CaixaBank Research

Autonomous Community Profiles

Canary Islands

2,237,000
inhabitants
(2019)

€21,244
GDP per capita
(2019)

3.8%
of Spanish GDP
(2019)

5.2%
GDP growth forecast
(2021)

Regional economic structure and position

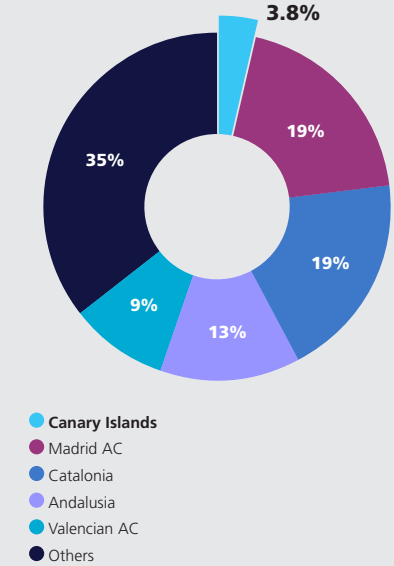
- **The Canary Islands have 2.24 million inhabitants, 4.7% of the national** total, and it is the seventh largest autonomous community in Spain in terms of population. It is one of the autonomous communities that has seen the strongest demographic growth in the last two decades.
- The GDP of the Canary Islands is 47.212 billion euros, which accounts for **3.8% of Spain's GDP**, putting it at eighth among all regions of the country.
- The GDP per capita is 21,244 euros, the fourth lowest. The region has been falling short of the national average since the beginning of this century and is currently 20% below it.
- The productive specialisation of the Canary Islands is highly dependent on the tourism sector, which is reflected in the importance of trade, transportation, hotels and restaurants, and recreation (it represents 39.8% of the region's GDP, compared to 28.3% of the Spanish total). Meanwhile, industrial sectors account for a much smaller share of the regional economy (6.2% of GDP).
- Exports of goods represent only a small portion of regional GDP, in line with the reduced weight of industry. However, exports of tourism services are particularly important for the Canary Islands. In 2019, before the pandemic, foreign tourist spending in the region amounted to 16.862 billion euros, 18% of the total spending made throughout Spain.
- The main exported goods are mineral fuels (44% of the total), nuclear reactors, boilers and mechanical machines (5.2%) and vehicles (4.5%).

Table of structural indicators

		1989	1999	2009	**2019**
GDP per capita	Euros	6,932	14,320	19,810	**21,244**
	100 = Spain	93.3	98.0	85.9	**80.4**
Population	Thousands of inhabitants	1,484	1,659	2,045	**2,237**
	Average annual growth over the decade (%)	1.0	1.1	2.1	**0.9**
	% of total in Spain	3.8	4.1	4.4	**4.7**
	% of population > 65 years old	3.1	4.1	4.1	**4.9**
Exports of goods as a proportion of GDP	%	...	2.7	3.8	**5.7**

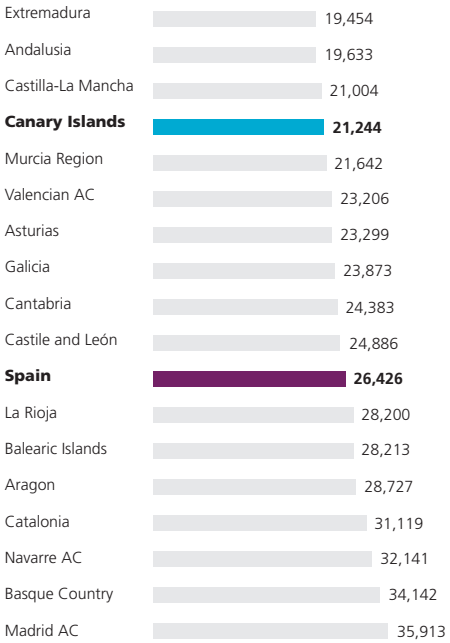
GDP by Autonomous Community

(% OF SPAIN AS A WHOLE)



