

TRAVEL AND TOURISM:

Enhancing and Selling Estonia as a Top European Destination:

The American Chamber of Commerce Estonia (AmCham Estonia) believes that Estonia must act decisively on several key tourism and travel issues in the short-term to assist the state and industry in making Estonia one of the top European destinations, in terms of total travel expenditures that will enhance the state's economic vitality through job creation, increased tax revenues, and new investments in this sector.

We have defined both short-term and long-term goals, which should be undertaken in order for Estonia to improve its attractiveness as a top tier tourism destination.

Problem Definitions with Corresponding Recommendations:

SHORT-TERM CONCERNS & RECOMMENDATIONS

• **Lack of understanding of the economic benefit of tourism to Estonia**

The full economic benefit of the impact of tourism on different sectors of the economy has not been fully studied and presented. Sanction such a study to better show the benefit of tourism to all stakeholders both in the government and private sector.

Recommendations:

- o A committee (in the Ministry of Economic Affairs or in Riigikogu) could be tasked with conduction of such a study.
- o If funds are needed for such a study, our largest accommodation, transportation and hospitality companies would most likely be able to help finance this in return for some visibility
- o Study not only the direct impact on the economy from accommodation and restaurants but also track the habits of tourists, which other sectors are they spending their money in? What is the average spent? Which sectors are benefiting? What is the impact on the infrastructure? How many jobs are created in the different sectors because of it? What is the total economic benefit to Estonia? What opportunities are ways to increase this benefit? What are the risks of losing these benefits
- o The White Paper should be an open document to all interested parties. With the help of the White Paper, the private sector can maximize the benefit of tourism in Estonia and policymakers to improve the legislation and rules to set possibility for Estonia to be one of the top destinations in Europe.

• **Little promotion of Estonia as “more than Tallinn”**

Focus on targeting special groups such as, health care or medical tourism, sporting events, unique hobbies, saunas and spas, manor houses, cultural visits, business travelers, and more..

Recommendations:

- o Contact tourism and travel committees, programs, or groups in the surrounding geographical area (Sweden, Finland, Latvia, Lithuania, Poland, etc.) to use ideas or imitate strategies of neighboring markets
- o Create a joint initiative with other travel and tourism places across Estonia to promote events, activities, travel deals, etc., with a special focus on new ideas and projects for during January-April (low season)

• **Taxation issues and lack of Immigration support to visitors from outside of the EU and outside of the Schengen Area.**

One of the bigger challenges for the tourism & hospitality sector is securing the necessary human resources to respond to the needs of the everyday operations. The lack of staff on the local labor market presents businesses with a challenge of bringing staff from abroad on feasible terms. The high social taxes, as well as a very cumbersome migration procedure, make it extremely difficult to bring in staff from other countries.

Recommendations:

- o Consider capping social tax or separating it into parts with some (like mention tax and medical insurance) being optional.
- o VAT should not increase, will hurt most aspects of the tourism and travel industry
- o Simplify some of the migration procedures for short-term workers and work & travel programs
- o Enhance the usage of the local staff by creating language requirements which are sensitive to specific job descriptions
- o Another way to look at this problem is to very seriously overlook the unemployment benefit program currently offered by the government. There are very good practical examples from other countries where the unemployment benefit system is much more focused on people finding a job a lot quicker and not so much tax revenue is spent on providing benefit to those unwilling to work.

• **Promote and sell Estonia to the U.S. market**

Recommendations:

- o Organize more trade missions to the U.S., that will also focus on travel and tourism companies
- o EAS should develop a specific marketing plan for North America and showcase Estonia as the location which is safe to visit

LONG-TERM CONCERNS & RECOMMENDATIONS

- Lack of promotion in Asia and Far East to attract a new market of tourists

Recommendation:

- o Structured and joint effort with Finnair, local municipalities (Tallinn and Helsinki) and Tallink for Asian tourists to come to Tallinn, offering special packages/deals, create a new passenger flow into Europe

A Critical Need of a Convention Center in Estonia

Convention centers prove to be extremely useful and effective when promoting business travel to a certain country. To attract more and larger conferences to Estonia a multifunctional Convention Center is needed in Tallinn.

AmCham Estonia Travel & Tourism Committee finds that it is vital that the Estonian government helps and support the Linnahall Multifunctional Conference & Concert Center project to become a reality by 2022.

Recommendations:

- o Re-active the project full speed and make it one of the priorities for both the Estonian government and Tallinn city government.
- o Provide necessary public support and funding to Tallinn City/Linnahall.
- o Continue supporting active professional promotion of Estonia as a top international tourism, meetings and conference destination.

• Limited Infrastructure

There is a strong need for an international travel connection and joint venture between Estonia, the Baltics, and Central/ Western Europe. Access to the country is one of the critical points in promoting Estonia as a travel destination, so a well-coordinated infrastructure is key to success.

Recommendations:

- o Provide the necessary support to the Rail Baltic project that will unite Estonia with the other Baltic States, Poland and Germany not only for cargo business but a great passenger connectivity
- o Provide the necessary/extra support to the National Airline Carrier (Nordica) that secures direct air routes to/from Tallinn in strategic locations