

2014|15



ANNUAL REPORT

The logo for Hotrec Hospitality Europe. It features a stylized orange wave above the word "Hotrec" in a bold, white, sans-serif font. Below "Hotrec" is the text "Hospitality Europe" in a smaller, blue, sans-serif font.

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Mission

Hotrec is the umbrella Association of Hotels, Restaurants, Cafes and similar establishments in Europe, which brings together 42 National Associations active in 28 countries.

Our mission is to promote the hospitality industry's contributions to European society and represent, protect and defend its interests to the European Institutions.

Foreword

by European Commissioner for Internal Market,
Industry, Entrepreneurship and SMEs



Elżbieta Bieńkowska, European Commissioner

Dear readers,

In a period of continuing economic difficulty the tourism industry and the hospitality sector have stood out as a success story. Europe is the world's favourite tourist destination – and this in spite of increasing competition from newly emerging destinations. We saw growth in visitor numbers and increasing revenues from overseas visitors. Good news – let us look forward to more.

As a new member of a new Commission, I have been given responsibility for the vital task of finding new sources of growth, looking for ways to create jobs and to combat the scourge of youth unemployment. I know that the Commission cannot meet these challenges on its own; we must have partners who can deliver the changes needed to get us back on the path to growth.

This is why I welcome the collaboration with HOTREC and look forward to strengthening and deepening our partnership in the future.

The 2014/2015 HOTREC Annual Report is a good opportunity to highlight the importance of the hospitality sector, in particular when it comes to the creation of jobs and fighting youth unemployment – key priorities for the Commission.

HOTREC has proven to be an important partner for the Commission during the past years,

contributing to many EU tourism initiatives, such as the setting-up of the European Hospitality Skills Passport, which facilitates contact between jobseekers and employers in the hospitality sector, thus promoting mobility of European workers in the hospitality sector, especially amongst young people. HOTREC has also contributed to the development of the Tourismlink platform, which aims at integrating SMEs into global digital value chains.

In the coming months the Commission will be putting forward proposals to reduce the administrative burden on small and medium enterprises – something which I believe will be a great benefit to the hospitality industry. We aim to make on-line business easier through our digital single market initiative, something which will help niche service providers find more customers. The overhaul of the internal market, due by the end of the year, will also give a boost to any business trying to cross borders.

Last but not least, we need to make sure that the European hospitality industry is best prepared to accommodate the anticipated increasing demands in international tourism.

I believe we have a lot to offer to the hospitality industry and that you have a lot to offer the EU in return.

The industry has a major role to play! Your association has a major role to play! I therefore invite HOTREC, and the companies it represents, to get more involved in the implementation of future Commission initiatives and to support the creation of a modern, forward-looking «Tourism and Travel Value Chain» with a wide and long-term vision of the future.

HOTREC and the Commission, together with other key stakeholders, must act and work together. Only then we will create the jobs and growth that we want, and ensure that the tourism sector remains one of the most critical pillars of the EU economy.

I wish you all continuing success in 2015.

Elżbieta Bieńkowska

" HOTREC has proven to be an important partner for the Commission during the past years. "

2014 key trends, facts & figures by UNWTO Secretary General

" I would like to reaffirm UNWTO's close alliance with HOTREC in advancing tourism knowledge and steering our strategies. "



Taleb Rifai, Secretary General

Time and again, tourism has proven to be a strong and resilient economic activity and a fundamental contributor to the global economy and to development, creating jobs, mobilizing investment, and generating exports.

In 2014, international tourism reached a new historic record of 1.138 million international tourist arrivals, growing 4.7% and capping five consecutive years of above average growth.

Tourism has been particularly relevant for Europe's economic recovery as the continent emerges from one of the most challenging economic crises in history. Last year, Europe welcomed an additional 22 million international tourist arrivals to grow 4%, with Northern and Southern Mediterranean Europe reporting the best results. Prospects for 2015 range between 3% to 4% growth – Europe will remain for a long time the most visited region in the world.

With outstanding growth comes also great responsibility. Responsibility towards the planet and its people. In this regard, on behalf of the World Tourism Organization, I am very grateful for HOTREC's partnership and commitment to the work of UNWTO.

We are proud to count on HOTREC as one of the signatories of the Private Sector Commitment to the Global Code of Ethics for Tourism. Your Association has also shown true commitment through its active role in the Executive Committee of the UNWTO World Tourism Network for the Protection of Children, where it represents the hospitality industry's invaluable contribution to the critical issue of child protection.

I trust that our longstanding partnership will continue to support the development of the hospitality industry in Europe and I would like to reaffirm UNWTO's close alliance with HOTREC in advancing tourism knowledge and steering our strategies towards a more sustainable tourism future.

Taleb Rifai

Message from HOTREC President and Chief Executive Officer



Christian de Barrin, CEO, and Susanne Kraus-Winkler, President

Europe consolidated its position as the most visited region in the world with over half of the world's international tourists. Thanks to these results, tourism has been a major contributor to the European economic recovery.

This is good news for the European hospitality industry, which represents 80% of the total tourism workforce in Europe.

The promotion of the importance of tourism to the newly elected European Parliament and appointed Commission has been one of HOTREC's leading activity, which successfully resulted in the creation of a Parliamentary Intergroup on European Tourism Development.

HOTREC and its Members also achieved excellent results in the broader policy field, e.g. the regulation on interchange fees for payment cards, which will very likely come into effect in the autumn 2015, therefore generating substantial savings for hospitality businesses. Other main policy areas concerned Visa, the Package Travel Directive on which HOTREC strongly campaigned for minimising its negative impact; data protection and the promotion of responsible alcohol consumption.

HOTREC's political agenda remained driven by the digital agenda. National decisions in the online hotel booking sector by the French, Swedish and Italian authorities accepting commitments of Booking.com on parity clauses and the decisions in Germany to ban such clauses from contracts between some OTAs and hotels mark first steps to restore entrepreneurial freedom of hoteliers. The rapid emergence of the shadow hospitality economy on peer to peer

online platforms resulted in the development of a common work programme on its impact on employment between HOTREC and its trade union counterpart EFFAT.

The development of partnerships, in particular with the World Tourism Organization (UNWTO), topped HOTREC's agenda, which joined the Executive Committee of the World Tourism Network on Child Protection.

