

## **Press Release**

**The European hospitality industry calls for a pause in the EU legislative activities!**

### **HOTREC\* 58<sup>th</sup> General Assembly**

**Prague, 6-7 November 2008**

**On the occasion of the 58<sup>th</sup> General Assembly of HOTREC, 40 hotel, restaurant and café associations from 25 European countries discussed the challenges and threats faced by the European hospitality industry at a time of great economic turmoil. On behalf of HOTREC and all its members, the President, Mr. Bernd Geyer, called for a moratorium on some of the EU's legislative activities. The cumbersome and inappropriate Commission proposal imposing food labelling requirements to restaurants should be withdrawn. A flexible application of HACCP principles to small businesses should be allowed. The pressure to develop standardised tourism services should be lessened. The European hospitality industry is currently being squeezed by a number of European policy developments exactly when the mobilisation of all its strength is required to face an abrupt economic slowdown. This is why the industry regrets the great difficulty encountered in the discussions on reduced VAT rates for restaurants services.**

#### **Economic Turmoil**

Today's financial crisis and economic turmoil have put the hospitality industry, like many others, under great pressure. As a result, many investment projects are being cancelled or postponed while the sector is witnessing a sharp slowdown of demand. Bob Cotton, Chief Executive of the British Hospitality Association, emphasised that the current economic circumstances create the worst conditions for the industry since the early 1990's. In this context, the participants at the General Assembly called unanimously for a pause in EU legislative activity affecting hospitality businesses, but to continue the support for all training and skill initiatives for the sector. As the industry is composed of 99% SMEs and provides 9 million jobs, EU institutions should try to provide a favourable political environment instead of imposing additional burdens!

#### **Better Regulation**

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\* HOTREC represents the hotel, restaurant and café industry at European level. It counts 1.6 million businesses, with 92% of them being micro enterprises employing less than 10 people. The micro and small enterprises (having less than 50 employees) in the hospitality industry representing 99% of businesses make up some 62% of value added. The industry provides some 9 million jobs in the EU alone. HOTREC brings together 40 National Associations representing the interest of the industry in 25 different European countries.

The participants also stressed that the EU institutions should stick to the “better regulation” principle, which they promote but do not seem able to apply properly; an astonishing example being the impact assessment accompanying the proposal to require food labelling in restaurants which acknowledges that “*no systematic research answered the question of how much such a provision would cost*”. Another good example of this failure to apply the “better regulation” principle is the recent consultation organised by DG SANCO in relation to an initiative for a smoke free environment, which could result in a Council Recommendation, while a consultation is organised in parallel by DG Employment on smoking at the workplace. This duplication of Commission initiatives only creates confusion and new burdens for hospitality businesses.

## **VAT**

The European hospitality industry had been counting on the rapid adoption of a Directive allowing reduced VAT rates for restaurants to accommodate part of the sudden challenges it faces. However, Mr. Alexander Wiedow, Director for Indirect Taxation within DG Taxation of the European Commission, confirmed that the views in the Council are still very divided. Therefore, HOTREC national associations fear that the industry will be left without this tool to face the falling consumer purchasing power.

## **Food Labelling**

The participants confirmed the doubts expressed by Mr. Ludger Fischer, Policy Advisor within UEAPME (Union Européenne de l’Artisanat et des Petites et Moyennes Entreprises), over the feasibility and appropriateness of the Commission proposal to impose food labelling requirements for non-prepacked food. This new legislation, if adopted, will not only impose burdens costing the industry billions of Euros, but will also be incapable of application by small restaurants, yet consumers rarely ask for such detailed information, which they can obtain from the staff or the chef upon request. This proposal is in clear contradiction to the EU motto of “better legislation” and poses a great risk of seeing small restaurants having to standardise their menus and/or being driven out of business.

## **Payments Cards**

Mr Xavier Durieu, Secretary General of EuroCommerce, made a presentation stressing concerns that MasterCard may try to circumvent the recent Commission’s antitrust decision on Multilateral Interchange Fees, while banks fail to pass on to merchants the savings resulting from that decision. This was confirmed by the participants who echoed Mr. Durieu’s call for vigilance over behaviour that severely impact the industry at a time of economic struggling.

## **Health Issues**

The participants at the General Assembly questioned, together with Mr. Durieu, the current trend followed by DG SANCO of the European Commission to shift the burden of consumer education from public authorities to businesses, as it is not enterprises’ role to educate citizens about health related risks arising from their personal behaviour. Ms. Aurora Abad, Policy Advisor within the Comité Européen des Entreprises Vins, presented to the General Assembly her organisation’s activities in the framework of the Commission’s alcohol forum.

## **Fire Safety**

This topic was actively debated, as the European Parliament is pressing the European Commission to regulate further the issue at EU level. The participants unanimously stressed that adding an extra layer of EU legislation on the top of the existing bulk of legislation in place at national/regional/local level would only bring additional complexity without increasing fire safety. As a responsible industry, HOTREC has nonetheless agreed to produce a Charter for fire safe hotels in Europe supported by a fire safety methodology. These tools are meant to help hotels of all sizes across Europe increase their level of safety, whatever the national or local legislation in place. This is also clear evidence that the hospitality industry is committed to provide safe services to its clients and that additional burdensome legislation is not needed to attain such goals.

## **Small Business Act**

MEP Klaus-Heiner Lehne (Germany, EPP-ED) presented the latest developments in relation with the Small Business Act and the European private company statute. The participants agreed with him that these initiatives could be of value for the industry providing that they are translated into reality and that the debates in the Council do not alter the initial Commission proposals.

## **Hotel Review Sites**

In an effort to facilitate the work of enterprises in the new digital environment, HOTREC launched a dialogue with hotel review sites with the publication of 10 principles last year. Five major review sites accepted to discuss these 10 principles with the industry in a specific seminar and the dialogue was considered very fruitful by both parties. Mr. David Mair, Head of Unit, welcomed on behalf of DG SANCO of the European Commission such active cooperation between different players in the industry.

## **Elections**

The 58<sup>th</sup> General Assembly also saw the election of a new President, Vice President, Treasurer and a partial renewal of the Executive Committee. The latter will consist of the following persons for the year to come:

President:	Kent Nyström (Sweden)
Vice President:	Joan Gaspart (Spain)
Treasurer:	Susanne Kraus-Winkler (Austria)
Members:	Didier Chenet (France)
	Marinus Cordesius (Netherlands)
	Ákos Niklai (Hungary)
	Evalda Siskauskiene (Lithuania)

Mr. Bernd Geyer, whose mandate as President of HOTREC will expire at the end of December 2008, was awarded the title of Honorary President as a reward for his long-term commitment in favour of the industry. Mr. Geyer participated in the work of HOTREC since its setting-up in 1979.

The next HOTREC General Assembly will take place in Stockholm on 7-9 May 2009.

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