

Written evidence submission by the ABTA – The Travel Association (FRE0021)

About ABTA

ABTA is the largest travel association in the UK, with around 1,100 Members operating from more than 4,000 locations across the country. Our Members range from small, specialist tour operators and independent travel agencies specialising in business and leisure travel, through to publicly listed companies and household names, from call centres to internet booking services to high street shops. Combined, ABTA's Members have an aggregate annual turnover of more than £40bn.

1. What are your sector's key asks of the UK Government in the negotiations? What things must the negotiations deliver for your sector? Are there any things that, while not essential, the negotiations could helpfully address?

The UK's future relationship with the EU has long been a key concern for the UK travel industry. While ABTA has consistently avoided taking a political stance on the UK's Membership of the EU, we have been clear in communicating the risks associated with any form of departure that does not seek to preserve the policies that have enabled the travel industry to thrive in recent decades.

UK residents make 55 million trips to the EU every year (roughly 75% of all UK outbound visits), and ABTA research demonstrates that the industry is worth more €37 billion a year to EU countries, and provides nearly 900,000 jobs across the EU. At the same time, research also finds that travel provides a total economic boost of around £37 billion a year to the UK economy, and supports the employment of over 500,000 people across the country. Given the economic importance to both destination economies and that of the UK, ABTA has called for each side to recognise the importance of maintaining tourism flows and has sought to avoid the creation of significant barriers to travel between the UK and EU during the current trade talks. Crucial to this objective is the ability to:

- Enjoy liberal transport links between the UK and EU;
- Maintain visa-free travel for short-term business and leisure trips;
- Enable businesses to move critical tourism support staff between the UK and EU;
- Preserve consumer rights measures such as reciprocal healthcare, which are vitally important to consumer confidence, and;
- Ensure continued data exchange with adequate data protection agreements.

2. How did the Government consult with your sector about its needs? What evidence can you identify to show that the Government has understood the needs of your sector?

ABTA has had regular engagement with officials across many Government departments on a number of issues, including DExEU (prior to its dissolution), BEIS, DfT, FCO, DHSC, and our 'home department' of DCMS, which holds responsibility for tourism. However, while general engagement has been encouraging, ABTA has found meaningful engagement with the Home Office challenging, especially in relation to the UK's future immigration policy and reciprocal impacts on any mobility agreements, both of which will be critically important for the travel industry. We have stressed throughout talks that with the EU adopting an approach based on

reciprocity, any decisions taken on the future immigration and labour market approaches adopted by the UK will have direct knock-on impacts for those sectors, including travel, that are reliant upon the ability to move staff into and across the EU.

Assessing the Political Declaration on the framework for the future relationship between the UK and the EU, ratified in January 2020, remains the only jointly signed-off indication of ambitions, contains references to the travel industry's priority policy areas, including a commitment to seek a "Comprehensive Air Transport Agreement", which will cover market access and cooperation on safety and security matters, as well as comparable access across other transport modes, and visa-free entry for short term leisure and business visits. However, in many policy areas the level of detail within the Political Declaration is minimal. The UK Government published on 19 May 2020 negotiating texts outlining their vision for a UK-EU Trade Deal. While these papers are newly published, and ABTA continues to assess the full detail of these papers across the range of issues affecting the travel industry, it appears that many of the travel industry's priorities have been addressed, which would be a positive signal that the Government has listened to the demands of the sector.

Nonetheless, it must be noted that over recent months it has become increasingly difficult to determine the Government's overall approach to the negotiations, and the framework which the Political Declaration sets out. Public statements from Ministers appear to contradict certain previously understood UK negotiating positions. For example, the Minister for the Cabinet Office, while giving evidence to the House of Lords EU Committee on 5 May, stated that the UK may accept the "price" of tariffs on goods in order to strike a quicker trade deal with the EU. This is inconsistent with the Political Declaration agreed last October, in which both sides set the aim of concluding a 'zero tariffs, zero quotas' Free Trade Agreement. The lack of clarity from the UK Government with regards to its negotiating objectives is inherently damaging for business planning. There is a need for greater clarity and consistency around the favoured landing-zone for an UK-EU trade deal if businesses are to be able to prepare properly, and it will also be important for talks to progress in a manner that enables the maximum possible advance notice of forthcoming changes.