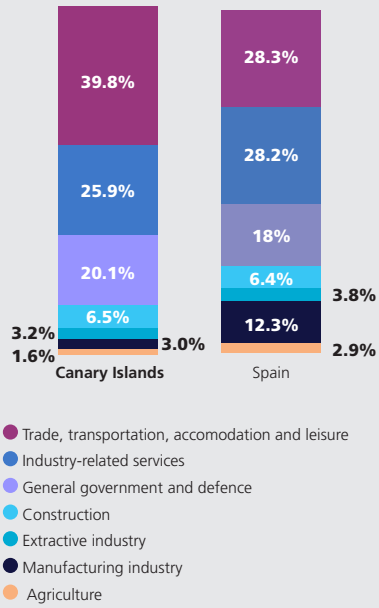
GDP per capita

(EUROS)



Productive sectors

(AS A % OF GVA)



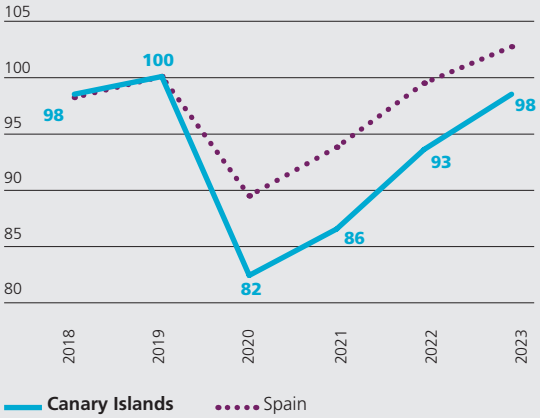
Source: CaixaBank Research, based on data from the National Statistics Institute (INE) and DataComex.

Macroeconomic situation

The heavy dependence on the tourism sector (it generates more than 30% of regional GDP) has meant that the archipelago has suffered the economic consequences of mobility restrictions more sharply. **The GDP of the Canary Islands fell by 18% in 2020**, far worse than the contraction of Spain's total GDP (10.8%).

For 2021, **our forecasts indicate a GDP growth of 5.2%, in line with the national average, which would still be 13.8% below the pre-COVID level**. The recovery of the tourism sector, both from the EU and especially domestically, is playing a key role in reactivating the economy of the Canary Islands. However, following a very weak first half of the year for the sector, it remains far from its pre-pandemic levels. The positive outlook for the end of the year, with the onset of high season for the tourism sector in the Canary Islands, may be overshadowed by the volcanic eruption on the island of La Palma, which could affect hotel bookings.

GDP (INDEX 100 = 2019)



Source: CaixaBank Research.

The Canary Islands experienced a sharp decline of 4% in the number of **registered workers affiliated to Social Security** in 2020 (*vs* the Spanish average of –2.1%), despite widespread use of the furlough scheme (ERTE in Spanish). Employment continued its sharp fall in August, –3.3% below the figure for August 2019. The number of furloughed workers (ERTE) was 38,655, 6.0% of registered workers affiliated to Social Security. The unemployment rate rose to 24.7% in Q2 of 2021 (*vs* the Spanish average of 15.3%), from 20.5% before the pandemic.

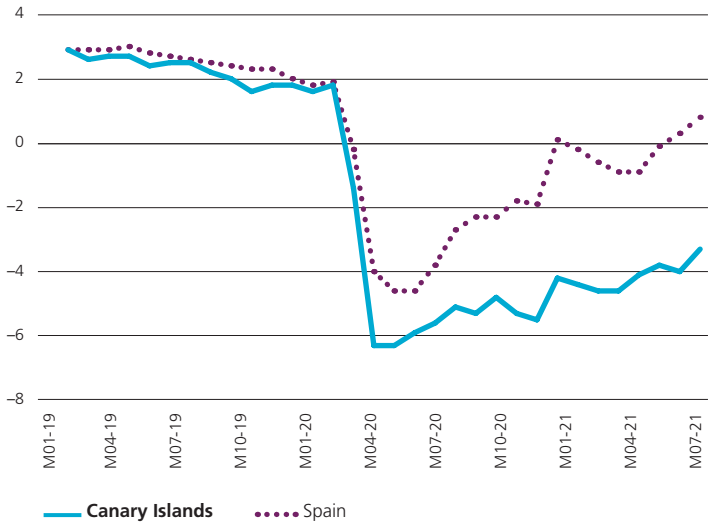
Despite its heavy dependence on foreign tourism, the drop in **tourism activity** in 2020 was similar to the Spanish average, as the low seasonality of Canary Islands tourism cushioned the impact of the first state of alarm. In 2020, overnight stays of domestic and international tourists fell by 70% in the region (*vs* 69% for Spain overall). Tourism activity remains very slow in 2021, and overnight stays in July fell by 55% compared to July 2019.

