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Welcome to the Portuguese Presidency

Live from Brussels Newsletter

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A message from Ms. Marie Audren, Director General of HOTREC



Dear reader,

I want to start by wishing you all a Happy New Year. While there is no way of foreseeing what the future holds for the European hospitality sector, I am confident that we are in a year of hope and recovery.

The recent surge in COVID-19 cases across Europe means that many of our establishments remain closed. These companies are struggling for survival. Facing today's challenges, they need a perspective for an exit strategy very soon and extended significant support to last beyond the coming months.

The closure of our establishments has led to a dramatic knock-on effect on suppliers. These businesses are intrinsic to the functioning of the hospitality sector. Together with a large number of European associations, social partners, [we are calling for a hospitality task force across the EU Institutions](#) to discuss the impact that COVID-19 has had on business and jobs and deliver a road map for the recovery of the hospitality sector and its value chain.

We welcome that Portugal, taking over the Council Presidency on 1 January, views tourism's recovery as a priority and aims at paving the way to a more digital, greener and fairer Europe. This is an opportunity to put clearly tourism and hospitality at the heart of the recovery, in particular as Member States present their Recovery and Resilience Plans. We are part of the solution, not the problem. A vibrant Tourism ecosystem will help to rebuild the economy.

EU heads of state and government recently vowed to work together towards common travel restrictions, testing, and vaccinations. We welcome their decision, but looking ahead it is safe to say that what businesses need now are [more certainty and further coordination](#).

On the legislative front, among many initiatives, the EU presented its Digital Services and Markets Act (DSA and DMA), which [will allow our industry to level the playing field](#) and its businesses to increase their control over their digital presence. We were glad to discuss this topic in an interview with MEP Saliba, whom we thank for his informative words and contribution to this newsletter.

We hope you will enjoy our newsletter!

Priorities of the upcoming Portuguese Presidency of the Council of the EU to fight COVID-19 and help European hospitality

@Alexagiussaliba Tags: #Digital #DSA #Tourism

On 15th December 2020, the European Commission proposed the Digital Services and Markets Act. We asked MEP Alex Agius Saliba to share with HOTREC his views on the DSA and DMA in the tourism and hospitality industry.



MEP Alex Agius Saliba

is a Maltese politician. He was elected Member of the European Parliament in 2019 on behalf of the Labour Party. After his election, he was appointed as rapporteur of the Digital Digital Services Act by the Internal Market and Consumer Protection Committee. In January 2020, he was listed by POLITICO Europe as one of the 20 MEPs to watch during 2020. He is married to Sarah Agius Saliba, the former mayor of Ғаž-Ғеббуғ, and has a daughter, Amelia. They currently reside in Siġġiewi.

1. As the rapporteur for the legislative initiative report on the Digital Services Act, do you find that the European Commission's proposals on the DSA and DMA offer a fair reflection of what was proposed by the European Parliament?

There is no doubt that both those proposals will be a game-changer for Europe and the world's digital future. They are a significant step on the road to having a fairer digital single market, making it easier for smaller companies to scale up. Online platforms have acquired unprecedented powers by becoming rule setters in their rights, creating a digital environment suited to their vested interests. Big digital companies have used their powers to surveillance users, decide what we can say and read, and see and buy online. Consumers have been exposed to online scams or faulty products with no legal protection online whatsoever. Those were some of the central problems and recommendations based on which the European Parliament has adopted its reports on the Digital Services Act.

The Commission has taken on board quite a few of the Parliament's recommendations, such as introducing the principle of what is illegal offline should also be illegal online, know your business customer, extraterritoriality, transparency measures. They have also introduced provisions on online advertising and on the algorithms used to recommend content to users, and provisions that will affect online market places and consumer protection. The Commission has also introduced ex-ante rules to tackle the current imbalances with large online platforms like Google, Amazon, and Facebook. And if those big platforms break the rules, then they will be imposed fines and structural remedies. However, some of the proposed measures fall behind the European Parliament's ambitious reports and there need to be further work to strengthen and clarify

certain measures, such as on notice and actions, consumer protection, know your business customer, enforcement.

