

ECTAA

ACTIVITY REPORT

2011 / 2012



**Review of ECTAA's activities and achievements for
period November 2011 – November 2012**

Work programme for 2013

ECTAA

THE EUROPEAN TRAVEL AGENTS'
AND TOUR OPERATORS' ASSOCIATIONS

Table of contents

Introduction

Chapter I: Activity Report November 2011- November 2012

1. Consumer and Internal market policies

- 1.1. Review of the Package Travel Directive
- 1.2. Insurance mediation
- 1.3. Recognition of professional qualifications and tourist guides
- 1.4. UNWTO Convention on the protection of tourists and tourism service providers
- 1.5. Misleading and comparative advertising for businesses
- 1.6 European market for card, internet and mobile payments
- 1.7. Legal Committee
- 1.8. Tour Operators Committee

2. Transport

2.1. Air Transport

- Air passenger rights
- Revision of air passenger rights
- Passenger protection against airline failure
- Guidelines for Regulation 1107/2006 on rights of PRMs when travelling by air
- Fitness check of the Regulation 80/2009 on CRSs and the Regulation 1008/2008 on Air Services
- Complaint against IATA concerning PaxIS
- Slot allocation Regulation proposal
- Air Matters Committee and Technology Working Group

2.2. Transport by rail

- Industry Initiative – Developing a Full Service Model for the distribution of rail tickets
- Evaluation of rail passenger rights legislation

3. IATA

- 3.1. PAPGJC and PAConf/35
- 3.2. PAPGJC Working Group on fraud prevention
- 3.3. ASTWG
- 3.4. New Distribution Capability (NDC)
- 3.5. Appointment of a new Travel Agency Commissioner for Area 2

4. Fiscal Matters

- 4.1. Tour Operator Margin Scheme

- 4.2. Future of the EU VAT system
- 4.3. VAT treatment of vouchers
- 4.4. Fiscal Committee
- 5. Justice and Home Affairs
 - 5.1. Review of the EU visa policy
 - 5.2. Consular protection
 - 5.3. Directive proposal on the conditions of entry for seasonal employment
 - 5.4. PNR transfers
 - 5.5. Data protection
 - 5.6. Alternative dispute resolution mechanism
 - 5.7. Collective redress
 - 5.8. EU contract law
- 6. Enterprise policy and tourism
 - 6.1. Implementation of the Communication on tourism
 - 6.2. Annual European Tourism Forum (ETF)
 - 6.3. TOURISMLink
 - 6.4. Incoming Tourism Working Group
- 7. Standards
 - 7.1. ISO standards for tourism services
 - 7.2. Review of the European Standardization System
 - 7.3. CEN 'light' standard on 'Universal Design of Tourism Services'
- 8. Destination and Sustainability issues
 - 8.1. Destination and Sustainability Committee
 - 8.2. Destination issues
 - 8.3. Fight against the commercial sexual 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 2013

Introduction

Dear Board Members,

Dear Members,

Another busy year has passed – time to reflect on the activities and achievements of our association over the past 12 months.

ECTAA has been active in all policy areas, be they consumer protection, internal market, transport, competition, home affairs, justice or enterprise and tourism, just to mention a few. The number of topics dealt with by the association does not cease to increase; ECTAA is involved in two ICT projects to develop interfaces and interoperable processes to allow better connectivity between tourism enterprises, especially SMEs, and develop an efficient rail distribution system for ticket vendors.

ECTAA has been able to successfully represent the interests of travel agents and tour operators in the legislative initiatives and industry developments and in many cases avert potential harm for the enterprises. I invite you to read the enclosed Activity Report which gives a good overview of all the matters that have been dealt with this year.

Our achievements would not have been possible if not for the collective effort of all the Members of ECTAA. This year again they have contributed to the lobbying efforts of the association by raising issues and concerns with their respective governments and their Members of the European Parliament.

Next year will be another challenging year for the industry. Focus will be on the upcoming revisions of the Directive on package travel and the air passenger rights legislation. But we should not lose sight of all the other legislative and non-legislative initiatives affecting our industry, least not the industry developments such as ancillary services to air tickets and the IATA NDC.

With this I thank you again for your excellent cooperation and look forward to another challenging year 2013.

Boris Zgomba
President

Brussels/Brussels, November 2012

Chapter I: Activity Report 2011/2012

1. CONSUMER AND INTERNAL MARKET POLICIES

1.1. Review of the Package Travel Directive

Issue: In 2012, the European Commission continued its work on the revision of the Package Travel Directive (PTD) and will present its proposal around March 2013.

ECTAA position / action: ECTAA finalized and shared its position with the relevant institutions. The fine-tuning of the position has been conducted by the Legal and Tour Operators Committees (see 1.7 and 1.8). This position underlines the important issues the Commission and the relevant stakeholders have to take into account when revising the Directive: scope, exclusion of business travel, price revision, right of withdrawal, insurance information, force majeure, financial guarantees...

ECTAA remained in close contact with the European Commission and the different Directorates General (Justice, Enterprise, and Consumer Protection) and Commissioner's Cabinet in order to keep abreast of the latest developments regarding the publication of the proposal.

Status of project and next steps: The Directive proposal will be finalized by the European Commission by January 2013 in order to be published in March 2013.

1.2. Insurance mediation

Issue: Travel agents and tour operators who mediate in the sale of travel insurance 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.

