



Personal Observations of the  
Economic Consequences of the  
Covid-19 Measures on  
Cities, Towns and Villages  
in the  
Autonomous Region of Andalusia

## **Personal Observations of the Economic Consequences of the Covid-19 Measures on Cities, Towns and Villages in the Autonomous Region of Andalusia**

The Covid-19 measures taken by the Spanish and provincial governments in Spain in particular Andalusia, have had and will have economic consequences that are difficult to predict. As with any research of this kind, the true nature of the consequences for the average person on the street are not determined by theorists sitting in air conditioned offices, insulated from the outside world, but by observing and recording real life as it happens.

First, we have to start with some base figures.

### **Gross Domestic Product**

A useful figure to begin with is the gross domestic product (GDP) of a region, the amount of cash generated by its population.

Pre Covid-19 (2019) the GDP for Andalusia was in the region of 160 billion Euros (160 thousand million) that equated to just short of 20,000 Euros per person (population 8.427 million in 2019).

### **Economic Activity**

Andalusia comprises three well defined zones with different levels of economic activity, of population and of income, and these zones correspond to the internal geography of the province: the coastal fringe and major urban settlements, the high mountain areas and the large cultivated areas between those zones.

a) The most dynamic area is situated on the coastal fringe and in the major urban settlements. This includes the major internal and external connections, with 20 major urban centres of Andalusia. Occupying 6% of the territory, nearly 50% of the population is concentrated in this area and it generates 70% of regional income. In specific parts of the region a few of which are Mojácar, Nerja, Marbella, Málaga, Chiclana, Rota, Conil, El Rompido and Isla Canela, the proportion of jobs dedicated to tourism in the service sector during the summer season can exceed 50% of the total jobs available.

b) The large, cultivated areas, have a productive base in rural and urban economies. Their economic structure is diversified, although it has its foundations in agriculture. These zones occupy 40% of the territory of Andalusia and support 39% of the population. Basically, they are sited in the fertile lowlands and open country of the Guadalquivir valley and in the lower valleys that run between the higher regions (Antequera, Guadix, etc.). The agricultural base has led to the development of a foodstuffs industry closely allied to the production of olive oil, sugars, and grape and wine products.

c) The high mountain areas and various interior regions. These occupy the middle of the region's landmass, where they account for 54% of the territory and 11% of the population. By its arid and dramatic character, this landscape is ill-equipped for agricultural development. In these areas the monoculture of olive growing predominates, allied with individual smallholdings.

In addition, Andalusia has a thriving fishing industry that contributes about 350 million Euros to the regional GDP.

Affecting particularly women and young people, unemployment is the principal problem of the Andalusian economy; the unemployment rate among them (of some 18 per cent prior to Covid-19) was eight points higher than in the rest of Spain.

Regional income is concentrated in the coastal regions and the provincial capitals, as well as in the service sector - to the detriment of industry. Due to their low level of income, the savings capacity amongst the people of Andalusia is half the average of the rest of Spain.

### **Covid-19 Measures**

Lockdown was introduced on the 14th March 2020 and continued until the 21st June 2020 when people could once again move between provinces. Not surprisingly Spain's National Statistics Institute (INE) reported that no tourists arrived in the country during April 2020 – nor would they have found a hotel open if they had.

Spain opened its borders and lifted quarantine for EU and Schengen area visitors from Sunday 21 June (with the exception of Portugal), and for other international visitors from 1 July 2020.

### **Tourism 2019**

In 2019 Andalusia received 12.1 million international tourists with an average holiday spend of 1,067 Euros, a contribution to the GDP of 12.9 billion Euros, approximately 8% of GDP. (The entire Spanish tourism sector contributes about 11% to the overall GDP for Spain.)

### **Effects of the Covid-19 measures**

The most immediate effect of the lockdown was a sudden and dramatic decrease in the numbers of visitors to the region. Lockdown ensured that there was little travel between municipalities and none between provinces. This impacted in different ways. The most obvious effect was the lack of traffic and the lack of people on the streets and roads. Air traffic ceased. Whilst this was good for reducing air pollution, it did little for the economy. In towns and villages, people shopped at their local supermarket, buying necessities, and avoided the out of town superstores (which were closed in any case).

In Estepona town and Estepona port, hotels, bars and restaurants closed. Only essential shops opened such as

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the pharmacy and the supermarkets. The Wednesday and Sunday markets ceased. All non essential businesses, the majority, stopped operation and schools remained closed. Streets, normally busy, became deserted apart from essential vehicles.

