Tourism
Sector Report

2nd Semester 2020

The toughest year for the tourism industry

Executive summary of the sector's outlook

COVID-19 SPECIAL: The impact of the crisis and data on the recovery

Global trends: how tourism will evolve

CaixaBank Research

SECTOR REPORT
Tourism Second Semester 2020

The *Sector Report* is a publication produced by CaixaBank Research

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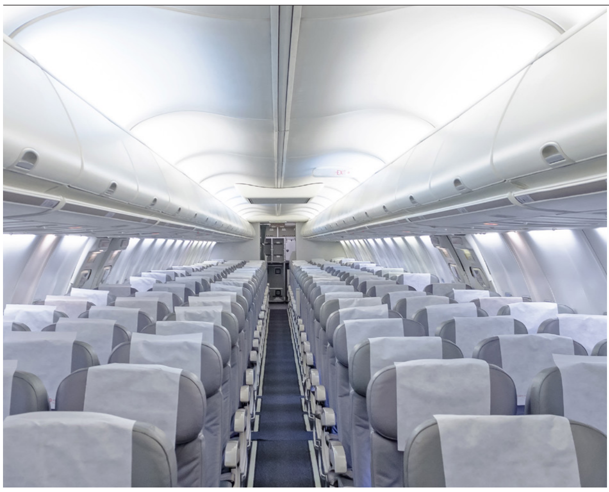
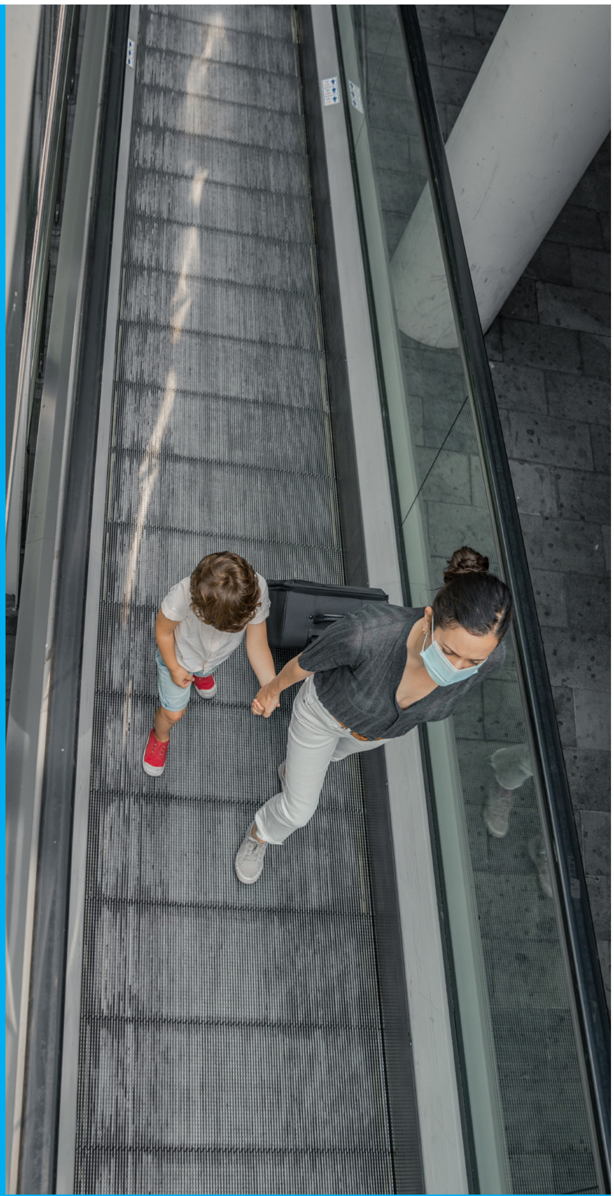
Summary 2020

01 **EXECUTIVE SUMMARY**
The COVID-19 crisis is affecting the whole of Spain's economy and especially tourism. Although the outlook for 2020 is undoubtedly very negative, the medium-term data invoke more optimism.



22 **INTERNATIONAL TOURISM**
The World Tourism Organization estimates the sector could shrink by 58% worldwide. We examine the changes brought about by the pandemic on all continents, how it will affect mobility and what the new trends will be.



02 **COVID-19 SPECIAL**
2020 is turning out to be an extremely tough year for the sector. We look at impact of the health crisis on tourism and its prospects for recovery.

«I haven't been everywhere, but it's on my list».
SUSAN SONTAG

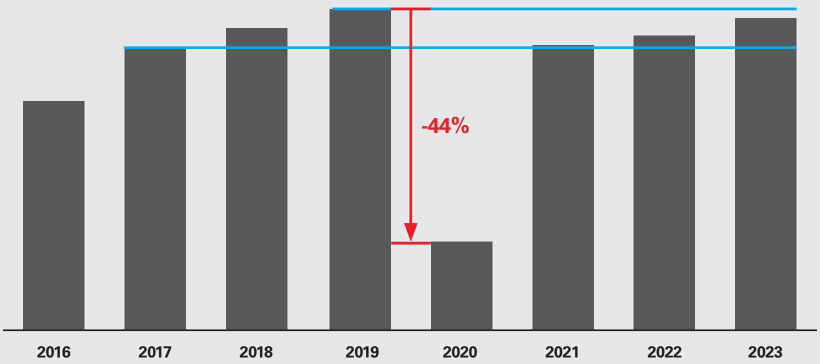
Tourism

THE IMPACT OF COVID-19 ON SPAIN'S TOURISM INDUSTRY

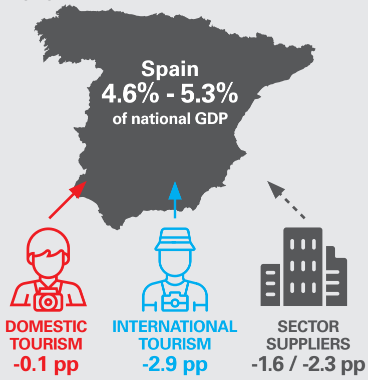
The huge slump in tourist business will hit the Spanish economy hard in 2020. Nevertheless, much of the sector is expected to recover in 2021, reaching levels similar to 2017.

TREND IN TOURISM GDP

Index (100 = 2019)

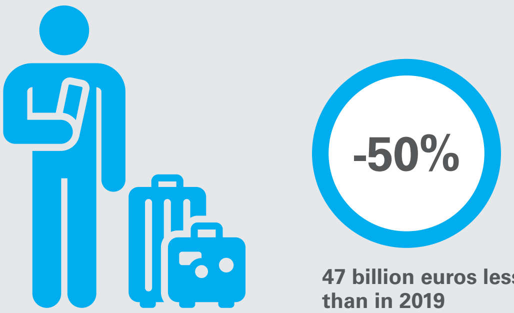


IMPACT OF THE SLUMP IN TOURISM IN 2020



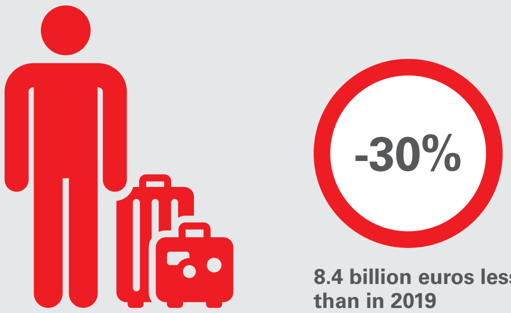
FORECASTS OF TOURIST EXPENDITURE FOR 2020

SPENDING BY INTERNATIONAL TOURISTS



47 billion euros less than in 2019

SPENDING BY DOMESTIC TOURISTS

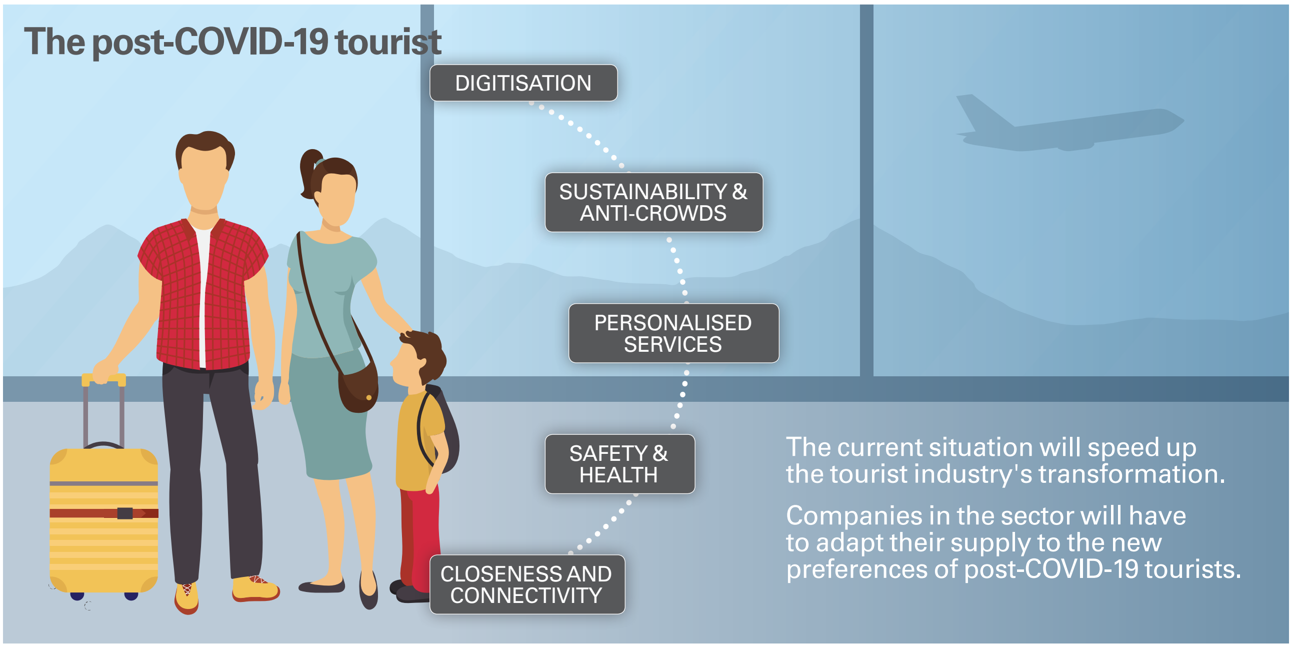


8.4 billion euros less than in 2019

The recovery in international tourism will be more gradual because of the reduction in connectivity in the EU and people being less inclined to travel.

Domestic tourism will recover relatively quickly in S2 2020 thanks to the substitution effect of foreign travel and the revival in domestic mobility.

The post-COVID-19 tourist



- DIGITISATION
- SUSTAINABILITY & ANTI-CROWDS
- PERSONALISED SERVICES
- SAFETY & HEALTH
- CLOSENESS AND CONNECTIVITY

The current situation will speed up the tourist industry's transformation.

Companies in the sector will have to adapt their supply to the new preferences of post-COVID-19 tourists.

Executive summary

The tourism industry in the face of COVID-19: an unprecedented impact

COVID-19 is having a huge impact on economic activity in Spain and, in particular, on the tourism industry. **At CaixaBank Research we expect GDP to fall by between 13% and 15% in 2020, not returning to its pre-crisis levels until 2023.** The outlook in 2020 is even grimmer for Spain's tourism industry as it is one of the sectors hardest hit by the pandemic.

After Spain declared a state of emergency on 14 March, the population's mobility was reduced to a minimum; borders were closed and people had to be confined to their homes to check the spread of the coronavirus. As a result, a sector as dependent on mobility as the tourism industry entered a period of almost total inactivity. Only since the lockdown measures have begun to be lifted has the outlook for the sector started to improve. The indicators of card expenditure via CaixaBank's payment terminals suggest that tourist spending has started to wake up from its hibernation and is embarking on an incipient recovery. Consequently, if the health situation is kept under control, a considerable improvement in activity is expected for the second half of 2020, although this will not prevent demand for the year as a whole falling very sharply. **According to CaixaBank Research forecasts, by 2020 tourist expenditure by foreigners will fall by around 50% while domestic tourists will spend almost 30% less.**

The tourism business is faced with a very complex situation. There was a total clousure of tourist accommodation during the toughest months of the lockdown, so the spring season was completely lost. This has pushed the sector to resort massively to lines of credit backed by the ICO and also furlough measures (ERTE in Spanish) to ensure that companies can survive without revenue over a period that has lasted more than two months. Given this situation, the tourism industry saw higher job losses than any other sector during the first half of the year. Up to June about 44% of the reduction in workers affiliated to Social Security was due to job losses in tourism companies. Nevertheless, activity indicators point to a gradual recovery in tourism business. According to the card payments made via CaixaBank terminals, whereas 75% of hotels and tourist agencies were still closed in May, during the second week of July this figure fell to 31%. **If this improvement in demand prospects persists over the coming months, the sector's recovery will continue and some of the jobs lost should be recovered.**

Accordingly, we estimate **that tourism-related GDP could decline by nearly 45% in 2020 as a whole, representing a loss of around 5% of total GDP.** This impact will be felt particularly by the autonomous regions in the Mediterranean and on the islands, which are heavily dependent on the influx of international tourists and whose tourism sectors account for a larger share of the regions' business.

