COVID-19 impact on the hotel sector and Booking.com’s responsibility

What the Commission does to help the travel sector

Booking.com is the member of “eu travel tech”, the association representing travel technology providers at EU level.

Besides virtually all travellers cancelling their bookings, sales volumes have plummeted, resulting in a reduction of bookings in the range of 60 to 90% compared to last year. Refund requests from travellers due to cancellations exceed by far the level of new bookings.

In their letter to President von der Leyen calling for targeted support to the EU travel tech sector, “eu travel tech” expressed their support to national governments’ efforts to support travel supplier industries. They urged the Commission to also include policies that support travel agents (online and offline), technology solutions providers such as global distribution systems, travel platforms for accommodation, metasearch and travel management companies. They asked that economic relief packages prepared for travel suppliers should take into account independent entities in the wider travel ecosystem that support a fully functioning travel market. In addition to the possibility to issue vouchers, they also emphasised the need for longer deadlines for refund.

Main messages

Defensives

What measures will you take to support economic recovery of the tourism industry after the end of the crisis?

• Several measures are under discussion, but we need more time. That is why it is important for me today to hear your views on this.
With the COVID-19 outbreak, most consumers and operators have cancelled trips that had already been paid for. Travellers should be able to redeem their rights, but the tourism sector should also be protected from the adverse impacts.

- To help Member States’ efforts in support of the industry, we have issued guidance documents to clarify, among others, how certain provisions related to “extraordinary circumstances” should be applied in the context of the COVID-19 outbreak.
- This includes flexibilities allowed within the EU rules, such as offering vouchers to passengers as a refund for the cancelled services. We need to strike a right balance between consumer protection and relief for tourism businesses.

**Background**

**Key EU actions to help sectors hit by the COVID-19 crisis**

The European Commission has adopted a Temporary Framework to enable Member States to use the full flexibility foreseen under State aid rules to support the economy in the context of the COVID-19 outbreak. SMEs in particular should receive support (subsidies, loans, guarantees, etc.). FR, ES, DE, LU, DK, IT, LV, PT and UK already notified schemes, many of them supporting the most vulnerable companies.

Additionally, EUR 1 billion will be redirected from the EU budget as a guarantee to the European Investment Fund to incentivise banks to provide liquidity to SMEs and midcaps. This will help 100,000 European SMEs and small mid-caps.

The Commission also proposed a EUR 37 billion Corona Response Investment Initiative, notably to provide liquidity to corporates (covering e.g. working capital in SMEs).

To alleviate the impact of the epidemic on jobs, the Commission accelerates the legislative proposal for a European Unemployment Reinsurance Scheme (Communication on coordinated economic response to COVID 19) aiming at supporting Member States’ policies that preserve jobs and skills.

The European Globalisation Adjustment Fund could also be mobilised to support dismissed workers and those self-employed under the conditions of the current and future Regulation. Up to EUR 179 million is available in 2020.

Other measures recommended by the Commission include tax holidays, ease of pay-outs, access to cheap credit.

The European Investment Bank will mobilise up to EUR 40 billion. Amongst them, EUR 10 billion will be dedicated liquidity lines to banks to ensure working capital support for SMEs and mid-caps.

**Specific EU actions for the tourism and travel industry**

- Suspension of rules for the allocation of slots at EU airports: Temporary suspension of the ’use it or lose it’ rule requiring airlines to operate 80% of their allocated slots or face losing their right to the slot in future seasons.
- Interpretative guidelines on EU passenger rights: Provide legal certainty on how to apply EU rules and cover regulations on air, rail, sea and bus/coach transports. The guidelines leave the options to travellers to consider accepting vouchers or immediate refund when the carrier is cancelling the journey.
- Information note on Package Travel Directive: This note reiterates the right of consumers to a full refund within 14 days of the cancellation of their package due to extraordinary circumstances, but invites travellers to “consider accepting that their package tour is postponed” by means of a voucher.

The tourism industry insists on the urgent need for a temporary derogation of EU legislation to allow companies to issue vouchers covered by a public guarantee and refundable in cash if the traveller does not use during the next 12 months.
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Issues created from massive cancellations and relationship between Booking.com and hotels

Main messages