



PRESIDENCY OF THE COUNCIL OF MINISTERS

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20th May 2021

Resolution of the Council of Ministers

On March 11th 2020, the World Health Organization classified the COVID-19 disease, caused by the SARS-CoV-2 virus, as a pandemic.

The effects on all economic activities reached a dimension that could not be anticipated at that time, but today, over 12 months later, we can see the unprecedented impact and severe economic and social consequences on a global scale with some uncertainty and vagueness about the evolution of the disease and, consequently, its real effects in all sectors of activity.

At a national level, there were also unprecedented impacts, considering the restrictions and limitations that had to be imposed to control the disease and mitigate contagion spread, which triggered a generalised retraction of the normal development of almost all economic and productive activities, covering the most varied sectors.

Tourism is among the most affected sectors. Throughout this period the Government found structured responses to mitigate the first wave of the pandemic, which were prolonged, deepened and complemented by new measures in order to contain the effects of the second and third waves and which once again forced the imposition of strong restrictive measures.

Tourism is recognized as a priority sector for the country's development strategy, having a strong impact on the national economy, namely in terms of the creation of wealth and employment. At this time, Tourism should deserve special attention in the context of recovery support measures, taking into consideration the significant contribution of this activity to the current account balance, a contribution that can and must be increased.

In this context, it is now necessary to embody the actions and measures that the Government intends to adopt, some of which are already being applied and others that are being structured, that will allow for an immediate response to the sector's needs, ensuring the survival of the business fabric, in many cases composed of micro-companies with an almost zero capacity to support treasury difficulties, but at the same time, that allow for support in the recovery phase that will follow, projecting the sector into the future and further



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enhancing the value that tourism can bring to the national economy, supporting the implementation of the Portugal 2030 Strategy. The intention is to develop a plan to stimulate the economy and tourism activity which will enable the country to surpass the objectives and targets of economic, environmental and social sustainability defined in the Tourism Strategy 27, promoting tourism throughout the year and throughout the territory, with a focus on investment support and increasing companies' capacity and qualification of human resources but also promotion and sales programmes to place their products in the markets. Simultaneously, the Government will give priority to air transport accessibility and mobility, fundamental areas for the destination's competitiveness.

This aspiration is thus achieved with the "Reactivate Tourism | Build the Future" Plan that has now been approved, which also defines the sources of funding that will enable its implementation.

Thus:

Under the terms of paragraph *g*) of Article 199 of the Constitution, the Council of Ministers resolves to:

- 1 - Approve the "Reactivate Tourism | Build the Future" Plan, hereinafter referred to as the Plan, which is set out in Annex I to this resolution and forms an integral part thereof.
- 2 - Define that the Plan is structured on the following four pillars of action, with the following objectives:
 - a*) PILLAR 1: *SUPPORT COMPANIES* - aims to adopt measures that preserve the productive potential and employment in the tourism sector, also supporting businesses in the process of consolidating their operational strategy;
 - b*) PILLAR 2: *FOSTER SAFETY* - aims at creating the conditions to strengthen the confidence of businesses and tourists, as well as the confidence of residents in tourism and its capacity to contribute significantly to their well-being and to the improvement of their quality of life;
 - c*) PILLAR 3: *GENERATE BUSINESS* - aims to generate business for companies, globally, in a scenario of strong international competition, in the context of which



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Portugal can and should assume a leading role; and

d) PILLAR 4: BUILD THE FUTURE - aims at creating the conditions for, in the medium and long term, promoting a true transformation of the tourism sector and positioning it at a higher level of development that is more sustainable, more responsible and capable of generating more added value.

- 3 - Determine that the four pillars of action referred to in the previous number are broken down into axes and programmatic measures that correspond to specific actions, duly identified in Annex I to this resolution, which, in the short, medium and long term, will enable the tourism sector to be transformed, creating more value and making a significant contribution to the growth of the gross domestic product and to a fairer distribution of wealth, and repositioning the country as a destination internationally recognised for its high standards of sustainability and territorial and social cohesion.
- 4 - Establish that the implementation of the specific actions and measures contained in the Plan are developed over the next seven years (2021-2027), in alignment with the Tourism Strategy 2027, approved by the Resolution of the Council of Ministers No. 134/2017, of 27 September.
- 5 - Budget for the actions and measures included in the Plan and define the respective sources of funding, under the terms set out in Annex II to this Resolution, of which it is an integral part.
- 6 - Determine that the governance model of the Plan is composed of three levels:
 - a)* A level of strategic political coordination ensured by an inter-ministerial commission made up of the members of the Government responsible for the areas of tourism, planning, culture, labour, solidarity and social security, environment and climate action, territorial cohesion, agriculture and the sea;
 - b)* A level of follow-up and monitoring of implementation ensured by a monitoring committee comprising the following elements:
 - i)* A representative of the Turismo de Portugal, I. P. who shall preside;
 - ii)* A representative of the Portuguese Confederation of Tourism;



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- iii)* A representative of the Instituto do Emprego e da Formação Profissional, I. P. (Institute for the Employment and Vocational Training);
 - iv)* A representative of each Regional Coordination and Development Commission (CCDR);
 - v)* A representative of each regional tourism body;
 - vi)* A representative of the Government member responsible for the area of tourism;
 - vii)* A representative of the Government member responsible for the area of national defence;
 - viii)* A representative of the Government member responsible for the area of internal administration;
 - ix)* A representative of the Government member responsible for the area of planning;
 - x)* A representative of the Government member responsible for the area of culture;
 - xi)* A representative of the Government member responsible for the area of labour, solidarity and social security;
 - xii)* A representative of the Government member responsible for the area of environment and climate action;
 - xiii)* A representative of the Government member responsible for the area of territorial cohesion;
 - xiv)* A representative of the Government member responsible for the area of agriculture;
 - xv)* A representative of the Government member responsible for the area of the sea;
- c)* An operational level, ensured, in joint coordination, by Turismo de Portugal, I.P.,



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the regional tourism bodies and the CCDR, within the scope of each of these bodies' own competences, so as to ensure support for the Plan's operationalisation and coherent territorial intervention.

- 7 - Establish that other entities may participate in the meetings of the monitoring committee referred to in subparagraph *b)* of the previous paragraph, at the invitation of Turismo de Portugal, I. P., namely the Regional Secretariat for Tourism and Culture of Madeira and the Regional Secretariat for Transport, Tourism and Energy of the Azores.
- 8 - Define that the funding models for the Plan's actions and measures are also articulated among the entities referred to in paragraph 6, subparagraph *c)* with a view to making them operational, without prejudice to the autonomy of Turismo de Portugal, I. P., the regional tourism entities, the government bodies of the autonomous regions, the management authorities of the operational programmes and the respective regulatory and programmatic frameworks.
- 9 - Determine that at the end of 2023 the monitoring committee shall carry out an interim evaluation of the Plan's execution, presenting a report with possible revision proposals to the Government member responsible for the area of tourism by 31 January 2024.
- 10 - Establish that this resolution shall enter into force on the day following its publication.

The Presidency of the Council of Ministers, 20 May 2021

The Prime Minister



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ANNEX I

(referred to in paragraphs 1 and 3)

REACTIVATE TOURISM | BUILD THE FUTURE

I. FRAMEWORK

The Portugal 2030 Strategy, approved by the n°.98/2020 Resolution of the Council of Ministers on November 13th, embodies the Government's vision for the next decade intends to be the framing and structuring element of the major modernisation programmes that, through the use of European Union (EU) funds, that shall be implemented in the coming years - the Recovery and Resilience Plan (PRR), the Partnership Agreement and the Operational Programmes under the Cohesion Policy funds and the Strategic Plan for the Common Agricultural Policy.

This strategy embodies the vision of Portugal's recovery through the next decade and it's convergence with Europe, interrupted by the COVID-19 pandemic, while ensuring internal social and economic cohesion and resilience and contributing to:

1. A smarter Europe, thanks to innovation, digitalisation, economic transformation and support for small and medium-sized enterprises (SMEs);
2. A "greener" Europe, with no carbon emissions, implementing the Paris Agreement and investing in energy transition, renewable energy and the fight against climate change;
3. A more connected Europe, with strategic transport and digital networks;
4. A more social Europe, delivering on the European Pillar of Social Rights and supporting quality employment, education, skills, social inclusion and equal access to healthcare;
5. A Europe that is closer to its citizens by supporting local development strategies and sustainable urban development in the EU.

Framed by the Portugal 2030 Strategy and in view of the devastating effects caused by the



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pandemic, the Government designed a PRR based on the European Commission's Recovery and Resilience Mechanism, reflecting in these documents, goals, agendas and roadmaps that are fundamental to guarantee an exit from the pandemic crisis and ensure a resilient future for Portugal.

Tourism, which is recognised as a priority sector for the country's development strategy was also the sector that suffered the greatest impact from the pandemic. This sector, which proved vital to the country's recovery and growth in the past decade, can make a unique contribution not only to recovery, but also to modernisation and to meet the targets set for the country for this decade, strengthening its international competitiveness in the medium and long term.

At the same time, a new cycle of European funding begins, through the Multiannual Financial Framework 2021-2027.

It is therefore justified to draw up and approve a plan that can put the sector back on the pre-COVID-19 path of growth, at the same time equipping it with mechanisms to make it more sustainable, more responsible, more competitive and even more resilient, which will enable it to overcome the objectives and targets set out in the 'Tourism Strategy 2027, approved by the Council of Ministers Resolution No. 134/2017 of September 27th (ET27), projecting it into the future.