ECTAA position / action: The European Commission has indicated that it will not maintain any exemptions in the revised IMD. ECTAA has been considering an alternative declaration system for ancillary intermediation activities proposed by the Commission. However, ECTAA and its Members have decided to maintain their initial position calling for a general exemption of travel insurance mediation. Based on figures provide by ABTA, ECTAA is informing the MEPs about the risks both for businesses and consumers. The Rapporteur, some Shadows as well as some Members States back ECTAA's position.

Status of project and next steps: The European Parliament is expected to adopt its draft report before the end of 2012.

1.3. Recognition of professional qualifications and tourist guides

Issue: End of 2011 the European Commission published a proposal for a Directive amending the current Directive 2005/36 on the recognition of professional qualifications. It introduces improvements aiming at facilitating movement of professionals within the EU.

ECTAA position / action: ECTAA responded to both the consultation paper and the Green Paper published by the European Commission. In both contributions, ECTAA supported a simplification of the requirements for temporary mobility of professionals and the setting up of a professional card.

ECTAA has welcomed the Directive proposal; it will contribute to the mobility of tourist guides, which is fundamental for package travel organisers. Among other, ECTAA is working on:

- Ensuring that tourism guides are not excluded from temporary services

- and partial access;
- Exempting from the prior declaration requirement those professionals who provide their services exclusively to consumers escorted by them to other Member States, such as tourist guides.

Both points have received positive resonance.

Status of project and next steps: The adoption of the EP report is expected by January 2013.

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

Issue: The United Nations World Tourism Organization is 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.

At the last meeting of the working group held during the WTM in London, the UNWTO Secretariat emphasised that it is not the intention to adapt a Convention that would diverge from the package travel Directive. In that respect, the European Commission, which attends the meeting of the working group, indicated that the proposal for the revision of the package travel Directive was going to be published beginning of 2013 and that the final adoption was probably going to take place in 2014.

ECTAA position / action: ECTAA tried to stop the initiative but failing this ECTAA has participated to the working group preparing the draft Convention and managed to contain damage by incorporating a simplified version of the package travel Directive into the draft Convention.

Status of project and next steps: The intention of the UNWTO is to present a final draft Convention in spring 2013 to the Executive Council, in view of a possible adoption by the UNWTO AGM in August 2013. The next and probably last working group meeting will take place beginning of 2013.

1.5. Misleading and comparative advertising for businesses

Issue: In October 2011, the European Commission launched a consultation on Directive 2006/114, which protects traders against misleading advertisements by other traders and lays down the conditions under which traders can compare their products with their competitors' products in their advertisement. It aims at gathering information on unfair commercial practices affecting businesses, with a particular focus on misleading directory companies, and on options for improvement.

The result of the consultation shows that most respondents want the European Commission to increase protection against misleading marketing practices. The biggest problem is inefficient enforcement of the Directive at cross-border level. However, also the substantive rules are considered too weak and unclear to be effective against such schemes.

ECTAA position / action: ECTAA has responded to the consultation, highlighting in particular the following as being significant problems in Europe:

- Practices of companies offering an extension of trademarks;
- Practices of companies offering an extension of domain names;
- Practices of companies sending misleading payment forms;
- Unfair commercial practises affecting businesses in an online context;
- Misleading Directory Companies;

Status of project and next steps: The Commission will publish a Communication based on the results of the consultation as well as information provided by the Member States on the implementation of the Directive.

1.6. European market for card, internet and mobile payments

Issue: The European Commission published a Green Paper in January 2012 analyzing barriers to integration in the European market for card, internet and mobile payments as well as possible tracks for improvements.

ECTAA position / action: ECTAA provided comments on the Green Paper to the European Commission, notably on Multilateral Interchange Fees (MIFs) and on variations between national rules on surcharges for payment methods.

Status of project and next steps: A legislative proposal is foreseen in mid 2013 to address the main obstacles for market integration. ECTAA will monitor the proposal.

1.7. Legal Committee

Issue: The Legal Committee met twice in 2012. It held a joint meeting with the Tour Operators Committee on 23 February 2012 and then met on 6 September 2012. During the joint meeting, the Legal and Tour Operators Committee reviewed the possible options for the revision of the package travel Directive and fine-tuned ECTAA's position. During its meeting of September 2012, the Legal Committee also considered other issues linked to the revision of the Package Travel Directive and finalized the ECTAA position. It also examined other issues such as the insurance mediation Directive and the charge backs by credit card companies.

1.8. Tour Operator Committee

Issue: The Tour Operators Committee met twice in 2012, once jointly with the Legal committee (23 February) and once on its own (23 October). At its first meeting the Tour Operators Committee reviewed the possible options for the revision of the package travel Directive and fine-tuned ECTAA's position. At its second meeting the Tour Operators Committee reviewed various ongoing issues at EU level, among other the developments in the revision of the package travel Directive, air passenger rights legislation, professional qualifications Directive, and slot allocation Regulation. It also discussed developments as regards safety of services in tourism accommodation establishment, standards, implementation of the tourism policy, etc.

2. TRANSPORT

2.1. Air Transport

2.1.1. Air Passenger Rights

Issue: End of December 2011 the European Commission adopted a Communication on passenger rights in all modes of transport, which summarises the rights and principles which apply to all modes of transport. It highlights the need to move towards greater convergence between passenger rights for the different modes of transport.

