

SPANISH TOURISM SUFFERS, GDP DECREASED BY 17.8%



The Covid-19 pandemic has hit the entire world of tourism hard and countries that are particularly dependent on tourism have felt the effects even more. One of these countries is Spain, with the popular Mediterranean destination currently going through a very tough period that will almost inevitably lead to an economic crisis.

Massive Decreases

During the month of August, the occupancy of hotels in Spain fell by 64% compared to the same period last year. This was announced by the statistics office in Madrid last week.

In the first eight months as a whole, hotel bookings plummeted by 70%. British tourists, in particular, avoided the popular holiday destination, as their bookings fell by more than 91 % last month, causing Spanish tourism businesses to lose around 1.1 million visitors.

Bookings from another important source market - Germany - fell by 80%. The Balearic Islands with the popular holiday island of Mallorca lost 86% of their foreign visitors. All these figures are having and will have formidable effects on Spanish tourism and the country's well-being as a whole.

Employment at 2015 Levels

Another issue which Spanish tourism is dealing with is employment. Direct employment in the tourism sector has fallen by 15.1% this summer compared to last year. The number of employees in the industry is just over 1.5 million, which is at the levels of 2015, according to a study by Randstad.

Up until 2019, the number of tourism employees during the summer has grown every year, reaching 1.9 million last year, the historical maximum. The biggest decreases in tourism employment were registered by the Balearic Islands (-29.3%), Catalonia (-17.5%) and Andalusia (-15.8%).

Spanish GDP Collapses

The strong dependence on tourism made the Spanish economy suffer more than other countries at the height of the pandemic. **The gross domestic product (GDP) fell by 17.8% from April to June compared to the previous quarter, as announced by the statistics office.**

The initial estimate was even 18.5%, but the new number still represents a record decrease. To compare, for example, the German economy "only" shrank by 9.7 % during the crisis period.

The Spanish government expects the economy to make a comeback in the late summer quarter. The GDP is likely to grow by more than 10%, said Minister of Economic Affairs Nadia Calvina. The Central Bank assumes that the economy will collapse by a figure between 10.5 and 12.6% for the year as a whole.

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