

# Live from Brussels Newsletter

Issue n°113 – 18 January 2023

A message by **Ms Marie Audren**, Director General and **Mr Alexandros Vassilikos**, President of HOTREC



Dear readers,

I am delighted to be joined by HOTREC's new President, **Alexandros Vassilikos**, to welcome you to the first issue of our 'Live from Brussels' newsletter in 2023. Together, we wish you a New Year full of joy, health, and hospitality.

Looking ahead at the year, we have three main wishes and are determined to see them fulfilled to the best of our abilities.

First, we want to continue building on the **good numbers seen in the second semester of 2022** after years of COVID. However, we hope to find solutions and stability for businesses facing doubts about their future caused by the war at our borders, the rising costs of food and energy, inflation, and the lack of labour so that our sector can thrive again. This needs a strong and united European response.

Second, we will put our combined efforts into ensuring that we offer a **robust and insightful organisation to our members** so that they can aspire to a more prosperous future. We are sure that with the support and guidance of our new Executive Committee and the commitment and expertise of all our members, we will help **hospitality move forward**.

And third, we aspire to creativity! Knowing that our sector is one of the most resilient there is, we know that **innovative solutions** can lead to transformative tourism and hospitality sectors that contribute **to a strong European economy**.

**The Swedish presidency of the Council of the EU**, which kicked off on 1 January, will be one of our key partners and will play a determinant role in shaping the EU response to current issues. We trust them to help us bring hope and stability to the industry. In this issue, we were honoured to discuss the priorities of the Swedish Presidency regarding tourism with **Ambassador Torbjörn Haak**, Deputy Permanent Representative of Sweden, whom we thank for his precious insight.

**2023 is starting at quite a pace!** We are looking at bringing the voice of HOTREC in many different key topics such as energy support measures, attracting and retaining the workforce, pushing for a **level playing field between STRs and hotels**, succeeding in the sustainability transition and **changing to reuse and refill packaging**.

We are happy to see that tourism will be stronger in Europe as, on 1 January 2023, **Croatia adopted the euro as its currency and fully joined the Schengen area**. This territory of freedom, convenience, and opportunity that the EU and Schengen make possible is now available to the vibrant hospitality sector of Croatia.

We look very much forward to working together on all HOTREC priorities. We have a lot ahead of us, but we stand ready and united to make a difference in the hospitality sector in Europe.

**We wish you a fulfilling and prosperous 2023!**

## Discussing Swedish Presidency with Ambassador Torbjörn Haak

#Tourism @sweden2023eu #EU2023SE



**2019-** Ambassador, Deputy Permanent Representative of Sweden to the European Union

**2014 – 2019** - Ambassador of Sweden to the Council of Europe, Strasbourg

**2010 – 2014** - Deputy Head of Mission, Embassy of Sweden,

Berlin

**2005 – 2010** - Director, EU Coordination Secretariat, Prime Minister's Office, Stockholm

**2003 – 2005** - Deputy Director, EU Department, Ministry for Foreign Affairs, Stockholm

**1999 – 2003** - Counsellor, Permanent Representation of Sweden to the EU

**On 1 January 2023, Sweden took over the Presidency of the Council of the EU. Could you tell our readers about the main priorities of the Swedish Presidency in particular for the European tourism and hospitality sector?**

Security, competitiveness, green transition, democratic values and the rule of law are the priorities of the Swedish Presidency. Sweden takes over the Presidency in a challenging time with increasing energy prices, a high inflation as well as when a war going on in Europe. These challenges effect many sectors but not least the least the tourism sector who has also severely struggled to overcome the impact of the Covid-19 pandemic.

A competitive economy is a prerequisite for a strong and resilient EU and we must create the best possible environment for doing business, including for the tourism Industry in the Union. This is something we are looking forward to focus on.

**As one of the most severely affected industry by the COVID-19 pandemic, the sector is now experiencing unprecedented labour shortages. 2023, being the European Year of Skills, what will be your priorities and initiatives concerning this issue?**

In the field of education and training, one focus area of the Swedish Presidency will be to move the work on the European Education Area forward, for example regarding mutual recognition of qualifications. This will contribute to encouraging mobility within the EU and further understanding and recognition of study periods between EU Member States. The SE PRES will also bring the topic of skills for the green transition to the Council with the view to highlight how education and training can contribute to transition and upskilling and to discuss the conditions necessary for both individuals and businesses to be able to obtain the skills they need for the green transition. The Swedish Presidency also plans to begin the Council work on the recommendations announced by the Commission on digitalisation in the area of education.

