

ECTAA

ACTIVITY REPORT

2012 / 2013



**Review of ECTAA's activities and achievements for
period November 2012 – November 2013**

Work programme for 2014

ECTAA

THE EUROPEAN TRAVEL AGENTS'
AND TOUR OPERATORS' ASSOCIATIONS

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Introduction

Dear Board Members,

Dear Members,

2013 has been marked by two important legislative developments, which are closely linked. One is the adoption of the long-awaited Directive proposal revising the package travel Directive and the second is the adoption of a Regulation revising existing air passenger rights in respect of travel disruptions and mishandled luggage. Together they form the legislative backbone of the travel and tourism industry. As ever, the challenge lies in striking a good balance between ensuring a high level of consumer protection and the extra burden put on the industry to provide high quality products and services.

2013 has also seen other important developments for our sector, such as the revision of the insurance mediation Directive, which could see the end of the exemption for travel insurance mediated by travel agents. Significant developments have also been made on the proposal to revise the Directive in the protection of personal data. Both these legislative proposals may add cost and complexity for travel agents.

Thanks to its lobby work ECTAA has also managed to convince the European Institutions that important decisions need to be made on Visa facilitation. The issue is now high on the agendas of DG HOME and DG ENTR, and proposals are expected in 2014/2015.

There are also developments on the IATA front, with IATA launching the New Generation ISS project, which consists in reforming the current IATA Passenger Agency Programme and the settlement system. IATA is also continuing work on the New Distribution Capability (NDC) initiative, despite strong concerns voiced by a number of travel agents' and travel buyers' associations worldwide as regards impact on price transparency, passenger data protection, etc.

These are just a few of the issues dealt with by ECTAA in 2013 and I invite you to read the enclosed Activity Report to get a more detailed review of the activities undertaken. At this point I would like to thank all the Members and the ECTAA staff for their active involvement in the work of the European association, which together have helped to raise major concerns of the industry and –in many cases- avert negative consequences for the travel and tourism industry.

With this I thank you again for your excellent cooperation and look forward to another challenging year 2014. Special thanks also to the Secretariat team for the excellent work in 2013.

Boris Zgomba
President

Brussels/Brussels, November 2013

Chapter I: Activity Report 2012/2013

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 remained in close contact with the European Commission and the different Directorates General (Justice, Enterprise, and Consumers) and Commissioner's Cabinet in order to keep abreast of the latest developments until the publication of the proposal. The proposal has been published on 9 July. ECTAA is now advocating for an enlargement of the scope of the Directive so it includes click-through combination while limiting new obligations on the industry (assistance, liability...).

Status of project and next steps: The European Parliament and the Council have started reviewing the Directive proposal. The European Parliament would like to complete its first reading by March 2014. The European Council is not ready to discuss with the European Parliament and a compromise is unlikely to be reached under the Lithuanian Council Presidency ending 2013. ECTAA is now sharing its position with the relevant stakeholders in the European Parliament and the Lithuanian Council Presidency.

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, abandoning the exemption for the mediation of travel insurance.

ECTAA position / action: 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 to subject the mediation of travel insurance to the IMD obligations.

Status of project and next steps: The Rapporteur, some Shadows as well as some Members States back ECTAA's position. The European Parliament is expected to adopt its draft report before the end of the Parliamentary term in 2014. ECTAA continues to advocate for an exclusion of travel agents from the scope of the Directive.

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.

Status of project and next steps:

The European Parliament and the Council have adopted the revised Directive:

- Movement of tourists guide will be facilitated by a requirement to show evidence of one year experience within the last 10 years.
- Recognition of the tourist guide profession will be facilitated by the introduction of a European professional card.

In the meantime, European Commission has adopted on the 2nd of October a Communication announcing the start of an evaluation of national regulations on access to professions. It would be an opportunity for Members to address the issue of tourist guides at Member State level.

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.

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:

Due to multiple reasons (UNWTO staff turnover, revision of the EU package travel Directive), the UNWTO put on hold the work on the Convention. ECTAA is maintaining the contact and will collaborate as soon as the working group is reactivated.

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.

The Commission has published a Communication on 27 of November 2012 based on the results of the consultation as well as information provided by the Member States on the implementation of the Directive.

The Commission proposes in its Communication to:

- Enhance legal certainty by banning misleading directory companies,

- Strengthen the penalties for infringements.

