

European tourism in the post-pandemic era: uneven recovery and new challenges

The tourism sector was one of the hardest hit globally by the COVID-19 pandemic. In fact, even today, a good number of countries have not yet recovered the levels of international visitors seen in 2019, particularly in the Asia-Pacific region. In this challenging context, aggregate tourism demand in the EU has performed relatively well, albeit with marked heterogeneity within the bloc. In particular, the Mediterranean economies experienced a rapid revival, in contrast to less favourable demand in Eastern European countries. Here we review recent developments and challenges for a sector that is key to the European economy.¹

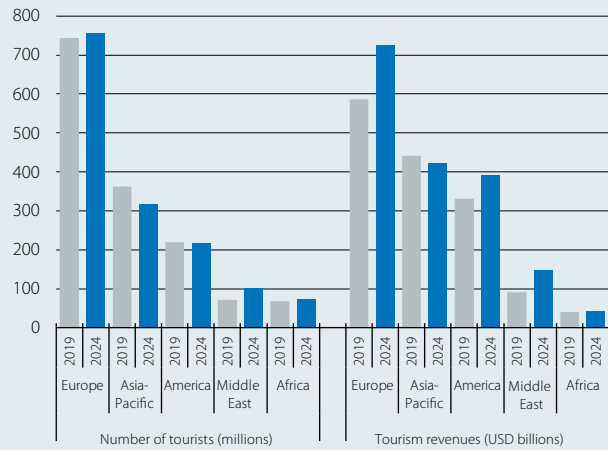
International demand takes over from domestic tourism amidst ongoing challenges

The number of international tourists returned to pre-pandemic levels in 2024 (around 1.5 billion in 2019, according to the World Tourism Organization). By region, the picture is, however, more mixed, with the Asia-Pacific region still 12% below 2019 levels, while the Middle East stands 40% higher, benefiting from its growing offer of business and sporting events (see first chart). In Europe, the number of international tourists last year exceeded the level recorded in 2019 by 12 million, with a cumulative increase in revenues of around 25%, although the latter figure is in nominal terms and is largely explained by inflation in this period.

The international tourism segment was the hardest hit by the mobility restrictions during 2020 and 2021. In the EU, both the number of people and overnight stays by foreigners at tourist establishments collapsed by 70% compared to 2019, and pre-pandemic levels were only recovered in 2023 as demand finished normalising in key markets such as China (see second chart). However, its revival has not been without obstacles, such as the war in Ukraine, the higher cost of air travel and hospitality services and, more recently, the impact on flights of tensions in the Middle East and the increase in global uncertainty. By comparison, domestic demand declined by 30%-40% and had already recovered pre-pandemic levels by 2022, although since then it has experienced moderate growth in a context in which the cumulative loss of European households' purchasing power has only recently begun to be corrected.

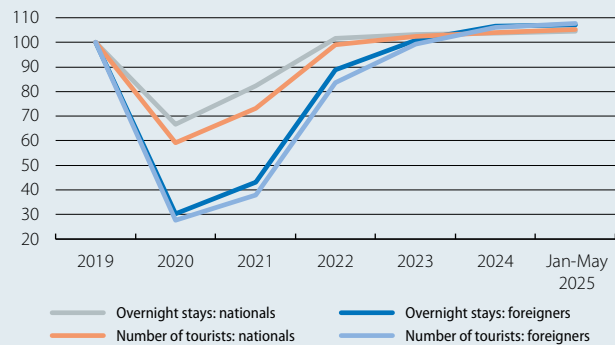
1. According to data and methodology from the World Travel and Tourism Council, the tourism sector represents around 10% of European GDP and some 25 million jobs. This figure includes direct, indirect and induced effects.

International tourism by destination region



Source: CaixaBank Research, based on data from the World Tourism Organization.

Stays in EU tourist accommodation establishments Index (100 = 2019)



Note: The figures for January to May 2025 are calculated by applying the average year-on-year change for those months to the annual figure for 2024. Tourist accommodation establishments include hotels, apartments and campsites.

Source: CaixaBank Research, based on data from Eurostat.

Beyond the case of Spain: the Mediterranean region drives the recovery for European tourism

The aggregate figures for the EU hide significant variations in the recovery of international tourism demand between different Member States. Whilst a large number of countries show a significant increase in overnight stays by foreigners compared to 2019 levels – including most Mediterranean countries – others still remained far short of pre-pandemic levels in 2024, especially Bulgaria and the Baltic states, which have a historically high dependence on the Russian market (see third chart). Among the EU's large economies, the recovery has been particularly strong in the case of Spain (15% more overnight stays by foreigners in the last year compared to 2019)² and in Italy (12%), both

2. A detailed snapshot of the latest trends in Spain's tourism sector can be read in the [Tourism Sector Report](#) published by CaixaBank Research twice per year.

of which have shown significant dynamism in the sector’s global context, while it has been much more contained in France and remains incomplete in the case of Germany.

