

Written evidence submitted by the Office of the Secretary of State for Wales and the Department for Digital, Culture, Media and Sport (TOU0014)

The Welsh Affairs Committee has launched an inquiry which seeks to explore the current position of the tourism sector in Wales and the steps the UK Government can take to help promote Wales to the world. This written evidence is a joint response from the Office of the Secretary of State for Wales and the Department for Digital, Culture, Media and Sport.

How attractive is Wales as a holiday destination for international tourists?

Wales is becoming an increasingly popular tourist destination for both domestic and international tourists. International trips to Wales increased by 3.6% in 2019 to 1.02 million¹ while international trips to the UK as a whole only increased by 1.4%². The tourism sector is a key area for growth and investment in Wales' economy, with expenditure from international visitors totalling £514.6 million in 2019³. Wales is most well-known for its outstanding natural beauty and range of landscapes. VisitBritain's International Passenger Survey data for 2014-2019 shows 27% of visitors to Wales intended to visit the countryside and villages, 34% were going to the coast, and 37% were planning to walk or hike⁴.

Looking at the UK more broadly, visitor numbers suggest the UK is a great tourist destination and pre-pandemic it was an incredibly popular place to visit. In 2019, 41 million visitors came to the UK, spending £28.4 billion⁵. The UK was the tenth most visited country in the world, and fifth for inbound visitor spending. Travel is the UK's third largest service export. The top reasons for visiting the UK were for a holiday (41%), to visit friends and relatives (30%) and for business (21%). There are many reasons why international tourists are attracted to the UK, including our countryside, natural beauty and cultural attractions including, as highlighted by a recent BFI study, our world class film and TV offering⁶. We also know there is plenty of pent-up demand from people around the world to travel again.

Despite being an attractive destination, Visit Wales acknowledges Wales is not attracting a large enough share of international visitors to the UK and this is crucial to Wales' economic future⁷. To drive tourism across the country, including Wales, the UK Government has recently launched a new multi-million pound global marketing campaign to welcome visitors back to Britain. VisitBritain's £10 million 'Welcome to Another Side of Britain' campaign will put the spotlight on Britain's cities, including Cardiff, to drive tourism from the UK's major international markets including France, Germany, the Netherlands, Spain and the United States.

Why is the number of international visitors to Wales comparatively low as a share of the UK total?

Before the pandemic, London was by far the most popular UK destination for international visitors. In 2019, London saw 21.7m international visitors, while in contrast, Edinburgh as the second most

¹ [Inbound nation, region, county data | VisitBritain](#)

² [Inbound nation, region, county data | VisitBritain](#)

³ <https://www.visitbritain.org/nation-region-county-data?area=4000>

⁴ <https://www.visitbritain.org/inbound-countryside-coast-research>

⁵ [The Tourism Recovery Plan \(publishing.service.gov.uk\)](#)

⁶ [International audience perception | BFI](#), Commissioned by UK Global Screen Fund, 2021

⁷ [Visit Wales target audience and tone of voice guidance | Wales.com](#)

popular destination received 2.2m international visitors and Cardiff had only 382,000⁸. The Government wants recovery to be swift in every nation and region of the country and recognises the social and economic benefits in expanding international tourism across the whole of the UK. The Department for Digital, Culture, Media and Sport held the first Inter-Ministerial Group on the Visitor Economy in January with ministers from across Whitehall in attendance. This group aims to agree cross-Departmental interventions to support the post-pandemic recovery of the industry, and ensure the visitor economy is contributing to Government objectives such as levelling up union connectivity, employment and skills. Ministers discussed ways in which the visitor economy could support the levelling up agenda and agreed to a more strategic, joined-up approach to the Visitor Economy. Whilst it is part of the UK Government strategy to increase international tourism across Wales and the UK, it is important to note tourism is a devolved matter.

