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Tourism in the EU economic and social cohesion policy in 1994-1999 and 2000-2006 budget programming periods

Abstract

The European Union is an international formation in which advanced integration processes are being implemented. These processes cover almost all the political, economic and social activities. The intensification of the processes in the recent two decades has led to the creation of the most developed system of supporting regional development worldwide. The aim of this article is to identify the level of the European Union (EU) economic and social cohesion policy engagement towards tourism sector in the two recently closed periods of EU budget programming (1994–1999 and 2000–2006). The following analyses were conducted: 1) qualitative which is examining the extent to which tourism was considered as a domain covered by the support in development programmes co-financed from the EU Structural Funds; 2) quantitative, which is related to the level of financial allocation from Structural Funds, designed to support tourism sector. A comparison of the levels of the European cohesion policy engagement towards tourism in the periods: 1994–1999 and 2000–2006 is also conducted. In the summary, discussion of the factors decisive of the role and the rank of tourism in the EU cohesion policy are presented.

Keywords:
EU economic and social cohesion policy; tourism funding

Introduction

The European Union constitutes an international formation with advanced integration processes, covering almost all the political, economic and social spheres. By intensifying the processes in the period of the recent two decades, the most developed worldwide system of supporting regional development has been created. The system is implemented through the EU economic, social and territorial cohesion policy. It is oriented on reducing the interior development differences occuring between states and regions of the European Union.

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The aim of the article is to present the level of the EU cohesion policy engagement towards the tourism sector in the two recently closed EU budget programming periods: 1994–1999 and 2000–2006. In particular, through qualitative and quantitative approach, the role and rank of tourism in the two budget programming periods was examined. To this end, development programmes financed through the EU Structural Funds and implemented in all the member states that were members of the European Union in 2004 or have joined the Union since then, were analysed. Therefore, in total, 1219 programmes were included in the analysis.

As already pointed out, the analysis included qualitative and quantitative (financial) aspects of these programmes. In the former, the subject of the researches was the role and the rank of tourism in the cohesion programmes, which were co-financed from the EU Structural Funds. The latter aspect allowed identification of the level of allocation originating from the funds, designed to support tourism sector. Furthermore, the EU cohesion policy engagement towards tourism in the two programming periods (1994–1999 and 2000–2006) was compared, both on the European level and on the country level where two groups were compared – the 'old' and the 'new' EU members. In the final part of the paper, the factors that have a decisive role in the allocation of funds for tourism development were discussed.

Tourism in the EU cohesion policy

As it has been mentioned already, the EU economic and social cohesion policy is implemented through long-term budget programming periods. One of the basic rules of the EU cohesion policy is the programming rule. It obliges member states and/or regions to prepare development programmes, which are then co-financed from the Structural Funds. Any given programme consists of priorities with a dedicated budget. Within each priority a number of activities eligible for a financial support is defined. In the programming periods covered by the analysis, four Structural Funds were functioning: European Regional Development Fund (ERDF), European Social Fund (ESF), European Agriculture Guidance and Guarantee Funds – Guidance Section (EAGGF) and Financial Instrument for Fisheries Guidance (FIFG).

Moreover, in the period analysed, there was a separate group of programmes used in the EU cohesion policy that included Community Initiatives. These were special programmes financed from the Structural Funds, but designed to support certain domains. Among them, from the point of view of the aims of this study, INTERREG programme was of key importance. It involved transboundary cooperation and it is within this programme that tourism projects were most often supported.

