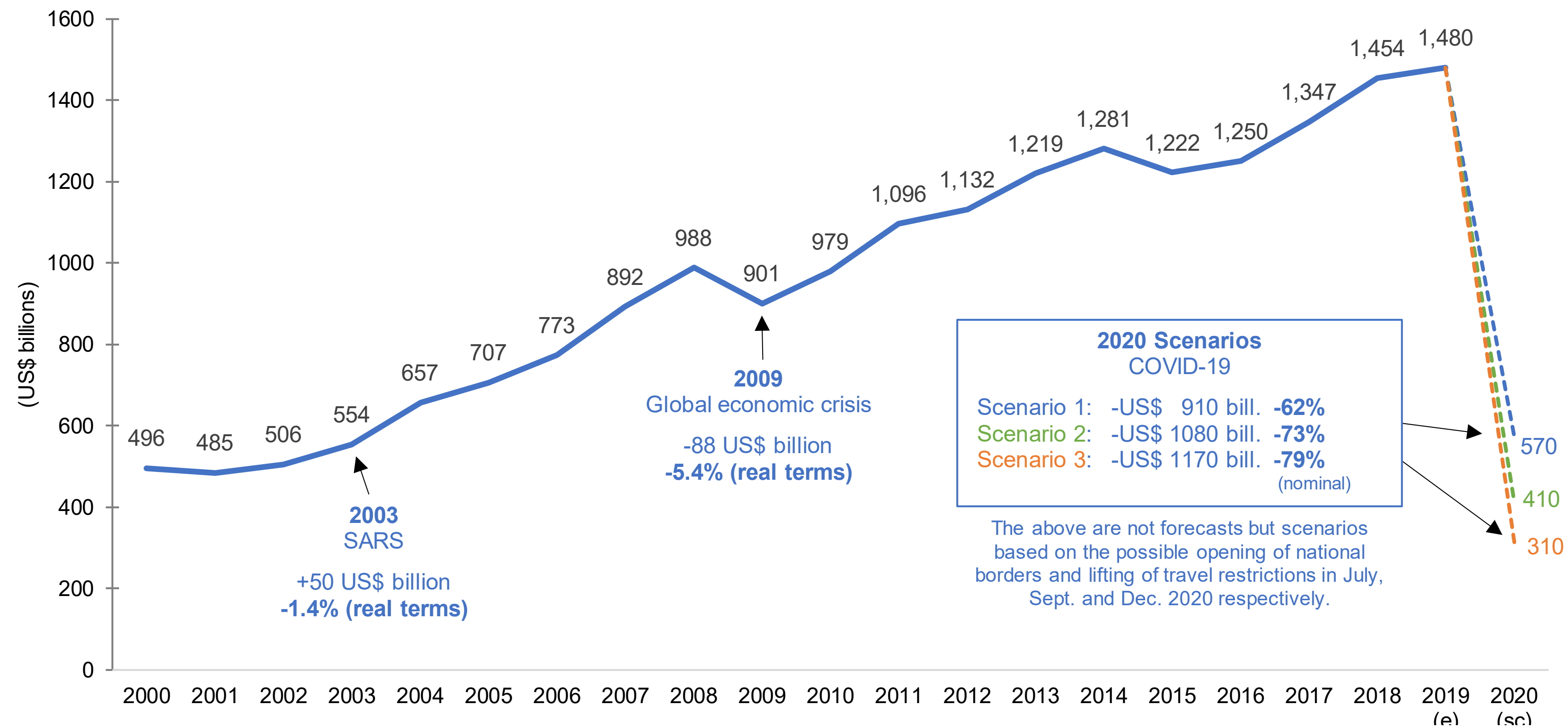
Largest blow to tourism ever could slash 1 billion arrivals

International tourist arrivals, 2000-2019 and scenarios for 2020 (millions)



International tourism receipts could plunge by US\$ 1 trillion

International tourism receipts, 2000-2019 and scenarios for 2020 (U\$ billion)



Summary of Potential Impacts in 2020

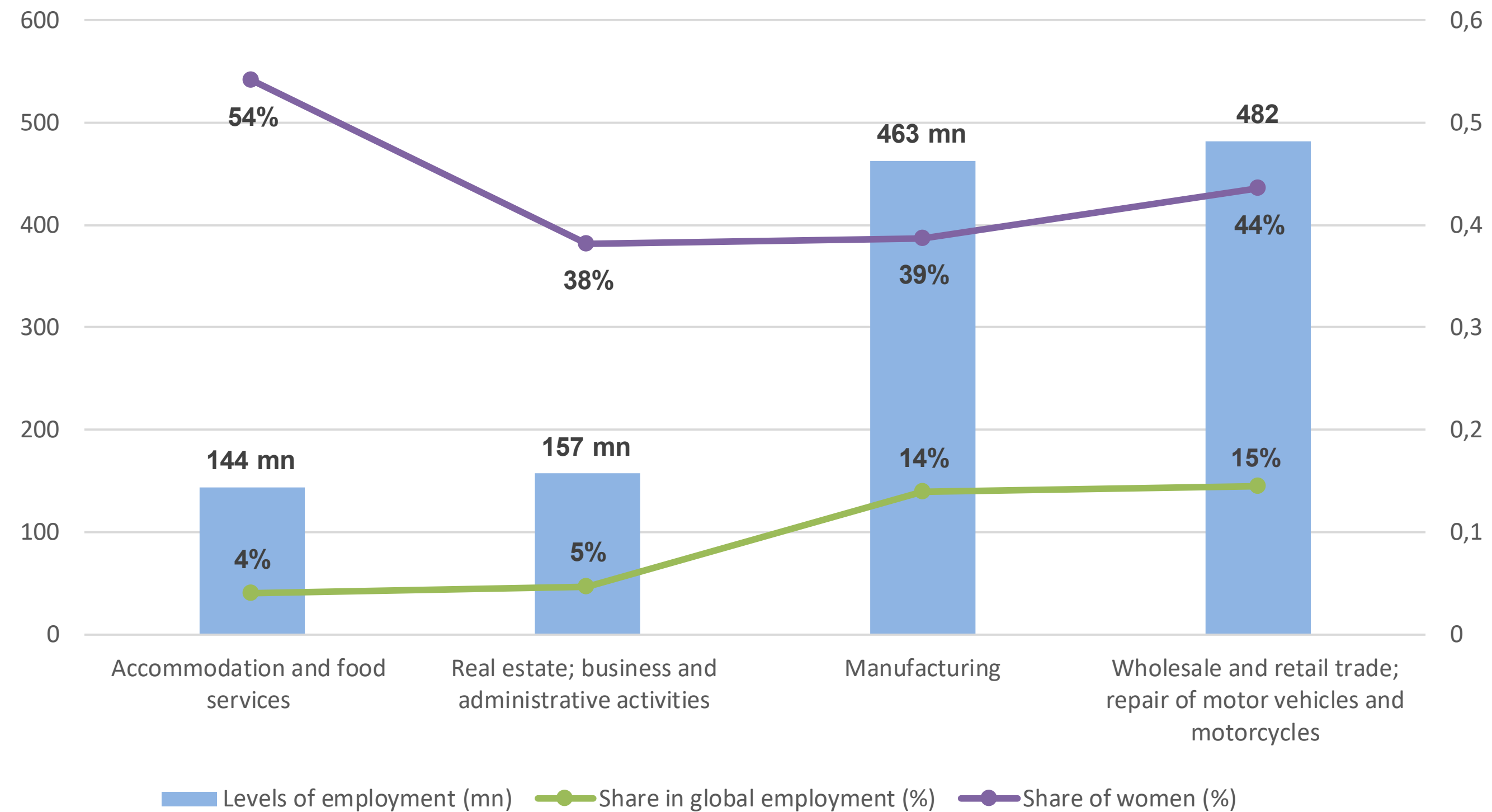
850 million to 1.1 billion fewer international tourist arrivals

