

Warsaw, 5 March 2020

## POSITION STATEMENT OF THE MICE INDUSTRY REPRESENTATIVES ON THE CORONAVIRUS (SARS-COV-2) SITUATION

On behalf of organisations bringing together entities operating on the broadly defined **events and business travel market**, in light of the current situation we wish to present our joint position.

First of all, we would like to point out to all state institutions and end clients alike (corporations, private organisations, public administration bodies etc.) that the so called MICE market is worth ca. **PLN 3 bn** with over **30,000 jobs** in its **extended supply chain** consisting, among others, of: event/ trip organisers, facilities/ hotels, providers of services including group/ air transport, logistics, catering or stage and technical equipment. Importantly, **more than 95% of entities operating in our sector are SME representatives with Polish capital, resources and know-how.**

Our core activity is to organise meetings / trips, which we hold throughout the year with a varying intensity depending on our clients' business goals, available means and time schedules. **Therefore, these are not long-term contracts** that do not guarantee that we can continue to provide services over a longer period.

Considering the above mentioned economic factors, the impact of MICE industry on Poland's GDP as well as the number of jobs in our industry, we, as an industry, advocate responsible and well-thought-out decision-making, always based on proven information that comes from reliable sources (for our sector the safety of our projects' participants is of greatest importance, too).

**In light of the above, decisions taken both at the government level and by respective organisations (with special focus on global corporations) to in fact cancel "overnight" all projects involving events and trips for the period of the coming six months pose a very high risk of insolvency and immediate cessation of our operations.**

We can compare this situation to a natural disaster. Let us imagine that suddenly, for any reason whatsoever, the sales of cultivated crops become impossible. In a short time, agricultural producers disappear from the market. The whole supply chain is broken. This affects seed suppliers, agricultural processing plants, manufacturers of fertilisers and machines, lease providers and farm workers. Once the disaster is over, it will be extremely difficult to rebuild the production capacity, every step of the supply chain will suffer losses and the revived market demand will not be satisfied.

Therefore, addressing those threats that arise from the "daily" dynamics such as, among other things: **the spectre of having to reduce fixed costs (e.g. collective redundancies), lines of credit coming to an end or lack of financial liquidity** leading, for example, to being unable to settle the accounts payable to our suppliers with respect to the cancelled contracts, we call upon state institutions and private contracting parties alike (corporations, private businesses etc.) for partnership in this emergency situation, open communication and support in the following area:

### INSTITUTIONAL SUPPORT FROM THE GOVERNMENT:

- One-off or recurring direct financial support **from the central budget for companies from our sector;**
- Readily available and low-interest lines of credit **launched by** state-owned financial institutions such as BGK;
- **Tax reliefs and exemptions for CIT and social security contributions (ZUS)** (as long as the situation continues we will not be able to settle those accounts payable due to having no contracts from our clients and in the event of collective redundancies, the costs will be passed on to the State Treasury);
- **Maintaining the ongoing//pending projects** (events and trips) by State Treasury companies and **rescheduling rather than cancelling them**, with earlier advance payment (which is cost-effective to Contracting Parties);

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- Working out consistent and precise guidelines **on the criteria / conditions of when** mass events can be cancelled;
- **Standardising the recommendations on which foreign destinations are unsafe to Polish tourists for Ministry of Foreign Affairs announcements** (currently we have conflicting data from the Ministry of Foreign Affairs and from the Chief Sanitary Inspectorate, causing interpretation issues in the context of the currently applicable Law on Tourist Events);
- Amending/ extending the Law on Tourist Events to include B2B events.

**SUPPORT FROM END CLIENTS (CORPORATIONS, STATE TREASURY COMPANIES, PRIVATE AND SOCIAL ORGANISATIONS):**

- **Immediate settlement of projects already completed in 2020** (drastically reducing the term of payment, which is, on average, between 60 and 90 days);
- **Covering the documented costs of project cancellation along with the organiser's fee pro rata to the work progress** – as an industry we are unable to cancel projects on a cost-free basis due to our commitments already undertaken (suppliers, sub-contractors, hotels, group/air transport etc.) and the already incurred costs of our work (work teams);
- **Settling smoothly and without undue delay** the projects cancelled or partly completed;
- **Earmarking a fixed monthly budget during this emergency situation for keeping the organiser's resources and teams on standby to perform contracts once this difficult time is over** (otherwise we will not be able to guarantee smooth and high quality service in the future);
- **Maintaining projects** (events and trips) and **rescheduling them** without the need for repeating relevant competition/ tendering procedures;
- Undertaking new commitments to our sector (contracts, agreements) while being fully aware of the coronavirus situation **i.e. possible project cancellation and incurring the related costs;**
- Making now the advance payments for projects planned for autumn 2020.

To sum it up, without the understanding of the unique and serious nature of the situation and without organisational / financial support from state institutions and private contracting parties alike to enable maintaining continuity of our resources, all of us market participants are in for a deep industry-wide crisis the results of which will be:

- a) major cuts in fixed costs (including collective redundancies);
- b) a wave of bankruptcies, especially of SMEs (including the need to disburse funds from the Tourism Guarantee Fund to cover the trips not delivered);
- c) a failure to settle accounts payable to subcontractors such as hotels, restaurants, facilities, transport companies, which will trigger a snowball effect due to the importance of business clients' contracts on the market;
- d) the loss of trust in Poland as a destination and in the Polish MICE industry, which took years to build, as a serious, globally competitive business partner – among foreign clients (individuals, companies, social organisations, sports unions, associations etc.);
- e) impossibility to smoothly restore our sector's supply once the crisis is over (in the event of deep cost savings it will take us years rather than months to rebuild the resources, including the trust of our employees).

**Hence we believe in an open, honest and, most of all, partnership-based discussion which will enable a smooth and effective management of this difficult situation.**

We are all committed to working out and implementing solutions as soon as possible, to help the event and business travel industry weather this difficult time, and when the normal situation is restored, go back to work, invariably offering top quality services to clients.

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**The document is the position:**

- **Marketing Communication Association SAR**
- **Event Agency Club SAR**
- **Events Industry Association - Poland**
- **Polish Association of Incentive Travel Organisers SOIT**
- **Meeting Professional International Poland Chapter MPI**
- **Society for Incentive Travel Excellence SITE Poland**

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