

# PORTUGUESE TOURISM - MOST COMPANIES HAVE ZERO SALES



The president of the Confederation of Portuguese Tourism (CTP) announced that he was “deeply concerned” about the summer, considering the economic consequences for the sector. He claims that 90% of travel companies in the country currently have “zero sales”.

Francisco Calheiros, after the meeting of the employers’ confederations and Prime Minister António Costa, at the São Bento Palace, spoke about the conditions for reopening the Portuguese economy, after the most critical phase in the fight against the COVID-19 pandemic.

**“In March, we had a 50% drop in all activities. In April and May, more than 90% of the tourism companies will have zero sales,”** said the president of CTP at a press conference.

“We’ve already had the Easter problem, but we’re deeply worried about the summer season,” he said.

According to the president of the confederation that represents the Portuguese tourism sector, if the current numbers of the fight against COVID-19 are confirmed at the end of this month, “calmly and safely - with protective equipment - we will return to activity”.

“In tourism, we have to be creative. For instance, we have to accept that only part of the capacity can be occupied, and that breakfasts have to be served in the bedroom and not in a common room,” he added.

Another bleak prediction comes from the economist Vítor Bento. According to him, the country will face a “major recession” this year, caused by COVID-19. It remains to be seen how long it will last and when the economic recovery comes.

The economist stated that the recovery will not be the same in all sectors, nor will it occur at the same time, which also does not benefit the Portuguese economy.

“It’s almost certain that international tourism will take a long time to recover and, in Portugal, as we are now accustomed to depending a lot on tourism, we will be particularly affected,” he warns.

But there’s another characteristic of this crisis that doesn’t help the recovery: it happens all over the world at the same time.

In previous crises, like the last one, “there was a problem, but the rest of the world was growing. And we were able, first with exports, and then with tourism, to overcome the internal demand restraint more quickly. This time, that doesn’t exist,” explains the university professor.

To ensure that the scenario doesn’t become even more serious, the economist considers it essential for companies to maintain all or part of their employees’ wages. If that doesn’t happen, Vítor Bento says that the shock of demand may be more acute.

Admitting that there will be a reduction in income because wages will never be at the same level, the

economist believes that “if companies have the resources to continue paying wages, the effect may be smaller. But if unemployment goes up, “the effect will be greater”. Faced with that reality, the state will have an important role.

**For now, the economist believes that the measures taken, whose main mission is to provide credit to companies, “will work”.**

“I don’t think it’s bad that the first step was the credit lines”. After all, “if the first measure is non-performing loans, companies no longer have the incentive to adapt,” he explains.

To face the economic consequences of the pandemic in Portugal, the government has adopted several measures, including credit lines worth 3 billion euros, with a state guarantee, to help companies to cope with financial difficulties.

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