



L I V E F R O M B R U S S E L S

Issue N°48, 30 October 2009

Main EU developments over the last 3 months of interest to the hotel, restaurant and café sector

TAXATION

- **VAT – State of play in the Member States** p. 3

FOOD AND HEALTH

- **EP resumes work on food labelling** p. 4
- **Commission report on the food hygiene package** p. 5
- **EU alcohol strategy and the Swedish Presidency of the EU** p. 5
- **Commission adopts strategy on swine flu pandemic (H1N1)** p. 6

CONSUMER AFFAIRS

- **Consumer rights Directive: procedure in the European Parliament re-launched** p. 7
- **Revision of the package travel Directive: impact assessment underway** p. 8

STANDARDS

- **Review of the European standardisation system** p. 9

QUALITY

- **The EHQ logo now available in Switzerland, Hungary and Germany!** p. 9

SOCIAL AFFAIRS

- **Working time Directive – New consultation by the Commission** p. 10
- **Work-life balance package – Slow progress** p. 11
- **Parental leave – Directive to be adopted soon** p. 11

COMPETITION

- **Vertical restraints: the block exemption and guidelines are being revised** p. 12

ENTERPRISE POLICY

- **Towards an exemption from some auditing requirements for SMEs?** p. 13

INSTITUTIONS

- **Lisbon Treaty: green light from Ireland but...** p. 14
- **European Parliament Tourism Intergroup** p. 14

TOURISM

- **European Tourism Forum 2009** p. 15
- **NET: ECC also joins NET!** p. 16

STATISTICS

- **Some data on the performance of the European tourism industry** p. 16
- **Recent Eurostat publications** p. 17

TAXATION

□ VAT – State of play in the Member States

As reported in the previous issue of *Live from Brussels*, the VAT rate saga at European level in relation to the hospitality industry is finally over! Further to the entry into force of Directive 2009/47/EC – which amended the VAT Directive 2006/112/EC by giving the option to all Member States to apply a reduced VAT rate not only to accommodation, but also to restaurant services – the situation in the EU Member States with regard to VAT rates is as follows:

21 Member States apply a reduced rate to accommodation services, and 12 do so in relation to restaurant services.

So far, the only country having made use of the option newly provided by the amended VAT Directive is France. As from 1 July 2009, restaurant services in France are no longer subject to the standard rate of 19,6%, but to the reduced rate of 5,5%. Lower prices, increased employment and the modernisation of the establishments are the counterparts expected by the government.

Several other countries are also considering making use of the new option. The Czech government is discussing the possibility of reducing the VAT rate to restaurant services from 19% to the reduced rate of 9% (hotels already benefit from this reduced rate). Discussions within the Belgian government are also ongoing, considering a similar reduction from the standard rate of 21% to the reduced rate of 12% (hotels already benefit from a reduced rate of 6%).

In the UK, it was decided at the end of 2008 to lower temporarily the standard VAT rate (applicable to both accommodation and restaurant services) from 17,5% to 15% until the end of 2009 only, as a response to the economic and financial crisis. An increase back to the 17,5% level is expected to take place on 1 January 2010.

At the beginning of the year, the VAT rate for accommodation services increased in the Baltic countries. Such increase was substantial in Latvia and Lithuania (from the reduced rate of 5% to the new standard rate of 21% and 19% respectively) and more moderate in Estonia (from the previous reduced rate of 5% to the increased reduced rate of 9%). And since 1 September, both restaurant and accommodation services in Lithuania are subject to a 21% rate.

In Hungary, hotel rooms are subject, since July 2009, to the newly created reduced VAT rate of 18%, while the standard rate increased from 20% to 25%. The standard rate applies to restaurant services.

The new German government is expected to lower the VAT rate on accommodation services as from 1 January 2010. Hotel services, currently under the standard rate of 19%, will benefit from the reduced VAT rate of 7%, whereas restaurant services will continue to be subject to the standard rate.

In Spain the government is considering increasing the reduced VAT rate (which is applied to hotel and restaurant services) from 7% to 8% as from July 2010.

As a reminder, the VAT rate situation at EU level, with regard to the hospitality industry, is as follows:

- 1 standard rate at no less than 15%;
- 1 or 2 reduced rates at no less than 5%;
- Option for all Member States to apply the standard or a reduced rate to accommodation services; and
- Option for all Member States to apply the standard or a reduced rate to restaurant services, including all types of beverages.

The fact that France has already agreed on, and that others (Belgium, Czech Republic, Germany) are considering lowering the VAT rate for restaurant services shows that this option responds to a well-founded demand, advocated by HOTREC for many years.

