

# Live from Brussels

## Newsletter

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### Main EU developments over the last 3 months of interest to the hospitality sector

*HOTREC represents the hotel, restaurant and café industry at European level, bringing together 44 national associations representing the interest of this industry in 27 different European countries. The sector counts 1,7 million businesses, with almost 92% of them being micro enterprises employing less than 10 people. The micro and small enterprises (having less than 50 employees) represent more than 99,5% of businesses and make up 62% of value added. Last but not least, this industry provides some 9,5 million jobs in the EU alone.*

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*Under the responsibility of Kent Nyström, HOTREC President*

## CONSUMER AFFAIRS

### • **Package Travel Directive: the Commission finally publishes its proposal!**

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On 9 July, the European Commission finally adopted its [proposal for a new Directive on “package travel and assisted travel arrangements”](#). The European Commission was considering that the existing Directive was outdated and needed to be modernised, so as to bring it in line with current market practices, particularly on the internet.

In particular, the Commission **proposal intends to amend and extend the definition of a package**. The aim is to bring into the scope of the Directive tourism services that are combined by the consumer himself on one Online Travel Agents’ website or that are combined through so called “linked online booking processes” (i.e. when one consumer books one service online and is redirected to another website, with the automatic transfer of his/her personal booking data, to book a complementary service).

The Commission proposal also intends to:

- Update the list of pre-contractual information that a package organiser shall provide to the consumer;
- Impose stricter rules on price surcharges;
- **Clarify the rules on liability**, by making sure that it is always the organiser of a package that is fully liable to the consumer in first line for any underperformance of the services;
- **Provide to the consumer a limited right of withdrawal** at any time against the payment of a compensation to the trader, or for free before the departure in case of *force majeure* events likely to affect the normal performance of the contract (e.g. volcano ash cloud, Arab spring revolution, etc.);
- **Clarify rules on repatriation** of the consumer in case of *force majeure* events after the departure and preventing the package from being performed;
- Clarify the rules on **financial guarantees** aimed at protecting consumers against the risk of bankruptcy of a package organiser. In particular, the proposal states that the guarantee shall take into account the actual financial risk of the trader’s activities and that it shall cover the risk of repatriation if there is a carriage of passengers only.

The Commission proposal will now be discussed by the European Parliament and Council within the ordinary legislative procedure.

*The European hospitality industry is a key component of the tourism industry and is therefore directly affected by the Package Travel Directive and its revision. HOTREC considers that the Commission proposal contains some improvements to the existing Directive (e.g. the fact that the guarantee in case of bankruptcy shall be tailored to the actual risk and that in the absence of carriage of passengers it is not needed to cover repatriation).*

*Nevertheless, there are a number of new provisions that will create some confusion on the holiday market. This is particularly true for the provisions on the possibility for the consumer to withdraw from the contract at any time. This provision will create a dual legal system in which there is no such mandatory right of withdrawal for stand-alone hotel bookings (covered by the Consumer Rights Directive) while there would be a right of withdrawal for the same hotel booking when combined online to other tourism services (therefore falling under the scope of the Package Travel Directive).*

*This is incoherent and will create difficulties for hotels to manage online bookings made through third parties. HOTREC therefore calls on the European Parliament and Council to tackle this issue and to delete the relevant provisions of the Commission proposal so as to align it with the Consumer Rights Directive. Tourism services with reservation are perishable services: applying a mandatory right of withdrawal to those services is not appropriate.*

## HEALTH

### • **EU Health Policy Forum – a new position paper is out!**

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In the framework of the [EU health strategy 2008-2013](#), the Commission has set up the [EU Health Policy Forum](#) (EUHPF) which aims to disseminate information, launch ideas for debate and contribute to policy building in the field of EU Health policy. The Forum brings together different pan-European stakeholders such as: public-health non-governmental organisations, patients’ organisations, health service providers, business with an interest in and commitment to health promotion.

On May 2013, the Forum has released a position paper on the topic untitled "[Investing in Health](#)", where it observes that more actions should be taken on **health promotion and disease prevention**. The paper defends the public sector should be in the driving seat in the implementation of those actions. EUHPF has highlighted its support to the following measures to tackle tobacco and alcohol as major chronic diseases risk factors:

- Pricing policies: taxes, minimum duties and minimum prices;
- Information and communication: limits on advertising and promotion, marketing of alcohol products, total ban of advertising of tobacco products, strong requirements for compulsory labeling of both tobacco and alcohol products;
- Consumption: comprehensive smoking bans in closed public places, bars and restaurants;
- Product distribution: ban on sales to minors for tobacco products and alcohol, ban of cigarette vending machines, sales of alcohol restricted to licensed outlets or during limited hours.

