

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

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FOOD

□ *EU food labelling rules & restaurants*

The EU rules do not, so far, impose any obligation to restaurants in relation to the labelling of:

- **Ingredients/Allergens:** The issue of indication of ingredients/allergens present in foodstuffs is dealt with in Directive 2000/13/EC, recently amended by Directive 2003/89/EC of 10 November 2003. This Directive applies only to “*foodstuffs delivered as such*”. On that basis, the Commission considers that the labelling obligations do not apply to foodstuffs subjected to processing or preparation; in other words, to meals served by restaurants.
- **GMOs:** Regulation 1829/2003 of 22 September 2003 imposes the labelling of GMOs contained in “*foodstuffs delivered as such*”. According to the Commission, the expression has to be interpreted as in Directive 2000/13/EC and therefore the labelling requirements do not apply to meals served by restaurants.
- **Nutrients:** Under Directive 1990/496/EEC of 24 September 1990, the labelling of nutrients is optional, except if a claim is made that a certain food has some particular nutritional properties. Thus, once again, no obligation for restaurants so far.
- **Origin of beef:** Regulation 1760/2000 of 17 July 2000 does not apply to processed beef products, i.e. to beef prepared by restaurants. In its report (COM (2004) 316 final of 27 April 2004), on the implementation of the Regulation and its possible review, the Commission states that it is not in favour of extending the beef origin labelling provisions to “*processed beef products, products composed of beef and other ingredients or cooked beef prepared by institutional caterers, restaurants and fast-food outlets*”. This position was agreed by the Council of Ministers for Agriculture and Fisheries on 21 June 2004.

However, national rules may indeed impose labelling to restaurants in relation to all items listed above.

HOTREC will continue to follow very closely all developments at EU level in relation to labelling and continue to oppose the extension of labelling requirements to restaurants.

□ *New EU Regulation on hygiene of foodstuffs*

On 29 April 2004, the European Parliament and the Council adopted a new Regulation on hygiene of foodstuffs, which will replace Directive 1993/43 on the same topic. Regulation 853/2004 shall apply no earlier than 1 January 2006.

Several provisions of the Regulation offer some flexibility and could allow the restaurant sector to seek specific arrangements.

On 15 June, a small HOTREC delegation met with Mr. W. Daelman of DG SANCO of the European Commission to discuss how the Regulation could apply to the restaurant sector.

The HOTREC Secretariat asked all restaurant associations to list the provisions in the Regulation and in the Annexes of the Regulation, which they think could cause difficulties for small restaurants and for which arrangements should be sought. The future implementation of the Regulation will be discussed at an internal meeting of the food experts of all restaurant associations in September.

□ **Traceability**

On 28 January 2002, the European Parliament and the Council adopted Regulation 178/2002 laying down the general principles and requirements of food law. Article 18 of this Regulation provides that food operators have to put in place systems and procedures, which allow for the traceability of foodstuffs from “farm to fork”.

The Regulation came into force 20 days after its publication in the Official Journal, i.e. on 21 February 2002, but Article 18 shall apply from 1 January 2005.

Article 18 § 5 of the Regulation 178/2002 provides that “provisions for the purpose of applying the requirements...may be adopted in accordance with the procedure laid down in Article 58(2)”. Article 58 refers to the “Standing Committee on the Food Chain and Animal Health”, whose functioning is regulated by Decision 1999/468.

On 30 April, the Standing Committee, which consists of representatives of all Member States and is chaired by the Commission, met to discuss, among other topics, the implementation of the traceability requirements of Regulation 178/2002.

The summary report of the meeting states, that according to the Commission, Article 18 does not require internal traceability and detailed Community provisions were not announced. The report also specifies that, in the absence of such Community measures, Member States may adopt detailed traceability requirements.

The matter is of major importance for all HOTREC member associations. It is essential that the traceability requirements – be they decided at EU or national level – be clear and easy to apply by the vast majority of very small restaurants which the sector consists of.

SOCIAL AFFAIRS

□ **Working time – Failing negotiations, Commission to make a proposal**

As explained in *Live from Brussels N° 30*, the Commission is working since the beginning of the year toward a revision of the Working Time Directive 1993/104, adopted over ten years ago. As the social partners at EU level, UNICE and ETUC, did not agree to enter into negotiations, following the second stage of consultation in May-June, the Commission will put forward a proposal, possibly in September. The Dutch Presidency considers the Working Time Directive as

one of its priorities, and has made clear that it would like to achieve a political agreement in the Council by October, thus allowing for formal adoption before the end of the year.

