Emerging market tourism
Longer Term Investments (LTI)

Emerging market (EM) tourism is booming thanks to income growth and urbanization, driving global aviation infrastructure expansion and demand for a broad range of travel-linked services. There is an important structural element to this growth trend too.

Projections and opportunities

**Income growth drives demand for travel**
Based on the high positive correlation between income growth and international travel, we forecast an 8% CAGR for EM tourism (2015–2030), likely outpacing the long-term 4% EM GDP growth rate.

![8% CAGR EM tourism (2015–2030)]

Income growth + International travel

**Tourism: source of hard currency**
The growth of in- and outbound EM travel is boosted by EM economic diversification away from commodity exports and by more liberal visa policies that draw visitors and attract foreign-currency receipts.

![Liberal visa policies > Attract more visitors > Attract foreign-currency receipts]

**Urbanization is a catalyst for aviation infrastructure**
International travel is an EM urban phenomenon because access to aviation infrastructure is in big cities where incomes are higher and there is scalability. The rise of low-cost carriers has also lowered prices in the past decade.

![Low-cost carriers > Lower prices & more flights]

**Strong government policy support**
Government policy support for the travel boom comes in the form of public investment in airports, new bilateral flight agreements, visa relaxation, and cuts in consumer tax for visitors, among others.

![Bilateral flight agreements + Airports + Visa relaxation] Government policy support for travel boom

**Boom in EM outbound travel**
The fact that over two-thirds of inbound visitors to emerging markets are from other emerging countries clearly reflects the boom in EM outbound travel.

![2/3 Other EM countries > 1/3 Rest of the world]

**Silver tourism and medical tourism**
Rising life expectancy and greater leisure spending in aging developed markets is bolstering tourism to lower cost EM; medical tourism occurs when patients travel to emerging markets offering superior or more affordable healthcare treatment.

![Medical tourism in EM countries + Superior healthcare + Affordable treatments]

To learn more contact your client advisor or go to: ubs.com/lti

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