Hotrec
Hospitality Europe

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France forbids rate parity clauses by law
Another crucial step for hotels in Europe to regain control over their offer

Brussels, Paris – 9 July 2015, Today, the French National Assembly took an important decision by adopting in the final vote of the 'Law Macron' the deletion of any rate parity clauses from contracts between hoteliers and Online Travel Agents and qualifying the term of the contracts as "mandate contract". This is the first decision at legislative level in Europe to ban explicitly rate parity clauses from such contracts. With this decision hoteliers in France regain their entrepreneurial freedom and will be able to offer their customers any trade or tariff advantage they consider appropriate. France is thus the second country after Germany, where public authorities decide to ban rate parity clauses from OTA contracts.

The French decision allows hotels in France to set lower prices both on their online and offline direct distribution channels, than the rates available via intermediaries, thus putting an end to mandatory rate parity clauses. Compared to the decision of several competition authorities of 21 April 2015, including the French one, which only allowed setting prices freely through offline or, in other words, 20th century distribution channels, like telephone, fax, letters, etc., this voted amendment follows the realities of current times.

"*It is a real revolution that is underway for the French hotel industry and for our customers. After the decision of the* Competition Authority, this vote will contribute to the establishment of a renovated contractual framework to restore conditions of a commercial relationship based on trust between hotels and booking sites in the interest of consumer", says Roland HEGUY, President of HOTREC's French member association UMIH.

"*We applaud the decision by the French National Assembly. Today's vote undoubtedly confirms the ban of parity clauses all over France, marking another milestone in discussions in France and in Europe on the applicability of parity clauses*" says Didier Chenet, President of HOTREC's French member association GNI. "*The European hotel industry sees this decision as a key milestone to restore complete entrepreneurial freedom for* hoteliers all across Europe. After Germany which banned parity clauses in a competition case, followed by a Court judgment, France is opening a potential new way forward through the legislative process ", welcomed Susanne Kraus- Winkler, President of HOTREC, the French decision.

This decision together with the decisions taken by the German competition authority and court earlier, seriously question the relevance of the recent announcement of Booking.com and Expedia for the alignment of their terms and conditions similar to the formal commitments of 21 April. "*The European hotel industry very much hopes that this roll-out of the restoration of the entrepreneurial freedom will not stop at the French and German borders*", concluded Susanne Kraus-Winkler.

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 42 national associations representing the sector in 28 different European countries.

For further information: www.hotrec.eu
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