

Travel Trends of International Tourism in the First Half of 2020 According to the UNWTO's World Tourism Barometer

Daisuke Takagi, Japan International Transport and Tourism Institute, USA

1. Introduction

Now that three-quarters of 2020 have already passed, it may be no exaggeration to say that the first half of this year (January to June) was the worst 6 months in history for any industry in the world. Of course, the tourism industry was no exception, and the international tourism market especially was one of the most impacted. In this report, an overview of travel trends of international tourism from the first half of this year, as well as future prospects, will be given based on the main points given in the World Tourism Barometer, which was published by the United Nations World Tourism Organization (UNWTO).

2. Global Trends

The number of international tourist arrivals worldwide for the first half of 2020 (limited to visitors who stayed one or more nights) decreased 65% compared to the year before, with June alone seeing a 93% drop. Although it decreased by 28% in the first quarter, for the first time in history, the second quarter witnessed a deterioration of 95%. This number reflects the wide range of travel restrictions and lockdowns implemented at almost all global tourism destinations from the end of this March to April and May to contain infections of the novel coronavirus (COVID-19). Later, although tourism destinations gradually began to reopen from the second half of May to June before the start of the summer season in the Northern Hemisphere, hardly any of the hoped-for recovery could be observed in June compared to even the month before. On the other hand, the number of visitors slightly increased in June from May in some large European cities in Austria, Holland, Germany, and Croatia. Furthermore, borders had been slowly reopening within the EU region, which helped for traveling within the region.

The great dwindling of demand for international travel in the first half of the year resulted in a loss of 440 million in international tourist arrivals and about \$460 billion in revenue. These repercussions are 5 times larger than the loss recorded in 2009 during the global economic and financial crisis.

By region, (refer to Table 1) the Asia Pacific, the first region impacted by COVID-19, had a 72% drop in

international tourist arrivals in the first half of this year compared to the same period last year. Europe was the second most affected, with a 66% drop. Next, the Americas saw a decline of 55%, and both Africa and the Middle East experienced a 57% drop. Within subregions, Northeast Asia had an 83% decline, and Southern Europe along the Mediterranean Sea was acutely impacted with a 72% downturn. Additionally, almost every subregion of the world had over a 50% drop during the first half of the year. The shrinking of international demand is also reflected in the double digit cutbacks in international tourism spending in mass markets. Although major outbound markets, such as the U.S. and China, remained stagnant, a few markets had some recovery in June, including France and Germany. While the recovery of international tourism remains sluggish, demand for domestic travel has increased in large-sized markets, such as China, which recovered about 90% of 2019's numbers on airline capacity in July. Russia too has had an increase in airline capacity with the help of increasing domestic travel. According to a report by UNWTO, as of September 1st, a total of 115 sightseeing locations (or 52% globally) have mitigated their COVID-19 related international travel restrictions. This is an increase of 28 places compared to July 19th of this year.

Table1 Year-on-Year Rate of International Tourist Arrivals by Regions



Source: World Tourism Organization (UNWTO) © * Provisional data

According to IATA, global air passenger demand has decreased by 67% from January to July, and has gradually been recovering since bottoming out in April. The demand in July was a 92% decrease compared to the same month a year ago, because most airlines continued to suspend or reduce flights. The demand for July was a slight improvement compared to June, which had recorded a 97% decrease. Furthermore, the increase of COVID-19 infection numbers in some countries led to the reimplementation of travel restrictions. Reopening of the market in the Schengen Area helped to boost international demand in Europe, while other international markets lacked much improvement compared to June. The slight recovery of global air travel demand was mainly led by the domestic market, especially in Russia and China.

According to the ICAO, the world's airline capacity decreased by 59% from January to July based on available seat kilometers (ASK) year-on-year, and international airline capacity was down 75% in July compared to the same month last year. This was an increase from the 88% drop recorded in June.

However, the decrease in transport was bigger than that in airline capacity, with the load factor falling to 46%, far below its 2019 figures.

According to the STR (a company expertizing in analyzing market trends and benchmarking data directly provided by global accommodation facilities), the hotel industry recorded low performance levels of in all regions of the world this July, with double-digit declines in three indicators: revenue per available room (RevPAR), average daily rate (ADR) and occupancy rates. The occupancy rates for July were 17% in Africa, 19% in Central and South America, 27% in Europe, 35% in the Middle East, 46% in Asia Pacific, and 47% in the USA, which were the lowest levels in their collective history.

