

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

Taxation

- VAT – Reduced rate for restaurant services? p. 2

Health issues

- Smoking in hotels, restaurants, bars and similar p. 2
- Responsible sale of alcohol p. 3

Food issues

- Roundtable on labelling in the catering sector p. 4
- Labelling on the origin of beef p. 4
- Hygiene of foodstuffs – “*Let’s go and eat out!*” p. 5
- Does acrylamide induce cancer? p. 5

Copyright

- Collective management of copyright: EU Institutions finally moving! p. 6

Consumer protection

- Fire safety again under fire! p. 7
- Report on safety of services p. 7
- New European Consumer Consultative Group p. 8

Standardisation

- European hotel classification p. 8
- CEN enquiry on standardisation in the field of services p. 9

Social Affairs

- “*New training and development models in the European hospitality industry*” p. 9

Tourism

- Tourism in the treaties p. 9
- European Tourism Forum 2003 p. 10

TAXATION

□ *VAT – Reduced rate for restaurant services?*

On 23 July 2003, the European Commission issued a proposal on the scope of application of reduced rates of value added tax (VAT) (COM(2003)397 final). The proposal revises the current list of goods and services (Annex H to the Directive 92/77/EEC – OJ. L. 316 of 31/10/1992), to which Member States may choose to apply a reduced VAT. It also deals with previous special derogations, the scope of application of zero-rates and incorporates parts of the experiment of reduced rates for labour-intensive services (which is to end on 31 December 2003). The proposal foresees that accommodation services remain in the Annex H and that, for the first time, restaurant services be added to it.

On 7 October 2003, the European Parliament Committee on Economic and Monetary Affairs organised a public hearing, chaired by Mrs. Randzio-Plath who is to prepare the European Parliament report on the Commission proposal. On 15 October, Mrs. Randzio-Plath released a draft report, which supports the inclusion of restaurant services in Annex H. The draft report is to be discussed within the Committee referred to above on 4 November 2003 and voted upon on either 24 November 2003 or 2 December 2003. The report will then be examined by the plenary session of the Parliament, hopefully in December 2003. The opinion of the Parliament is a mandatory prerequisite to the approval of the proposal by the Council of Ministers.

In the meantime, the Council of Ministers for Economic and Financial Matters (ECOFIN) has started its own review of the proposal. The matter is rather complicated as the proposal touches upon many aspects of the previous system, as explained above. The question of the Stability Pact, whereby the Member States undertook to have a public deficit of no more than 3%, is making the discussions yet more difficult. And finally, it is important to recall that on taxation issues, unanimity is required for any vote within the Council. ECOFIN is still to meet 2 or 3 times before the end of the year.

HOTREC is very pleased with the Commission proposal. HOTREC has been, since 1992, arguing and lobbying for the inclusion of all hospitality services in Annex H. See also our arguments in the brochure entitled “A reduced VAT rate for Tourism and Hospitality in Europe” issued by HOTREC in March 2002.

On 6 October 2003, the Executive Committee of HOTREC had a private meeting with Mrs. Randzio-Plath. On 7 October 2003, Mr. Bernd Geyer, Vice President of HOTREC, expressed the views of the sector at the public hearing organised by the European Parliament Committee on Economic and Monetary Affairs. The speech of Mr. Bernd Geyer is available from the HOTREC Secretariat.

HEALTH ISSUES

□ *Smoking in hotels, restaurants, bars and similar*

In an interview given at the beginning of September, Commissioner David Byrne, in charge of Health and Consumer Protection, announced that his officials were working

on developing draft legislation to ban smoking in Europe's cafés, bars and restaurants. The Council Recommendation of 2 December 2002 on the prevention of smoking and on initiatives to improve tobacco control (OJ. L. 22 of 25/01/2003) already invited Member States to implement legislation and/or other effective measures that provide protection from exposure to environmental tobacco smoke in indoor workplaces and enclosed public places.

