

VisitBritain & VisitEngland Joint Response **EU Balance of Competences Review**

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VisitBritain®



VisitEngland™

Summary of Key Points

1. Tourism is a complex industry and a number of EU competencies impact the industry. VisitEngland and VisitBritain question whether the EU undertakes sufficient research on the impact of new cross-cutting competencies on the visitor economy before their introduction.
2. Geo-political factors such as being an island and not sharing common borders sets Britain and England apart from other EU member states. These mean that we do not benefit from current EU tourism action to the same extent as most of our competitors.
3. The UK tourism industry does benefit from EU funding and this is best directed through the EU.
4. Excess regulation can act as a barrier to growth and there needs to be a better balance between providing consumer protection and the economic impact competencies present businesses. The EU needs to commit more time and resource into investigating the impacts of competencies. The EU should be looking to impose less legislative burden because it stifles economic growth.
5. Tourism is a fiercely competitive industry and EU member states compete for inbound visitors. EU-cooperation initiatives in tourism must recognise this.
6. This is not to say that there is no scope for co-operation. Making access to Britain alongside other European countries as straightforward and affordable as possible is important. There is also scope for co-operating with non-EU states, as long as this activity is mutually beneficial.

Context

About VisitBritain & VisitEngland

VisitBritain is the national tourism agency. It is a non-departmental public body, funded by the Department for Culture, Media and Sport (DCMS), responsible for promoting Britain worldwide and developing its visitor economy. Its mission is to grow the value of inbound tourism to Britain, working with a wide range of partners in both the UK and overseas. Through its global reach, it aims to increase visitor spend to all parts of Britain and improve Britain's ranking in the eyes of international travellers. VisitBritain also has a statutory duty to advise Government on matters affecting tourism in Great Britain.

VisitEngland is the national tourist board for England. It is also a non-departmental public body funded by DCMS and is responsible for marketing England to domestic and established overseas markets and for improving England's tourism product. Its role is to grow the value of tourism by working in partnership with the industry to deliver inspirational marketing campaigns and to provide advocacy for the industry and our visitors. VisitEngland has a statutory duty to advise Government on matters affecting tourism in England.

Both organisations work closely together to deliver their remits, particularly internationally in order to minimise duplication and maximise value or money.

Tourism in Britain and in England

Tourism is a major part of the UK economy. It contributes £115 billion to UK GDP, and provides employment for 2.6 million people – around 9% on both measures. One in twelve jobs in the UK is currently either directly or indirectly supported by tourism. 44% of people employed in tourism are under 30, compared with an average for the wider economy of 24%.

Tourism is an industry at which Britain competes well internationally – we rate seventh in the world for visitor numbers and visitors spend. Last year the 31.1 million visitors who came to Britain spent £18.6 billion – 4% more than in 2011. By 2020 the UK could attract 40 million overseas visitors a year – earning £31.5 billion annually (in real terms).

Tourism is a key driver of the economy in England and is worth £97bn to the national economy and supports 2.2 million jobs. Although the industry is dominated by larger corporations, 80% of tourism businesses are SMEs. There are over 200,000 VAT registered businesses in England which fall within the tourism sector. There are over 32,000 serviced accommodation businesses providing 1.37 million bed spaces and over 34,000 non-serviced accommodation businesses providing 1.36 million bed spaces. Average room occupancy is 66%.

There are between 5-6,000 visitor attractions in England. England has a well-established attractions sector with some of the most popular visitor attractions in the world. It has a wide mix of national and local museums and galleries, historic houses and palaces, gardens, piers, theme parks, safari parks and numerous other types of attraction that support anything from industrial heritage to sport to fashion.

England has relatively high visitor satisfaction indices with 86% of domestic visitors saying that the destination they visited was either excellent or very good.

Response to Questions

What areas of EU competence or activity impact on your sector and how?

Tourism is a complex industry and a number of European Union (EU) competencies impact the sector.

