

# Live from Brussels Newsletter

Issue n°110 – 13 July 2022

## A message by Ms Marie Audren, Director General of HOTREC



Dear readers,

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

The summer season has officially kicked off, and the European tourism and hospitality sector is performing well. Earlier in June, we were glad to hear that both the European Travel Commission (ETC) and the World Tourism Organisation (UNWTO) were optimistic about prospects for the sector, announcing a rise in **travel confidence** and an **increase**

**in worldwide international arrivals.**

Nonetheless, the future of our industry is still on shaky ground. The impact of rising inflation and soaring energy and food costs is already tangible for businesses. Tackling it will require further guidance and funding from the European Institutions and the Member States.

The same goes for labour and skills shortages. If you had a chance to travel this summer, you probably already noticed the severe effects of this crisis: from airlines having to reschedule or cancel flights to longer waiting times at your favourite restaurant. Hospitality simply cannot run without people. Should this situation continue any further, it risks stalling the long-awaited recovery post-pandemic.

Sustainability also remains a top issue for HOTREC, especially concerning the **necessity for a fit-for-purpose Emissions Trading System (ETS)** to help European tourism and hospitality go green; and the **revision of the European Commission's Energy Performance of Buildings Directive (EPBD).**

HOTREC will keep a close eye on these issues and continue teaming up with members, industry partners, and European Institutions. Collaborating with the newly inaugurated Czech presidency of the EU Council will also be essential to keep up the great work and effectively tackle the most urgent problems. I want to thank Czech Minister Ivan Bartoš for **answering our questions** on presidency priorities for the next six months.

I want to conclude by celebrating a crucial win for European hospitality: a few days ago, the European Parliament **approved the Digital Markets and the Digital Services Acts.** We consider this decision a considerable achievement for our industry on the path to guaranteeing hospitality companies a fairer relationship with platforms. If you want to know more about this topic and our position, I invite you to check out our **press release** and **2022 Hotel Distribution Study.**

**I wish you all a great summer!**

## Interview with Ivan Bartoš, Minister of Regional Development and Deputy Prime Minister for Digitalization of the Czech Republic

@PiratIvanBartos @EU2022\_CZ #EU2022CZ #EUTourism #hospitality



**Minister Ivan Bartoš** is the incumbent and long-time chairman of the Czech Pirate Party. He earned his PhD in Information Studies and Librarianship, and gained international experience while studying in the USA at the Department of Computer Science, University of New Orleans. He later took up professional jobs in several Czech and multinational companies within the IT field.

**On 1 July 2022, the Czech Republic took over the Presidency of the Council of the EU. Could you tell our readers more about the main priorities of the Czech Presidency concerning the European tourism and hospitality sector?**

The Czech Presidency (CZ PRES) will concentrate on issues which will help the sector recover from the pandemic in order to guarantee sustainability, resilience, digitalization and green transition of the sector. We will continue the debate on the European agenda for tourism 2030, which aims to cover all these issues. We will focus on the preparation of legal regulation of short-term rentals in order to provide more transparency and

safeguard a level playing field in accommodation services. The European Tourism forum (ETF) will be the highlight of events planned to be organized within CZ PRES. Topics such as protection of travellers on package tours, short-term rentals, sustainability of tourism and its digitalization are going to be discussed. Targeted marketing activities that help overcome the significant decrease in tourism flows will be the topic of ETF as well.

**After Covid-19, companies in our sector continue facing considerable difficulties – from skill shortages to a high risk of insolvency. The Russian invasion of Ukraine and the following rise in energy and food prices are putting the survival of these businesses even more on the line. Taking these challenges into account, what are your views on the recovery of European tourism and hospitality?**

Firstly, I would like to say that according to the data available so far, European tourism is currently experiencing a recovery. We have seen a gradual opening up of borders and the lifting of COVID restrictions. This, in my opinion, is proof of the resilience of the tourism ecosystem in Europe. I would like to thank and congratulate all the hard-working professionals in the tourism sector who have contributed to the recovery. At the same time, I firmly hope that regardless of current and future challenges, the strong recovery will continue.

