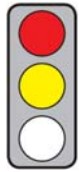


## MAIN ISSUES

**Objective of the Communication:** The Commission presents its vision of a future EU tourism policy.

**Parties Affected:** Consumers, tourist service providers and transport companies.



**Pros:** A "European heritage label" and the "European Capitals of Culture" improve the image and profile of Europe as a place of immense cultural wealth.

**Cons:** (1) An exchange programme financed by public funds is superfluous since market mechanisms for a better distribution of holiday travel already exist.

(2) "Awareness-raising" regarding choice of holiday destinations and transport modes distort significantly competition between destinations and transport modes.

## CONTENT

### Title

**Communication COM(2010) 352** of 30 June 2010: **Europe, the world's No 1 tourist destination – a new political framework for tourism in Europe**

### Brief Summary

#### ► Background and objective of the Communication

- With the Lisbon Treaty the EU acquired new competences in the field of tourism which are anchored in primary law (Article 195 TFEU). It may now "complement" tourism policy in Member States by:
  - establishing framework conditions favourable to companies operating in the field of tourism and
  - supporting cooperation between Member States, in particular through the exchange of best practices.
 The Commission now wishes to act on this competence. With this Communication it presents its plans.
- The Commission makes a distinction between tourism in a narrower and in a broader sense:
  - Tourism in a narrower sense means hotels, restaurants, travel agencies, car hire, charter airlines, tourist coaches and cruise vessels. According to the Commission, this sector employs 5.2% of the total workforce, generating approximately 5% of the EU gross domestic product (GDP).
  - Tourism in a broader sense also includes transport companies in general and "cultural and creative industries". According to the Commission, 12% of the total workforce are employed in this sector, generating 10% of the EU GDP.
- The Commission describes the "challenges" and presents an "action framework for tourism in Europe" (see [CEP Summary Table](#)). Its aim is to make European tourism a "competitive, modern, sustainable and responsible industry" (p. 14).

#### ► Challenges for tourism in Europe

- According to the World Tourism Organisation (WTO), in 2008 Europe was the world's top destination with 370 million tourist arrivals or 40% of all tourists around the world (see World Tourism Barometer, Volume 8, 2010).
- However, the Commission identified several challenges to tourism in Europe:
  - In 2009, the economic and financial crises led to a 5.6% fall in tourist arrivals in the EU, in some regions this was even 8%. For 2010, the WTO estimates a below-average increase in the EU tourism sector (see World Tourism Barometer, Volume 8, 2010).
  - The ash clouds of the volcano Eyjafjöll in April and May 2010 caused estimated damages to the tourism sector of almost 1 billion euro.
  - The majority of tourist movement takes place in July and August, making the optimum use of existing infrastructure and staff impossible.
  - Demographic change in the EU is leading to a change in travel behaviour since elder people are less mobile and also prefer other destinations to young people. The number of persons aged over 65 is expected to be 20% of the population in 2020.
  - The increasing use of modern information and communication technologies (ICT) "radically" changes the relationship between consumers and the tourism sector.
  - Future water and energy shortages will also affect the tourism sector, which is in addition going to have to deal with the impact of pollution and climate change (e.g. declining snow cover and rising sea levels).
  - The EU is facing increasing global competition from other destinations, as emerging and developing countries also now attract "increasing numbers" of tourists.

► **Action framework for tourism in Europe**

– **Measures to promote Europe’s image as a tourist destination**

The Commission wishes to take joint “initiatives” with Member States and the European tourism sector in order to improve Europe’s “image” as a tourist destination. The main addressees are the USA, Japan, China, Russia, India and Brazil:

- A “true” ‘Europe brand’ serves to establish a unique profile to distinguish itself from other international destinations. The brand is to complement national and regional promotional efforts.
- The tourism website [www.visiteurope.com](http://www.visiteurope.com) of the European Tourism Commission, a pool of national tourism organisations, is to receive enhanced marketing.
- The EU is to participate in events of international organisations as an individual player, particularly within the context of the World Tourism Organisation.

– **Actions to stimulate competitiveness**

- The Commission wishes to make the cultural and natural wealth of Europe better known and to promote transnational tourism products (e.g. European cycle routes or Camino de Santiago):
  - A “European heritage label” is to be awarded to sites of common European heritage. They are to receive a European “seal” of “legitimacy”.
  - The “successful experiment” of the “European Capitals of Culture”, which is an annual cultural programme of “European dimension” organised by two cities chosen from various Member States, is to continue. According to the commission, the number of overnight stays in the respective cities has increased from year to year by an average of 12%.
- The Commission intends to “improve” the distribution of holiday travel throughout the year:
  - A publicly funded “voluntary” exchange mechanism for tourists is to enable “key groups” such as young people (up to the age of 30), the elderly (65+), disabled people and low-income families to travel to tourist destinations in other Member States during the low season. According to the Commission, this will benefit both the tourists’ country of destination and their home country in the form of more growth and employment.
  - A “voluntary” online information exchange mechanism is to ensure the improved coordination of school holidays in Member States.
- Moreover, the Commission intends to improve the statistical knowledge base in the tourism sector:
  - An annual market survey is to measure European consumer satisfaction with various tourism services (e.g. transport and accommodation) within the scope of the Consumer Markets Scoreboard [see COM(2008) 31 and [CEP Policy Brief](#) and COM(2009) 25 and [CEP Policy Brief](#)].
  - Leading on from a pilot project, it will establish a “virtual tourism observatory” aimed at networking Europe-wide tourism research, for example travelling behaviour.
- The tourism sector is to adapt to the changes in information and communication technologies (ICT). For this purpose, the Commission wishes to launch a hitherto unspecified “ICT and tourism” platform in order to foster “possible synergies” between the two sectors.