In each of the programming periods objectives were defined and budget allocated according to these objectives. In the 1994–1999 period, 7 objectives were defined (Council Regulations No 2081/1993) of which the following were most relevant for tourism development:

- Objective 1 – promoting development and structural adjustment of the regions whose development is lagging behind. In general, it was implemented in regions in which the average GDP per capita was lower than 75% of the average GDP for the European Union. Total budget for this Objective amounted to 93,972 mln Euro (Pietrzyk, 2003);

- Objective 2 – focused on regions, frontier regions, or parts of regions seriously affected by industrial decline. It was implemented in areas (outside the objective 1 regions) which fulfilled all of the following criteria: a) the average rate of unemployment had to be higher than the Community average; b) the percentage share of industrial employment in total employment had to equal or exceed the Community average; c) there needs to be an observable fall in industrial employment. Total budget for this Objective amounted to 15,361 mln Euro (Pietrzyk, 2003);
- Objective 5b – promoting rural development by facilitating development and structural adjustment of rural areas. Objective 5b was implemented in rural areas (outside the objective 1 regions) which had a low level of socio-economic development and also fulfil at least two of the three criteria: a) high share of agricultural employment in total employment; b) low level of agricultural income; c) low population density and/or a significant depopulation trend. Total budget for this Objective amounted to 6,862 mln Euro (Pietrzyk, 2003).

In 2000–2006 period, the number of objectives was reduced from 7 to 3 (Council Regulations No 1260/1999). Of the three objectives, the Objective 1 stayed the same as in the previous programming period but its total budget increased to 135,954 mln Euro. The Objective 2 included Objectives 2 and 5b from the period 1994–1999, with the total budget of 22,454 mln Euro. The Objective 3 concerned the adaptation and modernisation of policies and systems of education, training and employment. It was implemented in areas outside of the Objective 1 regions. Total budget for this Objective amounted to 24,050 mln Euro (Pietrzyk, 2003).

Methodology

To obtain information needed for the analysis, several sources were used. The first, most important group, was made of national and regional development programmes, prepared by central and/or regional governments of member states and Community Initiatives programmes, particularly INTERREG programmes. They were published by institutions (national and/or regional) responsible for implementing these programmes as well as by the European Commission. The other group consisted of secondary information sources which included, above all, cyclical reports concerning progress on the cohesion policy, published by the European Commision and other independent reports concerning European cohesion policy in the periods under this analysis. These reports were mainly available on the web-site of the European Commission – Directorate General Regional Policy: (http://ec.europa.eu/regional_policy/index_en.htm.)

The analysis defining the role and the rank of tourism in the cohesion programmes co-financed and realized from the Structural Funds was conducted for two separate groups. The first group included regional and national programmes, while the second group consisted of Community Initiatives programmes. The criterion of acknowledging tourism as an area of support in a given programme was the titular pointing of the tourism domain on the level of, at least, a priority or an activity (also if it occurred together with another domain, e.g. tourism and culture).

In total, 743 diverse programmes were analyzed, what constituted almost all programmes accepted and published by the European Commission and member states to be co-financed within the framework of the EU cohesion policy in the 1994–1999 period. Of those, 378 programmes of the first group (national and regional programmes) were analysed. The other group comprised of the Community Initiatives programmes. In total, 365 programmes of this type were analysed and particular attention was paid to 143 that belonged to the INTERREG II Community Initiative.

For the budget programming period covering the years 2000–2006, 47 national and 165 regional programmes have been analysed. These were all programmes published by the European Commission and member states till 2007. The smaller number of the programmes analysed in comparison to the 1994–1999 period is due to the fact that in the 2000-2006 programming period there were fewer programmes covered by the EU cohesion policy, although the overall budget was higher. In addition, the utmost attention was paid to two Community Initiatives programmes: INTERREG III which included 192 programmes and URBAN, featuring 72 programmes for funding urban area (re)development. During this second programming period, these were the only Community Initiatives programmes through which tourism sector was supported.

Tourism in the EU cohesion policy in the 1994 – 1999 programming period

Table 1 presents analysis of all programmes available through Structural Funds in the 1994–1999 programming period, ranging from regional and national programmes right through the INTERREG II and, out of these, the number of programmes supporting tourism development. The analysis revealed that the support for tourism was relatively high in most of the programmes. When it comes to regional and national programmes, 251 of them or 66% supported tourism either on the level of a priority or as an activity (a priority and an activity constitute an isolated part of a given programme with the attached budget designed for financing projects of a certain type; a priority usually includes several various activities). Even higher support for tourism was available from regional programmess where 245 of them or 79% supported tourism. Among Community Initiatives programmes, INTERREG II also included quite a high proportion (62%) of tourism related programmes. The only area where tourism got less support was from the other Community Initiatives programmes where merely 23% related to tourism. Finally, only three countries – Greece, Ireland and Italy – have set up sectorial programme dedicated specifically for tourism development.