2. Many observers predict that the DSA and DMA will be heavily debated and take at least two years to be adopted. Which issues are in your opinion likely to be the most intensely debated?

The digital transformation has profoundly changed the functioning of the global economy and society. Unfortunately, the existing legal framework was lagging and needed an update in several areas. The Digital Services Act and the Digital Markets Act are the first comprehensive upgrade of the current legal framework introduced 20 years ago. Those two pieces of legislation must create a new legal framework regulating digital services, including online platforms and marketplaces, by creating a digital environment built on trust, choice, and a high level of protection for all consumers, citizens, and SMEs. The DSA and DMA should protect and safeguard citizens' and consumers' rights and guarantee a better and safer digital environment with real, tangible rules in a virtual world with no borders. The road ahead will be long and for sure very intense.

Therefore, it is fundamental that the European Parliaments' reports on the DSA provide the framework and starting point for the future discussion. For example, the principle of "what is illegal offline is also illegal online," together with consumer protection and user safety principles, should feature more prominently in the text. Companies established outside the EU, targeting the European markets, consumers, and citizens, should comply with DSA and DMA. Online harmful business models, manipulation, and discriminatory practices designed to maximise user attention dedicated to the platform based on illegal or sensationalist content need to be adequately addressed. To this end, certain specific measures, such as KYBC and stricter standards on harmful advertising practices, digital nudging, micro-targeting, recommended systems for advertisement,

and preferential treatment, will be necessary to reduce the number of illegitimate traders and illegal activates online. Those are only a few of the points to be discussed in the coming months and years.

3. As an MEP from Malta, where tourism is key for the economy, do you think that the DSA and DMA can bring improvements for tourism and hospitality SMEs when dealing with large Internet companies?

The COVID-19 pandemic had a serious impact on the tourism and hospitality sector. The evolving digital developments and use of internet platforms for a wide set of activities, including tourism and hospitality have changed the ways in which consumers and companies interact. They have brought many benefits, but as well as some pitfalls. The collaborative economy platforms in the transport and tourism sectors are key in how those sectors will recover in the future. The tourism and transport sector have their own particularities that definitely needs to be looked in both the DSA and DMA. In the tourism and transport sectors, the DSA should aim at ensuring a level playing field and a legal certainty for SMEs. There needs to be clarity and a clear framework formalising the cooperation between platforms and national, regional and local authorities aiming especially at sharing best practices and establishing a set of information obligations of short-term rental and mobility platforms vis-à-vis their service providers concerning relevant national, regional and local legislation.

Portugal takes over the rotating Council Presidency

Tags: #Digital #EU2021PT #SMEs #SocialAffairs #Sustainability

On 1st January 2021, Portugal took over the Council rotating Presidency and will be presiding until the end of June 2021.

Its programme was published under the motto 'Time to deliver: a fair, green and digital recovery'. Portugal has confirmed that, in line with the Trio Presidency Programme, the key priorities of its Presidency are:

- A Resilient Europe - Promoting recovery, cohesion and European values;
- The Recovery of the tourism sector, with a focus on SMEs, is a priority;
- A Green Europe - Promoting the EU as a leader in climate action
- The European Green Deal (promote the objectives of decarbonisation, energy efficiency, the circular economy, sustainable mobility). Improving the energy performance of buildings and improving water management are topics high on the agenda;
- A Digital Europe - Accelerating the digital transformation for citizens and businesses. Digital skills, the digital transformation of businesses and digital platforms, e-commerce, payments and taxation are also high priorities;
- A Social Europe - Enhancing and strengthening the European social model, adequate minimum wages, pay transparency measures, regulation on new forms of work. Collective bargaining will advance in the Council;
- A Global Europe - Promoting a Europe that is open to the world.

The first [draft of the Council Conclusions on Tourism](#) has already been discussed at Council level. HOTREC fully supports them.

Restrictions on non-essential travel might be put in place by Member States

Tags: #COVID19 #Tourism #Travel

On 19th January 2021, the [European Commission issued a Communication](#) with the aim to coordinate measures to beat COVID-19 and on 21 January the European Council issued its [oral conclusions](#).

