

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE, ECONOMICS & MANAGEMENT

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ABSTRACT

European Union is an economic and political union of 28 nations that are located principally in Europe. This union has a combined population of approximately 500 million i.e. 7.3% of the total world population. European Union since its inception has developed itself as a single market through legal system and this applies in all the 28 member states. It is also worth noting that the Schengen Area having 22 EU and 04 non-EU (Norway, Iceland, Switzerland, Liechtenstein) States have abolished passport controls. EU guidelines ensures free movement of people, goods, services, common trade policies, regional development as well as tourism development. EU Bloc comprises both the inbound as well as outbound tourism centric nations with considerable amount of disposable income for tourism activities. According to UNWTO European Union is the world's largest tourism market with more than half of the global market share. Tourism is an integral part of EU as tourism's contribution to the overall GNP of European Union is approximately 6%. European Union was very quick to catch upon tourism's role in employment generation, regional development as well as international understanding. European Union has recognized tourism's role in creating new jobs and regional development until 1990's, however, EU did not follow a sectoral approach. EU has tried to promote tourism with other connected sectors as well as Small and Medium Enterprises and as a single Market although it hasn't set up any tourism policy on a general level. However, in the beginning of late twentieth century, with the pressure of institutional organizations, EU has started to follow a sectoral approach. The European Commission, the Council, the European Parliament play an important role in tourism activity. At the moment EU does not have a mandatory tourism policy in a legitimate manner. The regulations, decisions, directives and recommendations on tourism are made by the EU execution body. This paper focusses on the sustainability and viability of European Union in light of the tourism industry and tourism policy and the progresses made in the last two years i.e. 2010 and 2011. By conducting research on EU tourism policy, the demand for tourism in Europe is examined. Suggestions and recommendations have been made according to the tourism industry and the tourism policy of the European Union.

KEYWORDS

European Union, Tourism Policy, Tourism Industry.

INTRODUCTION

1. TOURISM INDUSTRY IN THE EUROPEAN UNION

Tourism plays a very vital role in integrating the economies of most of the European countries. European continent was devastated by both the world wars as it was the centre stage of both the wars. Tourism has contributed immensely in the reconstruction and development of European Continent. Tourism is a growing and ever-changing industry post World War II.

European Union is a major economic and political bloc and accounts for almost one-fifth of the world trade. European Union commands the unique distinction of one of the most exotic tourism regions of the world. The European Union commands a market share of more than half of the total global arrivals. The prime reasons for this growing demand are increase in the individual and independent travel as well as sudden expansion of the low cost carriers.

European citizens also relish their leisure time in extending their annual regular vacations. In general terms, the development of the Schengen area comprising of 26 nations and the common European Monetary Unit i.e. Euro in the 17 countries of Europe, evolving resources, growth in international businesses have supplemented the development of tourism in the EU.

Tourism can prove to be a major tool in the economic development, employment generation in the European Union. The Present day European Union has grown from six to at present twenty seven nations who have joined in phases spreading from 1952 to the last expansion in 2007. 1952 saw the joining of 06 nations i.e., France, Italy, Germany, Belgium, Netherlands and Luxembourg. The next set of the nations came together in 1973 with the Northern European nations of United Kingdom, Republic of Ireland and Kingdom of Denmark joining the Bloc. The next accession was in 1981 by the joining of Greece. 1986 was a phenomenal year for the Iberian Peninsula by the accession of the neighbours i.e. Kingdom of Spain and Republic of Portugal.

In 1995 Austria, Finland and Sweden joining the bloc. 2004 was a monumental achievement for EU by the accession of 10 more nations i.e. Poland, Hungary, Slovenia, Czech Republic, Slovakia, Cyprus, Malta and 03 Baltic states of Latvia, Estonia and Lithuania. 2007 saw the accession of Romania and Bulgaria. Tourism contributes to approximately 4% to the GDP of European Union with great degree of variation in the new member states such as the Baltic nations of Estonia, Latvia, Lithuania as well as Malta. Tourism also provides 12 percent of the jobs in the European Union. EU Nations account for approximately one-third of the world's total accommodation facilities and include both the top inbound and outbound countries of the world.