It was not until 2009 that the Treaty of Lisbon conferred on the EU a specific supporting competence on Tourism. The treaty gave the EU the power to carry out actions to support, co-ordinate or supplement the actions of the member states in tourism:

1. *The Union shall complement the action of the member states in the tourism sector, in particular by promoting the competitiveness of Union undertakings in that sector. To that end, Union action shall be aimed at: (a) **encouraging the creation of a favourable environment for the development of undertakings in this sector;** (b) **promoting cooperation between the member states, particularly by the exchange of good practice.***
2. *The European Parliament and the Council, acting in accordance with the ordinary legislative procedure, shall establish specific measures to complement actions within the member states to achieve the objectives referred to in this article, excluding any harmonisation of the laws and regulations of the member states.*

Article 176 B, Treaty of Lisbon

As outlined herein, Britain and England benefits less from these two competencies than most other EU states.

For all the recent developments and initiatives such as the virtual tourism observatory, the EU's specific tourism competence arguably has limited impact. Whilst programmes such as Leonardo have helped with the sharing of best practice, this has had limited scope for most destinations. Far more important have been other legislation and initiatives in other policy areas that touch on tourism, including free movement, immigration, internal market and transport.

The EU has a shared competence in relation to transport and harmonised laws affecting, for example, air travel. Aviation is an essential enabler for inbound tourism in Britain. 73% of overseas visitors arrive by air and they account for 84% of all inbound visitor spending.

Another example is the long recognised right of EU citizens to travel to other EU countries as tourists. This has now been enshrined in the Free Movement Directive as an unrestricted right for all EU citizens to enter and stay in another EU Member State for up to 3 months.

While not intended specifically for the tourism sector a number of social and employment provisions, such as the Working Time Directive, impact businesses and those employed in the tourism sector.

VisitEngland and VisitBritain question whether the EU undertakes sufficient research on the impact of new cross-cutting competencies such as these on the visitor economy before their introduction.

How could the EU co-ordinate its activity in these areas of competence to greater effect?

The EU needs to commit more time and resource into investigating the impacts of competencies, particularly the economic impacts for businesses. It also needs to give more lead in time for consultation and debate.

There is very little new funding offered and most competencies impose a cost on businesses- this needs to be managed carefully to ensure that visitors do not lose out in the long run because businesses can no longer support the visitor experience.

How does competition for tourists across Member States impact on the effectiveness of EU action in this area?

Tourism is a fiercely competitive industry. Other countries have recognised tourism's potential to deliver growth and jobs in a tough economic environment. Competitors are moving fast, addressing policy issues as well as investing in marketing campaigns. Turespaña for example have developed a major four year 'Comprehensive National Tourism Plan' in conjunction with the Spanish government, which they describe as a 'roadmap for improving the competitiveness of the tourism sector'.

The EU member states are in direct competition with each other for inbound visitors. As the UNWTO league tables for international tourism below show, France, Spain, Italy and Germany are Britain's key competitors:

2012 Rank	Destination	Arrivals (m)
1	France	83.0
2	USA	65.0
3	China	57.7
4	Spain	57.7
5	Italy	46.4
6	Turkey	35.7
7	Germany	30.4
8	UK	29.3

2012 Rank	Destination	Receipts (US \$ bn)
1	USA	128.6
2	Spain	55.9
3	France	53.7
4	China	50.0
5	Italy	41.2
6	Macao	38.5
7	Germany	38.1
8	UK	36.4

EU-cooperation initiatives in tourism must recognise this competition.

This is not to say that there is no scope for co-operation. Figures from the ONS show that 19% of visitors to Britain come as part of a multi-country trip. For some key long-haul markets, such as the China and Australia, Britain is an attractive destination to include as part of a multi-country European itinerary, a fact that underscores the importance of making access to Britain alongside other European countries as straightforward and affordable as possible.

What evidence is there that EU action in the areas of Culture, Tourism and/or Sport benefits or disadvantages the UK?

