

FRENCH TOURISM EXPECTING RECORD REVENUE IN 2018



In its latest report on international tourism in France, the Banque de France highlights the positive results of the sector, while pointing out certain weaknesses.

If the trend continues, 2018 should be a record year for French tourism. The latest update of the Banque de France's data on the sector shows that international tourism receipts in the country continue to grow. **France remains third among the countries with the highest tourism revenues, behind the United States and Spain.**

After a sharp decline, due to in particular to terrorist attacks on the French territory, the tourism revenues increased between 2016 and 2018, to such an extent that the record set until 2014 (at 54 billion euros) is on the way to being beaten this year. After a year 2017 reaching 53.7 billion euros, the figures available over a 12-month period between July 2017 and June 2018 exceed 56 billion euros. According to the Banque de France, the sector's balance (in other words, revenue minus expenditure) thus reached almost EUR 17.5 billion, its highest level since 2013.

2018 is likely to be a particularly dynamic year for French tourism: the Quai d'Orsay recently revealed that its services had recorded a 2.3% increase in patronage over the first eight months of the year. At the same time, the government stated that it intended to improve the promotion of the French destination, while mobilizing on the issue of manpower in the hotel and restaurant sectors. These improvements must be implemented with the 2024 Olympic Games in mind.

The Banque de France data also show the countries from which the majority of the sector's revenues come. The top ten sources account for three-quarters of revenues: seven from Europe, two from Asia and one from America. Belgium is the largest customer, at €6.5 billion, representing 12% of revenues. The spending of these ten countries increased last year, with the exception of Americans and Italians, who were spending slightly less.

A comparison between July-August 2017 and this year's revenues also reveals that spending is growing strongly in 2018: the English, Germans, Spanish and Americans are spending between 13% and 15% more this year... a figure that even reaches 58.8% for Japanese tourists! On the other hand, the Swiss have tightened their belts, as have the Chinese, who spent 8.4% less this summer, a worrying observation.

The study also highlights the strong interdependence between European nations in terms of tourism revenues, as well as the weight of French travelers for the other States of the Old Continent: a large proportion of French revenues in the sector come from other European countries, and French tourists still represent 27% of foreign tourist spending in Belgium, 9% in the United Kingdom, and 6% in Germany, a proportion that has remained stable for 4 years.

However, while 2018 should be a record year, the country suffers from some weaknesses highlighted by the report's statistics. First, France remains an expensive destination, and tourists

often spend a large part of their money on accommodation and/or food. A German will spend 51% of his budget on finding a place to sleep, where this share drops to 39% for a Chinese visitor. Next door, an American will be the most expensive in terms of food, which represents 28% of his expenses. Thus, the high cost of living limits the purchases and leisure expenses of tourists: these represent only 8% of the total budget of a Spanish, 13% of a Belgian and up to 28% for a Chinese.

More worryingly, France's weight in the European Union's total tourism revenues has decreased significantly over the past seven years. While France accounted for 16% of revenues in 2010, it rose to 14.3% of the total in 2017, leaving Spain in first place (15.9%). Overall, French spending abroad remained "stable" in 2017, at €36.7 billion.

The ever-increasing influx of tourists also poses the threat of an overflow that is particularly difficult to manage and that the government is beginning to address. Jean-Baptiste Lemoyne, Secretary of State for the Quai d'Orsay and in charge of tourism, explained how to defend an objective of "sustainability and sustainable tourism" for France. Infrastructure, accommodation, prices, training... the stakes are high, and the effects of record attendance are already beginning to be seen.

Thus, **the Eiffel Tower reached its attendance limits last year**, and a parliamentary report by Maurice Leroy (UDI) and Jean-François Portarrieu (LREM) recommended focusing the State's efforts on increasing revenues and improving supply rather than increasing the number of tourists. "There is no point in gargle with the objective of 100 million tourists in 2020", estimated the elected IDU, while his counterpart from the majority called for "directing flows throughout the country" and "increasing revenues".

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