Although the outlook for 2020 is overwhelmingly negative, the medium term could bring cause for more optimism. Up to February 2020, the tourism industry had enjoyed almost a decade of extraordinary results, during which time it took on the investments required to boost its competitiveness. Post-coronavirus tourism will have to adapt its supply to the new situation and be able to meet demands for higher quality and more personalised services, improvements which the sector's entrepreneurs have already been focusing on for several years. For all these reasons, and **although COVID-19 has made the future more uncertain than ever, the tourism industry is capable of recovering strongly in the medium term**, which would make it a key driver of growth for the Spanish economy.

Tourism

A worldwide nightmare

The COVID-19 health crisis has dealt a harsh blow to the tourism industry and hit the Spanish economy hard. This report, which provides details on the shock and presents the forecasts for 2020, shows new ways of monitoring tourism business to track the recovery and analyse the situation in Spain's major outbound markets.

OUTLOOK FOR TOURISM DEMAND

The toughest year for the tourism industry

The health crisis caused by COVID-19 has represented an unprecedented shock for Spain's tourism sector. Demand indicators confirm that the stoppage during the months of lockdown was total, both for international and domestic tourism. The end of the state of emergency and the recovery in international mobility within the EU have helped to revive flows of tourists to Spain. The outlook for the coming months points to a relatively rapid upturn in domestic tourism with a more gradual recovery for international tourist flows, although the delicate situation of the pandemic will still be a major source of uncertainty.

Mobility has played a vital role in the success of Spanish tourism in recent decades. The great expansion in international air connections and the connectivity boom brought about by the creation of the Schengen area helped Spain to go from receiving 32 million international tourists in 1995 to over 83 million in 2019, becoming the world's second country in terms of international visitors, only outdone by France. So far, in 2020 **the global spread of COVID-19 has put the international and domestic mobility of the world's population on hold.** The lockdown measures implemented by a large number of countries to control the pandemic resulted in 183 countries with closed borders or entry restrictions by the end of June. This has caused international tourist flows to plummet and Spain has been no exception.

The state of emergency and the paralysis of tourism

Spain declared a state of emergency on 14 March which led to the closure of its borders. Between that date and the 15 June, the first day on which a group of German tourists were allowed onto the island of Mallorca, no foreign tourist could travel to Spain. According to INE figures, 10.5 million international arrivals were recorded between January and May 2020, 63.9% fewer than over the same period in 2019. The extent of the decline is similar if we look at spending by foreign tourists up to May (–61.7%) as well as the overnight stays in tourist accommodations (–61.5%). All this provides unequivocal proof that, in April and May, the slump in international tourism business, which accounts for 70% of tourism demand, has been extraordinarily severe.

The state of emergency also resulted in a lockdown for the local population so that, until May, the reduction in domestic tourist flows was similar to that for international tourists. Overnight stays in tourist accommodation by Spanish travellers fell by 62.8% year-on-year between January and May. However, the recovery in domestic mobility has been one of the main aspects of Spain coming out of the lockdown, with hotel business picking up slightly at the end of May.

According to data from the hotel occupancy survey, 82,600 Spanish travellers stayed at a hotel in May, with an average stay of 2.5 nights. This is a very small volume (98% less than in May 2019) but it illustrates that lifting the lockdown has already started to have a positive effect on domestic tourist flows.

New sources of information to track the evolution of tourism in real time

Given the current situation, which changes from week to week, the description provided by official data, most of which are available up to May 2020, gives a somewhat outdated picture of sector's current status. Therefore, in recent months economic analysts have particularly focused on exploiting higher frequency indicators that enable us to monitor the situation in real time. A large number of technology companies and public institutions have made an effort to make daily mobility statistics available to the public as these provide an insight into the extent of the impact and, most importantly, how quickly business is getting back to normal.[1]

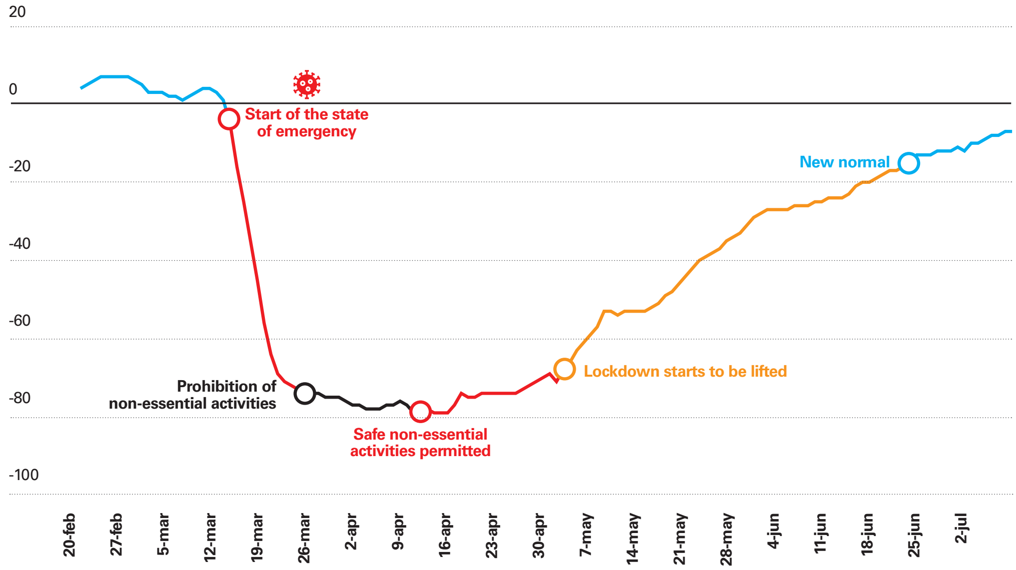
One particularly useful indicator is produced by Google based on its Google Maps mobile app. As can be seen in the chart, **the drop in mobility outside the home during the most intense phase of the state of emergency peaked at 80%**[2] whereas a clear change in trend can be seen as of 2 May, the first day the lockdown began to be lifted in stages. In just one month, the population's level of mobility reduced its decline compared with pre-COVID levels from 68% to 29%. As already noted, this upturn in mobility at the end of May led to the first overnight stays at hotels during the state of emergency. June's data suggest that the recovery in domestic mobility continued to advance (around –12% at the end of the month) and it will presumably continue to improve over the coming months provided we manage to prevent the spread of the virus without having to return to strict, widespread lockdown measures.

1 The INE has produced a mobility indicator based on data from the main telecommunications companies in Spain. The Ministry of Transport, Mobility and Urban Agenda has published daily mobility statistics from the records of the transport infrastructures it manages (road, train stations, airports, etc.). Among other technology companies, Google (google.com/covid19/mobility/), Apple (apple.com/covid19/mobility) and CityMapper (citymapper.com/cmi) have published mobility statistics based on the use of their navigation applications.

2 The period with the greatest restrictions on mobility was between 30 March and 15 April, when all non-essential activities were prohibited.

Non-residential mobility in Spain

Change with respect to the baseline* (%)



Note: Data based on 7-day average. (*)The baseline corresponds to the median mobility recorded on the same weekday between 3 January and 6 February.
Source: CaixaBank Research, based on the Google Mobility Report.

Tourism

Card payment data show that tourist spending is picking up more slowly than mobility

Monitoring mobility is extremely useful as it acts as a leading indicator of the mobilisation of tourist flows. However, it does not provide a completely accurate picture of the current situation or trend in consumption, whether tourism-related or otherwise. For this reason, CaixaBank has also invested a lot of effort in developing real-time indicators using big data methodology and based on card payment data via its point-of-sale terminals, taking advantage of information on the country where the payment card was issued and the type of retail business where the payment was made.[3]

What these indicators reveal is that consumption of non-essential goods fell to a minimum during the state of emergency, although it recovered strongly once the restrictions on mobility were lifted. As can be seen in the chart, the trend in retail consumption (textiles, household appliances, etc.) using Spanish payment cards has responded very quickly to improvements in local mobility and, since mid-June, has been at a similar or higher level than the same period in 2019. In the case of leisure and hospitality consumption, which depends largely on the local population but is also regularly consumed by tourists, there is a clear upward trend. During the last week of June, card payments for face-to-face consumption related to leisure and hospitality fell by just 1% year-on-year compared with a drop of around 95% during the state of emergency.

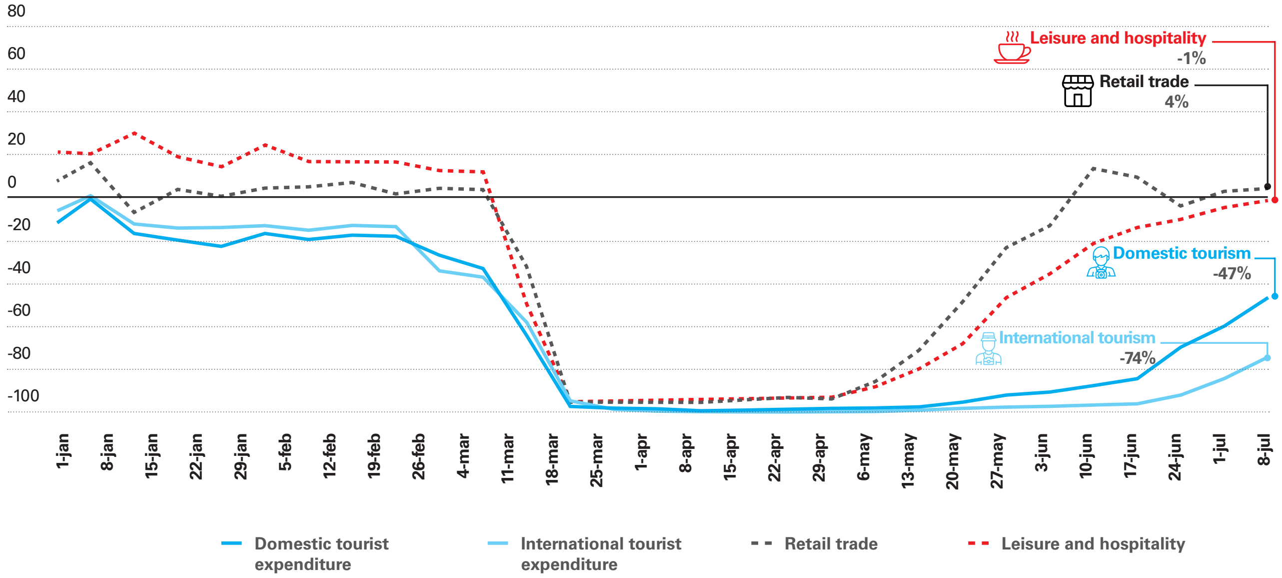
Nevertheless, as far as tourist expenditure is concerned, the recovery is still a long way off. **Domestic tourist consumption** improved very slightly after part of Spain entered phase 2 of easing the lockdown at the end of May, when public areas in hotels were reopened, and more significantly after the end of the state of emergency at the end of June, when Spaniards were once again allowed to travel between autonomous regions. However, as shown by the chart, domestic tourist expenditure still registered a 47% year-on-year drop between 6 and 12 July. As for consumption by international

3 CaixaBank Research publishes a weekly report (in Spanish) on the real-time trend in this consumption indicator at https://www.caixabankresearch.com/es/publicaciones/notas-breves-actualidad-economica-y-financiera

tourists, this improved sharply after the first few weeks of open borders for citizens from the Schengen area, posting a 74% year-on-year drop between 6 and 12 July, around 22 percentage points (pp) less than before the borders were opened. In conclusion, **tourist expenditure is still at an extraordinarily low level** but the improved outlook for tourist mobility following the reopening of regional and international borders between Schengen countries (80% of Spain's demand) suggest that the recovery in tourist expenditure may speed up, provided connectivity between origin and destination countries is reactivated and the pandemic remains under control.