Table 1
TOURISM IN THE EU ECONOMIC AND SOCIAL COHESION PROGRAMMES IN 1994 -1999 PROGRAMMING PERIOD, BY THE EU MEMBER STATES

EU member state	Support for tourism sector in the EU cohesion programmes								
	Regional and national programmes		Sectorial (national or regional) programmes for tourism	Regional programmes		Community initiatives programmes		INTERREG II programmes	
	Total	Support for tourism		Total	Support for tourism	Total	Support for tourism	Total	Support for tourism
Austria	12	9	0	12	9	13	4	7	3
Belgium	12	9	0	12	9	26	5	9	3
Denmark	5	5	0	5	5	10	7	7	6
Finland	5	5	0	5	5	11	6	8	6
France	66	62	0	64	62	73	29	22	14
Germany	32	13	0	32	13	86	31	23	17
Greece	25	9	1	13	9	11	3	5	3
Italy	75	40	1	53	38	19	10	13	9
Ireland	7	3	1	0	0	7	4	4	3
Luxembourg	3	2	0	3	2	7	2	4	1
Netherlands	16	16	0	16	16	18	8	10	5
Portugal	18	4	0	8	3	12	2	5	1
Spain	56	32	0	42	32	15	6	8	3
Sweden	6	6	0	6	6	13	10	10	9
UK	40	36	0	40	36	44	11	8	5
Total	378	251	3	311	245	365	138	143	88

Source: Data based on the analysis of programmes accepted and published by the member states and European Commission

The results of this qualitative part of the analysis concerning the role and the rank of tourism in the cohesion programmes co-financed from the EU Structural Funds indicated that tourism was often included in various programmes, especially those pertaining to regional development and in the programmes related to the cross-border cooperation. However, the titular inclusion of tourism as an area of support may result in a diverse level of financial engagement. It means that the qualitative analysis itself does not constitute a sufficient tool for the assessment of the real Structural Funds engagement in tourism development. Therefore, it was complemented with the financial analysis in order to assess the amount of funds injected in tourism development, both in the absolute amount and in relation to the other domains and as a proportion of the entire budget allocation.

Now turning to financial analysis, in the 1994–1999 programming period, the total direct Structural Funds engagement for the benefit of tourism development was calculated to about 4,228.2 mln Euro. In terms of the absolute amount of funds dedicated to to-urism development, the leaders were United Kingdom (911 mln ECU), Greece (693 mln ECU) and Italy (691 mln ECU), while the lowest allocations occurred in Portugal, Luxembourg and Germany (Table 2). On average, the EU member states have allocated about 3.1% of the total funds to tourism development. If proportion of funds dedicated to tourism development in each country is examined, than slightly different picture emerges, with only United Kingdom being in the top five in terms of the proportion of funds dedicated to tourism. The leader here was Netherlands (11,4%), followed by the already mentioned United Kingdom (7,9%), then Austria (7,1%), Ireland (6,2%) and Greece (5%). At the same time, three big EU countries – France (3%), Spain (1,9%) and Germany (0,1%) had lower than average proportion of funds allocated to tourism.

Table 2
FUNDS DEDICATED TO TOURISM DEVELOPMENT FROM STRUCTURAL FUNDS IN 1994 -1999 PROGRAMMING PERIOD, BY EU MEMBER STATES (mln EURO)

EU member State	Total funds committed	Funds allocated for tourism development	% of funds for tourism development
Austria	1,431	101.3	7.1
Belgium	1,809	67.1	3.7
Denmark	741	33.2	4.5
Finland	1,502	68.0	4.5
France	13,338	397.0	3.0
Germany	19,536	23.0	0.1
Greece	13,980	693.0	5.0
Ireland	5,620	347.0	6.2
Italy	19,753	691.4	3.5
Luxembourg	84	3.0	3.6
Netherlands	2,194	250.0	11.4
Portugal	13,980	0.0	0.0
Spain	31,669	588.0	1.9
Sweden	1,252	55.5	4.4
UK	11,585	910.7	7.9
Total	138,474	4, 228.2	3.1

Source: Calculation based on the Second Report on Economic and Social Cohesion – Statistical annex (2001) and Downes & Rooney (1999).

