

Tourism and SMEs after COVID-19

Hearing highlights

On 7 September 2021, the Hellenic Confederation of Professionals, Craftsmen and Merchants (GSEVEE), the Hellenic Confederation of Commerce and Entrepreneurship (ESEE) and the European Economic and Social Committee organised a hearing in Rhodes, Greece, in conjunction with the EESC own-initiative opinion on *Tourism and Transport 2020 – follow-up*. The purpose of the hearing was to contribute to the EESC opinion and to the debate on the policy priorities to support European SMEs in the tourism ecosystem, one of the most heavily affected by the pandemic.

Introduction



Panagiotis Gkofas, EESC rapporteur

- After various post-pandemic waves in 2020 and 2021, we can now see the magnitude of COVID-19's impact on employment and the devastating social consequences: a lack of international tourism, **insufficient and fragile demand for tourism-related goods/services** (due to consumption models and behavioural changes in tourism in times of COVID-19), a **growing number of business failures and growing indebtedness** (which is not limited to tourism companies), **difficulties accessing liquidity measures** and ineffective responses from public administrations (e.g. with regard to business continuity and avoiding unjustified administrative burdens, often connected with disproportionate health and safety measures).
- The EU needs to create an **authority supervising the implementation of measures** supporting SMEs in the tourism sector. Support measures for recovery are implemented by the Member States, where decisions are guided by political considerations. Recovery measures are not reaching the SME sectors or they are not enough. Therefore we need a supervising authority or an **ombudsman** to whom SMEs can reach out when Member States are not supporting SMEs in the tourism sector.

Welcome addresses



Ioannis Pappou, President of the Chamber of Commerce and Industry of the Dodecanese

- The EU needs to implement more measures to protect the fabric of society in order to ensure that we have healthy businesses.
- We need to act and react collectively and with mutual support. Companies need incentives to adopt new business models, so that they become sustainable while remaining viable.



Giorgos Chatzimarkos, Governor of the South Aegean Region

- Rhodes was one of the few destinations in Europe which really welcomed tourists.
- The EU should take the social partners very seriously. Tourism should have a distinct place in European policies, including when it comes to funding.



Antonis Kampourakis, Mayor of Rhodes

- We need to adjust our tourism services in line with the green and digital agenda. We need to explore the funds in place in order to remain pioneers in this area. We need more green infrastructure so that we can shape a more sustainable product.
- We recognise the role of SMEs, especially as regards women and young people.

Short statements



Adonis Georgiadis, Minister of Development and Investments

- We want to support our businesses and target customers and tourists with higher income. We want to step up the services we provide.
- The success of the 2021 season should make us think about how to support businesses and how to help SMEs and the whole tourism sector.



Giannis Chatzitheodosiou, President of the Union of Hellenic Chambers of Commerce (KEEE)

- Tourism is bearing the brunt of the pandemic. This was felt particularly in Greece and other countries reliant on tourism. States supported businesses but this was not enough.
- July and August have been very good this year in our region and if this trend continues we will have better results than expected, but controlling the epidemic is still paramount. We need new safety measures and special programmes for SMEs.



Giorgos Kavvathas, President of the Hellenic Confederation of Professionals, Craftsmen and Merchants (GSEVEE)

- We need to focus on offering local products to tourists, in order to support the local economy. The sector survived because of the measures put in place by the governments and the EU, but now 40% of European SMEs are near bankruptcy.
- All tourism companies must work together and visitors need to move freely around the island and not be trapped in a hotel with an all-inclusive formula.



Giorgos Karanikas, President of the Hellenic Confederation of Commerce and Entrepreneurship (ESEE)

- Tourism is a very important pillar of the Greek economy. The world is digitally interconnected.
- Retail gives a very clear picture of how the sector is faring. Shops can absorb seasonal work and employ people that speak several languages. This is a large part of commercial operations in Greece.
- There is an urgent need to define clearly seasonal tourism enterprises.