II. TOURISM IN THE PORTUGUESE ECONOMY

It is widely recognised that tourism plays a central role in the Portuguese economy, as the country's main export activity and a generator of employment and wealth.

According to data from the Tourism Satellite Account (Figure 1), released by the Instituto Nacional de Estatística, I.P. (INE, I. P.) (Portuguese National Statistics Institute), last December, the gross value added (GVA) generated by tourism represented 8.5 % of the total GVA of the national economy, in 2019, registering a higher increase than the national economy compared to the previous year (10.3 % and 4.0 %, respectively). In the same period, tourism demand (Tourism Consumption in the Economic Territory) was equivalent to 15.4



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% of gross domestic product (GDP), increasing by 7.6 % compared to 2018.

Figure 1 - Main results of the Tourism Satellite Account

	2016	2017	2018	2019*
Tourism Consumption in the Economic Territory (CTTE)				
Value (10 ⁶ euros)	23 501	27 696	30 454	32 776
Nominal variation rate (%)	//	17,9	10,0	7,6
Weight of the Tourism Consumption in the Economic Territory in the GDP (%)	12,6	14,1	14,8	15,4
Hosting Tourism Expenditure				
Value (10 ⁶ euros)	14 800	18 140	19 904	x
Nominal variation rate (%)	//	22,6	9,7	//
Domestic Tourism + Other components Expenditure				
Value (10 ⁶ euros)	8 701	9 556	10 550	x
Nominal variation rate (%)	//	9,8	10,4	//
VAB generated by Tourism (VABGT)				
Value (10 ⁶ euros)	11 123	13 045	14 171	15 635
Nominal variation rate (%)	//	17,3	8,6	10,3
Contribution of VABGT for the National Economy (%)	6,9	7,7	8,0	8,5
Employment in the Tourism Characteristic Activities				
Value (ETC)	380 293	413 567	444 117	x
Nominal variation rate (%)	//	8,7	7,4	//
Weight of the Employment in Tourism Characteristic Activities in the Total National Employment (%)	8,6	9,0	9,4	//
Remunerations in the Tourism Characteristic Activities				
Value (10 ⁶ euros)	6 457	7 149	7 993	x
Nominal variation rate (%)	//	10,7	11,8	//
Weight of the Remunerations on the Tourism Characteristic Activities in the Total National Remunerations (%)	8,0	8,3	8,7	//

Source: INE, I. P.

On the other hand, employment in characteristic tourism activities, measured in full-time equivalents, represented 9.4 % of the national total in 2018. Employment in characteristic tourism activities increased by 7.4 %, exceeding the growth of employment in the national economy (3.1 %) in the same year.

These data show the growth recorded by tourism in terms of added value and its contribution to the economy and employment, consequently allowing us to conclude that tourism has an increased responsibility in the process of recovery for the Portuguese economy from the current situation of economic and financial crisis, as indeed happened after the 2008 crisis, motivated by totally different factors, but which found in the tourism sector one of the main engines for recovery and growth of the economy and employment.

2019 was the best tourism year ever, with significant growths in most tourism indicators, reinforcing its contribution to the growth of the Portuguese economy and to the balance of external accounts.

Indeed, tourism revenue (representing the spending of non-residents in Portugal) reached an



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all-time high of 18.4 billion euros in 2019, equivalent to 52.3 % of exports of services and 8.6 % of GDP. It should also be noted that the tourism balance (difference between tourism revenue and expenditure) reached 13.2 billion euros, corresponding to the expressive positive contribution of the tourism sector to the balance of payments.

It should also be noted that, according to the World Economic Forum, Portugal is the 12th most competitive tourism destination in the world, above the position that the Portuguese economy occupies in the competitiveness ranking of the same organization (34th) and that the place that Portugal occupies in most of the tourism rankings of the World Tourism Organization (WTO) (15th place in number of tourists; 20th place in tourism revenue), with internal security and the absence of external threats being determining factors for this positioning of the destination.

That position clearly shows Portugal's capacity and potential to compete at the highest level with any country in the world, in terms of tourism, in one of the world's largest industries, which in 2019 was worth nearly 1 500 billion¹ USD.

The contribution of tourism to the transversal development of the Portuguese economy is also evident and unavoidable. It is a sector that, due to its characteristics and relations with other dimensions of the economy (e.g. real estate, health, agriculture, wine, industry, transport, trade, services), is particularly suited to leverage and add value to a wide range of other economic activities.

Tourism has played a role in substantially reinforcing the international image and perception of the quality of the Portugal brand, which has unequivocally resulted in an increase in added value for national exporting companies as a whole.

It should be noted that, according to the European Commission (2020), each euro generated in tourism creates €0.56 of added value in the economy. In the Portuguese case, the Organisation for Economic Cooperation and Development estimates that every 1 euro of tourism spending by non-residents (equivalent to tourism exports) generates € 0.79 added

¹ <https://www.e-unwto.org/doi/epdf/10.18111/wtobarometereng.2020.18.1.6>.



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value in the Portuguese economy, above the € 0.59 generated by exports in global terms.

Furthermore, tourism has been asserting itself as an activity especially suited to the revitalisation of the economic activity in inland regions, enhancing endogenous resources, creating poles of attraction and settlement for the population and building new business opportunities and, consequently, regional development.

The levels of tourism consumption recorded in 2020 in some inland regions, according to SIBS, above the national average for the same period, clearly show the potential that tourism has to boost economic activity in these territories, positioning itself as one of the sectors that will best value the resources of these regions and thus best contribute to increasing the quality of life of the respective populations.

It is clear that a more prosperous Portugal, which can achieve high levels of wealth creation, and one that is increasingly fairer, with less social inequalities and fewer regional asymmetries, will definitely not happen without the tourism sector.

III. THE IMPACT OF THE COVID-19 PANDEMIC ON TOURISM

The COVID-19 pandemic had a brutal impact on global tourism, affecting most countries worldwide. According to the WTO, international tourism demand is estimated to have fallen by 74%, corresponding to the worst-case scenario forecasted by the United Nations agency.

Portugal was strongly affected by the pandemic, in line with the trend in southern European countries.

According to data published by INE, I. P. the overnight stays in tourist accommodation fell by 63%, particularly striking with regard to the foreign market, where the decline amounted to 74.9% (in line with the overall results of the sector).

This trend also had significant repercussions in terms of non-resident spending, which fell 57.6%, corresponding to an overall loss of over 10.5 billion euros, significantly reducing tourism's contribution to the balance of payments equilibrium of the Portuguese economy in 2020.



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The recovery of pre-COVID-19 demand volumes will depend essentially on two factors: the ability to control the pandemic through the mass administration of vaccines, ensuring the minimisation of risk and the recovery of consumer confidence; and, on the other hand, the transformation and anticipation capacity of the tourism sector in the face of changes in international tourism demand and the growing competition it faces in this field.

In this regard, it is important to remember that global tourism demand recovered very quickly following the economic and financial crisis of 2008/2009 (a fall of 4.0%) and since then has been growing at an annual rate of around 5-6% per year, in line with the long-term forecasts that international tourist arrivals will exceed 1.8 billion in 2030 (1.4 billion in 2019).

This means that, once the pandemic issues and restrictions on international travel have been resolved, tourism demand should recover quickly, particularly for intracontinental travel. In this regard, it should be noted that Europe is the biggest source region of tourists worldwide and that 78.7% of overnight stays in Portugal originate in Europe.

It is therefore important to ensure that Portugal has all the conditions in place to be at the forefront of the process of recovery of international tourism.

IV. THE CONTRIBUTION OF TOURISM TO PORTUGAL 2030 STRATEGY AND THE RECOVERY AND RESILIENCE PLAN

It is in this context, and bearing in mind the characterisation of the sector already carried out in this document, that it is important to reflect on the specific contribution that tourism may have and, as occurred in the 2008/2009 crisis, that it can assume a central role in the recovery of the Portuguese economy and its future growth.

However, for the national economy to be able to take advantage of every unit of added value that tourism generates and can generate, it is important to recognise the imperative need, on the one hand, to speed up changes in the sector itself so that it can continue to compete internationally at the highest level and, on the other, to intensify interconnection and intersection with the other sectors of economic activity throughout the territory.