It is also insightful to analyse allocation of funds according to the Objective of the Structural Funds for this programming period. The highest allocation of 2,474.0 mln Euro took place within the Objective 1 regions. Significant funds – 1,152.6 mln Euro – were allocated to the Objective 2 regions. Finally, 328.6 mln Euro were allocated to the Objective 5b regions (Table 3). As already mentioned, the relative share of the Structural Funds allocation designed for the tourism development in relation to their entire engagement was, on average, 3.1% (Table 2). It was, however, diverse, depending on the objectives. Thus, in the Objective 1 regions it reached only 2.4%, in the Objective 2 regions it was as high as 7.5% and in the Objective 5b (rural areas) it reached 4.8%.

Table 3
FUNDING OF TOURISM DEVELOPMENT FROM STRUCTURAL FUNDS IN THE 1994–1999 PROGRAMMING PERIOD, BY OBJECTIVES (mln EURO)

Objective	Amount of funding	% of funding
Objective 1	2,747.0	2.4
Objective 2	1,152.6	7.5
Objective 3	328.6	4.8

Source: Calculation on the basis of the Second Report on Economic and Social Cohesion – Statistical annex (2001); Downes & Rooney (1999).

Low proportion of Structural Funds engagement towards tourism within the framework of the Objective 1 was mainly caused by the lack of allocation designed directly for tourism in Germany and Portugal (Table 2), accompanied by high general allocation of funds in these countries. In the Objective 1 regions the large proportion of funds was allocated to the most capital-intensive domains such as the construction of basic transport and environment infrastructure. This was especially pronounced in Spain, where the share of Structural Funds designed for tourism in the Objective 1 regions was only about 1.9%. At the same time, however, it should be remembered that the absolute values of funds engagement for tourism sector in the Objective 1 regions was the highest in comparison to other three relevant Objectives.

Within the Objective 2 there was the highest proportion of funds – 7.5% - allocated for tourism development. Moreover, in Netherlands and Norway this proportion was higher than 20%, and many other countries – Denmark, United Kingdom, Italy, and Sweden – allocated about 10%. Only Spain and Luxembourg did not decide to support tourism sector directly from Structural Funds in the Objective 2 regions, while in Germany the engagement of funds designed for tourism within the framework of the Objective 2 was low 1.5%.

The level of funds engagement for the benefit of tourism within the Objective 5b reached the average level of 4.8% and varied greatly from country to country. This was driven mostly by four countries with high proportion of funds dedicated to tourism - Luxembourg (50%), Netherlands (41%), Denmark (37%) and United Kingdom (20%). However, in the majority of countries, the level of engagement was much lower while in Spain, France and Italy no funds were dedicated to tourism development from the budget set aside for the Objective 5b programmes.

Tourism in the EU cohesion policy in the 2000–2006 programming period

Among national and regional programmes, tourism as a separate or collective (but titularly mentioned) area of support on the level of (at least) a priority or an activity occurred 128 times (60%). It should, however, be underlined that in that period no sectorial programme designed exclusively for tourism development was prepared (as opposed to the years 1994–1999). As far as regional programmes are concerned, out of 165 documents analysied, tourism appeared in 112 programmes (68%). In the group of documents concerning Community Initiatives, the attention was focused on the INTERREG III and URBAN programmes. In general, 264 documents of that type have been analysed. In 112 of them tourism has been included, therein in 102 INTERREG III programmes (Table 4).