Enforce the implement of the rules by

- Designating an enforcement authority.
- Create a cooperation procedure between enforcement authorities.

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: A legislative proposal is expected by the Commission. ECTAA will continue to monitor the issue.

1.6. OTA Sweep

Issue: The Commission is conducting through national authorities an EU sweep of websites selling airline tickets, including online travel agencies (OTAs), to check whether they are complying with EU consumer protection legislation, for example the obligation to provide a breakdown of fares and airlines' terms and conditions, prohibition to charge fees for credit card payments, etc.

ECTAA position / action: ECTAA met with DG SANCO which informed about the different steps of the ongoing sweep.

The first step is the co-ordinated sweep action where participating Member States systematically check for practices on different websites in breach of consumer protection law.

The second step is the enforcement action. National authorities have to focus enforcement resources in order to be effective. The enforcement phase involves verification of suspected breaches. If these are confirmed, the sites are then subject to enforcement action by national authorities to ensure the non-compliant sites are corrected and/or closed. National authorities will investigate and take enforcement actions for national cases. This phase is likely to happen between October and November in view of presenting the final conclusions during a press conference early 2014. The Commission confirmed its willingness for a dialogue and to avoid "naming and shaming". Such procedure will also gather other Directorates of the Commission such as DG JUST and MOVE. ECTAA will meet with the Commission again as soon as the enforcement phase begins.

Status of project and next steps: After the sweep, the enforcement phase will start. Industry will have an opportunity to present its views on the sweep. A meeting will be scheduled with DG SANCO as soon as they present the final conclusions of the sweep.

1.7. Payment service Directive and interchange fees Regulation

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

ECTAA position / action: A draft report from the European Parliament is expected in December. ECTAA will review the draft report as soon as it is published and will advise the relevant stakeholders of the matters of importance for ECTAA's members

Status of project and next steps: The European Parliament is working on the proposal in order to adopt a vote in first reading in April 2014.

1.8. Legal Committee

Issue: The Legal Committee met twice in 2013. It met on 17 April 2013 and then held a joint meeting with the Tour Operators Committee on 12 September 2013. During the April meeting, the Legal Committee reviewed the possible options for the revision of the package travel Directive and fine-tuned ECTAA's position based on available information. They also reviewed the air passenger rights legislation, the data protection Directive, and denounced the ECTAA HOTREC code of conduct. The second meeting focused essentially on the revision of the package travel Directive and the air passenger rights Regulations with a view to determining a European industry position.

1.9. Tour Operator Committee

Issue: The Tour Operators Committee met twice in 2013, once on its own (12 March) and once jointly with the Legal Committee (12 September). At its first meeting the Tour Operators Committee reviewed the latest developments regarding the revision of the package travel Directive, the air passenger rights legislation (Regulation 261/2004 and Regulation 2027/97 regarding luggage incidents), professional qualifications Directive and the insurance mediation Directive. It also discussed developments in respect of standards, the introduction of a European tourism quality label and tourism initiatives targeted at senior travellers, etc. The second meeting focused essentially on the revision of the package travel Directive and the air passenger rights Regulations with a view to determining a European industry position.

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.

ECTAA position / action: ECTAA welcomes this legislative proposal but stresses the need to strike a balance between adequate passenger protection and the burden placed on industry to comply with these Regulations. With this in mind ECTAA is seeking – among other- better protection of passengers as regards airline bankruptcies and denied boarding of passengers due to no-show of the passengers and on the other hand a limitation on airlines' obligations to provide delay compensation and accommodation during travel disruptions due to exceptional circumstances. The majority of issues raised by ECTAA are likely to be addressed in the EP report, with the exception of delay compensation and the use of the extraordinary circumstances defence, where Parliament is unlikely to relent on passenger rights.

Status of project and next steps: The European Parliament is scheduled to deliver its opinion in first reading beginning of 2014 and the Council is expected to reach a common approach in December 2013.

2.1.2. Passenger protection against airline failures

Issue: More than 100 European airlines have gone bankrupt during the last decade, affecting some 1.8 million passengers in Europe, often without any protection to recover the cost of the ticket or expenses incurred as a result of being stranded abroad.

