Tourism leads Greece out of the crisis

Greece recorded economic growth in 2017 for the first time in nine years. Tourism is the country’s main growth driver. The tourism industry already provides almost one million jobs and that figure is rising. The TUI Group is a very important partner for Greece. CEO Fritz Joussen met Greek Prime Minister Alexis Tsipras in October. Find out more in the video, on page 2 and at www.tui-policylounge.com
A NEW BUNDESTAG: AN OPPORTUNITY FOR A MORE ACTIVE TOURISM POLICY

We are currently facing some of the biggest international challenges in recent history. Tourism offers a surprising number of solutions to key political objectives, such as economic growth, jobs, eliminating the causes of migration and economic stability – especially in southern Europe.

A tourism record and many positive effects

2017 has been a record year in terms of international tourist arrivals, with the global figure passing the 1.3 billion mark. The tourists travel to rest and recuperate. But for the millions of people involved in tourist transportation, catering and accommodation services, the tourism industry means jobs, prosperity and income. That’s why tourism can help many regions to resolve the challenges they currently face:

• **Developing countries:** Migrants come to the EU because they don’t believe they have a future in their own countries. The tourism industry can make a key contribution to eliminating the economic reasons for migration. 1.8 million jobs are being created today in emerging and developing countries by German tourists – jobs that mean opportunities for local residents. In the Maghreb states, in particular, tourism has shown how it can make a positive contribution to stabilising fragile regions.

• **EU:** Although southern Europe was particularly hard hit by the financial and economic crisis, tourism cushioned the effects of the recession and stimulated new growth. Between 11 and 19 percent of gross domestic product in Greece, Italy, Portugal and Spain is accounted for by the travel and tourism industry. One in five jobs in Portugal and one in four jobs in Greece are also dependent on tourism.

• **Germany:** In Germany there are almost three million jobs in tourism. Accounting for 6.8 percent of the country’s total employment, it provides substantially more jobs than the construction and mechanical engineering sectors. Germany is also home to the world’s leading tourism group, the TUI Group, which is headquartered in Hanover. The TUI Group has 11,000 employees and over 1,000 travel agencies in Germany. It also offers career opportunities, and hundreds of young people are currently doing their apprenticeships with TUI.

Using tourism to achieve political objectives

In the next legislative period, the German government should focus to a greater extent on the tourism industry’s positive impacts on people and development. TUI’s Global Growth Programme makes it an ideal development project partner.
CLIMATE PROTECTION IN AVIATION: WE HAVE TO STAY ON TARGET

The USA is questioning the Paris Agreement before the final details have even been negotiated. The aviation industry is a step ahead of the Paris Agreement because a unique international climate protection instrument will be introduced in 2020. This time, though, the EU’s negligence is jeopardising international consensus.

The aviation industry’s historic climate protection undertaking

In autumn 2016, all 191 countries which are members of the International Civil Aviation Organisation ICAO pulled off a diplomatic coup by agreeing a global market-based measure to control CO₂ emissions. ICAO’s Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) makes the aviation industry the first sector in the world to commit to specific climate targets. Growth-related CO₂ emissions will be offset by special UN-supervised climate protection projects from 2020 onwards. The TUI Group has actively supported CORSIA from the outset.

EU should not jeopardise its success

Now the historic agreement is in jeopardy. The US administration is already questioning the merits of one international agreement after the next. Now the EU is fuelling criticism of CORSIA. The Council of Ministers and EU Parliament aim to include CO₂ emissions from aviation in the EU Emissions Trading System (ETS) beyond 2020. That contradicts the recent worldwide compromise negotiated by the ICAO covering the carbon footprint of all international flights, which the USA has been involved in since day one. That’s why it makes sense to take the intra-European aviation industry out of the ETS from 2021 onwards, otherwise it faces the double burden of paying into both schemes and the international compromise will be jeopardised.

Planning certainty

The aviation industry relies more than most other sectors on planning certainty and a stable legal framework. Airlines depend on receiving air traffic rights, and they need enough lead time to prepare for regulatory changes. It is clear that to support the aviation industry’s exemplary global market-based measure, the EU should put a stop to all its discussions about a special ETS path for the EU.

Climate-efficient airlines

The TUI Group’s British and German airlines – TUI Airways and TUI fly – are numbers one and three on the list of the world’s most climate-efficient airlines according to the renowned atmosfair Airline Index 2017, which rates 125 airlines. bit.ly/airlineindex2017

TUI Airways

The TUI Group remains committed to climate protection. One of its sustainability goals for 2020 is to reduce its airlines’ 2015 carbon footprint by 10 percent. To achieve this goal, it is modernising its fleet, even though the aircraft are still relatively young – less than eight years old, on average. In June 2017 the TUI Group ordered 18 Boeing 737 MAX 10 aircraft as the first European tour operator to switch to this comfortable and fuel-efficient model.