As part of its re-engineering, HOTREC also developed new services for its Members, e.g. a training on EU Funding within the launch of the 2014-2020 European Commission Guide for the Tourism sector, as well as revamped its communication tools such as Live from Brussels, not to forget the launch of Hospitality Europe Business News.

HOTREC also welcomed three new Members: the Chamber of Commerce of the Polish Hotel Industry, the Tourism and Hospitality Chamber of Slovenia and the Association of Licenced Multiple Retailers based in the United Kingdom; therefore confirming its role as the official voice of the hospitality industry in Europe for 35 years.

We would like to thank the Membership for its ongoing funding, the Secretariat for their commitment and many achievements and our project partners for their continuous support.

Christian de Barrin Susanne Kraus-Winkler

" HOTREC welcomed three new members from Poland, Slovenia and the United Kingdom. "

2014 Hotel results across Europe, by MKG Hospitality

2014 in Europe: Recovery in the North and South

Europe's hotel industry accelerated growth in 2014. After finishing 2013 well, countries in the European Union are ending 2014 with new growth by 3.3% in their Revenue per available room (RevPAR). Growth was marked this year by the increase in average daily rates, which had tended towards more stability in 2013, and relied on the constant increase in arrivals.

fully benefited their tourism and hotel industry. While growth in occupancy rates have been well balanced across the different hotel categories, it nonetheless remains higher in the upscale where occupancy rate rose by 1.7 points. This is due to the fact that the upscale segment depends more on the presence of international clientele than on the activity of the domestic market, which is still recovering from the impact of the economic crisis on the purchasing power of households and companies, unemployment and growth.



Vangelis Panayotis, Director of Development, MKG Hospitality, at HOTREC General Assembly

The occupancy rate came closer to 70%, and gained 1.4 points in comparison with the previous year. This data expresses a recovery of hotel chain occupancy at most destinations. Southern Europe, Greece, Portugal and Spain have recorded the strongest growth in occupancy rate. The price competitiveness in these countries that suffered the impact of the financial crisis in 2008 together with their appeal to foreign clientele, particularly in a tense global geopolitical and economic context, have

Southern Europe on a rebound, Northern Europe continues to progress

Almost all European countries posted growth in hotel indicators. Driven by countries in the north of the continent last year, this year growth was stronger in the south, where destinations posted strong progress in their indicators. Generally speaking, they are gathering the fruits of earlier adjustments and their strong competitiveness in pricing, which allows them to accommodate

Segment	Occupancy Rate	Change (pts)	ADR (€ VAT excl.)	Change (%)	RevPAR (€ VAT excl.)	Change (%)
Economy	68,8%	1,4	67,5	1,1%	46,5	3,1%
Midscale	67,2%	1,7	84,7	0,9%	57,0	3,5%
Upscale	69,3%	1,7	121,2	1,4%	84,0	3,9%
Global	68,2%	1,4	89,1	1,2%	60,8	3,3%

Source: MKG Hospitality Database

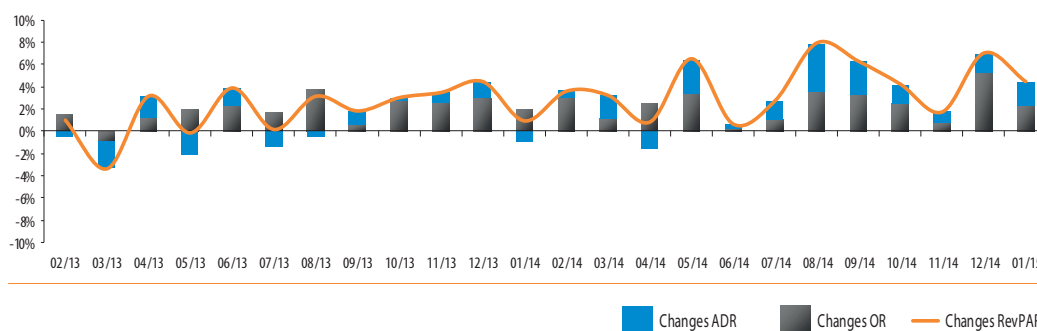
many events to support their demand, while individual clientele are also making a return to these markets. Greece and Portugal come out at the top of this recovery with double-digit growth in their RevPAR, by 24.4% and 10.6% respectively, while they are barely recovering from the financing plans from the European Union and the IMF. Financially attractive to foreign clientele, especially from neighboring countries, the two destinations have fully benefited from the dynamism of international arrivals, while the beginning of renewed activity may also be felt on the domestic market. In the same region, Spain also ended 2014 with new record tourist arrivals to the benefit of the hotel industry. In addition to the recovery on the sector that began last year, activity in the country was boosted by several international sports events, such as the Yachting World Cup and the World Basketball Championship.

Renewed activity may also be observed in Central Europe, where Hungary stands out with double-digit growth in its RevPAR. Driven by the democratization of airline connections to the country and its competitive pricing, international clientele have flowed into the destination. Several major events have also put pressure on demand, such as the European women's Handball Championship. Hospitality indicators are also up in the Czech Republic and Poland, where the sector appears to have regained a balance after partially absorbing the hotel supply created for the European Football Cup 2012.

The hotel industry in Northern and Western Europe showed its resistance with indicators up in most countries. The United Kingdom once again posts the highest occupancy rate on the continent, close to 80%, and has seen its RevPAR increase by 7% on the year. Whether it is in terms of supply, occupancy or average daily rate, the country's indicators progressed since it hosted the Olympics in 2012. In Germany, the success of the major trade fairs and expos together with the growing popularity of the country as a weekend destination both benefited the hotel industry, which saw its RevPAR increase by 4.1% across the year. Benefiting from dynamic business activity and a full events calendar, the other destinations in the region also contributed to European growth, like Austria (+5.7% RevPAR), Belgium (+2.4%) and the Netherlands (+3.6%).

The only shadow cast over Europe is on France, which lags behind the recovery observed among its neighbouring countries. With a RevPAR down by 0.2%, although occupancy rates have stabilized thanks to the presence of foreign clientele, hoteliers have not been able to improve their average daily rate due to the 3 point increase in the VAT that has been applied to the hospitality and catering industry, which they partially reabsorbed. Considering this strong fiscal impact, the structural trend in France is not as negative as it may seem.

