eu travel tech

Manifesto for the Next EU Leadership

Foreword

"Technology is changing travel. Let us tell you how".

Travel and tourism are vital pillars of the European economy, supporting local communities and driving employment opportunities. The industry, once thriving, faced an unprecedented upheaval due to the seismic impact of the COVID-19 pandemic. Now, as it emerges from this crisis, it confronts a range of pressing challenges. Chief among them is the urgent need for a transformation towards a tourism economy that is both more sustainable and resilient.

The travel tech industry, represented in Brussel by eu travel tech, is actively supporting this transition. Over the past three decades, technology has fundamentally revolutionized the way we travel. Travel tech has empowered consumers by delivering greater choice, flexibility and transparency. Today, travellers can effortlessly select options that perfectly align with their specific needs and preferences. Looking ahead, travel tech companies aspire to play an equally pivotal role in facilitating European consumers' shift towards sustainable offerings.

The EU institutions have a critical responsibility in facilitating this transition while enhancing the competitiveness of the travel and tourism sectors and protecting European consumers. Under the leadership of President von der Leyen, the EU has taken significant strides in addressing the challenges posed by the twin transition for the travel and tourism sector, including through the Green Deal and an ambitious Digital Agenda. As the new Commission comes into power, it has to sustain the existing level of ambition by fulfilling the promises of the initiatives still in preparation or in discussion while ensuring that the numerous regulations adopted will actually deliver their expected benefits.

This manifesto presents eu travel tech views on how to deliver on such an agenda, outlining the association's priorities for the coming EU political cycle. To fulfil this ambitious agenda, eu travel tech and its members stand ready to work with all EU policymakers and stakeholders to make the European travel and tourism sector a force for growth while ensuring its increasing sustainability.

Emmanuel Mounier
Secretary General

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Enhancing European Passenger Transport: Fostering Smart and Sustainable Mobility through Healthy Competition

Delivering an Ambitious MDMS Regulation

With its initiative on **Multimodal Digital Mobility Services (MDMS)**, the European Commission aims to give European travellers the tools to compare, combine and book any transport offer with a single click. The Regulation is expected to remove existing hurdles faced by travel platforms and support the development of new services in this area. This will ensure that consumers always have the best, most personalised and cheapest means of getting from A to B at their fingertips, no matter where they're starting from and where they're headed, including having the right information to make sustainable choices.

An ambitious MDMS Regulation is called for to address the reluctance of dominant operators towards embracing open ticket distribution, including:

1. **Obligations for large transport operators to share their tickets and data with third-party platforms on fair, reasonable and non-discriminatory (FRAND) terms;**
2. **Obligations for operators and platforms to enter into FRAND commercial agreements to make ticket distribution possible;**
3. **Obligations for platforms to display offers in a non-biased way.**

For the MDMS Regulation to deliver its expected benefits to European travellers, it shall be truly multimodal, including rail, air and road services.

Ensuring that Air and Rail Passenger Transport Markets are Truly Competitive

As the European airline market overcomes the COVID-19 pandemic, a consolidation wave is expected, ranging from the integration of ITA into Lufthansa Group, over the attempted purchase of Air Europa by IAG, to Air France-KLM's significant investment in SAS, with TAP next in line. The risk for Europe is clear: strong consolidation will lead to less competition, higher prices and fewer satisfied travellers, following the example of the highly consolidated US airline market.

In rail, recent opening of competition has resulted in more offers and cheaper prices in France, Italy and Spain. Yet it remains difficult for competition to flourish in the highly concentrated rail passenger market, due to the anticompetitive practices of incumbents, notably in distribution. Competition authorities across Europe (Germany, France, Italy) and the European Commission have to take action.

All European regulators, starting with the European Commission, shall ensure that competition remains high in passenger transport markets by critically assessing any consolidation operation on its economic merits and investigating any anticompetitive practices from dominant players. A snuffing out of competition through successive mergers shall be prevented, including by offering passengers transparency through independent comparison and booking options.

