

Some initial signs of recovery: update after three weeks of the flight ban

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Observing the arrivals data of the third week (week of July 22) since Russia’s recent flight ban, dynamics appear to have taken a more positive turn from that of a week before¹: the drop of Russian tourists has moderated further, and the total travelers’ growth slightly increased to 3.7% YoY.

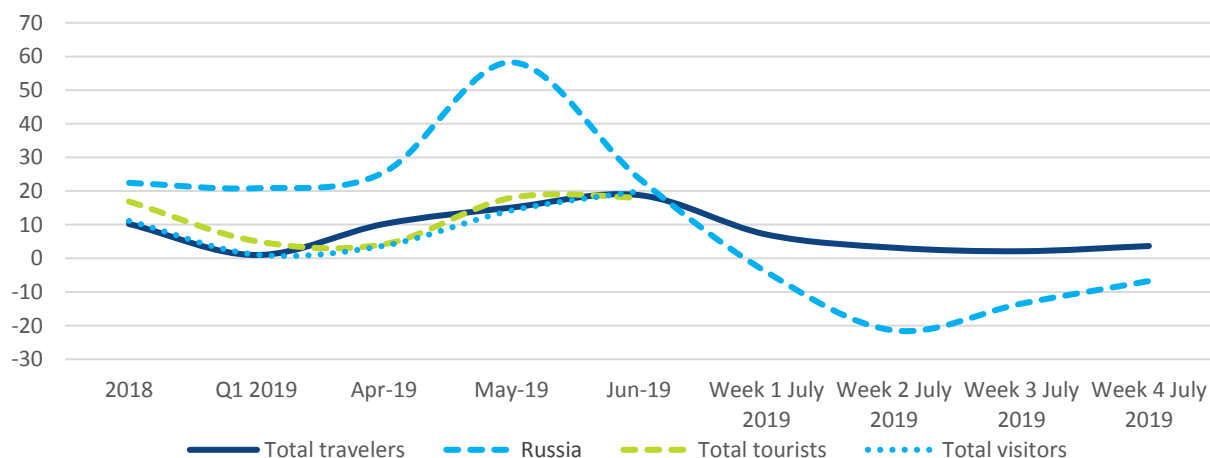
Historically, the increase of tourist inflows has been several percentage points higher as compared with that of travelers; however, due to a more pronounced drop in tourists rather than same-day visitors, this differential should be lower. On the other hand, travelers from the EU posted a higher growth rate (+15.1% YoY) in the fourth week of July indicating that the acceleration of tourists and inflows likely was higher as compared to that of travelers.

The arrivals from Russia by plane, directly hit by the sanctions, were down by 74.8% YoY in week four of July, largely unchanged from the 75.9% decrease of the previous week. However, the total number of Russian travelers declined more moderately by 6.8% YoY (vs. the 13.5% YoY drop in the previous week and the 21.4% YoY drop in the first week of sanctions). This is mostly explained by a 15.3% YoY increase of land arrivals from Russia, as opposed to the 1.3% drop from a week before, as well as a continued growth (+24.7% YoY) of land border crossings by Russian citizens from Armenia.

Overall, TBC Research earlier projections of 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.

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

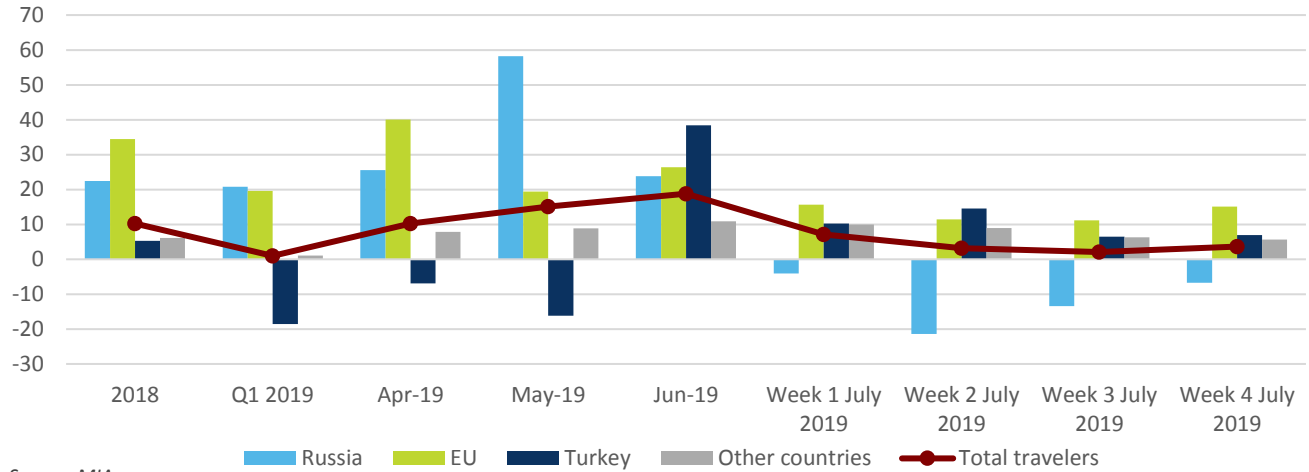
Figure 1. Growth of international arrivals by types (YoY, %)