These initiatives correspond to a significant financial effort, which is why the PRR and the

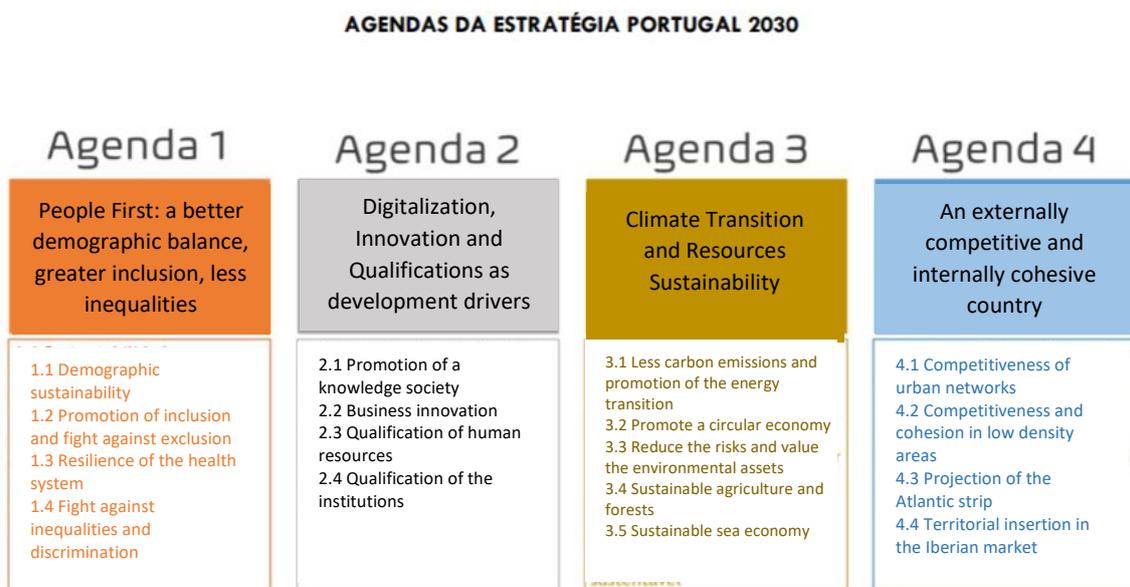


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future Community Support Framework for the period 2021-2027, among others, represent unrepeatable opportunities to take tourism to another level of development. But they are, above all, unrepeatable opportunities to generate multiplying effects on the economy and to make it grow in a sustainable way and towards the levels of wealth and social justice that Portugal and the Portuguese people aspire to and deserve.

The tourism recovery agenda should be aligned with and contribute to the major national goals for the decade.

The Portugal 2030 Strategy is structured around four thematic agendas central to the development of the economy, society and territory of Portugal by 2030.

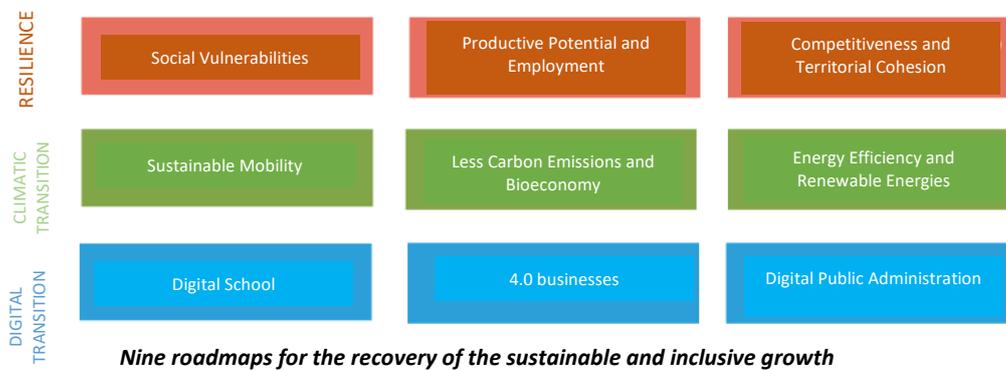


In turn, the PRR, as an instrument for operationalising the Strategy, includes nine roadmaps in three priority dimensions of action: Resilience, Climate Transition and Digital Transition (Figure 2).

Figure 2 - Roadmaps for the Recovery and Resilience Plan



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Source: Recovery and Resilience Plan. The preliminary version of the PRR was submitted to the European Commission on October 15th 2020, and the document has since been deepened and consolidated, culminating in an updated version on February 15th 2021, which was under public consultation until March 1st 2021 and which constitutes the working basis for this document.

The ET27 defines the strategy for the future of Tourism. Based on five strategic axes (enhancing the territory and communities, boosting the economy, enhancing knowledge, generating networks and connectivity and projecting Portugal) with People at the heart of the Strategy: Tourists (who should be provided with the best experience), Residents (so that they recognise Tourism as a "force for good" that generates wealth and well-being for the population) and Employees (ensuring that the workforce dedicated to the sector - 10% of the national workforce - has the qualifications that allow them to progress in their careers).

Tourism played a key role in the recovery of the Portuguese economy in the aftermath of the 2008/2009 economic and financial crisis and following external intervention, consecutively reinforcing its weight in national employment. According to the Tourism Satellite Account, employment in the sector amounted to 444,117 people, rising from 8.6 % of the total workforce to 9.4 % in 2018.

Traditionally seen as an activity with low qualifications, ET27 has chosen as a strategic objective, to raise these qualifications. There has been a reduction in the number of people employed with only basic education. In 2019, the figure has fallen to 53 %, whereas in 2013 it was 68 % (in 2016 it was 62 % and in 2018 it was 56 %).



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According to INE, I. P., jobs with higher education grew by 19 % between 2017 and 2019, well above the average employment growth in the sector, confirming a trend towards a change in the employment pattern in tourism. Even in 2020, with a significant impact of the pandemic in the sector, the population employed in tourism decreased by only 9%, and is still 4.6% above the existing employment in 2016, demonstrating the resilience of the sector and its potential for job creation.

This trend, combined with the strong investment in generating demand throughout the year and in regions with less development, and which has resulted in a stable reduction in the seasonality rate of demand, has the potential to strengthen the importance of the sector in terms of generating quality employment and settling younger populations in the inland territory, contributing to the territorial development model that is intended to be more balanced and inclusive. The potential for the creation of small businesses in the inland territories has been widely demonstrated in recent years. For example, the number of tourist entertainment companies based in the NUTS II North, Centre and Alentejo almost doubled between 2016 and 2020 and tourism activity in these regions has shown enormous resilience even in a pandemic context, with several municipalities recording tourist spending above the average of previous years.

Also noteworthy is the weight of youth employment (under 24 years of age) in the sector (15%) when compared to the national average (6%) as well as the degree of entrepreneurship where 22% of people are self-employed when the national average is 17%.

Still in the area of inclusion, it should be noted that six out of every 10 employees in the sector are female (9% more than the national average), even if they are concentrated in non-managerial positions and consequently have lower salaries. It should be noted that tourism has also invested significantly in the integration of immigrants, developing a training offer that allows the integration of immigrants in the workforce, contributing to make Portugal an even more inclusive country.

From the above, it can be seen that tourism is a sector that is not only aligned but is a priority for the country's development strategy. This sector proved vital to the country's recovery and growth in the past decade and can make a unique contribution not only to recovery but



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also to modernisation and to meet the goals set for the country for this decade, strengthening its international competitiveness in the medium and long term. This sector was also the one that suffered the greatest impact from the pandemic.

Therefore, the preparation and approval of a plan that can put the sector back on the path towards growth is justified, simultaneously endowing it with mechanisms to make it more sustainable, more responsible, more competitive and even more resilient, and that will enable it to overcome the objectives and targets set out in the ET27, accelerating its transformation, preparing it for the future.

Indeed, the devastating impact of the pandemic on the financial structure of companies makes it imperative to ensure financial mechanisms that promote the capitalisation of companies with a view to their financial sustainability that facilitate the entry of new investors (namely through the capital market) and that encourage company concentration processes, allowing for gains of scale and greater resilience. Instruments are also needed to support investment and internationalisation processes, extending the scope and expansion markets of our tourism companies.

Generating business in a scenario of strong international competition requires a strengthened position and leadership in the communication of the destination, including the recognition of a safe destination. It is also imperative to address the recognised weaknesses in terms of infrastructure, especially those related to airline connectivity and internal connectivity/mobility, namely railways, which are fundamental factors in generating business.

At the same time, it is essential to address some existing vulnerabilities and strengthen supply, promoting innovation, efficiency and productivity, taking it to higher levels of wealth creation. To this end, it is vital to adopt a particularly strong and active policy that promotes digital transformation and the transition to a more sustainable sector. The development of the sector can also be boosted by a clustering agenda, which allows thinking in a global way, but acting in a focused and integrated way in products with greater potential for innovation and growth and with a greater knock-on effect (spas, health, sport, are just a few examples). The international strengthening of the sector will ensure a more favourable international



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business environment for national exporting companies.

It is also essential to develop the skills and strengthen the qualifications of human resources in the sector, to promote the attraction of talent and to reinvigorate the management skills of companies, making them more competitive and more resilient to manage crisis situations such as the current one.

These transformations imply an efficient public administration that promotes networking and the participation of all in the process of building the tourism of the future.

Having said this, responding to short and long term needs, integrating them with the objectives of the PRR and the Portugal 2030 Strategy, an Action Plan for the public and private tourism sector is essential as a guideline for the post-COVID-19 re-launch of tourism.

A Plan to stimulate the economy and tourism activity, and which allows the objectives and goals of economic, environmental and social sustainability defined in the ET 2027 to be surpassed.

A Plan that keeps people - professionals, tourists and residents - at the heart of the Strategy and Action.

V. ACTION PLAN

The plan now established focuses on four pillars of action - support companies, foster safety, generate business and build the future - and consists of specific actions that, in the short, medium and long term, will allow the sector to be transformed and positioned at a higher level of value creation, contributing significantly to GDP growth and to a fairer distribution of wealth.

This plan will enable tourism revenues to exceed 27 billion euros by 2027 in a sustainable manner, generating wealth and well-being throughout the territory, all year round and focusing on the diversification of markets and segments.

PILLAR 1: SUPPORT COMPANIES



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The first priority of the "Reactivate Tourism | Build the Future" Plan is to immediately support companies through measures that preserve their productive potential and employment in the sector, also supporting them in the process of consolidating their operational strategy.