In response, the European Parliament adopted an own-initiative report on passenger rights in all modes of transport in September 2012.

ECTAA position / action: ECTAA is not in favour of creating one single passenger rights legal framework for all modes of transport, as it does not take account of the specificities of every mode.

However, ECTAA is in favour of enhancing passenger rights in certain circumstances, which the European Parliament has successfully incorporated into its report, notably with regard to the need for:

- European legislation to protect passengers against airline insolvencies;
- Obligation on airlines to include non-optional operational costs in fares and making genuinely optional items published and bookable with all necessary information and fees for ancillary services in CRSs;
- Penalties in case of infringement of price transparency legislation;
- Prohibition of unfair terms in air carrier contracts (e.g. sequential use of coupons);

Status of project and next steps: The EP report will feed into the impact assessment of the Commission on the revision of air passenger rights (see item 2.1.2).

2.1.2. Revision of Air Passenger Rights

Issue: The European Commission launched a public consultation to seek stakeholders' views on a number of options to improve the application and enforcement of Regulation 261/2004 (compensation and assistance in case of denied boarding, cancellation and long delays) and Regulation 889/2002 with regard to mishandled luggage.

In the meantime the European Court of Justice has handed down judgments in 5 cases in relation to Regulation 261/2004, notably:

- [Joined Cases C-581/10 and C-629/10](#) – Right to compensation in case of long delays. This ruling confirms the Sturgeon ruling, according to which passengers are entitled to compensation in case of delays of more than 3 hrs at arrival.
- [Case C-321/11](#) - Concept of 'denied boarding'
- [Case C-22/11](#) – Concept of 'denied boarding'
- [Case C-294/10](#) – Concept of 'reasonable measures' to avoid exceptional circumstances

ECTAA position / action: In its response to the consultation, ECTAA stressed the need for:

- Assessment of the impact of the Sturgeon ruling introducing the rights to compensation in case of delay of three hours at arrival. This is disproportionate and can lead to consumer detriment;

- Clarification of exceptional circumstances;
- Capping the airlines' obligation to provide assistance in extraordinary circumstances in so far as there is also an equivalent capping for tour operators under the package travel Directive;
- Prohibiting sequential use of coupons;
- No further rights required in terms of luggage incidents.

Status of project and next steps:

The Commission is expected to adopt a legislative proposal to revise Regulation 261/2004 before the end of 2012.

2.1.3. Passenger protection against airline failures

Issue:

More than 100 EU airlines have become bankrupt during the last decade, affecting some 1.8 million passengers in Europe, often without any protection. In case of insolvency, there is a gap between the lack of protection for passengers with seat-only tickets, compared to extensive consumer protection under the Package Travel Directive. Airline failures also cause serious difficulties for travel agents, notably to manage potential refunds depending on IATA instructions and in regard of credit card charge backs when the agent acted as merchant.

The European Commission has been studying since 2005 the lack of passenger protection against airline insolvency.

ECTAA position / action:

ECTAA is actively calling for a mandatory mechanism borne by air carriers to protect passengers against carrier failure to cover reimbursement or repatriation, applying to Community carriers and to the farthest extent possible to third country carriers.

ECTAA has closely followed Spanair and Malev insolvencies and has reported about them to the European Commission and European Parliament. ECTAA also followed this issue closely with IATA in particular concerning Malev. The issue is regrettably still unsolved at the end of November 2012.

Status of project and next steps:

The European Commission is not planning to propose legislation to protect passengers against airline insolvency. It is planning to issue in late 2012 or early 2013 best guidance to assist national authorities in managing airline insolvencies.

The European Parliament adopted two reports in October 2012, which include calls on the European Commission to initiate legislation to protect passengers against airline insolvency. Several parliamentary questions have been raised on this issue.

ECTAA will continue to put pressure at EU level, while looking for new opportunities to move forward.

2.1.4. Guidelines for Regulation 1107/2006 on the rights of PRMs when travelling by air

Issue:

The European Commission has adopted interpretative guidelines on the application of Regulation 1107/2006 concerning the rights of disabled persons and persons with reduced mobility (PRMs) when travelling by air. Guidance is provided in the form of 22 questions and answers.

ECTAA position / action:

ECTAA was consulted on the draft guidelines and welcomed them. Among other, the document recommends PRMs to pre-notify their assistance requirements. It allows service providers to give priority to those that have pre-notified over those that have not and thus encourages more PRMs to pre-notify.

2.1.5. Fitness Check of the Regulation 80/2009 on Computerised Reservation Systems and the Regulation 1008/2008 on Air Services

Issue: The European Commission launched in 2011 a Fitness Check of the Regulation 1008/2008 on Air Services and of the Regulation 80/2009 on a Code of Conduct for Computerised Reservation Systems (CRSs), in order to determine whether these Regulations fulfil their objectives, whether they need to be better enforced or amended.

ECTAA position / action: ECTAA has been contributing to the Fitness Check, including two studies on air ticket price transparency and on CRSs.

ECTAA has called for better enforcement of the Regulations and for revisions to address further issues. On air ticket transparency, we called for better presentation of air ticket prices (the inclusion of non-optional operational costs in the fare, transparency on refunds), transparent and effective distribution of ancillary services, ensuring that travel agents receive all necessary information from airlines through CRSs, and sanctioning discrimination in access to fares based on the country where the travel agent is established.

