OAG

TARIFFS AND TOURISM:

CHALLENGE OR OPPORTUNITY?

WEDNESDAY 25 JUNE

SPEAKERS

John Grant

Chief Analyst, OAG

With a wealth of experience across the global aviation industry, John provides expert commentary on market developments for OAG, making connections between what the data is telling us and the trends and events occurring in the sector.

Oliver Martin

Senior Director, Skift

Oliver is a globally recognized leader in tourism development, with over two decades of experience at the intersection of tourism, destinations, business, and society. As Senior Director at Skift, Oliver helps destinations and organizations worldwide design and apply advanced research to guide strategy across market segmentation, experience development, and investment attraction.

Jacob Pewitt Yancey

Head of Analytics, Arrivalist

Jacob Pewitt Yancey is the newly appointed Head of Analytics for Arrivalist, a pioneer in travel analytics and media measurement for tourism destinations. Until recently Jacob led the research team at VISIT FLORIDA for over 7 years. During that time, he helped guide the organization through adapting to a dramatically changing travel landscape including multiple hurricanes, red tide, COVID-19, funding cuts, inflation, and rapid changes in consumer travel behavior. Despite these challenges, Florida achieved its highest-ever market share among both domestic and international visitors.

Deirdre Fulton

Partner, MIDAS Aviation

Deirdre is a partner in an aviation consultancy providing meaningful insight and analysis to clients around the world. She works closely with OAG on their data analysis and publications.

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TODAY'S DISCUSSION

Join us as we take a look at tourism trends and consider the following:

- What impact, if any, might geopolitics and tariffs be having on tourism?
- Are tourism patterns changing? Where is everyone going this year
- With a flurry of new 2030 tourism targets being announced this year, where will we all be going in the next 5 years?

We'll be taking questions as we go. Please use the chat function to ask your questions

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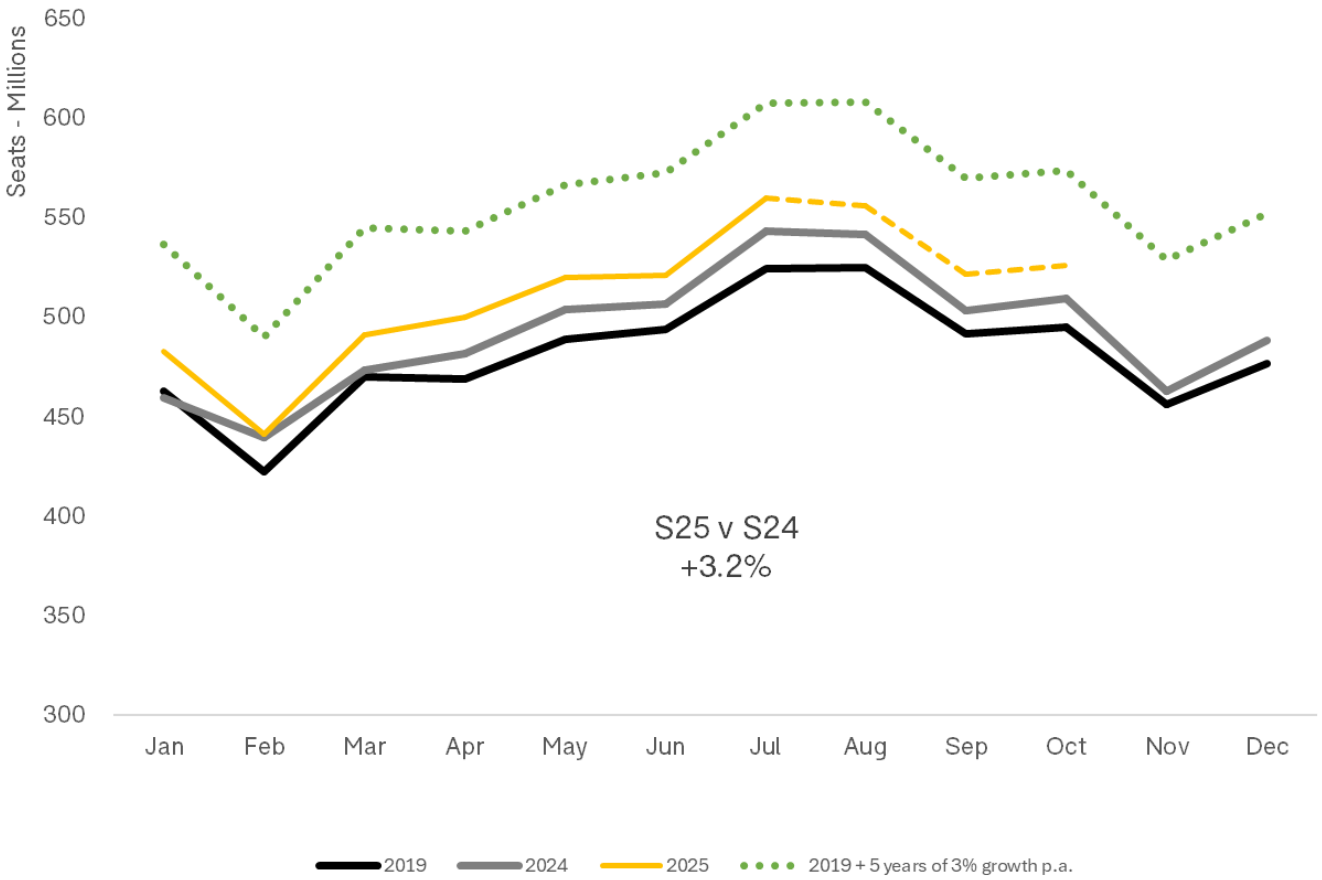
GLOBAL GROWTH TRENDS



