

COMMISSION OF THE EUROPEAN COMMUNITIES

SEC(92) 701 final

Brussels, 27 May 1992

COMMUNICATION FROM THE COMMISSION

COMMUNITY POLICIES AND MEASURES AFFECTING TOURISM

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INTRODUCTION

The horizontal aspect of tourism has been amply underlined both by the Commission, when it adopted the Community action plan to assist tourism, and by all the other Community institutions.

The links between the tourist industry and all other sectors of socio-economic activity are numerous. Tourism influences, and is directly influenced by, many of these sectors and is a source of revitalization for many others. As a result, the Community's measures and activities in all areas must take account of the problems, requirements and characteristics of the tourist industry.

Strengthening the horizontal approach to the field of tourism will contribute considerably to the fuller integration of the industry in the policies carried out by the Community and will certainly lend greater cohesion to the various measures and investments in support of tourism.

During their meeting in Noordwijk (17-18 October 1991), Community tourism ministers expressed the wish to have information at their disposal which would allow a global approach to Community actions to assist tourism.

For its part, the European Parliament, in its opinion of 14th February 1992(*) on the Community Action Plan, asked for strengthening of horizontal action through an improved awareness of the multi-sector activities of the various departments of the Commission, as far as their impact on tourism is concerned.

The aim of this document is therefore to provide a clear and coherent picture of all the actions affecting tourism, many of which are carried out within the framework of specific Community policies.

The structure of the report follows the structure set out in the Action Plan for Tourism, so that Section I deals with general measures connected with the completion of the internal market, whereas Section II covers measures resulting from the application of certain Community policies.

Community interventions aiming at assisting tourism by financial measures are covered by a separate document "Community resources available for tourism".

(*) EP 158.955

<p>I. General measures connected with the completion of the internal market</p>
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A. The elimination of frontier controls

a. Control of goods

1. Completion of the internal market will result in the total abolition of controls and formalities for all goods at internal frontiers, and for Community goods as far as trade between Member States is concerned.

2. In tourism terms, the main measures of interest so far are the following:

The Directive on general arrangements for excise duties (Council Directive 92/12/EEC, 25 February 1992, O.J. N° L76 of 23 March 1992), which the Council adopted on 10 February 1992, will abolish the duty-free fuel allowance for commercial passenger vehicles (currently 600 litres per vehicle), replacing this limit with a provision that fuel in conventional fuel-tanks will not be subject to the excise duty of the country of destination. This will further facilitate the crossing of internal Community frontiers by tourist coaches.

Council Regulation No 4060/89, abolishing frontier checks and formalities related to road vehicles, their drivers, inland waterway vessels, and the corresponding documentation;

Council Regulation 3925/91 (OJ L374) which abolishes controls or formalities in respect of cabin and checked baggage of passengers taking an intra-Community flight, and the baggage of passengers making an intra-Community sea crossing. This Regulation, adopted by the Council on 19 December 1991, does not rule out the possibility of making safety checks.

3. The amended proposal (COM(88)297 final) for a Directive on tax exemptions for certain means of transport temporarily imported into one Member State from another, is currently before the Council for adoption. This would allow a resident of a Member State to drive a "foreign" hire car, which has been temporarily imported, to any other Member State, and in particular to the Member State in which the car-hire company is established. Re-export must take place within eight days.

b. Control of individuals

4. Compulsory car insurance, national drivers' licences conforming to an EC standard model, the European passport and the E111 health insurance form have all contributed to making travel within the Community easier.

5. Article 8A of the Treaty includes an obligation to suppress all forms of control at internal Community frontiers. The suppression of controls on individuals at these frontiers requires the adoption of measures guaranteeing the maintenance of an appropriate level of

security. To this end, the "free movement of individuals" co-ordinating group, set up at the Rhodes Council meeting, has drawn up the "Palma document", in which both the "essential" and "desirable" conditions for the abolition of controls at internal frontiers are set out. This document covers both Community and intergovernmental measures.

- Community measures

6. Chapter 9 of the Palma document deals with Community measures allowing the suppression of controls on articles transported by travellers. The "essential" measures relating to fertilizers (directive 85/572/EEC), the transport of arms (directive 91/477/EEC of 18th June 1991, OJ L 256), and the protection of species of wild flora and fauna (revision of regulations 3626/82 and 3418/83) have been adopted. The only measure still awaited is a proposal introducing a sanitary certificate and certificate of vaccination for dogs and cats.

- Intergovernmental measures

7. The draft convention on the crossing of the external frontiers of the Community has been ready for signing since July 1991, subject to the resolution of a bilateral problem between the United Kingdom and Spain which relates to the territory covered by the convention. The convention deals with the mutual recognition of national visas for short-term visits and, for third-country nationals legally admitted into one Member State, abolishes the requirement for a visa for a stay of less than three months, without the right to work, in another Member State.

8. Within the framework of the TREVI group, Ministers adopted in June 1990 an action programme aimed at putting in place compensatory policing measures which will permit internal frontier controls to be abolished without leading to gaps in security.

9. In the report of the "free movement of individuals" co-ordinating group approved by the Maastricht Council meeting, the group noted that the Palma programme measures not yet implemented "were not of such a nature that their non-adoption would constitute an obstacle to the realisation of the free movement of individuals".

10. The Treaty on European Union signed at Maastricht allows for matters relating to the crossing of external frontiers to be considered as "matters of common interest" according to appropriate intergovernmental procedures. However, Article 100 C of the Treaty considers decisions on "the countries whose nationals must be provided with a visa when crossing the external frontiers of the Member States", as well as the introduction of a standard type of visa, to be Community matters.

- Other relevant intergovernmental measures

11. The convention putting into application the Schengen Agreement of 19 June 1990 provides for the suppression of controls on individuals at all the shared frontiers of the signatories. This convention was signed initially by France, Germany, Belgium, the

Netherlands, and Luxembourg, and subsequently by Italy, Spain, and Portugal. Greece plans to sign during the course of this year. At present the convention has only been ratified by France.

c. Indirect taxation

Value Added Tax

12. The prime objective of the Commission's proposals is to abolish tax frontiers, in other words to eliminate the need for checks at internal borders, and for time-consuming procedures, by changing the VAT mechanisms applied between Member States and by approximating VAT rates.

13. In its White Paper on the Completion of the Internal Market in 1985 the Commission drew up plans for dismantling tax frontiers, based on :

- discontinuation of the system of travellers' tax-paid allowances, which gives rise to most of the tax controls on individuals crossing an intra-Community frontier;
- harmonization of structures;
- approximation of rates;
- abolition of tax formalities through application of the rate of tax applicable in the country of origin and introduction of a clearing mechanism which allocates the VAT receipts to the Member State of destination of the goods (since VAT is a general tax on consumption, the principle is that tax revenue should accrue to the country where final consumption takes place).

14. All the proposals needed to implement the plans were put before the Council in 1987, but were not examined by it until 1989, with the first measures not being adopted until 1991. These delays have resulted in the introduction of transitional arrangements to apply from 1993 to 1996, pending the entry into force of the system of taxation in the country of origin.

15. From 1 January 1993, the crossing of a frontier will cease to be the event giving rise to the levying of VAT (chargeable event); it is the acquisition of goods which have been transported from one Member State to another which will give rise to VAT. This will mean scrapping, from that date, the system of travellers' tax-paid allowances, which have been raised gradually since 1985 (to 600 ECU currently) with that aim in mind.

16. From 1 January 1993, goods will move within the Community without any formalities having to be completed on crossing intra-Community frontiers, in accordance with transitional arrangements applicable until 31 December 1996. These arrangements provide for the charging of VAT in the country of destination and relief from VAT in the country of origin. The accounting for and collection of VAT will be aligned on the procedure used for accounting for VAT on domestic sales and will therefore take place through the firms' regular VAT returns. This system of collection will create a new

need for co-operation between tax authorities via a computerized network permitting the exchange of information required to check transactions. The legal framework for this system has already been established.

