

PROPOSED REFORM OF TOURISM: DEVELOPMENT AND MODERNIZATION OF TOURIST SERVICES

Tourism is one of the major sectors of activity in France.

The tourism activity weighed on its own in 2007, 117.6 billion Euros, which represents 6.2% of the GDP. In 2006, more than 196,000 businesses operated in this sector and generated a total turnover of 69,636 million Euros and among them 4,263 were travel agencies. This sector alone employed about 660,000 full time employees in 2003.

However, while France is the first world tourist destination in 2007, it is only the third in terms of international tourism earnings, behind the USA and Spain.

Based on such observation, the *Assises du Tourisme* (the French National Conference on Tourism) held in June 2008 highlighted the necessity to develop and modernize the French tourist offer.

In such context, a Bill n° 200 of development and modernization of tourist services has been brought in First Reading on 4 February 2009 before the *Sénat* (the French Senate) and referred to the French Senate Committee on Economic Affairs and Plan which will hear on Tuesday 17 March 2009, Mr. Hervé Novelli, the French Secretary of State for Business,

Trades, Small and Medium Sized Enterprises, Tourism and Services.

Such Bill highlights 4 key measures to modernize the tourism sector:

- the reform of the regulation applicable to tourism businesses;
- the reform of the procedure for hotels ranking, introducing notably a fifth star in the French ranking system;
- the creation of the *Agence de Développement du Tourisme* (the Tourist Development Agency) which aims to become the sole operator of the French State in respect with tourism (derived from the connection of both French operators *ODIT France* and *Maison de France*) and;
- the change of regulation pertaining to the holiday vouchers in order to promote the development of tourist activity.

Regarding, in particular, the regulation applicable to tourism businesses, the Bill aims at simplifying the current legal authorization regime for the organization and sales of travels, while maintaining a high level of consumer protection.

Indeed, nowadays, tourism businesses are subject to four different authorization regimes:

- a license for the activity of travel agency;
- a specific approval for associations or non-profit organizations;
- an authorization for the *Organismes Locaux de Tourisme* (the French local tourism organizations), including tourism offices;
- an authorization for the managers of classified accommodation, the managers of leisure activities, the passengers carriers and the real estate agents.

Regarding the travel agencies, they are subject to a strict legal professional status which determines the conditions for exercising their activities, their liability and the financial guarantee which should be provided.

The Bill proposes to simplify the whole French legal system by merging the four existing regimes for travel sales in a single declaration regime.

To improve the mechanisms of consumer protection, it also requires from travel agencies, a specific filing with a public registry to be created, in addition to the current obligations to provide an appropriate financial security, professional insurance liability policy, and to qualify to specific professional capacity.

Finally, pursuant to the provisions of Directive 2006/123/EC of the European Parliament and of the Council of 12 December 2006 on services in the internal market, the undertaking of the travel agents to perform their activity on an exclusivity basis shall be lifted.

Obviously, particular attention shall be given to the parliamentary debates pertaining to this Bill, particularly since the consequences could be potentially very important for the players of the tourism sector in France. Necessary adaptations and even restructuring operations should be anticipated well in advance by the companies concerned in order to maximize the impact of the ongoing reform for their own benefit.

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Ichay & Mullenex Avocats is a French law firm focusing on all legal issues related to the new technologies in France and abroad. They are considered experts in intellectual property and Internet law, e-commerce, online gaming, data protection. Ichay & Mullenex Avocats also assists its clients on all issues related to financing, mergers & acquisitions, restructuring, etc. and advises them on their litigation and arbitration procedures.

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