

Research for TRAN Committee – Relaunching transport and tourism in the EU after COVID-19

Part IV: Tourism sector

KEY FINDINGS

- COVID-19 caused a large drop in international tourism arrivals and receipts in 2020, putting EU Member States' tourism industries in jeopardy in terms of income and job losses. Before international inbound tourism resumes, intra-European and domestic tourism represent the only chance to counterbalance and mitigate the financial losses.
- The European Travel Commission's (ETC) report (July 2021) outlined an optimistic scenario for the summer season 2021, expecting a significant tourism rebound in the third quarter of 2021. Yet, for a proper overview it is necessary to wait for official data for the summer season 2021.
- The spread of the more transmissible COVID-19 Delta variant has hindered the consistent use of the EU Digital COVID Certificate as national authorities of some EU Member States adjusted travel protocols accordingly.
- Travel and Tourism patterns and practices have changed due to the pandemic, showing a tendency towards closer destinations (domestic travel, tourism of proximity, short haul trips), longer holidays, last minute bookings, and increased concern about safety and hygiene.
- Digital and green transitions were emerging trends in the industry, prior to the pandemic. The pandemic accelerated the call for a green and digital transformation. The industry must continue to build digital skills, implement digital solutions, build sustainable infrastructure, and address sustainable travel patterns.

The present document is the executive summary of the thematic briefing on Relaunching transport and tourism in the EU after COVID-19 - Tourism sector. The full briefing, which is available in English can be downloaded at: <https://bit.ly/3Cxly3v>

Policy Department for Structural and Cohesion Policies
Directorate-General for Internal Policies

Author: Ljubica KNEZEVIC, Maria RODRIGUES, Tharsis TEOH (PANTEIA)
Barbara ANTONUCCI, Nicole CUTRUFO, Lidia MARONGIU (Università degli Studi Roma Tre)
PE 690.884 - November 2021

The impacts of COVID-19 on tourism sector



Due to the impact of the pandemic on tourism, the **overall contribution of tourism to total GDP in Europe halved** from 9.5% in 2019 to 4.9% in 2020. **International tourism arrivals in Europe dropped by 70% in 2020** in comparison to 2019. The **World Travel & Tourism Council (WTTC)** reported that **3.6 million jobs were lost in Europe in 2020**.

In 2020 there was a significant shift towards domestic and regional travel. Domestic travel share of total travel in Europe increased from 55% in 2019 to 69% in 2020. The pandemic had an uneven impact on Member States and regions. **Countries with a large domestic market** like Germany, the Netherlands and Poland **were hit less severely** than smaller countries with limited domestic demand (e.g. Malta and Cyprus).

The pandemic had **different effects on each sub-sector of the industry**. While hotels were significantly hit, short-term rentals generally performed better. Data from the hotel industry shows in 2020 a significant drop in occupancy (54%) and in average daily rates (18%). Data from the food and beverage industry shows that turnover and employment dropped by 30% and 16% respectively. Business trip providers, event organisers as well as travel and tourism operators experienced the highest losses.

Even though the vaccine rollout is taking place promptly in Europe, **a significant recovery of the whole industry is not to be expected in 2021**. The UN World Tourism Organization (UNWTO) forecasts two possible scenarios for recovery in 2021 on a global level, ranging from 63% to 75% fewer international tourist arrivals compared to 2019. However, there was some optimism in the [European Travel Commission](#) report published in July 2021, reporting better forecasts for Europe in 2021.

In the short and medium term, before the pandemic is over, **strengthening travellers' confidence remains the main challenge for the industry**. This depends upon:

- **the EU Digital COVID Certificate and clear and consistent travel protocols** at the EU level, which do not deter passengers with excessive administrative pressure;
- **harmonised hygiene and safety standards**, clearly and widely communicated and understandable by all categories of travellers;

- **the vaccine inoculation rate:** perception of safety plays an important role in boosting consumer confidence.

The introduction of the **EU Digital COVID Certificate** was welcomed by operators and stakeholders as a way of unifying travel protocols at the EU level and **facilitating the free movement of people**. **The requirements to obtain the EU Digital COVID Certificate are the same for all EU Member States** (vaccination, immunization, or a temporary pass after a negative PCR test). However, additional national measures may then be applied to restrict access to museums, archaeological sites, cultural, entertainment, sport venues, etc. This generates confusion among European travellers and residents.

Travel patterns have changed as a consequence of the health emergency, showing a tendency towards uncrowded and close-to-home destinations. More ethical, responsible and sustainable forms of tourism had been discussed at length and promoted prior to the pandemic, but the COVID-19 crisis has reinforced the need for tourism stakeholders to take bolder steps towards achieving carbon neutral tourism before 2050. A successful, **sustainable transition** will involve investments in sustainable infrastructure, employees' education and training, and greater **inclusion of residents in tourism practices**. Mobility is embodied in tourism and green mobility patterns will be crucial, also for the tourism transition, towards carbon neutrality.

To properly **address a digital transformation of the industry**, investments in digital infrastructure, tourism data strategy, implementation of emerging technologies and development of employees' digital skills and competences are essential.

The weak financial situation of tourism operators and related liquidity problems, mainly among small and medium-sized enterprises (SMEs), might **reduce the sector's capability to invest in the digital and green transition**. Without significant support from the EU's Multi-annual Financial Framework (MFF), coupled with NextGenerationEU (NGEU) and the Recovery and Resilience Facility (RRF), the green and digital transition will be hampered, and the long-term competitiveness of the EU tourism sector may be threatened.

Data from the 2021 summer season indicates that the transformation must take place in a timely fashion to avoid the risk of unsustainable overtourism¹. Despite the overall decrease in tourism activity, this phenomenon has already been detected in some localities (e.g., in Croatia, Montenegro, Italy, etc.) during the summer season 2021.

¹ Overtourism occurs when certain places of interest are visited by excessive numbers of tourists, causing undesirable effects for the places visited. Even though we have recorded a significant drop in the number of international tourists in 2020, during the summer season of 2021, some destinations detected overtourism in July and August 2021 due to the high demand pressure in the short time span.

Further information

This executive summary will be available in the following languages: English, French, German, Italian and Spanish. The briefing, which is available in English, and the summaries can be downloaded at: <https://bit.ly/3Cxly3v>

More information on Policy Department research for TRAN: <https://research4committees.blog/tran/>



Disclaimer and copyright. The opinions expressed in this document are the sole responsibility of the authors and do not necessarily represent the official position of the European Parliament. Reproduction and translation for non-commercial purposes are authorised, provided the source is acknowledged and the European Parliament is given prior notice and sent a copy. © European Union, 2021.
© Image on page 2 used under the licence from Adobe Stock.

Research administrator: Ariane DEBYSER, Davide PERNICE

Editorial assistant: Mariana VÁCLAVOVÁ

Contact: Poldep-cohesion@ep.europa.eu

This document is available on the Internet at: www.europarl.europa.eu/supporting-analyses