3. Each Region's Trends

Europe

The number of international tourist arrivals in Europe, which is the tourism destination with the highest volume of visitors worldwide, declined 66% in the first half of 2020 compared to the same period a year ago, and had a 97% decline in the second quarter. This outcome was greatly influenced by the wide-ranging travel restrictions and lockdowns implemented from the second half of March to April and May at almost all tourism destinations. A 90% decrease year-on-year in June displayed a slight recovery compared to the 96% decrease in May, which reflected the sluggish and irregular reopening of borders within the European Union. Domestic tourism has reopened in many European countries, with overall demand of tourism

increasing in countries with large domestic markets, but people still hold a cautious stance about travelling when crossing borders.

In Europe, the number of international tourist that arrived until this June decreased by 213 million people compared to the same period in 2019. In small regions, the number of international tourist arrivals for the first half of the year dropped an estimated 72% in Southern and Mediterranean Europe, and 64% in Northern Europe. Due to the there being a slight recovery in June, the pace of the decline slowed slightly, including a 63% decline in Western Europe and 62% decline in Central and Eastern Europe.

Although tourism destinations within the EU gradually reopened from this June, travel restrictions and self-quarantine were re-imposed by some countries after a reoccurrence of increased infections in July. According to the UNWTO report, as of September 1st, 44 tourism destinations in Europe, including 25 out of the 26 member countries of the Schengen Agreement, mitigated their travel restrictions. Europe has the highest number of places with lightened restrictions. Non-essential travel from third-world countries to the EU were temporarily restricted on March 16th, which has still been extended. On June 30th, the European Council adopted a recommendation to ease temporary restriction for non-essential travel from third-world countries to the EU in stages. On September 4th, the European Commission adopted a proposal from the Council ensuring that all measures taken by member countries to limit free movement due the coronavirus pandemic are coordinated and clearly communicated within the EU.

According to IATA, Europe's international passenger demand dropped 68% based on Revenue Passenger Kilometers (RPK) from January to July. Demand in July dropped 87% compared to the same month a year ago, which was a slight improvement from the 97% drop this June. These figures reflect Europe's traffic increase and travel restriction reduction within the Schengen zone. The amount of transportation decreased by 79% and the load factor dropped to 55%. According to the STR, accommodation facilities in Europe reopened gradually, but their business performance was sluggish. In Europe, July's RevPAR declined 66%. Occupancy rate dropped from 66% to 27%, and the ADR dropped 21% to 96 euros. The occupancy rate and the RevPAR level have increased since June, but July marked record lows.

Asia Pacific

In the Asia Pacific region, the number of international tourist arrivals declined 72% in the first half of the year, with 171 million less people year-on-year. As this area was the first to be impacted by COVID-19 in the world, international demand had already greatly fallen in February. In the first quarter, a severe 52% drop was seen, and in the second quarter there was a further 99% decline. Northeast Asia marked an 83% decline, the biggest recorded for a smaller region of the world in the first half of the year. In addition to this,

Southeast Asia had a decline of 64%, and Oceania and South Asia had 58 % and 55 % drops recorded respectively. As of September 1st, borders of 28 tourism destinations' are closed in the Asia Pacific (61% of tourism destinations in the area).

International travel from China, the world's top market for outbound business, and which also accounts for the majority of international tourists to many Asian countries, are still halted. On the other hand, domestic travel within China has been progressively recovering, and domestic airline capacity in China reached 90% of July 2019 levels.

Some countries have started to design and plan travel bubble and travel corridors taking epidemiological statuses into consideration. On September 1st, Singapore, New Zealand and Brunei opened a travel corridor permitting travel between countries without self-quarantining requirements. Hong Kong has been discussing travel corridors with 11 tourism destinations. Japan mitigated re-entry restrictions for foreign residents on September 1st.

According to IATA, the Asia Pacific recorded a 97% drop in international passenger transportation in July. This almost matched the 97% drop in June, which was the biggest drop compared to other regions. Airline capacity declined 92%, and load factor figures were at 35%. On the other hand, China's domestic transportation steadily recovered, with increases from its lowest-ever recorded load factor numbers in one of the few domestic markets in the region.

