

## **Press Release**

### **The European hospitality industry calls for a shift in EU policies!**

#### **HOTREC\* 60<sup>th</sup> General Assembly**

**Barcelona, 5-6 November 2009**

**On the occasion of the 60<sup>th</sup> General Assembly of HOTREC, 39 hotel, restaurant and café associations from 24 European countries discussed the challenges and threats faced by the European hospitality industry during the worst economic crisis seen in a lifetime. Six months after the Stockholm G.A., hospitality business trends reported across Europe are still very worrying and the recovery is currently not in sight in many Member States. Given this persistent hostile economic climate the President, Mr. Kent Nyström, renewed HOTREC's call for a shift in EU policies to hasten the recovery: it is now great time for the EU to anchor pro-business policies, better regulation and burden reductions in the heart of its daily activities. In this context, HOTREC supports the Member States which already make use of the possibility offered to apply reduced VAT rates to hospitality services and strongly encourages other Member States to follow the same path to help hospitality businesses survive the economic crisis. Moreover, the new Commission to be soon put in place should withdraw the burdensome and inappropriate proposal imposing food labelling requirements to restaurants put forward by its predecessor.**

#### **Economic crisis: a wounded industry**

The current economic crisis put the hospitality industry under huge pressure. As a result, investment projects are frozen, access to credit almost evaporated and demand is plunging across Europe. Most participants to the General Assembly reported calamitous business trends in their respective countries, and most consider that the recovery is not in sight yet, as 2010 will probably be on the same level as 2009. In Ireland the situation is catastrophic as restaurants witnessed a decrease of 30% of their revenues over the last months, while bankruptcies surged by 10% to 15%. In Latvia and Lithuania, occupancy rates in hotels fell by 20% to 40%, depending on the areas. In Finland, the demand plunged on average by 10% for hotels and restaurants. In France, 9.000 jobs were lost in the first half of 2009 and, in one year, restaurants served 8.000.000 meals less. In the UK, 36 pubs were closing every week, a figure which peaks up to 52 per week in 2009, while the overall beer

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\* HOTREC represents the hotel, restaurant and café industry at European level. It counts 1.6 million businesses, with 92% of them being micro enterprises employing less than 10 people. The micro and small enterprises (having less than 50 employees) in the hospitality industry representing 99% of businesses make up some 62% of value added. The industry provides some 9 million jobs in the EU alone. HOTREC brings together 40 National Associations representing the interest of the industry in 25 different European countries.

consumption decreased by 8%. In Spain, over the last 12 months, employment rates in hotels dropped by 7,4%, while in the restaurant sector 30.000 jobs were lost and an extra 50.000 were not created as a consequence of the crisis. In Malta, occupancy rates in hotels dropped by 14% during the first eight months of 2009. However, a few countries seem to experience the very beginning of an improvement, even though the situation remains very fragile. HOTREC President, Mr. Kent Nyström, considered that “the overall picture is still not positive but signs of recovery can be observed”. He once again called on the EU and the Member States governments to restore a favourable regulatory environment instead of imposing additional burdens, as the future of 9 million jobs in the hospitality industry is at stake!

### **Spanish tourism policy and the EU**

Ms. Beatriz Marco, General Director of Cooperation and Tourism Competitiveness of the Spanish Ministry of Tourism, made an interesting presentation on the current priorities of the Spanish tourism policy. Participants particularly welcomed the announcement that the Spanish presidency will try to improve the coordination of EU policies having an impact on tourism.

### **Food labelling**

The participants confirmed their long-lasting doubts over the feasibility and appropriateness of the Commission proposal to impose food labelling requirements for non-prepacked food. This new legislation, if adopted as such, will not only impose burdens costing the industry billions of Euros, but will also be incapable of application by small restaurants and all other establishments serving food (pubs, snacks, etc.). It will force small restaurants to standardise their menus at the risk of being driven out of business. Even the solution of limiting the labelling requirements to allergens only is not feasible because of the high risk of cross contamination in establishments with small working areas. The General Assembly therefore re-iterated its call on the Council and the European Parliament to strongly oppose such a possibility, which risks hastening businesses failures, while harming the European culinary heritage.

