

20 December 2007

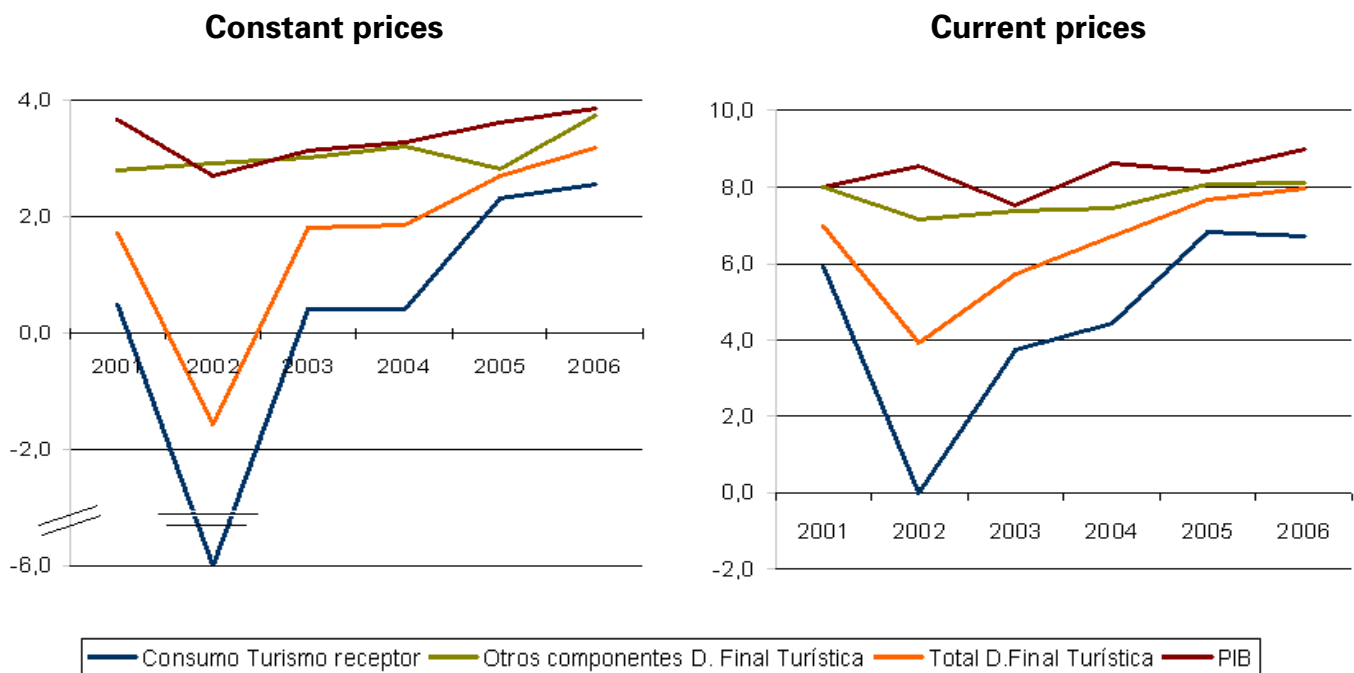
## Spanish Tourism Satellite Account (TSA). Series 2000–2006

### Final tourist demand increases 3.2% during the year 2006

Most of the micro and macroeconomic indicators, and the Tourism Satellite Account (TSA) as the global framework encompassing them, coincide in indicating that 2006 was a year of consolidation of the recuperation of tourist activity in Spain, continuing with the expansive cycle begun in 2004.

The global figures of tourist activity in Spain reflected **an estimated growth of final tourist demand in real terms of 3.2% for the year 2006.**

### Interannual variation rates (%) of final tourist demand and the GDP of the Spanish economy (current prices)



The consolidation of the recuperation of tourist activity in Spain was the result of both the growth in domestic tourism, driven by the expansive cycle of the Spanish economy, and the increase in the foreign demand of our tourist services.