Digital Markets: Ensuring the Robust Implementation of the Recently Adopted Legislative Framework

Delivering an Effective Implementation of the Digital Markets Act to Restore Competition in Digital Markets

For years, Google has used its general search service to promote its own travel products (Google Hotels, Flights...) to the disadvantage of competing vertical search services. The **Digital Markets Act** has been designed to put an end to these practices. The ban on self-preferencing is crucial for businesses in the travel tech sector and other digital segments to continue attracting users and customers through general search services such as Google Search.

With the deadline to comply with the DMA obligations set for March 2024, it will be crucial that European regulators work closely with gatekeepers and third parties to ensure that the proposed compliance solutions are fit for purpose and fully in line with the DMA. Ensuring Google does not continue to use its search engine to promote its products against those of competitors can be one of the great achievements of this landmark legislation.

Providing Guidance for the Implementation of the Digital Services Act and Ensuring Consistency with Other Relevant Rules

The Digital Services Act (DSA) is a key instrument to address challenges linked to the online environment and crack down on illegal content online. The Regulation was designed to address challenges linked to certain business models, namely social media platforms and goods' marketplaces. However, it imposes the same obligations on less risky platforms including travel platforms, which do not pose the same challenges.

It will be essential that the European Commission works closely with Digital Service Coordinators and platforms to guide them in the implementation of the DSA and to ensure that the Regulation's obligations are well adapted to different business models and levels of risk. A one-size-fits-all approach will impose a disproportionate regulatory burden on platforms.

Furthermore, it is crucial to examine the interaction between the DSA and other relevant EU rules such as the AI Act, GDPR, and Data Act. The ongoing efforts towards a potential "Digital Fairness Act" must avoid redundancy with established frameworks, and it will be imperative to ensure uniform and consistent enforcement of consumer and digital rules.

Enabling Data-Driven Regulation on Short-Term Rentals (STR) through a Smooth Implementation of the EU Proposal on STR

The short-term rental (STR) market is a complex ecosystem. The assessment of its positive and negative effects on cities or more rural areas across the EU is limited by the lack of a harmonised framework for STR data sharing. The EU proposal for a Regulation on STR aims to address this challenge and to ensure that Member States and local authorities have the right tools to assess the impact of STR on their local economies and communities.

Following the adoption of the STR Regulation, substantial efforts will be required from all to ensure that the new rules yield the anticipated benefits:

- **Consultations between Member States and STR platforms will be essential for the successful roll out of the Single Digital Entry Points (SDEPs).**
- **An advisory panel bringing together all stakeholders within the STR space should be established to support regulators in identifying best practices with regard to data-sharing and evidence-based policymaking. The European Commission should guide Member States' efforts in the implementation phase as well as continue to monitor the alignment of local rules on STRs with the EU Services Directive.**

The Regulation's success shall be measured in relation to its capacity to lead Member States towards more effective and evidence-based policymaking in the STR sector.[1]

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1   In this regard, see eu travel tech study by Professor Christoph Busch: "**Regulating Short-Term Rentals: Towards Data-Driven Policymaking?**", March 2023

Sustainability: Empowering European Travellers with Essential Information

Increasing Consumer Transparency by Making Transport Emissions Data Available

With its proposal **CountEmissionsEU**, the European Commission has set the path to provide consumer transparency on the environmental impact of passenger transport services. Once adopted, it will set a standard for the calculation of GHG emissions. This methodology will be crucial to enable consumers to make a like-for-like comparison of different transport offers, thus responding to growing societal and customer demands.

The CountEmissionsEU framework will facilitate easy comparison of different travel options when emissions data is available. However, it does not impose a mandatory requirement for this information to be displayed, nor does it compel operators to share such data with third-party distributors.

For consumers to receive full environmental transparency, they must be given simple means of accessing emissions data. We thus call for ensuring this data becomes available, including by imposing obligations on transport operators to share it.