The content of the Commission proposal remains, of course, to be seen. In its second consultation document on the Directive, issued on 19 May 2004, the Commission did, however, indicate the general approach it would like to take in the three main areas of concern:

- first, it supports the extension of the reference period for calculating average weekly working time – although it does not say by how much;
- second, it envisages restricting the application of the individual opt-out clause. This could be done in various ways – one option considered by the Commission is to make a prior collective agreement obligatory;
- and third, it is clearly in favour of introducing a third category of time – besides working time and rest periods – which may be defined as the “*inactive part of on-call time*”.

It remains to be seen whether the coming into office of the Barroso Commission, and a new Commissioner for social affairs, Mr. Vladimir Spidla, on 1 November (if his nomination is confirmed by the European Parliament) will bring about an adjustment of Commission policy on any of the points mentioned above. At any rate, HOTREC hopes that the Commission proposal, once it is put on the table, will reflect the need for flexibility that employers have stressed time and again.

□ ***Smoking in the workplace – First stage consultation***

At the beginning of April 2004, the Commission launched a consultation on the possible revision of Directive 1990/394 on the protection of workers from the risks related to exposure to carcinogens at work. Of interest to the hospitality sector are the references made to environmental tobacco smoke in the consultation document. The Commission cites a figure claiming that passive smoking in the workplace increases the risk of lung cancer by 17-39%.

It is not quite clear what the Commission intends to do with regard to tobacco smoke in the workplace: it speaks in general terms about establishing Occupational Exposure Limit Values (OELVs) for some carcinogens that are not yet listed in the Directive. At the same time, however, it says that it would favour a voluntary approach initially, encouraging the Member States to take the ‘necessary measures’. The Commission seemingly has doubts as to whether it is consistent with the principle of subsidiarity to deal with smoking in the workplace at Community level.

HOTREC responded to the consultation in line with the position paper on smoking in the workplace that was adopted at the General Assembly in Amsterdam on 22-23 April 2004. HOTREC considers that the hospitality sector could tackle the smoking issue on a voluntary basis and that, at any rate, the principle of subsidiarity should apply. UNICE responded along similar lines, adding that it would be inappropriate to consider environmental tobacco smoke under the Carcinogens Directive, which deals principally with substances used or generated in industrial processes.

□ ***European works councils – First stage consultation***

On 19 April 2004, the Commission launched a first-stage consultation of the European social partners on the review of Directive 1994/45 on European Works Councils (EWCs). The Directive aims to improve the right to information and to consultation of employees in transnational companies above a certain size. The setting up of an EWC, or other information and consultation procedure, may be negotiated between the workforce and central management, at the initiative of either side. In case of no agreement, the Directive provides for certain subsidiary requirements to apply.

The Commission considers that in its 8 years of operation, the Directive has proven its value. Some 650 companies or groups have concluded EWC agreements, covering some 11 million employees and with some 10.000 employee representatives directly involved. Still, however, less than 40% of the companies estimated to fall into the scope of the Directive have an EWC agreement in place.

The Commission attributes the success of the Directive to the flexibility it provides to the social partners to decide on a structure of the EWC that is best suited to their circumstances. Existing shortcomings are said to relate mainly to the effectiveness of information and consultation procedures, especially in restructuring situations.

HOTREC replied to the Commission that the EWC Directive should not be revised at this stage. Due to the recent EU enlargement, companies and workers need time to adjust to the changes associated with extending the EWC agreements to the new Member States.

□ ***Corporate social responsibility (CSR)***

The Multi-stakeholder Forum on CSR, which gathered employer's organisations, business groups, trade unions, and NGOs, published its final report in June 2004. The Forum was set up by the Commission in 2002 in order to promote a better understanding of CSR practices and instruments, and to foster a dialogue between the interested parties.

Defining CSR as a “*concept whereby companies integrate social and environmental concerns in their business operations and in their interactions with their stakeholders on a voluntary basis*”, the Forum made a number of recommendations for developing CSR. The recommendations aimed at companies focus on awareness raising and enhancing the capacity of business to integrate CSR into their activities. The Forum's report may be consulted at:

http://forum.europa.eu.int/irc/empl/csr_eu_multi_stakeholder_forum/info/data/en/csr%20ems%20forum.htm

HOTREC has been discussing a draft joint initiative on CSR with EFFAT in the context of the sectoral social dialogue at EU level. Similarly to the Forum, the text is based on the notion that CSR is a voluntary exercise, which goes beyond legal requirements. The work will continue in the autumn.

