

Tourism sector: EU funding to cope with the coronavirus crisis

Tourism has been severely hit by the coronavirus crisis. At the peak of the pandemic, most EU Member States introduced measures restricting free movement across borders. Tourism businesses were among the last to be allowed to resume activities, and have had to apply strict health protocols and containment measures, meaning that they are operating at restricted capacity with increased costs. Most tourist destinations have seen a huge drop in tourist numbers and their season curtailed. Many Member States have recently begun to impose new confinement and quarantine measures and travel restrictions.

Introduction

The coronavirus crisis has been [disastrous](#) for tourism. A number of tourist-related businesses such as aviation, transport, cruises, hospitality, gastronomy and the cultural sector have seen their incomes dwindle and are now facing huge losses and potential bankruptcy. A [report](#) by the Organisation for Economic Co-operation and Development (OECD) points to a 60 % decline in international tourism in 2020. This could reach 80 % if post-pandemic recovery is delayed until December.

EU funding that may be used by tourism-related businesses

The EU has limited powers with regard to the tourism sector and can only support, coordinate or supplement Member States' action in this area. It does not have a specific budget for the tourism field. For the current programming period (2014 to 2020), a number of [EU funds](#), the European structural and investment ([ESI](#)) funds in particular have been used by EU regions and Member States to support businesses in the tourism sector and to build infrastructure to alleviate pressures from tourist flows (e.g. funding of sewerage and water infrastructure, and maintenance of roads). The pandemic has led the EU to take a number of exceptional measures in support of SMEs, as stated in the European Commission's [communication](#) 'Tourism and Transport in 2020 and beyond'. Tourist-related businesses can also benefit from these exceptional measures if EU Member States and regions decide to allocate them funds.

The first [package](#) of measures, including the Coronavirus Response Investment Initiative ([CRII](#)), was proposed by the European Commission on 13 March 2020. As part of this package, the Commission adopted an economic response to the outbreak, applied the [full flexibility of the EU fiscal rules](#), revised its [State aid rules](#) and set up the €37 billion CRII to provide small businesses and the healthcare sector with liquidity. To achieve this, the Commission proposed amending the current ESI fund [rules](#) in order to release investment liquidity. A number of airlines have also benefited from the relaxation of State aid rules.

On 2 April 2020, the Commission put forward a second package of measures (including the Coronavirus Response Investment Initiative plus – [CRII+](#)). A legislative proposal was included in the package to provide exceptional additional flexibility for the use of the ESI funds. This will help provide further liquidity and easier use of funds, which may also be of benefit to the tourism sector. As a temporary and exceptional measure, a proposal was made to allow for the temporary possibility of 100 % financing from the EU budget between 1 July 2020 and 30 June 2021 for programmes dealing with the impact of the pandemic, as well as additional transfer possibilities between the European Regional Development Fund ([ERDF](#)), the European Social Fund ([ESF](#)) and the Cohesion Fund ([CF](#)), and between the different categories of region. Financial instruments were also extended to the European Agricultural Fund for Rural Development ([EAFRD](#)). A number of simplification measures concerning the reporting and auditing of the ESI funds were put in place in order to make the funds easier for beneficiaries to use.

In April 2020, the Commission proposed the creation of a European instrument for 'temporary support to mitigate unemployment risks in an emergency' – the [SURE](#) programme. This aims to help Member States cover the costs of national short-time work schemes and similar measures allowing companies to safeguard

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jobs in the tourism industry, and promotes the importance of investing in reskilling, digital skills training and job support initiatives, which will prevent ongoing job losses and social inequality due to the crisis.

The European Investment Bank (EIB) has also funded a number of tourism businesses. To address the crisis, the EIB has set up a €25 billion [guarantee fund](#) to enable the EIB Group to scale up its support for companies in all EU Member States, mobilising up to €200 billion that can also be exploited by tourism businesses. This comes on top of the immediate support package already announced of up to €40 billion, including guarantee schemes, liquidity lines and asset-backed securities purchasing programmes.

Furthermore, the European Globalisation Adjustment Fund ([EGF](#)) can also be mobilised to support redundant workers and the self-employed. Up to €179 million is available in 2020.

More funding opportunities for tourism-related businesses may emerge from the next EU budget (2021-2027 MFF) and the future recovery instrument [Next Generation EU](#), although there is still no explicit budget line covering tourism. Nevertheless, the Commission communication on Next Generation EU stresses that tourism could see a drop of over 70 % in turnover in the second quarter of 2020, while tourism ranks first among the various ecosystems described in the instrument in terms of basic investment needs, which total €161 billion.

European Parliament position

The Parliament's Committee on Transport and Tourism (TRAN) has a dedicated [Tourism Task Force](#), which focuses on tourism-related issues. In March 2020 the Members of this task force called on the Commission to present a [tourism rescue action plan](#), to ensure timely national and European assistance for the travel and tourism sector, including through national compensation schemes and financial aid instruments, and to establish a crisis-management mechanism for the sector.

On 19 June 2020, the European Parliament adopted a [resolution](#) on transport and tourism in 2020 and beyond, calling for additional measures to assist the travel and tourism sector. The resolution sought financial support for the sector, including a dedicated line in the EU budget, and regretted the current lack of a concrete and targeted financial instrument to help the sector's recovery. It called on the Commission to accord due importance to the tourism sector in the recovery package and to issue guidance to ensure swift access to funding, without excessive red tape, under both ongoing and upcoming programmes. It highlighted the importance of investment in this sector through the Recovery and Resilience Facility of Next Generation EU, which will allow the development of a strategy for a sustainable, flexible and competitive tourism sector across the EU. It also suggested that the EU recovery plan must include the possibility of offering additional financial support to the tourism sector on the basis of the share that the travel and tourism sector contributes to each Member State's gross domestic product.

In July 2020, Members of the Tourism Task Force requested [additional urgent measures](#) to relaunch tourism in Europe and help businesses to survive the crisis. In an [open letter](#) to the EU Heads of State or Government, and to the German Presidency of the Council, the TRAN committee chair called for the allocation of dedicated funding for sustainable tourism in the 2021-2027 MFF.

In September 2020, the Tourism Task Force MEPs issued a joint [statement](#) after a meeting with stakeholders in the field of tourism, acknowledging the tourism sector's disappointment in the EU's efforts to date. The statement called on the EU to come forward with a strategy on sustainable tourism and a dedicated line in the next long-term EU budget. It sought a €300 million budget line to implement a common vision for sustainable tourism over the coming seven years, to make sure that the sector can recover.

Advisory bodies and stakeholder activities

In an [opinion](#) adopted in September 2020, the European Economic and Social Committee states that the European Commission communication on tourism and transport in 2020 and beyond should be a strategic policy tool for rethinking the EU's sustainable model of tourism and transport, and calls for a comprehensive package of measures. The European Committee of the Regions is currently preparing an [opinion](#) entitled: 'Towards more sustainable tourism for EU cities and regions'. Back in March 2020, the European Tourism Manifesto alliance, a representative body for the European travel and tourism sector, issued a [statement](#) on the implementation of urgent measures to limit the impact of the pandemic on the sector. The European Travel Commission ([ETC](#)) has also meanwhile conducted a number of [analyses](#) on the impact of the coronavirus crisis on the tourism sector.

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