

Tourism afloat: update after 2 weeks of the flight ban

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Observing the data of the second week arrivals since Russia’s recent flight ban, dynamics remain broadly unchanged from a week before¹: despite the drop of Russian tourists, total travelers growth remains positive at 2.1% YoY (see figure 1 below).

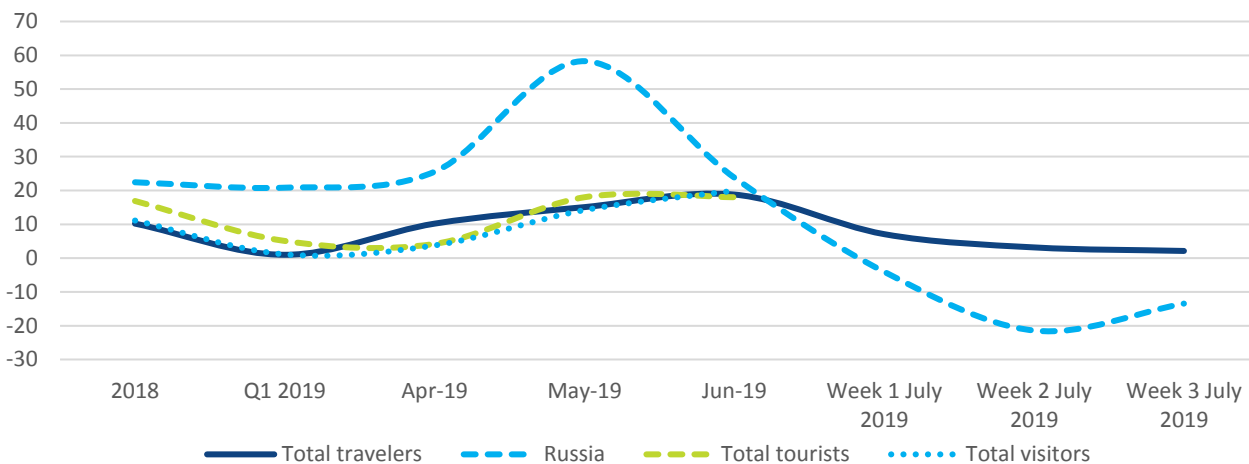
Historically, the increase of tourist inflows has been several percentage points higher as compared with that of travelers; however, due to more pronounced drop in tourists rather than same-day visitors, this differential should be lower. While more information is needed on the tourism inflows, the read-across indicates that the tourism stays afloat.

The arrivals from Russia by plane, directly hit by the sanctions, was down by 75.9% YoY in week 3 of July, largely unchanged from the 78.6% decrease of previous week. At the same time, the total number of Russian travelers declined more moderately by 13.5% YoY (vs. 21.4% YoY drop in the previous week). This is mostly explained by the increased number of land border crossings by Russian citizens from Armenia, Turkey, and Azerbaijan. Also, the land arrivals from Russia declined by only 1.3% YoY, as compared with the 5.6% drop from a week before (see figure 3 below).

Overall, TBC Research earlier projections on up to 5% tourism growth over the next 12 months seems reasonable. As well as above 4% GDP growth for the FY 2019 and 2020 and the GEL being undervalued – consistent with the NBG latest judgment (see note [monetary policy rate](#)).

See more on updated projections in forthcoming TBC Research monthly update to be released in the beginning of August.

Figure 1. Growth of international arrivals by types (YoY, %)



Source: GNTA, MIA, TBC Research estimates

¹ See [note](#) on previous week dynamics of travelers.

