



Montenegro – Preferred Destination of ECTAA

Review of ECTAA's activities and achievements for
period November 2014 – November 2015

Work programme for 2016

Table of contents

Introduction

Chapter I: Activity Report November 2014- November 2015

1. Consumer and Internal Market policies

- 1.1. Review of the package travel Directive
- 1.2. Review of insurance mediation Directive
- 1.3. UNWTO Convention on the protection of tourists and tourism service providers
- 1.4. Payment services Directive and interchange fee Regulation
- 1.5. Consultations of geo-blocking and online platforms
- 1.6. Legal Committee
- 1.7. Tour Operators Committee
- 1.8. Exceptional Business meeting
- 1.9. Green Paper on the safety of tourism services

2. Transport

2.1. Air Transport

- 2.1.1. Revision of air passenger rights legislation
- 2.1.2. Passenger protection against airline failure
- 2.1.3. Complaint against IATA concerning PaxIS/DDS
- 2.1.4. ECTAA's complaint against Lufthansa Group – Distribution Cost Charge
- 2.1.5. Air Matters Committee and Technology Working Group

2.2. Rail Transport

- 2.2.1. Industry Initiative – Developing a Full Service Model for the distribution of rail tickets

3. IATA

- 3.1. PAPGJC and PAConf/38
- 3.2. New Distribution Capability (NDC)
- 3.3 New Gen ISS

4. Fiscal Matters

- 4.1. Revision of the special VAT scheme for travel agents (TOMS)
- 4.2. Fiscal Committee

5. Justice and Home Affairs

- 5.1. Adoption of visa package
- 5.2. PNR transfers
- 5.3. Data protection

- 5.4. Alternative and online dispute resolution mechanisms (AODR)
- 5.5. EU contract law
- 6. Enterprise policy and tourism
 - 6.1. Commission work programme on tourism
 - 6.2. Annual European Tourism Forum (ETF)
- 7. Standards
 - 7.1. ISO standards for tourism services
- 8. Destination and Sustainability issues
 - 8.1. Destination, Incoming Tourism and Sustainability Committee (D&S committee)
 - 8.2. Destination issues
 - 8.3. Fight against the commercial exploitation of children in tourism
- 9. Enlargement and new Members
 - 9.1. EU enlargement
 - 9.2. New Members of ECTAA
- 10. WTAAA
- 11. ECTAA surveys

Chapter II: Working Programme for 2016

Introduction – Foreword of the President

Dear Board Members,
Dear Members,

This is the time of the year again to reflect on the activities and achievements of ECTAA in the last year.

In 2015, two major legal instruments have been adopted, namely the year the package travel Directive and the insurance mediation Directive have been revised. In the latter case, we have certainly managed to get some satisfactory outcome, with a Directive that will see most travel insurance mediation excluded from the scope, avoiding unreasonable and un-proportionate obligations for travel agents. The outcome on the package travel Directive is maybe less fitting, which is again the result of a forced through compromise between European Parliament and Council. Is this revised legislation better fit for purpose? Time will tell. A lot will depend on how Member States will implement the Directive and monitor compliance.

Other EU legislative initiatives are still ongoing, such as the revision of the air passenger rights legislation – which is still blocked in Council- and the visa package. The reform of the data protection framework is scheduled to be completed for the end of the year and is likely going to bring additional obligations for travel agents, such as obtaining explicit consent from customers for the transfer of their data. The EU PNR Directive is taking a worrisome direction with considerations of new burdensome obligations for travel agents to transfer PNR data directly to competent authorities. ECTAA strongly intervened against this proposal.

ECTAA has also taken strong actions against the introduction of the Distribution Cost Charge of 16€ imposed by the LH Group on sales through GDSs by lodging a complaint with DG Transport for breach of the CRS Code of Conduct. Further actions are considered in the framework of the EU competition law. Legal actions have also been taken to recover travel agent's money remitted to IATA for unflown tickets of Malev.

On the IATA front, work on the development of a New Distribution Capability – said to be a mere standard for the improved distribution of air transport services and ancillaries - and the NewGen Settlement System are progressing and IATA intends to adopt the later in 2016. These are meant to bring also true benefits for travel agents. ECTAA has some doubts and has not failed to express them to IATA and other stakeholders.

This year, ECTAA had also the opportunity twice to meet with Commissioner for Internal Market, Industry, Entrepreneurship and SMEs Bieńkowska. We stressed the importance of tourism as a major growth and employment generator and the need for an integrated policy approach, covering many policy areas such as transport, visas, taxation, employment, etc.

I invite you to read the enclosed Activity Report, which summarises the most important developments and ECTAA's activities in the various dossiers. I take this opportunity to thank all Members for their active contribution to the ECTAA work and the ECTAA staff, which are working hard to defend the interests of our industry.

Lars Thykier
President

Brussels/Brussels, November 2015

Chapter I: Activity Report 2014/2015

1. CONSUMER AND INTERNAL MARKET POLICIES

1.1. Review of the Package Travel Directive

Issue: In July 2013, the European Commission published a proposal for the revision of the Package Travel Directive.

ECTAA position / action: ECTAA has been advocating for an enlargement of the scope of the Directive to include click-through combinations while limiting new obligations on the industry (assistance, liability...) towards the European Parliament and the European Council.