Other texts were also recently approved at EU level, which deal with tobacco issues:

- Directive 2003/33/EC on advertising and sponsorship of tobacco products (OJ. L. 152 of 20/06/2003);
- Directive 2001/37/EC on the manufacture, presentation and sale of tobacco products (OJ. L. 194 of 18/07/2001).

All these EU developments are to be seen in the broader context of the World Health Organisation's Framework Convention on Tobacco Control approved in May 2003. The European Community was among the first signatories of this text. The Convention, which will come into force when it has been ratified by 40 countries, calls for measures in the fields of:

- advertising, sponsorship and promotion of tobacco products;
- packaging and labelling;
- protection from exposure to tobacco smoke (the signatories of the Convention are to adopt measures providing for protection from exposure to tobacco smoke in indoor workplaces, indoor public places, etc.);
- sales to minors.

At an internal seminar to be organised in Amsterdam in April 2004, HOTREC member associations will review the situation in all Member States as far as smoking in hospitality establishments is concerned. At this occasion, HOTREC will also re-examine its long-standing position that the issue of smoking in hospitality establishments should best be left to the entrepreneurs.

□ ***Responsible sale of alcohol***

Alcohol is becoming a major issue at European level. In June 2001, the European Council addressed to all Member States a Recommendation on the drinking of alcohol by young people, in particular children and adolescents (OJ. L. 161 of 16/06/2001) and invited the Commission to put forward proposals for a comprehensive Community strategy aimed at reducing alcohol related harm (Conclusions of 5 June 2001, OJ. C. 175 of 20/06/2001). In September 2002, the Council adopted a Community action in the field of public health for the period 2003-2008 (OJ. L. 271 of 09/10/2002), which foresees measures on life-style related health determinants, among which alcohol.

Since 2001, the Directorate General in charge of Health and Consumer Protection (DG SANCO) is regularly organising meetings with the producers of alcoholic beverages and other interested parties, where best practices in relation to responsible promotion and sale of alcohol are being assessed.

On 17 September 2003, The Amsterdam Group (TAG) – which brings together the main producers of alcoholic beverages – organised the 1st European Forum for Responsible Drinking.

The issue is not only of relevance to producers of alcoholic beverages, but also to our sector. The fear is that the Institutions head towards imposed and rigid regulation on the use of alcohol (as it is already the case at national level in some Member States). HOTREC participated in June 2003 in a meeting with DG SANCO and the beverage suppliers. HOTREC was also represented at the Forum on Responsible Drinking in September 2003.

HOTREC will organise an internal seminar in April 2004, where it will review what has already been done and which other actions could be developed by the sector, on a voluntary basis, in order to act in a responsible manner vis-à-vis the abuse of alcohol and thus, avoid imposed rigid regulations.

FOOD ISSUES

□ Roundtable on labelling in the catering sector

Over the last few years, the European Institutions have been developing a number of new rules to improve consumer information through more detailed labelling. Furthermore, the Commission has recently undertaken an overall review of existing EU food labelling legislation.

At the beginning of the year, EMRA (European Modern Restaurant Association), FERCO (European Federation of Contract Catering) and HOTREC issued a joint leaflet entitled “Restaurants serve meals; retailers sell food”, which stresses, as the title indicates, the need for the European legislator to address restaurants and shops differently as far as labelling is concerned.

This leaflet (available on the HOTREC website) will be officially launched at a roundtable with members of the European Parliament and Commission officials. The event will take place in the European Parliament on 26 November 2003. It will be hosted by MEPs Mr. John Bowis (United Kingdom), Mr. Christos Folias (Grece) and Mr. Carles Gasoliba i Böhm (Spain).

□ Labelling on the origin of beef

Regulation 1760/2000 provides that operators marketing beef shall specify on the label the country(ies) of birth, fattening and slaughter. When these three operations take place in the same country, the indication may be given as “origin + name of the country”. So far, the Regulation does not apply to restaurants. However, the Commission is currently examining whether the scope of application of the Regulation should be extended to cover beef products served by restaurants.