TAXATION

□ *VAT – What can we expect in the near future?*

The Commission July 2003 proposal on the scope of application of reduced rates of VAT (COM (2003) 397 final) (see *Live from Brussels N° 29 & N° 30*) has not been officially on the agenda of the Council of Ministers for Economic and Monetary Affairs (ECOFIN) since last April.

The Commission July 2003 proposal revised the current list of goods and services (Annex H to the Directive 1992/77), to which Member States may choose to apply a reduced rate of VAT. The proposal provided for accommodation services to remain in Annex H and for restaurant services to be added to it. Notwithstanding its discussion in many ECOFIN meetings between July 2003 and February 2004, the proposal could not be agreed by the Member States so far.

Although discussions on the topic were supposed to be re-launched only when the time comes to re-examine the facility to apply reduced VAT rates to the labour-intensive services listed in Annex K - an extension of this facility until December 2005 was adopted by ECOFIN on 10 February 2004 - there are signs that the issue could be on the agenda of the ECOFIN, as early as September 2004:

- The French Minister for Economy and Finances, Mr. Nicolas Sarkozy, has already announced to the press that he wants the VAT dossier on the agenda of the ECOFIN meeting of next September;
- In its list of priorities for its Presidency of the European Union (July 2004 – December 2004), the Dutch government included the re-launch of the discussions on the proposal for a Directive on reduced VAT rates.

HOTREC has always advocated the application of the lowest possible rate of VAT to accommodation and restaurant services in all Member States. HOTREC has been arguing and lobbying, since 1992, for the inclusion of all hospitality services in Annex H.

□ *Excise duties on beer, wine & spirits*

Last May, the European Commission presented to the Council, the European Parliament and the European Economic and Social Committee a report “*on the rates of excise duty applied on alcohol and alcoholic beverages*” (COM(2004) 223 of 26/05/2004). At this stage, the report does not include any proposal to change the legislation presently in force but it is intended to launch a broad debate within the Institutions. On the basis of the outcome of this debate, the Commission will decide whether or not to submit any proposal on some of the issues raised in the report.

The current EU legislation on excise duties on alcohol and alcoholic beverages entered into force in 1993 and has not been amended since. Directive 1992/84/EEC of 19 October 1992 imposed a minimum excise duty of 1,87 Euros per hl/degree of alcohol for beer (or 0,09 Euro per litre of beer at 5°) but applied a zero minimum rate to wine. This has resulted in a great diversity within the Community in the levels of taxation applied. Nowadays the rates in the 25 EU countries vary from 0,09 Euro to 0,99 Euro per litre of beer at 5°. 12 countries out of 25 apply a zero rate on wine.

The report concludes that, in order to maintain the real value of the minimum excise duty, Member States could consider a re-valorisation of about 24% to reflect the inflation between 1993 and 2002. The report also observes that wine taxation remains a very controversial issue.

As explained in *Live from Brussels N° 25*, rumours about a review of the excise duty rates already circulated in 2002. However, the complexity and the many politically sensitive aspects of the issue prevented the review to go forward at that time.

HOTREC is watching carefully the developments on this issue as excise duties influence directly the price of drinks served.

HEALTH

□ *Smoking – New Commission document announced*

As announced in *Live from Brussels N° 29 and N° 30*, at the occasion of an internal seminar held in April 2004, HOTREC member associations discussed the recent developments at national, European and international level in relation to smoking in public places, and in particular hospitality establishments.

Last June, at a conference, Commissioner Byrne welcomed the following recent developments at European level:

- the decision at the beginning of June by the Council of Ministers for Employment, Social Policy, Health and Consumer Affairs to ratify the international Framework Convention on Tobacco Control;
- the agreement last April by the Council of Ministers for Agriculture and Fisheries to phase out production related subsidies to EU Tobacco growers by 2010;
- the success of the Europe-wide “*Feel free to say no*” campaign;
- and, the “*excellent example set by countries such as Ireland and Norway (and soon Sweden) by introducing smoking bans in all public places and workplaces*”.

