

The Impact of the COVID-19 outbreak on the tourism and travel sectors in Portugal:

Recommendations for maximising European Regional Development Fund (ERDF) and the Cohesion Fund (CF) contribution to the recovery

Report submitted to the European Commission in March 2021

Carlos Costa [ccosta@ua.pt]

Full Professor

University of Aveiro

Department of Economics, Management, Industrial Engineering and Tourism (DEGEIT)

> Summary of the presentation



1. Methodology
2. Evolution and impact of COVID-19 in Portugal
3. New rational and paradigmn
4. New ERDF and CF funding orientations

1. Methodology

➤ National & International Statistics



INE - National Institute for Tourism Statistics

ANA – Portuguese Airports

SEF - The Portuguese Immigration and Borders Service

BP – Bank of Portugal

Travel BI – Turismo de Portugal

Health information - Ministry of Health

EUROSTAT

WTO

WTTC

AHP - Association of Hotels of Portugal

AHRESP - Association of Portuguese Hotels and Restaurants

APAVT - Association of Portuguese Travel Agencies (APAVT)

CTP - Confederation of Tourism

ERTBs - Regional Tourism Boards (5)

DREs - Regional Directorates of Economy from the Azores and Madeira

> Scenarios for tourism in Portugal



Duration	Scenarios	The impacts and implications related to Tourism
<p>Short term</p> <p>(February 2021- December 2021)</p>	<p>The optimistic scenario</p> <ul style="list-style-type: none"> - The vaccination of the population succeeds - No problem with the supply of vaccines - Variants of the virus do not reduce the effectiveness of vaccines - As it is targeted by the government, 75 percent of the population is vaccinated by the end of the Summer of 2021 - The entire population is vaccinated by the end of 2021 - No more lockdowns - The frontiers are open but health controls are imposed on the tourists' arrivals - e.g. the vaccine passport and fast virus test 	<ul style="list-style-type: none"> - Domestic travels start to peak up from May (with health precautions) and increases gradually - International travels start to peak up from June (with health restrictions) and gradually expands - Low-density areas and less crowded places are still among the preference of the travellers - The recovery of tourism starts gradually to take place - The revenue of the tourism businesses starts to increase - Total tourism revenue peaks up but still it is far from the level of 2019 - With the progress in the situation, employment starts to grow - Tourism businesses at risk of bankruptcy have started to cover their losses and are no longer at risk - Tourists' sense of health and security continues - New forms of leisure and tourism start to emerge principally for inbound tourism - Forms of tourism linked to nature, rural, and heritage start to expand
	<p>The moderate scenario</p> <ul style="list-style-type: none"> - Vaccination problems start to occur, due to the emergence of new variants and ineffectiveness of the vaccines - The vaccination of the entire population fails to be completed by the end of 2021 - The number of infected people sometimes increases to dangerous levels and temporary lockdowns are enforced - Travel restrictions are occasionally introduced - The frontiers are open but operate with tighter health controls - e.g. the vaccine passport, fast virus test and quarantines 	<ul style="list-style-type: none"> - Domestic travels returns in summertime (with strict health precautions) but with low numbers - International travels start from June (with health restrictions) with low numbers - Low-density areas and less crowded places are amongst the preferences of the travellers - The recovery of tourism is slow, but it counts with some periods of good international arrivals and good periods of domestic tourism - The tourism businesses improve but not reaching yet satisfactory levels - Some of the employees of the tourism industry have lost their jobs - Tourism businesses at risk of bankrupting have managed to survive but are still in trouble - Tourists' sense of health and security continues to be on the top of the agenda - Safety and health continue to be critical to choose the destination

➤ 29 Interviews / 44 hours of discussion



National level organisations:

Government: Secretary of State for Tourism (SET) / Turismo de Portugal - TP)

Associations: CTP / AHP / AHRESP / APAVT / Termas Portugal / TURIHAB / APECATE /
Bairrada Wine Tourism

Regional level organisations

CCDRs - (North, Centre, Lisbon, Alentejo, Algarve)