It is very difficult to predict the development of tourism in Europe as it will depend on a number of variables. First of all, it will depend on whether we can get through this autumn and winter without another significant wave of the COVID-19 pandemic and related restrictions. Of course, the war in Ukraine is a very serious threat that is affecting international tourism throughout Europe and is threatening Europe's image as a safe destination. Its economic and environmental impact is an unprecedented challenge for the tourism services sector. However, I still believe that it is absolutely crucial that we are able to operate without further covid-related closures and restrictions on travel. If it is possible to travel without restrictions, I am sure that tourism will gradually return to being one of the dynamic and thriving sectors of the European economy.

**Looking to the future, what are your key messages for the European hospitality industry?**

The key message is to pay attention to trends (greening, digitalization etc.) and listen to what clients want. The COVID-19 pandemic has hastened the onset of some long-standing trends, notably the push to greening and increasing the sustainability of the tourism sector, the move away from mass activities and group travel and towards individuality, and the maximum emphasis on digitalization of communication and services in the tourism industry. I firmly believe that innovation is the key to future success. I am fully confident that the European tourism sector is absolutely capable of delivering these innovations.

Another important trend is sustainable mobility, and active tourism, such as cycling or hiking. In this respect, the Czech Republic, for example, has a competitive advantage in its rich network of marked hiking trails (including wheelchair-accessible trails), the construction and maintenance of which have long been the focus of the Czech Tourist Club.

## One step further towards a fairer digital environment

@ThierryBreton @DigitalEU #EU2022CZ #Digital #DMA #DSA

On 5 July 2022, the European Parliament endorsed the Interinstitutional Agreement on the two texts of the Digital Service Package: the **Digital Services Act** (DSA) and the **Digital Markets Act** (DMA).

HOTREC applauds the results achieved in the DMA. Above all, we believe that the market leader for intermediated online hotel sales, **which commanded almost 70% of the European market in 2019**, will fit among the 'designated gatekeepers' based on the criteria set out by EU lawmakers. Co-legislators have also adopted the right remedies to reign in online platform gatekeeper power in this area by setting out a ban on narrow price parity clauses, which prevent hoteliers from offering a better price on their own channels than the platform and providing business users with better access to the data generated by their listings.

HOTREC is also very supportive of the DSA. A strong regulatory framework is essential to reinforce the bargaining power of millions of European SMEs and establish a level playing field with collaborative economy services. Under the new rules, intermediary services, namely online platforms – such as social media and marketplaces – will have to take measures to protect their users from illegal content, goods and services. It will largely facilitate the removal of illegal offers of services such as illegal offers of Short Term Rentals. On the latter, we strongly believe that the Commission's intention to put forward a proposal for a **Regulation on Short-term Rentals Services** in the coming months is another essential building block **to create effective, proportionate and fair rules for STR services**. These are essential to bring the industry in line with fellow tourism service providers and ensure that the industry is effectively contributing to the 'real' economy, supporting the rebirth of European tourism in the aftermath of the Covid pandemic.

The DMA and the DSA will still have to be formally adopted by the EU Council in July and September respectively. After that, both pieces of legislation will be published in the Official Journal of the EU.

The DMA will enter into force 20 days later and will be directly applicable in all Member States six months thereafter. We count on the Commission to take all the necessary steps to **enforce this crucial piece of legislation for the sector**.

The implementation of the DSA provides for a transposition period of 15 months and the 1st of January 2024 has been chosen as the latest date. In order to ensure effective and uniform implementation of requirements under the DSA, the Council and Parliament have decided to confer on the Commission exclusive power to supervise very large online platforms (VLOPs) and large online search engines (VLOSEs) for the obligations specific to this type of actor. Platforms will be **supervised at the European level in cooperation with the Member States**. This new supervisory mechanism maintains the country-of-origin principle, which will continue to apply to other actors and requirements covered by the DSA.