Some government assistance was available for those who suddenly found they had no income but to qualify you had to have been contributing to the system, i.e. paying social security, tax and IVA, so many workers did not qualify. People formed groups to distribute food donated by generous individuals to those with no income, including immigrant labourers.

Consumer spending dropped dramatically. Government revenues; income tax, business tax, IVA, fuel taxes and social security fell sharply, whilst Government spending on health services and benefits increased.

Against this background it was interesting to observe what happened after the 21st June. Between the 21st June 2020 and 20th September 2020, Julie and I visited all the cities and towns shown in the table below which are grouped into their respective economic zones.

Town (Coastal)	Population Spanish (2018)	EU	Other
Estepona	49,973	7,609	9,430
Marbella	108,012	13,256,	20,195
Málaga	527,463	9,518	34,045
Manilva	9,676	3,631	1,670
Mojácar	3,395	2,471	435
Almería city	177,226	4,438	15,187
San Roque	26,943	2,180	1,349
<b>Town (Valley)</b>			
Almanzora	10,566	992	2,218
Albox	8,592	1,880	1,224
Tijola	3,418	53	98
Lucena	40,897	808	843
Almedinilla	2,204	44	71
Puente Genil	28,894	218	1,129
Baena	18,458	346	534
Jaén city	110,945	379	2,133
Vera	12,000	1,865	1,972
Linares	56,481	246	1,084
<b>Town (Mountain)</b>			
Serón	1,973	30	32
Vélez Blanco	1,676	219	43
Vélez Rubio	5,838	419	373
Zuheros	628	10	3
Iznájar	3,718	564	61
Luque	2,976	40	21
Priego de Córdoba	22,181	151	253
Rute	9,468	207	182
Benitagla	67	1	0
Setenil	2,713	7	12

### General Observations

Immediately after lockdown, roads usually busy, such as the A7, were quiet, even during normal peak times. What traffic there was consisted mainly of the occasional commercial vehicle. Very few saloon cars ventured out. On some of the main inland roads, the A45 Málaga to Córdoba, the A92 Antequera to Guadix, the A44 Granada to Jaén, it was possible to travel for kilometres without seeing another vehicle. Venturing off the main roads another vehicle was the exception sometimes for hour after hour. Quite an eerie experience.

Gradually the volume of traffic increased but even by mid-September it had only risen to perhaps 50% of what would have been expected 12 months previously.

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The airports at Málaga, Almería and Granada had standing aircraft that did not appear to have moved between July and September. Only Málaga showed any evidence of flights in or out and they were infrequent.

In all cities, towns and villages, ferias, markets, fiestas and other entertainments were cancelled. Many of these events, such as the Semana Santa processions in San Roque, Antequerra and Priego de Córdoba are a huge attraction for tourists whilst others, such as the Jamon Festival at Estepona, brings in crowds from neighbouring areas.

### **Coastal Towns and Cities**

Immediately after lockdown there was a flurry of high street businesses, bars and restaurants opening. Many closed within weeks and many more are planning to close early for the winter. The problem that they face is that there are not enough permanent residents to support the number of businesses selling consumer goods and nowhere near enough to support all the restaurants and bars. These types of businesses rely on the massive influx of visitors during the summer months, an event that did not occur in 2020. The premises that remain open have cut their opening hours and are employing fewer staff to reduce overheads. The minority of restaurants that offer something different or have a reputation for excellent food are barely surviving. Many plan to close during the winter months, whether they will re-open in 2021 is debateable.

Out of town shopping centres such as La Cañada at Marbella are suffering. Closed during lockdown they are now open with fewer customers. Hardest hit are the luxury goods stores; fashions and accessories, electrical goods, designer sunglasses and so on. The Alcampo supermarket in La Cañada remains open with very reduced numbers of customers. Many of the luxury and designer goods shops in Puerto Banús, a purpose-built resort for the rich and famous, have closed.

In Estepona, Manilva, Vera and Mojácar, supermarkets such as Carrefour, Supersol, Mercadona, Consum and Supercor have fewer customers as a result of fewer tourists.

In Almería city, in mid-September, the archaeological museum had only one visitor between 9.30am and 12.30pm. The staff accepted this as the 'new normal'.

In Málaga the cruise liners did not arrive. In 2019 over 180,000 passengers from cruise liners descended on the city between March and July. Over 13,000 passengers can be expected on peak days. The streets, restaurants, museums and galleries, castle and Alcazar are noticeably quieter. The Seadream, Sea Cloud and Crystal Cruises companies, based at Málaga, have ceased operations. The marketing arm for these companies (whom we know well) have yet to start promoting any future cruises and have no plans to do so (September 2020).