Final tourist demand in 2006 reached 106,374.2 million euros, **the equivalent of 10.8% of the Gross Domestic Product (GDP) of the Spanish economy.**

## Relevance of Spain in the international tourism flows

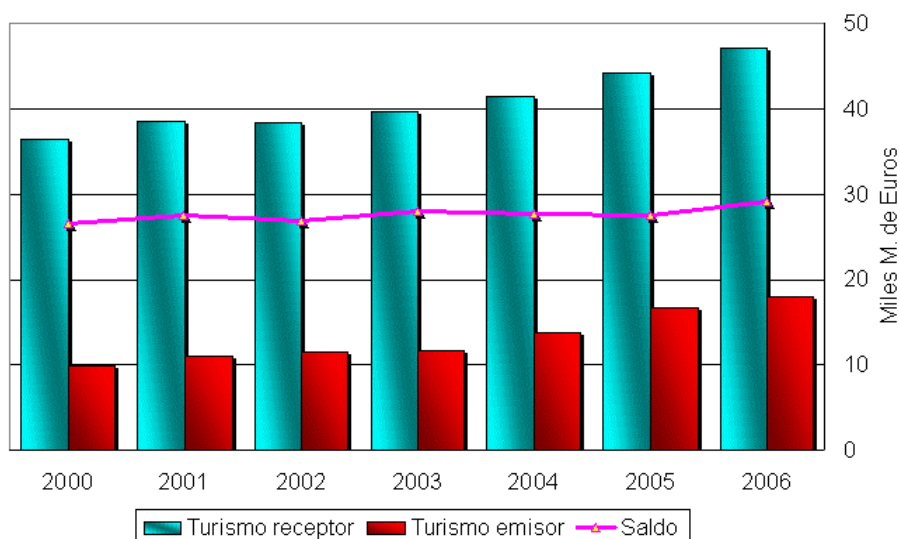
Spain continued to occupy a leading role in the international tourism flows. In 2006, Spain remained the second country in the world for both visitor figures (**with 58.5 million, which was a new historic record and represented nearly 7.0% of world tourism and 13.0% of tourism towards Europe**), and expenses linked to the same (**inbound tourism consumption rose to 47,205 million euros**).

The recuperation of tourism in Spain was linked to several factors, such as the improvement of the economic situation of foreign markets that are fundamental for Spain -- such as Germany, and more moderately, the United Kingdom --, but also -- and not only in those priority markets -- to aspects of the international competitiveness of our country in 2006: on the one hand, price competitiveness (in 2006 the prices of the Spanish tourist services slowed their growth); on the other hand, aspects that are more difficult to quantify, but that without a doubt are crucial in the positioning of the tourist markets, and which are linked to issues of security and political stability... Aspects that, doubtless, favoured Spain compared with competitive destinations throughout 2006.

Regarding foreign travel of Spaniards, the growing trend from previous periods continued, due to the growth of the Spanish economy and to factors such as the reduction of the price of international air transport. Nevertheless, the growth was much more subdued, dropping from a 21.7% increase in 2005 to 8.6% in 2006.

The combined result of both flows, inbound and outbound, was that, **for the first time since 2003, the outbound figure of the tourism balance improved**. Specifically, it rose to 29,100.4 million euros, 5.5% more than in 2005.

## Contribution of tourism to evening out the balance of payments. Comparison of inbound tourist consumption and outbound tourist consumption (current prices)



## Recuperation of the Spanish tourism industry

Tourist activity in Spain during the last decade was characterised by apparently very defined guidelines: the gradual loss of weight of hotel or regulated accommodation as compared to the growth of private dwellings (owned or let), the reduction of the weight of travel intermediaries (especially retail agencies) due to the increase in Internet use and/or direct hiring with the service provider... The year 2006 showed, however, a slowdown of these trends.

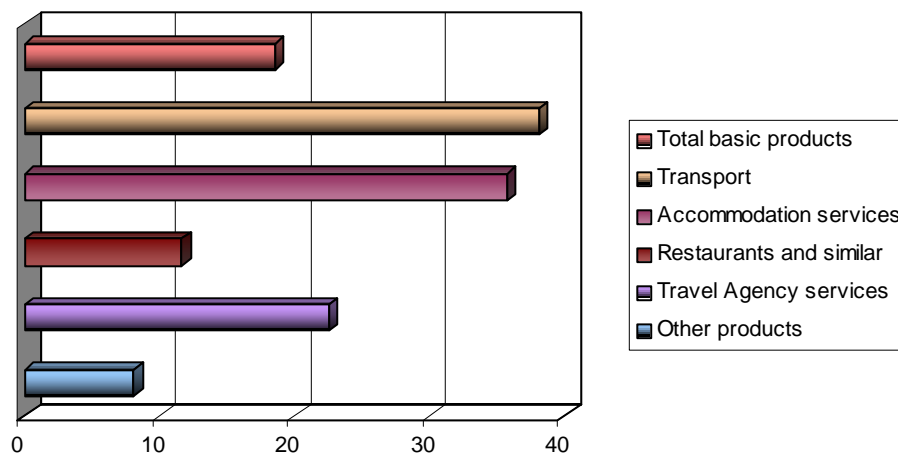
In fact, 2006 was the first year in which the use of group accommodation, fundamentally hotel accommodation, recovered weight in tourism habits. Naturally, the particularities were those to be expected: the greater use of hotels was produced in parallel with the decrease in the average stay, showing -- and in this case, unequivocally -- that the duration of vacation periods was tending to diminish as a result of changes in consumer habits and of reductions in the price of transport, in particular air transport (doubtless, one of the most important elements affecting the recent evolution of tourism on an international level).