3. Has the Government asked businesses and representative bodies about the effect of any of its or the EU's proposals on your sector? How concerned are you about the proposals on transport in the EU's draft legal text? What problems arise from the text as drafted? Have you seen any draft legal text from the UK Government?

While the EU published a draft text of the Agreement on the New Partnership with the United Kingdom on 18 March 2020, we were disappointed that the UK did not publish its own draft legal texts until 19 May 2020.

With regards to the EU's proposals, in relation to transport, ABTA would highlight the following concerns in particular:

- Aviation: the EU envisages a partnership that will encompass, on a reciprocal basis, certain traffic rights to ensure continued connectivity (maintaining point to point routes), which is important for leisure traffic. However, the EU has stated that the UK, as a non-member of the Union, cannot have the same rights and enjoy the same benefits as a member. Elements included in the Fifth Freedom of the Air may be considered if, considering the geographical proximity of the UK, they are balanced with corresponding obligations and in the interest of the Union. There is, therefore, the potential for negative knock-on effects from any

restrictions beyond the Fourth Freedom. In addition, it will be important to ensure ownership and control rules do not create additional barriers.

- Coach travel: third country access restrictions are concerning, and the UK must seek to address these with relevant third countries in parallel to ongoing EU negotiations. For example, there will be specific challenges facing occasional coach operators serving third countries that are not signatories of the Interbus Agreement, such as Switzerland, as transiting through the EU is not currently possible. The DfT remains in dialogue with the Commission on this point, but there has been no confirmed settlement and the DfT is currently advising companies it will not be possible to operate these services.

With reference to the interests of the travel and tourism industry, an initial assessment of the UK's negotiating text indicates the following:

Liberal transport links between the UK and the EU

- The UK Government has published a draft working text for a Comprehensive Air Transport Agreement. This draft agreement is more liberal than that proposed by the EU. Traffic rights are not restricted, for example. The UK also omits an ownership requirement for airlines to be designated by the UK, and includes UK ownership in the requirements for EU Member State designation. In essence, designating UK owned carriers as EU community carriers, whilst eschewing the 49% ownership check for UK airlines.
- The UK has also published a draft Agreement on Civil Aviation Safety. As expected, this agreement only seeks an arm's length relationship with the EASA, seeking instead reciprocal acceptance of certificates and cooperation on safety and environmental compatibility.
- The UK's draft Comprehensive Free Trade Agreement (CFTA) contains a chapter on International Road Transport, which appears to include provisions that address potential challenges relating to the Interbus Agreement and third country access for coach and bus travel. These provisions are covered in Articles 20.9 and 20.10.

Visa-free travel for short-term business and leisure trips

- The CFTA also includes provisions for short-term business visitors (Article 11.11), which would allow a maximum length of stay for 90 days in any six-month period.
- The EU already sought to exempt, as part of its Brexit contingency actions, UK nationals from the requirement to be in possession of a short-stay visa (Schengen-visa) where the intended duration of the stay in the Schengen area is 90 days within a 180-day period, on condition of reciprocity from the UK for EU travellers.
- In addition, from 2021 UK residents will likely be included in the European Travel Information and Authorisation System (ETIAS) system, which is similar to the US ESTA regime. ETIAS will require an electronic travel authority (ETA) to be issued by the EU prior to a person's arrival into the Schengen Zone. Each ETIAS granted will be valid for three years, and will cost €7, with applications completed online. ETIAS is agreed at the political level within the EU, following interinstitutional negotiations between the EU Council, Presidency and the European Commission, but is yet to be published in the Official Journal. The UK Government has previously indicated it is keen to introduce a similar scheme.
- Separately, in the UK Government's Policy Statement on the new Points-Based Immigration System, which was published in February 2020, the UK has resolved to continue the UK's visitor provisions, and expects to treat EU citizens as non-visa nationals meaning they can come to the UK as visitors for six months without the need to obtain a visa.