17. Because there are still substantial differences in VAT rates between the Member States, an immediate move towards harmonisation of rates was felt not to be feasible. A two-rate system has therefore been agreed in principle, with minor transitional arrangements for special cases. On 24 June 1991 the Council agreed in principle that, from 1 January 1993, the Member States will apply a standard rate of VAT not lower than 15%. Alongside this standard rate, the Member States will have the option of applying one or two reduced rates, not lower than 5%, but with no ceiling fixed.

18. Since, from 1 January 1993, a significant proportion of all purchases will be taxed once and for all in the country of origin - including all purchases by intra-Community travellers, all purchases from small businesses, and all private purchases of second-hand motor vehicles - this should help to exercise pressure towards the further convergence of rates.

19. A list of goods and services to which the reduced rates may be applied has been drawn up. The list comprises essential products, plus goods and services which correspond to social or cultural policy objectives (provided there is little or no risk of distortion of competition).

20. As far as sectors of tourism interest are concerned, the list includes passenger transport, tourist accommodation (hotels, guesthouses, etc), hire of camping sites, use of sporting facilities, and admission to amusement parks, sporting events, shows, theatres, cinemas, fairs, circuses, museums, zoos, concerts and exhibitions. Restaurant services are not included in the list, and therefore the standard rate will apply (but see transitional arrangements below).

21. A number of transitional arrangements were also announced:

- Member States which will be obliged to increase their standard rate of VAT by more than 2% will have the option of applying an extra low rate to other goods and services, provided that they fall within the scope of the reduced rates and that the rate applied is not zero. Furthermore, these Member States will have the option of applying a reduced or extra-low rate, provided it is not zero, to the following products: restaurant services, childrens' footwear and clothing, and housing.
- Member States which as of 1 January 1991 applied a reduced rate to goods and services which do not appear on the above list may continue to apply a reduced rate, provided that the rate is not less than 12%.
- Member States which as of 1 January 1991 applied to certain goods and services a lower rate than 5% will have the option of retaining this extra-low rate, including zero-rating, for those goods and services.

22. On the basis of a report to be submitted by the Commission, relating in particular to the proper functioning of the internal market, the Council will re-examine the transitional arrangements before 31 December 1994. In addition, the Commission will propose appropriate measures in the event of significant distortions of competition arising. In principle, all transitional arrangements will cease on 1 January 1997.

23. The process of harmonization of the basis of assessment began in 1977. The directives adopted since then have left untouched a limited number of derogations which will have to be eliminated in the course of 1992, including the derogation for passenger transport. There is general agreement on the practicalities of applying VAT to passenger transport, but there is disagreement at present on the question of the rate to be applied, because of fears of distortion of competition between the Member States. Since transport of passengers to and from third countries will continue to be free of VAT the question of possible distortion between international transport and intra-community, ie "domestic", transport is also being looked at.

Excise Duties

24. On 19 September 1990 the Commission adopted four new proposals for Directives, three of which round off the series of measures proposed in 1989 on the approximation of excise duties. These proposals concern the general arrangements for the movement and control of products subject to excise duty after 1992, and harmonized rules on structures.

25. The Directive on general arrangements which the Council adopted on 10 February 1992 lays down the definitive scheme for excise duties; unlike VAT, no transitional period is envisaged. The proposal provides for goods to move between warehousekeepers under duty-suspension arrangements. Control measures will be taken within Member States to prevent fraud and to ensure the removal of all frontier tax controls by the end of 1992. As a result individual travellers will be able to purchase products freely in other Member States without incurring any excise duty charge when they move between Member States, provided the products are for the personal use of the purchaser. On the other hand, goods bought duty-paid in one Member State and sold again in another Member State will be liable to duty in the second Member State. For this reason, Member States will need to distinguish between genuine personal purchases and commercial traffic. To do this, they will be required to take account of a number of factors including the quantity of goods being carried. An individual transporting quantities which exceed the indicative guidelines which have been laid down may well, therefore, find himself being asked to justify that it is for his personal use. Provided that he can do so, he will incur no duty liability.

26. As regards structures, three Directives have been proposed concerning the structures of excise duties on alcoholic beverages, manufactured tobacco, and mineral oils. They replace earlier proposals, some of which have been before the Council since 1972.

They are aimed at clarifying the definition of taxed products, in order to ensure a uniform basis of assessment for taxation and to define the exemptions applicable. The Council is due to decide on these proposals before the end of June 1992.

27. The first proposal on excise duty rates dates back to 1987. However, the wide differences in rates between Member States make it difficult to achieve complete harmonization by the end of 1992. In its communication to the Council and the European Parliament of 14 June 1989 (COM(89)260), the Commission indicated that it was going to be more flexible in its efforts to bring excise duties closer together, taking account of the very different emphasis given to the taxation of these products in Member States, some of which are themselves producers. This flexible approach, however, must not undermine the basic principle of the abolition of customs and tax frontiers by 1 January 1993.

28. Following its Decision of 25 October 1989, the Commission amended its proposals concerning the excise duty rates on cigarettes, tobacco, mineral oils and beverages. The current proposal is that minimum rates should be introduced, with effect from 1 January 1993, for all products subject to duty, except for certain oil products for which the Commission is proposing ranges of rates, in order to prevent distortion of competition. This initial flexibility will ultimately have to lead to a movement in rates towards reference levels, termed "target rates", in accordance with the internal market objectives. These target rates, which are not compulsory common rates, will involve Member States in a long-term process of convergence at Community level, and will have to be compatible with public health, transport and energy policies, and with environmental requirements.

29. In the case of spirits and tobacco, the single rates proposed in 1987 have been replaced by minimum rates, which are at a lower level, and by target rates at a higher level. These target rates are consistent with the need to protect health. Similarly, encouragement will be given to the increased use of unleaded motor fuels; these target rates meet environmental requirements. Provision has been made for a review of the minimum rates and target rates every two years, starting on 31 December 1994, so as to adapt them to any changes in tax, health, energy, transport and environmental policies after 1992. The levels of the various rates will be examined by the Council on the basis of a report from the Commission.

30. Aviation fuels used for other than private pleasure flights, and fuels for railway vehicles running on public railway networks will be exempt from excise duty.

31. On 24 June 1991 the Council agreed in principle the levels of the minimum rates of excise duty to be applied to most products liable to excise duty. At the same time, the Council agreed to regard the target rates proposed by the Commission as reference rates to be used as a basis each time they amend their rates. Since then the Council has committed itself to adopting the agreed minimum rates and deciding on the remaining outstanding minimum rates before July 1992.

Duty-Free Sales

32. Although the long-term retention of duty-free sales is seen as incompatible with the aims of the Single Market, it has been accepted that the transport industry needs time to adapt to the loss of this significant source of revenue. The Council agreed on 11 November 1991 that the duty-free regime for sales to intra-Community passengers will be extended until 1 July 1999. This continuation of duty-free sales must, however, operate without customs checks at frontiers.

33. The Commission is drafting broad guidelines for an alternative system of control, but it will be up to the Member States to work out the details and implement the system. The principle of the alternative system is that control will be exercised on the shops authorised to sell goods duty-free, and not on individuals crossing frontiers, as at present. These authorised shops will not be allowed to sell more than a certain amount of duty-free goods per head per journey or voyage.

B. The improvement of conditions for transnational co-operation between enterprises

a. Direct taxation

1. In the context of the single market, the Commission's prime objective is to ensure that companies operating in two or more Community countries are not penalized on tax grounds and thus placed at a disadvantage compared with companies whose activities are restricted to national territory. In order to achieve that objective, all forms of double taxation must disappear by 1 January 1993.

2. The two directives adopted by the Council on 23 July 1990, relating respectively to the fiscal regime applicable to parent companies and subsidiaries in different Member States and to mergers, divisions and contributions of assets, have not yet been transposed by all the Member States (the deadline was 1 January 1992). As concerns the ratification of the convention on the elimination of certain double taxation, signed by the Member States on 23 July 1990, no deadline has been set, but this constitutes an essential instrument for the operation of the two directives mentioned.