This is not only detrimental for passengers, but also for (i) tour operators who have to arrange alternative transport for their customers and (ii) 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 a number of studies undertaken by the European Commission highlighting the impact of airline failures on passengers, the Commission has adopted a Communication in March 2013 indicating that it has no plans for a legislative proposal in this area, and proposes instead a number of non-legislative measures to better protect passengers, such as the creation of a 'tool-box' of best practices to help Member States monitor air carrier's financial fitness.

ECTAA position / action: For many years, ECTAA has actively lobbied the European Commission and European Parliament to introduce adequate passenger protection against airline failures. ECTAA is 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 is also closely following the Spanair and Malev insolvencies of 2012. In the case of Malev, travel agents and their clients have still not been reimbursed

more than 1,5 years after the airline went bankrupt.

Status of project and next steps:

On request of ECTAA, the European Parliament TRAN Committee is proposing to include in the current revision of the air passenger rights legislation (see point 2.1.1) a new right to refund and e-routing in case of an airline failure or the revocation of its operating licence. This amendment still needs adoption in plenary session of the EP expected in January 2014 and will subsequently need to be agreed on by the Council, which until now has not been a great supporter for legislation in this area.

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

2.1.3. 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 contributed to the Fitness Check, including two studies on air ticket price transparency and on CRSs. While the Commission concluded in June 2013 that no changes are required to the legislation, it nonetheless addressed some of the issues raised by ECTAA by proposing 'softer measures' as follow-up actions, notably:

On transparency of air tickets, ECTAA called for better presentation of air ticket prices (inclusion of non-optional operational costs in the fare, transparency on refunds), more transparent and effective distribution of ancillary services (services published and bookable through CRSs), and better sanctioning of discrimination in access to fares based on the country where the travel agent/customer is established. The Commission is proposing to establish informal consultation with national enforcement bodies to identify all price transparency issues and help establish guidelines of good practices. It also proposes to look into the possibility of requiring a break-down of taxes, fees and charges into refundable and non-refundable parts either through voluntary agreement or future changes to legislation.

On the CRS Code, ECTAA called for better protection of commercial data identifying travel agents as well as neutrality of travel search made through online connection portals and meta-search engines, which fall outside the scope of the CRS Code. As regards the latter, the Commission acknowledges that there are providers that offer similar functionalities as CRSs, but it is too early to change the CRS Code to cover these providers, as the market and technology are still evolving.

Status of project and next steps:

ECTAA will monitor the follow-up actions and continue raising the issues if the 'soft measures' prove to be unsatisfactory.

2.1.4. 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 collect agents' consent about their identification in its intelligence products. Such Consent was in principle valid for one year, and agents had the opportunity to withdraw it (See note from the ECTAA secretariat)

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. The Commission is also expected to adopt a formal decision on the complaint case. Recent information (November 2013) suggests that the Commission could decide to dismiss the complaint on the ground that IATA has brought remedies to comply with the Commission's Statement of Objections. ECTAA will liaise with DG MOVE to get an update on the intentions of the Commission. A dismissal of the complaint would raise very serious concerns, as it will leave the proven violation of the Code by IATA for nearly 3 years unaddressed.

2.1.5. Air Matters Committee and Technology Working Group

Issues:

The Air Matters Committee and Technology Working Group met jointly twice in 2013 (21 February and 25 September). The first meeting focused on the IATA NDC project (see point 3.2) with a presentation by IATA on the objectives and status of the project. Other items discussed in the two Committee meetings include EU affairs (items under the heading 1.1 – air transport), IATA matters (items under heading 3 - IATA) and other industry affairs (e.g. VAT invoices by IATA agents).

2.2. Transport by rail

2.2.1 TAP TSI

Issue:

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

ECTAA position / action:

ECTAA/GEBTA and ET TSA (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. The first phase of the TAP TSI implementation has been completed in May 2013 with the delivery of detailed IT specifications, a master plan for implementation and a governance model.

Status of project and next steps:

The 2nd of 3rd implementation phases of TAP TSI is under way.

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

Issue:

Building on from the work carried out in the frame of TAP TSI, 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, 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. 2-3 experts of travel agents have volunteered to participate in the drafting of the technical specifications.

Status of project and next steps: The FSM initiative has started in September 2013 and is scheduled to be completed by the end of 2014.

3. IATA

3.1 PAPGJC and PAConf/36

Issue: ECTAA participated in the Passenger Agency Programme Global Joint Council (PAPGJC), which met on 20 March and 28 October 2013. The Council discussed several issues and in particular the TAC programme including the Travel Agency Commissioner fund.

