

## **Günter Verheugen**

Vice-President of the European Commission responsible for Enterprise and Industry

# **Tourism and Economic Downturn – Threat or Opportunity?**

*Check Against Delivery*  
*Seul le texte prononcé fait foi*  
*Es gilt das gesprochene Wort*

European Tourism Forum

**Brussels, 9 October 2009**

Ladies and Gentlemen,

I am pleased to address you today in this new Square Brussels meeting centre.

The tradition of European Tourism Forums started here in Brussels in 2002. It is in a way symbolic that after 7 fruitful years we meet here for what is my last Forum as European Commissioner.

There is no secret that this year's forum meeting is held against a difficult economic background. That is also why I wished this forum, perhaps a bit unusually, to be an opportunity to exchange views and ideas about the current situation and ways how to cope with it and look for a sustainable recovery.

Before going into the most recent developments, I would like to say a few words from a longer term perspective. What we see there is a sector of ever growing importance which has grown steadily in recent years both in terms of its economic impact and in the number of tourists, which are now more than 1 billion each year.

This is the good news. The bad news in a global context is that, as several survey findings have shown, these highly impressing figures strongly rely on an intra-European demand. When it comes to attracting a growing number of non-EU incoming tourists, it seems that the EU has not yet been able to take full advantage of the opportunities of an ever globalising world: whereas more and more EU citizens tend to spend their holidays outside the EU, the EU is not as successful in attracting non-EU tourists to come to Europe. Exploiting the growing demand potential in particular from developing countries will represent the main challenge for the future.

Ladies and Gentlemen,

We are all aware of the sudden economic downturn and its severe impacts on all economic sectors, including tourism. A key factor in this regard has been the change we could observe in consumer and tourist behaviour.

In order to better understand the situation, we undertook two Eurobarometer surveys - one in February and one in early September this year. Both of these surveys showed us that despite the economic and financial difficulties, most Europeans continue to travel. Indeed, we have indications that 63% of EU citizens had travelled or are still planning to travel for private purposes in 2009, compared with 67% in 2008.

At the same time, latest data confirm that the behaviour of those who travel has changed. About half of EU citizens who went or will go on holiday in 2009 spent their main vacation in their own country - an increase of 10% compared to 2008. Almost half of the tourists decreased the budget allocated to their 2009 holidays compared to a year ago. They did it mainly by reducing the length of their stay and also by relying more on last minute offers. But as I predicted last year, Europeans also continue to expect a high quality tourism experience. For most of them the value they obtain for their money and the cultural attractiveness of the place they go to is more important than the price itself.

Looking into the future, economists seem to converge that the free fall in which the financial crisis has sent our economies is coming to an end. Our surveys suggest that we should now expect a stabilisation in tourist arrivals and perhaps again a prolongation of the stays in the next year tourist season. This also seems to be confirmed by the predictions of the UN World Tourism Organisation, of which you had the opportunity to follow an important input already this morning.

Ladies and gentlemen,

Tourism ministers from EU member states asked me last year in Bordeaux to prepare a study which would help them to better grasp the situation of the sector and the challenges ahead. You have heard earlier today a presentation of the main findings of this work.

Let me come back to some of them from my own perspective.

The study distinguishes between the big trends which the tourism sector will have to cope with, the challenges which stem from those and makes a number of recommendations for stakeholders at all levels on how to react.

The megatrends in our society are rather clear, but let me stress a few points.

It is clear that as other economic sectors, the EU tourism industry will need to find its place in an ever increasing global competition and will have to continuously strive to maintain it. Globalisation will continue to add new direct and strong competitors to established EU destinations. But it will also increase demand potential in countries such as India or China, which do not yet figure so prominently on the world "outgoing" tourism map. Consumers will become more demanding. Benefiting from global competition and willing to go against uniformity they will be looking for a comprehensive travel experience and "value for money" in a personalised way. This will require a reaction on the supply side.