Efthimios Vidalis, Chair of the Executive Committee of the Hellenic Federation of Enterprises (SEV)

- The Hellenic Federation of Enterprises cut red tape for SMEs, which proved their resilience during the crisis.
- We are focusing on modernising and upgrading our infrastructure. We need more cooperation: the retail and supply chains need to work together.



Emmanuel Giannoulis, Vice-President of Finance SETE (Greek Tourism Confederation)

- We hope that the tourism season will continue to go well. It is clear that we need to maintain the measures in place and to stay vigilant.
- The pandemic is not over and there are challenges for the future, particularly the green and digital agenda. We need to help businesses to stay viable.



Panagiotis Englezos, Representative of GSEE/ Labour Centre of Rhodes

- The delay in recovery will have an impact on the quality of our tourism services. Support for SMEs should not be connected to flexible forms of work.
- We need to support the cash flow of all enterprises, reduce VAT and take measures to support employment.



Alexandros Vassilikos, President of the Hellenic Chamber of Hotels

- In the past very difficult 18 months, institutions reacted in a timely and practical manner, and collaboration with stakeholders in the hospitality sector was very important ("MoU Hospitality" initiative) and our best bet.
- There are still difficulties ahead and attention needs to be paid to the next steps, given the ten-year crisis, so as to avoid imbalances.
- The aim is to adopt a new model that has already been shaped and developed on the basis of global trends and challenges.



Grigoris Tassios, President of the Hellenic Hoteliers Federation

- In the best case, we will have a 30-40% reduction compared to 2019. We need to improve the situation and overcome the crisis.



Nikolaos Tsoullos, President of the Dodecanese Federation of Professionals, Craftsmen and Merchants

- Despite being pioneers in the sector, the coronavirus has shown how vulnerable we can be, so we have to learn from the pandemic: we must select and maintain certain aspects (e.g. reinforced structures and infrastructure, transport protocols, health rules, changing the growth model to some extent), and under no circumstances keep others that have to do with the restriction of our freedoms.
- The local community believes that it is essential to: 1. bring back reduced VAT rates for the islands (which according to the Greek government is blocked at European Commission level), 2. limit the all-inclusive system (increase in the number of visitors not aligned with the increase in market revenue), for the benefit of SMEs and society as a whole.
- The year 2021 is better than 2020, but many SMEs will not be able to meet their obligations. Support measures have to be kept up over the coming period as well, and growth after the COVID-19 era has to target society as a whole, not individual enterprises and sectors.



Panagiotis Karagiannis, President of the Dodecanese Federation of Trade Associations

- The vast majority of the 5 500 members registered in the Dodecanese Chamber operate on a seasonal basis, i.e. three to five months per year. It is therefore very difficult for our businesses to survive. The islands of Spain, Portugal and Italy do not have this issue as they operate throughout the year.
- As a result of the pandemic, businesses have been shrinking and no new businesses are growing outside the health sector (restaurants, cafés, etc.).



Konstantinos Spanos, Secretary General of the Trade Association of Rhodes

- 99% of businesses operating on the island of Rhodes are SMEs. The pandemic has caused tremendous social upheaval and economic recession while at the same time surfacing as the top disruptor of our time in terms of doing business and everyday life.
- The coming years will be transitional and transformational for SMEs.
- Businesses will need support with measures which must be geared to the needs of each sector. They should include an overall package consisting of financial aid, technological innovation and know-how. These tools will enable SMEs to meet the coming challenges and seize market opportunities, thereby maximising results.



Ioannis Klouvas, President of the Restaurant-owners Association of Rhodes

- Pandemic measures are damaging the restaurant sector, restricting the number of people at a table to ten and prohibiting people from dancing on tables.
- We need to speak about life in the COVID-19 era, not in the post-pandemic era as this situation is going to last.

Round table: The effect of the pandemic on SMEs and tourism in Mediterranean countries



Milena Angelova, EESC rapporteur for SME opinions

- I will soon participate in a meeting with the SME Envoys Network and will be addressing our demands on what needs to be done for SMEs.
- The European funds come from the recovery and resilience plans. We want more SME representatives to apply for access to these funds. When updating the SME strategy, we will ask for these requests to be taken into account.
- There is also a lack of qualified professional staff among SMEs. After the closure of the tourism sector during the crisis, many people had to turn to other sectors.
- We have to renegotiate measures that will meet these demands and the specific features of the tourism sector.
- The Commission has published a guide to EU funding for tourism. The federations should help their members go through these guidelines and share their ideas so that they can be taken into account when we draft our opinion.



