

EU tourism sector during the coronavirus crisis

SUMMARY

Tourism in the European Union (EU) is one of the sectors hardest hit by the coronavirus crisis, with some parts of the sector and some regions more affected than others. Most tourist facilities were closed during the peak of the crisis, and events cancelled or postponed. Tourism businesses are also among the last to resume activities, and even if they do, they still have to apply strict health protocols and containment measures, meaning that they can operate only at restricted capacity. The Organisation for Economic Co-operation and Development estimates that tourism will decline 60-80 % this year, depending on the length of the health crisis and on the pace of recovery.

While aviation, cruise lines, hotels and restaurants are among the most affected, cycle tourism is becoming more popular during the recovery phase. An increasing number of tourists prefer domestic destinations, areas of natural value, active travel and avoiding overcrowded destinations, at least in the short-term. However, some changes might become permanent, such as the rise in purchasing tourism services online or the greater attention paid to hygiene and healthy living.

At the peak of the pandemic, most EU countries introduced temporary border controls and measures restricting free movement across the EU. However, the strictness and timeline of these measures varied greatly from one country to another. Recently, many EU destinations have started to lift national confinement and quarantine measures, including restrictions on travel. By 15 June 2020, most EU countries had opened their borders to EU travellers and had begun to plan to open borders to travellers from certain third countries as of 1 July 2020.

The EU has acted to support the tourism sector, whether by temporarily changing EU rules, helping to interpret current rules or by providing much-needed financial support. The European Commission helped to repatriate EU travellers. On 13 May 2020, the Commission adopted a comprehensive package of non-legislative measures for the tourism and transport sector, with the aim of helping EU countries to gradually lift travel restrictions and allow tourism and transport businesses to reopen. The Council and the European Parliament have, in general, welcomed the package, while making further suggestions on how to help the sector.



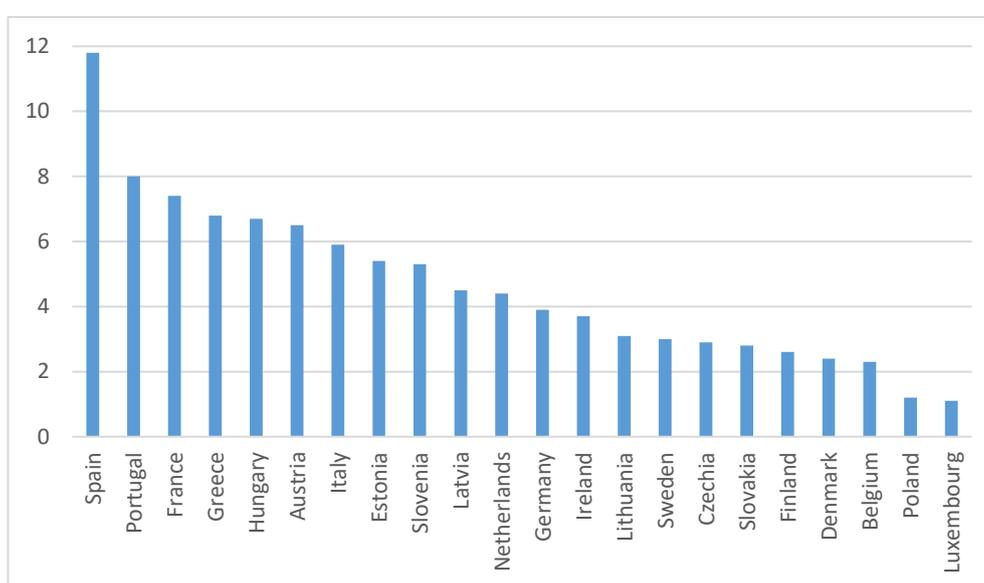
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Introduction

Tourism has been hard hit by the coronavirus crisis and by the measures taken to contain its spread. As underlined recently by the [European Commission](#), tourism is an important part of the EU economy. It generates foreign exchange, supports local and regional development and culture. Travel and tourism services contribute about 10 % directly and indirectly to EU gross national product (GDP), or slightly less if direct contributions alone are taken into account. According to the Organisation for Economic Co-operation and Development (OECD), tourism directly contributes, on average, 4.4 % of GDP, 6.9 % of employment and 21.5 % of service exports in OECD countries. The share of tourism in GDP is much higher in some EU countries (see Figure 1). Tourism is a particularly important sector for providing [jobs](#) for women and young people. Many jobs in tourism are seasonal, part-time and temporary. A majority of tourism enterprises are also micro-, small and medium-sized enterprises (SMEs).