In parallel to the formal PAPGJC, another “group” was set up by IATA, the Airlines Agents Forum, AAF. The group mainly composed of agents and IATA delegates (so far no airline participated) met three times (January, March and July 2013) and addressed matters related to the NDC project as well as the “New Generation ISS” project. At the last PAPGJC a proposal to establish the AAF as a working group of the PAPGJC was discussed and put on PAConf/36 agenda.

As part of the PAPGJC autumn meeting, the PACONF/36 agenda was discussed. A number of agents’ comments and proposals on the PAConf agenda were discussed but do not reflect in the PAConf decisions.

In particular, a proposal to re-establish a European body had been discussed at the spring meeting, for which ECTAA had proposed a new draft resolution. The proposal was aiming at restoring the former “EUROFORUM” which worked efficiently until its unilateral discontinuation by IATA. Regrettably the proposal was not even placed on the PACONF agenda.

Status and next steps: PAConf/36 adopted most of the proposals on the agenda. The next meeting of the PAPGJC has been scheduled on 27 March 2014 and PAConf/37 is due to take place in October 2014.

An AAF meeting is expected to take place in January 2014.

3.2 New Distribution Capability (NDC)

Issue: Following the launch of the NDC project in 2012 and the adoption of the Resolution 787 by the PSC (Passenger Services Conference) in October 2012 IATA has actively pursued the NDC project, running in parallel a number of working groups and a very active communication campaign towards the industry. ECTAA has been following the developments of the project, and two Members’ representatives participated to several meetings of the so called NDC-ddx working groups. There were a number of presentations made at the last Airlines’ summit organised by IATA in Dublin end of October. There were in particular presentations on the “pilots”, however it seems that not much has transpired during the summit.

Meanwhile, the concerns raised by ECTAA concerning NDC have not been fully addressed yet. These refer to the non-discriminatory access to air fares as established by the Air Services Regulation, the compliance with the GDS Code of Conduct, the Directive on personal data protection and competition rules.

ECTAA position / action: At the recent Summit of Travel Agents’ Associations in Cordoba (7-9 November 2013), the senior VP of IATA agreed during a panel discussion to a proposal aiming at establishing an appropriate stakeholder dialogue to discuss in full transparency all implications of the establishment of a possible new Industry standard.

ECTAA will now follow up with the proposal and try to convince IATA to associate more closely the Industry to the decision making process concerning NDC. Besides, ECTAA continues to analyse the potential impacts of NDC and reporting about the project to the European institutions.

4. FISCAL MATTERS

4.1. TOMS – ECoJ judgment

Issue: In September 2013 the European Court of Justice handed down a judgment in the 8 cases brought by the Commission against Poland, Italy, the Czech Republic, Greece, France, Finland, Portugal and Spain for failure to correctly apply the special VAT scheme for travel agents (also known as Tour Operator Margin Scheme, TOMS).

In essence, the Court held that:

- TOMS must apply to sales made in accordance with Article 306 to all types of customers, thus including B2C and B2B;
- A global margin calculation is not allowed under the VAT Directive and thus the margin must be determined on a transaction basis.
- A taxable customer has a right to recover VAT declared on the margin but the Court did not clearly establish that a VAT invoice must be given.

ECTAA position or action The Court's decision has wide ramifications for the trade. It will create distortions of competition between wholesalers / business travel agents and service suppliers, whose taxable customers will be able to obtain input VAT deduction or benefit from reduced VAT rating on travel services (the travel agent's margin is subject to the standard VAT rate). The Court considers that the margin VAT may be deductible for taxable customers but this requires the travel agent to disclose his margin. Moreover, requiring the calculation of the margin on a transaction basis rather than on a global basis strips the special scheme of its simplification effect. This will add huge complexity to TOMS calculations.

Status of project and next steps: The European Commission has indicated that it might consider taking back the Directive proposal revising the TOMS adopted in 2002 and replace it with a new proposal. ECTAA is discussing alternatives to the 2002 proposal and maintains the dialogue with the European Commission.

4.2. TOMS survey

Issue: The Dutch Member of ECTAA, ANVR, has carried out an extensive survey on the transposition of TOMS into national legislation of 10 Member States in order to identify the major differences in application of TOMS across countries and best practices of application. It has also been very useful in the frame of the discussions within ECTAA on alternative ways of taxing travel supplies (see point 4.1.).