- Capacity for this summer is expected to be 3.2% ahead of 2024, a little slower than we expected last month.
- For the year to date so far (Jan-Jun25), capacity is 3.2% ahead of the same months in 2024.

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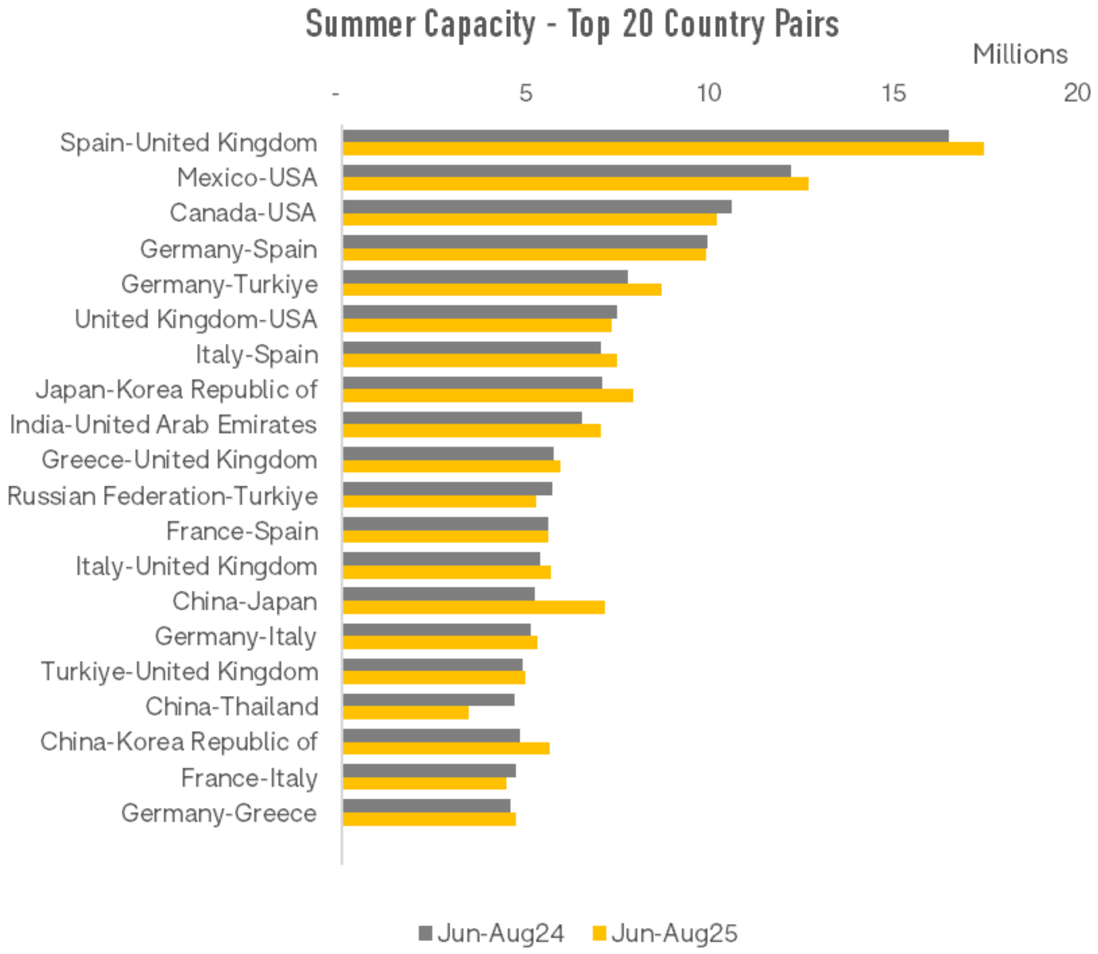
GLOBAL GROWTH TRENDS – TOP 20 COUNTRY PAIRS