Figure 1 – Tourism's direct contribution to GDP (as %) in selected EU countries



Source: [OECD](#), 2020.

All EU destinations (like all other destinations in the [world](#)) have been applying coronavirus pandemic-related measures and travel restrictions. These include individual measures, such as the promotion of good hand and respiratory hygiene, as well as societal measures, such as social distancing and prohibition of public gatherings. Tourism businesses were also among the first to shut down. Most hotels, restaurants, tourism sites and attractions were closed during the peak of the crisis, and festivals and events were cancelled or postponed. Tourism businesses are also among the last to resume activities, and even when they do, they still have to apply strict health protocols and containment measures, meaning that they can operate only at restricted capacity. Restoring travellers' confidence is also a huge challenge.

Travel restrictions

Most EU [Member States](#) and Schengen Associated States¹ introduced temporary border controls and measures restricting free movement across the EU at the peak of the pandemic. However, the strictness and timeline of these measures varied greatly from one country to another. While [Belgium](#), for instance, had already issued warnings against travel to coronavirus-infected regions in early February 2020, and imposed shelter-in-place measures for non-essential activities from mid-March until early/mid-May, Sweden opted for a lighter-touch strategy based on voluntary social distancing and the attainment of herd immunity. [Sweden](#) has kept its borders open to travellers from

all European Economic Area countries (EEA),² as well as from Switzerland and the United Kingdom (UK). Luxembourg also maintained open borders, although neighbouring countries closed theirs.

EU destinations have recently started to lift national confinement and quarantine measures, including restrictions on travel. The tempo and magnitude of lifting [travel](#) and tourism restrictions varies greatly from country to country. The majority of Member States had opened their borders to EU travellers by 15 June 2020, with others following by the end of the month. The Schengen visa information [website](#) provides a timeline giving an overview on border openings in EU Member States. However, the situation is changing rapidly, as countries are looking into ways to manage the virus while limiting travel restrictions. On 1 July 2020, the majority of EU countries gradually began to open EU [external borders](#).

Table 1 – Easing travel restrictions and reopening tourism activities: Country examples

	Re-opening timeline
Austria	<p>Borders to neighbouring countries have been open since 4 June 2020. Travellers from these countries did not need to quarantine or provide a medical certificate. On 16 June 2020, the borders opened to all remaining EU, European Free Trade Association and European Economic Area countries except for the UK, Sweden, Spain, and Portugal. By 8 July, borders had opened to travellers from Spain.</p> <p>From 15 May 2020, the whole gastronomy sector (restaurants, cafes and bars) and museums, reopened. Hotels and other accommodation facilities and recreational operations (e.g. indoor and outdoor events, tourist sites and beaches) reopened on 29 May 2020. A face mask must be worn in certain places (e.g. in public transport and at events in closed rooms).</p>
Belgium	<p>On 15 June 2020, Belgium opened its borders to travellers from the Schengen area and the EU, including the UK, without requiring a medical certificate or quarantine.</p> <p>Hotels were allowed to remain open during the crisis, but many closed because of lack of guests. Museums, nature and animal parks, historic buildings and cultural sites reopened on 18 May 2020 and restaurants, cafes and bars on 8 June 2020. Masks must be worn on public transport. Mass gatherings, such as festivals, are not allowed throughout the entire summer. Theatres, cinemas and amusement parks reopened on 1 July 2020.</p>
France	<p>On 15 June 2020, France opened its borders to travellers from the EU, Schengen Area and the UK. It recommends travellers from the UK remain in quarantine on arrival. Quarantine is obligatory when travelling overseas or when experiencing symptoms, regardless of nationality. In July, France started opening its borders to travellers from third countries. Travellers from Australia, Canada, Georgia, Japan, Montenegro, Morocco, New Zealand, Rwanda, Serbia, South Korea, Thailand, Tunisia and Uruguay can enter France without a certificate corresponding to their situation.</p> <p>Hotels were allowed to remain open during the crisis, but many closed because of a lack of guests. France started to reopen other tourism activities as of 11 May 2020, according to zones: green zones (low virus circulation) and orange zones (vigilance required). As of 15 June 2020, metropolitan France was declared to be entirely a green zone.</p> <p>On 11 May 2020, museums and monuments reopened in green zones. Restaurants, bars, cafes and theatres reopened in green zones as of 2 June 2020. In orange zones, only terraces could open. Beaches and tourist areas are open across France. Masks are recommended in certain situations and mandatory in others (e.g. on public transport).</p>
Greece	<p>Between 15 and 30 June 2020, it was possible to enter or exit Greece for tourism from EU/EEA Member States that are on the EASA affected area list, or from Italy, Spain, the Netherlands or Sweden, subject to tests upon arrival. On 1 July 2020, ports, airports and some land borders opened to travellers from all EU Member States, Andorra, Monaco, San Marino and the Vatican City, except for Sweden and the UK, which will be reviewed on 15 July 2020. As of 1 July 2020,</p>