Under the present public sanitary and health context, with the variant of the virus that appeared in the UK, Member States are willing to take similar measures to avoid the spread of the virus. In this sense, non-essential travel might be limited again.



Heads of State and government also issued an [agreement](#) on antigen tests and mutual recognition of results. With regard to vaccination, procedures should be accelerated and a standardised and interoperable form of proof of vaccination for medical purposes will be worked upon.

[HOTREC considers that coordination of travel restrictions needs to be a priority](#). In case restrictions to non-essential travel are put in place, this should be lifted as soon as the epidemiological situation improves. Such measures constitute a threat to the freedom of movement. Moreover, financial support needs to be prolonged and increased to reach out to all companies. Finally, massive testing and vaccination need to be in place, as the way forward in preparation for the summer season.

Main objectives reached by the December European Council: recovery plans and emission reduction goal agreed

Tags: [#BuildBackBetter](#) [#RestartTourism](#) [#Sustainability](#) [#Tourism](#)

On 11-12 December 2020, EU leaders reached a historic [agreement](#) on the recovery package and on the 55% emissions reduction goal.

The Multiannual Financial Framework (MFF) together with the Next Generation EU recovery instrument of €750 billion, will allow the EU to provide €1.8 trillion of funding over the coming years to support recovery from the COVID-19 pandemic.

Most of the sectoral EU funding programmes are expected to be adopted in early 2021 and will apply retroactively from the beginning of 2021.

HOTREC calls on Member States to include tourism at the centre of the recovery plans so that the hospitality sector reaches the level of digital, sustainability and skills that is required for the next decade.

Moreover, and to meet the objective of a climate-neutral EU by 2050 in line with the Paris Agreement, the European Council endorsed a **binding EU target** of a net domestic reduction of **at least 55% in greenhouse gas emissions by 2030** compared to 1990.

HOTREC welcomes the target as part of the EU Green Deal. But is counting on the necessary EU and national funding to pursue the goals. Only in this way, micro-enterprises and SME's will be able to renew buildings; reduce the carbon footprint; become more energy and water resources friendly.

Booking.com and Expedia commit to aligning practices with EU consumer law

Tags: [#ConsumerProtection](#) [#Digital](#) [#Distribution](#)

The European Commission announced on 17 December that [Booking.com](#) and the [Expedia Group](#) have committed to improving the presentation of their accommodation offers, aligning it with EU consumer law.

The changes followed close dialogue with the European Commission and EU consumer authorities and concern information on promotional offers and discounts as well as influencing techniques.

Booking.com and the Expedia Group are now displaying more accurately:

- which offers are promoted;
- how payments received by accommodation providers have influenced rankings;
- how many people would like to book the same hotel for the same dates and how many rooms are left on the website;
- the total price the consumer will pay for the accommodation including mandatory fees and charges;
- price comparisons to ensure only genuine discounts are advertised as such;
- whether the host is a professional or a private person.

When engaging with the companies, the Commission stressed the need to ensure precise and easy access to cancellation practices as part of the response to travel disruption related to the COVID-19 pandemic. National consumer authorities will now take further steps to hold the whole industry accountable to the same standards. Enforcers will liaise with European trade associations, online

travel agents and hotel accommodation providers expecting them to adhere to the same principles and commitments as Airbnb, Booking.com and the Expedia Group.

European Commission publishes proposals for Digital Services and Markets Acts

Tags: #DMA #Digital #DSA

On 15 December, the European Commission made two new legislative proposals: the [Digital Services Act \(DSA\)](#) and [Digital Markets Act \(DMA\)](#). The DSA and DMA will address new challenges that have surfaced with digital developments, and aim to ensure that users, consumers and businesses continue to benefit from digital developments.

HOTREC [welcomed the European Commission's announcement](#), highlighting that these proposals could reduce hospitality businesses' dependence on large platforms.