Concerning CRSs, ECTAA has called for full content in CRSs, to address the neutrality of travel search made through online connection portals and meta-search engines and to better protect commercial data identifying travel agents.

Status of project and next steps: The European Commission will draw conclusions of the Fitness Check in late 2012 and may take further initiatives on this basis to address unsolved issues.

2.1.6. Complaint against IATA concerning PaxIS/DDS

Issue: ECTAA in conjunction with GEBTA filed a complaint in September 2009 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. IATA launched in March 2012 a process to consult agents about their identification in its intelligence products.

ECTAA position / action: ECTAA has closely followed the complaint procedure and the IATA initiative. We provided comments and reports to the European Commission and notably pointed out serious flaws in the consultation process set up by IATA. We issued information notes aiming at raising agents' awareness about their rights concerning their identification in PaxIS/DDS and similar products.

Status of project and next steps: The European Commission is analyzing the process put in place by IATA to consult agents on their identification in its intelligence products.

2.1.7. Slot allocation Regulation proposal

Issue: In the frame of the 'airport package' adopted in December 2011, the European Commission has presented a Regulation proposal to revise the existing slot allocation rules in order to optimize airport capacity. Among other, it proposed to change:

- Length of slot series, from the current 5 to 15 and 10 for the summer and winter seasons respectively;
- Slot utilization threshold from the current 80/20 to 85/15%.

ECTAA position / action: In cooperation with IACA, representing leisure airlines, ECTAA and its Members raised concerns to the European Parliament and Member States respectively; the proposed changes have a devastating impact on leisure travel and typical tourist

destinations, as they do not take account of the seasonality of leisure travel.

Status of project and next steps: The report of the EP Transport and Tourism Committee and the general approach adopted by the Council end of October both take account of these concerns and maintain the current rules, but with possibility for congested airports to use local slot rules. The EP is scheduled to vote on the report in December 2012.

2.1.8. Air Matters Committee and Technology Working Group

Issues: The Air Matters Committee and Technology Working Group met jointly twice in 2012 (2 February and 18 September). They discussed among other the value added of travel agents in the distribution of air tickets, industry affairs (e.g. standardisation of rebooking processes), European affairs (items under the heading 1.1 – air transport) and IATA affairs (items under heading 3 - IATA) and other business (e.g. tax refunds).

2.2. Transport by rail

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

Issue: EU law (TAP TSI Regulation) requires railway undertakings to develop interoperable processes and interfaces to communicate information and provide tickets to passengers.

ECTAA/GEBTA and ETTSA (CRSs and their online agents), representing the ticket vendor Community, participate to this work to ensure the implementation of adequate interfaces for the issuance of rail tickets by ticket vendors.

Building on from the work carried out in the frame of TAP TSI, CER (representing railway undertakings) and ETTSA/ECTAA/GEBTA have agreed to work together on a project 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, going beyond the TAP TSI legal requirements.

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.

Status of project and next steps: The FSM initiative should start before the end of the year and last for 18 months.

2.2.2. Evaluation of rail passenger rights legislation

Issue: The European Commission has carried out an evaluation of Regulation 1371/2007 on rail passengers' rights and obligations. ECTAA has been consulted.

ECTAA position / action: ECTAA did not raise any issues with regard to the implementation of the Regulation by railway undertakings or travel agents. However, it stressed that if travel agents are required by the Regulation to give passengers information on the lowest fare, then the Regulation should include an obligation on railway undertakings to provide access to all their fares in the CRSs at no additional cost and without discrimination of distribution channel.

Status of project and next steps: Awaiting publication of the evaluation report.

3. IATA

3.1 PAPGJC and PAConf/35

Issue: ECTAA participated in the Passenger Agency Programme Global Joint Council (PAPGJC), which met on 19 April and 14 October 2012. The Council discussed several issues about the use of ADMs, had a presentation on the “New Distribution Capability” (see more under point 3.4) and reviewed the Travel Agency Commissioner fund. It also reviewed the agenda of PAConf/35, notably the proposals on a temporary reduction of IATA agency fees and restrictions to refunds reported to BSP before an airline is suspended from BSP, etc.

The PAPGJC also held a special meeting on 4 September 2012 to review the proposal for global guidelines on financial criteria.

Status and next steps: PAConf/35 adopted the global best practices for financial criteria in line with the PAPGJC review, and number of changes to IATA resolutions, notably on instructions to agents when an airline is suspended from BSP with possible implications on refunds reported before the airline suspension.

IATA is going to carry out during 2013 an in depth analysis of ADM dispute procedures in order to clarify the applicable procedures.

The next meeting of the PAPGJC will take place on 21 March 2013 and the next PAConf in October 2013.

3.2 PAPGJC Working Group on fraud prevention

Issue: The PAPGJC Working Group (PWG) results from a project for cooperation between agents, airlines and IATA on a value proposal to improve the Agency Programme. It initially focused on fraud prevention.

Status of project and next steps: This group produced interesting recommendations, notably to:

- take a fresh look into surge control and other technological means to detect bust outs;
- look into the possibility of developing a special alert to airlines when an agent discovers that a ticket has been issued in a fraudulent way, and for the airlines to put a stop on that ticket;

The group also proposed to modernize slightly the security requirements which agents must fulfil to hold an IATA accreditation. The proposed changes to security requirements were adopted by PAConf/35.