DREs – Madeira and Azores

APT – Promotion Regional associations of tourism promotion of the five NUTS in
Portugal and Madeira

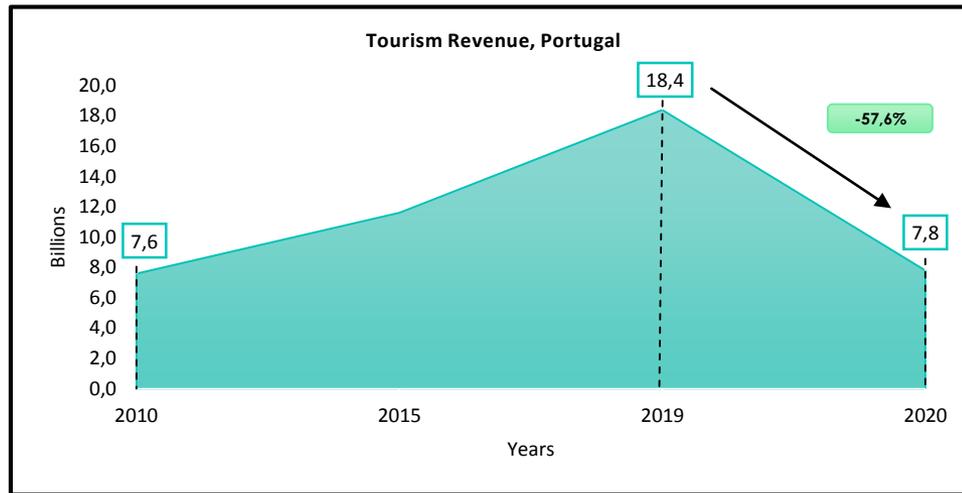
➤ Best practices / Literature review



- Best practices
- Tourism planning and development models
- Extensive and comprehensive literature review

2. Evolution and impact of COVID-19 in Portugal

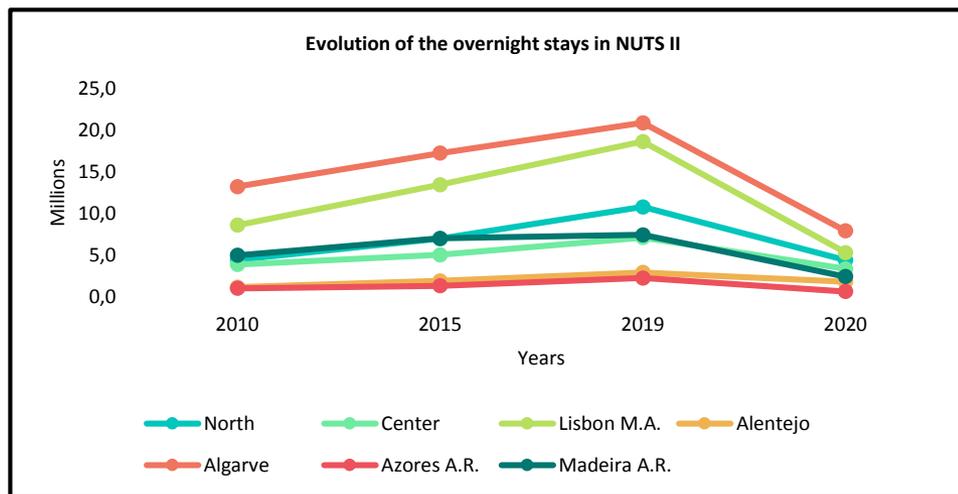
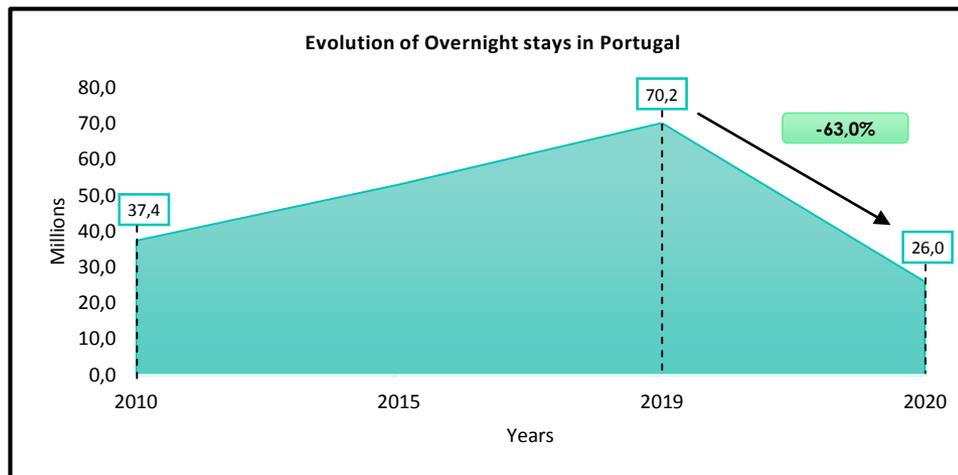
> Tourism Revenue



