

# Live from Brussels Newsletter

Issue n°109 – 18 May 2022

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



**Dear readers,**

Welcome to our 'Live from Brussels' newsletter. As we publish this new issue, our team is looking at the outcome of the 84<sup>th</sup> HOTREC General Assembly, which took place in Prague in late April. The event has been the perfect opportunity to exchange views with our members and guests on the direction European hospitality is taking amidst the slow recovery and the dramatic geopolitical situation.

A moving speech from our colleagues of the **Ukrainian Hotel and Resort Association** (UHRA), joining us online from Kyiv, highlighted the unthinkable struggles hoteliers in the country are experiencing and described a severe refugee crisis. I am proud of having UHRA among our members and applaud the HOTREC family and the entire hospitality sector for their essential role in welcoming the Ukrainian people fleeing the war zone.

Overall, we are concerned by the combined impact of pandemic-related issues and the recent increase in inflation rates and energy and food prices and keep asking for continued support and access to EU funding. In this context, I believe that the recent **decision by the Irish government** to extend the 9% reduced VAT rates for tourism and hospitality is precisely the kind of measure that the industry needs to help companies get back on their feet.

Despite remaining cautious, what emerged from the event is also a sentiment of optimism. European countries all over Europe are lifting travel and quarantine restrictions – an initiative which, just this week, we warmly welcomed together with our colleagues from the **European Tourism Manifesto** alliance – while still warning the EU on the **need to revise the Council Recommendations on travel**. We hope for the reestablishment of international travel if the epidemiological situation allows it.

In this issue, we had a chance to discuss the recovery and the impact of the Ukrainian war on the European tourism ecosystem with **Mr Eduardo Santander**, Executive Director of the **European Travel Commission** (ETC), whom I want to thank for his precious contribution.

Our General Assembly also gave us an opportunity to celebrate a crucial achievement as last March EU legislators reached a **landmark agreement** that will lead to the final adoption of the Digital Markets Act (DMA). We believe that the DMA text will ensure that hoteliers are treated more fairly by online travel agents and tackle behaviour that undermines the sector's digitalisation. Our Members also provided us with valuable and constructive insights to build a level playing field and support future rules on short-term rentals at European and local level.

To conclude, it is a pleasure for me to announce that, come June 1st, the **Turkish Restaurant & Entertainment Association** (TURIYD) will join HOTREC as a new associate member. We are looking forward to welcoming you and working together to make European hospitality thrive!

**Enjoy your reading!**

## Interview with Mr Eduardo Santander, Executive Director of the European Travel Commission (ETC)

Tags: @santander\_edu @ETC\_Corporate #EUTourism



### Mr Eduardo Santander

Eduardo Santander is the Executive Director of the European Travel Commission (ETC), an association of NTOs created in 1948 to promote Europe as a tourism destination. In this role, Mr Santander steers ETC's activities aimed

at building the value of tourism for the countries of Europe through cooperation in sharing best practices, market intelligence and promotion. Mr Santander has over 15 years of experience in tourism marketing, brand development, business consulting, advocacy and public affairs. He is a passionate advocate of freedom to travel, smart connectivity and sustainability in tourism and beyond.

### 1. While it finally seems that we are leaving the pandemic behind, Covid-19 severely impacted the tourism sector, and it seems unlikely that the industry will fully recover in the short term. Is Covid-19 still a source of concern for travellers? What will be the main drivers for the recovery?

Indeed, we see clear signs that the European tourism sector is steadily recovering from Covid-19 and there is cause for optimism. Helped by the Covid-19 vaccines, as well as destinations' health protocols and certifications, travellers are now less hesitant about travelling within Europe and from abroad. Covid-19 is finally ebbing as the primary factor influencing consumer travel plans.

The recovery will be driven by strong domestic and intra-European travel. We see that the desire across Europe for travel is undoubtedly strong. With summer approaching, three in

four Europeans are eager to take a trip by September. It's also promising that over half of them plan to visit another European country.

