

Live from Brussels Newsletter

Issue n°111 – 21 September 2022

A message by Ms Marie Audren, Director General of HOTREC



Dear readers,

Welcome to another issue of our 'Live from Brussels' newsletter.

After an overall **positive summer season**, with **demand going up, and occupancy rates gradually approaching pre-pandemic figures**, the European tourism and hospitality sector is still bound to face significant challenges in the upcoming months.

Our industry's future remains uncertain. While people are at the heart of hospitality, after COVID-19, companies in the sector are **facing severe labour and skills shortages**. We recently published two position papers proposing solutions to tackle this crucial issue.

The war in Ukraine is causing inflation and energy costs to skyrocket. You are most likely experiencing this crisis on your own skin: due to the increase in your gas and electricity bills, in the price of the food you eat, and the services you benefit from. It is the same for hospitality businesses, as they, too, are experiencing steep price increases while having to deal the post-COVID-19 recovery.

The **SMEs and micro-enterprises that make up our industry are especially vulnerable to this situation** and we fear that many of them will not be able to keep their doors open for long, should such circumstances continue. We were indeed glad to see that, in this year's State of the European Union address, President Von der Leyen stressed the need **to remove the obstacles that still hold SMEs back**.

In this issue, we had an interesting discussion on **global energy market disruptions** – along with the **Energy Performance of Buildings Directive (EPBD)**, and the Commission's **REPowerEU Plan** – with **Mr Stefan Moser**, Head of Unit at the European Commission (DG ENERGY), whom I want to thank for a clear overview and his contribution.

In other news, HOTREC is looking at a very busy season ahead, especially regarding **regulatory developments of Short-Term Rentals (STRs)** in Europe. After **publishing our report on STRs** in July, we are now **expecting the European Commission to present its Short-Term Rental Initiative** by the end of the year.

The team is also looking forward to meeting our members in Stockholm for our **85th General Assembly** at the beginning of October. We hope the two days of activities will be a relevant and fun opportunity to exchange best practices and views on pressing issues for European hospitality.

Enjoy your reading!

Discussing energy and sustainability with Mr Stefan Moser, Head of Unit at the European Commission

@Energy4Europe #EU2022CZ #RePowerEU #EuGreenDeal



Mr Stefan Moser was born in Munich in 1971 and trained as an economist and a lawyer. He joined the Commission in 2000 in DG Competition to work on control of state aid to public undertakings and services, notably financial institutions. From 2005 to 2009, he worked in DG

Environment on climate and environment policy, notably greenhouse gas emissions trading, transport emissions and air quality. From 2009 to 2015, he dealt with policy coordination in the Secretariat-General, in particular on climate, energy, environment, transport, agriculture and maritime policies. From 2015 onwards, he has served as Head of Unit in DG Energy, first on energy security and safety, and then on the energy efficiency of buildings and products.

In October 2020, the Commission presented its Renovation wave strategy as part of the European Green Deal. The strategy includes an action plan with concrete regulatory, financing and enabling measures to boost building renovation. A revision of the Energy Performance of Buildings Directive is one of its key initiatives. Can you please explain the main objectives of the proposal and how SMEs in the hospitality sector can best adapt to future required changes (e.g., minimum energy performance standards; energy performance certificates; car charging stations; bicycle parking stations)? Does the Directive, in your view, consider the different levels of renovation across the EU?

The main purpose of the proposal for a revision of the Energy Performance of Buildings Directive (EPBD) is to increase the rate and depth of renovations to contribute to the 2030 target of 55% greenhouse gas emissions

reduction and reach net zero emissions by 2050. In view of Russia's invasion and the current war in Ukraine, saving energy is the cheapest, safest and cleanest way to reduce our reliance on fossil fuel imports from Russia.

For the hospitality sector, improved energy performance of hotels, restaurants and cafes as well as increased use of locally produced renewable energy will help mitigate the impacts of high energy prices and improve the long-term viability of the sector. A key instrument in the proposal is the National Building Renovation Plans which ensures that the measures taken are closely linked to the situation in each individual Member State. Another key proposal is linked to financing and the availability of technical assistance and one-stop shops.

For the hospitality sector, meeting the needs of sustainable transport infrastructure will be a competitive advantage as travel behaviours shift to more sustainable transport modes. Therefore, the measures put forward by the Commission are minimum measures, which complement the targets for publicly available infrastructure in the Alternative Fuels Infrastructure Regulation proposal.

The EPBD recast proposal as presented by the Commission in December 2021 and the amendment on solar energy in the REPowerEU plan from May 2022 are now being discussed by the co-legislators. It is now up to the Council and the European Parliament to agree on a text that works best for all and adequately contributes both to our short-term objectives of minimising fossil fuel imports and to our long-term ambition to achieve climate neutrality by 2050.

