

PRESS RELEASE

Labelling on menus in restaurants; new consultation on VAT rates; condemnation of MasterCard MIFs are priority themes for the European hospitality industry

**HOTREC 57th General Assembly
Paris, France 10-11 April 2008**

On the occasion of the 57th General Assembly of HOTREC, 40 associations of 25 countries reviewed the challenges currently facing the European hospitality industry. These challenges are numerous and relate to various topics: release by the Commission of a proposal imposing labelling requirements to restaurants, consultation in relation to VAT rates, national associations' commitments within the Alcohol Forum, proposal to extend the term of copyright protection for European performers, etc. New opportunities were also looked at, such as the condemnation of MasterCard MIFs and the announcement by the Commission that it will investigate the functioning methods of standardisation bodies.

Via a video message, Mrs. Christine Lagarde, French Minister for Economy, Industry and Employment, welcomed the participants, wishing all a fruitful General Assembly in Paris. Mrs. Lagarde stressed the importance of the hospitality industry for the entire European economy. All were expecting comments on the announced "limited" Commission proposal on reduced VAT rates, to be issued later this year. The Minister underlined, that "*France will undertake all efforts to find an agreement under its Presidency, in order to allow the application of reduced VAT rates for restaurant services in Europe*".

The French Presidency will also work on encouraging mobility of apprentices. Mr. Hervé Novelli, Secretary of State in charge of Trade, Crafts, Small and Medium Business, Tourism and Services, announced that the French Presidency will make the issue a priority and will organise a conference on this theme in Paris in October 2008.

Mr. Xavier Durieu, Secretary General of Eurocommerce, made a lively presentation on the latest developments in relation to payment cards and SEPA. In relation to payment cards, Mr. Durieu stressed that the Commission ruling in the MasterCard case last December, banning the application of interchange fees on cross-border payments, is excellent news for both companies and consumers. Mr. Durieu furthermore explained that, although MasterCard appealed the Commission decision, it will have to withdraw its currently in place Multilateral Interchange Fees scheme by 21 June 2008 at the latest. There is another reason why the issue is still to be watched carefully: the Commission has just announced the re-opening of its antitrust proceedings against Visa Europe Limited, following the expiration of the exemption it had been granted in relation to its own Multilateral Interchange Fees scheme.

Mr. Rodolphe de Looz Corswarem and Mr. Pierre-Olivier Bergeron, respectively Secretary General and Deputy Secretary General of Brewers of Europe, presented the activities of the European brewing association and of the brewing industry within the European Alcohol Forum. The Forum is European platform for all interested stakeholders that commit themselves to actions aiming at reducing alcohol related harms.

At its previous General Assembly, HOTREC had decided that it would join the Alcohol Forum and some of its national associations had also expressed the intention to be directly involved. The British Beer and Pub Association (BBPA), the Finnish Hospitality Association (FHA) as well as the Swedish Hotel and Restaurant Association (SHR) have already responded to the HOTREC “call for actions” and submitted commitments to the Forum.

In relation to labelling requirements, HOTREC National Associations deplored the decision by the Commission to propose such requirements for restaurants. This proposal is simply unworkable for most restaurants and pubs. If voted as such, menus will soon be as thick as phone books! The financial burdens for catering enterprises will increase tremendously as they could be forced to hire chemists and dieticians!

Regarding the VAT issue, the Commission had intended to re-launch a broad debate on VAT rates with a July 2007 Communication. In view of the difficulties encountered by the ECOFIN Council in setting clear views on the way forward, the Commission decided, however, that the global review would be for later and that it would release a proposal with limited scope around summer 2008.

In March 2008, the Commission circulated for consultation to all parties concerned a list of questions. A first group of questions relate to the Commission proposal with a limited scope to be issued later this year: they concern labour-intensive services and locally supplied services, including restaurant services. The second group of questions relate to a more global revision of the scope of application of reduced VAT rates (no date is announced for the publication of this proposal), including suggestions for possible deletions of some goods and services from Annex III: accommodation services could be deleted from Annex III.

HOTREC and its Member Associations discussed in detail the reply to be submitted to these questions by 12 May and they will continue their efforts towards obtaining the option for all Member States to apply reduced VAT rates to restaurant services (11 Member States currently apply a reduced VAT rate to restaurants) and to keep such an option (currently made use of by 22 of the 27 countries) for accommodation services.

In relation to access to standardisation, HOTREC welcomed, as key steps by the Commission in the right direction, the launch in December 2007 of a study on access to standardisation activities as well as the release in March 2008 of a Communication on standards and innovation. Since years, HOTREC and its Member Associations have been repeating over and over again that the working procedures of the standardisation bodies at international, European and national level should be reassessed to ensure increased transparency and a fair representation of stakeholders.

HOTREC expressed concerns about the upcoming Commission proposal to extend the term of copyright protection for European performers. Such extension will necessarily increase the substantial amount of fees already paid by the hospitality industry while bringing only marginal benefits to the vast majority of artists. HOTREC will communicate its concerns to the Commission.

Many other issues were discussed, which are reported upon in “*Live from Brussels N°42*”, available at the HOTREC website www.hotrec.eu.

The next HOTREC General Assembly will take place in Prague, Czech Republic on 5-8 November 2008.

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