

# WAR IN UKRAINE: CONSEQUENCES FOR THE GERMAN TRAVEL INDUSTRY



While many travel restrictions have been lifted around Europe, a new threat to the growth of the industry emerged – the war in Ukraine. Several tourism experts stated their view on the consequences of the situation on the German travel industry.

Just about three weeks ago, the season was expected to kick off well under the pandemic conditions, stated Ralf Teckentrup, President of the German Airline Association. Airline companies had already accumulated huge double-digit billion losses due to the Corona crisis. **The increase in energy costs has had one of the biggest impacts on the airline industry.** The cost of kerosene rose by 50 to 60 percent in the first few days after the start of the war in Ukraine, and it is currently around 35 percent more. Of course, this is ultimately reflected in the price of airline tickets which are likely to become costlier.

Petra Hedorfer from the German National Tourist Board assumes that travel intentions in the transatlantic region, in particular, will be affected by the war. According to her, a representative survey by a U.S. market research institute showed that 13 percent of Americans want to cancel their travel bookings, 47 percent want to wait for the situation to develop before making a decision, and 20 percent want to postpone their trip.

Hedorfer said the question of the economic situation in the countries bordering Ukraine to the west is a cause for concern. A vacation trip is no longer a priority for people in many of these countries in the current situation. There has already been a 30 to 50 percent drop in flight bookings from the Baltic States, Bulgaria, Croatia, Poland, Slovakia and Slovenia, Hedorfer added.

Dirk Inger from the German Travel Association also reported that a previously promising start to the season had now come to an end: a significant decline in bookings had been observed since the beginning of March. However, it remained higher than in the reference year 2019. Inger also reported declines in bookings in all Eastern European countries. In addition to Russia and Ukraine, these included the Baltic states, Bulgaria and Hungary. These accounted for about seven percent of summer vacation volume. In the case of Baltic Sea cruises, the fact that the stop in St. Petersburg, often one of the highlights of the tour, was eliminated was particularly significant, Inger reported. This results in a free cancellation right for customers, which in turn leads to losses for the cruise companies and travel agencies, he said.

Michael Rabe, speaking on behalf of the German Tourism Association, points out that rising energy prices have an impact not only on air travel, but on all modes of transport in the tourism service chain. **This is particularly true for the hospitality industry, which is extremely energy-intensive in some areas**, says Rabe.

An initial cautious forecast for the year had been that 60 to 70 percent of the pre-pandemic business volume could be achieved. Now, however, it is impossible to forecast how things will go, Rabe said. He concluded by pointing out that there is a great willingness to help the industry: the hospitality industry stands ready to help those who have fled Ukraine with employment opportunities.

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