

Tourism and the European Community



European File

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Tourism has become a social phenomenon. In the 1960s and 1970s its turnover in Community States increased tenfold. Community citizens now spend 7% of their household budgets on holidays.¹

The importance of developing a Community policy for this sector has been stressed, in turn, by the European Commission, the European Parliament, the Economic and Social Committee and the Council of Ministers. The Community's Heads of State or Government have also approved recently a report by the *Ad Hoc* Committee for a People's Europe which recommends, amongst other things, a series of measures in the tourism field.

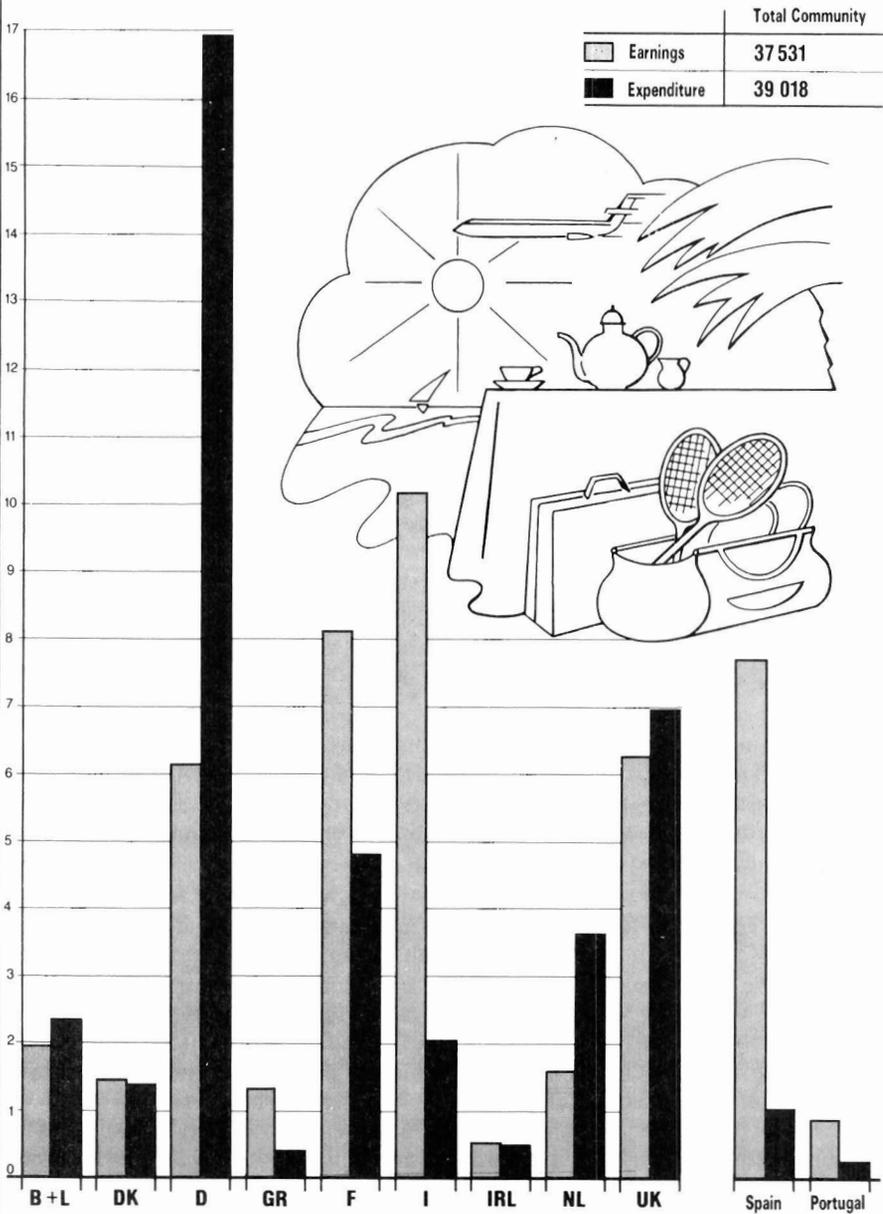
Why act at Community level?

