

## **HOTREC reply European Commission Second Stage Consultation under Article 154 TFEU on possible action addressing the challenges related to working conditions in platform work**

**September 2021**

### **HOTREC in a nutshell**

HOTREC is the umbrella Association of hotels, restaurants, bars and cafés in Europe, which brings together 45 national associations in 34 European countries and is the voice of the hospitality industry in Europe. Under usual circumstances, the industry contributes with 5% of the EU GDP to the EU economy and is composed of 2 million enterprises, 90% of which are micro-sized (i.e. employing less than 10 people).

The European hospitality sector counts with 12,5 million employees. It is to note that 30,2% of the workers in the sector are relatively unskilled, compared to 17,7% in the overall economy, meaning that the sector provides jobs to a broad range of profiles. In addition, 20,2% of the employees are aged under 25 years compared to 8,2% in the overall economy, therefore, fighting youth unemployment.

The sector also promotes gender balance: while in the overall economy 46% of people employed are women, in the sector the figure rises to 54,1%. The hospitality sector is, consequently, an entry door to the labour market and a facilitator in terms of social inclusion.

It is to take into account that the aforementioned statistics are pre-pandemic. The European Commission estimated during 2020 a possible loss of 6 million employees for the tourism sector<sup>1</sup>.

It is also to take into account that some of HOTREC members **represent the self-employed**.

### **The hospitality sector and platform work**

The hospitality sector has a close relation with platform work. Especially during the COVID-19 crisis, restaurants in the hospitality sector were quite dependant from food delivery platforms, as a way to keep their businesses open (due to the different restrictions at national level, including general lockdowns). At the same time, some accommodation establishments use the services provided by platforms to provide the client a better service (e.g. cleaning platforms).

It is to note that HOTREC has developed with its trade union counterpart EFFAT, a joint position paper, asking for a level playing field and fair competition in hospitality and tourism. All hospitality businesses need to comply with costs and administrative obligations, namely: legislation; food hygiene rules; licensing for serving alcohol; registration and permits for operation, safety and security, employees rights and protection, consumer rights, amongst others. Only in this way, **customers are protected; employees are treated fairly and entitled to their rights and responsible businesses enjoy a fair competitive environment/level playing field**. If companies do not comply with these rules, **they should not be considered legal**.

Nevertheless, if organised in a legal and serious manner and in the respect of the EU, national and social partner competences, HOTREC supports platform work, as a way to create business opportunities, jobs, meet client's expectations and accelerate the digital transformation.

<sup>1</sup> COM Communication: [link](#) (page 10)

Finally, HOTREC also supports diverse and adaptable forms of work as a solution to those who prefer to have either part-time; fixed-term work and temporary agency work. The diversity of work arrangements in our sector allows companies to offer benefits to societies and employees that traditional full-time jobs cannot, namely:

- Strengthening social cohesion through better work-life balance
- Supporting career choices
- Fostering social inclusion
- Enabling personal choices

Link to [joint position paper](#) with other partners

### HOTREC General remarks

- We welcome the Commission's initiative to ameliorate the working conditions of all types of work including self-employed that offer their services on platforms.
- Legal platform work can be an efficient way to fight undeclared work, ensure that the state receives its tax and social contributions and contribute to a level playing field in the hospitality sector;
- Legal platform work brings benefits to both the industry users, working individuals and consumers. Any EU solution should balance the **benefit of all sectors and acknowledge that rising costs will impact consumption and growth at a critical period, especially for restaurants.**
  - A recent study shows that delivery services saved 100,000 restaurant jobs. A report issued by Capital Economics showed 32% of employees in Deliveroo's partner restaurants said they 'continued to work' because of delivery services.
  - Advantages include:
    - Opportunities for consumers: more options of services, especially during the lockdowns
    - Opportunity for people to work according to their needs, especially as layoffs might affect their primary earning opportunities
    - Opportunities to companies in the hospitality sector: which are able to provide a good service to the client (and during the pandemic was able to continue operating)
- A specific **employment model** would result in a **less service for customers** and **lower orders for restaurants**
- **Increased costs to platforms** for employment risk resulting in **higher commission charges for restaurants** or **higher order costs for customers** resulting in **fewer orders for restaurants**
- Increased commission costs for restaurants would be more impactful for small family-owned restaurants than major international chains who, due to higher negotiating powers, may be able to see these reduced
- Larger international chains also have the possibility of setting up proprietary delivery services to ensure that they can still deliver to customers without facing higher delivery costs from delivery platforms but this option would be much more challenging for smaller, family-owned restaurants
- EU proposals should focus on ensuring that platform workers can be **provided with additional protections and benefits in a way that does not risk their reclassification** as employees in order to ensure that the hospitality sector - which continues to experience a period of difficulty which is unprecedented - does not face further challenges.