For inbound tourism, we aim to recover inbound visitor volumes to 2019 levels by the end of 2023, a year faster than predicted in independent analysis carried out by Oxford Economics⁹. Going forward, we also want international visitors to spend more, stay longer and visit throughout the year, rather than just during the traditional tourist season, accessing a wider range of destinations across the UK, including Wales.

Does Wales have a sufficiently strong “brand” internationally and what more could be done to promote Wales as a holiday destination abroad?

VisitBritain plays an important role promoting and marketing the UK abroad, including Wales, working with the GREAT campaign to attract international visitors and promote the UK in key overseas markets.

As research indicates there is a lack of awareness of what is on offer to visitors in parts of the country beyond London¹⁰, VisitBritain’s international marketing campaigns in recent years have aimed to drive tourism to a greater variety of destinations. Prior to the pandemic, VisitBritain’s “I Travel For…” campaign shone a spotlight on unique experiences and less-explored destinations in Britain. Their recently-launched 2022 campaign, ‘Welcome to Another Side of Britain’, seeks to particularly highlight the diverse range of experiences available to visitors in cities all across Britain which have been hit hard by decreases in inbound spend during the pandemic - Cardiff is one of the cities featured in this campaign.

The development of the visitor economy in Wales – the offer for visitors and products to attract visitors considering Wales as a destination – is a devolved matter for the Welsh Government and Welsh Destination Management Organisations.

How has the COVID-19 pandemic impacted the tourism industry in Wales?

As outlined in the Tourism Recovery Plan, tourism-direct gross value added is estimated by Oxford Economics to have fallen by 64% between 2019 and 2020, from £75 billion to £27.2 billion and

⁸ [Inbound town data | VisitBritain](#)

⁹ [The Tourism Recovery Plan \(publishing.service.gov.uk\)](#)

¹⁰ https://www.visitbritain.org/sites/default/files/vb-corporate/Documents-Library/documents/England-documents/discover_england_initial_summary_report_v6_310816.pdf

overall the fall in tourism's economic output over 2020 is estimated to have led to a 1.5% fall in UK GDP¹¹.

In Wales, 28,000 international visits were recorded in Q3 2021, a decrease of 88% on Q3 2019 compared to an 86% decrease for the UK overall¹². Similarly, international visitor spend in Wales in Q3 2021 was £17 million, a decrease of 90% on Q3 2019 and the largest percentage decrease in any region of the UK¹³.

We understand the global pandemic's impact on international travel has made recovery difficult for those in the hospitality, cultural and heritage sectors who, prior to the pandemic, relied on international visitors. We are aware that those in certain areas of the UK which usually attract high numbers of international tourists have particularly suffered. However the relaxation of restrictions in summer 2021 allowed for an uplift in domestic tourism in some more rural and coastal areas, of which there are many across Wales.

Office of the Secretary of State for Wales (OSSW) officials have engaged with key tourism stakeholders in Wales throughout the pandemic. Stakeholders have expressed feeling well supported by UK Government initiatives such as the furlough scheme and business loans, along with additional Welsh Government support. Anecdotally, tourism and hospitality businesses in Wales also remarked on the positive impact of the increase in staycations during 2021 in helping their recovery from the pandemic. The Welsh Government's Tourism Barometer Summer wave 2021 report found 48% of operators had more customers compared to a normal (pre-Covid) summer, and a similar proportion also had more advance bookings for the remainder of 2021 than they would usually have had¹⁴.

The UK Government has directly supported people and businesses in Wales, including those in the tourism sector, during the pandemic. This includes: 475,000 jobs protected through the furlough scheme; £1.1 billion to 122,000 individuals through the Self-Employment Income Support Scheme; £2.4 billion to 60,000 Welsh businesses through the Coronavirus Business Interruption Loan Scheme and the Bounce Back Loan Scheme; and a reduced VAT rate until the end of March 2022 for the tourism and hospitality sectors, supporting around 150,000 Welsh businesses.