	Jun-Aug24	Jun-Aug25	Change
Spain-United Kingdom	16,496,619	17,456,842	6%
Mexico-USA	12,214,589	12,672,382	4%
Canada-USA	10,599,626	10,209,763	-4%
Germany-Spain	9,950,914	9,897,386	-1%
Germany-Turkiye	7,771,199	8,680,416	12%
United Kingdom-USA	7,475,125	7,344,911	-2%
Italy-Spain	7,057,005	7,468,477	6%
Japan-Korea Republic of	7,080,057	7,926,827	12%
India-United Arab Emirates	6,544,799	7,042,636	8%
Greece-United Kingdom	5,754,497	5,957,958	4%
Russian Federation-Turkiye	5,746,848	5,293,801	-8%
France-Spain	5,622,730	5,627,604	0%
Italy-United Kingdom	5,407,676	5,700,009	5%
China-Japan	5,269,223	7,168,822	36%
Germany-Italy	5,144,707	5,322,138	3%
Turkiye-United Kingdom	4,930,511	4,983,103	1%
China-Thailand	4,685,801	3,474,039	-26%
China-Korea Republic of	4,859,855	5,660,134	16%
France-Italy	4,747,680	4,486,236	-6%
Germany-Greece	4,605,904	4,726,740	3%



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GEOPOLITICS AND AVIATION – TURBULENT TIMES

- In the last two months alone the industry has been impacted by a number of geopolitical events including

  - Ongoing Russian – Ukraine war
  - Ongoing conflict in Gaza
  - India – Pakistan conflict
  - Escalating tensions between Israel & Iran resulting in the closer of airspace in a number of neighbouring countries.

  - Whilst the industry navigates unpredictable events such as short notice airspace closures, and makes decisions about whether to fly to areas where conflict may escalate, what is the lasting impact on consumer sentiment and decisions to fly?

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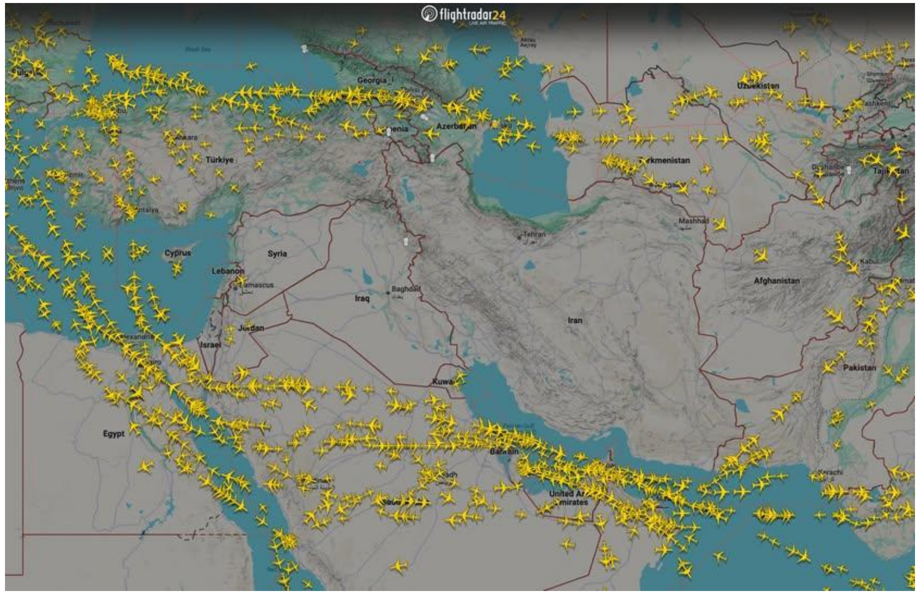
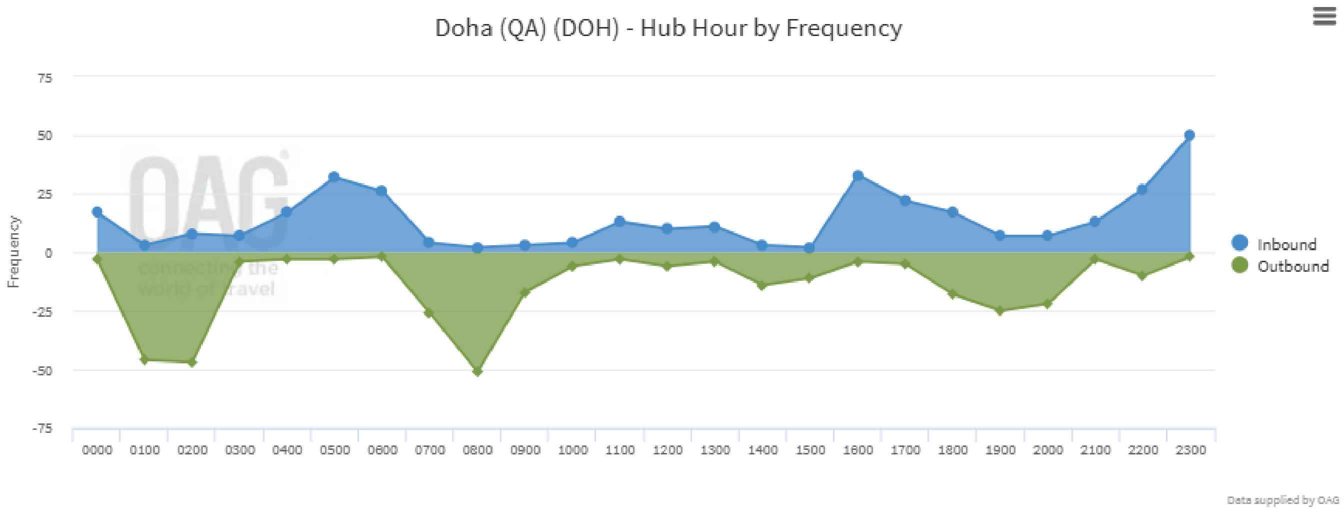
AIRSPACE CLOSURES IMPACT MIDDLE EAST HUBS