*As a member of the European Alcohol and Health Forum (EAHF) and in the performance of its function of umbrella association, HOTREC shares with the public authorities its concerns on alcohol related harm topics. In this sense, HOTREC fully supports all measures that forbid the access of alcoholic drinks by underaged. At the same time, HOTREC also understands that effective labeling rules should apply to tobacco products.*

*Nevertheless HOTREC recalls that the subsidiarity principle fully applies to the EU competences on health. Therefore, the possibility of introducing smoking bans in closed public places, including restaurants and bars should be left to the decision of each Member State. The same principles apply to the potential ban of cigarette vending machines. In fact, such a measure would affect all businesses that have such machines, including the hospitality sector. Provisions set at national level in such cases can better take into account local conditions and needs when compared to measures decided at EU level with a one-size-fits-all approach.*

## **TOURISM**

### **• Mission for growth to Russia**

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On 17 and 18 June 2013, the Vice President of the European Commission, Mr. Antonio Tajani, organised a Mission for Growth to Russia. The aim of this mission, amongst others, is to enhance the growth and competitiveness of the European industry, including tourism, by better exploiting potential growth in non-EU countries, in this case, Russia. The visit intended also to help European enterprises, in particular SMEs, to better profit from fast growing emerging international markets.

As President of HOTREC, Mr. Nyström was invited to speak on the name of the European hospitality industry at the workshop "Tourism and High-End Industry as an engine for Growth" held in St. Petersburg.

HOTREC President started his speech by recalling participants that the hospitality and tourism industry is the **3<sup>rd</sup> largest industry in Europe**, provides jobs to up to 10 million workers and contributes to up to 5% of the European GDP.

Mr. Nyström further stated that tourism is a market for other goods and services and, consequently, keeping a strong tourism industry is crucial for the competitiveness of other industries/services that are very dependent on the tourism sector.

When it comes to strengthening the cooperation between Russia and the EU, HOTREC President insisted on the fact that erasing or at least facilitating visa procedures/requirements for Russian citizens would increase the number of tourists/business people visiting Europe and, thus, contribute to the economic growth of the tourism sector, while improving the relations between the EU and Russia.

*As the voice of the European hospitality industry, HOTREC is very actively involved in many of the actions implemented by the Commission in the area of tourism, amongst which, the setting-up of an online platform to enhance the competitiveness of tourism business, the establishment of a European Quality label, the elaboration of a European Hospitality Skills Passport, and many other institutional initiatives.*

*In this context, HOTREC participated in the [Mission for Growth to Russia](#), which intends to create a more favourable business environment between Russia and the EU.*

## DIGITAL ISSUES

### • **Google in the crossfire for a European market tests**

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In November 2010, the European Commission opened an antitrust investigation into allegations that Google Inc. has abused its dominant position in online search, in violation of European Union competition rules (Article 102 TFEU).

In March 2013, the Commission formally informed Google of its preliminary conclusion that four types of business practices by Google may violate EU antitrust rules prohibiting the abuse of a dominant position. These investigated practices included, inter alia, the favourable treatment of Google owned search services in the search results and the unauthorised use of third party content. Google addressed these concerns and offered for a period of 5 years to implement commitments which should rectify the situation in the criticized fields. In the framework of a market test, based also on comments from interested parties, the Commission is examining whether the commitments proposed by Google provide a satisfactory solution to the competition concerns.

It seems that most stakeholders are not satisfied with the commitments of Google. Some are considering that doing nothing would be better than accepting the commitments of Google. They fear that the proposed solutions would likely open up new sources of revenues for Google and not doing much against the discrimination of competitive results.

Following the closure of the one month comment period on 27 May 2013, the Commission is now analysing the responses and elaborating on the way forward.