3. The Commission has presented two further proposals, one on the need for account to be taken, for tax purposes, of foreign losses (COM(90)595), and the other on the abolition of withholding taxes on interest and royalty payments within groups of companies (COM(90)571).

b. Company law

4. Building a unified internal market also involves creating the conditions under which enterprises from different Member States can cooperate. This is particularly true for firms in the tourism sector which, by the activity's very nature, are operating across borders.

5. The Community's activities in the field of company law were initially centered on the approximation of Member States' laws and were aimed first of all at attaining the fullest possible mobility between countries and at ensuring freedom of establishment for enterprises. There are, at present, eight directives in effect in this area (Company law harmonization directives no. 1,2,3,4,6,7,8,12). One directive is still to be implemented (No. 11), and three more are on the Council's table: the proposal for a fifth company law directive concerning the structure of public limited companies and the powers and obligations of their organs; the proposal for a tenth company law directive on the removal of legal obstacles to cross-border mergers; and the proposal for a thirteenth directive on ensuring harmonization of the procedures to be followed as regards takeovers and other general bids.

6. In the perspective of the single market, the Commission's more recent efforts have concentrated on the creation of company law structures which are appropriate for the operation of business on a European, rather than strictly national, scale. It is no longer the mere alignment of domestic laws that is being sought, but the creation of a truly European company law which should make it easier for European enterprises to pool their resources and hence be competitive not only inside the Community but worldwide.

7. The regulation on the European Economic Interest Grouping (EEIG) has made available the status of a new type of association which makes it easier for separate businesses from various Member States to undertake a specified range of joint activities, without having to merge or set up a jointly owned subsidiary. The EEIG (Council Regulation no. 2137/85, OJ L 199, 31.07.1985) could be defined as an intermediary between a simple contract and a proper company. It has met with encouraging response since its coming into effect on 1 July 1989. Results of a survey on how this new instrument was being used will be published in 1992, thus providing some practical information to potential creators of EEIGs.

8. Progress in a number of areas is still being held up by lack of agreement on the social aspects of the proposals. This is true in particular for the proposal for a Council regulation on the statute for a European company (Societas Europaea - SE). The original proposal was amended in May 1991 and split into two texts. The proposed statute would allow companies to restructure at European level, either by setting up a joint subsidiary, or by merging, or by creating a holding company. The legal and practical constraints arising from the existence of 12 different legal systems would thus be avoided. In its amended form, the proposal would also enable a large number of SMEs to form an SE by allowing such a European company to be created not only by public limited companies but also by private limited companies.

The second Commission proposal concerns the involvement of employees in the supervision and strategic management of an SE. Several models of participation would be offered.

9. Cooperatives, mutual societies, associations and foundations play an important economic and social role in the Community. While their contribution is best known in sectors such as distribution,

agriculture and banking, many of these enterprises also operate in tourism. However, due to their specific nature, neither the EEIG nor the SE give them access to the frontier-free market on the same footing as others. On 18 December 1991 therefore, the Commission approved draft regulations on the statutes for a European cooperative society (SCE), mutual society (CME) and association (EA), together with three draft directives on the involvement of employees in them. These statutes will provide the legal entities in question with the option of a European operational framework which will help them to engage in transnational activities while safeguarding their specific nature.

10. Rules for setting up an SCE, CME or EA are similar to those for the European company (SE). They may be formed either directly by the legal entities concerned in the different Member States or by transforming a national body which has an establishment or subsidiary in another Member State.

C. The creation of freedom of establishment and supply of services

a. Freedom of establishment, freedom to supply services, and mutual recognition of qualifications

1. One of the fundamental principles of the EEC Treaty is that a citizen of one Member States should be free to live and work in another Member State as an employee or as a self-employed person.

2. Much has already been achieved by the Community. A number of directives adopted on the freedom of establishment and the freedom to supply services concern tourism professions (in restaurants, cafes, hotels and camping sites; couriers and travel agents).

3. In 1985 the Commission adopted a new approach in this area. It abandoned the policy of harmonizing individual professions, focusing instead on making regulated professions throughout the Community accessible to persons who have obtained their qualification in other Member States.

4. On 4 January 1991, a Council Directive on a general system for the recognition of third-level qualifications involving professional training of at least three years entered into force (Directive 89/48/EEC, OJ L 19, 24.1.1989). It is based on the principle that someone who is qualified for a profession in one Member State should be able to pursue that profession in other Member States. The courses concerned are not harmonized but are considered as equivalent taking account of the qualifications obtained and experience acquired in the activity concerned. However, if the content of education and training, a would be migrant has received, differs from that required in another Member State, that Member State may require an additional adaptation period or aptitude test for a national of another Community country (the choice between the two types of compensation being left to the individual, except in the case of the legal professions).

5. Some Member States still have to communicate transposition measures for some or all the professions covered by the system.

6. A similar directive is close to adoption in the Council. It extends the system of mutual recognition to those professions for which the required level of training is not as high (post-secondary courses of less than three years and levels corresponding to a secondary course).

7. Together the two directives will ensure that all Community citizens have the right to have recognized or taken into account qualifications, training and experience acquired in any Member State.

8. The directives, however, will not replace previous specific directives and transitory measures in so far as they established mutual recognition.

9. As regards vocational training for skilled workers, the Commission has, with the assistance of the European Centre for the Development of Vocational Training (CEDEFOP), established comparability at Community level for eight occupations (receptionist, porter, barman/maid, storeperson, waiter/ress, floor supervisor, chef and wine-waiter/ress) in order to promote the free circulation of labour. Comparisons will be published shortly for retail travel agency clerk, tourist information officer, courier/tour escort, conference assistant, leisure/tourist assistant. These comparisons have to be given adequate publicity in the Member States and workers seeking employment elsewhere should be able to provide proof of their training by means of an information sheet. In association with the professional organizations concerned, CEDEFOP is currently working on profiles for a further series of occupations. This will provide a description of each sector, including training routes and qualifications, and a comparison of core tasks and competences in occupations and will help in defining training programmes in respect of each profile.

10. Specific problems have been encountered by Community citizens exercising the professions of tourist guide or tour manager.

11. Directive 75/368/EEC on transitional measures directly regulates the freedom of establishment of tour managers in the sense of persons organizing package holidays and persons accompanying tourists, but not persons who give detailed explanations of sites etc.

12. As far as tourism guides are concerned, it is necessary to distinguish between guides wishing to become established in another Member State and guides who accompany tourists to another country while remaining based in their state of origin.

13. The activities of the former are covered by article 52 of the EEC Treaty. However, the profession is regulated in a different way depending on the Member State: Some Member States have no regulations; others reserve the title of Tourist Guide to those with prescribed qualifications but tolerate other persons exercising the activity as long as they do not use the protected title; finally, there are Member States where the activity of Tourist Guide can be

exercised only by those having the professional qualifications prescribed. In any case, the system of mutual recognition of qualifications established by the two directives mentioned above could be applicable.

14. The situation of accompanying tourist guides is covered by article 59 of the EEC Treaty, as was recently confirmed by the Court of Justice judgment in cases C-198/89, C-154/89 and C-180-89 against France, Italy and Greece. The Court held that Member States must not make the supply of services by tourist guides travelling with a group of tourists from another Member State subject to the possession of a licence, issued upon the passing of an examination, when the services involved guiding such tourists in places other than museums or historical monuments which may only be visited with a specialized guide. The Court stressed that the competition on travel organizers was such that tourist guides already underwent a degree of selection and that their services were already subject to quality control.

15. This case has shown a wider problem, namely a different approach to the regulation of certain tourism professions between most northern Member States (where professions such as tourist guide tend to be less regulated) on the one hand and the southern Member States (where tourism is of greater economic importance and certain professions tend to be more regulated) on the other hand.

b. Transport Liberalisation

Air Transport

16. In December 1987, the Council approved a first package of proposals for liberalisation which aimed at progressively introducing the freedom to provide services while at the same time ensuring fair competition. This package marked the beginning of a genuine, common air transport policy establishing Community rules on tariffs, capacity sharing, market access and competition. In June 1990 the Council adopted a second liberalising package which set the scene for the final stage which the Commission presented in September 1991. This final stage includes provisions to introduce cabotage, establishing full fifth freedom traffic rights and double disapproval of air fares.