– **Actions to promote “sustainable, responsible and high-quality tourism”**

- The Commission wishes to promote “sustainable and responsible high-quality tourism”:
  - It will conduct “awareness-raising campaigns”, for instance, relating to:
    - the choice of destinations,
    - the means of transport and
    - “combatting the exploitation of women and children” in the destinations visited.
  - It will develop indicators for the “sustainable management” of destinations and, based on this system, develop a label for the sustainable management of tourist destinations.
  - A European ‘*Qualité Tourisme*’ brand is to reward “rigorous efforts by tourism professionals” in order to increase consumer confidence in tourism.
- In so doing, the Commission intends to use the experience of initiatives such as:
  - NECSTouR (Network of European Competitiveness and Sustainable Tourism Regions), a pool of “sustainable” European tourism regions and
  - EDEN (European Destinations of Excellence), an annual competition for outstanding destinations.

– **Actions to maximise the potential of “EU financial policies and instruments for developing tourism”**

- According to the Commission, tourism policy is characterised by its “transverse nature”, which means it encompasses many sectors: transport, competition, internal market, taxation, consumer protection, environment, employment, education and culture. The Commission is “determined” to better integrate tourism into its various policies.
- The Commission promotes the concept of passengers having “similar” rights in maritime, bus and coach transport, as is already the case in air and rail transport.
- Until 2013, the Commission will use financial means from the European Social Funds (ESF), the European Regional Development Fund (ERDF), the European Agricultural Fund for Rural Development (EAFRD) and the European Fisheries Fund (EFF) in order to support tourism projects (e.g. coastal regions especially hit by the decline of ship-building). Whether or not money will continue to be spent on this after 2013 will be decided by issues of “budgetary constraints”.

## Statement on Subsidiarity by the Commission

The Commission wishes to implement the action framework in “close cooperation” with Member States. It stresses that the “principle of subsidiarity defined in the Treaty” must be respected. (P. 7)

## Policy Context

The Commission, the Council and the European Parliament (EP) have been engaged in the promotion of tourism since the early 1980s. Important stages have been the establishment of an “Advisory Committee on Tourism” (Decision 86/664/EEC) and the Communication entitled “Working Together for the Future of European Tourism in Europe” [COM(2001) 665], as well as the Communications on guidelines for the sustainability of European tourism [COM(2003) 716], towards a stronger partnership for European Tourism [COM(2006) 134] and on sustainable tourism [COM(2007) 621].

In 2009, the EP launched the CALYPSO initiative. With this preparatory action, the Commission aims to promote amongst other things the cross-border tourism exchange of “key groups”. CALYPSO expires in 2011 and had a budget of Euro 1 million in 2009. Subsequent budgets must be redefined each year.

After the conference on tourism in Europe, the Council published the declaration of Madrid in April 2010. It contains a commitment to the sustainable competitiveness of the sector and the statement that the EU’s commitment to tourism creates added value.

On 6 July 2010, the European Parliament adopted a compromise proposal by the Council for a Regulation on passenger rights in sea and waterway transport (EP Decision EP P7\_TC2-COD(2008)0246). The Council did so too on 10 October 2010; the Regulation will enter into force after publication in the Official Journal. With regard to passenger rights in bus transport, the EP and the Council have not yet reached an agreement.

## Options for Influencing the Political Process

Leading Directorate General:

DG Enterprise and Industry

# ASSESSMENT

## Economic Impact Assessment

### Ordoliberal Assessment

It is difficult to identify a necessity for EU action in the field of tourism, as it is from competition between individual cities, regions and Member States that tourism in Europe lives. An added value for European tourism policy could, at best, be created by attracting *additional* tourists to Europe through a global advertising campaign. The Commission does announce corresponding “initiatives” for improving Europe’s image as a tourist destination.

However, it is questionable whether the planned “European seal of quality”, which is to accompany national and regional advertising campaigns, will have much of an effect on the choice of Europe as a travel destination for, e.g., Brazilians or Chinese. After all, Europe is already well established as a popular travel destination throughout the world. The Commission itself stresses that it is the most frequently visited travel region in the world. It would seem that this outstanding position could be achieved without any European tourism policy.

Much more effective are the initiatives of the “**European Capitals of Culture**” and the planned “**European heritage label**”: they **contribute to making the cultural and natural wealth of Europe better known** – to both Europeans and non-Europeans.