ECTAA has also called for balanced and fact based obligations in order to avoid unnecessary and costly burdens in a very competitive market. ECTAA has been in constant contact with officials from the European Parliament, the European Council and the European Commission in order to advocate the trade views on the ongoing revision. ECTAA assisted the Members in their relations with their national governments and coordinated the intelligence sharing between Members,

During the trilogue phase, ECTAA has also been consulted by the different institutions (meeting with the Council's experts working group, the Parliament's negotiating team and DG JUST's director and cabinet's members) to express its views on the various key issues of the proposal to be negotiated, first and foremost concerning the definition of package and the inclusion of click-through.

Status of project and next steps: After four trilogue meetings, Click-through combinations had been recognised as package but the definition is too narrow to be effective. Linked travel arrangements are maintained and will oblige airlines selling ancillary travel services to hold a financial security. Managed business travel is excluded from the scope of the PTD. Very burdening provisions on contract modifications, information on flight time, and assistance in case of force majeure have also been watered-down during the negotiations.

The negotiated text had been approved by the Council of ministers on 18 September 2015 and by the European Parliament on 27 October 2015. The text will be published in the Official Journal of the European Union by end 2015/beginning 2016. A report on the online travel market and the efficiency of the definition of "click-through" should be published by the European Commission in 2019.

ECTAA will continue to assist Members during the transposition process in 2016/2017.

1.2. Review of the Insurance Mediation Directive: Insurance Distribution Directive (IDD)

Issue: Travel agents and tour operators who sell travel insurances are currently exempted from the scope of Directive 2002/92 on insurance mediation (IMD). The European Commission presented a proposal to revise the existing insurance mediation Directive, abandoning the exemption for the mediation of travel insurance.

ECTAA position / action: ECTAA has called for a general exemption of travel insurances sold by travel agents. Based on data provided by ABTA and DRV, ECTAA has been able to brief MEPs, the Council and the European Commission about the risks, both for businesses and consumers, to subject the mediation of travel insurance to the

IDD obligations.

Status of project and next steps:

In November 2014, the European Council adopted a common position exempting ancillary travel insurances from the scope of the directive while the Parliament's report did not support ECTAA's views. ECTAA has continuously advocated for an exclusion of travel insurances sold by travel agents and has called the Council to keep its position. After a series of triologue meetings specifically held on the scope of the legislation, the Council and the European Parliament agreed on the following:

- Travel insurances ancillary to the sale of a travel service are excluded if the premium is less than 600€ prorated annually (not more than 1.64€ per day).
- Moreover, the EU institutions agreed to exclude temporary travel insurances of a duration of less than 3 months if the premium amounts for less than 200€ (no annual prorata).

These provisions will exclude a large part of travel insurances currently sold by travel agents. The negotiated text had been voted by the European Parliament on 24 November 2015. The insurance distribution directive will be published in the official Journal by end 2015/ beginning 2016

1.3. UNWTO Convention on the protection of tourists and tourism service providers

Issue:

Since 2012, the United Nations World Tourism Organization has been working on a draft Convention on the protection of tourists and tourism service providers. The initial aim was to focus on providing assistance and repatriation to tourists in case of force majeure situations (e.g. ash cloud). However, in the subsequent discussions the scope of the project was enlarged to cover contractual rights in general not linked to force majeure situations.

ECTAA position / action:

ECTAA was invited to participate to the UNWTO working group as representative of the travel trade. Initially, ECTAA advocated for a scope limited to the assistance and repatriation of travellers. A number of UNWTO Member States were however keen to expand the scope of the proposed Convention. ECTAA advocated with success to limit the scope to a simplified version of the EU package travel Directive.

Status of project and next steps:

A report on the draft convention was presented at the 21st General Assembly of the UNWTO in September 2015. It was agreed at the meeting to finalize the draft later in 2015 or early 2016, after what the UNWTO may organize an international conference on the proposed convention. The convention may then be formally signed at the 22nd UNWTO AGM in 2017 and will then be open for ratification by signatory countries. ECTAA will continue to closely monitor the work of UNWTO.

1.4. Payment services Directive and interchange fee Regulation

Issue:

The Commission published two legislative proposals in summer 2013 in order to adapt EU payments to the opportunities of the Single Market. These legislative proposals could decrease the costs of electronic transactions by retailers.

ECTAA position / action:

ECTAA monitored the issue and supported the position of the Europe's Payment Users Alliance:

- Debit: Provide an interchange-free electronic debit service (card/application) for all citizens by mandating the removal of the interchange fee on consumer debit cards.
- Credit: Lower the proposed caps for electronic credit cards/applications. This cap should be lowered proportionately in line with lowered debit caps.

- Commercial cards: Include commercial payment cards/applications within the scope of the proposed fee caps.
- Three-party schemes: Mandate a mechanism to include consumer and commercial cards issued by three-party schemes within the fee caps.

Status of project and next steps:

As regards the interchange fees:

After a series of trilogue meetings, the interchange fees Regulation was adopted on 29 April 2015 and has been applicable since 19 June 2015. Commercial cards and three party schemes were excluded from the scope of the Regulation.

The payment services Directive was approved by the European Parliament and the Council on 8 October and 16 November 2015 respectively. Among other, the Directive prohibits the passing of credit and debit card surcharges, which are covered by the recent interchange fees Regulation, to the consumer. The text will be published in the Official Journal of the European Union by end 2015/beginning 2016.

