

## Main EU developments over the last three months of interest to the hotel, restaurant and café sector

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Hotels, restaurants & cafés in Europe

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## VAT

### □ *A reduced VAT rate for restaurants?*

On 2 June 2003, the European Commission issued a report on the “*Experimental application of a reduced rate of VAT to certain labour-intensive services*”.

The matter is of indirect interest to HOTREC as restaurant services were not included in the list of labour-intensive services to which the experiment could apply. Nonetheless the results of the experiment will, no doubt, have an impact on the proposal on the scope of application of reduced VAT rates to be issued later in July.

Unfortunately, the report concluded that the experiment did not show “*solid evidence of such reductions either boosting job creation. For the effect on the reduction on black economy the same observation can be made. Price surveys ... indicated that the lower rate of VAT is passed on in consumer prices only partially or not at all*”.

As indicated above, the Commission is soon to consider adopting a proposal for amending Directive 77/388/EEC (as amended by Directive 92/77/EEC) as far as VAT rates are concerned, with the overall aim to improve the functioning of the internal market. The option to apply the reduced rate to accommodation should not be touched upon. The document should propose to include restaurant services in Annex H; in other words, to give the Member States the option to apply the reduced rate to restaurant services.

*Over the last 10 years, HOTREC has been demanding the application of a mandatory reduced rate, as close as possible to the minimum reduced rate, to hotels, restaurants, cafés and similar establishments in all Member States. If this solution cannot be agreed, HOTREC demands that the option presently available to the Member States to apply a reduced rate to accommodation be maintained. A similar option should be made available for restaurant services.*

## Standardisation

### □ *European classification of hotels?*

The issue of a European classification of hotels is once again drawing the attention of the European Parliament (EP). The EP’s Regional Policy, Transport and Tourism Committee requested recently the EP’s Research Directorate to conduct a study on the issue.

The study, to be finalised by September 2003, should cover the current legal situation of hotel classification in the different Member States of the EU, the types of existing schemes and criteria, the reactions of consumers and the possible impact of a single classification system on the European tourism market.

Nothing has been revealed yet about the intentions of the Committee once it receives the conclusions of the study.

*HOTREC is contributing to the study by providing information to the Research Directorate. At its last General Assembly, HOTREC decided to re-assess its long-standing position on European classification. The exercise will be carried out during an internal seminar to be held in April 2004. The discussions will be prepared by an ad-hoc working group.*

## **Environment**

### **□ *EU ecolabel for tourist accommodation***

On 14 April 2003, the European Commission adopted a Decision establishing the ecological criteria for the award of the Community ecolabel to tourist accommodation services (OJ L 102 of 24.04.2003). The criteria are divided into mandatory criteria, all of which must be complied with, and optional criteria, only a number of which need to be complied with. The scheme is purely voluntary.

*Ecolabels already exist at national and regional level in most EU Member States. HOTREC always advocated that, if the idea of a EU-wide ecolabel was to be pursued, consideration should be given to a scheme whereby national and regional labels, which fulfil a certain number and type of criteria, would be automatically recognised as a EU ecolabel. Under the EU ecolabel scheme, the fact of having already been awarded a national or regional ecolabel only warrants 3 points out the total of 16.5 points to be met in relation to the optional criteria.*

*HOTREC informed its member associations of the new EU ecolabel scheme but it will not undertake any pro-active promotion of the European scheme. It will be up to each national association to decide whether it wants to recommend the scheme to its own members. Enterprises will make their decision on the basis of a comparison between, on the one hand, the marketing advantages of and the cost-savings made possible by the scheme and, on the other hand, the investment costs required to meet the EU criteria and the administrative burdens. Similarly, a comparison will need to be carried out between the advantages/disadvantages of the EU ecolabel versus those of a national/regional ecolabel.*

*Associations in countries where a national/regional ecolabel already exists may prefer to continue to work with that instrument well known by them and for which marketing investments were already made. Associations in countries where there is no ecolabel for accommodation yet may want to support the use of the EU ecolabel or may want to adopt the regional/national scheme of another country, which has already demonstrated its efficiency (for example, several countries have shown an interest in the Danish Green Keys).*

## Copyright

### □ *Collective management of copyright: the EU Institutions finally moving?*

As already explained in *Live from Brussels n°26* and *n°27*, the complex issue of the collective management of copyright and neighbouring rights seems to gain momentum again after being dormant for a while on the agenda of the European Institutions.

On the European Parliament (EP) side, the Legal Affairs Committee nominated Ms Mercedes Echerer (Greens, Austria) “rapporteur” for a report on the “*Community framework for collecting societies in the field of copyright*”. Ms Echerer asked that the EP’s Research Directorate be requested to carry out a study on the issue. As the study will take some time, it is unlikely that the report will be finalised before the end of the year.

On the European Commission’s side, the Copyright Unit continues to work on its draft Communication on the management of copyright and neighbouring rights.

