

Making a success of Brexit for travel and tourism

Priorities for the Brexit negotiations



Foreword



We want to work with the Government to help them make Brexit as successful as possible.

The UK travel and tourism industry plays a hugely important role in the UK economy, contributing around 9% of total economic activity¹. The outbound travel industry alone contributes £28.3¹ billion a year to the UK economy and the EU is our main market for overseas travel, with 75%² of business and leisure trips taken there. The EU is also the main source market for visitors to the UK. With this in mind, it is essential that the industry can continue to prosper post-Brexit and holidaymakers and business travellers can continue to travel freely and enjoy the important benefits currently open to them.

This means protecting many of the benefits we currently enjoy, including visa-free travel and access to free or reduced-cost healthcare. It means safeguarding our transport links, including our air routes, and protecting valuable consumer rights. It means identifying opportunities to change regulation and taxation, where appropriate, that arise out of Brexit.

We want to work with the Government to help make Brexit as successful as possible. This report outlines the priorities, challenges and opportunities which we call on the Government to address on behalf of the industry and UK travellers. In particular, we are asking the Government to focus on the following five key points in the negotiations now that Article 50 has been triggered:

1. Maintain our ability to travel freely within Europe and beyond
2. Keep visa-free travel between the UK and the EU
3. Protect valuable consumer rights
4. Give UK businesses operational stability
5. Seize opportunities for growth

Finally, and importantly, people book travel in advance, and many ABTA Members have holidays on sale up to 18 months in advance. With negotiations taking two years, it is vital that the Government agrees effective transitional arrangements with the EU whilst the finer details of the UK's exit are worked out. This will give consumers and businesses confidence to carry on booking and travelling and enable one of Britain and Europe's leading industries to continue to thrive.

Mark Tanzer

Mark Tanzer
CHIEF EXECUTIVE

Maintain our ability to travel freely within Europe and beyond

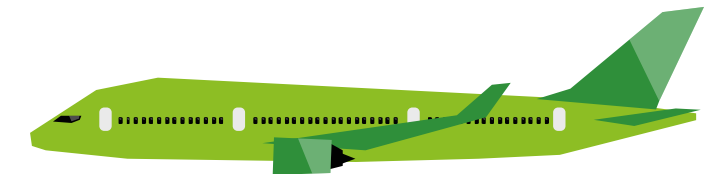
Ensuring UK airlines can continue to fly

Our ability to fly easily and cheaply to and from Europe is often taken for granted. Since the deregulation of the aviation industry in the 1990s, we have seen a 180% increase in routes across the continent³ and a sharp fall in prices due to the emergence of low cost airlines – fares have dropped by over 40% for lower cost flights within Europe³. This has been a massive benefit for holidaymakers and business travellers.

All our flights to the EU and the USA are secured through EU negotiated agreements.

However, many of our existing airline routes are secured through EU negotiated agreements. This applies not just to EU routes, but also to links further afield, including all flights to the USA. It is critical to retain or replace these agreements so that UK airlines can continue to operate established air routes.

There is no international fall-back option, such as World Trade Organisation rules, that exists for the aviation sector. A reduction in the number of routes would be hugely damaging for holidaymakers, business travellers and visitors to the UK.



Number of annual trips from the UK to USA by air



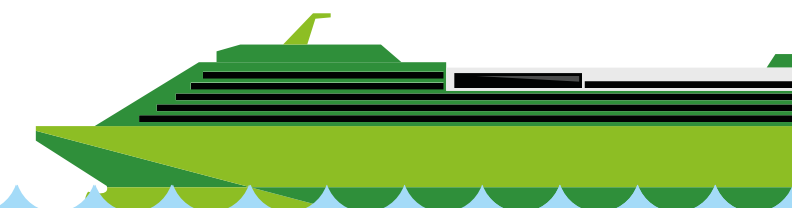
Number of annual trips from the USA to UK by air



Protect rail, road and sea routes

Beyond aviation, around 19 million journeys take place between the UK and the EU each year by rail, road and sea, including over three million by coach⁴. Joint approaches to regulation, including the mutual recognition of qualifications and drivers' working hours have enabled these transport links.

