

SPANISH TOURISM WILL LOSE MORE THAN 100 BILLION EUROS IN 2020



The tourism sector in Spain, the second-largest destination in the world, is expected to suffer a loss of more than 100 billion euros in 2020 due to the Covid-19 pandemic, a return to the level of activity of 1995, announced by Exceltur.

If this forecast is confirmed at the end of December, "we will have gone back 25 years in terms of activity generated by tourism - a dramatic scenario", summarized José Luis Zoreda, executive vice-president of the organization, during a press conference.

Exceltur has again lowered its forecasts for the year, due to the new restrictions imposed in recent weeks on Spain to fight the second wave of the pandemic, **which include a partial closure of Madrid and several major cities, as well as the closure for two weeks of bars and restaurants in Catalonia.** The organization estimates the effect of these new measures at nearly 7.5 billion euros more, for a total loss of 106 billion euros by the end of the year.

Catalonia is to assume 20% (or 21.7 billion euros) of these tremendous losses expected by the tourism sector in Spain this year. Andalusia expects a drop in turnover of 16.5 billion euros, while in the Community of Madrid and the Balearic Islands, losses of approximately 14 billion 13 billion euros are expected, respectively.

The overall turnover of Spanish tourism at the end of 2020 would thus be 70% lower than that recorded in 2019, after a disastrous summer when foreign tourists massively shunned Spain. Tourism, a strategic sector for Spain, accounts for 12% of GDP and 13% of employment. But the government does not make "a correct reading" of the extent of the damages to come, estimated José Luis Zoreda.

He called for an "urgent rescue plan for the sector", consisting of non-refundable "direct aid", similar to what was done for the banks during the financial crisis. At the end of June, the government of socialist Pedro Sanchez announced a plan of 4.2 billion euros, but the sum mainly corresponds to state-guaranteed loans. And although Spain will be one of the main beneficiaries of the European mega recovery plan, with about 140 billion euros, half of which will be divided between grants and loans, "the tourism sector does not seem to be a clear priority at the moment" in the distribution of this money, José Luis Zoreda said.

The Sanchez government intends to devote approximately 70% of European funds to medium to long-term investments in the environment and digital sector. But for Spanish tourism, "the fundamental challenge today is to hold out until the end of the month. To be able to invest tomorrow, we must first survive today", stressed José Luis Zoreda. Exceltur also requests the extension until the end of 2021 of the financing of partial unemployment, for the moment acquired until January 31, and especially the removal of the obligation for the beneficiary companies not to lay off workers for six months.

With some 35,000 deaths and almost a million cases, Spain is one of the European countries most affected by the Covid-19 pandemic. It will also suffer the worst recession among Western countries

in 2020, with a 12.8% drop in GDP according to the latest forecasts of the International Monetary Fund.

Globally it is estimated by UNWTO that it will take between two and a half and four years to the tourism industry to recover the levels of 2019.

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