P1.1. PRESERVATION OF PRODUCTIVE POTENTIAL AND EMPLOYMENT

The first relevant intervention is therefore related to the creation of instruments to support the capitalisation of companies, as a necessary condition to strengthen the competitive capacity of companies in the sector.

Although the last few years have been characterised by a constant reduction in the level of debt of companies in the sector and, at the same time, by a strengthening of the level of equity, the truth is that it is expected that the new debt generated directly by the COVID-19 pandemic could reach 1.5 billion euros by the end of the first half of the year, which represents a growth of around 17%, in a single year, compared to the size of the debt of tourism companies recorded in 2019.

This value is added to the of the pre-existing debt to 2019, which is now subject to the moratorium regime, but which repayment will become due in the future.

In addition, it is important to take into account the losses in value of tourism companies, generated by the negative net results of 2020 and which will generate a reduction in their equity.

The solution to be created must be articulated with the specific rules that will be developed for the set of sectors most affected by the COVID-19 pandemic, namely as regards the end of the bank moratoria in September of this year - of which the tourism sector is a major beneficiary - and as regards how to support the capitalisation of companies, either by mobilising funds from the PRR aimed for the capitalisation of companies under the management of *Banco Português de Fomento* (Portuguese Development Bank), or even by the possibility of granting quasi-capital solutions that may contribute to the reduction of debt contracted after March 2020 with a public guarantee (the COVID-19 debt).



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P1.1.1 Solutions for the capitalisation of companies

For these reasons, the creation of solutions for the capitalisation of companies is recommended to ensure, in particular, mechanisms for capital and quasi-capital which will allow on the one hand, reduced impact of losses generated in companies since March 2020 and, on the other hand, allow COVID-19 debt to be managed in a manner that is affordable and sustainable for companies and that does not conflict with their investment and growth needs.

P1.1.2 Public guarantee for refinancing/rescheduling pre-COVID-19 debt

In the context of debt management contracted before the outbreak of the COVID-19 pandemic, the creation of refinancing/rescheduling mechanisms that allow longer debt maturities (including grace periods) is recommended to enable feasible debt management by companies. These solutions will have a particular incidence in the tourism sector, as it is proportionally one of the sectors with the largest share of pre-COVID-19 debt under moratorium and could include the provision of a public guarantee for part of the pre-COVID-19 debt that shall be rescheduled.

P1.1.3 Credit line with guarantee for financing treasury needs

In this more pressing area of preserving productive capacity and employment, the creation of a new credit line with guarantee applicable to the tourism sector is also recommended, to meet the treasury needs that still exist.

P1.2. OPERATIONAL STRATEGY

In order to support companies in this particularly difficult context, where the need to manage the impact of the COVID-19 pandemic combines with the need to resume their activity in a context of strong international competition, it is important to create support mechanisms for the development and consolidation of the companies' operational strategy.

P1.2.1 Integrated Entrepreneur Support Network

This plan therefore recommends the creation of an integrated entrepreneur support network, which digitally connects Turismo de Portugal, I. P., the regional tourism authorities, the regional secretariats responsible for tourism, the sector's business associations and the



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tourism teams abroad, based on a common platform.

In order to provide better information to companies, as well as reaching the largest number of companies, this network will promote the training of its partners, the more efficient dissemination of knowledge and the creation of a collaborative network among them.

In parallel, in this dimension of support to companies, it is also recommended the development of interactive digital tools to support company decision-making and the development of specialised areas of knowledge that are more relevant for companies in the sector.

P1.2.2 Mentoring Programme

In this context, the creation of the Mentoring Programme is recommended, which, with the use of Turismo de Portugal, I.P.'s own resources and involving the partners of the Integrated Entrepreneur Support Network, aims to provide companies with a mechanism for curating this specific area.

PILLAR 2: FOSTER SAFETY

The second priority of the "Reactivate Tourism | Build the Future" Plan is to create conditions to boost confidence in tourism among companies, tourists and residents, as well as in the capacity of this activity to contribute significantly to the well-being and improvement of their quality of life.

P2.1 TOURIST ACTIVITY

The pandemic has created new needs on the demand side, very focused on health issues and response to personal safety at the destination. It is therefore essential to take into account these (new) needs of tourists and prepare companies for them, transfer knowledge and stimulate communication in order to increase safety on the part of companies, both in the activity and in the behaviour of those working in the sector.

P2.1.1 *Clean & Safe Seal 2.0*

The *Clean & Safe* seal was created in April 2020 by Turismo de Portugal, I. P., with the aim



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of supporting companies in identifying the measures to be adopted to contain the COVID-19 pandemic and reinforce confidence in Portugal as a tourism destination, whether by tourists - national and foreign -, company employees, or the general population.

Over 22,000 companies have joined, from areas and activities ranging from tourist resorts and local accommodation, to tourist entertainment companies, restaurants, travel and tourism agencies, event organisers, spas, rent-a-car, as well as tourist offices, golf courses, museums, palaces, monuments and archaeological sites, libraries, *Ciência Viva* centres, geoparks, entertainment venues, casinos and bingo halls, motorhome service areas and airports.

One year after its creation, in a partnership with the Directorate-General for Health (DGS) and NOVA Medical School, the requirements for adhering to the *Clean & Safe* seal were updated while the seal remains optional and free but is now simpler and more agile, with reinforced informative contents.

Valid for one year, until April 2022, the updated seal is the result of the natural evolution of knowledge acquired in recent months, adapting to current requirements in the field of public health, with the aim of continuing to promote safety and confidence in Portugal as a tourism destination, especially when activity resumes. This project, which has proved to be very successful, will be continued.

P2.1.2 Seamless Travel Programme

The COVID-19 pandemic has posed new challenges in the relationship with the tourist/consumer that favours informality and fluidity, to the benefit of greater safety that is guaranteed through more agile, more sustainable and dematerialised forms of contact. It reflects a commitment to digital transformation and is composed of various initiatives with the aim of making the experience of those who visit us even more fluid in terms of movement, payments, information and knowledge.

P2.1.3 ADAPTAR 2.0 (ADAPT)

The ADAPTAR PROGRAMME (ADAPT PROGRAMME) will evolve to meet the new specific needs of companies in the tourism sector at the present time, focused on maintaining



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the business and enabling them to be sustainable while recovering.

ADAPTAR 2.0 (ADAPT 2.0) will provide a financial response to the needs for improvement/alteration and re-dimensioning of spaces, prioritising the safety and well-being of the consumer/tourist, such as infrastructures for new open-air spaces.

P2.2 CONSUMER BEHAVIOUR

The behaviour of those who visit us or use our facilities is increasingly part of the solution in controlling this pandemic, as well as in crisis management resulting from this and other situations. It is therefore important to appeal to the tourists' responsibilities in complying with the rules defined by the national authorities.

P2.2.1 Campaign to encourage the adoption of a safe behaviour

Promoting safe behaviour from a health point of view, reinforcing the need to comply with the DGS guidelines in the fight against the COVID-19 pandemic by tourists, company employees and the resident population, through a campaign to be launched that will take into account the several tourism activities.

P2.2.2 Health Passport 2.0

Aimed at ensuring safe movement, Health Passport 2.0 involves the development of a tool that identifies vaccination cases, certified COVID-19 tests and recent positive cases, ensuring a low risk of contamination of and by the passenger.

PILLAR 3: GENERATE BUSINESS

The third priority of the "Reactivate Tourism | Build the Future" Plan is to generate business for companies, globally, in a scenario of strong international competition, in the context of which Portugal can and must take a leading role.

P3.1 COMPETITIVENESS OF THE DESTINATION

In recent years Portugal has established itself as one of the strongest brands in terms of tourism, recognised as the best tourism destination in the world and bringing notoriety to the country and its products.



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The COVID-19 pandemic, with its impact in terms of changing the potential of consumer preferences and the sector's distribution channels, requires a significant investment in strengthening the international recognition and positioning of Portugal's image. It is also important to keep in mind the very strong competition that the country and the companies will face at the moment of recovery from countries operating in the same markets.

Support for promotion the country, in order to stimulate and restore Portugal's image, and support for redoubled efforts at international sales by companies in the sector, enabling them to consolidate more traditional markets (without which the recovery will not happen), to invest in diversified segments and to expand into new markets of greater added value, is thus unavoidable.

P3.1.1 Internationalising Tourism Programme

This is a programme aimed at supporting the international promotion effort of tourism companies.

In this context, it is essential to ensure an information and knowledge base to guide national companies on their path to internationalisation.

The presence in events that boost the image of Portugal as a tourism destination, the participation in distribution or international recognition/classification networks of greater added value, the attraction of international business or the internationalisation of sector brands, in the various areas of activity, are also included in the scope of this programme.

P3.1.2 International trade capacity building programme

Publicizing the new offer throughout the national territory, the collaborative networks scattered throughout the country, as well as the different priority themes for the valorisation of the destination, are the basis of a more efficient and flexible information and training system for the international trade.

In this sense, stimulated by the tourism teams located in the external markets, this programme will allow for an increase in this capacity, directing it towards segments of interest for the country.

In order to provide these delegations with greater flexibility, agility and autonomy, they



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should be converted into decentralised services of Turismo de Portugal, I. P., abroad and integrated into the respective diplomatic representations.

P3.1.3 Portugal Events

Attracting international events to Portugal has made it possible to improve the country's visibility and that of many of its cities as a recognised destination for holding this type of events (see the inclusion in the TOP 10 event-organising countries by the International Congress and Convention Association).

