



Embargoed until December 28th 2018

Tourism Industry concerns ahead with Brexit, VAT hike, and competitiveness pressures

“The Government must match the industry’s ambitions” says ITIC Chairman Maurice Pratt

Irish tourism now worth over €9 billion for first time

Overseas tourism revenue grew by 7% in record year of volume, value, and employment

December 28th, 2018: The Irish Tourism Industry Confederation (ITIC) today warned that sustaining success in the Irish tourism sector in 2019 will be a challenge. Tourism in Ireland hit new highs in 2018 with a record number of international visitors and the industry worth €9.2 billion annually. However, the umbrella group representing Irish tourism interests, flagged that Brexit, VAT hikes, and weakened competitiveness will put significant pressure on the industry in the year ahead. ITIC stressed that more needs to be done to support Irish tourism and has called on the Government to match the industry’s ambition for the sector.

Ireland earned an estimated €6.9 billion from overseas tourism this year which was made up of €5.2 billion spent by overseas visitors when in Ireland and €1.7 billion spent with Irish airline and ferry companies. An additional €1.9 billion is likely to have been generated in domestic tourism revenue with a further €350 million earned from Northern Ireland visitors.

Expenditure by international visitors to Ireland was up 7% on the previous year with 25,000 new tourism jobs created in 2018 and the sector now employing 270,000 people nationwide, copper-fastening its position as Ireland’s largest indigenous industry.

2018: A new record year for Irish tourism

ITIC estimates that earnings from tourism for 2018 accrued €2.1 billion to the exchequer in direct tourism-related taxes. Numbers are based on latest CSO data and it is expected that 9.6 million international tourists will have visited Ireland in 2018 with double digit growth from North America and Europe.

ITIC’s Chairman Maurice Pratt said *“It has been another strong year for Irish tourism with record visitor numbers in both volume and value terms. 25,000 new jobs have been created in the sector in the last 12 months and tourism remains Ireland’s largest indigenous employer. This is testament to the quality of Ireland’s tourism product and the ability of the industry to deliver a fantastic experience”*

He added though that sustaining success in 2019 would be more challenging: *“Brexit is a major ongoing concern for Irish tourism. Weak sterling and continued uncertainty over the shape of the UK withdrawal*

agreement has meant no growth from our nearest neighbour and biggest single source market. Thankfully other markets such as North America and Germany have been particularly buoyant.”

2019: A more challenging year ahead

The Irish Tourism Industry Confederation is confident that, despite challenges, growth will continue in 2019 and estimates that the sector can increase by 5%-7% in volume and 6%-8% in value. This would be in line with the 8-year roadmap produced by ITIC last March *Tourism: An Industry Strategy for Growth to 2025* which outlined the policies and actions required for the sector to expand and grow sustainably in the coming years.

There is evidence though that 2019 will be a more challenging year for Irish tourism and CEO of ITIC Eoghan O'Mara Walsh warned that the Government had withdrawn a key enabling factor for the sector's success: *“The decision by the Government to increase the tourism VAT rate by 50% on January 1st imposes a €466 million tax on the tourism and hospitality sector next year. This is at the worst possible time with Brexit looming and tourism's competitiveness diminished and ITIC repeats its call for this VAT hike to be deferred”.*

O'Mara Walsh identified Brexit as the biggest threat to Irish tourism and in a survey last week 9 out of 10 hotels expressed major concern about the UK's departure from the EU: *“A hard Brexit would be very damaging to the Irish tourism and hospitality sector and it is estimated could cost Irish tourism €390 million in its immediate aftermath. 3.6 million British visitors came to Ireland this year and a hard Brexit is likely to knock the UK economy as well as impacting on aviation and regulatory regimes”.* O'Mara Walsh identified the return of a hard border as anathema to Irish tourism: *“Tourism by its very definition is the free movement of people and a hard border across the island of Ireland would be extremely damaging and we urge the EU and UK to do everything possible to avoid a no-deal Brexit”.*

ITIC stressed that the Government needs to do more to support Irish tourism and has advocated that tourism agencies should roll out a Brexit fund for businesses, like that of Enterprise Ireland and Bord Bia.

An increase in air services and sea services should help Irish tourism grow next year and the industry is investing heavily in its own future with approximately €2.5 billion committed to new hotels, aircraft, ferries, attractions, and airport infrastructure.

However, growth is not guaranteed and there is much work to be done to underpin and sustain progress to date. Mr Pratt said: *“Tourism has much more potential for Ireland, but only if the right strategies and investment policies are pursued. The Government must match the industry's ambitions for the sector. Funding for the sector has only now barely returned to 2008 levels and it is vital that competitiveness is supported. Tourism is the only sector that can provide proper long-term regional balance and deliver jobs and economic growth to all parts of the country”.*

ENDS

For further information contact:

Fiona Murphy, Fleishman Hillard: 087-8194464

Eoghan O'Mara Walsh, Chief Executive, ITIC: 086-6057909

ITIC's full year-end Review for 2018 and Outlook for 2019 can be seen at www.itic.ie.

For further queries please contact:

Eoghan O'Mara Walsh, CEO ITIC, 0866057909

Fiona Murphy, Fleishman Hillard, 0878194464

Notes to Editor

About the Irish Tourism Industry Confederation:

The Irish Tourism Industry Confederation was founded in 1984 and is the umbrella group representing the leading tourism interests in Ireland. Its members come from key tourism stakeholders across the public and private sector and include Aer Lingus, Irish Ferries, daa, Shannon Group, Irish Hotels Federation, Incoming Tour Operators Association, Restaurants Association of Ireland, Vintners Federation of Ireland and Association of Visitor Experiences & Attractions amongst others. Tourism state agencies, Fáilte Ireland and Tourism Ireland, are also members and the full list can be seen on www.itic.ie.

Tourism is Ireland's largest indigenous industries and is a critical component of the export economy. Key tourism facts:

- Worth €9.2 billion annually
- 9.6 million staying international staying visitors in 2018
- Tourism employs 270,000 nationally
- 1 in 9 jobs nationally are in tourism & hospitality sector
- According to Fáilte Ireland, for every euro spent by tourists 23c is generated in tax