Capacity Sharing

17. The old rules that authorized carriers operating on a route between two states to divide up seat capacity equally has now given way to more flexible arrangements for sharing capacity and traffic rights. Greater flexibility enables carriers to increase their seat capacity to meet market demands and to compete in the service that carriers provide. From January 1993 bilateral capacity sharing rules or agreements will disappear completely.

Fares

18. A progressive relaxation of pricing rules has enabled carriers to offer cheaper fares. Greater flexibility in price fixing has been established by leaving, in most cases, responsibility for fixing prices to the operators rather than requiring compulsory agreement between the Member States concerned. From 1 January 1993 carriers will be free to decide on fares unless both governments object. This is known as the double disapproval system. However safeguard clauses will allow governments to examine fares having regard to the costs of the services and provide for the Commission to examine, at the request of a Member State, whether a proposed fare is compatible with the criteria for fixing fares.

Market Access

19. The rules on market access have made it possible for new services and routes to be introduced. This means that any Member State now has multiple designation rights, although limited according to the route, allowing several carriers to operate. This basically means that air carriers are free to establish links between any Community airports. Fifth freedom rights have been extended so that carriers may, within certain limits, carry passengers between two Member States other than that in which they are established eg. a German airline can pick up passengers in London and carry them to Rome. The next step will be to establish rules which will allow for the allocation of slots at congested airports so that new competitors are not denied access to them.

Air Traffic Control (ATC)

20. The Commission has been conscious of the difficulties in this area and the threat which it poses for the tourism industry. In 1988 it tabled proposals (COM (88) 577) aimed at: i) a more flexible and efficient use of airspace; ii) a more active role of the Community concerning air transport infrastructure; iii) a better consultation and coordination between Member States in the field of air traffic services and management. These proposals are still before the Council. The Commission has also suggested that the Community should be a full member in its own right of Eurocontrol, a body set up under an international agreement to coordinate the air traffic control system in Europe.

21. In a resolution passed on 18 July 1989 (OJ C 189), the Council asked the Commission to work with Eurocontrol on harmonizing the technical requests for ATC equipment. This prompted the Commission to initiate research in the area of a future European ATC system (EURET-ATLAS).

22. The European Civil Aviation Committee (ECAC) in a declaration adopted in Paris in 1991 also called for a harmonization of the ATC systems used by its 28 member countries and closer cooperation between the competent authorities.

Airport Charges, Air Services and related aspects

23. The proposal for a regulation on consultation between airports and airport users on airport charges and charging principles (COM(90)100 final) has met with difficulty during negotiations. The Commission is now working on a new proposal on the alignment of charges and charging principles for domestic and intra-Community flights, to be introduced with effect from 1 January 1993.

24. To eliminate distortions of competition in such a competitive market the Commission has put forward proposals on the mutual recognition of licences for civil aviation personnel (Council Directive 81/670/EEC, adopted 16/12/91, OJ L373 31/12/91), common airworthiness requirements, slots allocation, and relations between airports and users. A code of conduct for computer reservation systems is in force since 1989 (see section on "Competition").

25. Having regard to the problems that consumers have often to endure as a result of the over-booking of flights by air-line companies, a regulation was decided by the Council on 4 February 1991 (No. 295/91, OJ L 36, 8.2.1991). It established common minimum rules applicable where passengers are denied access to an over-booked scheduled flight for which they have a valid ticket and a confirmed reservation. The rules apply to flights departing from airports in a Member State, irrespective of the State where the air carrier was established, the nationality of the passenger or the point of destination. The penalties to be paid as compensation to the passengers concerned depend on the delay incurred and the distance of the destination.

26. Other proposals in the pipeline include consideration of flight time limitations for crew members and common specification for the procurement of ATC equipment and the harmonisation of procedures.

27. The provision of air services, both scheduled and non-scheduled, will continue to depend on the negotiation of rights between the Community and third countries. It is generally recognised that it is not compatible with the Single Market, for Member States to continue to negotiate traffic rights individually with third countries. It could also be argued that negotiations on a Community wide basis provide the Community with a stronger negotiating position than that between individual Member States and third countries. A first step has been taken and following a mandate given by the Council the Commission has negotiated a draft agreement with Norway and Sweden on civil aviation.

Sea Transport

28. In 1989 the Commission brought forward a further set of proposals in an attempt to halt the steady decline of the Community fleet. These measures included the creation of a Community flag "EUROS" which operates in parallel to the registers of Member States. Merchant ships, including passenger ships, registered under EUROS would benefit from certain advantages that will lower their operating costs. Accompanying measures include the definition of Community ship owners so as to ensure a real and substantial presence in the Community, harmonisation of technical standards of equipment and training, and mutual recognition of professional

qualifications.

29. At the same time the Commission presented a proposal for the liberalisation of cabotage, which is still restricted in all the Southern Member States. At the time of writing the discussions in the Council have progressed to an extent that the completion of the internal market is likely to be effected in the maritime sector by the intended date.

30. Passenger ferries are used by many tourists: they often are the most important, if not only, means of reaching islands which represent some of Europe's most visited areas. The Commission is currently looking into the safety of ferries and may come up with proposals to ensure equally high safety standards throughout the Community. The Commission has also proposed the adoption by the Council of a regulation on the liberalisation of cabotage.

Road Passenger Transport

31. The Transport Council on 16 March 1992 agreed on a new regulation aimed at opening up the EC international coach market and simplifying the present rules (OJ L 74, 20.3.1992). With effect from 1 June 1992, this will free from the requirement for authorisation almost all occasional services, plus shuttle services for groups of passengers, with accommodation. The new regulation will be looked at again in 1996 to see whether a further liberalisation can be achieved. Such measures should promote tourism.

32. The Commission has also put forward a proposal to enable coach operators to carry out cabotage (transport services by a non-resident carrier within a Member State). So far the Council has not been able to agree on this proposal, but when it is agreed it would, for example, enable coach operators to enter the local tourist excursion market of another Member State whilst based there with foreign visitors. In general, the opening-up of the coach sector will provide operators with new opportunities, as well as offering consumers a wider choice at competitive prices.

33. At their meeting of December 1991, the Council also adopted a regulation on speed-limiters for buses and coaches. The regulation provides that, with effect from 1 January 1994, new buses must be fitted with limiters which allow a maximum speed of 100 kilometres per hour. For buses manufactured since 1 January 1988, the deadline for fitting a limiter is 1995, whereas for buses which are exclusively used for national transport the deadline is 1996.

Rail Services

34. With the increase in both road and air services the railways have suffered a relative decline. The Commission, looking to devise a policy encouraging competition and efficiency, presented the Council with a series of proposals. These aimed to improve railway companies profitability, split up their public and commercial accounts, and to bring about conditions of competition which would provide for international cooperation between European railway companies. This would allow railway services to fully exploit the

technical and environmental advantages they have over other modes of transport particularly on medium and long journeys.

35. On 20 June 1991 the Council reached agreement on these proposals which should provide the right environment for liberalisation in this sector. The agreement also means that from January 1993 a passenger train operator in one EC country can set up an international service with an operator in another country and - in return for a charge - have automatic right of transit on all tracks in between. However, the wide range of technical differences needs to be reduced if measures to encourage the development of trans-frontier trains are to be successful.

36. In addition the Commission, Member States and European railway companies have been working jointly to develop a European high speed rail network (TGV) to be realised by 2010. A Council resolution of 17 December 1990 (OJ C 33, 8.2.1991) welcomed the master plan drawn up by the Commission which also identifies 14 key links in the network to be studied.

Sustainable Mobility

37. On the 19th of February 1992 the Commission adopted the "Green Paper on the Impact of Transport on the Environment: a Community strategy for 'sustainable mobility'" (COM(92)46 final).

