**Follow up to the European Parliament non-legislative resolution on the negative impact of the bankruptcy of Thomas Cook Group on EU tourism**

(Effects of the bankruptcy of Thomas Cook Group)

1. **Resolution tabled pursuant to Rule 132(2) and (4) of the European Parliament's Rules of procedure**
2. **Reference numbers:** 2019/2854 (RSP) / B9-0118/2019 / P9\_TA-PROV(2019)0047
3. **Date of adoption of the resolution:** 24 October 2019
4. **Competent Parliamentary Committee:** Committee on Transport and Tourism (TRAN)
5. **Brief analysis/assessment of the resolution and requests made in it:**

The resolution responds to the circumstances and the impacts triggered by the bankruptcy of Thomas Cook, the oldest and second-largest travel group in Europe, which went out of business on 23 September 2019.

The resolution stresses the prime importance of tourism to many regions’ economies and highlights serious economic damage to the sector, employment, consumers, local communities and destinations.

It recalls the rights of passengers and workers in case of insolvency of an operator and underlines the importance of sustained social dialogue, ensuring a well-functioning internal market, as well as maintaining high-level consumer and employee protection in, and competitiveness of, the tourism sector.

It acknowledges the protection provided by Directive (EU) 2015/2302 on package travel and linked travel arrangements, notably the effective repatriation of travellers and reiterates the need for insolvency protection for travellers who book a standalone flight.

It reiterates the importance of a new EU strategy for sustainable tourism with specific budget line allocation in the next Multiannual Financial Framework (MFF).

The resolution calls on the Commission to:

* Include tourism among its strategic priorities and rename the transport portfolio “Transport and Tourism”.
* Assess how relevant EU and national legislative framework corresponds to the effective response to such situations in the future and evaluate the feasibility of specific actions to prevent similar situations in the future.
* Consider the possible revision of the Regulation 1008/2008 in order to monitor/ control financial states of airlines.
* Support the tourism industry through a variety of EU instruments with specific actions and include a specific budget line on tourism in the budget of the next MFF 2021-2027.
* Consider State aid measures as a tool of last resort to mitigate negative effects on businesses, cities, regions and destinations.
* Identify and facilitate best practices at national, regional and local level as well as by the industry in predicting, preventing and managing restructuring processes and the closure of companies.
* Support the EU companies in their transition to digital economy and new business models.
* Consider further measures – in addition to the Regulation 261/2004 on air passenger rights - to maintain high level of consumer/ employee protection.
* Adopt mandatory mechanisms to maintain current levels of passenger rights and for harmonisation of passenger protection.

1. **Response to requests and overview of the action taken, or intended to be taken, by the Commission:**

**Paragraphs 1, 4, 7, 14, 18** and **19:**

Thanks to Directive 2015/2302 on package travel and linked travel arrangements (the Package Travel Directive) affected travellers benefited, free of charge, from the insolvency protection schemes to which Thomas Cook had the obligation to adhere, covering the repatriation of travellers, the financing of accommodation prior to the repatriation, if necessary, and the reimbursement of travel services not yet performed. The Package Travel Directive reinforces consumer protection and contributes to a better functioning of the internal market for travel services providers. The Commission services currently assess the Member States’ transposition measures, focusing in particular on the effectiveness of the insolvency protection schemes put in place. The results of this assessment and experience gained from the Thomas Cook insolvency will inform the general report on the application of the directive to the European Parliament and to the Council scheduled for January 2021.

**Paragraph 5 - on preventive restructuring measures in avoiding insolvencies** The Commission points out that the new restructuring and insolvency framework[[1]](#footnote-1) entered into force in July 2019 and shall be transposed by Member States within two years. This new restructuring and insolvency framework shall apply to all business sectors, not only to the tourism sector. It aims at avoiding corporate insolvencies by providing for viable companies in financial difficulties a possibility of recourse to early warning assistance or preventive restructuring proceedings. Under early warning assistance, Member States shall put in place mechanisms, which businesses in difficulties could use to seek advice on how to restore their business in order to avoid insolvency. The preventive restructuring proceedings shall allow businesses in financial distress to take precautionary measures early enough to keep their business going without being obliged to enter into insolvency liquidation.

**Paragraph 6 – on airline bankruptcies – call for possible revision of the Regulation 1008/2008 in order to monitor/control financial states of airlines**

Regulation 1008/2008 aims to ensure consistent monitoring of air carriers’ compliance with operating licence requirements, including financial fitness, across the Member States to, among other, better predict air carriers’ failures. While the Commission’s evaluation[[2]](#footnote-2) of the regulation showed a positive impact on ensuring that newly established carriers are financially sound, it concluded that recent bankruptcies of established carriers show the need to reflect on a better approach to secure an orderly market exit. An external study supporting a future Commission’s impact assessment is looking at options on how to achieve this.