TUI fly

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TUI Airlines is a first mover: average consumption in litres per passenger and 100 km

German airlines consumed 3.64 litres of fuel per person and 100 kilometres on average in 2016. That’s a 42 percent reduction over the 1990 level. TUI Airlines consumed just 2.65 litres in the same period, which undercutts the average by another 27 percent.

Sources: BDL, TUI
The EU wants to make life easier for millions of citizens with disabilities. That’s commendable and important. Unfortunately, however, the EU is making some unrealistic demands in the current legislative process. It expects every single hotel in Europe to implement extensive conversions. That’s impossible for hotels located in historic buildings, and simply unaffordable for many family-run hotels. At the other end of the scale, the legislation won’t apply to private rentals such as Airbnb. The TUI Group will continue to perform a pioneering role in developing accessible tourism irrespective of potential regulation.

The tourism industry began addressing the needs of people with physical impairments and elderly holidaymakers a long time ago, not least because they are part of an attractive and growing target group. TUI is an accessibility pioneer, and it has developed new products which allow as many people as possible to travel in comfort. They include:

- **Arrivals and accommodation:** As many people as possible should be able to access the destinations. To achieve this, TUI operates over 1,200 accessible hotels at 130 destinations – and there are more in the pipeline. The ships in the TUI Cruises “Mein Schiff” fleet have accessible cabins, and passengers travelling with TUI fly can use a special wheelchair for on-board mobility.

- **Support:** People with disabilities need a lot more support than the majority of other guests. TUI offers tailored solutions to meet their individual requirements. It also set up a service team for disabled guests back in 1981, something that no other travel company had even thought of at the time. Today the twelve-strong team organises arrivals and departures, transfers and excursions for disabled guests.

- **Collaboration:** The TUI Group is currently working with disabled associations in Germany to develop an accessibility roadmap with the objective of developing booking and travel standards.

**European Parliament is overshooting the mark**

The European Parliament’s proposal doesn’t take this progress adequately into account in its current debate on a directive for accessible products and services. A last-minute amendment changing the European Commission’s original proposal envisages the conversion of all accommodation establishments in the EU. All existing communal areas like conference rooms and – depending on the establishment’s size – a minimum number of rooms will have to be fully accessible. That simply isn’t commercially viable in many cases. In others, it isn’t architecturally possible and, overall, it lacks any sense of proportion. Another thing lacking is planning certainty, and without appropriate transition periods to comply with such regulations, many hoteliers would face bankruptcy. The fact that the European Parliament is making this demand without having given any consideration to the consequences highlights its shortcomings. In the upcoming trilogue negotiations, member states will have the opportunity, via the Council of Ministers, to support the original European Commission proposal and ensure practical improvements to the legislation.
BULGARIA:  
ECONOMIC DEVELOPMENT THROUGH QUALITY TOURISM

The level of prosperity in Bulgaria is well below the EU average. But if you take a closer look, you’ll be surprised at how positively this country has developed. It has above-average economic growth. There are many examples of successful investments and it has a flourishing tourism industry which is fuelling hopes of long-term growth – with a focus on quality tourism.

Stable growth plus low debt

Since the EU accession in 2007, the Bulgarian economy has developed astoundingly positively despite the migration of many skilled workers. Last year, the country’s gross domestic product (GDP) rose by 3.4 percent – which is almost double the EU-28 growth rate. A low level of national debt, rising domestic demand and growing investments are all contributing to the economic upswing. Tourism is a particularly significant sector and a growth engine. It achieved 10 percent growth in 2016 alone.

Differentiation of tourism facilities

Bulgarian government politicians are supporting this positive development with an exemplary tourism strategy from the TUI Group’s perspective. For many years Bulgarian tourism was geared to budget holidays. Now the government has switched its investment focus to the higher hotel categories and the diversification of the tourism market.

Tourism as a growth driver

The Bulgarian economy has recovered well since the global financial crisis. One reason is the booming tourism industry, which has also had positive effects on the labour market.
Bulgaria is the perfect destination for all kinds of holidays, from beach holidays on the Black Sea coast to hiking in the three national parks, winter sports at the recently developed ski resorts and cultural trips to the ten UNESCO world heritage sites. TUI supports the development of tourism in Bulgaria primarily by focusing on investments in sustainable projects. Regions away from the Black Sea coast are now being developed for tourism. The EU has also made a contribution by naming Plovdiv with its ancient landmarks as European City of Culture 2019.

The entire economy benefits from record numbers of visitors

The country’s attractiveness as a tourist destination is reflected in the visitor figures: almost 8.3 million international tourists travelled to Bulgaria in 2016. That’s a 16 percent increase over 2015. New record figures are also expected for 2017. Germany is the third most important source market, providing 826,000 tourists. Bulgaria is profiting extensively from tourism and, taking indirect effects into account, the travel industry contributes 13 percent of its GDP. The tourism industry provides over 360,000 jobs and one in nine people are able to earn a living thanks to tourism.