People are finally feeling more at ease and comfortable travelling. Thus, we expect a release of pent-up demand from more risk-averse groups of travellers. ETC's data shows that travel intentions for this summer increase with age, rising from 69% among Gen Z to 83% among baby boomers.

Our research also predicts transatlantic travel between the US and Europe to be one of the key drivers of the sector's recovery. We expect that the share of European travel from the US will return to pre-pandemic levels relatively quickly, and ahead of demand from other long-haul markets, such as Asia-Pacific.

### Can you describe the impact of the Ukraine invasion on the travel business in Europe, and how do you anticipate it will affect the industry in the months to come? How do you see the Ukraine invasion impacting travellers' confidence?

First of all, the Ukraine invasion will hit neighbouring countries and those most reliant on Russian and Ukrainian travellers hardest. The impact of the war will mostly hurt destinations in Eastern Europe such as Cyprus, Montenegro, Latvia, Finland, Estonia, and Lithuania, where Russians made up at least 10% of total inbound travel in 2019. Beyond this, Russian tourists tend to be high spenders so an even larger impact will be felt in terms of tourism expenditure in these destinations. Moreover, the impact of the war in Ukraine could affect travel sentiment to Europe from overseas markets, especially to nearby countries.

Aside from the direct effects of reduced travel, the conflict has created other problems for the European travel sector. This conflict has triggered a sharp spike in energy prices, which will directly affect the costs of transportation and tourism services. Other rising costs, such as food, may also erode consumer demand and further impact travel in a range of markets. Additionally, the closure of Russian airspace to most Western European carriers will impact European-Asian air connectivity.

We at ETC keep calling on EU institutions to provide sufficient and timely financial aid and other support to the sector, especially to destinations heavily reliant on tourism from Russia and Ukraine. Following the devastating impact of Covid-19, travel businesses in affected regions cannot sustain another major crisis at their doors.

### 3. Can you tell us about the European Travel Commission's priorities and main projects? How do you see the role of the hospitality industry in promoting Europe as a sustainable tourism destination?

ETC's activities in the past two years have been fully focused on supporting our members in times of crisis and on paving the way toward a more sustainable and resilient travel sector. Throughout the Covid-19 pandemic, we have been working hard, together with other partners in the EU tourism sector and the European Tourism Manifesto alliance, to push for the restoration of international mobility and harmonise travel rules across Europe. Let me take this opportunity to thank the HOTREC team for great cooperation on this!

At the same time, we have been running marketing campaigns both in Europe and in overseas markets to restore travel confidence and keep Europe at the top of the minds of travellers. This work is crucial now as the borders are finally opening up and long-haul travellers can return to their favourite European destinations.

We also believe that even though triggered by such a dramatic crisis, now is the perfect moment for tourism destinations and businesses to truly embrace more sustainable and ecological practices. Together with our national members, we are transitioning from a market-focused approach to having sustainable tourism at the core of our activities. Our team is currently working on developing ETC Strategy 2030. The upcoming strategy will define how the organisation and its members can contribute to the green and digital transition of European tourism in the coming years, and better support the sector's recovery following the impacts of the pandemic. This strategy will also be aligned with the EU Transition Pathways for Tourism and the European Green Deal.

#### 4. A message to the European hospitality sector.

The hospitality industry is at the forefront of the European tourism transition towards the tourism of tomorrow. We believe that Europe should not be the first destination in tourist numbers and income, but rather the best one in quality and experience we're offering to our guests.

Europe's cafes and hotels are the ones meeting the travellers face to face and being the centre of the travel experience. As the travel landscape changes quickly, it will be up to your industry to adapt services and meet new travel demands. This ranges from launching innovative tools to responding to new health & safety demands and implementing more ecological practices.

There are many challenges ahead of us. But, on behalf of ETC, I can assure you that Europe's national tourism organisations are here to support you in this journey!