The year 2006 was also a year of noticeable growth in the travel agency sector, which also contrasted with the process of transformation and gradual decrease of the economic importance of this sector. The fundamental explanation came from the increase of segments such as business tourism or foreign trips of Spaniards, still showing high levels of use of travel agency services.

## Some features of the tourist segments

A significant part of the growth of tourist activity was due to the **increase in business tourism**, whose relative importance was progressively increasing, and already accounted for approximately 18.5% of the total tourism demand in Spain. This percentage rose to 22.5% in travel agencies, to 35.7% in accommodation and 38.1% in transport demand.

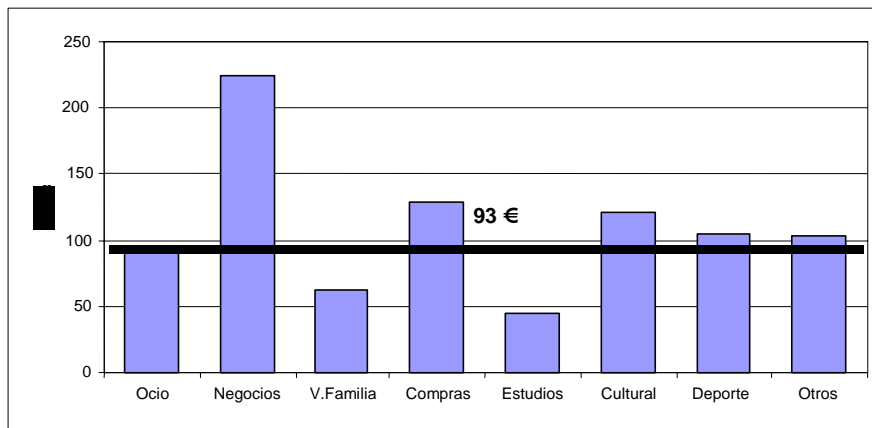
## Percentage of business tourism consumption over the total domestic tourist consumption (2004)



Business tourism was, in addition, a key segment in the demand, due to its high levels of average daily expenses.

In 2006, **expenses per traveller and day of international business tourism towards Spain rose to 224 euros**, that is, more than double the average daily expenses of the entire group of international visitors in Spanish territory (93 euros).

## Average daily expenses of inbound tourism in Spain, by main reason for the trip (2006)



Source: Data from EGATUR and own compilation

## Methodological note

The Spanish Tourism Satellite Account (TSA) is based on the international reference methodologies, fundamentally on the *Tourism Satellite Account: Methodological References* of the United Nations of 2000, as well as the contributions that have been made in the past few years, among others, by the TSA team of the INE. In the INE website, one may access the specific methodology used in the Spanish case, and from which we proceed to list some basic features.

The TSA is comprised of a group of accounts and tables that present the different economic parameters of tourism in Spain for a given reference date. It is comprised of three types of elements:

- Demand tables, in which we try to characterise, from an economic perspective, the behaviour of the different types of tourists (domestic vs. foreign tourism, the types of goods and services demanded, ...)
- Supply accounts and tables, in which we try to characterise the structure of production and costs of tourist companies.
- Tables that interrelate supply and demand, which facilitate obtaining some integrated measurements of the contribution of tourism to the economy via variables such as GDP, production or employment.

As in previous annual reports, and following the guidelines of its matrix structure, which is the Spanish National Accounts, the present report offers structural data for the years 2000 to 2004, and aggregate data for the years 2005 and 2006. As regards the nature of the information, the data until 2001 was final in that the remaining data was considered provisional, a feature that would disappear the following year, with the presentation of the structural series of final data 2002-2004 in the Spanish National Accounts.

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