	<p>arrivals are allowed from Algeria, Australia, Canada, Georgia, Japan, Montenegro, Morocco, New Zealand, Rwanda, South Korea, Thailand, Tunisia and Uruguay.</p> <p>Museums reopened on 15 May 2020 and beaches and tourist areas on 16 May 2020. Restaurants, bars and cafes opened on 25 May 2020. On 1 June 2020 year-round hotels and campsites opened, while seasonal hotels/resorts opened on 15 June 2020. Wearing a face mask is recommended in closed spaces and mandatory on public transport.</p>
Italy	<p>On 3 June, Italy opened its borders to travellers from the EU, Schengen area, the UK, Andorra, Monaco, Vatican City and San Marino, without requiring a medical certificate or quarantine.</p> <p>Hotels were allowed to remain open during the crisis but many closed because of lack of guests. Museums, restaurants, cafes, bars and beach facilities reopened on 18 May and theatres and cinemas on 15 June. Nightclubs, fairs and congresses remain closed at least until 14 July 2020. Mask must be worn in in closed spaces, including public transport, and in any situation where it is not possible to guarantee an interpersonal safety distance.</p>
Spain	<p>Spain changed its reopening plans several times. It finally opened its borders to travellers from the EU and the Schengen area on 21 June 2020. As an experiment in air corridors, a group of German tourists flew to the Balearic islands on 15 June. On 4 July, Spain opened its borders to travellers from Australia, Canada, Georgia, Japan, Montenegro, New Zealand, Rwanda, Serbia, South Korea, Thailand, Tunisia, and Uruguay. Residents of Algeria, China and Morocco may enter Spain in case of reciprocity of measures taken by the respective countries.</p> <p>Spain has started reopening tourism facilities according to the phase in which the different provinces are situated. On 18 June, the whole of Spain was in phases 2 and 3. In phase 2, hotels can reopen up to 30 % of their capacity and in phase 3 up to 50 % capacity. Restaurants can open up to 40 % of their capacity in phase 2 and in phase 3 up to 50 % capacity. Phase 1 (during which terraces opened) in bars and restaurants began on 11 May. Access to museums and beaches is regulated at the level of the Autonomous Regions. Masks must be worn in public.</p>

Source: <http://reopen.europa.eu> (last consulted on 9 July).

Impact on tourism

The impact of the coronavirus crisis on the tourism sector is massive, with some parts of the sector more affected than others. According to the revised [OECD](#) estimates, tourism will decline by 60-80 % in 2020, depending on the length of the health crisis and on the pace of recovery. The [World Tourism Organization](#) forecasts a 60-80 % reduction in international arrivals. The [World Travel and Tourism Council](#) predicts that, in the worst case scenario, the travel and tourism market could lose more than 197 million jobs worldwide in 2020. In this scenario, losses in the travel and tourism GDP contribution worldwide could amount to US\$5 543 billion (€4 928 billion), equating to a 62 % drop compared to 2019. The OECD says that recovery to pre-crisis levels may take two years or more. Some EU countries and regions have been hit worse than others, namely those hardest hit by the [pandemic](#) and more dependent on tourism (such as Italy). Countries that are later in easing travel restrictions and reopening tourism activities are also likely to be hit harder.

