

EXCHANGE RATE IMPACTS ON EUROPEAN TOURISM

Location: United Kingdom

Client: European Union

Services: Briefing Paper



Analysis of the impact of exchange rate fluctuations between the euro and other key currencies on European tourism

Project Objectives:

- Analyse the exchange rates of the US dollar, Japanese yen, Chinese yuan, Russian rouble, and British pound against the euro over a five-year period, and comment on the effect this has had on visitor flows to Europe.

Our Recommendations:

- With the exception of the British pound, the strengthening of the euro against the other four currencies over the period 2001-2005 was similar – between 23% and 28%. By comparison the euro only strengthened by around 8% against the pound.
- Tourist arrivals in the euro area from the United States and Japan declined over the period 2001-2005, whilst arrivals from China, Russia and the UK increased. Growth in the China market was substantial.
- Analysis of the exchange rates between the euro and the five currencies, and the corresponding tourist flows between the source destinations and Europe (but particularly the euro area), indicated that there was no conclusive evidence that the increasing strength of the euro over the period 2001-2005 had a negative impact on inbound tourism.