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Position Paper on Boosting the Economic Impact of Business Travel

Executive Summary

Business travel in Europe makes a hugely positive contribution to the European economy, and although the COVID pandemic was a significant setback, the sector is recovering fast.

The European business travel industry as a whole and the European business travel manager community (represented in BT4Europe) in particular, have identified a set of common challenges. If not addressed, and legislated upon where necessary, these will compromise growth and efficiency of the business travel industry in the medium to long term, preventing the sector from contributing its full potential to the European economy.

The challenges include understaffing, travel related ticketing and pricing restrictions, and the current regulatory regime which is no longer fit for purpose and is holding back the sector's dynamic development. Insufficient lessons have been learnt from the pandemic to create the robust and resilient regulatory framework for the sector, which can better face potential future emergencies.

We are confident that these challenges can be addressed in order to enable the sustainable and resilient development of the sector, which contributes to the economic development of Europe.

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We invite the entire travel sector to support these recommendations and the European Commission and Parliament to lead the work towards implementing them:

- We urge the EU to undertake the necessary work to prepare for facing potential future emergencies more successfully. We need to **learn lessons from the pandemic** and **draw up the guidance and tools needed for potential future health measures,** which should create a more **resilient** and **coherent framework** for business travel.

- We urge the EU to **act proactively** in the face of current **shifts in working patterns**, by adopting **uniform rules and developing a new legislative on framework** to allow easier **cross border work and job rotation**, with less bureaucracy and forms, and minimal or positive tax implications.

- We urge the EU to **ensure a level playing field** across the **modes of transportation on ticketing and pricing,** by ensuring **one stop ticketing for all modes of transport** through their planned **multi-modal digital services initiative**, with simple, integrated and **digital end to end multi-modal passenger rights,** and ensure the provision of freely available travel data.

- Finally, we urge the EU to use the forthcoming review of **EU passenger rights regulations to introduce end-to-end protection of passenger rights** as a key aspect of multimodal travel, which must be guaranteed at all stages of the journey in a simple and integrated way

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Introduction

Business travel spending represents a significant proportion of overall travel spending in Europe. The true size of the overall economic impact is being investigated in research by the BT4Europe Facts & Figures working group.

Economic impact of European business travel – Scope 2021[1]

- 2 million institutions send business travellers on the road (companies, public administration, NGO)

- 22 million business travellers

- 166 million business trips

- €54 billion spent

[1] Data mentioned in 'Scope 2021'is extrapolated from research available for Germany. It presents only an educated guess of the true size of business travel in Europe. BT4Europe embarked upon a research project to present the facts and figures of business travel in Europe.

We believe that for the sector to make its full contribution we need to create conditions that will allow companies to plan business trips to the extent necessary for the success of their business, and consequently the success of our entire economy.

In this Position Paper we set out these conditions, assess how they should be addressed and make recommendations for action. We invite the entire travel sector to support these recommendations and the European Union to take action to implement them.

Background

The Travel & Tourism Development Index (TTDI), developed by the World Economic Forum (WEF), benchmarks and measures "the set of factors and policies that enable the sustainable and resilient development of the Travel and Tourism (T&T) sector, which in turn contributes to the development of a country", provides a strategic benchmarking tool for business, governments, international organizations and others to develop the T&T sector. The index is a useful backdrop for this Position Paper and has helped shape our recommendations.

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Background

In particular the TTDI recognises:

The need for T&T development has never been greater: The T&T sector is a major driver of economic development, global connectivity and the livelihood of some of the populations and businesses most vulnerable to, and hardest hit by, the pandemic. Therefore, supporting T&T development and recovery – which in turn will help the global recovery, build resilience and support all of those who depend on the sector for work and achieving business goals – is critical.

The T&T sector has faced difficult operating conditions, but shifting demand dynamics has created opportunities and a need for adaptation: In the short term, challenges such as reduced capacity, geopolitical tensions, labour shortages and the energy crisis are slowing down a quick recovery. However, opportunities have been created in markets such as the rise of digital nomads and "bleisure". The T&T sector stakeholders' ability to adapt under these conditions highlights its capacity for adaptation and flexibility.

T&T development strategies can be employed to help the sector optimize with a focus on the future: Amid the challenges, shifting demand dynamics and emerging opportunities and risks, a more inclusive, sustainable and resilient sector can be – and needs to be – built. It requires leveraging development drivers and strategies, including restoring and accelerating international openness and consumer confidence, via, for example, improved health and security; building favourable and inclusive labour, business and socioeconomic conditions; focusing more on environmental sustainability; strengthening the management of tourism demand and impact; and investment in digital technology.