TUI has a close partnership with Bulgaria

TUI intends to continue being an important part of this success story and is focusing on Bulgaria as a holiday destination. Here is a summary of the TUI Group’s activities there:

• **Tour operator:** Hundreds of TUI staff cater to guests’ needs at the destinations. In summer 2017 almost 300,000 TUI guests holidayed in Bulgaria – 19 percent more than in the previous year, representing above-average growth.

• **Flights:** TUI Airlines fly the tourists to the holiday destinations. There are up to 41 scheduled flights to Burgas and Warna every week.

• **Hotels:** The TUI Group has five of its four-star RIU-brand hotels in Bulgaria and another two hotels are in the pipeline. They offer employment opportunities to young Bulgarians in their homeland – including skilled and professional jobs. For example, all the top positions from hotel director to purchasing manager are held by Bulgarians. Around 1,000 people in total work for RIU.
TUI CARE FOUNDATION: UNIQUE PROJECTS AROUND THE WORLD

The restructured TUI Care Foundation’s mission is to harness the positive impacts of tourism to make a difference for people and places at destinations around the world with the help of holidaymakers. It aims to mobilise around 10 million euros every year until 2020 for projects with sustainable positive effects. Here are three examples of current projects:

Cape Verde Islands: better resource efficiency at hotels

Hotel resource efficiency is an essential aspect of sustainable tourism. That’s especially true in holiday regions such as the Cape Verde Islands, where tourism contributes over 40 percent of GDP. The TUI Care Foundation initiated a project in collaboration with the Travel Foundation NGO in mid-October. It involves the tourism sector and the local government working together to reduce tourism-related waste on the two main islands, Sal and Boa Vista, by 20 percent and to reduce energy consumption on Sal by 10 percent by the end of 2018.

South Africa: encouraging children to be more environmentally conscious

The Ecokidz environmental education programme, just a few miles from South Africa’s Kruger National Park, is educating more than 1,500 primary school children about nature conservation and species protection. Another bonus for the local community is that several dozen women and men are being trained as “Environment Custodians” – a positive stimulus in a region where the youth unemployment rate is over 50 percent.

Morocco: cycling towards a brighter future

The TUI Care Foundation has teamed up with the Dutch Pikala organisation to promote cycling as an alternative to environmentally harmful scooters, buses and taxis in Morocco. The two organisations are giving 90 young Moroccans vocational training to become bike tour guides. They also learn bike mechanic and basic business skills so that they can set themselves up independently. The project particularly focuses on training and empowering women to earn their own living – and raising awareness among the general public of the environmental advantages of cycling.
NEWS:

AVIATION TAX: 
ABOLISHING NOW WOULD GENERATE GROWTH

The abolition of aviation tax would have obvious positive impacts on the German economy according to a study by PricewaterhouseCoopers. In fact, it would lead to growth in GDP of 67 billion euros over the next 13 years. By 2020, 10.5 million additional tourists would visit Germany, spending around 1.6 billion euros at hotels, restaurants and shops. This and other positive effects could result in the creation of up to 26,000 new jobs by 2030. The study confirms the results of the German Aviation Association’s evaluation report of September 2017. In the report, the Association warns that the tax is making German airlines and airports considerably less competitive and draining funds that they urgently need for investments. That’s one of the reasons why Austria cut its aviation tax rate in half recently. Now the aviation industry there is back on track for growth.

BREXIT: PUSH FOR PROGRESS IN SECTOR NEGOTIATIONS

The Brexit negotiations are encountering all kinds of stumbling blocks despite an already tight timeframe. In fact, the negotiations on the details of the Brexit deal haven’t even begun. This is a concern for the tourism industry because it has to be aware of the terms of that deal to be able to plan for the 2019 summer season. Negotiations on key issues have to commence soon, especially the complex issue of aviation. This is predominantly in the interest of countries in the south of the European Union which are highly dependent on British tourists. Almost one in four holidaymakers in Spain comes from the United Kingdom.

SCIENCE PARLIAMENT: DIALOGUE WITH TUI

Bundestag Vice-President Edelgard Bulmahn invited 80 schoolchildren from Berlin to visit her at the Reichstag and set up the first Science Parliament in September, with the motto “Pimp my Ocean!” The TUI Group was also invited, and Marc Drögemöller went along to discuss environmental management on cruise ships with the children. He also explained TUI’s sustainability initiatives to them. Discussions have been held in other German cities in connection with the country’s “Seas and Oceans” Science Year.
TUI GROUP – An overview

Global Group – Company headquarters in Germany

- Turnover: 17.2 billion euros*
- Adjusted EBITA 1 billion euros*
- An FTSE-100 company
- Market capitalisation 9.25 billion euros**
- 20 million customer travel worldwide to 180 destination regions
- Over 300 company-owned hotels with 214,000 beds
- 5 tour operator airlines with around 150 aircraft
- 16 cruise ships
- 1,600 travel agencies and leading online portals

* Numbers based on the 2015/16 business year  ** Status 5 December 2017

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