*HOTREC submitted its comments to the European Commission on the commitments of Google. HOTREC expressed its worries, that Google 's current practice, and even more the proposed commitments, are endangering the proper display of organic search results, which would appear more and more below the increasing number of commercial hits, which are often diverting traffic and driving business away from the searched for businesses.*

*HOTREC is also worried about the display of brand names in advertisements, giving the impression to provide a direct link to the searched for service or establishments, but in reality diverting traffic to other third party websites.*

*Further concerns of HOTREC include the insertion of Google+ tools among the natural search results, driving again traffic from the organic result to commercial results. Also with regard to the display of prices in the search results there is an imbalance, as only prices of Online Travel Agents, but not the prices of the websites of the hotels are displayed.*

*HOTREC hopes that these concerns will also be taken into consideration by the European Commission.*

## FOOD

### • **A new Commission consultation on the sustainability of the food chain**

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On 8 July, the European Commission launched a new public [consultation on the "Sustainability of the Food System"](#). The aim is to gather stakeholders' input on the matter and to collect their ideas on how can Europe move towards a more resource efficient and sustainable food system.

The consultation, which starts with a question on how to define sustainable food, is then divided in 5 main chapters:

- Better technical knowledge on the environmental impacts of food;
- Stimulating sustainable food production;
- Promoting sustainable food consumption;
- Reducing food waste and losses; and
- Improving food policy coherence.

**The consultation is open until 1 October 2013.** Replies will be used by the European Commission to further develop a coherent approach to the issue of the sustainability of the food chain, and to possibly propose further actions or coordination at EU level.

Additional background information is also available on the Commission website: [link](#)

*As a key component of the food chain, serving millions of meals to European citizens every year, the European hospitality industry is naturally a key partner to achieve a sustainable food system. HOTREC is fully committed to the sustainable economic development of the European Union, and this clearly encompasses the issue of food wastage and of a more sustainable food consumption.*

*For that reason, HOTREC will carefully look at the Commission consultation and will provide its comments and suggestions on the matter, so as to contribute to a coherent approach on how to ensure more sustainability, while at the same time preserving the hospitality industry from unnecessary burdens and red-tape.*

## **TAXATION**

### **• VAT for telecommunication services in hospitality establishments remains unchanged**

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On 21 June, the Council of Ministers reached a political agreement on the proposed [Implementing Regulation](#) with regard to the place of supply of telecommunications, broadcasting and electronic services.

The agreement confirms the Commission's initial proposal with regard to the rules on providing such services in restaurants, internet cafes, hotels and, for external guests, in hotel lobbies. Accordingly, the current situation of the place of supply of such services will not change in the future, meaning that the VAT rate applied in the country where the establishment is located will continue to apply to such services.

Directive 2008/8/EC stipulates that from 2015, as a general rule, the place of supply of telecommunications and broadcasting services to non-taxable persons shall be the place where the customer has his permanent address or usually resides. The adopted Implementing Regulation provides for derogation in that sense for the place of supply of such services provided by hospitality establishments.

Following the preparation of the different linguistic versions of the now adopted text, this Regulation will be formally adopted very soon.

*HOTREC welcomes this decision by the Council, as this derogation was necessary for the hospitality sector. In the absence of this Implementing Regulation, all hospitality service providers would have had to count with huge burdens when billing such services, as they would have had to determine the place of residence of the guests and apply the VAT rate of such services according to the VAT rate in the country of origin of the guest. This would have been unworkable in the practice and also contrary to main purpose of the Directive of 2008, namely to tax these services at the place of their consumption.*

### **• VAT in some country specific recommendations**

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Based on the proposal of the European Commission of 29 May 2013, the Council formally issued on 9 July this year's [country specific recommendations](#) on economic and employment policies.

In general, given the stagnation of economic activities and the "unacceptably" high level of unemployment, the emphasis in the recommendations was put on efforts to support growth as a matter of priority as well as on growth friendly fiscal consolidation.

In the case of some countries, the recommendations are tackling the question of the system of reduced VAT rates, questioning in some cases their efficiency. However, in the case of most of the countries, this question is not raised at all, showing that there does not seem to be a general problem with the application of reduced VAT rates across Europe.

The European Commission in its corresponding Communication states that almost the double of VAT revenue could be collected if the full application of the standard VAT rate would be in place. The difference would come mainly from tax breaks, tax loopholes and lack of compliance.