FOOD AND HEALTH

□ EP resumes work on food labelling

Since January 2008, the European Parliament and the Council of the European Union are examining a Commission proposal to revise EU rules on food labelling ([COM\(2008\) 40 final](#)). This proposal is of great concern for the hospitality industry because, if adopted as it stands, it would require restaurants, cafés, and similar establishments serving “non-prepacked food” to indicate for each item on their menus:

- The full list of ingredients;
- The quantity of certain ingredients;
- The net quantity of the food;
- Any ingredient potentially causing allergies or intolerances; and
- A nutrition declaration, including the energy value, the amounts of fat, carbohydrates and salt.

Work in the European Parliament has resumed after the European elections of June 2009. As expected, MEP Renate Sommer (Germany, EPP) has been re-elected and continues to be the Rapporteur in the responsible parliamentary Committee (ENVI: Environment, Public Health and Food Safety). As agreed by the members of this Committee in March 2009, MEP Sommer is preparing a new report on the Commission proposal. The tentative timeline of the dossier in the European Parliament is as follows:

- 30 November 2009: Consideration of draft report in the ENVI Committee;
- 7 December 2009: Deadline for tabling amendments in ENVI Committee;
- January 2010: Consideration of amendments in ENVI Committee;
- March 2010: Vote in ENVI Committee;
- May 2010: Adoption of first-reading opinion by the Parliament.

In parallel, the review of the proposal is progressing at Council level. As regards the issue of “non-prepacked food”, the current position of the national experts is that the indication of the particulars listed in Article 9 and 10 (name, list of ingredients, quantity, nutrition declaration, etc.) shall not be mandatory, with the exception of allergens information. In other words, information on allergens would always have to be provided. In addition, Member States could decide whether to require the provision of other particulars than allergens. In all cases, Member States will decide how the information is given to consumers.

In September 2009, HOTREC met with MEP Sommer, to remind the Rapporteur of the concerns of the European hospitality industry vis-à-vis the Commission proposal. Complying with the regulation would not only impose heavy burdens and costs on the industry but it would simply be unworkable for traditional restaurants and cafés, the vast majority of which employs less than 10 persons. Even the solution of limiting mandatory labelling to allergens would be de facto unworkable, because of the high risk of cross-contamination in establishments with limited working areas. No stickers, menus or verbal communication will avoid all risks. HOTREC and its Member Associations are of the firm opinion that the decision to adopt rules concerning non-prepacked food should be left to Member States.

□ **Commission report on the food hygiene package**

On 28 July 2009, the European Commission issued a report on the application of the so-called EU “food hygiene package”, which includes Regulation 853/2004 on the hygiene of foodstuffs.

In its report, the Commission points out that “*the overall experience of applying the hygiene Regulations may be regarded as positive*” and that “*Member States are, in general, satisfied with the structure and the principles*” and do not see the need for fundamental changes. More specifically, with regard to the application of Regulation 853/2004, the report finds that “*the implementation of HACCP principles is not called into question as it is perceived as relevant [...] and as sufficiently flexible*”. However, it is acknowledged that “*in most Member States, difficulties [...] were identified in small food businesses and more particularly in micro and small catering and retail establishments*”.

The Commission is of the opinion that such difficulties are due to a lack of flexibility of some national authorities rather than to the provisions of the regulation itself. Therefore, at this stage, the Commission considers as a priority a better implementation of the regulation at national level. Possible adjustments to the legislation will only be considered at a later stage.

The report, which is not accompanied by a legislative proposal, has been submitted to the European Parliament and the Council, in accordance with Article 16 of the Regulation 853/2004.

HOTREC welcomes the Commission report, as far as it acknowledges the difficulties encountered by micro and small catering establishments, such as restaurants and cafés, in implementing HACCP procedures. For years, HOTREC and its Member Associations have been advocating special arrangements in relation to micro-businesses, with less than 10 employees.

For this reason, HOTREC welcomed the Commission proposal of March 2007 to exempt micro-businesses from the application of HACCP procedures and deeply regretted that the proposal was blocked by the Council of the EU, notwithstanding the clear support expressed by the European Parliament (see Live from Brussels N°44).

□ **EU alcohol strategy and the Swedish Presidency of the EU**

In September 2009, DG SANCO issued a first [progress report](#) on the implementation of the EU alcohol strategy launched in 2006 to support Member States in reducing alcohol related harm (see *Live from Brussels N°40*). The evaluation describes the recent trends in relation to alcohol consumption as well as the main policy developments in the Member States, with regard to issues such as:

- Protection of young people (restriction on commercial communication; enforcement of age limits for selling and serving alcoholic beverages; etc.);
- Drink-driving (maximum permitted blood alcohol content; random breath testing; restrictions to the sale of alcohol on petrol stations, etc.);
- Awareness raising campaigns (drink-driving; drinking by young, etc.).