A number of geo-political factors make Britain and England different from other EU states. These mean that we do not benefit from current EU tourism action to the same extent as our competitors, nor would we benefit from any considerable increase of EU action:

- Britain only partially participates in Schengen. This means that consumers must apply for two visas if they wish to visit Britain and other EU countries which is onerous and more costly. This also acts as a disincentive to include the UK in European packages as it adds an extra level of complexity for tour operators. Closer alignment with Schengen could help growth from new growth markets in Asia such as China where multi-country EU trips are popular. Britain's position outside Schengen however can also provide Britain with a competitive advantage: it means that Britain can reform its visa regime more quickly and design a service that is significantly better than that of its European rivals.
- Being separated from the European landmass means that visitors are less likely to cross our border as part of a European-wide promotional initiatives (such as following a pilgrimage trail or as the result of some other project that promoted commonality).
- 'England' has a strong nation brand and individual identity. Robust evaluation has shown that the cross-government GREAT campaign has been successful in building Britain's image overseas and that the tourism marketing is increasing intention to visit. Whilst common European branding or marketing might be appealing to accession countries or the smaller states of Europe, we would likely gain minimal benefit.

- In terms of tourism development, many states in Europe are still expanding their product offer. England and the other nations of the UK have a well-developed product and less need to do so. Unlike some European states in some cases, like maritime coasts, we are not looking to create a new built environment but to protect it from development.

Deregulation

Many industry stakeholders question whether EU initiatives actually help the industry or hinder it due to the level of regulations imposed. Balancing the need to provide consumer protection with the costs to business so that they can continue to trade profitably is essential. EU regulation has been cited as being obstructive to business growth in a number of areas including:

- Employment legislation (e.g. working time, posted works, agency workers, data protection, European Union Business Transfers Directive);
- Financial legislation (e.g. procurement and the OJEU process, tax and reporting compliances);
- Food and drinks sector;
- Hotel immigration records;
- Planning permission;
- Trading standards;
- Energy efficiency stipulations.

The EU Package Travel Directive and Tour Operators Margin Scheme (TOMS) have attracted particular criticism from industry who have argued that they are out of date and make EU member countries less competitive in the global marketplace:

- TOMS is not applied uniformly in all member states of the European Union. It also puts EU operators who operate internationally at a competitive disadvantage.
- Many argue that the EU Package Travel Directive prevents the development of an integrated market for travel services within the EU. There are a number of problems with the directive, foremost of which is that it does not cover consumers based in one country purchasing from suppliers based outside the jurisdiction of the EU. The development of the internet and the emergence of low-cost air carriers have revolutionised the way in which people organise their holidays and has also meant that a growing number of travellers are not protected by the directive. The EU is currently reviewing its legislation on package holidays.

Funding

Many parts of Britain benefit from European funding initiatives, albeit these areas and programmes are varied in purpose and scale. Wales, Scotland and Northern Ireland receive significant levels of EU funding for tourism projects.

In England, the areas that have received most benefit to date represent only a fraction of the total tourism product and by definition they are locations desperate for new jobs following decades of industrial decline, namely Merseyside, Cornwall and South Yorkshire (Objective 1 areas). Both Merseyside and Cornwall are benefiting as developing tourist destinations with many new infrastructure projects now completed. In other areas that receive funding, such as some Objective 2 destinations (i.e. Thanet and Hastings) or in rural areas such as Somerset, European funding has, and does still play a significant role. This has sometimes caused disparity between areas that receive funding and neighbouring areas that don't (i.e. between applicants in Cornwall and Devon) but England has nevertheless been a net beneficiary and the future funding arrangements will create a more equitable landscape for funding bids.

Unlike most other European states, England has no regional tourism structure, just national and local organisations. The tourism structures are quite complex because at the local level there are several models that work differently in each area. Some of these organisations reflect local authority boundaries but others are more

destination-focussed and may encompass several local authority areas or cross local government boundaries. This can make bidding for European funding more complex and no doubt reduces the capacity for successful bidding for external funding.

Without a regional structure in England and with a devolved national structure for the UK, the way that EU funded projects are monitored and evaluated is also less than straightforward. This is something that needs further consideration and which VisitEngland would be willing to comment on further as Local Enterprise Partnerships with responsibility for sub-regional EU funding expenditure evolve.