Commissioner Byrne also announced that he had commissioned a consortium of leading European experts to develop a Strategic Tobacco Control Report, which is due to be published this autumn.

Furthermore, as explained in the separate article above, the Commission is tackling the issue of smoking in the workplace from the angle of the health protection of workers.

In a position paper adopted after its seminar of last April, HOTREC expressed the view that the hospitality sector is capable of tackling the smoking issue on a voluntary basis and, at any rate, the principle of subsidiarity should apply. This position paper is available on the HOTREC website www.hotrec.org

□ ***Drinking - New Commission documents announced***

At its meeting on 1-2 June 2004, the Council of Ministers for Employment, Social Policy, Health and Consumer Affairs:

- recalled the invitation to the Commission to report in 2005 to the Council about the implementation in the Member States of the 2001 Recommendation on the drinking of alcohol by young people (see on this *Live from Brussels N° 29*);
- and expressed its support for the Commission's ongoing work to develop a comprehensive strategy for alcohol.

In a position paper issued as a result of an internal seminar held in April 2004, HOTREC stressed that its national associations shared the concerns of the European and national authorities in relation to the abuse of alcohol, in particular by young people. However, HOTREC considers that the hospitality sector is capable of tackling the drinking issue on a voluntary basis and that, at any rate, the principle of subsidiarity should apply. This position paper is available on the HOTREC website www.hotrec.org

Together with the Amsterdam Group, a platform regrouping the major producers of alcoholic beverages, HOTREC is working on a "Server training guidebook", which should facilitate the development of training programmes for all those involved in the serving of alcohol. Such training schemes were recommended by the 2001 Recommendation mentioned above.

□ ***Overall health strategy***

At the end of May 2004, the WHO (World Health Organisation) adopted its "*Global Strategy on Diet, Physical Activity and Health*", emphasising the need to reduce consumption of saturated fats, salt and sugar in order to tackle the problem of obesity and the rise of related diseases such as cancer, heart disease and diabetes. Although the Strategy is not legally binding, it will guide national governments' actions in this field.

These international developments are reflected at European level. At its session of 2 June 2004, the Council of Ministers for Employment, Social Policy, Health and Consumer Affairs invited the Commission to continue its work to develop a "*comprehensive and integrated European food and nutrition policy*".

On 15 July 2004, the outgoing Commissioner for Health and Consumer Protection, David Byrne, launched a "*reflection process*" on EU health policy in order to help defining a future EU health strategy. Public bodies, interest groups and individuals are invited to participate until 15 October 2004 by sending their views and concerns on a reflection paper, entitled "*Enabling good health for all*". It can be found at DG SANCO's website under http://www.europa.eu.int/comm/health/ph_overview/strategy/reflection_process_en.htm

HOTREC shares the concerns for public health expressed by the public authorities at both, international and European level. HOTREC member associations will review the consultation paper recently issued by the Commission and prepare a common reply before 15 October.

COPYRIGHT

- *Management of copyright – Communication finally issued just before the copyright conference in Dublin – A proposal in the pipeline*

On 16 April 2004, the Commission released at last the long-awaited Communication on the management of copyright and related rights (COM(2004) 261 final). The document discusses both individual and collective rights management, but only with regard to the latter does the Commission conclude that the divergence of national laws justifies a EU initiative.

According to the Commission, common ground should be achieved in the following areas of collective management:

- the establishment and status of collecting societies;
- the relation of collecting societies to users
- and to right-holders;
- and, the external control of collecting societies.

With regard to users, specifically, the Commission is of the view that collecting societies should be obliged to publish their tariffs and to grant a licence on reasonable conditions. Furthermore, it considers it essential for users to be in a position to contest the tariffs. The Commission expects that such harmonisation would increase the efficiency and transparency of collecting societies to the benefit of right-holders as well as users. It would also foster the development of Community-wide licensing in the long term.

The Commission invited stakeholders to comment on the Communication and announced its intention to submit a legislative proposal on the management of collecting bodies.

In a conference organised by the Irish Presidency and the Commission in Dublin on 20-22 June 2004, the Communication served as an important point of reference. The conference was sponsored by GESAC, which represents the collecting bodies at European level. Over 250 participants – a sizeable proportion of which was coming from the collecting bodies and only a small minority from users – met around a broad agenda, which raised a range of issues, including, notably, the collective management of rights.

