

IMPORTANCE OF TOURISM POLICY IN THE ECONOMIC POLICY OF EUROPEAN UNION

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Summary

EU tourism policy is rather limited, consisting mainly of providing financial support or legislating through other EU policies. The European Union mentioned tourism in the treaties for the first time in 1992 introduced a possibility for the EU to take 'measures in the spheres of energy, civil protection and tourism'. The declaration attached to the treaty declared the EU's intention to discuss the inclusion of a tourism section in the EU treaty in the future. Many of these actions are a continuation of previous initiatives in tourism – promoting Europe as a tourist destination was already among the 2010 tourism strategy priorities, for example. Others reflect newer trends in society or technology. In an increasingly competitive global environment, EU tourism policy will be judged on its capacity to respond to change and deliver added value to actions at Member State and regional or local level.

Key words: EU tourism policy; EU treaties; Treaty on the Functioning of the European Union (TFEU); Calypso projects; COSME programs

European Union's Economic Policy and main trends which affect tourism in the EU

EU tourism policy In recognition of the importance of the tourism industry to the EU economy, and taking into account some of the trends, the EU has taken a wide range of measures in the field of tourism. However, since EU treaties exclude any harmonization of tourism laws and allow the EU only to support, coordinate or supplement the actions of the Member States, EU tourism policy is rather limited, consisting mainly of providing financial support or legislating through other EU policies. The European Union mentioned tourism in the treaties for the first time in 1992 introduced a possibility for the EU to take 'measures in the spheres of energy, civil protection and tourism'. The declaration attached to the treaty declared the EU's intention to discuss the inclusion of a tourism section in the EU treaty in the future.

In 2007, the EU created a **specific section** for tourism in the **Treaty on the Functioning of the European Union** (TFEU): Title XXII (Article 195). Here, the EU laid down the objectives of EU tourism policy, by stating that EU action 'shall be aimed at: a)

Encouraging the creation of a favorable environment for the development of undertakings in this sector; b) Promoting cooperation between the Member States, particularly by the exchange of good practice.'

Article 195 also lays down the procedure for adopting measures in the sphere of tourism. It states that European Parliament and the Council adopt these measures under the ordinary legislative procedure. The TFEU does not recognize tourism as a stand-alone policy and excludes any harmonization of laws and regulations of Member States. According to Article 6 TFEU, the EU can only "support, coordinate or supplement the actions of the Member States" in tourism. However, as tourism is related to many other policy areas (e.g. agriculture, environment, transport, and the area of freedom, security and justice) in which the EU has exclusive or shared competency with Member States, the EU does legislate on issues which affect tourism. Subsequent to the adoption of a new legal basis for tourism, the Commission adopted a strategy for tourism in 2010 with a Communication on 'Europe, the world's No 1 tourist destination – a new political framework for tourism in Europe'. The Communication outlined the EU's tourism policy and actions to be implemented jointly by the Commission, Member States and their regions, as well as by industry stakeholders. All these actions were to complement the actions of Member States and regions, helping to tackle the challenges faced by the tourism industry. The strategy identified four priority areas for action:

- Simulate competitiveness in the European tourism sector;
- Promote the development of sustainable, responsible and high-quality tourism;
- consolidate the image and profile of Europe as a collection of sustainable and high quality destinations;
- Maximize the potential of EU financial policies and instruments for developing tourism.

Under these priority areas, EU foresaw a number of actions. In the area of competitiveness, it proposed, for example, to develop innovation and the use of information and communication technologies, improve professional skills and encourage the extension of the tourist season (e.g. by coordinating school holidays). In the area of sustainable, responsible and high-quality tourism, it is proposed to monitor sustainable management of tourism destinations and protect the heritage of tourism destinations. EU aims also to strengthen EU cooperation with emerging countries and Mediterranean countries.

Lastly, EU ensures better integration of tourism in other EU policies and to maximize the potential of EU financial support instruments and programs in favor of tourism.

In order to achieve the objectives set in the EU tourism strategy, It is launched numerous projects and initiatives. It has, for example, offered grants, organized events (e.g. the annual European Tourism Forum), competitions and webinars (web seminars on e.g. marketing tourism businesses online), launched websites that provide tourism operators networking opportunities (e.g. www.tourismlink.eu), and published studies and surveys (e.g. Euro barometer reports on the preferences of Europeans towards tourism). Usually, these projects and initiatives have a key theme or objective but can also contribute to other objectives. For example, the Calypso initiative and its follow-up Tourism for Seniors, help disadvantaged groups (e.g. seniors, young people, people with reduced mobility and low-income families) to visit European destinations. Additional objectives are to promote off-season tourism, regional development, generate economic growth, create longer-lasting jobs in the tourism sector, and strengthen European citizenship. Both initiatives are transnational in nature and encourage cooperation between organizations from different Member States. They also promote the involvement of SMEs and various tourism stakeholders, such as local and regional authorities.