In response to the hardships and global energy market disruption caused by Russia's invasion of Ukraine, in May 2022, the European Commission presented the REPowerEU Plan. Can you please describe the main objectives of the Plan?

REPowerEU is the Commission's response to reduce our dependence on Russian fossil fuels while speeding up the clean energy transition. In practice, this means in the short term finding new partnerships, or deepening existing ones, to secure more reliable suppliers around the world. It also means ensuring that we are prepared for future gas cuts by Russia such as filling our own gas storage levels, particularly ahead of the coming winter. It also means, from a more long-term perspective accelerating the clean energy transition by implementing proposals of the European Green Deal "Fit for 55" package, as quickly as possible and presenting new initiatives to roll out renewables, become

more energy efficient and save energy.

REPowerEU proposes even higher energy efficiency targets to 13%, from 9% already on the table in the 'Fit for 55 proposals of 2021. It also includes an 'EU Save Energy Communication' detailing short-term behavioural changes that could cut gas and oil demand by 5%, still this year and encourages the Member States to launch communication campaigns. Through these measures, we can, together, reduce our energy use and our dependency on Russia.

Companies in the hospitality sector (90% of them being micro-enterprises and 99% SMEs) are struggling with the need to cope with Green Deal targets while facing the enormous challenge of energy price increases, and still recovering from the Covid-19 crisis. Do you have a concrete message you would like to share with our members?

We are fully aware of the serious difficulties faced by many businesses and we have for this reason adopted temporary frameworks on State aid so that public authorities at the national and local levels can help struggling companies faced with lower turnover and soaring energy prices. Despite the challenges, I am confident that SMEs and micro-enterprises in the hospitality sector will be key players in the green transition. Hotels, restaurants and cafes across Europe have the opportunity to showcase innovative solutions and pave the way for sustainable choices for all citizens. Of course, financing is crucial and the EPBD proposal includes several new measures, including a requirement for MS to provide appropriate financing, support measures and other instruments to address market barriers and stimulate the necessary investments in energy renovations. In addition to the availability of financing on the EU and national level, also easy access to financing is very important for SMEs and micro-enterprises and this is why the Commission is paying a lot of attention to the rollout of One-Stop Shops in all Member States.

Finally, we have been amending the State aid rules so that the Member States can provide the necessary help to businesses for them to carry out the investments needed to reduce their energy consumption. We believe that this will really provide a win-win situation for all.

Soaring energy and food prices bring instability to European hospitality

@Energy4Europe #EU2022CZ #Energycrisis # Energy

Gas and electricity prices have reached record levels in 2022 and are expected to remain high.

The current situation – **caused by the increase in food prices, labour costs, labour shortages, and high inflation** – is producing a climate of unpredictability and fear of recession in the hospitality sector, which is still in the phase of recovery.

With the aim of tackling the high energy prices, on 14 September, **the Commission proposed a Council Regulation (COM (2022) 473 final)**. Overall, the initiative includes the following points:

- Obligation to **reduce electricity consumption by at least 5%** during selected peak price hours, in order to reduce consumption.
- A **temporary revenue cap on 'inframarginal' electricity producers**, targeting technologies with lower costs, set at €180/MWh.
- A temporary **solidarity contribution** on excess profits generated from activities in the oil, gas, coal and refinery sectors.
- Demand **reduction targets**:
 - ◊ Member States to reduce their gross electricity consumption by at least 5% during certain peak hours (binding target).
 - ◊ Member States to put in place measures (information and communication campaigns, calls for tender, financial incentives, etc.) to reduce their overall electricity consumption by at least 10% by 31 March 2023 (indicative target).
- Setting up a **European hydrogen bank**.
- Revision of the **EU's internal electricity market rules** with a view to presenting a legislative proposal in



in early 2023.

As the idea of a gas price cap is currently dividing the Member States, a working group counting with the participation of the Commission, Member States and Norway will be established. **It is currently unpredictable if legislation will be issued on the topic.**

It is now up to the Council to analyse and decide on the Council Regulation (the next meeting is scheduled for 30 September 2022).

HOTREC calls on the EU institutions to act in a coordinated way, in order to save businesses, especially SMEs. There is a need to decrease energy prices and allow companies to access energy supplies. Only in this way the hospitality sector can continue its activities and aim at being more energy efficient.

Despite a good summer season, hospitality businesses still uncertain about their future

@Energy4Europe @Eu_Social @Eu_Growth #EU2022CZ #Energycrisis #Energy #StandWithUkraine



At the end of the summer, we asked HOTREC members to share their views and information on what happened to the hospitality industry in their country over the season.

