

Tourism and the Community

European File

Tourism is important; for those who make their living from it; for the millions who take a holiday each year; and for the Community whose motives encompass more than economic considerations.

- The European Treaties urge the Community to forge closer links between its Member States. The ultimate objective is European integration. Tourism increases contact between the peoples of Europe and helps them to get to know one another in their many differences and great similarities. By deepening our knowledge of the rich variety of cultures in Europe and the common civilization which underpins them, tourism is a force for peace and mutual understanding.
- For the individual, tourism is a means of exploiting the right to take time off work, enjoy leisure pursuits and expand personal horizons. A democratic Community should encourage the free exercise of these rights. There are still many Europeans who are too poor to travel. A solution is the development of 'social' tourism. Efforts of governments and voluntary organizations in this direction should be supported.
- Finally, tourism is an economic fact of life of central importance. During the 1960s and 1970s spending on tourism within the Community increased tenfold. This trend has contributed towards the redistribution of wealth and therefore improved the economic balance between the north and the south of Europe. Tourist earnings and expenditure are broadly balanced in the United Kingdom, Ireland and Denmark. But West Germany, and the Benelux countries spend more on tourism than they earn. Greece, Italy and France make a net gain. These countries count on tourism to reduce substantially their balance of payments deficits (by up to 20% in the case of Greece).

They also rely on tourism to further the economic development of some of the poorest regions of the Community.

In 1979 Community citizens devoted 7% of their private expenditure to tourism. Earnings from tourism totalled more than 4% of the gross domestic product of the Community – more than 10% if indirect earnings are included. Over four million people worked in this expanding industry. Tourism also creates jobs in transport, restaurants and entertainment. It has been estimated that a hypothetical ban on all tourist activity would put another 10 to 12% of the Community workforce on the dole. In this time of economic crisis, a dynamic tourist industry clearly deserves to be encouraged. In this sector as much as any other, Member States must avoid any temptation towards national protectionism. This must be one of the duties of the Community. More positively, the Community must also seek to promote the expansion of an industry which has important advantages at a time of recession. Amid growing unemployment and increasingly scarce capital, tourist developments require less capital and more labour than many other sectors of the economy.

The Community should make no attempt to coordinate national tourist policies which spring from widely differing circumstances. Nor must it attempt to solve problems best tackled on a national or even regional level. Where it can help is to generate a climate favourable to tourism by improving the coordination of existing Community activities which influence tourism directly or indirectly. A first step has already been taken in a recent communication from the Commission to the Council prepared under the authority of Mr George Contogeorgis, the Commission Member with special responsibility for tourism. A useful role also exists for the Community in developing joint policies for those problems best tackled at European level.

Cases in point are the staggering of holidays, the promotion of cultural, social and farm tourism and the tourist development of poorer regions (whilst safeguarding their heritage). These issues are, to a degree, interconnected. The promotion of cultural tourism can, for instance, help to lengthen the holiday season. Visits to places of architectural or historic interest do not depend on fine weather. In fact, in southern climates such visits can be more pleasant outside the hottest months. Social tourism can also contribute to an extension of the holiday season. Pensioners and young people with no family ties are better placed to take advantage of off-peak prices. Farm tourism combines some of all these advantages. It permits the city-dweller to rediscover the joys of nature but it is also less costly, helps to disperse the holiday crowds and boosts farm incomes in the disadvantaged areas. Joint action by the Community and the Member States in these directions would assist regional development, reduce congestion and cut costs for tourists, extend the working season for the holiday professions and encourage a more efficient use of basic facilities.

Community aid to tourism

Many existing Community measures encourage tourism by making travelling easier.