In 2009-11, the EU allocated €1-1.5 million per year for Calypso projects and for 2012, €450 000. For its senior tourism initiative, the EU allocated €1 million in 2013. In 2014, the Commission extended the scope of the former senior tourism initiative to cover young people too and allocated a budget of €1.8 million. The funding for these projects came, under the 2007-13 financial framework, from the Entrepreneurship and Innovation Program (EIP), and since 2014, from the Program for the Competitiveness of Enterprises and SMEs (COSME).

In order to develop sustainable tourism, the Commission has co-founded the development of cultural routes that help European as well as non-European tourists to discover how Europeans have lived since ancient times. It has co-funded, for example, the development of a route of astronomical sites in Europe (in Greece, Spain, Italy, Portugal and Bulgaria). Among other things, the project aimed to create a tour package within the countries involved, incorporate and establish European scientific knowledge in astronomy tourism, strengthen existing partnerships and attract new visitors to the participating astronomical sites. In 2013-15, the EU contributed 75% of the cost of the project, some €200 000 (from the COSME programs). The Euro-Commission has also co-founded the development of several cycling routes (e.g. European long distance cycle route network – Euro-Velo routes). The European Parliament has supported these routes; initiating some concrete projects or in seeking to improve their financial support. The Parliament

initiated, for example, a long distance Euro-Velo route – the Iron Curtain Trail which invites tourists to discover the former division of Europe on a 6,800 km cycle track along the length of the former border, combining European culture, history and sustainable tourism. For the period 2014-16, the EU will contribute €2 million (again from the COSME program) to the development of the Iron Curtain Trail.

Various prizes may also be awarded to tourism operators. For instance, routes reserved exclusively for non-motorized journeys can be awarded the European Greenways Award; museums may win the European Museum of the Year Award; and sustainable, little-known tourism destinations the 'European Destinations of Excellence' (EDEN) award.

Furthermore, the EU is taking various measures to promote destination Europe. For instance, from 2012 to 2013, the Euro-Commission ran a 'Europe, whenever you're ready' campaign that encouraged international tourists (with special focus on Brazil, Russia, India, China, Chile and Argentina) to discover Europe. The initiative highlighted Europe's cultural and natural heritage, and showcased not only popular sights but also 'roads less travelled' in various European destinations. The Commission also promotes Europe among third countries through the visiteurope.com website, administered by a non-profit organization the European Travel Commission (ETC). The ETC is an international organization that promotes Europe as a tourist destination. The European Commission has awarded various grants to the ETC (e.g. €830 000 for October 2012 – March 2014) and asked it to develop, in consultation with the industry, a long-term promotion strategy for "Destination Europe".

Many other European policies, and their legislative and no legislative initiatives, are relevant to, or impact upon, tourism. They may affect various elements of the tourism system: resources essential to tourism, tourism enterprises, tourism demand, or areas where tourism is an important economic sector. Some policy areas (e.g. transport and consumer protection) impact tourism more through legislative and non-legislative initiatives, others (e.g. industrial and regional policy) more through financial support.. EU industry and SME policies are relevant to tourism mostly because of the financial support they provide. Under this policy, the European Commission (DG GROW – Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs) has a specific unit dealing with tourism which, inter alia, manages tourism initiatives and projects. DG GROW implements the EU programs for the Competitiveness of Enterprises and Small and Medium-sized Enterprises (COSME). Tourism is directly addressed by one of the overall objectives of the COSME program: to improve framework conditions for the competitiveness and sustainability of EU enterprises, particularly SMEs, including in the tourism sector. The COSME program implements the objectives set in the Commission's 2010 tourism strategy, taking into account views expressed in the

Council and the European Parliament, as well as input from Member States in the COSME and Tourism Advisory Committees. For 2015, the COSME program earmarked €9 million for five operational objectives for tourism: 1) Increase tourism demand; 2) diversify tourism offer; 3) Enhance tourism quality sustainability, accessibility, skills, information and innovation; 4) Improve socio-economic knowledge; 5) Increase the visibility of Europe as a tourist destination as well as the diversity of its destinations.

Under these operational objectives, the Commission regularly publishes calls for proposals that allow co-funding of specific projects. The COSME program is also used for other measures, e.g. to produce annual Euro barometer surveys on 'Preferences and Attitudes of Europeans towards tourism' or to cooperate with the ETC and UNWTO. EU consumer policy aims to safeguard the health, safety and economic interests of consumers, as well as to promote their right to information, education and to organize themselves. The EU has adopted several legislative acts that protect tourists as consumers. An example of a consumer policy Directive that is not specifically addressed to tourism, but which may apply, is Directive 2005/29/EC on unfair commercial practices. The Directive outlines commercial practices which are prohibited in the EU, e.g. using misleading marketing techniques and tricking consumers into buying a product they would not have otherwise bought. Consumers who buy package holidays are protected by Directive 90/314/EEC on package travel, package holidays and package tours, currently under revision. Among other measures, the Directive gave package travelers the right to receive all necessary information before signing a contract. It rendered organizers and retailers liable for the performance of all services in the package, and regulated what happens in the event of changes to the package travel contract. Furthermore, it ensured that package travelers are reimbursed and repatriated in the event of organizer and/or retailer insolvency.