Overall, 88% of members felt that the summer season was positive or very positive. However, **even though demand was high and almost reached pre-pandemic levels, the inflation, energy prices and labour shortages once again brought much uncertainty to the sector.**

Occupancy rates of hotels for June, July and August were high approaching 88% overall. For restaurants, bars, cafés and late-night entertainment establishments, the VAT

turnover showed, in most countries, to be higher than it was over the same period in 2019.

Our members proceeded to let us know the **top 3 challenges** faced by the industry this summer:

- For 100% of the respondents, attracting and retaining the workforce in the sector (lack of labour force/lack of skills) was the main challenge this summer.
- 86% mentioned the increase in energy and food prices.
- And with 31% of the respondents both the geopolitical situation and the cash flow/loan terms were shown as challenges.

55% of the respondents believe **the disruptions will last until 2024 and 32% that they will last until 2025 and after (14% until 2023)**. A lot of members said that it was hard to predict as the sector has been affected by several different crises in recent years and will continue to do so.

Overcoming labour shortages: HOTREC's proposals

@NicolasSchmitEU @EU_Social @ThierryBreton #EU2022CZ #EUTourism #Skills

The hospitality sector significantly contributes to the EU economy, while it creates jobs and growth (**11 million** for the EU27). It is an inclusive sector that promotes gender balance and provides many first working experiences to the youth.

Nevertheless, since the COVID aftermath, **the sector is facing labour and skills shortages to an unprecedented extent**. HOTREC's **position paper on labour shortages** aims at analysing the reasons for the current phenomena and puts forward concrete solutions. We believe that **enhancing legal migration**; promoting **different forms of work** and the



image of the sector; developing **education and training** programmes; revamping the **hospitality skills passport**, and promoting **digitalised procedures** could be possible ways out of this crisis.

In addition, the paper **highlights initiatives taken by HOTREC members at the national level to tackle these challenges**.

We remain engaged to, together with the EU institutions, continue working on possible solutions.

HOTREC unveils new report on Short-Term Rentals

@EU_Commission @DigitalEU @EU_Growth @ThierryBreton @vestager #STR #EUTourism #EU2022CZ

HOTREC is expecting the European Commission to present its Short-Term Rental Initiative by the end of 2022. In anticipation of the initiative, HOTREC published a new report on Short-Term Rentals (STRs). The report **provides a vision of how to regulate short-term rentals and an analysis of key regulatory developments from the past**. Together with the report, HOTREC also published a position paper summarising key findings of the report.

The growth of STR accommodation phenomena brought many risks: unfair competition, safety hazards consumers are exposed to, unreported tax income and pressure on affordable housing. To address these challenges, HOTREC believes that **the upcoming initiative should establish a level playing field across all accommodation services and propose a framework that will protect and benefit consumers, residents, local communities and the entire EU tourism ecosystem**.

The initiative should therefore **establish a mandatory host registration system and mandatory data-sharing obligations; empower local authorities** to manage the development of STR services, particularly regarding market access conditions for STR hosts; and support national fiscal authorities with relevant data. It should also introduce measures that will aim to reach a comparable level of health, safety and security as those already well-established for regulated tourism accommodation services (hotels, guesthouses, etc.), and ensure that basic rules apply to all STR hosts (professionals and peers).

The full report is available [here](#). A shorter position paper can be accessed [here](#).

40% of the world's food is lost or wasted every year

@EU_EESC @EU_Health @EU_ENV @EUAgri @EU_Growth #FoodWasteEU #Hospitality #SMEs

40% of the world's food is lost or wasted every year¹ and one in nine people in the world can't get enough to eat. This is as daunting as it sounds.

But in the lead-up to the **International Day of Awareness of Food Loss and Waste** on 29th September, **let's highlight our industry's actions to minimise food waste**. And ultimately cut green emissions and transition to a more sustainable ecosystem.

The hospitality industry is innovative and determined to act. Local initiatives are mushrooming all over Europe. They are a testimony of the food revolution in which our sector is engaged. A restaurant in Helsinki was recently awarded the Michelin Green Star celebrating exclusive sustainable actions. They introduced an in-house composter and offer their suppliers composted soil to take back to their fields. **They also started to measure edible food parts in plate leftovers.**

In that regard, the European Commission is working on a **proposal to introduce mandatory food waste measurement targets** across the EU. HOTREC advocates for indicative/voluntary instead of mandatory targets. We believe that given the heterogenous nature of our sector, made of 90% of micro-enterprises, a one-size fits all methodology would not provide good results. **Costs arising from mandatory food waste measurement in small hospitality establishments shouldn't be neglected. Client satisfaction either.** Incidentally, the UK NGO Wrap recommended excluding SMEs from the scope of the *Food waste measurement reporting for food businesses in England*, arguing that mandatory reporting wouldn't be cost-effective for SMEs (more [here](#) p.43).