US\$ 910 billion to US\$ 1.2 trillion loss in
export revenues from tourism

100 to 120 million direct tourism **jobs at risk**

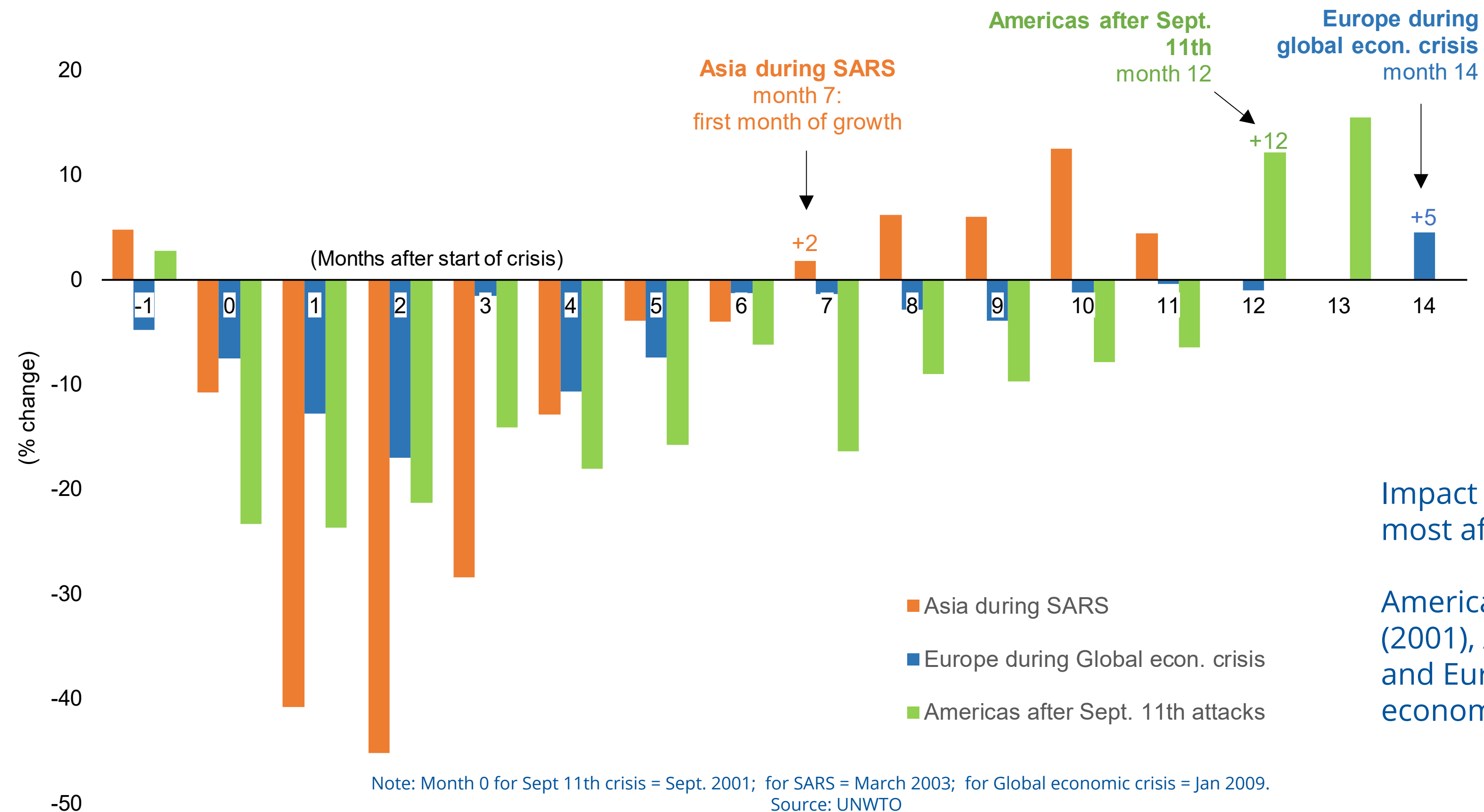
Employment in accommodation and food services is at high risk, more than half workers are women

Workers in sector most at risk



Europe was the slowest to return to growth after a crisis (14 months after econ. crisis)

Monthly change in international tourist arrivals (%)

