

Main EU developments over the last six months of interest to the hotel, restaurant and café sector

Taxation

- ❑ VAT and the hospitality industry p. 3
- ❑ Numerous VAT Directives recast in a single text p. 3
- ❑ Excise duties on alcoholic beverages p. 4

Social affairs

- ❑ Green Paper on modernising labour law to meet the challenges of the 21st century p. 5
- ❑ Working Time Directive: saga p. 6
- ❑ Work-life balance p. 6
- ❑ EU's demographic future p. 7

Health

- ❑ European Commission Communication on alcohol and EP own-initiative report p. 7
- ❑ Green Paper "Towards a Europe free from tobacco smoke" p. 9
- ❑ Nutrition: White Paper announced; EP Resolution; WHO Conference p. 10
- ❑ Hygiene of the foodstuffs: European Commission proposal to amend Regulation 852/2004 p. 10
- ❑ Hygiene of the foodstuffs: report on the Food Hygiene Package p. 11

Standardisation

- ❑ The scope of ISO/TC 228 confirmed p. 12
- ❑ ISO TC 228 WG2 on spa services p. 13
- ❑ CEN TC 136 WG on swimming pools p. 13
- ❑ CEN: new feasibility projects for service standardisation p. 14

Consumer affairs

- ❑ Cross-border contractual disputes between consumer in country A and hotelier/restaurateur in country B p. 15
- ❑ Fire safety - to be left at national level p. 16
- ❑ Latest update on review of consumer protection acquis p. 16

HOTREC
Hotels, restaurants & cafés in Europe

Under the responsibility of

Marguerite Squaris,

Chief Executive of HOTREC

111, boulevard Anspach – boîte 4

B-1000 Bruxelles – Belgique

Tel.: 32 2 513 63 23

Fax: 32 2 502 41 73

main@hotrec.org

www.hotrec.org

Copyright

- ❑ Hotel rooms and copyright p. 17
- ❑ Hotel rooms and neighbouring rights p. 18

Internal market for services

- ❑ Services Directive finally adopted! p. 18

Payments within the EU

- ❑ Sector inquiry into payment cards p. 19
- ❑ EU Competition rules p. 19
- ❑ Directive on payment services in the internal market p. 20

Environment

- ❑ Impact of climate change on tourism p. 20

Travel related issues

- ❑ Air transport in the EU-ETS? p. 21
- ❑ New airport package p. 22
- ❑ Extension of Schengen to new Member States p. 23
- ❑ Visa policy p. 23

Tourism

- ❑ Tourism Sustainability Group – Report p. 24
- ❑ EP own initiative report on tourism p. 25
- ❑ European Maritime Policy – Green Paper p. 26
- ❑ Tourism statistics p. 26
- ❑ European Tourism Forum p. 27

Regional Policy

- ❑ Cohesion Policy 2007–2013 p. 27

Enlargement

- ❑ EU – Romania and Bulgaria p. 28
- ❑ Eurozone p. 28

HOTREC activities

- ❑ HOTREC General Assemblies p. 29

TAXATION

□ *VAT and the hospitality industry*

As announced in *Live from Brussels n° 39*, the European Commission is to issue, by 30 June 2007 a report on the impact of reduced VAT rates to “*locally supplied services, including restaurant services*”.

This deadline prompted HOTREC to organise a seminar on “*VAT and the hospitality sector*” in January 2007: this event, held in Budapest, was attended by over a hundred representatives of national Parliaments, of national governments and of the national hospitality associations. Mr. László Kovács, EU Commissioner for Taxation, reminded the participants that reduced VAT rates are generally considered as effective instruments to achieve the objectives of the Lisbon agenda: increased growth, more jobs and competitiveness.

The various speeches and interventions elaborated on the various arguments in favour of the application of reduced VAT rates to the hospitality services and which were summarised in a brochure issued in 2005 by HOTREC under the titles:

- Impact on employment;
- A societal issue;
- Subsidiarity;
- Promotion of exports;
- Competitiveness compared with third countries; and
- Stability of State revenue.

In the presence of the Commissioner, the European hospitality industry reiterated its call for the application of reduced VAT rates to hotel and restaurants services in all EU countries. During the seminar seven examples were presented of the impacts of reduced or increased VAT for the hospitality sector in different European countries. The Icelandic case showed the most excellent scenario, where from 1 March 2007, the VAT rate for restaurant and accommodation were lowered to 7% from respectively 24.5% and 14%. An example which many national hospitality associations would like to see copied in their own countries!

Since 1992, the objectives of HOTREC have been and will remain, to obtain – on a definitive basis:

- *at European level, the possibility for all Member States to apply reduced rates to accommodation and restaurant services; and*
- *at national level, the application of reduced VAT rates to accommodation and restaurant services.*

□ *Numerous previous VAT Directives recast in a single text!*

On 28 November 2006, the ECOFIN Council adopted Council Directive 2006/112/EC on the common system of value added tax, reorganising within a single text the many VAT Directives adopted since 1967. As a result of this purely formal exercise, the Annex H (list of the goods and services – among which accommodation provided in

hotels - to which Member States may decide to apply a reduced rate) has become Annex III. Annex K (list of labour-intensive services to which Member States may decide to apply a reduced VAT rate until the end of 2010) has become Annex IV. Article 98-2 allows the application of reduced rates to the goods and services listed in Annex III. The special provisions dealing with restaurants services can now be found in Articles 114 to 129.

The text of the new Directive can be downloaded in different languages from http://eur-lex.europa.eu/Result.do?checktexts=checkbox&TypeAffichage=sort_key&page=1&idReq=4&Submit22=GO

□ ***Excise duties on alcoholic beverages***

As announced in *Live from Brussels N° 39*, the ECOFIN Council discussed the proposal of the European Commission (COM (2006) 486 final) on the approximation of the rates of excise duties on alcohol and alcoholic beverages. The Council could not reach agreement on the issue neither at its meeting on 1 November, nor on 28 November 2006, mainly because of the opposition of the Czech Republic, one of the biggest beer producing countries.

Before the ECOFIN Council meeting, Commissioner for Taxation, Mr. László Kovács had suggested a compromise to only take into account inflation from 2004, instead of 1993. That would have meant an excise duty increase of 4,5% instead of 31% from 2008.

The ECOFIN Council, in November 2006, “*invited the Commission to carry out a comprehensive study of the taxation of alcohol and alcoholic beverages, including trends in competitive positions and on levels of taxes and prices, and to present the results of that study during the first half of 2007, with a view to facilitating further Council decision-making as regards alcohol taxation*”.

The European Parliament’s Committee on Economic and Monetary Affairs, which is currently discussing this proposal, adopted at its meeting on 11 April 2007 the amendments of the rapporteur, Mrs. Astrid Lulling. She proposed to repeal the original 92/84/EEC Directive as a whole. According to Mrs. Lulling, the original aim of the Directive was not achieved, namely to approximate the excise duty rates in the different countries. The European Parliament is due to vote on this report at its plenary session in May 2007. The adoption of the Committee’s proposal by the Parliament and the Council would mean giving total freedom for the Member States on the minimum rates of excise duties on alcohol.

HOTREC will continue to follow the developments on this issue as excise duties influence directly the price of drinks served. HOTREC welcomes the approach of the European Parliament, as the Directive hasn’t accomplished its aim in the last 15 years. In some EU countries excise duties are some 10 times higher than in others.

