



Irish tourism industry facing “a perfect storm” of cost increases and capacity constraints

At ITIC flagship conference industry calls for measures in Budget 2025 to support sector

Tourism has not recovered to pre-pandemic levels as 64% of hospitality businesses expect profitability to fall this year

Labour legislation to add €1.4 billion to sector payroll by 2026

25th September 2024: At its flagship annual conference today the Irish Tourism Industry Confederation (ITIC) has called on Government to match the industry’s ambition for the sector.

Speakers at the conference, which was moderated by broadcaster Dearbhail McDonald, included Tourism Minister Catherine Martin, renowned political commentator Jon Sopel, Irish Ambassador to Canada John Concannon, Tourism Ireland CEO Alice Mansergh, Fáilte Ireland CEO Paul Kelly, technology expert Jess Kelly and DAA CEO Kenny Jacobs. A wide variety of topics were discussed including cost pressures on tourism businesses, the mixed demand outlook, the impact of the US Presidential election, the Dublin Airport passenger cap, and how AI is likely to affect the hospitality sector.

ITIC called on Government to support the tourism sector in next week’s budget. Niall MacCarthy, Chair of ITIC, said *“Tourism is the country’s largest indigenous industry and biggest regional employer and it is having a tough time. Intelligence by ITIC shows the tourism industry is still 6% off its pre-pandemic levels, meanwhile costs have soared and profitability is seriously damaged.”*

ITIC pointed to a number of recent data releases which show how challenging the year has been for tourism. Latest CSO inbound tourism statistics for Britain, Ireland’s largest volume market, show arrivals down 12% while a summer barometer survey of businesses by Fáilte Ireland found that 64% of respondents expect profitability to be down this year compared to last.

Eoghan O’Mara Walsh, CEO of ITIC, commented *“Budget 2025 is very important to the tourism industry and the easiest, most effective and sector-specific way Government can support the industry is a restoration of the 9% VAT rate”*. He also pointed to the need for increased investment saying the spending reverses in last year’s budget *“must be rectified”*.



The conference also included bespoke research for the tourism industry which showed positive IQ, EQ and MQ levels amongst workers compared to other economic sectors.

Industry leaders repeatedly pointed to cost pressures with a particular focus on labour policy changes that are estimated by economist Jim Power to add €1.4 billion to payroll of tourism and hospitality enterprises between now and 2026. ITIC has said that mitigation measures are urgently needed to ensure the competitiveness of the sector.

At the conference Catherine Flanagan, CEO of the Association of Visitor Experiences and Attractions said *“We don’t yet know the implications of the passenger cap at Dublin Airport. It is very concerning when we hear that airlines requesting slots for next year are being declined”* while hotelier Elaina Fitzgerald Kane said *“We’re on the back foot – that’s my firm opinion – and we have a lot of work to do but I believe there is great ambition within our sector but that has to be matched by Government”*.

The conference marked 40 years of ITIC and was attended by over 400 tourism and hospitality industry leaders.

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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, Guinness Storehouse, Restaurants Association of Ireland, Vintners Federation of Ireland and Association of Visitor Experiences & Attractions amongst others. A full list of member organizations can be seen on www.itic.ie.

Tourism is Ireland’s largest indigenous industry and is a critical component of the export economy. Key tourism facts in 2019 (last full calendar year of data) according to the CSO:

- Tourism consumption amounted to **€10 billion** in 2019 – 73% from inbound tourists and 27% from domestic trips.
- Tourism accounted for **4.4% share of Gross Value Added (GVA)** in the Irish economy.
- **284,800 directly employed** in almost **46,000 tourism-related enterprises**, based on full time job equivalents – **13% share of total employment** across the economy. Total employment related to tourism is estimated to increase to **352,000**, when jobs in non-specific tourism businesses are taken into account.
- Tourism generated approximately **€2,000 per head** of population.



- According to Fáilte Ireland, for every euro spent by tourists **23c is generated in tax.**