Hotrec Hospitality Europe

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Also Italy prohibits rate parity clauses of online booking platforms by law

Brussels, 3 August 2017 – Following the ban of parity clauses from online booking platforms in Germany, France and Austria, Italy is the fourth important touristic country in Europe to prohibit such clauses in contracts with hotel partners. After a two-year parliamentary round, the corresponding amendment to Article 50 of the Italian Competition Law was adopted yesterday by the Italian Senate (Senato della Repubblica) with 146 votes pro and 113 against. Previously, the Chamber of Deputies (Camera deputies) had already agreed. The legal ban on rate parity clauses in Italy is expected to come into force in September 2017. "This is an important milestone for the restoration of fair competition in the field of online distribution, both from the consumers' point of view and the hotel industry in Italy and across Europe," welcomes Markus Luthe, Chair of HOTREC's Distribution Task Force the decision of the Italian legislator.

The new passage in Italian competition law is as follows (translation not official):

> *"Any agreement by which the hotel is obliged not to offer to the final clients, by any means or any instruments, prices, terms and any other conditions better than those offered by the same hotel through intermediaries, independently from the law applicable to the contract, is void."*

Still in April 2015, in a concerted action, the cartel authorities in France, Sweden and Italy had allowed the European market leader Booking.com to impose "narrow" parity clauses which prohibited the hotel's cheaper room rates on the own hotel website. But already in July 2015, the French National Assembly decided to impose a legal prohibition on rate parity clauses in contracts between hoteliers and booking platforms ("Loi Macron"). Also the Austrian National Assembly adopted an amendment to the Austrian law on unfair competition on 9th November 2016, including best price and best condition clauses in contracts between hotels and OTAs as unfair practice, making any such clauses void. In Germany, the Competition Authority (Bundeskartellamt) prohibited the application of such most- favored-nation clauses (MFN) to the booking platforms HRS (December 2013, legally binding) and Booking.com (December 2015, not yet legally binding). In Belgium and Switzerland, legislative initiatives such as those in France, Austria and Italy have already been brought to the parliamentary path.

”From a European perspective, more and more countries should feel encouraged by these examples to limit the dominance of online platforms and to reduce the imbalances for the benefit of consumers and the mostly small and medium sized European hotels alike. We therefore particularly welcome the ongoing parliamentary initiatives in Belgium and Switzerland to ban rate parity clauses and wish them every success”, underlined Christian de Barrin, CEO of HOTREC.

For the future HOTREC recommends consumers to look even more than today directly on the hotel's own website, in order to really find the best offers. In parallel HOTREC recommends all hoteliers in Europe to participate in the "Book Direct" campaign of the European umbrella organization.

For further information, please visit: https://www.book-direct-shop.eu/

From the left: Christian de Barrin, CEO of HOTREC, and Markus Luthe, Chair of HOTREC’s Distribution Task Force

What is HOTREC?
HOTREC represents the hotel, restaurant and café industry at European level. This industry includes around 1.8 million businesses, of which 99% are small and medium sized enterprises (91% of them micro enterprises, i.e. employing fewer than 10 people). These businesses make up some 59% of industry value added. The hospitality industry provides some 10.2 million jobs in the EU alone. Together with the other tourism industries, the sector is one of the largest industries in Europe. HOTREC brings together 43 national associations representing the sector in 29 different European countries.

For further information: www.hotrec.eu
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