UNLOCKING TRAVEL'S POTENTIAL

The importance of UK-EU mobility for jobs and growth

ABTA The Travel Association

SBiT Seasonal Businesses in Travel

FOREWORD

The UK's outbound travel industry is a success story; the industry supports more than 840,000 jobs in the UK, and contributes more than £49 billion a year in GVA to the economy. UK tourists are also hugely important to the countries they visit, with the EU receiving nearly 70 million visits from the UK[1] annually, generating more than €40 billion in economic activity in local communities across the EU[2].

It is increasingly clear that, following the UK's departure from the EU, the limitations of the current trading relationships between the UK and EU, including the Trade and Cooperation Agreement (TCA), have created new barriers for UK travel businesses providing holidays in Europe. The most significant of these barriers concerns the mobility of staff – the ability of UK travel businesses to hire UK nationals to work in the EU and support the delivery of holidays to UK travellers.

Prior to the end of the transition period in 2020, UK nationals could live and work across Europe without the need to obtain visas or work permits. That is no longer the case. While the TCA did include provisions for certain tourism workers to operate between the UK and EU for 90 days in any 180-day period, this doesn't work for all roles or cover the length of a typical summer or winter holiday season. There are also other barriers including national limitations on who can fulfil certain roles within Member States, either based on qualifications or nationality, and quotas, which combined with the rules limiting length of stay have increased the costs and red tape involved in operating holidays across Europe.

Our research – which included surveys and interviews with more than 100 industry CEOs – finds there has been a fall of 69% in the number of UK nationals working in the EU across the industry since 2017. The consequences of the loss of those workers goes way beyond the impact on individuals, or the increased costs of doing business for UK companies, although on both counts these are significant. The industry has long relied on the types of roles fulfilled by temporary and seasonal workers as an established entry route pipeline for talent. Our research shows that 49% of industry leaders started their careers with an overseas season, working roles such as travel reps, ski guides or chalet hosts. The long-term consequences for the UK travel industry of the loss of those opportunities could be profound, and what is more the UK economy is losing out on the training programmes and soft skills including language abilities, that individuals completing an overseas season develop and bring home with them.

Importantly, the UK travel industry remains optimistic about the future. A solution already exists that could resolve, at least partially, some of the concerns raised in this report – the extension of the existing Youth Mobility Scheme (YMS) to EU countries. That can be done whilst respecting the points-based immigration system that has been put in place following Brexit, as critically the YMS does not offer participants any longer-term right to remain. This is an on-the-shelf, ready to go, policy solution – and we urge the Government to make it a priority as we approach the re-negotiation of the TCA, and in talks with individual EU countries.

We urge policymakers on all sides, within the European Commission, EU Member States, and in the UK Government, to work together to restore the conditions upon which travel and tourism between the UK and EU was built over many decades. Where unnecessary barriers have been erected, we urge all sides to use the upcoming review of the TCA to work for pragmatic solutions that take these down again. It is in everyone's interest to provide a policy framework that enables travel and tourism between the UK and EU to thrive – creating jobs and economic activity in the UK and Europe.

Mark Tanzer
CEO, ABTA

Charles Owen,
Managing Director, SBiT

1 ONS Travel Trends 2019
2 ABTA/CEBR Travelling Together: the value of UK tourism to the EU, 2019

THE ECONOMIC IMPORTANCE OF UK TRAVEL AT HOME AND ABROAD

VALUE TO UK

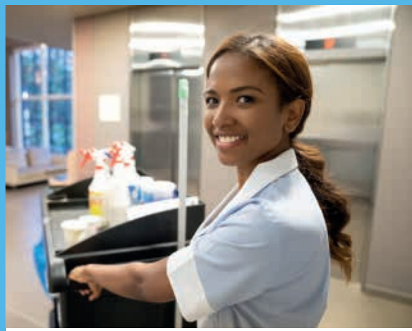
£49bn
total GVA contribution from outbound travel
£16bn
direct[3]