Status of project and next steps: The survey may cover additional Member States, if Members volunteer to participate to the survey.

4.3. Review of VAT rules for passenger transport

Issue: The EU has mandated a study, the aim of which is to review the impacts of the current VAT rules and regulations related to the transport of passengers in the EU Member States, and the possible impact of changes in those rules and regulations. This study was included in the Commission work programme as part of its overall review of the EU VAT system. ECTAA has been invited to contribute to the study by way of a questionnaire.

ECTAA position In the past, ECTAA has always advocated the maintenance of the current VAT

or action rules as regards the place of taxation (taxed where the passenger transport takes place) and applicable VAT rates / exemptions.

Status of project and next steps: Preparation of a contribution to the survey.

4.4. Fiscal Committee

Issue: The Fiscal Committee met three times in 2013, notably on 15 March, 17 July and a two-day meeting on 14-15 October 2013. The meetings focused essentially on the ECoJ hearing in March and final judgment in September as regards the 8 TOMS cases (see point 4.1). The Commission was invited for an exchange of views on the impact of the ECoJ on the trade and the Commission's plans in respect of revising the TOMS. The Committee also reviewed the TOMS survey and various questions in relations to the VAT treatment in the different Member States (e.g. tax invoices for in-house part of packages).

5. JUSTICE AND HOME AFFAIRS

5.1. Impact of EU visa policy on tourism

Issue: The European Commission commissioned a study to evaluate how the common visa provisions are implemented in the Schengen area from the tourism industry/travellers' viewpoint and the corresponding economic impact on the tourism industry. The study shows that, in 2012, a total of 6.6 million potential travellers from the six target markets analyzed (including Russia, China, India) were "lost" due to the difficulties linked to visa application. The study also proposes solutions to identified problems, suggests good practices and makes policy recommendations based on the evidence collected.

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 another major milestone in making the Commission accept the economic impact of visa requirements on tourism. ECTAA has contributed to this study, among other by calling on the expertise of the WTAAA Member associations in India and South Africa.

Status of project and next steps: Monitor the implementation of good practices and policy recommendations.

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: The Council is still working towards the adoption its position. ECTAA monitors the developments.

5.3. 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 in 2012. ECTAA monitors the developments.

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.

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: The EP LIBE adopted its report on 29 April 2013 by a slight majority. The Committee recommends the rejection of the Commission by the European Parliament. It calls on the Commission to withdraw its proposal. The dossier is pending since. The Commission is negotiating with the European Council and the EU Parliament. ECTAA will continue to monitor the procedure.

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. The report has been voted in the LIBE Committee and is now negotiated between the European Parliament and the 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.

Status of project and next steps: 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

5.7. 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 vote in Plenary is scheduled in January 2014.

6. ENTERPRISE POLICY AND TOURISM

6.1. UNWTO Global Code of Ethics

Issue: ECTAA has signed the Private Sector Commitment to the Global Code of Ethics for Tourism formulated by the UNWTO. The Commitment constitutes a formal pledge to uphold ethical principles related to the sustainable and responsible development of tourism, enshrined within the UNWTO Global Code of Ethics.

Status of project and next steps: ECTAA will draw up a list of activities that meet the ethical principles enumerated in the Code and report on these activities.

6.2. 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 point 6.4 – TOURISMLink)
- Action 6: Voluntary tourism exchange mechanism between Member States (CALYPSO) – ECTAA participated in the consultation prior to the publication of the call for proposals early June with a focus on facilitating low season tourism through senior exchanges, on the basis of public-private partnerships including particularly SMEs, aiming at creating transnational tourism packages for this particular group.
- Action 13: European Tourism Quality Label - ECTAA participated to the preparatory workshops and responded to the public consultation in 2012. ECTAA has not expressed an overwhelming support for the ETQ. A Regulation proposal is expected this year. The Commission decided against the adoption of a Regulation on ETQL and may consider a Recommendation to Member States instead. ECTAA monitors the development of the Commission's legislative plans.

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

6.3. 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 two panel sessions, notably on (i) cooperation and compensation in the tourism industry and (ii) challenges and opportunities in the EU tourism sector.

ECTAA position / action: The President of ECTAA was invited to speak in the first panel on 'exploiting the potential of EU tourism diversity from the North to the South. Consumer trends which will shape the tourist's choice.'