Face-to-face payments via CaixaBank payment terminals

Year-on-year change (%)



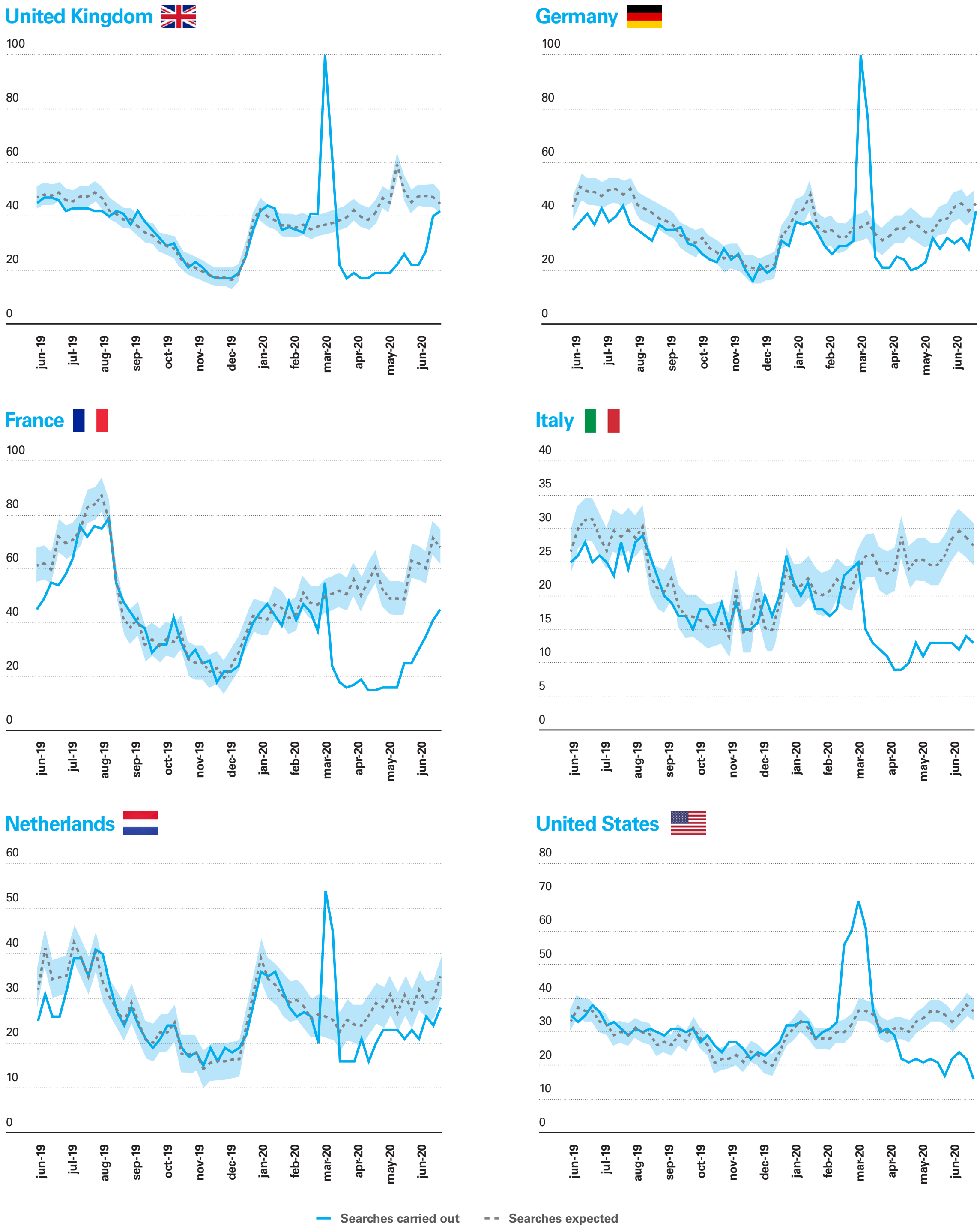
Notes: Tourist expenditure is estimated based on POS terminal payments at hotels and travel agencies.
Source: CaixaBank Research, based on internal data.

According to Google Trends, international tourists are becoming interested in travelling to Spain again

According to booking and internet search indicators, which point to future demand, interest in tourism in Spain is improving considerably. Google Trends data show that searches carried out from Spain for the term «hotel», which would illustrate domestic tourists interested in making a reservation, went from –84% year-on-year in April to –46% in the last week of June. On the other hand, foreign tourist searches for trips to Spain are picking up in key countries for the Spanish tourism industry. As can be observed in the following charts, if we compare the weekly level of searches carried out from each country with the expected level based on the historical search pattern, we can see that, in the UK and Germany, people's interest in travelling to Spain largely returned to normal during the last week of June, while in the Netherlands it was still slightly below the expected level. In France and Italy, interest was 27% and 47% lower than expected at this point in the year, probably because these are two outbound markets that offer highly competitive domestic alternatives for tourists. In the case of Italy, moreover, the government has launched a direct incentive (up to 150 euros per household) to persuade Italians to opt for a «staycation», so the prospects of Italian tourist arrivals in Spain are less favourable. Finally, in the case of the US, to which the EU has closed its borders, interest in tourism in Spain continues to fall short of its expected level.

Weekly searches in Google for trips to Spain

Index (100 = historical peak)



Note: Data from searches for the word «Spain» in each country's official language and within the travel category are used. Expected searches consist of the projected searches carried out based on data from one year previously using an ARIMA model (1, 1, 1)$_{52}$. The shaded area reflects a 68% confidence interval.
Source: CaixaBank Research, based on data from Google Trends.

How the tourism industry will evolve in 2020

Despite the improved outlook suggested by our analysis of the latest figures, it should not be forgotten that the current scenario is highly uncertain and will depend on striking a balance between mobility and safety until an effective vaccine or treatment against COVID-19 is found. The forecasts presented below are therefore largely dependent on the how the pandemic evolves in Spain and in the outbound markets. Our central forecast scenario assumes that the spread of COVID-19 in Spain is kept under control, although it does include the possibility of spikes which could force localised lockdown measures. We have also worked under the assumption that a vaccine or effective treatment would be available by mid-2021.[4]

Under these assumptions, we expect **domestic tourist expenditure to pick up considerably during the second half of the year.** Specifically, we predict it will reach very similar, albeit slightly lower, levels than those recorded over the same period in 2019, due to the balance of limiting and supporting factors. Firstly, the health situation will continue to hinder the recovery in demand due to (i) a perception of less safety, (ii) uncertainty regarding the evolution of the pandemic and (iii) the social distancing measures that will be maintained throughout the year. Furthermore, we believe the consequences of the current crisis on the purchasing power of households will lead many Spaniards to spend less on tourism this year for purely economic reasons. On the other hand, the factors supporting the recovery will be (i) the good connectivity offered by the road network for private transport within the peninsula, (ii) the recovery in domestic flights, which are easier to coordinate through Spain's state-owned airport operator (AENA), and (iii) the substitution of tourist trips abroad with domestic trips. This last factor looks like being one of the most decisive for the recovery in domestic tourism. Between July and December 2019, tourists who are resident in Spain spent 9.5 billion euros abroad compared with 18.8 billion euros on domestic tourism. According to our forecasts, this substitution effect could contribute about 2.5 billion euros to domestic tourism.

4 **For a detailed description of this scenario's assumptions and the full macroeconomic picture, see the article «Economic activity beings to gradually reactivate as the lockdown is lifted», available at https://www.caixabankresearch.com/en/economics-markets/recent-developments/economic-activity-begins-gradually-reactivate-lockdown-lifted.**

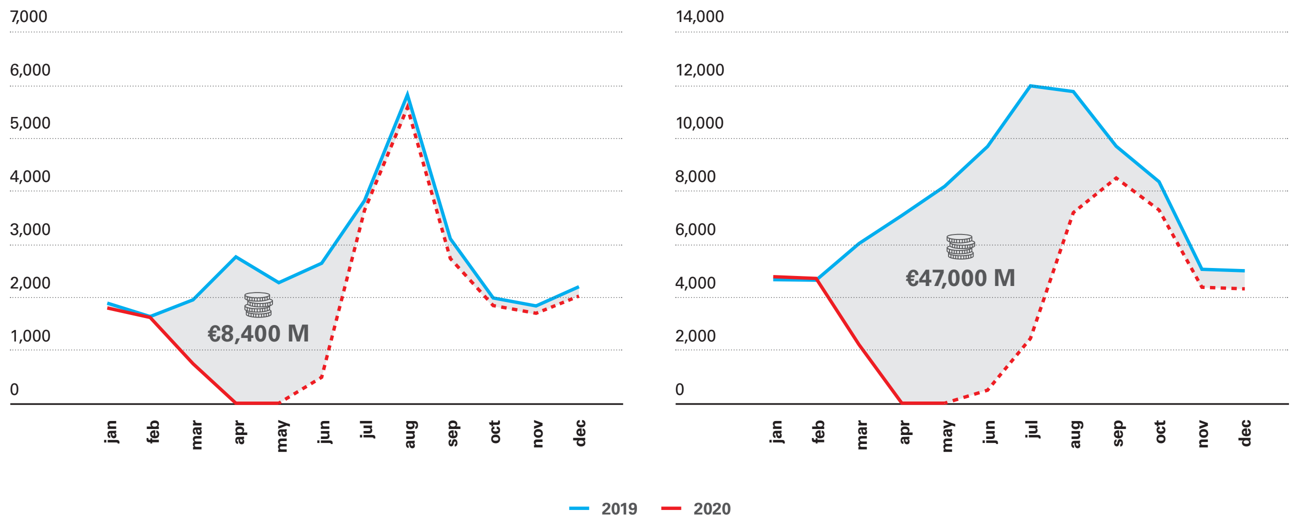
Tourism

Consequently, if our predicted recovery takes place, domestic tourism expenditure for 2020 as a whole could fall by around 30%, some 8.4 billion euros less than in 2019 mainly as a result of the stoppage of business between March and June.

On the other hand, as can be seen in the chart, our forecasts for international tourism expenditure show a somewhat less positive trend for the rest of the year due to (i) the loss of non-EU tourism, (ii) a gradual recovery in connectivity in the EU (highly dependent on air connections and the situation of the pandemic in each outbound market) and (iii) a lower propensity to travel outside the country of residence due to uncertainty about developments in the pandemic. In short, according to our estimates, **spending by foreign tourists will fall by about 25% year-on-year between July and December 2020, which would result in a decline of more than 50% for the whole of 2020** (47 billion euros less than in 2019).

Tourist expenditure: domestic (left) and international (right)

Million euros



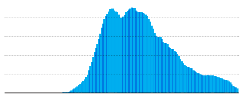
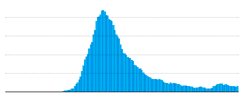
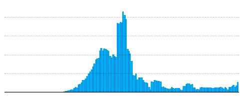
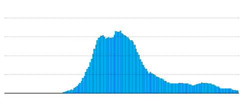
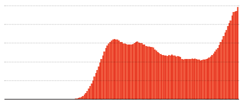
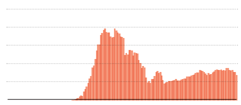
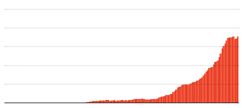
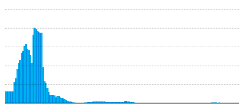
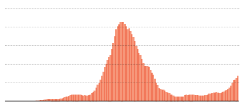
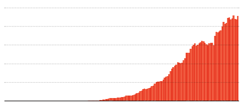
Source: CaixaBank Research, based on data from the National Statistics Institute.

Overall, domestic tourism will not be able to offset the effect of the drop in foreign demand, which accounted for 70% of tourism expenditure in 2019 and will represent around 60% in 2020. **The total tourist expenditure made by both resident and foreign tourists in Spain could be around 68 billion euros in 2020, a drop of nearly 45% compared to the previous year.**

The complexity of the environment in which the tourism industry currently operates also makes it necessary to take into account the evolution of the pandemic in Spain's outbound markets, making the situation even more uncertain. As can be seen in the table, which looks at 10 of the main countries sending tourists to Spain, the health and connectivity situation seems relatively favourable. Spain's dependence on European countries, where the spread of the pandemic seems to be more under control, means that the health-related prospects of a large proportion of its international tourist demand look positive.

Only the markets on the American continent, which account for less than 10% of international tourist demand in Spain, have a clearly negative outlook. In any case, although the situation in the outbound markets is good, it is still uncertain.

Situation of the main outbound markets for Spain's tourism industry at the end of June

	Share of international tourism	Can they come?	Status of the pandemic*		
			Trend in infections	Last week of June	
UK	22%	**Yes.** Treated as an EU member until 2021		0.9	In remission
Germany	13%	**Yes.** EU member		0.5	Controlled
France	13%	**Yes.** EU member		1.6	Controlled
Netherlands	4%	**Yes.** EU member		0.3	Controlled
US	4%	**NO**		14.6	Increasing
Portugal	3%	**Yes.** EU member		2.8	Stable but high
Argentina	1%	**NO**		5.6	Increasing
China	1%	Mandatory quarantine until China removes restrictions on Europeans		+0	Controlled
Japan	1%	**Yes.** On the EU's list of safe countries		0.1	Spikes but low level
Brazil	1%	**NO**		18.2	Increasing

Note: (*) The charts show the growth in the number of infections per 100,000 inhabitants between 23 January and 30 June. To the right of each chart are the infections per 100,000 inhabitants for the last 7 days of June in each country.
Source: CaixaBank Research, based on data from the National Statistics Institute and Johns Hopkins University CRC.

