

The European Union and tourism: challenges and policy responses

SUMMARY

As the third largest socio-economic activity in the EU, tourism is important for growth and employment. Despite the depth of the economic crisis, the tourist industry in the EU has proved resilient with numbers of tourist trips remaining high. However, long-term trends suggest Europe is losing position in the global marketplace, with new destinations gaining ever growing market share.

The Lisbon Treaty provides for faster and easier decision-making on EU measures in the field of tourism, allowing decisions to be taken through the ordinary legislative procedure, even though it has not substantially increased the scope of EU powers in the area.

Drawing on the new Treaty provisions, the European Commission has prepared a new policy framework, whose main objective is to make European tourism more competitive, modern, sustainable and responsible.

The strategy, entitled "Europe, the world's No 1 destination – a new political framework for tourism in Europe", was welcomed by the European Parliament, which nonetheless underlined the need to better coordinate tourism-related issues within the Commission and to clearly signpost financial support for tourism-related projects. The Parliament has also recently underscored the importance of tourism-related activities in different policy fields such as in rural, maritime and coastal areas.



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Background

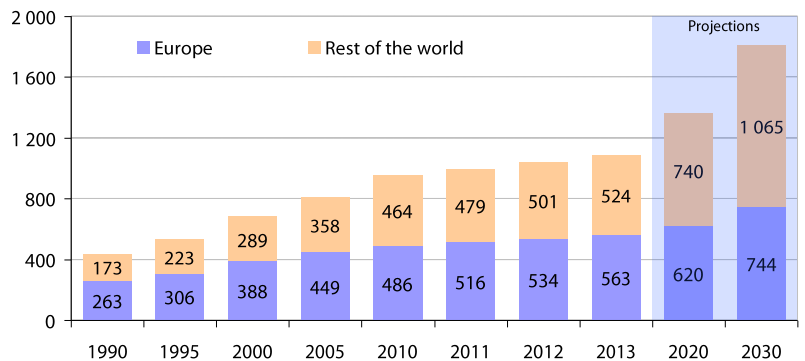
Over recent decades, tourism has become one of the fastest and largest growing economic sectors in the world. [International tourist arrivals](#) have risen from 278 million in 1980 to 1 035 million in 2012 and are expected to grow by 3.3% a year on average from now to 2030. Europe remains the world's number one tourist destination (figure 1), accounting for half of all international tourist arrivals worldwide – with three-quarters of these in European Union (EU) countries. However, its position is being challenged by new tourist destinations in emerging economies.

Maintaining the European tourism sector's overall competitiveness is important for growth and jobs inside the EU, and its internal socio-economic cohesion. This is all the more critical since tourism has potential for growth and appears to be resisting the current economic downturn quite well.

To help tourism face the challenges with which it is confronted, the European

Commission (EC) has developed a new policy framework. This new strategy focuses on offering sustainable, high-quality and responsible tourism, playing on Europe's comparative advantages, notably the diversity of its countryside and cultural wealth.

Figure 1 - International tourist arrivals (in millions)



Data source: UNWTO ([Tourism Highlights](#), 2013 and [press release](#), Jan. 2014).

The importance of tourism for the EU economy

According to the Commission's 2010 [Communication on tourism](#), the European tourism industry¹ represents the third largest socio-economic activity in the EU after the trade and distribution, and construction sectors. Indeed, tourism has a considerable impact on the economy as a whole, through spending in accommodation, food and drink, transport, entertainment, shopping, etc.

It employs approximately 5.2% of the total workforce (corresponding to roughly 9.7 million jobs) involving 1.8 million businesses, primarily small and medium-sized enterprises (SMEs), and generates over 5% of the EU's gross domestic product (GDP). Using a broader definition,² its weight is even greater as it is estimated to generate over 10% of the EU's GDP and around 12% of all jobs.³

It is also instrumental for economic and social cohesion within the EU as it contributes to the development and social integration of rural and mountain areas, coastal regions and islands, [outermost](#) or less-developed regions. Tourism projects funded under Cohesion policy can thus support local development and jobs (e.g. the restoration of an 11th century fort in the [Aosta Valley](#) or promotion of a blues festival in [Guadeloupe](#)).

