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HOTREC¹ reply to the Commission's consultation on the EU 2020 strategy

HOTREC welcomes the consultation launched by the European Commission on the future EU 2020 strategy. Ten years after the launch of the Lisbon strategy, which was supposed to transform the EU into the “*most competitive knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion*”, Europe is now in the midst of the greatest economic crisis of the last 30 years. It is now at a major crossroad.

If the current financial and economic crisis affected negatively the EU economy at large, it has hit the hospitality industry particularly hard, as it is a sector which automatically suffers from any turmoil in the economic life. The economic slowdown implied less business travellers: companies cut down on business meetings and seminars. As unemployment was rising, the purchasing power of European households was reducing, with a direct impact on private outings as well as private trips. In parallel, the financial situation has made it much more difficult for both consumers and industry to obtain loans. All of this explains a dramatic downturn in the hospitality industry activities. As a result, many investment projects were cancelled or postponed.

In this context, the EU must adopt a new ambitious growth strategy, which will avoid the deficiencies of the previous Lisbon strategy (e.g. weak means of delivery and an overabundance of non-prioritised and non-binding objectives) and draw the lessons from the current economic crisis.

In general terms, the European hospitality industry supports BusinessEurope's reply to the EU 2020 consultation. However, HOTREC considers that this reply must be complemented by some important sector-specific elements.

The hospitality industry is a key component of the tourism industry, a sector which, in the past, has often been disregarded in the strategical thinking of EU measures, despite its key contribution to the EU's economy. **Therefore, HOTREC considers that the new EU 2020 strategy should fully recognise the potential of tourism for increased growth and employment in the EU. The integration of a specific tourism competence in the Lisbon Treaty should be fully taken into account.**

¹ HOTREC represents the hotel, restaurant and café industry at European level. It counts 1.6 million businesses, with 92% of them being micro enterprises employing less than 10 people. The micro and small enterprises (having less than 50 employees) in the hospitality industry representing 99% of businesses make up some 62% of the industry added value. The industry provides some 9 million jobs in the EU alone. HOTREC brings together 40 National Associations representing the interest of the industry in 24 different European countries

In order to restore a favourable economic environment, the EU 2020 strategy should encompass a limited number of highly important objectives, to which full priority should be given by the EU institutions and the Member States:

- **Entrepreneurship and better legislation:** “better regulation”, “simplification” and “burdens reduction” should be basic and key components of the EU 2020 strategy. EU institutions have to do more to fulfil their promise of cutting red tape and simplifying the regulatory environment, which hospitality businesses have to comply with. Once again, it is essential that legislators take into account the specificities of an industry mainly consisting of small enterprises and provide oxygen to the sector! The new strategy should emphasise the need to fully implement the “think small first” principle and the Small Business Act across all layers of administration, be it at local, national or European level.
- **Flexibility:** the hospitality industry usually provides its services while most people are enjoying free-time. It is therefore of the utmost importance for hospitality businesses to be able to rely on a flexible workforce. Whereas HOTREC, which is engaged in direct social dialogue with EFFAT (representing employees of the Food, Agriculture and Tourism sectors), fully agrees that both entrepreneurs and employees should take in common all measures possible to minimise the impact of the economic crisis, HOTREC considers that the EU should continue to put flexicurity high on its agenda and that EU labour legislation should fully allow the use of flexible contractual arrangements by hospitality enterprises, to the best interest of such enterprises and employees and with the overall objective of maintaining and promote job growth.
- **Training and new skills:** the hospitality industry is constantly in need of new skills and talents to match the constant evolution in its clients’ needs and demands (e.g. for spas, sports activities, environmentally friendly services, etc.). The new EU 2020 strategy should also focus on how to foster training and life-long learning. Moreover, increased cooperation between training institutes, universities and businesses should be actively promoted.
- **Facilitating the transition towards a low-carbon economy:** to face today’s economic and environmental challenges, the EU will indeed need to launch a speedy transition to a low carbon economy. However, if the need for such a transition cannot be questioned, it will nonetheless imply challenges for many important sectors of the economy. As far as the hospitality industry is concerned, many efforts are already been done by the industry which is involved in numerous European/national/regional ecolabels as well as energy schemes. The access of SMEs to such programmes/schemes should be facilitated by various incentives (direct subsidies, special interest loans, etc.). However, it is essential that both European and national institutions make such incentives easily available to very small enterprises.

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