Table 4

TOURISM IN THE EU ECONOMIC AND SOCIAL COHESION PROGRAMMES, IN 2000 -2006 PROGRAMMING PERIOD BY EU MEMBER STATES

EU member state	Support for tourism sector in the EU cohesion programmes							
	Regional and national programmes		Tourism in regional programmes		Tourism in INTERREG III and URBAN community initiatives programmes		Tourism in INTERREG III programmes	
	Total	Suport for tourism	Total	Suport for tourism	Total	Suport for tourism	Total	Suport for tourism
Austria	9	7	9	7	11	9	9	9
Belgium	8	5	8	5	11	5	8	8
Cyprus	1	1	1	1	3	2	3	2
Czech Republic	3	1	1	0	6	5	6	5
Denmark	1	0	1	0	8	4	7	4
Estonia	1	1	0	0	4	2	4	2
Finland	5	1	5	1	10	6	9	6
France	28	22	27	22	25	13	16	11
Germany	18	9	17	9	36	17	23	16
Greece	19	15	13	13	13	13	10	4
Hungary	3	1	0	0	5	1	5	1
Ireland	7	1	4	2	6	1	5	1
Italy	27	19	21	19	23	11	13	7
Latvia	1	1	0	0	4	1	4	1
Lithuania	1	1	0	0	4	2	4	2
Luxembourg	no data	no data	no data	no data	4	1	4	1
Malta	1	1	0	0	4	1	4	1
Netherlands	5	5	5	5	9	4	6	3
Poland	6	3	0	0	10	6	10	6
Portugal	15	4	7	2	9	3	5	3
Slovakia	3	2	1	1	5	2	5	2
Slovenia	1	1	0	0	5	1	5	1
Spain	23	20	19	18	17	4	7	4
Sweden	6	1	6	1	10	3	9	3
UK	20	6	20	6	22	3	11	3
Total	212	128	165	112	264	112	192	102

Source: Calculation based on the analysis of the programmes which were accepted and published by the European Commission and members states.

As already mentioned, in the second programming period, there were only three Objectives, but the absolute funds available per Objective were slightly higher than in the previous round of programming. The Objective 1 still dominated in terms of funds available with 2,852 mln Euro, followed by also relatively high allocation within the framework of the Objective 2 of 1,569 mln Euro and the Community Initiatives with 277 mln Euro (Table 5). In this programming period it is also evident that the proportion allocated to tourism development was higher – it reached near 10% for the Objective 2, exceeds 5% for the Community Initiatives and, although it is only 3,1% for the Objective 1, this proportion is also higher than in the previous round when it was about 2.4%.

Table 5
FUNDING OF TOURISM DEVELOPMENT FROM STRUCTURAL FUNDS IN 2000–2006 PROGRAMMING PERIOD, BY OBJECTIVES AND COMMUNITY INITIATIVES (MLN EURO)

Objective	Amount of funding	% of funding
Objective 1	2,852.0	3.1
Objective 2	1,569.0	9.5
Objective 3	22.0	0.1
Community Initiatives	277.0	5.2

Source: Calculation based on the Growing regions, Growing Europe. Fourth Report on Economic and Social Cohesion (2007).

As the European Union expanded with new member states, for the second programming period under the analysis it was also possible to make comparisons of the Structural Funds engagement with tourism development between the 'old' and 'new' member states. The former included EU member countries according to the 30th April 2004 state, also known as the EU 15. The latter group included new members that have joined the Community on the 1st May 2004 known also as the EU 10.

SUPPORT FOR TOURISM FROM STRUCTURAL FUNDS IN THE EU 15 STATES

Allocation of the Structural Funds dedicated to the tourism development in the EU 15 area reached 5,875 mln Euro, which constituted 3% of the whole allocation. Of those, the highest amount dedicated to tourism development was recorded in Italy, France, Greece and Spain, and the lowest in Luxembourg, Denmark, Finland and Sweden (Table 6). As in the former programming period, the proportion of funds dedicated to tourism development ranged from 1 or 2% per country to as high as 10%. Among those that supported tourism development significantly were Austria (9,4%), Belgium (7%), France (6%), Italy (5,8%) and Denmark (5,2%). The smallest proportion of funds for tourism development was recorded in Spain (1,3%), Ireland (1,8%) and Germany (1,9%).