Tourism

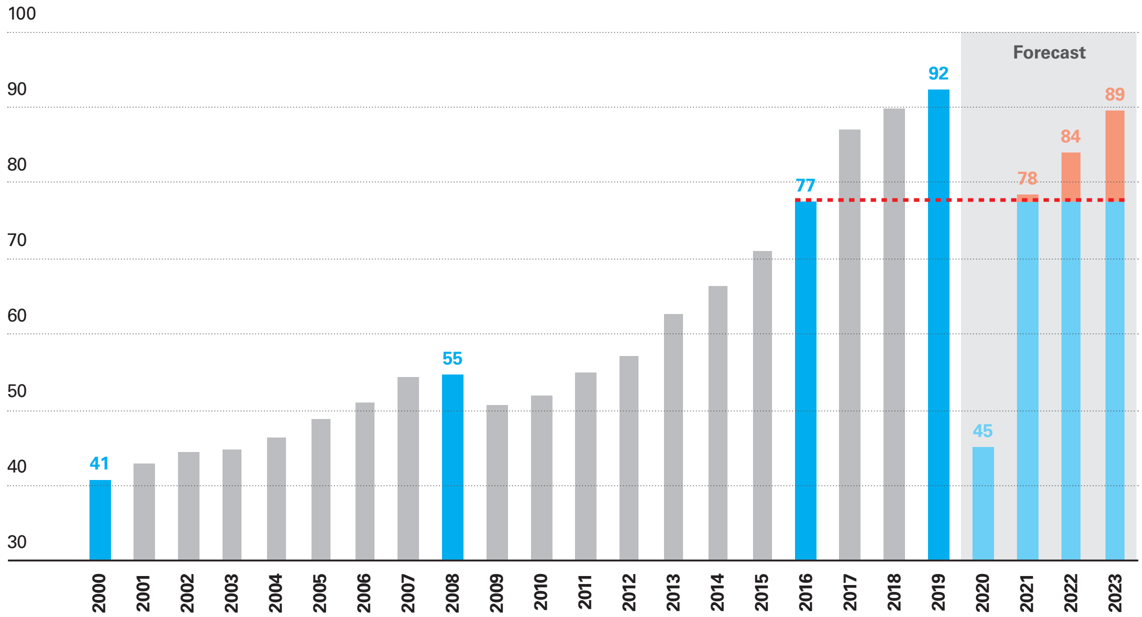
Forecasts for the medium-term trend in the tourism industry

Making projections for 2020 is extremely complex due to the high uncertainty regarding how the pandemic will evolve. However, if we focus on the medium term, and assuming an effective vaccine or treatment for COVID-19 will have been discovered within this timescale, the upswing in international tourist confidence, the increased attractiveness of established, safe destinations during the early stages of the recovery and the rebound in the global economy all point to a considerably better outlook for Spain's tourism industry than for 2020.

As the next chart shows, **we predict a relatively rapid recovery in demand in the medium term.** In 2021, international tourist expenditure would reach a level higher than the one achieved in 2016, albeit still far from its pre-crisis level. Nevertheless, the sector has enjoyed some extraordinary years, in 2019 beating all records in terms of tourist volumes and expenditure, so returning to the revenue levels of 2016 could be considered as very positive.

International tourist expenditure in Spain

Billion euros



Source: CaixaBank Research, based on data from the National Statistics Institute.

In conclusion:

- Tourism demand is going to plummet in 2020, mainly due to the loss of mobility of tourists between March and June.
- Tourist expenditure will gradually pick up in the second half of the year, supported by domestic tourism and the arrival of international tourists from traditional outbound markets such as Germany and the UK.
- The dependence of tourist flows on the health situation in Spain and in the countries of origin will be a source of uncertainty. Despite this, the medium-term outlook for the sector remains positive, thanks to the fact that its pre-crisis situation was very solid.

TOURISM SUPPLY AND EMPLOYMENT

Reactivating tourism business

With the shock of the COVID-19 outbreak, tourism businesses reduced their activity, destroying a large number of jobs and taking massive advantage of Spain's furlough scheme (ERTE). Tourism supply is now attempting to revive itself. The lifting of mobility restrictions has encouraged a good number of tourist establishments to reopen their doors, even though demand is still low. With the start of the summer season, it is essential for the tourism sector to maintain, and benefit from, its commitment to reactivation as this is the only way to create jobs again.

The slump in tourism demand between March and June was accompanied by the deactivation of a large number of tourism companies, which were forced to cease trading due to mobility restrictions and the impossibility of offering their services. According to data from the hotel occupancy survey, between March and May 2020 a monthly average of 4,100 hotel establishments remained open, 73% fewer than in the same period in 2019, a considerable reduction but somewhat less than the decline suffered by demand (over 90%). This is due to the fact that the sector has managed to reactivate slightly better than might be inferred from the demand figures. In May, 12% of the establishments that had been operating in February reopened their doors (mainly small establishments with low staffing needs), slightly ahead of demand due to an expected upturn in bookings.

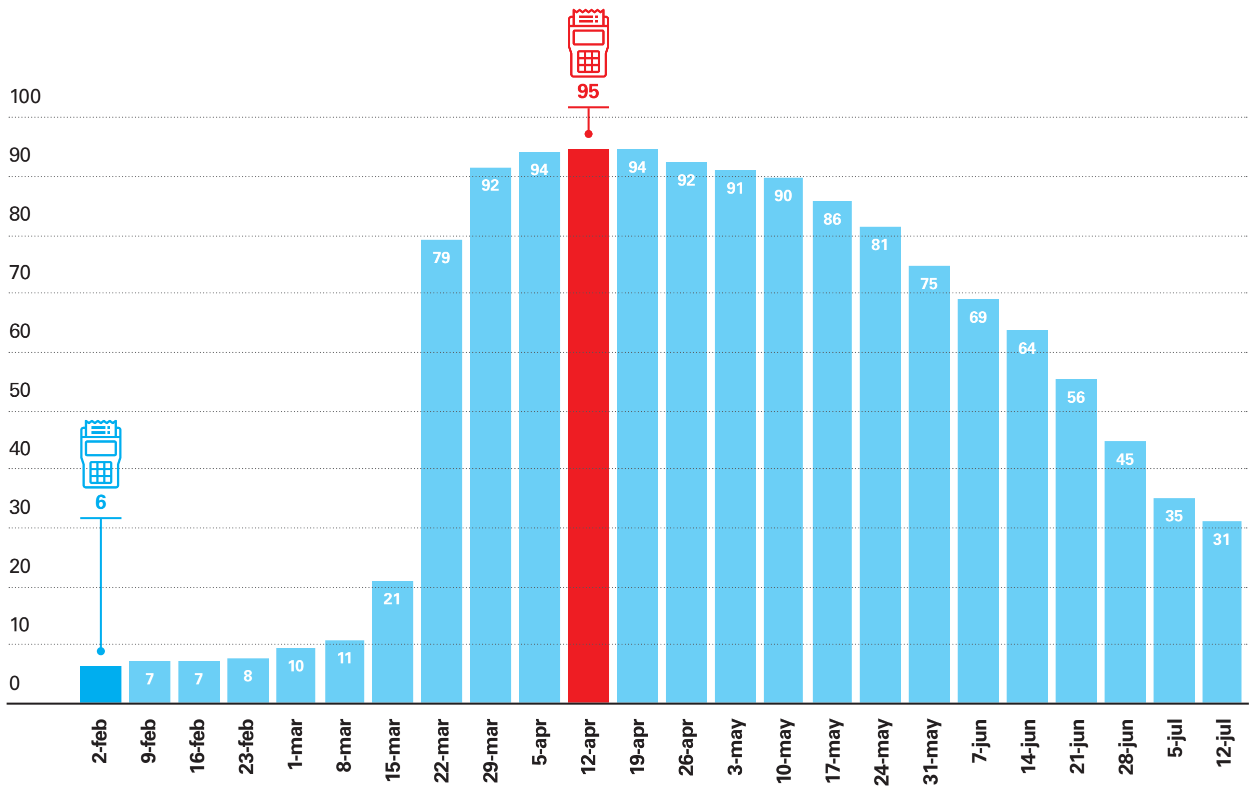
Analysing CaixaBank terminal payments to monitor the activity of the tourism supply in real time

The complexity of the current situation is such that the surveys carried out by the INE, which are traditionally used to analyse the tourism supply in this report, provide us with much less information than in the past since the number of surveys carried out on open establishments is insufficient.[5] Thanks to CaixaBank's use of big data, we have been able to overcome this problem by developing an indicator that enables us to monitor the levels of inactivity for tourism supply in real time. To do so, we use the share of retail businesses with a CaixaBank payment terminal that have stopped processing any payments. As can be seen in the chart, according to this indicator the sector almost totally closed down in the period between the declaration of the state of emergency and 24 May, the date that marked the beginning of phase 2 in some parts of Spain. Since then, the revival in supply has been gaining ground. At the end of June, and for the first time since March, the share of inactive tourism businesses was below 50%, coinciding with the end of the state of emergency and the opening up of borders with other EU countries.

(5) The INE has not published data at a regional level from its hotel occupancy survey due to the limited number of establishments surveyed in April and May. Neither have the hotel price index or profitability figures (ADR and RevPAR) been published.

Tourism

Share of hotels and travel agencies with no payments via their CaixaBank terminals
% of total



Note: The series has been normalised so that the share of inactive businesses equals 0% in December 2019.
Source: CaixaBank Research, based on internal data.

Tourism supply is reviving in advance of demand, reacting positively to the prospects of a recovery and the relaxation of social distancing measures. From the limitation of capacity to 30% and the closure of shared areas in hotel establishments required in phase 1 of lifting the lockdown, in many cases the capacity limit has been raised to over 70% at present, enabling establishments to exceed the demand threshold and offset their costs.[6] Even so, **according to internal CaixaBank data, during the second week of July 31% of tourism establishments remained inactive and hotel payments were still down by about 65% year-on-year,** suggesting that most operators have probably not reached breakeven point.

Reactivating the tourism industry: economic policies and adapting to the new demand

Until this breakeven point is reached, it is important that economic policy measures continue to support the sector. The main support measures have been based on enabling temporary adjustments in the workforce by making the furlough scheme (ERTE) more flexible and also on providing liquidity to companies (100 billion euros with ICO guarantees for companies, with a tranche of 2.5 billion euros specifically for tourism companies), as well as a moratorium of up to 12 months on mortgage operations for properties linked to tourism business and taken out with credit institutions. All these measures, aimed at mitigating the impact of the coronavirus crisis, have been fundamental for tourism businesses to survive during the months of little or no demand.

6 At present, the autonomous regions are responsible for regulating social distancing measures so there are no common criteria regarding capacity limits for tourist and hotel establishments. It should be noted that, in the case of small commercial and hotel establishments, social distancing measures between customers entail more stringent constraints on capacity than those indicated.

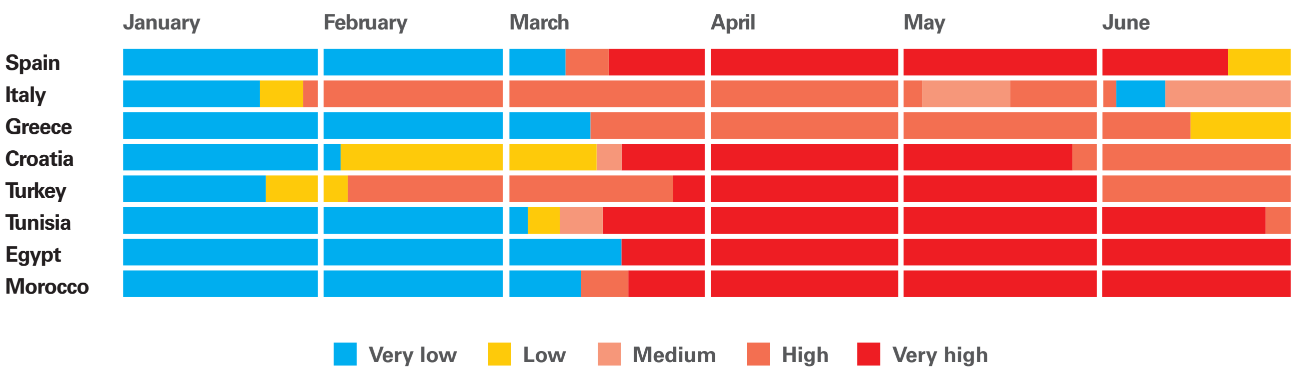
The sector will have to boost its transformation in order to adapt to the new parameters regarding health safety in the short term and to new demand requirements in the medium and long term.[7] Indeed, the plan to reactivate tourism proposed by the government in mid-June contains measures along these lines, such as soft loans to finance sustainable solutions for tourism companies and investment in digital transformation. Expanding the role of public policy could therefore be a key lever to ensure tourism has the capacity to carry out these investments and maintain its levels of competitiveness.

