



L I V E F R O M B R U S S E L S

Issue N°55, 24 October 2011

Main EU developments over the last 3 months of interest to the hotel, restaurant and café sector

HOTREC represents the hotel, restaurant and café industry at European level. 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. The industry provides some 9,5 million jobs in the EU alone. HOTREC brings together 43 National Associations representing the interest of the industry in 26 different European countries.

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<http://www.hotrec.eu/newsroom/live-from-brussels.aspx>

FOOD

❑ **Food labelling Regulation: definitively adopted!**

On 29 September 2011, the Council definitively adopted the Regulation on food information to consumer ([COM\(2008\) 40 final](#)) in second reading. The text adopted is the result of a compromise reached between representatives of the European Parliament and of the Council earlier this year. The text was already adopted by the European Parliament plenary on 6 July 2011 (see the previous issue of *Live from Brussels*).

The main provisions of the new Regulation as regards the issue of “non pre-packed food” (i.e. restaurant meals, etc.) are the following:

- **Allergen information will be mandatory at EU level;**
- The “opt-in approach” is retained for the other food information listed in Art. 9 and 10, meaning that **the provision of information other than allergens is not mandatory at EU level, unless Member States decide to require the provision of these elements;**
- **Member States can adopt national rules concerning the “*means through which*” the information has to be made available and “*where appropriate, their form of expression and presentation*”. This means that Member States could decide that allergens information can be given orally or by other means. The door will be therefore open to national solutions.**

Business operators (including restaurants) are given three years to adjust to the new legal situation before the new Regulation produces its effects and starts being directly applicable. The Regulation will very soon be published in the Official Journal of the EU and is already available on the Council’s [website](#).

HOTREC welcomes the “opt-in” solution adopted by the Parliament and the Council in their compromise text with regard to “non-prepacked food”. It is indeed an improvement compared to the original Commission proposal (“opt-out approach”). However, HOTREC regrets that the Regulation adopted finally imposes an EU-wide requirement to provide allergen information for foods served in restaurants. Meals served by restaurants are not standardised products and should not be subject to the same labelling requirements as large food processing companies. Furthermore, even the solution of limiting mandatory information to allergens is de facto unworkable, as the risk of cross-contamination is, unfortunately, unavoidable in restaurants, where chefs have to prepare at the same time, in the same kitchen, with limited working areas, various dishes containing commonly used ingredients, which may be potential allergens.

HOTREC’s national association now call on their governments to ensure that:

- *flexible solutions are retained for the provision of allergen information, such as the possibility to provide oral information on allergens;*
- *apart from allergens, the provision of other food information contained in the Regulation is not required at national level;*

❑ **Review of the food inspection framework: towards mandatory fees?**

The European Commission launched recently the revision process of Regulation [882/2004](#) “*on official controls performed to ensure the verification of compliance with feed and food law, animal health and animal welfare rules*”. This Regulation outlines the basic responsibilities of Member States concerning food hygiene inspections. As part of these duties, the Regulation provides that Member States must ensure that adequate financial resources are made available

for official controls. **To that end, the Regulation provides that inspection fees must be charged for some specific type of food business operators (mainly those covered by EU Regulation dealing with food import and exports). For other food business operators, Member States are allowed to charge inspection fees in order to cover the cost of inspections if they find appropriate.** In case inspection fees are mandatory at EU level, the Regulation provides common principles to be observed for setting the level of such fees. Moreover, the methods and data used for the calculation of the fees must be published or otherwise made available to the public.

To prepare for the revision of this Regulation, the Commission assigned to a consultancy a study to evaluate the functioning of the current legislative framework. The result of this study was to be presented to the European Commission at the very end of September 2011. In addition, the European Commission convened on 19 September 2011 the Working Group of the Advisory Group on the Food Chain, Animal and Plant Health (a specific working group composed of stakeholders representing food business operators) in order to present the review process and the possible changes the Commission would possibly introduce in this Regulation. On that occasion, **the Commission made clear that one option under consideration is to extend the scope of the mandatory fees to cover the entire food chain (e.g. including retailers and restaurants). Another option considered is to make public and more transparent the results of food hygiene inspections.**

Based on the result of the study, the European Commission should finalise an impact assessment in early 2012. This would allow the Commission to start formal consultation in the course of 2012 and to adopt a final proposal in the 3rd quarter 2012.

