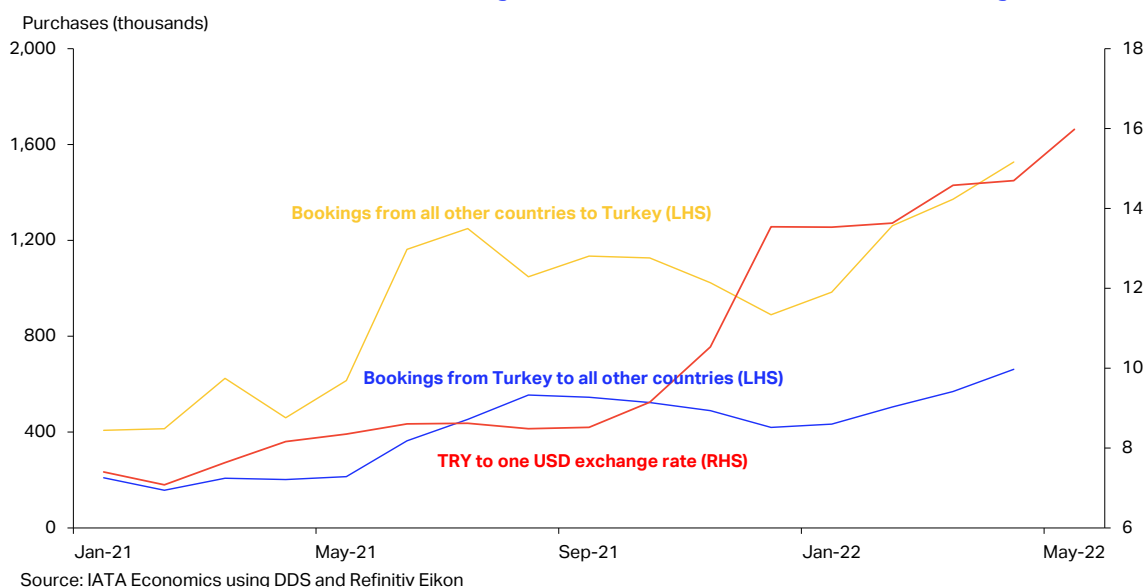




# IATA Economics' Chart of the Week

20 May 2022

## Turkish tourism fostered by the current monetary crisis



- Turkey is facing a deepening economic crisis, though the economy rebounded quickly from the 2020 pandemic GDP growth rate of 1.8%, gaining 11% in 2021. This performance was mainly driven by fiscal support, accommodative monetary policy, and a swift vaccination rollout all of which boosted demand in the country. However, coupled with soaring energy prices, the monetary policy accommodation brought Turkey's inflation rate to a 20-year high of 70% in April 2022.
- The Turkish lira (TRY) weakened further to 15.9 per USD in May this year, edging closer to the all-time low of TRY 18.4/USD hit in December 2021. Authorities imposed reserve requirements, extended the tax exemption of corporations converting foreign currency to TRY, and hiked the foreign revenue ratio that exporters are required to sell from 25% to 40%. This, one is tempted to think, does not bode well for air transport in this market.
- Tourism is important to Turkey's economy and the sector represented 11% of GDP and generated more than 2.6 million jobs in 2019. Inbound bookings represented 68% of all bookings in 2019 and 70% in 2021 and Q1 2022. A similar situation has been observed in Argentina. In 2001, the Argentinian peso devaluated until the exchange rate to USD tripled, this fostered foreign tourism and made exports more competitive.
- Our bookings data suggest that international bookings had two recent significant growth moments. In Summer 2021, European markets reopened, thus fostering tourism between this region and Turkey. Early this year, inflation rose rapidly to attain 70% in April, the current situation allows the country to become highly competitive due to currency depreciation, benefiting international tourism.
- Top visiting countries include Germany, UK, Israel, and France, flows from these countries recovered quickly in 2021 and show strong numbers for this first quarter of 2022. Even with charter and Russian airline operations not well captured by our data, the latest reports shows that bookings to and from the country are now above 2019 levels.

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