Picture: *European Parliament, Multimedia*

## A fit-for-purpose Emissions Trading System essential to help the tourism industry go green

@the\_IRU @IAAPAEMEA @Energy4Europe @EU\_ENV @EU\_Growth @EP\_Transport #EU2022CZ #ETS #EUGreenDeal #EUTourism #FitFor55 #Sustainability

As part of the Fit for 55 package, the European Commission issued a proposal to revise the Directive on Emission Trading System (ETS) (**COM (2021) 551 final**). The proposal includes a chapter dedicated to

buildings and transport (both business and private) as a way to reach less than 55% of carbon emissions by 2030, compared to 1990 levels. This separate upstream system will regulate **fuel suppliers** (rather than households and car drivers). According to the Commission proposal, both private households and businesses needed to contribute their fair share. **We considered this a fair approach.**

HOTREC is, nevertheless, extremely concerned with the result of the vote by the European Parliament at its plenary meeting on 22 June 2022, as MEPs decided the ETS II will apply initially **only to commercial buildings and commercial road transport activities, starting in 2025. The system could then possibly be extended to private activities** related to these sectors (i.e. households), from 2029 onwards, depending on the results of a prior impact assessment by the Commission. In addition, we also **don't agree that national taxation and charges for carbon emissions can be added** on top of the new EU ETS charge.

As it stands, the **private tourism sector will not be able to cope with the extra costs**, while bankruptcies will continue to proliferate. A **fit-for-purpose ETS** needs a universal set price for CO<sub>2</sub> to foster the greening of both vehicles and buildings and a one-stop shop for pricing CO<sub>2</sub> emissions.

At the same time, we welcome that the Council's general approach is close to the Commission proposal and added a temporary possibility for member states to exempt suppliers from the surrender of allowances until December 2030, if they are subject to a carbon tax at the national level, the level of which is equivalent or higher than the auction price for allowances in the ETS for the buildings and transport sector.

We also advocate that ETS revenues are used to support the green transition through support to technologies that contribute to energy, resource savings and pollution reduction.

Both companies, especially SMEs, and private householders should have easy access to the Social Climate Fund for the necessary infrastructural changes to be implemented.

## Energy Performance of Buildings directive: pros and cons for European hospitality

@Energy4Europe @EU\_ENV @EU\_Growth #ETS #EUGreenDeal #EUTourism #FitFor55 #Sustainability

As part of the Fit for 55 package, the European Commission released a proposal to revise the "**Energy Performance of Buildings Directive**". **We welcome the revision of the Directive as an important step to help reach carbon neutrality by 2050.** Nevertheless – as stressed in our recent **position paper** – **we are concerned with new infrastructural adjustments that need to be done by companies**, as the last revision of the Directive took place in 2018 (the Member States needed to comply until mid-2021). This will bring **more costs and burdens to companies**, especially SMEs.



For instance, infrastructures for sustainable mobility are relevant for the hospitality sector (e.g., car charging stations; bicycle parking stations). Nevertheless, the level of detail of the proposal is unproportionate. The subsidiary should prevail. In addition, specific financing instruments and incentives should be foreseen especially for SMEs.

Finally, it is positive that companies are aware of the **cost savings** they will have at a later stage. But it is to note that companies **should not be penalised with tax increases**, otherwise the potential savings will be jeopardised.

We count on the co-legislators (the European Parliament and the Council) to take our position into account.

# EU minimum wages: compromise reached among Parliament and Council

@Europarl\_EN @EUCouncil @EU\_Social @NicolasSchmitEU #EUMinimumWage #SocialAffairs

On 6 June 2022, the European Parliament and the Council reached a **compromise** in their negotiations on the proposal for a Minimum Wage Directive. Overall, HOTREC very much welcomes that the criteria included under the adequate statutory minimum wage are not mandatory. Notably, reference to international reference values such as 60% of the gross median wage and 50% of the gross average wage could be included **and/or indicative reference values used at the national level**.

We also welcome the fact that variations and deductions need to be proportionate and have a legitimate objective.

We are, nevertheless, concerned with the promotion of collective bargaining in wage settings. In fact, where the collective bargaining coverage rate is **less than a threshold of 80%**, Member States shall provide a framework for enabling conditions for collective bargaining and establish an action plan to promote collective bargaining. This, in our view, interferes directly with the autonomy of social partners.

On 16 June, Social Affairs Ministers formally approved the agreement. In September, the proposal is scheduled to be formally approved during the European Parliament plenary session.