**Paragraph 8 - on including tourism among the Commission’s priorities of its strategy and rename the transport portfolio “transport and tourism”** and **paragraph 11- on establishing an EU strategy for Sustainable tourism with coordinated and concrete measures and introducing a specific budget line for tourism in the next MFF as requested by the European Parliament**

***On including tourism among the Commission’s strategic priorities.***

In line with Article 195 of the Treaty on the Functioning of the European Union (TFEU), the EU policy objectives are to create a favourable environment for the development of activities in the tourism sector and to promote cooperation between EU countries, particularly through the exchange of good practice.

EU tourism policy priorities have been and will remain aligned with the horizontal priorities of the Commission. This ensures that tourism may benefit from support under relevant EU policy areas, given the transversal nature of tourism as economic activity. The relevant policy areas include, *inter alia*, environment, consumer protection, employment, competition, cohesion, coastal and maritime policy, taxation, passenger rights, education and culture.

EU tourism policy and actions support the competitiveness and sustainable growth of EU tourism in the following priority areas:

* Sustainability: reinforce sustainable tourism development for the benefit of the environment, businesses, destinations and local communities.
* Framework conditions: ensure favourable regulatory and business environment and smart investment.
* Digitalisation and Innovation: develop smart tourism in Europe by supporting the sector’s digital transformation and innovation capacity in a data-driven economy, as well as the balanced development of new business models, including in the collaborative economy.
* Skills: boost the quality and resilience of the workforce with the right skills for the future.
* Global competition: promote the EU as global destination in third markets and support the internationalisation of tourism businesses, especially Small and Medium-Sized enterprises (SMEs).

In light of the new challenges and global trends affecting European tourism, but also in view of the recent developments with Thomas Cook, the Commission will continue its analysis and will evaluate the need for proposing an EU tourism strategy within the broader framework of the horizontal political priorities.

The Commission expects to work together with other EU institutions on a shared European agenda for tourism that is strategic and has a long-term vision on the key priorities at European level.

***On a specific budget line for tourism under the next MFF***

In the Commission’s proposals for the EU spending programmes for the next 7 years, several of the proposed programmes include support for tourism e.g. the structural funds, InvestEU, Single Market Programme, Creative Europe and Horizon Europe.

This reflects an integrated approach mainstreaming tourism-related investments across diverse EU financing programmes, which takes into account the interdependencies of tourism with other sectors of the economy and ensures support for tourism through a wide variety of policy objectives (e.g. sustainable infrastructure, research, innovation, competitiveness of SMEs, regional development, culture and creative industries, etc...).

The Commission’s proposals allow for adequate financing to tourism-related investments and we hope this is approach is maintained in the interinstitutional agreement on the MFF 2021-2027. In light of the above, the Commission has not proposed a separate budget line for tourism.

***On a “Transport and Tourism” portfolio***

The Commission has taken note of the Parliament’s call to rename the transport portfolio “Transport and Tourism”.

While specific cases, such as the bankruptcy of the Thomas Cook Group, are relevant to a number of EU policy areas, the Commission ensures a coherent and integrated response, involving a wide variety of policy areas, not limited to transport and tourism (e.g. consumer protection, competition, employment and regional policy). This integrated, transversal approach is the backbone of the European policy for tourism. It is based on cooperation across different Commissioners’ portfolios, cooperation with the European Parliament and the Council.

**Paragraph 12 - on state aid measures to mitigate negative economic impact on businesses, cities, regions and destinations**

The Commission shares the overall vision presented in the resolution that State aid should be considered only as last resort. The Commission recalls that it is at the discretion of the Member States to decide whether to commit national public funding in favour of particular companies.

The Commission recalls that any State aid measure taken by Member States, including potential measures concerning the payments of wages accrued or interventions in processes of company or business sales, have to comply with EU State aid rules.

EU State aid rules give the Member States flexibility to support companies affected by the liquidation of the Thomas Cook Group.

1. Companies facing acute liquidity shortages due to unforeseen circumstances can be supported under the Guidelines on State aid for rescuing and restructuring non-financial undertakings in difficulty[[3]](#footnote-3). In particular, Member States can create schemes supporting SMEs that face financial difficulties. Once approved by the Commission, Member States can use such schemes to channel public funding to affected companies.
2. Moreover, support of up to EUR 200 000 over any period of three fiscal years (“*de minimis* aid”) can be granted directly to any company without Commission scrutiny[[4]](#footnote-4).

Companies that are not in financial difficulties may continue to benefit from State aid granted under the General block exemption Regulation[[5]](#footnote-5). In assisted regions, Member States can also grant aid under the Regional aid Guidelines[[6]](#footnote-6) to companies that are not in financial difficulty.

**Paragraph 15 – on supporting EU companies in the tourism sector in their transition to a digital economy and new business models**

Boosting the EU tourism industry’s capacity for digital transformation and innovation has been and will remain one of the main priorities of EU tourism policy.

The Commission has been implementing targeted actions for tourism businesses through the development of innovation ecosystems, stronger value-chain cooperation and the uptake of new technologies. These include:

* Digital Tourism Network – an informal stakeholder forum on the shared challenges and opportunities of digitalisation and innovation in tourism.
* An analysis of challenges and opportunities of digitalisation of tourism.
* Series of webinars and local seminars on digital, e-management and online marketing skills. More than 120 000 viewers have viewed the webinars.
* The first European Network of Incubators and Accelerators in tourism.