Table 6

STRUCTURAL FUNDS EXPENSES ON THE TOURISM DEVELOPMENT IN THE EU 15 COUNTRIES IN 2000–2006 PROGRAMMING PERIOD (mln EURO)

EU member state	Total funds committed	Funds allocated for tourism development	% of funds for tourism development
Austria	1,848	173	9.4
Belgium	2,039	143	7.0
Denmark	822	43	5.2
Finland	2,121	48	2.3
France	15,669	937	6.0
Germany	29,797	579	1.9
Greece	21,819	615	2.8
Ireland	3,247	57	1.8
Italy	29,636	1,732	5.8
Luxembourg	92	3	3.3
Netherlands	3,224	100	3.1
Portugal	19,762	398	2.0
Spain	45,137	604	1.3
Sweden	2,223	98	4,4
UK	16,576	345	2.1
Total	194,012	5,875	3.0

Source: Calculation based on A new partnership for cohesion convergence competitiveness cooperation. Third report on economic and social cohesion (2003).

Additionally, for the period 2000–2006, the data available has permitted the analysis of the Structural Funds engagement towards tourism sector in relation to the other fields, has been conducted. On average, about 3% of the total funds were allocated to tourism and, in that, tourism was not treated preferentially. It remained far behind the other more capital-intensive sectors such as transportation (15%), environment (11%) and small and medium enterprises (SME) support (11%). This is understandable when taking into consideration that tourism sector is less capital-intensive than, for example, transport or environmental infrastructure development, financed to a high degree from the public funding.

Structural Funds commitments for the benefit of tourism in relation to other sectors indicated also considerable differences across the three Objectives. For example, in the areas covered by the support within the framework of the Objective 1, the expenses on tourism were higher than the expenses on fishing, energy sector, forestry or big enterprises. At the same time, the expenses on tourism remained far behind the expenses on transportation, environment, small and medium enterprises (SME) support, rural areas development and some others. The situation in the areas covered by the other two Objectives was slightly different. It was noticed there that, within the framework of both objectives, the average share of Structural Funds designed for tourism development in relation to other sectors was higher and that the 'rank order' was different, with tourism often attracting higher proportion of funds than, for example, transport infrastructure.

SUPPORT FOR TOURISM FROM STRUCTURAL FUNDS IN THE EU 10 STATES

Due to the incompatibility of data covering the period from May 2004 to the end of 2006, the analysis of the engagement of Structural Funds designed for the development of tourism in the 'new' member countries (EU 10) in the 2004–2006 period has been conducted separately (Table 7). In general, these countries have significantly lower budged of about 13.5 billion Euro in comparison to EU 15 where the total funds available were about 14 times higher (194 billion). Subsequently, the budget allocated for tourism development was also much lower, but just as it was the case with the EU 15 countries, there were considerable variations between the new member states. The highest allocation (in the absolute value) designed for tourism development was recorded in Poland – 197.8 mln Euro, although this budgeted was for, both, tourism and culture, followed by Czech Republic (108.1 mln Euro) and Hungary (81 mln Euro). As it is to be expected, the lowest budget was set up in the smallest countries, such as Malta (8.6 mln Euro), Cyprus (10 mln Euro) and Estonia (14.2 mln Euro).

However, examined in terms of proportion of funds dedicated to tourism development, in the EU 10 states it was, on average, 4.5% – slightly higher than in the EU 15 where it was 3%. In here, the leading states in terms of the proportion of funds allocated to tourism development were Cyprus (21%) and Malta (15.4%), followed by Slovenia (12.3%), Lithuania (8.3%) and Czech Republic (7.7%). At the same time, the lowest proportion was recorded in Poland which was, with 2.7%, the country with the smallest proportion of funds allocated to tourism, albeit the highest in terms of the absolute amount of funds available to that end.

