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**Speech by Mr. Kent Nyström, President of HOTREC**

**The voice of Hotels, Restaurants and Cafés in Europe**

38<sup>th</sup> EHMA General Meeting  
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*“From Crisis to New Growth”*

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*“The hot issues affecting the hotel industry in Europe  
and how HOTREC tackles them in Brussels”*

Mr. President,

Distinguished Guests,

Ladies and gentlemen,

First of all, I would like to thank EHMA for the invitation to your 38<sup>th</sup> General Meeting. It is a very important annual event for professionals of the hotel industry. And I am very delighted to be here among you today, having the opportunity to comment on this challenging topic and to present HOTREC's activities as well as the *“hot issues affecting the hospitality industry in Europe”*. Indeed, St. Petersburg is not only one of the world's most beautiful cities and the cultural capital of Russia. It is also a place where I spent part of my professional career and I am happy to come back to this city, after many years, as President of HOTREC.

Let me first say a few words about HOTREC, for those of you who are not yet familiar with our organisation. I will then give you my opinion on the theme of this morning session, before briefly outlining the main items on HOTREC's agenda and our work to address the challenges faced by the European hospitality sector at EU level.

## **The role of HOTREC, Hotels, Restaurants & Cafés in Europe**

HOTREC is the voice of the hotel, restaurant and cafés sector in Europe. As a European Confederation, we currently bring together 39 (43) national hospitality associations in 24 (26) countries across Europe. (And I am pleased to announce you that at the next General Assembly, we will officially welcome new members, with the national associations from Cyprus, Luxembourg and Turkey joining HOTREC!)

Our mission is to promote, protect and defend the interests of hospitality businesses vis-à-vis the EU institutions. The objective is to ensure a regulatory framework which enables hotels, restaurants, and cafés to develop, to grow and provide more jobs. To this end, since years, HOTREC has established a close dialogue with the EU institutions. We are in direct contact with the European Commission and the European Parliament with regard to the legislative dossiers of interest to the sector. And I will give you a few examples later on.

In addition, HOTREC maintains close relations with key stakeholders and various interest groups representing other economic activities related to the

hospitality sector (tour operators, travel agents, transport, retail, etc.). This dialogue enables all participants to coordinate their views and build coalitions to best defend their common interests.

HOTREC paves the way, but the full support of its membership (i.e. our national associations) is crucial to defend effectively the interests of the industry. In summary, the role of HOTREC is threefold:

- 1) keeping the industry informed on EU legislative developments;
- 2) coordinating its views; and
- 3) communicating its position and vision to EU decision-makers and key stakeholders.

In other words, HOTREC operates as an ambassador of the European hospitality industry to the European Union. Our role is to make sure that EU policy makers take properly into account the specificities of the sector when they adopt new measures, which may affect the competitiveness of our enterprises.

The job of the HOTREC Secretariat, which is based in Brussels close to the heart of the EU institutions, is **to monitor and assess the impact** of EU legislation on hospitality businesses. And believe me, this is not an easy task, because there are undoubtedly many EU regulations that impact our industry. Too many, I would say. To give you an idea, HOTREC issued in 2009 a publication outlining some 60 key EU measures that are in place or under discussion, which directly or indirectly affect the activities of hospitality enterprises. And these 60 measures are just the top of the iceberg!

## **“From crisis to new growth”**

Of course, HOTREC does not only monitor the work of the EU institutions. We also follow carefully economic trends affecting the industry in Europe. We have recently shared with our members the results of a [survey published by Eurostat](#) (28/02/2011), the EU statistical office, on the accommodation sector and tourism in Europe in 2010. The study confirms what has also been reported by our membership. The European hospitality sector was hit very hard by the global financial crisis of 2008, with some countries being affected dramatically. And our sector was also one of the hardest hit tourism industries. In 2009, the number of nights spent in hotels (and similar) dropped below the level of 2006!

However, following two years of negative growth, the sector started to recover in 2010, with nights spent at hotels (and similar establishments) increasing by 2.8% compared with 2009. Growth was observed in most EU Member States, with two-digit growth rates for Poland (+10.4%), Malta (+11.0 %) and the three Baltic states - Lithuania (+11.1 %), Latvia (+11.6%) and Estonia (+14.1%). Unfortunately, the negative trend of 2009 continued in 2010 in Romania (-8.7 %), Greece (-2.3%), the United Kingdom (-2.1%), Slovenia (-1.0%) and Italy (-0.8%).