The Directorate General Agriculture of the European Commission (DG AGRI) prepared a draft report, which is now being examined by the other DGs of the Commission, among which the Directorate General for Health and Consumer Protection (DG SANCO).

The Commission, as a whole, is expected to approve the report by the end of November. It may include or suggest a proposal for the review of Regulation 1760/2000. The report will then be forwarded to the European Parliament and the Council of Ministers for their approval.

HOTREC is very much opposed to the extension of mandatory beef labelling into the restaurant sector where it would be unnecessary, overly bureaucratic and unhelpful. HOTREC wrote to both DG AGRI and DG SANCO on 23 October 2003 to express their views. Copies of the letters are available from the HOTREC Secretariat.

□ ***Hygiene of foodstuffs – “Let’s go and eat out!”***

The second reading by the European Parliament of the Commission proposal for a Regulation on hygiene of foodstuffs (the first version of which was issued in July 2000 - see previous issues of *Live from Brussels*) should start in the course of November. MEP Schnellhardt, who prepared the Parliament report for the first reading, will also be in charge of the report for the second reading.

At the occasion of this second reading, HOTREC issued a new leaflet entitled “Let’s go and eat out! Quality law for quality food”. In this leaflet, HOTREC complains that, in recent years, legislation has been developed to cover, without distinction, a vast array of activities throughout the food chain from primary producers, manufacturers, packers, importers, retailers, industrial catering and a wide variety of food service operators. Various proposals, currently in the legislative pipeline, fail to take into account the specific structure of the food service sector, which lies at the end of the food chain, the customer being the next and last step.

In this leaflet, HOTREC utters specific wishes for better legislation, which could be enforced effectively.

□ ***Does acrylamide induce cancer?***

As already announced in *Live from Brussels* n° 25 and n° 26, research carried out by the University of Stockholm and the Swedish National Food Administration demonstrated that a chemical called acrylamide can be formed in starchy foods during cooking at high temperatures, for example during frying or baking. Its detection in food opened a new possible link between diet and cancer.

On 20 and 21 October 2003, the European Commission (DG SANCO) organised yet another meeting to discuss the matter with the national experts on contaminants in food, the food industry and other food chain stakeholders.

Although there is no definitive evidence so far that acrylamide causes cancer in humans, the European Commission is considering issuing a guidance paper on reducing levels of acrylamide in food. For caterers, so far, there is the following advice:

- avoid cold storage of potatoes (not under 8°C);
- fried and baked products should be golden yellow and browning should be avoided;

- frying temperature should not exceed 175°C. It is important to ensure that temperature controls on fryers are reliable;
- blanching potato products before frying or baking can reduce acrylamide.

HOTREC will continue to follow the subject matter and will inform its member associations of future developments.

COPYRIGHT

□ *Collective management of copyright: EU Institutions finally moving!*

The 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 (see *Live from Brussels n°26, 27 and 28*).

On the European Parliament (EP) side, Ms Raina M. Echerer released a draft report on “*Community framework for collecting societies in the field of copyright*” at the end of September. This draft will be debated and possibly adopted within the EP Committee on Legal Affairs and the Internal Market in the course of November. The report will then have to be approved by the European Parliament in plenary session. On 7 October 2003, a public hearing, organised by the Committee on Legal Affairs and the Internal Market and chaired by Mrs Echerer, allowed the stakeholders to present their opinion on the draft report.

On the European Commission side, the Copyright Unit announced that the long awaited Communication on the management of copyright and neighbouring rights should be published by the end of this year. This Communication could enclose a proposal for a Directive. Moreover, the Commission plans to release, also by the end of the year, a study on “The economic importance of copyright”.

HOTREC was invited by Ms Echerer to intervene at the public hearing held on 7 October. Allan Nyren, Member of the Executive Committee, presented the views of our sector on the issue (his speech is available from the HOTREC secretariat).

