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**BIG CHALLENGE FACING TOURISM IS TO ENCOURAGE MORE SPENDING****More tourists spending less money claims new report**

THE "big challenge" facing the Spanish tourist industry is to raise the average amount of money spent by tourists, according to José Luis Zoreda, the vicepresident of Exceltur, who predicted a 3.5 per cent drop in spending despite the "good performance" of sales and profits so far this year. He recommended better planning of the coastal areas and guaranteeing the improvement of certain resorts. According to Exceltur's report on prospects in tourism, which was released yesterday, the number of nights spent in hotels is due to rise by five per cent by the end of the year, while total income from foreign tourism is expected to rise by 1.2 per cent. Exceltur also predicted an increase of nearly five per cent in the number of foreign tourists, which means that average spending per head will drop by 3.5 per cent in nominal terms and 7.2 per cent if inflation is discounted. Referring to expectations for the period July to September, the Exceltur report underlined an improvement in sales and in profits, except in the case of transport (particularly air transport), although the rate of growth would be less. The report indicated that business confidence in the sector had risen in the second quarter of the year, reaching its highest levels since 2002. At the same time, businesses had reported a "general but light" increase in profit in all sectors, despite the continual drop in average spending power. Although the report stressed the importance of the growth in foreign demand, it pointed out that this was due in part to an influx of tourists who originally planned to visit other areas but changed their plans for questions such as bird flu or the conflict in the Lebanon. The choice of Spain was favoured by the low cost airlines and the contention of prices