FIGURE 1 | The Travel & Tourism Development Index framework

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1.   Developing a More Resilient Business Travel Framework

We urge the EU to better prepare for facing potential future emergencies more successfully. This can be achieved by learning lessons from the pandemic and drawing up the guidance and tools needed for potential future health measures, to create a more resilient and coherent framework within which business travel operates.

Current situation and main issues

Health and safety are of course our top priorities. Consequently, the initial reaction to the pandemic, in terms of uncertainty and travel restrictions, with its consequential impact on corporate travel, including cancelled events and meetings on a mass and unprecedented scale, resulted in significant losses in business for all suppliers in the travel industry, corporates in general and the wider economy.

Overall, the pandemic demonstrated how vulnerable business travel in particular, and our economy in general, were to a global health crisis, and how inter-connected the world of business, our societies and our economies have become. Of course, plans and measures had to be developed and changed at short notice in response to the developing crisis, but it was essential a master plan was swiftly developed, with clear rules and deadlines, to safeguard health and safety whilst facilitating the safe resumption of business travel and business events. It's clear the European Commission and some Member States acted fast to develop such a master plan, **but the effects were piecemeal and disappointing, and lessons need to be urgently learnt**.

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European Court of Auditors Recommendations

Consequently, we share the view of the European Court of Auditors (ECA) who recently concluded that insufficient lessons have been learnt from the pandemic to create a robust and resilient regulatory framework for the travel sector to better face potential future emergencies.

'The objective of our audit was to assess whether the Commission had developed effective tools to facilitate travel within the EU during the COVID-19 pandemic. Overall, we conclude that, despite its limited competence in public health policy, the Commission moved fast to propose suitable technological solutions to facilitate travel. However, the Members' States use of these tools varied significantly, so the tools' impact in facilitating travel within the EU was uneven, ranging from success in some cases to limited use in others. Our recommendations focus on the need to analyse and address the reasons for the low uptake of certain tools, streamline communication on incidents relating to the EU Digital COVID Certificate and prepare relevant EU tools for future crises.'

In particular we note with concern that *'the EU digital passenger locator form was used by only four Member States, while other countries continued to rely on national solutions. The overall use of the platform for exchanging passenger locator forms has remained insignificant: only three were exchanged in 2021 and 253 in the first two months of 2022. The use of the contact-tracing gateway was constrained by Member States' limited adoption of contact-tracing applications, and the vast majority of traffic was generated by one country alone.'*

Special report 01/2023: Tools facilitating travel within the EU during the COVID-19 pandemic, ECA.

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In particular BT4Europe supports the ECA's **recommendations for action (see below)**, and their implementation in line with the target dates set by the ECA.

ECA Recommendations for Action

The Commission should:

(a) identify those EU tools created during the COVID-19 pandemic that have been most useful to citizens and the Member States and prepare procedures for reactivating them quickly in the event of future emergencies;

(b) through synergies or simplifications, make the EU tools used to facilitate cross-border contact tracing during crises easier for EU citizens to access;

(c) together with Member States, analyse the need for any additional tools to address potential future crises.

Target implementation date: September 2023 for recommendations (a) and (c), and

September 2024 for recommendation (b)

BT4Europe's recommendations for action:

- *We urge the EU* to address the reasons for the low uptake of EU digital passenger locator forms
- *We urge the EU* to streamline communication on incidents linked to the EU Digital Health Certificates
- *We urge the EU* to prepare relevant EU tools for future crises

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2. Leveraging the Economic Benefits of Flexible Working

We urge the EU to act proactively in the face of current shifts in working patterns, by adopting uniform rules and developing a new legislative framework to allow easier cross border work and job rotation, with less bureaucracy and minimal or positive tax implications.

Current situation and main issues

The numbers of digital nomads increase - corporations allowing employees to work flexibly from abroad for longer periods - while income tax, social security and visa requirements remain inflexible.

Flexibility is at the centre of new working behaviours according to the World Economic Forum, and BT4Europe believes it is vital to nurture those trends in order to boost Europe's economy and enhance our international competitiveness. Indeed, the current regulatory regime is holding back the dynamic development of the sector.

A new, agile generation of workers want more meaningful, flexible, sustainable work and travel plans. That means the demand for fit-for-the-future spaces and services, sustainable travel options to a leisure location, or an exciting city centre, as a base for remote, flexible working, has boomed over the past two years, seen as way to claw back valuable work and leisure time by not having to do the household chores.[2]

Increased bleisure travel

Bleisure is rapidly becoming a word – and a concept, as post-pandemic travellers increasingly adopt seamless blended travel behaviours and attitudes: the shift to a good work/life balance and making Work From Anywhere [WFA] an option for employers to attract new talent.