Measures to allow business to move critical tourism support staff between the UK and EU

- The UK's draft Social Security Coordination Agreement contains a provision for 'detached workers' (Article 7). While we are still assessing the details and enquiring with officials as to the intention of this section, it appears to preserve the benefits of the current EU Posted Workers Directive, enabling staff to be moved temporarily between the UK and EU for the provision of services.
- Under the UK's proposal, a person who is employed in either Party (the UK or an EU Member State) by an employer with a place of business there and who is sent by that employer to the other Party to perform work on that employer's behalf shall continue to be subject to the legislation of the first Party, provided that the anticipated duration of such work does not exceed 24 months. This timeline aligns with the revised Posted Workers Directive.
- The draft text also includes, under Articles 5 and 6, an allowance for 'travelling personnel' and 'mariners and others on board a ship or vessel', which ABTA believes would provide for the continued movement of tour guides and other travel staff.
- ABTA was disappointed, however, that an expansion of the existing Youth Mobility Scheme to encompass the EU was not proposed in the UK's draft texts. The Home Office has previously indicated to ABTA, in private correspondence, that it is the UK Government's desire to negotiate a youth mobility arrangement with the EU or with individual countries within it if a collective agreement is not possible. ABTA will be asking the Home Office for clarity on this measure, and how it is being progressed. In the context of the new Immigration Bill, and restricted access for so-called "low-skilled" workers, a Youth Mobility Scheme between the EU and UK has the potential to significantly benefit the tourism and hospitality sector.

Preservation of consumer rights measures such as reciprocal healthcare

- Articles 27 and 28 in the draft Social Security Coordination Agreement propose reciprocal 'necessary healthcare' for UK and EU citizens "on terms no less favourable" than those that would apply to a domestic resident. This would appear to seek to preserve the benefits of the European Health Insurance Card scheme, which guarantees emergency healthcare provision under the same terms as those enjoyed by residents.

Continued data exchange with adequate data protection agreements

- Chapter 18 of the CFTA focuses on Digital arrangements. Specifically, Article 18.13 – Personal Information Protection – recognises the economic and social benefits of protecting the personal information of users of digital trade and the contribution that this makes to enhancing consumer confidence in digital trade. To this end, the text proposes that each Party shall adopt or maintain a legal framework that provides for the protection of the personal information of the users of digital trade. In the development of its legal framework for the protection of personal information, each Party should consider principles and guidelines of relevant international bodies.
- ABTA understands that a separate data adequacy decision will be taken by the EU, and the UK is seeking to progress an agreement on this matter separately from the trade talks.

4. How is the Government updating your sector on the outcome of negotiating rounds and has it involved your sector in planning for future rounds?

Since the winding-up of the Department for Exiting the European Union, which took place at the end of January, business associations have been advised primarily to deal with their 'home

departments' in relation to EU-UK trade talks. ABTA enjoys a close and constructive working relationship with the Department for Digital, Culture, Media and Sport – which has responsibility for tourism. However, we would note, in the absence of the coordinating functions conducted by DExEU, that the experience of engagement with the Government on EU-UK trade talks has felt more detached since this change in approach.

The outbreak of COVID-19 has, understandably, had a further impact on the quality of engagement with Government, with the pandemic stretching the resources of the civil service, as the main focus of Government has, correctly, been on responding to the public health crisis created by the virus. In recent weeks, ABTA has received limited updates from the DfT regarding the ongoing negotiations, but there has been very little else by way of formal updates on the EU trade talks from across Government. Similarly, COVID-19 has also made it very difficult for ABTA, and virtually impossible for the individual businesses we represent, to engage in an effective way with the UK-EU trade talks. UK travel businesses are focused predominantly on the immediate survival of the industry, as well as assisting their staff and customers through the current situation. There is limited capacity, if any, especially with many operational and support staff on furlough, for businesses to devote to preparations for the future UK-EU trade talks currently.