*HOTREC is worried that the issue of reduced VAT rates is getting more and more in focus. Reduced VAT rates, applied in 24 of the 28 EU Member States for tourism services, are one of the main drivers making Europe still an affordable tourism destination from third countries and are keeping Europe as the number 1 destination in the world. The European hospitality sector, which has by far created more jobs over the last years than the rest of the economy, is convinced that questioning the relevance and eliminating tourism related reduced VAT rates would jeopardise the millions of jobs the sector has created in the last 10 years. This should as well be taken into consideration, especially in times of high unemployment rates, more specifically regarding the high number of jobseekers among young people. Young employees are overrepresented in the hospitality sector compared to the overall economy.*

## **COPYRIGHT**

### **• The Legal Affairs Committee adopts its report on the Collective Management of Rights Directive**

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On 9 July 2013, the Legal Affairs (JURI) Committee of the European Parliament adopted its report on the Commission [proposal for a Directive on Collective Management of Copyright](#). Before the vote of the JURI, the Rapporteur, MEP Marielle Gallo (EPP, France), held numerous meetings with the shadow rapporteurs from the other political parties, which has generated a clear consensus on the content of the report which was adopted unanimously.

The JURI report on the draft Directive proposes in particular to:

- Extend the scope of the Directive, so as to cover subsidiaries of collecting societies;
- Make tariffs negotiations more transparent, by asking collecting societies to explain their tariffs and to ensure they are reasonable;
- Impose collecting societies to reply within a set deadline to requests from right-users;
- Allow collecting societies to request information from right-users on the use of the licenses;
- To make collecting societies publish a number of information (repertoire, reciprocal agreements, standards contracts and tariffs);
- Delete from the Directive the exemption to transparency and good governance for small collecting societies;

The JURI Committee also gave the authorisation to a small team of MEPs to initiate informal trilogue negotiations with the Council with the view to reach an agreement. The negotiation team of the European Parliament will be composed of the Rapporteur, shadow rapporteurs and of the chair of the Legal Affairs Committee, MEP Klaus-Heiner Lehne (EPP, Germany).

Meanwhile, in the Council, the Irish Presidency of the EU issued on 31 May a [2<sup>nd</sup> compromise](#) text that seems to generate a certain level of consensus in the Council. This means that **negotiations between the European Parliament and the new Lithuanian Presidency of the EU will now start very soon and that a first-reading agreement could be reached before the end of the European Parliament's term.**

*As most commercial users of copyrighted works, the European hospitality industry welcomes the proposal of the European Commission as a step in the right direction, but considers it needs to be further strengthened on a number of key aspects to solve some of the recurrent problems faced by users in their dealings with collecting societies. HOTREC therefore welcomes the vote of the Legal Affairs Committee, as a number of amendments voted are clear steps in the right direction. In particular, HOTREC considers that the amendments on the "reasonable" character of the tariffs, on the deletion of the exemption to transparency and good governance for small collecting societies, or on the need for collecting societies to justify the calculation of the tariffs, in particular in cases of renewal of licenses, will considerably improve the current state of play if sustained in the final compromise between the Council and the European Parliament.*

*Nevertheless, HOTREC considers that the provisions on dispute resolutions should be further strengthened so as to ensure that the access to an independent dispute resolution body is always possible in case of disputes between right-users and collecting societies, for all kind of licenses and not only for multi-territorial licenses, as it would otherwise create a discrimination based on the kind of licenses negotiated.*

## DATA PROTECTION

### • **State of play in the institutional discussions**

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More than a year after that the European Commission presented its proposal for a Regulation on a General Data Protection Regulation ([COM \(2012\) 9 final](#)), replacing Directive 95/46/EC, the file is still being discussed in the European Parliament and in the Council in accordance with the ordinary legislative procedure.

In fact, in the European Parliament, members of the LIBE (Civil Liberties, Justice and Home Affairs) committee, and especially the rapporteur MEP Jan Philipp Albrecht (Germany, Greens,) and the shadow rapporteurs are pursuing intensive private talks in order to try to find **compromise amendments** on the [draft report](#) presented by Mr. Albrecht in January 2013. The objective is to decrease the total number of amendments (more than 3000 so far), so that the dossier can be voted more easily at a further meeting of the LIBE Committee. During the last LIBE discussions held on 9 July 2013, MEPs suggested that the Committee vote could probably take place in October.