OR, ADR and RevPAR change - Last 24 months



Source: www.mkg-hospitality.com

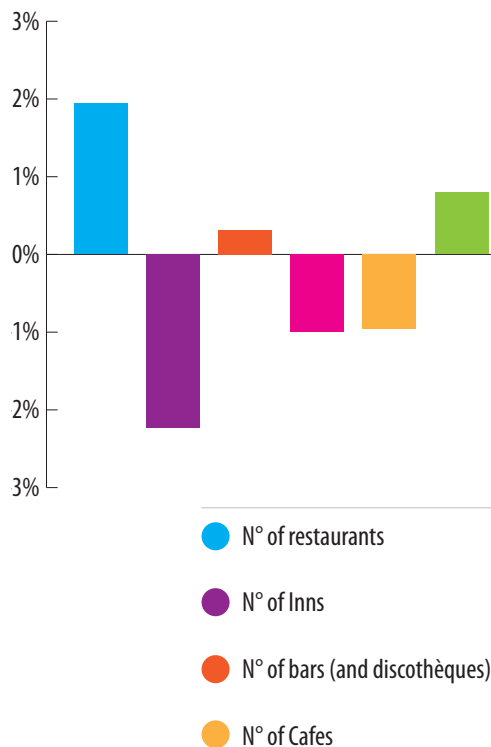
2014 key figures for restaurants and bars in selected European countries

Austria: 2% growth in the number of businesses

Building on a growth of 7.24% of the overall turnover for the whole sector in 2013, the Austrian restaurant and bar sector witnessed contrasted trends in 2014. Indeed, while the traditional restaurant sector recorded a growth of 2.14% in the number of businesses for the year 2014, the number of cafe-restaurants and cafes were in slight decrease of respectively -0.83% and -0.84%. However, the number of bars and discotheques was globally stable in 2014, with a modest 0.26% increase in the number of establishments.

In terms of employment, the sector registered a small growth of 0.74% in the number of employees, reaching a total of 143.882 by 31 December 2014.

▼
Yearly evolution in %



Sources: Austrian Professional Restaurant Association (APRA) - www.gastronomieverband.at

France: sharp decrease in the turnover of restaurants (5%) and cafes and bars (4%)

In 2014, the French restaurant sector witnessed the persistence of a difficult economic situation. Indeed, the year 2014 ended with a sharp decrease in the turnover for restaurants (-4%) on an annual basis. Moreover, the restaurant industry seems to be suffering from a decrease in both attendance levels and average consumer spending. This difficult context should limit employment opportunities in the sector for the 1st quarter of 2015.

Cafes-bars and brasseries also witnessed a similar decrease in their activity, as the year 2014 also ended with a decrease of 5% of their turnover for both segment of the market. Just as for restaurants, cafes-bars and brasseries are reporting in 2014 a decrease in both attendance levels and average consumer spending.

Sources: Synhorcat - www.synhorcat.com

Hungary: a 7.6% increase in net revenues

In Hungary, there was a positive evolution in the net revenues of restaurants, bars, and similar establishments in 2014. Indeed the net revenues of these establishments progressed by 7,6% compared to a year earlier, reaching a total of 554.911 million HUF (approximately 1.798 million Euros).

However, and in spite of this good economic performance, the overall number of restaurants and similar establishments serving food decreased by 1,5%, while the number of bars, night-clubs and similar establishments serving drinks decreased by 4.4% compared to 2013.

Sources: Hungarian Hotel and Restaurant Association - www.hah.hu

Spain: employment grew by 6.1%, making 2015 the year of consolidation of recovery

In Spain, 2014 saw the first positive development of turnover in restaurants and bars for six years, when the crisis began in 2008. Indeed, despite the fact that the number of restaurants decreased by 1.6%, the overall turnover generated by restaurants grew by 1.9%, reaching 41.39 billion euros. A similar trend can be witnessed in the cafe/bar sector, as the overall turnover increased by 1.1% (despite a decrease in the number of bars by 2.5%).

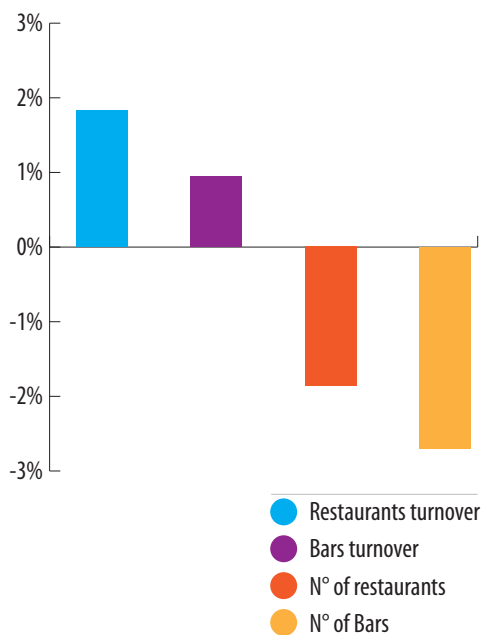
Employment also grew by 6.1%, reaching 1.082.050 employees, a figure close to 2008. This combined with the Index of Consumer Prices which remained with an annual increase of 0.5%, constitute two positive references that suggest that in 2015, sales and hopefully corporate profits will increase and therefore it will be the year of consolidation of recovery.

Ireland: strong growth in jobs creation, 8.000 jobs in 2014, i.e. an increase of 8.5%

In 2014, the Irish restaurant and bar sector continued to suffer from a difficult economic context. The number of restaurants decreased by 5%, reaching a total of 3.500 establishments. The bar sector suffered an even bigger loss, as the number of bars decreased by 10%, reaching a total of 4.000 establishments. Nevertheless, the whole restaurant/bar/cafe sector registered a strong growth in job creation, with the creation of an additional 8.000 jobs in 2014, reaching a total of 95.000 employees.

Sources: Restaurants Association of Ireland - RAI – www.rai.ie

▶ Yearly evolution in %



Sources: Federación Española de Hostelería – FEHR – www.fehr.es

Core policy achievements and activities

Creation of an intergroup on tourism in the European Parliament

Tourism is directly impacted by many different European policies. With the rise of the European Parliament's powers, many legislation impacting tourism businesses are adopted in various parliamentary committees which are not familiar with the tourism sector.