38. This strategy seeks to contain the harmful effects of transport and traffic on the environment, while allowing transport to continue to fulfil its economic and social functions and at the same time safeguarding the user's freedom of choice.

39. A large public debate with the Council, the European Parliament and the Economic and Social Committee, as well as the social partners, international organizations and associations, industry, transport users and operators, environmental protection groups, and regional and local authorities has already been initiated.

40. The outcome of the debate should not only provide an insight into the way in which it will be possible to achieve the objectives, but should also provide a blueprint for the forthcoming White Paper of the Commission on the future development of transport policy in the Community.

II. Indirect actions resulting from the application of Community policies

A. COMPETITION POLICY

1. One of the Community's main concerns in competition policy is to preserve and strengthen small and medium sized enterprises (SMEs) as an essential element of the business environment. The competition rules operate to protect these smaller firms, including many tourism firms, against anticompetitive behaviour by dominant firms such as prices below cost and refusals to supply. In order to limit the constraints which competition policy may impose on SMEs, a derogation has been provided for agreements of minor importance under Article 85. The "de minimis" rule applies to the market share of undertakings, which must not exceed 5 % of the total market share in the area where the agreement has effect, and aggregate annual turnover which must not exceed MECU 200.

Restrictive arrangements between the travel agents and the tour operators

2. Arrangements between the travel agents and the tour operators which have as their object or effect the prevention, restriction or distortion of competition and which may affect trade between Member States are incompatible with the common market and fall within Article 85-86 of EEC Treaty.

3. The Court of Justice has decided that article 85 could apply to contracts between a tour operator and a travel agent. It emphasized that the owner of a travel agency is an independent intermediary providing a service distinct from that provided by the tour operator. On the one hand, travel agents each sell the holidays of a large number of tour operators. On the other hand, each tour operator markets its holidays through a large number of travel agents. Travel agents could thus not be described as auxiliaries integrated into the business of tour operators. Agreements between a tour operator and a travel agent are therefore caught by Article 85 (Case 311/85, Court ruling of 1 October 1987).

4. Unless the "de minimis rule" applies, these vertical arrangements have to be notified to the Commission in order to obtain an individual exemption.

Agreements which directly or indirectly fix purchase or selling prices

5. Agreements which oblige travel agents to charge the prices and tariffs set by tour operators for package holidays or which prohibit the former from passing on to customers part of the commission they receive on the sale of holidays or from granting customers discount are incompatible with article 85.

6. Such arrangements, according to the Court in the Vlaamse Reisbureau (VVR)/Sociale Dienst) judgement, have the object and effect of restricting price competition between travel agents which could have taken place if they had been allowed to pass on a greater or lesser part of their commission to their customers in lower prices. These practices were likely to affect intra-Community trade for three reasons: firstly, the travel agents could sell holidays offered by tour operators from other Member States; secondly, they could sell holidays to customers from other Member States; and finally the destinations of many of the holidays are in other Member States. The Court concluded therefore that the said arrangements were contrary to Article 85 (Case 311/85, Court ruling of 1 October 1987).

Exclusive distribution and exclusive purchasing agreements

7. Agreements by which a travel agent is obliged to buy holidays exclusively from a particular tour operator or is obliged not to sell competing holidays are incompatible with article 85. Such arrangements limit the commercial freedom of travel agents.

8. Individual exemptions may be granted by the Commission for these agreements. They may be beneficial, not only in improving the efficiency of distribution but, in general, by contribution to market unification. For example, exclusive contacts with a tour operator in a particular area may make it easier to enter a market because of linguistic and legal differences. Certain restrictions may therefore be allowed by the Commission in the interest of improving distribution. Such restrictions may not however go too far and must, notably, never result in absolute market insulation.

9. These derogations would correspond to those covered by the block exemption regulation for exclusive distribution and purchasing agreements entered into for the purpose of the resale of goods.

IATA rules on the sale of air tickets through travel agents

10. In July 1991, the Commission cleared a series of rules ('the Resolution 814 series') devised by the International Air Transport Association (IATA) for the sale of its members' tickets through travel agents. According to some estimates, travel agents handle 70% of the airline tickets sold in Europe. The main features of the IATA rules are: an accreditation as a IATA passenger agent, bank settlement plans and clearing houses, and training programmes. IATA agents are paid commissions.

The Commission concluded that the Resolution 814 series introduced a more balanced relationship between agents and airlines than under previous rules and did not eliminate competition between either airlines or agents. It also stressed that in a time of air travel expansion and liberalization, the new rules may play an important role in making the market more fluid to the benefit of airlines, agents and customers alike. IATA has also agreed to amend

its rules so as to enable airlines to compete on travel agents' commissions by deviating from the standard commission rate; travel agents have been authorised to split commissions on air travel with their customers. The exemption from the provisions of Article 85 (1) is valid until 20 March 1998 (OJ L 258, 16.9.1991).

Franchising

11. Franchising agreements have developed considerably in the Community during recent years as a new form of distribution.

12. This kind of agreement is frequently used between tour operator and travel agent and can also be used in other aspects of tourism such as hotels.

13. Franchise agreements have generally a positive effect on competition. They improve distribution as they give franchisors the possibility of establishing a uniform distribution network without the need for major investments. They may assist the entry of new competitors on the market, particularly in the case of small and medium-sized undertakings, thus increasing inter-brand competition. They also allow independent traders to set up outlets more rapidly and with a higher chance of success than if they had to do so without the franchisor's experience and assistance.

14. For these considerations, the Commission enacted in 1988 a block exemption regulation in the field of franchising agreements (Commission Regulation 4087/88, OJ L 359, 1988). This block exemption covers distribution and service franchises.

15. The regulation lists the conditions which are normally not to be deemed as restrictive of competition. It also contains a "black list" of restrictions which prevent the application of the exemption.

Concentrations

16. The Regulation on the control of concentrations between undertakings (Merger Control) which entered into force on 21 September 1990 is already considered as a cornerstone of EC competition policy.

17. The Regulation covers mergers having a Community dimension, which are defined on the basis of three criteria, namely:

- A threshold of at least 5,000 million Ecus for the aggregate world-wide turnover of all the undertakings concerned. This figure reflects the aggregate economic and financial power of the undertakings involved in a merger. In the case of financial institutions and insurance companies, specific criteria are laid down;
- A threshold of at least 250 million Ecus for the aggregate Community-wide turnover of each of at least two of the undertakings concerned. Thus, only undertakings with a specified level of activity in the Community are covered by the Regulation;

- A transnationality criterion. Community control does not apply if each of the undertakings concerned achieves two thirds of its turnover within one and the same Member State. This criterion allows mergers whose impact is mainly national to be excluded from the Community control system.

18. All mergers falling within the scope of the Regulation are assessed on the basis of clearly defined criteria. The creation or strengthening of a dominant position will be declared incompatible with the common market if effective competition is impeded to a significant extent, whether within the common market as a whole, or in a substantial part thereof; conversely, a merger which does not impede effective competition will be declared compatible with the common market.

19. For the first time since the coming into force of the regulation, the Commission recently opened an enquiry into a planned merger in the tourism sector.

20. There may, at present, not be many tourism enterprises in the Community which meet the above criteria, however, the reference market for tourism is increasingly the Community as a whole or a large part of it.

State aid

21. Aid schemes designed to help tourism or comprising a tourism element are regularly notified to the Commission by the Member States. These schemes generally include various measures such as investment aid for the construction, modernization or improvement of all types of tourist facilities.

22. In applying the Treaty rules, the Commission has generally adopted a favourable attitude towards such schemes provided that they are reasonable and, as is usually the case, involve small-scale tourism projects that are unlikely to affect the tourist trade in the Community to an extent contrary to the common interest.

23. The principles to be applied by the Commission in assessing the compatibility of national aid to SMEs with the functioning of the common market are currently being codified. A Commission communication on this matter is planned for 1992.

Reservation Systems

24. A mandatory and wide-ranging code of conduct for computerized reservation services for scheduled passenger flights has been in force since 1 August 1989. Its purpose is to ensure that such systems are used in a non-discriminatory and transparent way, that they are subject to certain safeguards so that there can be no misuse, and to reinforce competition between both the airlines and the reservation systems. The code also establishes a procedure for lodging complaints.