According to the STR, July's hotel occupancy rate in that same area rose to 46% after seeing declines of 37% previously. Meanwhile, ADR dropped to 31%, and RevPAR dropped to 56 % . Although business performance continued to recover from the previous month, it remained low overall in July.

The Americas

In the Americas, international tourist arrivals declined by 55% in the first six months of the year, and further lowered by 93% in the second quarter, due to COVID-19 and travel restrictions. Within subregions, those countries in the Caribbean saw a 58% drop, South America had a 52% drop, Central America had a 56% drop, and North America dropped by 55%. Throughout the Americas, there was a loss of 59 million international tourists from January to June compared to the same period last year.

The U.S. extended border closures for nonessential travel from Canada and Mexico until September 21st. On August 6th, the U.S. Department of State lifted the Level 4 worldwide health advisory, which had been implemented on March 19th. This advisory had advised all U.S. citizens to avoid all international travel while COVID-19 continued to spread on a global scale. The U.S. Department of State returned to giving country-specific travel advice, which marks risk levels from 1~4, depending on each country's requirement. Because of this, there is a chance that travel demand to many tourism destinations across the Americas from the U.S., a major outbound market, may recover.

According to IATA, international passenger demand in North America had a 95% drop this July, which was a slight improvement from the 97% decline seen this June. Airline capacity declined by 86%, and the load factor declined to 35%. These percentages are the second lowest in the region. While Latin America's international transportation had a 97% decline in June compare to the same month last year, this July also recorded a 95% decline. In Latin America, the airline capacity declined by 93%, and the load factor reached 58%. These are in fact the highest figures in that area. While the STR remains at a low level overall, the performance in July shows that the hotel industry in the U.S. recovered slightly from the previous month. However the occupancy rate from 36% to 47%, the ADR dropped to 25%, and the RevPAR dropped to 52%. Although the occupancy rate marked record lows for June in the U.S., it went up for all the three main indicators from June. The hotel industry in Central and South America showed a slight recovery in July compared to last year. However, levels remained low overall. The occupancy rate climbed to 19% after a drop of 69%. The ADR was 34%, and the RevPAR dropped to 79%. The occupancy rate and the level of RevPAR were the lowest ever for July.

Africa and the Middle East

It is estimated that international tourist arrivals in Africa declined 57% in the first half of the year, and will decline by 99% in the second quarter. North Africa had the biggest drop at 62%, and Sub-Saharan Africa witnessed drops in international tourists by approximately 54%. Arrivals from an estimated 18 million international tourist were lost this June in Africa. In this situation, Tunisia recorded a slight improvement in July.

In the Middle East, there was a 57% decline in the first half of the year, and 19 million international tourist arrivals were lost compared to the same period last year. Main tourism destinations, such as Saudi Arabia and Egypt, have resumed tourism activities. Although Egypt started the "Saudi Summer" campaign to stimulate domestic tourism, it was temporarily halted for 3 months, with international flights resuming later on July 1st. According to the UNWTO's report, as of September 1st, Africa's 26 and the Middle East's 5 tourism destinations have reduced regulations. Borders remain closed for 27 of Africa's tourism destinations (51% of all Africa's destinations) and 8 of the Middle East's (62% of all the Middle East's destinations).

IATA reported that Africa's international transportations declined 95% in July, which slightly improved from June's 98% shrinkage. Airline capacity fell 85%, and load factor dropped to 25%. This is the lowest number in the entire region. Middle Eastern airlines had a 96% drop in demand in June and a 93% drop in transportation in July. Airline capacity decreased by 86%, and the load factor fell to 38%. According to the STR, the occupancy rate of hotels in

the Middle East declined from 35% to 42% in July, ADR dropped 10%, and RevPAR dropped 47%. The occupancy rate of hotels in Africa dropped from 73% to 17%, ADR declined 11%, and RevPAR declined 76%. The hotel industry in Africa had a drop of 76% for RevPAR in March 2020. The occupancy rate dropped to 31% after seeing a 52% drop previously, and ADR dropped 6%. Despite improvements every month, the occupancy rate and the RevPAR marked record lows in July for both the Middle East and Africa.

