

# EAGLEs Flash



EAGLEs citizens are pushing up the demand for tourism services but they are also increasingly relevant destinations for travellers worldwide

## The surge in demand for world tourism services is “emerging”

In the last six years EAGLEs citizens' expenditure in international tourism services has more than doubled, whereas in the case of the G7's it has barely grown. The gap in the aggregate expenditure is closing very fast. While in 2005 the total of the EAGLEs was only a quarter of the G7's, in 2011 it was more than half. By origin, it is becoming more popular to hear Mandarin, Russian, Brazilian (Portuguese) and Korean all over the world as economic growth is creating a booming new middle class. Tourism industries, such as hotel and air passenger transportation must adapt to this reality to take advantage of this opportunity.

## Tourism industry is also flourishing in the EAGLE countries

The aggregate tourism receipts of the Eagles' countries have also increased very fast in the last few years and in 2011 were almost equivalent to half of the receipts of the G7 economies. The fact these countries are also becoming a hot destination worldwide, also mean new opportunities for FDI projects in this industry as well as heightened demand for the appropriate human capital and to close the infrastructure gap<sup>1</sup>.

There is, however, a very large heterogeneity across EAGLE countries: China is becoming one of the top destinations for international tourists, either for holidays or business purposes. All EAGLEs, but Mexico, have increased their receipts from tourism services since 2005. In the case of Mexico, the negative effects of the Swine flu pandemic in 2009 as well as growing security concerns are having a negative impact on the sector which had been very successful previously.

Chart 1

International Tourism Expenditure, travel item (billion USD)									
Country	Ranking			Expenditure			Growth rate (%)		
	2005	2010	2011	2005	2010	2011	05-11 Avg.	10-11	
<b>EAGLEs</b>									
China	7	3	3	22	55	73	22.1	32.7	
Russia	9	9	7	17	27	33	11.7	22.2	
Brazil	27	18	12	5	16	21	27.0	31.3	
Korea	11	14	15	15	18	20	4.9	11.1	
India	24	24	22	6	11	14	15.2	27.3	
Mexico	22	28	-	8	7	8	-0.4	11.9	
Indonesia	32	30	-	4	6	6	7.5	3.1	
Turkey	40	35	-	3	5	5	8.8	-0.5	
<b>G7</b>									
Germany	1	1	1	74	78	84	2.2	8.7	
U.S.	2	2	2	70	76	79	2.1	4.8	
UK	3	4	4	60	49	51	-2.5	4.9	
France	5	5	5	32	39	42	4.8	8.9	
Canada	8	6	6	18	29	33	10.6	12.0	
Italy	6	8	8	22	27	29	4.4	7.8	
Japan	4	7	9	38	28	27	-5.2	-2.7	
Spain	12	17	18	15	17	17	2.4	3.0	
EAGLEs				80	145	180	14.5	24.1	
G7				313	325	346	1.6	6.5	

Source: WTO and Haver

Chart 2

International Tourism Receipts, travel item (billion USD)									
Country	Ranking			Receipts			Growth rate (%)		
	2005	2010	2011	2005	2010	2011	05-11 Avg.	10-11	
<b>EAGLEs</b>									
China	6	4	4	29	46	49	9.1	7.0	
Turkey	8	11	12	18	21	23	4.2	10.5	
India	24	17	17	7	14	18	17.0	27.1	
Mexico	14	23	23	12	12	12	0.0	2.0	
Korea	31	26	22	6	10	12	12.2	22.9	
Russia	30	30	24	6	9	11	10.6	22.6	
Indonesia	39	33	-	5	7	8	8.1	14.7	
Brazil	41	37	-	4	6	7	8.6	10.8	
<b>G7</b>									
U.S.	1	1	1	82	104	116	6.0	12.3	
France	3	3	3	44	47	54	3.4	15.5	
Italy	4	5	5	35	38	43	3.3	11.9	
Germany	7	6	6	29	35	39	4.9	12.3	
UK	5	7	7	31	31	36	2.7	17.4	
Canada	11	15	18	14	16	17	3.5	7.1	
Japan	13	18	-	12	13	11	-2.0	-16.8	
Spain	2	2	2	48	52	60	3.8	15.2	
EAGLEs				87	124	140	8.2	12.4	
G7				247	283	316	4.2	11.7	

Source: WTO and Haver

If you would like to know or learn more about EAGLEs, please click into

For our reports



Alicia García-Herrero  
alicia.garcia-herrero@bbva.com.hk  
+852 2582 3281

To share discussions



Mario Nigrinis  
mario.nigrinis@bbva.com  
+852 9682 0948

For reports and send us comments



David Martinez  
dmartinez@bbva.com  
+34 690 845 429

<sup>1</sup> For more information about tourism industry in the EAGLEs please check (only available in Spanish)