Of course, such initiatives have an effect not only on global tourist flows, but also on tourist flows within Europe. This leads to distortion of competition between other travel destinations, which from an ordoliberal standpoint gives cause for concern. There is no ideal solution to the dilemma that promoting the awareness of Europe’s cultural wealth is accompanied by a distortion of competition. Therefore, said awards should be granted at least through transparent selection processes. However, the Commission does not address that point.

**The project of a publicly funded exchange programme for tourists** in order to ensure a better distribution of holiday travel throughout the entire year **is to be categorically rejected. The Commission ignores the fully functioning market mechanisms which already ensure a better temporal distribution on their own**, such as significantly lower prices during the low season. **Peaks during the summer** do not **occur** because the market has “failed” but **due to officially prescribed school holidays and the climate conditions in holiday destinations**. Neither of these factors would be affected by an exchange programme. The elderly and young people, who do not depend on school holidays, are already able to travel during the low season. The fact that they do not suggests that they *do not want to*.

**The propagated coordination of school holidays between Member States is also to be rejected**, even if such coordination is carried out “voluntarily” at first: It is not in the interests of European integration that Germans, when on holiday abroad, meet only Germans because only they are on holiday. It is **especially during the holidays** that **it is ideal for forming a European identity, as cross-country acquaintances can be easily made**.

**It is not the state’s task to push people into a “sustainable, responsible and high-quality tourism”.** **Environmental protection is to be ensured through a statutory framework** under which the tourism sector operates (including all transport modes). **This is much more efficient**. Besides, tourists have a personal interest in clean beaches and clean air.

**The announced “awareness-raising campaigns” for the choice of travel destinations and of transport modes** are therefore to be rejected: they **distort competition between tourist destinations and transport modes massively**. An informed consumer is more than capable of deciding for him or herself which travel destinations and transport modes are in line with their individual values.

The announced public support of individual tourism projects is also to be rejected: the resulting distortion of competition threatens to push aside existing and profitable tourism options – in both subsidised and non-subsidised regions.

#### Impact on Efficiency and Individual Freedom of Choice

The market survey of the tourism sector within the scope of the consumer scoreboard is to be rejected. Although at first the Commission only wishes to measure tourist satisfaction, with its consumer scoreboard it is in fact striving to interfere with market development should such surveys – according to the Commission’s interpretation – imply “market disruptions” [see COM(2008) 31; [CEP Policy Brief](#)].

An objective diagnosis of “market disruptions” is not possible to be identified through surveys: any possible dissatisfaction with prices and quality can be a mere expression of the consumers’ reluctance to pay the price for high-quality services, even if the market itself functions perfectly. If the Commission interferes nevertheless, it will harm the functionality of the tourism market. It is the responsibility of competition authorities to ensure the sound operation of such mechanisms, not of the Commission.

#### Impact on Growth and Employment

It is questionable whether, as claimed by the Commission, the proposed measures lead to a positive impact on growth and employment in the tourism sector. It is not even sure that the observed increase in overnight stays in the “European Capitals of Culture” is not being offset by the resulting decline in overnight stays in other cities.

Particularly incomprehensible are the projected positive impacts of tourist exchange programmes on growth and employment in the home countries, for **tourists normally request non-tradable services** (e.g. accommodation, restaurants) **at their destinations. Positive impacts on growth and employment can be expected exclusively from destinations** affected by exchange programmes, whereas destinations without exchange programmes are likely to be affected by negative impacts on growth and employment.

The funds necessary to promote tourism must be financed through taxes. The increased tax burden leads to negative effects on growth and employment.

#### Impact on Europe as a Business Locations

Insignificant.

## Legal Assessment

#### Legislative Competence

The measures proposed by the Commission are covered by EU competencies (Art. 195 TFEU).

The EU is entitled to base provisions regarding passenger rights on Art. 91(1) lit. d TFEU empowering the EU to adopt “appropriate” rules for a common transport policy.

#### Subsidiarity

The legal fragmentation in the field of passenger rights is an obstacle to the free movement of services in the tourism sector and lowers the willingness of companies to operate at cross-border level. As this can only be overcome by full harmonisation at EU level, the uniform regulation of passenger rights is in line with the principle of subsidiarity pursuant to Art. 5 (3) TFEU.

#### Proportionality

Currently not foreseeable.

#### Compatibility with EU Law

Unproblematic.

#### Compatibility with German Law

The proposed amendment regarding passenger rights is adopted in the form of a Regulation which applies directly in Germany.

## Possible Follow-up EU Action

Commission proposals for intervention into the market for tourism services are to be expected where this is suggested – according to the interpretation by the Commission – by the market surveys conducted as part of the consumer scoreboard.

## Conclusion

A “European Cultural Heritage Seal” and the “European Capitals of Culture” lead to an improved awareness of the cultural wealth of Europe. A tourist exchange programme financed by public funds is superfluous as market mechanisms for an improved distribution of holiday travel throughout the entire year already exist. “Awareness-raising campaigns” regarding choice of destination and transport mode distort significantly competition between destinations and transport modes.