Moreover, the European Parliament's Transport and Tourism Committee often lacked the competence to lead the discussions on legislation which do not primarily target tourism but which nevertheless impact it strongly (e.g. taxation, consumer protection, visa policy, etc.).

A tourism intergroup to reconcile the European Parliament with tourism

For this reason, HOTREC launched in July 2014 a campaign to achieve the creation of an intergroup on tourism, with the goal to facilitate regular exchange of views with MEPs on horizontal issues and promote the benefits of tourism-friendly policies.

A successful campaign which received a strong and joint support from the European Parliament and the European Commission

HOTREC received the early support from MEP Ana-Claudia Tapardel (Romania), MEP István Újhelyi (Hungary), MEP Luis de Grandes (Spain) and from Vice-President of the European Parliament Antonio Tajani who called for the

establishment of such intergroup in an event organised by HOTREC on 8 October 2014 in the European Parliament

In its campaign, HOTREC rapidly joined forces with the major tourism stakeholders (e.g. tour operators and travel agents, the cruise industry, the camp sites sector, the amusement parks sector, the bus, coach and taxi sector) gathered in NET (the Network for the European private sector in Tourism) and of the trade unions of the tourism sector.

As a result, some 115 Members of the European Parliament officially recognised the need for such an intergroup, and on 11 December 2014, the Conference of Presidents of the European Parliament officially created a parliamentary intergroup on European tourism development.

This is a major achievement for HOTREC and its fellow sister associations, and a strong recognition from the EU Institutions of the importance of tourism for the European economy and the need for tourism-friendly policies.

" A parliamentary intergroup on European tourism development will allow HOTREC to promote the benefits of tourism-friendly policies "



Vice-President of the European Parliament Antonio Tajani, MEP Ana-Claudia Tapardel and MEP Istvan Újhelyi supporting the creation of the intergroup, 8 October 2014, European Parliament

Working for a more tourism-friendly Package Travel Directive



HOTREC President addressing MEP Othmar Karas and Ms. Veronica Manfredi, DG Justice of the European Commission, on the Package Travel Directive

On 9 July 2013, the European Commission issued a proposal to review the 20 years old EU Package Travel Directive, in order to adapt its content to the rapid growth of the online distribution market.

A proposal conceived for the online distribution market

With the digital revolution faced on the tourism market, many new practices and business models have emerged in the last years. Indeed, Online Travel Agents offer to consumers the possibility to build their own packages on their website, while many airlines companies have new business models which enable them to offer to consumer to book online a second service with another provider. Such models obviously did not exist when the original Directive was adopted. The European Commission therefore made a proposal to address this issue.

HOTREC works to improve the Directive and lift the burdens on the industry

Since the proposal was issued, HOTREC developed a targeted awareness raising campaign as it appeared that some of its provisions need to be strongly amended and would result in additional burdens for the industry.

Indeed, the initial text was changing the legal regime applicable to ancillary services offered by hotels as a supplement to the room (e.g. spa services, bicycle renting, tickets to local museums, etc.).

Moreover, some legal innovations needed to be clarified to avoid any impact on hotels ability to propose non-refundable promotions and to promote local touristic/cultural attractions.

For this reason, HOTREC worked closely with the key actors of the tourism market (i.e. Tour operators, offline and online travel agents, the airline sector, etc.) to identify workable solutions that could be jointly promoted to the EU institutions. Moreover, HOTREC met with almost all policy and decision-makers from the EU institutions to raise their awareness on the complexity and the specificities of the hotel market. For instance, HOTREC presented to the European Parliament SME intergroup the challenges faced by the hotel industry with the revision of this Directive.

As a result of these activities, HOTREC convinced many MEPs and Member States in the Council of the EU to further take into consideration the impact of the Directive on the hotel sector. This should result in a less burdening and more tourism-friendly Directive once it will be completely adopted.

" HOTREC's strong lobbying campaign will result in a less burdening and more tourism-friendly Directive. "

HOTREC's promotion of responsible alcohol consumption: a duty of care



"HOTREC's proactive activities in the field of responsible alcohol consumption demonstrate that the hospitality industry acts as a responsible stakeholder."

HOTREC has taken very seriously its social responsibility and the call from public institutions to reduce alcohol related harm. For these reasons, HOTREC became member of the European Alcohol and Health Forum, which was established by the European Commission to reduce alcohol related harm. As an active member, HOTREC is committed to:

- Encourage members to develop information and education programmes on responsible alcohol consumption and enforce age limits for serving alcoholic beverages;
- Invite National Associations to commit to the Forum.

Moreover, several HOTREC members (e.g. FHA, Horeca Vlaanderen, SILB-FIPE, UMIH and VISITA) also joined the Forum and adopted commitments aligned with HOTREC's strategy of promoting responsible drinking/service and enforcing age limits. Actions include development of posters, newsletters and websites informing about age limits to consume alcohol; dissemination of books and manuals on "Responsible handling of alcohol"; organisation of training sessions on responsible service; cooperation with public authorities and with other stakeholders to reduce alcohol related harm.

HOTREC partnership with Wine in Moderation

As part of its partnership with Wine in Moderation (WIM), a non for profit organisation founded by the European wine sector to promote

responsible wine consumption, HOTREC encouraged two of its members (FEHR and APHORT) to develop national partnerships with WIM implementers. SYNHORCAT will join the partnership in 2015. Through these partnerships, HOTREC associations disseminate, for instance, online programmes and manuals on responsible alcohol service or provide seminars on the same topic. Brochures and pamphlets on how to drink wine in a responsible way have also been largely disseminated by HOTREC and its members.

HOTREC activities will help reducing alcohol related harm without burdening further the industry

By taking an active part in the forum and in the WIM programme, HOTREC demonstrates that the hospitality sector is a responsible stakeholder in combating alcohol related-harm. These actions clearly show to European public authorities that self-regulation is the way forward and that voluntary actions should be further encouraged, therefore lifting away the prospects of over-burdening a sector which is already strongly regulated.

Through its responsible commitments, HOTREC convinced the European Parliament not to propose to prohibit hospitality establishments located nearby schools from selling alcohol beverages, provided that alcohol is never served to minors, but instead to call on Member States to conduct more regular controls.

