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ABR.09.163

UPDATE 1-Crisis, late Easter hurt Spanish tourism in March

Tue Apr 21, 2009

By Robert Hetz and Ben Harding

MADRID, April 21 (Reuters) - The number of foreign tourists visiting Spain in March fell by a fifth compared to a year ago, with British numbers undermined by recession and the weak pound and hurt by Easter falling outside the period.

Data from the tourism ministry on Tuesday showed 3.4 million tourists visited the world's second most popular destination last month -- 20.8 percent fewer than a year ago or 10.1 percent down when corrected for Easter falling in April.

Such a sharp fall will alarm Spain's second biggest industry after the devastated property sector. Tourism employs one in seven Spanish workers and made 42 billion euros ($54 billion) from the 57 million foreigners who holidayed there last year.

The March fall compares to a previously-reported 15.9 percent decline in February, which the tourism ministry said it had revised to a fall of 11.3 percent on Tuesday because of "calendar effects".

One of the biggest worries for industry bosses will be the fall in British numbers, down by a quarter in March.

Spain's biggest origin market is reeling from one of the worst economic crises in Europe and the weak pound makes euro zone countries such as Spain more expensive, and competitors like Turkey, Croatia and Egypt more attractive.

Lobby group Exceltur said 100,000 jobs in the industry will have been lost by next month compared to May 2008 -- the last time tourist numbers here rose. Spain's unemployment rate is already the highest in the OECD at around one in six workers.

"The crisis has affected us a great deal," said Exceltur Vice President Jose Luis Zoreda, adding that foreign visits would fall 6 percent and hotel stays by 8.1 percent in 2009.

A price war raging across the hotel, car rental and transport sectors was savaging profits as businesses scrap for custom, he said.

"Profits have fallen across the board and with great intensity," he said, adding that 42 percent of businesses were now loss making, and forecasting a 6.4 percent drop in sector income this year. (Reporting by Ben Harding; editing by Stephen Nisbet)