ABTA believes an extension to the transition period would be preferable to a rushed agreement that results in a sub-optimal outcome. ABTA is concerned that, given the current lack of clarity that exists for businesses as to the future relationship, insufficient time will be available for businesses to prepare adequately for any structural or operational changes delivered as a result of the trade talks. If the talks were to result in a WTO terms trading position, in particular, the level of disruption to existing business models would be great, and action would be required to avoid serious economic consequences, including the loss of UK jobs currently delivered under the Posted Workers Directive, and possibly business closures or insolvencies. This will be particularly problematic, given the existing timelines with trade talks due to end in December 2020, for businesses operating in the winter season this year.

5. How is your sector trying to lobby the Commission or influence its thinking? What input has your industry/sector had into the discussions of the MEPs, including members of the relevant EP committees, who are considering and helping to develop the EU position?

As the UK's leading travel trade association, the strength of ABTA's network of existing relationships across Europe has been an invaluable asset. ABTA has enjoyed working relationships with destinations across Europe for many years at various levels, including working closely with the local, regional and national governments of major outbound tourism destinations to ensure a safe, secure and sustainable environment exists for UK travellers.

Throughout the Brexit process, in addition to our destination relationships, ABTA has held regular outreach visits to Brussels. During these outreach visits, ABTA has met with representatives from relevant Commission Directorates, MEPs and Member State representatives. To support our European political engagement, in 2017 ABTA published a [report](#) on the value of UK outbound travel to the EU, highlighting the economic benefits UK tourism brings to the EU-27 economies. This ABTA research demonstrates that the industry is worth more €37 billion a year to EU countries, and provides nearly 900,000 jobs across the EU.

ABTA has also made a comprehensive assessment of the necessary steps for businesses' contingency planning in preparation for the end of the transition period. This guidance, last updated at the end of the last phase of the Brexit process, highlights for businesses, customers,

suppliers and commercial partners of the travel industry the impact of a no-deal Brexit. In our discussions with the EU and MEPs, ABTA has sought to demonstrate the detrimental impact that an interruption to business will have, not only for UK companies, but also for EU destinations, supply chains and staff.

ABTA is also a member of the European Travel Agents' and Tour Operators' Association (ECTAA), which is in contact with the Commission on a regular basis representing the European travel industry's interests.

6. What evidence can you identify to show that your sector is able to prepare for the end of the transition period in December? What do you see as the biggest opportunities and how confident are you that your sector can take advantage of them? What evidence can you point towards to show that the Government understands and is mitigating the main risks?

The industry has found it very difficult to plan for its future when there has been little guidance available on the parameters of a future agreement, including mobility agreements, and what these might mean for the business models of UK travel companies. For example, the Posted Workers Directive has enabled travel companies to enjoy operational flexibility that has become an integral part of their business models. It is estimated that around 15,000 UK workers benefit from the Posted Workers Directive every year, working for temporary periods across the EU whilst retaining their UK employment and social security status. Similarly, inbound operators benefit from the ability to have EU nationals here to support visitors to the UK, especially given the shortage of foreign language skills in the UK workforce. As a result of the significant uncertainty surrounding the UK's future relationship with the EU, the number of UK workers under the Posted Workers Directive has fallen by approximately 30% since the EU referendum.

An immediate priority for industry must be achieving stability in the short to medium term. Critical to this will be ensuring the efficacy of current and previous contingency arrangements designed to minimise disruption to travel. In a no-deal scenario, ABTA recognises it will not be possible to mitigate every risk between the UK and EU, as several policy areas would likely revert to national competence, at least in the short-term, including reciprocal healthcare and taxation. For this reason, we have continued to urge the UK Government, and EU Member States, to consider and exhaust all alternatives to avoid the no-deal scenario and ensure the UK's departure from the EU is managed in an orderly manner.