Data Protection – helping creating a robust single market without hindering the industry

HOTREC fully supports the creation of a set of single, harmonised and modern Data Protection rules that help creating a strong single market, while providing legal certainty to consumers. Nevertheless, the revision of the European Data Protection rules should not bring extra administrative and economic burdens to companies, especially SMEs. HOTREC therefore developed various lobbying activities to raise decision-makers awareness on their impact on hospitality businesses.

HOTREC actions contributed to a more positive position adopted by the Council

Thanks to lobbying campaigns targeting the Council rotating Presidencies (namely the Italian and Latvian Presidencies) and Permanent Representations in Brussels, HOTREC, together with UEAPME and other key EU stakeholders, convinced the Council to adopt a more balanced and coherent approach regarding Data Protection rules, especially when compared to the European Parliament position. HOTREC also helped its members reaching at their national government through various recommendations aimed at maximising the influence of the European hospitality industry.

As a result, HOTREC obtained some important improvements in the Council position:

- A Data Protection Officer (whose cost has been estimated for SMEs at 12.000€ per

year), responsible to make sure that the controller (e.g. hotelier) processes the data subject (client) data in accordance with the Regulation, should not be compulsory;

- Companies can keep the data of former clients for marketing purposes, if they inform them that they intend to do so;
- A risk based approach was adopted, meaning that it will be up to the controller to implement appropriate measures to ensure compliance with the legislation;
- The controller will only need to communicate the personal data breach to a supervisory authority or carry on an impact assessment if the processing activities represent a high risk (particular risk of prejudice to the rights and freedoms of individuals).

These progresses are not yet final, and HOTREC will therefore continue its activities to ensure that the Council swiftly adopts its general approach and to convince the European Parliament to agree with these improvements proposed by the Council.

" HOTREC convinced the Council to adopt a more balanced approach regarding Data Protection, which will avoid unnecessary additional costs and administrative burdens to SMEs . "



A smart visa policy to stimulate growth and keep Europe safe



" HOTREC's full support and strong campaign on the Visa Package will benefit Europe's competitiveness. "

On 1 April 2014, the Commission released a new Visa Package to facilitate travellers to come to Europe while keeping intact the level of security inside the Schengen area. The release of this legislative package was already a success, as HOTREC was calling for the adoption of such proposal to enhance growth and jobs in the tourism sector and to help the sector increase its global market share.

HOTREC's priorities are fully reflected in the Visa Package

HOTREC strongly welcomes the package overall, but especially the following points:

- Measures to facilitate the procedures when lodging an application (e.g. decrease of the deadlines for a visa to be granted; more time to plan a trip; clarification of main destination);
- Enhanced consular cooperation;
- Facilitation foreseen for VIS regular travellers and registered travellers;
- The possibility to accept the lodging of an application by commercial intermediaries;
- No need for visa applicants to hold a travel medical insurance;
- Touring visa allowing for stays in the Schengen area of more than three months and up to

one year, provided that the applicant does not intend to stay in the same Member State for more than three months in any six month period.

HOTREC campaigns to convince the Council and European Parliament to adopt the package

Over the last 12 months, HOTREC developed a strong information campaign towards the successive EU presidencies and EU Member States, meeting nearly all policy and decision-makers to convince the Council to prioritise the issue and adopt the Visa package without undermining its content.

At the same time, HOTREC developed various activities to disseminate its position and persuade Members of the European Parliament, and in particular from the LIBE committee (Committee of Civil Liberties, Justice and Home Affairs) responsible for the dossier, of the importance of this legislative proposal and of its highly positive impact on Europe's competitiveness.

HOTREC leads the way forward

Given the importance of this Visa package, which will help Europe remain the world's number one tourist destination, HOTREC will continue to develop its activities towards the EU institutions and to call on them to swiftly approve it.

Tackling the shadow hospitality economy's rapid development

Hospitality businesses are more and more affected by the development of hospitality service provision in the shadow economy, also called 'sharing' economy.

HOTREC and its Members have adopted in 2014 a position paper on the Shadow Hospitality Economy, asking authorities across Europe to establish a level playing field for all types of tourist accommodation providers, in order to have similar rules for similar activities. This call for a level playing field is similarly echoed by IRU, the International Road Transport Union, which closely cooperates with HOTREC. In addition, a joint statement was developed with HOTREC trade union counterpart EFFAT on its impact on employment.

HOTREC raises awareness to the drawbacks of the development of shadow hospitality economy

HOTREC has been raising the awareness of European decision makers to the drawbacks of the development of the shadow hospitality economy, especially with regard to the established businesses, which, often at a high cost, follow rigorous regulations for operation and contribute to employment and to tax income of local and national budgets. The European Commission more and more recognizes the issue, which is

reflected for example in the inclusion of all types of accommodation in the discussions around the Green Paper on safety of tourist accommodation.

Moreover, in some countries, some of the biggest players, which are facilitating via their online platforms the distribution of shadow hospitality services, have started negotiations with authorities, e.g. offering their assistance in collecting taxes to be paid by guests staying in tourist accommodation establishments. This can be regarded as a first step into the right direction. However, this is only one aspect of the overall picture that needs to be addressed. An action plan was developed for HOTREC Members to proactively contact their local and regional governments.

Nevertheless, HOTREC will continue to call both intermediaries and authorities to better take into consideration the legitimate demands from established businesses for a level playing field, the protection of consumers as well as the interests of residents.



"HOTREC calls on the EU institutions, as well as on local and regional governments to set a level playing field for all actors alike."

Online distribution: HOTREC in the forefront of the fight against parity clauses

Over the last 12 months, significant developments took place in relation to gaining clarity on the application in the contracts between Online Travel Agents and hotels of so called Most Favoured Nations clauses (MFN clauses). The issue was discussed on several occasions within HOTREC, shaping a common approach and strategy on the matter together with the members.

Following the initial decision in Germany of the Federal Cartell Office of December 2013, banning 'best price clauses' from the Terms and Conditions of contracts of HRS with hotels, and the appeal against that decision of HRS, on 9 January 2015 the High Regional Court in Dusseldorf confirmed the decision of the Cartell Office. As HRS decided not to appeal against the decision it became now final.

First national court decision taken shall show the way to ban parity clauses from OTA contracts

It is an important fact, that both decisions are based not only on German competition regulation but also on EU law, which gives the

decisions a true European dimension and provide a very first guideline for other competition authorities across Europe.

