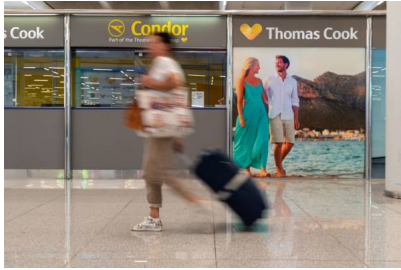


SPANISH TOURISM DECLINE AFFECTED BY BREXIT, THOMAS COOK BANKRUPTCY, AND CATALONIAN PROTESTS



The Alliance for Tourism Excellence, Exceltur, the Spanish travel, and tourism association lowered its annual growth expectations of the industry from 1.6% to 1.4%. Spanish tourism decline has been affected by Brexit, the bankruptcy of the tour operator Thomas Cook as well as the protests in Catalonia.

The bankruptcy of Thomas Cook, the recovery of Mediterranean competitors and the economic slowdown represent a series of problems for tourism in Spain. Exceltur, the association of the Spanish tourism industry, **announced that it expects tourism GDP to stagnate at 0% growth during the last quarter of 2019.**

The adverse economic outlook has caused the association to once again lower expectations of the annual tourism growth, falling from the estimated 1.6% (last July) to 1.4%. All this without assessing the impact of a no-deal Brexit, or the economic consequences of the new series of protests caused this week in Catalonia by the trial of the Catalan independence leaders. If these forecasts come true, it would be the second consecutive year that tourism would grow below the rest of the Spanish economy.

The Levantine coast and the Canary Islands have been the most affected by the problems of the industry and the tourism decline, dropping in overnight stays by 4.9% and 5.4%, respectively, during July and August, according to figures released by Exceltur. The association has claimed that this is due to a traditional tourism segment currently in decline and focused on coastal hotels.

Exceltur's vice president, José Luis Zoreda, warned of the consequences of the Thomas Cook bankruptcy for this business model. Zoreda put emphasis on the Canary archipelago, where the former tour operator represented more than 5% of its tourism demand, and has urged the Government to increase the number of flights within two weeks of the start of the high season: "There is tourist demand, but as of today, there are not enough flights to cover it.

The recovery of competing destinations in the Eastern Mediterranean, such as Turkey and Egypt, which had been affected by the insecurity of Arab uprisings and terrorism, has begun to attract a good part of foreigners that until now preferred Spain. The decline in foreign visitors has been led by the Germans, with 1.3 million less overnight stays this summer (a figure in line with the increase in Turkey, according to data gathered by the association).

In total, foreign visitors registered 2.4% less overnight stays during July and August, a fact that was offset with an increase in their average expenditure and in domestic tourist demand. Both factors prevented the industry's growth from falling below the country's GDP, standing at 1.9%, the worst figure since 2014.

In regard to the protests following the verdict of the Catalonia separatist leaders, which recently caused the cancellation of a hundred flights in the Barcelona-El Prat Airport, the blockade of trains

in Girona, and the closure of roads such as the AP-7, Zoreda said that “it is still too early to assess, but it will not be positive”. The Catalan tourism sector reported canceled bookings boosted by alerts issued by the embassies of the United States, United Kingdom, and France to their citizens about the risks of going to Catalonia. The images of collapsed airports, blocked streets and clashes with law enforcement officials all negatively impact the reputation of the region especially because they depict the damage of the tourist infrastructure. Demonstrations and riots deter tourists, with the consequent damage to hotels, especially in Barcelona.

Zoreda also recalled the economic consequences of the independence referendum in 2017, and the political instability that followed, where 319 million euros and more than 180,000 tourists were lost, according to figures released by the association.

Moreover, the uncertainty surrounding the so-called Brexit has already affected tourism activity in Spain during the summer of 2019, with sales falling in the British market by 3%, although the performance of the summer months was better than expected due to the increase in domestic demand. October 31 should be the day when the British Isles cease to be part of the European Union. The latest special parliamentary session in the House of Commons led to the attempts of postponing the vote on Brexit. However, only a few days are left until the U.K. is due to leave the world’s largest trading bloc. Exceltur estimates that the economic impact could exceed 1.4 billion euros for Spain in the tourism industry alone in case of no-deal Brexit. U.K. Prime Minister Boris Johnson now plans to ask Brussels for an extension to the current Oct. 31 Brexit deadline, causing great uncertainty in the rest of Europe. If a lengthy extension is granted by the EU then nothing is ruled out.

Tourist demand grew slightly (1.2%) between July and August of this year, according to Exceltur data. **Although foreign tourists decreased by 0.5%, Spanish demand registered a 3.7% increase, reaching 40% occupancy during the summer.** Inland cities and the Green Spain (a stretch formed by Cantabria, Galicia, the Basque Country, and Asturias) registered the largest increase in accommodation, which suggested a change in trend in terms of traditional coastal tourism. Despite the positive results of the summer, the recession in job creation is quite noticeable. Social security affiliates of tourism-related branches have grown less than in June, going from 3.7% to 3.2%.

Date: 2019-10-21

Article link:

<https://www.tourism-review.com/tourism-decline-in-spain-caused-by-not-only-brexite-news11226>