Food hygiene inspections carried out by national authorities are part of the daily business of the European hospitality industry. For this reason, HOTREC will follow thoroughly the intended revision of the EU legal framework dealing with the duties and financing of these inspections. If it is understood that national authorities that carry out food inspections should be adequately financed, HOTREC is nonetheless concerned by the proposal to extend the scope of mandatory fees for food hygiene inspections.

If a sector is currently not included in the list of mandatory inspection fees, this does not necessarily mean that this sector is not charged such fees by its national authorities, as Member States remain free to do so if they find appropriate. For this reason, HOTREC considers that any proposal to extend the list of mandatory inspection fees at EU level should be based on a need to overcome an obstacle to the single market and should respect the principle of subsidiarity. Given that the divergences either in the existence and/or possible amount of the inspection fees do not have any single market impact on the provision of restaurant services, HOTREC considers that inspection fees for restaurants should not be made mandatory at EU level.

PUBLIC HEALTH

□ European Alcohol and Health Forum – 9th plenary meeting

On 19 October 2011, the European Alcohol and Health Forum (EAHF) held its 9th plenary meeting. The EAHF was established in 2007 and is part of the European Commission strategy to support Member States in reducing alcohol-related harm, which has been launched in 2006. The EAHF counts with a vast range of members, which include sellers and producers of alcoholic beverages, media and advertising companies, retailers, hospitality industry, consumers, NGO's,

research organizations. Each of EAHF's members have their own voluntary and self-bending commitments, orientated towards the reduction of alcohol-related harm.

HOTREC is a member of the Forum since 2008, together with the British Beer and Pub Association, the Finnish Hospitality Association and the Swedish Hotel and Restaurant Association

The agenda of the 9th **plenary meeting** included the following main points:

- Presentation of the scientific opinion of the EAHF's Science Group on the subject: "Alcohol, work and productivity";
- Presentations related with the topic: "Drinking by young people";
- Speech by Commissioner John Dalli, responsible for the Health and Consumer Policy portfolio;
- Steps to follow on the evaluation of the EU Alcohol Strategy;
- Results of the 2011 assessment of the quality of monitoring reports;
- Status of active commitments.

When addressing the plenary meeting, Commissioner Dalli focused on two particular goals that should be achieved by all stakeholders:

- **Protecting young people from alcohol-related harm**, by stepping up efforts "(...) to further enhance compliance with legal age limits". To tackle binge drinking and to prevent under-age drinking should be considered high priorities to the EAHF.
- **Developing marketing and advertising activities in a responsible way**, so that people will not be exposed to alcohol related harm. The Commissioner highlighted that volume based price promotions in the retail side should be abolished. He also encouraged EAHF's members to develop voluntary codes of conduct regarding advertising and the implementation of certain labeling schemes, which would help consumers to take individual decisions when consuming alcohol.

As far as the evaluation of the EU Alcohol Strategy is concerned, the Commission informed participants that the evaluation of the EU alcohol strategy and EAHF is about to be launched. The evaluation aims to measure if the EAHF's activities brought any added value to the fulfillment of the goal of the EU Alcohol Strategy. The evaluation will be carried-out by an external contractor and all members will be invited to give their input and comment on the outcome of EAHF's work. This process will be supported by an evaluation advisory group representing EAHF's members. The Commission stressed that the composition of the EAHF's evaluation Advisory Group should be balanced and represent the diversity of the members: consumers / producers/ retailers/ NGO's/ marketing companies.

The next plenary meetings of the EAHF will take place on 16 April and 22 November. It will be followed by the open session of the forum on 23 November 2012.

HOTREC, which attended the plenary meeting of the EAHF, will follow the evaluation process of the EU alcohol strategy and the evaluation of the forum. Moreover, in order to ensure a representation from the retail side within the evaluation advisory group, the British Beer and Pub Association volunteered to be part of this Advisory Group.

Details on the commitments by HOTREC and its members can be found on the [HOTREC website](#).

