



**The Right Honourable Jeremy Hunt MP**

**Chancellor of the Exchequer**

**Via Email**

19 July 2023

Dear Chancellor,

We are writing to you, as the some of the UK's leading trade associations for British tourism and airlines, to express our upmost concern at the Government's recent announcement to 'significantly increase' visa application fees as part of the new public sector pay deal. This will have an incredibly detrimental economic impact on the UK inbound tourism sector and will render us uncompetitive compared to many other countries, including our nearest competitors across the EU.

It is our view that UK visa fees are already far too high, given the 5% visa fee increase that was already introduced last year. This is before you compare it with other major tourist nations which rival the UK's inbound tourism industry. Rather than seeking to address this preexisting competitive disadvantage, the Government's announced further increase is another hammer blow to an industry that is just returning to pre-pandemic levels of activity. These changes mean that five-year multiple entry visa will going up from £670 to £770. As a reminder, and by way of comparison, the US charges Chinese visitors £135 (\$155) for a 10-year visa. Under these new rules, a 10 year visa from China to the UK will now cost £962.55. It is undeniable that this exorbitant cost will put off tourists from China visiting the UK, just as China begins to open up.

This is another example of government policy making which is making the UK less competitive. This move follows the removal of VAT free shopping for international visitors and the refusal to introduce arrivals duty free shopping. This is in addition to having one of the highest rates of air passenger duty and hospitality VAT.

New ETA rules laid out earlier this year have also made travel by tourists from overseas markets more difficult, with all passengers transiting through the UK required to have a new ETA, unlike the equivalent EU system ETIAS. For a family of four, the ETA could increase a journey by £40. With transit passengers making up a high percentage of travellers, ranging from 20% to over 50% on some routes, we cannot afford to lose any visitors which might put route viability at risk.

The UK tourism industry already faces significant challenges, and this competitive disadvantage already existed before these measures were taken. In 2019 the UK ranked last out of 147 countries in the World Economic Forum's global price competitiveness for travel and tourism.

The next six months are critical to our industry's recovery and its ability to bring significant new export revenue into the country over the next three years. In the decade prior to 2019 inbound tourism was the jewel in the UK's crown, a global success story worth £28.4 billion (£5.5bn in VAT) annually to the UK economy. It was the fifth largest export industry, on a par with our pharmaceutical and automotive industries, and transcended the four nations, supporting over 500,000 jobs.

There is therefore an urgent need for the UK to put in place more visitor-friendly policies that are competitive for the sector and more welcoming to all inbound tourists. The economic potential of the UK tourism industry is huge, and its growth must be properly supported, not further suppressed.

We have been grateful for your previous support for the tourism sector and we call on you to reverse this decision before it impacts our ambitions for Britain and your own ambitions for Global Britain.

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We would very much value an urgent opportunity to discuss the UK's competitive positioning and how aviation and tourism into the UK can deliver on the UK's economic growth ambitions.

Yours sincerely,

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CEO UKinbound

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