

## Executive Summary

### Latest developments COVID-19

29 June 2020

#### Impact on the sector

- During March – June 2020 most business closed (either due to government restrictions or no clients)
- Airlines stopped flying
- Most countries closed their borders for non-essential travel
- Some companies were open only to do take away + home delivery services
- Companies report between 80-90% loss in turnover. Some companies report 100% loss
- Estimates point a possible loss of 6 million jobs
- State Aid is fundamental: rental relief; compensation loss turn-over; wage subsidies; tax social contribution relief. Loan guarantees less useful, as companies do not want to be in dept
- Challenge: State Aid will come to an end within some time – too expensive to keep

#### Borders

- HOTREC welcomes the coordinated approach proposed by the Commission - [COM\(2020\) 399 final](#) (11 June 2020):
  - First step: opening internal borders (15 June 2020)
  - Second step: opening external border (from 1 July onwards)
- Criteria based on: epidemiological situation + ability to apply containment measures + non-discrimination + reciprocity measures – HOTREC supports the criteria
- List of third countries to where the external border will be open being finalized (26 June 2020):
- Safe list countries contains 14 countries for the moment: Algeria, Australia, Canada, Georgia, Japan, Montenegro, Morocco, New Zealand, Rwanda, Serbia, South Korea, Thailand, Tunisia and Uruguay. Travelers from China would be approved to enter, but under the condition that Beijing would do the same for Europeans ([list to be voted Monday 29 June](#))
- HOTREC supports a coordinated approach

#### Safety + Hygiene

- Health and safety are a must:
  - to keep employees safe
  - to attract customers back to the hospitality establishments
- HOTREC welcomes the WHO guidelines on [food safety for food businesses](#) + [operational considerations](#) for COVID-19 management in the accommodation sector
- We also welcome the [EU common criteria and principles for health and safety protocols for hospitality](#)
- Both WHO + EU guidelines are not mandatory but a good basis to bring back customer trust
- Widespread development of initiatives to set up safety and hygiene standards and/or guidelines for hospitality businesses at various levels, whether public (WHO, EU, national and local governments) or private (ISO, hotels chains, Dekra, Tripadvisor)

- HOTREC recommends all companies to strictly follow the national legislation + health and safety protocols developed at national level
- By and large, some of the golden rules are:
  - Wash your hands regularly
  - Use alcohol hand rub
  - Regularly clean and disinfected areas / surfaces / objects that are touched
  - Keep social distancing
  - If an employee shows signs of the virus, launch the emergency procedure advised at national level + monitor guests who are possibly ill and proceed in the same way
- To welcome: measures that bring more confidence to the client: e.g. use of masks by the employees
- To avoid: measures that are too burdensome or without direct implication to clients  
e.g.: take the temperature of all costumers before entering an hospitality establishment + wait 24 hrs for new costumers to enter a room (what is important is correct disinfection and cleaning)

### Recovery Plan

- 27 May 2020: European Commission launches [Recovery Plan](#)
- Content: proposal to create a new recovery instrument, Next Generation EU + revision of the Multiannual Financial Framework
- The Commission has also unveiled its [adjusted Work Programme for 2020](#)
- **Next Generation EU** will raise money by temporarily lifting the own resources ceiling to 2.00% of EU Gross National Income, allowing the Commission to use its strong credit rating to borrow €750 billion on the financial markets.
- This additional funding will be channelled through EU programmes and repaid over a long period of time throughout future EU budgets – not before 2028 and not after 2058.
- The Next Generation will be build on 3 pillars:



Source: European Commission

## HOTREC position

- HOTREC advises for a two-step recover: **short term + long run**
- **Short term:**
  - Companies in need of liquidity
  - 19 March 2020: State Aid deployment by the commission welcome
  - 19 May 2020: [Sure mechanism](#) - European instrument for temporary Support to mitigate Unemployment Risks in an Emergency, adopted by Council. The new instrument will allow for up to EUR 100 billion loans in support of Member States' short-time work schemes and similar measures to protect employees and self-employed. These measures provide income replacement to vulnerable workers not covered by the 'traditional' short-time work scheme, such as the self-employed.
  - Zero-interest loans are important and should be granted that way
  - Reduced VAT rate for hospitality
  - Relation on tax in general

But more is needed: some companies did not receive enough help. Or the money needed to adapt to the new models and reality does not allow them to survive

- **Long run:**
  - HOTREC is lobbying towards the EU for at least 20% of the Recovery funds to be dedicated to Tourism
  - The Commission proposed the REACT mechanism, with a budget of €55 billion – hopefully tourism will benefit from instrument
  - Dedicated budget line for tourism should be implemented: products need to be improved in terms of quality and sustainability; a skilled workforce needs to be trained to provide an excellent service to the client and to access and use aggregate tourism data to provide a more attractive offer; carbon footprint should be lowered, etc.
  - Companies should adapt to the digital + sustainability challenges. Also for this EU funding is needed (e.g. renew buildings + develop a skilled workforce able to analyze data)
  - Big portion of funds to be allocated in structural funds: easier for companies to access
  - Effective and long-standing financing is needed (hospitality sector was the first one to open and the last one to close)
  - Reduced VAT rates set out at national level will support the recovery of the sector
  - Relation on tax

## Next steps

- Political agreement to be reached on the Next Generation EU + overall EU budget for 2021-2027 at the level of the European Council by July 2020

## European Commission Action

- **13 May 2020:** Commission launched [Tourism and Transport package](#)
  - The need to have a coordinated approach to open the internal EU borders, based on specific criteria (epidemiological - focusing on areas where the spreading of the virus is improving); ability to apply containment measures and economic and social considerations – to ensure that reopening is done in a safe manner;
  - Develop a website where information can be found, per country, on the state of the borders, as well as the available services (e.g. restaurants, bars, hotels, museums, etc, restrictions, open or closed) - [REOPEN](#)
  - Encourage the patronage voucher schemes;
  - Recognition that in the long run, digitalisation and sustainability should be part of the solution
  - [Criteria](#) for restoring tourism activities safely and gradually and for developing health protocols for hospitality establishments such as hotels
- **27 May 2020:** European Commission launches [Recovery Plan](#)

## HOTREC's activities

- High level meetings with Commission Breton, and frequent meetings with different DGs (e.g. DG Growth – Tourism Unit + DG Connect)
- Different coalitions with NET (Network for the European Private Sector in Tourism) + Manifesto + UNWTO + OECD + EFFAT (HOTREC trade union counterpart) + a broad range of stakeholders (e.g. alcohol producers, Uber, TripAdvisor, etc)
- Latest position papers:
- NET:
  - 14 April: NET letter to Commissioner Breton ([link](#))
  - 24 April 2020: NET and EUTT position paper on state-guaranteed vouchers for tourism ([link](#))
  - 8 May 2020: Proposal for Exit Plan ([link](#))
  - 20 May 2020: NET letter on the follow-up to the Tourism and Transport Package ([link](#))
- 3 June 2020: NET position paper on Recovery Plan ([link](#)) Manifesto statement on Recovery Plan ([link](#))
- Position paper social partners (HOTREC + Food Drink Europe + Food Service Europe + EFFAT) - [link](#)
- Regular contact with European Commission DG CONNECT on REOPEN website.
- Different Press Releases (coalition with NET or EFFAT)
- Best practices sharing on a systematic basis (State Aid + lockdown measures + re-opening procedures + health and safety protocols + economic impact + vouchers + what is next after State Aid)

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