- Overflight and airspace around the Middle East region is being impacted currently due to the escalation of the Israel/Iran conflict
- Carriers are adjusting flight routes and some are suspending flights to and from the region.
- On Monday this week, both Qatar and the UAE had to close airspace for a number of hours as Iran carried out retaliatory strikes on a US air base in Qatar.
- On Monday, DOH had 672 planned flights scheduled, and approximately a third of these were disrupted with an 8 hour closure. That disruption will also take 2-3 days to resolve from a crew and aircraft perspective



Source: Flightradar24 Image from 01:45 UTC 22 June.



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TARIFF IMPACTS… LATEST US VISITOR STATISTICS

Table B: (Preliminary)*
Top Twenty Overseas Tourist-Generating Countries
May 2025 and Year-to-Date

	May 2025				Year-to-Date 2025	
Country of Residence	**Number of Arrivals**	**% Change from 2024**	**Rank**	**Country of Residence**	**Number of Arrivals**	**% Change from 2024**
United Kingdom	364,071	2.4%	1	United Kingdom	1,567,307	2.7%
India	263,108	(0.0%)	2	India	880,688	(0.2%)
Brazil	159,149	(3.7%)	3	Brazil	788,692	3.4%
Germany	154,171	(18.7%)	4	Japan	714,051	3.5%
Japan	138,389	3.7%	5	Germany	678,015	(10.1%)
China, PRC	131,528	(2.2%)	6	China, PRC	636,616	4.9%
France	130,157	(8.8%)	7	France	632,866	(8.4%)
South Korea	129,729	(11.1%)	8	South Korea	621,299	(11.3%)
Australia	91,191	0.7%	9	Italy	419,848	9.9%
Colombia	86,043	(3.9%)	10	Australia	382,421	(0.0%)
Italy	80,197	10.0%	11	Colombia	359,575	(3.2%)
Argentina	68,945	20.7%	12	Argentina	338,748	24.6%
Spain	65,148	3.6%	13	Spain	325,502	2.2%
Netherlands	52,049	(11.6%)	14	Netherlands	231,375	(4.3%)
Dominican Republic	43,392	2.8%	15	Ireland	194,804	(0.6%)
Ecuador	42,581	(9.2%)	16	Dominican Republic	172,838	(1.8%)
Ireland	39,683	1.2%	17	Israel	170,464	16.8%
Israel	37,118	4.3%	18	Ecuador	165,946	(16.6%)
Taiwan	36,815	6.1%	19	Taiwan	161,108	9.6%
Peru	35,679	3.4%	20	Chile	149,112	(10.3%)
Total Top 20 Overseas Countries	**2,149,143**	**(2.1%)**		**Total Top 20 Overseas Countries**	**9,591,275**	**(0.2%)**

* Preliminary (no Canada, no Mexico land arrivals)

