

## News round-up

### **IATA NewGen ISS: ECTAA stands its ground on credit capping**

ECTAA and WTAAA have jointly expressed serious concerns with IATA's proposal of a Remittance Holding Capacity (RHC) for travel agents to be introduced as part of the of IATA's NewGen ISS project. This effectively acts like a sales capping for agents –and airlines-, as sales will only be possible if they are paid upfront by the agent through EasyPay or if the agent obtains additional bonding. IATA has agreed to set up a working group to discuss this matter further and the adoption of any form of credit capping by the PaConf will be postponed to 2018. The other proposals of NewGen ISS – accreditation models, global insolvency insurance and alternative methods of payment, including EasyPay – will be put to a vote at the next PaConf in September 2016. They will be implemented as from January 2018, with the exception of EasyPay coming into effect in January 2017. ECTAA will participate to the IATA working groups on RHC and Payment methods scheduled on 28 July in Madrid.

### **LH DCC: Raising public awareness, while legal investigations are ongoing**

While Lufthansa hails its distribution strategy as a success (see [press release](#) of March), there are still a number of legal proceedings pending against Lufthansa regarding the much contested Distribution Cost Charge (DCC) raised on bookings through a CRS. ECTAA has filed a complaint in July 2015 before the Transport DG of the Commission for breach of the CRS Code of Conduct. A similar complaint has been filed by ETTSA in September 2015. ECTAA is also talking with the Competition DG of the Commission to assess whether LH Group is abusing its dominant position. A meeting is scheduled with them in July. But LH is also under attack in other jurisdictions: In Austria, the travel agents' association WKÖ has brought an action against LH Group for abuse of dominant position in Austria. In the US, LH filed a law suit against Sabre, who are contesting the DCC as being in breach of their contract, on the grounds that LH Group is discriminating in favour of their own CRS.

ECTAA is working closely with ETTSA to raise awareness of the issues at stake. Numerous meetings have taken place with Members of the European Parliament in Brussels and Strasbourg. As a result there will be questions raised by MEPs to the Commission on breach of non-discrimination requirement and the impact for the consumer on price transparency. There will also be an event organised at the EP In July on 'New commercial practices by the airline industry', where ECTAA and ETTSA will presents the results of its survey on consumer awareness of and views on use of booking channels, choice in airline selection and the potential impact of CRS surcharges.

### **Digital Economy: Sifting through the e-commerce package**

The European Commission published its ecommerce package, which contains a number of measures to allow consumers and companies to buy and sell products and services online more easily and confidently across the EU. Of particular importance is the adoption of a legislative proposal to address unjustified geo-blocking and other forms of discrimination based on nationality, residence or establishment, to avoid that consumers are not discriminated against in terms of access to prices, sales or payment conditions, unless this is objectively justified for reasons such as VAT or certain public interest legal provisions. ECTAA will ensure that the regulation does not impose additional obligations compared with the current provisions of Article 20(2) of the Services Directive (principle of non-discrimination).

Another measure of importance is the adoption of a legislative proposal to strengthen enforcement of consumers' rights and guidance to clarify, among others, what qualifies as an unfair commercial practice in the digital world. The so-called consumer cross-border enforcement and cooperation

Regulation proposal (CPC regulation) aims to increase the cooperation between National Enforcement Bodies (NEBs). This may be useful in terms of handling cross-border infringements that travel agents and tour operators have been complaining about for years, such as discrimination in the access to fares and class availability, which is in breach of the Air Services Regulation.

As part of the e-commerce package, the Commission has also adopted two Communications on online platforms and on collaborative economy (for more information, please consult the corresponding “latest developments”).

## Latest developments

### **IATA NDC: Uptake of NDC standard**

IATA launched a New Distribution Capability (NDC) Certification Registry the aim of which is to recognize those companies that have implemented part or all of the NDC technical standard. As at 7 July, there were 27 airlines, including a number of European airlines, 27 IT companies and 7 travel agents registered.

For more details, see [NDC registry](#)

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### **Digital Internal Market: Commission adopts approach for online platforms**

The Commission has adopted a Communication setting out its approach as regards online platforms, such as search engines, sharing economy, etc. While existing legislation on competition, consumer protection and data protection already apply to such platforms, the Commission encourages self- and co-regulation to ensure responsible behaviour, transparency and non-discrimination, while safeguarding innovation.

For more details, see [Communication](#)

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### **Sharing Economy: Commission issues guidance on Collaborative Economy**

The Commission has issued non-binding guidance on how existing EU legislation should be applied to the Collaborative Economy. It makes recommendations to Member States on how suppliers on peer-to-peer platform should be regulated in terms of compliance with market access requirements, taxation, consumer protection rules, etc. without stifling this growing economic activity.

For more details, see [Communication](#)

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### **UNWTO Convention: Finishing line in view**

The UNWTO wants to wrap up negotiations on the draft Convention on the Protection of Tourist and Tourism Services Providers so it can be adopted in 2017. The 8<sup>th</sup> working group meeting took place in June. ECTAA managed to defend its position on several topics, notably regarding the provisions on liability and the definitions of “package” and “linked travel arrangement”. However, no agreement has been found regarding whether the Convention should address B2B relations and, more specifically, cancellation fees to be paid by tour operators to hoteliers in the event of force majeure.

### **Taxation: VAT action plan**

The Commission has published a Communication, setting out the most urgent actions to improve the VAT system, notably in the digital age, and move towards a definitive VAT system for cross-border supplies. Among other, it includes options allowing greater flexibility for Member States in setting VAT rates. This will be one option that will be considered in the study on the VAT treatment of travel agents (see below).