Furthermore, HOTREC will hold a seminar on “A call for more transparency and fairness in the management of copyright and similar rights in relation to the hospitality sector” on 30 & 31 October 2003 in Dublin, in conjunction with its 48th General Assembly. The guest speakers for this seminar are: Ms Raina M. Echerer and Mr. Klaus-Heiner Lehne, MEPs; Mr. Alain Andries from the European Commission; Ms Marianne Levin, Professor at the University of Stockholm and Ms Lizanne Scott from EICTA (European Information & Communications Technology Industry Association). The overall objective of the seminar is, as its title indicates, more transparency and fairness in the management of copyright and similar rights in relation to the hospitality sector.

CONSUMER PROTECTION

□ *Fire safety again under fire!*

On 27 June 2001, the Commission published a report on the application of the Council Recommendation 86/666/EC of 22 December 1986 on fire safety in existing hotels (OJ. L. 384 of 31/12/1986). The report considered that a flexible approach should be maintained and that binding legislation in this field would not be desirable or effective. Nonetheless, the Commission considered that “there is a good cause for further action in the field of fire safety in hotels” and suggested that the following points be discussed with the European Parliament and the Member States:

- the desirability of incorporating into a new recommendation more detailed, appropriate and concrete provisions for existing hotels in cases where the guidelines in Recommendation 86/666/EEC cannot be applied;
- the advisability of increasing supervision and monitoring of fire safety in all hotels;
- the updating and improvement of the technical guidelines;
- the application of the Recommendation to other forms of accommodation similar to hotels;
- the identification and dissemination of best practices in fire safety management and monitoring.

As a first step, the Commission decided to address the need to update / improve the technical guidelines annexed to the 1986 Recommendation. A proposal for the review of the guidelines is currently submitted to a consultation of all interested parties. The deadline for sending comments is 15 November 2003.

The Commission also announced that the other activities envisaged in the 2001 report would gradually be implemented. To prepare for these other activities, the Commission published in September two calls for proposals in relation to:

- an inventory of requirements (legislative, regulatory, administrative and other provisions) applicable in the Member States regarding fire safety in existing hotels;
- an inventory of hotel fires in EU countries between 1986 and 2003, analysis of causes and consequences thereof.

HOTREC member associations are preparing their comments on the proposed revision of the guidelines. As far as future work is concerned, HOTREC welcomes an inventory of hotel fires, as it will demonstrate that hotels are very safe.

□ *Report on safety of services*

On 6 June 2003, the Commission adopted its “Report on the Safety of Services for Consumers” (COM(2003)313 final). The report announces future EU initiatives on the safety of services. It suggests:

- a systematic collection and assessment of data and information on service related accidents and injuries;
- mutual information of the Member States about relevant service legislation and policies;
- the provision of procedures aimed at setting and using European standards;
- and, in the longer term, the assessment of the possible need for more far-reaching Community legislation.

In its reply to the consultation (available on the HOTREC website), which preceded the publication of the report, HOTREC explained that the only two risks to which consumers can be exposed using services of the sector are hotel fires and food problems in restaurants. Even though it supports fully safeguarding customers' safety and well-being, HOTREC believes that the two risks mentioned above are already sufficiently covered by existing European legislation, which – in both cases – is yet again being reviewed (see the relevant sections of this issue of Live from Brussels). HOTREC, therefore, does not see a need for further regulation of our sector at European level.

□ ***New European Consumer Consultative Group***

The European Commission decided in October 2003 to create a new European Consumer Consultative Group replacing the former Consumer Committee (OJ. L. 258 of 10/10/2003). The Group shall consist of national and European consumer organisation representatives, which will be chosen by the Commission on the proposal of the respective associations. The role of the Group will be to advise the Commission on all problems relating to the protection of consumer interests at Community level.

HOTREC takes note of the creation of a new Consumer Group. However, it regrets that the Commission does not couple it with the creation of a framework for a proper dialogue between providers of goods and services and consumer organisations.