25. A revised version of the Code has to be decided by the Council before 31 December 1992. The Commission is currently consulting all interested parties about a new code which might also be expanded to cover non-scheduled services.

26. Economic reality must, however, also be considered. Few companies could on their own make the necessary investment to develop such reservation systems, let alone compete with the big, existing ones. Cooperation in this field should therefore be permitted - provided certain conditions are respected. This was the thinking behind the so-called block exemption from certain EC competition rules which the Commission has granted Computer Reservation Systems (CRS).

27. The main conditions spelled out in the regulation are: All carriers must be able to participate in the systems on a non-discriminatory basis as regards access, display, information loading and fees. Moreover, in order to maintain competition in such an oligopolistic market, subscribers must be able to switch from one system to another at short notice and without penalty.

28. As far as the application of EC competition rules in this area is concerned, two Commission decisions should be mentioned:

- a. A decision against the Belgian airline Sabena (which was taken in November 1988, even before the Code of conduct and the Regulation came into being). Sabena had refused a rival carrier access to its own reservation system. The Commission's investigation showed that Sabena had taken advantage of its dominant position for computerized reservation in Belgium and the airline was fined ECU 100.000.
- b. In August 1991, the Commission cleared the planned cooperation agreement between Sabre and Amadeus, but only after detailed assurances from both systems that they would not use their strong position to try to evict competing systems from the market. Again, the key word was "non-discrimination": Amadeus and Sabre parent carriers agreed to participate in competing systems to a high level of functionality. In the end, the deal fell through but presently consideration is given to the possibility of incorporating the commitments made by the parties into Community legislation.

Airport ground handling services

29. In this area, too, the Commission has granted a group exemption (Regulation 82/91) from EC competition rules, with an aim to ensure that services of a high standard are provided with continuity and at a reasonable cost.

30. Services which qualify for exemption include loading and unloading, aircraft servicing and refuelling, all services concerned with the handling of passengers, mail freight and baggage, and all services for the provision of inflight catering.

31. The exemption is granted only subject to certain conditions which ensure that competition to provide the services is not eliminated all together. The main conditions are: The carrier must not be obliged to obtain any or all of the ground handling services from one supplier, he has the right to use services from another supplier or to provide them himself, different prices or conditions should not be offered to different customers for equivalent services. Likewise, the contract must not contain tie-in clauses which would oblige the air carrier to engage in other business at the airport or to take out a similar contract for the supply of services at another airport.

Telecommunications

32. On 26 July 1991, the Commission adopted its guide-lines on the application of EEC competition rules in the telecommunications sector which is becoming increasingly important to tourism enterprises. These guide-lines will enable enterprises to be better informed about the procedures for implementing competition policy in this sector, where rules obstructing free competition are gradually being abolished. Improved competition in this area should allow tourism enterprises to benefit from higher quality telecommunications services at lower prices in the single market.

Guide for SMEs

33. A guide for SMEs on Community competition rules has recently been published. It sets out the main provisions on competition and is designed to enable SMEs to understand the principles of that policy, become aware of what is at stake and apply the arrangements concerned.

B. SOCIAL POLICY

Employment

1. The proposed directive on the organisation of working time was discussed by the Council on 3 December 1991, but without a final decision being reached. Some of the provisions of the amended directive - such as the provision that average working time for each 7-day period should not exceed 48 hours, or that Sunday should normally be a day of rest - could cause difficulties for the tourism industry, with its typical pattern of peaks and troughs of activity. The current text under discussion, however, allows for the possibility of derogations in certain circumstances in respect of tourism.

2. One of the three Commission proposals on atypical work (safety and health at work of temporary workers) was adopted by the Council on 25 June 1991, whereas the other two proposals (on working conditions and on distortion of competition) are still under discussion by the Council. During the discussions the importance of part-time and temporary work to the tourism industry has been stressed, and the need to keep to a minimum restrictions or

regulations which could increase costs disproportionately, or could even discourage the use of this type of employment.

3. Since tourism is also a major employer of young people, the Commission proposal on protection of young people at work (COM(91)543/4), currently under discussion, is of particular interest. This proposal contains a number of provisions relating to health and safety, duration of work, night working, and so forth. Once again, it will be important to ensure that the interests of tourism are taken into account.

People with Disabilities

4. On 16 December 1991 the Council adopted a resolution on a Community action programme on the accessibility of transport to persons with reduced mobility (OJ C 18, 24.1.1992). A draft of the action programme, which will have considerable importance for disabled tourists, is due to be submitted to the Council by September 1992. In addition, it is proposed that, under the HELIOS II action programme, the HANDYNET information system should be enlarged to include information on the needs of disabled tourists.

Older People

5. A Commission Recommendation of 10 May 1989 provided for the introduction of a European over-sixties' card. This card is designed to facilitate access by older people travelling outside their own countries to those advantages and price reductions to which they are entitled by virtue of their age, and thus to promote intra-Community tourism by older people. The areas of culture and public transport were mentioned specifically. Although Member States have not yet implemented the Recommendation in full, the Commission intends to produce, for 1993 - the European Year of Older People and Solidarity between Generations - a guide to the types of advantages available to older people within the Community.

C. CONSUMER POLICY

1. The Commission's three-year Third Action Programme for consumer policy (1990-1992) sets out the areas for action in parallel with the single market programme. The programme focuses on four main areas, namely consumer representation, information, safety, and commercial transactions. Several measures under this last heading are of particular interest for tourism.

Package Travel Directive

2. The establishment of common rules on package travel, package holidays and package tours will contribute to the elimination of the disparities which national laws and practices now contain, and thereby to the achievement of a single market in services, thus enabling operators established in one Member State to

offer their services in other Member States, and enabling Community consumers to benefit from comparable conditions when buying a package in any Member State. The deadline for the transposition into national law of the directive 90/314/EEC (OJ L 158, 23.6.1990) is 31 December 1992. The Commission has not yet been informed of implementation in any Member State.

Liability for physical damage in services

3. Because liability has been tackled in a sectoral way for package travel, it has been exempted from the scope of the Commission's proposal of a directive to deal in a global way with liability for physical damage in services (COM (90)482 final, OJ C12, 18.01.1991). Other aspects of tourism and travel however will be addressed by this directive which, once adopted by the Council, will establish a uniform concept of dealing with liability for all other services.

Unfair Terms in Consumer Contracts

4. The Commission has recently presented the amended proposal for a Directive concerning unfair terms in consumer contracts (OJ C 73, 24.3.1992). This proposal establishes the principle of the prohibition and the invalidity of any clauses in contracts between a trader and a consumer which are deemed unfair according to certain general criteria. In addition, the proposal sets out a list of types of prohibited clause, some of which could figure in contracts relating to tourism services. The principle of a seven-day "cooling-off" period for consumers who have agreed a timeshare contract, which appeared in the initial proposal (COM(90)322 final), was left out of the amended proposal because the Commission plans to present a specific proposal on timeshare.

Timeshare

5. Timeshare is a sector of growing importance, and its largely transfrontier nature can create substantial obstacles which may have serious consequences for consumers. In response to resolutions adopted by the European Parliament, and to the wishes of the Member States, the Commission adopted on the 20th of May 1992 a proposal for a Directive in this field (COM (92) 220).

Distance Selling

6. On 7 April 1992, the Commission adopted a draft Council Directive (COM (92)11) setting out minimum rules to safeguard the protection of consumers in contracts negotiated at a distance (e.g. by telephone, fax or TV-shopping) for the provision of goods and services.

The Directive will not be applicable to services linked to a reservation (transportation, accommodation, restaurants, shows etc.), thus excluding most tourism services.

7. At the same time, a draft Commission recommendation was adopted concerning codes of practice for the various communication

techniques employed. These are designed to enhance the Directive.