CONSUMER AFFAIRS

❑ **Consumer Rights Directive: definitively adopted!**

On 10 October 2011, the Council definitively adopted the Consumer Rights Directive ([COM\(2008\) 614/3 final](#)). The text adopted is the result of a compromise reached by representatives of the European Parliament and of the Council earlier this year. The text was already adopted by the European Parliament plenary on 23 June 2011 (see the previous issue of *Live from Brussels*).

The aim of this new Directive is to review, simplify and improve the coherence of the consumer contract regulatory framework through the incorporation into one set of rules of various existing Directives relevant to the hospitality industry, such as the distance selling Directive (97/7/EC) and the unfair contract terms Directive (93/13/EEC).

As far as hotel and restaurants contracts are concerned, the following provisions will apply:

- **The current exemption to the right of withdrawal for hotel/restaurant contracts concluded at a distance is maintained;**
- **Reservation by phone or email of a table in a restaurant should not be considered as a distance contract** falling under the scope of the Directive;
- **Restaurant contracts concluded directly on the spot should not fall under the scope of the provisions on information requirements for on-premises contracts;**

However, distance contracts for the provision of hospitality services will now be subject to the rules on the provision of pre-contractual information. These rules contain an exhaustive list of information to be provided to the consumer (name and address of the trader, price inclusive of all taxes, complaint handling policy and out-of-court complaint and redress possibilities if available, etc.). Moreover, there are specific requirements for the provision of this pre-contractual information:

- **For a hotel reservation made by telephone, only some information shall be provided immediately** (e.g. total price, identity of the trader, characteristic of the service) while the other information can be provided at a later stage (see below);
- **All contractual information shall be confirmed on a durable medium at the latest before the performance of the service begins** (durable medium includes e-mails, or any medium that allows the consumer to store the information);
- **For contracts with pre-payment concluded through interactive Internet websites, certain information (contact details, characteristics of the service, duration, price) must be shown in a prominent manner to the consumer before he confirms the conclusion of the contract.** Moreover, the consumer must be given the possibility to explicitly confirm that the conclusion of the contract implies an obligation to pay.
- Member States will keep the possibility to adopt specific additional requirements for some contracts concluded by telephone implying a pre-payment.

Finally, the compromise text also includes two new sets of general rules:

- **Minimum contractual information requirements for on-premises contracts** (e.g. characteristic of the service, price inclusive of taxes, etc.);
- **An EU-wide ban on default options implying extra-payments**, meaning that pre-selected paying options in contracts cannot be used anymore.

Member States are given two years to transpose this Directive at national level. The Directive will very soon be published in the Official Journal of the EU and is already available on the Council's [website](#).

HOTREC and its member associations welcome the final adoption of the Consumer Rights Directive by the Council. Indeed, most hotel and restaurant bookings should not be too negatively affected by the new requirements of the Directive, as the specific situation of the hospitality industry was taken into consideration and some key exemptions granted.

□ **New optional EU consumer sales law instrument proposed**

On 11 October 2011, the European Commission released a proposal for a Regulation on a Common European Sales Law ([COM\(2011\) 635 final](#)). The aim of this proposal would be to propose an optional harmonized contract law regime at EU level. Such optional regime would co-exist with national contract law, meaning that the parties to the contract could offer the other party the possibility to use this regime instead of the purely domestic contract law regime.

The proposed Regulation would apply to cross-border contracts for the sale of goods, digital content or related services contracts. It would be available for B-to-C contracts, as well as for B-to-B contracts if at least one of the contractual parties is a SME. Moreover, Member States would keep the possibility to apply this regime to domestic contracts and to apply it to all B-to-B contracts as well.

The proposed Common European Sales Law instrument covers the following issues:

- Pre-contractual information, rules on how agreements are concluded parties and right of withdrawal for distance and off-premises contracts, defects in contractual consent (mistake, fraud, threat or unfair exploitation);
- Rules on contract interpretations, content and effects of contracts, unfair contract terms;
- Obligations and remedies of the parties to the contracts covered by the scope of the Regulation;
- Common rules on damages for loss and on interest to be paid for late payment. Rules on restitutions, and prescriptions.

The Commission proposal will now be examined by the European Parliament and the Council.

