



Urgent support needed for hospitality-tourism sector in COVID-19 crisis

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Main message

The hospitality-tourism sector is one of the major players in the EU economy. EFFAT, FoodDrinkEurope, FoodServiceEurope and HOTREC, come together as **European social partners to call on the EU for an exit strategy from the COVID-19 crisis and a recovery plan** that allows hotels, restaurants, bars, cafés and canteens to survive and to continue employing millions of people across Europe.

Context

The hospitality sector is facing an unprecedented crisis due to the COVID-19 pandemic which is putting the viability of companies and employment at risk. Thousands of companies, in particular micro-enterprises and SMEs, are struggling to survive, others face insolvency. Many workers are on temporary unemployment and have lost or risk to lose their jobs soon. Invoices and fixed rental costs continue to come in, and yet these businesses have virtually no income. They all face great uncertainty in the months ahead. Our estimates indicate a loss of 80-90% in turnover for the hospitality sector during Q1 2020.

Usually, EU consumers spend approximately one third of their food and drink budget in restaurants, bars and cafés¹. The closure of the out-of-home market throughout Europe has had a huge knock-on effect on the entire supply chain, from farmers and food and drink processors to distributors and warehouses and it has the potential to create imbalances in sectoral supply chains.

The tourism sector is vital for the economies of entire EU regions and countries, some of them hit hard by the pandemic. Before the crisis, the sector employed 12 million workers and represented 10% of the EU GDP. Now, an estimated 6.4 million jobs are under threat.

Reopening strategy

The hospitality-tourism sector is important from both an economic and a social point of view.

While some hospitality-tourism establishments will remain closed, others will face a long period of reduced activity. Reopening should be gradual and done in a co-ordinated manner at EU level. **Safeguarding worker and customer health should always be the top priority, and all businesses must respect health, safety and physical distancing requirements in order to re-open.**

Nevertheless, businesses should be free to decide whether to open, open partially or remain closed. The different business models need to be taken into account. For some, it might not be economically viable to open with the current restrictions, others cannot wait to start receiving customers' again.

¹ Breaking down of EU household consumption expenditure, Eurostat, 2016

The relaunch of the sector should be considered as a strategic priority for both the EU and national governments, with hospitality being a key part of the touristic and cultural attractions in Europe. This sector attracts travellers to Europe, offers unique accommodation experiences, provides tasty food experiences. It is therefore vital to support companies and workers of the sector within the EU Recovery Plan, to contribute to the restart of the economy and, in doing so, to ensure job security for millions of Europeans.

We welcome a **sustainable recovery model**, that will ensure the future resilience of the sector. This should include **support schemes and aid** made available over the **long-term** to reflect the need for new health, safety and sanitation provisions, and the reduced activity for the many SMEs that make up the sector. Some food and drink manufacturers have already put in place a number of initiatives to support the hospitality sector² but much more needs to be done.

Rebuilding consumers' trust should be at the heart of recovery plans, based on strengthened measures to guarantee hygiene and safety, as well as restoring demand through fiscal stimuli and safeguarding purchasing power. Austerity measures would therefore be detrimental and should be avoided. We welcome the [WHO guidance for food businesses](#), as well as the [WHO guidelines for management in the accommodation sector](#) and we call on businesses to strictly follow national legislation.

The way forward

EFFAT, FoodDrinkEurope, FoodServiceEurope and HOTREC call on the EU institutions to support the hospitality-tourism sector with a combination of supportive measures:

1. We believe the **EU Recovery Plan** should be adopted as soon as possible by Member States in order to support the hospitality-tourism sector. It should be of a sufficient magnitude, to deal with this unprecedented crisis. There is no time to waste, companies and workers need immediate support. **The hospitality-tourism sector should be strongly supported by the EU Recovery Plan** as it is a major source of employment and a strategic sector that generates growth for other industries as well. **A significant proportion of the Recovery Plan budget should be addressed to the relaunch of the tourism sector.**
2. Businesses in the hospitality-tourism sector have benefited from EU and national measures taken in response to the COVID-19 crisis, **including liquidity support and fiscal relief**. We call on the Commission to remind Member States of the existing possibility³ to **apply reduced VAT rates on certain food and drink products**, which - if applied as appropriate - would support consumer demand to help rebuild the sector.
3. We also welcome the initiatives taken in several Member States to **protect employment** through short-time arrangement schemes. However, these initiatives - aimed at avoiding massive unemployment and recession - are operational only in some Member States and with many limits. In addition, due to the recovery time needed, they must play a role not just during the Covid-19 crisis but beyond the gradual and progressive deconfinement and reopening strategies.

² Some of initiatives food and drink manufacturers have already put in place: contributions, donations and partnerships, including cash relief; food safety trainings through webinars and other digital sessions; facilitating take away and delivery through offering plug and play software to operators through which restaurants can start up their takeaway services; partnership PR campaigns in national media to encourage take-aways

³ Updated and consolidated [text](#) of Council Directive 2006/112/EC on the common system of value added tax

The SURE mechanism (Support to Mitigate Unemployment Risks in an Emergency) will be **a very useful tool to help fund the short-time work and income compensation schemes already put in place by many Member States**. We believe that this instrument must be implemented as soon as possible. Moreover, it should be ensured that all national measures directly financed by SURE or other future EU mechanisms cover all workers employed in the hospitality-tourism sector, including those with non-standard forms of employment, such as seasonal workers, part-time workers, and workers employed in the subcontracting chain. It is important that all companies in the hospitality-tourism sector are supported to ensure job protection for their worker. This will be crucial for a gradual and full relaunch of the sector as Europe progressively exits the pandemic and consumer confidence slowly returns.

4. **Social partners should be fully involved and consulted** at each and every level for the development and implementation of measures adopted to support the hospitality-tourism sector.

Who we are:

[EFFAT](#) is the European Federation of Food, Agriculture and Tourism Trade Unions, also representing domestic workers. As a European Trade Union Federation representing 120 national trade unions from 35 European countries, EFFAT defends the interests of more than 25 million workers towards the European Institutions, European employers' associations and transnational companies. EFFAT is a member of the ETUC and the European regional organisation of the IUF.

[FoodDrinkEurope](#) represents the food manufacturing industry. Made up of 294,000 business and 4.7 million workers, the food and drink industry buys 70 percent of all EU agricultural produce and is Europe's largest manufacturing industry.

[FoodServiceEurope](#) represents the interests of the European contract catering sector at EU level. Our sector employs over 600,000 people across Europe and delivers over 6 billion meals every year. Contract catering covers food services for people working or living in communities such as private and public undertakings, schools, hospitals, retirement homes, prisons.

[HOTREC](#) represents the hotel, restaurant and café industry at European level. The sector counts in total around 1.8 million businesses, being 99,5% small and medium sized enterprises (91% are micro enterprises, i.e. employing less than 10 people). These businesses make up some 60% of value added. The industry provides some 10 million jobs in the EU alone. Together with the other tourism industries, the sector is the 3rd largest industry in Europe. HOTREC brings together 40 national associations representing the interest of this industry in 29 different European countries.