Airline representatives in the ASTWG (see point 3.3) expressed reluctance to go forward with the other recommendations.

3.3 ASTWG

Issue: ECTAA participated in the Agency Solution Technical Working Group (ASTWG) which met on 5 September 2012. This group composed of agents', airlines' and GDSs' representatives discussed mainly the recommendations of the PAPGJC Working Group on fraud prevention (see point 3.2), ADM issues, rebooking procedures, implementation of secure flight and EMD.

Status of project and next steps: No way forward was agreed on fraud prevention recommendations for cases where a ticket has been purchased fraudulently from an agent but not yet flown.

Concerning ADMs on guaranteed fares and divergences between airline instructions and GDS information: the ASTWG has not achieved further progress. It is following progressive improvement of fare construction and filing rules.

IATA is planning to reform the ASTWG. ECTAA considers that the ASTWG is a

valuable forum and will pursue its involvement.

3.4 New Distribution Capability (NDC)

Issue: IATA has launched an ambitious project for a “*New Distribution Capability*” to revolutionise the distribution of air tickets and ancillary services in all channels, including via travel agents. NDC may enable airlines to distribute personalised products and more ancillary services, in the framework of a single standard for all distribution channels.

A salient point of NDC is that airlines would no longer pre-file fares in GDSs. They would instead determine personalised offers in response to a specific request including information on the passenger. NDC could also have implications on PNR location.

ECTAA position / action: ECTAA asked IATA to be involved in discussions on NDC from June 2012. It had meetings with IATA in September-October 2012 and proposed agent delegates in the Data Distribution Exchange Working Group.

ECTAA is besides analysing potential impacts of NDC and reporting about the project to the European institutions.

Status of project and next steps: A foundational resolution was adopted by IATA airlines in October 2012. The first pilot projects are scheduled in early 2013. ECTAA will closely follow the project.

3.5 Appointment of new Travel Agency Commissioner for Area 2

Issue: The previous Travel Agency Commissioner (TAC) for Area 2 (Europe, Middle East and Africa) resigned in September 2011 and needed to be replaced.

ECTAA position or action ECTAA participated to the selection process of candidates, which led to the appointment of a new TAC in March 2012: Mr. Andreas KÖRÖSI (<http://www.travel-agency-commissioner.aero/>). ECTAA participated in addition to a briefing session of the new TAC in May 2012.

4. FISCAL MATTERS

4.1. Tour Operator Margin Scheme

Issue: Despite two failed attempts at reaching an agreement on the Directive proposal presented by the Commission in 2002 to modernize, simplify and ensure a more harmonious application of TOMS throughout Europe, the proposal is still pending in the Council.

In the meantime, the European Commission has brought 8 Member States before the European Court of Justice for incorrect application of the special scheme for travel agents. Amongst others, the Commission considers that supplies made between agents (wholesale supplies) fall outside of TOMS.

While these cases are still pending, the European Court of Justice has ruled in two other cases concerning TOMS, notably:

- [Case C-557/11](#) – transport services carried out by a travel agent acting in his own name and concept of ‘single supply of services’
- [Case C-220/11](#) – Supply of transport services without any other services

ECTAA position or action ECTAA and GEBTA strongly support the revision of the special scheme but only under condition that B2B supplies benefit from the possibility of being taxed according to the normal VAT arrangements.

Status of project and next steps: Decision in the 8 cases pending before the ECoJ is awaited.

4.2. Future of the EU VAT system

Issue: End of 2011 the European Commission adopted a Communication on the future of the EU VAT system, which lists a number of actions that are required to make the VAT system simpler, more robust and efficient. Among other, the Commission proposes to review the EU VAT rate structure (reduced VAT rates and exemptions) as well as the VAT framework for passenger transport services.

ECTAA position or action ECTAA is monitoring the developments as regards possible changes to the VAT rates and place of supply rules for tourism services (accommodation, passenger transport, etc.).

Status of project and next steps: The review of the VAT rate structure is planned for 2013.

4.3. VAT treatment of vouchers

Issue: In May 2012 the European Commission adopted a Directive proposal on the VAT treatment of vouchers, which determines the time and place of supply of single- and multi-purpose vouchers and provides for common rules for the distribution of vouchers through intermediaries and of discount vouchers. It is proposed that the use of vouchers in a transaction subject to TOMS does not interfere with the TOMS rules.

ECTAA position or action The ECTAA Fiscal Committee is reviewing the legislative proposal and assessing if the proposed rules do not raise any concerns in respect of travel supplies, notably those falling under TOMS.

Status of project and next steps: Further review by the ECTAA Fiscal Committee.

4.4. Fiscal Committee

Issue: The Fiscal Committee met twice in 2012, notably on 2 March and 5 October. The Fiscal Committee reviewed developments in the various EU affairs (items under heading 4 – Fiscal Matters). It also determined the priority areas for ECTAA and a list of actions in that respect, notably as regards facilitating refund of VAT on travel services for taxable clients and travel agents' obligations to report small hotel commissions in their intra-Community listing.

5. JUSTICE AND HOME AFFAIRS

5.1. Review of the EU visa policy

Issue: In November 2012, the European Commission adopted a Communication on the implementation and development of the common visa policy to spur economic growth. Various options are envisaged to take better account of economic considerations of the visa policy, notably as regards the impact of visa rules on tourism.