Even though the scope of the Commission proposal for a Regulation on a Common European Sales Law does not cover directly hospitality services, HOTREC will thoroughly follow the legislative procedure concerning this proposal, as this regulation may affect indirectly hospitality businesses in their B-to-B contracts. Moreover, HOTREC considers that hospitality services should not be included in the scope of this Regulation at any stage of the legislative process, as there are already many specific European legislative instruments dealing with services provided by the hospitality industry, such as the Consumer Rights Directive or the Package Travel Directive.

COPYRIGHT

□ Upcoming EU legislation on collective rights management

The European Commission is currently working on a framework Directive or Regulation on collective rights management, as already reported in previous issues of *Live from Brussels*. The initial intention of the Commission was to release this legislative proposal by the end of the year, as announced by the recent Communication on the Commission's intellectual property strategy ([COM\(2011\) 287 final](#)). However, according to the latest information available, this initiative would be **postponed until the end of the first quarter 2012**.

This legislative instrument will address issues of management, governance and transparency of collecting societies, as well as dispute resolution systems. It will also deal with more specific issues of pan European licensing in the online environment.

*The hospitality industry has been voicing for years concerns over the management of collecting societies and their licensing practices. The expected release of a proposal for a framework Directive or Regulation on the matter is, therefore, an important development for the hospitality industry. In particular, the European hospitality industry considers that the **following six principles** should be made binding on Collective Right management organisations:*

- *Good governance;*
- *Transparency;*
- *External and independent authorisation and control;*
- *Efficiency;*
- *Fair dispute resolution mechanisms; and*
- *Stakeholders' involvement.*

HOTREC is following closely the work of the European Commission and intends to provide to the European institutions, in cooperation with other trade associations' members of the Copyright Users Platform (CUP), concrete details on how these six key principles should be implemented.

FIRE SAFETY

□ HOTREC MBS methodology gaining momentum!

Eighteen months after the release of its fire safety MBS methodology, HOTREC witnesses a strong rising interest for this new fire safety instrument. Indeed, in the own-initiative report on the Tourism Communication ([A7-0265/2011](#)) adopted on 27 September 2011, MEP Fidanza and the European Parliament plenary recognised the value of the HOTREC scheme by stressing that “*incentives should be given for adherence to the MBS*” methodology. The European Parliament also emphasised “*the important role of the training of hotel staff on emergency planning and fire safety management*”, which constitutes two key pillars of the HOTREC MBS methodology. However, the European Parliament stressed that in case self-regulation by the hotel industry would fail, “*alternative regulatory actions should be taken*”.

In the meantime, this rising interest also is materialising within the hospitality industry across Europe, as the MBS methodology is now being endorsed and promoted by national hotel

associations in **thirteen European countries**. Moreover, the Federation of the European Union Fire Officer Associations (FEU) decided to use the MBS methodology as a basis for its pan-European fire safety training and certification scheme “[Safehotel star](#)”.

The MBS methodology is freely available to any interested party on [HOTREC’s website](#).

HOTREC considers that its initiative to develop and promote the MBS methodology shows clear sign of success, as this scheme is now being endorsed and promoted by half of its membership. HOTREC is moreover confident that even more hotel associations will soon endorse this fire safety instrument and undertake concrete actions of promotions to hoteliers in their respective countries. This growing success clearly shows that the European hospitality industry is putting safety first, and that the MBS methodology is a worthwhile instrument that should serve as the reference to deal with this issue in Europe.

TOURISM

□ Follow up on the Commission Communication on Tourism

At the last European Tourism Forum held in Krakow on 5-7 October 2011, the Commission presented an updated implementation plan on its Communication “Europe, the worlds’ N° 1 tourist destination – a new political framework for tourism in Europe”.

The document analyses the practical implementation of each of the twenty-one actions contained in the Communication. It also foresees the future tasks to be performed by the Commission and different stakeholders within the next six months to one year.