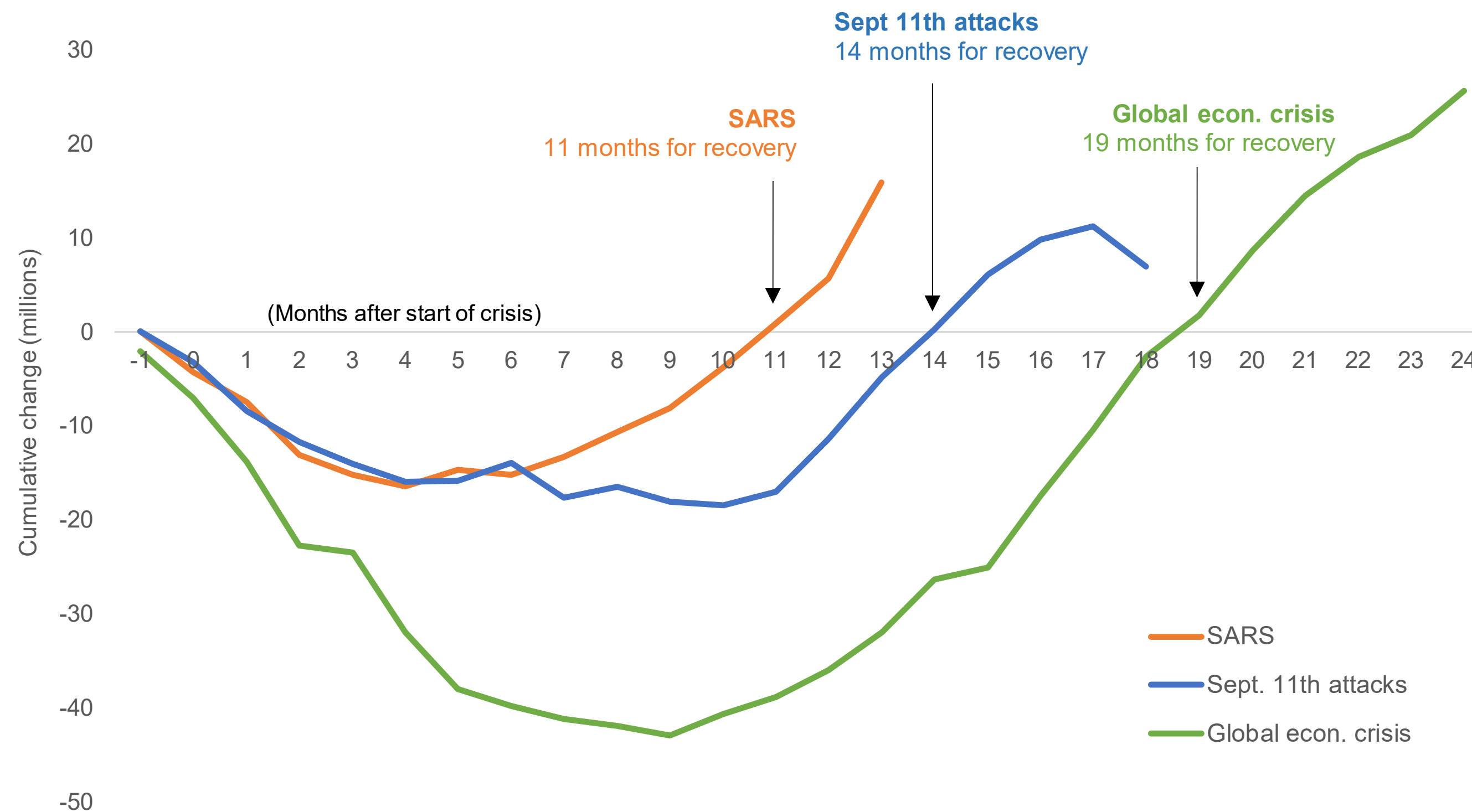


Impact of three previous crises on most affected regions:

Americas after Sept. 11th attacks (2001), Asia during SARS (2003) and Europe during the global economic crisis (2009)

The recovery of lost arrivals was the fastest after SARS (11 months)

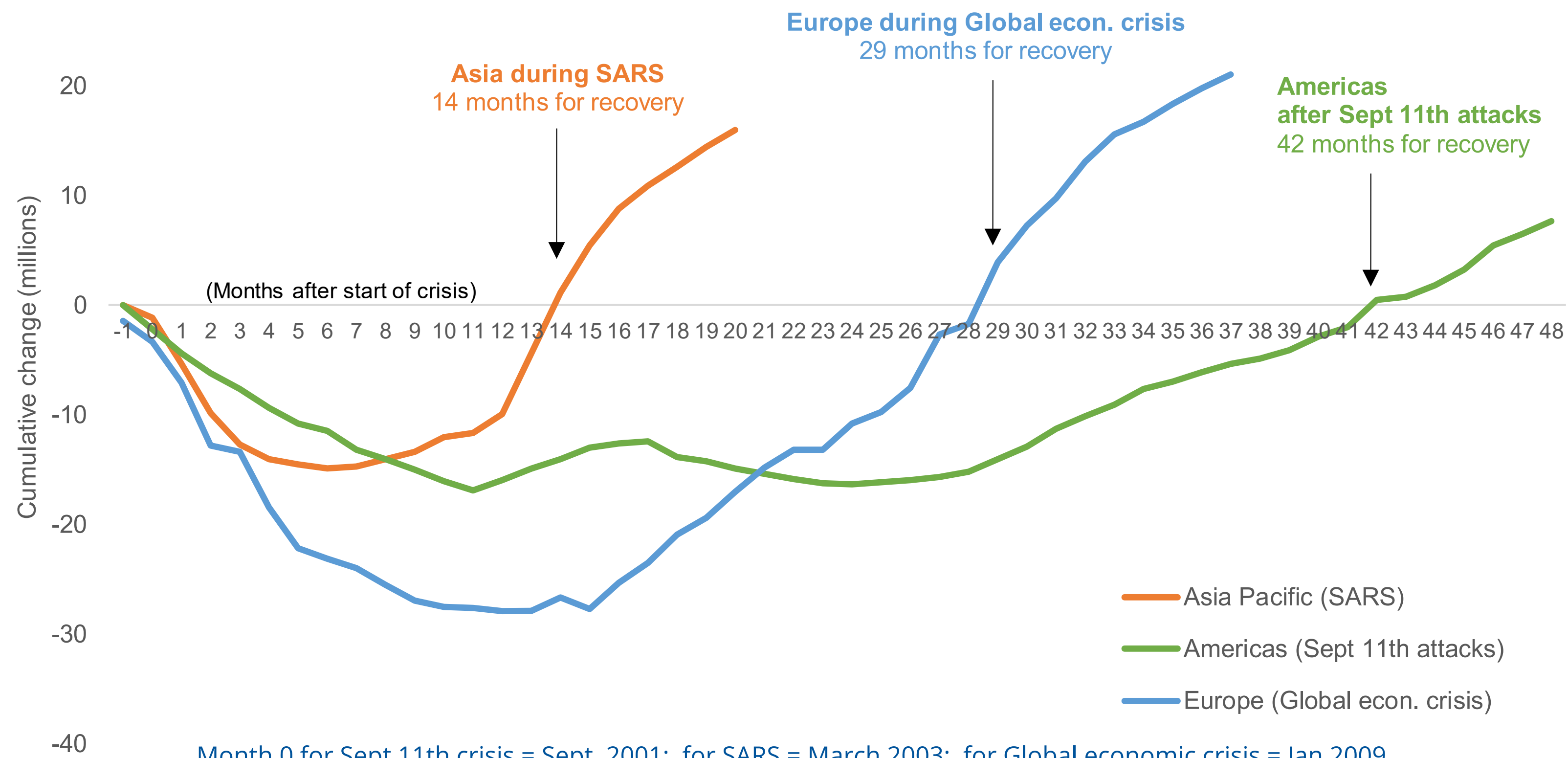
Impact of three previous crises on world arrivals
World - Cumulative change in international arrivals (million), by months



Month 0 for Sept 11th crisis = Sept. 2001; for SARS = March 2003; for Global economic crisis = Jan 2009.