In parallel, discussions in the Council have been quite intense, as the Irish Presidency of the EU had considered the data protection file one of the priorities on its agenda. In fact, during the six months of the Irish Presidency, 30 working group meetings (composed of national experts from the Member States) were organized. On 6 June 2013, Justice Ministers from the 27 Member States gathered in Luxembourg to discuss the [compromise proposals](#) prepared by the Irish Presidency on Chapters I-IV of the proposed Regulation, which include the general provisions, principles, rights of the data subject, and provisions regarding the controller and processor. Nevertheless, despite the efforts done, Member States keep disagreeing on several points, such as:

- The costs that the reform will bring to SME's;
- Penalties foreseen;
- Definition of consent;
- The flexibility to be given to the public sector in the framework of the Regulation;
- Articulation with the principle of freedom of expression;

The discussions will continue during the Lithuanian Presidency of the EU.

*HOTREC understands that technological progress and globalisation have deeply transformed the way personal data are collected, accessed and transferred. For these reasons HOTREC supports the revision of the current Directive 95/46/EC. Nevertheless, the proposal for a Regulation brings quite a number of administrative burdens and economic costs to SMEs that should be eliminated. HOTREC is especially concerned with the following points:*

- *Proposal from the European Parliament for all companies, including SME's, to designate a Data Protection Officer – the cost of an external consultant could easily amount to €12.000 per year, per SME. A fulltime DPO could amount to €35.000 per year, per SME;*
- *Right to be forgotten – former clients should be able to be contacted for marketing purposes without being obliged to give their explicit consent;*
- *Administrative sanctions are too high;*
- *Delegated and implementing acts should be further decreased, as they do not follow a fully transparent procedure when being adopted.*

## SOCIAL AFFAIRS

### • **European Council agreement on measures to combat youth unemployment**

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The European Council of 27 and 28 June agreed on a series of measures to combat youth unemployment at EU level:

- **Frontloading the Youth Employment Initiative of 6 billion EUR:** The Council will ensure that financial support to combat unemployment is ready since January 2014 and that money is disbursed in 2014-2015 rather than spread throughout the Multiannual Financial Framework Period (2014-2020). In fact, more funding for this purpose could still be made available from unused commitments in the years to come. This

should help ensuring the maximum impact of the Youth Employment Initiative that targets regions with a youth unemployment rate of more than 25%.

- Speeding up the national **Youth Guarantee Schemes** to ensure that people under 25 receive a job offer or an offer of education or training within four months after becoming unemployed or leaving school.
- Targeting youth unemployment when implementing the **Structural Funds**, including by reprogramming unspent funds. Resources from the **European Globalisation Adjustment Fund** can now also be used to combat youth unemployment.
- Promoting **labour mobility of young people** by strengthening the "*Your First EURES job*" programme, accelerating the implementation of the Directive for "*mutual recognition of professional qualifications*" and the "*Erasmus +*" programme.

The above mentioned measures were proposed by the European Commission in the so- called "Youth Employment Package", issued on 5 December 2012 with the objective of combating youth unemployment (under 25 years old) which is practically twice as high as the rate of unemployed adults in most of the Member States.

The [June European Council](#) has now given the political and financial impulse needed to put these measures in place.

The Youth Employment Package complements the Employment Package issued in April 2012 and the Social Investment Package issued in February 2013.

*HOTREC welcomes the European Council agreement, as youth employment is crucial for the future of the European economy. The hospitality sector offers jobs to many young people and, therefore, applauds all measures aiming at facilitating their formation, training and integration into the labour market.*

### **• Undeclared work: Commission consultation of the European Social Partners**

On 4 July 2013, the European Commission launched a [consultation](#) of the European social partners on possible future EU measures to prevent and deter undeclared work through improved cooperation between Member States enforcement authorities, such as labour inspectorates, tax and social security authorities.

Cooperation between Member States could include:

- the sharing of best practices;
- identifying common principles for inspections of employers;
- promoting staff exchanges;
- joint training; and
- facilitating joint control actions etc.

This consultation has been released in the context of the Employment Package, issued in April 2012 that lays down a set of measures to relaunch employment in Europe. The package of documents underline, amongst others, that transforming informal/undeclared work into regular employment should help reducing unemployment.