The Commission notes that the last three years have seen a steady convergence in the measures adopted by Member States on alcohol but that in some countries “*noticeable gaps remain*”. For example, some Member States have not yet moved towards a minimum 18 year limit for selling/serving alcoholic beverages, while others have not lowered the blood alcohol concentration limits to 0,5 mg/ml.

The review highlights the role of the European Alcohol and Health Forum in the implementation of the EU strategy, explaining that the Forum has made a promising beginning and that “*it will be important now to start the process to monitor and evaluate the Forum’s action*”. In conclusion, the report states that “*there is no evidence of a substantial movement on the volume and pattern of consumption since the adoption of the Strategy*” and that “*DG SANCO believes that it is now appropriate to encourage all actors to do more*”.

The next progress report on the implementation of the EU strategy is due in 2012.

Alcohol and health policies were also thoroughly debated on the occasion of an Expert Conference held by the Swedish Presidency of the EU in Stockholm on 21-22 September 2009. The participants exchanged views on a wide range of issues, including: the future of self regulation, the need of further regulation of marketing of alcohol and the significance of economic instruments (price, taxation) to reduce alcohol related harm.

The detailed programme of the Conference and the presentations delivered are available on the [website](#) of the Swedish Presidency.

HOTREC joined the European Alcohol Forum set up by the Commission in the framework of the EU strategy to reduce alcohol abuse-related harm. So far, amongst the HOTREC Members, the British Beer and Pub Association, the Finnish Hospitality Association and the Swedish Hotel and Restaurant Association have also joined the Forum. Additional information on the commitments by HOTREC and its members can be found on the HOTREC website.

❑ **Commission adopts strategy on swine flu pandemic (H1N1)**

On 15 September 2009, the European Commission adopted an EU strategy to support Member States in their efforts to respond to the swine flu pandemic ([COM\(2009\) 481 final](#)). The strategy emphasises the importance of closer cooperation at international level and of an adequate vaccination programme. Furthermore, the Commission stresses that public authorities should be prepared to address not only the health concerns but also the potential

social and economic effects of the influenza, including the possible “*decline in economic sectors involving close contacts such as tourism, leisure activities and retail*”.

Regularly updated information on the H1N1 influenza can be found on the [website](#) of DG SANCO, which includes sections on “News, Information and Advice from Member States”; “Questions and Answers” as well as links to other relevant sources (WHO, etc.).

HOTREC and its Member Associations are following closely the developments in relation to the H1N1 influenza.

CONSUMER AFFAIRS

□ Consumer rights Directive: procedure in the European Parliament re-launched

As explained in *Live from Brussels N°44*, the Commission released in October 2008 a proposal for a Directive on consumer rights ([COM\(2008\) 614/3 final](#)). The aim of this Directive is to review, simplify and improve the coherence of the consumer contract regulatory framework through the incorporation into one set of rules of four existing Directives:

- The unfair contract terms Directive (93/13/EEC);
- The distance selling Directive (97/7/EC);
- The consumer sales and guarantees Directive (99/44/EC); and
- The doorstep selling Directive (85/577/EC).

This draft Directive intends to regulate all contracts for sales of services and goods from business-to-consumer. It provides general consumer rights applicable to all service contracts and, in addition, regulates distance contracts and unfair contract terms. The text issued by the Commission contains “black” and “grey” lists of unfair contract terms (respectively contract terms always considered unfair and contract terms presumed unfair) and proposes to ban pre-ticked opt-in boxes in contracts. It also upholds the exemption from the right of withdrawal as well as the right to written confirmation of information granted in relation to accommodation contracts sold at distance. Furthermore, the Commission proposal departs from the traditional approach of minimum harmonisation used in the past and opts for maximum harmonisation, meaning that Member States would not be allowed anymore to adopt more stringent rules than those in the proposal.

The text is currently being discussed in both the European Parliament and the Council under the co-decision procedure. In the Council, the issue is still being discussed in a working party by the political experts of the Member States’ permanent representations. Member States apparently discuss the possibility to scrap the exemption from the right to a written confirmation of information for accommodation contracts sold at distance, thus limiting the exemptions benefiting the hotel industry to the sole right of withdrawal.