Also, to pursue this mission of attracting events that may be decisive for Portugal's international image, it is important to reinforce the focus on attracting such events with a programme that identifies and proactively can bring them to our country.

P3.1.4 Strengthening Partnerships - Contracting External Promotion

The external promotion contracting model, signed between Turismo de Portugal, I.P., Regional Tourism Promotion Agencies and Regional Tourism Secretariats, with the participation of the Portuguese Confederation of Tourism and private entities, has been one of the best and most concrete examples of public-private partnerships in the sector.

Considering the opportunity to sign a new contract for the three-year period 2022-24 and also the positive experience of the contracting of external promotion with the regional external promotion agencies, the goal will be to strengthen this same public-private partnership, involving the competent regional public actors within the scope of their respective competences, consolidating it over the next few years and reinforcing it with funds from the community support framework.

P3.2 MOBILITY

Given the fact that the vast majority of international tourists arrive in Portugal by air, it is important to continue the policy of strengthening international air accessibility at our airports with an international dimension, promoting greater diversification of issuing markets and partners.

P3.2.1 Restore air capacity and increase territorial continuity - VIP Programme



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The VIP Programme has been essential in mitigating the dependence of some regional destinations on a small number of issuing markets and in diversifying air transport partners.

It is important to continue this process of market diversification which has been reflected in the growing increase in passengers disembarking at the five international airports located on the national territory. Likewise, territorial continuity and synergies between national airports must be strengthened.

P3.2.2 Promote and encourage the adoption of sustainable mobility

Stimulating sustainable mobility is not only an opportunity to contribute to the goals defined in ET27 but it will also allow attracting segments and markets with greater focus on environmental issues. It is therefore relevant to strengthen the competitiveness and attractiveness of our country as a destination that invests and promotes greener means of transport (rail, road and sea), stimulates sustainable urban mobility as well as provides visitation solutions, in partnership with national private partners, in order to deconcentrate tourist flows, increase the average stay and generate more revenue for the destination.

P3.3 STIMULATING DEMAND

Likewise, it is important to ensure the reinforcement of efforts in terms of international promotion of the Portugal brand as a tourism destination, which will guarantee the repositioning of tourist flows to the country, the recovery of the sector and, consequently, of the national economy, given the exposure of tourism to international markets.

In this area, the aim is to strengthen the competitiveness of the national tourist industry (12th most competitive tourist industry according to the World Economic Forum), in local and medium distance markets, without neglecting the relevance of long distance markets, also contributing to increasing the competitiveness of Europe and the Visit Europe brand, strategic objectives defined by the European Commission.

P3.3.1 International campaign to promote Destination Portugal

It is undeniable that the continuous international promotion of Portugal as a destination is one of the central axes in attracting tourist flows. In this sense, the international campaign is particularly important, considering the goal of increasing the awareness of the destination,



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but also as a tool for acquiring tourists.

The campaign will focus on online media, which allows a high and transversal reach to all issuing markets and the implementation of a dynamic strategy to select varied targets. In this way, it is possible to reach more demanding tourists, boosting the growth in value and dynamism of the sector throughout the territory and contributing to territorial cohesion. The context and behaviour of the markets will be permanently monitored, which will determine at each moment the markets to target. The aim is to run the campaign initially in 14 markets, although there is potential for expansion to more than 100, through organic efforts and the 'viralisation' of the messages disseminated.

Planned within the "Projecting Portugal" axis of ET27, its main lines of action are to reinforce the internationalisation of Portugal as a tourism destination to visit, invest, live and study and to position tourism as a factor of competitiveness and economic leverage of the country and of the companies.

P3.3.2 Domestic Tourism Campaign

Domestic tourism represents about 30% of tourism overnight stays in Portugal, and there is undeniable room for growth, which is reinforced in the current context of pandemic and opening of the tourism industry after the confinement. In fact, it is expected that proximity tourism will be the first to recover, especially domestic tourism. To this extent, attention to this segment of demand will be one of the measures to be pursued in this plan with a campaign targeted to domestic travellers as one of the basic instruments. The aim is to encourage the Portuguese to take holidays and small breaks in Portugal, using the tourism facilities available in the various regional destinations and tourism services, namely accommodation, travel agencies, restaurants and tourism entertainment companies. In the short and medium term, mobilising the Portuguese to enjoy the diversity of the national tourism supply will have the capacity to revive regional economies and impact the whole tourism value chain.

P3.3.3 New Visitportugal portal - reinforcing the digital ecosystem to promote the destination



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In terms of digital marketing, the update and reinforcement of the international impact of the Visitportugal ecosystem stands out. This will involve the integration and development of new features, content and approaches. The Visitportugal ecosystem is the hub of information, communication and interaction with tourists, which includes a website available in 11 languages and pages on the main social media networks at a global level. To this extent, it is important to be equipped with technology that facilitates access to the national tourism supply, which presented in context allows great visibility within relevant content, thus increasing the business potential for Portuguese companies and the ability to respond to the needs of different tourist segments. Penetration in external markets will also be broadened, namely by increasing the number of languages to 15.

P3.3.4 Conversational AI Tools

The implementation of a conversation program that uses artificial intelligence has as main goals the improvement and dynamic optimization of the content provided to the tourist and the quick access to information about the experiences and tourism supply of Destination Portugal.

The introduction of these tools will make it possible to clarify doubts, interact with potential tourists, suggesting offers according to their needs and improving the accessibility of the contents, working on the vector of inclusion (all for all). It will also allow a 24h/7days a week tourist service, through more automated processes, with less time spent per operation and closer to the needs of each customer.

The optimization of tourist interactions will result in a higher value trip, working on reducing seasonality and increasing the consumption of tourism products. These conversational tools positively impact the tourist experience of the destination before, during and after the visit, adding value and boosting loyalty.

P3.3.5 Foster the commercial supply of differentiated products

A line of action that aims to create a portfolio of commercial supply of unique products, which allows new motivations to visit, adding value to the travel industry, regional destinations and companies.



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The commercialisation of a new, sustainable, responsible and distinctive products and companies that in recent years has appeared throughout the territory, particularly in inland areas, through collaborative networks as well as companies associated with new investments and approaches such as wine tourism, literary tourism, sports and industrial tourism, among others.

P3.3.6 Development of new business platforms and strengthening of media positioning

A qualified presence in the media, tourism operations and the rest of the trade are of great importance in creating notoriety and recommendation for Destination Portugal and converting this visibility into business.

In this sense, it is important to create new platforms that feed this presence, namely a website where the trade can obtain all the necessary information for programming the Destination and make use of e-learning programmes that allow the continuous training of operators on the growing and increasingly qualified offer of Destination Portugal.

It is also important to create moments of interaction between national companies and the trade through digital business platforms that allow the maximisation of qualified contacts with the national business fabric and to maintain the continuous dynamization of business which will be done through Portugal Trade Talks - webinars developed to promote the national supply.

P3.3.7 IVAucher (VAT Vaucher)

The aim is to stimulate, especially among national consumers, the use of national tourism products. In this sense, the *IVAucher* programme aims to allow the value of VAT on invoices from restaurants, accommodation facilities and cultural venues to be discounted, during the following quarter, on consumption in these same sectors.

PILLAR 4: BUILD THE FUTURE

The fourth priority of the "Reactivate Tourism | Build the Future" Plan consists of developing measures and initiatives that will create conditions for promoting a real



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transformation of the sector in the medium and long term, positioning it at a higher level of development that is more sustainable, more responsible and capable of generating added value.

P4.1 FINANCING OF COMPANIES

In parallel with the measures of a financial nature recommended in Pillar 1 of this Plan, it is important to ensure the development of new financing mechanisms for companies that, on the one hand, enable the broadening of the range of investors in the sector and, on the other, guarantee access to financing under sustainable conditions and, finally, ensure the necessary conditions for the growth of smart investment in the sector.

P4.1.1 Strengthening the Special Real Estate Fund to Support Companies

It is considered important to ensure a mechanism that allows the assets of companies in the sector to become net, through sale & leaseback operations, provided by real estate investment funds managed by Turismo Fundos - SGOIC, S. A. the management company that is part of the Banco Português de Fomento group.

With these operations, conditions are created for the financing of companies with high liquidity levels. Cumulatively, it is intended that these funds may themselves attract investment from investors, mainly institutional, ensuring substantial liquidity levels and, for this purpose, combining the mutual guarantee mechanism and the leverage capacity that characterises it.

P4.1.2 Tourism Bonds

In the field of business financing, new forms of financing and new investors must be sought. This is the case for SME financing on the capital market.

The need to create conditions for the completion of the project to launch tourism bonds, using the mutual guarantee mechanism, which was interrupted in March 2020 due to the impact of the COVID-19 pandemic on the level of business risk, is advocated here.

P4.1.3 Programme for SME's access to capital markets

Still on the subject of new forms of financing, this Plan advocates the regulatory creation of



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a vehicle for intermediation between SMEs, particularly those in the tourism sector, and the capital market.

This vehicle allows for a more efficient management of the context costs of this type of operation, shifting them away from SMEs, and presupposes the involvement of the mutual guarantee mechanism, ensuring bond risk levels compatible with both the investors' investment expectations and the payment capacity of the SMEs themselves.

P4.1.4 Fund for business merger

The current pandemic situation has further highlighted the excessive atomisation of the sector's business fabric, with effects on its critical mass and on the companies' level of resilience.