The DSA proposes one set of rules applying horizontally to all digital services active in the EU, including those based outside the EU. As such, new rules will apply to all online intermediaries including online travel and accommodation platforms as well as food delivery platforms. Digital services will nevertheless face asymmetric regulation based on the size, impact and role.

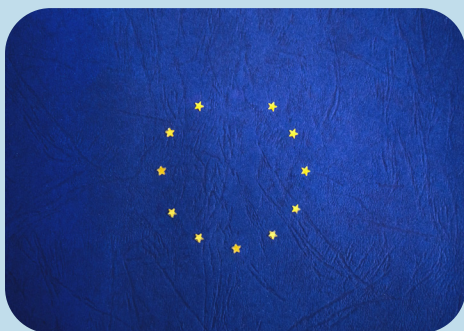
Very large platforms will be required to comply with these requirements and face additional obligations, notably a requirement to share data with authorities and researchers as well as ensure transparency of recommender systems.

Under the DMA proposal, new rules would specifically apply to the largest online platforms operating in the EU, i.e. 'gatekeeper platforms' and have a lasting, large user base in multiple countries in the EU. Gatekeeper platforms will be required to comply with an additional layer of requirements (do's) and prohibited practices (don'ts).

Most observers predict that this process will take at least two years to complete and will be the field of an unprecedented lobbying battle in both Brussels and the EU Member State capitals, with so-called [Silicon Valley 'Big Tech' investing huge means](#) to avoid stricter regulation applying to their activities. As Regulations, both laws will be directly applicable to all EU Member States on a fully harmonized basis once adopted and both texts are relevant for EEA countries.

New challenges for the European hospitality sector as post-Brexit agreement enters into force

Tags: #Brexit #Food #SocialAffairs #Tourism



The trade and cooperation agreement detailing the EU-UK future relationship provisionally entered into force on January 1st. How will this unprecedented treaty impact our sector?

Issues for tourists and hospitality entrepreneurs

International travel – Business travellers and holidaymakers will need to hold a passport with at least six months' remaining validity and may face new checks at border control. At least for now, travellers will not need a visa if staying in the EU (and vice versa) for less than 90 days.

Employment – With a post-Brexit points-based immigration system designed to favour high-skilled workers over low-skilled ones – the majority in our sector – most [EU citizens with a salary lower than £20,480 will not be able to take a job in the UK](#).

Fresh foodstuff – Restaurants importing perishable goods – such as meat and seafood – are going to face extra paperwork and troublesome delays that might undermine the freshness of the products imported. This poses issues especially for SMEs and the hospitality supply-chain.

Tariff-free? – While the agreement promises zero tariffs or quotas on traded goods to ensure lower prices for consumers, only products predominantly produced or processed in the UK will obtain zero-tariffs access according to the so-called rules of origin.

Next on the EU agenda

Given the last-minute nature of the agreement, the European Parliament did not have a chance to ratify

ratify the treaty. MEPs will have to examine and approve the text before its official entry into force. The treaty is set to apply provisionally until February 28th – with already talks of delaying this deadline to sometime in April.

Hospitality sector in the UK to work closely with the government

According to [UKHospitality](#), working hand-in-glove with the government in the upcoming months will be key to face the combined effects of the coronavirus pandemic and the entry into force of the post-Brexit agreement.

The industry has proved historically, and even in the last twelve months, that it can drive impressive growth at short notice, with the right conditions. What the sector needs at these delicate times, amongst other things, is: ensuring that the VAT cut to 5% is applied on the broader UK sector and extended for 12 more months; enacting a further business rates holiday for hospitality for 2021/22 to protect communities and repair businesses; ensuring increased liquidity and support for workforce and the supply chain; extending the repayment and interest-free period for all government-backed loans to 10 years and deferring tax payments until December 2021.

Q2 and Q3 2020 figures show sharp decline in hospitality employment and turnover

Tags: #COVID19 #Hospitality #Statistics

Before the outbreak of the COVID-19 pandemic, the hospitality sector provided 12 million jobs per year, represented 2 million companies (90% of them are micro-enterprises) and contributed with 5% of the GDP to the EU economy.