1.5. Consultations on geo-blocking and online platforms

Issue: Following the adoption of the Digital Single Market (DSM) Strategy Package on 6th May 2015, the EU Commission launched two public consultations on 24th September.

The first public consultation focuses on geo-blocking and other geographically based discriminations.

The second public consultation tackles the regulatory environment for online platforms, online intermediaries, data and cloud computing and the collaborative economy.

ECTAA position / action: ECTAA is consulting with Members in view of preparing a position paper.

Status of project and next steps: Answers to the consultation must be sent by 28 December for the Geo-blocking consultation and 30th of December for the online platform consultation. Depending on the outcomes of the consultation, the Commission may publish legislative proposals by mid-2016.

1.6. Legal Committee

Issue: The Legal Committee met on 16 June 2015 and jointly with the Tour Operators Committee on 13 November 2015.

During the June meeting, the Legal Committee reviewed the outcomes of the political agreement reached on the revision of the package travel Directive. The Committee also discussed the Lufthansa charge of 16€ applied to airline tickets booked through GDSs and the IATA Mail Vote A 265. The Committee also reviewed the agreement reached on the scope of the insurance mediation Directive, which partially excludes travel insurance. The Malev bankruptcy case and the revision of the EU-PNR Directive were also discussed.

During the joint meeting of the Legal and Tour Operators Committees held on 13 November 2015, the delegates reviewed the provisions of the final package travel Directive, insurance distribution Directive and payment services Directive. Delegates also reviewed and exchanged views on the ongoing consultations on geo-blocking and online platforms, the recent Internal Market Strategy, Malev and the ongoing EU PNR Directive.

1.7. Tour Operators Committee

Issue: The Tour Operators Committee met jointly with the Legal Committee on 13 November 2015- see point above.

1.8. Exceptional Business Meeting

Issue: Following the adoption of a common approach by the Council in December 2014, ECTAA Members met during an exceptional Business Meeting on 10th December 2014 in order to discuss the next steps and priorities concerning the revision of the package travel Directive.

A common position was adopted in view of the second reading.

However, Members were not able to reach an agreement on two matters of importance for the revision of ECTAA's position on PTD: the level of harmonisation and the financial security coverage concerning ATA: extended cover (European Parliament report) or limited cover (Council general approach). An agreement was found later on through mail vote.

1.9. Green Paper on the Safety of Tourism Services

Issue: In July 2014 the Commission launched a public consultation on the safety of tourism accommodation services. The results were published in April 2015. On the basis of the responses to the consultation, the Commission concluded that no connection has been established between the existing regulatory framework across Member States, the absence of EU level regulation due to subsidiarity and risks to consumers. There is no evidence that would require the Commission to legislate in this area.

The EP has adopted an own-initiative report on the challenges of tourism in Europe in September 2015, calling –among other- for the Commission to put forward proposals for minimum standards for tourism safety in the EU, in particular in the area of fire safety and carbon monoxide safety in holiday accommodation and stressed the need for systematic collection of data on accommodation safety.

ECTAA position / action: ECTAA participated to the consultation and stressed the need for more harmonised safety requirements for tourism providers across Europe. Compliance checks by tour operators are made difficult by different and sometimes conflicting safety requirements across Europe.

ECTAA participated to a roundtable discussion organised by ABTA at the European Parliament on 18 October, insisting on better data collection.

Status of project and next steps: During the roundtable discussion at the Parliament it was suggested to address this issue at Member States' level.

2. TRANSPORT

2.1. Air Transport

2.1.1. Revision of Air Passenger Rights legislation

Issue: The European Commission adopted a Regulation proposal in March 2013 revising the Regulation 261/2004 on assistance and compensation in case of denied boarding, cancellations and long delays as well as Regulation 2027/97 as

regards luggage incidents. It aims as (i) clarifying grey areas (e.g. definition of 'extraordinary circumstances'), (ii) extending rights (e.g. rights in case of rescheduling, denied boarding in case of no-show of passenger), (iii) new rights as regards mishandled luggage, including better transparency on luggage allowances, and (iv) better enforcement and complaint-handling procedures.

The European Parliament has adopted its opinion in first reading in February 2014. However, there has been no progress in Council since May 2015, as all air transport legislation proposals are blocked until resolution of the recurring dispute over Gibraltar.

The Commission is assuming a 2-3 year lag before any legislative process is complete, and in the meantime intends to produce 'Interpretive Guidelines' to provide guidance on the current Regulation.

ECTAA position / action:

ECTAA welcomed the proposal to revise the passenger rights legislation, but stressed the need to strike a balance between adequate passenger protection and the burden placed on industry to comply with these Regulations. The most important modifications relate to the thresholds triggering delay compensation, the capping of the obligation to provide care in exceptional circumstances and the need to provide assistance in case of airline failures.

ECTAA is concerned about the adoption of Interpretative Guidelines, which will in essence retain the current ambiguous legal framework and may not take into account the changes that have been incorporated in parallel in the package travel Directive.

Status of project and next steps:

ECTAA will continue working on the revision of the APR legislation and development of the Interpretative Guidelines.

2.1.2. Passenger protection against airline failures

Issue:

According to the statistics, more than 100 European airlines have gone bankrupt during the last decade. Not only passengers are affected by such bankruptcies, but also tour operators, who have to arrange alternative transport for their customers and travel agents who have to manage potential refunds according to IATA instructions and in regard of credit card charge backs when the agent acted as merchant.

