

Domestic demand in tourist sector suffers “drastic” fall

De Guindos: third-quarter contraction along lines of previous three months

A. S., Madrid

A “drastic” downturn in demand by recession-hit Spanish residents wiped out the positive impact of a pick-up in foreign tourism, leading lobby Exceltur said Monday. In its latest quarterly report covering the period July-September, Exceltur estimated that output in the key tourist sector shrank 1.8 percent from a year earlier, compared with an annual fall for the economy as a whole of 1.3 percent of GDP.

Exceltur's report was released as Economy Minister Luis de Guindos estimated the domestic economy shrank by around the same amount in the third quarter of the year as in the previous three months when GDP was down 0.4 percent on a quarterly level.

“Among the negative figures there is a certain stability,” De Guindos said.

If many Spaniards are still able to enjoy a summer break, it is probably more likely to be due to being able to impose themselves on friends or family. Exceltur said that overnight stays by Spaniards in all types of regulated holiday accommodation dropped an annual 8.7 percent in the period July-August and 10.5 percent in the case of hotels.

“Tourism consumption by Spaniards fell drastically in the summer for the first time since the start of the crisis, reaching levels last seen eight years ago,” the Exceltur report said. “We are talking about a phenome-

non that has not occurred in the summer months during the past years, in which Spaniards have made the effort to maintain their trips in this traditional part of the year,” the report added.

Exceltur noted that the rise in the standard rate in value-added tax from 18 to 21 percent as of the start of September failed to encourage more local tourists to take their holidays in the summer months.

The lobby said companies in the sector had absorbed 76.4 percent of the VAT hike, cutting their margins as a result.

Russian rooms

By contrast, the number of foreign visitors climbed 4.7 percent in the period July-August from a year earlier, with this trend sustained in September as overnight stays rose 3.3 percent. Exceltur said the main reason behind the pick-up was ongoing instability in rival holiday destinations in the Eastern Mediterranean, such as Egypt, and an increase of 34.2 percent in overnight stays in hotels by Russians in the period July-August.

Exceltur forecast that the rise in foreign visitors would make a positive contribution to Spain's tourist GDP of 0.8 percentage points, translating into foreign receipts of around 43.5 billion euros, and maintaining the sector as the main driver of Spain's exports. This will be offset by a negative contribution of 2.9 percentage points attributable to domestic tourism.