Overall, however, these figures indicate that we are “on the right track” and that we are gradually moving from “crisis to new growth”. I don’t want to “bore” you now with additional figures. But let me stress one element that emerges from the comparative analysis of the impact of the economic downturn on different service providers and industries in Europe. The

hospitality industry was indeed one of the most resilient sectors, which recovered fast from the crisis giving a crucial contribution, in these difficult times, to the employment in many European countries. **And this significant contribution by our industry to the employment and economic growth should fully be taken into account by our politicians and governments.** As a President of HOTREC, I always insist on this point when I meet with EU decision makers and our stakeholders. As one of the major players in the European tourism industry, the hospitality sector certainly plays a significant role in the EU economy, in terms of employment and GDP. The hospitality sector in the EU consists of 1.7 million enterprises employing around 9.5 million people! To put these figures in perspective, the automotive and chemical industries employ respectively 2.2 million and 1.9 million people. This simple comparison gives us an idea of the importance of the hospitality industry, a highly labour intensive service sector, in the EU economy and society. Nevertheless, the extent of the contribution by the hospitality industry to the EU economy is not always as visible as in other sectors because our industry is highly fragmented compared to others (e.g. utilities, energy, etc.). As we often highlight in our discussions with EU policy makers, 92% of hospitality enterprises are micro-businesses (employing less than 10 people) and over 99% are small businesses (employing fewer than 50 people).

Having said that, my message to you is that, if we want to stay on “the right track” moving from “crisis to new growth”, we need a sustainable regulatory framework. In other words, **the EU institutions have to do more to fulfil their promise of cutting red tape and simplifying the regulatory environment which our businesses have to comply with.** The key words are simplification and better regulation. EU legislation must be simple,

understandable, balanced and enforceable. It has to provide a real level playing field without adding unnecessary burdens, in order to enable our enterprises to grow and compete on the global market place. The issue at stake is vital for European hospitality businesses and for the employment in Europe. Indeed, recent figures published by the UN WTO on the World Tourism Barometer (February 2011), say that Europe was the continent showing the slowest increase in tourist arrivals (with an average figure of 3%). Nevertheless, in 2010 Europe is still by far the leading destination accounting for 51% (473 million) of international tourist arrivals around the world, followed by the “Asia and the Pacific” region (22% - 204 million) and the Americas (16% - 150 million).

But we are facing increasing global competition, with emerging or developing countries attracting growing numbers of tourists. **Therefore, if we want Europe to keep its place as the world’s N° 1 tourist destination, we need to provide “oxygen” to hospitality businesses.** Better impact assessments, balanced legislation, reduction of red tape, improved access to finance and lower taxation are the essential ingredients of a recipe for speedy recovery.

I will give you now a short description of “*What is cooking?*” in Brussels and the hot issues which HOTREC is currently following:

### **‘Hot’ issues affecting the hotel and restaurant industry**

1/ We are in the middle of the legislative procedure on a crucial EU Regulation which could regulate the labeling of food served in restaurants around Europe. The richness of our culinary heritage and gastronomy is at

stake. The proposed Regulation is currently examined by the European Parliament in second-reading.

This proposal is of major concern to the European hospitality sector. If adopted as drafted by the European Commission, it would require restaurants serving “non-prepacked food” to provide, for each item on their menus, the same information that has to be displayed on the labels of packaged food sold in shops: full list of ingredients, indication of allergens, quantity, nutrition declaration, etc. As you can imagine, compliance with the Regulation as proposed by the European Commission would impose heavy burdens and costs on the sector and it would simply be unworkable for the vast majority of hospitality establishments. HOTREC is of the opinion that restaurants should be completely excluded from the scope of the proposal. We consider that the provision of information in relation to meals prepared and served locally should not be regulated at EU level, as it has no impact on the good functioning of the EU internal market. HOTREC will keep on fighting for a full exclusion of “non-prepacked food”, which in the EU jargon includes meals served by restaurants, from the scope of the Regulation. And we hope to count on the crucial support of the Members of the European Parliament in the second-reading.

2/ There is another important piece of legislation coming up: a proposal for a Directive on consumer rights, aimed at reviewing the existing consumer rights rules when contracting services, including hospitality services (such as cancellation or right of withdrawal, information requirements for distance contracts, etc.). HOTREC’s position is to keep the current status quo for our B2C contractual relations. The latest news we have is that the Council of

Member States and the European Parliament are so far disagreeing on the general approach but are trying to negotiate an agreement in first-reading. We keep an eye on the evolution of these negotiations and continue our lobbying action. In both institutions, we have so far received support to keep the exemption to the right of withdrawal for hotel and restaurant contracts. However, an important battle is to be carried-out in the European Parliament to safeguard our interests and avoid new requirements and formalities when providing information to consumers.

