



A message Ms. Marie Audren, Director General of HOTREC



Dear readers,

Welcome back to our 'Live from Brussels' newsletter! I hope that in the last weeks you had a chance to make the most of the sunny weather and recharge before another exciting year.

This summer season brought a wave of cautious optimism to the hospitality industry. European countries gradually **lifted the most severe restrictions**, and businesses in the sector could reopen and welcome guests back in all safety. According to a recent survey conducted among HOTREC members, hotels, restaurants and bars performed well, with good average occupancy rates.

Despite these encouraging data and news of **increased indexed turnover and growth rates**, it is clear that it will be a long time before the impact of Covid-19 is behind us. 60% of HOTREC members believe that significant disruptions will last until at least 2023. 23% of them, instead, anticipate a full recovery by 2024 or later.

As I recently remarked on the occasion of the **Bled Strategic Forum 2021**, I tend to agree with this more pessimistic forecast. The epidemiological situation **is still uncertain**, and many hospitality businesses continue to be in survival mode—with the extreme circumstances of late-night entertainment establishments, most of which have been closed since spring 2020. We are not out of the woods yet.

The truth is: reopening is no recovery, and a couple of months back in business will not make up for the impact of over one year of closures and revenue loss. Establishments are still struggling with short term debt and chronic staff and supply shortage. The severe staffing crisis, in particular – while far from being a 'recent' problem – has gotten more critical after the pandemic and since digital and sustainable skills are increasingly in demand. 83% of our members perceived it as the number one challenge European hospitality faced over the summer, and 67% of them believe it will be continuing to pose a threat to the sector's wellbeing.

Cashflow management and extending the government support schemes were also in the top three most urgent short term issues highlighted by our members. Indeed, hospitality businesses have all the potential to continue being viable, ready to invest in sustainability and bring value to the entire European economy, society and culture, but will only be in a position to do so if backed up by extended funding and support schemes until their full recovery. In this issue, we had the pleasure to discuss this and more with **MEP Elena Kountoura**, whom I sincerely thank for her precious contribution and insight.

To conclude, today's State of the Union address wrapped up a year of great efforts and outlined the next steps towards the EU recovery and beyond. HOTREC is looking forward to further collaborating with the EU Institutions to achieve the ambitious goals presented by President Von der Leyen and lead the way towards a more resilient, digital, and greener industry.

We hope you will enjoy our newsletter.

Discussing upcoming challenges for the European hospitality and tourism with MEP Elena Kountoura



MEP Elena Kountoura is a Greek politician. First elected member of the European Parliament with the SYRIZA-Progressive Alliance Party in May 2019, she previously served as Minister of Tourism of Greece from January 2015 to May 2019, and

has been awarded numerous prestigious awards for her work in the field of tourism. From 2004 to 2019, she has been elected six times as a Member of the Parliament in Greece.

1. The impact of the pandemic on the European hospitality industry has been severe, and today many businesses are still in survival mode after over 18 months. In your view, what measures are essential at the EU level in the short and medium-term to further help hospitality recover and get back to pre-pandemic levels?

Tourism and hospitality are the sectors that suffered the most from the beginning of the Covid-19 pandemic, and their recovery comes at a slow pace. Yet, they are driving forces for the economy and the society and accelerators for sustainable and inclusive growth creating millions of jobs, and should be treated accordingly, in the short, medium and long term.

The EU and the Member States at a national level must fully integrate tourism in their strategies and plans for recovery, in order to minimize the tremendous impact the

sector has endured and its spillover effect in the economy and local societies.

Stronger political will and commitment is needed to ensure that the most vulnerable businesses will be given the chance to survive today and thrive tomorrow. And that jobs will not be lost.

We are still asking for better coordination at a European level regarding improved travel protocols in place, to minimize all risk of travel restrictions, because simply said, tourism cannot afford to take another hit or even wait longer for recovery.

Today, it is evident that Europe, the number one global destination needs a holistic European strategy for tourism.

One of my first proposals as MEP, two years ago, was to create a European mechanism for crisis management in tourism and has been adopted in several European Parliament resolutions.

We have also called on the Commission to swiftly develop a roadmap for sustainable tourism, as well as on the Member States to devise sustainable tourism action plans at the national and regional level in consultation with stakeholders and civil society and to finance such transition plans by making full use of the Next Generation EU funds.

