

**Cynulliad Cenedlaethol Cymru / National Assembly for Wales**  
**Y Pwyllgor Materion Allanol a Deddfwriaeth Ychwanegol / The**  
**External Affairs and Additional Legislation Committee**  
**Goblygiadau gadael yr Undeb Ewropeaidd i Borthladdoedd Cymru /**  
**The Implications of Brexit for Welsh Ports**  
**EAAL(5) 02POR**  
**Ymateb gan Gynghrair Twristiaeth Cymru / Evidence from the**  
**Wales Tourism Alliance**

## **1. The Wales Tourism Alliance**

The Wales Tourism Alliance (WTA) is the recognised over-arching representative organisation for the tourism industry in Wales, liaising with and coordinating the views of all concerned and informing and working with Government at Westminster, Cardiff and at Local Authority levels.

The WTA also acts as an intermediary between Government and all involved in tourism, disseminating information to the industry via our member organisations and we work with colleagues in organisations in other parts of the UK.

The membership of the WTA includes sectoral, national, regional and local representative bodies comprising accommodation (hotels, guest houses, bed and breakfast establishments, holiday home parks, touring caravan and camping sites, hostels and self-catering cottages), attractions, activities, training and skills, tourism guides and transport.

The Wales Tourism Alliance is a pan-Wales umbrella group with member organisations resting within its general membership. This amounts to around 6000 working operators and means WTA contacts and representatives are now found in every part of Wales. A full list of our current members can be found at [www.wta.org.uk](http://www.wta.org.uk)

The WTA therefore works with and on behalf of operators ranging from major players to the micro-businesses that make up so much of the tourism industry.

## **2. The Tourism Industry in Wales: The Visitor Economy and Employment**

The total contribution (which includes impacts through the supply chain, of capital investment and Government expenditure) accounts for around £6.2bn of GDP, 13.3% of the total economy - compared to 8.6% in England, 10.4% in Scotland and 4.9% in Northern Ireland. The direct contribution is £2.7bn which equates to 5.8% of Wales GDP compared to 3.9% in England, 4.9% in Scotland and 2.1% in NI.

The importance of tourism to employment in Wales. The total contribution is around 0.17m jobs in Wales, 12.7% of the total workforce; this compares with 8.3% in England, 10.0% in Scotland and 4.7% in NI.

As a stable and dependable industry, tourism also has a vital role in the regeneration of urban communities within Wales. Tourism has proven itself strongly resilient to the ravages of the economic downturn and this is especially relevant to rural Wales, where employment alternatives are limited. Tourism as an employer, as an economic driver and, perhaps just as significantly, as the custodian of community facilities & opportunities, is paramount and irreplaceable.

Overseas visitors account for 10% of tourism expenditure giving each visit from overseas a higher value per visit than a domestic one. With the recent fall in the value of the pound the overseas visitor is and will be increasingly attracted to holiday in the UK, we need more to visit be drawn from London and to visit Wales.

### **3. WTA Response to the External Affairs and Additional Legislation Committee: inquiry into the implications of Brexit for Welsh and Irish ports**

#### **The Opportunities posed by BREXIT**

The most recent ONS figures show that inbound tourism started strongly this year with revenue up 11% over the first quarter of 2017 with visitor numbers up 7%. The main area of increase is in Holiday visits to the UK (up 18%) which shows how overseas visitors are taking advantage of the drop in the value of the pound. Long-haul markets are doing the best - North America is up 17% with the rest of the world up 18%. In July US visitors' average spending in the UK rose 22% year on year to £734.

**Maximise the exchange rate boost:** This boost to tourism from incoming overseas visitors is likely to continue for some time. Wales has to be in a position to benefit. At the moment we struggle to get our fair share of the inbound market, as does much of the UK outside of London. We need a package of measures that enable us to take advantage:-

**We need to step up active promotion in key markets by VW and VB.** Much work has already been started by Visit Wales to encourage travel trade operators to arrive in Wales, stay in Wales and leave from Wales. We need to create bookable products. With the possible demise of the EU Package Travel Directive, Wales could be well placed to build packages which see Ports and the tourism industry putting together mutually beneficial product that can be sold to International visitors.

**Devolved air passenger duty.** The UK Government has considered lowering APD. Despite Chancellor Philip Hammond's Autumn Statement announcement on 23rd November 2016 that there would be no change at that point he did state "Air Passenger Duty (APD): regional review – The government is publishing a summary of responses to the consultation on how to support regional airports **in England** from the potential effects of APD devolution. Given the strong interaction with EU law, the government does not intend to take specific measures now, but intends to review this area again after the UK has exited from the EU."

A lower APD could benefit Wales in two ways. Lower APD to those Airports in England that serve Wales could bring more passengers from new air connections e.g. Manchester-China. Plus devolved APD could see visits to Cardiff International Airport increase especially if Cardiff is able to more competitively price itself against its English competition.

