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PRESS RELEASE

EUROPEAN TOURISM IN 2011 - TRENDS & PROSPECTS (Q1/2011)

Brussels, 11 May 2011. The European Travel Commission (ETC) has just published its first quarterly report on *European Tourism in 2011 - Trends & Prospects*.

The following gives a brief overview of the report for the first quarter of 2011.

The full report can be downloaded from ETC's corporate website under the link below.

- Destination and industry data indicate a positive start to 2011. Foreign visitor arrivals were reported higher through the beginning months of the year by most destinations.
- Both airline and hotel industry data confirm the continuation of travel growth to Europe, however at a more measured pace than experienced during the peak growth periods of 2010.
- International passenger traffic to Europe outpaced global growth over the first two months of the year. European airlines also report growth in traffic over the first 14 weeks of 2011, but growth has slowed over recent weeks.
- Hotel occupancy has improved further, but appears to have peaked. Average Daily Rates continue to push up across Europe in response to demand.
- We expect the overall growth trend to slow in 2011 as comparisons are made to stronger performance in 2010 and high energy prices affect both disposable income and transportation costs.
- Wage spiral inflation is unlikely in the developed economies as unemployment and spare capacity persist. Capacity utilisation is higher in emerging markets where food and energy prices are also having a bigger impact, thus more monetary tightening is expected.
- The aftermath of the Tohoku earthquake will affect the Japanese economy and consequently outbound travel considerably in the short run. Japan is likely to briefly re-enter recession in 2011 with a 10% drop in outbound travel. A considerable rebound is expected on both fronts in 2012.
- Capacity of European airlines continues to expand, carrying on the trend from late 2010. Capacity surged between late 2010 and early 2011, averaging a 7.8% increase in Available Seat Kilometres (ASK) over the first 14 weeks of 2011. This should translate into competitive fares and act as a driver to travel demand over the next 6-8 months.

Ends.

The full report can be downloaded from ETC's corporate website under the following link:
<http://www.etc-corporate.org/market-intelligence/reports-and-studies.html>

Note to editors:

The European Travel Commission is an association of National Tourism Organisations (NTOs). It was created in 1948 to promote Europe as a tourism destination to the long-haul markets outside Europe, originally in the USA and later in Canada, Latin America and Asia. It currently has 35 member NTOs, including 9 from outside the European Union. ETC is an independent body which is financed entirely by annual membership contributions and partnership funding.

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Press Releases: <http://www.etc-corporate.org/press/current-press-releases.html>

For further information: ETC's corporate website www.etc-corporate.org is aimed at industry, government and educational personnel interested in tourism to Europe.

Tourists seeking travel-specific information and ideas are directed to ETC's consumer portal www.visiteurope.com