SOCIAL AFFAIRS

- *Green Paper on modernising labour law to meet the challenges of the 21st century*

At the end of November 2006, the European Commission officially published the Green Paper on modernising labour law to meet the challenges of the 21st century, already referred to in *Live from Brussels N°39* (COM(2006) 708 final). The aim of this Green Paper was to initiate a public debate in the EU on how EU labour law can be updated to meet the key challenge of combining greater flexibility with the need to ensure security. The European Commission refers to this concept as the “flexicurity approach”.

The consultation sought the views of the Member States and the EU social partners by 31 March 2007 on 14 specific questions dealing with:

- Employment transitions;
- Uncertainty with regard to the law;
- Three-way relationships;
- Organisation of working time;
- Mobility of workers; and
- Enforcement issues and undeclared work.

As a follow-up, the European Commission will issue a Communication on flexicurity around June 2007.

HOTREC and its Member Associations are very interested in all issues touched upon in the Green Paper. Flexibility is key to the hospitality sector.

In its reply, HOTREC agreed with BusinessEurope (formerly UNICE) that the competence to modernise labour law lies first and foremost with the Member States.

HOTREC recognises an urgency to simplify labour law: only such a simplification can lead to an increase in competitiveness, which will in turn allow the preservation of efficient social security systems.

HOTREC drew attention to the specificities of the hospitality sector:

- *predominance of micro-enterprises;*
- *labour-intensive industry;*
- *large number of self-employed persons; and*
- *the great variety of contractual arrangements, called for by the flexible work patterns imposed on the industry.*

Regarding working time, HOTREC suggested that a possible solution could be to repeal the EU Directive and to replace it by flexible rules adopted at national level according to the national procedures.

□ *Working Time Directive: saga*

Many previous issues of *Live from Brussels* reported the on-going debate on the revision of the 2003 Working Time Directive. On 7 November 2006, the 25 EU Employment Ministers unfortunately failed once again to reach an agreement. This is the sixth presidency to deal with the deadlock. The dossier will now be closed for the present and Gerd Andres, Germany's Secretary of State for Labour & Social Affairs, said that the German EU Presidency, which commenced on 1 January 2007 has no intention of including this question on its agenda.

Following the deadlock, the European Commission has threatened to launch "infringement proceedings" against 23 Member States reported not to have fully/correctly implemented the Working Time Directive.

In March 2007, the European Commission published a consultation on the implementation of the Working Time Directive into national legislation and requests a reply to 6 groups of questions by 6 June 2007.

In its reply to the Green Paper on the evolution of labour law (article mentioned above), HOTREC suggested that the current Working Time Directive could be withdrawn and replaced by flexible rules adopted at national level according to the national procedures (legislation or collective arrangements).

□ *Work-life balance*

On 12 October 2006, the European Commission launched the first stage of a consultation of management and labour on the issue of reconciliation of professional, private and family life (SEC(2006)1245). *Live from Brussels N°39* reported that there are currently 2 directives in place regarding work-life balance. One is a health and safety measure which protects pregnant workers and workers who have recently given birth or are breastfeeding. The other directive deals with parental leave.

The social partners at EU level were asked to respond to 5 questions which were listed in *Live from Brussels N°39*, including whether further action is required at EU level:

1. Do you consider that there is a need for further action on reconciliation between professional, private and family life in the European Union? If you consider action to be necessary, should such action be undertaken at Community level, national level, enterprise or sectoral level?
2. What are the main areas in which improvements could be needed?
3. By which means do you consider that better reconciliation between professional life and private and family life could be achieved?
4. Do you consider the existing Community legislation (notably on parental leave and protection of maternity) adequate to meet the needs for reconciliation between professional and private and family obligations and creating the conditions for more equal sharing of professional, private and family responsibilities between women and men?

5. How can the best balance be struck between the costs and benefits – for both individuals and companies – of measures permitting reconciliation of professional, private and family life?

In its reply to the consultation, HOTREC explained that the reconciliation of work, private and family life was indeed an important issue and that there might be a need for further action in the future. However, HOTREC deems the current EU legislative framework sufficient and feels that no further measures at EU level need to be taken.

□ ***EU's demographic future***

On 12 October 2006, on the same day of the launch of the work-life balance consultation, the European Commission adopted a Communication on the demographic future of Europe (COM(2006) 571 final). According to the European Commission, the number of workers in the EU 25 will increase until around 2007 but the “working age” population will start to decline from 2010 onwards. Economic growth rates are set to fall with an ageing population.

The new Communication develops a reference framework at Community level for Member States' policies. It sets out 5 areas:

1. Promoting demographic renewal in Europe;
2. Promoting employment in Europe: more jobs and longer working lives of better quality;
3. A more productive and dynamic Europe;
4. Receiving and integrating immigrants in Europe;
5. Sustainable public finances in Europe: guaranteeing adequate social security and equity between the generations.

HOTREC welcomes the initiative of the European Commission to tackle the issue of demographic future and will review it in detail.

HEALTH

□ ***European Commission Communication on alcohol and EP own-initiative report***

Following a comprehensive consultation process (see *Live from Brussels N°36, 37 and 39*), the European Commission issued the Communication “An EU strategy to support Member States in reducing alcohol related harm” on 24 October 2006. The text outlines how the Commission intends to support and complement national public health policies to reduce alcohol abuse related-harm, “taking into account that drinking patterns and cultures vary across the EU”.

The EU alcohol strategy identifies five priority themes:

1. Protect young people, children and the unborn child;
2. Reduce injuries and deaths from alcohol-related road traffic accidents;

3. Prevent alcohol-related harm among adults and reduce the negative impact on the workplace;
4. Inform, educate and raise awareness on the impact of hazardous alcohol consumption and on the appropriate consumption patterns;
5. Develop, support and maintain a common evidence base.

In the Communication, the Commission explains that it does not intend to implement the strategy through specific new legislative proposals.

The Commission rather plans to establish an Alcohol and Health Forum by June 2007, using the EU Platform on Diet Physical Activity and Health as a model.

The setting up of the Alcohol and Health Forum appears to be at the centre of the EU strategy. The objective is to provide a common platform at EU level for all those interested stakeholders who are willing to take action to reduce alcohol related harm in all the five priority areas identified by the Communication.

In order to become a member of the Forum, the stakeholders will be requested to subscribe to its founding Charter and bind themselves:

- to make commitments aimed at reducing alcohol related harms;
- to devote resources to the implementation of these commitments;
- to monitor their implementation; and
- to evaluate the performance of their commitments.

The European Parliament will soon express its opinion on the matter via an own-initiative report. The vote by the EP's responsible Committee on the draft report is expected to take place on 5 June 2007, with the final adoption of a Resolution by the European Parliament during the Strasbourg plenary session between July and September 2007.

HOTREC and its Member Associations welcome the European Commission Communication and the EP draft report, as far as they take into account that different cultural traditions and policies towards alcohol consumption exist across Europe.

However, HOTREC has concerns and doubts in relation to the setting up of the Alcohol Forum. It is quite unrealistic to expect commitments from enterprises employing less than 10 people and, furthermore, to expect that such commitments can be monitored and evaluated at European level on an annual basis! Moreover, the experience of the nutrition platform has already shown the bureaucracy of the exercise.

HOTREC and its Member Associations will discuss this matter further at their next General Assembly.