Despite numerous initiatives to encourage Member States to monitor air carrier's financial fitness, finally no binding measures were adopted at the EU level.

ECTAA position / action:

For many years, ECTAA has actively supported the introduction of legal protection of passengers against airline failures. In this respect, ECTAA raised the question of the mandatory mechanism for EU carriers to protect passengers against their failure and to cover reimbursement / repatriation at numerous occasions with the representatives of the EU Commission and EU Parliament.

Since 2012, ECTAA has been actively involved in the Malev insolvency. At the General Assembly meeting in June 2014, ECTAA discussed the opportunity to launch legal proceedings against IATA to recover funds belonging to travel agents in Europe for unflown tickets of the defunct airline. A large number of mandates were collected from IATA agencies and the ECTAA complaint was filed before a Tribunal of in the Netherlands in November 2015.

In addition, ECTAA took the opportunity to raise the question of the airlines' insolvency protection in the frame of the public consultation on Aviation Package for improving the competitiveness of the EU Aviation sector, which shall be adopted before the end of 2015.

Status of project and next steps:

ECTAA will continue to put pressure at EU level to include the protection against airline failure in the upcoming Aviation Package, while looking for new

opportunities to move forward.

2.1.3. Complaint against IATA concerning PaxIS/DDS

Issue: In September 2009 ECTAA and GEBTA filed a complaint against IATA based on the Regulation 80/2009 on CRSs concerning the identification of agents in commercial data distributed to airlines. The European Commission addressed a Statement of Objections to IATA in November 2011. In March 2012 IATA launched a process to collect agents' consent about their identification in its intelligence products.

In June 2014, the EU Commission informed ECTAA/GEBTA that currently there are no sufficient grounds to act on the ECTAA/GEBTA complaint submitted in 2009.

In July 2015, the Commission confirmed its decision and rejected the ECTAA/GEBTA complaint on PaxIS on the basis of Art. 16 (3) of the Code of Conduct.

ECTAA position / action: In June 2015, the Secretariat was informed that IATA circulated a standard model letter informing agents in several Member States that their commercial data have been unmasked in PaxIS product and transferred to airlines without their consent between February and June 2015. ECTAA informed the Commission accordingly, however, the new elements did not change the Commission's decision.

On 10 July 2015, the Commission sent its final decision to reject the ECTAA/GEBTA complaint. In its decision, the Commission highlighted that IATA sufficiently addressed the concerns raised by the Commission by implementation of IATA's AAP (Agency Agreement Program) and that there are no grounds for further action in this case. The Commission did not take into consideration the latest IATA communication about the data being unlawfully unmasked because of the technical problem.

Status of project and next steps: ECTAA will monitor further developments related to the conditions under which the travel agents' data are collected and sold under PaxIS scheme.

2.1.4. ECTAA's complaint against Lufthansa Group – Distribution Cost Charge (DCC)

Issues: Following the announcement of Lufthansa to revisit its commercial strategy, the Lufthansa Group airlines decided on 2 June 2015 to include a "Distribution Cost Charge" (DCC) of 16 EUR for every ticket issued by a booking channel using a GDS, as from 1 September 2015.

The new charge is not be applied to flight tickets purchased using own booking channels, namely www.LH.com, www.swiss.com, www.austrian.com, www.brusselsairlines.com, as well as the service center and ticket counter at the airports. Travel agencies will be able to book tickets without the DCC, using the online portal at www.LHGroup-agent.com.

ECTAA position / action: On 24 July 2015 ECTAA filed a formal complaint with the European Commission Directorate-General for Mobility and Transport as Lufthansa's action constitutes a breach of the EU Regulation N° 80/2009 on a Code of Conduct for GDSs, in particular in what concerns the provisions of the articles 10.4 and 10.5 of the Regulation. Indeed, if Lufthansa's agent booking platform falls within the definition of a GDS as defined in article 2.4 of the Regulation, Lufthansa as a 'parent carrier' must comply with parent carrier's obligations as specified in articles 10.4 and 10.5 of the CRS Code. ECTAA remains in permanent contact with DG COMP to discuss the impact of the charge on the markets concerned.

Status of project ECTAA met with the representatives of DG MOVE and DG COMP to discuss the

and next steps: potential implications of the case. ECTAA will continue monitoring of the impact on the travel agents' sales activities in different Member States.

2.1.5. Air Matters Committee and Technology Working Group

Issues: The Air Matters Committee met three times in 2015 (27 January, 18 June and 7 October). The meetings were mainly dedicated to ECTAA's complaint against Lufthansa AG, developments of the IATA NDC and New Gen ISS projects and the reform on the EU PNR.

2.2. Transport by rail

2.2.1 Industry initiative - Developing a Full Service Model for the distribution of rail tickets

Issue: CER (representing railway undertakings) and ET TSA/ECTAA/GEBTA have agreed to work together on an industry initiative to identify processes and interfaces required for a 'Full Service Model' (FSM), i.e. identifying all technical requirements for an efficient end-to-end rail distribution and retailing process.

ECTAA position / action: ECTAA and GEBTA have agreed to participate to the FSM initiative to facilitate the booking and issuance of rail tickets by ticket vendors. The Secretariat is part of the Steering Group and 1 travel agent is actively participating in the technical work of the initiative.