On the other hand, **the reduction in foreign competition for tourism within a lower demand environment such as the present may also be vital to speeding up the sector's reactivation this summer.** It should be noted that British and German tourists' perception of other Mediterranean markets, such as Turkey, Egypt, Tunisia and Morocco, improved in 2019, limiting the growth of Spain's international demand.[8] However, the pandemic has meant that these markets are now notably limited in terms of European visitors, not only because they are not members of the EU but also because the restrictions imposed by their governments are more severe than in the case of Spain and other Mediterranean EU member states. This can be seen in the following chart, based on the Oxford COVID-19 Government Response Tracker.

7 See the article «The future awaiting global tourism» in this Report.

8 See the article «The fight for international tourism in the Mediterranean» in the Tourism Sector Report for the 1st Semester of 2020, available at www.caixabankresearch.com

Intensity of border restrictions



Source: CaixaBank Research, based on the Oxford COVID-19 Government Response Tracker.

Employment in the tourism industry, the hardest hit by COVID-19

The industry's reactivation is even more in the news, if possible, because of the impact it could have on employment. Spain's labour market has suffered a terrible shock. In June, the number of people registered as employed with Social Security stood at 18.6 million, 974,000 fewer than in June 2019 (–5% year-on-year), of which around 70% were temporary workers. In addition, 1.8 million employees were affected by furlough measures; i.e. they were still registered with the Social Security system and therefore did not count as unemployed but were either not working or at least not full-time.

Tourism

Employment in the tourism sector has been the hardest hit by the current situation. At the end of May, tourism-related employment stood at 2.5 million people, nearly 387,000 fewer than in the same month in 2019 (–13.5% year-on-year). This implies that **44% of the jobs lost in Spain were in the tourism sector.** In addition, around 31% of tourism employees were furloughed while 5.5% took advantage of severance packages, well above the average for Spain in May, namely 9.8% furloughed and 2.0% being made redundant.

Starting from such a low level of employment, and given the traditional weight of tourism jobs in the economy as a whole (12.8% of the registered workforce in 2019), the «reopening» of the sector could have a substantial effect on employment and on moderating the number of jobs affected by the furlough scheme. Despite the fact that tourism jobs are highly seasonal throughout the year, a considerable amount of employment is generated by tourism at times of moderate demand. In other words, the bulk of the jobs are created when hotel establishments decide to open, even if the actual occupancy of the hotel is low. Logically, as the occupancy rate increases, so does the number of employees, but much more gradually. Specifically, according to our estimates, the basic staff of a hotel (those who do not depend on the occupancy rate) represent about 65% of the staff the hotel would employ if it were full. For example, an average Spanish hotel, which according to INE data consists of 49 rooms, would employ 17 workers with a 100% occupancy rate, while with a minimum occupancy rate of 35% it would employ 13. Although there is a substantial difference in employment between the high and low seasons, it should be noted that the hiring of most hotel staff is not so dependent on the seasonality of demand.

In this respect, although Spain's average occupancy rate will remain limited for the rest of the year, a small improvement in the prospects of tourist arrivals could make all the difference in reactivating the sector and the labour market as a whole.

Simulation of hotel staff hired by occupancy rate

	Rooms		10	25	49 (Hotel average)	100	200
	Occupancy (%)	Workforce (%)	Number of employees				
Opening demand	30%	76%	3	7	13	27	53
	35%	77%	3	7	13	27	54
	40%	79%	3	7	14	28	56
Low demand	45%	81%	3	7	14	29	57
	50%	83%	3	7	14	29	59
	55%	85%	3	7	15	30	60
Medium demand	60%	87%	3	8	15	31	61
	65%	89%	3	8	15	31	62
	70%	90%	3	8	16	32	64
High demand	75%	92%	3	8	16	32	65
	80%	94%	3	8	16	33	66
	85%	95%	3	8	16	33	67
	90%	97%	3	9	17	34	68
	95%	98%	3	9	17	35	69
	100%	100%	4	9	17	35	70

Note: The sensitivity of the number of employees per hotel room to the different occupancy rates has been estimated using data from the survey «Encuesta de Ocupación Hotelera» for 106 municipalities between January 2005 and December 2019.
Source: CaixaBank Research, based on data from the National Statistics Institute.

In conclusion:

- Tourism supply is gradually being reactivated. The share of inactive tourism businesses went from 95% in mid-April to 31% in the second week of July.
- Liquidity measures and temporary workforce adjustments have been and will continue to be fundamental for the tourism industry to overcome the slack period.
- The «reopening» of tourist businesses could result in significant job creation and would considerably moderate the number of people furloughed.

Tourism

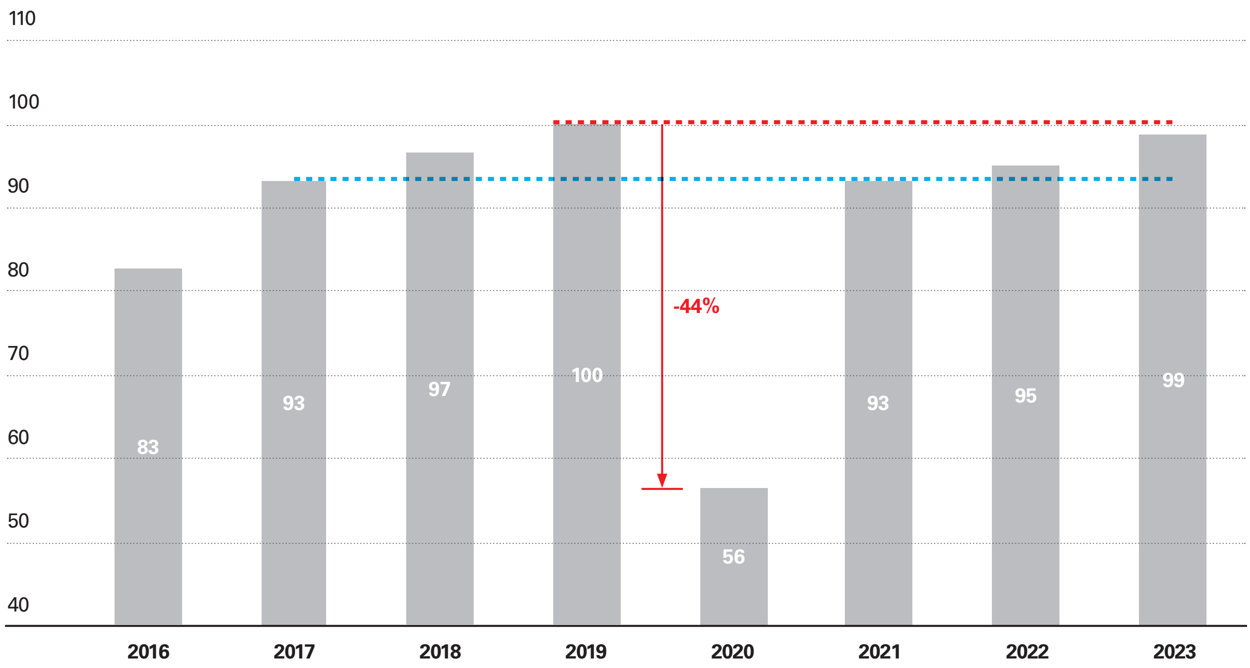
IMPACT ON THE ECONOMY

The loss of tourism business is a major blow for the Spanish economy

The tourism industry is a key sector for Spain's economy and the decline forecast in tourism for 2020 will have a major impact on the country's level of economic activity. However, this economic impact will not be spread evenly throughout Spain as there are big differences between regions in the relative importance of the tourism sector. We expect the islands and Mediterranean communities to be more exposed than the average in Spain, while inland regions will suffer less.

Much has been said during the current crisis about the importance of tourism for the Spanish economy and this is understandable, given that it is one of the economic sectors that will suffer the most from the consequences of the COVID-19 crisis. According to data from the tourism satellite account published by the INE, the industry generates 12.3% of Spain's GDP and 12.7% of its employment. Tourism's huge importance for the Spanish economy is not by chance but the result of its great competitiveness and resilience. However, in 2020 the sector lies at the epicentre of the crisis affecting the Spanish economy which, according to forecasts by CaixaBank Research, will see a fall in GDP of between 13% and 15%.

Tourism-related GDP in Spain
Index (100 = 2019)



Source: CaixaBank Research, based on data from the National Statistics Institute.

The impact of the slump in tourism business on the Spanish economy

Due to the sharp decline in tourism expenditure expected in 2020, which we estimate at around 50% for international tourism and about 30% for domestic, the sector will no longer produce a great deal of economic activity. Specifically, **according to our forecasts, tourism-related GDP will fall by around 44% in 2020**, severely affecting the Spanish economy. This drop in tourism business **could directly deduct 3 pp from GDP growth.** Furthermore, due to the sector's strong influence on the rest of the economy, **an additional 1.6 pp to 2.3 pp could be lost indirectly.**[9] In this case, the tourism sector would contribute negatively to Spain's economic growth by between 4.6 pp and 5.3 pp of GDP.

In the medium term, we expect tourism activity to return to its pre-crisis level from 2024 onwards. However, the activity level of 2017, a year which can be used as a benchmark given the good performance by tourism, could be regained as early as 2021.

9 According to our estimates, for every 100 euros of added value generated directly by the tourism sector, 76 euros of indirect added value are generated in the rest of the economy, which means that around 40% of the economic activity created by the tourism sector is indirect.

Analysis of the decline in tourism expenditure by autonomous region

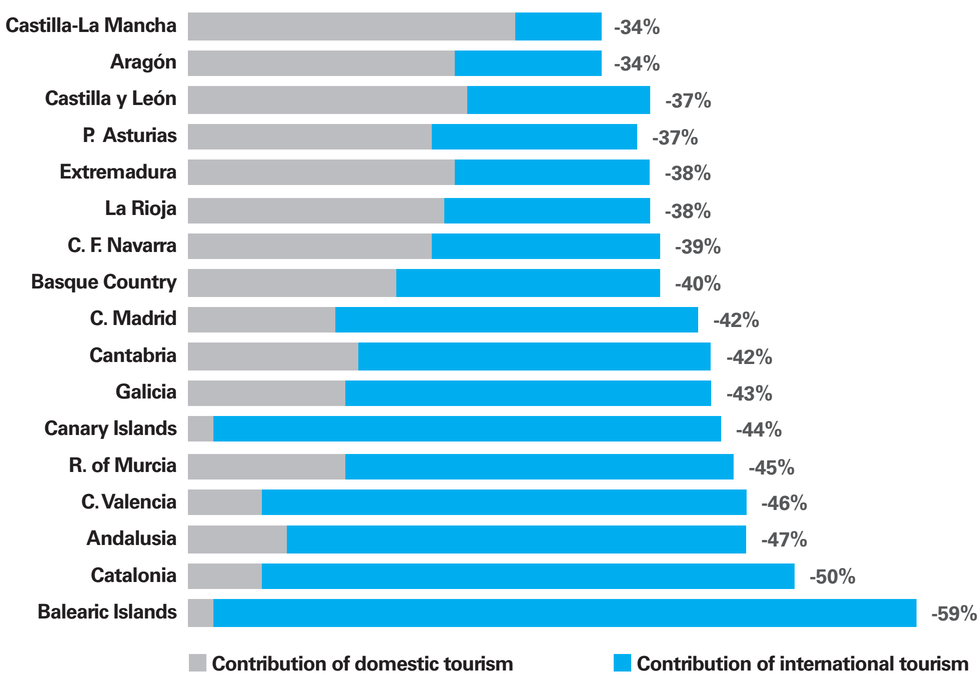
In regional terms, the economic impact of the drop in tourism business in 2020 will be highly heterogeneous and depend mainly on the relative importance of foreign tourism and also on the importance of the tourism sector in each region's economy.