Furthermore, the Commission calls on the creation of a EU-level platform for labour inspectorates and other enforcement bodies to combat undeclared work. **The consultation is open until 20 September 2013.** On the basis of the consultation results, the Commission will adopt an initiative on undeclared work in the 2<sup>nd</sup> half of 2013.

More information on this topic is available in the latest EUROFOUND report on "*Tackling undeclared work in 27 EU Member States and Norway: Approaches and measures since 2008*" available here: [link](#).

*As a recognized social partner (article 154 TFEU) before the European Institutions, HOTREC will respond to this consultation. Over the years, HOTREC has been dealing with the issue of undeclared work in its Social Dialogue meetings together with EFFAT. In December 2010, EFFAT and HOTREC signed a [Joint Statement on undeclared work in the European Hotel and Restaurant sector](#) where they stated, amongst others, that "the fight against undeclared work must constitute one of the most important elements of the European employment strategy". They also expressed concern about the negative image which a high rate of undeclared work can project in the sector.*

Furthermore, HOTREC and EFFAT made reference to the need to simplify administrative procedures relating to the recruitment and to the management of companies; the need to give incentives for regular work, as well as to the importance of alleviating fiscal and administrative burdens and of taxation on the workforce/non wage costs in order **to transform undeclared work into declared work**.

As a follow-up action to the joint statement, HOTREC members from Denmark, Germany, Italy, Spain and United Kingdom presented at the SSD plenary meeting a number of [best practices](#) implemented in their countries to combat undeclared work.

## • **Health and Safety at work: Commission opens consultation on the future EU policy framework**

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The European Commission launched, on 31 May 2013, a [public consultation](#) to gather contributions from all interested parties on the possible directions of future EU policy in the occupational safety and health (OSH) area by identifying current and future challenges as well as solutions to address these challenges.

The consultation questions take into account the results of the evaluation of the European Strategy on Safety and Health at Work 2007-2012.

Since 2002, the EU has fulfilled its political role in the area of Occupational Safety and Health by means of multi-annual strategies formally endorsed by the Commission after consultations and voluntarily implemented by Member States and stakeholders.

The 2007-2012 Strategy set an ambitious goal for all Member States: to reduce accidents at work by 25 %. In addition, a number of specific objectives were identified, such as:

- improving and better implementing the EU regulatory framework on occupational safety and health;
- adapting the framework to changes in the workplace;
- developing coherent national strategies adjusted to the specific context of each Member State; and
- encouraging changes in behaviour and promotion of a preventive culture addressing all parts of society.

The results of this public consultation will help the European Commission elaborate on the future of EU policy framework on health and safety at work. **The consultation is open until 26 August 2013.**

*As the European hospitality industry employs nearly 10 million people, it is naturally concerned by EU policies addressing health and safety at work. HOTREC will therefore reply to the Commission consultation.*

## • **Discrimination beyond the workplace - very slow progress**

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The Commission proposal for a Council Directive ([COM\(2008\) 426 final](#)), which provides for protection against discrimination on the **grounds of age, disability, sexual orientation and religion or belief beyond the workplace** continues to be discussed within the Council.

The proposal establishes the prohibition of discrimination, as regards both the public and the private sector, in relation to social protection, social advantages, education and access to and supply of goods and other services, including housing.

Discussions on the draft proposal continued under the Irish Presidency of the EU. However, no agreement was reached by the representatives of the Member States.

On this occasion, discussions of the national experts focused, in particular, on the provisions concerning the issue of **disability**, as well as on the clarification of the scope including the concepts of education and social protection. Despite significant advances, these topics need further discussion/agreement.

Certain Member States have maintained general reservations questioning the need for the Commission proposal which they see as **infringing on national competence** for certain issues and as **conflicting with the principles of subsidiarity and proportionality**.

Other delegations have requested clarifications and expressed concerns, in particular, in relation to the lack of legal certainty, the division of competences and the practical, financial and legal impact of the proposal.

Other Member State delegations expressed concerns regarding the impact that the measures contained in the proposal would have on SMEs (especially micro-enterprises) and called for this issue to be re-examined once the specific content of the draft directive had become clearer.

The proposal needs to be adopted by unanimity in the Council.

For more information, see the latest Employment, Social Policy, Health and Consumer Affairs Council ([EPSCO](#)) discussions.