- It is true that Community citizens still have to undergo checks at frontiers between the Member States. This is because VAT rates have still to be harmonized and police

searches for terrorists and drug smugglers must be maintained. But customs levies between Member States have been abolished and duty-free allowances introduced for VAT and excise payments. Tax free shopping in the country of origin reduces the incidence of double taxation of travellers. Furthermore, frontier checks on international car insurance papers have been abolished and other checks on road travellers simplified or carried out on a random basis. The Community will have a common European passport by 1985 and a European driving licence by 1986. Further progress is needed towards the abolition of all obstacles at internal frontiers of the Community. The Council of Ministers has agreed to a gradual simplification of tax rules. Commission proposals include a regular increase in tax-free allowances, the abolition of restrictions on caravans and other road vehicles, a further simplification of frontier checks and special treatment for Community passport holders at ports and airports.

- Community citizens insured under national social security schemes are entitled to medical treatment and drugs in other Member States on exactly the same basis as the local population. This applies equally to tourists or migrant workers. To claim treatment they must obtain an E111 form from their own sickness insurance organization before leaving home. This fact is still little known and a simpler procedure is under consideration.
- Other problems can arise for tourists abroad. In the case of road accidents, the Commission has proposed insurance harmonization measures which will give equal protection to Community citizens in all Member States. The proposals would ensure the availability of police reports to insurance companies in other countries and speed the payment of damages. Another proposal seeks to apply uniform standards throughout the Community to the breakdown organizations which have mushroomed in recent years.
- As part of its consumer protection policy, the Commission has ordered or carried out studies on package tours, travel contracts and the responsibility of tour operators. The investigations revealed a considerable number of complaints about misleading advertising, broken contracts and other package tour abuses. As a result, the Commission intends to draw up a draft directive laying down minimum standards for package holidays and the information which hotels give their guests. Following concern voiced by the European Parliament and consumer groups, the Commission also envisages an investigation of hotel safety standards, notably fire safety precautions.

Working conditions for those employed in the tourist industry

The Community has helped to tackle a number of problems important to the interests of the workers in the tourist industry. This has an impact on the standard and the cost of the services offered to the tourists themselves.

- Under the European Treaties anyone working in the tourist industry (or almost any other trade) has the right to move to another Community country or offer their services

there. Two European directives apply these rights to self-employed workers in restaurants, taverns, rooming houses and campsites as well as to couriers and interpreter-guides. The host country must accept whatever professional qualifications are regarded as sufficient in the worker's home country. Another directive, adopted in 1982, helps other self-employed workers such as transport auxiliaries and travel agents to exercise their right to free establishment throughout the Community. Since their work is international by nature, a standardization of qualifications should be in the interest of both the workers and their clients.

- The Commission and the European Centre for Vocational Training are currently evaluating the level of professional training required in Member States for hotel and restaurant staff. These studies should lead to the mutual recognition of diplomas and certificates and encourage the mobility of workers. Joint study programmes on tourism at colleges in various Member States should provide further incentives. A number of such programmes have already received Community grant aid.
- The European Social Fund finances vocational training and retraining for people employed in the tourist industry. Sectors covered include hotels, restaurants and winter sports. The Fund can also aid the training of agricultural workers or former agricultural workers who wish to switch to tourist activities either full or part-time. Assistance is also available to craft workers who make articles for the tourist trade or wish to assist in the restoration of historic buildings. In this period of high unemployment, the Fund is favourably inclined towards labour-intensive sectors such as tourism. Its aid programmes are about to be extended, on an experimental basis, to joint training and job-creation schemes.
- The starting date for summer time has already been harmonized throughout the Community. The staggering of school and factory holidays could perhaps also be best tackled at the Community level to avoid competition between Member States. Efforts in this direction would reduce congestion for tourists and end the costly periodic overloading and under-employment of tourist staff and facilities. The Commission is already financing studies on the development of the tourist industry and the staggering of holidays. It intends to examine the spread of school and factory holidays in the Member States and various options which could help to extend the holiday season. These could include the promotion of social, cultural and farm tourism.
- In its harmonization of national legislation on turnover taxes the Community gave special attention to the hotel trade and the specific problems of travel agents. It was decided that the agent's profit margin alone should be eligible for VAT. A remaining problem is the enormous variation in rates of taxation across the Community. In the case of hotels and restaurants the rates ranged from 4 to 22% at the beginning of 1982. The Commission intends to investigate whether such disparities and similar differences in fuel taxes distort the pattern of tourist activity in the Community. It will be for the Member States themselves to decide whether it might be in their own interest to lighten the tax burden in this sector. The Commission will continue, meanwhile, to press for a convergence of VAT rates across the board.