Rather than waiting as these trends gain popularity, and bottlenecks and barriers emerge, we urge the EU to act now to leverage to the full the economic and competitiveness benefits of flexible working by adopting uniform rules and developing a new legislative framework. In particular:

- *We urge the EU* to adopt uniform rules and develop a new legislative framework to allow easier cross border work and job rotation, with less bureaucracy and forms, and minimal or positive tax implications.

- *We urge the EU* to streamline Regulation (EC) 883/2004 which came into force in May 2010, which requires employers to prove the social security affiliation of their employees in the EU by means of an A1 document if they carry out cross-border activities.

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3. Modernise Ticketing, Pricing and Passenger Rights to Boost Business and the Economy

We urge the EU to ensure a <u>level playing field</u> on ticketing and pricing across modes of transport, by ensuring one stop ticketing through the planned multi-modal digital services initiative, with digitalised and integrated multi-modal passenger rights, and ensure freely available travel data.

Current situation and main issues

Why is it still not possible to travel door-to-door throughout Europe with one single ticket? Why cannot that first mile/last mile be integrated into the entire trip, despite the fact that the sharing economy has gained in scale and popularity over the last ten years? Why isn't cross-border rail travel on the same level of priority as cross-border air travel? Now more than ever, we need modern mobility concepts to encourage the shift to more sustainable/effective modes of transport, to drive forward the decarbonization of the transport sector and boost our economy.

For years, digital technologies have enabled us plan, book and pay for journeys – yet we are still lacking cross-border "seamless mobility" based on end-to-end digital processes without discontinuities. This would prompt further digital transformation of our mobility and enable more efficient use of our various modes of transport.

Intermodal mobility is currently almost impossible across European borders due to different selection, booking, payment and ticketing processes – this is especially true for the integration of local public transport. Business travellers would increasingly switch to public transport modes were these integrated in a travel chain and available as door-to-door mobility. If this were the case, all modes of transport could be planned, booked and paid for in one application – and travellers would have a single, cross-border ticket instead of several individual tickets, which could then be passed on digitally to travel expense accounting. The automatic billing of the respective mobility providers in the intermodal travel chain would take place in the background ("clearing").

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Ideally, a cross-border travel chain should also include solutions for the so-called "first/last mile" as public transport solutions are often not available for this section of a journey or services do not run at times relevant for business travellers. For many journeys today, the mobility chain starts and ends at airports, train stations or public transport stops far away from the actual destination.

Cross-border ticketing often fails at EU level due to the lack of cooperation between the leading national railway companies and the large number of municipal & regional transport associations. Their individual interests prevent the introduction of uniform standards at national level. To resolve this problem, experts who are familiar with the connection of systems are needed, so that the highest possible degree of standardisation can be achieved – a fundamental prerequisite for integration into corporate processes and thus for usability by business travellers. The aim would be to have a freely available data set with all the fares of the individual providers and data in real time, as provided for in the PSI Directive (Directive (EU) 2019/1024) on open data and the re-use of public sector information. This requires standardised and binding interfaces so that the different mobility providers can connect to the platform to both feed in their own data and access the information of other data providers. Many mobility providers currently tend to use proprietary standards and interfaces, which massively limit the possibilities of data exchange. An overarching ID management, IT security and data protection, as well as approved arbitration models and uniform contract design, could ensure that interconnectivity between mobility providers based on governance principles, but also in interaction with users, is guaranteed.