The Americas was the slowest to recover its lost arrivals after a crisis (42 months after the Sept. 11th attacks)

Impact of three previous crises on most affected regions:
Cumulative change in international arrivals (million), by months



Month 0 for Sept 11th crisis = Sept. 2001; for SARS = March 2003; for Global economic crisis = Jan 2009.

Summary of previous crises

Crisis Year:	Sept 11th attacks 2001	SARS 2003	Global econ. Crisis 2009
World arrivals (% change)	+0.1%	-0.4%	-4.0%
month 0 (zero)	Sept. 2001	March 2003	Jan. 2009
N. of months for return to growth	5	5	10
N. of months for return to previous volumes	14	11	19
World receipts (real change, %)	-2.0%	-1.7%	-5.4%
Most impacted region ¹	Americas	Asia Pacific	Europe
Region's arrivals (% change)	-5.9%	-9.4%	-5.3%
N. of months for return to growth	12	7	14
N. of months for return to previous volumes	42	14	29
Region's receipts (real change, %)	-11.1%	-8.1%	-6.7%

Note: Arrivals refers to international tourist arrivals. Receipts are international tourism receipts (visitor expenditure in destinations).

¹ Most impacted region in terms of international tourist arrivals that year. In 2009, Europe was the most impacted region in terms of arrivals, but Americas suffered the largest drop in receipts: -8% (real terms).

Source: UNWTO

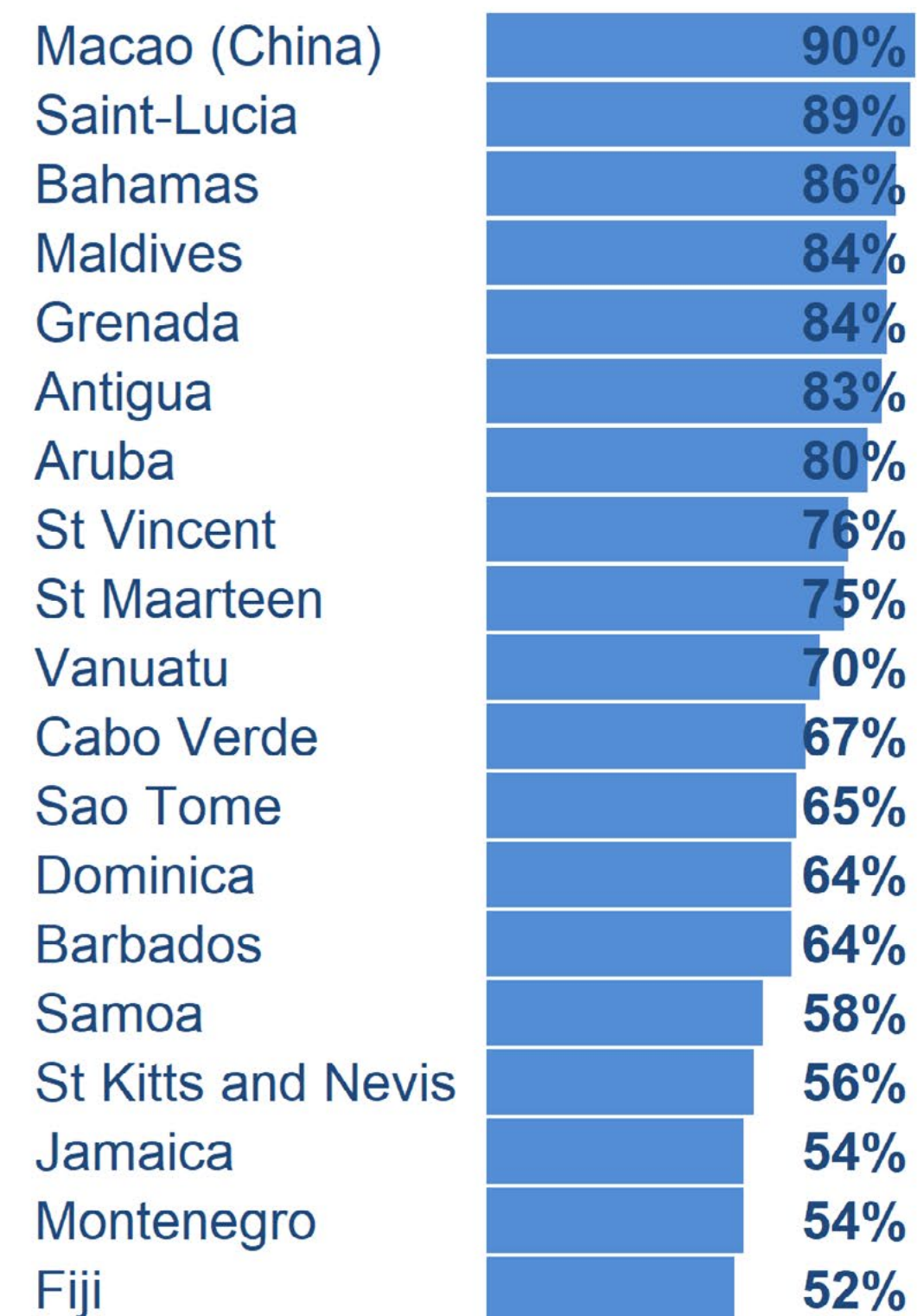
Most Vulnerable Destinations

- Tourism is a key economic sector and an important source of export revenues in many advanced and emerging economies.
- Destinations which have a high share of tourism as a source of export revenues, economic income, job creation and investments, are particularly vulnerable to the impact of the COVID-19 pandemic.
- This is the case of many Small Island Developing States (SIDS), where the share of exports from international tourism in total exports of goods and services can be as high as 90%.
- Most affected countries by COVID-19 account for 54% of all tourism spending (as of 2 May). This potential loss of this income represents a considerable challenge in many destinations relying on it.