Tourism is also a fast-growing sector that seems to be recovering fairly quickly from the current economic downturn, as witnessed by the figures below.

Interestingly, tourists visiting Europe from emerging markets such as Brazil, Russia, China or India have been increasing in recent years. [Visa statistics](#) show for instance that

the number of visas issued in 2011 to Chinese tourists reached 1 026 000, compared to 560 000 in 2008. In 2011, foreign visitor-spending amounted to over €330 billion and, according to recent estimates, could increase up to around €430 billion in 2022. The [evolution](#) of nights spent in tourist accommodation in the EU increased steadily over the past decade, with only a slight interruption in 2008 and 2009 corresponding to the beginning of the financial crisis. Results for 2013 reached a record of 2.6 billion nights spent in tourist accommodation in the EU28 (France, Spain, Italy, Germany and the UK accounted for 70% of the total number), up 1.6% compared with 2012). In a Eurobarometer survey, 70% of EU [citizens](#) declared that they travelled (at least one night away from home) in 2013. The fact that 44% said that they would go on holiday in 2014 without changing their plans (only 11% intend not to go on holiday this year), and that most of them envisage travelling either in their home country or in another Member State, also shows the importance and robustness of the EU's internal demand. Some 33%, however, will change their 2014 plans as a result of the economic crisis, and 44% of those who did not travel in 2013 did not do so for financial reasons.

The legal framework

Tourism was referred to for the first time in 1992 in the Maastricht Treaty (Art. 3 Treaty on European Union) which included "*measures in the spheres of energy, civil protection and tourism*".

Prior to that, the European institutions adopted broad political guidelines on tourism or legal norms affecting the sector.⁴ Indeed, in 1984, a first Council Resolution acknowledged the importance of tourism for European integration and invited the European Commission to make proposals. It was followed by the adoption by the Commission of several communications defining broad policy guidelines for the development of the sector.

Moreover, owing to the fact that tourism impacts on many policy areas, a number of legal acts on tourism-related issues were adopted over the years. This is notably the case in the area of consumer protection, environment, transport and freedom to provide services. Examples of such legal acts are, for instance, [Directives 90/314/EEC](#) on package tours or [94/47/EC](#) on timeshare properties, legislation on the protection of air, rail and road [passengers' rights](#), and [Directive 2006/7/EC](#) on quality of bathing water.

The new provisions for tourism brought in by the Lisbon Treaty and enshrined in [Articles 6\(d\) and 195 of the Treaty on the Functioning of the European Union \(TFEU\)](#) do not substantially change the scope of EU powers: tourism is not recognised as a stand-alone policy, EU actions in this field can only complement Member States' actions and any harmonisation is excluded. They provide, however, for the use of the ordinary legislative procedure (joint adoption by the European Parliament (EP) and the Council), with decisions of the latter by qualified majority rather than unanimity as in the past, making decisions in that field faster and easier.

Challenges

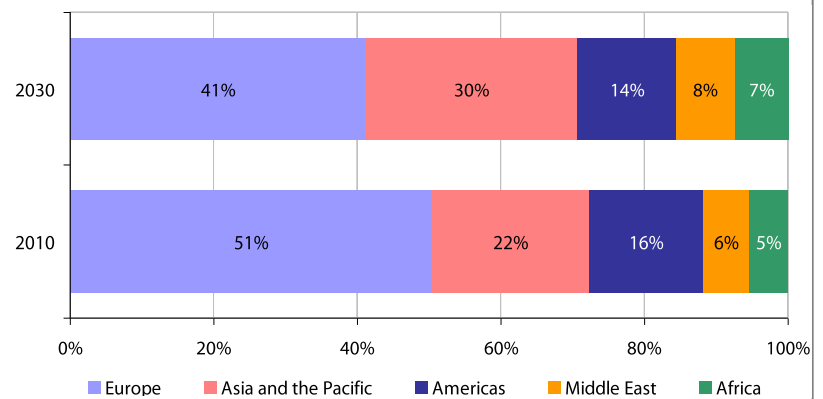
The European tourism sector is confronted with many challenges.

