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NETWORK FOR THE EUROPEAN PRIVATE SECTOR IN TOURISM



Ms. Mairead McGuinness
EU Commissioner for Financial services, financial stability and Capital Markets Union
European Commission
Rue de la Loi, 200
1000 Brussels
By email: CAB-MCGUINNESS-CONTACT@ec.europa.eu

Brussels, 25 May 2021

Dear Commissioner McGuinness,

As recognised by the European Commission's industrial strategy ([COM\(2021\) 350 final](#)), tourism is the ecosystem hardest hit by COVID-19. The situation created an unprecedented and seismic impact: thousands of companies in the tourism and travel industry are struggling for survival, millions of jobs are at risk, and the industry is facing great uncertainty for the future with no clear prospect of economic recovery.

We fully support that the priority is the collective fight against the virus and the ongoing vaccination programs provide us with light at the end of the tunnel.

The EU and Member States' support packages in the short term, since March 2020, have provided lifeline support to millions of businesses, in particular to alleviate the impact for the lack of liquidity and prevent massive losses for business and jobs. However, today we are particularly concerned that **over-indebtedness and the loss of creditworthiness for valuable companies** are a threat to the recovery.

As the moratoria of the European Banking Authority (EBA) came to an end in March 2021, companies are now dependent either on state guarantee schemes or on the good willingness from banks who might consider prolonging the loans a bit further.

Companies now face the following challenge: loans need to start being paid to creditors, while the sector is still lacking liquidity, needs to pay fixed costs, aims to reengage the workforce and hopes to be able to buy the necessary stocks and perform the necessary repairs before reopening again.

Already within the tourism and travel industry it is challenging for companies to obtain loans from banks compared to other sectors, since profit margins are below average, and securities are generally small. By and large, internal estimates point out that between 10% -40% of the companies might face insolvency at national level in the months to come.

At this critical time, **we call on the European Commission to continue engaging with Member States, financial institutions and all relevant stakeholders to find concrete solutions to support viable businesses in the tourism and travel industry.** If left unaddressed, it will be a significant drag on the economic bounce.

We would encourage to focus on:

- Restructuring of debt capital (replacement of short-term loans by long term solution)
- Strengthening of equity capital and quasi-equity instruments
- Member States to provide tax incentives for private investments
- Member States to develop early-warning mechanisms for companies at risk of insolvency

Dear Commissioner, many thanks for your consideration. A thriving tourism and travel industry will lead the economic and social recovery. We trust our suggestions will be considered and we remain at your disposal to further discuss on the topic.

Yours sincerely,



Eric Drésin
Secretary General of ECTAA (On behalf of NET's rotating secretariat)

Cc.
M. Thierry Breton, Commissioner for Internal Market

What is NET?

NET is a network of representative trade associations from the private sector in European tourism. NET's purpose is to develop common goals for industry and work with policy-makers and other partners to achieve them. Tourism is central to Europe's economic prospects. It contributes more than 10% of EU GDP and provides about 12 million jobs, largely in small and medium sized enterprises. Between them, they make up the third largest socio-economic activity in the EU.

List of NET Members

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