843,000
total jobs supported by UK outbound travel
720,000
FTE jobs[4]

VALUE TO EU27

€40bn
total GVA contribution in EU27 of UK outbound travel
€14.3bn
direct[5]

994,000
jobs in EU27 supported by UK outbound travel
427,000
direct[6]



TRAVEL FROM THE UK TO THE EU

72% OF UK OUTBOUND TRIPS ARE TO THE EU

TOP 5
EU holiday destinations by visitor numbers

- **Spain** – 15.8m
- **France** – 7.1m
- **Italy** – 3.5m
- **Greece** – 3.1m
- **Portugal** – 2.6m

3,4 International Travel: Powering the UK economy, ABTA/York Aviation, 2022. Figures are global not specifically related to UK-EU travel
5,6 Travelling together: the value of UK outbound tourism, ABTA/CEBR, 2020
7,8 ONS Travel Trends 2019

UK-EU LABOUR MOBILITY SINCE BREXIT

TOTAL OVERSEAS ROLES IN THE EU

45%
decrease in total number of overseas roles in the EU

14,510[10]
2017

8,030
2023

TOTAL UK WORKERS IN EU

69%
decrease in UK workers in EU

11,970
2017

3,700
2023

Labour mobility is a key entry route to travel

The loss of overseas roles in the EU for UK workers is especially stark in relation to young people. This matters because overseas roles have long offered an established entry route into the UK travel industry.

94%

of businesses said barriers to mobility for workers between the UK and EU reduce opportunities for young people to develop a career in travel.

In 2017, 18-24 year olds represented

62%

of total overseas roles in the EU.

By 2023 this had fallen to

42%

The travel industry has a strong track record in regards to retention of entry workers and career progression, with many individuals who start in roles such as ski guides, chalet hosts or travel reps going on to fill senior positions and become industry leaders.

These findings demonstrate the importance of overseas tourism roles in developing the confidence, experience and skills that are highly valued by employers within the industry, and beyond, and that enable people to go on to have successful careers. The loss of opportunities for UK nationals to undertake these roles is deeply concerning for the future talent pipeline in the industry.

> *"I spent a year of my degree studying in France and 9 years of my early travel career working in France, Austria and Switzerland. This front-line experience helped me understand the operational and customer elements of the holiday experience and was invaluable in developing the person I am today. Without this access to the front-line learning and the range of skills this offers, there is a real risk that travel leaders of the future will struggle to have the rounded experience and breadth of skills and knowledge needed to properly run travel businesses in the future. Theoretical knowledge is one thing, but real-life experience is completely different and is an essential component of development for our future travel industry leaders."*
>
> **Giles Hawke, CEO Cosmos**

9 All page statistics (unless otherwise annotated), ABTA/SBiT/Moving Minds, 2023
10 Number includes all workers of any nationality

Labour mobility challenges act as a brake on growth

The UK travel industry is a major driver of economic activity and growth within the UK economy, and ABTA's research demonstrates that the industry is set to outperform the general economy – growing by **15%** compared to **10%** over the years ahead[11]. As a result, the travel industry is set to play an important role in the recovery from COVID and cost-of-living challenges. However, respondents have indicated that they are concerned that the lack of labour mobility available to UK businesses could act as a drag on growth within the sector.

61% of respondents identified problems with hiring UK seasonal staff as a factor that could reduce their possibilities for growth over the next five years. This was the top scoring concern for UK travel businesses, outscoring the general economic conditions of the UK and what this might mean for consumer purchasing power (59%), and supply-side inflation (43%).

64% say that the cost per-employee has increased by more than **30%** since 2017.

22% say they have seen a reduction in profit since 2017 of more than **30%**.

90% of respondents believe an agreement on Youth Mobility would help their growth prospects over the next five years.

78% of businesses say Brexit will have a more significant long-term impact on their business than COVID.

Why don't UK companies hire more staff locally?

Some UK companies have recruited staff from other European nations. Our survey has shown that the number of non-UK staff employed by UK travel businesses overseas has increased by more than **70%** since 2017.