The Welsh Government has also been able to use the funding provided to them by the UK Government to support individuals and businesses in Wales. We have provided the Welsh Government with an extra £4.2 billion through the Barnett formula in 2021-22, taking the total block grant funding the UK Government has provided to the Welsh Government in 2021-22 to £19.9 billion.

What will be the impact of a return to the 20% rate of VAT from April 2022 for the tourism industry in Wales?

The UK Government has been clear that the reduced rate of VAT introduced in July 2020 was a temporary measure to support around 150,000 businesses and protect over 2.4 million jobs in the hospitality and tourism sectors. This relief has cost over £8 billion. It is appropriate that as

¹¹ [The Tourism Recovery Plan \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

¹² [2021 Q1, Q2 & Q3 inbound data | VisitBritain](#)

¹³ [2021 Q1, Q2 & Q3 inbound data | VisitBritain](#)

¹⁴ [wales-tourism-business-barometer-summer-wave-2021.pdf \(gov.wales\)](#)

restrictions are lifted and demand for goods and services in these sectors increases, the temporary tax reliefs are first reduced, and then removed, in order to rebuild and strengthen public finances. A new reduced rate of 12.5% was introduced in October 2021, and will end on 31st March 2022, at which point the VAT rate will return to the standard rate of 20%.

What would be the potential implications for Wales' attractiveness to international visitors of a tourism levy?

The responsibility for introducing a tourism levy is devolved to the Welsh Government. Broader tax measures are a matter for the Chancellor and Her Majesty's Treasury continually reviews the tax regime, however the UK Government has no plans to consider a tourism levy in England. Tourism is important to the UK economy and tourists to the UK are already paying comparatively high rates of VAT and Airport Passenger Duty when compared to the tax regimes of other countries. Local Authorities have a range of income streams from which they can deliver local services, including improving the tourism offer and potential of an area.

What steps are needed post-pandemic for the tourism sector in Wales to recover and grow its international appeal?

The UK Government recognises the impact of COVID-19 on the tourism industry - which is why we published the Tourism Recovery Plan (TRP) last year, to help the sector return to pre-pandemic levels as quickly as possible, and to build back better for the future.

The Tourism Recovery Plan is delivered in close partnership with the devolved administrations and the Minister for Sport, Tourism, Heritage & Civil Society, Nigel Huddleston, met regularly with his counterparts throughout the pandemic to discuss the state of the tourism sector and pandemic measures. At the last meeting a new Terms of Reference was agreed renaming these meetings as the Devolved Administrations' Inter-Ministerial Group for Tourism, formalising these meetings to take place on a quarterly basis, focusing on how Britain can initially recover from the pandemic and grow its international appeal across the Nations. It is worth noting this is a separate meeting to the previously mentioned Visitor Economy IMG which involves UK Government ministers only and is focused on post-pandemic recovery of the Visitor Economy and ensuring the Visitor Economy is contributing to UK Government objectives.

Since the TRP was published, the UK Government has:

- Removed all barriers to international travel in England, including testing, quarantine and the Passenger Locator Form. It has worked with the Devolved Administrations to ensure alignment across the UK.
- Delivered a £10 million 'Days Out' campaign, in partnership with the British Tourist Authority and National Lottery, which has stimulated demand for more off-season day trips to tourist sites across the UK. The next phase of the campaign (launched 31 January) offered the opportunity to redeem £25 vouchers against February half term visits in the UK, supporting hundreds of attractions across all four nations.
- The TRP also announced plans for a new rail pass which, which we hope to launch this year, to help make it easier and more sustainable for domestic tourists to get around Scotland, England, and Wales.

2022 will be a year of celebration and renewal, boosting the attraction of the UK to international tourists through set piece events including Her Majesty the Queen's Platinum Jubilee, the Birmingham Commonwealth Games, and the creative festival UNBOXED: Creativity in the UK, which will visit destinations across Wales including Caernarfon, Cardiff, Newport and Swansea. These events will promote the very best of Britain at home and abroad.

