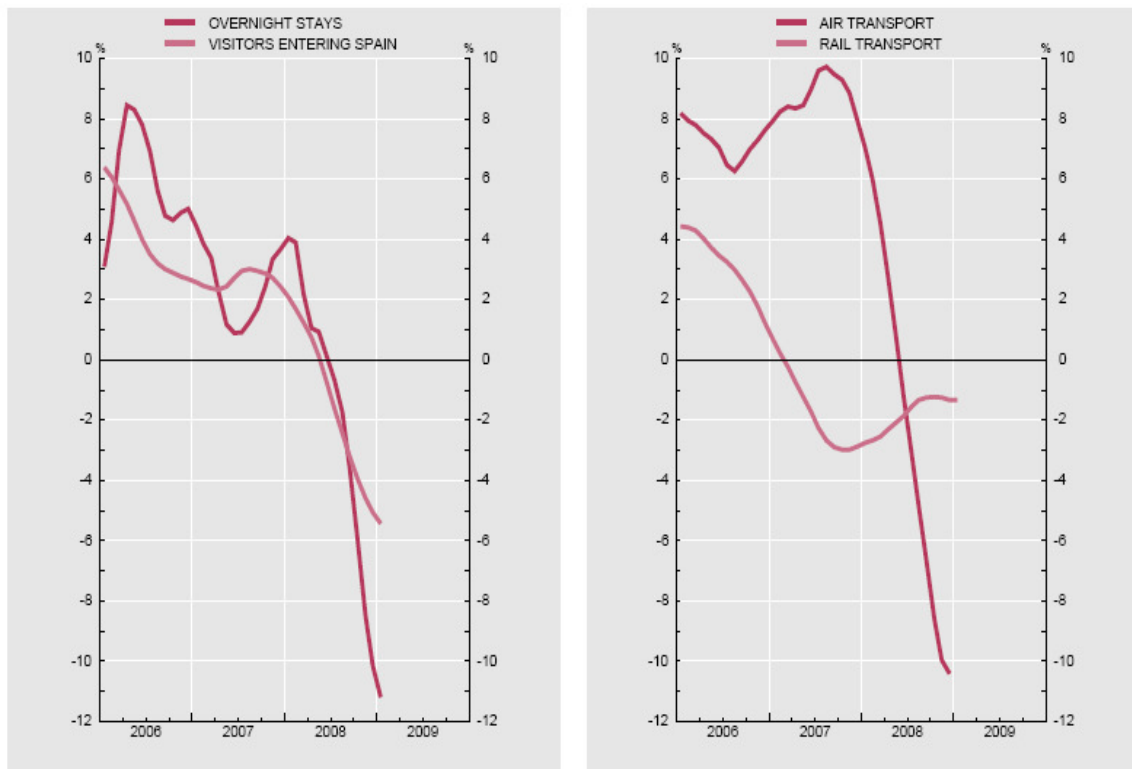


7 Impacts of the actual economic recession on the ideas presented

Economic performance is a key factor for both, demand of tourism and the provision of facilities and services related to tourism. As well the spending patter of arriving tourists as well as the number of arrivals to tourist destinations is highly influenced by economic forces. The economic recession at the end of the 20th century is believed to be at least partly responsible for a notable deceleration in worldwide tourism. An uncertain investment climate impedes that countries such as Africa, and certain states in Central and South America do not reach their full tourism potential (Henderson, 2007).

Throughout the last year tourism demand has slowed dramatically due to the actual economic recession. The effects of the so-called financial crisis, rising prices for commodities and oil as well as considerable currency fluctuations have destabilized the global economy, and attack both consumer and investors confidence (UNWTO, 2009). Graphic 7.1 which has been published in the Economic Bulletin of the Spanish National Bank (2009) displays the changes.

Graphic 7.1: Tourism and Transport development in Spain, 2005 -2009



Source: Banc of Spain, n.d.

According to the World Tourism Organization (2009) the Spanish tourism sector has resisted the economic recession in the beginning much better than other industries as for example the sector of construction or car manufacturing. Declines in growth of the industry can in parts be attributed to the extremely good performance of the industry in the preceding years/months. Strong global tourism performance in 2006 and 2007 as well as quite a good development in the first half of 2008, make the recent slowing trend look worse.

As past experiences have shown¹⁴, the tourism industry is prone to economically set off crisis due to its complex structure and the selling of empirical products. International tourism during 2009 is expected to stagnate or could even decline slightly (range from 0 to 2%) (UNWTO, 2009). If economic recovery takes place earlier than expected, there could be a slight growth prospect for the industry but as the economic situation is rather to deteriorate, the current estimate might be even corrected downwards. European countries will be - apart from those located in the Americas – the most affected markets during 2009 as the majority of its destination countries are already entering (if they are not yet in) recession.

This panorama does not seem to be an adequate one to think about labour migration as a possibility to solve labour shortages. Naturally, in times of recession human resources get rather freed than contracted and in 2009 it will be quite difficult for foreigners to find a job in the Spanish hotel and tourism industry. The Spanish government even started a campaign which aims on motivating foreigners residing (and working) in Spain to head back to their countries of origin. In order to ease the labour market situation and to free jobs for nationals, the government offers to take on costs for the return journey (Ministerio de Trabajo e Inmigración, 2009).

Still, it is considered to be a highly flexible sector that is expected to return to high growth rates when the economic recession comes to a halt. Tourism will persist as a highly important sector with a great potential for creating employment. If Spain does not succeed with the change of the industry's bad image as a provider of rather unqualified and low-paid employment, migration of foreign labour to fill vacancies in order to provide sufficient facilities and services to meet tourism demand will remain a crucial factor for the industry.

¹⁴ Japanese Outbound Crisis, Asian Financial Crisis: compare Henderson, 2007