The first is to remain **competitive** in the global economy, and for European tourist destinations to keep on attracting both EU and non EU citizens. According to the World Tourism Organisation, the market share of [emerging economies](#) in terms of

international tourist arrivals increased from 30% in 1980 to 47% in 2012 and is foreseen to reach 57% by 2030. As figure 2 shows, Europe's market share is expected to decrease by 2030 while, in parallel, the weight of Asia and the Pacific is expected to grow.

A second important challenge is the emergence of new tourist behaviours and expectations related to demographic changes. The number of **people over 65** is expected to reach one-fifth of the population in 2020. This group, with leisure time available and often with purchasing power, represents significant market potential. But their specific needs require adaptation of tourism products and services.

Figure 2 - International tourist arrivals by region of destination



Data source: UNWTO ([Tourism Highlights](#), 2013).

The same challenge applies when it comes to accommodating the growing number of **tourists with reduced mobility**, i.e. approximately [127 million persons](#).

Tourism is also a sector which both has a heavy impact on and depends on the **environment**. Mass tourism strains water resources and biodiversity, and can threaten cultural heritage, whilst climate change is already affecting certain tourist destinations. Tourism businesses need to ease their pressure on the environment through reducing use of drinking water (especially in areas where there is a risk of drought), greenhouse gas emissions and their environmental footprint. The [structural modifications](#) stemming from climate change such as declining snow cover in mountainous European regions or rising sea levels in coastal areas need to be planned for, so that structural unemployment is minimised and tourism-related investments can be adapted.

Tourism businesses, which are mostly SMEs, are also confronted with increasing use of **information and communication technologies** (ICTs), notably internet, by consumers, a situation which modifies the relationship between the industry and its consumer base. Coping with this technological change is essential for many undertakings in the sector.

Policy responses

To meet these challenges, the Commission has prepared a new consolidated framework for the EU tourism policy, presented in its 2010 [Communication](#).

The overall objective of the new framework is to make European tourism more competitive, modern, sustainable and responsible. It places emphasis on the competitiveness of tourism undertakings, in line with the provisions of Article 195 TFEU, and refers to the ['Europe 2020' strategy](#). Enhancing tourism competitiveness contributes to several flagship initiatives, in particular ['An industrial policy for the globalisation era'](#) whose purpose is to support the development of a strong and sustainable industrial base, notably for SMEs, in order to help them withstand global competition.

The new consolidated [framework](#) for tourism contains four main priorities:

- Stimulate competitiveness in the European tourism sector;

- Promote the development of sustainable, responsible and high-quality tourism;
- Consolidate the image and profile of Europe as a collection of sustainable and high-quality destinations;
- Maximise the potential of EU financial policies and instruments for developing tourism.

Actions foreseen in the area of **competitiveness** include in particular the development of innovation, improvement of professional skills, extension of the tourist season (e.g. coordination of school holidays; Calypso initiative – see box) and diversification of services. Measures aimed at improving knowledge of the overall trends affecting the sector, such as the evolution of supply and demand and the impact of demographic and climate changes, are also planned.

Actions to promote **sustainable tourism** include the development of a system of indicators for sustainable management of tourist destinations; developing a European "Quality Tourism" brand to increase consumer security and confidence; promoting responsible attitudes of European tourists through awareness-raising campaigns; facilitating the identification of climate change risks; proposing a charter for sustainable and responsible tourism, as well as a strategy for sustainable coastal and marine tourism. Cooperation with emerging and Mediterranean countries is also to be developed.

Measures aimed at **consolidating the image and profile** of European tourism include the creation of a 'European brand' to enable European tourist destinations to compete better with other international destinations; promoting the portal "visiteurope.com" (administered by the [European Travel Commission](#)) in order to increase the attractiveness of Europe; strengthening EU participation in international bodies such as the World Tourism Organisation (WTO) and the [T20](#) (Ministers of Tourism of the G20 countries).