□ ***Green Paper “Towards a Europe free from tobacco smoke”***

As reported in *Live from Brussels* N° 38 and N° 39, the European Commission was expected to issue a Green Paper (a formal consultation document) on smoke free environments by the end of 2006. The Commission’s document was finally released on 30 January 2007.

The Green Paper “Towards a Europe free from tobacco smoke: policy options at EU level” aims at launching a public debate involving the European institutions, Member States and stakeholders on the best way forward to tackle the risk of exposure to environmental tobacco smoke in the EU.

The Green Paper suggests that the introduction of smoke-free policies would have a positive impact on public health and could also bring economic benefits in the long term. According to a recent Eurobarometer poll quoted in the text, smoke-free policies are popular among EU citizens and a majority of Europeans are in favour of banning smoking in bars (61%) and restaurants (77%).

In the document, the Commission outlines two possible approaches to develop an EU smoke-free initiative:

- 1) Proposing a total smoking ban in all enclosed or substantially enclosed workplaces and public places;
- 2) Proposing a smoking ban with exemptions granted to selected categories of venues (e.g. the licensed hospitality sector or hospitality establishments which do not serve food).

In the opinion of the Commission, the following regulatory options (not mutually exclusive) are available to achieve “a Europe free from tobacco smoke”:

- 1) No change from the status quo (the EU would continue its current action on second-hand smoke under the different Community programmes);
- 2) Voluntary measures;
- 3) Open measures of coordination (aiming to achieve convergence in national anti-smoking laws);
- 4) A Commission or a Council Recommendation (non-binding measures but setting policy priorities);
- 5) Binding legislation.

In conclusion, the Commission calls on EU institutions and stakeholders to express their views on the issues raised in the Green Paper by 1 May 2007 (this deadline has recently been prolonged until 1 June 2007 – *insufficient number of replies?*-). The input will be used as a basis for a Commission Communication on the subject.

HOTREC and its Member Associations fully share the concerns of the EU policy makers on the issue of smoking in public places and health.

However, since years, HOTREC has been of the opinion that such an issue should be dealt with and regulated at national level in accordance with the subsidiarity principle, taking into account the different traditions and local attitudes.

HOTREC will discuss the matter again at its next General Assembly.

□ ***Nutrition: White Paper announced; EP Resolution; WHO Conference***

In March 2005, the European Commission launched the European Platform on Diet Physical Activity and Health to promote the exchange of best practices and the coordination between stakeholders in the fight against obesity.

In October 2006, the European Commission announced the publication of a White Paper on nutrition, expected in the first half of 2007. The White Paper – a non-legislative document containing an official set of proposals in a specific policy area – will establish an EU level strategy on nutrition. The strategy will put forward a comprehensive approach to improving lifestyles (good diet and higher level of physical activities) and will build on existing mechanisms such as the European Diet Platform.

The European Parliament already expressed its position on the topic with a Resolution on the Green Paper “Promoting healthy diets and physical activity” (December 2005). In the Resolution, adopted on 25 January 2007, the Parliament calls for “*the fight against obesity to be regarded as a political priority in all European capitals*”.

The issue of diet and nutrition was also debated at international level during the WHO Ministerial Conference on counteracting obesity, held in Istanbul on 15-17 November 2006. At the end of the meeting, a European Charter on Countering Obesity was adopted by the Ministers and delegates in the presence of Markos Kyprianou, the European Commissioner for Health and Consumer Protection.

HOTREC will monitor closely the developments in relation to nutrition at international and European level and will continue to participate in the meetings of the EU nutrition Platform. However, “whether or not people eat healthy food or practice sports is a matter of personal choice”, as stated in the European Commission’s health reflection paper of 15 July 2004.

□ ***Hygiene of the foodstuffs: European Commission proposal to amend Regulation 852/2004***

On 6 March 2007, the European Commission issued a proposal to amend Regulation 852/2004 on the hygiene of foodstuffs in order to exempt micro-enterprises (COM(2007)90 final), including restaurants and bars, from the obligation to “*put in place, implement and maintain a permanent procedure or procedures based on the HACCP [Hazard Analysis and Critical Control Points requirements] principles*”.

According to EU rules (Commission Recommendation 2003/361/EC) “*a micro-enterprise is defined as an enterprise which employs fewer than 10 persons and whose annual turnover and/or annual balance sheet does not exceed € 2 million.*”

The proposal was put forward by the European Commission within the framework of the “better regulation” process to simplify existing legislation. Now it has been passed on to the European Parliament, which has to adopt it together with the Council within the framework of the codecision procedure.

HOTREC, which asked for the exemption of micro-enterprises from HACCP obligations at the time of discussion of Regulation 852/2004, welcomes the European Commission’s proposal as it greatly contributes to reducing unnecessary administrative burdens on small businesses without lowering hygiene standards.

HOTREC, however, fears the strong lobby action of a major European food producer association, which advocates that such an exemption would be detrimental to consumers. HOTREC doubts that consumer protection is at the core of their opposition to this amendment: don’t they rather see this as an occasion to fight the remaining competition of restaurants and other small catering establishments vis-à-vis their increasing offer of “ready-to-eat” meals?

HOTREC, as well as its Member Associations addressed letters to the MEPs of the EP TRAN committee, urging them to support the European Commission’s proposal as it stands!

□ ***Hygiene of the foodstuffs: reports on the Food Hygiene Package***

The European Commission announced a consultation process with stakeholders (industry, European associations and national public authorities) within the context of the Food Advisory Group of the Food Chain in order to review the experience gained from the implementation of the following three Hygiene Regulations:

- Regulation 852/2004 on the hygiene of foodstuffs;
- Regulation 853/ 2004 laying down specific hygiene rules for food of animal origin;
- Regulation 854/2004 laying down specific rules for the organisation of official controls on products of animal origin intended for human consumption.

The Commission launched this consultation as a first step in the process of submitting reports on the application of the three Hygiene Regulations to the European Parliament and the Council by May 2009 – a legal requirement of these Regulations. Following the consultation, the European Commission is expected to:

- 1) make an impact assessment of possible modifications that are envisaged to improve the existing Regulations;
- 2) draft reports and, if appropriate, to draft legislative proposals for transmission to the European Parliament and the Council by 20 May 2009.

HOTREC and its Member Associations welcome the launch of this consultation process as it provides the hospitality sector with the opportunity to express its viewpoint on the practical application of the food hygiene legislation.

STANDARDISATION

□ *The scope of ISO/TC 228 confirmed*

As explained in *Live from Brussels N° 32 and 33*, in 2005 the International Organisation for Standardisation (ISO) established the Technical Committee (TC) 228 to develop standards for tourism and related services, including hospitality activities. In view of a lack of consensus on the scope of this Committee, it was agreed during an ISO meeting held in Tunis at the end of March 2006 that a special Task Force should discuss the scope further.

At its meeting in Madrid on 1 June 2006, the special Task Force agreed on a proposal to exclude accommodation and catering from the standardisation work of the Committee. This proposal was submitted to a vote by correspondence by the permanent members (national standardisation bodies) of the TC and was rejected in September 2006.

According to the Resolution 25/2006 adopted at the Tunis meeting in March 2006, a rejection of the new scope proposed by the Task Force in the vote by correspondence, should have resulted in further discussions with the scope being “*put back on the agenda of the next ISO/TC plenary meeting*”.

However, shortly before the TC 228 plenary meeting held in Bangkok from 26-27 February 2007, the ISO Technical Management Board (TMB) issued a Resolution (14/2007) which confirmed the broad scope originally approved for TC 228 with the inclusion of catering and accommodation services and requested “*that the initial Business Plan covering the period until 2010 comprises only those work items where there is a known support amongst the stakeholders*”.