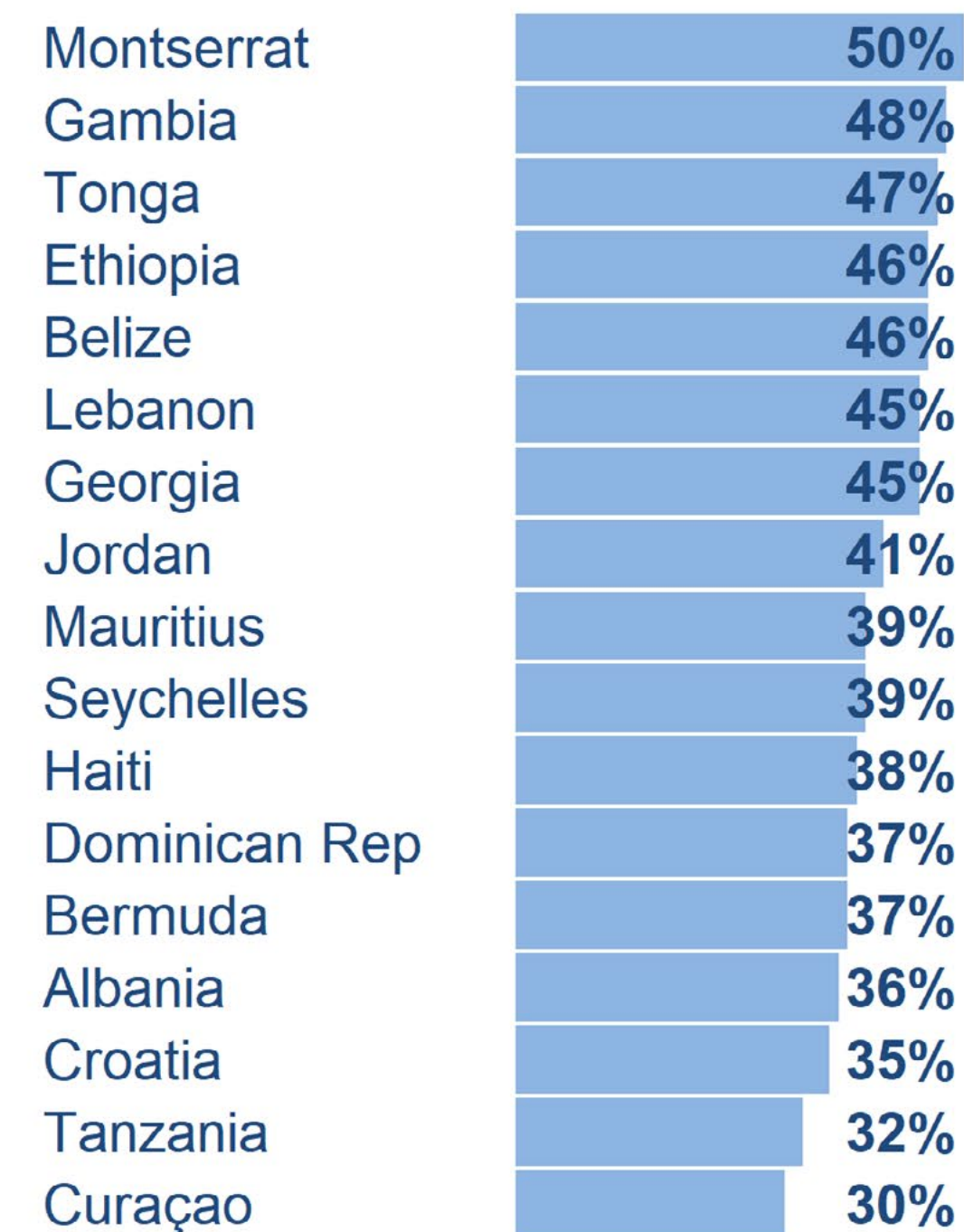
Small Island Developing States are highly vulnerable

Share of international tourism revenues as of total exports (%)

Between 50% and 90%

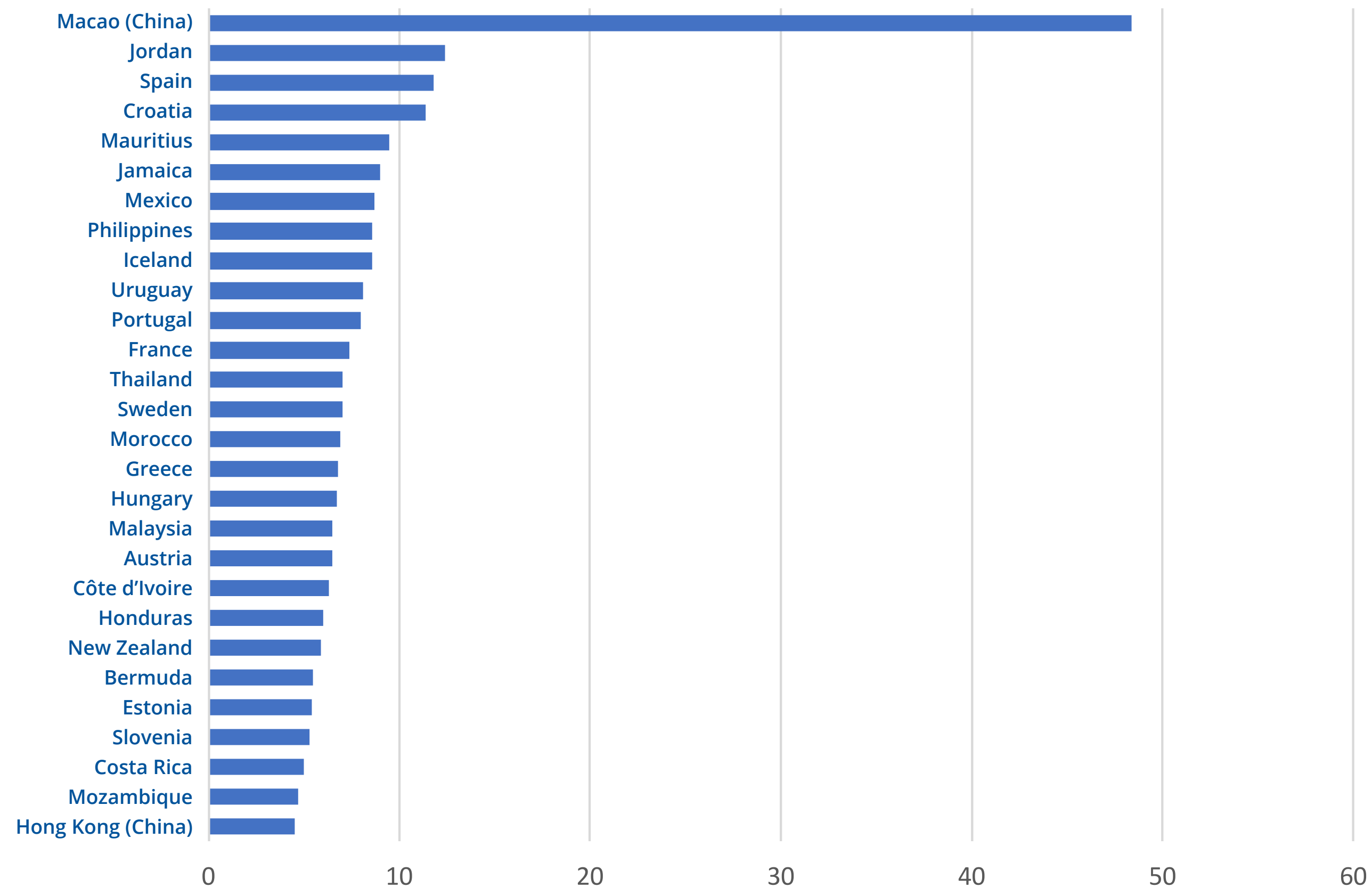


Between 30% and 50%



Tourism is a key sector in many advanced and emerging economies

Share of Tourism GDP in total GDP (%)