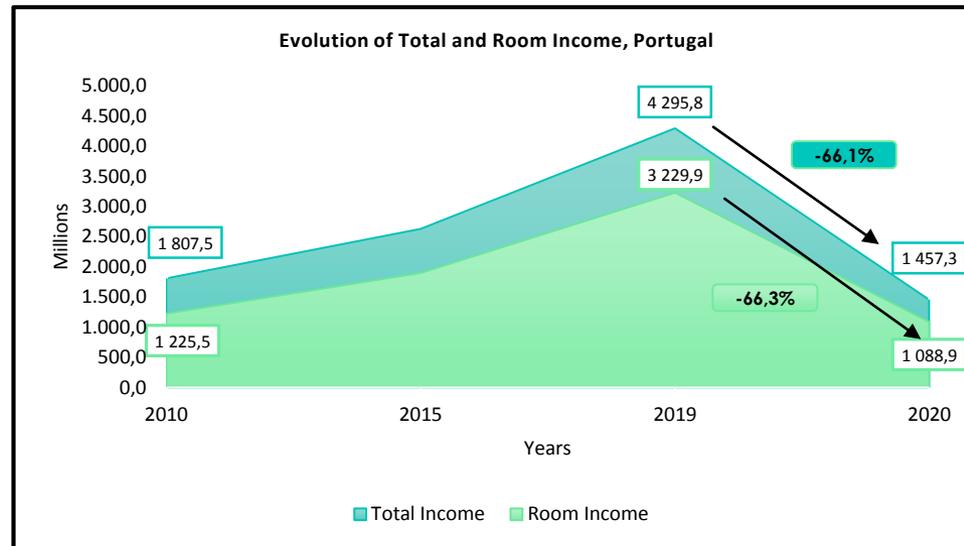
Between 2010-2019 - tourism revenue increased from 7,6 billion euros to 18,4 billion euros. This represents a growth of 2,4 times in just 9 years

During 2020 - the income decreased from 18,4 billion euros to 7,8 billion euros, which represents a fall of 57,6%