**Looking to the future, what are your key messages for the European hospitality industry?**

In November of 2022, the Commission presented a Regulation on data collection and sharing related to short-term accommodation services. This regulation is foreseen to increase the transparency in the sector and our ambition is to reach a general approach during the Swedish Presidency. We encourage the European hospitality Industry to play an active role in the negotiations for us to find a balanced solution.

### Short-term Accommodation Rental Services regulation: HOTREC's positions

[@EU\\_Commission](#) [@DigitalEU](#) [@EU\\_Growth](#) [@ThierryBreton](#) [@vestager](#) [#STR](#) [#Digital](#) [#DataSharing](#)

On 17 January 2023, HOTREC officially presented its **position paper** on the recent **Proposal for a Regulation on Short-Term Accommodation Rental Services**.

The initiative represents an important step in establishing a framework that will protect and benefit consumers, residents, hospitality workers, local communities, and the entire EU tourism ecosystem of which short-term rental (STR) accommodations have, over time, become an inherent part.

While the proposal represents a step in the right direct direction, HOTREC nevertheless believes that it needs to be further strengthened and clarified so that the final law is future-proof and helps to level the playing field amongst different accommodation providers.

Therefore, HOTREC calls on the EU Member States and the European Parliament to address the following issues which are further elaborated on in the position paper:

- Scope and definitions (such as "unit") should be clarified by referencing national laws.
- Registration schemes and registration numbers for hosts should be mandatory in all EU Member States.
- More flexibility and ambition should be given when it comes to data and information provided by hosts.
- The roles and responsibilities of online platforms should be strengthened with an aim of supporting regulatory compliance by STR hosts.

## Green transition and energy on Swedish Presidency of the EU's 'to-do' list

#Tourism @sweden2023eu #EU2023SE #Energy #STR

The logo for Sweden 2023.eu, featuring the word "sweden" in yellow lowercase letters and "2023.eu" in white lowercase letters on a dark blue background.

Sweden took the reigns of the EU Presidency on 1 January 2023 with a **busy programme** that gives high priority to the security, competitiveness, green and energy transitions, democratic values and the rule of law in Europe.

Regarding the tourism and hospitality sectors, the Swedish Presidency will mainly focus on the **Packaging and Packaging Waste Regulation, the Fit for 55 package and the Short-Term Rental Accommodations Regulation.**

The Presidency intends to strengthen the social dialogue and will highlight how education can contribute to transition and upskilling. The Presidency will also continue the work on the proposal for new VAT rules for the digital age and continue negotiations with the European Parliament on the ePrivacy Regulation.

## Say goodbye to miniature cosmetics in hotels

@EU\_ENV #Circularity #Packaging

If you like collecting hotel cosmetics as souvenirs of your holiday trips, you might get disappointed by what follows.

A recent **European Commission's proposal** foresees a ban on miniature cosmetics products in hotels and other packaging formats in hospitality such as individual tomato sauce. The proposal for a regulation on packaging and packaging waste rightly aims to reduce the volume of packaging waste and boost the use of reusable packaging.

If miniature shampoo or body lotion aren't mandatory in hotel rooms, sanitary products **on demand** are a 'must' in all hotel categories. Clients should be able to grab amenities from the reception in case of need.

**While the hospitality industry is committed to play its part in the green transition,** questions remain on alternatives to individual toiletry products and the various implications in terms of hygiene standards for refill and staff workload, consumer's choice and satisfaction and the reputation of the hotel industry in Europe versus the rest of the world.

HOTREC is engaging with industry stakeholders and policy makers to defend the interest of the hospitality sector. Negotiations between EU member states and the European Parliament will start this year.

# HOTREC welcomes agreement on Emission Trading Scheme for buildings and transport

@EUCouncil @EUroparl\_EN #EU2023SE #ETS

On 18 December 2022, the European Parliament and the Council of the European Union reached a **provisional political agreement on the revision of the EU's Emissions Trading System (ETS)**.

The agreement provides for the creation of a second ETS covering greenhouse gas emissions from building heating and road transport (ETS2).

