

BREXIT: THE IMPACT ON EU TOURISM



The British Parliament's vote on the Brexit agreement negotiated by Theresa May's government with Brussels was due to take place on 11 December and has been postponed. If this draft is rejected by MEPs, the United Kingdom will have to decide whether to grant Brexit without agreement or to stay in EU. In terms of EU tourism, what weight does the British tourism clientele exert on the EU countries and what are the regions most dependent on this market?

British visitors are one of the largest tourist contingents across many European countries with almost 120 million nights spent in tourist accommodation establishments in the EU 28 outside their country.

Among the most exposed EU tourism markets are many destinations oriented towards leisure tourism, particularly on the shores of the Mediterranean.

In Malta, for example, more than 2.8 million overnight stays were recorded in 2016 by customers from the United Kingdom, well ahead of those from Italy and Germany. The air links between Malta airport and London Gatwick (1st), Manchester (7th) and London Heathrow (8th) airports are among the most frequented ones and indicate the strong impact on the entire tourist value chain of the island that a Brexit without a divorce agreement could have.

The Spanish Secretary of State for Tourism, Isabel Oliver, announced last week that despite the devaluation of the pound sterling (+ 12% since July 2016) bookings from the United Kingdom, the most important source market for Spain, have not been affected so far with similar levels of spending. However, Spanish experts are well aware that the situation may quickly change.

Cyprus recorded more than 5.3 million overnight stays from the United Kingdom in 2016, followed by Russia with almost 4.3 million overnight stays. In addition to tourism, the United Kingdom also participates in the country's economic life by having a military base on the island with more than 3,000 soldiers.

Other EU tourism destinations are also exposed to the possible decline in the purchasing power of British households, starting with Iceland, with United Kingdom nationals accounting for 18.1% of overnight stays in the country in hotels or similar accommodations in 2017. Then come three countries in the south of the continent: Spain and Portugal with 17.4% and 16.1% of the nights to be attributed to the British respectively, followed by Greece with 14.2% of the nights in 2017.

Among the French departments potentially most affected are Pas-de-Calais, the gateway to continental Europe for the British visitors, followed by Seine-et-Marne due to the presence of Disneyland Paris, which is extremely popular among British visitors, to the point of being the leading source market for hotels in and around the park

The 3rd most exposed department to British tourism is Savoy (11.2% of the total in 2014). Knowing that they are also on average more expensive than domestic customers, their weight on the economy of accommodation in resorts is even more significant.

In London, the number of international arrivals in 2017 increased considerably with +7.5% over the first 9 months of the year. In addition, the city accounted for 53% of the country's tourism revenues and 40% of overnight stays in 2016.

In the long term, the impact of Brexit on EU tourism remains difficult to assess, but has already resulted in a significant decline in the pound sterling against the euro. Nevertheless, the price competitiveness of the London hotel industry for international leisure visitors has been strengthened by recent exchange rate developments. Thus, according to the National Statistics Office, foreign visitors decided to take advantage of their purchasing power and spent 2.8 billion pounds (3.2 billion euros) in August 2017, an increase of +3% compared to the previous year at the same time.

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