> Evolution of overnight stays



> Total and Room Income

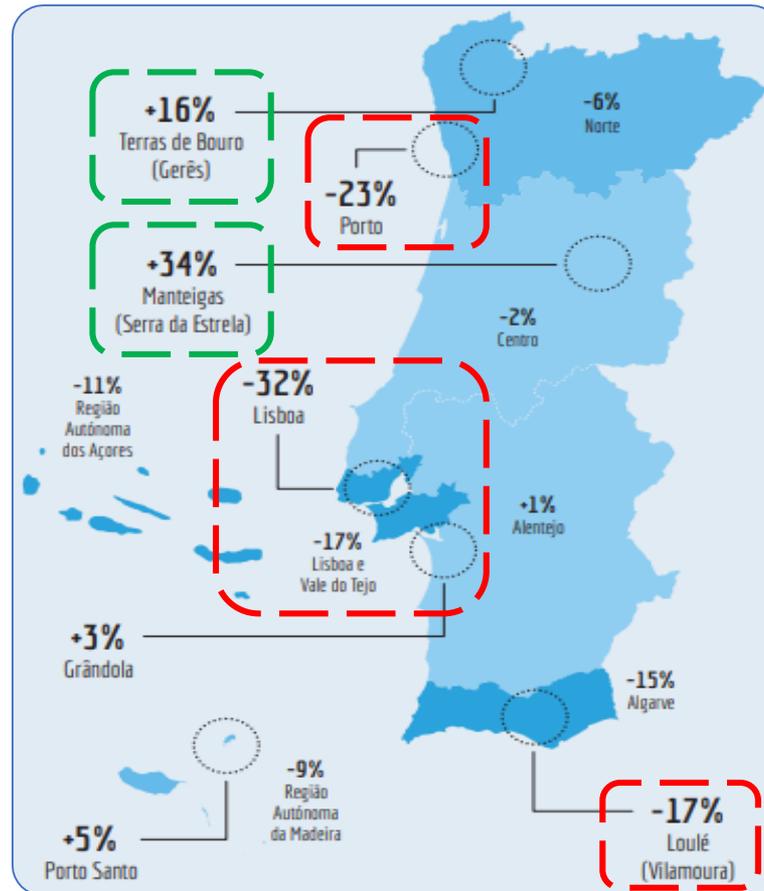


> Revenue Per Available Room (RevPAR)



Euros (€)	2010	2015	2019	2020	Variation Index (2010-2019)	Variation index (2019-2020)
North R.	23,0	26,5	42,6	19,1	85,3%	-55,2%
Centre R.	17,3	18,0	25,1	15,3	45,0%	-38,9%
Lisbon M.A.	<u>40,8</u>	<u>52,6</u>	<u>74,3</u>	23,3	82,2%	-68,6%
Alentejo	20,5	20,5	33,1	26,8	60,9%	-18,9%
Algarve	29,8	39,3	54,6	<u>30,0</u>	82,9%	-45,1%
Azores A.R.	24,2	26,3	38,1	14,8	57,6%	-61,2%
Madeira A.R.	27,1	39,3	44,3	22,7	63,3%	-48,8%
Global	28,3	35,1	49,5	22,6	75,0%	-54,3%