By creating strong European institutions and agencies for tourism and establishing more permanent support mechanisms, the whole sector, including businesses and working force, but also each destination across Europe, will have the opportunity to become more resilient and sustainable in the future, against all challenges that we will need to address.

2. Over 90% of the industry's businesses are SMEs and micro-enterprises: these activities have great job-creating potential but are also vulnerable. What policies could be put in place to support their recovery and increase their resilience?

Recovery must be fair for all. SMEs are the backbone of hospitality and securing their future is vital for the next day of European tourism and eventually of the European economy. We must make sure that they are well protected, especially the most vulnerable, from business acquisitions by the most powerful and against the risk of distorted competition that threatens the future of millions of jobs, a risk we cannot afford to take.

In all my interventions at the European Parliament, I have stressed the need for immediate and adequate financial support to SMEs, which still falls short of real needs, given the magnitude of the impact on the sector, and certainly, it has not been timely enough.

Despite the initiatives taken so far at both the European and national level, the sector as a whole, and especially small businesses remain in dire need of liquidity, due to accumulated debt they incurred during long periods of lockdown and low or even zero business activity and income. In several cases, they were excluded, either because they could not meet the preconditions set in state-aid programs, had limited access to bank finance, or even when they were eligible, they could not sustain new debt from loans. The Next Generation EU, while it represents an enormous opportunity, there are very serious concerns as to whether the funding will reach those SMEs that desperately need it.

In the European Parliament resolution adopted last March regarding establishing an EU strategy for sustainable tourism, we stressed the need for more effective relief measures such as reduced VAT rates in the whole hospitality sector.

We also called on the Commission to create an EU mechanism to monitor the provision of support to micro-enterprises and SMEs, that would focus primarily on ensuring liquidity.

It is absolutely necessary that these enterprises have better access to funding programs and use EU funds and other financial instruments not only to get back on their feet but also for their modernisation and implementation of innovative and sustainable projects.

Therefore, we expect policies and decisions that will gear faster investments and EU funding allocation towards the twin transition of digital transformation and sustainability. It is of paramount importance to support energy efficiency, a circular economy and the sector's decarbonization, but also to mobilize investments towards inclusive infrastructures that support financial inclusion and entrepreneurship.

3. One of the main challenges that our sector is facing is the lack of skilled workers: after Covid-19, this issue got even more urgent – especially in the context of an increasingly digital and green Union. What initiatives at the EU level could help hospitality overcome this challenge?

The pandemic has demonstrated the urgent need to support and invest in human capital, which is the heart of hospitality and a major pillar for tourism growth. Global travel trends and consumer demand change faster than ever, and millions of jobs were put at a stall or even lost. So, now is the time to focus on policies for reinstating employment and for investing in skill development.

The sector needs workers that will become digitally mature, more innovative and competitive, develop new professional skills, be qualified to deal with the challenges and changes the pandemic has inflicted in business activity and be better protected against future crises.

Artificial intelligence will also play a significant role in how the tourism and hospitality sectors transform and develop over the next years. At the European Parliament, we are currently forming proposals on how artificial intelligence will be used to improve business activity and support jobs in the coming years.

In this context, the EU must address more firmly issues related to education, training and continuous skill development in the wider hospitality sector, cooperate closely with global institutions, such as the UNWTO, the OECD and WTTC for effective programs, and ensure sufficient funds are allocated in supporting human capital.

4. A message to the European hospitality sector.

The power of tourism and hospitality is tremendous for the European economy and society. It has been before the COVID-19 crisis and must continue to be in the post-pandemic era, as we all strive for a better and more sustainable future for all.

A whole value chain of business activity and employment in several other sectors, such as transport, agriculture, construction and trade rely on tourism activity.

Therefore, now more than ever, learning from the lessons of this pandemic, all stakeholders from the public and private sector need to join forces in creating an ambitious yet concrete roadmap for European tourism, focusing on sustainability. By working together in addressing the challenges, and making the whole hospitality sector more resilient and competitive, we can maximize its beneficial role, economically, socially and environmentally to all regions and all sectors in the years to come.

Q2 2021 turnover statistics show return to activity but no definitive recovery for hospitality sector

Tags: #Statistics #Hospitality #Covid19



Indexed turnover and **growth rates** for the hospitality sector in Q2 2021 by Eurostat leave room for cautious optimism but also show that the sector remains far from achieving full recovery to pre-Covid levels.