Source: GNTA, MIA, TBC Bank Economic Team estimates

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

Figure 2. Growth of international arrivals by countries/regions (YoY, %)



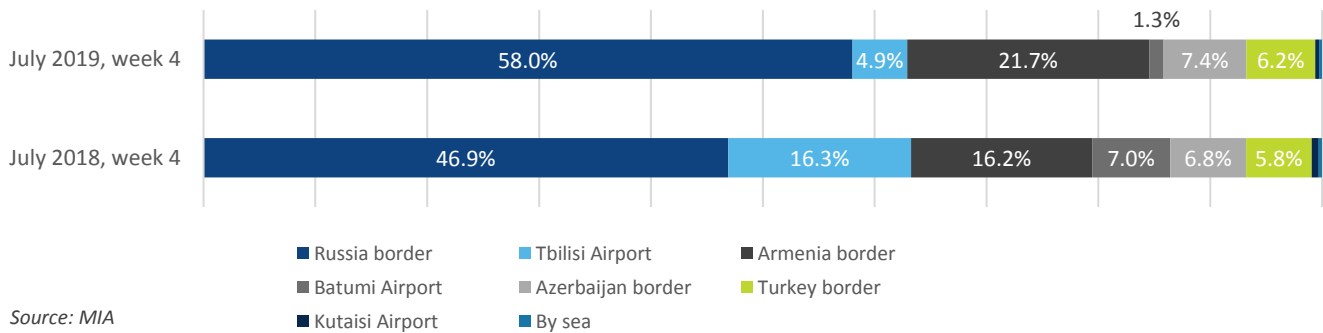
Source: MIA

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	Week 4 July-18	Week 4 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%	57,573	53,682	-6.8%
of which:												
by plane	13,742	12,245	-10.9%	13,533	2,898	-78.6%	13,647	3,292	-75.9%	13,780	3,475	-74.8%
Tbilisi Airport	9,484	8,234	-13.2%	9,353	2,320	-75.2%	9,172	2,517	-72.6%	9,398	2,623	-72.1%
Batumi Airport	3,882	3,504	-9.7%	3,774	449	-88.1%	4,048	635	-84.3%	4,013	675	-83.2%
Kutaisi Airport	376	507	34.8%	406	129	-68.2%	427	140	-67.2%	369	177	-52.0%
by land	38,287	37,671	-1.6%	39,061	38,350	-1.7%	45,177	47,526	5.3%	43,623	50,062	14.8%
Russia border	27,047	24,958	-7.7%	26,001	24,544	-5.6%	31,116	30,714	-1.3%	27,021	31,151	15.3%
Armenia border	5,818	7,095	21.9%	6,950	8,068	16.1%	7,805	9,801	25.6%	9,326	11,625	24.7%
Azerbaijan border	2,998	3,183	6.2%	3,385	2,887	-14.7%	3,507	3,629	3.5%	3,910	3,974	1.6%
Turkey border	2,424	2,435	0.5%	2,725	2,851	4.6%	2,749	3,382	23.0%	3,366	3,312	-1.6%
by sea	115	114	-0.9%	126	175	38.9%	136	206	51.5%	170	145	-14.7%

Source: MIA

Figure 4. Composition of incoming travelers from Russia by borders (% share in travelers from Russia)



Source: MIA

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