ECTAA position / action: ECTAA has always stressed the importance of taking into consideration the impact of the EU visa policy on tourism and called for the visa procedure to become more consumer friendly and less costly and complex. This is a major milestone.

Status of project and next steps: Monitor and follow the various initiatives foreseen in the Communication, especially the review of the EU visa code in 2013.

5.2. Consular protection

Issue: End of December 2012, the European Commission adopted a Directive proposal on consular protection, which lays down the cooperation and coordination measures necessary to facilitate consular protection (e.g. assistance to EU travellers in third countries in case of accident, loss of travel documents, political unrest, etc.) for unrepresented EU citizens, i.e. citizens who do not have a consular office of their country in the country they travel in.

ECTAA action: In the past, ECTAA expressed concerns with the introduction of a 'Lead Nation' responsible for coordinating the evacuation of EU citizens in case of crisis situations. Their mission would end when the evacuees arrive at a place of safety. ECTAA considers that such evacuation should be done in coordination with tour operators, who are still liable to bring back their customers from the place of safety to their place of original departure.

In the meantime, the European Parliament has adopted its report, in which it has proposed to shift the responsibility of the Lead Nation to the EU delegation.

Status of project and next steps: Adoption of the Council position.

5.3. Directive proposal on the conditions of entry for seasonal employment

Issue: In July 2010, the European Commission published a proposal for a Directive on the conditions of entry and residence of third country nationals for the purposes of seasonal employment. The proposal establishes the conditions of entry and residence of non-EU seasonal workers, such as a valid work contract or a

binding job offer, sufficient resources during his/her stay, etc. The maximum duration of the stay foreseen is of 6 months in each calendar year.

ECTAA position / action: ECTAA welcomed the proposal, however calls for an extension of the maximum duration of the stay to 9 months to cover an entire tourism season, which can be longer than 6 months.

Status of project and next steps: The European Parliament has received a mandate to negotiate with the Council on the basis of an orientation vote that took place beginning of the year.

5.4. PNR transfers

Issue: The European Commission adopted in February 2011 a Directive proposal on the use of PNR for law enforcement purposes by European countries (EU PNR). The proposal is currently being examined in first reading in the European Parliament and the Council.

Besides, the European institutions approved in April 2012 a new agreement on PNR transfers with the US.

ECTAA position / action: Concerning the EU-US agreement on PNR transfers, ECTAA called the European Parliament to avoid untenable positions where the US would require passengers' data, while there would be no legal basis in EU law to legitimise such data transfers.

On EU PNR, considering the costs and disruptions that could be caused to our industry, ECTAA supports the rejection of the proposal. In case an EU PNR system is introduced, ECTAA has lobbied to limit the scope to data captured electronically by air carriers in their normal course of business and to flights between the EU and third countries. ECTAA is besides requesting to delete references to travel agents from the Directive and to ensure workable solutions to inform passengers on the use of their data. ECTAA is also calling to protect sensitive commercial data from misuse by airlines.

Status of project and next steps: ECTAA will continue to closely monitor the on-going legislative procedure and draw the industry's views to the Institutions' attention.

5.5. 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.

ECTAA position / action: ECTAA has called the European Parliament to take into account the practical impacts of new obligations on undertakings, notably in regard of information obligations and of the requirement to have a data protection officer. ECTAA is also calling against misuse of passenger data by airlines.

Status of project and next steps: The proposal is currently being examined in first reading in the European Parliament and Council. ECTAA will continue to monitor the procedure.

5.6. Alternative and online Dispute Resolution mechanisms (AODR)

Issue: In November 2011, the European Commission published two proposals for a Directive on Alternative Dispute Resolution (ADR) and a Directive on online dispute resolution (ODR).

The proposals on ADR/ODR are currently in informal trilogues between the Council and the European Parliament with the aim of reaching an agreement by the end of this year.

ECTAA position/ ECTAA monitored the work of the European Parliament and the Council and

action: provided its position. ECTAA shares the position of the Council that ADR/ODR procedures should be voluntary, only traders who commit to use should be subject to information obligations to consumers, and those procedure should not cover B2B complaints.

Status of project and next steps: ECTAA continues to monitor the two proposals. A vote is expected in plenary session of the European Parliament in March 2013.

5.7. Collective redress

Issue: In February 2011, the European Commission launched a public consultation on a coherent European approach to collective redress, which identified general principles that could guide possible future EU initiatives on collective redress. Collective redress could possibly be established in the fields of consumer and competition law.

ECTAA position / action: ECTAA contributed to the consultation, stressing its concerns in relation to the establishment of collective redress mechanisms at European level, in particular in the field of consumer law and questioning the need for such an initiative in light of the principle of subsidiarity and proportionality. Would the EU however decide to pursue the way of an EU collective redress mechanism, ECTAA called for the establishment of a set of minimum requirements guaranteeing legal certainty and avoiding abusive litigation.

ECTAA provided comments to the Rapporteur as well as to the Shadow Rapporteurs of the EP Committee. The resolution, in line with ECTAA's position has been adopted in February 2012.

Status of project and next steps: The European Commission published the result of the consultation but has not yet published a Communication on a common approach to collective redress. ECTAA is monitoring this publication.

5.8. 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 will monitor the legislative procedure, in order to make sure that it is not extended to services.