Dimitris Dimitriadis, representative of the EESC president

- The pandemic has affected European SMEs negatively. There are 22.5 million SMEs and there are not enough funds for all enterprises. In Brussels they always forget that and funds cannot cater to real needs.
- The good times are over: inflation, increase in interest rates, increase in the price of raw materials. We are asking for specific measures from the European Central Bank. The ECB's zero interest loans will come to an end. We need **special Mediterranean programmes for specific needs**. European and national bureaucracy cannot understand the reality, but this problem needs to be solved.



Claudio Cappellini, expert for the EESC opinion on tourism

- In Europe we have about 3.2 million SMEs in the tourism sector. Tourism makes up 15% of Greece's GDP. The EU economies hit hardest by the pandemic were in the Mediterranean area.
- **A Next Generation EU tourism policy:** We need to restore confidence in EU tourism and mobility for citizens (health), **rethink the sustainability of our tourism models** and the golden rules for green and cultural tourism investment, and reactivate a **bottom-up dialogue with local stakeholders**. We need a selective approach to the tourism sector's long-term recovery, unconventional and effective liquidity measures, adaptable debt write-off and early warning instruments for SME solvency, e.g. facilitating participation in tenders for SMEs via transparent procedures, coordination policies on international flows and SME-friendly standards. We also need an early warning system to mitigate natural and man-made disasters, and social and economic crises.

First special session: EU policy response to the effective post- COVID transition for tourism and SMEs



Marie-Hélène Pradines, Head of Unit G1 Tourism & Textiles, DG GROW, European Commission

- According to our initial data, the summer of 2021 was relatively encouraging, even though we have not come back to 2019 levels. This crisis is also an **opportunity to accelerate the sector's shift towards more sustainability, digitalisation and resilience**. To that end, we are working to prepare the future of tourism in the long term.
- On 5 May, the Commission adopted the communication on *Updating the 2020 new industrial strategy*. One strand of this work is how to progress towards the twin transitions. Tourism has been chosen as the first sector for which the Commission prepared a staff working document for a transition pathway. An online consultation is open until 15 September and you are all welcome to take part in it.
- In May, the Commission also prepared a **guide on EU funding for the tourism sector**. This will be updated regularly.



Josianne Cutajar MEP, Board member of SME Connect and Chair of WG Tourism, Travel & Mobility

- The tourism ecosystem is very specific and blanket measures are not applicable. The measures implemented by the Commission (vaccination, digital vaccination certificate) enabled us to have a summer season, but they are not enough.
- The Financial Times reported that 56% of European tourist travel companies are deemed to have an unsustainable capital structure (ccc rating). Public and private financial support must continue. However, it is not enough to support capital flow: we also need to look at current and future challenges, like digitalisation. European funds are available but businesses still need to navigate administrative hurdles. We need advisors at local level, helping SMEs to access EU funds.
- The shortage of skills in the tourism sector is a considerable problem. We need a short, medium and long-term plan. Resilience skills relating to the digital and green transition are important: the creation of an EU Tourism academy could be a solution, together with a platform that connects employers and employees to avoid labour shortages, fully reaping the benefit of the free movement of people in the EU.

Second special session: The SME perspective on tourism and transport



Dumitru Fornea, Chair of the EESC study group

- We need to consider Europe as one single territory, as the US does. The restrictions in place in the EU are not compatible with the single market. Citizens are paying for the COVID-19 tests to travel and this is unacceptable. We need to unite and cooperate and provide common solutions.
- We support the proposal by Pierre Jean Coulon, a French member of our working group, regarding the need to establish a European Year of Tourism and an Erasmus project dedicated to the sector, as well as a platform for tourism managed by the European Commission.