The outbreak of COVID-19 has, however, brought additional challenges for businesses attempting to prepare for the end of the transition period in December. As stated above, COVID-19 has made it very difficult for trade associations, and virtually impossible for individual businesses, to engage with both issues in parallel. While the UK and the EU continue with the negotiating rounds, UK travel businesses are focused solely on the immediate survival of the industry. ABTA will continue to press for an extension to the transition period, to provide brief respite for businesses who are facing imminent industry-wide collapse, and the loss of thousands of jobs.

It is unclear what effect COVID-19 will have in the long run on consumer appetite to travel. To illustrate the impact of continued uncertainty on UK travel businesses and the purchasing decisions of UK consumers, it is useful to draw attention to booking trends around the time of the previous deadlines for leaving the EU (29 March and 12 April 2019), when many of the areas covered by contingency legislation remained unresolved until very late in the day. For example, legislation for maintaining flights was secured only in late March, while arrangements

for UK residents to enjoy visa-free travel were resolved only in early April. Year-on-year comparisons of booking data supplied by GfK for these periods show that early-season bookings within the industry had been performing at year-on-year growth rates of around 4% until mid-December, when newspaper headlines first appeared advising consumers not to go on holiday because of the risk of no-deal. The most dramatic headline appeared in the Sunday Times on 16 December 2018, which caused an immediate slump in bookings of 18% lasting two weeks. Following this, bookings continued to struggle throughout the traditional peak booking period of January-April. Only one week witnessed year-on-year growth throughout that entire period, which was the first week in March, and it's important to recall that a year earlier the UK had been blanketed in snow due to "the Beast from the East". Looking specifically at bookings to the EU, where 75% of UK residents take their holidays, from the beginning of March to the end of April the industry witnessed a steep decline in year-on-year bookings of around 11%.

ABTA believes the economic value of outbound travel, and the employment offered by the sector, require careful consideration from both sides as negotiations continue. From the UK government perspective, CEBR research published in 2018, reveals the magnitude of the commercial activities powered by the UK public's desire to travel abroad. For example, in terms of GDP the outbound travel sector makes contributions that are larger than the accommodation services industry, what remains of the UK's oil and gas extraction industry, the whole of the UK pharmaceuticals manufacturing industry and the combined manufacturing industries for computer, electronic, optical and electrical products. In 2017, total expenditure within the UK by residents engaged in outbound travel reached £45.7 billion before departure. This is equating to approximately 1.0% of UK GDP.

In terms of jobs, the outbound travel sector employed an estimated 262,500 people in 2017, this is more than the entire industry dedicated to the wholesale and retail distribution of motor vehicles and motorcycles and more jobs than the UK's iron and steel or electrical equipment manufacturing industries.

As such, when making a comparison in terms of the economic and employment contributions between outbound travel and the other sectors seen above as well as considering the high impact on border flows and tourism that the exit of the European Union brings, it is surprising that other industries continue to receive greater political coverage than the outbound travel industry. In order for the UK to continue to benefit from this significant economic contribution, outbound travel must be recognised as an industry in its own right, and its importance reflected accordingly in the UK-EU negotiations.

7. How much time does your sector need to prepare for any new arrangements? Is there an absolute cut-off date by when businesses in your sector need to know what the new arrangements will be if they are to prepare successfully?

As stated above, the outbreak of COVID-19 has brought additional challenges for businesses attempting to prepare for the end of the transition period in December. The pandemic has made it virtually impossible for individual businesses to engage with both issues in parallel. While the UK and the EU continue with the negotiating rounds, UK travel businesses are focused solely on the immediate survival of the industry. ABTA will continue to press for an extension to the transition period, rather than a sub-optimal conclusion, to provide brief respite for businesses who are facing imminent industry-wide collapse, and the loss of thousands of jobs.

