

SPANISH ECONOMY RELIES ON THE TOURISM BOOM



During the economic crisis, tourism proved to be the Spanish economy's only engine of growth. As the country fell deeper into a double recession, the crisis in the travel sector was less pronounced and shorter lived: the sector's GDP only dropped during one year - 2012 - compared to the four years of red ledgers which characterized the rest of the economy. And now that the recovery is underway and growth has returned, the tourism boom has gone from being an engine to being a locomotive which is pulling the national economy forward, with growth rates well above those of the country's other sectors.

Tourism began to gain momentum as a generator of wealth and employment due to the flood of foreign tourist arrivals (2017 is the fifth consecutive record-breaking year); for the last few years, this momentum has also been due to a recovering rate of national consumption by Spanish tourists.

As a result of these record-breaking years, tourism represented 119 billion euros for the Spanish economy in 2015 (last available data), equivalent to 11.1% of the country's GDP. The tourism lobby "Exceltur" estimated, unofficially, that this sector's direct and indirect contribution to the economy reached 125 billion euros - 11.2% of the GDP - last year.

When the impact that the Spanish tourism boom has had on other sectors of the economy is taken into account, the dependency of the economy on tourism becomes even more evident. The indirect results of a properly functioning tourism industry in Spain increase this sector's economic contribution to 16% of the GDP according to estimates gathered in a report compiled by "Caixabank's" research department. The total contribution to the economy is around 171.5 billion euros.

Almost one sixth of the Spanish economy is linked to tourism and to its successful operation, according to the study presented last week. An economic weight far in excess of the 9.6% recorded in the other countries of the European Union.

Spain has had four consecutive years of record-breaking numbers of foreign tourists, and 2017 will be the fifth year of historical highs. After having reached 75 million foreign visitors last year, it is predicted that this flood of arrivals will not only persist, but will also increase to 84 million tourists, almost 12% more - according to estimates made by "Caixabank Research".

The tourism boom has benefited from the problems which have plagued rival Mediterranean destination countries. The geopolitical instability of countries such as Egypt, Tunisia and Turkey has caused a displacement of millions of foreign tourists who have stopped visiting these destinations and who have ended up in Spain instead. **According to industry estimates, due to this political instability, the influx of foreign tourists into Spain has been fueled by upwards of 12 million additional tourists.**

In 2010, Spain welcomed 52 million foreign tourists, in 2011, this number rose to 56.6 million - during the Arab Spring. The number of tourists increased again in 2012 - reaching 57.7 million, 60 million in 2013, 65 million in 2014, 68 million in 2015 and 75 million last year. The prediction of

reaching 84 million tourists made by “Caixabank” signifies that, in one decade, there will have been a 40% increase in the number of foreign tourist visiting Spain.

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