What are the benefits or disadvantages of directing funding through the EU rather than national arrangements?

On balance, VisitBritain and VisitEngland feel that EU funding for tourism is best directed through the EU where it can be protected for the benefit of the tourism sector. It is, however, a relatively small sum in comparison to the overall total channelled from public funding.

Do you think the EU should do more, or less in relation to Culture, Tourism and Sport, and why?

The EU should be looking to impose less legislative burden because it stifles economic growth. Whilst there may be minor areas that need further regulation, in most respects, we have a mature tourism industry that is well developed and has been able to adapt to new markets. While there are some exceptions (such as TOMS which is seen as out of date, and improving standards for bathing waters which is still evolving), many EU legislative requirements are doing their job and are still fit for purpose.

There comes a time when the legislative burden begins to stifle growth and we need to take care that we do not commit ourselves further to raising standards that the market can no longer afford, particularly given the current economic circumstances and the fact that public spending is unlikely at any time in the near future go back to pre-recession levels.

Have you noticed any change in EU activity or emphasis since the 2009 Treaty of Lisbon and is this welcome?

Although Tourism is a supporting competence the wider impacts of the Treaty have had cross-cutting themes that have impacted the industry in a number of ways. The commitment to greener energy has, for example, created conflicts for the tourism sector on issues such as the siting of wind farms and the requirements for accommodation establishments to provide Energy Performance Certificates; new health and safety and trading standards legislation has impacted the profitability of the pubs sector; the movement of people across internal borders has led to massive changes in employment in the hospitality sector.

Not all of these changes have necessarily had negative impacts, but the role of the EU in everyday life for tourism stakeholders has increased, creating tensions in some areas.

Is there added value to UK tourism in EU activity to co-operate with non-EU countries' tourism sectors?

The visitor economy comprises a set of industries that are constantly evolving and some degree of cooperation will no doubt help all nations - and all visitors. Co-operation however must be on mutual basis.

Whilst England is often regarded as a market leader in tourism development activities (such as through developing industrial heritage or providing a range of visitor experiences in national parks) in some cases other nations are ahead of us and may be able to provide best practice case studies. In the past, we have been able to introduce new programmes in the fields of tourism training, research and partnership models based on tourism practices from outside the EU. There is therefore benefit in the EU being active in non-EU countries and continuing to be aware of current developments, but it should be a case of attaining mutual benefits and sharing experience rather than a one-way process of giving away best practice models freely to others.

VisitBritain has signed Memorandums of Understanding (MoU) with the tourist boards of non-EU countries, driven by the desire to strengthen joint co-operation in the field of tourism and to create reciprocal advantages. In 2012 it signed a MoU with Mexico. This sought to develop tourism promotion initiatives to increase bilateral tourism flows; encourage and support the exchange of experiences, statistics and information material; facilitate liaison between respective tourism management committees and support actions which facilitate the movement of tourists (including but not limited to the development of air connectivity). VisitBritain also has a MoU with the Federal Agency for Russian Tourism (2011-2015). In addition to setting out a joint action program, it looks specifically to share knowledge relating to destination marketing around the hosting of Olympic Games, contributing towards the IOC's vision to further understanding between nations and advance the positive economic and social impact of hosting the Games.

What international bodies or arrangements are important to your sector beyond the EU?

A number of international bodies are important to the tourism sector in England and Britain:

- UNESCO;
- UNWTO;
- WTTC;
- World Tourism Organisation;
- The OECD;
- International academic organisations which have a tourism focus;
- International sustainable development organisations;
- International marketing and trade bodies;
- International bodies imposing safety standards;
- International forecasting services.

Further Information:

Thank you for taking our comments into consideration.

For further information please contact Emily Moore, Senior Tourism Affairs Executive (VisitBritain) emily.moore@visitbritain.org and Phil Evans, Head of Policy and Analysis (VisitEngland) philip.evans@visitengland.org.