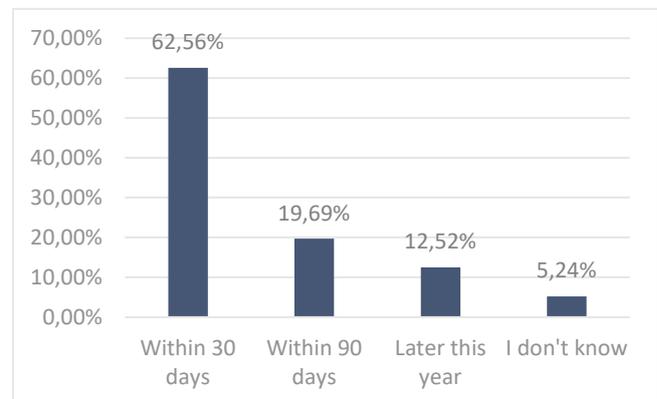
Recovery is expected to be faster in domestic tourism. Before the crisis, [domestic tourism](#) accounted for about 75 % of the total tourism economy in OECD countries on average. According to the OECD, countries that were more dependent on domestic tourism (e.g. Germany) before the crisis, are likely to recover faster. However, it is unlikely that domestic tourism could compensate in all destinations for the decline in international tourism.

According to a recent [survey](#), leisure travel is likely to resume faster than business travel. Many travellers want to use the travel vouchers they were offered for trips cancelled due to coronavirus, rather than risk losing their money. On the other hand, many businesses are limiting their corporate travel budget because of the financial difficulties or because the pandemic has facilitated a switch to greater recourse to online conferences. The high proportion of SMEs in tourism is also a factor. As the [International Labour Organization](#) notes, the cost of the pandemic 'may be proportionally far

higher for small enterprises because of their often-limited resources and their difficulties accessing capital'. Costs of applying strict health and containment measures as well as the adoption of digital tools may also be relatively higher for smaller enterprises.

The crisis is also changing [tourist behaviour](#). While some tourists prefer to postpone their trips, 80 % of respondents surveyed were ready to resume travelling to Schengen countries within the first three months of borders reopening (see Figure 2). Germany and France top the list of destinations the respondents planned to visit. Other travel behaviour adjustments include preferring domestic or rural destinations and outdoor activities, and avoiding crowded public places, at least in the short term. Some of these changes might become permanent, such as the increase in purchasing tourism services online, greater attention paid to hygiene and healthy living, as well as higher use of cashless and contactless payment methods. The use of robots may also increase.

Figure 2 – Within what period from the date entry bans are lifted do you plan to travel to the Schengen countries?



Source: Survey conducted by [SchengenVisaInfo](#) 1-10 June 2020 (2 636 respondents).

Impact in selected tourism subsectors

Aviation

The situation has been especially difficult in the [aviation sector](#), which was one of the first impacted and is also one of the last to restore activities. According to [Airports Council International Europe](#), on 8 June 2020, passenger traffic was down by 98 % compared to the same period in 2019. On 9 June 2020, the [International Air Transport Association](#) (IATA) estimated that airlines in Europe would lose US\$21.5 billion (€19.12 billion) in 2020. Some [airlines](#) have already failed (e.g. UK regional airline Flybe) or may cut tens of thousands of jobs (e.g. [Air France](#), which may cut up to 10 000 jobs – 20 % of its staff – by 2022). A number of European airlines restarted flight operations on 15 May 2020 at a reduced capacity, when most EU countries lifted travel restrictions to EU travellers. However, former passenger demand is not expected to be reached in the short term. [IATA](#) estimates that passenger demand in Europe could drop by 56.4 % in 2020.

Cruise lines

The crisis has been very hard for cruise lines. Most [cruise lines](#) stopped their operations in mid-March 2020. Some had trouble disembarking and repatriating passengers and were forced to remain in quarantine, making headlines due to high numbers of infections on-board. Others converted to [hospitals](#). The repatriation of crew members has been a huge problem. The first [cruise lines](#) have already filed for bankruptcy and thousands of cruise line workers in Europe are set to lose their jobs. In mid-May 2020, it was [reported](#) that UK cruise firm Carnival (the world's biggest cruise company) plans to cut 450 jobs, while [other companies](#) plan to resume sailing in July 2020.

Hospitality and gastronomy sector

The Hotrec³ 2019-2020 [annual report](#) notes the hospitality and gastronomy sector is facing severe crisis. Although in several EU countries (e.g. Belgium and France), hotels were allowed to stay open during the crisis, many closed, reported extremely low occupancy rates, or offered accommodation to frontline workers and vulnerable people. According to [STR](#),⁴ in April 2020, Europe's hotel occupancy was down by 84.6 % compared to April 2019.

