

## Tourists increase but revenues fail to pick up

EL PAÍS, **Madrid**

Tourist numbers continued to improve in the second quarter of the year but this had little impact on revenues as operators in the sector opted to keep prices low to attract more visitors, the leading industry lobby Exceltur said Tuesday.

Its report noted that according to figures from the National Statistics Institute (INE), hotel prices have fallen for the past 19 months and likewise at tourist agencies for the past 11 months. GDP in the sector in the second quarter contracted by 0.2 percent, compared with a fall of 0.9 percent in the first three months of the year.

Exceltur said most of the two-percentage-point hike in value-added tax, which took effect on July 1, will be absorbed by companies in the sector, which will further reduce their margins. The lobby forecasts that GDP for the sector will contract 0.6 percent this year, compared with a drop of 0.9 percent in 2009.

Exceltur said demand was being underpinned by domestic tourism and a pick-up in the quality segment of the market, while the foreign portion continues to suffer from strong competition from Turkey and Egypt, with average stays by overseas visitors at their lowest levels in a decade.

The lobby also complained about the impact of “covert stoppages” by air traffic controllers on the sector, but also pointed to a need for an overhaul of how the industry operates. Tourism accounts for about 11 percent of Spain’s GDP, and a similar proportion of the jobs market.