Insurance

8. Community legislation of interest to tourists in this area has so far focused on motor vehicles. Three Council directives on the harmonization of national rules on compulsory car insurance cover ensure that all tourists are adequately covered in the event of an accident while on holiday in a Member State. The question of assistance contracts which have become very popular with tourists is currently being examined.

Standardized information in hotels

9. A recommendation was adopted by the Council in 1986 (OJ L 384, 31.12.1986) on information to clients in existing hotels, arguing that information on facilities available etc. should be standardized on the basis of readily recognizable symbols. A list of 26 symbols was drawn up in an annex and Member States were asked to make every effort to ensure that a standardized information system would indeed be brought into force. This is clearly an area the Commission should look into again.

Fire safety in hotels

10. The Council's recommendation from 1986 on this particularly sensitive subject (OJ L 384, 31.12.1986) has not yet been followed by all Member States, but eight of the twelve Member States have informed the Commission of the measures they have taken. Together with harmonization directive 89/106/EEC on construction products which includes safety requirements in case of fire, the recommendation should guarantee a minimum standard of fire safety in hotels everywhere in the Community. The Commission will continue to monitor the action taken by Member States and may propose further action to protect consumers.

D. ENVIRONMENTAL POLICY

1. Out of the four Environmental Action Programmes implemented to date have arisen some 200 pieces of legislation. These are concentrated around two principal themes, the first of which is combatting pollution and environmental damage relating to **water** (fresh and sea water), **air**, and **noise** nuisance. The second principal theme is the improvement of management of natural resources, and relates to the conservation of **nature and the natural heritage**, special biotopes etc. Examples of these measures include the Bathing Water Directive, the monitoring of air quality standards and setting of pollution limits, reduction of aircraft and road vehicle noise and directives and measures to protect wild birds and conserve habitats as well as agricultural pollution, control of chemicals, transport and disposal of waste etc.

2. A recent step forward was the Council's adoption, on 12 December 1991, of a regulation setting up a system for awarding the Community ecological label. The criteria for assessment of a first group of products are currently being defined.

Fifth Community Action Programme

3. The Commission recently adopted its fifth Community Action Programme on the environment entitled "Towards Sustainability". The measures to be undertaken under this programme, rather than being specifically geared towards protection of particular environmental media, will be primarily directed at the integration of the environment into the principal economic sectors which at Community level comprise industry, energy, transport, agriculture and tourism. The programme incorporates a number of guiding principles, including the prevention principle, the "polluter pays" principle, subsidiarity, economic efficiency and cost effectiveness.

4. Within this framework it is proposed that existing financial support mechanisms will be modified and that the operation of the structural funds will be more consistent with the objective of sustainability.

5. Safeguarding the Community's coastal heritage is an integral part of the 5th Action Programme for the Environment. An overall strategy for the management and protection of coastal zones will be proposed to counteract the threats posed to this valuable asset by urbanisation, development of fisheries, tourism, transport, industry, energy and agriculture. The main objective will be sustainable development of coastal zones and their resources, in accordance with the capacity of these environments. In addition, despite monitoring problems and the difficulty of obtaining comparable data, the "Blue Flag" campaign (which is run by the Federation for Environmental Education in Europe - FEEE - with Community support) has had an important impact in raising consumer and industry awareness of environmental issues.

Community initiatives

6. Currently, under the structural funds, ENVIREG contributes towards the protection of the environment and the promotion of economic development, principally in Objective 1 areas and Mediterranean areas covered by Objectives 2 and 5. LIFE, a new Community financial instrument for the environment, will absorb a collection of smaller scale programmes, such as MEDSPA, NORSPA, ACE and ACNAT, leading to greater efficiency and better co-ordination. It has been agreed by the Council that LIFE should run for five years in the first instance. The Council has also decided to implement a new Cohesion fund for environment and infrastructure by 31 December 1993, designed to deal with specific problems in the less prosperous countries of the Community.

Urban Environment

7. The Commission's "Green Paper on the Urban Environment", which puts forward a Community strategy for the improvement of the urban environment, has now been discussed in a series of bilateral seminars with each of the Member States and with local interested parties. The paper has been adopted by the Commission as a statement of intent. Within the framework of the Green paper, DG XI has recently commissioned a study specifically on tourism and the urban environment.

Environmental Impact Assessment

8. The Community's environmental impact assessment, (Council Directive 85/337), which came into force on 3 July 1988, is a key instrument of the preventive approach, integrating environmental awareness into the planning and decision-making process in all sectors, notably tourism, regional development, the oil industry, energy and transport. The assessment's aim is to establish whether a public or private project would have significant effects on the environment.

9. A project in the sense of the Directive means the execution of construction works or of other installations or scheme, but also other interventions in the natural surroundings and landscape, including mining.

10. A proposition for modification of this Directive is currently being prepared to extend its scope and annexes. In addition, a new directive is currently in preparation with the aim of extending the assessment procedure to the higher tiers of economic and land-use decision-making, i.e. to the phase prior to the establishment of specific projects, which in the field of tourism would include the following: winter sports facilities, golf courses, marinas, holiday villages, hotel complexes, campsites and caravan parks, and leisure centers.

International Cooperation

11. Environmental considerations, including tourism, are playing a larger role in the Community's extensive range of development programmes, including those with the African, Caribbean and Pacific (ACP) countries through the successive Lome conventions, Latin America and Asia through the ALA agreements and the Mediterranean region through the MEDSPA initiative. In addition, the Commission is working actively with the Member States to develop a strong European Community position at the United Nation Conference on Environment and Development (UNCED), scheduled to take place in Rio de Janeiro between 1 and 12 June 1992.

12. This "Earth Summit" is expected to agree a charter of rights and responsibilities ("Earth Charter"), a programme of action of the 21st century ("Agenda 21") and a declaration on the sustainable management of the world's forests. Two framework conventions on climate change and biodiversity will also be signed at the UNCED.

Clearly, these agreements are likely to have a profound impact on the type of tourism development that takes place in the coming decades. In October 1991, to help improve internal coordination and Community participation in the conference, the Commission sent to the Council a communication entitled, "A Common Platform: Guidelines for the Community for UNCED 1992". This communication outlined the basic principles and orientations that the Community should take at Rio, and formed the basis for the Council's Conclusions on UNCED in December 1991. The European Community has pledged itself to taking a leading role at the "Earth Summit", and is viewing the conference as a unique opportunity to establish a new global partnership for sustainable development.

Use of fiscal instruments to protect the environment

13. CO₂ emissions stemming from the use of fossil fuels i.a. in transportation, have been identified as being the main contributory factor to the green-house effect. Following a proposal from the Commission, the Council has decided to stabilize CO₂ emissions at 1990 levels by the year 2000, by promoting energy efficiency and the use of other energy sources. Apart from a series of non-fiscal measures, the Commission has suggested the use of fiscal instruments. This could be done by reinforcing certain existing schemes (e.g. charging of environmental costs in taxes on commercial vehicles and private cars) and a new combined energy and carbon dioxide tax. The introduction of this tax is, at this stage, conditional on the adoption of a similar tax by the Community's principal international competitors.

Data Bases

14. With the recent proliferation of different forms of "soft tourism" as alternatives to mass tourism, as well as the growing fund of information on good ecological practice in the various sectors of the tourism industry (hotels, tour operators, communities/regions etc.) the Commission has also seen fit to co-finance the establishment and extension European data bases relating to this theme such as ECOTRANS, a European documentation and information network for tourism and environment.

Europe 2000

15. The trend towards accelerating integration and the increasing pressures on the Community's territory with regard to the internal market will also have a substantial impact on land use and physical planning within the Community. Within the framework of regional policy, the report "Europe 2000: The outlook for the development of the Community's territory", adopted by the Commission on 16. October 1991, will provide a reference framework for land planning policies, helping Member States to obtain a more global vision of available resources which will help in defining their longer-term planning policies and economic objectives.

E. TOURISM AND THE CULTURAL HERITAGE

Cultural Activity and Protection of the Heritage

1. All efforts to preserve the heritage are important in cultural terms, but they also constitute an essential investment in terms of the economic, social and tourism-related development of the regions of Europe.