There is doubtless a wide audience awaiting the Commission legislative proposal on the management of rights, which is likely to be issued in the fall of 2004.

HOTREC welcomed the Commission's Communication and appreciated that the Commission has taken into account some of the key concerns of users. A letter along these lines has been sent to the Internal Market DG. It, together with other responses to the Communication, can be consulted on the Internal Market DG website:

www.europa.eu.int/comm/internal_market/copyright/management/contributions_en.htm

□ ***Review of the EU copyright “acquis” – definition of “public” to remain national competence***

In a staff working paper (SEC(2004) 995) released on 19 July 2004, the Commission discusses the coherence of the early EU copyright directives (on software, rental right, term of protection, and databases) with Directive 2001/29 on copyright and related rights in the information society. It suggests that minor adjustments may be necessary. More interestingly from the point of view of HOTREC, the working paper also touches on some issues, which are currently outside the EU acquis, in particular the definition of the term “public”. The Commission points out that this term has so far been left to interpretation at the level of the Member States, which does not seem to have created any Internal Market problems. The Commission therefore concludes that, at this point, there is no need to define the term “public” at EU level. Interested parties are invited to send their comments on the working paper to the Commission by 31 October 2004.

The definition of “public” is of special importance to hotels, which make television sets available to their guests. If, under national rules or jurisprudence, a hotel room audience is considered to be a “public” (e.g. in France), the hotel is obliged to pay copyright fees when providing television services. Were the hotel room guests instead thought of as a private audience (e.g. in Spain), copyright fees could not be requested from the hotel. As already expressed in a 1995 position paper, available on our website www.hotrec.org, HOTREC believes it is more accurate to define a hotel room audience as “private” rather than “public”.

HOTREC is preparing a response to the Commission document.

□ ***Commission opens proceedings against collecting bodies***

On 3 May 2004, the Commission warned 16 collecting bodies that their so-called Santiago Agreement was potentially in breach of EU competition rules. The Santiago Agreement was concluded in 2001 to set up a “one-stop-shop” facility whereby commercial **online** users can obtain music copyright licenses, which cover the whole European Economic Area (except Portugal) and Switzerland.

The Commission believes that the Santiago Agreement restricts competition by providing commercial users with access to online licensing only through the collecting body established in their own country. In the Commission's view, the system of territorial exclusivity that applies in the “offline world” should not be transposed into the Internet as it limits the freedom of commercial users to choose the most effective collecting body.

The collecting bodies had until mid-July to reply to the Commission's objections. They could also request a hearing in order to submit their arguments directly to the competition authorities.

The HOTREC Secretariat will closely follow the proceedings between the Commission and the collecting bodies and report any new developments as they occur. HOTREC noted with satisfaction that the Commission is ready to act on anti-competitive practices by collecting bodies.

STANDARDISATION

□ *Standards for tourism services needed for a true internal market for services?*

As explained in detail in *Live from Brussels n° 29 and n° 30*, a new priority for the EU Institutions is the setting-up of a true single market for services. With this aim, the Commission issued last January a proposal for a Directive on services in the internal market (COM 2004 2final/3), which, among other measures, calls for the development of standards for services. In parallel, the Commission gave last year to CEN (European Committee for Standardisation) a mandate “*to develop a standardisation work programme to support the internal market for the service sector*”. The work programme is to be submitted to the Commission before the end of the year.

On 5 July 2004, the national standardisation bodies, members of CEN, met to discuss an interim report. They examined the various proposals submitted by some of the standardisation bodies. The tourism sector was mentioned on several occasions. The most far-reaching proposal, as far as tourism - and in particular the hospitality sector - is concerned, was put on the table by AENOR (“Asociación Española de Normalización y Certificación”). CEN member associations are expected to meet again on 29 October 2004 to discuss their report further.

While HOTREC is fully aware of the voluntary character of standards in principle, it communicated last November to CEN its view that tourism, and in particular the hospitality sector, should not be identified as priority areas for standardisation work. In relation to our services, diversity reflects different cultures and geographical situations and constitutes one of the major attractions for customers. The latter do not expect to find the very same standardised conditions everywhere they travel. On the contrary, their expectations vary according to their destinations as well as to the purpose of their trips, be it a business trip or a trip for pleasure. Therefore, HOTREC firmly believes that standardisation at European level is generally not desirable for the hospitality sector.