In terms of International tourist arrivals, France continues its Numero Uno position (2011 UNWTO World Tourism Barometer) followed by Spain (4th), Italy (5th), U.K (7th), Germany (8th) in the top ten rankings of World Tourism. In terms of International Tourism Receipts rankings Spain (2nd), France (3rd), Italy (5th), Germany (6th), U.K (7th) features in the top 10 list. Tourism is the backbone of most of the European nations in the EU and supports the Gross National Product between 3% and 7%. Spain has the maximum tourism market share earning approximately 60 billion USD (2011) from tourism alone. Central European Nation of Austria also commands a high tourism market share. Kingdom of Denmark has negligible contribution to the Gross National Product. Austria commands a rich variety of accommodation facilities and possesses highest number of hotels and restaurant facilities. Hellenic Republic of Greece, Grand Duchy of Luxembourg and France are next in line whereas Kingdom of Denmark have meagre accommodation facilities. Recent trends indicate an upward trend in the EU with an increase of approximately 3.5% in 2011 over 2010. Spain was the biggest gainer followed by Poland.

TABLE I: INTERNATIONAL TOURIST ARRIVALS IN 2010 & 2011 IN THE EUROPEAN UNION

NATIONS OF EUROPEAN UNION WITH THE YEAR OF JOINING THE EU DEPICTED IN BRACKET	INTERNATIONAL TOURIST ARRIVALS (2010) (MILLION)	INTERNATIONAL TOURIST ARRIVALS(2011) (MILLION)
1.FRANCE (1952)	77.1	79.5
2.GERMANY (1952)	26.8	28.3
3.ITALY (1952)	43.6	46.1
4.BELGIUM (1952)	7.2	7.45
5.NETHERLANDS (1952)	10.8	11.3
6.LUXEMBOURG (1952)	0.79	0.54
7.UNITED KINGDOM (1973)	28.2	29.2
8.DENMARK (1973)	8.74	8.9
9.IRELAND (1973)	6.5	7.1
10.GREECE (1981)	15.0	16.4
11.SPAIN (1986)	52.6	56.6
12.PORTUGAL (1986)	6.8	7.4
13.AUSTRIA (1995)	22.0	23.0
14.FINLAND (1995)	3.6	4.1
15.SWEDEN (1995)	4.9	5.0
16.CZECH REPUBLIC (2004)	8.6	8.7
17.CYPRUS (2004)	2.1	2.4
18.SLOVAKIA (2004)	1.3	1.4
19.SLOVENIA (2004)	1.8	2.0
20.MALTA (2004)	1.3	1.4
21.POLAND (2004)	12.4	13.3
22.HUNGARY (2004)	9.5	10.2
23.ESTONIA (2004)	2.1	2.4
24.LATVIA (2004)	1.3	1.4
25.LITHUANIA (2004)	1.5	1.7
26.BULGARIA (2007)	6.0	6.3
27.ROMANIA (2007)	1.3	1.5
28.CROATIA(2013)	9.1	9.9

UNWTO Tourism Highlights 2012

TABLE –II: INTERNATIONAL TOURIST ARRIVALS IN EUROPEAN UNION AS PER MARKET SHARE IN 2010 & 2011

Nations/Blocs/World	International Tourist Arrivals in 2010 in Millions	International Tourist Arrivals in 2011 in Millions	Market Share(%) 2011	Percentage Change
Advanced Economies	499	523	53.2	4.9
Emerging Economies	441	460	46.8	4.3
Europe	475	504	51.3	6.2
EU	365	385	39.2	2.3