> Eletronic payments and cash withdrawals

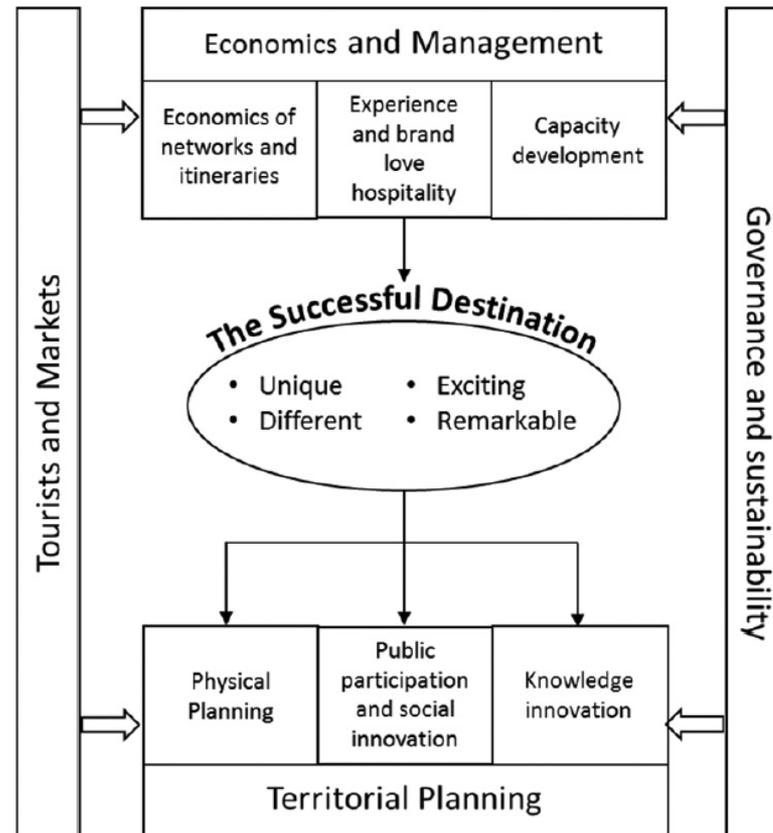


> Tourism impacts

Stronger negative impacts	Lower negative impacts
Areas depending on international tourism	Areas depending on domestic tourism
Access by air	Access by road
High tourism density	Low tourism density
Mostly seaside resorts	Inland tourism areas
Standard gastronomy	Healthy food
Beaches	Rivers
Hotels	Independent houses
Problems with social distancing	Social distancing is not an issue

3. New rational and paradigm

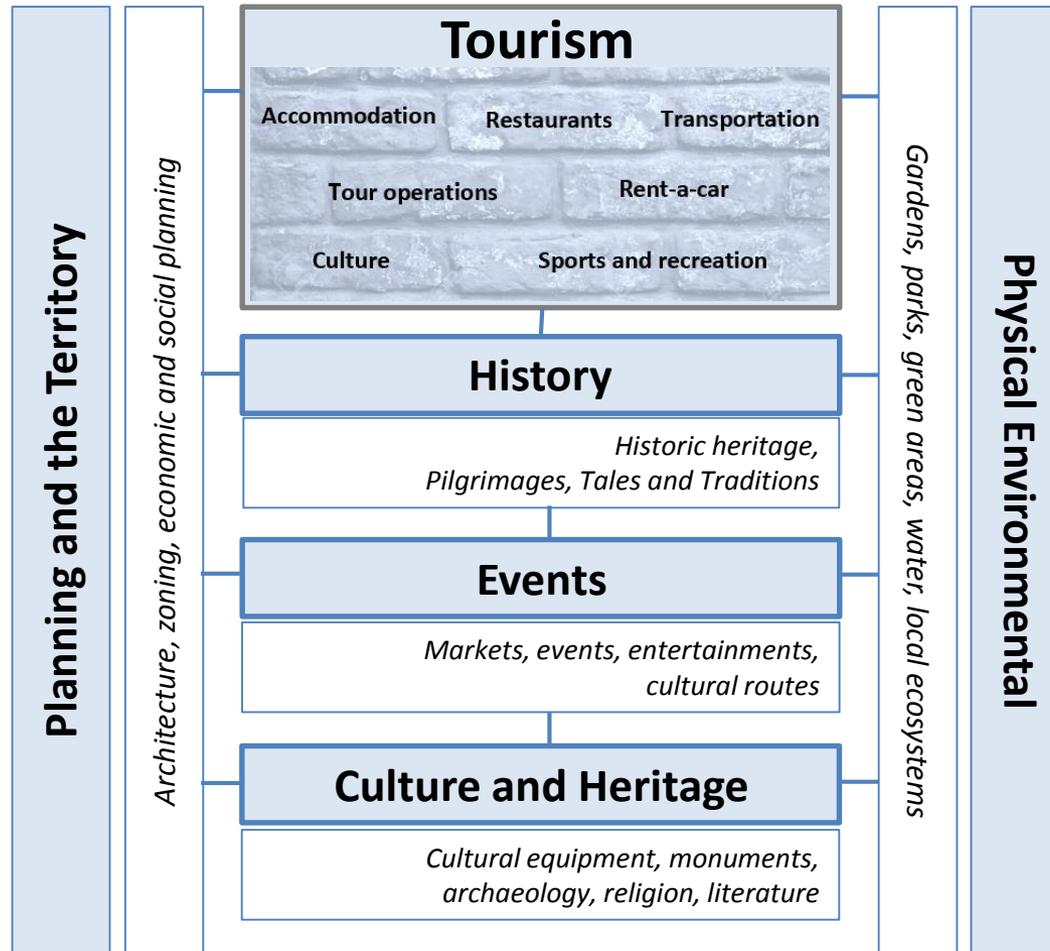
> Model for the future organisation



The successful destination: bridging territorial planning with its economics and management