- One of the missions of the Community is to promote closer relations between its Member States and, eventually, a union between the peoples of Europe. As the Heads of State or Government have pointed out, the Community must live up to the expectations of these peoples by adopting measures which promote its image and identity more effectively. Tourism is an ideal vehicle. It increases contacts between citizens of different States and helps them to deepen their knowledge of the rich variety of cultures in Europe and the common values which underpin them.
- Tourism provides people with a way of using their spare time, of pursuing leisure activities and expanding personal horizons. A democratic Community should ensure that these opportunities are extended to all.
- Finally, tourism is an important economic fact of life. It covers a significant proportion of the balance of payments deficit of countries such as Greece, Italy, Spain and France. It helps to distribute wealth from the North to the South of the Community. It can make a contribution to the development of less-favoured regions and help to generate new jobs.

In its first guidelines for a Community tourism policy, published in 1982, the European Commission pointed out that the promotion of tourism is, first and foremost, the job of the tourist trade itself, as well as local authorities and Member States. The Community has no wish to usurp their duties, nor to attempt to coordinate policies whose diversity is an inevitable response to the different factors involved. But the Community can help. It can promote an environment favourable to tourism by taking account of its needs when taking decisions on its other policies. Beyond this, it can in certain cases, as Ministers recognized in April 1984, encourage concerted action which will be more effective than individual national efforts.

¹ This file updates and replaces our No 17/82.

Earnings and expenditure on foreign travel in 1983
(millions of ECU)



Source: Eurostat.

A first progress report on the activities of the Community in the field of tourism follows. The report takes account of the point of view of the tourist (or potential tourist) but also the problems of the trade and the regions most concerned.

Getting away from it all . . . without getting under one another's feet

Many people in the Community cannot afford to travel and see other Member States. Many of those who can afford to go abroad find themselves packed into overcrowded resorts. They generate problems of seasonal employment, of environmental damage and of under-utilization of costly installations in the low season. To help to ease these difficulties, the European Community wants to promote 'social' tourism and means of diversifying holiday dates and places to the benefit of regional development.

- Social tourism: in all Community countries efforts are made to provide holidays for the least well-off groups in society. These efforts are usually confined within the boundaries of individual States. In many cases, installations could be used more effectively if this social tourism was made international. Suggested methods include: a European list of non-profitmaking holiday centres; improved advertising and the possibility of some sort of European reservation system.
- Rural tourism: few people realize that cheap holidays are possible in areas untouched by package tours and where local farmers are anxious to increase their earnings. The Community can extend the support it already gives to farm holidays, partly through helping farming organizations to make the benefits better known to their members and the public alike.
- Cultural tourism: less subject to the vagaries of climate than other forms of holidaymaking, cultural tourism exploits the historical and artistic marvels to be found in the poorer regions of the Community and allows Community citizens to broaden their knowledge of the wealth of their common heritage. The Community already helps to finance a number of cultural events, such as the European Music Year in 1985. With a little extra cash, it would be possible to give a shot in the arm to cultural tourism and to create a substantial number of jobs.

Other Community measures could make a contribution – albeit long-term in many cases – to a better distribution of tourist activity across the Community and throughout the year. The benefits would fall to holidaymakers, the trade and tourist regions alike. The Community could increase the aid it already gives to tourism projects in less-favoured but comparatively unvisited regions. It could also lend its weight to the efforts of national authorities, the tourism trade and transport firms to encourage a wider spread of holiday destinations and the staggering of holiday times across national frontiers, on the basis of a region-by-region analysis of tourist movements.

Travelling more easily

The Community transport policy is particularly sensitive to the needs of tourists.

- Road transport: safety standards have been harmonized by the Community which has declared 1986 the Year of Road Safety. A programme will be implemented aiming at reducing the number of accidents and their victims by new legislative measures as well as actions to stimulate public awareness. At the same time the European Commission has called for a Community solution to problems caused by the financing of road improvements. The aim is to straighten out the motorway bottlenecks and get rid of discriminations resulting from tolls and tax systems. There is also a range of Community measures to assist international coach services but specific tax and administrative improvements are needed to ease frontier crossings.
- Railways: the Community recently decided to allow rail companies greater commercial independence in international traffic, to allow them to develop a more attractive price policy and to encourage greater cooperation in the provision of services suited to consumer needs.
- Air transport: the European Commission has proposed that airlines should also be allowed to tailor their fare structures to the needs of tourists. Greater competition would be beneficial in the unscheduled charter flight sector. A European directive already exists to promote new air-links between regional airports in the Community countries.
- Sea transport: a study is to be made of the seasonal spread of ferry boat traffic, on the minimum equipment necessary for private pleasure sailing and the competitive conditions in the sea-cruise market.