However, with overseas staffing numbers down by **45%** overall, it is clear that local recruitment has not been able to fully offset the loss of UK staff. Local recruitment has often proven difficult and is especially challenging for SMEs, who don't have the necessary resources to advertise for and recruit staff in Europe. There are a variety of reasons why seasonal jobs might not appeal to local workers in the EU, including working in English, the location of the jobs in tourism resorts, and the seasonal and temporary nature of the work.

In 2018, SBiT posted 7,000 job vacancies in France for chalet hosts and other seasonal roles. One application was received, which wasn't suitable.

"Post Brexit, getting the right paperwork for our UK staff to work in France has been challenging and time-consuming – but we've managed it. However, Austria's quota on visas means we can only employ EU passport holders there – of which there is not a certain or ready supply. As a result, we have had to relinquish over two thirds of our exclusive chalet beds there."

Sarah Searson, MD Skiworld

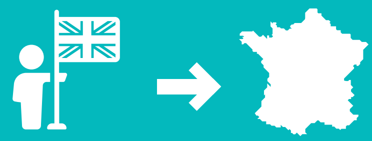
11 Forecast growth 2019-2027. International Travel: Powering the UK economy, ABTA/York Aviation, 2022
12 Travelling together: the value of UK outbound tourism, ABTA/CEBR, 2020

CASE STUDY: FRANCE – ADDED COST AND COMPLEXITY

For over 30 years UK travel operators have invested heavily in France to develop the market for UK holidaymakers, resulting in great value holidays for the UK public.

UK travel operators could invest in France, safe in the knowledge that they would always be able to employ and train British staff that wanted to be the reps, chalet staff, childcare assistants and chefs a few months before the holiday season. Before the UK's departure from the EU, UK staff could even stay on UK employment contracts and pay UK tax and NI. However, the situation for UK firms employing UK staff is now much more complicated, takes longer and is significantly more expensive. Staff need French employment contracts and must pay French social security charges on their wages, for pension and care benefits that they are unlikely to ever be able to claim.

As a result of the additional cost and red-tape involved, many UK companies have either reduced the size of their operations or stopped operating altogether.



€7.5 billion + Estimated value of UK travel industry to the French economy each year[12].

56% reduction in the number of catered holidays being offered by UK holiday companies in France since 2017.

72% reduction in the amount of UK staff employed in the winter season in France since 2017.

ADDITIONAL COST TO EMPLOY A UK STAFF MEMBER[13]

WHAT NEEDS TO BE DONE	ELAPSED TIME	DIRECT COST	INDIRECT COST (e.g. Admin or Staff Time)
LOCAL WORKER TEST[14]	3-4 weeks	£0	1-2 hours admin
APPLY FOR A FRENCH WORK PERMIT	2-3 weeks	£0	4 hours admin
APPLY FOR A FRENCH WORK VISA In the UK via the French consulate and their processing agents	3-6 weeks	£30	3 hours admin 1 ½ days staff time
WORK VISA IS VALIDATED IN FRANCE Involves 3 trips from the resort to the regional offices, a chest x-ray, and a medical interview.	2-4 months	£300 fees £100 travel expenses	2 staff days 2+ hours admin
TOTAL COST PER STAFF MEMBER Visa & permit costs £330 + 3 ½ days staff work ~£350 + 1 day admin ~£100 + exp £100			**£880**

Where similar schemes exist elsewhere in the EU, the costs and processes involved are often even more burdensome. In many EU countries, there simply isn't a viable route to hiring seasonal staff from the UK.

13 SBiT analysis. Substantial effort and cost has been put in by SBiT over recent years in securing from the French government a specific scheme to enable UK tourism workers to apply for French permits and visas.
14 In order to hire staff from outside of France, businesses are required to demonstrate there wasn't a suitable candidate for the role in the French labour market. Similar tests are common in national migration systems.

WHAT THE UK TRAVEL INDUSTRY NEEDS TO PROSPER

Extend the Youth Mobility Scheme (YMS) to EU countries.