At the plenary meeting in Bangkok, the TMB Resolution 14/2007 was presented as overruling the TC 228 Resolution 25/2006 adopted in Tunis in March 2006, without further explanation. Notwithstanding the request by industry stakeholders to stick to the Tunis Resolution, the exclusion of hospitality services and travel agents/tour operator was not discussed further. The “leitmotiv” of the meeting was “*Comments will be reported on the minutes*”.

TC 228 gave itself the task to work on its Business Plan whose final version has to be sent to the TMB by September 2007. The next TC 228 plenary meeting will take place in Marbella, Spain on 25-26 February 2008 (to be confirmed).

As stated in the Resolution approved at its General Assembly in April 2006, HOTREC firmly believes that the development of international standards for hospitality services within the context of official standardisation bodies is not desirable. Therefore, HOTREC regrets that the ISO/TMB decided to “simply” confirm the broad scope originally proposed for ISO/TC 228 despite the “ongoing request from some

stakeholders to exclude certain areas from the scope of work". The refusal by ISO to re-open the discussion on the scope and, consequently, ignoring and "de facto" overruling the Resolution 25/2006 adopted by one of its own TCs, reinforces the perception of many that the ISO functioning rules are totally lacking transparency.

HOTREC, which has a liaison status within ISO TC/228, attended the meeting in Bangkok represented by President Bernd Geyer and CEO Marguerite Sequaris. For HOTREC, the way the meeting was run confirms, once more, that the decision-making process within ISO is not democratic and that its procedures do not allow a balanced and fair representation of industry stakeholders. This opinion of HOTREC was also shared by several other Liaison organisations such as IH&RA, ECTAA and NORMAPME.

□ ***ISO TC 228 WG 2 on spa services***

As reported in *Live from Brussels N° 38*, the Technical Committee (TC) 228 of the International Organisation for Standardisation (ISO) decided via a vote by correspondence, concluded on 26 July 2006, to set up a working group (WG) to develop standards for spa services, even though a final agreement on its scope had not been reached yet. This WG held its first meeting on 30 October 2006 in Madrid.

After intensive discussions on the meaning of "spa", the WG agreed to focus solely on "medical" spas (a provisional definition of which was elaborated on the basis of the "spa" definition in the ISO 18513 standard "terminology").

As a liaison member of TC 228, HOTREC expressed from the outset its opposition to the setting up of a working group on spa services.

Furthermore, following the outcome of the first meeting, HOTREC considers it unreasonable that the WG continues its activities, given the fact that medical spas are strictly regulated by law in most EU countries and that related national standards are already in place. In addition, it is worth stressing that amongst the standardisation bodies present at the reunion in Madrid, only 3 had voted in favour of the setting up of the WG whereas the other standardisation bodies voted against. HOTREC opposition was also supported by another organisation with "liaison status", NORMAPME. HOTREC will continue to follow closely the developments on the matter and attend the next ISO TC 228 WG 2 meeting to be held in Madrid.

□ ***CEN TC 136 working group on swimming pools***

As reported in *Live from Brussels N°32, N°34 and N°39*, a working group (WG) within the *Comité Européen de Standardisation (CEN) Technical Committee 136* ("Sports, playground & other recreational equipment) has been developing a standard for swimming pools, including hotel pools over the last years. The standard, organised in two parts, deals with:

Part 1: Safety requirements for design.

Part 2: Safety requirements for operation.

On 16 and 17 November 2006, the WG met in Lyon to discuss minor comments on Part 1 and to finalise the drafting of Part 2. Following two days of intense discussions, the WG has basically completed its work.

No major changes were made to the text of Part 2 with regards to the sections most relevant for hotel pool operators (“occupancy/maximum number of users” and “control of authorised/unauthorised access of users”). The more flexible approach, based on risk assessment, added to these sections during the Düsseldorf meeting, was confirmed (see *Live from Brussels N°39*).

However, the text still includes a great number of additional requirements concerning, amongst others, pool maintenance, emergency and cleaning procedures.

Due to a significant delay in the finalisation of the standard, CEN postponed the deadline for submitting the drafts of Part 1 and 2 to the CEN Management Centre until the end of September 2007. In case of approval, the standard should be available in June 2008.

HOTREC, which participated with liaison status at the meetings of the WG in Düsseldorf and Lyon, welcomed the fact that some provisions of the original text have been modified to ensure more flexibility in key aspects relevant to hotel pool operators. This is crucial as HOTREC believes that, although standards are described as “voluntary”, they can easily become regulations “by the back door”, without giving stakeholders the opportunity to contribute to their making as it would be the case in a more transparent and democratic legislative process. The HOTREC Secretariat will continue to keep an eye on this issue so as to avoid that hotel operators have to face unnecessary additional burdens.

□ **CEN: new feasibility projects for service standardisation**

The *Comité Européen de Normalisation* (CEN) has recently announced on its website the launch of a number of new projects for the period 2007/2008, “*assessing the needs and benefits of standardisation*” in the field of business services and consumer oriented services “*not yet benefiting from standardization*”. These new projects have been put forward by CEN Members (i.e. national standardisation bodies) following the Second Programming Mandate by the European Commission addressed to CEN in the field of services in July 2005 (EC Programming mandate M/371).

Amongst the new feasibility projects announced by CEN, the following could be relevant to the hospitality industry:

- Accessibility services in transport and tourism (Project Leader AFNOR);
- Welcome/ reception services (Project Leader: AFNOR; Project Partner: NEN);
- Recruitment services (Project Leader: AFNOR; Project Partner: NEN);
- Outsourcing (Project Leader: NEN; Project Partners: BSI, DS EVS SNV);
- CEN Horizontal European Service Standardization Strategy (Project Leader: BSI; Project Partners: AENOR, DIN, DS, NEN and EVS).

HOTREC wrote to the Project Leaders in charge of these new projects asking further information to clarify whether, and to which extent, standardisation activities in these fields would be relevant to the hospitality industry. As a matter of fact, HOTREC and its Member Associations are of the firm opinion that standardisation bodies should not be mandated to develop standards, as long as the industry has not been consulted on such potential work. HOTREC will continue to follow closely the developments on the issue to make sure that the voice of the hospitality sector is taken into account.

CONSUMER AFFAIRS

□ *Cross-border contractual disputes between consumer in country A and hotelier/restaurateur in country B*

The issue concerns contractual disputes between a consumer located in country A and a hotelier/restaurateur located in country B. Since 1980, the Rome Convention has been laying down the rules as to which law applies in such a cross-border dispute.

According to the Rome Convention, the law which applies in cross-border consumer contract disputes, in principle, is the one of the country where the consumer resides. However, this rule does not apply in case of a contract for the supply of services “*where the services are to be supplied to the consumer exclusively in a country other than that in which he has his residence*”. In other terms, in case of a contractual dispute between a consumer located in country A and a hotelier/restaurateur located in country B, the law will be that of the location of the hotel or restaurant.