In most EU countries, restaurants, bars and cafes were forced to limit their activity to delivery services, or completely close down for several months. Despite emergency support packages, many establishments risk not surviving the crisis. Even now that restaurants, cafes and bars are able to reopen, their capacity remains limited because of strict health protocols.

Sharing-economy platforms have also reported sharp declines, bringing job cuts and investment downsizing. On 5 May 2020, [Airbnb](#) was reported to be cutting 25 % of its workforce (1 900 employees) and limiting investments in certain segments (such as Airbnb Luxe). However, at the beginning of June 2020, [Airbnb](#) noted an upsurge in bookings, particularly for domestic destinations.

Museums

Museums in the EU are facing considerable financial losses as most had to close down for months, risking the survival of some. According to an [International Council of Museums](#) survey of museum professionals, conducted from 7 April-7 May 2020, 97.4 % of respondents in Europe said their museum was closed during the period. Some 12.8 % of respondents were afraid their museum might close permanently; furthermore, 16.1 % were temporarily unemployed, and contracts had not been renewed for 22.6 %. At the same time, the crisis was also an opportunity to improve some services, in particular online. According to the [Reopen EU](#) website, museums were open in almost all Member States in June 2020, with the exception of Romania and Ireland (the latter allowing only outdoor sites to open, with indoor sites reopening on 29 June 2020).

Cycle tourism

Although [cycle tourism](#) was also hit during the peak of the crisis, new opportunities have arisen for this form of tourism during the recovery phase. Respecting social distancing is easier during cycling (compared to public transport), which is why governments have recommended cycling when possible. Many cities in Europe have already installed additional bike lanes. It is possible that this new infrastructure will remain after the crisis, improving conditions for cycling in the long term and increasing the demand for bicycles and related services.

EU level support

The EU Treaties give the EU limited competences with regard to the tourism sector. The EU can only support, coordinate or supplement Member States' actions in this area. However, EU action can impact the tourism sector through legislative action in other areas, such as transport. The EU has, for instance, temporarily suspended the rules obliging airlines to use their allocated [slots](#) at EU airports.

Although, the EU does not have a separate budget line for tourism, it has helped to provide tourism businesses much-needed liquidity and support to retain their workforce. With the €37 billion [Coronavirus Response Instrument Initiative](#) (CRII), management of which is shared with Member States, the EU has provided immediate liquidity to businesses affected by the crisis. The CRII has allowed national governments to mobilise unused structural funds budgets for various purposes, including to support tourism businesses. With the [Coronavirus Response Investment Initiative Plus](#) (CRII+), the EU introduced further flexibility to the rules governing the funds. In addition, the Commission has made up to €8 billion available through the European Investment Fund to help SMEs across the EU, including in tourism. The €100 billion [SURE](#) programme helps countries to cover the costs of national short-time work schemes and similar measures allowing companies to safeguard jobs. In addition, the EU has helped Member States to provide support to tourism businesses by relaxing its fiscal and State aid rules. Finally, tourism is one of the key sectors that could benefit from the European industrial recovery plan.

European Commission

The European Commission has taken various actions to coordinate the Member States' response to the coronavirus pandemic and ensure that existing EU rules are correctly interpreted. In March 2020,

the Commission adopted [interpretative guidelines](#) on EU passenger rights and [informal guidance](#) on the application of the Package Travel Directive. The Commission also helped to [repatriate](#) EU travellers. Internal Market Commissioner [Thierry Breton](#) announced that the Commission is planning a special summit on tourism and the effects of the pandemic in autumn 2020.

On 13 May 2020, the Commission adopted a comprehensive tourism and transport [package](#), with the aim of allowing people, as soon as the health situation allows, to travel in their own country or across EU borders, while respecting all necessary health precautions. The package consists of the following measures:

- An [overall strategy](#) towards recovery in 2020 and beyond;
- A [common approach](#) to restoring free movement and lifting restrictions at EU internal borders in a gradual and coordinated way;
- A [framework](#) to support the gradual re-establishment of transport whilst ensuring the safety of passengers and personnel;
- A [recommendation](#) aiming to make travel vouchers an attractive alternative to cash reimbursement for consumers;
- [Criteria](#) for restoring tourism activities safely and gradually and for developing health protocols for hospitality establishments such as hotels.