Actions to **maximise the potential** of EU financial policies and instruments for developing tourism require better integrating and coordinating tourism with other EU policies such as [passengers' rights](#), consumer protection and the internal market, as well as promoting and mobilising EU support instruments and programmes in favour of tourism. This entails ensuring sufficient budget for tourism-related measures, e.g. in the 2014-20 programme for the Competitiveness of Enterprises and SMEs ([COSME](#)). The new programme contains provisions regarding the improvement of framework conditions for the competitiveness and sustainability of EU enterprises, particularly SMEs, including in the tourism sector.

Promotion and diversification

The European Commission has strengthened the visibility of the [EDEN](#) brand. EDEN ("European Destinations of Excellence") is a project that has existed since 2006. Based on annual national competitions, it results in the selection of a tourist "destination of excellence" for each participating country. Competitions are developed around an annual theme (e.g. "Tourism and regeneration of physical sites", "Accessible tourism"). In November 2013, 19 European tourist destinations received EDEN [awards](#) for making tourism more accessible to senior citizens and people with special needs.

To diversify tourism products, several initiatives have been launched:

Initiated by MEPs in 2005, the [Iron Curtain Trail](#) is a 6 800 km cycle-way retracing the former East-West border, which combines European culture, history and sustainable tourism.

A first edition of [Crossroads of Europe](#), a mini-fair at the cross-roads of cultural and religious routes, was held in Pavia in June 2012.

The Commission has also placed emphasis on certain key groups ([elderly](#), [low-income families](#), people with [disability](#)), in particular through the Calypso initiative which aimed at helping disadvantaged people go on holidays while at the same time increasing tourism during the low season.

The 2014 [work programme](#) and related [financing](#), adopted in January 2014, describe the measures envisaged in the area of tourism. Support to tourism is also available through different instruments and programmes, in particular within the [Cohesion policy](#). In the legislative field, for instance, the EC presented a proposal for a new [Directive](#) on package travel and assisted travel arrangements in July 2013, whose objective is to adapt the existing legal framework to the digital age.

Progress on the 21 actions foreseen in the Communication can be monitored via [the implementation rolling plan](#) that is updated regularly.

Attracting tourists from third countries

In order to promote tourism during low season and develop tourist flows between South America and the EU, the EC has launched the ["50 000 tourists"](#) pilot initiative. The objective of the pilot phase is to encourage 25 000 South Americans to travel to Europe and 25 000 Europeans to travel to South America. A campaign called ["Europe - Whenever you're ready"](#), highlighting the diverse cultural and natural heritage of Europe and targeting potential tourists, in particular from Brazil, India, China and Argentina, was launched in Autumn 2012.

Considering the potential for increasing tourist flows from emerging countries and its related likely positive impact on the EU economy – in terms of jobs created, visitor spending on accommodation, shopping, etc. – the Commission adopted a [Communication](#) in November 2012 that looked at how to improve implementation and development of the common visa policy, in order to facilitate travel opportunities from third countries' citizens willing to visit the EU as tourists. According to some [research](#) carried out for the UNWTO and World Travel & Tourism Council (WTTC), visa facilitation has historically increased international tourist arrivals from affected markets by 5-25%. According to a European Tour Operators Association (ETOA) [report](#), it is also estimated that 21% of potential tourists from emerging markets abandon their plans to travel to Europe due to slow processing of visas.

Under current rules, citizens from some non-EU countries are required to hold a visa when travelling to the [Schengen Area](#), while others are not. The EU has a common list of countries whose citizens must have a visa when crossing the external borders and a list of countries whose citizens are exempt from that requirement. These lists are set out in [Regulation No 539/2001](#). Generally, a short-stay visa issued by one Schengen State entitles its holder to travel throughout the 26 Schengen States for up to three months within a six-month period. Visas for visits exceeding that period remain subject to national procedures. Existing rules also allow non-EU citizens to benefit from facilitated procedures for the processing of visa applications when a [facilitation agreement](#) has been concluded between a third country and the EU.