It is therefore important to set up a business concentration fund to encourage mergers and business cooperation.

P4.1.5 Fund for the internationalisation of tourism enterprises

At the current stage of development of the tourism sector, it is critical to ensure conditions to expand the areas and markets where tourism companies operate, through processes of internationalisation.

This dimension is important for the gain in scale of companies in the sector, but it is also particularly important for the internationalisation of the national economy itself, as it will allow to increase the notoriety of the Portugal brand, as well as to use these productive units abroad (as is the case of hotels and restaurants) as new distribution channels for a wide range of other activity sectors.

P4.2 KNOWLEDGE AND QUALIFICATIONS

The field of qualifications is recognised as one of the priority areas for investment in the sector.

As mentioned before, for many years the tourism activity was based on a model of low qualifications and, consequently, low salaries; the structural transformations of the sector in recent years and those expected for the coming years require a profound change in the levels



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of qualifications in the sector.

It was with this aim that raising the skills of employees in the sector was inscribed as a strategic priority in ET27, approved in 2017.

P4.2.1 Knowledge Centres and Formative Specialisation Programme

To this end, it is essential to invest in innovative equipment and infrastructures that enable Tourism education in Portugal to be positioned at a higher level and adapt training to the new needs and demands of consumers.

This focus on the development and centres of training specialisation is an essential element, and we list some projects that will be emblematic in terms of training and in different parts of the country, namely the Centre of Excellence in Tourism and the Technology-based Incubation Centre in Estoril, the Gastronomy Centre in Lamego, the Pastry Centre in Óbidos, the Hotel of the Future in Setúbal, the implementation of the TIA Project in Estoril, in articulation with the Estoril Higher School of Hospitality and Tourism, or the Centre for Didactic and Digital Resources in the Algarve.

P4.2.2 Market Intelligence Programme for Destination Portugal

In a context of great uncertainty in market recovery, it is essential and critical to invest in a market intelligence programme to support the recovery of the sector, continuously monitoring the sentiment of potential tourists to Portugal and their tourism consumption preferences, thus enabling companies and public entities to take the best decisions.

P4.2.3 Training Programme for Migrants and People in Severe Financial Difficulties

The situation experienced in our country in recent years has dramatically affected the stability of human resources in the sector, especially in a population of migrants who have seen their base disappear in a short period of time.

It is in this sense that a specific training programme is justified, aimed at the unemployed as well as migrants, which can put them back into the labour market or supply consistent and more sustainable alternatives for the future.

P4.2.4 Talent Attraction Programme



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The COVID-19 pandemic has accelerated the urgent need to transform the training paradigm, requiring a decisive focus on the qualification of human resources in the sector and on attracting talent to the sector, as necessary conditions to increase the quality of the service provided and the capacity to face the challenges of digitalisation and sustainability.

This programme is based on the need to enhance the sector's professions by providing companies with the necessary knowledge and tools.

The possibility of attracting human resources with training in other areas of knowledge, such as History, Biology, Architecture, Literature, among others, should also be considered, which may add value in terms of the experience of the visiting tourist.

P4.2.5 Training of tourism employees (75,000 employees) – Closer Training

This programme aims to massively train the sector's employees, in a closer way and according to the methodologies used over the last year: digital and face-to-face training, with content adapted to the sector's future needs, throughout the national territory and adapted to the diversity of tourism companies.

P4.2.6 Training of managers for management (30,000 companies) - BEST 2.0

This bet also requires an effort to qualify the management positions of companies in the sector in general terms, capable of supporting the digital transformation of companies, the inevitability of management supported by data and agility and innovation as essential elements of management.

P4.3 INNOVATION IN COMPANIES AND DESTINATIONS

Innovation and digitalisation are critical factors in strengthening the sector's competitiveness and, consequently, in the growth process of companies and the sector for tourism capable of generating more added value.

In terms of digitalisation specifically, it is important to bear in mind that this is an area where there are strong gaps in the sector, whether in terms of the adoption of digital tools by companies, the effective use of the data generated by these tools, or the ability to use them to create value or develop new businesses.



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In fact, according to INE, I. P., in 2020, only 46.9 % of companies in the accommodation and catering sector in Portugal had a website and the use of data by companies in the sector is below the national average.

On the other hand, the tourism sector was already one of the sectors most exposed to digitalisation, a situation that was accelerated by the COVID-19 pandemic, which forced the rapid adoption of new digital tools, especially in the relationship with consumers, which will remain for the future.

P4.3.1 More Digital Tourism Programme (Digital Businesses and Digital Territories)

In this context, it is important to implement a programme dedicated to strongly support the digital transformation of companies in the sector, as well as of tourism destinations, inducing the use of technology and stimulating the use of data in decision-making processes. It is essential to encourage companies in the sector to adapt their hardware and software, modernising their production structure, processes, communication and content.

P4.3.2 Upgrade Tomorrow Programme - Enhancing digital skills

The digital transformation of the sector also requires an effort to support companies, especially smaller ones, to acquire skills and tools that allow them to prepare for the future, to structure their businesses with new value propositions, capable of responding to the future demands of the sector.

The new Upgrade training programme has digital skills as one of its priority areas, justifying a reinforcement of investment in this measure, so as to accelerate the levels of human resource capacity building in terms of digital skills.

P4.3.3 Tourism supply Requalification and Repositioning Programme

In terms of innovation, Portugal's competitive capacity as a tourism destination has also been based on the sector's ability to modernise its supply, to introduce new product proposals and to reach new segments of tourism demand.

This dynamic was essential in the aftermath of the 2008/2009 financial crisis and allowed tourism to consecutively gain competitiveness in international rankings, going from 20th to 12th in the Travel & Tourism Competitiveness Index.



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At a time when the sector is subject to a test of the magnitude of the COVID-19 pandemic, the sector's ability to adapt to new demand trends and a future scenario of greater uncertainty is thus absolutely decisive to maintain and strengthen this competitiveness in international terms.

It is important to recognise that, despite the efforts that have been made in this area, the national tourist supply, especially in terms of accommodation, still presents very significant quality asymmetries in relation to its average level, preventing a vast set of assets that already exist from being able to generate the added value that they could generate if these same assets today had higher quality levels.

The dimension of potential value to be generated for the country as a result of a process of requalification and global repositioning of this tourism supply, which only meets the current demands of tourists, would be absolutely grand, given the investment cost required.

Thus, the creation of a global programme of requalification and repositioning of the national tourism supply is advocated, projecting the supply into the future, modernising infrastructures and introducing new processes and business models, capable of responding to the great transformations in demand, strong international competition, as well as the global trends.

P4.3.4 Programme to attract foreign direct investment and international brands

The aim of this programme is to create the conditions to attract direct foreign investment in tourism in Portugal, increasing investment in the sector, broadening its agents, especially those operating in market segments that bring more added value to the destination.

At the same time, better conditions are created to attract international tourism brands to Portugal, precisely those operating in that type of market segment, thus contributing to the growth in value of the Portugal brand and, consequently, to the reinforcement of the competitiveness of the sector as a whole, with advantages for all companies.

P4.3.5 Transformation of the Tourism Cluster into a vehicle for Collective Efficiency Strategies in Tourism

It is also important to strengthen and deepen the sector's "clustering" approach, which allows



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and determines an integrated and networked action, overcoming the limitations of under-dimensioning, around dimensions that, due to their characteristics, may translate into areas of strong growth and high added value, of which health, spas or sports are some examples.

Furthermore, it is important to further deepen the interconnection and intersection of the tourism cluster, in all its dimensions, with the other national clusters that operate in sectors that can and should interact with tourism (agriculture, wine, support services, mobility, creative industries, information and communication technologies, housing, spas, textiles, health, sports, among others).

The focus on an upgrade of the Tourism Cluster, focused on segments with high potential for generating added value, thus has the potential to position Portugal in these areas, boosting the attraction of investment in the sector and throughout the territory, while it also aims to contribute to the internationalisation of the tourism sector's production chain, both for companies in the sector (hotel management, franchising, catering, service provision) and for upstream economic activities (goods, services, equipment, etc.).

P4.3.6 Programme to encourage the creation of new tourism businesses

It is important to ensure continuous innovation in the sector, also creating the right conditions for the emergence of new businesses, which densify and better structure the tourism product. The aim is to ensure the expansion of the sector's productive capacity, an expansion that is intended to be intelligent, inclusive and promote cohesion, preferably based on dimensions capable of asserting our difference, such as heritage, nature, culture or creative industries.

P4.3.7 Fostering Innovation in Tourism 2.0 Programme

It is important to reinforce action in generating innovation, promoting appropriate programmes for the birth of new business ideas, and in transforming companies in the sector, through the adoption of new incremental or disruptive solutions that enable their productivity to be increased and the added value generated to be raised.

This programme will continue to be developed in close partnership with the network of incubators and accelerators spread across the country with programmes that promote



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innovation in the sector, but also Portugal's role in leading innovation in tourism, enhancing internationalisation.

P4.3.8 NEST - Hub for digital in tourism and a vehicle for innovation in the sector

The role of NEST, as a true hub of digital in tourism, is absolutely critical to the creation and dissemination of the innovation component in its sustainable, fluid experience and use of big data in decision making.

The work developed by NEST since its creation by Turismo de Portugal, I. P., in partnership with NOS, Google, Microsoft, Banco BPI, Banco Millennium BCP, Brisa-Via Verde and ANA Airports, justifies the bet on this innovation vehicle, providing it with the necessary means for that mission.