Currently, there is a European Commission proposal of December 2005 to revise and include the rules of the Rome Convention into an EU Regulation (COM (2005) 650). The draft proposal by the European Commission does not cause the hospitality industry problems as it upholds the exception to the application of the law of the country of the consumer for the “*contract for supply of services exclusively in a country other than that of the consumer*”(article 5(3)(a)). The draft report prepared for the first reading in the European Parliament also upholds this exception (COD/2005/0261). However, a number of MEPs submitted some amendments to the draft report, effectively deleting this exception. The European Parliament’s committee on Legal Affairs is expected to adopt its report on 11 June 2007. This report will then need to be voted in the plenary session of the European Parliament.

On 19 April 2007, the Justice and Home Affairs Council debated the proposed EU Regulation (Rome I) but did not touch upon article 5. This article is expected to be discussed further on 12 June 2007.

HOTREC and its Member Associations alerted MEPs and national governments on this issue. In HOTREC’s opinion, contracts concerning hotel and restaurants services enjoyed abroad by the consumer should continue to be governed by the law of the country where the hotel or the restaurant are located, as it is the law of the country of consumption: the services are fully consumed in the hotel or in the restaurant.

In terms of business impact, it is essential to keep in mind that 95% of hotels and restaurants in Europe are very small enterprises (functioning with less than 10

people). A change in the law applicable, as suggested by some of the recent amendments proposed, would imply for them to have to deal with the legal systems of all the countries from which they would receive visitors.

In addition, the consumption at the place of the service provider facilitates immediate complaints and immediate resolutions of any possible conflicts. In the interest of both parties, the consumer should not be encouraged to postpone a dispute until he/she returns to his/her residence under the argument that the law of his country of residence will in any case apply.

□ ***Fire Safety – to be left at national level***

In February 2007, Meglena Kuneva - the new Bulgarian European Commissioner for Consumer Protection - replied to a European Parliament question on fire safety at EU level: she stated that the majority of Member States do not currently support further action at EU level in this area.

This message confirms the information gathered by HOTREC after a meeting of experts on fire safety in hotels on 27 April 2006. HOTREC welcomes the fact that the European Commission is not planning any further action at EU level in the area of fire safety as “the question of fire prevention is primarily the responsibility of the Member States”. In line with the principle of subsidiarity, HOTREC is convinced that a recommendation remains the best legal instrument in this area.

□ ***Latest update on review of consumer protection acquis***

On 8 February 2007, the European Commission launched a public consultation which identified a number of problems in the current consumer protection legislation.

As reported in *Live from Brussels N°35* and *N°39*, the European Commission suggested choosing between 2 approaches:

- a vertical approach consisting of the individual revision of existing Directives (e.g. revision of the Package Travel Directive) or the regulation of specific sectors in one Directive (e.g. Directive on tourism, including provisions of the package travel);
- a more horizontal approach, adopting one or more framework instruments to regulate common features of the “*acquis*”. This framework instrument would provide common definitions and regulate contractual rights and remedies.

There could also be a 3rd approach, which currently seems to be favoured by Meglena Kuneva, the EU Commissioner for Consumer Protection. This would consist of combining the first 2 approaches and making a Common Framework Reference for the general contract law issues as well as separate Directives dealing with sector specific issues like package travel.

In 2004, the European Commission had already launched a study on the implementation of 8 directives protecting consumers' economic interests (amongst others the Package Travel Directive) in the Member States, including case-law and administrative practice. This "Comparative Analysis" has now been published on the European Commission website for Consumer Affairs (ec.europa.eu/consumers/cons_int/safe_shop/acquis/index_en.htm). This study revealed that the implementation of these 8 Directives -currently under review- in the different Member States is sometimes incoherent and that the Directives contain a significant number of ambiguities.

Of real relevance to the hospitality industry would be the specific Working Paper on the Package Travel Directive, which according to unofficial information, should be published in May 2007.

The hospitality industry as well as the tour operator/travel agent industry are obviously very concerned with any development in relation to the Package Travel Directive. HOTREC will have to watch that the revision does not add to the burdens for hoteliers. HOTREC is looking forward to participate in the consultation which the European Commission should launch on the Package Travel Directive.

COPYRIGHT

□ *Hotel rooms and copyright*

As reported in *Live from Brussels N°37*, the European Court of Justice (ECJ) was requested by the Provincial High Court of Barcelona in the *SGAE v Rafael Hoteles* Case C-306/05 to issue a preliminary ruling on the issue: "*Does the installation in hotel rooms of television sets to which a satellite or terrestrial television signal is sent by cable constitute an act of communication to the public*" under Directive 2001/29 on copyright on the information society? SGAE (a Spanish copyright management society) maintained that Rafael Hotels had breached copyright rules by not paying fees for the retransmission of TV programmes in hotel rooms.

On 7 December 2006, the European judges - following the views of the Advocate General - ruled that: "*While the mere provision of physical facilities does not as such amount to communication within the meaning of [the Copyright Directive mentioned above], the distribution of a signal by means of television sets by a hotel to customers staying in its rooms, whatever technique is used to transmit the signal, constitutes communication to the public within the meaning of Article 3(1) of that Directive*". Furthermore, the ECJ stated that the private nature of hotel rooms is irrelevant, as it "*does not preclude the communication of a work by means of television sets from constituting communication to the public within the meaning of Article 3(1) of the [Copyright Directive]*".

The European hospitality sector regrets that the ECJ judgment did not take into account the jurisprudence and legislation of so many European countries confirming the industry's point of view that hotels should not have to pay copyright fees for making TV broadcasts available to their guests in the private sphere of a hotel room.

The ruling is perceived all the more unbalanced by the hospitality industry as there is a deep sense of discontentment in the sector concerning the way collective rights management is practised in European countries. The lack of transparency in the setting of copyright tariffs and the monopoly position of Collecting Societies are some of the concerns that urgently need to be addressed at EU and national level to bring more balance in the relationship between Collecting Societies and copyright users.

□ ***Hotel rooms and neighbouring rights***

Another request for a preliminary ruling in relation to the issue of copyright and the installation of TV sets in hotel rooms was lodged before the European Court of Justice (ECJ) by the Spanish *Tribunal Supremo* on 22 September 2006 (Case 395/06 *EGEDA v Al Rima*). The *Tribunal Supremo* requested from the ECJ a clarification as to whether hotels have to pay neighbouring rights fees (in this case to phonogram producers and producers of first fixations of films) for “*the installation in hotel rooms of TV sets to which a terrestrial or satellite television signal is sent by cable*”.

However, following the ECJ’s ruling in the Case C-306/05 *SGAE v Rafael Hoteles SA* of 7th December 2006 (see previous article), the Spanish *Tribunal Supremo* decided to withdraw its request for a preliminary ruling in the *EGEDA v Al Rima* Case, considering having obtained the necessary clarification.

HOTREC will continue to monitor closely the developments of this case which is still pending before the Spanish Tribunal Supremo.

INTERNAL MARKET FOR SERVICES

□ ***Services Directive finally adopted!***

On 12 December 2006, the Council and the European Parliament adopted the Directive on the services on the internal market (Directive 2006/123/EC)¹. This Directive, adopted after more than two years of intense discussions and negotiations (see various issues of *Live from Brussels* from N° 30 to N° 38), establishes a general legal framework to facilitate “*the exercise of the freedom of establishments and the free movement of services, while maintaining a high quality of services*” (Art.1).

The final text maintains the call for more transparency in information to be provided to consumers in relation to services offered (hotel classification is mentioned as a special area of concern - Recital 102). Furthermore, the Directive upholds the call for the development of European standards for services (Art. 26, 5).