In the European Parliament, the procedure was re-started from scratch following the June European elections. Instead of the unusual working group of MEPs that started the examination of the text during the previous legislative term (see *Live from Brussels N°46*), the European Parliament has now opted for the usual system of Rapporteur and shadow Rapporteur. In the IMCO (Internal Market and Consumer Protection) Committee, the following MEPs were appointed:

- Mr. Andreas Schwab (EPP, Germany) – Rapporteur;
- Mrs. Evelyne Gebhardt (S&D, Germany) - Shadow Rapporteur;
- Mr. Robert Rochefort (ALDE, France) - Shadow Rapporteur;
- Mrs. Emilie Turunen (Greens, Denmark) - Shadow Rapporteur.

A public hearing was moreover organised in the EP on 29 September, where representatives from BusinessEurope, BEUC as well as academics were invited to make presentations. On the basis of the discussions held during this hearing, the Rapporteur for the IMCO, Mr. Schwab, should release before the end of the year a working document, while the IMCO should not adopt its formal opinion before February or March 2010.

HOTREC and its National Associations already welcomed the Commission proposal to maintain the exemptions from the right of withdrawal and from the written confirmation of information in case of distance contracts for the provision of accommodation, catering or leisure services. HOTREC had been fighting intensively at the time of adoption of the distance selling Directive in 1997 to obtain these exemptions. Given the specific nature of hotel room contracts and the highly perishable nature of the services provided by the hospitality industry, such derogations are essential for HOTREC and its National Associations.

Given the pressure applied by some consumer organisations (which have announced their will to fight against derogations for accommodation contracts), HOTREC joined its forces with other trade associations members of NET. This effort led to the adoption of a common NET position paper on the consumer rights Directive which states the views of the tourism industry on this legislative proposal. This common position is available on the [HOTREC website](#).

□ **Revision of the package travel Directive: impact assessment underway**

As reported in *Live from Brussels N°41* and *N°42*, the European Commission issued on 26 July 2007 a Working Document on the revision of the 1990 package travel Directive ([90/314/EC](#)) and launched a consultation on specific issues relating to package travel to which HOTREC replied. Acknowledging that the travel sector considerably evolved since the adoption of the current package travel Directive, the Commission sought the views of stakeholders on a number of issues, such as:

- Scope of the Directive and definitions (definitions of “package”, “inclusive price”; “organiser”; retailer”; “consumer”);
- Pre-contractual information/information requirements and variation in price;
- Withdrawal from the contract by the consumer and right to compensation;
- Liability of organisers (is there a need to clarify the notion of “damages”?);
- Consumer complaints; and
- Security for insolvency.

Two years after this initial consultation, the Commission hired a consultancy to carry-out an impact assessment for an upcoming legislative proposal. In the framework of this impact assessment, the selected consultancy will launch a web-based questionnaire addressed to industry stakeholders. The questionnaire will be available for a limited period of time. Besides this questionnaire, the industry stakeholders will have the opportunity to discuss with the consultants, either by means of a face-to-face meeting or a conference call with other industry representatives.

HOTREC, which replied to the previous consultation, was invited to meet on 28 October with the consultants who will carry out the impact assessment. HOTREC will also reply to the web based questionnaire as soon as it is available.

STANDARDS

□ **Review of the European standardisation system**

As reported in *Live from Brussels N°46*, the European Commission (DG Enterprise) is conducting a broad “reflection process” on how to reform the European standardisation system. The objective is to review the functioning of the current system and propose measures to address its flaws and adapt its structures and procedures to the needs of the forthcoming decade.

One of the initiatives launched by the Commission has been the setting up in January 2009 of a high level group of experts ([EXPRESS Panel](#)), with the task to propose strategic recommendations on how to reform the European standardisation system.

On the occasion of a conference organised by DG Enterprise on 14 October 2009, the participants were updated on the ongoing discussions in the EXPRESS Panel. One of the questions currently raised in the Panel is “*whether and how standardisation can further strengthen the services sector*”; in other words, if services should be one of the main areas for future standardisation in Europe. Another issue linked to this question is whether the so-called “New Approach” should be extended to services (i.e. EU legislation to define only essential requirements and to refer to European standards for technical specifications).

The EXPRESS Panel is expected to deliver its report by January 2010. Based on the outcome of the “reflection process”, the Commission will present legislative proposals in mid-2010.

HOTREC welcomed the launch of the reflection process as a positive step in the right direction. HOTREC, which is not against standards “per se”, considers a transparent and facilitated access to standardisation as essential.

However, as regards the debate on the main areas for future standardisation in Europe, HOTREC is of the opinion that a top-down approach to services standardisation at EU level is not appropriate. Moreover, the need for standardisation of services, in particular hospitality services, is not as obvious as it is for goods. Heterogeneity is a main competitive feature of the hospitality industry.