Status of project and next steps: The proposal must now be adopted by the European Parliament and the Council, acting in accordance with the ordinary legislative procedure. Both Parliament and Council are at a preparatory work for a year now.

6. ENTERPRISE POLICY AND TOURISM

6.1. Implementation of the Communication on tourism

Issue: Following the adoption of the Communication "Europe, the world's No 1 tourist destination – a new political framework for tourism in Europe" in July 2010, the European Commission is implementing 21 actions.

ECTAA position or action ECTAA follows or monitors the following actions:

- Action 3: ICT and tourism platform – ECTAA won the tender for a demonstration project (see item 6.3 – TOURISMLink)
- Action 6: Voluntary tourism exchange mechanism between Member States (CALYPSO)
- Action 10: Virtual Tourism Observatory – ECTAA participated to the feasibility for the development of a Virtual Tourism Observatory
- Action 13: European Tourism Quality Label - ECTAA participated to the preparatory workshops and responded to the public consultation. ECTAA has not expressed an overwhelming support for the ETQ. A Regulation proposal is expected this year.
- Action 15: Charter for Sustainable and Responsible Tourism - ECTAA responded to the consultation. ECTAA is not very supportive of the draft Charter which is confusing and not clear as to what it is going to achieve.
- Action 16: Develop strategy for sustainable coastal and marine tourism – ECTAA has participated to the consultation.
- Action 17: Strengthen cooperation between Europe and the main emerging countries ("50.000 tourists" pilot initiative)
- New action: Preparatory action aiming at preparing the ground for future initiatives in the field of tourism and accessibility: tourism accessibility for all

Status of project and next steps: ECTAA will continue following / monitoring the various actions of interest for Members, especially as regards the imminent Regulation proposal for a European Tourism Quality Label.

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 concentrated on the consolidation of the image of Europe as a collection of sustainable and high-quality tourist destinations and the facilitation of tourism flows from third countries (Schengen visa rules and processes).

ECTAA position / action: The President of ECTAA intervened in the panel on facilitation of tourism flow stressing the need to make the visa Schengen procedures less cumbersome and more consumer friendly.

6.3. TOURISMLink

Issue: The European Commission has awarded the consortium formed by ECTAA, HOTREC, ITH, University Bocconi and ZN the contract for a project entitled TOUISMLink. TOURISMLink is a demonstration action aiming at improving the competitiveness of the tourism sector by facilitating the flow of information among service suppliers, customers and traditional tourism enterprises through the creation of a pilot B2B platform where tourism

service providers can manage and distribute different offers and products.

Status of project and next steps:

An in-depth market analysis has been delivered in September (available on www.tourismmlink.eu). The project has started to develop the interoperability framework of the platform, which will be followed by three pilot projects in 2013. For an efficient running of the pilot phases, a number of travel agencies will be needed, mainly in source markets, to review and validate the interoperability framework.

6.4. Incoming Tourism Working Group

Issue:

The Incoming Tourism Working Group met on 20 November 2012. This working group has been revived by the President of ECTAA, which attaches great importance to incoming tourism. At its meeting, the working group identified 12 common interest areas where more work could be done in terms of sharing best practices and information, among other tourist guiding, certification of DMCs, promotion of destination(s), EU funds in support of incoming tourism, etc. The working group also reviewed EU matters having an impact on incoming tourism, such as the Communication on tourism and the EU visa policy.

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 10 standardisation projects, which includes adventure tourism and environmentally friendly accommodation establishments. However, acknowledging that progress has been slow and participation to the meetings has been low, ISO adopted new rules in May 2012 on new standardisation work item proposals, which makes it less easy to start new standardisation projects.

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.

Status of project and next steps:

ECTAA will continue to monitor the standardisation projects developed by ISO.

7.2. Review of the European standardisation system

Issue:

In June 2011 the European Commission adopted a Regulation proposal to modernise and improve the European standardisation system. It covers not only standardisation of products, but also of services.

ECTAA position / action:

ECTAA supports the Commission’s emphasis in its proposal on voluntary standards which are market driven, consensus based and take into account the public interest. However, ECTAA insists that the legal framework for standardisation work should focus on product-related services rather than services per se and that standardisation bodies should ensure an appropriate level of industry representation.

Status of project and next steps:

The Regulation has been adopted in October 2012. Despite ECTAA’s opposition, services are included in the scope of the Regulation but the latter includes a

much higher degree of stakeholder consultation than before.
The Regulation will enter into force in January 2013.

7.3. CEN 'light' standard on 'Universal Design of Tourism Services'

<i>Issue:</i>	CEN has announced the proposal for a new CEN Workshop Agreement (lighter version of a standard) on 'Universal Design of Tourism Services', the aim of which is to produce guidelines for tourism operators, enabling them to make their tourism services accessible to all customers. Travel agents and tour operators are included in the scope.
<i>ECTAA position / action:</i>	ECTAA is not against standards on accessibility per se but considers it necessary to closely monitor this standard project, as it covers a very wide range of areas, such as advertising, ticketing, information on services, training, etc.
<i>Status of project and next steps:</i>	ECTAA Members have been invited to participate in the mirror committees of their standardisation body and ECTAA will participate to the CEN Workshop meetings in its capacity of Observer.