For the first time in over one year and a half, sectoral quarterly growth rates are positive across all European markets for which data is available. In the EU27, a growth rate of 67,9% shows that the sector is regaining its form after five successive quarters in double-digit negatives. Growth rates on national markets span from over 200% in Spain to only 8,8% in Germany, as national markets experience significantly different roads back to business-as-usual.

Indexed turnover figures increased in Q2 2021 in the EU27 and in all markets (for which data is available) compared to the previous quarter (Q1 2021) or the same quarter the previous year (Q2 2020), when the hospitality sector felt the full impact of Covid-19 related measures. However, turnover figures remain **well below sectoral turnover levels recorded in Q2 before the Covid-19 pandemic** – with 2021 turnover levels only 55% of levels recorded in 2019. From 2015 to 2019, Q2 hospitality sector turnover figures consistently increased year on year before shrinking almost threefold in 2020.

Draft competition rules on vertical agreements fail to address unfair restrictions for hoteliers

Tags: #Digital #DigitalMarketsAct #DMA #VBER #Competition #Hotels



The European Commission published a draft revised Vertical Block Exemption Regulation (VBER) alongside draft guidelines on 9 July 2021, **opening the drafts to comment from stakeholders**.

HOTREC's response will focus on the outstanding issue of narrow price parity clauses imposed by online travel agents (OTAs) such as Booking.com and Expedia, which have become increasingly problematic for hotels over the course of the past decade. Despite national bans on narrow price parity clauses in Austria, Belgium, France and Italy and a **recent landmark verdict by the German Supreme Court**, the draft VBER would continue allowing OTAs to prevent hotels from offering better prices on their own websites than via the OTA platforms.

HOTREC considers that such narrow price parity clauses are unjustified, anti-competitive and detrimental for consumers – a view **echoed by European Consumer organisation BEUC** – and ultimately continue entrenching the dependency of hotels on online intermediaries. Conversely, national bans on narrow price parity clauses have led to lower hotel prices without a negative effect on demand. As such, HOTREC urges the European Commission to clearly qualify price parity clauses as hardcore restrictions in the updated VBER which is due to be published by next May 2022.

On a related topic, Members of the European Parliament's various committees dealing with the Digital Markets Act have clearly identified narrow price parity clauses as a problematic issue: amendments tabled by MEPs from all the major political groups aim to prevent digital gatekeepers from engaging in such practices.

European Commission adopts equivalence decisions for more countries with EU Digital Covid-19 Certificate

Tags: #Tourism #Travel #Covid19

Over the first half of August, the European Commission adopted five equivalence decisions for Covid-19 certificates that were in force in North Macedonia, Turkey, Ukraine, the Vatican and San Marino.

On 15 September 2021, it was the turn for Albania, Andorra, Faroe Islands, Israel, Monaco, Morocco and Panama to receive the same equivalence decisions.

These third countries will, therefore, now be connected to the European Certificate System and the certificates they issue will be recognised in the same way as the EU's digital Covid certificate.

HOTREC welcomes this decision, as travel between the EU and these non-member States will be facilitated.

Other 40 countries might be connected to the system soon, including Morocco, Israel, and Canada.

Council updates EU Covid safe travel list

Tags: #Tourism #Hospitality #Covid19

Between August and September, the Council updated the **list of countries for which travel restrictions should be lifted**, following the Recommendation on the gradual lifting of the temporary restrictions on non-essential travel into the EU.

Nationals and residents of the countries who are not part of the list will no longer be able to automatically come to the EU without negative testing or quarantine requirements. But Member States might decide to lift the temporary restriction **on non-essential travel to the EU for fully vaccinated travellers**.

The current list includes 16 countries and regions: Australia, Bosnia and Herzegovina, Canada, Jordan, New Zealand, Qatar, Moldova, Saudi Arabia, Singapore, South Korea, Uruguay, Ukraine, China (subject to reciprocity), Hong Kong, Macao and Taiwan. It is to note that countries such as the US, Japan or Israel are not part of the list anymore.

HOTREC takes note of the decision but **highlights that the Recommendation's criteria of the Council should not only take into account the number of incident rates but also focus on the high vaccination levels in the EU, as well as hospitalization rates.**

Lockdown measures eased throughout Europe over the course of summer 2021

Tags: #Tourism #Health #Covid19 #Hospitality

As the most restrictive measures affecting the hospitality sector were largely lifted across Europe over the course of summer, **most hospitality establishments**, with the notable exception of nightclubs, were **able to cater for guests both within their premises and on terraces**.