Status of project and next steps: The FSM team are analysing the list of technical requirements that are expected to be validated via a Proof of Concept.

3. IATA

3.1 PAPGJC and PAConf/38

Issue: ECTAA participated in the Passenger Agency Programme Global Joint Council (PAPGJC) meetings on 26 June, 7 September and 16 October 2015. The Council discussed several issues and in particular the adoption and implementation of the New Gen ISS, the proposal to increase the frequency remittance for web sales and the TAC budget.

As part of the PAPGJC September meeting, the PACONF/38 agenda was reviewed. For the PAConf/38 agenda, ECTAA proposed to amend the Resolution 890 on Card Sales Rules, Resolution 818g Attachment "A", Section 1.7.5 - Accumulated Irregularities and Resolution 818g, Attachment "A", sub-section 2.3.1 (b) Restoration of Airline Ticketing Authority post suspension and Resolution 824 r – Refunds to Agents. ECTAA also strongly opposed to the proposal to amend Resolution 818 g, namely to introduce a weekly remittance for all OTAs and web sales worldwide.

Status and next steps: PAConf/38 adopted most of the proposals on the agenda. The Conference rejected ECTAA's proposals. However, the Conference took into consideration ECTAA's comments regarding the proposal to increase the remittance frequency of web sales and deferred the proposal. The results of the PAConf/38 will be the subject of the next PAPGJC meeting, scheduled in 2016.

3.2 New Distribution Capability (NDC)

<i>Issue:</i>	<p>NDC is described by IATA as a set of technology standards, which will give airlines the ability to distribute all their content, including through third parties.</p> <p>Following the launch of NDC and the adoption of the Resolution 787 by the Passenger Services Conference in October 2012, IATA has actively pursued the project, running in parallel a number of working groups and a very active communication campaign towards the industry. 2013 was particularly important for the project, as the US Department of Transportation approved Resolution 787 in August, however under strict conditions.</p> <p>In Europe, agents are particularly concerned regarding NDC compliance with the EU data protection legislation. In 2014, the NDC project was discussed by the Art.29 Working Party, an EU advisory body on data protection matters. Upon ECTAA's request, the Art.29 Working Party confirmed that once NDC is fully implemented, it may potentially breach EU data protection provisions.</p> <p>In 2015, a few EU air carriers expressed interest in joining the pilot tests and implementing NDC, among others Lufthansa and Swiss.</p>
<i>ECTAA position / action:</i>	<p>End of October 2015, IATA presented a report on NDC, prepared with a group of associations, members of the WTAAA. ECTAA did not participate in the project and does not endorse the results of the report. Following the release of the report and an increased interest in NDC from EU airlines, ECTAA requested the Art.29 Working Party to reopen the discussion on NDC.</p>
<i>Status and next steps:</i>	<p>At the last PAConf/38, IATA stated that NDC is likely to be implemented in 2017.</p>

3.3 New Gen ISS

<i>Issue:</i>	<p>New Gen ISS is a project to reform the IATA agency accreditation and settlement system. It contains four components: (i) Credit limit management, (ii) 3 accreditation models (multi-currency accreditation, standard accreditation with new credit limit and IATA Easy Pay), (iii) IATA Easy Pay (no cash facility) and (iv) Global default insurance.</p> <p>At the last PaConf/38, IATA obtained a formal mandate to implement New Gen ISS. A full set of new resolutions should be adopted by a Special PaConf, likely to be held in June 2016. The new Resolutions would enter into force probably by January 2017.</p> <p>At the last PAPGJC/24 Meeting, IATA informed that industry consultations have been conducted, in particular with TMCs, concerning the multi-country accreditation scheme, as well as with some retail agents concerning the 'Easy Pay' scheme. IATA stated that according to the initial feedback from this consultation, there is a strong interest for agents to become IATA-accredited agents. However, these initial results concern in particular travel agents from emerging countries and do not reflect the interest of the EU travel agents.</p>
<i>ECTAA position / action:</i>	<p>At numerous occasions, ECTAA raised concerns, in particular related to the pre-financing of the travel agents' sales activities and the credit limit management.</p>
<i>Status and next steps:</i>	<p>A special task force will be set up by IATA in order to review all agency rules in the Agency Programme and prepare the draft of the new Resolutions. ECTAA has been invited to participate in the task force. IATA's intention is to have final drafts by March 2016, to be presented at PSG and PAPGJC meetings in April 2016 prior to the next PAConf.</p>

4. FISCAL MATTERS

4.1. Revision of the special VAT scheme for travel agents (TOMS)

Issue: In summer 2014 the Commission has withdrawn the 2002 proposal revising the special scheme for travel agents and there is no legislative initiative foreseen in the Commission work programme for 2016. However the matter is not completely off the Commission table, as Member States have started to express concerns about VAT income erosion from travel agents established outside the EU.

In the meantime Member States are required to comply with the ECJ decision of 2013, which is based on outdated VAT rules and render travel agents uncompetitive compared to non-EU travel agents and suppliers.

ECTAA position or action ECTAA and GEBTA are continuing to call for the revision of the special VAT scheme for travel agents. ECTAA will be closely cooperating with the Commission to see how to create a more level playing field with non-EU travel agents.