6.4. TOURISMLink

Issue: End of 2011, the European Commission awarded the consortium formed by ECTAA, HOTREC, ITH, University Bocconi and ZN the contract for a project entitled TOURISMLink.

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: Following an in-depth market analysis which was delivered in September 2012 (available on www.tourismlink.eu), the project is working at the development of the interoperability framework of the platform as well as the pilots in a series of destinations (Valencia, Croatia and Italy) and source markets. For an efficient running of the pilot phases, a number of travel agencies are still needed, mainly in source markets, to review and validate the interoperability framework.

The project is expected to be completed and delivered to the European Commission by July 2014. A conference will be organised in June 2014 to present the findings as well as a business plan and a governance model.

6.5. Incoming Tourism Working Group

Issue: The Incoming Tourism Working Group did not meet in 2013 due to lack of participants and discussions points. Consideration was given to the possibility of holding joint meetings of various Committees / Working Groups based on the subjects on the agenda. Certain subjects, such as visa issues or health & safety matters, could be relevant for more than one Committee / Working Group.

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. CEN ‘light’ standard on ‘Universal Design of Tourism Services’

Issue: 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.

ECTAA position / action: 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.

Status of project and next steps: 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, once the project kicks off.

8. DESTINATION AND SUSTAINABILITY ISSUES

8.1. Destination and Sustainability Committee

Issue: The Destination and Sustainability Committee met twice in 2013, notably on 24 June and 11 October 2013. The D&S Committee reported on the booking trends at European level and discussed a number of destination issues. The D&S Committee reviewed all EU affairs in relation to sustainability and destinations, such as the planned consultation on safety of services (including hotel fire safety and safety of other tourist services) and the European Tourism Quality Label, as well as other projects / tools, such as the European Tourism Indicators for Sustainable Management of Destinations, Travelife, 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 tour operators.

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.

ECTAA supported the EU funded 'Safe Host' project, which is focusing on combating the sexual exploitation of children in travel and tourism. One of the deliverables of this project is to develop a toolbox to help tourism actors prevent the use of tourism facilities and channels for the purpose of the sexual exploitation of children.

9. ENLARGEMENT – NEW MEMBERS

9.1. EU enlargement

Issue: 8 European countries are in line to join the EU: 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 Montenegro Tourism Association, CTU, has joined ECTAA in May 2013 and has become ECTAA's 32nd Member.

The Travel Agents' Association of the Former Yugoslav Republic of Macedonia (FYROM) has expressed interest to become Member of ECTAA. Contacts will be pursued in 2014.

In addition, a number of Travel Agents' Association from non-European countries have expressed interest in closer cooperation with ECTAA. ECTAA will analyse the possibility of creating a new category of membership for these associations.

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 Board meeting in September 2012, our colleague Lars Thykier has been elected Chairman of the WTAAA for 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:

- Golden visas (visas obtained upon a certain amount of investment), November
- Travel agents’ basic remuneration from Air France/KLM, October
- Conditions for the use of mini vans, 4x4, etc. by travel agents, September
- Travel advice for Egypt, July
- Travel agents’ basic remuneration from Air Malta, July
- Members’ communication policies, July
- When is a travel agent mediating in the supply of services and when is he reselling them? Fiscal Committee, March
- Travel agents’ invoices regarding airline fare and travel agent’s transaction fee, February
- VAT refund of business travellers’ passenger transport services, Fiscal Committee, January 2013
- Liability of incoming agents, December 2012
- Insurance Mediation, December 2012

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Chapter II: The Working Programme for 2014

The working programme for 2014 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
- Green Paper on the Safety of Services, including fire safety in hotels
- 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 air passenger rights, including Regulation 261/2004 on denied boarding, cancellations and long delays and Regulation 2029/97 as regards luggage incidents
- 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.)
- Revision of the slot allocation Regulation proposal (as part of the adoption of the airport package)
- Legislative and non-legislative initiatives on smart ticketing, multi-modal information and ticketing (Always Travelling project), 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
- New Gen ISS project

4. Fiscal matters

- Revision of the margin taxation scheme following the judgement of the ECoJ in the 8 TOMS cases
- 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

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)
- Regulation proposal for a European Tourism Quality Label

8. Relations with other industry partners

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

9. Other

- Management of the ICT platform, TOURISMLink
- Monitoring and possible participation to EU call for tenders and proposals
- European Parliament election in May 2014