

# ITALIAN TOURISM DEALS WITH NEW TROUBLES CAUSED BY THE WAR IN UKRAINE



Italian tourism has been through a lot of troubles in the past two years, mainly due to the Covid-19 pandemic that slowed down the entire industry significantly. 2020 was a particularly tough year, as the country recorded 70 % fewer overnight stays. 2021 showed some signs of improvement (+ 51 % compared to the previous year), and even though this is still far from the pre-pandemic levels, it was considered a building block by industry stakeholders.

Now, Italian tourism is once again in jeopardy in the aftermath of Russia's invasion of Ukraine two weeks ago.

## Multiple Negative Effects Expected

Some in Italy are saying that the war in Ukraine "has plunged us back into a nightmare that we thought we should not relive", **as the many dramatic effects of the conflict will almost certainly affect the travel industry in Italy.**

Already now there are visible effects on the costs of energy and raw materials which will very likely affect the prices of tourist services and mobility more generally, thus aggravating the situation.

However, a perhaps even more devastating effect for the sector is the risk of massive losses in long-haul tourism, not only from Russia.

While it is certain that the inflow from Russia will virtually disappear due to the sanctions imposed by the European Union, the current climate in Europe could also affect the arrivals from other important source markets.

## The Importance of Overseas Markets

While it is true that 67 % of arrivals from abroad in Italy are from countries in the European Union, this does not mean that more distant markets are marginal.

Russians, for their part, represented 3 % of tourism inflow in Italy in 2019 with an expenditure of 1 billion euros (2 % of the total). In this context, however, it must be noted that the effects will be likely quite uneven, as the main area of interest for Russian tourists is the western part of the country.

In particular, Russian tourists are an important source of income for Rimini, as they represent 50 % of foreign tourism in the city. Other popular destinations include Venice, Milan and Verona. And the importance of Russians for the luxury segment cannot be overstated.

However, as implied above, the war in Ukraine is likely to spread the perception of insecurity of the European continent in general, which is why the decrease of inflow of other big spenders, for example, Americans, can also be expected.

In this context, there are already first indications of a more cautious approach. According to the Italian Federation of Travel and Tourism Business Associations, US tourists are starting to cancel their reservations in Italy, as they are concerned by the “proximity to Ukraine”.

The absence of American tourists would represent a big blow for Italian tourism, seeing as they represented 7 % of the total inflow (16.3 million) in 2019 with an expenditure of around 5.5 billion euros (13 % of the total expenditure).

Finally, according to the latest data, **even Italians themselves are starting to revise their plans for the summer**, with demand for Spain and Portugal increasing just to be “further away from the epicenter of the crisis”.

All in all, the ongoing crisis is yet another blow for the already decimated tourism sector. The atmosphere of uncertainty continues and at this point, it is difficult to predict what will happen in the coming months.

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