The decline in the arrival of tourists has also had a significant impact on **retail trade**. In the first seven months of 2021, the retail trade indicator from the National Statistics Institute noted a decrease of 15.9% compared to the same period in 2019 (3.4% in the case of the Spanish average). The most recent data indicate a significant increase in consumption. In the first week of September, the **CaixaBank consumption indicator** registered an increase in credit card spending of 0.7% compared to the same period in 2019, a notable improvement compared to the figures for early May (–10%).

Meanwhile, the production level of the Canary Islands industrial sector remained low in 2021, in contrast to an improvement at the national level. **Industrial production** on the islands fell by 10.6% in the first seven months of 2021 compared to the same period in 2019 (the Spanish average fell by 4.1%).

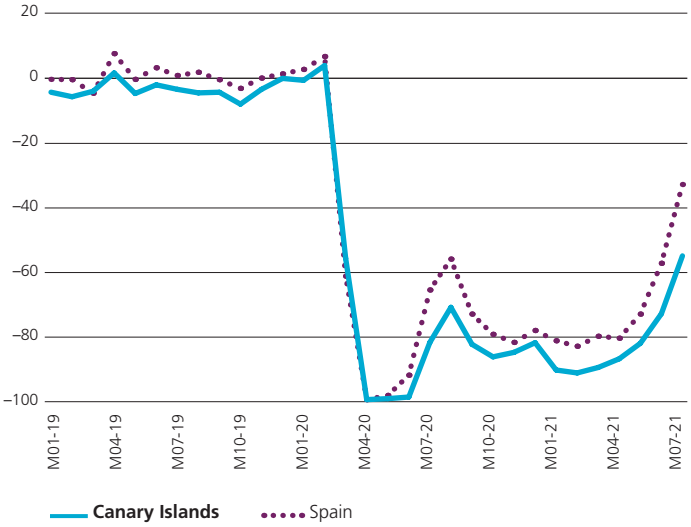
Registered workers affiliated to Social Security

(% YEAR-ON-YEAR CHANGE)[1]



Tourist overnight stays

(% YEAR-ON-YEAR CHANGE)[1]



Note: 1. As of January 2021, every month is compared with the same period in 2019.

Source: CaixaBank Research, based on data from the Ministry of Labour, Migrations and Social Security (MITRAMISS) and the National Statistics Institute (INE).