## Czech presidency of the Council of the EU: expectations and asks

@ondrej\_profant @EU\_Council #EUMinimumWages #EUTourism #PlatformWork #STR

At HOTREC 84th General Assembly in Prague, Czech Vice Minister for Regional Development, Mr Ondrej Profant, presented his country's **priorities for the EU Presidency relevant to hospitality**. It includes reaching a level playing field for the sector and boosting the green and digital transition for tourism. Minister Profant reminded us that hospitality provides jobs and growth but was being impacted by rising energy and food prices.

Although we haven't yet seen the Presidency's working programme, **we hope to see progress on the tourism pathways to help the recovery and transition of the tourism sector as well as the development of the European Commission's initiative on Short-Term Rentals.**

By and large, we anticipate the lifting of all travel restrictions, allowing international travellers to come to Europe again.

In addition, on Social Affairs, **we call for the proposal for a Directive on Minimum wages to respect the well-established collective bargaining**, as well as national statutory systems. We also hope that the proposal for a Directive on Pay Transparency **protects SMEs and micro-enterprises from extra administrative burdens**. On Platform work, we would welcome indicative EU criteria – not mandatory – in order to avoid any interference with labour status at the national level.





# EU Institutions reach political agreements on Digital Markets and Services Acts

#Digital #DMA #DSA @Europe2022FR @ThierryBreton @vestager



EU lawmakers reached a landmark agreement on Friday 25 March 2022 which will lead to the definitive adoption of the Digital Markets Act (DMA). On this occasion, **HOTREC applauded** the EU **for setting new rules targeting digital gatekeepers which exercise disproportionate power towards their business users and consumers.**

HOTREC notes that the market leader for intermediated online hotel sales, which commanded almost 70% of the European market in 2019, will feature among the 'designated gatekeepers' based on the criteria set out by EU lawmakers. EU lawmakers 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.

One month later, on Monday 25 April, the Council and European Parliament reached a provisional political agreement on the Digital Services Act (DSA). **The DSA meets the HOTREC White Paper for Hospitality policy request objective to revise the EU regulatory framework to ensure that 'what is illegal offline is illegal online'. It will largely facilitate the removal of illegal offers of services such as illegal offers of Short Term Rentals.**

The DSA will introduce several requirements to online platforms based on their size and role. Online marketplaces will notably be required to collect and display information on the products and services sold by sellers in order to ensure that consumers are properly informed.

## EU travel and tourism stakeholders call for international travel boost

@ETC\_Corporate @EU\_Commission @EU\_Council #Tourism #EUDigitalCovidCertificate #EuropeanTourismManifesto

HOTREC, together with the **European Tourism Manifesto** alliance, supports the extension of the **EU Covid digital certificate** for one year period (until July 2022).

Overall, travel and tourism stakeholders **welcome the relaxation of travel restrictions within Europe but alert the EU of the need to revise the Council Recommendations on travel within the EU**, as well as the Recommendation for non-essential travel from third countries. Our position is available [here](#).

Our main priorities include lifting the white list (list of countries for which travel restrictions should be lifted); the recognition of all WHO vaccines (without the need to perform further testing); and the necessity of implementing the EU DCC in a consistent manner with regard to children and young adults below 18 years of age.

We believe **these objectives will boost international travel as well as intra-EU travel and tourism to pre-COVID levels.**

It is to note that, in April 2022, the European Parliament appointed a special Committee COVI tasked with looking into the European response to the pandemic. Hospitality and tourism are to be considered as sectors heavily impacted. Drawing on lessons learned, COVI is expected to produce a report to Parliament containing action recommendations in 2023. HOTREC already wrote to the Committee Chair and Vice-Chairs offering to provide the sector's perspective, including via hearings and exchange of views with elected Members.

## Package travel: to be or not to be?

#Tourism #EUTourism #Travel

Becoming a package organiser or not: that is the question that comes to mind of hoteliers nowadays. While the paramount objective of the **Package Travel Directive** (PTD) was to enhance travellers' protection, it **created hurdles for hotels and impacted travellers' experience**. It's now up for revision.

The PTD regulates pre-arranged package holidays and self-customised packages where travellers choose different elements from a single point of sale. It was revised in 2015 to reflect the development of online linked bookings. The COVID-19 pandemic and Thomas Cook bankruptcy unveiled issues relating to the application of the rules including insolvency costs.

