

**EU Intelligence Report**

**May 2016**



## **KEY HIGHLIGHTS**

### **Tourism Policy**

[Council adopts proposal to prolong internal Schengen border controls](#)

[Council and Parliament share different opinions on VAT reduced rates](#)

### **Consumer issues**

[Commission proposes Regulation to ban unjustified geo-blocking](#)

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### Tourism Policy

#### **Council adopts proposal to prolong internal Schengen border controls**

##### COUNCIL

By [adopting](#) a Commission proposal, the Council decided to prolong controls at certain internal Schengen borders, which are expected to last until November 2016. The following borders will be subject to proportionate temporary controls for up to six months:

- Austrian-Hungarian land border and Austrian-Slovenian land border;
- German-Austrian land border;
- Danish ports with ferry connections to Germany and at the Danish-German land border;
- Swedish harbours in the Police Region South and West and at the Öresund bridge;
- Norwegian ports with ferry connections to Denmark, Germany and Sweden.

The Commission still aims at returning to the normal Schengen with no internal border controls as soon as possible. This temporary measure was needed because, despite significant progress made by Greece, not all of the serious deficiencies identified at its external border could be addressed yet. Dimitris

Avramopoulos, Commissioner of Migration, Home Affairs and Citizenship, highlighted that the costs of internal border controls are visible in sector such as transport and tourism, a concern which is shared by several MEPs.

The Commission will continue monitoring the situation and will report to the Parliament and the Council after the summer.

#### **European Travel Commission publishes report on European tourism trends and sets partnership with IGLTA**

##### STAKEHOLDERS

The European Travel Commission (ETC) published a [study](#) on the trends and prospects for tourism in Europe, which seems to be on a positive slope since the beginning of 2016. The report underlines increasing tourist arrivals from key countries such as the US, and specific destinations performing well such as Spain and eastern countries. However weak economies, political instability, developments in passport-free travel as well as safety/security concerns could hamper tourism growth in Europe.

With the goal of strengthening LGBT tourism in Europe, International Gay & Lesbian Travel Association (IGLTA), the leading member-based global organization dedicated to lesbian, gay, bisexual and transgender tourism, announced its organizational partnership with

the ETC. For the latter this partnership should also enhance Europe's tourism competitiveness.

#### **Commission proposes 2018 as European year of cultural heritage**

##### EUROPEAN COMMISSION

The Commission has [suggested](#) to the Parliament and Council to organise the European year of cultural heritage in 2018. Commissioner Navracsics (education, culture, youth and sport) would be in charge of implementing it. Although not called a year of tourism, this initiative will undoubtedly affect European tourism in a positive way. Consumers will be attracted to specific cultural sites, which may be close to amusement parks and therefore lead to an increase in the number of visitors.

The final decision will be taken by the European Parliament and the Council.

#### **World Tourism Organisation publishes report on international tourism trends in the EU**

##### STAKEHOLDERS

On the request of the European Commission Directorate for Internal Market and Enterprise, (DG GROW), the UN World Tourism Organisation published a [report](#) on the current

trends and the forecast for 2020, 2025 and 2030 of international tourism in the EU.

Among the challenges, the report underlines that for the 28 countries, tourism will continue to show growth, however its rate of growth will be modest compared with that of other world regions. They also state that collaboration, cooperation and coordination between actors in the full tourism value chain will be necessary, attractions being cited as one of the industries.

In order to stay competitive and tap into the potential demand, the report highlights that it is essential for the EU to continue raising awareness and to make tourism a key issue on the political agenda.

### **Taxation/VAT**

#### **Council and Parliament share different opinions on VAT reduced rates**

##### COUNCIL EUROPEAN PARLIAMENT

The Economic and Financial Affairs Ministers adopted [Council Conclusions](#) on the Commission's [VAT Action Plan](#), in which they welcome the intention of the Commission to include proposals for increased flexibility for Member States with respect to reduced rates of VAT. This would match the first option in the Commission's Action Plan, which would allow

additions to the current list of products and services eligible for reduced rates. Should this option be chosen, it would be a positive development for amusement parks as under current legislation, entry tickets are already on the list of those services that qualify for a reduced rate, if Member States wish to apply it.

Contrary to the Council, the Parliament's Economic and Monetary Affairs (ECON) seems more in favour of reducing the list of goods and services that apply for reduced rates. German [MEP Werner Langen](#) (Centre-right) presented in May his non-binding [draft report](#), in which he argues that the EU should have a single framework for reduced VAT rates. He calls for a single list of reduced goods and services to be compiled, which would allow far fewer exemptions than is currently the case.

The rapporteur also calls for a treaty change so that the ordinary legislative procedure, with co-decision by Parliament and Council, can be introduced in the context of the VAT directive instead of a sole vote in the Council.

The ECON Committee is set to vote on the draft report on 30 June and the debate in plenary is expected for September.

These debates may inform the Commission's proposal on reduced rates due in 2017.