QUALITY

□ **The European Hospitality Quality logo now available in Switzerland, Hungary and Germany!**

On 18 June 2009, HOTREC announced the accreditation of the 3 levels of the German quality scheme “ServiceQualität Deutschland” under the European Hospitality Quality scheme

(EHQ) at EHQ levels 1, 2 and 3, respectively. Enterprises entitled to bear the German “Q” are now entitled to use additionally the EHQ label for advertising purposes.

As of today, 15 out of 16 German Federal States have signed up to the programme ServiceQualität Deutschland. Throughout Germany, over 2000 establishments are accredited: in total already more than 3700 establishments in Germany, Switzerland and Hungary may display the EHQ logo.

As reported in *Live from Brussels N°41*, HOTREC officially launched the European Hospitality Quality scheme on 31 August 2007 and announced the accreditation of the Swiss quality system “Quality our passion” on the same occasion.

With the launch of the European Hospitality Quality scheme, HOTREC allowed the benchmarking and comparison of existing quality management schemes in Europe, using a bottom-up approach and in full respect of the principle of subsidiarity. The EHQ is not intended to replace the numerous existing schemes at national or regional level. It rather provides a system for evaluating them as well as information on their meaning

The EHQ initiative should be seen in the context of the Directive on services in the internal market ([2006/123/EC](#)), which is directly inviting professional bodies (like HOTREC) to set up quality schemes. The EHQ initiative of HOTREC was supported by the European Parliament in its resolution of 29 November 2007 on a renewed EU Tourism policy ([P6_TA\(2007\)0575](#)).

SOCIAL AFFAIRS

□ Working time Directive – New consultation by the Commission

As reported in *Live from Brussels N° 46*, on 17 December 2008, the European Parliament rejected the main points of the Council common position on a Commission proposal for modifying Directive [2003/88/EC](#), concerning certain aspects of the organisation of working time.

In spite of the EU Czech Presidency’s efforts to reconcile the positions of the Parliament and the Council, no agreement could be reached on the 2 main controversial points: the opt-out clause and the qualification of on-call time.

As a result, the current Directive [2003/88/EC](#) remains in force. Under this Directive, Member States are allowed to opt-out from the general principle of 48 working hours per week with a maximum limit of 78 working hours. At present, 15 Member States allow total or sectoral opt-outs from the 48 hours weekly working time.

The European Commission could, however, initiate again the legislative process and issue a new proposal.

As a matter of fact, a consultation of the European social partners on a new proposal for modifying Directive [2003/88/EC](#) on the organisation of working time, could take place soon. This first-stage consultation will give an overview of the Parliament, Council and Commission positions on the issue. Social partners will be asked about the need for EU action in this area.

HOTREC will carefully monitor the developments in this matter as flexible working-time arrangements are crucial for the hospitality industry.

□ **Work-life balance package – slow progress**

As reported in the previous issues of *Live from Brussels*, in October 2008, the European Commission presented a package of documents on work-life balance. The package contains 2 legislative proposals which are currently being dealt with by the European Parliament and the Council under the co-decision procedure.

The Commission proposal ([COM \(2008\) 637 final](#)) for a Directive, amending Council Directive [92/85/EEC](#), on the introduction of measures to encourage improvements in the safety and health at work of pregnant workers and workers who have recently given birth or are breastfeeding, suggests extending maternity leave to 18 weeks (14 weeks under the current Directive). The EP Committee on Women's Rights and Gender Equality (FEMM) requested extending maternity leave to 20 weeks. However, on 6 May 2009, the plenary session of the European Parliament decided to postpone the vote on the report: it was referred back to Committee.

As a result, the Commission proposal is being discussed again in the FEMM Committee. This Committee will have to adopt, in first reading of the co-decision procedure, a new report on the proposal. MEP Edite Estrela (Portugal, S&D) has been re-appointed Rapporteur for this dossier. In the Council the dossier appears blocked.

The other Commission proposal ([COM \(2008\) 636 final](#)) concerns the application of the principle of equal treatment between men and women engaged in an activity in a self-employed capacity. It is still being discussed within the Council (see *Live from Brussels N° 47*).

HOTREC supports measures on work-life balance and protection of working women who are pregnant, have recently given birth or are breastfeeding. Nevertheless, HOTREC is of the opinion that an excessive regulation in this area will only add financial costs and additional burden to SMEs. The compulsory extension of maternity leave to 18 weeks would entail additional burdens in the majority of the Member States, where the maternity leave is currently shorter. HOTREC shares the opinion of BUSINESSEUROPE, according to which extra rules in the field of maternity protection might discourage employers from recruiting young women and could have a negative impact on women's employment possibilities.