HOTREC is actively involved in the work carried out by the Commission to build up the new framework of the European tourism policy. In fact, HOTREC is collaborating in the practical implementation of the following actions:

- **ICT and tourism platform:** The objective of this future platform would be to facilitate the adaptation of the tourism sector and its businesses to market developments in new information technologies. HOTREC has set up a consortium with ECTAA (European association of travel agents and tour operators), ITH (Instituto Tecnológico Hotelero), Università Bocconi and ZN communications agency to put forward an application for the creation of this platform.
- **European Tourism Quality label (ETQ):** The Commission is working intensively towards the launching of an ETQ label. HOTREC, which is participating in the ad-hoc workshop created by the Commission, argues that the new ETQ label should be built on a simple and unbureaucratic structure, ensuring the participation of all kinds of quality initiatives across Europe.
- **CALYPSO:** HOTREC welcomes this initiative aimed at enhancing demand in low season and is pleased to offer its support to the Commission to help with its implementation.
- **Skills competences:** HOTREC and its trade-union counterpart EFFAT are already developing a **Qualifications and Skills Passport (QSP)** for the hospitality sector, with the aim of facilitating a better match of offer and demand in employment in the hotel and

restaurant sector. The QSP in the hospitality sector will most probably be inserted into the EURES system.

- **European Charter on Responsible and Sustainable tourism:** HOTREC is participating in the discussions on the draft Charter for which the Tourism Sustainable Group (TSG) is responsible. The Commission intends to open a formal consultation in November.

Moreover, at the last European Tourism Forum (ETF) held on 5-7 October in Krakow, HOTREC President, Mr. Kent Nyström, delivered a [speech](#) explaining the different actions in which HOTREC is involved. The speech was very much welcomed by the Commission and other stakeholders present at the ETF. In this event, Mr. Kent Nyström also represented the trade associations' part of the NET platform.

Lastly, on 27 September 2011, the European Parliament adopted the so-called MEP Fidanza own-initiative [resolution](#) on the Tourism Communication.

HOTREC will continue to be actively involved in all the work performed by the Commission to develop the future framework for the European Tourism Policy.

TRAVEL RELATED ISSUES

- **The VIS (Visa Information System) became operational!**

The VIS, established by [EC Regulation 767/2008](#) and Council Decision [2004/512/EC](#), became formally operational beginning October.

By and large, the VIS is a system that allows the **exchange of data on short stay visas**, with a **maximum of three months duration**, among Schengen States (the Schengen area comprises EU Member States – with the exception of the UK and Ireland, plus Switzerland, Iceland and Liechtenstein). The VIS is formed by a central IT system and a communication infrastructure, which connects the central system to national systems.

The establishment of the VIS implies that visa applicants need to go in person to the Schengen State consulates / diplomatic missions or to external service providers, so that their biometric data can be **digitally** collected (10 fingerprints and photograph). In the **five years** succeeding the visa application, the data is kept in the VIS system. As a consequence, if visa applicants would like to reenter the Schengen space during that period of time, their biometric data doesn't need to be collected another time.

Also, and again during this five year period, **bona fide travelers** will have easier access to enter the Schengen space, as Schengen's border guards will perform quicker checks, by verifying if the biometric data of the visa holder matches the one stored in the database. In addition, it protects travelers from identity theft (in case they get their travelling documents stolen). Besides, when visa holders leave the Schengen area after their three months visa expires, they don't need to report back to the authorities to inform they have left the zone. In reality, all Schengen members will automatically know the traveler has left the Schengen space, through the VIS.

The VIS started to be applicable from 11 October onwards only in the Northern African consular posts (Algeria, Egypt, Libya, Mauritania, Morocco and Tunisia). It will progressively apply to the Near East (Israel, Jordan, Lebanon and Syria) and the Gulf region in the near future. Within **two years**, all Schengen consular posts should be connected to the VIS.

The VIS also follows strict rules regarding **data protection**. In fact, the data of the visa applicants can only be kept for the period of five years. In addition, the correction and deletion of data corresponding to a certain person shall rapidly be done by the responsible Member State, in accordance with [Directive 95/46/EC](#) (which provides general guidelines on data protection).

Overall, HOTREC is in favor of all the measures that give incentive to travelers to enter the Schengen zone.

Nevertheless, HOTREC fears that the obligation of collecting biometric data when applying for a visa to enter into the Schengen territory might discourage some travelers to come to the EU. In fact, and as an example, it might be difficult for an entire family living in a remote region of China to be able to provide the required biometric data.