Source: https://www.trade.gov/i-94-arrivals-program?anchor=content-node-t14-field-lp-region-2-1

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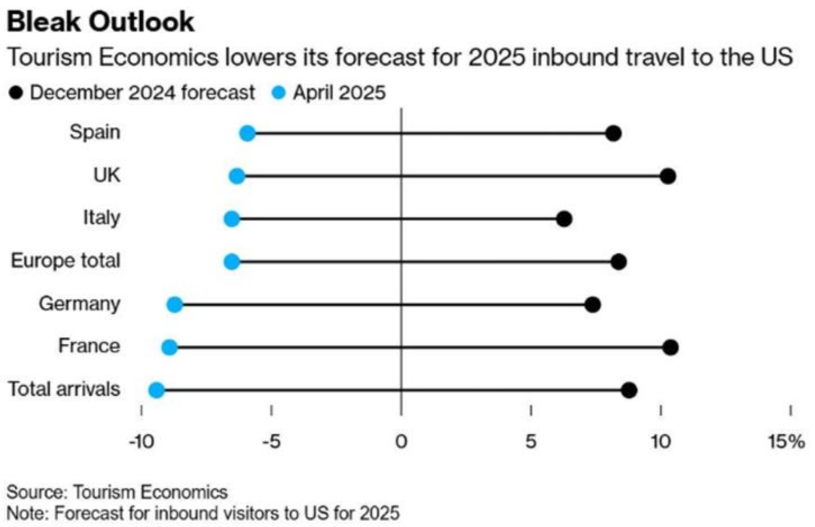
- Latest US visitor statistics (preliminary results for May 2025) show a fall in arrivals from the Top 20 countries, with big reductions from Germany, France, the Netherlands, South Korea and Ecuador.
- This time last year (May 2024) year on year growth for the top 20 visitor markets was + 12.4%, with strong growth from all of the above countries.
- Year to date position shows that 11 of the Top 20 markets are flat or contracting

TARIFF IMPACTS – VISIBLE CHANGES?



- WTTC reports that the US economy could face a hit of $12.5bn in lost tourism revenues this year – may be overstated
- Tourism Economics have scaled back their forecast of foreign visitors from 79 million down to 66 million
- A recent Skift survey found a significant drop in travel intent to the US