The most notable trend in Europe was the **introduction of Covid or 'green' certificates** which enable governments to develop domestic and travel-related measures based on verifiable information regarding an individual's vaccination, recovery or infection status. However European countries apply requirements very differently: while requiring 'green' certificates for entry to cultural venues or the interior of restaurants is now commonplace, other countries have adopted a stricter approach, such as France, where a Covid pass is required to access most types of establishments.



European Commission hints at specific initiative for establishing and enforcing STR rental rules

Tags: #Digital #DigitalServicesAct #DSA #STR

Closing the regulatory enforcement gap for short-term rentals (STR), rentals have counted among the key debates held on the Digital Services Act (DSA), with discussions on the adoption of this future Regulation in full swing in the European Institutions.

While the Digital Services Act is likely to partially address some of the issues faced by local and regional authorities when seeking to manage local STR offers and enforce rules to contain their potential negative side-effects, there is also recognition among observers and decision-makers that the future Regulation cannot be a 'silver bullet' for all problems linked to the digital and collaborative economy.

It now appears that the European Commission will be looking into the STR regulatory conundrum more specifically, with a dedicated public consultation likely to emerge in the coming months and a possible policy initiative to follow, a move that HOTREC would warmly welcome.

Live from the network

Joining forces with our Members & industry partners towards a stronger sector

Bled Strategic Forum 2021: the future of European tourism

Tags: #LiveFromTheNetwork @BledStratForum @tourism_slo @SloveniaInfo #BSF2021 #IfeelsLOVEnia #TogetherForHospitality

On 1 September 2021, the **Bled Strategic Forum** took place in Slovenia: a well-known tourism-focused event that every year gathers international experts.

This year's tourism panel discussed "What will the future bring?" for the industry across Europe. Amongst the panellists, high-level personalities were present, including Mr. Zdravko Počivalšek, Minister of Economic Development and Technology of Slovenia; Ms. Kerstin Jorna, Director-General for the Internal Market at the European Commission; Prof. Alessandra Priante, Director of Regional Department for Europe at the **World Tourism Organization** (UNWTO), and Luis Araújo, Director of the **Portugal National Tourist Board** and President of the **European Travel Commission** (ETC).



From left to right: Prof. Ljubica Kneževic Cvelbar, Minister Zdravko Počivalšek, Ms. Marie Audren, and Ms. Petra Stuček

HOTREC Director-General, **Marie Audren**, addressed the audience at a panel discussion on the **challenges and opportunities of European tourism**: the possibility for companies to have access to funding for as long as needed; the need to train the workforce in the sector and the necessity of building a more sustainable and digital hospitality sector for the future were key messages passed on behalf of the hospitality sector.

European Economic and Social Committee hearing: tourism SMEs after Covid-19

Tags: #LiveFromTheNetwork #Tourism #Covid19 #TogetherForHospitality

On 7 September 2021, the European Economic and Social Committee (EESC) organised a **hearing on “tourism SMEs after Covid-19”**. Participants included entrepreneurs, the EU Institutions (e.g. Ms. Marie H  l  ne Pradines, Head of Unit DG GROW, and MEP Cutajar) and some representatives of the private sector.

Mr. Alexandros Vassilikos addressed the audience as President of the **Hellenic Chamber of Hotels (HCH)**. Marta Machado, HOTREC Deputy Director General, was present for HOTREC.

In a nutshell, the main messages passed on behalf of the sector were the following:

- One of the most urgent measures for the industry is an **injection of liquidity** and **tax relief**. In the medium term, **avoiding insolvencies** of companies by restructuring capital debt and providing tax incentives for private investments will be crucial;
- In the long term, hospitality must **become more digital, resilient and greener**;
- To ensure the sector becomes more resilient, **access to EU funding** should be improved; **vocational & education training** is to be further developed; the **tourist season should be extended** and the EU’s capacity to **manage shocks** affecting travelling should be improved;
- Reducing the carbon footprint of the sector, avoiding food waste, and extending the tourist season will be of the utmost importance to achieve **greener tourism**;
- A fairer relationship between **hospitality businesses and major online intermediates** is needed, as well as a level playing field in the short term accommodation rental and support for the digitalization of tourism SMEs in destinations.

What’s next

In the HOTREC Team’s and membership’s agenda

16 September – Platform seminar on ‘Tackling undeclared work in the HORECA sector’

27 September – HOTREC Sectoral Social Dialogue Committee meeting

27 September – World Tourism Day

14-15 October – EU Farm to Fork conference



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