Figure 2. Growth of international arrivals by countries/regions

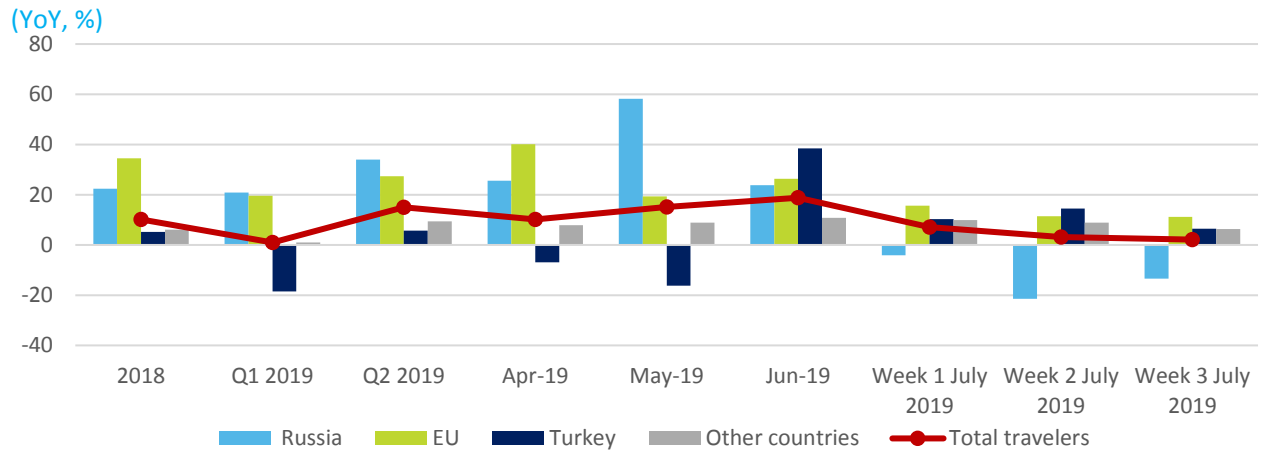


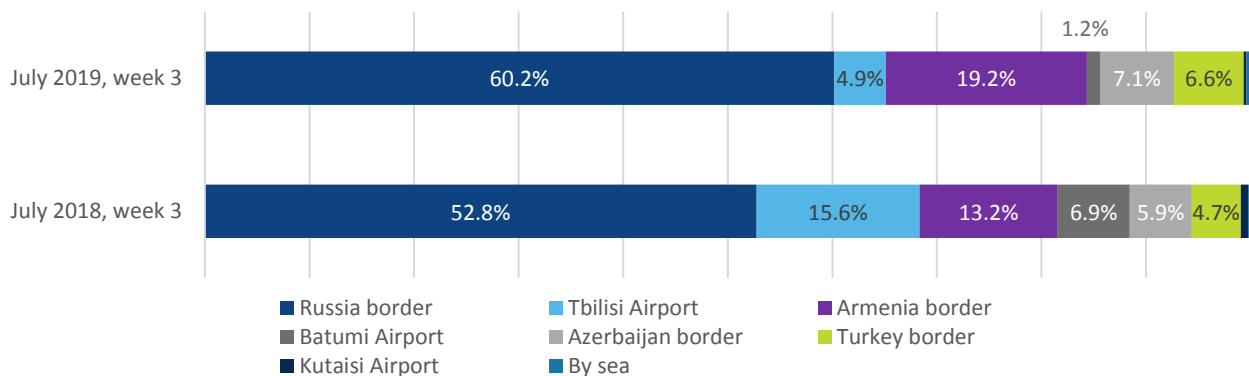
Figure 3. Breakdown of travelers from Russia

	Week 1 July-18	Week 1 July-19	YoY	Week 2 July-18	Week 2 July-19	YoY	Week 3 July-18	Week 3 July-19	YoY
Total travelers from Russia	52,144	50,030	-4.1%	52,720	41,423	-21.4%	58,960	51,024	-13.5%
Of which:									
by plane	13,742	12,245	-10.9%	13,533	2,898	-78.6%	13,647	3,292	-75.9%
Tbilisi Airport	9,484	8,234	-13.2%	9,353	2,320	-75.2%	9,172	2,517	-72.6%
Batumi Airport	3,882	3,504	-9.7%	3,774	449	-88.1%	4,048	635	-84.3%
Kutaisi Airport	376	507	34.8%	406	129	-68.2%	427	140	-67.2%
By land	38,287	37,671	-1.6%	39,061	38,350	-1.7%	45,177	47,526	5.3%
Russia border	27,047	24,958	-7.7%	26,001	24,544	-5.6%	31,116	30,714	-1.3%
Armenia border	5,818	7,095	21.9%	6,950	8,068	16.1%	7,805	9,801	25.6%
Azerbaijan border	2,998	3,183	6.2%	3,385	2,887	-14.7%	3,507	3,629	3.5%
Turkey border	2,424	2,435	0.5%	2,725	2,851	4.6%	2,749	3,382	23.0%
By sea	115	114	-0.9%	126	175	38.9%	136	206	51.5%

Source: MIA

Figure 4. Composition of incoming travelers from Russia by borders

(% share in travelers from Russia)



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