P4.3.9 Capacity Building Programme for start-ups “Rising Stars”

Also in the context of fostering entrepreneurship in tourism, it is fundamental to guarantee the consolidation of the innovation ecosystem in tourism, supporting start-ups in their birth and growth process, namely those participating in the Fostering Innovation in Tourism programme, making them capable of winning in the market, influencing market dynamics and creating new business models.

To this end, the creation of a training programme and specific curatorship for start-ups that develop or intend to develop their activity in tourism or with tourism is recommended, through the start-up programme "Rising Stars".

P4.4 SUSTAINABILITY IN COMPANIES AND DESTINATIONS

Climate transition is another major challenge identified in ET27 and which the COVID-19 pandemic has accelerated the need to address.

Indeed, the ambition to have 90% of the companies in the sector with efficient management of energy, water and waste were ambitious goals of ET27, whose implementation must now be accelerated.

The tourism sector is positioned as an area of economic activity in which this climate transition process can be more easily implemented, considering that the sector has already



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collectively assumed this goal in 2017, but also because the adoption rate has remained constant. In addition to business associations' initiatives towards this transition, the political objective has now been intensified with the launch of the + Sustainable Tourism Plan by Turismo de Portugal, I. P., which aims to accelerate this process.

Finally, Portugal has asserted itself internationally on this matter, being an international reference, both in terms of international good practices in this domain, but also in terms of monitoring, having three regional sustainability observatories recognised by the WTO and intending to install one in each NUTS II region by the end of the year.

Since the launch of ET27, there has been progress in the adoption of good environmental practices, especially in the area of efficient use of energy and water. In fact, according to the Tourist Resorts Environmental Performance Survey, conducted by Turismo de Portugal, I. P., in 2019, 66 % of the companies demonstrated use of good practices in the area of energy and 70 % in the area of efficient water management, representing progress compared to the baseline (60 % in 2015). There was also a strong adherence to international certifications in the area of environmental management, with 47 % of companies reporting international certifications in 2019 (31 % in 2017).

On the other hand, without prejudice to the growth in tourism demand recorded in recent years, energy consumption and CO₂ emissions grew at an annual average of 2 % between 2017 and 2019, about half the average annual growth in the number of overnight stays.

P4.4.1 More Sustainable Tourism Programme

Turismo de Portugal, I. P., launched the discussion on the "+Sustainable Tourism Plan 20-23", a project that includes actions such as re-educating for a circular and sustainable catering industry, developing practices for a circular economy, carbon neutrality in tourist resorts, sustainable construction in tourist resorts, water efficiency in golf courses in Portugal and the reduction of plastic in hotels.

It also includes the purpose of developing the network of regional observatories in the area of sustainability.

Aligned with the objectives of ET27 and the post COVID-19 sector recovery policy, the



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programme is mindful of the importance for Portugal to strengthen its positioning and competitiveness as a sustainable and safe tourism destination, while also being able to accommodate the demands of new national and EU guidelines and orientations that will occur in the short and medium term, within the scope of the circular economy and environmental sustainability.

P4.4.2 Portugal Upgrade Tomorrow - Strengthening competences in sustainability

This transformation requires reinforced support to companies, including, as mentioned above, capacity building, in this case focused on the challenges and future potential of sustainability.

This new training programme of Turismo de Portugal, I. P., has as its themes the digital, mentioned above, and also sustainability. The current context shows that both are essential for the tourism of the future, so their development adds value to people and the territories where they are integrated. Both contribute to the relevance of the tourism sector in the dynamics of local and national economy as well as for the preservation and regeneration of resources and also for the creation of fairer and more inclusive working models.

P4.4.3 Integrated monitoring programme of resource consumption

In order to monitor this evolution, an integrated resources monitoring program will be created to evaluate the evolution of companies in terms of environmental sustainability goals, as well as to promote the development of adequate actions to improve their performance in this scope, and to ensure a close and real time monitoring of the impact of these actions.

P4.4.4 Programme to Encourage Electric Mobility

Considering the evolution of energy sources in automobile mobility and the need to accelerate their adoption, the tourism supply must be adapted to meet this type of need and demand.

On the other hand, the incentive to move around the territory and enjoy the great diversity of supply existing in the country also implies the adoption of measures that encourage and promote sustainable mobility.

Therefore, the creation of an incentive programme for electric mobility is recommended,



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which will mainly involve the dissemination of electric chargers in tourist facilities and infrastructures throughout the territory.

P4.4.5 Programme to encourage responsible mobility - rail, maritime

Also considering the investment in the railways, under the scope of various instruments, promotional campaigns will also be developed to motivate tourists to travel in Portugal through the promotion of mobility based on the railways. This commitment must be complemented by ensuring an adequate supply of public transport close to the main tourist attractions, which must be duly promoted and its use encouraged.

In terms of river navigation and given the growing demand for the use of boats on our rivers and reservoirs, it will be a priority to promote the improvement of river quays, as well as the creation of docking platforms for recreational boats and other infrastructures and services to support tourism on the country's rivers and inland waters.

Action in the field of mobility will be reinforced with initiatives that promote intermodality and interoperability between different transport services, thus providing a range of diversified options in terms of mobility and greater competitiveness of the tourism destination.

The development of projects that promote sustainable mobility in tourism destinations, namely soft mobility, will also be stimulated.

P4.4.6 Support Programme for Cross-Border and Integrated Regional Projects

The Portugal 2030 Strategy has a relevant competitiveness and territorial cohesion dimension and constitutes agenda number 4 of this strategy. It is considered that tourism, as a transversal economic activity that feeds into and enhances a very broad value chain in regional terms, has enormous potential to act as a hub for economic, social and environmental development of the territories.

This was, in fact, the basic aim of the ET27 and justified a clear investment in the development of the tourism supply in less developed regions of the territory, with the purpose of decentralising tourist demand to less sought after areas and extending the tourist practice throughout the year.



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The COVID-19 pandemic added value to this investment in the inland territory, as an important fringe of tourists began to seek less massified destinations and activities of active enjoyment of nature, indicating that this will become a trend for the future. The significant demand that occurred in 2020 demonstrated the potential that inland regions have in this area, justifying an intensification of this investment.

On the other hand, still in the inland region, there are unquestionable market opportunities generated by cross-border projects, as recommended in the Common Strategy for Cross-Border Development, which make possible to value existing resources and introduce the interior regions to international demand circuits, particularly from Spain, which will probably be the issuing market with the greatest growth potential in the next few years.

There is also a dimension of investment in the domestic market so that, in similarity to what occurred in 2020, it continues to favour travel in Portugal and throughout the year, helping to reduce seasonality, maintain, increase and value jobs in the inland region, and promote the consumption of national products. It is important to develop specific mechanisms to support the promotion of cross-border projects and integrated projects (in a logic of tourism/other sectors of activity).

In addition to the measures defined in relation to competitiveness and territorial cohesion, it is important to underline that positive discrimination of the inland territory is planned in all the instruments to be launched under this Plan.

P4.4.7 Valorizar 2.0 (Value) Programme

The Valorizar 2.0 (Value) Programme, which is an evolution from the Valorizar Programme, created in 2016, aims to qualify the territory and thus allow its tourist attraction potential to be valued in a sustainable manner.

The intention is to strengthen support for projects, especially integrated and supra-municipal ones, that make it possible to structure tourism products in the regions and that support the growth process of products such as cycling & walking, caravanning, the paths of faith, literary tourism or wine tourism.

P4.4.8 + Algarve (More Algarve) Programme



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The country's largest tourism region should be an example and leader of the tourism transformation of the future.

This programme aims to strengthen the Algarve's position as a quality destination, which can be visited all year round and throughout the region, enhancing its natural and cultural aspects. In addition to positioning itself as the country's main sun and beach destination, the Algarve has unique characteristics for health and well-being tourism, active ageing, sports and sustainable nautical tourism, the enhancement of natural areas and an increased focus on cycling & walking.

Among other actions it is important to stimulate the adaptation and upgrade of currently existing equipment focused on the projection of the region, the urban regeneration of the territory, the upgrad of sea fronts and riverfronts, older tourist developments, strengthening of the ecological network / Regional Strategy for Environmental Protection and Valuation, with an intermunicipal programme to increase green spaces and cycle paths, capacity building and training of agents, development of collaborative strategies with the other activity sectors, allowing companies in this region and the region itself, as a whole, to strengthen their competitiveness.

P4.4.9 Companies Tourism 360° Programme

Alongside this process of transformation of the sector it is important to develop a vision of the responsibility of companies in the sector as agents for the creation of value, not only for their shareholders, but also for their employees, their suppliers, the community, the territory and the environment.

A smarter sector, creating more value, that is sustainable and more responsible, naturally depends on companies that are more focused on smart growth, based on innovation and qualification, more responsible towards society and more sustainable.

The tourism company is at the centre of the sector's transformation process, and must be seen as a member of the community, in a 360° vision.

This involves a work of cultural transformation, in a close public-private partnership, of curation, capacity building, and ultimately in the consecration of a form of public recognition



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of companies, based on economic, social and environmental dimensions.