No matter what form of transport they use, the quality of infrastructure is vital to travellers. It is still little known that the Community had helped to finance a considerable number of important European transport links, both through direct grants and loans from the European Investment Bank (EIB) and New Community Instrument (NCI). Examples include the Brenner and Frioul motorways linking the continent's north and south, the Paris-Brussels and Paris-Saarbrücken motorways and the A10 motorway in France for traffic to Spain and Portugal. In 1984 alone the EIB gave 790 million ECU of its own funds and those of the NCI for road, rail, air and sea transport improvements in the Community.¹ The European Regional Development Fund allocated 950 million ECU. A further 80 million ECU was invested in priority transport projects in a pilot programme as a prelude to the creation of a specific Transport Fund to help promote the integration of national networks and straighten out bottlenecks.

¹ One ECU (European currency unit) = about £0.58, Ir. £0.71 or US \$0.70 (at exchange rates current on 8 May 1985).

Easier crossing of borders

The European passport is being gradually introduced from 1985. It has also been decided to create a Community driving licence and to abolish checks on car insurance at Community borders. A people's Europe will not be finally created, however, until all formalities are abolished at internal frontiers. The Community Heads of State or Government, the European Parliament and the Commission have all urged rapid progress in this direction. Member States have agreed to reduce waiting times and the extent of frontier formalities by, for instance, substituting spot-checks for systematic controls and by creating lanes reserved for Community citizens at ports and airports. The European Commission believes it is necessary and possible to go even further, following the example already set by the Benelux countries, France and Germany.

Frontier crossings also raise financial problems.

- VAT: the rates remain diverse in the different Member States and as a result, although customs barriers between Community countries have been lifted, tax barriers remain. There are, however, Community allowances which exempt a hefty amount of goods from tax. The Commission would like to see the allowance raised from 280 to 400 ECU per person. For more costly items, tourists can ask to buy goods tax-free in the country of origin.
- Exchange controls: a recent judgment by the European Court of Justice forbids, save in exceptional circumstances, national restrictions on currency transfers by tourists. Check-ups will however be permitted, especially on large quantities. The European Commission will monitor the enforcement of these principles.

Better information and better protection against travel dangers

A tourist from a Community country should feel at home in any Member State. Radio and television bulletins should be encouraged in other Community languages to provide news, weather and tourist information. Tourists should also be protected against a series of risks during their stay in another Community country.

- Health and accident insurance: any insured person from a Community country already has the right, in an emergency, to medical and pharmaceutical services in another Member State, according to rules which vary from one State to another. The only condition is that, before leaving home, the traveller should obtain an E111 form from his or her insurance organization. Better information and simpler and more standard rules are needed in this area.
- Other forms of insurance: recent Community decisions will improve protection for tourists and accelerate the payment of damages in the case of a car accident in another Member State. The activities of touring assistance organizations have also been brought under the umbrella of Community insurance control stan-

dards. The European Commission would like to see the insurance industry introduce a policy to cover all holiday risks. It would also like to see the right to legal assistance, free if necessary, extended to tourists as required by several international conventions.

- Exchange rate risks: the Commission hopes to see greater use of the European currency unit, the ECU. This could simplify the international dealings of the tourist trade and limit the exchange risks for travellers cheques, credit cards and advance booking of package tours.

Recognition of the tourist as a consumer

Better information and protection for the tourist, as a consumer, are in the interests of holidaymaker and tour operator or hotelier alike. Fraudulent business practices in tourism can deprive the honest members of the trade of potential customers. A directive has recently been approved to control misleading and unfair advertising at European level. To this should be added a rapid claims procedure for disputes over package tours. The European Commission has also proposed guidelines on the improvement of fire safety in existing hotels and it is considering drawing up European standards for information on accommodation ranging from hotels to camping and caravanning sites.

Protecting the quality of facilities and the environment

Tourism can help to develop poorer regions and bring employment, especially to small towns and rural areas. For this reason the Community finances a host of programmes and projects in this area. The benefits are also felt by the tourists themselves.