There are some fixed dates by which the industry will need to have appropriate arrangements in place in order to be fully operational for 1 January 2021. For example, in the event of a no-deal, the UK would become a third country for the purpose of the EU Pet Travel Scheme. UK Government advice previously stated that pets would continue to be able to travel from the UK to the EU, but the requirements for documents and health checks would differ depending on what category of third country the UK becomes – there are three categorisations – ‘listed: Part 1’; ‘listed: Part 2’ or ‘unlisted’. The UK is seeking to become a listed third country. Should the UK become a Part 1 listed country, there would be little change to the current arrangements, with only minor changes of documentation and no change in health preparations. If the UK becomes a Part 2 listed country, there would be some new requirements but they would not be as burdensome as those for unlisted status. Should the UK become an unlisted third country, pet owners would need to discuss preparations for their pet’s travel with an Official Veterinarian (OV) at least four months in advance of the date they wish to travel. This means pet owners intending to travel to the EU after exit date would need to discuss requirements with their vet up to four months prior to travel.

8. The pandemic has the potential to change fundamentally the transport industry and travel patterns. How best can the two sides ensure they are negotiating for a settlement that will reflect such changes?

It is unclear what effect COVID-19 will have in the long run on consumer appetite to travel. It is vitally important that everything possible is done to preserve the policy arrangements that have underpinned the success of the UK’s vibrant travel and tourism industry, and to maintain consumer confidence as the industry begins to recover from the devastating effects of the COVID-19 pandemic.

May 2020



Committee on the Future Relationship with the European Union

House of Commons, London, SW1A 0AA

Email: freucom@parliament.uk Website: www.parliament.uk/freucom

07 May 2020

Mark Tanzer
Chief Executive
ABTA

Dear Mr Tanzer,

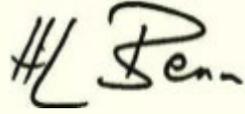
The House of Commons Committee on the Future Relationship with the European Union is inquiring into the progress of the negotiations between the UK and the EU. Under normal circumstances, the Committee would hold regular oral evidence sessions in Westminster. However, measures to prevent the spread of the coronavirus make this difficult.

The Committee wishes to gather as much evidence as possible to inform its deliberations and I am writing to you to ask whether you would be willing to help us with our work by making a written submission. We welcome general responses to our [call for evidence](#), which was published on 4 March. We also hope that you would be willing to answer the more specific questions set out below on issues that fall within your area of expertise. Submissions need not address every bullet point and can include other matters that you think are relevant to the negotiations and should be drawn to the attention of the Committee.

- What are your sector's key asks of the UK Government in the negotiations? What things must the negotiations deliver for your sector? Are there any things that, while not essential, the negotiations could helpfully address?
- How did the Government consult with your sector about its needs? What evidence can you identify to show that the Government has understood the needs of your sector?
- Has the Government asked businesses and representative bodies about the effect of any of its or the EU's proposals on your sector? How concerned are you about the proposals on transport in the EU's draft legal text? What problems arise from the text as drafted? Have you seen any draft legal text from the UK Government?
- How is the Government updating your sector on the outcome of negotiating rounds and has it involved your sector in planning for future rounds?
- How is your sector trying to lobby the Commission or influence its thinking? What input has your industry/sector had into the discussions of the MEPs, including members of the relevant EP committees, who are considering and helping to develop the EU position?
- What evidence can you identify to show that your sector is able to prepare for the end of the transition period in December? What do you see as the biggest opportunities and how confident are you that your sector can take advantage of them? What evidence can you point towards to show that the Government understands and is mitigating the main risks?
- How much time does your sector need to prepare for any new arrangements? Is there an absolute cut-off date by when businesses in your sector need to know what the new arrangements will be if they are to prepare successfully?
- The pandemic has the potential to change fundamentally the transport industry and travel patterns. How best can the two sides ensure they are negotiating for a settlement that will reflect such changes?

The Committee staff will be happy to discuss the inquiry, any issues raised, or the process for submitting written evidence. You can contact them at freu@parliament.uk.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'H Benn'.

Hilary Benn
Chair of the Committee