Tourism

The following chart shows the projected variation in tourism expenditure by autonomous region for 2020. According to these estimates, the Balearic Islands will suffer the most from the drop in tourism expenditure (59%) due to their high dependence on foreign tourism (95% of expenditure) and also because a large part of their tourism demand (86% of the annual demand in 2019) is concentrated in the spring and summer months (those most affected by the COVID-19 pandemic). At the other end of the scale, Castilla-La Mancha and Aragon are the regions that will post the smallest decline in tourist expenditure due to their lower dependence on foreign tourism (14% and 24%, respectively). Obviously, these results depend considerably on how the pandemic evolves in the different regions.

Drop in tourist expenditure in 2020 in the autonomous regions

Annual change in % and contribution in percentage points



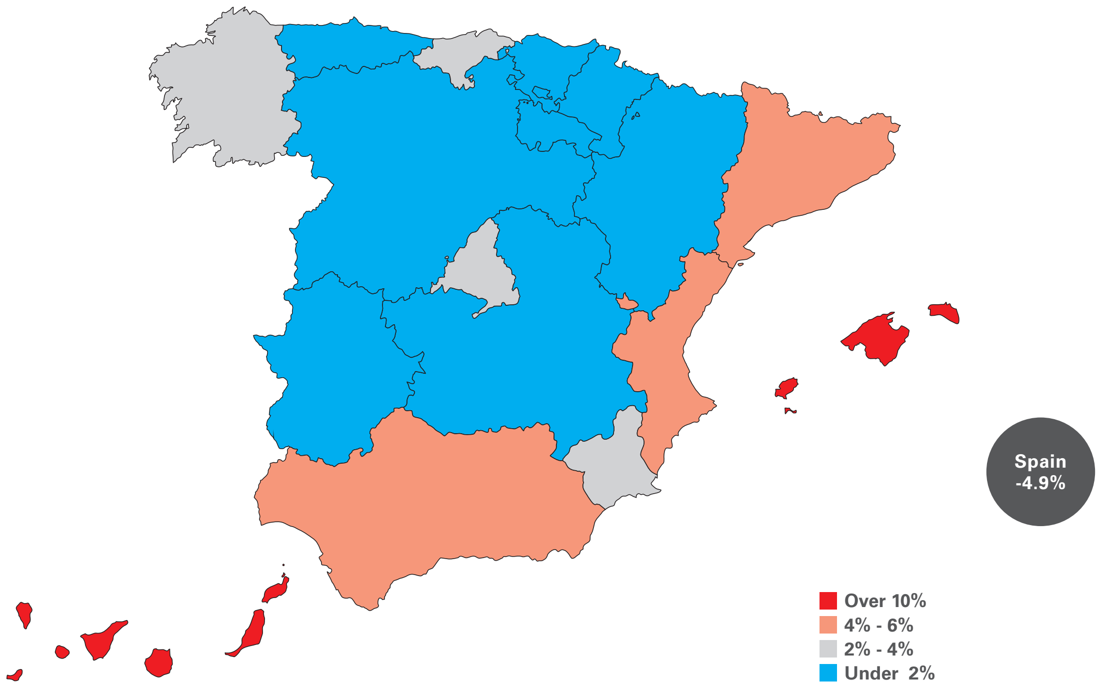
Fuente: CaixaBank Research.

Analysis of the economic impact of the drop in tourism expenditure by autonomous region

The sector's relative importance for the region's economy is also very relevant in order to understand the economic impact of the decline in tourism, this factor also varying greatly from region to region. Since we do not have estimates of tourism's contribution to GDP per region, we have used the share of tourism expenditure to GDP to obtain an approximate measure of the tourism sector's relative weight. Using this figure, we can see that tourism is comparatively unimportant in the regions of Navarra and La Rioja (around 4% of their GDP) while its consumption accounts for more than 40% of GDP in the island communities of the Balearics and Canaries.

Map of the impact of the fall in tourist expenditure in 2020

Fall in tourist expenditure by % of GDP



Source: CaixaBank Research, based on data from the National Statistics Institute.

By combining the relative weight of tourism expenditure and our central forecast scenario for 2020, we can measure the economic impact on the autonomous regions, as seen in the map above. This shows how the slump in tourism business will be considerable in the Balearic Islands and Canary Islands, with declines in tourism expenditure representing 28% and 18% of their regional GDP, respectively. The Mediterranean communities of Catalonia, Valencia and Andalusia will see a more contained impact although still above the Spanish average, with a drop in tourism expenditure of more than 5% of GDP in all three cases. The Community of Madrid, the Region of Murcia, Cantabria and Galicia would register an average impact of between 2% and 4% of GDP while the rest of the autonomous regions would be less affected.

In conclusion:

- The tourism industry will be severely affected by the health crisis caused by COVID-19, resulting in a drop in tourism GDP of about 44% in 2020.
- Because of tourism's prominent role in the Spanish economy, the impact of the crisis on the sector will weigh heavily on the national economy, whose growth will shrink by 5 pp this year.
- The impact will vary according to the region in question, with the Balearic and Canary Islands and the Mediterranean coast being particularly affected.
- Although uncertain, the outlook for 2021 points to a strong recovery in activity that could bring tourism GDP to levels similar to 2017.

International tourism

The future awaiting global tourism

The coronavirus pandemic took the world by surprise and brought international tourism almost to a complete halt. The initial phases of a relative recovery are restoring connectivity between those outbound markets and tourist destinations that have controlled the spread of the coronavirus. However, the sector will have to undertake a far-reaching and rapid transformation to adapt to the new, post-COVID-19 international tourist who will demand more personalised, flexible and, above all, safer services.

The outbreak of SARS-CoV-2 has been a global phenomenon. As of June, more than 10 million people had been infected and 500,000 had died as a result of COVID-19 worldwide. None of the 177 countries for which statistics are published by the Johns Hopkins University Coronavirus Research Center is virus-free and more than 25% of countries have a rate of over 1,000 cases per million people.[1] This situation has led to **unprecedented measures being taken to limit the international and domestic mobility of citizens around the world**, causing the flow of international tourists to come to a standstill between March and June.

The implications of this stoppage in tourism for the world economy are far-reaching. The World Tourism Organization (UNWTO) is considering three scenarios for 2020, depending on when global travel restrictions begin to be lifted. The less adverse and more likely scenario is a 58% drop in global tourism assuming that borders will gradually open up from July onwards, which is already happening. On the other hand, a more extreme scenario, in which border restrictions are not lifted until December, would cause a drop of up to 78%.[2] Consequently, even in the least pessimistic scenario the world's number of tourists would fall to figures not seen since the last century, dealing a hefty blow to a sector that generates more than 10% of global GDP and nearly 12% of the world's employment.

International tourism could shrink by 58% according to World Tourism Organization estimates, a hefty blow to a sector that generates more than 10% of global GDP and nearly 12% of the world's employment

1 See the interactive dashboard produced by the Johns Hopkins University to consult COVID-19 data at https://systems.jhu.edu/

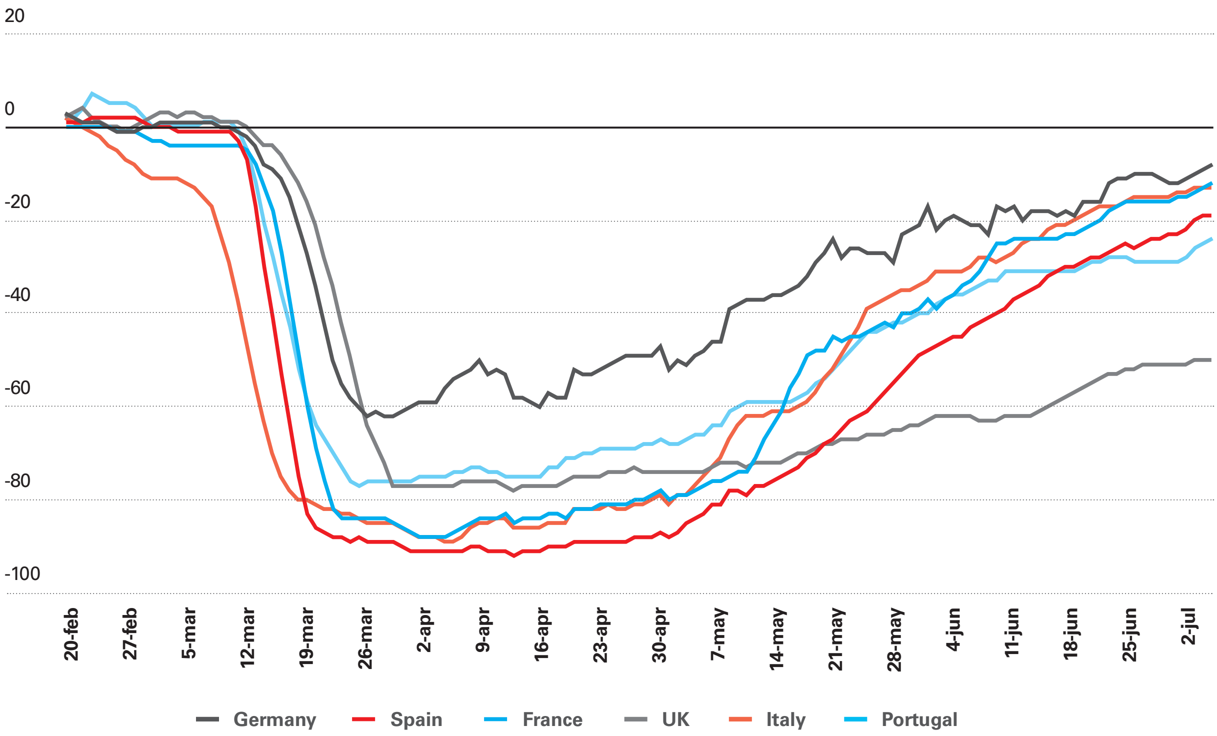
2 See «UNWTO World Tourism Barometer (May 2020)».

A first step in understanding what the world's tourism will be like in the short term is to analyse population mobility indicators, a sine qua non for tourists to travel to their destination. Given that proximity to the tourist destination is going to be a fundamental aspect, we will look at the mobility situation within the main regions of the world: Europe, Asia and the Americas.

Europe: coordinated relaxation with good prospects
In Europe, lockdown measures began in Italy on 7 March, when the government introduced restrictions on people's mobility, first in the Lombardy region and shortly afterwards throughout the country. Within a few weeks, the vast majority of European countries had already implemented similar measures and people's mobility on the continent was reduced to a bare minimum to ensure the supply of essential goods and services. Looking at the mobility indicators produced by Google from Google Maps application data, we can see that **the lockdown measures were extraordinarily effective in Europe** (see the chart below). In just 20 days, mobility in commercial establishments throughout Western Europe fell by around 80% (from –62% in Germany to –91% in Spain). Although this gradually recovered when the lockdown started to be lifted (which began in May in many EU countries), by the end of June it had still not regained pre-COVID-19 levels: in the UK, the country that is furthest behind in lifting the lockdown, mobility is still 50% lower, while in Germany, Italy and France mobility in commercial premises is «only» 20% below pre-COVID-19 levels.

Community mobility regarding commercial premises

Change with respect to the baseline* (%)



Note: Data based on 7-day average. (*)The baseline corresponds to the median mobility recorded on the same weekday between 3 January and 6 February.
Source: CaixaBank Research, based on the Google Mobility Report.

