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European Tour Operator Warns Russia Crisis Could Affect Tourism

By The Moscow Times

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Travellers from Russia and China have been the fastest growing source markets in the tourism industry over the last few years.

German travel and tourism group TUI AG, the majority owner of Europe's largest tour operator TUI Travel, said a crisis in Russia had the potential to harm what has been a fast-growing source of customers for the tourism industry.

Travellers from Russia and China have been the fastest growing source markets in the tourism industry over the last few years and are expected to help drive an expected 4-4.5 percent rise in global tourist arrivals in 2014, according to the United Nation's World Tourism Organization.

But the Russian economy has been slowing since last year and now consumers are also struggling with the impact of tensions between their country and the European Union and the U.S. since Russia annexed most of Ukraine's Crimean Peninsula in March. The EU and U.S.

have imposed sanctions to which Moscow has retaliated with a ban on most Western food imports.

Asked about the impact of the crisis, TUI AG Chief Executive Frierich Joussen said there were some effects but that as the group and TUI Travel predominantly served customers from western Europe the crisis was not having a "material" impact on the group.

However, when asked whether sanctions would cause Russians to spend less on holidays he added: "We wish it were otherwise because Russia is a market that has the potential to grow."

Russian travellers helped to partly shield TUI AG's Iberotels hotels business from a sharp fall in bookings in Egypt, he said, because they continued to travel there despite recent unrest that deterred tourists from elsewhere in Europe.

Iberotel saw underlying profits fall 8 million euros ($10.7 million) in the first nine months of the year, but still made a profit of 4 million euros, Joussen said.

Joussen added that business in Ukraine had all but dried up as a result of the crisis.

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