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ANNEX II

(Referred to in paragraph 5)

REACTIVATE TOURISM BUILD THE FUTURE											
PILLAR	AXIS	PROGRAMME MEASURES	INVESTMENT (M€)	TDP	OE	BPF	PT 2020	PT 2030	POT	IF	
Support Companies	Preservation of the productive potential and employment	Solutions for companies' capitalisation (*)	3000,000			3000,000					
		Public guarantee for refinancing/rescheduling pre-covid debt (*)									
		Credit line with guarantee for financing treasury needs (*)									
Operational Strategy		Integrated Entrepreneur Support Network	0,300	0,300							
		Mentoring Programme									
Foster Safety	Tourism activity	Clean & Safe Seal 2.0	10,240	0,240					10,000		
		Seamless Travel Programme									
		Adaptar 2.0 (Adapt)									
Consumers Behaviour		Campaign to encourage the adoption of safe behaviours by tourists	0,150	0,150							
		Health Passport 2.0									
Generate Businesses	Competitiveness of the Destination	Internacionalize Tourism Programme	250,400	115,400							
		International Trade Capacity Building Programme							135,000		
		Portugal events									
		Strengthening partnerships - Contracting External Promotion									
	Mobility		Restore air capacity and increase territorial continuity - VIP Programme	27,500	27,500						
			Promote and stimulate the adoption of Sustainable Mobility								
	Stimulate the Demand		International Promotion Campaign of Destination Portugal	292,450	39,670	200,000		2,000	49,280	1,500	
			Domestic Tourism Campaign								
			New VisiPortugal portal - reinforcement of the digital ecosystem to promote the Destination								
			Conversational AI Tools								
Encourage the commercial supply of differentiated products											
Development of new business platforms and reinforcement of media positioning											
IVAucher											
Financing of Companies		Strengthening of FIEAE	1075,000			1075,000					
		Tourism Bonds									
		Programme for SME Access to the Capital Market									
		Fund for Business Merger									
		Fund for the internationalisation of tourism enterprises									
Knowledge and Qualifications		Knowledge Centres and Training Specialisation Programme	25,100	4,850			2,000	13,250	5,000		
		Market Intelligence Programme for Destination Portugal									
		Training Programme for Migrants and People in Severe Financial Difficulties									
		Talent Attraction Programme									
		Training for Tourism Employees (75,000 employees) - Closer Training									
Training of managers for management (30,000 companies) - BEST 2.0											
Build The Future	Innovation in the companies and in the destinations	More Digital Tourism Programme (Digital Enterprises and Digital Territories)	790,000	113,000					129,000	248,000	300,000
		Upgrade Tomorrow Programme - Reinforcing digital skills									
		Programme for the Requalification and Repositioning of the Tourist Supply									
		Programme for Attracting FDI and International Brands									
		Transformation of the Tourism Cluster into a vehicle for EEC in Tourism									
		Programme to encourage the creation of new tourism businesses									
		Fostering Innovation in Tourism 2.0 Programme									
		NEST - digital hub in tourism and a vehicle for innovation in the sector									
		Capacity Building Programme for Start-ups "Rising Stars"									
Sustainability of the companies and the destinations		More Sustainable Tourism Programme	641,100	122,600					18,500	440,000	60,000
		Portugal Upgrade Tomorrow - Strengthening competencies in Sustainability									
		Integrated Monitoring of Consumption of Resources Programme									
		Incentive Programme for Electric Mobility									
		Incentive Programme for Responsible Mobility - Rail and Maritime									
		Programme to Support Cross-Border Projects and Integrated Projects on a Regional Basis									
		Valorizar 2.0 Programme (Value)									
		+Algarve Programme									
		Tourism Companies 360° Programme									
			6112,240	423,710	200,000	4075,000	4,000	210,030	839,500	360,000	

TDP - Turismo de Portugal, I.P.
 OE - State Budget
 BPF - Banco Português de Fomento
 POT - Thematic Operational Programme
 POR - Regional Operational Programme
 IF - Financial Institutions

* Indicative value. The final figure should be determined in the framework of the specific rules that to be developed for all sectors most affected by the COVID 19 pandemic, namely in regards to the end of bank moratoria and the capitalisation of companies.



[Portuguese Republic – Office of the Secretary of State of the Presidency of the Council of Ministers]

Project for movement and scheduling

Form of the act:

Resolution of the Council of Ministers

Responsible Office:

MINISTRY OF ECONOMY AND DIGITAL TRANSITION

a) Summary to be published in the *Official Journal*:

Approves the "Reactivate Tourism | Build the Future" Plan.

b) Need for the proposed project form:

Development of a general plan to stimulate the economy and tourism activity.

c) Reference to the need for the participation or hearing of entities, indicating the rule that requires it and its content:

1. Preliminary opinions:

[fill in "X" in the applicable box(es)]


[Portuguese Republic – Office of the Secretary of State of the Presidency of the Council of Ministers]

Entities	Yes	No	Date of application	Date of issue	Not applicable
Minister of State and Foreign Affairs					X
Minister of State and the Presidency					X
Minister of State and Finance					X
Minister of State Modernisation and Public Administration					X

2. Hearings to be held after deliberation in the RSE:

[fill in "X" in the applicable box(es)]

Mandatory	Optional	Not applicable
		X

If applicable, indicate which:

[add or delete lines as necessary].


[Portuguese Republic – Office of the Secretary of State of the Presidency of the Council of Ministers]

Entity	Rule requiring a hearing (for mandatory hearings)

d) Current legal framework and basis for change:

Not applicable

e) Express identification of the legislation to be amended or revoked:

[add or delete lines as necessary].

Legislation to be amended, with all the amendments made in the meantime	Legislation to be revoked	Not applicable
		X

f) Explicit identification of any complementary legislation, including regulatory instruments:

[add or delete lines as necessary].

Supplementary regulatory diploma(s) and other lower-level mandatory act(s)	Does it accompany the project?	Elements of the draft regulation(s)	Not applicable


[Portuguese Republic – Office of the Secretary of State of the Presidency of the Council of Ministers]

[Y/N]	[Y/N]	Summary: Competent entity: Form:	X
[Y/N]	[Y/N]	Summary: Competent entity: Form:	

g) Summary evaluation of the financial and human resources needed by the Public Administration for implementation in the short and medium term, as well as of new administrative acts created:

1. Financial means involved:

Are they kept?	Effect on revenue	Effect on expenditure	Not applicable
[Y/N]	How much? [Amount]	How much? [Amount]	NA

2. Human resources involved:

Are they kept?	Increases	Decreases	Not applicable
[Y/N]	To what extent? [Unit]	To what extent? [Unit]	NA

3. New administrative act(s) created:

Yes	No	Not applicable
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[Portuguese Republic – Office of the Secretary of State of the Presidency of the Council of Ministers]

Which ones?		
It implies increased context costs or other burdens for companies. In what way?		X

- b) Pondering of the opportunity of creating an exemption regime for micro, small and medium enterprises or, failing that, a specific legal regime that takes into account the particularities of this segment of enterprises and mitigates the impact of the referred charges:

Yes	Why?
No	Why?
Not applicable	X

- i) Evaluation of the legislative impact of the law with regard to the following matters:

1. Economic and competitive impact assessment

Yes	Why?
No	Why?
Not applicable	X

2. Gender impact assessment

Yes	Why?
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No	Why?
Not applicable	X

3. Disability impact assessment

Yes	Why?
No	Why?
Not applicable	X

4. Poverty impact assessment

Yes	Why?
No	Why?
Not applicable	X

5. Assessment of the impact on the risks of fraud, corruption and related infractions

Yes	Why?
No	Why?
Not applicable	X

j) Justification of the diploma:


[Portuguese Republic – Office of the Secretary of State of the Presidency of the Council of Ministers]

To embody the measures that the Government intends to adopt that will allow for an immediate response to the sector's needs, ensuring the survival of the business fabric, in many cases composed of micro-companies with almost no capacity to withstand cash flow difficulties, but simultaneously allowing for support in the recovery phase that will follow, projecting the sector into the future and further enhancing the value that tourism can contribute to the national economy, supporting the implementation of the Portugal 2030 Strategy.

Develop a plan to stimulate the economy and tourism activity, which will make it possible to overcome the objectives and goals of economic, environmental and social sustainability defined in the ET27, promoting tourism throughout the year and throughout the territory, highlighting the issues of investment support, business training and qualification of human resources, promotion and sales programmes to place their products in the markets.

k) Relationship with the Government Programme:

Yes	Identification of the concrete measure:
No	Why?
X	

l) Relationship with EU policies:

It is compatible with or implements European obligations	Which ones?
May not be compatible	Why?


[Portuguese Republic – Office of the Secretary of State of the Presidency of the Council of Ministers]

Not applicable	X
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m) Note to media:

The aim of this proposed law is to develop a plan to stimulate the economy and tourism activity, which will enable the objectives and targets of economic, environmental and social sustainability set out in the Tourism Strategy 2027 to be met, promoting tourism throughout the year and throughout the territory, in order to find structured responses to mitigate and contain the effects of the pandemic, which forced the imposition of strong restrictive measures.

The “Reactivate Tourism | Build the Future” Plan is structured on four action pillars - PILLAR 1: SUPPORT COMPANIES; PILLAR 2: FOSTER SAFETY; PILLAR 3: GENERATE BUSINESS; PILLAR 4: BUILD THE FUTURE - which will enable the tourism sector to be transformed, creating more value and making a significant contribution to GDP growth and a fairer distribution of wealth, and positioning the country as a destination internationally recognised for its high standards of sustainability and territorial and social cohesion.