HOTREC will carefully monitor the development of the legislative process in the next months.

□ **Parental leave – Directive to be adopted soon**

As reported on *Live from Brussels N°47*, on 18 June 2009, the European Social Partners (BUSINESSEUROPE, UEAPME, CEEP and ETUC) formally adopted an [agreement on Parental Leave](#) revising their agreement of 1995, which had been incorporated into Directive [96/34/EC](#).

The revised agreement lays down minimum requirements designed to facilitate the reconciliation of parental and professional responsibilities for working parents. It includes, amongst others, the following provisions:

- The length of the right to parental leave is extended from 3 to 4 months;
- At least one of the four months of the parental leave should be provided on a non-transferable basis;
- The right to parental leave is maintained until the child is 8 years old;
- Flexible working arrangements can be requested upon return to work;
- Member States and/or social partners are being asked to establish notice periods to be given by the worker to the employer when exercising the right to parental leave, specifying the beginning and the end of the period of leave; and
- All matters regarding income, in relation to this agreement, remain of the competence of Member States and/or social partners according to national law, collective agreements and/or practice.

At the end of July 2009, the European Commission submitted a proposal ([COM \(2009\) 410 final](#)) for a Council Directive implementing the revised Framework Agreement on parental leave. Surprisingly, the Commission proposal included a new article asking for “*effective, proportionate and dissuasive*” penalties in the case of breach of the Directive. “*These penalties may comprise payment of compensation which may not be limited by the fixing of a prior upper limit*”. None of the European Social Partners had been consulted on the introduction of this new article.

To reconcile the positions of the social partners and the European Commission on the introduction of this new provision, the Swedish Presidency has agreed to maintain the article on penalties but will delete the “no upper limit compensation”. The Directive should be adopted before the end of the year.

HOTREC took note of this agreement adopted by the European Social Partners.

COMPETITION

□ Vertical restraints: the block exemption and guidelines are being revised

The Commission block exemption Regulation [2790/1999](#) “*on the application of Article 81(3) of the Treaty to categories of vertical agreements and concerted practices*”, which concerns primarily supply and distribution agreements, is due to expire on 31 May 2010. To prepare its renewal, and following an internal assessment, the Commission published on 28 July 2009 a first draft of the new Regulation accompanied by draft “*guidelines on vertical restraints*”. The Commission also launched a consultation on these documents which remained open until 28 September 2009.

The block exemption regulation on vertical restraints is of particular importance for the hospitality industry mainly for two types of agreements that are falling under its scope:

- Franchising contracts;
- Beer supply contracts.

The draft Regulation released by the Commission is almost identical to the existing Regulation 2790/1999, as the Commission considers that the current rules are working well overall and should not be fundamentally modified.

However, a few slight modifications are introduced. They mostly intend to take into account two developments over the recent years:

- Increased market power at the level of buyers (big retailers); and
- New form of distribution, in particular due to the development of internet (online sales).

The hospitality industry is particularly concerned by block exemptions on vertical restraints, as it affects some types of contracts widely used by suppliers (e.g. beer supply contracts). HOTREC replied to the consultation by stating its support to the current draft released by the Commission. HOTREC considers that the existing regulation delivered an optimum level of performance and should therefore not be fundamentally altered.

ENTERPRISE POLICY

□ Towards an exemption from some auditing requirements for SMEs?

On 26 February 2009, the European Commission released a proposal to amend the 4th Company Law Directive (Directive 78/660/EEC) to simplify the business environment and particularly the financial reporting requirements for micro-entities in order to enhance their competitiveness and release their growth potential.

The proposal suggests establishing an option for Member States to remove the micro-entities from the scope of the 4th Company Law Directive and, by doing so, relieving them from the requirement to draw up annual accounts. An enterprise would be considered as a micro-entity if its balance sheet data do not exceed the limits of two of the three following criteria:

- Balance sheet total: EUR 500 000;
- Net turnover: EUR 1 000 000;
- Average number of employees during the financial year: 10.

The proposal is now being examined by both the European Parliament and the Council, where it proves to be controversial.

The Commission proposal is of particular relevance for the hospitality industry, as it is composed by 92% of micro-enterprises. HOTREC will therefore monitor carefully this subject. If the aim of the proposal (to simplify burdens for SMEs) is laudable, many Member States, MEPs and industry stakeholders (including HOTREC) also fear that such exemption could in fact be detrimental to those micro-entities and to their access to credit.