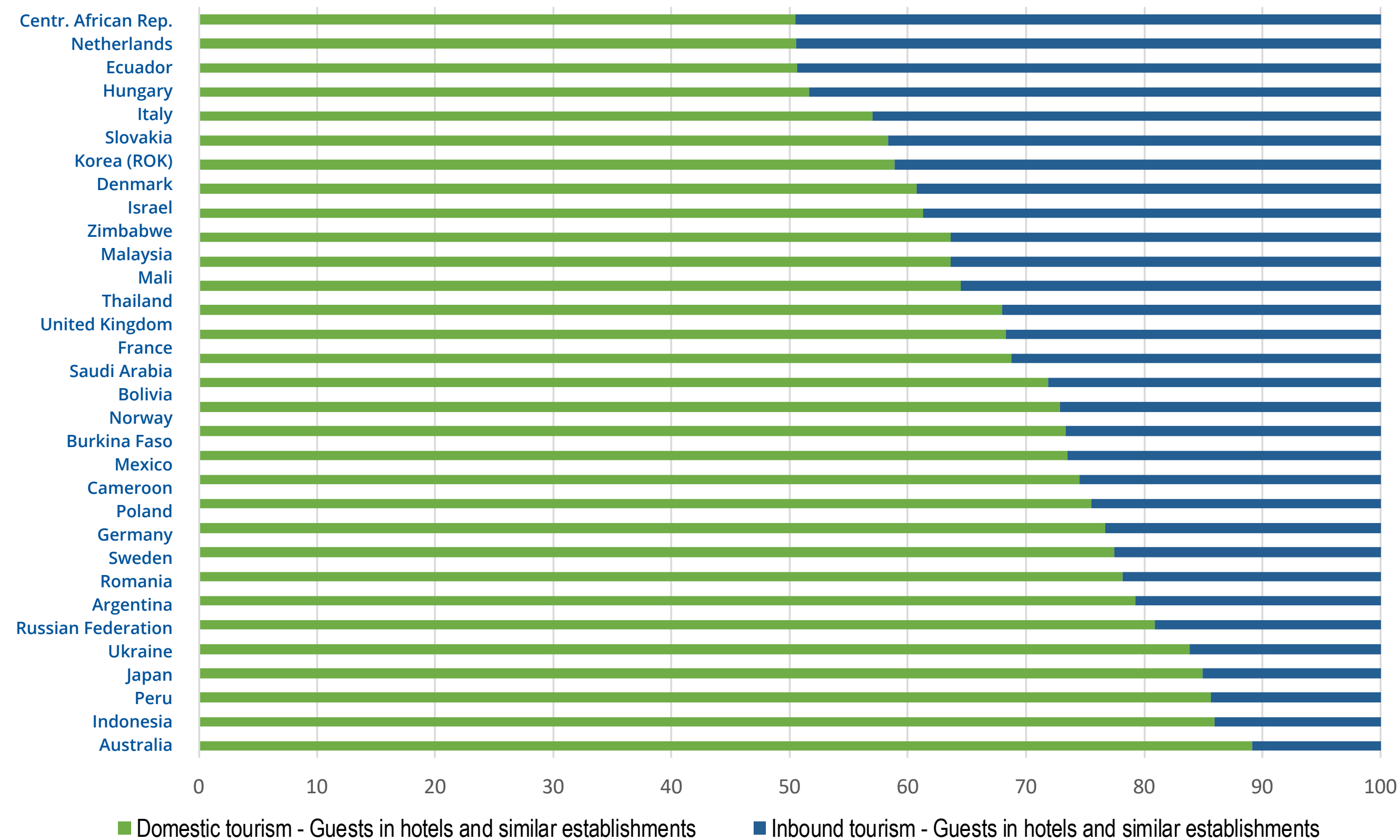


Note: When Tourism GDP is not available, Tourism Gross Value Added (TGVA) or Tourism internal consumption is used Note: Countries with available Tourism Gross Domestic Product data for 2015-2018 (Tourism GDP equal or above 5% of total GDP). When Tourism GDP is not available, Tourism Gross Value Added (TGVA) or Tourism internal consumption is used.

Source: Compiled by UNWTO

Destinations with high share of domestic tourism are less exposed

Guests in hotels and similar establishments (THS), Domestic and inbound tourism (% of total guests)



Source: Compiled by UNWTO

Note: Includes only countries with available data for 2018 or earlier and with share of domestic guests in total higher than 50%

