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
1. Methodology

2. Evolution and impact of COVID-19 in Portugal

3. New rational and paradigm

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**
Business Information

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

<table>
<thead>
<tr>
<th>Duration</th>
<th>Scenarios</th>
<th>The impacts and implications related to Tourism</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Short term</strong></td>
<td><strong>The optimistic scenario</strong></td>
<td></td>
</tr>
<tr>
<td>(February 2021- December 2021)</td>
<td>- The vaccination of the population succeeds</td>
<td>- Domestic travels start to peak up from May (with health precautions) and increases gradually</td>
</tr>
<tr>
<td></td>
<td>- No problem with the supply of vaccines</td>
<td>- International travels start to peak up from June (with health restrictions) and gradually expands</td>
</tr>
<tr>
<td></td>
<td>- Variants of the virus do not reduce the effectiveness of vaccines</td>
<td>- Low-density areas and less crowded places are still among the preference of the travellers</td>
</tr>
<tr>
<td></td>
<td>- As it is targeted by the government, 75 percent of the population is</td>
<td>- The recovery of tourism starts gradually to take place</td>
</tr>
<tr>
<td></td>
<td>vaccinated by the end of the Summer of 2021</td>
<td>- The revenue of the tourism businesses starts to increase</td>
</tr>
<tr>
<td></td>
<td>- The entire population is vaccinated by the end of 2021</td>
<td>- Total tourism revenue peaks up but still it is far from the level of 2019</td>
</tr>
<tr>
<td></td>
<td>- No more lockdowns</td>
<td>- With the progress in the situation, employment starts to grow</td>
</tr>
<tr>
<td></td>
<td>- The frontiers are open but health controls are imposed on the tourists'</td>
<td>- Tourism businesses at risk of bankruptcy have started to cover their losses and are no longer at risk</td>
</tr>
<tr>
<td></td>
<td>arrivals - e.g. the vaccine passport and fast virus test</td>
<td>- Tourists' sense of health and security continues</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- New forms of leisure and tourism start to emerge principally for inbound tourism</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Forms of tourism linked to nature, rural, and heritage start to expand</td>
</tr>
<tr>
<td></td>
<td><strong>The moderate scenario</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Vaccination problems start to occur, due to the emergence of new variants</td>
<td>- Domestic travels returns in summertime (with strict health precautions) but with low numbers</td>
</tr>
<tr>
<td></td>
<td>and ineffectiveness of the vaccines</td>
<td>- International travels start from June (with health restrictions) with low numbers</td>
</tr>
<tr>
<td></td>
<td>- The vaccination of the entire population fails to be completed by the end</td>
<td>- Low-density areas and less crowded places are amongst the preferences of the travellers</td>
</tr>
<tr>
<td></td>
<td>of 2021</td>
<td>- The recovery of tourism is slow, but it counts with some periods of good international arrivals and good periods of domestic tourism</td>
</tr>
<tr>
<td></td>
<td>- The number of infected people sometimes increases to dangerous levels</td>
<td>- The tourism businesses improve but not reaching yet satisfactory levels</td>
</tr>
<tr>
<td></td>
<td>and temporary lockdowns are enforced</td>
<td>- Some of the employees of the tourism industry have lost their jobs</td>
</tr>
<tr>
<td></td>
<td>- Travel restrictions are occasionally introduced</td>
<td>- Tourism businesses at risk of bankrupting have managed to survive but are still in trouble</td>
</tr>
<tr>
<td></td>
<td>- The frontiers are open but operate with tighter health controls - e.g.</td>
<td>- Tourists' sense of health and security continues to be on the top of the agenda</td>
</tr>
<tr>
<td></td>
<td>the vaccine passport, fast virus test and quarantines</td>
<td>- Safety and health continue to be critical to choose the destination</td>
</tr>
</tbody>
</table>
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

• Tourism planning and development models

• Extensive and comprehensive literature review
2. Evolution and impact of COVID-19 in Portugal
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

![Graph showing the evolution of overnight stays in Portugal and NUTS II regions](image)

Carlos Costa [ccosta@ua.pt] University of Aveiro
> Total and Room Income

Evolution of Total and Room Income, Portugal

- 66.1%
- 66.3%
Revenue Per Available Room (RevPAR)

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>North R.</td>
<td>23,0</td>
<td>26,5</td>
<td>42,6</td>
<td>19,1</td>
<td>85,3%</td>
<td>-55,2%</td>
</tr>
<tr>
<td>Centre R.</td>
<td>17,3</td>
<td>18,0</td>
<td>25,1</td>
<td>15,3</td>
<td>45,0%</td>
<td>-38,9%</td>
</tr>
<tr>
<td>Lisbon M.A.</td>
<td>40,8</td>
<td>52,6</td>
<td>74,3</td>
<td>23,3</td>
<td>82,2%</td>
<td>-68,6%</td>
</tr>
<tr>
<td>Alentejo</td>
<td>20,5</td>
<td>20,5</td>
<td>33,1</td>
<td>26,8</td>
<td>60,9%</td>
<td>-18,9%</td>
</tr>
<tr>
<td>Algarve</td>
<td>29,8</td>
<td>39,3</td>
<td>54,6</td>
<td>30,0</td>
<td>82,9%</td>
<td>-45,1%</td>
</tr>
<tr>
<td>Azores A.R.</td>
<td>24,2</td>
<td>26,3</td>
<td>38,1</td>
<td>14,8</td>
<td>57,6%</td>
<td>-61,2%</td>
</tr>
<tr>
<td>Madeira A.R.</td>
<td>27,1</td>
<td>39,3</td>
<td>44,3</td>
<td>22,7</td>
<td>63,3%</td>
<td>-48,8%</td>
</tr>
<tr>
<td>Global</td>
<td>28,3</td>
<td>35,1</td>
<td>49,5</td>
<td>22,6</td>
<td>75,0%</td>
<td>-54,3%</td>
</tr>
</tbody>
</table>
Electronic payments and cash withdrawals
## Tourism Impacts

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

Carlos Costa [ccosta@ua.pt] University of Aveiro
3. New rational and paradigm
The successful destination: bridging territorial planning with its economics and management
Tourism as a tool to promote local sustainable development

Organisation of tourism in Portugal
4. New ERDF and CF funding orientations
Short term action

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.
• **Projects must interact laterally** with the local economy;

• **Projects must diversity 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**.
• 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.
• 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 wellnes (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.
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 Gandarese), 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.
Alentejo

- 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.
Azores

- **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 doctoral programmes.
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