### **Consumer Issues**

#### **Commission proposes Regulation to ban unjustified geo-blocking**

##### EUROPEAN COMMISSION

As part of the [Digital Single Market](#) and [Single Market](#) strategies, the European Commission [published](#) the [legislative proposal](#) to address unjustified geo-blocking based on nationality or place of residence, which includes in its scope services like hotel accommodation and entry tickets to leisure parks.

Overall the Commission's proposal are manageable and lighter than industry may have feared. Non-discrimination on the basis of residence or nationality is applied in 3 ways:

- A ban on blocking or limiting access to websites or apps or automatically rerouting without consent;
- A ban on applying general terms and conditions (including price) of access differently;
- Payment options accepted for home customers cannot be rejected for cross-border customers.

Crucially traders will be free to use targeted offers (recital 17) and dynamic pricing (explanatory memorandum) if not linked to a consumer's place of residence or nationality.

However, neither of these terms are defined in the proposal.

This proposal may impact IAAPA members which sell park tickets at a different price according to the customers' nationality or place of residence.

The Parliament and Council will start working seriously on the proposal after the summer. The agreement will then follow around mid-2017. It will take effect 6 months after publication in the Official Journal, so it could be in market by early 2018.

### Call for tender

### The European Travel Commission invites to tender for strategic report on tourism competitiveness

#### STAKEHOLDERS

The European Travel Commission (ETC) has published a [call for tender](#) for a strategic report that will assess the competitiveness of the European tourism industry. For the ETC the research should achieve the following three goals:

- Identify emerging shifts in the business environment that are expected to have implications on the competitiveness of

tourist destinations (Europe and worldwide);

- Collect and analyse best-practices at a political and managerial level highlighting successful actions of entities to avoid, mitigate, adapt to or exploit changes; and
- Provide guidance and strategic recommendations to European tourist destinations and stakeholders at a political level on areas where negative 'competitive gaps' for European tourism are becoming apparent.

Proposals should be submitted in electronic format, to the project leaders listed by 14:00 (CET) on 27 June 2016 at the latest.

### MEP Questions and Answers

#### Commission answers MEP question on harmonisation of accommodation classification systems in the EU

In her reply to a question on the hotel star-rating system by [MEP Rosa Estaràs Ferragut \(PPE, Es\)](#), Commissioner Bieńkowska (Internal Market) highlighted that they were encouraging industry initiatives to harmonise the hotel classification star system such as the HOTREC's Hotelstars Union. She recalled that the EU had no competence on this issue and that it was dealt with at national or regional level. Commissioner Bieńkowska also referred

to the European Consumer Centres Network 2010 [study](#) on the minimum criteria of 3-star hotels, and to the United Nations World Tourism Organisation (UNWTO) [report](#) on the comparison of the criteria of 4 and 5-star hotels.

#### MEP question on new skills in tourism

In a question on new skills in tourism, Maltese [MEP Miriam Dalli \(S&D\)](#) asked the Commission to elaborate further on how the new strategy would promote new skills within the tourism job market. She also asked what kind of action would be taken to reinforce investment in the tourism sector and whether the EU was planning to take the necessary measures to regenerate the European tourism market.

#### MEP question on Digitisation of the economy and job losses

French [MEP Dominique Martin \(ENF\)](#), tabled a parliamentary question, asking the Commission why they were not placing more emphasis on job opportunities in the sectors with the most potential such as tourism, ICT or services, in order to boost what is on offer, rather than focusing on pseudo-skills that are not recognised on the labour market.

#### MEP question on timing for the publication of the action plan for tourism

In a parliamentary question, [MEP Claudia Tapardel \(S&D\)](#) asked the Commission when they would present an action plan for tourism and how the Commission was planning to address the need for more investment in tourism, and diversify the type of instruments available.

#### [MEP question on virtual reality regulation](#)

Romanian [MEP Sorin Moisă \(S&D\)](#) tabled a parliamentary question, asking whether the Commission was planning to regulate virtual reality technology, or if this issue was better left to self-regulation or to the jurisdiction of Member States.

#### [MEP Question on introducing visas for Canadian and US citizens](#)

[MEP Claudia Tapardel \(S&D\)](#) asked the Commission if they genuinely intended to consider introducing a visa requirement for Canadian and US citizens, noting that such a step would result in serious losses for the European tourism industry in particular.

### Events

#### **June**

- [14 June](#): NECSTouR in partnership with VisitScotland and Scotland Europa:

[Synergies between Tourism and Cultural Heritage for Growth and Jobs](#), In the framework of the European Year of Cultural Heritage 2018.

- [29-30 June](#): [Dutch Presidency Conference Digitalisation Cultural Heritage](#), Amsterdam

#### **September**

- [8-9 September](#): [12th TourMIS Users' Workshop & International Seminar on Consumer Trends & Tourism](#), Vienna, Austria
- [27 September](#): UNWTO World Tourism Day 2016

#### **October**

- [TBC Slovak Presidency European Tourism Forum Conference](#)

#### **November/December**

- [TBC European Tourism Day](#)