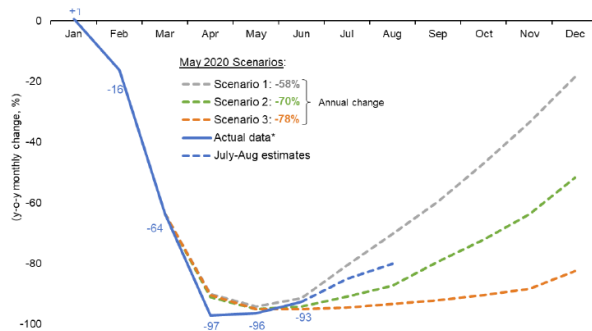
4. Future Outlook Scenarios for 2020 and Beyond

Based on the 3 scenarios showing declines for 2020 international tourist arrivals that were announced by the UNWTO in May, current trends match closely to the 70% annual decrease predicted in the Scenario 2 (refer to the Table 2). As of September 1st, 43% of worldwide tourism destinations have closed their borders completely. Furthermore, at many tourism destinations, travel restrictions were re-implemented after clusters of COVID-19 reemerged. If the current trend continues, Scenario 1, which predicts annual decrease of 58%, is unlikely to occur.

Although it depends on the progress of this pandemic and the future development of vaccines, the outlook remains very unclear. While the worsening economic environment deeply impacts employment and disposable income, consumer trust remain historically low. Travel restrictions are still in effect in many tourism destinations, and containing the virus is taking time. According to the World Health Organization, over 30 million COVID-19 infections have been reported worldwide.

Table2 Number of International Tourism Arrivals in 2020 and Future Outlooks

International tourist arrivals in 2020: YTD results and scenarios (y-o-y monthly change, %)



Source: UNWTO
 * Actual data through June includes estimates for countries which have not yet reported monthly results. Dotted blue line corresponds to UNWTO estimates for July and August 2020.

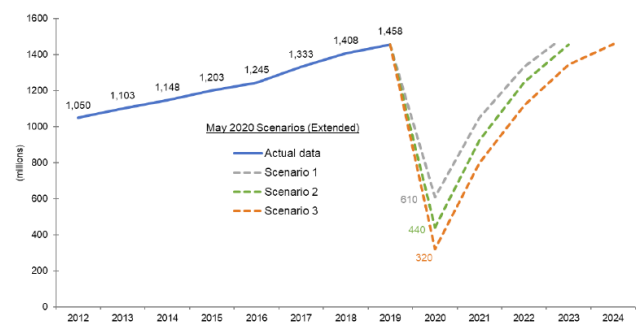
A long-term scenario from 2021 to 2024 (see Table 3) shows a change in trends next year based on the assumption that tourist confidence will be significantly restored by mid-2021, along with a gradual and linear lifting of travel restrictions, assuming that the pandemic will be pacified and vaccines or other effective treatments will be made available. Despite these inferences, it is expected that it will take 2-4 years before arrivals of international tourist will recover to 2019 numbers.

With the perspective of supporting safe tourism

resumptions, many more tourism destinations are introducing various measures, such as safety and health protocols, limited target marketing, promotion campaigns, tourism recovery planning, domestic tourism promotions, travel restriction removals, the offering of travel insurance, and the creation of travel bubbles and corridors. The UNWTO has stated the necessity of seamlessly reopening tourism safely and responsibly after travel restrictions have been lifted. Recovering trust with all sectors remains of great importance.

Table3 Future Outlook Scenarios on the Number of International Tourist Arrivals

International tourist arrivals: Future scenarios (millions)



Source: UNWTO

5. Conclusion

As mentioned above, the international tourism market in the first half of this year was in a disastrous situation. Optimistically, it is expected to take at least 2 years to recover to 2019 levels. At this time, the Tokyo Olympics/Paralympics are scheduled to be held in Japan. Mitigation of travel restrictions and entry restrictions for foreigners, as well as resuming and re-increasing international flights, has begun to be observed in major developed countries. Non-essential travel continues to be restricted, and most countries are imposing self-quarantine for a certain period of time after entry. International travel is necessary for revitalization of the world economy, and a key component will be for each country to cooperate, in the true sense, to normalize international travel. I hope that international tourism will recover as soon as possible.

Reference

- 1) UNWTO World Tourism Barometer
<https://www.unwto.org/news/international-tourist-numbers-down-65-in-first-half-of-2020-unwto-reports>