Table of indicators

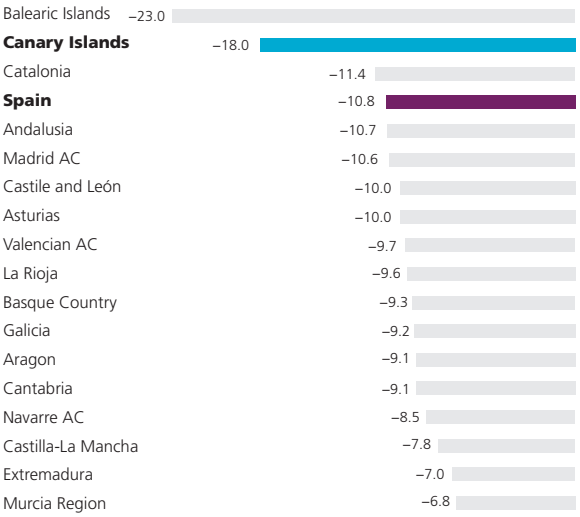
		Canary Islands 2002-2007 average	2008-2014 average	2015-2018 average	2019	2020	2021	Latest figure
Activity and prices	**Real GDP*** (% year-on-year change)	**2.6** 3.5	**–1.3** –1.3	**3.0** 2.8	**1.7** 2.0	**–18.0** –10.8	**—** —	**2020**
	Retail trade** (% cumulative annual change)	**—** —	**–2.5** –3.7	**3.0** 1.8	**1.8** 2.5	**–13.9** –5.6	**–15.9** –3.4	**July-21**
	Industrial production index** (% cumulative annual change)	**0.5** 1.9	**–3.3** –4.2	**–0.7** 1.7	**–1.7** 0.6	**–10.4** –9.2	**–10.6** –4.1	**July-21**
	Service activity index** (% cumulative annual change)	**—** —	**–3.4** –3.4	**5.7** 5.5	**1.2** 3.9	**–29.9** –15.6	**–27.4** –6.9	**July-21**
	Consumer price index (% year-on-year change)	**2.4** 3.1	**0.8** 1.4	**1.0** 1.1	**0.3** 0.7	**0.5** –0.3	**1.8** 2.9	**July-21**
Labour market	**Registered employment affiliated to Social Security**** (% year-on-year change)	**3.1** 3.5	**–2.3** –2.3	**4.6** 3.4	**2.3** 2.6	**–4.0** –2.1	**-3.3** 0.8	**August-21**
	Unemployment rate (% active population)	**11.4** 10.0	**28.5** 20.8	**24.7** 18.5	**20.5** 14.1	**22.7** 15.5	**24.7** 15.3	**Q2 2021**
	Unemployment rate for under 25s (% active population < 25)	**23.1** 20.4	**52.5** 44.5	**47.3** 41.5	**42.3** 32.6	**52.1** 49.6	**52.4** 38.4	**Q2 2021**
Public sector	**Public deficit** (% of GDP)	**–0.1** –0.3	**–2.0** –2.5	**0.4** –0.8	**0.6** –0.6	**0.5** –0.2	**—** —	**2020**
	Autonomous Communities public debt (% of GDP)	**3.0** 6.0	**9.0** 13.8	**16.2** 24.5	**14.0** 23.7	**15.1** 27.1	**15.9** 27.6	**Q1 2021**
Real estate market	**Housing prices** (% year-on-year change)	**—** —	**–6.0** –6.8	**4.2** 5.8	**3.8** 5.1	**1.2** 2.1	**6.4** 3.3	**Q2 2021**
	Housing sales (% cumulative annual change)	**—** —	**–6.3** –8.7	**9.5** 13.4	**–12.0** –2.4	**–21.6** –17.2	**8.4** 31.8	**June-21**
Foreign sector and tourism	**Exports of goods**** (% cumulative annual change)	**19.3** 6.8	**1.3** 4.2	**5.8** 4.5	**–8.0** 2.0	**–33.5** –10.2	**–41.7** 2.8	**July-21**
	Tourist overnight stays** (% cumulative annual change)	**0.4** 2.4	**1.7** 1.1	**2.0** 3.4	**–3.7** 0.6	**–69.9** –69.3	**–81.2** –63.9	**July-21**

Notes: *The 2020 GDP figure for Autonomous Communities is an estimate made by CaixaBank Research. ** The changes from the same period in 2019 are calculated.

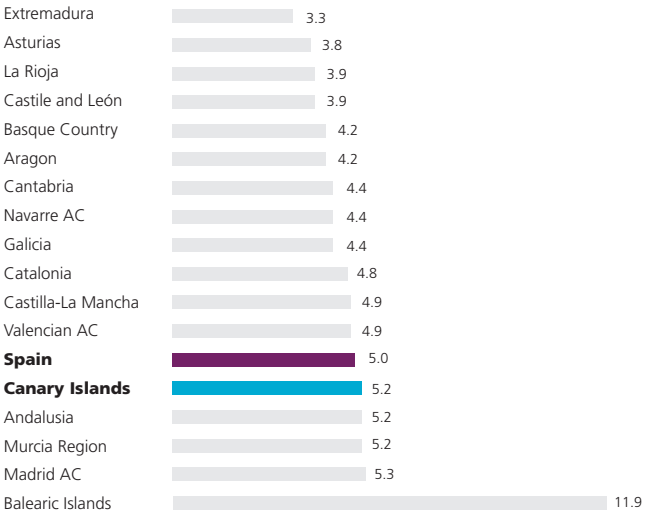
Source: CaixaBank Research, based on data from the National Statistics Institute (INE), the Bank of Spain, the Ministry of Labour, Migration and Social Security (MITRAMISS), the Ministry of Finance and DataComex.