It is essential that such journeys can continue to operate freely, with minimal changes to current arrangements.



Keep visa-free travel between the UK and the EU

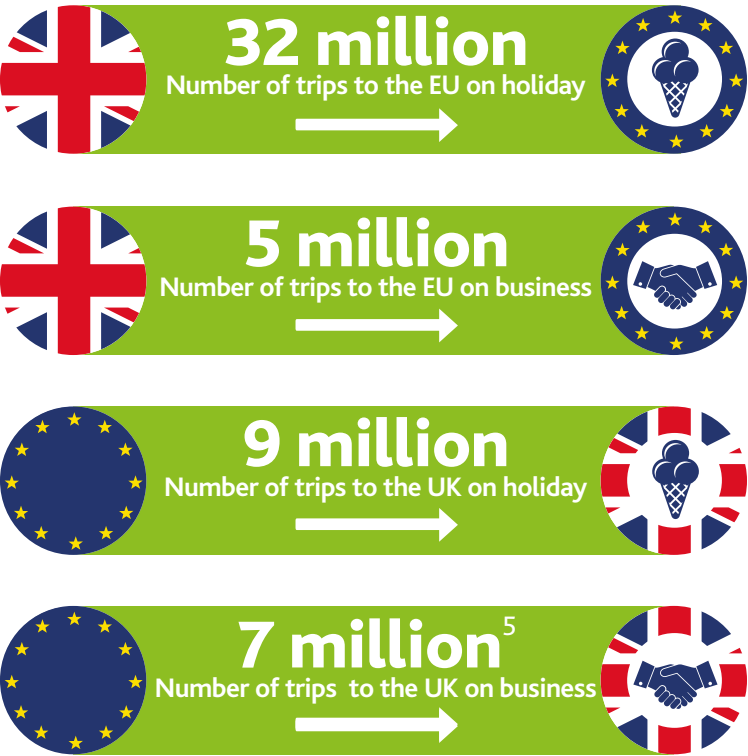
One of the great benefits of the EU has been the ease of travel between the UK and other EU countries. UK residents made 37 million holiday and business trips to the EU in 2015, and EU residents made over 16 million similar trips to the UK⁵. The EU is the UK's biggest market for overseas holidays and a critical market for businesses. Many trips to the EU are planned and booked at short notice.

While immigration is a contentious issue, securing visa-free travel for holidays and short business trips should

be the goal of the Government. It is important that we maintain fast and efficient processes through our airports and ports and avoid lengthy queues to enable EU nationals to easily visit us, and UK visitors to travel to the EU.

ABTA welcomes the Government's stated intention to secure the continuation of the Common Travel Area between the UK and the Republic of Ireland. This is of vital importance to travel businesses and travellers in Northern Ireland.

Holiday and business visits by numbers⁵



Residents in Northern Ireland undertook more than **1.2 million journeys** departing from Dublin Airport in 2015⁶.

Exemption from the European Travel Information Authorisation System

The EU is proposing to introduce a European Travel Information Authorisation System (ETIAS), similar to the US ESTA system, which **obliges all travellers to register in advance and pay a fee to enter the EU**. This would incur costs for British travellers, as well as being a barrier to travel. We believe the Government should seek an exemption for British travellers.



Protect valuable consumer rights

The UK's membership of the EU has given travellers many highly beneficial rights and protections. These include compensation for delayed and cancelled flights and the Package Travel Directive, which protects people on package holidays. ABTA believes there may be opportunities to improve the regulatory regime for businesses as we leave the EU, but the Government must maintain consumer confidence in travel and the entitlements that travellers value highly.

Continued access to free or reduced cost medical treatment across Europe

There are just under 26 million⁷ European Health Insurance Cards (EHIC) in circulation within the UK, according to the European Commission. While it is not a substitute for travel insurance, access to free or reduced cost treatment across the EU has been a major benefit for UK travellers.

