

CORONAVIRUS IMPACT ON SPANISH TOURISM FEARED TO REACH 50 BILLION EUROS



The COVID-19 pandemic could have an impact of 54,733 million euros on Spanish tourism GDP in 2020, dropping 32.4% compared to last year according to forecasts from the Alliance for Excellency in Tourism (EXCELTUR).

Of this number, 15,595 million correspond to indirect activities, such as suppliers and other agents related to tourism. The organization has taken into account forecasts from various institutions, such as the Polytechnic University of Valencia, which **consider that coronavirus cases won't reach a peak until the end of May, therefore, travel restrictions, social distancing and isolation will continue.**

According to the Spanish tourism board, if the high season is recovered in the summer months, losses could be minimized to 25,000 million euros. However, if the effects are not mitigated during the summer, the sector forecasts losses of up to 90,000 million euros. Something that would affect the economy of the entire country taking into account that it represents 12.5% of GDP, 13% of employment, and 147,946 million euros in revenues in 2018.

When the pandemic is over, it would take about three or four weeks for citizens to resume travel, which would recover at two paces: the faster one being domestic flights and/or road travel, and the slower ones for those involving the use of shared transport.

By autonomous communities, according to EXCELTUR, the most affected in terms of tourism GDP would be Andalusia (dropping 32.5%), the Balearic Islands (40.8%), the Canary Islands (25.9%), Catalonia (34%), the Valencian Community (33.6%) and the Community of Madrid (27.9%).

The coronavirus impact is enormous since the turnover of tourist companies has dropped "to zero" in recent days across the country, with minimal visibility regarding recovery in the coming months, something never seen before. The association considers that the sector is "working non-stop" to ensure the business remains active, as well as helping by offering spaces to use as medical facilities or to transport material.

However, before this situation, most businesses have been forced to reduce personnel and other resources, and take "essential" actions to ensure "business survival" and, therefore, preserve employment.

Regarding measures approved by the Spanish Government to address financial aid, EXCELTUR highlights the "marked and correct emphasis in favor of safety nets for the most disadvantaged," but "very meager" for the survival and recovery of the business. The association says that measures directly related to Spanish tourism are "very formal but barely relevant", emphasizing the fact that the ERTE (temporary suspension of employment contracts) cease once the state of emergency ends, despite "all experts and analysts recognizing that travel and tourism will be the last [industry] to fully reactivate."

For their part, EXCELTUR has prepared a list of measures that could be of relief for tourism in this situation, which involves postponing the payment of social security quotas and all taxes during the first and second quarter of the year, facilitating greater business liquidity, expanding the amount of guarantees at central government and regional administrations level with up to 80% of loans for companies, raising the 20 billion allocated to at least the 200 billion euros originally announced while ensuring a specific course for tourism subsectors.

In addition, the tourism association demands that the legislation incorporates the final consumer so that eventual travel refunds are replaced by exchangeable bonuses once the pandemic has been overcome. **This will help address liquidity tensions of all tour operators, and not just of intermediary services provided by travel agencies.**

On the ERTes, EXCELTUR asks that they are issued faster through affidavits, extending the terms to foreseeable scenarios of a drop in demand and adapting the subsequent six-month employment guarantees by considering seasonality issues of some subsectors and destinations. Lastly, the government should advocate for a plan of Pan-European economic reconstruction that complements the resources of the European Central Bank (ECB) with a priority on recovering Spain's tourism industry.

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