*HOTREC will hold an internal Copyright Seminar entitled “A call for more transparency and fairness in the management of copyright and similar rights in relation to the hospitality sector” on 30 and 31 October 2003 in Dublin. This seminar will bring together representatives of the EU Institutions and other stakeholders involved.*

*For the views of HOTREC, please see the brochure “Did you know that when you have a beer with your friends you also pay for the music?”, available on [www.hotrec.org](http://www.hotrec.org).*

## Consumer protection

### □ *Alcohol abuse*

The Commission Directorate General in charge of health and consumer protection organised at the beginning of June a meeting with interested European associations to discuss alcohol abuse, in particular by young people.

*HOTREC shares the concerns of the European Institutions. However, HOTREC and its member organisations are also concerned with the frequent association of alcohol abuse and the establishments they represent. This association is highly damaging to the image of the industry and neglects the fact that some 80% of alcohol consumed is bought in shops.*

*HOTREC and its member associations strongly believe that the businesses they represent are capable of tackling the alcohol abuse issue on a self-regulatory basis. The great number of voluntary programmes and initiatives to which the national associations and their member establishments participate amply demonstrates this capacity.*

## Social affairs

### □ *Temporary agency work*

On 2 June 2003, the Council of Ministers held a meeting on employment and social policy, during which the Greek Presidency tried to get a compromise on the proposal for a Directive concerning working conditions for temporary workers (see all *Live from Brussels* since n°23 onwards).

However, as fundamental differences remained, in particular with regard to the nature and duration of the exemption to the principle of equal treatment, the Council was unable to reach a political agreement.

The Council will continue to work on this dossier in the coming months. As already explained in *Live from Brussels* n°27, a agreement still needs to be found in relation to the following issues:

- how to address the need for a specific derogation with a view to fostering the insertion of the unemployed into the labour market (article 1);
- reviewing and possibly removing restrictions to temporary agency work (article 4);
- the nature of the exemption from the principle of equal treatment and the length of the “qualifying period” (article 5(4)/11(3) new).

*The HOTREC Secretariat will continue to watch carefully the developments on this issue of special interest to some of its member associations.*

## Tourism

### □ *Tourism in the Treaties*

The question whether or not tourism should be included in the Treaties is not a new issue. It has been raised regularly over the last decade (every time that the Treaties were revised). The European Convention on the future of the European Union again re-opened the debate.

*As amply demonstrated by HOTREC’s publication “250 European Union Measures affecting the hotel, restaurant and café sector”, the presence or not of the word tourism in the Treaties has never had any influence whatsoever on the applicability to the sector of measures on VAT, protection of the consumer, protection of the environment and social affairs, which are based on specific articles of the Treaties relating to these issues. At its General Assembly in Catania on 12 April 2003, HOTREC agreed that **the European Institutions should be given competence for support actions in relation to tourism under the proviso that these actions would focus only on the entrepreneurial aspect of tourism** (the protection of consumers, workers and the environment being already fully dealt with by specific chapters of the Treaties).*

## □ *Sustainable tourism*

On 25 April 2003, the European Commission published a consultation document inviting all stakeholders of the tourism sector to comment on its “*Basic orientations for the sustainability of European tourism*”.

According to this paper, “*sustainability means business and economic success; environmental containment, preservation and development; and responsibilities towards society and cultural values – three facets that are interdependent*”. This multi-pillar approach to tourism is not new. It was already present in the 1995 Commission Green Paper on Tourism (although the pillars were not identified exactly in the same manner) and is regularly referred to by the Tourism Unit. The document suggests an ambitious action plan for the Tourism Unit in relation to the various pillars identified.

*For the last 10 years, HOTREC has been asking that the Tourism Unit focus on the entrepreneurial aspect of the tourism sector, the other aspects – environment, protection of the consumers, employee rights – being sufficiently taken care of by other Directorates General, within the framework of specific chapters of the Treaties.*

*For the last 10 years, HOTREC has been asking that one Commission service (be it a Directorate General, a Directorate, a Unit or a simple task force) be responsible for all issues related to tourism, including:*

- *Coordination of all tourism policy issues within the Commission;*
- *Reviewing all proposed EU measures in order to identify those which may impact on tourism;*
- *Consulting systematically with industry representatives. This consultation process should include cost benefit analysis of all proposed measures. The procedure should be transparent, publicly accountable and enshrined in legislation;*
- *Communicating the progress of policy proposals going through the European Parliament and the Council of Ministers to the industry.*

*These demands were also embodied in the NET<sup>1</sup> Manifesto of April 2000 and in the Joint Declaration by the European Tourism Sector “Tourism in Europe: united yet diverse”, signed in September 2000 and endorsed later on by all ETIN<sup>2</sup> members.*

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<sup>1</sup> NET, the Network of European private entrepreneurs in the Tourism sector, brings together ECTAA (Travel Agents and Tour Operators in Europe), EFCO & HPA (European Federation of Campingsite Organisations & Holiday Park Associations), ETOA (Tour Operators bringing Visitors to Europe), HOTREC (Hotels, Restaurants and Cafés in Europe) and IRU (International Road Transport Union – Coach, Bus & Taxi Operators in Europe).

<sup>2</sup> ETIN, European Tourism Industry Network, brings together 50 participants, drawn from international, pan-European and European national umbrella organisations representing a majority of the sectors engaged in travel and tourism in the EU.