HOTREC replied to the European Commission (EC) public consultation on 10 May. **We support a targeted revision of the PTD to better reflect the specificities of hospitality businesses in Europe**. We call in particular for a simplification of the scope, definitions and pre-contractual information obligations; an extension of the list of services sold with a simple hotel room without constituting a package; the maintaining of flexibility around pre-payments to manage no shows; and a needed reflection on the burden raised by insolvency protection requirements for small establishments.

As a member of the EC expert group, **HOTREC will contribute to an evaluation study and impact assessment on a potential revision**.



## European Commission unveils updated Vertical Block Exemption Regulation (VBER)

#Competition #Distribution #MFN

On 10 May, the European Commission published the **new Vertical Block Exemption Regulation** ('VBER') accompanied **by the new Vertical Guidelines**. The Commission has also published **an explanatory note**. **The revised VBER and Vertical Guidelines will enter into force on 1 June 2022**.

HOTREC's initial takeaways from the text, which will affect relations between hospitality businesses and online intermediaries such as OTAs and restaurant delivery platforms, are that **wide price parity clauses will not benefit from the block exemption anymore** – which means that they will be considered as incompatible with the EU Treaties. **Narrow price parity clauses will remain authorised as a general rule but it will be possible for the European Commission to withdraw this authorisation in highly concentrated markets**.

## European Court of Justice: EU law does not prevent municipalities from requesting fiscal data from platforms

#Taxation #Justice #STR #VAT

On 27 April, the **European Court of Justice rejected a case brought by Airbnb Ireland against Belgian regional legislation** requiring it to provide information to tax authorities on tourist transactions.

The European Court of Justice (ECJ) ruled that requiring providers of property intermediation services and, in particular, operators of an electronic accommodation platform, to transmit to tax authorities certain particulars of tourist transactions was not contrary to European Union law. The ruling concluded that – because it was of a fiscal nature – the requirement was excluded from the scope of the EU directive on electronic commerce.

**HOTREC welcomes the ECJ's verdict insofar as it brings in a crucial confirmation that requiring platforms to share tax data with relevant authorities does not hinder the freedom of movement of services to the extent that it covers all providers of property intermediation services, irrespective of their place of establishment and the manner in which they mediate.**

Following the judgment, the case will now return to the Belgian Constitutional Court.

## Confirmation of online bookings: European Court of Justice clarifies what the consumer needs to know

#Distribution #Consumers #Justice

**When can a booking be considered as finalised when buying online? The European Court of Justice delivered an important judgement on the validity of contracts by electronic means on 7 April to clarify this issue.**

The case was brought to the European Court of Justice by a local German court following a dispute between a hotelier and a consumer regarding the validity of a contract concluded via Booking.com. After a no-show, the consumer contested the payment of cancellation fees to the hotel despite having clicked on the 'I'll reserve' button and entered personal details before clicking on a button labelled with the words 'complete booking'.

The local court asked the Court of Justice whether the formulation 'complete booking' is a formulation 'corresponding' to the words 'order with obligation to pay': should only the words that appear on that button be taken into account, or should the overall circumstances of the ordering process also be taken into consideration?

The ECJ ruled that, according to Directive 2011/83, 1 where a distance contract is concluded by electronic means through an ordering process and entails an obligation on the part of the consumer to pay, the trader must, first provide that consumer directly before the placing of the order with the essential information relating to the contract and, secondly, explicitly inform that consumer that, in placing the order, he or she is bound by an obligation to pay.

## Digitalization of the visa application system most welcome

@EU\_Commission @ThierryBreton #Tourism #EUTourism #Travel

On 27 April 2022, the European Commission issued its proposal for the digitalisation of the Schengen visa process (**COM(2022) 658 final**).

Following the proposal, **visa applicants will be able to apply for a visa online**, including paying the visa fee through a single EU platform, regardless of the Schengen country they want to visit and the platform will automatically determine which Schengen country is responsible for examining an application, in particular when the applicant intends to visit several Schengen countries.