During March and May 2020, most hotels, bars, restaurants, cafés were closed either because of lockdown measures or the lack of customers due to travel restrictions or the absence of consumer trust. During Q2 2020, [the sector's turnover in the EU dropped by 63.25% compared to Q2 2019](#). Though a slight recovery was observed over the course of Q3 2020, [turnover remained roughly 44% lower than during Q3 2019](#) in the EU27.

In employment terms, hospitality services employed [1.84 million fewer in Q2 2020 than in Q2 2019](#), and 1.56 million fewer in Q3 2020 than in Q3 2019. The European Commission [has predicted a loss of 6 million jobs for the tourism sector in the months ahead](#).

Online payments: Several EU Member States delay full Strong Customer Authentication (SCA) enforcement

Tags: #ConsumerProtection #Digital #OnlinePayments

Strong Customer Authentication (SCA) rules entered into application on 31 December 2020. According to reports, several EU Member States are delaying full enforcement of the rules (Austria; Belgium; Denmark; France; Germany; Ireland; Italy; and Lithuania).

HOTREC believes that new rules on online payments for SCA, which aim to counter online payment fraud, risk causing significant difficulties for many European businesses in 2021. Established by the second Payment Services Directive, SCA requires that electronic payments be performed with multi-factor authentication. However, many businesses in Europe, including travel and hospitality sector companies, have highlighted that they will need to make a substantial number of changes to websites and payment systems in order to comply with the new requirement. The impact of the COVID-19 crisis on the sector is likely to accentuate the difficulty of complying with these new requirements.

European Commission publishes Platform 2 Business Regulation Ranking Transparency Guidelines

Tags: #Digital #Platforms

On 7 December 2020, the European Commission published the much-awaited [Ranking Transparency Guidelines](#). These guidelines are essential to interpret key provisions of the [Regulation 2019/1150](#) – the so-called Platform to Business Regulation – regarding requirements for online intermediary service and online search engine providers to set out the main parameters that determine ranking and the reasons for the relative importance of those parameters as opposed to other parameters.

Drinking-Water Directive entered into force

Tags: [#Health](#) [#Sustainability](#)

On 16 December 2020, the European Official Journal of the EU published the outcome of Directive 2020/2184 ([L435/1](#)) on the quality of water intended for human consumption, commonly known as “Drinking Water Directive”.

The agreed text builds upon and goes even beyond the recommendations of the World Health Organisation on safety standards for drinking water. The Directive introduces the obligation for Member States to improve or maintain access to safe drinking water for all, with a focus on vulnerable and marginalised groups. It also foresees better access to information for citizens regarding water suppliers, concerning for example the quality and supply of drinking water in their living area. The Directive will improve consumers' confidence in drinking water from the tap, cutting waste from the use of plastic bottled water.



HOTREC very much welcomes that Member States **may take measures**, such **as encouraging the provision of serving water for free or for a low service fee, for customers in restaurants, canteens, and catering services**. Therefore, an obligation to provide water for free is not in place.

The text should be implemented at national level until 12 January 2023 in all Member States.

European Commission opens the floor for feedback on creation of an EU digital levy

Tags: [#Digital](#) [#Taxation](#)

On 18 January, the European Commission launched a [public consultation](#) on a new digital levy. This initiative aims to ensure fair taxation in the digital economy, while at the same time contributing to Europe's recovery.

Tax systems have been lagging behind global technological developments over the past number of years. This has resulted in digital companies paying much less tax than they should. The COVID-19 crisis has also exacerbated this situation as it has accelerated the transition towards a more digital world and boosted profits and revenues for many online companies. The digital levy would help to ensure that EU rules are fit for purpose in the digital economy and that companies, whether digital or not, compete in Europe on fair terms, and in doing so contribute to the recovery.

Farm to Fork strategy measures: on-going consultation

Tags: [#Food](#) [#Health](#) [#Sustainability](#)

On 6 January 2021, under the umbrella of the Farm to Fork, the European Commission released an [Inception Impact Assessment](#) on the following topics:

- Origin labelling
- Front-of-pack nutrition labelling
- Nutrient profiles
- Date Marking

An impact assessment to revise Regulation (EU) No 1169/2011 on the provision of food to consumers will be presented during 2021. A legislative proposal will come up with the legislative proposal by Q4 2022.