We are working across Government to maximise opportunities to promote the UK abroad and market the country as a great place to visit. We know people will be keen to book trips in the new year for later in 2022 and we want to take full advantage of this opportunity to capture bookings. Tourism in Wales will benefit from VisitBritain's previously mentioned new marketing campaign which targets the recovery of tourists from key markets in the US and Europe (France, Germany, Spain, Italy and the Netherlands) with a marketing budget of £10 million.

There is additional marketing funding of £2 million to promote the Birmingham Commonwealth Games in Australia, Canada and India, which will also be used to market other key 2022 events. Birmingham 2022 presents a wider opportunity to promote the UK internationally, with the Queen's Baton Relay (QBR) visiting all 72 Commonwealth nations and territories in the lead up to the Games. When the Baton returns to the UK, it will travel to all four home nations, visiting major landmarks in each country – from tourism destinations to cultural attractions – and bringing communities together. The Games will showcase the best of Britain, encouraging a wave of inbound tourism not just to Birmingham and the West Midlands, but to the UK as a whole, including Wales. Looking to future events, the UK Government have confirmed their support for the expression of interest from the Football Associations of England, Wales, Scotland, Northern Ireland and the Republic of Ireland to host the UEFA European Championships (EUROs) 2028, which would further raise the profile of the UK, including Wales, to international visitors.

How can the UK and Welsh Governments and bodies like VisitBritain and Visit Wales better work together to make Wales a more attractive destination for international visitors?

To encourage more visits to Wales, every year VisitBritain outlines how they will work with Visit Wales as part of their business planning cycle. To complement this process and facilitate engagement, VisitBritain and Visit Wales work together through a number of groups which operate at levels ranging from senior to operational. The groups meet on a quarterly basis and are composed of representatives from VisitBritain, Visit Wales and other national tourist boards.

In addition to having a Welsh representative on the VisitBritain board, since 2014, when VisitBritain and Visit Wales signed a Memorandum of Understanding, they have worked together to optimise promotional activity overseas and support growth of the visitor economy. Both parties formally agreed to engage each other early in planning and actively seek opportunities to work together where this would deliver enhanced returns.

This agreement covers policy, operations and consumer and trade marketing. Examples could include jointly commissioning research, running joint familiarisation trips for international media and trade, joint marketing promotions on territory and working together with commercial partners.

To give some examples of recent collaboration:

- VisitBritain and Visit Wales collaborated on the design, roll out and governance of 'We're Good To Go' - the official UK mark to signal that a tourism and hospitality business has worked hard to follow Government and industry COVID-19 guidelines and has a process in

place to maintain cleanliness and aid social distancing. They sit together on a 'Common Standards' group to ensure there is a cohesive approach to assessments across the nations.

- The VisitBritain central PR team and overseas PR offices work actively with Visit Wales (particularly with their key markets). They have worked with Visit Wales to welcome media on press visits from Spain and Germany. Another trip for North American and a second trip for Spanish El Pais on the Welsh Coast is currently in progress.
- VisitBritain's CEO attends the Devolved Administrations' Inter-Ministerial Group for Tourism and provides an update on VisitBritain's international marketing plans.

VisitBritain also holds regular industry-facing events with Visit Wales and Welsh destinations, that support in the promotion of Wales as both a leisure tourism and a business event destination. Some examples of activity that VisitBritain has run over the last six months include:

- In September 2021, VisitBritain organised a dedicated destination spotlight webinar, which included presentations given by key Welsh regions and suppliers, to North American buyers (plus virtual networking).
- In February 2022, at MeetGB (VisitBritain's virtual exhibit of UK destinations, venues and business event suppliers) eight exhibitor booths were allocated for Welsh suppliers (free of charge) to meet with event buyers across the 3-day meeting workshop.
- VisitBritain organised a sustainability roundtable in partnership with Global Destination Sustainability Movement in March. This was attended by Visit Wales, Cardiff, ICC Wales, North Wales, and took place in Llandudno.