This new carbon market, separate from the current one, will apply to distributors who supply fuel to buildings and road transport, but also to other sectors (excluding agriculture and fisheries).



Positively, the co-legislators agreed that ETS2 will start in 2027, one year later than in the Commission's original text. In addition, the agreement introduces a temporary exemption possibility proposed by the EU Council, until the end of 2030, for Member States that have already introduced a carbon tax at national level.

Overall, HOTREC welcomes the co-legislators' approach and the fact that the Parliament has reconsidered its position, which envisaged applying ETS2 to public sector from 2025 and then private sector (e.g. households) from 2029 onwards. Instead, the ETS will apply, as HOTREC has advocated for, **to both private and public sectors**.

To contain the socio-economic impact of the ETS2, the definition of a price cap was introduced, as well as the inclusion of a mechanism to take into account energy prices ('emergency break'). In the event that oil or gas prices get too high, the start of the ETS2 will be postponed to 2028.

Another measure to mitigate the socioeconomic impact of the ETS is the creation of a Social Climate Fund to help the most vulnerable households. In this respect, the co-legislators agreed to increase the size of the Fund to € 65 billion (not including co-financing) and set it up for 2026 before the launch of ETS2.

## New EU value-added tax (VAT) rules to further level the playing field among different accommodation providers

@EU\_Taxud #EU2023SE #STR #VAT

On 8 December 2022, the European Commission presented a **series of measures that will impact VAT systems across the EU**. The new rules will help to level the playing field amongst accommodation providers by requiring online accommodation platforms to collect the VAT and remit it to tax authorities.

The proposal also makes an important reference to one of the key issues concerning VAT and competition between different accommodation providers – STRs can be provided VAT-free which impacts the final price and competitiveness of them towards traditional, regulated accommodations such as hotels. According to a study on VAT in the digital age, 70% of suppliers on platforms are not registered for VAT purposes.

More information about the package is available [here](#).

## EMPL committee votes on Platform Work

@NicholasSchmitEU @EU\_Social @EU\_EESC #EU2023SE #EUTourism #Platform

On 12 December 2022, the Employment Committee of the European Parliament adopted a **negotiating mandate** on new rules to improve the working conditions in platform work. The rules apply to all digital labour platforms, irrespective of their place of establishment and provided that the work is performed in the EU. We consider that the scope improved, compared to the initial draft report.

A person performing platform work can be either an employed worker, and enjoy related labour rights, or be genuinely self-employed and able to determine how to carry out the service. If this is the case, labour platforms shall be presumed as employers. There are no EU criteria to trigger the presumption for a self-employed to be considered an employee. For this reason, HOTREC considers that **there is an automatic reclassification** of self-employed into employees. This is a motive of concern for the hospitality sector, as we are already facing labour shortages. If self-employed lose their flexibility to work when they want, they might not be willing to work for platforms anymore. The hospitality sector might suffer, as the services usually performed by platforms (e.g. food deliveries) might lack.

In the event of a dispute between the platform and a worker, the platform would have the responsibility to prove that they do not employ the worker. The rebuttal procedure will be based on non-mandatory criteria at both European and national levels. We consider that this brings **legal uncertainty** and a disruption of the application of the legislation at national level. As there is no suspensive effect of the legal presumption until the end of the rebuttal, there is again automatic reclassification of self-employed into employees, in our view.

The Council still needs to reach a general approach.

We count on the co-legislators to reach a balanced approach to the proposal during trilogues.

## Be wild and separate your bio-waste

#FoodWaste #InternationalFoodWasteCoalition #HORECA



My main resolution last year was to collect compost in my apartment by separating organic waste from the rest of the bin. Good intentions don't last. Mine were killed overnight, once the waste collected turned into a smelly substance seasoned with worms and flies.

And then I found out that anyhow, we'll all soon be obliged to separate biowaste for collection.

According to the EU waste framework directive, by 31 December 2023, all member states, citizens and businesses including large and small HORECA establishments will have to separate their biowaste for collection. But are we ready?

### What is bio-waste?

According to the EU Waste Framework Directive's definition, bio-waste comprises 'biodegradable garden and park waste, food and kitchen waste from households, offices, restaurants, wholesale, canteens, caterers and retail premises and comparable waste from food-processing plants'. In short, it means food and garden waste.