The revival of international tourism in the Mediterranean region has had a significant macroeconomic impact in recent years and has been a key factor in the recovery of GDP to pre-pandemic levels, contributing to job creation and the improvement of the current account balance. For these countries as a whole, their traditional external surplus for tourism services stood above 2% of GDP in 2023 and 2024, exceeding the 2019 level (see fourth chart). In contrast, the other group of countries that showed a positive balance prior to the pandemic – of which the largest in volume terms were Austria, Hungary and Poland – registered net tourism exports last year equivalent to 0.8% of GDP, half that of 2019.

What comes next? A new phase for European tourism

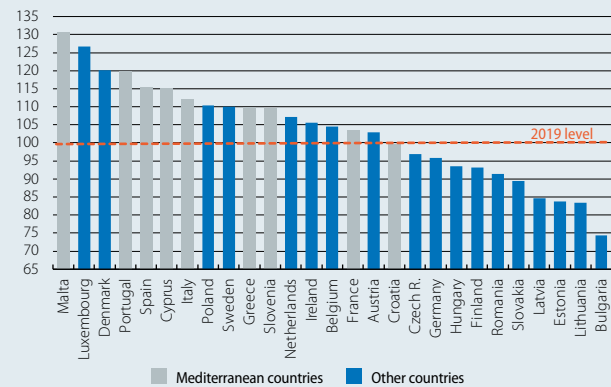
The World Tourism Organization anticipates an increase in the number of international tourists in 2025 of between 3% and 5%,³ while the medium-term prospects are also favourable and continue to be supported by a combination of the high elasticity of demand to income and the expansion of the middle classes in emerging countries.⁴ The materialisation of this scenario will largely depend on a moderation of the current global economic and geopolitical uncertainty, while it remains to be seen how the price escalation of recent years will be offset by a growing consumer preference for leisure and travel in particular.

In the EU, the tourism sector has emerged from the years of post-pandemic recovery with a generally positive balance and looks poised to take advantage of the good outlook for global demand. However, the picture is neither uniform nor free from challenges. The particular needs of each country have become more nuanced compared to the global solutions proposed in 2020 in the face of the effects of COVID-19. Today the debates range widely, from doubts about the sustainability of current demand – particularly in locations where it has grown the most in recent years or is more exposed to the rigours of climate change – to those areas shaken by the war in Ukraine and destinations with a tourist offer that is more vulnerable to global competition.

With the aim of transforming the tourism model in order to maintain its competitiveness, in the coming months the European Commission will present the Sustainable

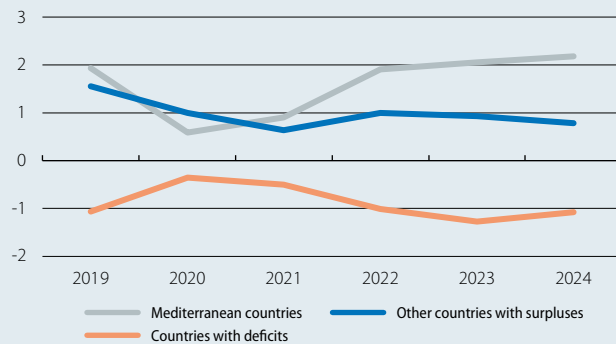
Overnight stays by foreigners in tourist establishments by EU country

(% of 2019 level)



Notes: Data for the last 12 months up to May 2025 as a percentage of the value for 2019. Tourist accommodation establishments include hotels, apartments and campsites.
Source: CaixaBank Research, based on data from Eurostat.

Balance of payments for tourism services in the EU
Net balance (% of GDP)



Notes: Mediterranean countries include Cyprus, Croatia, Slovenia, Spain, France, Greece, Italy, Malta and Portugal. Other countries with surpluses include Austria, Bulgaria, the Czech Republic, Slovakia, Estonia, Hungary, Latvia, Luxembourg and Poland. Countries with deficits include Germany, Belgium, Denmark, Finland, Ireland, Lithuania, the Netherlands, Romania and Sweden.
Source: CaixaBank Research, based on data from Eurostat.

Tourism Strategy, which will outline priorities such as reducing the seasonality of demand, diversifying destinations, improving job quality and boosting the use of data (AI) for tourism management, among others. This will thus join other initiatives that seek to respond to the challenges of the sector, such as the emission reduction targets in transportation and the environmental certification requirements for accommodation establishments set out in the European Green Deal, the regulatory harmonisation for short-term rentals approved in 2024 and the entry into force in late 2026 of a new digital entry authorisation scheme to bolster border security.

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3. See the World Tourism Barometer published in May this year.
4. See the article «What do the elasticities of international tourism demand tell us about the growth of the tourism sector in Spain?» in the Tourism Sector Report S1/2025.