Regional comparison

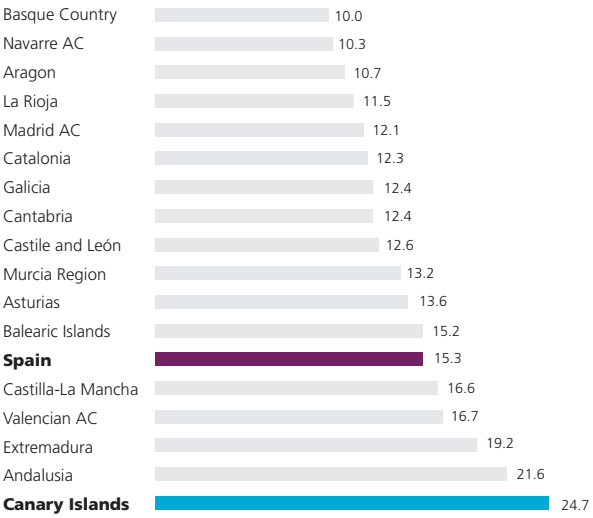
GDP (2020)
(ANNUAL CHANGE)



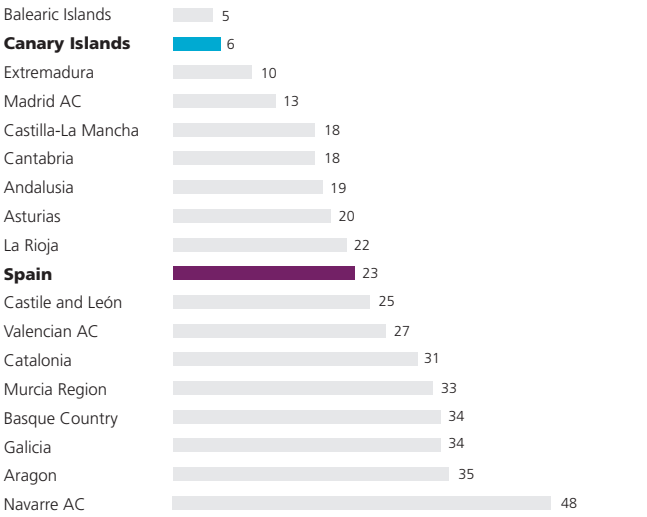
GDP growth forecast (2021)
(ANNUAL CHANGE)



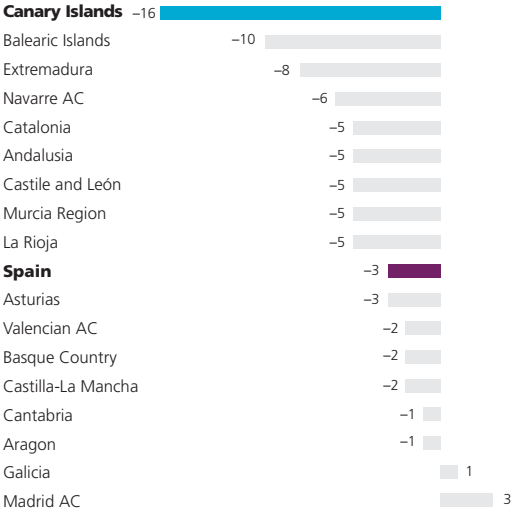
Unemployment rate (Q2 2021)
(% OF ACTIVE POPULATION)



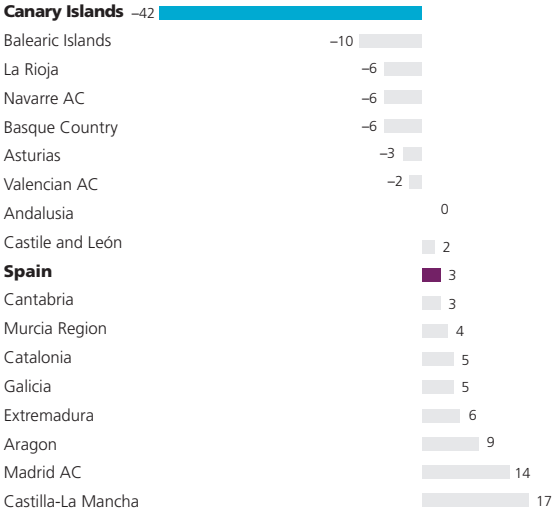
Weight of exports of goods (2019)
(% OF GDP)



Retail trade (July 2021)
(CHANGE FROM THE SAME PERIOD IN 2019)



Exports of goods (July 2021)
(CHANGE FROM THE SAME PERIOD IN 2019)



Source: CaixaBank Research, based on our own estimates and data from the National Statistics Institute (INE) and DataComex.

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Closing date of this edition: 20 September 2021