

Package travel and linked travel arrangements

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By means of this Communication, the Commission seeks to respond to the numerous calls from the professionals in the sector, consumers and legislators, for the rules in the EU Package Travel Directive (Council Directive 90/314/EEC) to be brought into the digital age.

Need for reform of the 1990 Directive: over the last 20 years, the travel market has been transformed, notably by the internet. In 2011, online travel sales accounted for around 35 % of all travel bookings; **in the sole month of March 2013, nearly 183 million citizens visited an on-line travel website.**

Now, although 23 % of EU travellers still purchase traditional, prearranged packages, more and more either buy different parts of their trips separately (54 % of Europeans who took a holiday in 2011), or buy customised holidays which are put together by one or more commercially linked traders to suit their needs and preferences. **Such ‘combined travel arrangements’ now account for 23% of the holiday market, roughly 118 million trips every year.**

The advent of these new types of holidays has created ambiguities, because both businesses and consumers may be unsure whether they are covered by the legislation. In practice, legal protection may differ, depending on how, where and by whom the arrangements are offered for sale, even though the travel components may be identical.

In this new market environment, the **current EU rules no longer meet the needs of consumers and businesses.** The different legal requirements across the Member States, e.g. on pre-contractual information, liability and insolvency protection, mean that businesses have more difficulty expanding their operations across borders. Thus, travel businesses are no longer competing on an equal footing.

Moreover, the outdated scope of the Directive also means consumers can lose money when they buy travel products that are not covered while believing that they are protected.

A new proposal to modernise the rules: the Commission considers that revising the Directive will, in line with the [EU strategy for tourism](#), help in strengthening European tourism by adjusting the existing rules to changed consumer behaviour, as announced by the [European Consumer Agenda](#) and re-stated by the [second EU Citizenship Report](#).

The proposal clarifies the existing Directive and brings it up to date with legal and market developments. It enhances consumer protection at a reasonable cost to the industry while leaving businesses and consumers free to choose what they wish to sell and buy.

While still focusing on ‘packages’, the proposed legislation is **wider in scope** and clearly includes **new, commonly used combined travel arrangements**. It also puts in place a flexible system for business travel.

Moreover, the proposal:

- ensures **greater market transparency** by enabling all travellers to clearly identify whether they are being offered a package or not, thus avoiding confusion;

- repeals special rules on **brochures** (less necessary with the internet). However, the proposal ensures that the traveller will still receive all the key information before signing a contract and that any potentially important news after that, for instance a change to the itinerary, is communicated in writing (including email);
- gives travellers **new cancellation rights**: consumers will have the right to cancel the contract before departure, albeit by paying the organiser reasonable compensation for the costs incurred. In the event of natural disasters, warfare or similar serious events at destination, consumers will also have the right to cancel the contract without paying compensation. Rules on **prices** will be fairer and more predictable with the introduction of a 10 % cap on price increases;
- provides **clearer remedies and a better system of redress** if something goes wrong. It also **contractual liability**. Travellers will still have a single contact point if something goes wrong during the holiday, and organisers are made liable for the performance of the services included;
- clarifies **the insolvency protection rule**, and explicitly obliges Member States to ensure mutual recognition of national insolvency protection schemes, within a structured cooperation mechanism.

The Commission considers that the new proposal is **a proportionate response to new market developments while taking fully into account the specific position of SMEs** in their dual role as suppliers and users of travel services. Indeed, considering that an overwhelming majority (99 %) of EU tour operators and travel agents are SMEs (of which 92 % are micro-enterprises), the proposal aims to reduce the average cost of offering traditional packages, by modernising the rules and cutting red tape.

At the same time, the proposal leaves all off- and on-line traders free to offer their services to facilitate the arrangement of holidays involving the combination of separate travel services, without becoming liable for the performance of the different services. However in the interest of fair competition and in order to protect consumers, **the obligation to provide sufficient evidence of security** for the refund of pre-payments and the repatriation of travellers in the area of insolvency should also apply to assisted travel arrangements.