

# Brexit and the outbound travel industry



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# UK outbound travel & the EU

## TRAVELLING TOGETHER

The value of UK outbound tourism



ABTA  
Travel with confidence



## Gross value added (GVA)

- UK trips to the EU generate more than **€15bn** in GVA for EU member state economies, and more than **€37bn** in aggregate or indirect impacts

Over half of all GVA from tourism in the EU goes directly to employees through wages

## Spending

- 58% of UK outbound spending goes to EU countries



## Businesses

- UK travellers support over **440,000** businesses across the EU



## Jobs

- Outbound tourism from the UK directly sustains over **380,000** jobs across the EU supporting a further **486,000** jobs indirectly through supply chains

For every €1 spent by UK travellers, **€0.58** is added value to the economy of the host country – generating jobs and economic growth



# Outbound industry priorities

*Throughout the Brexit process ABTA's priority has been to promote an outcome that preserves the policies and systems that have underpinned the success of travel between the UK and EU.*

*Following the referendum, we consulted widely with ABTA Members and identified the following priorities:*

- 1. Maintaining access to EU markets – transport links**
- 2. Ensuring seamless travel experience – borders and visa policy**
- 3. Enabling businesses operational stability – employment and tax**
- 4. Securing consumer protections that underpin confidence in travel**



# What we know

## Priority 1 – maintaining transport links:

- ✓ Aviation – contingency legislation in place until 24 October 2020
- ✓ Rail/Maritime/Coach (\*)

## Priority 2 – seamless travel experience

- ✓ UK citizens will not need visas for EU travel (EU citizens vice-versa for UK travel)
- ✓ Passports remain valid, but validity changes (6 months/10 years)

## Priority 3 – operational stability

- ✓ No duplication of TOMS/VAT payments in UK (EEA sales exempt)

## Priority 4 – securing consumer protection

- ✓ Package holidays, Passenger rights etc.

Deal scenario – everything remains the same until December 2020 at the earliest, but very tight timeline to secure permanent deals on these areas. Work to do to secure these long-term...



# What we don't know

## Priority 1 – maintaining transport links

- ❖ Coach travel to third countries
- ❖ Transit visas

## Priority 2 – seamless travel experience

- ❖ Additional intentions checks
- ❖ EU has not guaranteed e-gate usage for UK citizens

## Priority 3 – operational stability

- ❖ Employment: Access to EU markets under WTO rules is patchy at best
- ❖ Posted Workers Directive will fall away
- ❖ Tax: Interpretation of third country TOMS/VAT rules in EU Member States

## Priority 4 – securing consumer protections

- ❖ PTRs – mutual recognition of insolvency protection
- ❖ Reciprocal healthcare provision – EHIC disappears, temporary arrangements patchy and destination specific



# Package Travel Regulations

- Originally introduced in 1992, revised and extended in 2015 (2018 implementation)
- Ensure consumers have financial protection in the case of the insolvency of their package holiday provider, and provide additional rights around fair advertising of product and clear lines of redress for issues such as sickness caused by poor hygiene standards
- Key part of the revision was an attempt to ensure a single market approach to insolvency provisions, enabling businesses to trade across the EU and enabling local authorities (regulators) in each Member State to check insolvency protections of other Member States
- Post-Brexit UK will require all arrangements to be protected in the UK, and UK companies will lose ability to sell in EU without additional registrations. Ability to check protection arrangements of third countries will be lost. Challenge in Northern Ireland/ROI. Need for proper resourcing of Trading Standards and enforcement bodies



# Reciprocal healthcare

- UK issued EHICs will no longer be valid in event of a no-deal Brexit
- ABTA has always made clear EHIC is not a substitute for comprehensive health insurance
- But, EHIC is an important tool for underpinning confidence in travel – especially for vulnerable groups
- The loss of EHIC is likely to have an impact on insurance premiums – and those who benefit from EHIC the most will likely be hit the hardest by the changes
- Patchy approach to temporary arrangements for UK tourists:
  - ❖ 11 Countries reported to have arrangements for UK nationals
  - ❖ Some extend these benefits to tourists, including Spain (end of 2020)
  - ❖ But, many appear not to have anything in place for tourists, including Cyprus, France, Greece, Italy, Malta and Portugal

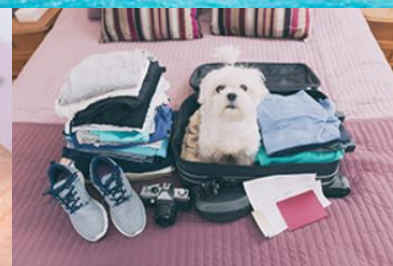




**UPDATE** | Confused about what Brexit means for your holidays? ABTA has practical advice to reassure travellers.

## Brexit: advice for travellers

Deal or no-deal, flights will still operate between the UK and the EU, and a visa is not required. ABTA has more practical tips about travelling after Brexit.



# Brexit: no-deal scenario

# How could it affect...

## YOUR BUSINESS

- Would you be affected by changes in exchange rates?
- Do you use the Tour Operators' Margin Scheme (TOMS)?
- Could delays or disruption at air and sea ports affect your services?
- Do you operate transport services that require licensing?
- On what basis do you transfer personal data overseas?
- Do you have European trademarks?

## YOUR COMMERCIAL PARTNERS

- Can you change the terms of a contract when circumstances change?
- Can you get out of a contract you no longer want?
- Do you have bonds or insurance policies with businesses based in the EEA?

## YOUR PEOPLE

- Do you employ staff in Europe on a permanent or seasonal basis?
- Do you employ EU citizens in the UK?
- Do you send UK staff to work in Europe?

## YOUR CUSTOMERS

- Do you provide passport and visa information to your customers?
- What rights do your customers have if their holidays are disrupted?
- Could your customers be affected by changes in exchange rates?
- Do your customers rely on the EHIC card?

Visit [abta.com/brexitguidance](https://abta.com/brexitguidance) for more information.

# Final reflections

- Clear incentive exists on both sides to reach an agreement that sustains the economic benefits of travel – but it's the role of industry to ensure this remains at forefront
- No-deal would be very disruptive, and ABTA continues to urge policymakers to everything possible to avoid that outcome
- Consumer confidence in UK has been boosted by passing of contingency legislation, which is important for summer 2020
- Industry needs to continue preparing for all eventualities – deal would mean a period of respite, but uncertainty would remain over future arrangements.
- Whatever happens, this is only the end of the beginning – many key decisions for travel will be decided in next phase – deal or no-deal

# Thank you

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