INSTITUTIONS

□ **Lisbon Treaty: green light from Ireland but...**

Following a first rejection of the Lisbon Treaty in June 2008, Ireland organised a new referendum on its ratification. This new referendum was made possible by political guarantees given by the EU on a certain number of issues which were deemed responsible for the no-vote (e.g. number of Commissioners). The new referendum was organised on 2 October and Ireland delivered a positive answer, thus ratifying the Lisbon Treaty.

Immediately after this result, Poland also ratified the Treaty, as it had promised in the event of an Irish yes in the new referendum. As a consequence, the Czech Republic is now the only Member State which did not ratify the Lisbon treaty yet, although the Czech parliament already signed the bill authorising the Czech president to ratify it. All eyes are now on the Czech president who is awaiting the decision of the Czech Constitutional Court on the compatibility of the Treaty with the Czech constitution.

Beyond the improved powers for the European Parliament and the extension of the areas where qualified majority is the rule in the Council, the Lisbon Treaty is particularly relevant for the hospitality industry as it contains a new competence for the EU in the field of tourism: it will allow the EU to adopt measures to support the tourism policy of Member States. HOTREC therefore follows thoroughly the ratification process and the implementation of the Lisbon Treaty.

□ **European Parliament Tourism Intergroup**

During the months of September and October 2009, NET tried actively to gather political support from MEPs for the re-launch of the Tourism Intergroup.

Tourism is normally imbedded in the EP TRAN Committee. However, the diversity of tourism (which encompasses many different services including the provision of catering, accommodation, transport, cultural, sporting and other leisure activities) also means that a large number of EU policies impacting tourism are not necessarily dealt with by the TRAN Committee. The creation of a Tourism Intergroup with participation of Members of different EP Committees and different political groups, would allow for interesting exchanges of views on horizontal issues affecting the trade.

Following numerous letters sent by the members of NET, including HOTREC, several MEPs have expressed their interest in the creation of this Intergroup. In particular, the French delegation of the EPP announced that it will support this project and appointed MEP Dominique Vlasto to negotiate with MEPs from other political groups to gather sufficient support across the political spectrum. The deadline for MEPs to grant their official support was 21 October. The deadline for the presentation of the approved intergroups by the Secretary Generals of the different Groups is 1 December and the final approval of the intergroups by the Conference of Presidents of the EP will be given on 10 December.

The hospitality industry is extremely supportive of the re-launch of this intergroup. HOTREC was therefore very active, together with other NET members, to gather political support from MEPs. The hospitality industry hopes that a sufficient support from the various political

groups of the European Parliament will allow the Tourism Intergroup to be re-launched very soon.

TOURISM

□ European Tourism Forum 2009

The 8th European Tourism Forum took place in Brussels on 9 October 2009. It focused on the impact of the recent financial and economic crisis on European tourism.

In his keynote speech, the Vice-president of the European Commission, Mr Günter Verheuguen, stressed that globalisation will continue to add new direct and strong competitors to established EU destinations. In order to react, *“the key will be to combine a smart use of our unique assets -diversity, historical heritage, good infrastructure and skills- with innovation of the product”*.

In the opening session, the UNWTO presented the latest data on tourism in the world and Europe. The study on the “competitiveness of the EU tourism industry” carried out by Ecorys & Idea Consult on behalf of the European Commission was also presented.

The first panel focused on discussions on consumer trends in the current recession. The second panel addressed the topic of employer-employee relations in tourism. Mr Martin Couchman, chair of the HOTREC Sectoral Social Dialogue Steering Committee, stressed that, in these difficult times, the European Union should undertake detailed impact assessments and enhance its dialogue with the industry before proposing new rules.

Panel three was dedicated to the issue of the regulatory framework in tourism. Martin Couchman, speaking on behalf of Kent Nyström, President of HOTREC, insisted that the new food labelling proposal is not appropriate for restaurants, cafés & pubs and similar.

The fourth panel addressed the topic of a *“2020 perspective: promoting competitive and sustainable tourism”*. According to speakers in this panel, consumers will increasingly want to know more about the destinations, especially regarding their sustainability.

Mr Pedro Ortún Silván, Director in charge of Tourism in DG Enterprise and Industry of the European Commission, closed the Forum.

The various speeches can be found under the following links:

European Tourism Day: http://ec.europa.eu/enterprise/sectors/tourism/promoting-eu-tourism/european-tourism-day/2009/index_en.htm

European Tourism Forum: http://ec.europa.eu/enterprise/sectors/tourism/promoting-eu-tourism/european-tourism-forum/european-tourism-forum-2009/index_en.htm

As always, HOTREC was very well represented at the European Tourism Forum.