*HOTREC will continue to monitor the discussions within in the Council.*

## ENTERPRISE POLICY

### • **Helping SMEs to boost the economy!**

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According to statistics presented by the European Commission, 85% of net new jobs in the EU's private sector are created by SMEs. In order to help SMEs boosting employment and economic growth, the EU has been using different funding programmes and initiatives, so that SME's are motivated to perform their activities. Amongst others, it is to highlight:

- The **Competitiveness and Innovation Framework Programme (2007-2013)** – counting with a budget of €1.1 billion, the CIP program helped to mobilise over €15 billion for SMEs across Europe;
- **COSME** – once the CIP programme comes to an end in 2013, the Programme for the Competitiveness of Enterprises and SME's, COSME, will apply in 2014-2020. By and large, it continues the activities developed by CIP, but it will be complemented with financing for research- and innovation –driven enterprises under the [Programme Horizon 2020](#);
- The **European Investment Bank Group** is hoping to maximise during the next three years the impact of the €10 billion capital increase paid by the Member States. Specific measures envisage the possibility to combine EIB loans and European Investment Fund guarantees in order to encourage entrepreneurs to invest;
- **Single portal for EU funding**: since May 2013 SMEs have an easy access to the different funding possibilities through the new Commission [portal](#);
- **Missions for growth**: the Commission is trying to enhance business relations between Europe and emerging economies in Africa, Latin America and Asia. The insights the EU delegations will gain abroad should help SMEs investing in external growth;
- **Fighting administrative burden**: after a consultation launched by the Commission, the top most burdensome EU laws for SMEs have been identified (which include data protection, value added tax, labour market-related legislation). The network of [SMEs envoys](#) will follow-up the results and make the administrative burden reduction a priority;
- **Enterprise Europe Network**: the network gives the possibility for SME's to find business and technology partners in Europe, advice and assistance on EU programmes, access to finance, EU legislation.

*HOTREC fully supports measures that encourage SMEs to invest in their businesses, as these actions will be an incentive for the promotion of growth and employment across Europe. Nevertheless, HOTREC notices that the procedures that SME's need to go through to try to access funding are usually time consuming and bureaucratic. HOTREC calls for less bureaucratisation regarding the EU funding system.*

*Moreover, HOTREC draws attention to the fact that certain initiatives, such as the missions for growth, should have concrete targets and be organised in such a way that business opportunities actually occur, so that immediate results are reached.*

## SUSTAINABILITY

### • **Ongoing consultations on reviewing waste targets and on reducing the environmental impact of buildings**

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#### **Helping Europe become a recycling society**

On 6 June 2013, the European Commission published an online consultation to gather input on the possibility to review the current EU waste management targets.

Existing EU waste legislation sets clear targets for re-use and recycling of waste and for reducing landfill. By 2020, for example, 50 % of municipal/household waste and 70 % of construction and demolition waste should be recycled or re-used. Such targets have already driven major improvement. However, recent policy documents highlight that developing a **resource efficient economy** would require, amongst others:

- further prevention of waste;
- raising recycling and reuse to their maximum feasible levels;
- limiting incineration to non-recyclable materials; and
- phasing out landfilling progressively by 2020.

The Commission is examining whether EU waste targets should be adapted to reach these objectives, and has issued, to this end, this online public consultation. On the basis of the results of this consultation, the Commission will identify the key options for developing the targets. The potential added value and the economic, social, and environmental impacts of these options will then be analysed. **A legislative proposal may be developed in 2014, in the context of the waste policy review.**

This [consultation](#) is opened for citizens and stakeholders until **9 September 2013**.

#### **Reducing environmental impact of buildings:**

On 9 July 2013, the European Commission issued an online consultation asking citizens, businesses, NGOs and public authorities for ideas on how to **reduce the environmental impact of buildings**.

In the EU, buildings account for:

- 42 % of final energy consumption (during their use phase);
- 35 % of greenhouse gas emissions (during use phase);
- 50 % of all extracted materials are used in building (construction and use);
- 30 % of water consumption (during construction and use);
- 30 % of total generated waste (during construction, demolition and renovation).

Buildings use a large amount of resources when they are designed, built, used and demolished, and their impact on the environment, energy consumption and climate change is significant. Improving construction techniques is, therefore, important to help **Europe become a more sustainable economy**.