For more details, see [Communication](#)

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### **Taxation: Study to assess possible improvements to the VAT treatment of travel agents**

The Commission has published a call for tender for a study on the special VAT scheme for travel agents and options for reform. In short, the objectives of the study are to (i) analyse the

implementation of the special scheme, (ii) provide an in-depth economic analysis of the travel industry, (iii) evaluate the functioning of the current VAT rules and (iv) identify, assess and compare options for reform both under the current place of supply rules and under place of supply rules based on the destination principle. ECTAA is assessing how to contribute to the study.

For more details, see [public call for tender](#)

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### **Taxation: Germany taken to Court over VAT rules for travel agents**

The Commission has decided to refer Germany to the European Court for failing to transpose the ECoJ decision in the case brought by the Commission against Spain and 7 other Member States, C-189/11. This concerns the scope and the margin calculation of the special VAT scheme for travel agents.

For more details, see Commission [press release](#)

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### **Transport: interpretative guidelines on air passenger rights**

The Commission has published the interpretative guidelines on Regulations 261/2004 and 2027/97. They provide clarity on the provisions of the Regulations. They also make reference to the package travel Directive (PTD). ECTAA managed to clarify that while passengers can make claims under the Regulation 261/2004 or PTD, they cannot make a 261/2004 claim to the organiser.

For more details, please see [Interpretative Guidelines](#)

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### **Transport: Court interprets passenger rights in case of downgrading**

In the case C-255/15, the European Court decided that a passenger holding on a multi-segment ticket and who has been downgraded on one segment, is only entitled to refund of that segment –not the whole ticket- and on the basis of the price without taxes and charges.

For more details, see [ECoJ decision](#)

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### **Transport: EU updates Air Safety List**

A new Air Safety List is in place since 18 June 2016. The updated EU list includes all airlines certified in 19 states as well as 8 individual airlines with full or partial operational restrictions.

For more details, please see memo sent on 10 and 14 December or consult the [Air safety List](#)

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### **Visa policy: Visa-reciprocity for US and Canadian citizens threatened**

In its Communication adopted in April, the Commission takes note that there are four third countries which continue to require visas from EU citizens despite the fact that their nationals can travel to the EU/Schengen area without a visa, notably the US, Canada, Brunei and Japan. In line with EU legislation, the Commission may adopt an act suspending for 12 months the visa waiver for nationals of those countries. ECTAA is working hard with tourism stakeholders to avoid new visa imposition.

For more details, please see the [Communication](#) and [fact sheet](#)

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## **Other News in Brief**

- [Eurostat: Two thirds of air passengers bought their tickets online in the EU](#)

## **Upcoming ECTAA Meetings and Events**

12 July	EP breakfast workshop 'New commercial practices by the airline industry', Brussels
28 July	Meeting of D&S delegation with Minister of Tourism of the Balearic Islands, Palma
17 August	Malev Hearing, Tribunal of Amsterdam
4-5 September	WTAAA meeting, Geneva
6 September	PAPGJC meeting, Geneva

13 September	ECTAA Air Matters Committee, Brussels
19-21 September	PaConf/39 meeting, Singapore
September (date tbc)	ECTAA Destination, Incoming Tourism and Sustainability Committee, Brussels
27 September	FSM Steering Group meeting, Brussels
10 October	NET meeting, Brussels
30 Nov – 2 Dec.	ECTAA semi-annual meeting, Tunis

## Other Events

27 - 28 September	<a href="#">Global Green Destinations Day</a>
11 October	European Tourism Forum, Bratislava
29 November	European Tourism Day, Brussels

## EU consultations

- [Consultation on the regulation of professions: proportionality and Member States' National Action Plans](#), open until 19 August 2016
- [Public Consultation on the Evaluation and Review of the ePrivacy Directive](#), closed on 5 July 2016
- [Consultation on a proposal to introduce a Services Passport and address regulatory barriers in the construction and business services sectors](#), open until 26 July 2016
- [Public consultation for the Fitness Check of EU consumer and marketing law](#), open until 2 September 2016
- [Public consultation on the role of publishers in the copyright value chain and on the 'panorama exception'](#), closed on 15 June 2016

## Destination updates

- **Tanzania:** VAT of 18% has been introduced on tourism services, until now exempted, as from 1 July. ECTAA and a number of Members have written to the Tanzanian Tourism and Finance Minister to request a postponement of the tax, which has been implemented without any advance notice.
- **UK – Brexit:** On 23 June the UK population has voted in favour of leaving the EU. The UK has to invoke Article 50 of the Lisbon Treaty, that will then set in motion the formal legal process of withdrawing from the EU, and give the UK two years to negotiate its withdrawal. So within the next two years, we may not expect to see any major changes. This means there are no changes for travellers to/from the UK in terms of visa requirements, border controls, validity of the European Health Insurance Card, Air, Road or maritime Transport etc. The President of ECTAA is considering setting up a special working group to review the potential impact of the BREXIT on the travel trade. In the meantime the secretariat will carry out an initial impact assessment on the tourist UK-EU tourist flows and the level of legislative integration which would be required to preserve the tourist flows between the UK and the 27 member states.
- **Zika – [WHO advice for travel to the Olympics in Brazil](#)**
- **Zika – [Updates from European Centre for Disease Prevention and Control](#)**
- **Europe – Promotion campaign :** The EU has funded and launched a campaign promoting tourism in Europe in June 2016: '[Europe. Wonder is all around.](#)' This campaign has the aim of showing Europeans that wonder is just at their doorstep. The campaign also contains a set of ready-to-use [promotional tools](#), a promotional guide with some social media posts ready to be used.