Source: Skift

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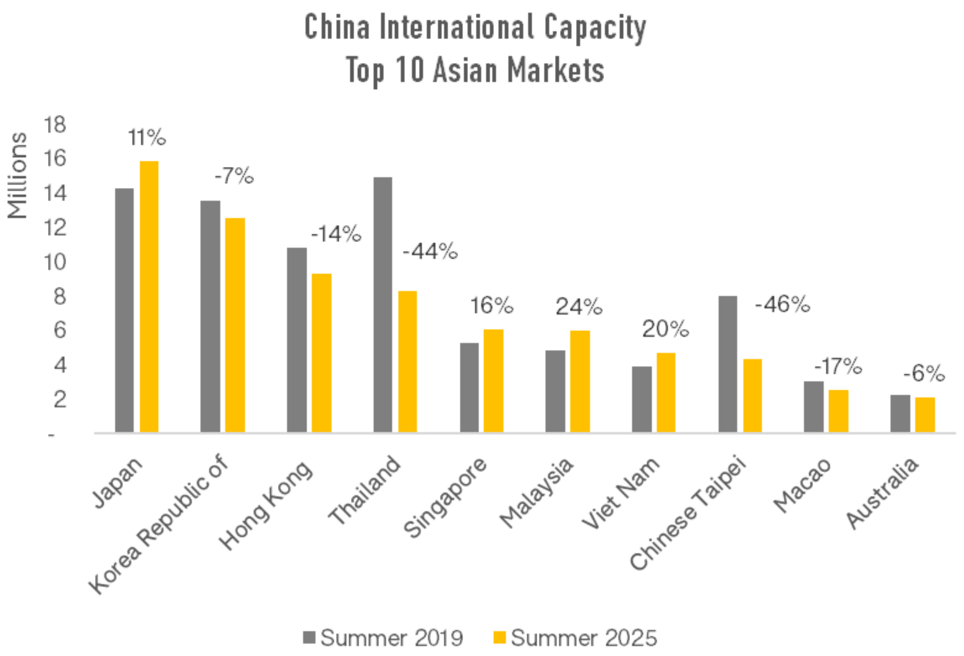
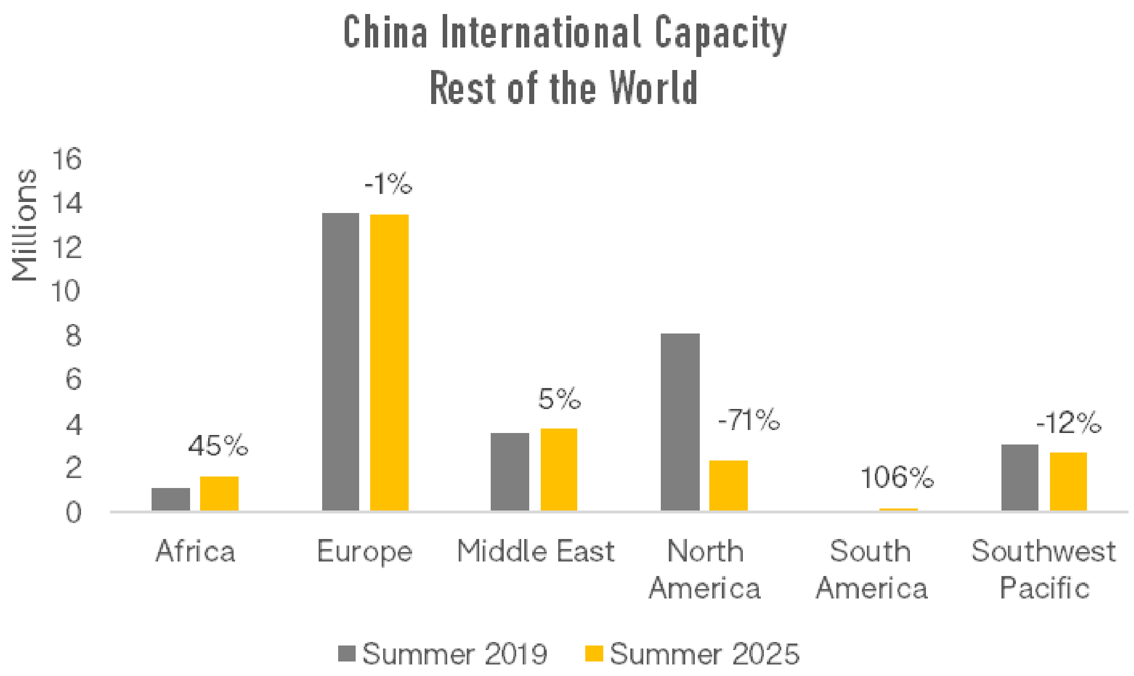
CHINA'S INTERNATIONAL CAPACITY STILL LAGGING 2019

- China's international capacity remains 15% below 2019, with some significant variations across key markets. Within Asia, Thailand, previously China's largest international market in capacity terms is almost half the size it was in 2019. The only markets showing growth of the Top 10 largest destinations in Asia are Japan, Singapore, Malaysia and Vietnam.

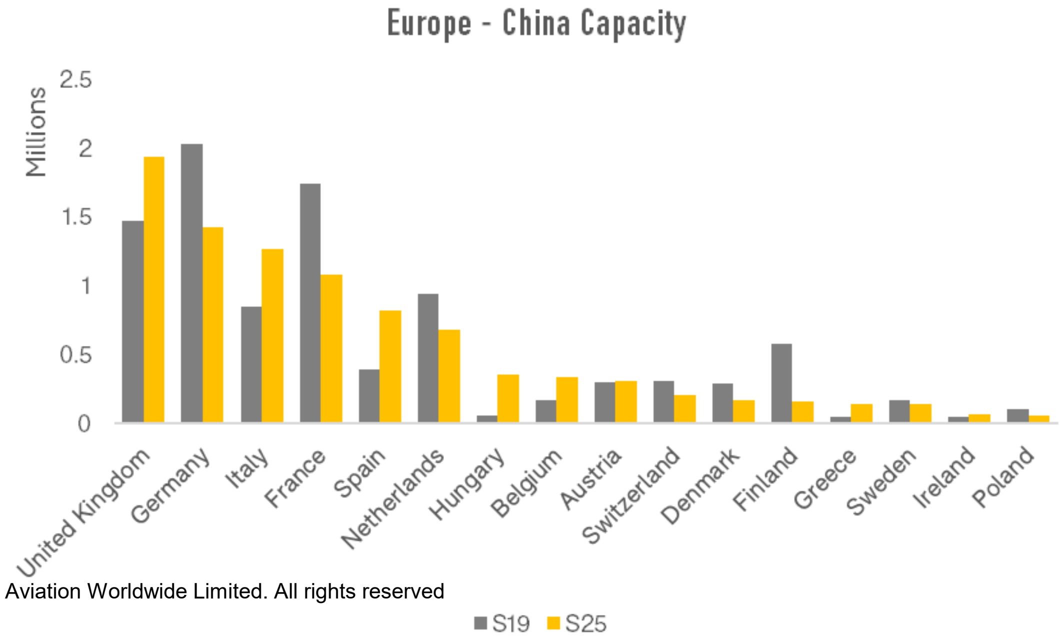
- Further afield, China- US capacity has been badly impacted by the ongoing tariff war- down by 71%.