UNWTO Tourism Highlights 2012

FIG. 1

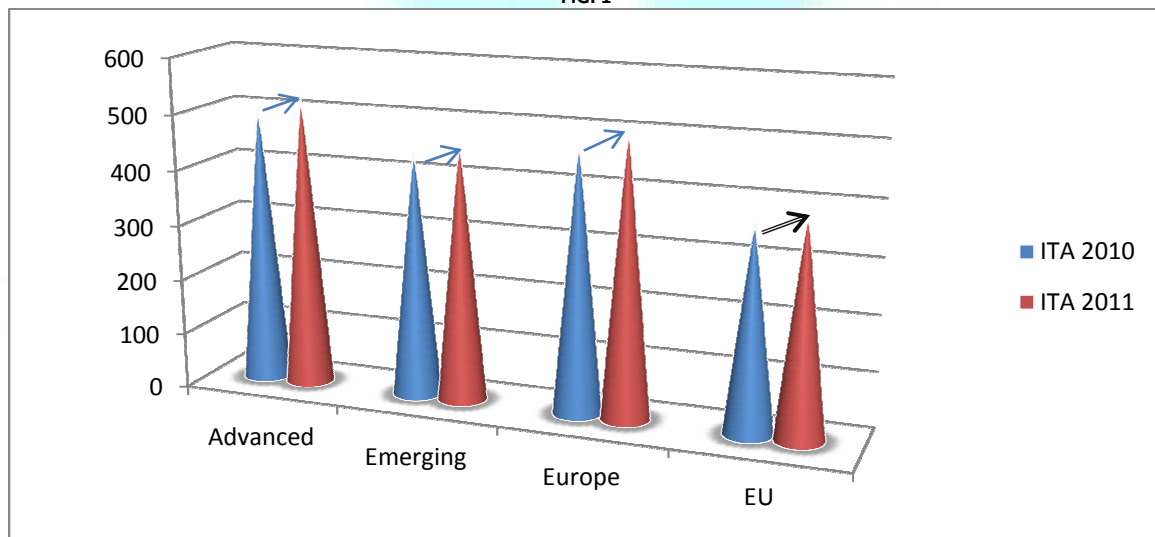


TABLE III: INTERNATIONAL TOURISM RECEIPTS IN 2010 &2011 IN THE EUROPEAN UNION

NATIONS OF EUROPEAN UNION WITH THE YEAR OF JOINING THE EU DEPICTED IN BRACKET	INTERNATIONAL TOURISM RECEIPTS (2010) (USD BILLION)	INTERNATIONAL TOURISM RECEIPTS(2011) (USD BILLION)
1.FRANCE (1952)	46.5	53.8
2.GERMANY (1952)	34.6	38.8
3.ITALY (1952)	38.7	42.9
4.BELGIUM (1952)	10.3	11.3
5.NETHERLANDS (1952)	12.8	14.4
6.LUXEMBOURG (1952)	4.1	4.5
7.UNITED KINGDOM (1973)	32.4	35.9
8.DENMARK (1973)	5.7	6.1
9.IRELAND (1973)	4.0	4.6
10.GREECE (1981)	12.7	14.6
11.SPAIN (1986)	52.5	59.8
12.PORTUGAL (1986)	10.0	11.3
13.AUSTRIA (1995)	18.5	19.8
14.FINLAND (1995)	2.9	3.6
15.SWEDEN (1995)	11.0	13.8
16.CZECH REPUBLIC (2004)	7.1	7.6
17.CYPRUS (2004)	2.1	2.5
18.SLOVAKIA (2004)	2.2	2.4
19.SLOVENIA (2004)	2.5	2.7
20.MALTA (2004)	1.0	1.2
21.POLAND (2004)	9.5	10.7
22.HUNGARY (2004)	5.4	5.6
23.ESTONIA (2004)	1.0	1.2
24.LATVIA (2004)	0.6	0.8
25.LITHUANIA (2004)	1.0	1.3
26.BULGARIA (2007)	3.6	3.9
27.ROMANIA (2007)	1.1	1.4
28.CROATIA(2013)	8.2	9.2