[http://www.bbva-research.com/KETD/fbin/mult/Perspectivas\\_para\\_el\\_turismo\\_y\\_oportunidades\\_en\\_Latam\\_tcm346-257395.pdf?ts=562012](http://www.bbva-research.com/KETD/fbin/mult/Perspectivas_para_el_turismo_y_oportunidades_en_Latam_tcm346-257395.pdf?ts=562012)

## DISCLAIMER

This document and the information, opinions, estimates and recommendations expressed herein, have been prepared by Banco Bilbao Vizcaya Argentaria, S.A. (hereinafter called "BBVA") to provide its customers with general information regarding the date of issue of the report and are subject to changes without prior notice. BBVA is not liable for giving notice of such changes or for updating the contents hereof.

This document and its contents do not constitute an offer, invitation or solicitation to purchase or subscribe to any securities or other instruments, or to undertake or divest investments. Neither shall this document nor its contents form the basis of any contract, commitment or decision of any kind.

**Investors who have access to this document should be aware that the securities, instruments or investments to which it refers may not be appropriate for them due to their specific investment goals, financial positions or risk profiles, as these have not been taken into account to prepare this report.** Therefore, investors should make their own investment decisions considering the said circumstances and obtaining such specialized advice as may be necessary. The contents of this document are based upon information available to the public that has been obtained from sources considered to be reliable. However, such information has not been independently verified by BBVA and therefore no warranty, either express or implicit, is given regarding its accuracy, integrity or correctness. BBVA accepts no liability of any type for any direct or indirect losses arising from the use of the document or its contents. Investors should note that the past performance of securities or instruments or the historical results of investments do not guarantee future performance.

**The market prices of securities or instruments or the results of investments could fluctuate against the interests of investors. Investors should be aware that they could even face a loss of their investment. Transactions in futures, options and securities or high-yield securities can involve high risks and are not appropriate for every investor. Indeed, in the case of some investments, the potential losses may exceed the amount of initial investment and, in such circumstances; investors may be required to pay more money to support those losses. Thus, before undertaking any transaction with these instruments, investors should be aware of their operation, as well as the rights, liabilities and risks implied by the same and the underlying stocks. Investors should also be aware that secondary markets for the said instruments may be limited or even not exist.**

BBVA or any of its affiliates, as well as their respective executives and employees, may have a position in any of the securities or instruments referred to, directly or indirectly, in this document, or in any other related thereto; they may trade for their own account or for third-party account in those securities, provide consulting or other services to the issuer of the aforementioned securities or instruments or to companies related thereto or to their shareholders, executives or employees, or may have interests or perform transactions in those securities or instruments or related investments before or after the publication of this report, to the extent permitted by the applicable law.

BBVA or any of its affiliates' salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to its clients that reflect opinions that are contrary to the opinions expressed herein. Furthermore, BBVA or any of its affiliates' proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. No part of this document may be (i) copied, photocopied or duplicated by any other form or means (ii) redistributed or (iii) quoted, without the prior written consent of BBVA. No part of this report may be copied, conveyed, distributed or furnished to any person or entity in any country (or persons or entities in the same) in which its distribution is prohibited by law. Failure to comply with these restrictions may breach the laws of the relevant jurisdiction.

In the United Kingdom, this document is directed only at persons who (i) have professional experience in matters relating to investments falling within article 19(5) of the financial services and markets act 2000 (financial promotion) order 2005 (as amended, the "financial promotion order"), (ii) are persons falling within article 49(2) (a) to (d) ("high net worth companies, unincorporated associations, etc.") Of the financial promotion order, or (iii) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the financial services and markets act 2000) may otherwise lawfully be communicated (all such persons together being referred to as "relevant persons"). This document is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons. The remuneration system concerning the analyst/s author/s of this report is based on multiple criteria, including the revenues obtained by BBVA and, indirectly, the results of BBVA Group in the fiscal year, which, in turn, include the results generated by the investment banking business; nevertheless, they do not receive any remuneration based on revenues from any specific transaction in investment banking.

BBVA is not a member of the FINRA and is not subject to the rules of disclosure affecting such members.

**"BBVA is subject to the BBVA Group Code of Conduct for Security Market Operations which, among other regulations, includes rules to prevent and avoid conflicts of interests with the ratings given, including information barriers. The BBVA Group Code of Conduct for Security Market Operations is available for reference at the following web site: [www.bbva.com](http://www.bbva.com) / Corporate Governance".**

**BBVA is a bank supervised by the Bank of Spain and by Spain's Stock Exchange Commission (CNMV), registered with the Bank of Spain with number 0182.**