



Mr Valdis DOMBROVSKIS
Executive Vice-President
European Commission
Rue de la Loi 200
1049 Brussels
Belgium

In Brussels, 25 June 2020

Subject: SUPPORTING THE RECOVERY OF EUROPE'S HOSPITALITY SECTOR

Dear Executive Vice-President,

As COVID-19 hit Europe, governments had little option but to take drastic steps and shut down large parts of the European society and economy. One of the sectors hit hardest was hospitality, which includes hundreds of thousands of restaurants, bars, pubs and cafés, most of them small and micro businesses, jeopardising six million hospitality jobs.

As MEPs we have seen close at hand in our constituencies and regions not just the health, but also the social and economic impact that the coronavirus has had on the citizens and local businesses that we serve and represent. One of the most visual elements of the lockdowns had been the empty streets, the closed shops but also the boarded-up bars, cafés and restaurants, with their empty terraces and chairs stacked up on tables. Behind this are livelihoods, millions of jobs, but also hundreds of thousands of businesses working throughout the supply chain to bring the goods and services to the hospitality sector.

One such sector is brewing, where one third of beer sales are usually through hospitality businesses and thousands of breweries had their principle, most valuable or, in the case of many smaller brewers, their sole route to market shut down overnight. Marginally increased beer sales through retail in some countries did little to compensate for the lost revenues as other social gatherings were also restricted to slow the spread of the virus.

In general, Member States, the Commission and other bodies such as the ECB and Eurogroup, acted quickly to introduce measures to support businesses and their employees as revenues were reduced to zero overnight. These measures were absolutely essential and very welcome.

Now, as Member States start to reopen their societies and economies, also hospitality establishments, though often amongst the last in the queue, are permitted to gradually restart their activities. This will help our citizens to exit from their isolation and reconnect with their families, their friends and their local community. However, with the virus still a threat, this is by no means a return to normal.

With social distancing rules and enhanced health and sanitary requirements, on top of fragile consumer confidence, bars, cafés and restaurants are being invited to reopen under circumstances where costs are up but customer numbers, and therefore sales, are significantly down, often cut by over fifty percent.

Support is therefore needed perhaps even more during this delicate period of reopening than it was during the shutdown, to ensure that the hospitality sector returns in a safe and sustainable manner. Targeted indirect taxation measures and flexible liquidity schemes can play a key role in helping hospitality establishments to both cut costs and access crucial funds to compensate for lost revenues. That way the hospitality sector and its whole value chain can not just enable but help drive the Green Recovery that Europe so needs.

The brewing sector is one of many that has written to President von der Leyen and Commissioners Gentiloni, Vestager and Breton, laying out its views and recommendations on some of the best options for targeted support measures, notably those which are already permitted under existing EU legislation. In its responses the Commission acknowledged the grave impact of the crisis on the hospitality sector and businesses such as brewing, stressing the need for a clear and bold rescue strategy that could guarantee the survival of individual entrepreneurs. As MEPs we believe that you, Executive Vice-President Dombrovskis, can make that happen.

For example, the EU Directives allow Member States to offer a significantly reduced VAT rate in the hospitality sector on the service of food and drinks, including on the supply of products such as beer that are so dependent on hospitality. This opportunity must be exploited to the full as it targets one of the most impacted parts of the economy and sustainably supports the reopening, not just compensating for the closure. Beer sold through the hospitality sector generates far greater value for business and tax revenues for governments than alcohol sold through retail channels.

The Commission has also demonstrated its flexibility in the application of State Aid rules and it is important that this be tailored to allow all hospitality establishments to benefit from much-needed support. Grants as well as loans are needed so that small businesses know that

they are not working in the long term solely to pay off debts and interest accumulated during the shutdown.

Finally, excise duty rates may also be reviewed to support those businesses in the hospitality value chain most hit by the closures of pubs, bars, cafés and restaurants. The EU's Excise Duty directives set a minimum rate that allows most Member States to cut their rates. The directives also permit reduced rates of up to fifty percent for smaller breweries and also reduced rates on lower alcohol beers. Member States should also facilitate, as permitted, the return of excise duties paid on products such as beer that finally had to be destroyed rather than sold. The Commission can play a role in encouraging Member States to review the rates and their application as part of a recovery strategy for the EU economy.

Whilst we welcome the EU Tourism package and its notable references to some sections of the hospitality sector, we encourage the European Commission as a matter of urgency to look specifically at the role that small businesses such as restaurants, bars and cafés can play in reconnecting EU citizens and the European economy, promoting the policy measures that can support this recovery. One option that we would like to put forward is the creation of a Special Joint Taskforce that can share knowledge and develop clear policy recommendations that support the hospitality and brewing sector in the context of the Green Recovery.

Yours sincerely,



Ivan ŠTEFANEC, EPP
Member of the European Parliament
President of SME Europe
President of the EP Beer Club

Co-signatory MEPs

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