Ensuring Businesses Can Continue to Invest in Innovative Sustainability Communications Solutions

In March 2023, the European Commission published a proposal introducing EU-wide criteria for the substantiation and communication of explicit environmental claims (**Directive on Green Claims**). As environmental sustainability becomes a crucial factor in shaping consumer choices, it is important to have a framework that can guide businesses in their environmental communications.

Over the past few years, companies in the travel tech sector have invested in the development of sustainability labels and comparison tools as they align with growing consumer demand for more sustainable travel options. Sustainability information has become essential to help travellers make informed choices by identifying accommodations, transportation and activities that meet certain sustainability standards.

It will be important that the new framework ensures that businesses can continue to play this crucial role in facilitating and accelerating the green transition by investing in innovative sustainability communication tools that speak to a global audience in search of more sustainable travel options. Imposing overly complex procedures on businesses that wish to communicate their sustainability efforts could have a "green hushing" effect, making it harder for consumers to identify more sustainable options.

Enhancing Consumer Protection: Crafting Effective Rules for Safeguarding European Travellers

Strengthening Safeguards for the Protection of Air Passengers

The challenges faced by air passengers during the COVID-19 pandemic, including the long delays in the reimbursements for cancelled flights, have called for an ambitious reform of the **EU passenger rights framework**. One of the areas identified by the European Commission as requiring intervention was the protection of passengers against airlines insolvencies. Regrettably, the European Commission's ambition waned during the process, leading it to forgo any intervention.

Addressing this challenge will be, however, essential to better protect passengers. The data speaks for itself: according to a 2020 study by the European Commission, between 2011 and 2019, 87 airlines went bankrupt, affecting 5.6 million consumers. A mandatory insolvency protection scheme for the airlines as part of the review of the passenger rights framework will be essential to ensure passengers are protected against this risk.

In addition, delays in the reimbursement have had disruptive consequences both for consumers and travel intermediaries. This calls for better enforcement of passenger rights as well as for the introduction of B2B refund obligations to ensure that consumers and businesses can be properly safeguarded against airlines' illegal practices.

Safeguarding the Viability of Already Well Protected Package Travel Products

Travel packages are the best protected travel product in the European market. Under the **Package Travel Directive (PTD)**, consumers are protected against the insolvency of the package organiser and can cancel the package at no cost in case of unavoidable and extraordinary circumstances. Consumers do not benefit from similar rights when purchasing standalone travel services.

Despite the overall soundness of this framework, several weaknesses were exposed by the COVID-19 pandemic. The revision of the PTD shall aim at making it future-proof against potential new crises by:

- **Introducing B2B refund obligations from travel services providers to package organisers for voluntary cancellations by consumers in case of unavoidable and extraordinary circumstances.**
- **Introducing a similar refund right for voluntary cancellations in air passenger rights.**

In addition, we caution against provisions aimed at limiting consumer pre-payments, as package organisers are anyhow required to pre-pay travel service providers, especially the airlines. Alternative solutions should be explored including requiring IATA to hold consumer funds in escrow until the trip completion. This would protect pre-payments without placing any unnecessary burden on package organisers.

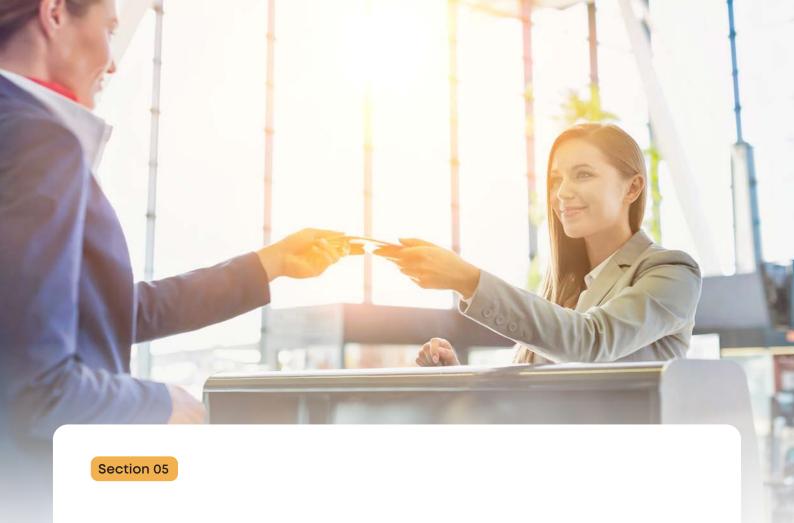## Enabling Real Price Transparency for Air Passengers