Horst Heitz, Chair of the Steering Commission of SME Connect

- The tourist and travel sector includes many family businesses. EUR 161 billion were lost in 2020, which had a huge impact on businesses and trying to survive. These companies do not have the means to invest now and in the future. Large players have a huge advantage over SMEs.
- Financial aid is limited and it is not the only tool to survive. Companies need to be able to plan the next season. We need common strategies.



Marta Machado, Deputy Director General of Hotrec (Hospitality Europe)

- One of the most urgent measures is an injection of liquidity and tax relief. In the medium term, we need to avoid insolvencies by restructuring capital debt, tax incentives for private investments and early-warning mechanisms for companies at risk of insolvency.
- In the long term, we need to make the hospitality sector more resilient, greener and digital. In terms of resilience, the following actions should be taken: access to EU funding should be improved, vocational & education training further developed, the tourist season should be extended, and the EU's capacity to manage shocks affecting traveling should be improved.
- We also need greener tourism by reducing the carbon footprint in the hospitality sector and reducing food waste.
- Lastly, we need more digital tourism: a fair relationship between hospitality businesses and major online intermediaries; striving for a level playing field in the short-term accommodation rental sector and support for the digitalisation of tourism SMEs.



Philip Easthill, Secretary General of the European Boating Industry

- Boating and nautical tourism is a large part of the EU blue economy and tourism sector. Its ecosystem includes manufacturing and services and is mainly made up of SMEs, including a majority of micro-SMEs.
- The pandemic had a huge short-term negative impact on the sector. Southern European countries were the most impacted. On the positive side, there has been a huge change in consumer preferences, e.g. towards less overcrowded destinations and outdoor activities, which is great for the sector that offers an activity adapted to these new trends. This is clearly shown in the high bookings leading to a summer season extended by several weeks in many regions.
- Tourism needs to be a priority at national and European level, and this needs to be recognised in the different policy frameworks. If we look at horizontal measures, we need an enabling environment (e.g. level playing field for reduced VAT rates), harmonised qualifications framework, investment in the green transition (marinas need to be adapted to climate change and develop new infrastructure)...



Pierre Jean Coulon, EESC member

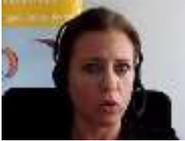
- In Europe, there is a lot of bureaucracy and meaningless talk. Today's meeting enables us to come closer to businesses and its needs as well as to other stakeholders.
- Following the batteries and hydrogen alliances, Commissioner Breton will launch a European alliance for aviation in December, so why not launch a European alliance for tourism – with European workers and all other stakeholders. We could also launch Erasmus+ for tourism.



Cristiano Tomei, National Coordinator CNA Turismo e Commercio, Italy

- In Italy, tourism is one of the sectors hit hardest by the pandemic. In order to enable tourism markets, especially international ones, to recover after they were slowed down or suspended during the crisis, we need to establish a permanent governance mechanism for tourism entailing hearings and round tables that can monitor the renewal process, share strategies with companies and implement initiatives.
- We need to carry out regional and local promotional marketing measures. This will allow companies in the supply chain to adapt and improve their tourism services. Direct measures to facilitate digitisation are also needed.

Alexandra Wolframm, Strategic Advisor on European and Legal Affairs of the Deutscher Tourismusverband (German Tourism Association, DTV),



- Germany is a major holiday destination for German, European and international travellers. Before the crisis, the sector accounted for 3 million jobs and an added value of over EUR 100 billion. Between January and July 2021, we recorded a third fewer overnight stays compared to 2020, which was already affected by lockdown. Last minute travel restrictions are an obstacle to rebuilding consumer confidence and fast recovery.
- The general trend seems to favour domestic holidays, with a preference for rural and marine tourism. Urban and cultural tourism and the MICE sector however are still strongly affected by the crisis and need special support and attention.
- We need a coordinated and harmonised approach throughout the EU in order to secure jobs and help increase sustainability. The EU long-term tourism strategy and agenda should foster a strong, resilient and sustainable tourism industry and a special heading for tourism in the MFF would be very welcome.