Source: Costa (2020). Tourism planning: a perspective paper, *Tourism Review*, 75, pp. 198-202

> Tourism as a tool to promote local sustainable development



Source: Adapted from Costa, C, Gonçalves, F, Costa, M, Pinho, V, Sousa, J, (2020), **Turismo em Barcelos**, Câmara Municipal de Barcelos

> Organisation of tourism in Portugal



4. New ERDF and CF funding orientations

Emergency policies

1. Fiscal policies
2. Monetary policies
3. Jobs and skills
4. Market intelligence
5. Restarting tourism

(PO 1) A smarter Europe

➤ *Chain of operations*



- Funding oriented to the **core business**, which are listed in the **TSA**;
- **Links to other tourism sub-sectors**, should be valorised;
- Projects rooted in the **local economy**;
- **Digitization** should contribute to this.

➤ SMEs and networks



- **Projects must interact laterally** with the local economy;
- Projects must **diversify the suppliers** of goods and services;
- Projects contribute to the local **multiplier effect**.

➤ Local and traditional products



- Projects should promote the consumption of **local agricultural products**;
- Projects should incorporate **local and national wines**;
- Consumption of **traditional productions and handicrafts**.

➤ Demand side



- Projects must include **feasibility studies** showing their main sources of demand;
- Projects have to offer **sensitive analysis** illustrating what may happen to them if markets change;
- Projects must provide **analysis of social and economic implications** they have on the local communities.

➤ Digitalisation



- **Organizational level:** The (national and regional) administration should create digitalisation models and plans;
- **Business domain level:** companies' operations should be supported on modern platforms of communication and access to information;
- **Human resources domain:** digitalisation of the tourism sector must be made alongside a training policy for human resources.

➤ Innovation



- Innovative capacity in terms of **product, production, market, supply and organisation**;
- Evaluation criteria should value projects developed in **'innovative milieus'**, involving businesses, research centres and organisations, because they are a guarantee of innovation and offer support to be more resilient in times of crisis;
- Tourism projects should be designed in **collaborative ways**, and include the **needs of residents**.

(PO 2) A greener, low-carbon Europe

- **Sustainable energies;**
- **Soft mobility** (cycling, walking, roller-skating, etc.), including electro mobility (e.g., electric cars);
- **Renewable energies.**

➤ Forest protection and management



- **Attract small projects to forest areas;**
- **Recuperation of traditional villages;**
- **Sustainable projects,** and capable of protecting and enhancing the natural habitats and nature tourism.

➤ Water management



- **Recycle and water treatment;**
- **Technologies to saving water;**
- **Water management.**

➤ Circular economy



- **'Metabolism studies'** to implement a policy for a circular economy;;
- New projects should incorporate actions for the **circular economy**;
- Support should be given to projects seeking business transition to circular economy.

(PO 4) A more social Europe

➤ Gender equality



- The recruitment and management of human resources in the tourism sector must be supported on clear orientations of **non-gender discrimination**.

➤ Health and wellness (spa tourism)



- **Spa tourism** create new opportunities for health care;
- Investments should be oriented to the **restoration of historic buildings** and enhancing the surrounding areas;
- **Include both tangible and intangible offers in order to create spill-over effects** to the communities and boost local development.

➤ EU Policies for 2021 - 2027

Tourism was brought into the EU agenda!!

Specific Objective 4.5, specifically oriented to tourism within policy objective 4:

Enhancing the role of culture and sustainable tourism in economic development, social inclusion and social innovation.

It is argued that tourism and culture should be used as a tool to stimulate a more cohesive and social Europe, and it is also believed that by strengthening tourism and culture, the whole economic, social and environmental fabric of Europe may be strengthened.

