

PRESS- INFORMATION

ITB Berlin Convention Market, Trends & Innovation

WORLD TRAVEL TRENDS REPORT: Strong growth for US inbound, but outbound travel still sluggish

Berlin, 1 February 2008 – Preliminary results from IPK International's World Travel Monitor for 2007, which will be presented at the ITB Future Day at ITB Berlin 2008, and published in the *World Travel Trends Report 2008* the same month, confirm that US inbound tourism is well on the way to making a full recovery. However, estimated arrivals from overseas markets – as measured by the Office of Travel & Tourism Industries (OTTI) in the US Department of Commerce – are still down on their 2000 peak.

Trends for the first ten months of the year from OTTI point to a 17% increase in arrivals from Mexico (excluding 'frontier' arrivals), with a 10% growth from both Canada and overseas markets. These figures correlate with IPK International's own estimates (through the month of September).

France leads the growth in European travel to the USA

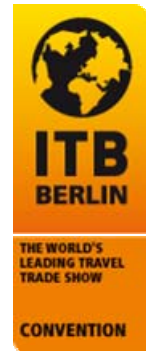
According to IPK, west European travel to the USA rose by 11% over the period, in terms of trip volume, as against +10% for east European markets. The leading European sources, in order of importance, are: the UK (+6% over 2006 in terms of trips), Germany (+9%), France (+28%), Italy (+20%), Spain (+22%), the Netherlands (+13%) and Ireland (+17%). Russia also increased by 20%, although it is not among the leading sources.

"With the exception of the UK, which grew by a comparatively modest 6%, Europe's leading markets all performed remarkably well," says Rolf Freitag, President & CEO of IPK International. "This was hardly surprising, either, given the favourable exchange rates and pent-up demand in some markets.

"France's exceptional growth, for example, follows a poor 2006," says Freitag, "attributed to confusion and delays over new passport and visa regulations for the USA. French leisure travel to the USA increased by an even more impressive 36%."

Mixed results for US outbound travel

Official data from OTTI indicates that outbound travel by air from the USA increased by 2% over the first nine months of 2007. While overseas destinations were up more than 3%, the overall average was brought down



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by a stagnation in demand for Mexico and a 3% decline in air travel to Canada.

Although the overall trend is disappointing – albeit not surprising given the weak dollar – some destination regions recorded very good increases. The Middle East was up 14.5% and Africa 11%, for example, while Central and South America both registered growth of 8% and Asia attracted 9% more American arrivals.

It should be noted that trends identified so far by IPK International – which have traditionally proved to be the most accurate – are rather more pessimistic, pointing to a 1% decline in US outbound travel overall for the full year. But trip volume to Asia appears to have grown by 4%, bucking the general trend.

One thing is clear – Europe is still down on its 2000 peak. However, there have been sharply contrasting performances from one European destination to another, according to arrivals data filed with the European Travel Commission (ETC) – and, in some cases (eg Cyprus), between arrival and overnight trends in the same destination.

Many of the European countries recording healthy increases are smaller, secondary destinations – like Malta, Monaco, Estonia, Montenegro and Serbia. But Spain also attracted a 21% increase in arrivals from the USA in the first ten months of the year, as against Italy's 10%, and Greece, continuing to benefit from increased exposure as a result of the 2004 Olympic Games, saw a further 30% rise from January through August.

Prospects for US outbound travel in 2008

Nevertheless, despite the welcome recovery of the US market to some destinations, the weak outlook for the US economy, coupled with the low US dollar, the housing downturn and the sub-prime crisis in the USA, led a number of participants at the annual World Travel Monitor Forum in Pisa in October 2007 to predict sluggish demand in US outbound travel during 2008. Moreover, all these factors combined increase the risk of a recession in the USA, and this in turn increases the downside risk for outbound tourism demand.

There are also signs that Americans are starting to put more of their disposable income into savings – something they have not done for several years – which tends to suggest that there will be less money available for foreign or even domestic travel.

Rolf Freitag will present the final results of the World Travel Monitor for 2007, with an update on prospects for 2008, during the ITB Berlin Message, to be held in the context of the ITB Future Day on 5 March. Until then, further information can be obtained from the *World Travel Trends Report*

2007/08 – an overview of the presentations and discussions over the three days of the annual Pisa Forum in October 2007, published in November 2007 – available at [www.itb-berlin.com/ Media Centre/Publications](http://www.itb-berlin.com/Media_Centre/Publications).

ITB Berlin Convention Market Trends & Innovations

The ITB Berlin will take place from Wednesday, 5 March to Sunday, 9 March 2008, and the ITB Berlin Convention Market Trends & Innovations will be held from Wednesday, 5 March to Saturday, 8 March 2008. The period from the Wednesday to the Friday is reserved for trade visitors. The convention program is available at www.itb-convention.com.

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