The second point I wish to stress here is sustainability. I have said many times that tourism is a sector "par excellence" where sustainability – in the sense of the protection of the environment but also of cultural assets and traditions - and competitiveness reinforce each other. I invite the tourism stakeholders to carefully follow the debates on the setting of new global environmental protection goals and to adapt to these new trends.

I also agree that it is important to understand the challenges stemming from these trends and to prepare to address them.

The main challenge for the EU tourism industry STILL is to move up the value chain. Our competitors are doing so and are increasingly able to offer a value for money experience difficult to compete with. Again the key will be to combine a smart use of our unique assets – diversity, historical heritage, good infrastructure and skills with innovation of the product. Spending holidays in Europe will remain an expensive experience, but it should also be one which people consider worth paying for.

To achieve this, tourism must become part of the knowledge economy. There should be no single hotel in the EU which you cannot find and book electronically, there should not be a tourism spot you cannot learn about from an easy to find website; all inconsistencies between complimentary tourism services should be removed.

Finally, turning to action.

The report makes a number of recommendations and each of them would merit careful consideration. Let me therefore only briefly comment on where I think the EU could help.

First of all, I tend to believe that when people from other continents decide to travel, they look at whole regions rather than countries or towns. I therefore agree that Europe would greatly benefit from a better brand and more joint marketing efforts. With our limited means, we made first steps in this direction, but I am sure more can be done. As you know we supported the establishment of an information portal "visiteurope.com". It provides a wealth of useful information but I am not sure how many foreign tourists know about it. We also tried to highlight attractive destinations through the award for the "European Destinations of Excellence". Yesterday, another 22 destinations were awarded and the increasing number of participating countries shows that this initiative is proving its worth. EDEN has also become more than an award: last autumn the EDEN Network of the winning destinations was launched and already comprises 52 members. Let me use this opportunity to congratulate again this year's winners.

Second, policy makers at all levels have the responsibility to provide the best conditions and a framework which makes it possible for entrepreneurs to transform their projects into reality. I am sure that the focus since 2005 of our Growth and Jobs Agenda at supporting SMEs, among other things through better regulation, has also helped the tourism sector. I also want to recall that with the 'Agenda for a sustainable and competitive European tourism' that we adopted in 2007 we have set a vision for the EU tourism industry as a whole; a vision which remains valid. I will therefore recommend to the next Commissioner in charge of tourism to continue to build on this vision and to pay a great deal of attention not only to the overall business environment but also to all the concrete ways in which our policies impact on tourism.

Finally, our recent experience shows that we can also greatly help to bring people together to cooperate and to learn from each other. The EU should provide a platform in a holistic way as we have tried to do with our support to the networking of tourism destinations.

We can finally provide stakeholders with adequate information. The Directive for tourism statistics, in use since 1995 has, so far, been a valid instrument. But, in view of the quick changes in tourism markets an update of this statistical tool could be necessary. I would therefore like to invite all of you - stakeholders and representatives from national, regional and local tourism authorities, representatives of the tourism industry and representatives of civil society - to join us on our way forward in this.

Ladies and Gentlemen,

I have tried to outline ways in which the EU could in my view usefully support the competitiveness of the tourism industry and examples of projects on which I think it is worth building in the future.

I am well aware that many of you "tourism professionals" are currently facing other kinds of problems – lower demand, more difficult access to finance, uncertainty on what will come in the next weeks and months.

What I wanted to tell you this morning is that overcoming the crisis and building a strong vision for the future are two sides of the same coin. And in this respect all involved parties have a role to play.

By improving cooperation and coherence alongside the value chain of the tourism product, as recommended in the report, money can be saved and the quality of the product can be improved. By investing in skills, productivity can be increased together with innovation capacity. Only in this way, can the current challenges be transformed into future opportunities.

Ladies and gentlemen,

This is my last tourist forum in my role as European Commissioner. I wish to thank you all for your active involvement and say how much I enjoyed the debates on this important and locally rooted sector.

I came to my post knowing that none of the EU institutions can alone make Europe a more attractive place for tourists and European destinations more prosperous. I leave knowing that if efforts are combined in an intelligent way, potentials can be unlocked and progress achieved.

I wish you all the best in your future endeavours.