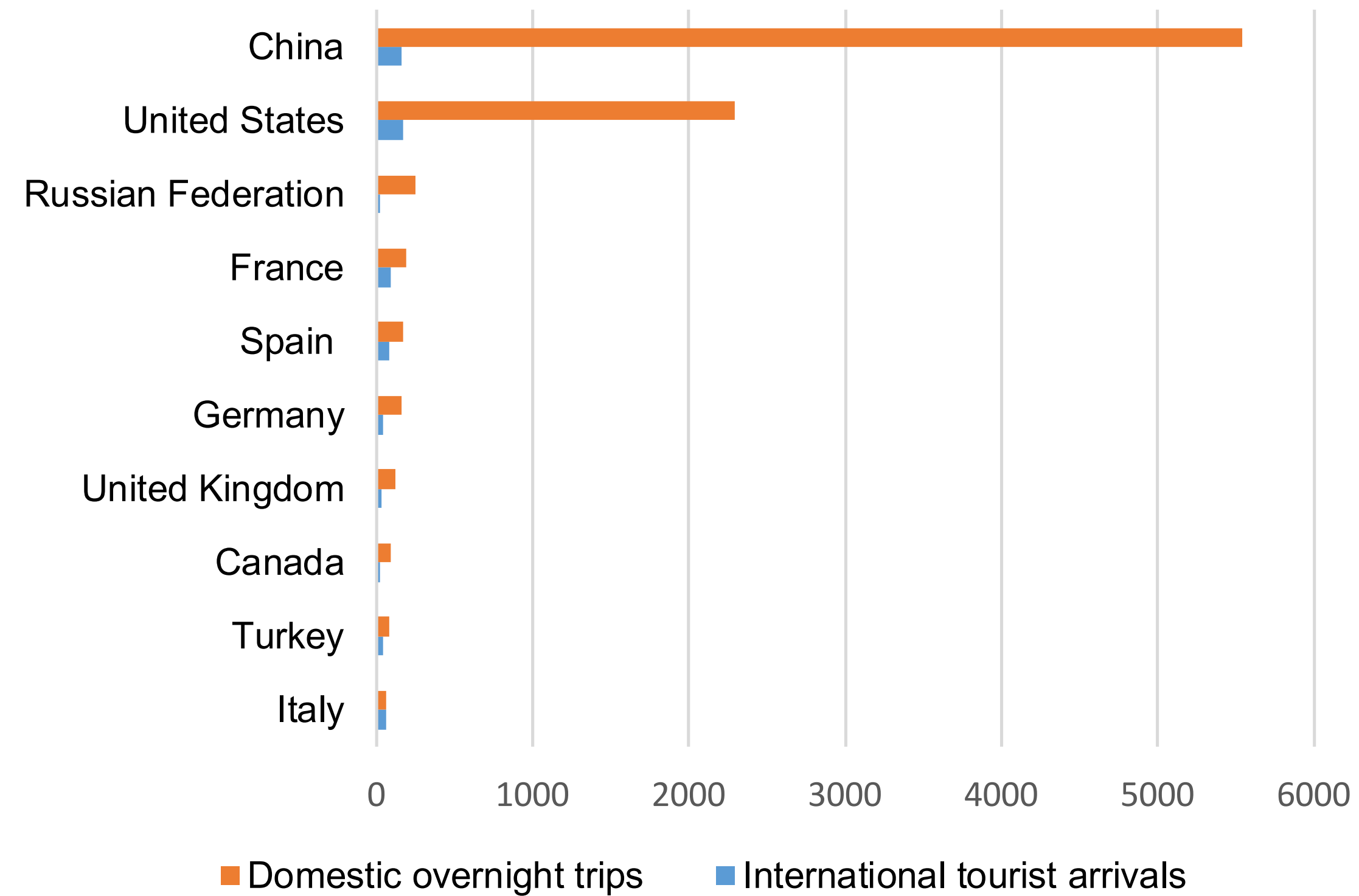
Most affected countries account for 54% of all spending (over 50,000 cases), as of 2 May 2020

As of 2 May 2020, a total of 215 countries, areas or territories have reported cases of COVID-19

Countries with more than 50K COVID-19 reported cases	Share of World Tourism Arrivals (%)	Tourism Share of Exports in the country (%)	Share of World Tourism Receipts (%)	Share of World Tourism Expenditure (%)
United States	5%	10%	15%	10%
Spain	6%	16%	5%	2%
Italy	4%	8%	3%	2%
United Kingdom	3%	6%	4%	5%
Germany	3%	3%	3%	7%
France	6%	8%	4%	3%
Russian Federation	2%	8%	1%	2%
Turkey	3%	17%	2%	0%
Iran	1%	5%	0%	1%
Brazil	0%	2%	0%	1%
China	4%	1%	3%	19%
Canada	2%	5%	2%	2%
Total	39%		42%	54%

Most affected countries by COVID-19 have a high share of domestic tourism

Domestic and inbound tourism by country (millions)



Source: Compiled by UNWTO

Note: Countries with available data for both indicators (2018 or earlier). Total domestic overnights in accommodation used for the Russian Federation.

Key Considerations

- **Pandemic**

How long will the pandemic last and when will a treatment or vaccine become available?

- **Lifting of travel restrictions and lockdown measures**

When will countries start easing restrictions and how?

How will social distancing rules impact supply?

- **Consumer & Business confidence**

How long it will take consumers to reassume travel?

How will travel behavior change?

- **Economic impact**

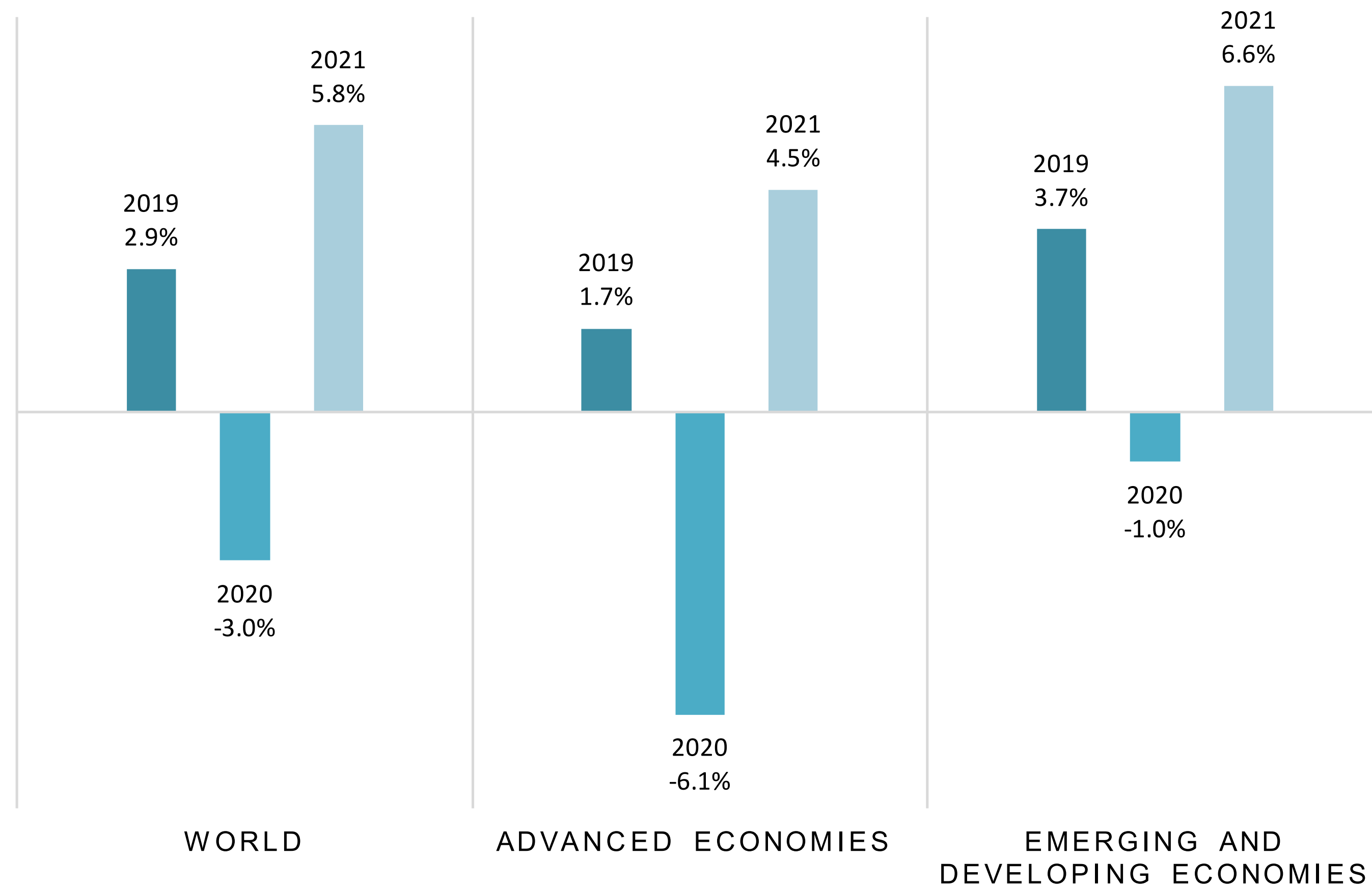
How deep and how long will the global recession be?