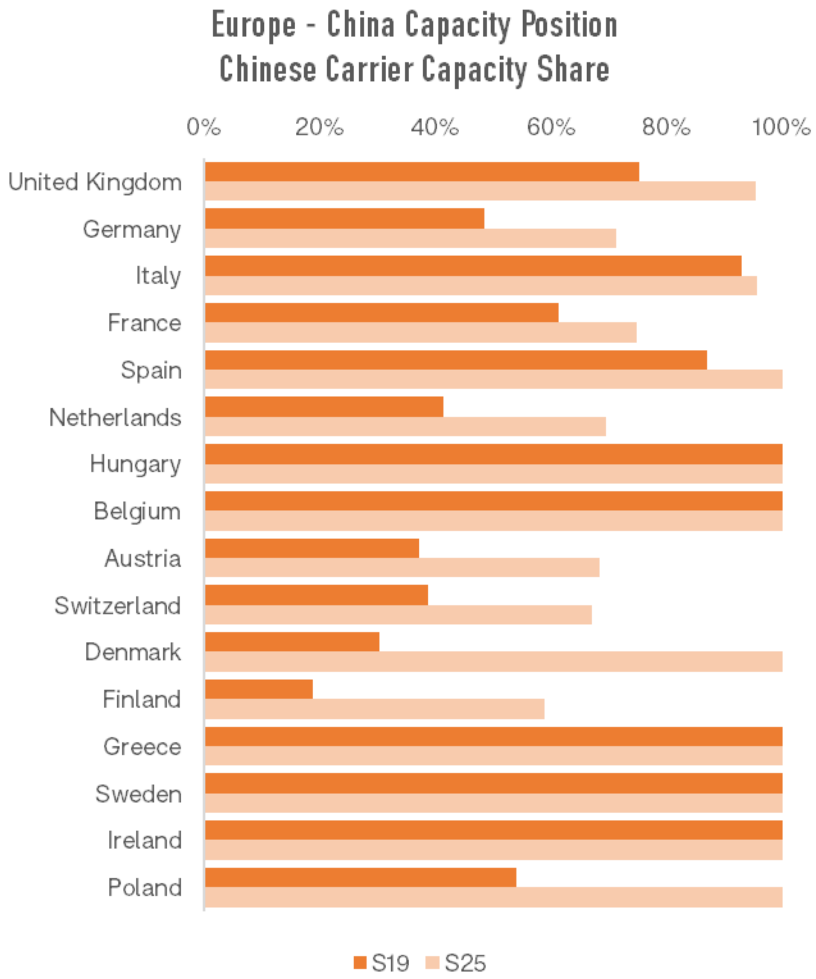




ALTHOUGH CHINESE CARRIERS DOMINATE IN SOME MARKETS

- In Summer 2025, Chinese carriers will operate 83% of capacity between China and Europe, compared to 55% of capacity in Summer 2019. Overall total capacity is slightly down by 1%, but the distribution of capacity has changed with growth into the UK, Italy and some smaller markets.
- For some markets – the UK and Italy over 95% of capacity is operated by Chinese carriers
- For many more – Spain, Hungary, Belgium, Denmark, Greece, Sweden, Ireland and Poland for example – the market is entirely served by Chinese carriers, reflecting the current imbalance in demand





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GLOBAL TOURISM IN 2025 – A SNAPSHOT

Global Trends

- UNWTO: International arrivals projected to reach 1.5 billion in 2025
- Asia-Pacific and Middle East leading recovery (10–15% YoY growth)
- Europe sees stabilization, but slower growth
- Shift toward second-tier cities and “off-the-beaten-path” destinations
- Rise in sustainable travel, experience-based tourism

Top Growth Regions in 2025:

Asia-Pacific: Surging outbound Chinese, Indian, and ASEAN travellers
Middle East: Strong inbound recovery, new luxury hubs (e.g., Saudi Arabia’s NEOM)
Africa: Emerging as a new eco-tourism and adventure destination

Key Destinations in 2025*

Top Destinations - World
1. London, U.K.
2. Bali, Indonesia
3. Dubai, U.A.E.
4. Sicily, Italy
5. Paris, France
6. Rome, Italy
7. Hanoi, Vietnam
8. Marrakech, Morocco
9. Crete, Greece
10. Bangkok, Thailand