HOTREC welcomed the adoption of this important Directive as it should have a positive impact on the EU economy as a whole and the hospitality sector, reducing red tape and increasing cross-border trade. For those hoteliers and restaurateurs who wish to provide services or establish their businesses in another Member States it should now be easier to deal with the necessary administrative procedures!

¹ O.J. L 376/68 of 27 December 2006, p. 36-68

However, HOTREC regrets that the final text still includes references to the need of European standards in relation to quality. HOTREC is of the opinion that the issue of quality of services should be left to the industry and that the development of standards should be fully market driven and not encouraged by Member States or the Commission. Furthermore, HOTREC reiterates that, as long as standardisation bodies do not reform their working methods in the direction of increased transparency and consultation with the industry, they should not be mandated to develop standards!

PAYMENTS WITHIN THE EU

□ *Sector inquiry into payment cards*

On 31 January 2007, the European Commission published the final report on the retail banking inquiry

(http://europa.eu.int/comm/competition/antitrust/others/sector_inquiries/financial_services). This report details a number of competition concerns in the markets for payment cards, payment systems and retail banking products. The final report mentions that restaurants and hotels are amongst the merchants paying the highest average rates for MasterCard and Visa card acceptance.

HOTREC welcomed the finding of the final report referred to above that restaurants and hotels are particularly hit by the fees charged for accepting payments by means of cards and hopes that the European Commission will find ways to correct this situation. These issues were already discussed in detail in a seminar organised by HOTREC in Berlin on 18 October 2006.

□ *EU Competition rules*

Alongside the sector inquiry into retail banking, the European Commission is pursuing its review of payment card systems under EU competition rules. On 23 June 2006, it sent a confidential “statement of objections” to MasterCard. It took the preliminary view that MasterCard restricts competition between member banks by pre-determining a minimum price which retailers must pay for accepting MasterCard and Maestro branded payment cards.

A final decision in the MasterCard case is expected in the coming months.

On 15 November 2006, HOTREC presented a statement at the oral MasterCard hearing. HOTREC confirmed some of the findings from the European Commission’s interim report but also stated that the objectives of the hospitality industry concerning the card payment system review are the following:

- ***full transparency** on the different components of the merchant service charges and justification for the methodology (percentage versus fixed sum) for calculating the amount requested for all components; and*

- *full transparency of cost of payment cards for consumers, including costs for ancillary services, as well as information on the costs covered by the merchants, in order to inform consumers well of the real cost of card payments.*

□ ***Directive on payment services in the internal market***

As reported in *Live from Brussels N° 38*, apart from the competition law issues raised by payment cards, the European Commission has also decided to tackle the overall payment system in the EU. On 1 December 2005, it proposed a Directive “*on payment services in the internal market*” (COM (2005)603final). In sum, its aim is to create a Single Payment Market as there are currently 25 different sets of national rules which hinder cross-border payments in terms of cost and security. One of the advantages would be that consumers can use direct debit services (a common and cost-efficient mean of payments for gas, water or telephone bills) on a *cross-border* basis.

The text of the proposed Directive was examined by the Council of Ministers on 28 November 2006 and agreed by the 27 European Finance ministers on 27 March 2007. The EP debated the proposed Directive on 23 April 2007 and is due to vote on it during the plenary session on 24 April 2007.

The aim is to make cross-border payments as easy, cheap and secure as “national” payments within the Member States. The end result should be savings of about 3% of EU’s GDP currently spent on payment costs.

Easy, cheap and transparent payment systems are crucial for the hospitality sector, as every hospitality enterprise has to deal with a multitude of transactions on a daily basis, mainly in relation to consumers. HOTREC and its Member Associations of course welcome the efforts at EU level to improve cross-border payment services – by credit card, debit card, electronic bank transfers, direct debit and other means – in the internal market. It should result in a lower cost for hoteliers/restaurateurs when they deal with payments from customers within the EU.

ENVIRONMENT

□ ***Impact of climate change on tourism***

On 10 January 2007, the European Commission proposed a comprehensive package of measures to establish a new Energy Policy for Europe to combat climate change. As part of this package, the European Commission issued the Communication “Limiting Global Climate Change to 2 degrees Celsius”². According to this Communication, strong scientific evidence shows that urgent action is needed to limit the consequences of climate change to a manageable level. In the text, the Commission underlines that the benefits of limiting climate change outweigh the costs of action and it warns that some regions “will suffer disproportionately”. For example, in Southern Europe the consequences of climate change could be particularly

² http://ec.europa.eu/environment/climat/pdf/future_action/com_2007_2_en.pdf

detrimental and the tourism sector could be affected significantly during summer, due to extremely high temperatures and shortage of water.

Together with the Communication, the European Commission issued an impact assessment, which is partly based on an on-going study (PESETA project) coordinated by the Joint Research Centre of the Commission. The project evaluates the economic ramifications of climate change in key sectors for the time horizons 2011-2040 and 2071-2100. The study clearly affirms that climate change is likely to modify the habits of tourists and their flows within the EU. In particular, it is reported that climate change would alter the streams of Northern European tourists (around 100 million people per year) to the countries of the Mediterranean, with very large implications for the destinations involved. The zone with excellent conditions for beach tourism, currently located in the Mediterranean area, would shift towards Northern Europe. However, according to the impact assessment, the conditions in the Mediterranean countries would improve in spring and autumn. Therefore, based on the assessment, the Commission concludes that “*how large these distributional effects will be, depends on the adaptation of tourists, tourists businesses and entire societies*”.

In response to the climate change challenges, the EU Member States endorsed the key elements of the package of proposals put forward by the Commission for an integrated approach to an EU energy and climate change policy at the European Council on 8-9 March 2007 (e.g. EU commitment to achieve at least a 20% reduction of greenhouse gas emission by 2020 compared to 1990; adoption of an Energy Action Plan for the period 2007-2009).

HOTREC and its Member Associations share the concerns of the EU institutions in relation to climate change, and in particular with regards to its possible impact on the tourism sector.

TRAVEL RELATED ISSUES

□ *Air transport in the EU-ETS?*

The intention of the European Commission described in *Live from Brussels N° 35* and *N° 38* became a formal proposal. On 20 December 2006, the Commission published a draft Directive (COM (2006) 818 final) to include aviation in the EU Emission Trading Scheme (ETS). This scheme includes most of the industries, and allows the trading of emission rights, allowing “cleaner” enterprises to sell their rights left over to more polluting ones.

Emission from air transport is in charge of 3% of EU greenhouse gas emission, showing an increase of 87% since 1990. The aim is to reduce CO₂ emissions by 46% by 2020 compared with business as usual.

The proposed Directive will cover emission from intra-EU flights from 2011 and all flights to or from EU airports from 2012. Because of the measures taken by the airlines to comply with the Directive, the European Commission expects a ticket price increase between 1,8 and 9 euros and an even higher raise for long-haul flights.

The EU environment ministers at their meeting on 20 February 2007 were all in favour of including aviation in the ETS, but were also keen on not to put European operators into a competitive disadvantageous position. They requested to apply the rules to all air operators at the same time, whether European or non-European.

HOTREC invites the European decision makers to amend the proposal in a way, so that the new rules will be applicable for all flights to and from EU airports at the same time. Introducing the system only to intra-Community flights first would mean higher costs for tickets within the EU only, and this for an unforeseeable period of time, making non-EU destinations more favourable for European travellers. That would lead, as in the case of the proposed new visa Regulation, to the loss of tourists and to a potential increase of unemployment in the tourism sector, which cannot be welcomed by the EU decision-makers.

