

## Tourist sector stays on the slide at start of the year

AGENCIES, Madrid

Output in the key Spanish tourist sector continued to contract at the start of this year as an ongoing downturn in domestic tourism as a result of the recession was only partly compensated by the international market, industry lobby **Exceltur** said Tuesday.

In its latest quarterly report, the lobby said the GDP of the tourist sector declined 3.2 percent in the first quarter, compared with the same period a year earlier after a contraction of 3.5 percent in the final three months of last year.

Unseasonably cold and wet weather put a damper on the Easter holiday period, which fell early this year in March. **Exceltur** said 67.6 percent of businesses in the sector reported a fall in revenues during Easter, which suffered a 66.6-percent fall in earnings.

The quarter was also marked by a number of labor force reduction and early retirement plans, as well as closures. Of the establishments that remained open, 41.1 percent of those surveyed said they had cut their workforce.

The sector was also hit by a hike in the value-added tax rate and higher airport taxes. **Exceltur** executive vice president, José Luis Zoreda said the latter, as predicted, caused a reduction in air traffic, particularly affecting flights to Madrid and the Canary Islands.

Only the Canary and Balearic Islands, along with parts of the Basque Country and the Mediterranean coast, managed to maintain or slightly improve sales and earnings.