



EUROPEAN COMMISSION

DIRECTORATE-GENERAL

REGIONAL AND URBAN POLICY

European Territorial Cooperation, Macro-regions, Interreg and Programme Implementation

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“Expert advice on cooperation in tourism industry during the pandemic crisis”

Deliverable 1:

“The impact assessment analysis for the four Macro-regional
strategies”

**tourism
generis**

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EXECUTIVE SUMMARY

COVID-19 pandemic brought to the world the deepest crisis ever, far costlier and more painful than Sep 11, SARS and the Global Economic Crisis.

Tourism is among the sectors to suffer the most. Compared to 2019:

- International tourist arrivals will be between 850 m to 1,1 bn fewer.
- International tourism receipts will be between USD 910 bn to USD 1,2 TN less.
- Job losses between 100-120 m

Europe, being the most important tourism market worldwide, will be heavily affected and the scenarios range between -43% and -78% for the international arrivals and between -30% and -75% for the domestic arrivals.

The total Travel & Tourism contribution to Gross Domestic Product (GDP) in Europe, from 1800 bn EUR in 2019 is expected to reach much lower levels, between EUR 1137 and 366 bn in an upside and a downside scenario respectively.

Total Travel & Tourism jobs loss projection scenarios for 2020 range between 14 and 29 m jobs.

Tourism does play an important role in the Member-Countries of the Macro-regions, where:

- Travel & Tourism total contribution to Gross Domestic Product ranges between 4,7% to 21,2%, while the average value is 10,5%.
- Travel & Tourism total contribution to Employment ranges between 5% to 22%, while the average value is 11%.

Travel restrictions and closed borders resulted in the decline (collapse) of airline business by 95% as of April 2020. More than 75% of the hotels closed, while the average occupancy rate for the rest was lower than 30%. Other tourism industry branches did (do) suffer equally or worst.

The arrival of COVID-19 in the Macro-regions resulted in a serious decline on the international tourist arrivals, which for the period January-May 2020 is estimated up to -67% for EUSAIR, -63% EUSALP, -55% for EUSBSR and -57% for EUSDR, compared to January-May 2019.

Right after the lockdowns and with most tourism business activities close to zero, Governments tried to save enterprises and jobs with a mix of fiscal and monetary policy

measures. Top priority was to support employment and save (part of) the income of the workforce.

OECD presented two equally likely scenarios for the economies: One scenario in which a second outbreak of COVID-19 occurs before the end of 2020 (double-hit scenario) and the least worst scenario (single-hit), where the second outbreak is avoided.

Single-hit scenario brings bad news with Real GDP Growth in Euro area -5,6% (2020 Q4) and even worst news with -15,1 Real GDP Growth by the double-hit scenario.

Based on previous experiences, it is known that after SARS, it took tourism 5 months to go back to growth, while after Sep 11, it took 6 months and after the Global Economic Crisis, 10 months. In the case of COVID-19, it seems to be more than one year. However, tourism should remain an area of priority investment, despite this year's low performance. Tourism, being among the main pillars of the economies in the MRS Member-Countries, should always have a leading role in their long-term development plans.

Tourism resilience is being challenged once more. During 2020, tourism economies will mostly rely on domestic tourism, while the tourism flows between MRS Member-Countries being relatively limited, are not expected to contribute significantly in the effort to minimize losses in tourism revenues. Upgrading cooperation on tourism level, between the MRS participating countries and regions should be a priority. Part of this cooperation should focus on expanding the notion of domestic tourism, in a way to boost tourism flows at least within the neighbouring countries of the respective Macro-regions. There is also a clear need for introducing-improving market intelligence, mainly tourism statistics and joint promotional efforts.

Given the fact that crises are frequent guests in tourism, all MRS should be prepared on managing crises on communication level, by establishing regional and inter-MRS task forces, on a fulltime basis, supported by tourism communication experts'.

Macro-regions should quickly formulate policies for rebooting the tourism industry, as all EU funds are currently under preparation for the upcoming programming period (2021-2027). Existing networks and various macro-regional actors could be mobilized in order to provide more support to the tourism industry, through various resources and policies: the structural funds' relevant programmes (mainly the regional ones); the special packages adopted for rescuing the EU economy (eg. CRII and CRII+, RESCUE EU); as well as in the directly EU managed programmes, which are related to business innovation and research.

Transnational, and cross-border cooperation, supported by Public-Private Partnerships, can provide the necessary framework to fight against the pandemic, both in terms of

minimizing-controlling the outbreak and in terms of restarting the economy. It is recommended that European Commission examines how to initiate policies and actions needed to restart tourism in a sustainable way, making full use of its financial arsenal, such as ERDF (European Regional Development Fund), ESF (European Social Fund), IPA III (Instrument for Pre-accession Assistance), ENI (European Neighborhood Instrument), as well as the EU directly managed funds, such as Horizon Europe, COSME, Creative Europe, Erasmus, etc.