The platform will also provide applicants with up-to-date information on Schengen short-stay visas, as well as all necessary information regarding the requirements and procedures (such as supporting documents, visa fees or the need for an appointment to collect biometric identifiers).

**Appearing in person at the consulate would only be mandatory for first-time applicants** for the collection of biometric identifiers, for applicants whose biometric data are no longer valid or for those with a new travel document.

**HOTREC welcomes the improvements and thanks to the European Commission for having listened to HOTREC's concerns during the consultation phase.** Travel is now made easier for visa applicants, while procedures are made more effective and secure.



# Pay Transparency: a compromise protecting SMEs and collective bargaining is needed

@NicholasSchmitEU @EU\_Social #SocialAffairs #PayTransparency #SocialRights

On 5 April 2022, the European Parliament plenary **approved the mandate of the EMPL and FEMM committees** of the European Parliament to negotiate with the Council on the proposal for a Directive on Pay Transparency.

Therefore, it is now time for the European Parliament and the Council to find an agreement in the trilogue negotiations.

HOTREC's main priorities, as a compromise, include respecting national legislation and collective agreements; applying the principle of "equal work and work of equal value" when there is a minimum number of comparators available; and exempting SMEs from reporting and joint pay assessments.

**HOTREC believes, nevertheless, that the right way to overcome the gender pay gap, would be through the improvement of quality and availability of childcare facilities, as well as facilities for the elderly; and by the promotion of education programmes fighting gender stereotypes and changing mindsets since an early age.**

## Live from the network

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

### Hotel 4.0 Summit in Portugal: accelerating the digitalization of the sector to remain competitive and overcoming Covid-19 uncertainty

@AUDREMAR @hotel4zero #LiveFromTheNetwork #Digital #hotel4zero #EUTourism #Hospitality #SMEs #TogetherForHospitality



On 11 May 2022, Ms Marie Audren, HOTREC Director General, joined the Hotel 4.0 Portugal Summit: a conference organized by the **Association of hotels, restaurants and similar establishments in Portugal** (AHRESP) and aimed at finding ways to accelerate the digital transformation of hotels, thus overcoming the uncertainty of the post-Covid world and increase the competitiveness of SMEs through innovative and practical tools.

Ms Audren participated as a keynote speaker in the panel 'Strategic Challenges of Tourism in the New Digital Economy', and had a chance to share with participants HOTREC views on key issues in the European hospitality, such as the current geopolitical crisis in Europe and the ways it could affect the sector; the full recovery of European hospitality; and digitalization of the industry.

*"Since the end of February this year, we have been reminded that none of the challenges we went through can be compared to the suffering of people that have been caught in a war they did not want." Stated Ms Audren. "The **Ukrainian Hotel and Resort Association** (UHRA) joined HOTREC last year with great enthusiasm and willingness to improve the hospitality scene in Ukraine. I want to take this opportunity to pay tribute to our colleagues, the Ukrainian people, and to praise the solidarity of the hospitality sector across Europe."*

She later commented on digital issues affecting the industry: *"HOTREC wants to contribute to a more innovative and digital European hospitality. This requires investments, skills & a long-term commitment, and can appear like a mountain to climb for SMEs focusing on their core business: providing hospitality."*

A recording of the event is available on YouTube at this [link](#).

# What's next

In the HOTREC Team's and membership's agenda

**18 May** – HOTREC Distribution working group meeting

**19 May** – European Platform tackling Undeclared Work: sub-group on refugees

**19 May** – Conference: " Shaping the restaurant of the future: the impact of digital"

**31 May** – Dedicated hearing on social dialogue recommendations

**2 June** – 10<sup>th</sup> Conference of the Slovenian Hotel Association (TGZS)

**6-9 June** – DIVETOURL project: team meeting in Slovenia

**6-7 October** – HOTREC 85<sup>th</sup> General Assembly in Stockholm



[www.hotrec.eu](http://www.hotrec.eu) 