

# ETC: EUROPEAN TOURISM IN DECLINE



The European Travel Commission has released its second quarterly report - European Tourism 2009 - Trends & Prospects. The report informs that the growing optimism about the improvement in the economy is perhaps somehow premature. According to the United Nations World Tourism Organization (UNWTO), the number of tourism arrivals has dropped by 10 per cent in the first quarter of 2009.

Most European countries have recorded a decline in their tourism industries with the Central and Eastern Europe being hit the worst. Poland, Romania, the Czech Republic, Lithuania, Russia have recorded a double digit decline. Also Portugal and Spain suffered a rather sharp decline of 12 per cent and 14 per cent respectively as shows the latest European Tourism 2009 report. The main reason for decline in those two countries was the drop of demand from the UK. There are always exceptions. For example, **Iceland thanks to its extremely cheap currency, recorded an increase.**

Air and hotel industry are always hit by a crisis in the tourism sector. The members of the Association of European Airlines recorded a drop in passenger traffic of 8 per cent. The demand for business and first class seats has also dropped significantly, as it was down 24 per cent in May. The hotel performance also sinks according to May data. **Revenue per available room recorded a double digit decline** everywhere and only in Western Europe it was less than 20 per cent. The exchange rate plays an important role in the tourism decision making. Therefore many Europeans are lured to long haul destinations because of favourable exchange rates. Travellers outside of the Eurozone on the other hand are put off by the strong euro. Slow recovery is expected. Growth levels of 2008 are to be regained in 2011 and **further growth should appear in 2012-2013**. Nevertheless, the spreading swine flu may change the predictions.

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