

# Revision of the Package Travel Directive: Ensuring Effective Consumer Protection while Preserving the Resilience of the Travel and Tourism Sectors

We, a coalition of associations from the travel and tourism sector<sup>1</sup>, are writing to express our concerns over the proposed amendments to the Package Travel Directive (PTD), which was adopted on 29 November 2023. This coalition represents a broad spectrum of travel intermediaries and service providers from sectors including accommodation, attractions, and transport, all of whom are deeply invested in the implications of these revisions on our industries. In addition, national guarantee funds from Belgium, France, the Netherlands and Norway have extended their support to this initiative.

The PTD proposal emerges as a direct response to the unprecedented challenges faced by travellers during the COVID-19 pandemic, including the delays in reimbursements. The intention to arm the EU with more robust legal frameworks to navigate future crises is commendable. At the same time, it is imperative to consider the operational reality of the tourism sector under normal circumstances so as to ensure any new rule effectively delivers benefits to travellers. The signatories believe it is not the case with the current proposal.

**As currently drafted, the proposal risks significantly destabilising the precarious balance of the European tourism ecosystem. In particular, certain provisions could prove impossible to implement in practice.** We urgently call on the European Parliament and the Council to revisit and amend the current proposal, with the goal of establishing rules that serve the tourism ecosystem effectively in normal operating conditions and are robust and flexible enough to address challenges presented by future crises. It is crucial that such rules not only enhance consumer protection, but also support the growth and sustainability of a sector that is integral to our economic prosperity and societal identity. The sector is notoriously highly competitive, difficult to navigate, with challenges such as seasonality, staff shortages, and shifts in travellers' demands that shall be fully taken into account.

Several provisions in the PTD proposal raise serious concerns for travel and tourism industry stakeholders. In this letter, the signatories focus on two main areas where the proposal requires a careful rethinking: the package definition and the limitation of pre-payments.

- 1. The revised definition of 'package' risks placing organisers as well as service providers in a precarious situation, where they do not know, and are not able to decide, which products they are selling. Simultaneously, it leaves consumers unsure about the products they are purchasing.**

The concept of package has evolved over time to capture more categories than pre-bundled products, thereby recognising different business models emerging in the online space. Under the current proposal, for travel services bought separately but within a specific timeframe (3 hours or 24 hours) the trader would be obligated to treat these purchases as a package sale. While we understand the idea behind making the package concept more dynamic, the new rules would result

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<sup>1</sup> In 2022, the travel and tourism sector accounted for 9% of the EU's GDP, providing close to 22 million jobs, generating over €380 billion in spending by international visitors and more than €800 billion in spending by domestic visitors (source: WTTC).

in package organisers and service providers being unable to know whether they sell a travel service as a package or as a standalone until a second sale is concluded or the time limit has passed. This would result in greater consumer detriment:

- **Misinformation for Consumers:** When purchasing travel services, consumers rely heavily on precontractual information to make informed decisions. However, if packages and standalone services are not clearly differentiated, consumers may receive misleading or incomplete information simply because the provider does not know that the traveller has the intention of booking a package. For instance, packages often include bundled services or amenities while standalone services do not, and vice versa. Similarly, the trader responsible for the performance of the purchased services and the applicable legislation may change. This lack of clarity can lead to confusion and dissatisfaction among consumers who may not fully understand what they are purchasing.
- **Loss of Flexibility:** One of the key advantages of purchasing individual travel services is the flexibility they offer. For example, hotel bookings may come with more flexible cancellation policies, allowing consumers to change or cancel their plans closer to the date of departure with minimal/no penalties. However, if these services are bundled into packages, consumers may lose this flexibility. Package deals often have stricter cancellation policies or may require non-refundable deposits, in particular if air travel is involved.
- **Requirement for Consumer Tracking:** In order to determine whether a purchase qualifies as a package under the new package definition, travel organisers may need to implement consumer-tracking systems. These systems could potentially intrude on consumers' privacy by collecting and analysing their purchasing behaviour, travel preferences, and other personal data. This not only raises privacy concerns but also adds complexity and costs to the booking process for consumers, organisers and service providers.
- **Increased Costs for Consumers:** Selling travel products as packages involves additional costs and responsibilities for traders compared to selling standalone services. If traders are required to retroactively classify purchases as packages, they may face additional expenses to ensure compliance with PTD requirements, and the additional protections for consumers. As a result, traders will need to adjust their pricing and terms to account for these added costs, potentially leading to higher prices for consumers than the ones agreed in the first transaction.

## 2. The limitation of pre-payments is not a viable solution for tourism sector operators.

Pre-payments play a pivotal role in the financial management, seasonality adjustment and more general investment needs of all tourism businesses. Under the PTD proposal, package organisers cannot request downpayments exceeding 25% of the package price unless certain circumstances apply. The new rules would open the door for a measure that would ultimately prevent package organisers from making any profits in the first half of the year, increasing their financial fragility. The pre-payment limitation could even lead to closures or changes in business models, leading companies to reconsider their roles as package organizers. That would negatively affect competition in the market, by increasing the barriers to entry, thereby diminishing the overall diversity and resilience of the tourism ecosystem. As a result, consumers could further refrain from booking package holidays and favour self-made holiday packages at their own risk. The ever-decreasing share of package travel compared to other travel products validates this analysis.

Travel packages are already the best protected travel product: organisers must be protected against insolvency; consumers have the right to cancel the package free of charge under unavoidable and extraordinary circumstances. Considering the very high level of protection, it is

currently unclear why more radical measures are being considered that would put the tourism sector at greater risk of volatility. This proposal is not viable, will have a negative impact on the whole tourism ecosystem, and should be abandoned.

We urge the European Commission, the European Parliament and the Council to engage with all stakeholders in the tourism sector to discuss ways to ensure that the PTD proposal does not add unworkable operational requirements and endanger the financial viability of tourism operators and travel service providers, including the numerous SMEs in the sector. It is essential that any amendments to the PTD are made with a deep understanding of the sector's needs and challenges. In particular, the two above-mentioned provisions under the revised PTD need to be substantially amended to prevent detrimental impacts on the sector's viability and competitiveness.

We look forward to working collaboratively on measures that allow the tourism sector to continue thriving, contributing to the European economy and the well-being of its citizens.

#### Signatories