4.2. Fiscal Committee

Issue: The Fiscal Committee met on 10 March 2015 and had an exchange of views with the civil servant in charge of the special VAT scheme for travel agents. The Fiscal Committee recommended seeking political support for TOMS reform at various levels: Council Presidency, Member States' Ministry of Finance, Member States' Permanent Representations, European Parliament.

5. JUSTICE AND HOME AFFAIRS

5.1. Adoption of visa package

Issue: On 1 April 2014 the European Commission adopted a visa package consisting of two Regulation proposals. The first Regulation proposal includes a number of amendments to the existing Regulation establishing the visa code. The objective of the amendments is to make travel easier for legitimate travelers and simplify the legal framework.

The second Regulation proposal establishes a new type of visa called 'touring visa' for travelers touring Europe and thus staying longer than the 90 days in any 180 day period foreseen by the Schengen short-stay visa. The aim of the Regulation is to facilitate travel of tourists, live performing artists, researchers, students, etc. that have a legitimate interest for travelling within the Schengen area for longer than allowed under the short-term Schengen visa.

ECTAA position / action: ECTAA has strongly welcomed the visa package. Together with NET, the tourism industry umbrella organisation, ECTAA worked hard to raise awareness of the benefits of the visa proposals at various events organised by the European Parliament (Visa Hearing, EP Intergroup meeting) and the European Commission (European Tourism Forum).

Status of project and next steps: The discussions in Council have started but progress is very slow and Member States are more concerned about immigration –and now terrorism- issues than facilitating travel for legitimate travellers. The EP LIBE Committee is in the process of adopting a report in first reading. The Transport and Tourism Committee has adopted a very positive opinion.

5.2. PNR transfers

Issue: In 2011 the Commission presented a legislative proposal obliging air carriers entering into or departing from the EU, to provide the national authorities in the Member States with the passenger data which they routinely collect for reservation and commercial purposes, so that Member States can systematically store and analyse them.

The proposal was rejected by the European Parliament's LIBE Committee in April 2013. However, given the new security context, and following numerous calls from EU Member States, the European Parliament committed to work towards the finalisation of an EU PNR Directive by the end of 2015. The Parliament adopted its final report in July. In its report, the Parliament proposed to impose additional obligations on travel agents and tour operators (under definition of 'non-carrier economic operator') in terms of collecting and transferring data.

At the international level, the Commission adopted a strategy on the global approach to transfers of PNR data to non-EU countries and elaborated a set of principles in 2010. So far, the EU concluded bilateral agreements on PNR transfers with US, Canada and Australia. More third countries request PNR data, notably South Korea, Russia, Japan, Brazil and Mexico.

In November 2014, the EU Parliament referred the PNR agreement with Canada to the EU Court of Justice. The ECJ will examine whether the agreement is in line with the EU Treaties and Charter of Fundamental Rights. This will affect the ongoing negotiations with Mexico.

ECTAA position / action: On 15 October the Commission organised a meeting on the collection of airlines reservation data from 'non-carrier economic operator'. The travel industry was represented by ECTAA, ETTSA, IACA, IATA and AEA. The representatives of Member States, the EU Presidency, the Commission and the Parliament were present.

The industry stakeholders jointly opposed the Parliament proposal to impose on 'non-carrier economic operators' the obligation to transmit passenger data, which are disproportionate obligations for travel professionals in terms of data transfers.

Status of project and next steps: The Trilogue will begin in October with the intention is to finalize the discussions before the end of 2015.

5.3. Data protection

Issue: The European Commission adopted in January 2012 a proposal for a new Regulation on general personal data protection and a proposal for a Directive on the use of personal data for law enforcement purposes. On 12 March 2014 the European Parliament confirmed its strong support for the Data Protection Reform by voting in plenary the final reports. On 15 June 2015, the Council reached a general approach on the general Data Protection Regulation, which establishes rules adapted to the Digital Single Market reform.

The first Trilogue meeting between the Commission, the European Parliament and the Council of the EU took place in June 2015. The three institutions intend to agree on a roadmap towards the finalisation of the reform in 2015.

At the so called "safe harbour" international level, the European Court of Justice ruled in October 2015 that the agreement between the U.S. and Europe around how data is stored and transferred between both continents was "invalid."

ECTAA position / action: One of ECTAA's concerns was the reinforcement of the obligations related to the data protection officer (DPO), as proposed by the Parliament. In 2014, ECTAA voiced the concerns of the industry about the obligation for SMEs to designate a data protection officer. ECTAA recommended maintaining the designation of the data protection officer on voluntary basis. This was retained in the Council's

general approach.

*Status of project
and next steps:*

ECTAA will continue to closely monitor the legislative activity until the final adoption of both legal instruments.

5.4. Alternative and online dispute resolution mechanisms (AODR)

Issue:

The European Parliament adopted two reports on alternative dispute resolution and online dispute resolution. The amendments adopted in plenary are the result of a compromise negotiated between Parliament and Council.

- ADR Mechanisms and its adoption by traders are in principle done on a voluntary basis. Nevertheless Member States are authorised to go further in the implementation of the Directive.
- It is possible for Member States to adopt more stringent provisions for specific sectors (e.g. mandatory procedure, obligation to respect the outcome of the ADR mechanism)
- ADR applies to both cross border and domestic disputes

EU Member States have been required to bring into force the legislation and administrative provisions necessary to comply with the ADR Directive by 9 July 2015 at the latest. The ODR Regulation, which is binding on Member States directly, will take effect from 9 January 2016.