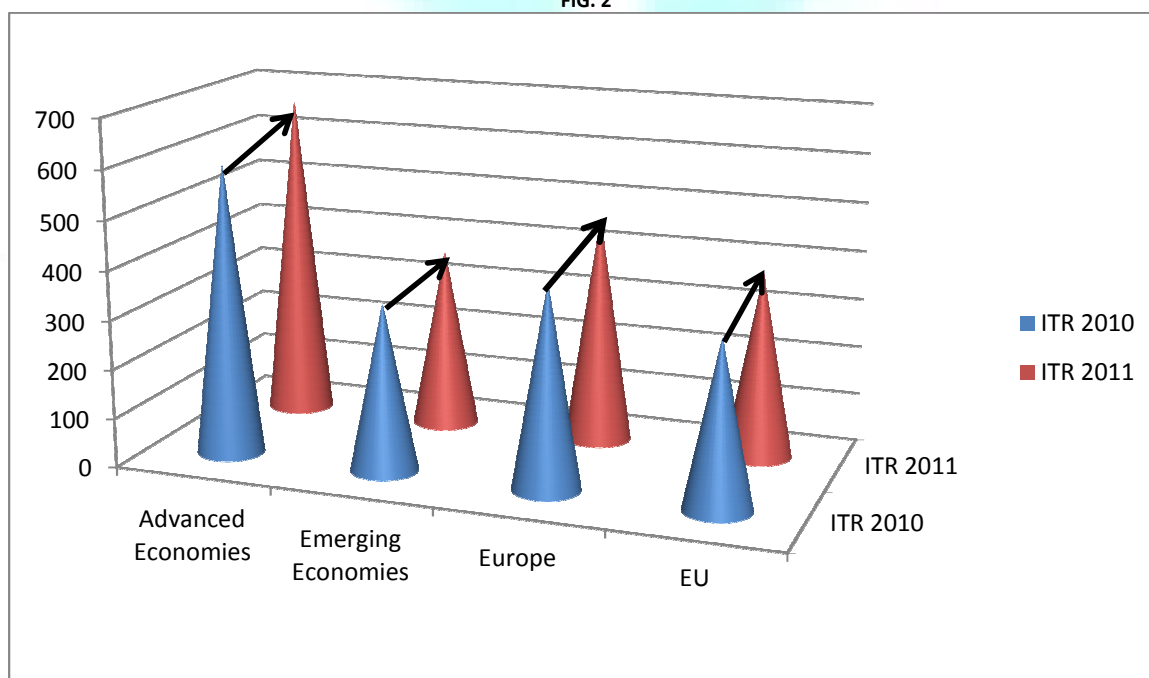
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TABLE –IV: INTERNATIONAL TOURISM RECEIPTS IN EUROPEAN UNION AS PER MARKET SHARE IN 2010 &2011

Nations/Blocs/World	International Tourism Receipts in 2010 in Millions	International Tourist Receipts in 2011 in Millions	Market Share(%) 2011	Percentage Change
Advanced Economies	589	664	64.5	4.8
Emerging Economies	338	366	35.5	2.2
Europe	409	463	45.0	5.2
EU	335	377.5	36.6	4.3

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FIG. 2



2. OBJECTIVES

1. To investigate and review key issues related to the tourism policy of the EU.
2. To analyse the impact of Tourism Policy on tourism industry in the EU.
3. To study the prospects of Tourism as a major engine for the economic development of the EU.
4. To foresee the trends in terms of both the global tourist indicators i.e. ITA and ITR in 2010 and 2011 in the EU in comparison to the developed and emerging economies.
5. To analyse the EU Tourism Policy and the Tourism Industry in the EU.

3. RESEARCH METHODOLOGY

The methodology includes collecting secondary data from various sources like internet, reference material, visiting website of the European Union, magazines, online journals etc. so that a complete picture can be drawn regarding the Tourism industry in the European Union and to analyse the pros and cons of the post impact of Tourism Policy of the European Union on Tourism Industry in this major economic and political bloc. The study will also include the data collection of the last two years i.e. 2010 and 2011 from the official website of United Nations World Tourism Organization and analysing its current on-going stature post Euro Zone Crisis and their standing against the developed and emerging economies of the World. It is proposed to study the viability and sustainability of this economic and political bloc.

4. ANALYSIS OF THE EUROPEAN UNION'S TOURISM POLICY

In the 1900's Europe's share in world population was 25% but the two world wars i.e. WWI (1914-1918) and WWII (1939-1945) devastated the European Continent. The phenomenal growth being witnessed in the European Continent in the last six decades at the economic, political, trade fronts is a successful case study to be pondered upon. The integration of the EU began by the joint efforts initially by the European Coal and Steel Community (ECSC) and further creation of the European Economic Community (EEC) in 1957 following the Rome Treaty. The signatories were France, Germany, Italy and the Benelux nations of Belgium, Netherlands and Luxembourg. Ever since the Rome Treaty was signed and implemented in 1958, European Union is trying to develop common policies on certain key areas. Ever since the enlargement of the Union from 1952 to 2007 tourism's importance is unlike in member nations as their economic status also varies i.e. the stronger economies of France and Germany will have a different perception and importance for tourism in comparison to the new members such as Latvia and Lithuania. Tourism was recognized as an industry in the EU in the 1980's in collaboration with the European Council, European Parliament, European Economic and social Committee and Committee of the Regions.