This final judgement now paves the way, for the moment in Germany, for the Cartell Office to smoothly conclude its investigations on similar cases against other two booking giants, namely Booking.com and Expedia.

The decisions taken by the competition authorities on 21 April 2015 in France, Italy and Sweden, accepting commitments of Booking.com, mark another move into the right direction, however that solution cannot be regarded yet as sufficient. In these commitments the target is rather to reinstall some formal conditions of competition between the OTAs themselves, but Booking.com still upholds rate parity between its site and the hotel concerning all offer and conditions available online, therefore cannot be accepted as a definite solution. In today's digitalised world it is not possible to restrict competition to methods of the 20th century (e.g. telephone, telefax). Therefore, HOTREC and its members will continue their efforts to restore complete entrepreneurial freedom in all aspects between hoteliers and any OTA.

" HOTREC called on competition authorities to ban hotel parity clauses. "



HOTREC revamps its social dialogue agenda to tackle new industry challenges

Over the past 10 years, the hospitality industry has faced the internet revolution and new consumer trends, which has resulted in the need for new skills and competences for employees and employers. Therefore, both employers' and employees' European representative organisations (HOTREC and EFFAT) have closely worked together to incorporate these changes. Indeed, detecting coming trends and training employees in terms of emerging skills have become critical for companies to meet the clients' calls for new experiences and to keep delivering a high level of quality of service and therefore for businesses to continue creating jobs.

The figures speak for themselves: the hospitality sector employs more than 10 million people in the EU (more than 4.5% of employment in the EU).



It provides opportunities for all types of workers and is an entry door to the labour market for young people, as up to 20% of the people employed by the industry are aged under 25 years, and 33% are relatively unskilled. It is a key industry to fight youth unemployment and to facilitate social inclusion, mobility and career development.

HOTREC gives a new impulse to social dialogue

The HOTREC-EFFAT (HOTREC trade union counterpart) social dialogue has always served as a forum for discussion on topics that touch upon employment, such as health and safety, skills, corporate social responsibility, etc.

Under the leadership of the newly elected Chairman of the Sectoral Social Dialogue Committee, Mr. Jean-Marc Banquet d'Orx, and its Committee Members, HOTREC has given a new impetus to the social dialogue by fixing 4 priorities on new trends and challenges in total agreement with its counterpart trade union EFFAT:

- **Shadow hospitality economy** – The rapid development of the shadow hospitality economy might severely impact employment in the hospitality sector. For this reason, this topic will top the agenda of social dialogue meetings during the coming years.
- **Undeclared work** – The emergence of the shadow hospitality economy is directly linked to the possible extension of undeclared work. The social partners will discuss this topic under this new perspective.

- **Hospitality skills passport** – The hospitality skills passport launched in June 2014, an online tool available in all languages on the EURES portal, aims at fostering a better match of jobs offer and demand, while enhancing mobility within the sector. The HSP is the priority of the social dialogue that will launch a new communications campaign to market it all over Europe.

- **Youth employment** – The Social Dialogue will work on developing actions to fight youth unemployment: a key priority for the EU Institutions.

"The shadow hospitality economy phenomenon will top the agenda of the social dialogue ."

Core events

During the past 12 months, HOTREC organised a number of high-level events aimed at promoting the hospitality industry's benefits to society towards European policy and decision-makers.

Panel discussion on the outcome of the EU elections and its impact on the EU tourism policy

On 16 October 2014, HOTREC organised in Riga a panel discussion on the outcome of the EU elections to which participated Hungarian MEP István Újhelyi (Vice-Chair of the European Parliament Transport & Tourism Committee) and Mr. Pedro Ortún (Director for Tourism in DG Enterprise and Industry of the European Commission). Both MEP Újhelyi and Mr. Ortún highlighted the importance that tourism should take in the activities of the EU institutions in the years to come.

MEP István Újhelyi stressed his willingness to support the tourism sector during his mandate. In particular he committed to help creating a parliamentary intergroup on tourism and to relaunch the tourism task force of the European Parliament Transport & Tourism Committee. He also emphasised the importance of holding regular contacts between the EU institutions and the tourism sector, in order to discuss how to help the sector becoming more sustainable.

Mr. Pedro Ortún also explained that the new European Commission was willing to help enhancing the competitiveness of the European tourism industry and to facilitate initiatives aimed at expanding tourism in order to keep Europe as destination number one in the world.

HOTREC 70th General Assembly in Luxembourg attended by European Commissioner Elżbieta Bieńkowska and MEP Ana-Claudia Tapardel

On Thursday 23 April 2015, Commissioner Elżbieta Bieńkowska, responsible for Internal Market, Industry, Entrepreneurship and SMEs, and MEP Ana-Claudia Tapardel, Chair of the parliamentary Intergroup on European Tourism Development, participated to the HOTREC 70th General Assembly held in Luxembourg.

Commissioner Bieńkowska stressed the importance of the hospitality sector for the European economy and promoted the excellent cooperation between HOTREC and her services.

She also presented the main priorities of her action in the European Commission concerning tourism, such as the promotion of the digitalisation of the tourism SMEs, upgrading the skills and competences in the tourism sector, promoting sustainable and responsible tourism, the promotion of Europe as a tourist destination in third countries' markets, fostering low and medium season tourism exchanges within the EU and from third countries, etc.

MEP Tapardel stressed that the newly established intergroup on tourism will promote tourism-friendly policies at EU level. She also explained that one of the intergroup's priority will be to push for the creation of a European year on Tourism.

Both speeches were followed by a fruitful exchange of views with HOTREC member associations.

"HOTREC should play a leading role in improving the governance of the tourism industry."
European Commissioner Elżbieta Bieńkowska, HOTREC General Assembly, Luxembourg, 23 April 2015



MEP István Újhelyi, Vice Chair of the EP Transport & Tourism Committee, with HOTREC President during the panel discussion



Commissioner Bieńkowska and MEP Tapardel with HOTREC President and CEO at HOTREC General Assembly

Best practices and knowledge sharing activities

HOTREC serves as a hub for its Members to share their best practices in priority fields for the hospitality industry. As part of it, HOTREC developed a new hospitality business newsletter and organised a training on EU funding possibilities.

