

Press Release

**The European hospitality industry calls for a shift in EU policies
to hasten the economic recovery!**

HOTREC* 59th General Assembly

Stockholm, 7-8 May 2009

On the occasion of the 59th 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 during the worst economic crisis since the World War II. Worrying business trends were reported by all HOTREC Member Associations across Europe. On the eve of a major renewal of leadership within the EU institutions, the President, Mr. Kent Nyström, called, on behalf of HOTREC, for a shift in EU policies, based on a triptych of sound economic principles to hasten the recovery: pro-business policies, no burdensome legislation but, instead, better regulation. While the hospitality industry needs to mobilise all its strengths to survive the economic slowdown, future EU leaders must adopt more favourable policies rather than burdening further a key industry for the EU economy. HOTREC therefore welcomes the outcome of the VAT saga on reduced rates, which should serve as an example of a healthy pro-business policy. Member States are encouraged to make use of such possibility. Unfortunately, the Commission proposal imposing food labelling requirements to restaurants is a clear example of a burdensome and inappropriate legislation which should be withdrawn.

Economic turmoil and European elections

Today's deep economic crisis has put the hospitality industry under great pressure. As a result, many investment projects are being cancelled or postponed, access to credit almost evaporated and the sector is witnessing a sharp slowdown of demand. The crisis has hit hard the hospitality industry all over Europe. In Czech Republic, forecasts expect 30% of restaurants to close down in 2009. In Hungary, the hotel industry saw its revenues decline by 30% in the first three months of the year, while in Spain the restaurant turnover decreased in January and February 2009 by 5,2% and 9,7%, respectively, in comparison to January and February 2008. In France occupancy rates for hotels fell by 3,3% in January 2009 compared to January 2008, while in Ireland, the occupancy rate is likely to fall from 64% in 2007 to 54% in 2009. The VAT increases from 5% to 9%, to 19% and to 21% for

* 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.

accommodation services in Estonia, Lithuania and Latvia respectively, only add to the disastrous status of the economy of these countries. Lithuania is in addition suffering from the bankruptcy of its airline.

Given these worrying figures, and on the eve of European elections, as well as of the renewal of the European Commission, the General Assembly unanimously called on the Members of the European Parliament and future Commissioners to adopt a triptych of sound economic principles for a rapid recovery: pro-business policies, no burdensome legislation but, instead, better regulation. As the industry is composed of over 99% SMEs and provides 9 million jobs, EU institutions should try to restore a favourable political environment instead of imposing additional burdens!

Swedish presidency of the EU

The Swedish Secretary of State for European Affairs, Mr. Belfrage, made an interesting presentation of the priorities of the upcoming Swedish presidency of the EU. The participants to the General Assembly particularly appreciated that “Competitiveness” will top the agenda. They renewed their call for pro-business policies and for the withdrawal of burdening legislation in these harsh times. HOTREC President, Mr. Kent Nyström, in particular called on the upcoming Swedish presidency of the EU to ensure that food labelling will not be imposed to the hospitality industry.

VAT

The participants to the General Assembly unanimously welcomed the outcome of the saga on reduced VAT rates for restaurant services. The option to apply reduced VAT rates to meals as well as accompanying beverages served in restaurants will allow Member States to let their tourism industry benefit from a favourable rate. Such pro-business policies should become the basis of EU policies to boost the economic recovery and will help the hospitality industry survive the current crisis.

Food labelling

The participants confirmed their long-lasting doubts 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. Consumers rarely ask for detailed information; when they do so, they can obtain it from the staff of the chef. This proposal, if adopted, will force small restaurants to standardise their menus and/or being driven out of business. Even the solution of limiting the labelling requirements to allergens is not feasible because of the high risk of cross contamination in establishments with limited working areas (otherwise restaurants would need a special room to handle all dishes prepared with milk, and another for dishes including seafood, etc.). The General Assembly therefore called on the Council and on future Members of the European Parliament to strongly oppose such a possibility, which risks hastening businesses failures, while harming the European culinary heritage.

Health issues

The participants to the General Assembly voiced their discontent over the recent consultation organised by the European Commission’s DG Employment on smoking at the workplace. This initiative simply duplicates the work carried out by DG SANCO on

“smoke-free environments” and only creates confusion. The European hospitality industry therefore counts on the next European Commission to listen to its call for true “better regulation” and less red tape.

Social affairs

HOTREC National Associations also discussed the latest developments in relation to social affairs, and in particular the revision of the Working Time Directive. The participants welcomed that Member States will retain the possibility to opt-out of the 48 hours weekly working time ceiling. Such possibility is key to the sustainability of hospitality businesses in some Member States.

Fire safety

The General Assembly examined the progress carried out by the Working Party in charge of producing the Charter for fire safety in hotels in Europe and the fire safety methodology promised by HOTREC to the EU institutions. The participants received positively the first drafts produced and expressed numerous comments and suggestions for improvements. This HOTREC initiative is a clear demonstration of the hospitality industry’s commitment to the provision of safe services to its clients.

The next HOTREC General Assembly will take place in Barcelona on 5-7 November 2009.

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