Tourism

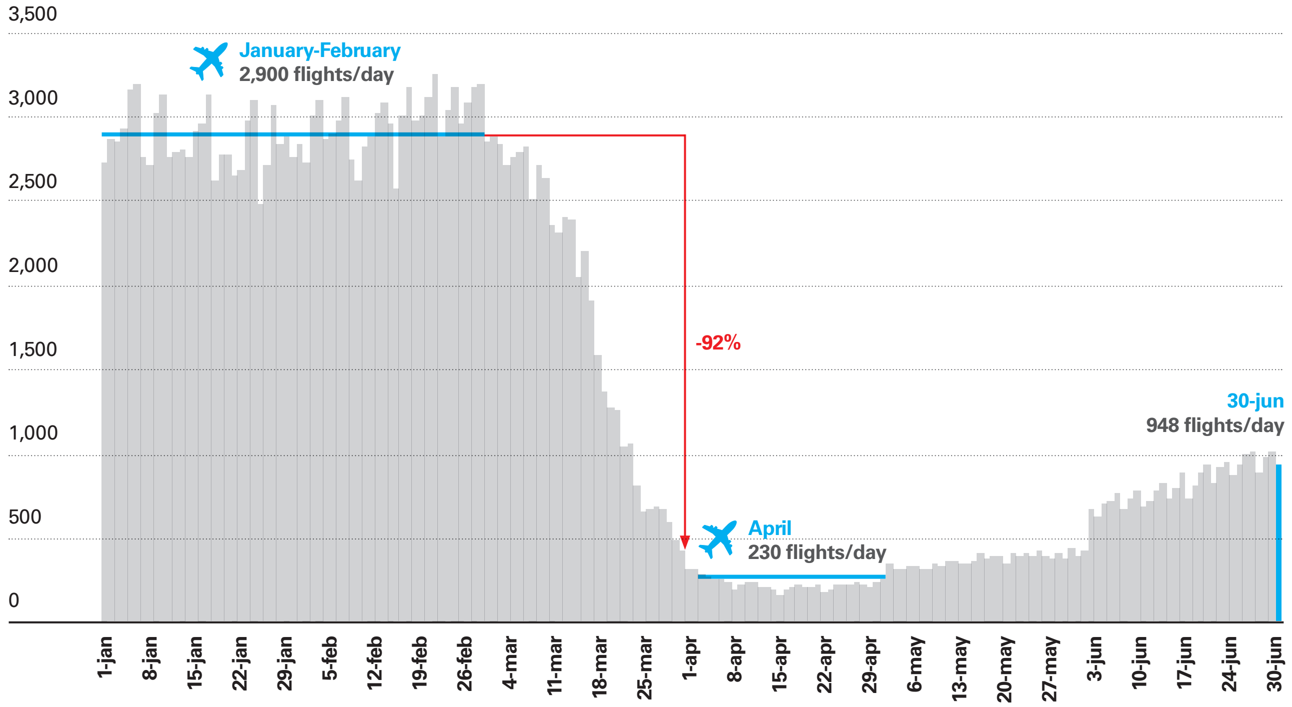
Once the recovery in domestic mobility was underway, as from the end of June Europe has focused on lifting restrictions to international tourism flows. Borders have gradually started to be reopened and the mandatory quarantine measures when entering the destination country are being withdrawn. This is a somewhat more complex and delicate process, since it depends on the COVID-19 situation both in the destination region and in the tourist's home region. Nevertheless, **the prospects for a revival in domestic and international tourism flows on the continent appear relatively positive,** in view of several factors. The first is that many of the southern EU countries, where most of the tourist destinations are located and where the coronavirus hit the hardest, have managed to control the spread of the virus after a very strict lockdown and some spikes which, at present, appear to be localised. Secondly, the outbound markets in northern Europe, with a few exceptions, seem to have been able to detect new outbreaks and are taking the necessary measures to allow their citizens to travel in a safe and controlled manner. Last but not least, in the case of reopening borders, the EU and the Schengen area are pushing for a degree of coordination between EU countries that is unknown in any other region of the world.

The Schengen area has forced a high degree of coordination among EU countries that will be key to kickstarting tourism's recovery in Europe

However, while the possibilities of connecting European tourists to a wide range of destinations within the EU seem favourable, there is still a long way to go. If we look at the following chart, with data on airport connectivity in Europe's main airports between 1 January and 30 June, we can see just how far off we are. Air mobility is currently 67% below the level observed between January and February, although slightly above the figure recorded in April when it was 92% below pre-COVID levels. In light of Europe's low international mobility, it is obviously early days yet for the recovery in tourism.

Daily airport connections for the main airports of Europe

Number of flights



Note: Flights departing from the airports of London (Heathrow), Paris (CDG), Frankfurt, Amsterdam, Madrid, Rome, Zurich and Moscow have been included.
Source: CaixaBank Research, based on data from OpenSky Network.

Tourism

Asia: the driving force of tourism is advancing at a slow pace

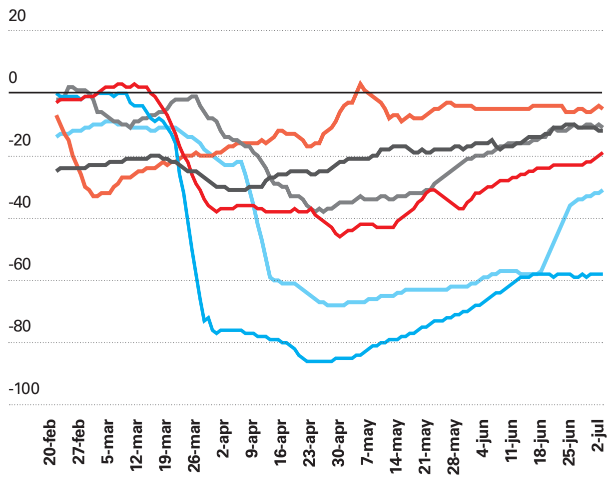
Asia has often been used as an example when interpreting possible future scenarios for the tourism industry. This is hardly surprising as the region was responsible for 38% of global tourism expenditure in 2019 and received more than 360 million tourists a year (25% of the total). Moreover, some Asian countries are at a more mature stage in the pandemic, suggesting they might also be at a more advanced stage in the recovery. It should be noted that on 8 April the city of Wuhan, where the first outbreak of COVID-19 was detected, had just completed a 76-day lockdown. At that time, Europe was still immersed in its earliest and most severe stage of lockdown. However, there are some differences that have led to the timelines in Europe and Asia overlapping and prevent us from being able to make predictions based on the Asian experience.

According to what can be observed from domestic mobility indicators, the reaction in South East Asia was, in general, more measured than in Europe although much more heterogeneous than on the Old Continent.[3] Countries such as Hong Kong and South Korea took very early but less severe measures and saw the mobility of their populations reduced by just 30%. Singapore, until it suffered a spike in early April, had barely limited the mobility of its citizens at all. India, however, is a case apart, with a much later but much more intense reaction than that of South East Asia.

3 It is important to note that Google does not have mobility data for China because Google software is banned for Chinese devices, even though Android is the most widespread operating system.

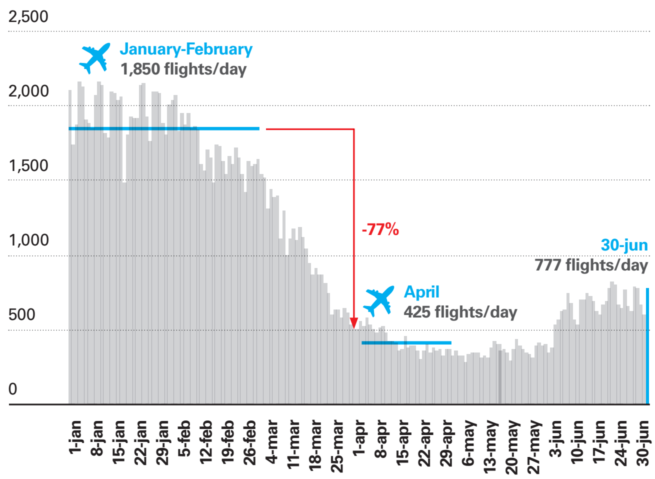
Faced with this earlier but contained reaction, the Asian countries were better able to anticipate the health crisis and avoid overloading their healthcare systems, although they also delayed the time it took to control the spread of the coronavirus, to the point that, by the end of June, countries such as Hong Kong and Japan were at the same stage of lifting their lockdowns as Europe, with domestic tourism still in its early stages of recovery and restrictions on international arrivals.

Community mobility regarding commercial premises
Change with respect to the baseline* (%)



Note: Data based on 7-day average. (*)The baseline corresponds to the median mobility recorded on the same weekday between 3 January and 6 February.
Source: CaixaBank Research, based on the Google Mobility Report.

Daily airport connections for the main airports in South East Asia
Number of flights



Note: Flights departing from the airports of Hong Kong, Tokyo, Osaka, Seoul, Taipei, Singapore and Manila were included.
Source: CaixaBank Research, based on data from OpenSky Network.

The situation is still complex for Asia's tourism industry as restrictions are still in place on the entry of foreigners across the continent

As a result, the situation is still complex for Asia's tourism industry. Looking at the air mobility data shown in the chart above, we can see how the number of flights in the area at the end of June was down by almost 60%, albeit far from the minimums recorded during the second half of April. Despite this, restrictions on the entry of foreigners remained in place in June in all countries across the region, according to data from the International Air Transport Agency (IATA). As long as there is no clear coordination between countries for the controlled reopening of borders, as in the case of the EU, tourist flows are unlikely to resume in Asia.

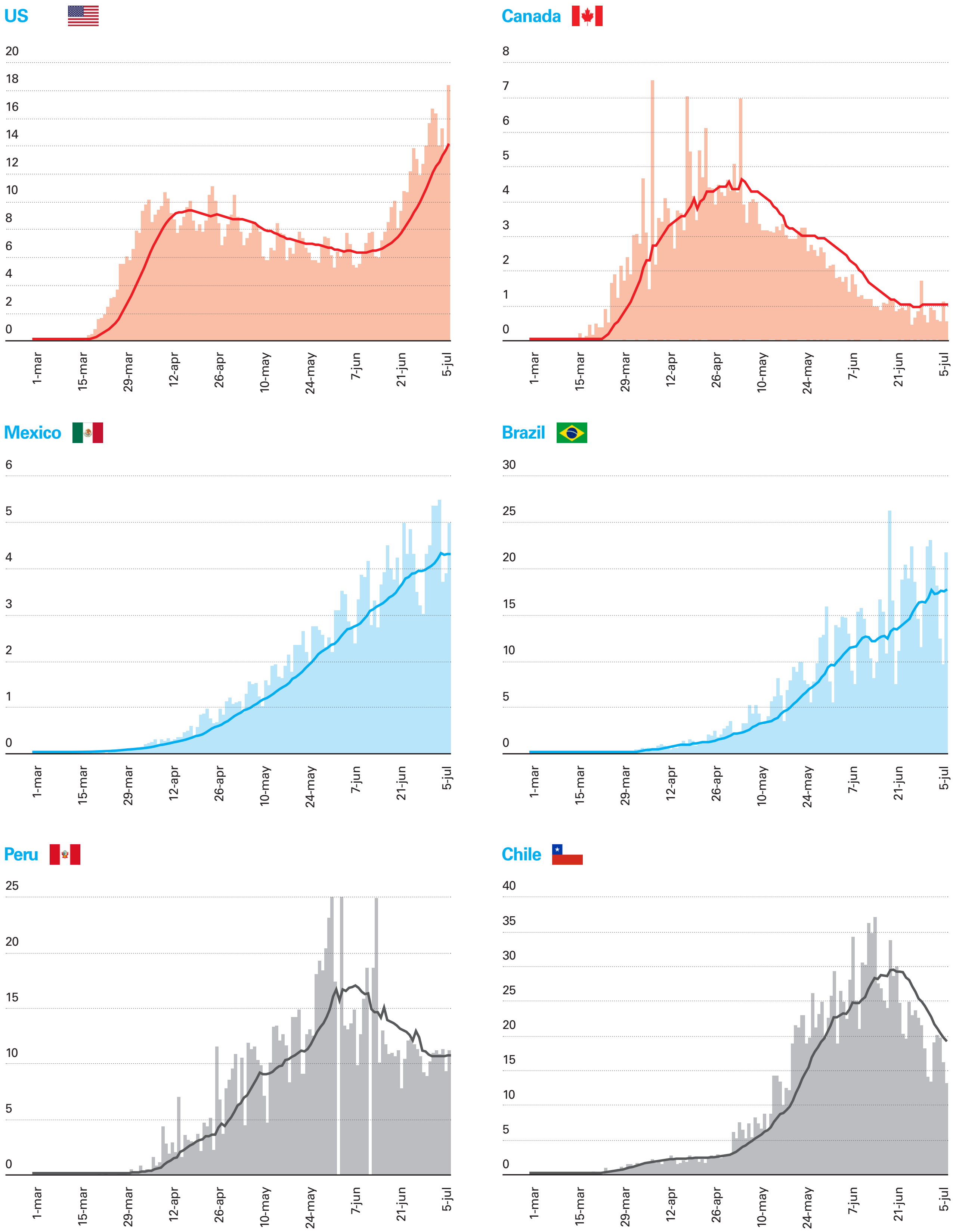
The Americas: a bad outlook for the world's latest COVID hotspot

The health situation on the American continent is the most worrying. In the last month, 54% of new COVID-19 cases occurred in countries on the American continent. The number of positive cases in Brazil, Chile, Mexico, Colombia and Argentina tripled in June and doubled in the United States and Peru. In other words, the Americas have become the global hotspot for the pandemic. As can be seen in the following charts, the only country with a clear downward trend since May is Canada.