European Parliament

In September 2011, the EP adopted an [own initiative resolution](#) on “Europe, the world's No 1 tourist destination - a new political framework for tourism in Europe”. The EP welcomed the strategy presented by the Commission and pointed out that it represented a solid basis on which to develop a competitive, modern, high-quality and sustainable EU tourism sector, accessible to all. However, it deplored the lack of coherence among EC Directorates-General related to tourism, and called for better internal coordination. In order to address cross-cutting tourism-related issues, it stressed the need for close cooperation between the EU, international, national, regional and local authorities on the one hand, and tourism stakeholders on the other.

On financial resources, the EP in particular asked the Commission to develop clear signposting for the financial support available for tourism-related projects, and

emphasised that tourism should continue to play an important role in cohesion policy, within the framework of the 2014-20 financial perspectives. It also asked that a specific tourism programme, targeting micro-, small and medium sized enterprises in particular, be established in the 2014-20 financial perspectives, a proposal that did not in the end materialise.

In a recent [resolution](#) of 14 January 2014, it emphasised the importance of regional quality branding as a means to sustain high-quality tourism covering the different fields of regional tourism such as agri-tourism, eco-tourism, gastro-tourism, industrial, historical, natural and cultural heritage, and called on the Commission to include various forms of tourism involving rural activities in related measures and programmes such as EDEN or Calypso.

It also underscored in a [resolution](#) on Blue growth of 2 July 2013 the importance of sustainable maritime and coastal tourism, new forms of tourism such as eco-agri-fishing tourism, the challenges of which are covered within a specific EC Communication [adopted](#) in February 2014, "A European Strategy for more growth and jobs in coastal and maritime tourism".

Further reading

Study on the impact of EU policies and the measures undertaken in the framework on tourism: Volume 1 [Measures](#) / Volume 2 [Guide to EU Funding Programmes for Tourism Stakeholders](#), prepared for the European Commission, 2012

Nouveau Traité sur le fonctionnement de l'Union européenne, politique du tourisme et protection de l'environnement: une occasion manquée/Marco Onida, in Revue du Droit de l'Union Européenne, 4/2011

Endnotes

¹ The 2010 Communication (COM(2010) 352) indicates that the European tourism industry covers traditional suppliers of travel and tourism services (hotels, restaurants, travel agencies, car hire, charter airlines, tourist coaches, cruise vessels, etc.) offering goods and services directly to visitors.

² Such definitions include not only the traditional suppliers of travel and tourism services (see note above) but also the sectors linked to tourism, in particular distribution, construction, transport companies in general (air, rail, maritime, bus/coach, etc.) and the cultural sector (including cultural and creative industries).

³ These data come from the 2010 Commission Communication. Recent research published by [Eurostat](#) (Statistics in focus 32/2013) shows slightly different results, with more than one in seven enterprises in the European non-financial business economy belonging to the tourism industries in 2010 i.e. 3.4 million enterprises employing an estimated 15.2 million persons. The [proposal](#) for a recommendation on European Tourism Quality Principles mentions 3.3% of the EU workforce i.e. about 8 million jobs for traditional suppliers of travel and tourism and around 8.5% of all jobs (approximately 18.8 million people employed) using the broader definition (see note 2).

⁴ [Le droit européen du tourisme](#), Cédric Guyot et Adrien Lanotte, Journal de droit européen n°148, pages 101-111, Larcier, Avril 2008.

European Tourism Quality Principles

The 2010 Communication envisaged the creation of a European Tourism Quality Label (ETQ label) in order to increase consumer confidence and security in tourism products. The Commission started preparatory work with the close involvement of public and private stakeholders (an [open conference](#) was held in January 2012, followed by a [public consultation](#) and the publication of a [study](#) assessing the impacts of the different options).

The EC proposed on 20 February 2014 a Council recommendation laying down a set of voluntary [European Principles for Quality Tourism](#), whose purpose is to help tourism service-providers, which decide to follow these principles, to promote the quality of their services. They provide a quality guarantee, in particular for the travellers coming from outside the EU, thus enhancing Europe's attractiveness as a tourist destination. Covering four main areas – employee training, consumer satisfaction policy, cleaning and maintenance, and information available to consumers – the proposed recommendation enshrining these principles will be discussed by the [Council](#) during the Greek and Italian EU Presidencies.

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