

ISRAEL LOST \$153M THANKS TO FALLING RUSSIAN CURRENCY



The Israeli Tourism Ministry expects annual losses amounting to over \$150 million. This is mainly because of the current weakening of the ruble that has caused a major decline in the number of Russian tourists visiting the country. The record decline is -20% compared to the previous year translating to the actual figures of 600 million shekel, which is equivalent to \$153 million.

The Ministry of Tourism reported that about 500,000 Russian tourists visited the country between January and November 2014. **Compared to 2013, this is a 6% decline making the situation uncertain yet very damaging** as earlier noted by Amir Halevy, director general of Israeli Tourism Ministry. Halevy added that the present condition of the Russian ruble is more likely to affect the number of Russian tourists than the Israel-Palestinian summer war.

The conflict better known as “Operation Protective Edge” has definitely affected several markets but the Russian side remained reasonably steady. The ruble weakening is a painful experience to Israeli tourism since Russia comes second after the US in the total number of tourists visiting the country.

A total of 3.3 million visitors arrived in Israel in the past year, including 2.9 million tourists who stayed in the country overnight. About 626,000 of the visitors came from the United States (19%), 567,000 arrived from Russia, 301,000 from France, 196,000 from Germany and 179,000 from Britain.

The Russian authorities link the existing depreciation of the currency with the current fall in global oil prices including western sanctions against Moscow due its alleged intrusion in the Ukraine situation. Ruble is said to have lost a record 40% value compared to the initial value against the dollar in mid-2014.

It is not only Israel that is affected by the plunging currency. The ruble is creating serious concerns across the globe since the record lows against major currencies is making Russians cut back on spending including overseas travel. Hopeful news is that the unfavorable situation is expected to improve by mid-2015 but can last up to two years for things to get back to where they were.

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