8. DESTINATION AND SUSTAINABILITY ISSUES

8.1. Destination and Sustainability Committee

<i>Issue:</i>	The Destination and Sustainability Committee met twice in 2012, once on 28 March and again on 18 October. The D&S Committee reported on the booking trends at European level and discussed a number of destination issues. A presentation was given on the Dutch Calamity Fund, covering additional expenses incurred by a consumer following a calamity that prevents the tour operator from performing his obligation. The D&S Committee further reviewed all EU affairs in relation to sustainability and destinations, such as consular protection, fire safety in hotels, charter on responsible and sustainable tourism, etc.
---------------	---

8.2. Destination Issues

<i>Issue:</i>	Egypt is only recovering slowly as a destination. The ECTAA Destination and Sustainability Committee recommended that ECTAA and the industry should attend the high-level Business and Tourism Forum organized jointly by the EU and the Egyptian authorities in November 2012, the aim of which is to make recommendations to the EU and Egyptian decision-makers on how to re-launch tourism in Egypt.
<i>Issue:</i>	The Spanish government has decided to increase airport taxes at selected airports, despite strong opposition of carriers and other stakeholders. ECTAA wrote to the European Commission and the Spanish enforcement body concerning the non-compliance with the airport charges Directive 12/2009 as regards respecting the time frames for consultation of airport users on changes to airport charges and their entry into force. The Commission formally registered ECTAA's complaint and is investigating if there is an infringement.
<i>Status of project and next steps:</i>	Awaiting decision of the Commission.

8.3. Fight against the commercial sexual 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 sexual 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: 9 European countries are in line to join the EU: Croatia is already expected to join in July 2013. The former Yugoslav Republic of Macedonia, Iceland, Montenegro, Serbia and Turkey are official candidate countries to the EU and will start or are already in the process of negotiating their accession. Albania, Bosnia and Herzegovina and Kosovo are potential candidate countries.

ECTAA position / action: ECTAA continues to pay particular attention to the 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: The Serbian National Association of Travel Agents, YUTA, will formally become Member of ECTAA at the General Assembly in Brussels on 30 November 2012.

The President of ECTAA had preliminary discussions with the Travel Agents' Associations of Montenegro and of the Former Yugoslav Republic of Macedonia (FYROM), which have shown a strong interest to become Members of ECTAA. Contacts will be pursued in 2013.

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. At the last Board meeting in September 2012, our colleague Lars Thykier has been elected Chairman of the WTAAA for the next two years. The priorities of the WTAAA Chairman include a reinforcement of the dialogue with IATA, the enlargement of WTAAA as well as an improved communication.

11. ECTAA SURVEYS

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

- Tax on tourist establishments in Catalonia, Fiscal Committee, November 2012
- Banks and payment dates under the IATA Agency Programme, November 2012
- Package Travel Directive - cancellation charges, November 2012
- Package Travel Directive - definition of package travel, November 2012
- Professional qualifications and training, November 2012
- Insurance mediation, November 2012
- Management of reimbursement in case of insolvency, October 2012
- VAT Treatment of wholesale supplies, Fiscal Committee, September 2012
- Package Travel Directive - financial guarantees, May 2012
- Overview of Members' involvement in sustainable tourism activities, July 2012
- Survey on TOMS application, Fiscal Committee, May 2012
- Passengers' experience of the Spanair and Malev failures, May 2012
- VAT treatment of MICE operators, Fiscal Committee, December 2011

* * *

Chapter II: The Working Programme for 2013

The working programme for 2013 will include the following (the list is indicative and not limitative):

1. Consumer protection and Internal Market policies

- Review of the Package Travel Directive
- Proposal for a revised Directive on the recognition of professional qualifications
- Proposal for a revised Directive on insurance mediation
- Monitoring of the evaluation process of the implementation of the Services Directive
- Monitor European market for card, internet and mobile payments

2. Transport

- Revision of Regulation 261/2004 on denied boarding, cancellations and long delays
- Initiate passenger protection against airline bankruptcy
- Safeguard and reinforce access to fares and transparency in air ticket distribution
- Protection of agents' commercial data (follow up on complaint against PAXIS/DDS)
- Border control and data transfer issues (ESTA, APIS, Secure Flight requirements, etc.)
- Airport package and more specifically the revision of the slot allocation Regulation proposal
- Legislative and non-legislative initiatives on smart ticketing, multi-modal scheduling, 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
- NDC

4. Fiscal matters

- Revision of the margin taxation scheme & 8 cases pending before the European Court of Justice concerning the application of the margin taxation scheme
- 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
- Directive proposal on the VAT treatment of vouchers

5. Justice and Home Affairs

- Review of the EU visa code
- Directive proposal in the field of consular protection
- Directive proposal on the conditions of entry for seasonal employment
- EU PNR
- Protection of personal data
- Monitoring of work of the European Commission on EU contract law
- Proposal for a legislative instrument on alternative dispute resolution mechanisms
- Communication on a common European approach to collective redress
- Monitoring of the legislative procedure for adoption of the proposed Regulation on a common European sales law

6. Industry

- Destination & sustainability issues

7. Tourism

- Liaise with the Commission and monitor the implementation of the tourism Communication
- Standards (ISO, CEN), including review of the EU standardization acquis
- Regulation proposal for a European Tourism Quality Label

8. Relations with other industry partners

- GEBTA, GDSs, Trenitalia, WTAAA, NET, AEA, IACA, etc.

9. Other

- Management of the ICT platform, TOURISMLink
- Monitoring and possible participation to EU call for tenders and proposals