HOTREC will continue to follow very closely CEN activities in relation to this standardisation working programme. As the mandate given to CEN by the Commission requires that “the work programme must reflect market needs, taking into account both the needs of service providers and the need of users of services”, HOTREC will insist vis-à-vis CEN as well as vis-à-vis the Commission that its position be fully taken account of.

□ *Mandatory notification of draft national rules and standards for services?*

Directive 1998/34/EC requires Member States to notify to the Commission draft technical standards and regulations relating to products and information society services. This Directive gives the Commission and the other Member States a delay to examine the compatibility of these drafts with the principles of the EU internal market. The Commission is presently considering extending this procedure to draft national rules and standards relating to all services.

HOTREC responded in a positive manner to the on-line Commission's services consultation on the desirability of such notification of new national rules and standards in the area of services (the deadline for the consultation was 19 July 2004). HOTREC has always called for greater transparency in the legislative process at EU level. The same call applies in relation to the adoption of national rules / national standards with a likely impact on the internal market.

FINANCIAL MATTERS

□ *More transparency for credit card fees*

As explained in *Live from Brussels N° 25*, the Commission Decision of 24 July 2002 exempted under the EU competition rules certain multilateral interchange fees (MIF) for cross-border payments with Visa cards, after the card organisation had made major changes to its system. These fees are not directly paid by the cardholder but by the shops, restaurants and other businesses that accept the Visa card in payment of the goods or services they sell.

In accordance with the Commission's Decision of 24 July 2002, Visa had already allowed its member banks to reveal information about the MIF levels for consumer cards and the relative percentage of the cost categories composing the benchmark, at which the MIF has to be capped. However, merchants have repeatedly complained to the Commission that their banks are reluctant to give full information on the MIF although Visa allowed them to do so.

Last May, the European Commission welcomed the announcement by Visa and MasterCard, that they would publish on their corporate websites their current multilateral interchange fees for cross-border transactions. This is a further step towards increased transparency of the MIF vis-à-vis retailers in their negotiations with merchant banks regarding fees ("discount rates") for transactions paid with Visa and MasterCard branded payment cards.

HOTREC welcomes the Commission's moves to improve competition and transparency in the credit card market. Mr. Xavier Durieu, Secretary General of EUROCOMMERCE, will attend the next HOTREC General Assembly on 8 October 2004 in Bergen (Norway) and report on the latest developments in relation to this subject matter.

□ *Basle II – Borrowing made more difficult for small businesses?*

On 27 June 2004 the so-called Basle II agreement was finally adopted by the Basle Committee on Banking Supervision after around 5 years of negotiations. The Basle Committee consists of representatives of the central banks and supervisory authorities from 13 countries. As already explained in *Live from Brussels N° 22*, the agreement concerns the revision of the capital adequacy rules applicable to banks and other financial institutions.

As existing European legislation on capital requirements for banks and investment firms is based on the Basel I agreement and, in view of maximising consistency between EU legislation and the international framework, the Commission has recently proposed to review the European rules.

As already explained in *Live from Brussels N° 22*, it is feared that the new international and European rules make the financing of SMEs by banks and other financial institutions more difficult. However, a recent report, prepared by the consultancy firm PricewaterhouseCoopers at the request of the Commission, indicates an overall beneficial outcome for SMEs.

As the vast majority of the enterprises in the hospitality sector are small enterprises and very small enterprises, the sector is worried about the implementation at European level, and subsequently at national level, of the Basel II agreement.

TRAVEL

□ *European health insurance card*

As announced in *Live from Brussels N° 30*, a so-called European health insurance card was introduced on 1 June 2004 in thirteen European States (Belgium, France, Luxembourg, Spain, Germany, Greece, Ireland, Sweden, Denmark, Finland, Norway, Estonia and Slovenia – other States will follow before the end of 2005). The holders of the card will be able to get medical treatment in the public system of any EU/EEA Member State when travelling or temporarily staying in one of the respective countries. The cost of treatment in a private setting is not covered.

Although the European health insurance card will not have any direct effect on the hospitality sector, it will encourage increased travelling as people will be reassured that their access to health care in other EU countries is guaranteed.

TOURISM

□ *Tourism in the Treaties*

At the European Council on 17-18 June 2004, the Member States finally agreed upon the long awaited European Constitution. The Irish proposal for a new article on tourism was accepted.