The UK has youth mobility agreements in place with countries around the world, including Australia, New Zealand and Japan. EU countries also have similar arrangements in place with third countries. For example, Italy signed a youth exchange deal with Canada in 2020. However, there is no current agreement between the UK and any EU Member State. Importantly, the YMS does not offer participants the right to remain beyond the validity period of the scheme, so it should be seen as separate from wider long-term migration debates. The scheme would offer businesses certainty and benefit all parts of the UK travel and tourism industry, inbound, outbound, and domestic, as well as being beneficial for other important sectors of the economy. Additionally, there are recognised benefits of living and working abroad for individuals, including enhanced foreign language abilities and other important skills, and for the countries involved, who benefit from enhanced soft-power with the development of long-term advocates.

Seek an enhanced seasonal mobility agreement for tourism workers.

The TCA signed by the UK and EU back in 2020 recognised the benefits of tourism workers to the economies of both signatories, and extended the right to tourism workers to work in each jurisdiction for 90 days in any 180-day period (provided all other national requirements surrounding qualifications and activities undertaken were met). While this recognition is welcome, the reality is that the current agreement does not allow sufficient flexibility to cover many common roles within the tourism industry. For example, international coach drivers can typically exceed the reference periods – with UK coach tour operators often placing their drivers within the EU for upwards of 200 days a year before the end of the transition period. We believe that the economic importance of travel and tourism justifies a wider mobility agreement for workers in the sector.

OTHER POLICY PRIORITIES:

Agreement on mutual recognition of professional qualifications

For many UK nationals in tourism related roles, including professionals providing guiding services (tour guides, ski guides etc.), the lack of agreement on MRPQ creates significant barriers to working in the EU.

Cooperation on e-visa regimes (UK ETA, EU ETIAS and Entry/Exit Scheme)

Acknowledging the volume and economic importance of travel flows between the UK and EU, steps should be taken to ensure cooperation between the UK and EU pre-travel authorisation schemes.

School and youth group travel

A new scheme is required to replicate the benefits of several schemes that have faltered since the UK's departure from the EU, including passport-only entry to the UK (ending acceptance of ID cards), the Listed Travellers Scheme, and the phasing out of collective passports.

ABOUT THE RESEARCH

ABTA and SBiT commissioned research firm Moving Minds to help understand what has happened since the UK left the EU and examine what changes to mobility rules have meant for businesses in the travel industry. The research took place between 25 April-15 May 2023 and involved an anonymous survey completed by 127 businesses active in the UK travel industry who sell holidays in the EU, as well as additional industry interviews and analysis conducted by Moving Minds to assess impact on industry turnover, profitability, recruitment and training process, business costs, UK market share, and forecasts. The work builds on previous research conducted by Moving Minds and SBiT with the support of ABTA in 2018.

ABOUT ABTA

ABTA is a trade association for UK travel agents, tour operators and the wider travel industry. We're the largest travel trade body, with over 3,900 travel brands in membership who have a combined pre-pandemic annual UK turnover of £40 billion. We work closely with our members to help raise and maintain standards and build a more sustainable travel industry, and provide travellers with advice, guidance and support. Together with our members we help customers travel with confidence. For more information, please visit abta.com

ABOUT SBiT

Founded in 2016, SBiT is the only trade organisation solely representing outbound seasonal travel businesses. We have over 100 UK corporate members, who are mainly seasonal outbound travel businesses who employ UK citizens to work in Europe for winter or summer seasons. Working with both the UK government as well as our EU partners, our aim is to help our member companies develop their businesses in compliance with local regulatory requirements – to the benefit of both. For more information please visit sbit.org.uk

ABOUT MOVING MINDS

Moving Minds is a market research firm based in France, which conducts consumer surveys and polls as well as strategic research. The agency specialises in consumer behaviour analysis and consumer trend, focusing on the experiential drivers of modern-day utilitarian as well as leisure consumption. For more information, please visit moving-minds.fr

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