In general terms, HOTREC would hope that visa applications wouldn't be too burdensome and time consuming.

STANDARDS

□ Discussions on the new draft Regulation on standards are taken up

On 5 October 2011, the European Commission presented the standardisation package issued in June to the European Parliament. The Parliament is co-decision maker when adopting the draft Regulation on European Standardisation.

The first exchange of views amongst MEPs in the Internal Market and Consumer Protection (IMCO) Committees was focusing on the presentation by the European Commission and on some specific issues, which they would like to look into more deeply.

The Commission representative underlined some main problems to be addressed, amongst which the current under-representation of SMEs in the standardisation process and the slow speed of the standardisation procedure. It was made clear that with regard to the involvement of SMEs, the Commission prefers subsidising SME representation in the process to giving SME representatives voting rights. The Commission also emphasised that the current rules concerning national delegation of tasks should remain.

The priorities of standardisation activities should be clearly set in annual work programmes, the first of which should be presented around the end of this year.

Most MEPs shadow-rapporteurs commenting the proposal agreed that involvement of SMEs shall be one to be looked into more carefully, including the option of granting SME representatives voting rights in the process.

A hearing on the issue shall take place in the European Parliament on 23 November and the draft report by Rapporteur Lara Comi (EPP, Italy) to be finalised end of December 2011.

HOTREC is following with caution the developments in relation to this proposal. As HOTREC only supports bottom-up standardisation initiatives, it really hopes that no proposals for standardisation work will be issued without the prior consultation and the endorsement of the industry. Therefore a strong and proper involvement of organisations representing SMEs and the tourism industry at all stages of the standardisation process is regarded as essential.

HOTREC would welcome more transparency and better accessibility with regard to standardisation work, and believes that standardisation initiatives cannot be successful, if they do not enjoy the support of the given industry.

SOCIAL AFFAIRS

□ Seasonal workers: discussions ongoing in the Parliament

As reported in the previous issues of *Live from Brussels*, in July 2010, the Commission presented a proposal for a Directive on the conditions of entry and residence of third country nationals for the purposes of seasonal employment ([COM \(2010\) 379 final](#)). The proposal is currently being discussed in the LIBE Committee (Civil Liberties, Justice & Home Affairs) of the European Parliament, under the first-reading of the ordinary legislative procedure.

The proposal establishes the conditions for admission of non-EU seasonal workers, such as a valid work contract or a binding job offer, a valid travel document, evidence of having or having applied for sickness insurance, sufficient resources during his/her stay, etc.

The Commission establishes, amongst others, the following provisions:

- Seasonal workers will be issued a visa or residence permit allowing them to work for a maximum period of six months;
- Employers are required to provide evidence that the seasonal worker will have appropriate accommodation during his/her stay.

In June 2011, MEP Claude Moraes (S&D, UK), Rapporteur for this dossier released his [draft report](#) on the Commission text. The Rapporteur welcomes the proposal in general and favours the maximum period of stay of six months in any period of twelve months for the seasonal worker. Notwithstanding, Mr. Moraes points out that:

- The Directive should apply also to third-country nationals who are legally staying in the territory of a Member State and who apply for a seasonal work permit in that Member State; and not only to third-country nationals who reside outside the territory of the Member States;
- The employer shall comply with a list of minimum requirements for the accommodation: adequate space, protection from the elements and other threats to health, etc.

More than [200 amendments](#) have been put forward by the MEPs in the LIBE Committee to the Commission proposal. The LIBE Secretariat has recently informed HOTREC that a decision on the date of the vote on the Moraes report has still to be taken.

Discussions within the Council of Ministers on the proposal are foreseen in the [Justice and Home Affairs Council](#) of 27 and 28 October 2011

HOTREC generally welcomes the proposal for a Directive as the text establishes for the first time clear rules for the admission of non-skilled third country nationals and can help to avoid their exploitation. HOTREC is of the opinion that seasonal workers should be welcomed in the EU to deal with shortages in certain sectors of activity like the tourism industry. HOTREC will monitor the upcoming discussion in the EP and in the Council on the proposed Directive.