*ECTAA position /
action*

ECTAA provide advice to Members on a case by case basis during the implementation of the Directive.

5.5. EU contract law

Issue:

In May 2011, a special Expert Group on European contract law set up by the European Commission published a feasibility study on a European contract law for consumers and businesses. Further to that study, in October 2011, the European Commission published a proposal for a Regulation for a common European law applicable to cross-border contracts for the sale of goods concluded between a trader and a consumer or a SME. That law would only apply if the parties agreed to it.

*ECTAA position /
action :*

ECTAA contributed to the feasibility study to the European Commission. ECTAA also informed the Members of the content of the Regulation proposed in October, despite the fact that it does not concern services. It is however of interest because it creates a new legislative approach, aiming at putting in place an optional 28th legal regime to be added to each Member States' legal system. ECTAA monitors the legislative procedure, in order to make sure that it is not extended to services.

*Status of project
and next steps:*

The report has been adopted by the Legal Affairs Committee of the European Parliament and the Council. The report concerns only the cross border sales of goods and services ancillary to the sale or the delivery of digital content. Other services are not covered. A first reading report has been adopted in January 2014 by the European Parliament. No action had been taken at European Council level. The Commission published a public consultation on contract rules for online purchases of digital content and tangible goods on 3rd September 2015. ECTAA has been monitoring this issue in order to make sure that the scope of the consultation is not extended to services.

6. ENTERPRISE POLICY AND TOURISM

6.1. Commission work programme on tourism

Issue: The new Commissioner in charge of tourism, Elżbieta Bieńkowska, has announced the priorities for tourism in February 2015, which include:

- Streamlining the regulatory framework at all levels;
- Digitalisation of the tourism SMEs;
- Upgrading skills and competences;
- Adoption of a Charter on Sustainable and responsible Tourism
- Promotion of tourism in low and medium season;
- Improvement of intermodality and transport connectivity;
- Joint promotion of Europe as a destination (including visa facilitation);
- Improvement of governance.

ECTAA position or action ECTAA has welcomed these priorities and together with NET, the tourism industry umbrella organisation, is working closely with the Commission in implementing these priorities through more concrete actions.

ECTAA had the opportunity twice to meet with the Commissioner. ECTAA has stressed the importance of tourism as a major growth and employment generator and the need for an integrated policy approach, covering many policy areas such as transport, visas, taxation, employment, etc.

Status of project and next steps: ECTAA will continue monitoring and implementing the actions under the 8 priorities.

6.2. Annual European Tourism Forum (ETF)

Issue: Each year the European Commission organizes a European Tourism Forum to discuss the challenges of the sector and enhance the cooperation of stakeholders in tourism. This year, the ETF was organised around four panel sessions, notably on (i) Joint Promotion of Europe via Transnational Thematic Tourism Products, (ii) Skills and Competences in the Tourism Sector, (iii) Regulatory Framework for Tourism – Visa Policy and (iv) Tourism and Digitalisation – The Sharing Economy in the Hospitality Sector.

ECTAA position / action: ECTAA was invited to speak in the panel on the visa package and stressed the need for a speedy adoption of the proposals.

7. STANDARDS

7.1. ISO standards for tourism services

Issue: ISO TC 228, the Technical Committee for standards in the field of “Tourism & Related Services” was formally set up in February 2005, despite lack of support from the industry. There are currently 6 standardisation projects, which include sustainability guidelines for adventure tourism, bare boat charter services and volunteer tourism.

ECTAA position / action: ECTAA is not against standards per se, however standardisation in relation to tourism services should remain fully industry driven and any initiative in this field should have the full support of the users and the industry concerned.

ECTAA supported the development of standards in relation to bare boat charter

services and volunteer tourism.

*Status of project
and next steps:*

ECTAA will continue monitoring the standardisation projects developed by ISO.

8. DESTINATION AND SUSTAINABILITY ISSUES

8.1. Destination, Incoming Tourism and Sustainability Committee (D&S Committee)

Issue: The Destination, Incoming Tourism and Sustainability Committee met twice in 2015. The Committee reviewed the booking trends at European level and discussed a number of destination issues / problems. The D&S Committee reviewed all EU affairs in relation to visa facilitations, health and safety, impact of the collaborative economy, etc.

8.2. Destination Issues

Issue: ECTAA Members raised a number of issues or problems that tour operators encountered in destinations, such as new visa requirements or taxes, impact of civil unrest or terrorist attacks on tourism offer and quality in destinations, health and safety issues, etc.

*ECTAA position /
action:* In some cases ECTAA raises these issues / problems with the competent national authorities or industry organisations to avert negative consequences for travel agents and tour operators.

8.3. Fight against the commercial exploitation of children in tourism

Issue: Commercial sexual exploitation of children

*Status of project
and next steps:* ECTAA continues to follow the UNWTO Work Task Force meetings to protect children from exploitation in tourism, in order to keep track of all the initiatives carried out in this field and to inform Members accordingly.

9. ENLARGEMENT – NEW MEMBERS

9.1. EU enlargement

Issue: 7 European countries are in line to join the EU: Albania, the Former Yugoslav Republic of Macedonia, Montenegro, Serbia and Turkey are official candidate countries to the EU and will start or are already in the process of negotiating their accession. Bosnia and Herzegovina and Kosovo are potential candidate countries.