- The price of fuel, heating and air-conditioning has a considerable effect on the cost of transport and accommodation and therefore on the bills paid by tourists. The Commission has successfully brought forward measures to soften the impact of even slight shortfalls in petrol supplies. Other proposals in the pipeline will make petrol pricing and taxation more efficient and more transparent. Uncertainties over price movements should therefore be reduced. Beyond this, the Community gives financial aid to experiments in energy saving and the development of alternative sources of energy. Projects have included the heating of hotels, leisure centres and swimming pools. Anyone interested can apply for a Community grant or obtain the results of past projects on non-discriminatory commercial terms.

Community transport policy

Over the years the transport opportunities available to tourists have improved enormously but further efforts are needed.

- For road travellers, the Community has abolished or simplified formalities for operating coaches and buses between Member States. An agreement signed in May 1968 liberalizes the operation of occasional international services between the Community and eight other European countries.
- For rail travellers, the Council of Ministers has called for the introduction of high speed international trains. Cooperation between railway companies already permits many joint facilities. Examples are cut-price tickets and rail passes, the pooled use of sleeping cars and the jointly operated Trans-Europe Expresses. The Commission hopes to promote further developments of this kind to make the railways more attractive to travellers.
- For air travellers, the Commission hopes to promote an inter-European network with prices and routes better suited to the needs of passengers and tourists in particular. Two Commission proposals have been published. One aims to make pricing policies more transparent and more flexible. Another attempts to fill the vacuum in regional air services and stimulate competition between airlines.
- The financing of transport infrastructure developments is frequently undertaken by the European Regional Development Fund, the New Community Instrument for cheap loans and the European Investment Bank. The EIB alone has financed more than 1 600 kilometres of motorway. But efforts are directed, above all, to disadvantaged regions. The Commission hopes to create a separate fund, specifically designed to support infrastructure developments which will answer European transport needs. This might involve opening up the remaining major traffic bottlenecks and designating links of Community-wide importance between the Member States, principal cities and regions. Two priority projects are under consideration. One is a tunnel or bridge across the Channel between France and the United Kingdom. The other is a motorway linking West Germany and Greece through Austria and Yugoslavia.

Tourism and regional development

Many of the Community's poorer regions are well-suited to tourism. It can help their economic development, notably by boosting farm incomes. Great scope exists for action by the Community but the choice of projects must remain with the Member States themselves.

- Between 1975 and 1981, the quota section of the European Regional Development Fund invested 69 million ECU¹ in the building, modernization and extension of hotels, holiday camps and campsites;² road, rail and harbour improvements aimed at furthering tourism; and the provision of sports and leisure facilities. The Commission intends to concentrate its efforts in areas where such developments are most needed. Specific projects to stimulate rural tourism have already been started in the south of France, the Mezzogiorno in Italy and the border areas of Ireland. These concentrate on improvements to accommodation and leisure facilities but also cover the development of publicity services, entertainment and transport.
- The development of tourist activities that complement farming activities can be assisted by the European Agricultural Guidance and Guarantee Fund. Community grants help to train farm workers who wish to turn to part-time tourist work. In mountainous and less-favoured areas, grants are available for tourist developments on the farms themselves. Other forms of financial aid for farm modernization and the development of rural infrastructure in mountainous, Mediterranean or less-favoured areas can be used to create conditions favourable for the development of 'green' tourism. But further efforts are needed to popularize this new form of holidaymaking. Its potential might best be realized in conjunction with social and cultural tourism, maybe through a joint promotion at European level.