The Commission recommended Member States open borders to travellers from outside the EU in three phases, subject to certain preconditions, such as countries having similar epidemiological situations, guaranteeing enough healthcare and testing capacity, and having contact tracing systems in place. The Commission recommends re-establishing tourism services gradually, in a coordinated and non-discriminatory way. It recommends using online solutions as much as possible (e.g. buying transport tickets online), increasing cleaning, and providing easy access to hand-washing facilities. It also encourages containment measures such as physical distancing, and additional safeguards such as masks, or glass or plastic panels when distancing is difficult to observe (e.g. on public transport). The Commission does not recommend leaving middle seats empty in airplanes, but to explore the most appropriate allocation of seats based on technical constraints instead. It also makes a number of suggestions on limiting crowds and welcomes the efforts to promote walking and cycling.

The Commission specifies that since the situation remains dynamic, all measures should be regularly re-evaluated and adjusted, taking the latest epidemiological developments into account. The Commission is not in favour of changing passenger rights rules. Passengers and travellers have the right to reimbursement for cancelled journeys (in cash or in the form of a voucher, at their choice). However, the Commission recommends making [vouchers](#) offered for cancelled journeys more attractive (for instance by making them valid for at least 12 months).

As announced in the package, the Commission launched the [Re-open EU](#) website on 15 June 2020, providing real-time information on the latest border controls and travel conditions in the EU, including information on public health and safety measures, such as on physical distancing and wearing of masks. It also provides links to patronage voucher schemes that allow customers to show support for a favoured hotel or restaurant by buying a voucher for a future stay or meal.

The Commission is also assessing and coordinating temporary travel restrictions. In its [communication](#) of 11 June 2020, the Commission recommended lifting travel restrictions for Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia and Serbia as of 1 July 2020. It also recommended opening external EU borders to students and highly qualified non-EU workers. Lastly, the Commission asked EU Member States to draw up a list of third countries to which they could open their borders, and proposed a [checklist](#) for selecting these countries.

European Parliament

The European Parliament adopted a [resolution](#) on transport and tourism in 2020 and beyond on 19 June 2020 (587 votes in favour, 32 against and 46 abstentions), giving generally positive feedback

to the Commission's action, while asking for additional measures to assist the travel and tourism sector. In particular, it called for financial support for the sector, including a dedicated budget line in the EU budget. The Parliament calls on the Commission to create an EU certificate for establishments and operators that meet the highest standards, and launch a dedicated EU communication campaign, aimed at promoting intra-EU travel, re-establishing confidence in travel and tourism during the crisis, and educating tourists on the health and safety measures in place. Lastly, the Parliament calls on the Commission to study the idea of a crisis-management mechanism for EU tourism.

Council

The Council has discussed issues related to the coronavirus crisis and tourism in various meetings. At a video-conference held on 20 May 2020, the [Council](#) welcomed the Commission's comprehensive package for the transport and tourism sector, particularly the introduction of the Re-open EU website. However, not all Member States agreed with the Commission's position on passenger rights, calling for more flexibility. The Council is also coordinating travel restrictions and border controls and discussed the issue of vouchers. At the [meeting of Transport Ministers](#) on 29 April 2020, a number of Member States supported a proposed temporary suspension of EU rules forcing airlines to offer full refunds for cancelled flights, while others were opposed.

On 30 June 2020, the [Council](#) recommended that EU Member States start (as from 1 July 2020) opening borders to travellers from Algeria, Australia, Canada, Georgia, Japan, Montenegro, Morocco, New Zealand, Rwanda, Serbia, South Korea, Thailand, Tunisia, Uruguay and China.⁵

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ENDNOTES

¹ Iceland, Liechtenstein, Norway and Switzerland.

² EU Member States plus Iceland, Liechtenstein, and Norway.

³ Association representing hotels, restaurants, cafes and similar establishments in Europe.

⁴ UK-based company providing market data and analytics on the hotel industry worldwide.

⁵ Subject to confirmation of reciprocity.

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eprs@ep.europa.eu (contact)

www.eprs.ep.parl.union.eu (intranet)

www.europarl.europa.eu/thinktank (internet)

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