Furthermore, such a new financial burden would be particularly detrimental for islands and countries which are mainly accessed by air. Their particular situation should be reflected upon carefully while reviewing the proposed Directive.

□ ***New airport package***

A 60% increase in the number of airlines in the last ten years, and an increase of passenger number of 8,5% from 2004 to 2005 have brought delays and other problems on ground. The European Commission therefore published a new airport package on 24 January 2007, which should handle these problems. The aim of the measures is to offer a common set of rules to be applied and enforced in a uniform manner throughout Europe.

The package comprises:

- a proposal for a Directive on airport charges,
- a communication on airport capacity, efficiency and safety, and
- a report on the implementation of the groundhandling Directive.

The proposed Directive requires vis-à-vis the airports and the airlines total transparency, user-consultation and the application of the principle of non-discrimination when calculating charges. It should also create independent national authorities to arbitrate and settle disputes. The Directive will apply to airports with over 1 million passengers a year. It may enter into force 18 months after its adoption, that means an application from about mid 2009 at the earliest.

In parallel, the proposal for a Regulation on common rules for the operation of air transport services in the Community – recast (COM (2006) 396 final) – is dealing with the transparency of air fares vis-à-vis the passengers. All the elements contributing to a ticket price should be made visible. The issue is currently being discussed in first reading at the European Parliament.

HOTREC will follow the developments in these issues. Common principles for airport charges will help to settle the problem of non-transparent charging schemes, which will also facilitate the better understanding of the information provided for the

travellers. More efficient use of existing and new airport facilities will also enhance travellers' life, saving time spent with travelling and therefore enabling more time to be spent at their travel destination.

□ ***Extension of Schengen to new Member States***

EU Ministers of Interior agreed at their Justice and Home Affairs (JHA) Council meeting on 5 December 2006 that expansion of the Schengen area to new Member States could happen at the end of December 2007. The lifting of borders in the field of air transport would occur at the end of March 2008, in parallel with the implementation of the new flight timetables.

The green light for the extension would finally be given country-by-country by the Council in autumn 2007, after a formal positive assessment of their ability to control their external borders, as well as their capacity to integrate into the common Schengen data base information system.

Among the 10 new Member States, only Cyprus decided to keep its borders in place. The Mediterranean country's participation in the Schengen area can be expected, when the new generation of the Schengen Information System (SIS II) is operational. Switzerland will join the Schengen area at the same time as the 10 new Member States of the EU.

HOTREC welcomes the extension of the Schengen area to the new Member States, as it will facilitate the movement of tourists within the enlarged EU. It should also contribute to enhancing third country tourists to visit the Eastern part of the EU, with the single Schengen visa.

□ ***Visa policy***

As announced in the previous *Live from Brussels No. 39*, several industry stakeholders prepared a common industry position on the European Commission's proposed Regulation establishing a Community Code of Visas. In this paper ECTAA, EFCO&HPA, GEBTA, HOTREC and IRU regret that the new visa procedures and conditions are intended to be introduced without any consultation of stakeholders or a proper impact assessment on the tourism industry. (See *Live from Brussels N° 39* for the main points of the proposal.) The position paper was sent to both the European Commission and the European Parliament.

With the decision of the JHA Council of 5 December 2006 to extend the Schengen area to the new Member States at the end of 2007, the new Community Code of Visas will apply to all Member States participating in the Schengen area upon entry into force.

The European Parliament is currently discussing the draft Regulation in first reading. As this issue is dealt within the framework of the co-decision procedure, the European Parliament and the Council will have to reach an agreement on the proposal.

HOTREC, of course, shares the fears of ECTAA, EFCO&HPA, GEBTA and IRU, stated in the above mentioned common position of November 2006, regarding the drastic changes in the procedure and the price increase of Visa applications. HOTREC also strongly regrets, that in spite of the Communication from the European Commission of 17 March 2006 on “A renewed tourism policy: Towards a stronger partnership for European Tourism” the industry was not in any way involved in the preparation of this proposed Regulation.

TOURISM

□ Tourism Sustainability Group – Report

As reported in *Live from Brussels No 32*, the Tourism Sustainability Group (TSG), was set up to contribute to the sustainability of the tourism industry in Europe.

Its final report was published in February 2007. An official web based consultation based on this final report was launched on 19 April 2007 in view of the preparation of a proposal for an “Agenda for a sustainable and competitive European tourism”, to be adopted in September 2007.

The final report identifies 8 challenges for the tourism sector:

- Reducing the seasonality of demand;
- Addressing the impact of tourism transport;
- Improving the quality of tourism jobs;
- Maintaining and enhancing community prosperity and quality of life in the face of change,;
- Minimising resource use and production of waste;
- Conserving and giving value to natural and cultural heritage;
- Making holidays available for all; and
- Using tourism as a tool in global sustainable development.

The document also suggests responsibilities for action by the different stakeholders, namely of the European Commission, the national governments, the local authorities, tourism businesses, tourists and other bodies, such as educational and research establishments, trade unions consumer associations, NGOs and international organisations.

The TSG report also provides a timeframe for these various actions.

The text of the TSG report may be found on the European Commission’s Tourism Policy website:

http://ec.europa.eu/enterprise/services/tourism/tourism_sustainability_group.htm

Contributions to the consultation are to be sent to the European Commission by 14 June 2007. The electronic format of the public consultation is available on the website:

http://ec.europa.eu/enterprise/services/tourism/sustainability_public_consultation.htm

The hospitality industry was represented on the TSG by John Power, Ireland and Natalie Flynn, Malta. HOTREC welcomes the initiative to promote and broadly discuss the issue of sustainable tourism. HOTREC will contribute to the public consultation as sustainable tourism development is a key issue for the long term perspectives of the HORECA industry.

□ ***EP own initiative report on tourism***

The European Parliament intends to issue an own initiative report on Tourism this year. The TRAN Committee of the Parliament circulated the following 6 questions to several stakeholders inviting them to contribute to its report.

- 1) What are you expecting from the initiative report of the European Parliament on tourism?
- 2) What are the EU competences/policies which can be considered as having a major impact on tourism? Can you indicate any particular file/Regulation?
- 3) Do obstacles exist at European level that prevent you from implementing a useful and efficient tourism policy/business activity?
- 4) Are there, to your knowledge, major differences in the visa delivery policies of Member States of the EU that would have consequences on the choice of the first country of entrance of non EU tourists and on the freedom of movement of those tourists across the EU? Can you see other issues related to the EU visa policy and national practices that have consequences for the tourism industry?
- 5) Do you have any suggestions on standardisation fields (or a quality labels) regarding tourist services that could be relevant at EU level? How?
- 6) Do you consider that consumer rights for tourists are sufficiently taken into account? If not what is missing? Why?

In its answers, HOTREC drew the attention again to the economic importance of the tourism industry and to the dominance of small enterprises in the hospitality sector. HOTREC also expressed its desire for better coordination within the European institutions of the measures, which are likely to affect the tourism industry. HOTREC reflected on numerous issues currently dealt with by the European institutions and with high relevance to our sector (i.e. VAT, hygiene, Visa policy).

HOTREC also repeated its call for reducing administrative burdens and cutting red tape.

The position on standards was expressed in this paper again, stating that the vast majority of the European hospitality industry does not currently see the need for the development of European or international standards. Besides that, HOTREC called for more transparency and full consultation of the industry as regards the standardisation bodies.

