



Ban of rate parity, paid search rankings and communication restrictions in online distribution:

HOTREC applauds Austria and France

Brussels, 7th December 2016 – Following the ban of parity clauses in Germany and France, Austria is the third important touristic country in Europe to forbid such clauses in hotel contracts. Furthermore, in France, in addition to the last year's law Macron, clauses related to certain ranking practices as well as restrictions imposed on hotels' direct communication with guests in contracts of Booking.com are now declared void.



From the left: Christian de Barrin, CEO of HOTREC and Markus Luthe, Chair of HOTREC's Distribution Task Force

The Austrian National Assembly adopted an amendment to the Austrian law on unfair competition on November 9th, including now best price and best condition clauses in contracts between hotels and OTAs as unfair practice, making any such clauses void. After German and French hoteliers, Austrians will again be able to offer their services at their own prices and conditions on their various distribution channels. The ban is also reinforced in the national law on price indication, banning the limitation by parity clauses on the price setting freedom of the accommodation provider.

In France, on November 29th, the Paris Court for Commerce reinforced the terms of the Law Macron adopted in August 2015, which banned parity clauses. Furthermore, it declared void clauses in the hotel contracts of Booking.com regarding rankings (which are inter alia based on the level of commission and the rapidity of its payment). Indeed, consideration was given to the fact that rankings which should be

driven by a qualitative criteria, are in fact driven by a financial criteria (paid for rankings) although no information about is provided to clients. Clauses disallowing hoteliers to take up the direct contact with their guests are also declared void by the current judgement as well.

"The recent decisions in France and Austria are positive steps towards fairer and more transparent conditions on the online travel market; although a lot remains to be done to stop unfair commercial practices in the B2B relationships", said Christian de Barrin, CEO of HOTREC.

"From a European perspective, more and more countries should feel encouraged by these new French and Austrian examples to limit the dominance of online platforms and to reduce the imbalances for the benefit of consumers and the mostly small and micro sized European hotels alike", underlined Markus Luthe, Chair of HOTREC's Distribution Task Force.

In parallel to these developments, HOTREC will continue supporting the European Commission in its fact finding exercise related to unfair business to business practices of online platforms, with a view to correct the market from this perspective.

What is HOTREC?

HOTREC represents the hotel, restaurant and café industry at European level. This industry includes around 1.8 million businesses, of which 99% are small and medium sized enterprises (91% of them micro enterprises, i.e. employing fewer than 10 people). These businesses make up some 59% of industry value added. The hospitality industry provides some 10.2 million jobs in the EU alone. Together with the other tourism industries, the sector is one of the largest industries in Europe. HOTREC brings together 43 national associations representing the sector in 29 different European countries.

For further information: www.hotrec.eu

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