

# SPANISH TOURISM INDUSTRY LOSSES ESTIMATED AT 98.7 BILLION EUROS



season.

After a painfully slow but gradual opening of the tourist season in July, and the latest restrictions imposed by the main markets - without following the EU criteria - after the most recent COVID-19 outbreaks in Spain, the sales data and cancellations in the first half of August reveal a flattening of the already slow reactivation expected mid-June, pointing to an early closure of the summer

Given the evident and growing worsening of business expectations, especially of external demand, Spanish tourism board EXCELTUR foresees a total loss of 98,753 million euros by the end of 2020, that is, 15,620 million more compared to the 83,134 million in losses forecasted in June before the most recent outbreaks. **This represents 64.7% less activity than in 2019, while 84% of this new revision is explained by the drop in external demand.**

The slowdown in tourist activity also follows the more than half of the 15.1% drop in the entire Spanish economy of this year (57.5% of the national GDP, according to the highest risk scenario forecast by the Bank of Spain in June, and in line with the forecasts of other official international institutions). And as expected, the latest OECD report ranks Spain as the developed country with the economy hardest hit by the tourism decline.

## **Drop-in Foreign Exchange Earnings and Impact on Jobs**

The revised forecasts for tourism by the end of 2020 would also mean a loss of 52,862 million in foreign exchange earnings compared to 2019.

Broken down by quarters, EXCELTUR anticipates losses of 36,638 million euros during the third quarter, and 18,655 million in the fourth, which will be added to the 43,460 million already lost until June. These figures represent tourism industry losses of 63.3% and 58.1% during the third and fourth quarter in tourism activity of 2020 compared to last year.

**Another sector largely impacted at the end of summer will be employment.** "As the outbreaks are likely to continue, companies are cautious and job losses are expected to increase as the year progresses," said Paul Smith, the IHS Markit economist. By the end of July and in the middle of the season, there were already 823,000 fewer workers (37.4% less over the 2.2 million in July 2019). According to the Public State Employment Service (SEPE), 517,000 jobs were being sustained through ERTes (the Spanish furlough scheme) and there were 306,000 fewer affiliates due to drops in hiring (67% less in accommodation, 87% in travel agencies, 81% in transport, 46% in restaurants and 45.2% leisure venues).

## **Catalonia, the Most Affected Community**

EXCELTUR also mentioned that among the most impacted autonomous communities, **Catalonia was ranked first in performance drops** (19,000 million less in tourism revenues and a 56% drop in activity compared to last year's figures). Barcelona hotel association, Gremi d'Hotelers de Barcelona reported that 75% of the establishments in the region have been closed.

"The end of aid such as ERTE or measures Extraordinary fees for the payment of rents puts the viability of many establishments at clear risk in the short and medium-term," said Manel Casals, the general director of the Gremi. The hospitality industry has thus called for the expansion and flexibility of these long-term measures.

The situation is not much better in other sectors, like travel agencies. The National Union of Travel Agencies (Unav) has revealed a worrying statistic: two-thirds of Spanish travel agencies could disappear if the validity of the flexible ERTEs is not prolonged due to force majeure until Easter

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