What will be consumers' discretionary spending decisions?

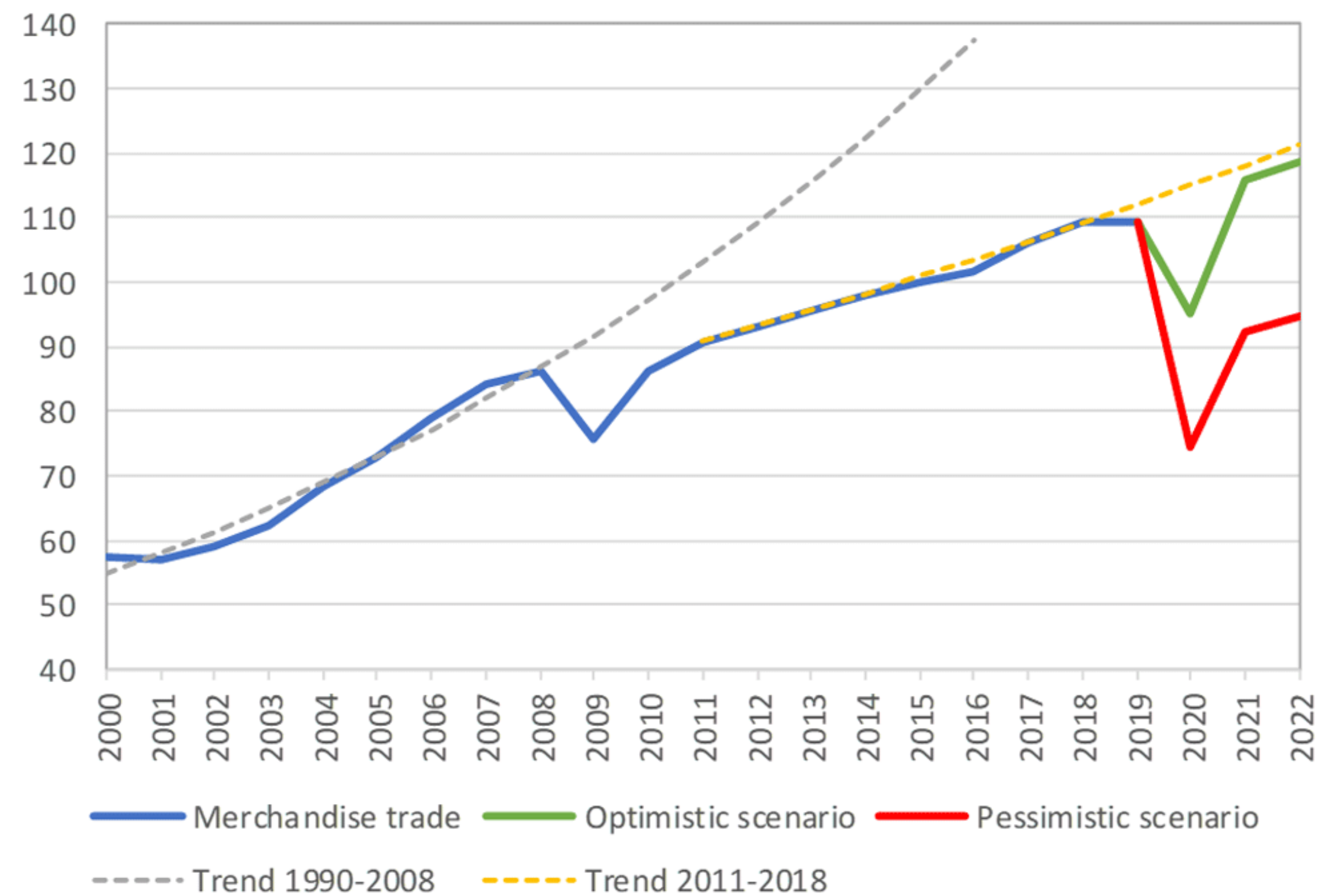
- **Governments Measures**

How do government measures support tourism?

The global economy is expected to contract sharply by 3.0% in 2020 to pick up again in 2021



World merchandise trade is set to plummet by between 13 and 32% in 2020 due to the COVID-19 pandemic



Source: World Trade Organization

Economic Factors

- The global economy is projected to contract sharply by 3.0% in a baseline scenario (pandemic fades in the second half of 2020 and containment efforts can be gradually unwound) to pick up in 2021 by 5.8% as economic activity normalizes.
- GDP in advanced economies is expected to decrease 6.1% in 2020 to pick up in 2021 by 4.5%. Emerging and developing economies will decline -1.0% in 2020 to pick up by 6.6% in 2021.
- Collapse in commodity prices: From mid-January to end-March, crude oil prices dropped by about 65 percent (a fall of about US\$40 a barrel).
- World merchandise trade is set to plummet by between 13% and 32% in 2020 due to COVID-19.

Challenges & Opportunities

STRENGTHS

- Proven resilience of tourism in past crises
- Domestic tourism can be a buffer
- Adaptation capacity: safety and hygiene protocols, trips closer to home, value for money, responsible consumer behavior
- Government support to the sector

WEAKNESSES

- Segments potentially affected are also high spenders: international, long haul, business travel and events
- Major disruption in airline industry with airline failures and concentration
- Lack of references in previous downturns
- Perception of travel as a risk
- Low levels of demand when restarting tourism due to social distancing

**INTERNAL
FACTORS**

OPPORTUNITIES

- Re-think business model
- Innovation and digitalization
- Sustainability and sustainable-oriented segments (rural, nature, health)
- De-escalation phases initiated by several countries toward the 'new normal'
- Progress in adaptation plans in destinations & companies

THREATS

- Economic environment: world recession, rising unemployment and jobs at risk, closure of business mainly SMEs, disposable income, uncertainty weighing on consumer and business confidence
- Uncertain length of pandemic (including resurgence) and vaccine unavailability
- Extent of lockdowns and travel restrictions
- Unknown form of the 'new normal'

**EXTERNAL
FACTORS**

POSITIVE

NEGATIVE



UNWTO World Tourism Barometer May 2020

Special focus on the Impact of COVID-19

