PORTUGAL LOST 75% OF FOREIGN TOURISTS IN 2020

In 2020, Portugal lost three out of four foreign tourists due to COVID-19, announced by the National Statistics Institute (INE).

Except for the first two months of last year, “the pandemic had a major impact on the annual results” of the Portuguese tourism sector, **a major driver of the country’s economy which accounts for more than 8.7 percent of the nation’s GDP**, the INE stressed in a statement.

The number of foreign tourists visiting Portugal fell 75.7% compared to 2019, to a total of 3.99 million. The domestic market performed better than the foreign market, with a 39.2% drop, totalling 6.5 million tourists.

In 2020, the total revenues of Portuguese tourism fell 66%, reaching 1,500 million euros; such a small profit had not been made since 2008.

Overall, the Portuguese hospitality sector welcomed 10.5 million people, a 61.3% drop in the number of guests, and a 66.1% drop in turnover to €1.4 billion ($1.7 billion), the INE said. Internationally, “all the major source markets recorded significant losses of over 65%,” the INE added, noting that the British remained the most numerous foreign tourists, ahead of the Germans and Spanish. The Portuguese economy fell by 7.6% in 2020, already after the GDP’s growth of 2.2% in the previous year, according to the first estimate published in early February.

According to Capital Economics, this year the Portuguese economy will register 4% growth, despite a 3% contraction expected in the first quarter due to the lockdown. The company also predicts that the recovery of Spain will be faster since the restrictions to contain the pandemic in Spain are currently lighter than in Portugal.

While the experts expect a 3% fall in Portugal’s GDP in the first quarter, for Spain they estimate a drop of 0.5%. This difference is related to the tougher restrictions Portugal has in place, a country that is facing the “worst wave of COVID-19 in Europe”, although in recent days the situation has improved.

Capital Economics’ model also predicts that most restrictions will be eased in May and June, bringing forward the return of tourism this summer, with travel restrictions ending in June/July.

If travel restrictions end in May/June, tourism spending will rise from 45% last year to 75% this year. This improvement will help GDP grow by two percentage points, according to Capital Economics.

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