

YELLOW VESTS CONTINUE TO UNDERMINE TOURISM IN FRANCE



The yellow vests effect still weighs on foreign tourists' purchases in France in the first quarter due to planned trip cancellations, according to Global Blue and Planet estimates.

Duty-free specialists are sounding the alarm. According to them, the repeated movements of "yellow vests" have a real impact on international arrivals in France and on travelers' spending.

According to Global Blue, **tax-free revenue is expected to decline by around 4% in the first quarter of 2019**. The protest movement of the "yellow vests" and the damage that accompanied it led to the closure of many luxury stores in Paris on several Saturdays in December at Louis Vuitton, Dior, Gucci or Hermès.

"We lost between one and two growth points in 2018 due to the yellow vests," said Mathieu Grac, Global Blue's vice president of intelligence strategy.

In total, the turnover of the tax exemption limited its increase to 2% in 2018, after a 10% gain in 2017 due to the rebound in tourism in France which followed the fall in 2016 after the attacks.

The rise of the euro weighed heavily, as did the decline in the morale of Chinese consumers, the main tax-exempt customers in France (20% to 25% of the sector's turnover in 2018), linked to the country's macroeconomic development, said Grac.

This negative trend is confirmed by Planet, another company specializing in tax relief.

After very strong performances in zero-rated sales (+5% in October and +10% in November 2018), the movement of "yellow vests" had a strong impact on international tourism performance indicators in France with a drop of -3% in overall zero-rated sales and -5% in foreign tourists arriving outside the EU in December 2018.

According to Planet, **France thus becomes the European country to show the largest decreases in terms of international tourist activity, compared to the United Kingdom, Italy, Spain and Germany.**

This decline in tourism in France, caused by political unrest, shows no sign of improvement today, the company believes. The French outlook analyzed by Planet for the first quarter of 2019 forecasts -2.5% decrease in the number of non-EU tourist arrivals. However, international tourist arrivals for other European countries remain positive (+1% on average).

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