*ECTAA position /
action:* ECTAA continues to pay particular attention to its Members' associations of the candidate countries by :

- providing assistance in terms of the interpretation and implementation of the EU acquis and its consequences for the trade.
- attending conferences of the national associations of accession / candidate countries.

9.2. New Members of ECTAA

- Issue:* ECTAA has welcomed a number of new Members in 2015, including:
- Confturismo as part of Confcommercio, Italy – Full Member
 - UPA-HGK, Croatia – Full Member
 - Montenegro Tourism Board - Preferred Destination of ECTAA in 2015
 - FTAV, Tunisia – International Member
 - FNAVM, Morocco – International Member

10. WTAAA

Issue: Since 2005 ECTAA together with ASTA has been a founder Member of WTAAA – the World Travel Agents' Associations' Alliance. In 2008 WTAAA was incorporated in Brussels and the Secretariat is managed by ECTAA. WTAAA counts 8 Members and the organization is particularly active vis-à-vis IATA, the UNWTO, etc. WTAAA meets twice a year (spring and autumn) to discuss industry matters.

ECTAA position / action: Since the formation of WTAAA, ECTAA has been playing a leading role in particular as a key part of the delegation to the IATA and UNWTO meetings.

11. ECTAA SURVEYS

ECTAA has circulated a number of questionnaires, in most cases on behalf of Members, on specific subjects.

* * *

Chapter II: The Working Programme for 2016

The working programme for 2016 will include the following (the list is indicative and not limitative):

1. Consumer protection and Internal Market policies

- Package Travel Directive: transposition of the Directive and preparation of the Commission online market report
- Digital Single Market Strategy:
 - Prohibition of geo-blocking
 - Assessment of online platforms
- Internal Market Strategy for goods and services
 - Sharing Economy – European Agenda for Sharing Economy, including guidance on how existing European legislation applies to this sector and assessment of regulatory gaps
 - Introduction of a services passport – demonstrating that companies satisfy requirements of home state when providing regulated services cross-border
 - Concrete rules prohibiting discrimination of customers on the basis of residence or nationality
 - Action plan for an efficient and fraud-proof definitive VAT system
 - European Pact on Standardisation
- Guidelines on unfair commercial practices
- Revision of Directive on misleading marketing practices and comparative advertising

2. Transport

- Follow up on ECTAA's complaint against LH concerning the Distribution Cost Charge (DCC)
- Follow-up on Malev case
- Revision of air passenger rights (Regulations 261/2004 and 2029/97)
- Interpretative guidelines for Regulation (EC) 1371/2007 on rail passengers' rights
- Passenger protection against airline bankruptcy
- Communication on comprehensive strategy for improving the competitiveness of the EU Aviation Sector
- Revision of Regulation 868/2004 concerning protection against subsidisation and unfair pricing practices causing injury to Community air carriers in the supply of air services from countries not members of the EU Community - Aviation Package
- Regulation on access to public and private transport data Safeguard and reinforce access to fares and transparency in air ticket distribution
- Border control and data transfer issues (ESTA, APIS, Secure Flight requirements, etc.)
- Legislative and non-legislative initiatives on smart ticketing, multi-modal information and ticketing, information and on-line reservations
- Rail standardization of interfaces and processes (TAP TSI implementation and 'Full Service Model')

3. IATA issues

- Pursuing with the review of the Programme and safeguard of agents' interests - PAPGJC
- NDC
- 24 h ticketing rule
- Implementation of the New Gen ISS project – Revision of IATA Resolutions
- Follow up on the proposal to increase the remittance frequency of web sales.

4. Fiscal matters

- Revision of the margin taxation scheme following the judgement of the ECoJ in the 8 TOMS cases – Commission study to assess options

- Implementation of the Communication on the future of the EU VAT system, especially the review of the VAT rates for tourism services and place of supply rules for passenger transport
- Possible study to assess impact of indirect taxes on EU tourism competitiveness

5. Justice and Home Affairs

- Revision of the EU visa code
- Regulation proposal introducing a touring visa
- Directive proposal in the field of consular protection
- EU PNR Reform
- PNR Agreement with third countries
- Data Protection Package
- Monitoring of work of the European Commission on EU contract law
- Communication on a common European approach to collective redress
- Monitoring of modified proposal on Common European Sales Law (Digital Contract Rights)

6. Tourism

- Planned actions on Commission priorities (e.g. Digitalisation of the tourism SMEs, upgrading skills and competences, joint promotion of Europe as a destination, improvement of governance, etc.)
- Standards (ISO, CEN)
- Possible new accessibility standards and proposal for a European Accessibility Act
- Digital Network Steering Group in Tourism – Sharing economy related activities

7. Industry

- Destination & sustainability issues

8. Relations with other industry partners

- GEBTA, GDSs, WTAAA, NET, AEA, IACA, etc.
- Preferred destination partners of ECTAA
- International Members

9. Other

- Monitoring of the TiSA (Trade in Services Agreement) - opening up markets and improving rules in areas such as licensing, financial services, telecoms, e-commerce, maritime transport, and professionals moving abroad temporarily to provide services.
- Monitoring and possible participation to EU call for tenders and proposals