*According to Tripadvisor

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RISE OF THE AMBITIOUS TOURISM TARGETS

- With 5 years to go until the end of the decade, a flurry of new 2030 tourism targets have been announced this year

- Morocco 26m by 2030 (17m currently)
- Egypt 30m by 2030 (15.7m currently)
- Japan 60m inbound by 2030 (37m currently)
- UAE 50 m by 2031 (from 28m currently)
- South Africa 15m 2030 (9m currently)

- Saudi Arabia Vision 2030 150m total (100m currently)

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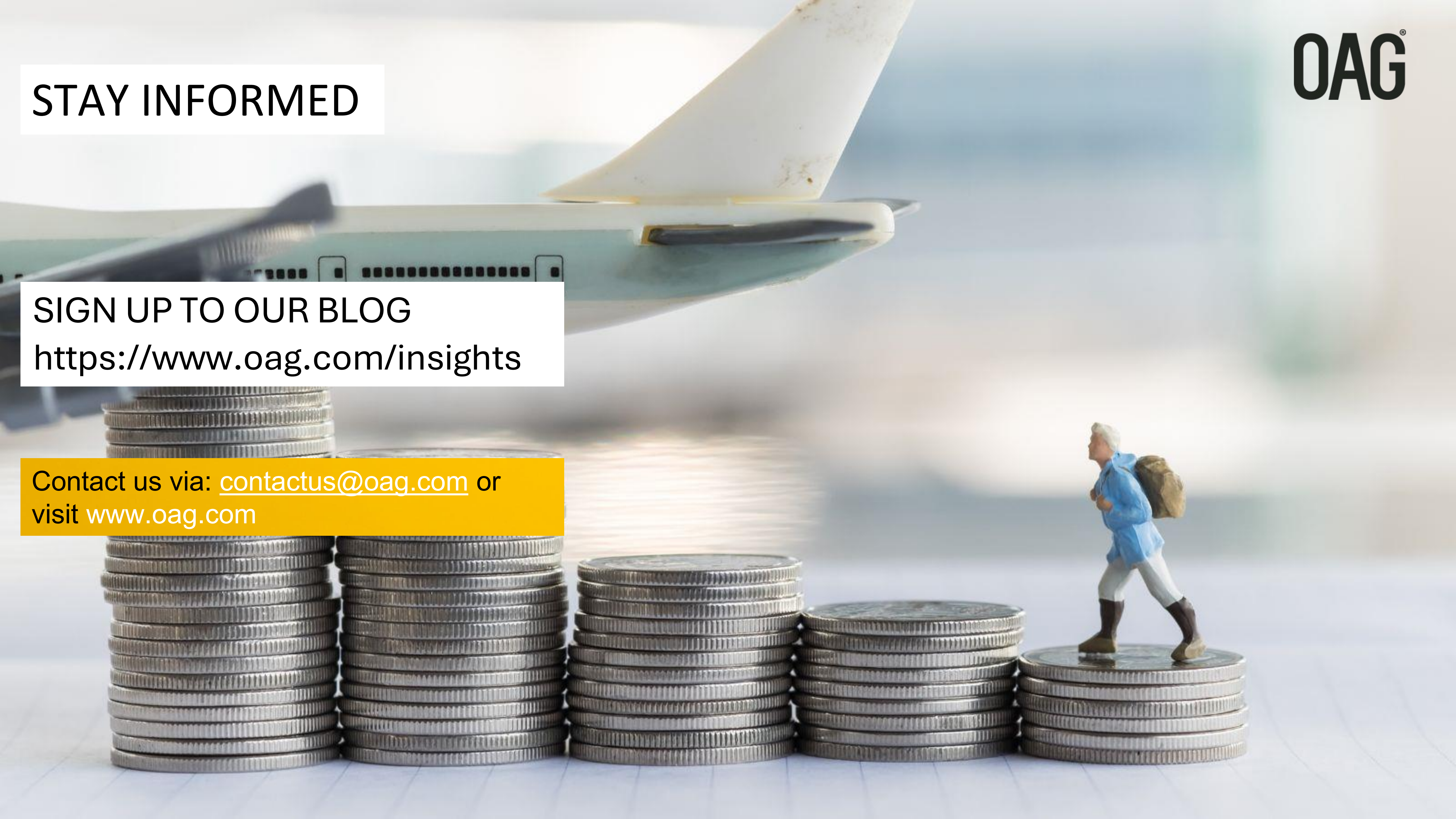

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