



NETWORK FOR THE EUROPEAN PRIVATE SECTOR IN TOURISM

Ms Kerstin JORNA
Director-General
European Commission Directorate-General for
Internal Market, Industry, Entrepreneurship and
SMEs (GROW)

Brussels, 13 July 2020

Dear Ms. Jorna,

We take the opportunity of contacting you in view of your participation to the EP TRAN Committee meeting on 14 July on tourism funding in the revised MFF and Recovery Instrument.

In particular, we would like to share our opinion that any recovery this summer will be insufficient to sustain business ahead of another winter season. Continued support will be necessary in order that Europe's tourism sector retains its diversity and can quickly return employment to the economy.

Beyond short-term financial support, strategic investment is necessary to ensure the sector can deliver the sustainable development we all wish to see. The crisis has provided an unprecedented opportunity to change course while tourism flows are at a relatively low level: this must not be missed.

NET is a network of representative trade associations from the private sector in European tourism. The members include CLIA, ECTAA, EFCO&HPA, ETOA, EUROGITES, HOTREC, IAAPA, IRU. NET would like to share with you the current situation of the travel and tourism sector and where we see risks and opportunities for the sector's recovery and contribution to Europe's economic rebound.

With the lifting of border restrictions and lock-down measures, travel and tourism has re-started progressively. Focus has been on ensuring that travel can take place in a safe manner for travellers, employees and the local population.

13 days into the high tourism season, the **situation is still very fragile and volatile**. European citizens are travelling to some extent, mostly within their country and neighboring countries, safe in the knowledge that they can easily return should problems arise. Travelling is mostly done by car, staying in smaller / independent accommodation units (holiday homes, apartment rentals, motorhomes, etc.), avoiding the usually crowded places (tourist 'hot spots'). Collective transport businesses such as coach companies continue to suffer an almost total loss of business.

Hotel occupancy, especially in cities, is very low (10%-15%) and flight capacity is still very much reduced (network traffic during the first week of July is -64% lower compared to last year, according to Eurocontrol data). Many tourism enterprises have not opened either due to capacity and business model restrictions (coaches, hotels, etc.) or other restrictions (cruises). Consumer confidence is very low, due to the fear of getting stuck or quarantined in destination or upon return. While booking engines have shown a surge in travel search since the lifting of travel restrictions, this has not translated into new bookings as the concerns about insurance coverage or the anxiety of contracting the virus are still out there.

NET is concerned that this situation may persist over the whole summer and autumn season despite the investment of the industry to implement solid health and safety measures. If this is the case, travel and tourism enterprises will not be able to sustain such prolonged loss of activity and we may see a wave of bankruptcies.

As you may well know, **tourism is an important driver of economic and social development**. The sector stimulates economic growth by generating income, employment (especially youth employment) and investment in Europe, and through its exports to origin markets worldwide. It helps to sustain our

CLIA Europe

CRUISE COMPANIES OPERATING
IN EUROPE

ECTAA

TRAVEL AGENTS &
TOUR OPERATORS IN EUROPE

EFCO&HPA

CAMPSITES, HOLIDAY PARKS
& HOLIDAY VILLAGES IN EUROPE

ETOA

EUROPEAN INBOUND TOURISM

EUROGITES

RURAL & COUNTRYSIDE TOURISM

HOTREC

HOTELS, RESTAURANTS
& CAFÉS IN EUROPE

IAAPA

THE GLOBAL ASSOCIATION FOR THE
ATTRACTIONS INDUSTRY

IRU

BUS, COACH & TAXI OPERATORS
WORLDWIDE

cultural and natural heritage, is distinguished by its diversity, provides revenue to fund facilities and infrastructure enjoyed by visitors and residents, and promotes awareness of a common European identity and citizenship in all its diversity. The sector is composed of many SMEs and micro-enterprises, which are the backbone of the economy and the fabric of society. They are crucial for driving innovation and creating new jobs.

This situation leads us to **highlight the risks that tourism activities face and that should be addressed in a more strategic and integrated manner between the EU institutions, Member States and the industry when it comes to providing funding and planning for the sector.**

As regards tourism funding in the revised MFF and Recovery Instrument, NET is disappointed that a **budget line for tourism** is not foreseen in the updated Multiannual Financial Framework (MFF), as already proposed by the European Parliament in 2019, and in the schemes under the Next Generation EU, despite recognition that our sector is one of the hardest hit by the pandemic. Embedding travel and tourism in all financial programmes and funds is positive, but there is no clear overview of the budget allocated to travel and tourism. Moreover, micro-enterprises and SMEs will struggle to understand the myriad of different funding opportunities and how to access them.

It is important for our sector to be able to **access funding opportunities**. Tourism can play an important role in helping the transition towards a more sustainable economy. This will require some investments. For example products need to be improved in terms of quality and sustainability; a skilled workforce needs to be trained to provide an excellent service to clients and to access and to use aggregated tourism data to provide a more attractive offerand; and a lower carbon footprint, etc.

Crucially, **funding (be they grants or credits) must be easy to access and rules easy to understand** for SMEs and the huge amount of micro-enterprises both in the accommodation and gastronomy sectors in particular. SMEs and micro-enterprises seldom have the necessary human and financial resources required to identify funding opportunities and to navigate administrative procedures to access funds, which can be extremely complex. This is already now a practical problem and goes against the idea of "not leaving anyone behind", which underpins the transition towards a sustainable economy. This is the reason why we advocate for most of the financial help allocated to the recovery plan to be included in infrastructure funds and preference for grants rather than loans.

It is important to stress, that tourism enterprises or enterprises largely dependent on tourism, for instance, coach tourism operators, are managing to stay afloat today only because of the help of national state aid measures. Some of these measures have been extremely helpful, notably the national short-time work schemes for employees, reduced / deferred social and fiscal contributions (including reduced VAT rates for tourism services, suppression of tourist taxes). But eventually these support measures will be phased out as deconfinement steps are taken, which will be detrimental for many enterprises. We need a strong voice to **back continuous state support for our sector well beyond 2020**.

Please find a more comprehensive position on tourism funding from the following [link](#).

NET welcomes the opportunity to work with the Commission, Member States and tourism stakeholder associations to ensure the survival of this very dynamic sector that can play a strong role in Europe's economic rebound and transition towards a more sustainable economy.

Yours sincerely,



On behalf of NET

Eric Drésin
Rotating Secretariat of NET