# EU rules on platform work: HOTREC expresses concerns over Parliament report and proposes alternative solutions

@Europarl\_EN @EU\_Social @NicolasSchmitEU #Platforms #SocialAffairs

In May 2022, MEP Gualmini (S&D/Italy) issued its draft report on Platform work (**2021/0414(COD)**). **HOTREC expressed major concerns with regard to the report, as it aims at automatically transforming every self-employed into an employee**. This is due to the complete elimination of the criteria on the employment status presumption. This would put at risk the concept of being self-employed.

At the same time, a reference to national criteria, jurisprudence or collective agreements has been eliminated from art. 5 (possibility to rebut the legal presumption). This could represent a potential redefinition of a worker as defined in each Member State.

Instead, **HOTREC proposed to completely eliminate the legal presumption**. A one-size-fits-all approach cannot apply to determine the employment status in the Member States. This would respect well-established collective bargaining agreements; European Court of Justice ruling; differences in taxation and social security, etc.

Only if this option is not feasible, then a second solution could be deployed: **require a majority of criteria for the legal presumption to take effect** (instead of two criteria out of five as proposed by the Commission) and **provide the legal presumption with a suspensive effect while being rebutted**.

# EU DCC extension approved

@Europarl\_EN @EUCouncil @EU\_Growth #EUTourism #EUDigitalCOVIDCertificate

The EU Digital COVID Certificate (EUDCC) was extended until 30 June 2023. Both EU Member States in the EU Council and the European Parliament approved the move. It is good news for now until we can make travelling in the EU seamless again.

We welcome this extension, as it will ensure that, when needed, EU and non-EU citizens connected to the EU DCC system can continue travelling smoothly within the EU.

HOTREC continues to advocate for the suppression of the EU 'white list' – a list of third countries deemed safe by the EU – introduced to restrict non-essential travel from third countries into the EU. According to the World Health Organisation (WHO), **travel restrictions were found ineffective and failed to limit the spread of the Omicron variant across the world**.



The EU DCC was first adopted on 14 June 2021 with the intention to ease travel and the free movement of people within the EU during the pandemic. It was also required to access hospitality establishments in some countries. In May 2022, 1.8 billion EU DCCs were issued from more than 90 countries. New Zealand and Singapore are the latest countries to have joined the scheme. Other important markets such as South Korea and Australia could follow through. However, the perspective of the US and Canada joining the system is rather grim.

## Live from the network

Joining forces with our Members & industry partners towards a stronger sector

### European Tourism Manifesto event: celebrating the reopening of travel

@A4Europe @ACI\_EUROPE @CLIAEurope @ECTAAEurope @EFFAT\_org @eraaorg @ETC\_Corporate @ETOA @ETRC\_ @eutraveltech @IAAPAEMEA @the\_IRU @NECSTouR @spiritsEUROPE @WTTTC #EuropeanTourismManifesto #LivefromTheNetwork #EUTourism



On 29 June, the **European Tourism Manifesto**, an alliance of 70 different public and private tourism-related organisations, gathered to celebrate its achievements during the COVID-19 pandemic – in particular on securing support measures and harmonization of travel rules including the EU DCC.

**HOTREC President met with the European Parliament Vice-President Papadimoulis** (GUE-NGL/Greece) together with other industry stakeholders. During a reception hosted by MEP István Ujhelyi (S&D/Hungary), and organised by the European Travel Commission (ETC), the HOTREC

team engaged with Members of the European Parliament, DG GROW Director Superti, the DG GROW Tourism Unit and other partners in the European tourism ecosystem.

Since the alliance's inception in 2015, HOTREC has actively supported the European Tourism Manifesto to speak with one voice toward the European institutions. **We look forward to the continuation of this fruitful cooperation on tourism-related priorities.**

# What's next

In the HOTREC Team's and membership's agenda

**14 September** – HOTREC seminar on the Package Travel Directive

**22 September** – HOTREC Restaurants, Bars, and Cafés & Late-night entertainment working group meetings

**23 September** – HOTREC Sectoral Social Dialogue (SSD) Committee meeting

**6-8 October** – HOTREC 85<sup>th</sup> General Assembly in Stockholm, Sweden

**27 October** – HOTREC Sustainability working group meeting

**14-16 November** – European Tourism Forum



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