(PO 5) A Europe closer to citizens

➤ Linking urban and rural areas



- **City tourism and city breaks** - **growth poles** capable of pushing development to outside less developed areas;
- City tourism products - with **routes and itineraries** percolating throughout rural and forest areas;
- New investments in less developed forested and rural areas, in order to catalyse the local economies;
- Investment in the low-density areas - **protecting and restoring historic units** and villages.

S3 and regional level (NUTS II) recommendations

➤ North Portugal



- Tourism products should follow the authenticity - sustainable and resilience to crises.
- **Sites classified as UNESCO World Heritage** (Centro Histórico do Porto, Arte Rupestre de Vila Nova de Foz Côa, Alto Douro Vinhateiro, Centro Histórico de Guimarães, e Santuário do Bom Jesus em Braga), and UNESCO Creative Cities (Barcelos), and other classified heritage.
- Tourism associated with **agriculture, gastronomy, wine tourism**.
- Smaller units, **rural houses, and manor houses**.
- Enhancing and protecting natural, protected areas.
- **Routes and itineraries** to increase the scale and the multiplier effect of tourism.

➤ Central Portugal



- Traditional villages (such as, **Aldeias Históricas e Aldeias de Xisto**), and other forms of traditional architecture (e.g., Casas Gandaresas), and rural museums.
- Heritage, fortresses and castles.
- **Spas and wellness centres.**
- Fátima ('Shrines of Europe').
- **Forest areas and prevention of wild fires.**
- **PROVERE - tangible and intangible products.**
- **Tourism schools and research centres.**
- Gastronomy and wine tourism products.

➤ Lisbon region



- **Heritage and the cultural assets.**
- Traditional products and small size commerce.
- To **alleviate tourism pressure in some highly congested spots.**
- Creation of **network of city and short break to spread tourism** and involve the local community.
- Promote investment to enhance the establishment of clearer links with the natural environment and in particular with the Tagus river.
- Promote forms of **soft mobility.**
- **Reduce the environmental impact of tourism activities**, particularly the **cruising industry.**

- Invest in products and events which are typical of the region.
- **Associate tourism investment with heritage** (e.g., Centro Histórico de Évora, Elvas, Mértola, Marvão, Monsaraz, and Cante Alentejano).
- Traditional villages of Alentejo (**'Montes Alentejanos'**).
- Invest in projects able to enhance the environmental characteristics of the region.
- Invest in **forms of low-density tourism and slow tourism**.
- Invest in forms of soft mobility.
- Invest in new markets capable of fighting the seasonal characteristics of the tourism sector and make it economically more sustained and resilient.

- **Incorporate more regional and national investment in order to make tourism more sustainable and resilient.**
- **Environmental protection** (water management, energy efficiency, renewable energy, circular economy).
- Improve the quality of human resources.
- Seasonality.
- Soft mobility.
- **Foster links between tourism and regional agriculture and forest products.**
- Invest in health tourism facilities.

- **High-quality products - excellence.**
- Associate investment with local agriculture and Madeira wine.
- **Environmental protection** - Floresta Laurissilva, Levadas, Desertas, bird, whale and dolphin watching, etc.).
- Seasonality of tourism and optimizing other public and private sector investments (Passagem de Ano, Festa da Flôr, Carnaval, romantic destination, etc.).
- **Involve local communities more effectively and take advantage of public investment.**

- **Ecotourism** destination.
- **Geotourism and health** tourism may emerge as a cluster in the future.
- **Soft mobility** (biking, hiking, paragliding, canoeing, kayaking, yachting, horse riding, scuba diving, whale, dolphin, and bird watching, big game fishing, etc.).
- Investment should prove association with local agriculture and milk products.
- Investment must be oriented to **private sector initiatives**.
- The creation of **networks of investments** to increase resilience and multiplier effect.

➤ Research and governance



- **Culture of research** – following the Thematic Agendas for Research and Innovation, established by the FCT.
- **Tourism research area ought to be created by FCT.**
- **Research platforms at regional level.**

➤ Education and training



- A **national strategy to evaluate the needs** of education and training in the tourism sector.
- **PhDs and MSc closer to the industry.**
- Scholarships for o doctoral programmes.

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