Table 7
STRUCTURAL FUNDS EXPENSES ON THE TOURISM DEVELOPMENT IN THE EU 10 COUNTRIES IN THE YEARS 2004–2006 (mln EURO)

EU member state	Total funds committed	Funds allocated for tourism development	% of funds for tourism development
Cyprus	47	10.0	21.0
Czech Republic	1,403	108.1	7.7
Estonia	329	14.2	4.3
Hungary	1,765	81.0	4.6
Lithuania	791	65.9	8.3
Latvia	554	34.0	6.1
Malta	56	8.7	15.4
Poland	7,321	197.8	2.7
Slovakia	993	63.3	6.4
Slovenia	209	25.8	12.3
Total	13,468	608.8	4.5

Source: Calculation based on the analysis of the programmes which were accepted and published by the European Commission and member states.

Comparison of the two programming periods

Comparing results of the qualitative analysis, conducted for both programming periods under the analysis, it may be noticed that in the years 1994–1999 tourism as a separate area of support was a bit more frequently mentioned in particular groups of programmes, although the differences were not great. The major difference is in the sectorial programmes for tourism which were articulated by two member states – Greece and Ireland and within one interregional sectorial programmes set up by the Italian region Mezzogiorno. Similar is the case when the proportion of funds allocated for tourism development is compared between the two programming periods. In the first round the average proportion set aside for tourism development was 3.1% and in the second programming period it was 3%

However, although the proportion of funds dedicated to tourism development in the two programming periods was about the same, the absolute amount of money increased, due to the overall increase of the budget available. In the programming period 2000–2006, in relation to the previous period, there was significant increase (in the absolute values) of the Structural Funds allocation for tourism in EU15 – from 4,228.2 mln Euro to 5,875 mln Euro. Additionally, in the period 2004–2006, EU10 countries have set aside more than 600 mln Euro for tourism development out of the Structural Funds.

At the same time, there were significant differences in the two programming periods between countries. In the first programming period (1994–1999) the Netherlands, United Kingdom, Austria and Ireland were leaders in amount of money dedicated to tourism development from Structural Funds, while support for tourism was below average in Portugal, Germany, Spain and France. However, in the subsequent programming period, different picture emerged, with Austria, Belgium, France and Italy being the leaders in Structural Funds allocated to tourism.

In contrast to EU15, the EU10 countries have decided to allocate higher proportion of funds to tourism development in both programming periods. Taking into account that, except for Cyprus and Malta, the share of tourism in the GDP of these countries is lower than in the EU15, this might indicate that the new member countries planed to rely more heavily on tourism in the future. This also might be spurred by the fact that the new member countries, relatively unknown to the rest of Europe, have become popular destinations due to the novelty factor and witnessed growth in tourism arrivals while, at the same time, their tourism infrastructure was not able to cope neither in terms of quantity nor in terms of quality of their tourism product. Therefore, they need to use higher proportion of the Structural Funds for funding these improvements.

Although not the primary purpose of this analysis, it is informative to investigate the macroeconomic indices in relation to the proportion of Structural Funds dedicated to tourism development. Table 8 presents data on tourism contribution to GDP, the proportion of investment in tourism in the total investment and the proportion of funds allocated for tourism development out the Structural Funds.

Table 8

FINANCIAL ALLOCATION FROM STRUCTURAL FUNDS ON TOURISM AGAINST SELECTED MACROECONOMIC INDICES, ACCORDING TO EU MEMBER COUNTRIES, 2004. (%)