□ *European Maritime Policy – Green Paper*

On 7 June 2006, the European Commission published its Green Paper “Towards a future maritime policy for the Union: A European vision for the oceans and seas”.

The Green Paper tackles the maritime sector in a broad sense, not only focussing on the shipping industry, but also dealing with the problems of tourism, fisheries, spatial planning and environmental issues. Among others, the paper draws the attention to the danger for coastal areas of rising sea levels, the development of coastal tourism and the importance of the involvement of all relevant stakeholders in spatial planning. Since June 2006, many conferences have already been organised on this topic.

The consultation period for the Maritime Green Paper ends on 30 June 2007. The Green Paper can be downloaded in ten different languages from the following website: http://ec.europa.eu/maritimeaffairs/policy_en.html#com. Since the publication of the Green Paper, a great number of conferences have been organised to discuss the subject matter.

HOTREC welcomes the initiative of the European Commission to enhance European Maritime policy, involving all stakeholders. As the sea is Europe’s most popular holiday destination (63% of European tourists choose the sea as their destination), HOTREC feels the necessity of a balanced, sustainable development of European coastal areas.

□ *Tourism statistics*

In relation to tourism the following publications from Eurostat, the EU statistical office, have recently been issued:

- Main features of the services sector; *Statistics in Focus*, 19/2007;
- Winter Season tourism trends 2005-2006, *Statistics in Focus*, N30/2006;
- Regional tourism in the European Union, *Statistics in Focus* N27/2006;
- European business, *Facts and figures; Data: 1995-2005*, (Chapter 19: *Hotels and Restaurants*)

The publications may be downloaded in English, German, and French from Eurostat’s website:

http://epp.eurostat.ec.europa.eu/portal/page?_pageid=1073,46587259&_dad=portal&_schema=PORTAL&p_product_code=KS-SF-07-019 (Main features of the services sector)

http://epp.eurostat.ec.europa.eu/portal/page?_pageid=1073,46587259&_dad=portal&_schema=PORTAL&p_product_code=KS-NP-06-030 (Winter season trends)

http://epp.eurostat.ec.europa.eu/portal/page?_pageid=1073,46587259&_dad=portal&_schema=PORTAL&p_product_code=KS-NP-06-027 (Regional tourism)

http://epp.eurostat.ec.europa.eu/portal/page?_pageid=1073,46587259&_dad=portal&_schema=PORTAL&p_product_code=KS-BW-06-001 (European business; only in English)

□ *European Tourism Forum*

The 5th European Tourism Forum was held in Cyprus, on the 16-17 November 2006. The Forum was organised in the framework of three different workshops with the titles:

- New technologies, new tourists (workshop 1),
- New instruments, innovative partnerships (workshop 2),
- New trends, new markets (workshop 3).

Susanne Kraus-Winkler, Member of the HOTREC Executive Committee presented the introductory remarks for workshop 2, and delivered a presentation on Wellness as a growing niche in the hospitality sector in workshop 3.

The documents and presentations related to the 5th Tourism Forum in Cyprus are available on the following website: <http://www.etfcyprus2006.com.cy/>

The 6th European Tourism Forum is to take place in Algarve, Portugal on 26 October 2007. The next Tourism Forum will be a one day event, with a plenary session involving three panels. The main Forum theme will be “Sustainable Management of Tourism Destinations” and the three panels will discuss the following topics:

- Management and Conservation of the Natural and Cultural Heritage;
- Management of Destination Resources;
- Job Creation through Sustainable Management.

An official programme will be circulated later.

REGIONAL POLICY

□ *Cohesion Policy 2007-2013*

The European Commission is currently examining the different National Strategic Reference Frameworks (NSRF), and Operational Programs (OP) of the 27 Member States. As of 12 April 2007, all Member States have submitted their NSRFs to the European Commission. Negotiations on these documents were until now concluded successfully with Malta, Greece and Austria.

Before the national calls for projects in the different areas can be launched, the Member States have to negotiate their plans on the use of the European Funds. This process is still in process with the Member States, which means that the first calls for proposal are only expected in the coming months.

For the details of the negotiation procedure, see:

http://ec.europa.eu/employment_social/esf2000/flowchart_en.html

HOTREC is following the developments in the Cohesion Policy, as many tourism related projects may benefit from European funds in the coming years.

ENLARGEMENT

□ *EU – Romania and Bulgaria*

On 1 January 2007, Romania and Bulgaria became the 26th and 27th Member States of the European Union. With this step, the European Commission now has 27 members, with the Bulgarian Commissioner Mrs. Meglena Kuneva, responsible for Consumer Protection, and the Romanian Commissioner Mr. Leonard Orban, responsible for Multilingualism.

Following the current enlargement, the European Parliament now has 785 Members temporarily, including 35 Members from Romania and 18 from Bulgaria. That number will be reduced again to 732 with the next elections in 2009.

Both Romania and Bulgaria have a rapidly growing tourism industry. EUROSTAT figures show, that from 2000 to 2006 the turnover index in hotels and restaurants grew by 12.4 % per year on average in Bulgaria, and 33.8 % in Romania, compared to 3.3 % for the EU27 (however the values reflect changes not only in terms of the volume of sales but also prices). In terms of employment, both new Member States show an increase above the average of the EU27. In the period of the last six years Bulgaria showed an increase in employment in the HORECA sector of about 60%, while the same figure for Romania shows around 20 % (compared to around 12% in the EU27).

□ *Eurozone*

On 1 January 2007, Slovenia became the 13th Member State to introduce the Euro. The transition from the “tolar” to the Euro was completed without incident. However, the Slovenian Finance Minister Mr. Andrej Bajuk mentioned that the only cause for concern was the increase on prices in the restaurants and cafés. This information was also confirmed by the President of the Slovenian Central Bank. The Slovenian consumer association received over 750 complaints relating to the restaurant services.

It was not really a surprise, since, according to a Eurobarometer survey, in November 2006, 21% of the Slovenian hospitality enterprises admitted that they were planning to adjust their new prices in euro upwards.

According to the conclusions of the regular two-yearly convergence report published on 5 December 2006 by the European Commission, the next candidates for entering the eurozone seem to be Cyprus and Malta in 2008. However, both Member States have some difficulties in complying with all the Maastricht criteria. Nevertheless, Cyprus formally applied to join the Euro from 1 January 2008. The European Commission and the European Central Bank will assess Cyprus’ application and give their decision in a report in mid-May 2007. The final decision may then be taken by the European Council in June 2007.

HOTREC ACTIVITIES

□ *HOTREC General Assemblies*

The last HOTREC General Assembly took place in Berlin on 20 October 2006. Ms Dagmar Wöhrl, Parliamentary State Secretary of the Federal Ministry of Economics and Technology, was the keynote speaker and addressed the main priorities of the German EU Presidency during the first half of 2007.

The General Assembly discussed a number of issues relating to standards; VAT rates; tourism; copyright; diet, physical activity and health; alcohol policy; hotel classification; and a European quality scheme. In connection with the General Assembly a seminar on “*Payments within the EU*” was held, which focused on the issue of credit card payments and competition at national and European levels.

The next HOTREC General Assemblies will take place in Lisbon, Portugal, on 26-27 April 2007 and in Vilnius, Lithuania, on 27-28 September 2007.

The full press release issued after the Berlin meetings can be accessed on www.hotrec.eu, section “News & Publications”.