HOTREC training on EU Funding possibilities

On 26 and 27 November 2014, HOTREC together with the European Hospitality Foundation (EHF) organised a training for its members on EU Funding. Its main objective was for HOTREC Members to learn how to apply for call for tenders/call for proposals issued by the European Commission and, therefore, benefit from EU funding.

Moreover, the training was aimed at sharing experiences towards EU funding projects. For instance, MHRA (the Malta Hotels and Restaurants Association) presented its project "Investing in Water", which is being developed in the framework of EU Life + Programme. The project showed that hotels could save as much as 37% of their current water consumption.

The event counted with the valuable participation of Mr. Eric Philippart, Deputy Head of Unit in DG Enterprise and Industry, who provided advice on how to submit a successful proposal. In addition, participants received some guidance on how to monitor EU Funding; the criteria to be considered on whether or not to submit a proposal and how to successfully submit a proposal in practice.

Launch of Hospitality Europe Business news

In addition to Live from Brussels, its EU Affairs Newsletter, HOTREC launched in October 2014, Hospitality Europe Business News. Its main purpose is to enable HOTREC Members to share best practices, tourism trends and latest news on the main activities developed at national level in the field of hospitality and tourism; including amongst others: Digital issues; Management and human resources; Marketing and technology; Lobbying activities at national level; Innovation and technology; Education and training; Sustainability; Events and trade shows.



" In the past 12 months, HOTREC developed new EU funding activities which fit the needs of the hospitality industry. "

Tony Zahra, President of Malta Hotels and Restaurants Association



HOTREC training on EU Funding, 26/27 November 2014

HOTREC 2015/2016 strategy

Over the last 12 months, HOTREC welcomed three new members from Poland, Slovenia and the UK, bringing its membership to 42 National Associations from 28 European countries and demonstrating the growing influence of the Association. HOTREC's activities have kept focusing on intelligence gathering and influence on regulatory affairs and market developments, as well as best practice sharing among members. In 2015/2016, HOTREC's strategy will focus on maximising its influence and improving membership benefits.

Consolidating and expanding influence on EU policy matters

With a fully established European Commission and European Parliament, the EU is now back to its cruising speed. This will soon be translated into a number of policy developments that might impact the competitiveness of hospitality businesses. HOTREC will work on consolidating and developing further its network of influence in order to proactively work in favour of more hospitality-friendly EU policies.

HOTREC will therefore largely focus its efforts in 2015/2016 on the following:

- Develop close relationships with the members of the newly established intergroup on European Tourism Development in the European Parliament and beyond;
- Closely work with EU officials, Members of the European Parliament and Member States officials to maximise influence on a broad range of policy issues (e.g. data protection, visa policy,

online distribution of tourism services, social affairs, consumer legislation, etc.);

- Raise the profile of the hospitality industry at EU level through the organisation of events and seminars, including an SME event with key EU decision-makers and stakeholders.

Increasing membership benefits

As the current economic context still affects the industry's economic potential, it is crucial for HOTREC to constantly improve its services to its members. HOTREC will therefore develop additional activities aimed at improving its membership benefits and raising its attractiveness.

For instance, HOTREC intends to:

- Further develop its best-practice and knowledge sharing activities through an online platform;
- Launch a new Task Force aimed at tackling emerging issues for the restaurant, pub and bar sector;
- Intensify its activities on the shadow/sharing hospitality and on online distribution;
- Inform its members of EU funding possibilities;
- Develop a stronger membership base and enhance its cooperation with non-member organisations that might bring an added value to both HOTREC and its members.

" HOTREC's reshaped strategy and activities reach new milestones by boosting its influence and visibility in Europe . "

Jens Zimmer Christensen,
President of HORESTA
Denmark



Meet the team and the Executive Committee



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HOTREC EXCOM Members and CEO, with European Commissioner Elżbieta Bieńkowska, MEP Ana-Claudia Tapardel and HORESCA President Alain Rix, HOTREC 70th General Assembly, Luxembourg

FULL MEMBERS

AUSTRIA

APHA-Fachverband Hotellerie
www.hotelverband.at

President: Dr. Klaus Ennemoser
CEO: Mag. Matthias Koch

APRA-Fachverband Gastronomie
www.gastronomieverband.at

President: KommR. Helmut Hinterleitner
CEO: Dr. Thomas Wolf

VVAT-Austrian Professional Copyright Users Association
www.vvat.at

President: Komm.Rat Fritz Kaufmann
CEO: Mag. iur. Andreas Hüttner

BELGIUM

Fed. Ho.Re.Ca. Bruxelles-Brussel
www.horecabruxelles.be

President: Yvan Roque

HORECA Vlaanderen
www.horecavlaanderen.be

President: Filip Vanheusden
CEO: Danny Van Assche

Fed. Ho.Re.Ca. Wallonie
<http://horecawallonie.be>

President: Thierry Neyens
Secretary General: Pierre Poriau

CROATIA

UPUHH-Association of Employers in Hospitality Industry
www.upuhh.hr

President: Kristian Šustar
CEO: mr.sc. Iva Bahunek

THE CZECH REPUBLIC

AHRCR-The Czech Association of Hotels and Restaurants
www.ahrcr.cz

President: Ing. Václav Stárek
General Secretary: Ing. Klára Stárek Zachariášová

DENMARK

HORESTA-Association of the Hotel, Restaurant and Tourism Industry in Denmark
www.horesta.dk

President: Jens Zimmer Christensen
CEO: Katia K. Østergaard

ESTONIA

EHRA-Estonian Hotel and Restaurant Association
www.ehrl.ee

President: Verni Loodmaa
General Manager: Raigo Triik

FINLAND

FHA-Finnish Hospitality Association
www.mara.fi

President: Harri Ojanperä
CEO: Timo Lappi

FRANCE

CPIH-Confédération des Professionnels Indépendants de l'Hôtellerie
www.cpih-france.com

Confederal President: Gérard Guy
Secretary General: Alain Boutin

FAGIHT-Fédération Autonome Générale de l'Industrie Hôtelière Touristique
www.fagiht.fr