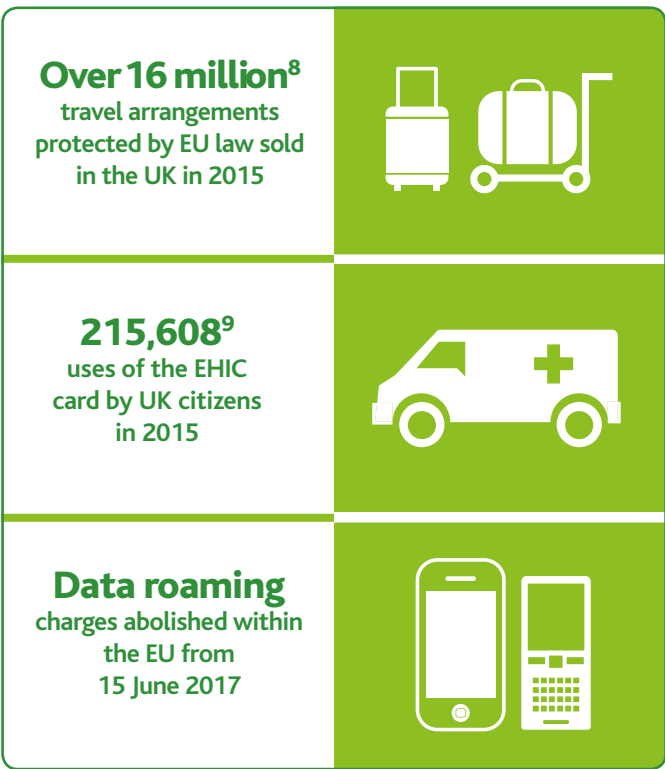
ABTA urges the Government to secure the UK's continued participation in the EHIC scheme, which guarantees UK travellers reciprocal access to healthcare systems across Europe.

Mobile roaming fees

From June 2017 mobile roaming fees in Europe will be abolished. With most holidaymakers and business travellers increasingly reliant on mobile phone and internet use abroad, and the advent of e-tickets and e-receipts for accommodation, this has been a welcome development.

The Government must replicate this EU-level agreement to ensure that British and EU customers continue to benefit from the abolition of these additional charges.

Benefits for consumers travelling in the EU



⁵ONS Travel Trends 2015 ⁶Dublin Airport, 2016

⁷European Commission, EHIC Questionnaire 2015 ⁸ONS Travel Trends 2015 ⁹Department for Health

Give UK businesses operational stability

UK travel companies have strong ties to the EU, where the vast majority of UK holidaymakers take their overseas holidays. It is crucial that when we leave the EU, businesses are able to continue to operate effectively in an environment that supports their needs.

ABTA estimates that there are up to **3,500 workers** posted across the EU, working for UK-based travel companies.



Access to employment markets

The UK and EU tourism industries require talent from a range of nationalities. In the UK around 24% of the tourism and hospitality workforce are EU nationals¹⁰.

For holidays overseas, many tour operators are reliant on seasonal workers, such as holiday reps and chalet workers. We ask the Government to protect these reciprocal employment rights for EU and UK nationals. Access to labour and the flexibility to use employees across Europe is critical for successful businesses.

Tax and border issues

ABTA welcomes the Government's recognition of the need to reach a future customs arrangement with the EU: current arrangements have cut down on bureaucracy for tax and border issues benefitting both businesses and their customers. For UK travel companies who move goods across the EU as part of the day-to-day running of their business, maintaining many of the benefits of the Customs Union is extremely important. An example of how this has helped businesses in the travel sector is the Tour Operators Margins Scheme (TOMS). This has simplified VAT arrangements for travel companies by removing the requirement for them to register for VAT separately in every EU country where they operate.

Seize opportunities for growth

Brexit opens up possibilities for new partnerships and relationships and the opportunity to have greater choice on our laws and regulations in relation to travel. We believe Brexit offers a chance to seize opportunities such as cutting visa costs, reducing Air Passenger Duty (APD) and ensuring we have world-class connectivity.

Lower Air Passenger Duty, and remove double-taxation on domestic flights

When it comes to ticket taxes and airport charges, the UK is one of the least competitive countries in the world, ranking 137th out of 141¹¹. As the UK exits the EU, a reduction in APD would send a clear signal that we are open for business. As of 1 April 2017, APD is £13 on short haul flights and £75 on long haul flights.