STANDARDISATION

□ ***European hotel classification***

At the request of the European Parliament Committee on Regional Policy, Transport and Tourism (RETT), the Directorate General Research of the European Parliament carried out a study on hotel classification in Europe. This study should be presented to the RETT Committee soon. According to its title, "Information Note on Hotel Classification in the European Union", the purpose of the study, at first sight, is merely to inform about the state of play in the different European Member States and candidate countries.

HOTREC provided information for the study. The HOTREC Secretariat also met with MEP Ripoll y Martinez, the Member of Parliament who initiated the work. How the European Parliament will pursue the matter is still open. In any case, HOTREC decided to hold an internal seminar on the desirability and feasibility of a European classification. It should be coupled with the 2004 autumn General Assembly in Norway.

□ ***CEN enquiry on standardisation in the field of services***

Since two years, ISO (International Standardisation Organisation) is, within its Committee on Consumer Policy (COPOLCO), planning to develop standards in relation to tourism services. What is presently happening at European level is much more alarming. On 8 October 2003, the European Commission gave to CEN (European Committee for Standardisation) a mandate to develop a standardisation work programme in relation to service sectors. In the context of this mandate, CEN has launched an enquiry to identify priority areas for potential European standardisation in the service sector. The deadline for responding to the enquiry is 15 November 2003.

Whereas the report on the safety of services mentioned in another section of this issue of *Live from Brussels* especially focuses on the safety aspects, the mandate of CEN covers services in general.

HOTREC has an observer status with both COPOLCO and CEN. HOTREC is currently preparing its reply to the CEN enquiry, which it will discuss at its next General Assembly on 1 November 2003.

SOCIAL AFFAIRS

□ ***“New training and development models in the European hospitality industry”***

As a follow-up to the 2001 study on “*Medium term trends in the hospitality sector and their impact on enterprises and labour market*” and related conference held the same year, HOTREC and EFFAT, in the framework of their sectoral social dialogue, are currently working on the identification of possible ways to facilitate and innovate in relation to training in our sector. They will be organising a seminar on “*New training and development models in the European hospitality industry*” in Brussels on 11 December 2003. This seminar will focus on four innovative training schemes selected during the preparatory research.

TOURISM

□ ***Tourism in the treaties***

The Treaty of Maastricht of 1992 acknowledged, for the first time, that Community activities could include 'measures in the sphere of tourism'. However, no specific competences on tourism were given to the European Institutions since then. This means that, currently, any measure in the field of tourism, which cannot be based on another specific competence (e.g. consumer protection, internal market, etc.) can only be adopted by the Council acting unanimously on a proposal from the Commission.

The draft text of the European Constitution elaborated by the European Convention from February 2002 until July 2003 does no longer include any reference to tourism.

The chances of tourism being included in the European Constitution slipped further after the Commission chose not to raise the matter within its 25 page comments on the draft Constitution mid-September.

HOTREC is in favour of giving the European Institutions the competence for support actions in relation to tourism provided that these actions would focus on the entrepreneurial aspect of tourism. Other aspects such as the protection of consumers, workers and the environment are already fully dealt with by specific chapters of the Treaties.

□ **European Tourism Forum 2003**

The Italian Council Presidency is organising the next European Tourism Forum in collaboration with the European Commission's Tourism Unit (DG Enterprise). It will take place on 28-29 November 2003 in Abano Terme (Padua) and Venice. Discussions will focus on impact assessment, taxation and the joint promotion of Europe.

The President of HOTREC, Joaquim Cabrita Neto, will speak at the workshop on impact assessment. Bill Richards, the co-ordinator of ETIN (European Tourism Industry Network)¹, of which HOTREC is a member, shall deliver a report on the economic status of the Tourism sector.

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REMARK:

- Regulations and Directives are binding legal instruments;
- Recommendations and Reports are not binding but are likely to influence the development of future binding instruments.

¹ 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.