The UK Government's Tourism Industry Council's (TIC) remit mirrors that of DCMS covering issues pertaining to the UK as a whole. Zip World is a member of TIC and the Welsh representative for the group. There are also Welsh Government representatives who attend TIC as observers of the group.

Has the UK Government's tourism Sector Deal achieved its aims of making Wales more accessible and improving conditions for domestic and international visitors?

Given the significant impact of COVID-19 on the tourism sector, we now face different challenges to when the Tourism Sector Deal was published. The Tourism Recovery Plan therefore replaced the Tourism Sector Deal and the International Business Events Action Plan, both published in 2019, but will build upon the foundations they set where appropriate. In particular, the strategic challenges set out in the Sector Deal remain relevant post-COVID, as the industry builds back better towards a more resilient, innovative, sustainable, productive and accessible tourism sector.

What infrastructure and transport reforms are needed to make it easier for international tourists to reach Welsh destinations and attractions?

The UK Government is uniquely positioned to level up every part of the UK, ensuring that businesses and communities across the UK feel the benefit of increased trade, improved business conditions, improved infrastructure and a truly global economy. Research from Visit Wales highlighted the majority of Wales' international visitors travelled by plane (67%) however most of these travelled via Heathrow airport rather than direct to Wales¹⁵. Therefore a robust public transport network, which connects major UK cities to Wales, including key routes such as the M4 and A55, is crucial for facilitating international tourism.

¹⁵ [Wales Visitor Survey 2019 - Overseas Visitors \(gov.wales\)](https://gov.wales/wales-visitor-survey-2019-overseas-visitors)

The Tourism Recovery plan includes plans to improve transport and accessibility for more rural destinations. VisitBritain are working with the UK Government to realise these ambitions, including:

- Introducing new easy ways to pay for rail journeys, plans to improve accessibility and make trains more comfortable.
- The National Bus Strategy, which will require that Bus Service Improvement Plans for popular tourist destinations set out what will be done to promote buses to visitors – with improved services, easily accessible information, park-and-ride sites and special tickets.
- Promoting the use of coaches, and facilitating and improving coach access to tourist destinations.

More widely, the Government recognises the economic and social benefits of strong connectivity across the UK. This is why we asked Sir Peter Hendy to undertake a detailed review into how transport connectivity across the UK can support economic growth and quality of life in England, Scotland, Wales and Northern Ireland, and make recommendations as to whether and how best to improve transport connectivity between nations of the UK. We have already invested over £5 billion in the Great Western route to improve connectivity between London and South Wales, delivering better services and new trains with thousands more seats. This investment, known as the Great Western Route Modernisation (GWRM) programme, has involved both route infrastructure, including electrification, and rolling stock, to increase capacity and provide greener, faster and more reliable journeys.

The UK Government's transformational HS2 project will drive productivity improvements across the UK and provide faster and more frequent train services to Wales. The HS2 Interchange at Crewe will bring many parts of Wales within two and a quarter hours of London, faster than the current West Coast Main Line services to Holyhead, therefore making it easier for international tourists to visit Wales.

We are also working in partnership with Network Rail to develop an Outline Business Case to reduce journey times on the North Wales Coastline running between Chester and Holyhead. The proposed intervention to increase line speeds would improve journey times between North Wales, North West England, and other major UK centres. The UK Government are actively engaged with Welsh Government, Transport for Wales, and other relevant passenger and freight operators on the development of this scheme, with the business case set to complete in 2022.

Sir Peter Hendy's review into how transport connectivity across the UK can support economic growth and quality of life identified the Mid and West Wales region as being particularly reliant on tourism and significantly distant from existing strategic transport links. Sir Peter recommended a UK Strategic Transport Network (UKNET) to improve connectivity across the UK and identified Mid and West Wales, amongst other regions, in this proposed network to reflect its importance for regional connectivity and to support travel via the strategic network. The UK Government has signalled its intention to accept Sir Peter's UKNET recommendation. We are looking closely at his analysis and conclusions and want to develop the new network in close collaboration with the devolved administrations and wider stakeholders.