**Border Control.** Wales has had a common travel area with the Republic since the 1920s and although the UK is outside the Schengen area EU nationals are subject to a "soft border" regime. The Common Travel Area encompasses the United Kingdom, the Channel Islands, the Isle of Man and the Republic of Ireland. Removing the "soft border" regime and requiring EU visitors to enter the UK through the non-EEA lanes would require the Home Office to commit significantly more resources to processing

EU nationals. Even if significant new resources were allocated and processing space was available, queuing times for Irish and other European visitors could increase significantly from the current service level agreement of 25 minutes for people entering via the EEA channel to 45mins for processing in the non-EEA channel. This increase in passport checks, processing times and crowding would act as a deterrent to visitors from the EU as it would both make the UK seem like an unwelcoming destination for EU visitors and reduce the UK's competitiveness in the Pan-European tourism market by increasing the inconvenience of travelling to the UK.

**Wales could take the lead,** making sure that the resources are available (particularly space) whatever the outcome of the negotiations, so that we become the quickest, most convenient access route into the UK. This could provide a real dividend. Heathrow for example has little room to expand its facilities. Cardiff International Airport Ltd is owned by the Welsh Government.

There is also an opportunity to re-evaluate the risks posed by visitors from other countries and look at using the "soft border" channel to process visitors from low-risk countries. Could Wales reach an agreement that the EEA channel would continue to operate in Wales?

**Visa liberalisation/travel facilitation:** In terms of boosting tourism from alternative markets, data from the Office for National Statistics' International Passenger Survey shows that the UK receives around 2.5m visitors from countries needing a visitor visa to enter the UK. These visitors spend around £4bn in the UK during their stay, between 2% and 5% of those visitors end up in Wales. It is also noteworthy that visa-national visitors to the UK spend an average of £1586 per person per visit – almost three times the amount (£560) spent by visitors from visa waiver countries.

The UK's share of outbound travel from BRIC countries that require visas has almost halved over the last 10 years despite significant improvements in the product and services provided by the Home Office during this period. The Welsh and UK Governments should extend improvements in the visa processing system to other growth destinations. A first step in this approach would be to introduce the two-year low cost visa in the Indian market.

Britain's market share of India's outbound tourists has halved since 2006, despite the market growing at 10% each year, at a cost of £500 million to the economy. Streamlining tourist visas for Indian visitors would send a very positive signal that the UK is 'open for business' as we look to enter into trade negotiations with non-EU growth markets.

**Student Immigration:** Wales' Colleges and Universities are losing overseas students. There is a need to separate student numbers in immigration figures, acknowledge that facilitating the number of people coming to Wales to study is an essential component of generating tourism and economic growth and develop a specific plan to realise this. This plan needs to include a visa system for students that is internationally competitive.

It goes without saying that the WTA would encourage tourism business to respond to these opportunities in terms of product development and improvement of standards and marketing.

## **The Risks of BREXIT**

The Customs Union and the European Travel Information and Authorisation System (ETIAS) pose risks for Welsh Ports and the tourism industry across Wales. However, we also have an over-riding concern about the lack of time available for detailed analysis of the issues and the negotiations that are required. These issues are complex and will require a great deal of examination and agreement between the UK and the EU. The resource implications are daunting. A tight detailed timetable needs to be agreed and qualified, experienced personnel need to be in place. The industry needs the re-assurance that all levels of Government can deliver?

**Customs Union:** If the UK leaves the customs union, this could have a considerable impact on the Cruise Industry. Cruise lines could choose only to operate between ports still governed by the Customs Union, to the detriment of Wales's ports and destinations. The UK is a mature cruise market and continuing participation in the Customs Union paves the way for further UK deployment, increased tax revenues and more investment in local economies.

Theresa May has said she wants a "seamless, frictionless border". There is also a significant risk to passenger ferry traffic which could be diverted away from Wales if there is a hard border with Ireland. Wales is an important overseas market for Irish tourists whether it be a trip to Tregaron Trotting or Bluestone Park in Pembrokeshire or from the business generated from through traffic. Any significant disruption could see loss of revenue.

**European Travel Information and Authorisation System (ETIAS):** Due to heightened security concerns after recent terrorist attacks, the EU Commission has just published proposals for an ETIAS system. It is expected that, when the UK leaves the EU, UK nationals travelling to the EU will be subject to this new requirement, thereby increasing the costs and inconvenience of travel. It is also possible that the UK will impose a similar regime on visitors from the EU which would be a deterrent to travel to the UK.

At the moment, EU nationals are able to travel to the EU using just their national identity card, which most people carry in their wallet. Requiring EU nationals to carry their passport (or even having to apply for pre-authorisation for travel to the UK should the UK 'retaliate' to the proposed ETIAS) would increase the inconvenience and cost of travelling to the UK. This, in turn, would decrease the desirability of the UK as a destination and increase the perception in European markets that the UK was an unwelcoming destination. As the EU represents two thirds of all visitors to the UK, this has the potential to cause a significant reduction in tourism numbers.

We hope that the UK reaches an agreement with the EU that ETIAs are not required for travel between the UK and the two areas. The Welsh Government need to be aware of this as it could have significant resource and revenue implications.

## **Future Involvement of the Tourism Industry in Wales in This Process**

We would like to be part of any future consultation affecting policy on this important issue as it is certain that such future and further activity will impact on the tourism industry and the tourism/visitor economy in general.

**Adrian Barsby – Chair Wales Tourism Alliance**  
**22<sup>nd</sup> May 2017**