Rethinking business routines, dedicating resources to waste and training the workforce to sustainable practices take time. And time is money, even more so when current margins are tight for most food businesses.

¹ NB: Food loss is made at the production stage while food waste occurs at the retail and consumer levels.

Legal Migration: one step to tackle labour shortages

@NicholasSchmitEU @EU_Social @ThierryBreton #EU2022CZ #EUTourism #Skills

HOTREC welcomes the European Commission **package on legal migration** presented on 27 April 2022 and we believe it can be part of the solution to **overcome the labour shortages facing the hospitality sector**.

We fully support the activation of the **Talent Partnership** and welcome the fact that the Commission intends to include the hospitality sector as part of the initiative.

We call on the European Commission to include the hospitality sector as well in the **EU Talent Pool** and hope that the sector is part of the pilot project focusing on Ukraine. The aim is that employers are able to find employees in third countries, according to their skills.

The sector is committed to helping the Ukrainian refugees be integrated into the hospitality sector labour market, if willing. But **support for the training** is needed from national governments and the EU.

We welcome the revision of the **Long-Term Residents Directive** and of the **Single Permit Directive**, as a way to facilitate the procedures for legal migrants to stay in Europe.

It is essential that the low and medium-skilled people are part of the Talent Partnership; EU Talent Pool and part of the legislative proposals.

HOTREC position paper on Legal Migration

Preparing for winter: European Commission's proposal to avoid new surge of Covid-19 cases

@ThierryBreton @vonderleyen @Eu_Growth #EUTourism #COVID19

On 2 September 2022, the European Commission published a Communication on the "EU's response to COVID-19: preparing for autumn and winter 2023" (**COM 2022 (452 final)**). The objective is to propose, measures to avoid a surge of COVID-19 cases in the upcoming autumn and winter season.

In particular, the Commission recommends that the Member States **improve the vaccine uptake of the primary vaccination course** and **prioritise the administration of an additional booster dose** for specific population groups.

HOTREC fully supports the preventive approach of the Commission and welcomes its position on travel-related issues and welcomes the Commission's objective of **enjoying unrestricted freedom of movement if the epidemiological situation allows**. Travel restrictions should only be introduced where they are absolutely necessary and proportionate for the protection of public health. For example, measures such as mask-wearing should be considered before introducing travel restrictions.

We also support the Commission's proposal to encourage Member States to **use the EU Digital COVID Certificate** if necessary; **eliminate the ECDC colour-coded country categorisation**; adopt a full person-based approach; and **revise the list of countries whose nationals would face temporary restrictions to enter the EU**.

We fully believe that **preventive measures should be planned and applied as early as possible**, as well as lessons learned, so that seamless travel can prevail across the EU.

Closing the glass loop in the HORECA sector

@A4Europe @ACI_Europe @CLIAEurope @EFFAT_org @eraaorg @ETC_Corporate @ETRC_ @eutraveltch @IAAPAEMEA @the_IRU @NECSTouR @spiritsEUROPE @WTTC #EuropeanTourismManifesto #LiveFromTheNetwork #EUTourism



Since joining Close the Glass Loop¹ in 2021, HOTREC has supported the platform's ambitious objectives to reach 90% of glass collected for recycling by 2030.

In September, HOTREC took part in the 5th CGL Board Meeting to take stock of progress accomplished over the year. In 2020, in the EU27 and the UK, on average 79% of glass bottles and jars were collected for recycling (see more below).

Additionally, in the course of 2022 and 2023, CGL is performing a study dedicated to **glass Packaging in the HORECA sector** to ensure exchange of best practices between the hospitality sector and the glass collection & recycling value chain. Stay tuned!

¹ Close the Glass Loop is an **action platform** bringing together 14 EU associations, including glass manufacturers, processors, food & beverage producers, hospitality, extended producer responsibility schemes and municipalities, to **close the collection gap**.

What's next

In the HOTREC Team's and membership's agenda

- 22 September** – HOTREC Restaurants, Bars, and Cafés & Late-night entertainment working group meetings
- 23 September** – HOTREC Sectoral Social Dialogue (SSD) Committee meeting
- 27 September** – World Tourism Day
- 29 September** – International Day of Awareness of Food Loss and Waste
- 6-8 October** – HOTREC 85th General Assembly in Stockholm, Sweden
- 27 October** – HOTREC Sustainability working group meeting
- 14-16 November** – European Tourism Forum
- 29 November** – HOTREC event at the European Parliament



www.hotrec.eu