With regard to the origin labelling, HOTREC advocates strongly for the **continuation of the existing legislative framework where the origin or provenance of foods would not be mandatory information** and it is provided either on a voluntary basis or by means of national law.

As ingredients/supplies regularly change in restaurants (to guarantee the freshness of the products and its diversity), providing information on origin labelling on non-prepacked food would represent a huge challenge for the hospitality sector (from which 90% are micro-enterprises). Work would not be

manageable (at least for non-prepacked food).

HOTREC supports the remaining initiatives and hopes that the front-of-the pack nutrition labelling will be launched together with the nutrient profiles initiative, as both initiatives go hand in hand.

The consultation put forward by the Commission is open until 3/02/2021.

Collective bargaining for the self-employed: Commission consultation

Tags: #SocialAffairs

According to the [European Commission inception impact assessment](#) on collective bargaining for the self-employed, issued on January 2021, while services provided via digital labour platforms have opened up new opportunities, people working through platforms are often not involved in the determination of the price of their services and may lack the individual bargaining power to negotiate their terms and conditions.

The objective of the initiative is to possibly modify the current EU Law Competition rules, in order for the working conditions of the solo self-employed to be able to be negotiated via collective bargaining. Either a Communication or a Council Recommendation might be proposed by the European Commission by Q2 2022.

HOTREC believes that subsidiarity should prevail on the topic and that this is not an area suitable for harmonisation (as it pertains to wages and terms of employment). In fact, a change in the current EU competition rules could be a disadvantage for both the self-employed as well as their employers/undertakers.

European Commission public consultation on Vertical Block Exemption Regulation

Tags: #Competition #Digital #Distribution

The European Commission has launched a [public consultation](#) on the revision of the Vertical Block Exemption Regulation (VBER) and accompanying Vertical Guidelines. This consultation is part of the on-going review process which was initiated in October 2018 with a view to having revised rules in place when the current rules expire in May 2022.

The revision of the VBER and related guidelines represents an important opportunity in relation to the fight against MFN/parity clauses, which are imposed on hoteliers by large booking platforms and prevent hoteliers from setting their own room prices freely. HOTREC noted that the current wording of the Regulation does not cover cases in which a powerful “buyer” imposes retail price obligations on the supplier (MFN clauses).

Live from the network

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

EURACTIV debate: the future of hospitality after the coronavirus health crisis

Tags: @eaEconomy @METRO_Politics #COVID19 #eaDebates #Food #LiveFromTheNetwork #Tourism



Today our Director General, Ms. Marie Audren, participated as a speaker to the EURACTIV conference “[The future of the food service sector in Europe: a road map beyond COVID-19](#)”.

This morning’s relevant and informative debate provided a chance to discuss the future of the European hospitality sector and brainstorm on consistent policy strategies and tools to help the thousands of businesses fearing for or facing permanent closure.

Ms. Audren explained how it will take a long time to recover and that long-lasting support and commitment from the EU institutions and Member States will be needed - especially after the ongoing health crisis. “Permanently opening and closing hospitality businesses no longer represent an option for the sector”, she commented, “even after the crisis, just reopening will not compensate for our losses”.

When asked to share her key takes from the debate, Ms. Audren said to feel “confident in the creativity and diversity of our sector, and in its ability to innovate, but that now more than ever we need adequate support to survive and go beyond the crisis”.

It is with the same urgency that [today we joined several industry partners operating in the hospitality sector and value chain](#) in calling for the immediate setting up of a hospitality task force to deliver a road map for the recovery of the industry.

What's next

In the HOTREC Team's and membership's agenda

2 February 2021 – Virtual event - Pact for skills: supporting upskilling and reskilling under Erasmus+

1 March 2021 – Portuguese Presidency virtual conference - Extraordinary Meeting of Ministers of Tourism

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