- The European Regional Development Fund finances industrial projects and also schemes involving services, craftwork and infrastructure. Many of these projects affect tourism either directly or indirectly by increasing accommodation, leisure and entertainment facilities, improving roads and providing information services. At the same time the ERDF co-finances multiannual programmes to encourage tourism in the south of France, the Italian Mezzogiorno, Greece and some parts of Ireland.
- The European Agricultural Guarantee and Guidance Fund also gives support to the development of tourist activities on farms, especially in less-favoured areas.
- The European Investment Bank, from its own funds and those of the New Community Instrument, gives loans to many small and medium-sized tourist businesses which contribute to regional development (83 million ECU in 1984).

- The integrated Mediterranean programmes which the Community is about to launch in Greece, the south of France and Italy will also include a large section for the building up of infrastructures, accommodation and other services for the tourist industry.

But the financing of services and facilities for tourists is not sufficient in itself. Care must be taken to protect the artistic and natural heritage of tourist regions.

- Protecting sites and monuments: the European Investment Bank and the European Commission have financed the restoration of a number of monuments, including the Doge's Palace in Venice and the Parthenon in Athens. Projects of this kind must be encouraged in order to safeguard a heritage which is one of the major factors in encouraging tourist interest.
- Protecting the environment: in extreme forms, mass tourism can destroy itself by destroying the natural environment on which it is dependent. The Community has just adopted a directive which is of particular value to tourism. This establishes more widely the principle of 'impact studies': the prior evaluation of all possible environmental consequences of large public and private developments. There are a number of other Community directives which protect the environment¹ by laying down quality standards for the atmosphere and for bathing water, by limiting poisonous waste disposal and by restricting the noise levels of cars and motorcycles. Finally, the European Investment Bank gives financial aid to a variety of projects for cleansing water, waste and other effluent, contributing to the improvement of the environment, especially in tourist areas. In 1984 the Bank loaned 156 million ECU to projects of this kind and the other Community funds gave 33 million ECU.

Dealing with trained professionals

Both tourists and those working in the tourist trade will benefit from improved working conditions. A better distribution of holidaymakers through the year, as well as geographically, can make an enormous contribution to this objective and possible methods were outlined above. But the Community is also dealing with more specific problems.

- Professional training: the European Social Fund co-finances the training and hiring of tourist-trade workers, especially in less-favoured regions and as part of programmes combining training and employment. The Community also subsidizes exchange programmes, designed to improve the linguistic and cultural knowledge of young workers. The European Commission and the European Centre for Vocational Training have evaluated the level of professional training necessary for hotels and restaurants in the Member States. This should ease the recognition of diplomas and certificates and therefore the mobility of workers.

¹ See *European File* No 5/85: 'The European Community and environmental protection'.

- Access to the profession: under the terms of the European Treaties, those working in the tourist industry can set themselves up or offer their services in any other Member State. Since any State is within its rights to demand certain qualifications, there is a Community directive which standardizes recognition of qualifications received in other member countries for self-employed workers in restaurants, taverns, hotels and camp sites as well as tour guides and interpreters.
- Taxation: it would obviously be difficult to align VAT rates for tourist activities more rapidly than for the rest of the economy, something which the European Commission is seeking in any case. But the Commission is none the less looking for standard rules for transport services, the chartering of yachts and for travel agencies.
- The use of new technologies: the tourist trade is making ever-increasing use of video and computer techniques to help customers to choose destinations, make reservations and for other services. It would be a pity if technological, linguistic or legal barriers are allowed to restrict the spread of this development. The Commission wants to help the trade to introduce effective systems which can be used from one end of Europe to the other.



These, briefly, are the major achievements and perspectives of the Community in the field of tourism. The Community looks to assistance from a number of quarters to increase its contribution. National statistical and opinion poll organizations should harmonize their methods to allow a clearer comparison between the habits and wishes of tourists in all Community countries. Experts and representative organizations should meet more often at Community level to help the Community to refine its policy. Greater concertation is also necessary in dealings with international tourist organizations. Acting together, Europeans will be better able to make their voice heard. And why should leading representatives of Community countries not agree to a joint campaign of tourist promotions to encourage holidays throughout the Community and attract more interest from the rest of the world ■

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