The revision of the **Air Services Regulation** would be a much-needed step to bring greater price transparency on air fares to European consumers. Article 23 was designed to ensure that consumers have access to comprehensive and accurate information on air fares. As the proportion of ancillary fees in the total airfare continues to rise, it has become increasingly challenging to make clear comparisons between different airline offerings. This underscores the urgent necessity for a robust legal framework to ensure transparency in airline pricing.

We encourage the European Commission to revise Article 23 of the Air Services Regulation to enable consumers to compare options effectively and make choices on an informed basis. Full transparency shall be provided at booking stage on the cost and availability of ancillary services.

Payment services rules that are fit for purpose

The proposal for a new Regulation on Payment Services can improve harmonisation and enforcement of rules across Member States, providing greater clarity for businesses and consumers. However, rules shall remain implementable for travel tech businesses, considering the specificities of payment transactions in the travel sector. Payment rules meant to protect consumers and prevent fraud should not unnecessarily lead to more complex payment processes and undue compliance burden for a low-fraud sector.

Taxation: Aligning Rules With the Objectives of the Twin Transition

Ensuring VAT for Passenger Transport is Fit for Purpose

As part of the planned **VAT package** for travel and tourism, the European Commission will review the existing VAT rules applicable to passenger transport (cross-border air, rail and road travel) to better align them with the EU Green Deal objectives. One objective of the review will be to create a level playing field between different transport modes by addressing existing and unevenly applied VAT exemptions.

While eu travel tech members are not directly involved in the operation of passenger transport services, they are involved in their distribution. As such, we call on policymakers to ensure that any changes in the VAT framework for cross-border transport fully take into account possible complexities arising from a change to the status quo. Any future framework should be of easy application by travel distributors and easy to understand for travellers themselves.

Designing Future-Proof Digital Taxation Rules

The digitalisation of our economy poses a myriad of challenges for taxation systems across the globe, which has led to EU and global efforts to provide new rules more suited to the digital economy. The **OECD's "two pillar" solution** aims to ensure a fairer distribution of profits and taxing rights among jurisdictions. Pillar 2 designates a minimum corporate tax rate to be applied to a relatively wide group of large companies and has already been agreed. Pillar 1 re-allocates parts of the profits of the largest and most profitable companies. Its application would lead to the withdrawal of Digital Services Taxes targeting these companies.

Pillar 1 remains a divisive point of discussion among OECD member states. For travel technology companies, a swift and comprehensive adoption and ratification of Pillar 1 is crucial, as it would bring a removal of existing Digital Services Taxes, which have a disproportionate impact on them.

We call on the European Union and its Member States to remain committed to Pillar 1 as a multilateral framework fit for the digital age, which would create certainty and stability in the international tax framework. European or even national solutions are not suited to address the taxation challenges of a global and digitized economy.

About eu travel tech

Formerly known as European Technology and Travel Services Association (ETTSA), eu travel tech was established in 2009 as a dedicated organization to represent and promote the interests of travel technology companies in the EU. We work collaboratively with industry stakeholders and policymakers towards the common goal of fostering a consumer-driven, innovative, and competitive travel and tourism industry that embraces digitization, transparency, and sustainability.

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eu travel tech

Avenue Marnix 17   www.eutraveltech.eu

1000 Brussels   info@eutraveltech.eu

Belgium   +32 499 80 13 74