1986 was an eventful year with the establishment of the Tourism Advisory Committee for assisting, imparting information and cooperation on tourism promotion in the EU. European Year of tourism was celebrated in 1990. Action Plans for promoting tourism were established in 1992. A blue print was prepared in 2001 to investigate the potential of the European Union's Tourism sector. Tourism in the EU was studied in greater details for critically analysing the sustainability of the European Tourism. Latest studies reveal that the people above the age of 65 are rising in the European Union and this will greatly influence the tourism trends in the years to come. The citizens also enjoy higher disposable income, higher longevity. The niche segments of Medical tourism, cultural and heritage tourism is expected to witness a noticeable growth. A competitive and sustainable tourism industry needs to be created in order to sustain and maintain Europe's position as Numero Uno tourist destination in the six tourist generating regions of the world.

5. SUGGESTIONS AND RECOMMENDATIONS:

1. A structured and legally bound Tourism Policy is the need of the hour to integrate all the member states of the EU.
2. The Tourism Policy should aim towards building stronger alliance for European Tourism
3. The tourism policy should act as a guiding light for the overall reconstruction and development of the European continent post WWII and on going Euro Zone Crisis.
4. Tourism policy should focus on supplementing the tourism sector of Europe both competitively as well as sustainably and generate better employment opportunities through the tourism sector

EUROPEAN REGIONAL DEVELOPMENT FUND

European Regional Development Fund aims to reduce the differences among the nations and help them economically and socially. It was proposed that the projects pertaining to the promotion and development of tourism will be supported and financed by the developmental fund. European Social Funds will help and finance the tourism development in the EU. European Commission has development Agenda 21 for tourism. Sustainable tourism focusses on preservation and protection of the cultural and natural sites and sites listed as World Heritage. European Union will see an expansion in the years to come with the accession of few more nations from the European Continent i.e. Croatia, Turkey, Macedonia, Iceland, Albania, Bosnia and Herzegovina, Montenegro and Serbia are officially recognized as potential candidates. Kosovo is also considered to be a potential candidate but the European Commission does not list it as an independent country because not all member nations recognize it as an independent nation separate from Serbia.

The Motto of European Union is United in Diversity as the bloc has managed to attract even the enemy nations who have come together for a common purpose i.e. reconstruction and development of the European Continent. The sense of belongingness have been created and instilled throughout Europe. The pristine ambience, excellent infrastructure, world class accommodation facilities, brilliant connectivity through the railway network and road networks, maximum unesco world heritage sites, world class tourist attractions which includes mountain ranges such as Alps in the eight nations of Switzerland, France, Italy, Germany, Austria, Slovenia, Monaco, Liechtenstein out of which 05 nations are in the EU. The longest mountain ranges i.e. Scandinavian Mountain Ranges stretching approximately 1700 Kms is another spectacular feature in the Nordic Region. Beautiful rivers, country side, unspoiled nature with the maximum forest cover conserving the bio-diversity is the Unique Selling Proposition of Europe as a major tourist destination.

It has been witnessed off-late that fierce competition is coming from the Oriental nations especially China, South Korea, Japan, Hong Kong, Macau. These destinations are cost effective as compared to most of the European nations and they have also developed their infrastructure as per world standards and have branded themselves in such a manner that there has been a widespread transition of people from the occident to orient. EU in order to compete with East Asia and Pacific as well as South East Asian Region has to change its strategy in implementing the tourism programmes by integrating all the nations which form the part of the European Union.

European Union was established by the Treaty of Maastricht in 1993 upon the foundations of the European Communities. It has developed as a single market through a uniform system of laws which apply in all the 27 member states which ensures free movement of people, goods, services and capital including the abolition of the passport controls by the Schengen Agreement between 26 nations. EU maintains common trade policies in various sectors such as trade, agriculture, fisheries and regional development. Seventeen member nations have adopted a common European Monetary Unit i.e. Euro constituting the Eurozone. The last nation to join the Eurozone was Estonia which joined the Eurozone on 01st January 2011.