Air Passenger Duty is a tax on 'global Britain'. Lowering it would reduce the cost of air travel, making the UK a more attractive global trading partner.

EU rules mean that domestic flights currently attract double APD, as the tax must be levied on every applicable UK flight departure. Leaving the EU enables the abolition of this double-taxation, which currently acts as a disincentive to increasing domestic connectivity as it represents a significant proportion of the ticket price.

Support greater connectivity across the UK

Regional connectivity across the UK is key to helping deliver the vision of a global Britain, but restrictive EU rules inhibit the ability of the UK Government to support new domestic air routes. These help people travel on holiday from airports near their home. While ABTA recognises there may be some remaining constraints, we urge the Government to take a more proactive stance in supporting domestic air routes and connectivity across the UK post-Brexit.

Lower visa costs and simplify the application system

The UK is the eighth largest tourism destination in the world with almost 14 million tourists visiting in 2015¹². Lower visa costs and a simpler application system would give the UK a tourism boost by making us a more attractive choice for visitors. For example, a UK Visa for a Chinese visitor costs considerably more than an EU Schengen Visa that provides access to 26 countries. We also support making the UK's visa application process more accessible.



The economic benefits of travel and tourism across the EU

1. Spending in the UK on outbound travel

£35bn total spend on outbound travel by UK residents pre-departure¹³



Average spend per person in the UK before a **short break** abroad.¹⁴



Average spend per person in the UK before a **longer break** abroad.¹⁴

2. Spending by EU residents in the UK



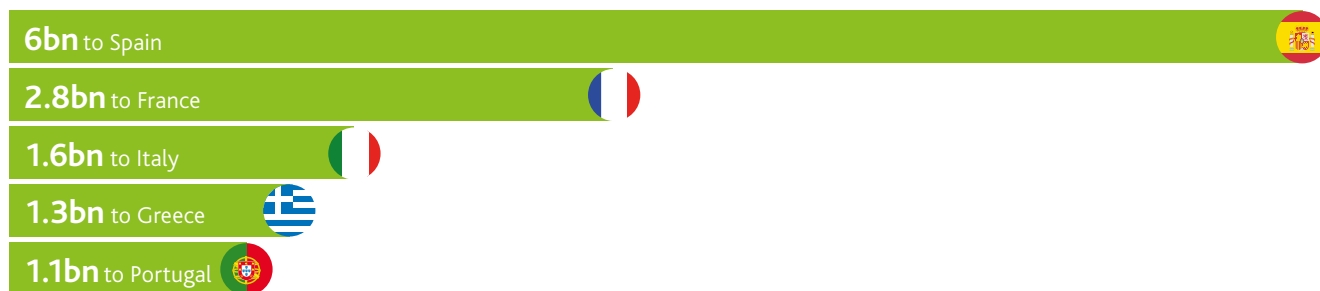
£6.4bn¹⁵

Total value of EU residents spending on business and holiday visits to the UK

3. Value to the EU economy of UK residents' visits

£19bn¹⁵ Total value of UK residents' spending on business and holiday visits to the EU

Top outbound destinations in the EU by UK visitor spend (£)



EU countries that receive the most UK visitors for business and holiday visits¹⁵



¹³ ONS Tourism Satellite Accounts, May 2016 ¹⁴ ABTA Consumer Trends survey 2016 ¹⁵ ONS Travel Trends 2015

About ABTA

ABTA has been a trusted travel brand for over 65 years. Our purpose is to help our Members to grow their businesses successfully and sustainably, and to help their customers travel with confidence.

The ABTA brand stands for support, protection and expertise. This means consumers have confidence in ABTA and a strong trust in ABTA Members.

These qualities are core to us as they ensure that holidaymakers remain confident in the holiday products that they buy from our Members. We help our Members and their customers navigate through today's changing travel landscape by raising standards in the industry; offering schemes of financial protection; providing an independent complaints resolution service should something go wrong; giving guidance

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on issues from sustainability to health and safety and by presenting a united voice to government to ensure the industry and the public get a fair deal.

ABTA currently has around 1,200 Members, with a combined annual UK turnover of £33 billion. For more details about what we do, what being an ABTA Member means and how we help the British public travel with confidence visit abta.com.



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