In addition, the Commission has initiated a multi-stakeholder dialogue on the good regulatory practices targeted at collaborative economy in tourism and on the applicable EU legislation. The objective is to ensure the balanced and responsible development of the platform economy, including new business models, for the benefit of travellers, businesses and local communities.

Finally, under the Blueprint of the European Skills Agenda, the Commission is supporting a tourism sectorial stakeholder cooperation platform, to help the tourism workforce acquire right skills for the future, including digital skills.

In 2020 under the COSME Programme, the EU programme for the Competitiveness of Small and Medium-Sized Enterprises, the Commission has proposed to continue to support the digital transformation of tourism businesses, especially SMEs.

**Paragraph 16 - on good practices on anticipation and management of restructuring**

The Commission urges companies to follow good practices on anticipation and socially responsible management of restructuring. In November 2018, the Commission's Services published a [Stocktaking Report](https://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=8153&furtherPubs=yes) [on the Application of the Quality Framework for Restructuring and anticipation of change](http://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=8153&furtherPubs=yes). The Quality Framework for Restructuring is a set of principles and good practices to help companies anticipate change and mitigate the employment and social effects of restructuring operations. The Stocktaking Report assesses the implementation of the Framework, presents currents trends and outlines the different instruments put in place by the Commission to improve the way companies anticipate and manage restructuring processes.

**Paragraph 19 – on Regulation 261/2004 on air passenger rights and considering further measures to maintain high level of consumer/employee protection in the event of business failure and for Council to adopt its position the amendments to the Regulation on air passenger rights** and **paragraph 7 - on evaluating the feasibility of specific actions to boost consumer protection and passenger rights**

The Commission is currently examining options and a possible follow-up to its 2013 Communication on passenger protection in the event of airline insolvency and welcomes Parliament’s call on the Council to adopt its position on the amendment of Regulation 261/2004. A study, which *inter alia* assesses the soft measures proposed back in 2013, is on-going and will be finalised soon. Based on the conclusions of the study, the current level of protection of air passengers in the EU will be identified and its conclusions could help support the negotiations on this file.

**Paragraph 20 – call for mandatory mechanisms to maintain current levels of passenger rights and for harmonisation of passenger protection**

***On different treatment between Package Travel Directive and stand-alone tickets***

* Indeed, no similar measures exist for "flight only" ticket holders who, usually, have to make their own arrangements.
* Travellers with stand-alone tickets have so far the following protection:
  + industry commitment to provide rescue fares,
  + the involvement of the national authorities when identifying and helping stranded passengers,
  + Scheduled Airline Failure Insurance - SAFI[[7]](#footnote-7) or similar insurance products across the EU,
  + Credit card refund schemes or similar products in a Member State to allow passengers to protect themselves against the risk of insolvency under national law.
* The upcoming study on air passenger rights will also have a look at this question and update the facts for this issue. Based on the findings of the study, to be published soon, the Commission will consider options and a possible follow-up to its 2013 Communication.
* The Commission adopted in 2013 the proposal for the revision of Regulation 261/2004, which aims to improve the effectiveness and consistent enforcement of passenger rights, while better taking into account the financial capacities of the air carriers. The interinstitutional procedure for the adoption of the proposal is underway and the Commission hopes for its timely conclusion.
* As far as preventive actions and monitoring the financial health of air carriers in the context of operating licences are concerned, the Commission has conducted an evaluation of Regulation 1008/2008 published in July 2019. The Commission is now preparing an impact assessment to consider adequate measures to address shortcomings.

**Paragraph 21 - on measures to prevent failure of private companies**

While EU instruments cannot - and do not aim to - prevent the failure of individual private companies in a market economy, the new Directive 2019/1023 on restructuring and insolvency aims at avoiding corporate insolvencies by the possibility of recourse for viable companies in financial difficulties to early warning assistance mechanisms or preventive restructuring proceedings.

1. https://ec.europa.eu/transport/sites/transport/files/legislation/swd020190295.pdf [↑](#footnote-ref-1)
2. https://ec.europa.eu/transport/sites/transport/files/legislation/swd020190295.pdf [↑](#footnote-ref-2)
3. Communication from the Commission — Guidelines on State aid for rescuing and restructuring non-financial undertakings in difficulty (OJ C 249, 31.7.2014, p. 1) [↑](#footnote-ref-3)
4. Commission Regulation (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid (OJ L 352, 24.12.2013, p. 1) [↑](#footnote-ref-4)
5. Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (OJ L 187, 26.6.2014, p. 1) [↑](#footnote-ref-5)
6. Guidelines on regional State aid for 2014-2020 (OJ C 209, 23.7.2013, p. 1) [↑](#footnote-ref-6)
7. Scheduled Airline Failure Insurance (SAFI) permits flight-only passengers in some States (such as the UK and Ireland to insure against some of the costs of air carrier insolvency [↑](#footnote-ref-7)