### **Health issues**

The participants to the General Assembly discussed the latest developments in relation to EU health policies affecting hospitality businesses. In relation to the Alcohol and Health Forum, the participants adopted a new guidance document addressed to national associations. It will be communicated to the Commission and to other forum members.

### **VAT**

Following the positive conclusion of the saga on optional reduced VAT rates for restaurant services, the participants reported on the situation in their respective country and on the changes of the VAT rates that have already or could possibly occur in the near future. The participants to the General Assembly called on the governments of the EU Member States to make use of the possibility to apply reduced VAT rates to accommodation, meals as well as accompanying beverages served in restaurants to help the hospitality industry survive the current economic crisis. Such a pro-business policy could allow a quicker recovery of the tourism industry, a sector that is key to the economy of many Member States.

## **Payment cards**

The General Assembly discussed with Mr. Xavier Durieu, Secretary General of EuroCommerce, the difficulties that the retail sector and the hospitality industry are facing with MasterCard and VISA. In particular, the participants raised common concerns over the unacceptable imposition of heavy interchange fees violating EU competition law. These financial institutions should not be let free to compensate their losses in financial markets at the detriment of the businesses having to accept payment cards.

## **Lisbon Treaty**

The German MEP Klaus-Heiner Lehne (EPP) made an interesting presentation on the coming into force of the Lisbon Treaty. Of particular interest for the hospitality industry are the new EU competence on tourism and the strengthened role for national parliaments as watchdogs for the defense of the subsidiarity principle.

## **European Commission activities in the field of tourism**

Mr. Pedro Ortún Silván (Director, DG Enterprise) reviewed the multiple activities of the Tourism Unit which he had been presented on the occasion of the European Tourism Forum held in Brussels on 9 October. In relation to the study on the competitiveness of the EU tourism industry, he asked HOTREC to prioritise the challenges identified in this study. The President of HOTREC immediately replied that the number one priority should be to “provide oxygen to the industry” by reducing administrative burdens and providing better impact assessments before releasing unconsidered pieces of legislation, such as the food labelling proposal.

## **Consumer rights**

HOTREC national associations welcomed the NET position paper on the proposal for a Directive on consumer rights to which HOTREC contributed. This common position paper from the European tourism industry will help national associations making fruitful contacts with their national MEPs.

## **Classification**

HOTREC national associations confirmed their will to pursue the benchmarking exercise of classification systems in Europe and adopted 21 principles for classification that will replace the 15 principles adopted in 2005. This common work on the convergence of classification systems in Europe is best illustrated by the Nordic-Baltic classification scheme and the Central European initiative.

## **Standards**

The participants re-examined and confirmed their doubts over the functioning of standardisation bodies when dealing with tourism matters. They adopted a new position paper which is available on the HOTREC website.

## Fire safety

The General Assembly examined and welcomed the progress made by the Working Party in charge of producing the fire safety methodology promised by HOTREC to the EU institutions.

## Elections

Elections to various positions in the EXCOM, the SSD Steering Committee and the Quality Board took place. The EXCOM is now composed of the following persons:

President	Kent Nyström	Sweden
Vice-President	Joan Gaspart	Spain
Treasurer	Susanne Kraus-Winkler	Austria
Member	Didier Chenet	France
Member	Marinus Cordesius	The Netherlands
Member	Akós Niklai	Hungary
Member	Evalda Siskauskiene	Lithuania

The SSD Steering Committee is now composed of the following persons:

Chairman	Martin Couchman	The United Kingdom
Member	Jean-Marc Banquet D'Orx	France
Member	Jostein Hansen	Norway
Member	István Kovacs	Hungary
Member	Alessandro Nucara	Italy

Markus Luthe (Germany) was also re-elected Chairman of the Quality Board.

## New publication

On the occasion of the HOTREC 60<sup>th</sup> General Assembly, the participants were presented the new HOTREC publication untitled "Some 60 EU measures affecting the European hospitality industry". This publication focus on some 60 measures from the EU of most direct relevance to the industry and is also now electronically available on the HOTREC website under the heading "[Key measures](#)" in the publication section of the website.

The next HOTREC General Assembly will take place in Brussels on 22-23 April 2010.

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