

Chapter 10

Economic and Social Impacts of COVID-19 on European Tourism

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ABSTRACT

European tourism has been largely disrupted by the pandemic throughout 2020. In this study, the economic and social effects of COVID-19 on the tourism sector of European countries were examined. To understand the extent of the pandemic on European tourism, policies followed by countries, physical tourism flows of the accommodation sector, tourism employment, and turnover rates were considered. The study showed that the European tourism sector, especially after the second half of 2020, was hit socially and economically by the devastating effects of the pandemic. In addition, the study revealed the necessity for radical regulations within the sector in the post-pandemic period.

INTRODUCTION

Tourism is an ascending industry by its forward and backward interactions within the economy. Accordingly, the sector has significant contribution to the wealth of many countries. Creating employment, generating foreign exchange earnings, boosting the aggregate demand, and increasing capital investment are some of the economic and social benefits of tourism. Throughout the 21st century, the mobility of citizens has been generally attracted by the technological advancements that improve transportation and accommodation abilities. In addition, the industries' affordable structure promotes tourism activities to

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keep up with the different demands of the consumers. All these developments contributed to the exponential growth of the revenues from the tourism sector globally. Factors such as the continuous growth of the added value created by the sector and the gradual strengthening of ties with other sectors in the economy have made countries more dependent on tourism revenues. However, as the sector grows in the globalizing world, it becomes more fragile to global affairs. In this regard, not only economic, but also cultural and political aspects of society have potential influences on tourism.

Tourism is the third-largest socio-economic activity in the European Union (EU) and contributes significantly to the EU's gross national product and employment. Europe is the number one tourist destination in the world (Juul, 2015). As of early 2020, COVID-19 has paralyzed the hospitality industry, leaving devastating effects on economies that depend heavily on tourism. The outbreak has led to the cancellation of trade fairs, congresses, and cultural events in Europe, while sports competitions such as the UEFA Euro 2020 and Olympic Games have been delayed until 2021. Thus, the EU tourism industry, which employs about 13 million people, has been estimated to lose around € 1 billion a month in revenue due to the pandemic. While the 2003 SARS outbreak led to a decline of only 0.4% that year, COVID-19 was predicted to cause a 45-70% reduction in the international tourism economy. Furthermore, the World Travel and Tourism Council (WTTC) has estimated that around 75 million people worldwide and 6.4 million in the EU will be unemployed in the travel and tourism sector in 2020 (Niestadt, 2020). These developments indicate that there is a rocky road to recovery after the pandemic.

As mentioned before, European tourism was heavily affected by the pandemic throughout 2020. This chapter examines the economic and social effects of COVID-19 on the tourism sector in European countries. For this purpose, pre- and post-pandemic data of European countries will be obtained from the Eurostat database, and comparisons between countries will be made. In order to understand the extent of this infectious disease, firstly, data on pandemic restriction policies of the countries will be presented. Afterwards, the status of the accommodation sector and physical tourism flows will be examined, and the effects of the pandemic policies on tourists' preferences and the tourism sector will be revealed. After understanding the general effects of the pandemic on countries, the fluctuations in the European tourism-based employment before and after the pandemic will be analysed. Moreover, quarterly turnover in accommodation and food services data will divulge how countries are economically affected by the pandemic. Based on the gathered information, finally, the general effects of the pandemic on the European tourism sector will be evaluated. Considering the policies followed by the countries that are relatively less affected by the pandemic, suggestions will be presented for the resumption of European tourism activity.

BACKGROUND

Hunger, war, and financial crises have had devastating effects in the history of the world. However, the outbreaks of the 21st century are even more dangerous, resulting in the deaths of millions of people. The developing world deviated from its natural balance with globalization and population growth, thus facilitating the spread of epidemics and extending the duration of the pandemic. According to diverse studies, epidemics have negative effects on the economic power of countries and the long-lasting pandemics result in crises (Jonung and Roeger, 2006; Barro, Ursúa and Weng, 2020). Recently, pandemic diseases such as SARS, MERS, which threaten humanity, and the COVID-19 virus, which changes our lifestyle, have emerged in the world. These developments show that epidemic diseases will play an

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