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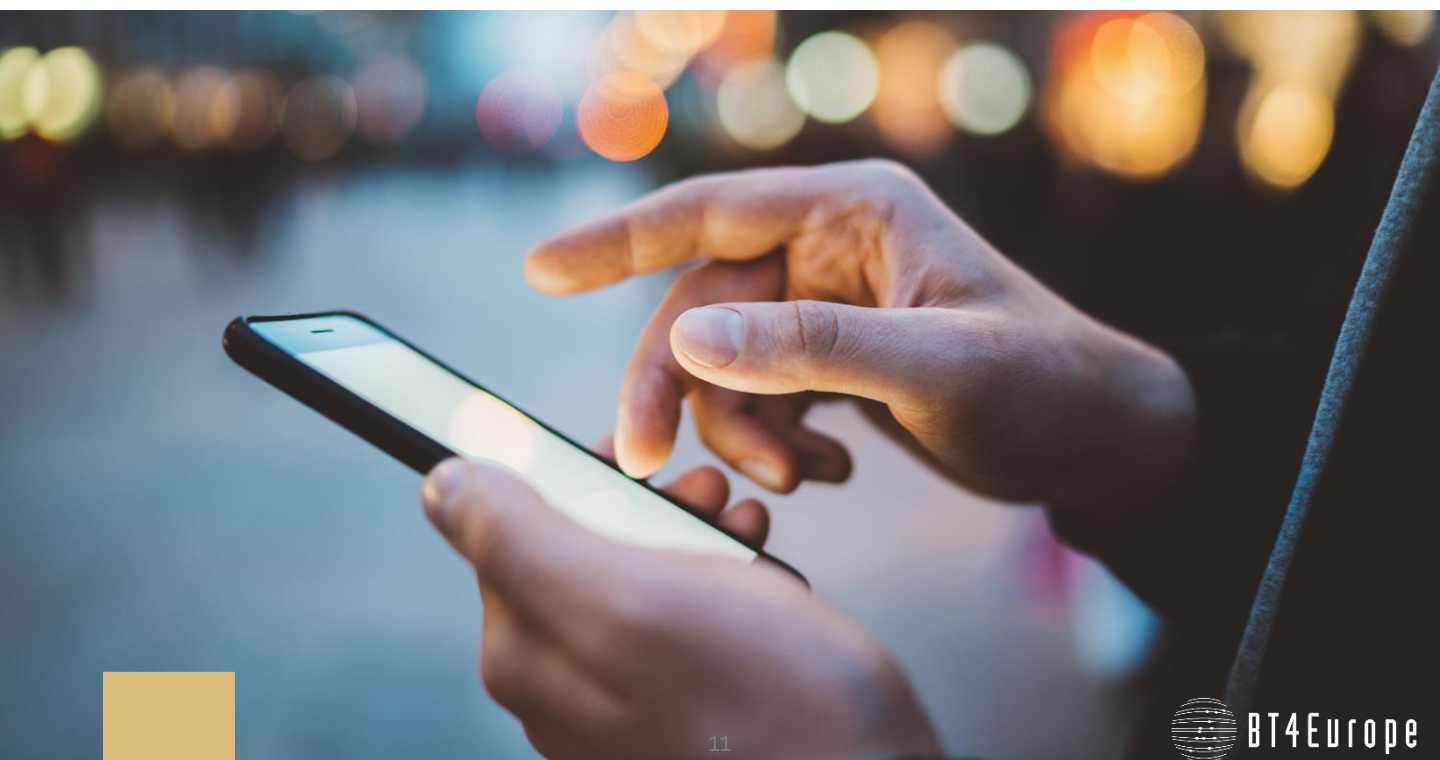
End to end Passenger Rights

End-to-end protection of passenger rights are a key aspect of **simple, safe and attractive cross-border multimodal travel** and must be guaranteed at all stages of the journey. Currently, consumers who choose to combine different modes of transport are covered separately by different EU instruments for each leg of their journey, even if they have purchased a single ticket for their entire journey.

A new legal framework that **ensures the end-to-end protection of passenger rights is needed** for the future.

The EU should ensure a **level playing field on ticketing and pricing across all modes**, by ensuring one stop ticketing through the planned multi-modal digital services initiative, with simple, integrated and digital end-to-end multi-modal passenger rights, and ensure the provision of freely available travel data. In particular:

We urge the EU to ensure the Multimodal Mobility Digital Services initiative (MDMS) fully integrates booking, payment and ticketing processes, across all modes of transport, as well as cross-border travel and last mile journeys.

We urge the EU to use the forthcoming review of EU passenger rights regulations to introduce end-to-end protection of passenger rights as a key aspect of multimodal travel, which must be guaranteed at all stages of the journey in a simple, integrated, and digital way.

We urge the EU to ensure freely available data sets with all the fares of the individual providers and data in real time, as provided for in the PSI Directive (Directive (EU) 2019/1024). This requires standardised and binding interfaces so that the different mobility providers can connect to the platform to both feed in their own data and access the information of other data providers.

Sources:

(1) WEF_Travel_Tourism_Development_2021.pdf
(2) Back to the future of business Travel; VDR Whitepaper, June 2020
(3) Whitepaper Crown Plaza https://digital.ihg.com/is/content/ihg/CP-Blended-Travel-White-Paper
(4) 2022-06-15_VDR-Position_Intermodal-Mobility-Services
(5) BCD-Report_Travel-Risk-Outlook_2022
(6) Special report 01/2023: Tools facilitating travel within the EU during the COVID-19 pandemic, ECA.

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About Us

We are the European Network of Business Travel Associations, and we call ourselves

BT4Europe
Business Travel for Europe for short.

Across Europe business travel is of vital importance to businesses, public institutions, and NGOs. We are the voice of those who buy business travel services and those who travel. The European Network of Business Travel Associations is registered in Belgium as a non-profit association.

The Executive Board is elected by the Annual General Meeting and consists of a Chair, a Treasurer and a Secretary.

Chair	Treasurer	Secretary
Patrick Diemer	**Dominic Short**	**Lotten Fowler**
VDR	ASTM	SBTA

BT4Europe has formed 4 working groups initially. These focus on Facts & Figures, Economic Impact, Sustainability and Digital Transformation.

Participants:

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