Safeguarding Europe's heritage

Europe's natural beauty and its cultural heritage are powerful stimulants to tourism. They must be safeguarded and made the most of.

- Clean beaches and properly restored monuments may seem a pipedream but the Community is playing its part in the fight to save Europe's natural and cultural heritage. By mid-1982 the European Investment Bank had loaned 1 400 million ECU for projects designed to improve the environment. These have included installations for the cleansing of oil tankers, the treatment of industrial waste and the purification of water supplies. In addition, the Community has adopted a series of directives which lay down quality standards for bathing water and restrict the discharge of toxic substances, chemicals and detergents into seas and rivers. It has also launched a campaign to control and reduce oil pollution and signed a number of international agreements on the protection of the North Sea and the Mediterranean. Other Community directives

¹ 1 ECU (European currency unit) = about £ 0.55, Ir.£ 0.69 or US\$ 0.93 (at exchange rates current on 15 October 1982).

² The EIB has also provided about 30 million ECU in loans for similar projects since 1958.

restrict lead levels in petrol and establish air pollution guidelines for several other substances. Noise limits have been laid down for cars, motorcycles and planes. But far more needs to be done. The Community must encourage the intelligent use of natural resources and, above all, prevent tourism from destroying itself by spoiling areas of great natural beauty. Two steps have already been taken. The Commission has adopted a system of 'ecological mapping' to help protect open spaces, particularly in mountainous and coastal areas. This will help to balance social and economic pressures for development with the needs of the natural environment. Secondly, the Commission has published a draft directive which seeks to force developers, whether public or private, to give advance consideration to the environmental impact of their projects. This would apply to tourist developments or schemes of any other kind.

- Europe's architectural and cultural heritage attracts a great deal of tourist activity. Ancient cities, picturesque villages and stately homes symbolize national individuality and contribute to a sense of European cultural identity. A large part of this heritage is in a sorry state and needs to be rescued. The Commission has carried out a study of the tax problems of historic houses and it has given limited financial help to university departments which specialize in preservation work. As the European Parliament has pointed out, much more needs to be done. A great many jobs could be created in this field. Financial assistance from the various Community funds should be expanded. The Community could consider supporting conservation projects, especially in poorer regions. It could contribute to the training of young people and even finance job-creation schemes to assist vital projects. More emphasis should be placed on the exchanges between young workers envisaged by the European Treaties. Voluntary work by young people in the preservation of Europe's heritage should also be encouraged.



Tourism is important to the Community. The Community has done much and can continue to do much for tourism. The initial guidelines published by the Commission will be debated in the European Parliament and discussed with national authorities and all interested parties. In the light of these discussions, the Commission will make concrete proposals. They will concentrate on those areas where a renewed effort at Community level will have more impact than actions by the individual Member States ■



The contents of this publication do not necessarily reflect the official views of the institutions of the Community.

Commission of the European Communities

Information offices (countries fully or partially English speaking*)

Ireland 39 Molesworth Street, Dublin 2 – Tel. 71 22 44

United Kingdom 20 Kensington Palace Gardens, London W8 4QQ – Tel. 727 80 90
– 4 Cathedral Road, Cardiff CF1 9SG – Tel. 37 16 31
– 7 Alva Street, Edinburgh EH2 4PH – Tel. 225 20 58
– Windsor House, 9/15 Bedford Street,
Belfast BT2 7 EG – Tel. 40 708

Australia Capitol Centre, Franklin Street, P.O. Box 609,
Manuka 2603, Canberra A.C.T. - Tel. 95-50 00

Canada Association House (Suite 1110), 350 Sparks Street,
Ottawa Ont. K1R 7S8 – Tel. 238 64 64

USA 2100 M. Street, N.W., Suite 707,
Washington D.C. 20037 - USA – Tel. 202-862-9500
– 245 East 47th Street, 1 Dag Hammarskjöld Plaza,
New York, N.Y. 10017 - USA – Tel. 212-371-3804

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