Covid-19 and Brexit looming have persuaded many UK visitors who own property and spent part of their time in Spain to rethink their lives. Many have sold their properties or put them on the market.

Anticipating Brexit, many of the 'on the black' workers returned to the UK rather than become resident and be forced to pay taxes and social security. While residing here they made a significant contribution to consumer spending.

The annual over-wintering EU residents who normally started to arrive in September, who rented property or stayed at coastal hotels at special rates, have not appeared. It has already been announced that 80% of hotels will close for the entire winter period so it is unlikely the EU winter migrant will arrive, even for 90 days. Brexit also makes the longer, six months break legally impossible for the British migrant with the 90 day maximum length of stay in any 180 days. The almost total lack of air passenger transport arriving at Gibraltar, Málaga, Almería and Granada means it is difficult, exorbitantly expensive, or impossible for the winter migrants to travel to Andalucía.

The post Covid-19 lockdown period saw the introduction, in the UK, of a 14 day quarantine period that further discourages people from travelling to Spain.

The service industries, such as car mechanics, builders, plumbers, electricians, joiners, pool maintenance, decorators etc. report that people are only spending on essential maintenance and repairs. There is little new work available.

### **Summary for Coastal areas**

Reduced numbers of people has already caused reduced overall consumer spending. The uncertainty of the coming months concentrates that spending on essentials. Reduced consumer spending has visibly increased the numbers of unemployed, further reducing the amount of cash available for non-essentials. Reduced earnings and spending together decrease Government earnings that then impacts on Government spending on employment and infrastructure. To date there has not been any noticeable reduction in Government spending.

The reality is in the number of commercial premises that are closed.

On the property side, new build has virtually ceased although there is evidence of those structures part built before lockdown being completed. Apartments normally rented to visitors are empty. More properties are appearing on the market. To date there has been no appreciable devaluation of property although a downward trend is predicted.

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### **Towns in the Agricultural areas (valleys)**

These towns and cities fall into two categories, those that have their traditional agricultural industry and a less important revenue stream from visitors or light industry. Of the ones visited, Jaén, Baena and to a lesser extent, Lucena, fall into this subcategory. The remainder visited are traditional towns with a reasonably stable population. The produce of the fields, olive oil, wine, citrus fruits etc. are exported all over Europe.

Following the lockdown, all the towns and cities visited appeared to have fewer people on the streets than pre-lockdown. Coffee bars, restaurants and bars were quieter than would normally be expected with social distancing reducing the numbers of patrons. However, in all towns apart from Jaén city itself, business seemed to be continuing as normal, albeit with reduced numbers.

In Jaén, a city that attracts up to 700,000 tourists per year, seven times its own population, a four star city centre hotel had fewer than 6 guests in August 2020. The bar and restaurant were closed due to lack of customers. Conversely, the Parador Hotel, one of the most expensive in Jaén, was busy, as was its restaurant. In the centre of the city, a leading restaurant, El Mafia, was fully booked even on weekdays. The majority of diners in both cases were Spanish, presumably those with a disposable income. The up-market store, El Cortes Ingles, however, was deserted during a peak evening open time, perhaps reflecting Spanish priorities. The two major museums visited had no other customers during the two hours spent in each and the new flagship archaeological site, Puente Tablas, on the outskirts of the city had two visitors during the day.

Baena also has a sizeable influx of visitors during the year although not to the same extent as Jaén. The town started to promote itself as a tourist destination in recent years. The most visited attraction, the castle, was closed. The museum and tourist office had no customers on the day of the visit (early September 2020) and the out of town attraction, Torreparedones Archaeological Park, was only opened by appointment. We were the only two visitors on that particular Tuesday.

Lucena is a town that does not strictly fit into the agricultural category. Whilst it has an agricultural base, it has, since the 1950s, been the centre of an expanding furniture manufacturing industry. These manufacturers occupy factories on the outskirts of town and, in early September, did not appear to have re-opened after lockdown. The town is, if anything, even quieter than its neighbours.

### **Summary for Towns in the Agricultural areas (valleys)**

Towns in the agricultural belt, with a traditional agricultural industry, whether that is vine monoculture in Cádiz province, olive monoculture in Jaén province, plastic forced cropping in Almería, or mixed farming appear to be less affected than towns in the same belt, like Lucena, that have also managed to build up some sort of manufacturing industry. Towns that have recently turned to the tourist market for increased revenues are not as badly affected as the coastal tourist towns because the tourist industry inland is very new and none of those towns have abandoned their agricultural base.