With a share of 34 %, bio-waste is the largest single component of municipal waste in the EU. Recycling bio-waste is key for meeting the EU target to recycle 65 % of municipal waste by 2035. The EU's commitment to halve food waste by 2030 also echoes this objective<sup>1</sup>.

### How to collect and valorise bio-waste?

The level of separate bio-waste collection differs considerably across Europe. Some member states have ambitious national policies for bio-waste management, others are catching up. In addition, the environmental and economic benefits of different treatment methods for bio-waste depend on local conditions such as population density, climate and infrastructure.

From producing animal feed to biogas and electricity or soil fertilizer, there are numerous emerging solutions to transform bio-waste and target hospitality stakeholders in particular. HOTREC will partner this year with the **International Food Waste Coalition** showcasing innovative solutions to the valorisation of organic waste in hospitality. So, stay tuned!

# Co-legislators reach provisional agreement on Pay Transparency Directive

#PayTransparency #GenderPayGap @Europarl\_EN

On 15 December 2022, the European Parliament and the Council of the EU reached, a **provisional agreement** on the Pay Transparency Directive.

All companies, regardless of their size, will have to make available to their employers a description of the gender-neutral criteria used to define their pay as well as disaggregated data on pay in the company. The Directive will prohibit contractual clauses that prevent workers from disclosing information about their wages. Sadly, the exemption for micro-enterprises sought by the EU Council will not be included in the final agreement.

**HOTREC regrets that companies with more than 100 employees will need to comply with pay reporting and pay assessment obligations.** This was the result of a compromise between a threshold of 250 employees, supported by the EU Council and the Commission, and 50 employees, wanted by the Parliament.

Member States will be required to provide effective, proportionate, and dissuasive sanctions, such as fines, for non-compliance by companies, rather than penalties.

In addition, a worker who feels that he or she has been discriminated against in terms of pay may claim compensation. If the case goes to court, it will be up to the employer to prove that there has been no discrimination.

The European Parliament and the EU Council must now formally adopt the agreement for the text to enter into force (which should take place in three years' time instead of two).

Overall, we consider that the measures will not influence the gender pay gap and will bring a lot of administrative and financial burdens to companies.

## Italian tax obligation for STR platforms in line with EU law

#STR #tax @EUCourtPress @EU\_Taxud

On 22 December 2022, the Court of Justice of the EU (ECJ) issued a judgement which clarifies that Italian taxation law can oblige providers of property intermediation services, such as Airbnb to share information from rental contracts with authorities and to withhold tax.

The ruling concerns the 2017 Italian tax law that was challenged by Airbnb in front of an Italian court by claiming that such requirements go against the principle of freedom to provide service across the entire EU. The Italian court asked the European court for guidance on the matter which has now issued this landmark judgement.

You can find the ruling [here](#) and the press release from ECJ [here](#).

## European Hospitality Day : HOTREC at the Parliament

#EUhospitalityday @josiannecutajar #EUTourism



On 29 November 2022, HOTREC delegates assembled in Brussels for the first ever **European Hospitality Day**.

They began with a breakfast at Stanhope Hotel for a briefing on current and future EU policy trends and priorities for hospitality led by Hume Brophy Non-Executive Director Mella Frewen and Head of Agri-Food Shiraz Dromi.

They continued their journey through the EU system with a stop at the European Parliament exchanging with Spanish stakeholders on tourism as a driver towards a sustainable recovery.

They exchanged with **Vice President Papadimoulis** about the issues faced by the 1.9 million SMEs and

the 11 million jobs that our industry represents.

**HOTREC had the pleasure of co-hosting a working lunch with MEP Josianne Cutajar, Malta, on the future of Hospitality at the Presidential Salon on the top floor of the European Parliament.** Josianne Cutajar, Seán Kelly MEP, MEP Istvan Ujhelyi, Austrian State Secretary for Tourism Susanne Kraus Winkler, HOTREC President Jens Zimmer Christensen and President-elect Alexandros Vassilikos presented their views and proposals to help hospitality make the transition towards a more sustainable and digital future.

## What's next

In the HOTREC Team's and membership's agenda

19 January 2023- First workshop for the RESTwithEU Project

14 February 2023 – Sustainability Working Group

8 March 2023 – international Women's Day

9 March 2023 –Short-term rentals Working Group

14 March 2023 – Social affairs Working Group



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