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## France will prohibit rate parity clauses by law: Important step for hoteliers in regaining their entrepreneurial freedom in price setting

Brussels, Paris – 18 June 2015, The French national assembly took an important decision, by voting in favour of deleting any rate parity clauses from contracts between hoteliers and Online Travel Agents and qualifying the term of the contracts with online booking platforms as “mandate contract”. This would be the first decision at legislative level to ban explicitly rate parity clauses from such contracts. With this decision hoteliers in France would finally regain their entrepreneurial freedom and will be ready to offer their customers any trade or tariff advantage they consider appropriate.

The decision would allow hotels to set lower prices both on their online and offline direct distribution channels, than the rates available via intermediaries, thus putting an end to mandatory rate parity clauses. Compared to the decision of several competition authorities of 21 April 2015, which only allowed setting prices freely through offline or, in other words, 20<sup>th</sup> century distribution channels, like telephone, fax, letters, etc., this voted amendment follows the realities of current times. Once the law will be finally adopted, the intermediaries would have to display any price as given by the hotels.

*“It is more than a victory for the profession, it is a revolution that is underway for the French hotel industry and for our customers. After the decision of the Competition Authority, this vote will contribute to the establishment of a renovated contractual framework to restore conditions of a commercial relationship based on trust between hotels and booking sites in the interest of consumer”,* says Roland HEGUY, President of HOTREC’s French member association UMIH.

*“The European hotel industry sees the decision of the French national assembly as a very important step in the process of having complete entrepreneurial freedom available for hoteliers all across Europe. France would be the first country, where application of the anti-competitive rate parity clauses would be explicitly declared banished by law and the second country where such clauses would be banned in one way or the other, after the German competition authorities’ decision on the matter”,* welcomed Christian de Barrin, CEO of HOTREC, the French decision.

### **What is HOTREC?**

HOTREC represents the hotel, restaurant and café industry at European level. This industry includes around 1,8 million businesses, of which 99% are small and medium sized enterprises (91% of them micro enterprises, i.e. employing fewer than 10 people). These businesses make up some 59% of industry value added. The hospitality industry provides some 10.2 million jobs in the EU alone. Together with the other tourism industries, the sector is one of the largest industries in Europe. HOTREC brings together 42 national associations representing the sector in 28 different European countries.

For further information: [www.hotrec.eu](http://www.hotrec.eu)

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