The primary observation is, again, lack of people on the streets, few people buying anything other than essentials and, none, or very few, visitors. The inter town and village roads are very quiet indicating little vehicular communication between towns and villages, almost as if they have reverted to their isolated states before the 1960s. Many of the inland towns and villages were connected by nothing more than mule tracks until the implementation of a road improvement programme in the middle of the 20th century.

### **Towns in the Mountain areas**

The Andalusian mountain villages have, for generations, been losing their populations as young people move to the coast and cities for work. The economy of these small towns and villages depends on small scale farming, olive monoculture and animal husbandry. In recent years, each village has tried to find products to make itself unique, such as regional jamon and morcilla, designated label olive oil and wine, sheep, goat and cow cheeses etc. In some villages, such as Serón, success has brought prosperity with an expanding export market, in Serón's case for jamon and cured pork products.

Even more recently, mountain villages, particularly those with an added attraction such as a Vélez Blanco with the nearby Sierra Maria that offers walking, cycling and other outdoor pursuits, or Zuheros with a potential tourist attraction, La Cueva de los Murciélagos and the attractions of the Sierra Subbética, have turned their focus on rural tourism. Numerous camp sites, casa rurals, country hotels and self-catering accommodations became established.

Since lockdown, Serón has become a sleepy, mountain village. No other visitors to the town were in evidence. We were the only visitors to the castle and museum/tourist information office, that since Covid-19 only opens two days per week. A scattering of villagers could be found at a café in the plaza, a place accustomed to many more customers judging by the number of tables normally set out on the terrace. The annual Feria del Jamón y de la Productos Cárnicos de Serón held in July was cancelled due to Covid-19. This feria attracted people from all over Andalucía as well as from overseas.

Zuheros, billed as the most beautiful village in Spain, on the contrary, was busy by current standards. Admittedly, the village does have a lot going for it, not least of which was an appetising looking roast meat restaurant in the square beneath the castle. Its neighbour, Luque, almost as attractive but not as well promoted, was, on the same day, quiet with all its visitor attractions closed.

## Summary for Towns in the Mountain areas

The mountain villages have always historically, been at the bottom of the economic ladder in Andalucia. Recent attempts until early 2020, to re-vitalise them by promoting outdoor activities and local attractions were generally, slowly improving the local economy. However, the Covid-19 measures put an end to that and the white villages reverted to being sleepy, peaceful, largely self-sufficient communities. The only visible effects of Covid-19 in the less well known villages being the universal wearing of masks.

## Conclusions

From an economic viewpoint, logically, the first places to recover to pre-Covid-19 levels of activity from the downturn caused by those measures will be the mountain villages. They had least to lose in the first place and have the opportunity to recover rapidly. The number and size of service businesses were adequate to serve the pre-existing populations and the population, no matter how small, could sustain those businesses. Apart from an increase in accommodation provision for visitors, there has not been, generally, a huge increase in the number of businesses designed to cater for tourists. Surplus products from the smallholdings will still be sold or bartered locally.

For places such as Serón, with a renowned product, their markets, the valley and coastal towns, will contract and take some years to recover. Similarly, the huge upland areas devoted to olive monoculture will see their markets contract and, again, this will take years to recover. This will be the hardest hit industry in the mountains since the Andalusian olive oil industry produces 44% of the world's olive oil and has a huge export market worth over 2.5 billion Euros, all to countries adversely affected by Covid-19 measures that will all be cutting back on imports.

The second areas to recover will be the valley towns. There is little heavy industry. Their economy is again based on agriculture and the manufacture of foodstuffs. Much of the produce is consumed within Spain and the surplus primarily within Europe. This economic zone is responsible for 20% of all Spanish food and drink exports with top spots going to fruit and vegetables and salad crops. A large part of the home market is the non-productive coastal area and therein, for the valley town areas, lies the problem. As observed, there is already a significant reduction in commercial traffic between the coast and inland.

The coastal area is devoted to tourism and visitors who provide a fluctuating but annual, market for the products from the interior. As has been observed, mass tourism is, for the foreseeable future, dormant. That will lead to abandoned hotels, apartments and failing service businesses linked to tourism, such as holiday rental agents, tour guides and travel agents, hotel laundry services and so on, and a weakening of the infrastructure as local authorities cut back on expenditure. An extreme example, fortunately not in Andalucia, is Benidorm where the sole raison d'être was tourism, and which is now a virtual ghost town. The coastal zone will be the last economic area to recover, particularly if another Covid-19 like pandemic strikes in spring 2021 causing yet more lockdowns, unemployment, and travel restrictions.

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