6. SUSTAINABILITY AND VIABILITY OF THE EUROPEAN UNION

European integration is the need of the hour to hold the European continent together. The on going Euro Crisis has taken a serious toll on the viability and sustainability of the European Union. Many of the bigger economies are feeling the heat as a result of the after effects of the Euro Crisis but the union has stood united and has helped the economies of the Balkans such as Greece and Cyprus, Iberian nations of Portugal and Spain and the Northern European nation of Republic of Ireland with a bailout economic package to revive their debt ridden economy. European Union in the larger perspective has helped the citizens of the member nations to live, work and travel anywhere in Europe. Sense of belongingness needs to be developed within the Union so that the member nations start working towards European integration. The initiatives such as United in Diversity has been adopted as the motto of the EU and 09th of May is made the Europe

Day. Some symbols that share the European identity are the common currency i.e. the Euro that has been adopted by 17 nations out of the present 27 nations of the EU. Many other member nations are in process of adopting the Euro as their official currency, European anthem (Beethoven's 'Ode to Joy') and European Union Flag (A circle of 12 gold stars on a blue background) as well as EU driving licences issued in all EU countries since 1996.

European Union is a pact between the sovereign nations that work together for common purposes such as stabilising world peace, economic and physical wellbeing, social solidarity, sustainable development, international security and developing tourism. For majority of the products, EU nations have adopted the principle of mutual recognition of national rules. It has been possible to liberalise the services sector such as banking, insurance and tourism as a result of mutual recognition or coordination of national rules among the member states of the European Union. All the border controls within the EU on goods have been abolished together with customs control on people. Random checks as a part to curb crime and drugs are carried out by security officials when necessary.

The Schengen Agreement which was signed in 1985 in the town of Schengen in Luxembourg and extended to 26 nations (22 EU and 04 Non EU) till date governs police cooperation and a common asylum and immigration policy to completely abolish checks on persons at EU's internal borders i.e. to promote freedom, security and justice for the EU nationals.

European Union as an economic and political bloc should strive towards European integration, higher unity and European brotherhood without losing their distinctive sheen and glorious past and combining its history with its geography. It is also worth noting that half a billion people have started living under the rule of common law and in accordance with values centred around humanity and dignity. Long term priorities should be the prime focus rather than short term interests. European Union should speak with one voice on global issues such as global economic crisis, poverty alleviation, regional and social development, measures to promote growth, job creation, single market, globalization as well as sustainable development.

7. CONCLUSION

European Union does not have a structured tourism policy. It follows the guidelines in the EU's treaties pertaining to environment, employment competitiveness, regional development and various research oriented documents. Tourism policy of the EU follows the guiding principles of the commissions and committees related to tourism. EU supports public private partnerships and supports the Small and Medium Enterprises with prime focus on developing young entrepreneurs who can integrate the tourism activities in the European Union. EU is blessed with both the natural tourism resources as well as attractive and breath taking manmade resources.

The commendable work of the EU in integrating the European Union have received accolades from across the globe and its phenomenal contribution has won the Noble Peace Prize for the European Union in 2012 which is a remarkable achievement for the continent which is still struggling with the Euro Zone economic crisis. Many nations have been severely hit by this economic downturn. The nations who are severely affected are Hellenic Republic of Greece, Republic of Ireland. The economic cloud has also reached the borders of the Iberian peninsula and has taken the nations of Portugal and Spain in its claws. Italy is also severely affected by this severe economic recession. Even the bigger economies of France and Germany are also not spared by the Euro Zone Crisis. It needs to be seen how these 27 nations face this economic turbulence. Tourism is a glimmer of hope for most of the nations of the EU where tourism plays a significant role in the overall GDP of the member nations. Tourism is a major source of foreign exchange in Greece and Ireland who were the first in the line to face the economic turbulence. The turbulence has affected almost all the nations of the European Union. Tourism can prove to be a saviour for the European Continent as it has immense potential for the economic development as it is a major economic engine for economic revival in the difficult times of the euro zone crisis. Tourism can also help in poverty alleviation, foreign exchange generation and can emerge as a major tool for regional and international understanding among the member nations of the European Union.

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