❑ **Updated information on other social affairs issues**

Working time – Negotiations to start soon

As reported *before*, HOTREC responded to the second-phase consultation of the social partners on the possible content of EU action regarding the working time rules, in March 2011. In its response, HOTREC stressed that it favoured a focused review of the working time rules rather than a comprehensive review. The first option will consist in proposing new solutions focused on the questions of “on call time” and “compensatory rest”. Furthermore, HOTREC stressed that it does not regard sectoral level negotiations at EU level as necessary in this matter.

According to latest information received by HOTREC, the Commission is waiting for the formal confirmation of the European cross-sectoral social partners, Business Europe and ETUC, of their willingness to start negotiations on the working time Directive. It is expected that negotiations will begin before the end of year.

Maternity leave – dossier stuck in the Council

The first reading legislative resolution of the European Parliament on the report by MEP Estrela (S & D, Portugal), which favours the introduction of twenty weeks maternity leave on full pay, continues to be discussed within the Council. No agreement on the text could be reached under the Belgian and Hungarian Presidency (June 2010-June 2011) as the majority of the Ministers opposed to such an extension of maternity leave, as well as to the introduction of paternity leave within the scope of the draft Directive. Discussions within the Council continue under the current Polish Presidency of the European Union (July-December 2011).

Discrimination beyond the workplace – no progress

The 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.

Discussions on this proposal are taking place since at least mid-2009 in the Council of Ministers. However, no agreement has been reached on the dossier so far.

Both the maternity leave and discrimination beyond the workplace proposals will be discussed once more at the [Employment, Social Policy, Health and Consumer affairs](#) (EPSCO) Council of 1 and 2 December 2011.

HOTREC will continue to monitor the next developments on the above mentioned issues and keep its members informed.

SUSTAINABILITY

❑ **The Commission’s new energy efficiency proposal**

On 22 June 2011, the European Commission issued a proposal for a Directive ([COM \(2011\) 370 final](#)) on energy efficiency and repealing previous Directives 2004/8/EC and 2006/32/EC. The Commission text is currently being discussed in the Industry, Research and Energy Committee

(ITRE) of the European Parliament under the first reading of the ordinary procedure. The Rapporteur for this dossier is Mr. Claude Turmes (Greens/EFA, Luxembourg).

The aim of the proposal is to save energy and to reach the Europe's 20% energy efficiency target by 2020. As a result, the Commission brings forward a new set of measures for increased energy efficiency.

The measures proposed by the Commission are, amongst others:

- ***Legal obligation to establish energy saving schemes in all Member States:*** All energy distributors or retail energy sales companies will be obliged to save every year 1,5% of their energy sales by volume through the implementation of energy efficiency measures, such as improving the efficiency of the heating system;
- ***Public sector to lead by example:*** Public bodies will push for the market uptake of energy efficient products and services through a legal obligation to purchase energy efficiency buildings, products and services;
- ***Major energy savings for consumers:*** Easy and free-of-charge access to data on real-time and historical energy consumptions through more accurate individual metering will now empower consumers to better manage their energy consumption;
- ***Industry:*** Incentives for SMEs to undergo energy audits and disseminate best practices will be provided with. Large companies will have to make an audit for their energy consumption to help them identify the potential for reduced energy consumption.

The MEP Rapporteur released his [draft report](#) on the proposal on 4 October 2011. He suggests, amongst others, to set binding targets at EU and national level on energy efficiency. The deadline to submit amendments has been set on 7 November 2011. The report is due to be voted at the ITRE Committee at the end of January 2012.

HOTREC, which welcomes all initiatives aimed at increasing energy efficiency, will monitor the next developments on the dossier and keep its members informed.

TAXATION

□ EP opinion on Commission Green Paper on VAT adopted

On 13 October 2011, as part of the long process to review the system of VAT at EU level, the European Parliament adopted its [own initiative resolution on the future of VAT](#), as a reply to the Commission Green paper published in December 2010. The resolution is not legally binding on any of the European institutions.

The report is calling for narrowing the standard rate band, however acknowledges at the same time that Member States should be afforded with the flexibility to set their own VAT rate, as VAT is an important budgetary instrument.