In May 2015, the European Parliament and the Council reached provisional agreement over the revision of the Directive on package travel (which still needs to be formally approved). The aim of the revision was to take the internet era into account, where travelers increasingly directly buy different parts of their trips or put them together from different providers sourced via the internet. The initial Directive either does not cover these situations, or does not mention them explicitly, leaving travelers and traders unsure of their rights and obligations. According to the provisional agreement, the definition of 'package' would be expanded to include various types of travel arrangements that combine, for example, an airline ticket, hotel accommodation and car hire, so as to protect travelers in the event of problems. The revised Directive also covers travel combining at least two different types of services bought within 24 hours from separate providers using linked booking processes (referred to as assisted travel

arrangements or click-through packages). Buyers of these arrangements would be afforded the same liability and insolvency protection as buyers of ready-made (travel agent) packages or combinations of services bought from a single sales outlet. Other changes concern, for example, the right of the package traveler to cancel a package deal contract if its price rises prior to departure beyond a certain limit, organizers' obligations when, due to unavoidable and unforeseen events (such as natural disasters or terrorist attacks), it is impossible to ensure the traveler's timely return and package travelers' right to information (e.g. the right to receive approximate departure and return times and information on the type of any possible extra costs).

Transport is one of the most important policy areas for tourism. Even though the EU's general transport strategy does not specifically mention tourism, it does highlight the need to better respond to EU citizens' growing demand for travel. The strategy focuses on several aspects that can improve travel quality. The EU aims to make travel more sustainable, safe, secure and efficient. It also aims to link different transport modes, increase the capacity to carry a growing number of passengers and reduce traffic congestion. The EU is expanding, modernizing and streamlining EU-wide transport infrastructure, by co-financing the development of the trans-European Transport Network (TEN-T). TEN-T funds transport projects of common interest and traffic management systems that facilitate the mobility of goods and passengers within the EU (e.g. projects that connect main airports or seaports to other modes of transports). The preamble to the EU 2013 guidelines for the development of the TEN-T mentions that projects of common interest should seek synergies with other policies such as tourism, and in particular with Euro-Velo cycling routes. In addition, the EU has adopted regulations on the rights of passengers travelling by air, rail, road, sea and inland waterway. These regulations set out passenger rights in the event of a wide range of situations such as delays, cancellations, denied boarding, loss or damage of baggage and accidents. They also give passengers certain rights when it comes to information about the journey, reservations, and ticket fares. Special protection is provided for disabled and reduced-mobility passengers.

The Commission considers that current Schengen visa procedures often hinder legitimate travel to Europe. The new rules would, according to Commission, 'shorten and simplify the procedures for those wanting to come to the EU for short stays, and induce more cost savings and less bureaucracy, whilst maintaining the level of security'. They would, for instance, reduce the decision time on visa applications from 15 to 10 days and give travelers who have lawfully used previously-obtained Schengen visas the possibility to obtain a multiple entry visa. Furthermore, current visa rules do not provide, according to the Commission, a system that covers all types of stay. It gives the example of artists who are

touring Europe. In some cases, such persons would like to stay longer than 190 days, but often do not meet the requirements to obtain long-stay visas. A touring visa would allow them to travel within the Schengen Area for up to one year (without staying in one country for more than 90 days in any 180 day period). According to estimates presented by the Commission, the direct and indirect gains from establishing a touring visa could amount to between €500 million and €1 billion.

Visa policy impact on tourism was specifically mentioned in the report 'A smarter visa policy for economic growth' and legislative proposal on the visa code. Article 33 of the legislative proposal on the visa code suggests, for example, that allowing Member States to temporarily issue visas at the border would promote short-term tourism.

Regional and cohesion policy provides tourism stakeholders with various financing opportunities. Tourism is an important source of economic growth and job creation in many EU regions. Financial support for tourism under regional policy is mostly provided from the European Structural and Cohesion Funds. For example, the European Regional Development Fund (ERDF) aims to increase economic and social cohesion between EU regions. It can support tourism-related research, tourism-related IT-products (e.g. mobile apps), innovative tourism services in less favored and peripheral regions, and niche tourism products and services. In the 2011-14

period, the EU provided, for instance, funding of more than €2 million (50% of the cost of the project) to the World War II Heritage project: a cultural route that introduces visitors to World War II heritage sites in Europe. Many of these actions are a continuation of previous initiatives in tourism – promoting Europe as a tourist destination was already among the 2010 tourism strategy priorities, for example. Others reflect newer trends in society or technology. In an increasingly competitive global environment, EU tourism policy will be judged on its capacity to respond to change and deliver added value to actions at Member State and regional or local level.

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