3 / HOTREC is also following closely the activities of the European institutions in relation to tourism. The Treaty of Lisbon has given new competences to the EU in this field and the European Commission issued in June last year a Communication for a new political framework for tourism in Europe. The Communication foresees a number of actions to promote the competitiveness of European tourism, including the proposal to develop a European Quality Label for tourism businesses. HOTREC is in close contact with the European Commission and we will continue to provide our expertise and advise to EU policy makers throughout the implementation of the Communication.

But HOTREC is not only reacting to EU measures and new legislative proposals. We also try to **anticipate, identify and manage proactively potential issues** affecting hospitality businesses. For example, our Quality Board has recently dealt with two items which are not yet on the agenda of the EU institutions but that are really important for our hoteliers. I am referring here to the issues of online distribution and hotel review sites:

4/ HOTREC addressed the issue of online distribution and reservations of hotel rooms during a specific seminar at our 61<sup>st</sup> General Assembly in Budapest. Last year, in December, we adopted a Working Paper on the introduction of fair practices in the relations with online travel agents. Some concerns have been expressed with regard to the issue of online distribution and the aim of this initiative was to raise awareness on the problems faced by the hoteliers. This document, which we intend to use as a reference for the relations between hoteliers and online travel agents, is currently available on the HOTREC website.

5/ We are also following the issue of hotel review sites. Our Quality Board adopted a Working Paper on hotel review sites. More specifically, the objective of the initiative was to enhance the prevention of manipulations and protection of hoteliers against fake and unfair reviews. To ensure that hotel review sites are beneficial to all parties involved, the hotel industry and review sites should cooperate as equal partners. This Working Paper is also available on our website.

**As President of HOTREC, I really think that it is essential that we seek to shape the policy debate affecting the hospitality sector in a proactive manner.** And I believe that the bottom-up approach and the industry-driven initiatives undertaken by HOTREC and its Member Associations are crucial to achieve this objective. In particular, I would like to mention here, the European Hospitality Quality scheme or the Hotel Fire Safety MBS Methodology developed by HOTREC; but also the Hotelstars Union initiative on hotel classification. If you allow me, I will tell you more about these last two important initiatives:

6/ The Hotelstars Union is a partnership launched in December 2009 by 7 European hotel associations under the patronage of HOTREC. This partnership is providing a harmonised hotel classification with common criteria and procedures in the participating countries. Only one year after the launch of Hotelstars Union, with seven founding members, we are getting more and more expressions of interest from other countries and we just welcomed three new participants – the Baltic countries. The system is generating much admiration in many parts of the world, not only in Europe. It is a clear example of a purely industry-driven initiative, which was created to take a challenging step on the road towards a common European hotel classification. This initiative, which is open to other HOTREC members, was very much welcomed as an important step by the EU institutions.

7/ With regard to the issue of fire safety, HOTREC adopted in November 2009 its MBS Methodology on “Guidelines to fire safety in European Hotels”. The MBS is a state-of-the-art methodology aimed at converging fire safety practices across Europe. The European Commission has welcomed very much this new instrument and they would like that more countries adhere to the methodology. We need to listen carefully to this request and make sure that we come up with the best solution and a fair system for all kinds of hotels.

8/ The last but not less important issue, which I would like briefly to mention, is VAT. The reduction of restaurants’ VAT in many European countries was a great “success story” in 2009. Our hard work on VAT will continue this year in response to a new consultation launched by the European

Commission. It relates to the future VAT system, including the issue of VAT rates' structure and reduced rates.

## **Conclusion**

As you can see, HOTREC is dealing with several “hot issues” and a close cooperation with our national member associations is essential to meet successfully these challenges in the best interests of the hospitality sector and the competitiveness of European tourism.

The motto of the European Union is “United in diversity”. And I truly believe that it properly reflects the challenges faced by the European Union and our sector. **We need to work closely together to make our voice heard in Brussels** to ensure that the specificities of the hospitality sector are understood and fully taken into account by EU policy makers. **This is the essential if we want a regulatory framework which enables hospitality businesses to develop and provide more jobs, moving us fast from the economic crisis to new growth, in the best interest of entrepreneurship and society.**

Thank you very much for your kind attention!

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