Whilst our focus is ensuring a robust public transport network so that international visitors can easily travel to Wales from major UK cities such as London, we also recognise the opportunity for international visitors to travel direct to Wales via Cardiff airport. The Government is currently working on a medium-term strategic framework for the aviation sector focused on the next 10 years.

The framework will focus on building back better and ensuring a successful UK aviation sector for the future, exploring amongst other things, the critical role the sector plays in maintaining the UK's global impact.

Digital infrastructure is also key for future-proofing the tourism sector. The UK Government's £5 billion Project Gigabit will deliver gigabit capable connections in the hardest to reach 20% of UK premises. Gigabit coverage in Wales has already increased from 11% in November 2019 to 47% in January 2022, and is forecast to reach between 70% and 80% by 2025. This world-leading digital infrastructure will ensure the tourism sector in Wales is fit for the future by facilitating online bookings, increasing the reach of advertising through online and social media channels, and providing visitors with reliable internet access as staying connected becomes increasingly important in a digital world.

In addition to broadband, the UK Government's £1 billion Shared Rural Network deal with the Mobile Network Operators (MNOs) will see 4G mobile coverage from all four operators in Wales increase from 60% to 80%, with 95% in range of at least one MNO, up from 90% in 2020. This programme of investment will support international tourism in Wales by enabling consumers to access information on the go, make or amend bookings, share photos and memories online, or simply look up directions. Tourists will be able to use their mobile devices to store travel documents, access details of bookings and reservations, keep copies of ID documents and make online payments for goods and services.

Beyond 4G, the UK Government's £30 million Rural Connected Communities projects, which seek to build the business case for 5G in rural areas, have trialled 5G use cases for tourism in Wales. As part of the '5G Wales Unlocked' project, an augmented reality experience has been created at Raglan Castle using 5G networks¹⁶. This highlights the opportunities digital connectivity can offer in creating unique attractions and increasing the appeal of Wales to international tourists.

How can Wales increase its share of international tourism while meeting the UK and Welsh Governments' respective decarbonisation commitments?

In July 2021 the UK Government published the Transport Decarbonisation Plan (TDP) – the first such Plan in the world – which sets the transport sector on the path to net zero by 2050, in line with the Paris agreement. Many of the policies and programmes introduced through this Plan will apply to the whole of the UK. Examples of these include: the publication of the 2035 delivery plan for zero emission vehicles, ensuring the UK's charging infrastructure network meets the demand of its users, and consulting on the Jet Zero strategy which will set out the steps required to reach net zero aviation emissions by 2050¹⁷.

In total, the UK Government have invested over £340 million for enhancements in Welsh rail. The Great Western Electrification Programme involved the electrification of the Great Western main line between London and Cardiff, completed in 2020. This saw £76 million investment for the electrification of the Severn Tunnel which now provides Wales with seamless electric rail link between Cardiff and London for the very first time. As previously stated, Visit Wales' research found 67% of international visitors to Wales travelled by plane, with Heathrow being the most widely used

¹⁶ [5G Wales Unlocked partners bring Welsh history to life – with country's first '5G castle' \(uk5g.org\)](https://www.uk5g.org/)

¹⁷ [Decarbonising Transport – A Better, Greener Britain \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/)

airport¹⁸. Therefore, this investment provides a more carbon neutral route for international visitors travelling from England to South East Wales.

Whilst international tourists tend to travel by air and therefore rail connections will likely be the most convenient onward travel, officials in the Department for Transport are also regularly engaging with Welsh Government counterparts in the development of the UK Government's Electric Vehicle infrastructure strategy. The Department for Transport engage frequently with the Welsh Government regarding electric vehicle infrastructure to ensure strategic alignment in their independent policies. The UK Government will continue to engage with the Welsh Government as these strategies progress.

March 2022

¹⁸ [Wales Visitor Survey 2019 - Overseas Visitors \(gov.wales\)](#)