

TOURISM IN SPAIN REACHES 95% OF PRE-PANDEMIC LEVELS



Tourism in Spain has regained its vigor in 2022, despite historical inflation. Tourism activity in Spain recovers strongly, and already reaches 95% of the level recorded in the record year of 2019, despite the generalized price increase.

As the official data reveal, this dynamic reflects the important competitive capacity of Spanish companies, in the context of an international market that is having a very significant impact on the foreign sector.

The war in Ukraine has increased the drift of rising prices of fuel and tourist services.

Nevertheless, according to data from the Ministry of Economic Affairs, inflation - which has reached double-digit rates this year - has not dampened tourism demand, neither in the domestic nor in the foreign segment.

Tourism has been one of the driving factors behind the GDP recovery since May 2021, the official study explains, in a context of high vaccination rates and progressive withdrawal of restrictions on international mobility.

According to the latest figures available from the Ministry of Economic Affairs and Digital Transformation, in line with the projection anticipated, in June domestic tourism surpassed the 2019 level, with a 105% rise, while foreign overnight stays reached 90% of pre-pandemic record figures.

This has resulted in the Government's economic Cabinet revising upwards the tourism GDP forecast, from the 80% target against the pre-covid figures, consigned in the Stability Plan 2022, to 95% over 2019.

Tourism in Spain in the Context of the Economy

There is a relief for the compromised situation that the economies are going through on an international scale: the financing capacity of the Spanish economy is sustained in spite of the adverse international context. The rise in energy prices has led the balance of goods to record a negative balance in the first quarter of 2022, which has been partially offset by the balance of services and, in particular, by the positive evolution of foreign tourism.

In any case, with the positive records of the bastion of the Spanish economy, according to official data, Spain continues to present a "high" financing capacity of 1.6% of GDP, which means that, despite the public debt, inflation and the lower overall growth, Spanish economy can resist in its domestic transactions thanks to the exports chapter, in which tourism is included.

Experts emphasize that most of the strong tourism is not seasonal and above all corresponds to the islands, as the data of the National Institute of Statistics (INE) repeatedly show. The Canary and Balearic Islands are not a momentary destination, but a place where foreigners settle for long periods of time, even to stay and buy real estate, many of them for retirement.

The Challenge Is Inflation

The Government recognizes that inflation is the main challenge of the Spanish economy, although it lowers the fear for the future because it believes that the weight of the energy cost has been reducing. Undercover, it admits that the weight of food and industrial goods, which make up the underlying inflation, the real one, the one that stays and never goes down, has been "progressively" increasing.

The Government recognizes that private and public consumption has evolved less favorably than expected, and that for this reason figures from the macroeconomic table have been recalculated, such as the GDP deflator, a proxy for inflation, for this and the following year. Basically, the Economic Cabinet calculates that prices will not fall below rises of 4% this year and 3.2% next year, even though the official CPI is at 7.3% at the end of the year, and that the average for raising pensions will not deviate much from 8.5%.

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