Consequently, EU existing policy initiatives in the area of environmental performance of buildings, mainly targeting *energy efficiency* during the use-phase of buildings, could be complemented with policies focusing on *resource efficiency* across the life-cycle of buildings.

Respondents to this consultation are asked for their views on the main environmental issues for the buildings sector, availability of data, systems to assess and communicate environmental performance of buildings, and how construction materials could be used more efficiently etc.

This [consultation](#) is open until **1 October 2013** and will help the Commission gather input to present a future **Communication on Sustainable Buildings**.

*HOTREC welcomes the Commission consultations of stakeholders and citizens on environmental topics. While welcoming all developments that are favourable from an environmental/sustainable point of view, HOTREC will like to stress that they should not impose further burden on SMEs.*

## STATISTICS

### • **Recent Statistical Publications**

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The UNWTO World Tourism Barometer has recently published the following articles related to tourism:

- [“International tourism receipts grew by 4% in 2012”](#) – press release, May 2013 – the article shows that international tourism receipts hit a new record in 2012, reaching an estimated 837 billion euro worldwide.
- [“China - the new number one tourism source market in the world”](#), press release, April 2013 – China’s expenditure on travel abroad reached US\$ 102 billion in 2012, making it the first tourism source market in the world in terms of spending.

## INSTITUTIONS

### • **Croatia officially joins the European Union!**

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On 1 July 2013, Croatia became the 28<sup>th</sup> Member State of the European Union (EU), therefore achieving another goal in the construction of a united Europe. Croatia is the first country to join the EU since 2007, when Bulgaria and Romania came on board. By joining the EU, Croatia has proved that it fully complies with the **accession criteria**, which includes the following aspects:

- Political: guarantee of democracy, rule of law, human rights and respect for protection of minorities;
- Economic: a functioning market economy and the capacity to cope with competition and market forces;
- Administrative and institutional capacity to effectively implement its membership obligations.

The President of the European Commission, Mr. Durão Barroso, the EU Council President Mr. Herman Van Rompuy and MEPs in the European Parliament warmly welcomed Croatia as the new EU member.

Regarding the EU institutions composition, the entrance of Croatia in the club means **one extra EU commissioner** - Mr. Neven Mimika, in charge of Consumer Affairs - who already assumed his duties on 3 July **and twelve new MEPs in the European Parliament**, which increases the total number of members to 766. This number will be reduced to 751 after the next year’s European elections.

*HOTREC, which counts with a Croatian member – the Croatian Association of Employers in Hospitality Industry (UPUHH) since October 2012, welcomes the entrance of Croatia into the EU, as this means another step towards a stronger and more unified Europe. Moreover, it abolishes custom duties at internal borders and puts in place a uniform system for taxing imports. HOTREC hopes that Croatia will be able to join the Schengen area soon and that all citizens in Croatia will be given the opportunity to work freely in any country of the EU within a very short period of time.*

### • **Lithuania assumes the Presidency of the EU!**

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On 1 July 2013, Lithuania started assuming the rotating Presidency of the Council of the European Union for the next six months. In the [Programme of the Lithuanian Presidency of the Council of the EU](#) the following points are to be highlighted as they will affect the hospitality sector:

- **Package Travel Directive** – initiation of negotiations in the Council is foreseen;
- **Tourism** – possible start of discussions at Council level on the European Tourism Quality Label;
- **Smart Regulation and SME’s** – efforts will be taken to improve the application of smart regulation tools, such as SME test, competitiveness proofing and ex-post evaluation;
- **Copyrights** – possible start of negotiations with the European Parliament regarding the Directive on collective rights and approve conditions for licensing of music for online use;
- **Visa Policy** - the Presidency will devote particular attention to negotiations regarding the simplification of the visa regime and readmission agreements, as well as the visa liberalisation processes with third countries;
- **Data Protection** – the Presidency will continue intensive negotiations seeking substantial progress on the proposed General Data Protection Regulation.

*HOTREC welcomes the Lithuanian's Presidency programme and hopes that the interests of the hospitality sector shall be taken into account.*

## **HOTREC GENERAL ACTIVITIES**

### **• Next General Assemblies**

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HOTREC will hold on 17-18 October 2013 its 67th General Assembly in Athens, Greece. The spring General Assembly of HOTREC will be taking place in Rome, Italy, on 10-11 April 2014.

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