Tourism

Incidence of COVID-19 infections in the Americas

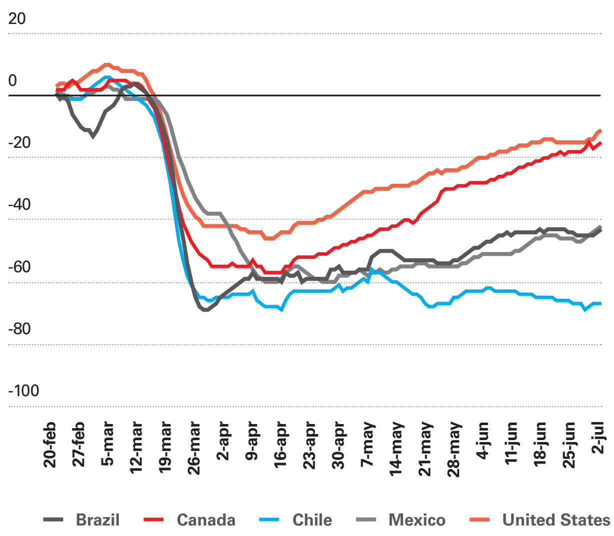
Positive daily cases per 100,000 inhabitants



Note: The shaded areas reflect daily data while the lines reflect 7-day averages.
Source: CaixaBank Research, based on data from Johns Hopkins University CRC.

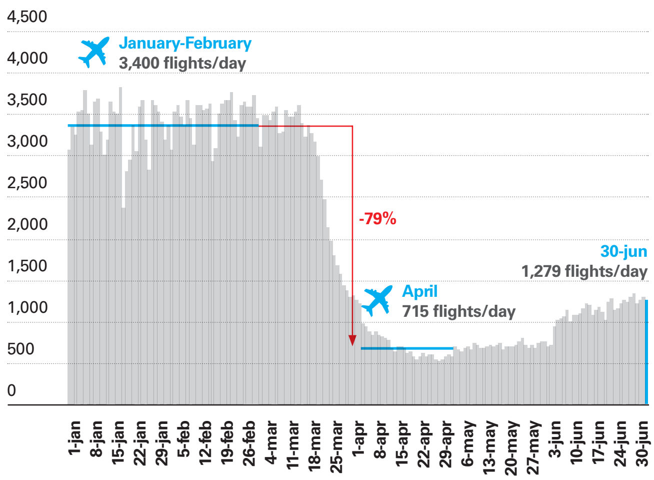
The most worrying aspect is that this complicated health situation has occurred in spite of reduced mobility. Although the measures applied by national governments have not been as far-reaching as in Europe and there was some delay to their implementation, according to domestic mobility indicators the population of Latin American countries is 50% less mobile than usual. Mobility has improved slightly in Canada and the US, although there are doubts regarding the sustainability of this trend in the latter given the extent of the second wave. Because of this situation, the continent's tourism sector has been at a standstill since mid-March, with air mobility falling by up to 63% compared with its pre-crisis level by the end of June.

Community mobility regarding commercial premises
Change with respect to the baseline* (%)



Note: Data based on 7-day average. (*)The baseline corresponds to the median mobility recorded on the same weekday between 3 January and 6 February.
Source: CaixaBank Research, based on the Google Mobility Report.

Daily airport connections for the main airports of America
Number of flights



Note: Flights departing from the airports of Atlanta, Los Angeles, San Francisco, New York (JFK), Toronto and São Paulo were included.
Source: CaixaBank Research, based on data from OpenSky Network.

The health crisis in many American countries makes it impossible for the tourism industry to recover at present

We can therefore state that the outlook for a recovery in American tourism is particularly bad. First and foremost, the region must undertake the necessary lockdown measures to tackle the health crisis. **Only when the health situation is under control will mobility be able to recover enough to revive the tourism sector.** However, what we have learned from the experience of Europe and Asia is that controlling the growth of infections is a slow process and we therefore expect a very late recovery for the region as a whole.

Tourism

Post-COVID-19 global tourism: huge uncertainty and big changes in the medium term

This situation has led the UNWTO to predict a fall in international tourist flows of over 58% in its forecasts for 2020. Despite this, and under the right conditions, once international mobility gains ground the recovery in global tourism **is expected to be relatively rapid, albeit remaining significantly below 2019 levels next year.** The UNWTO predicts the number of international tourists will go from nearly a 100% decrease during Q2 2020 to «just» 30% below pre-crisis levels by the beginning of 2021, thanks to the recovery of European and Asian regions. It is therefore important to focus on the medium term, on what analysts have come to call «post-COVID-19 tourism».

It is unlikely that tourism will recover from the current situation without undergoing some major changes along the way. The biggest transformation, and probably the great driving force behind the renewal of the whole sector, will be how tourists want to travel. Before the sudden coronavirus outbreak, tourism demand was already showing signs of changing, albeit gradual. There was strong growth in the number of tourists choosing destinations with a higher quality supply and where a larger number of services were available, in addition to the emergence of ecologically-aware tourists who prefer sustainable, innovative destinations.

> **The arrival of COVID-19 will accelerate changes that were already underway: quality and sustainability as the flagships for a new kind of tourism**

The coronavirus will probably not change the direction of the trends we had already been observing but will help to speed them up considerably. Certain factors could be vital in understanding what the new post-COVID-19 tourism will be like:

1. **Avoiding crowds and sustainable destinations**: it seems more evident than ever that sustainability will play a key role in the future. Just a few weeks at home have made it clear that the individual action of each of us has a great environmental impact, raising the awareness of a large proportion of society. With this change in attitude, destinations that can offer a sustainable, more personalised solution will most probably become more attractive to an increasingly important share of the demand. On the other hand, as long as there is no vaccine or effective treatment, tourists will prefer destinations where social distancing can be easily maintained over more crowded locations.

2. **Personalised services**: Post-coronavirus tourists will appreciate being able to personalise their experience rather than the attractions of mass tourism. In other words, the added value of the tourist supply will become more important. Given this change, the winners will be those destinations focusing on smaller volume but offering unique experiences.

3. **Digitisation**: Future tourists will be much more digital because today's society already is. We must not forget that we live in a world where the use of digital media has increased dramatically due to the need to stay connected at home, both for work and personal reasons. As a result, many citizens who previously had not mastered digital channels now appreciate them and are likely to demand them when travelling.

4. **Safety and health**: Certainty has always been a very important factor when choosing a tourist venue and, after a shock like the coronavirus, accessibility to and the quality of the healthcare system will be factors to take into account when deciding on a location.

5. **Closeness and connectivity**: This article has already mentioned that connectivity is a fundamental factor for tourism; an obvious but nonetheless vital fact. It is very likely that the first connectivity channels to be reactivated will be those of medium and short range. Until a vaccine is available, short-range tourism (domestic and nearby countries) will offer many more options for tourists and greater certainty should they want to return home. Similarly, those destinations that can offer a convenient connection could significantly improve their prospects.

Tourism

The changes in the way tourism is carried out must be accompanied by an **effort to transform the supply,** which needs to focus on innovation and on offering a larger number of services, the expansion of less exploited destinations, an improvement in connectivity and, in short, something the sector itself has been focusing on for years: quality rather than quantity.[4] This is therefore the right time to speed up the investments required to adapt the sector to this new global tourism market. Mobilisation of the sector's business community will be key, as will support from public administrations, not only to overcome this crisis but also to ensure the industry remains a sustainable pillar of our economy in the future.

In conclusion, it is clear that the current situation is one of unprecedented complexity for the global tourism sector, both in the short and medium term. In 2020, global tourism demand is likely to be less than half of what it was in 2019 and will continue to be hugely dependent on the recovery of people's mobility and our ability to maintain a contained and controlled level of infection until an effective coronavirus vaccine or treatment is discovered. Given this situation, Europe can be seen as a pilot project for the revival of global tourism because it has succeeded in reactivating people's mobility and has embarked on the process of reopening borders. In the medium term, changes in society will speed up the trend towards new types of tourism. As a result, the supply will have to be adapted even more quickly than was already occurring towards a more sustainable, digital, safe and good quality tourism.

4 See the «Tourism Sector Report. S2 2019» and the «Tourism Sector Report. 1S 2020» available at [www.caixabankresearch.com.](http://www.caixabankresearch.com)

Main indicators of the tourism industry

Percentage change compared with the same period the previous year, unless otherwise specified

	Average 2000-2007[1]	Average 2008-2014[2]	Average 2015-2018[3]	Average 2019	2020[4]	Trend[5]	Date latest data
Economic activity indicators							
Total GDP	3.4	-1.3	2.8	2.0	-4.1		Q1 2020
Tourism-related GDP	1.7	-0.7	5.7	-	-		2018
Labour market							
Total affiliated workers	3.5	-2.3	3.2	2.6	-2.1		Jun-20
Affiliated workers in the tourism industry	4.2	0.4	4.5	2.6	-6.0		May-20
Accommodation services	4.6	-0.9	5.4	0.9	-8.6		Apr-20
Food and beverage services	4.4	1.0	4.2	2.1	-4.6		Apr-20
Travel agencies/tour operators	5.2	-2.7	5.9	3.8	-2.3		Apr-20
Other tourism services	3.8	0.1	4.4	0.0	-1.0		Apr-20
Balance of payments							
Tourism receipts (% of GDP)	4.7	4.6	5.5	5.7	3.0		Q1 2020
Tourism expenditure (% of GDP)	1.2	1.2	1.6	2.0	1.4		Q1 2020
Total tourism (% of GDP)	3.6	3.4	3.9	3.7	1.6		Q1 2020
Tourism demand indicators							
International tourism							
Number of international tourists	3.8	2.2	6.7	1.0	-63.9		May-20
Origin: United Kingdom	-	4.6	5.6	-2.6	-67.5		May-20
Origin: Germany	-	5.7	2.9	-2.1	-67.4		May-20
Origin: France	-	11.1	2.3	-1.2	-63.8		May-20
Origin: Italy	-	14.1	5.2	3.5	-65.9		May-20
Origin: United States	-	1.2	16.8	12.8	-69.3		May-20
Origin: Rest of Europe	-	-	9.5	2.3	-60.8		May-20
Origin: Outside Europe	-	-	13.8	10.4	-59.2		May-20
Visitor exports	5.4	3.3	8.2	2.7	-61.7		May-20
Average duration (days)	-	-	7.8	7.2	0.0		May-20
Average daily expenditure per person (€)	-	-	136.4	153.8	0.0		May-20
Domestic tourism							
Overnight stays	-	-	2.8	-0.3	-22.3		Mar-20
Average duration (days)	-	-	3.9	3.9	3.4		Mar-20
Average daily expenditure per person (€)	-	-	59.9	65.3	73.0		Mar-20
Hotel supply indicators							
Number of available hotel places	3.3	1.2	1.3	1.3	-51.8		May-20
Category: 4 or 5-star	9.7	3.6	3.0	-0.2	-52.3		May-20
Rest of categories	0.2	-0.8	-0.4	1.3	-51.2		May-20
Hotel occupancy rate (percentage points)	-0.4	0.2	1.2	-0.1	-45.4		May-20
Category: 4 or 5-star	-0.6	0.6	0.7	-0.3	-52.7		May-20
Rest of categories	-0.5	-0.5	1.4	-0.1	-38.9		May-20
Average daily rate (ADR)	-	0.2	4.1	2.5	-26.3		Apr-20
Category: 4 or 5-star	-	-0.8	4.1	0.0	-26.7		Apr-20
Rest of categories	-	0.4	3.2	0.0	-25.4		Apr-20
Revenue per available room (RevPAR)	-	0.6	6.9	3.2	-37.2		Apr-20
Category: 4 or 5-star	-	0.4	5.6	2.9	-38.3		Apr-20
Rest of categories	-	-1.3	7.6	2.4	-34.5		Apr-20

Notes: 1. For the indicators related to the number of international tourists and total expenditure of international tourists, the average corresponds to 2004-2007. 2. For the indicators related to the number of international tourists by origin, the average corresponds to 2013-2014. 3. For the indicator related to overnight stays, the average corresponds to 2016-2017. 4. Average for the year up to the latest data available 5. A sun denotes above the average growth in 2015-2017 minus 1/4 standard deviation; a sun with cloud denotes above the average growth in 2015-2017 minus 1 standard deviation; a cloud denotes negative growth or above the average growth in 2015-2017 minus 2 standard deviations; and rain denotes below the average growth in 2015-2017 minus 2 standard deviations.

Source: CaixaBank Research, based on data from TurEspaña, the Spanish Statistics Institute and Bank of Spain.

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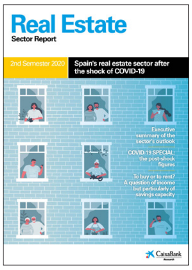

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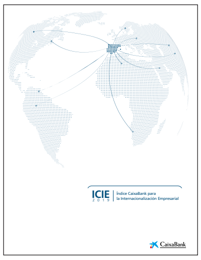

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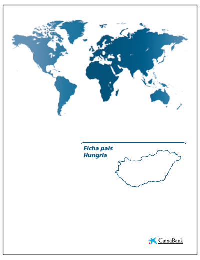

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