According to the new article, the Union shall have competence to carry out supporting, coordinating or complementary action in the field of tourism among others (Article I-16). However, the text of Article III –181a excludes explicitly “*any harmonisation of the laws and regulations of the Member States*”. The Union shall merely “*complement the action of the Member States in the tourism sector, in particular by promoting the competitiveness of Union undertakings in that sector*”. Furthermore, the article announces “*a European law or framework law*”, which shall establish “*specific measures to complement actions within the Member States*”.

After a translation of the Constitution into all languages the short-term follow-up will be a solemn signing ceremony of the Constitution, which will take place on 29 October 2004 in Rome in the same palace where the founding Treaty of Rome was signed in 1957. The Constitution will only enter into force once it has been ratified by all Member States in accordance with their respective constitutional provisions (parliamentary approval and/or referendum).

HOTREC is pleased with the new article in the Treaty dealing with tourism, as far as it focuses on the competitiveness of the industry and the creation of a favourable environment for the undertakings. Great care will, however, be needed when identifying the “specific measures to complement actions within the Member States”. These measures should be responding to real needs of the enterprises.

□ *European Tourism Forum - Budapest 2004*

The 2004 European Tourism Forum will take place on 15-16 October 2004 in Budapest and will welcome leading representatives from the tourism industry, European, national and regional institutions and other stakeholders to discuss the challenges facing the sector.

The detailed programme and general information on the Forum are available at the Tourism Unit's website under

http://www.europa.eu.int/comm/enterprise/services/tourism/tourism_forum/tourism_forum_2004.htm

The programme will include three workshops on the following topics:

- “Internal market for services in the EU of 25”;
- “Employment and training in the tourism industry”;
- and “New trends in tourism”.

HOTREC will take part in the Tourism Forum. In the first workshop, Mr. Markus Luthe, Deputy Chief Executive from Hotelverband Deutschland, will question to which extent standards are needed in order to achieve a true single market for tourism services. In the second workshop, Mr. Akos Niklai, President of the Hungarian Association of Hotels, will speak about how to create a beneficial seasonal and part-time employment in tourism.

INSTITUTIONS

□ *Changes within the EP and the Commission*

After the elections in June 2004, there is a great number of new faces in the European Parliament, which counts 732 seats for its 6th term (2004-2009). The first plenary session took place in Strasbourg on 20-22 July. The Parliament organised its work within 20 Committees, among which the following are likely to discuss the issues of most interest to the hospitality sector:

- ECON – on Economic and Monetary Affairs
- EMPL – on Employment and Social Affairs
- ENVI – on the Environment, Public Health and Food Safety
- IMCO – on Internal Market and Consumer Protection
- TRAN – on Transport and Tourism

A new Commission consisting of 25 Members will be put in place in November, upon confirmation by the European Parliament. The 25 candidates have been nominated and, on 12 August, Mr. José Manuel Barroso (Portugal), the new President of the Commission, announced the portfolios of the candidate Commissioners, among which the following are of most interest to the hospitality sector:

- Günter Verheugen (Germany) – Commissioner for Enterprise and Industry
- Markos Kyprianou (Cyprus) – Commissioner for Health and Consumer Protection
- Charlie McCreevy (Ireland) – Commissioner for Internal Market and Services
- Vladimír Špidla (Czech Republic) – Commissioner for Employment, Social Affairs and Equal Opportunities
- Ingrida Udre (Latvia) – Commissioner for Taxation and Customs Union

As far as the Commission's DG Enterprise is concerned, changes are also taking place: Mr. Franco Ianniello became new Head of the Tourism Unit last April. Mr. Horst Reichenbach will soon take over responsibilities from Mr. Jean-Paul Mingasson as new Director General. The Director at Directorate D: "Services, tourism, new technologies and design industries", Mr. Pedro Ortún, is also expected to take over another field of activity at the beginning of 2005 as a result of the internal rotation system of high ranking Commission officials.

ENLARGEMENT

□ *New HOTREC members*

As of 1 May 2004, the hotel & restaurant associations of the Czech Republic, Estonia, Hungary, Lithuania and Malta became full members of HOTREC. The change of their status from observers to full members was warmly welcomed by the 49th General Assembly of HOTREC, held in Amsterdam last April. The Polish Hotel Association is expected to join HOTREC as a full member at the occasion of the next General Assembly of HOTREC to be held in Bergen (Norway) in October 2004.

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