□ **NET: ECC also joins NET!**

The European Cruise Council recently joined ECTAA, EFCO&HPA, ETOA, IAAPA, HOTREC and IRU as a member of NET (Network of European private entrepreneurs in the Tourism sector). With this new membership, which shortly follows IAAPA's, NET now counts 7 associations representing a cross-section of stakeholders of the tourism industry, whose joint objective is to promote the interest of private tourism entrepreneurs in Europe.

Formed in 2004, the European Cruise Council represents the major cruise companies operating in Europe. The European cruise industry has experienced major growth in the last five years, over 4,4 million European residents booking cruises in 2008. Accounting for over €4 billion in direct expenditure by cruise lines and passengers, some 311.000 jobs and nearly 22 million port visits in Europe, the industry is a major contributor to growth and employment.

ECC will add its voice and expertise to those of the other NET members, allowing NET to present a co-ordinated private industry view on EU tourism-related issues. The voice of NET is thus reinforced. NET has become the most representative umbrella for the tourism industry at EU level, standing as a key interlocutor for the European authorities in consultations on the likely consequences of their proposals impacting tourism.

However, each member organisation maintains its identity and continues to work on sector-specific issues when appropriate. NET has a flexible structure and remains open to other important industry associations representing tourism entrepreneurs in Europe. Besides ECC and HOTREC, the other members of NET are:

- ECTAA - Travel agents and tour operators in Europe
- EFCO&HPA - Camps sites, holiday parks & holiday villages in Europe
- ETOA - Tour operators bringing visitors to Europe
- IAAPA - The International Association of Amusement Parks and Attractions
- IRU - Bus, coach & taxi operators in Europe

STATISTICS

□ **Some data on the performance of the European tourism industry**

The current financial crisis and economic turmoil is putting the hospitality industry under great pressure. The figures of the September 2009 interim update of the UNWTO (World Tourism Organisation) [World Tourism Barometer](#) show that the recession in the tourism industry is continuing, however at a lower pace than in the first months of the year. According to the UNWTO, international tourist arrivals to Europe showed a decline of 8,4% in the first 7 months of 2009. Worldwide, a 7,4% setback in tourist arrivals was noted. Of all worldwide regions, Europe performed the second worst, after the Middle East.

Having in mind a rate of -10,4% for the first 4 months of 2009, UNWTO is estimating that the lowest point may have been reached in the tourism sector. Figures from the aviation sector seem to back this estimation, as the number of international passengers fell by 3% and 1% in July and August respectively, compared with 7% in the previous months.

The UNWTO is also emphasising that decline in tourism demand is partly due to the influenza A(H1N1) outbreak.

A complete update of the UNWTO World Tourism Barometer is expected to be released early November, including figures for the hospitality industry.

According to the [latest publication of Eurostat](#), the number of nights spent decreased in the EU27 in the first half of 2009 by 7,4%. Out of this total, a bigger decline was recorded in almost all Member States with regard to non-residents and a smaller decline or even increase with regard to nights spent by residents.

Looking at the performance of the hospitality industry, the Smith Travel Research's (STR) survey, quoted in the [European Travel Commission's latest quarterly report](#), shows that average occupancy fell between January and August of 2009 by 8%. However, the rate of decline in July and August was much lower than earlier in the year. The average daily rate went down by 22% and the revenue per available room showed a decline of 28% (the STR survey is only covering 4 and 5 star hotels).

The [Hotel Price Index \(HPI\) of hotels.com](#) shows that prices actually paid by travellers in Europe fell by 16% between the second quarter of 2008 and the second quarter of 2009. This means an acceleration of the price drop, which represented 15% when comparing the first quarters of 2008 and 2009. According to the HPI, the most hit European cities in terms of price decline, when comparing the first 6 months of 2008 and 2009, were Belfast, Oslo and Barcelona with a drop of 29%, 17% and 15% respectively. Only 3 cities in Europe, listed in the HPI, could achieve a slight 2-3% increase, namely Rome, Paris and Cologne.

□ **Recent Eurostat publications**

Eurostat, the EU statistical office, has recently released the following publications relating to tourism:

- [Tourism in Europe during the first half of 2009](#), Data in Focus 42/2009
- [Winter season tourism trends 2008/2009](#), Data in Focus 40/2009
- [Specialisation within the EU's non-financial services sector](#), Statistics in Focus 61/2009
- [European business – Facts and figures](#), 2009 edition (pages 421-433 dealing with accommodation and food services)

* * *