EU member state	Share of tourism industry in GDP	Share of tourism investment in total investment	Share of Structural Funds allocated for tourism in 2000–2006
Austria	5.8	14.0	9.4
Belgium	3.1	7.2	7.0
Denmark	3.2	10.9	5.2
Finland	3.6	9.1	2.3
France	5.0	7.9	6.0
Germany	3.0	6.4	1.9
Greece	5.7	13.7	2.8
Ireland	1.8	16.2	1.8
Italy	4.9	8.3	5.8
Luxembourg	2.8	8.6	3.3
Netherlands	3.3	8.5	3.1
Portugal	6.7	11.5	2.0
Spain	7.7	18.2	1.3
Sweden	2.5	6.5	4.4
UK	3.9	9.9	2.1
Cyprus	13.3	21.0	21.0
Czech Republik	2,9	11,0	7,7
Estonia	5.4	29.4	4.3
Hungary	4.7	7.2	4.6
Lithuania	1.9	14.2	8.3
Latvia	1.4	12.0	6.1
Malta	14.2	30.1	15.4
Poland	2.1	7.8	2.7
Slovakia	2.5	11.0	6.4
Slovenia	3.6	10.4	12.3

Source: Calculation based on Fierla (2007) and Eurostat

This analysis is based on the data from 2004, as it was in the middle of the second programming round when both EU15 and EU10 countries participated. As it could be seen from data presented, countries can be divided in three groups. The first group is made of those countries that allocated much higher proportion of Structural Funds for tourism development that is their share of tourism's contribution to the GDP - Austria, Belgium, Denmark, Sweden, Cyprus, Czech Republic, Lithuania, Latvia, Slovakia and Slovenia. The second group includes France, Netherlands, Ireland, Luxembourg, Italy, Estonia, Malta, Poland and Hungary, where the share of Structural Funds set aside for tourism was about the same as tourism's contribution to the GDP. Finally, the third group includes countries which allocated lower proportion of Structural Funds for tourism in comparison to its contribution to the GDP - Finland, Greece, Spain, Germany, Portugal and Great Britain. In addition, there were great variations in terms of the source of funds for tourism development in general. In many countries, the share of Structural Funds used for tourism development is much smaller than the total amount invested in tourism, while Slovenia and Cyprus sources all of its tourism related investment from Structural Funds.

Conclusion

The results of the conducted analyses seem to be significant in the context of an inquiry about factors defining the role and the rank of tourism in the EU cohesion policy. It would be safe to assumed that these should be, to a large extent, be determined by the traditional factors of destination attractiveness (i.e. natural and cultural values) and supporting infrastructure, including human resources and destination management. However, the comparative analyses of Structural Funds allocation between the EU15 and EU10 countries as well as within the 'old' member states, does not confirm this assumption. In particular, this is evident among the EU10 countries in the second programming round and EU15 countries in the first programming period, where in many member states tourism investment seems to be more intensive than their tourism potential or the role that tourism has played in their economies.

It seems that such disparity could be explained in two ways. The first is connected with the overall level of regional tourism development, manifesting itself, among else, in the provision of these regions with general technical infrastructure facilities (mainly environmental and transportation). For, it has been noted that for these regions (covered mainly within the framework of the Objective 1) the most capital-intensive infrastructural developments, together with support for the economic restructuring (e.g. agriculture), were priority. The allocation towards tourism remained far behind, which caused a considerable decrease in the relative share of the expenses from Structural Funds designed for tourism. Simultaneously, the relative level of the financial engagement in the better developed countries/regions – outside the Objective 1 (but less attractive from the tourism point of view) – was often higher than in the countries (regions) which were traditionally perceived as tourism destinations. The second possible explanation is that some regions have already well developed basic infrastructure and, therefore, did not need to allocate significant funds to that end.

It seems, however, that there is also one more significant reason. It is related to the necessity of exceeding some 'minimal' level of general (not tourism) development of reception areas, which manifests itself not only in the level of provision with general infrastructure, but also in the size of the domestic market (which is bigger in better developed areas). For, it determines abilities of balanced development of tourism sector on a wider scale (domestic and international tourism) and, at the same time, it does not lead to the dangerous domination of a regional economy by a tourist 'monoculture'. This conclusion seems to be applicable especially when it comes to wealthier countries (regions). It, however, does not apply to less developed areas. It concerns above all the new member states, where probably some other factors (e.g. political) – decisive of structural funds engagement towards tourist sector – could have been of key importance. But this is only an assumption that deserves further investigation. .

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