2. The Commission has recently adopted a Communication on "New Prospects for Community Cultural Action" (COM(92)149 final). The first of the three objectives set out in this document is aimed at preserving knowledge of the history of European peoples by assisting the conservation of the cultural heritage in all its forms.

3. In this context, moreover, the Commission has declared as one of its priorities the presentation of a comprehensive document on the perspectives for protection and development of the Community's cultural heritage. This document will be accompanied by an initial programme of specific initiatives aimed, in particular, at promoting greater knowledge of our common cultural heritage; cultural tourism will be one of the key elements of this.

4. It should also be noted that, under Article 128 of the Maastricht Treaty, it is clearly stipulated that the conservation and protection of the cultural heritage of European significance is one of the four areas in which Community action should be developed, in particular through measures to encourage activity in this field.

5. From 1984 on, as far as the cultural heritage is concerned, the Commission has for the most part drawn on experience gained through pilot actions in the field of protection and conservation of the architectural heritage.

6. The budget allocated to this activity forms a significant proportion of the total budget for Cultural Action (about one third).

7. In order to highlight certain aspects of the conservation of the architectural heritage, annual themes were introduced in 1989:

1989: Exceptional monuments or sites.

1990: Historic buildings and areas which form the urban or rural fabric.

1991: The heritage of industrial, agricultural, craft, and other production activities.

1992: Conservation projects in towns and villages with the aim of rehabilitating, using an integrated approach, monuments and their immediate environs in the context of the public space which surrounds them.

1993: Historic gardens.

8. Community financial support, though limited, has brought added value to projects whose quality has been recognised at European level. The restoration of monuments and sites with this assistance has made the Community's presence and action visible in the regions and areas concerned. This activity has also helped to raise awareness that these monuments and sites form part of the cultural heritage of Europe, and by so doing has contributed to the development of tourism in the regions of the Community.

F. TELECOMMUNICATIONS AND INFORMATION TECHNOLOGIES

1. Information technology services make tourism facilities and products more accessible for both the middlemen - tour-operators and travel agents, for example - and consumers. They can give tourists access to the best, most complete and up-to-date information with regard to choice, quality and price, but also as far as attractions, events or general information about a destination are concerned.

2. However, the conditions for a thriving European information technology market are not all in place yet. There are still technical problems, but many problems have to do with the fragmentation of what should already be a common market: there are different standards and regulations in Europe, and most companies in this field are oriented towards their national market. Finally, the different speed of development of electronic information services within Europe is threatening the cohesion of the Community - a point which must not be neglected, given the fact that tourism is often the most important resource of the Community's less-developed areas.

3. In 1987 the European Commission set out to overcome these difficulties by presenting its Green Paper on telecommunications - a wide-ranging programme of regulatory change to meet the twin challenges of 1992 and technological development.

4. The main action lines are:

- the introduction of competition in the telecommunications market
- harmonized access to telecommunications facilities
- liberalizing trade in terminal equipment

5. In the meantime, decisions have been taken in important areas. The three main ones of interest to tourism operators are:

- The opening-up of the market for terminal equipment to competition EC-wide by a Commission Directive in 1988. This Directive was subsequently the subject of a complaint by a number of member states, which was closed in March 1991 by a ruling of the European Court of Justice, ruling which confirmed the main elements of the Commission's approach and especially the principle of full abolishment of monopoly rights in the sector.
- The introduction of competition into the telecommunications services market

Commission Directive 90/388/EEC of 28 June 1990 (OJ L 192, 24.07.1990) compels Member States to withdraw all special or exclusive rights for the provision of telecommunications services other than the traditional voice-telephony. They

must also take the necessary measures to ensure that any operator is entitled to provide such services.

In 1992 the Commission intends to carry out an overall assessment of the situation in relation to the aims of this Directive.

- **Access to the various networks - the so-called Open Network Provision (ONP)**

A Council Directive (90/387/EEC) of 28 June 1990 (OJ L 192, 24.07.1990) provides for the harmonization of conditions for open access to, and open and efficient use of, the public telecommunications infrastructure, and, if applicable, public telecommunications services within and between the Member States.

It was agreed that member states could require providers of data communication services to meet certain obligations, such as quality and coverage, but that these must be based on objective criteria and not be discriminatory. Furthermore, provision was made for the necessary standardization of technical interfaces and service features.

6. On 13 December 1991, the Commission adopted a proposal for a Council recommendation on the provision of harmonized ISDN access arrangements and a minimum set of harmonized ISDN standards in accordance with Open Network Provision (ONP) principles (COM (91) 509 final). This recommendation concerns the supply of technical interfaces, conditions of usage and tariff principles.

7. In 1992 the Council will carry out a general review of conditions for access to telecommunications services not yet harmonized, the effects of these conditions on the functioning of the internal market and the advisability of further opening up the telecommunications market.

8. Guidelines on the application of EEC competition rules in the telecommunications sector were published in 1991 (OJ C 233, 06.09.1991).

9. Distribution services like computer reservation systems (CRS) for air travel are now well established. But increasingly there are also initiatives to create tourism information data banks and networks.

As far as the likely development of so-called destination data-bases as well as their interlinking with Computer Reservation Systems is concerned, the conclusions of the conference held in Assisi in November 1991 with the Commission's support, will have to be looked at.

G. STATISTICS

1. On 17 December 1990, the Council adopted a Decision on the implementation of a two-year programme (1991-92) for developing Community tourism statistics (OJEC n°L 358 of December 21, 1990). In 1991 it was agreed that the EFTA countries would participate in the programme, which is being implemented in close contact also with OECD and WTO.

2. The objective is to develop a frame of reference for tourism statistics by harmonizing methods and definitions used by the participating countries.

3. To this effect, Eurostat, the Member states and EFTA countries are undertaking the following actions:

Analysis and evaluation of the long-term needs of the main users (Community Institutions, National Administrations, International Organizations and economic operators) with regard to tourism statistics (action 1);

Collection and dissemination of existing data on tourism (action 2);

Analysis of the systems that exist in the Member countries and those used by International Organizations (action 3);

Elaboration of a Community methodological framework for the compilation of Community tourism statistics (action 4).

4. Progress made by January 1992 can be summarized as follows:

Action 1

On the basis of a questionnaire prepared by Eurostat, a survey of more than 1.000 main users of both the public and private sectors was undertaken, at national level by all 19 participating countries, and at international level (Commission, CES, EP, Council of Europe, BEI, Professional Associations, other international organisations) by Eurostat.

A report was produced by the participating countries and sent to EUROSTAT in summer 1991. The report summarizing the results of the consultation on users' needs will be available in April 1992.

Actions 2 and 3

are still ongoing. All countries have replied and Eurostat is currently analysing the documents received.

Action 4

A list of subjects needing a specific methodological approach has been established. It includes: Supply statistics, demand statistics (short and long stay visits, same day travel), rural and regional tourism, prices, costs and tariffs, Tourism in the balance of payment,

Tourism and transport of passengers, key figures, classifications, Tourism and the environment, employment and personnel training in tourism, cultural tourism.

5. As regards the whole two-year programme the Commission will present to the Council an interim report on May 31st 1992 and a final report on December 1992.

Cooperation with professional associations

6. A meeting was called by EUROSTAT in March 1991 to present the two-year programme to Professional Associations in the Tourism sector and to discuss possible synergies that could optimize the efforts in improving the quality of European tourism statistics. The main European associations replied to the invitation and have reported on their specific needs in terms of statistical information.

Publications

7. A new brochure presenting, through specific key indicators, the structure and the evolution of the European tourism industry, shall be prepared jointly by Eurostat and DG XXIII in 1992.

8. Apart from the Annual Tourism Statistics handbook, Eurostat has started to publish in 1992 monthly trends on tourism.

Information system "Tour"

9. The existing database comprising supply statistics will be enlarged in order to cover statistics on tourist demand and other data of interest to the tourism sector.

10. EUROSTAT is in the process of setting up a reference data base system to facilitate direct access of institutional users to the statistical information on tourism.