President: Claude Daumas
Director General: Catherine De Bruyne

GNC-Groupement National des Chaînes
www.umih.fr

President: Jacques Barré
Administrator: Samuel Lacombe

SYNHORCAT-Syndicat National des Hôteliers, Restaurateurs, Cafetiers et Traiteurs

www.synhorcat.com
President: Didier Chenet
Director General: Franck Trouet

UMIH-Union des Métiers et des Industries de l'Hôtellerie
www.umih.fr

President: Roland Héguy
Director General: Philippe Delterme

GERMANY

DEHOGA-Deutscher Hotel-und Gaststättenverband
www.dehoga.de

President: Ernst Fischer
CEO: Ingrid Hartges

IHA-Hotelverband Deutschland
www.hotellerie.de

President: Fritz G. Dreesen
CEO: Markus Luthe

GREECE

HCH-Hellenic Chamber of Hotels
www.grhotels.gr

President: George Alex. Tsakiris
CEO: Dr. Agni Christidou

HUNGARY

HHRA-Hungarian Hotel and Restaurant Association
www.hah.hu

President: Dr. Ákos Niklai
Secretary General: István Kovács

IRELAND

IHF-Irish Hotels Federation
www.ihf.ie

President: Stephen McNally
Chief Executive: Tim Fenn

RAI-Restaurants Association of Ireland
www.rai.ie

President: Padraic Óg Gallagher
President as from 24 March 2015: Anthony Gray
Chief Executive: Adrian Cummins

ITALY

FEDERALBERGHI-Federazione delle Associazioni Italiane Alberghi e Turismo

www.federalberghi.it
President: Cavaliere del Lavoro Bernabò Bocca
Director General: Dott. Alessandro Massimo Nucara

FIPE-Federazione Italiana Pubblici Esercizi
www.fipe.it

President: Dott. Lino Enrico Stoppani
Director General: Dott. Marcello Fiore

LATVIA

AHRL-Association of Latvian Hotels and Restaurants
www.hotels-restaurants.lv

President: Janis Valodze
CEO: Mg. Santa Graikste

LITHUANIA

LHRA-Lithuanian Hotel and Restaurant Association

www.lvra.lt

President: Evalda Siskauskiene

Managing Director: Egle Dilkiene

LUXEMBOURG

HORESCA-Fédération Nationale des Hôteliers, Restaurateurs et Cafetiers du Grand-Duché de Luxembourg

www.horesca.lu

President: Alain Rix

Secretary General: François Koepf

MALTA

MHRA-Malta Hotels and Restaurants Association

www.mhra.org.mt

President: Tony Zahra

CEO: Andrew Agius Muscat

THE NETHERLANDS

KHN-Dutch Hotel, Restaurant and Café Association

www.khn.nl

Chairman of the Board: Toon Naber

General Director: Lodewijk van der Grinten

POLAND

IGHP-Chamber of Commerce of the Polish Hotel Industry

www.ighp.pl

President: Ireneusz Węglowski

Secretary General: Krzysztof Wojtkiewicz

PORTUGAL

APHORT-Associação Portuguesa de Hotelaria, Restauração e Turismo

www.aphort.com

President: Rodrigo Pinto de Barros

Executive Deputy President: António Condé Pinto

SLOVAKIA

ZHRSR-The Slovak Association of Hotels and Restaurants

www.zhrs.sk

President: JUDr. Patrik Bočkay

Secretary General: Mgr. Marek Harbulák

SLOVENIA

TGZ-Tourism and Hospitality Chamber of Slovenia

www.tgzs.si

President: Andrej Prebil

Director: Majda Dekleva

President of Slovenian Hoteliers Association: Gregor Jamnik

SPAIN

CEHAT-Confederación Española de Hoteles y Alojamientos Turísticos

www.cehat.com

President: Juan Molas

Secretary General: Ramón Estalella

FEHR-Federación Española de Hostelería

www.fehr.es

President: José M^a Rubio Marín

Secretary General: Emilio Gallego Zuazo

SWEDEN

VISITA-Swedish Hospitality Industry

www.visita.se

President: Maud Olofsson

CEO: Eva Östling

THE UNITED KINGDOM

The ALMR-The Association of Licensed Multiple Retailers

www.almr.org.uk

Chairman: Steve Richards

CEO: Kate Nicholls

ASSOCIATE MEMBERS

NORWAY

NHO Reiseliv-Norwegian Hospitality Association

www.nhoreiseliv.no

President: Ole Warberg

CEO: Kristin Krohn Devold

OBSERVERS

SWITZERLAND

GASTROSUISSE-Verband für Hotellerie und Restauration

www.gastrosuisse.ch

President: Casimir Platzer

CEO: Remo Fehlmann

HOTELLERIESUISSE-Swiss Hotel Association

www.hotelleriesuisse.ch

President: Andreas Züllig

CEO: Dr. Christoph Juen

TURKEY

TUROB-Touristic Hotels & Investors Association

www.turob.com

President: Timur Bayindir

General Manager: İsmail Taşdemir

TÜROFED-Turkish Hoteliers Federation

www.turofed.org.tr

President: Osman Ayik

General Manager: Savaş Çolakoğlu

Membership List valid as of May 2015

MEMBERS OF THE EXECUTIVE COMMITTEE

Mag. Susanne Kraus-Winkler, MRICS, HOTREC President, Vice-President of APHA, Managing partner of the LOISIUM Hotel Group

Dr. Ákos Niklai, HOTREC Vice-President, President of HHRA, Hungarian Hotel and Restaurant Association, Vice-President of Business Hungary, Managing Director of Kárpátia Hospitality Co.

Marinus Cordesius, LI.M, HOTREC Treasurer, Director Policies/ International Affairs of KHN, Koninklijk HORECA Nederland

Ramón Estalella, Secretary General of CEHAT, Confederación Española de Hoteles y Alojamientos Turísticos

Markus Luthe, CEO of IHA-D, Hotelverband Deutschland

Dr. Agni Christidou, CEO of HCH, Hellenic Chamber of Hotels

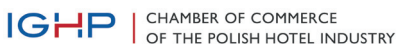
Adrian Cummins, CEO of RAI, Restaurants Association of Ireland

Danny Van Assche, CEO of HORECA Vlaanderen

Paolo Rossi, FEDERALBERGHI, Executive Board Member, President of Federalberghi Lombardia, Owner and Manager of Hotel Bellerive and Hotel Laurin

Bernd Geyer, HOTREC Honorary President

Joan Gaspart, HOTREC Observer, Vice President EHF, European Hospitality Foundation, President of HUSA HOTELES



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