With regard to reduced rates, it is calling upon the Member States to agree by beginning of next year on a list of common goods and services to which exemptions or reduced rates should apply.

With regard to VAT deductibility, the EP emphasises that “*in order to ensure neutrality, VAT on goods and services that are used for taxed economic activity must be deductible*”.

The reduction of red tape is as well at the heart of the report, emphasising the importance to diminish administrative burdens of SMEs, non-profit making organisations and also in general, by suggesting e.g. to reduce VAT reporting frequency.

The results of the public consultation closed by the European Commission end of May 2011 are not yet available.

[HOTREC replied to the VAT Green Paper consultation](#) of the European Commission, emphasising the importance of keeping the possibility for all Member States to apply a reduced VAT rate to hospitality services. HOTREC is of the opinion that the issue of establishing any new list of goods and services eligible for reduced VAT rate should be dealt with very cautiously and based on thorough impact assessments, as well as with involvement of the stakeholders.

HOTREC is sharing the opinion of the European Parliament that VAT on services that are used for taxed economic activities, must be deductible. Unfortunately, this is not a common practice in the EU yet, as there are often limitations for the deduction of e.g. accommodation and catering expenses in many Member States, to the disadvantage of bona fide businesses.

HOTREC also welcomes the acknowledgement of the civil society and of non-profit organisations in the EP report and supports the arguments put forward in favour of keeping the VAT exemption for such activities.

□ **First discussions on the CCCTB**

A first discussion on the proposal of the Commission for a Directive on a Common Consolidated Corporate Tax Base took place in the Economic and Monetary Affairs (ECON) Committee of the European Parliament on 11 October. Rapporteur Marianne Thyssen (EPP, Belgium) and the shadow- rapporteurs agreed that a strong cooperation among the parties is needed in order to influence decision making in the Council.

The CCCTB was proposed by the Commission as an additional corporate “tax system” on the top of the existing twenty seven corporate tax legislations of the EU Member States. The main debate among the parties in the EP seems to be whether to introduce such a system on a voluntary or a compulsory basis. The Commission proposes a voluntary system, to which companies can opt in if they want.

There was a broad agreement, that this proposal marks a clear step towards harmonising direct taxation at EU level. Most MEPs were also questioning, whether at least a minimum corporate tax rate should not be introduced as well alongside this proposal.

Some MEPs (especially from S&D and ALDE groups) were considering that the proposed system was favouring bigger, multinational companies, as they would be in the best position to benefit from the consolidation of profits and losses occurred for the company in the different Member States. At the same time, most SMEs could not benefit from this advantage.

Concerns were also expressed about the fiscal impacts, the losses in tax income following the consolidation of profits and losses would cause in the EU Member States, especially in the current difficult times.

Discussions in the Council on this Commission proposal are just starting.

HOTREC is following the discussion on the CCCTB proposal. Similarly to the VAT debate, HOTREC emphasises that “deductible expenses shall include all costs of sales and expenses net of deductible value added tax incurred by the taxpayer with a view to obtaining or securing income”, as mentioned in the Commission proposal. Any proportional limitation related to accommodation and restaurant expenses (occurred for business purposes) would be a step against bona fide of entrepreneurs.

STATISTICS

□ Recent statistical publications

The UNWTO World Tourism Barometer has recently published the following article related to tourism: [Healthy growth of international tourism in first half of 2011](#) (*Interim update, August 2011*).

The article highlights that International Tourism increased by almost 5% in the first half of 2011. It also points out that Tourism continues to progress towards growth, as indicators had suggested in 2010.

In addition, Eurostat, the EU statistical office, has released the following publication: [Europeans spend 77 % of their holiday trips in their own country](#) (*Statistics in Focus, 49/2011*). The study shows the importance of domestic tourism inside the EU.

HOTREC GENERAL ACTIVITIES

□ HOTREC 63d General Assembly

HOTREC is preparing to hold its 63d General Assembly in Copenhagen from 26 to 28 October 2011. An interesting programme composed by a Seminar on Nordic Gastronomy, including a presentation by the European Commission on the next steps after the adoption of the Regulation on Food labeling; various informal meetings and a two-day general programme are waiting all member associations of HOTREC.

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