

## The Consequences of Leaving the EU for the Hospitality Industry

Robert Barnard introduced himself as the head of hospitality consulting at BDO. Martine Ainsworth introduced herself as head of destination engagement at the European Tourism Association (ETOA), an association of hundreds of tour operators and suppliers. She explained ETOA's dual role both lobbying for the industry, and acting as a platform for groups to come together. Jeremy Robinson said he worked in European and Competition law, and specialised in regulated industries such as aviation, tourism and travel. Mark Essex said he was an associate director in the strategy group at KPMG. Mark said he had been considering Brexit related issues for several years, since it had become clear to KPMG that someone should be focusing on the issue full time.

Robert Barnard said that there was a large amount of uncertainty surrounding Brexit. He asked the panel what the biggest opportunities for their clients were at that time. Martine Ainsworth said that there were several things to consider. The first was the opportunity to take advantage of the UK being better value than before as a result of the devaluation of the pound. She did not believe that 'hard Brexit' would be the result of negotiations. Martine Ainsworth also stressed the importance of not becoming too fixated on Brexit, and said that issues around security and terrorism were a much larger concern for the hospitality industry.

Jeremy Robinson said it was important to understand that Brexit was not just a transport and hospitality issue. He said that it was an important test of how businesses took decisions in uncertain times; it could be tempting to take quick decisions in the face of disruptive events. He added that, given other global uncertainties in the form of security and terrorism issues, economic problems and the threat of pandemics, it was best not to see Brexit as an event in itself, but an intensifier of other factors. He suggested the same approach to the election of Donald Trump.

Mark Essex said there was a big opportunity from Brexit, in the way it would force boards to rethink strategies they had been using for 42 years. He believed that they would inevitably find things they could improve on. There would be opportunities to review business models, and rediscover competitive advantage. He added that the necessary adjustments for Brexit would give businesses good practice for similar adjustments they would have to make in due course due to challenges from automation and AI.

Mark Essex said that Brexit presented particular labour market challenges to the hospitality industry. Martine Ainsworth noted that politicians appeared less concerned with Brexit's impact on hospitality than on other industries, and said that hospitality had not been on a list of six industries that Prime Minister Theresa May had said she wanted to protect. Martine Ainsworth said there was a challenge for members of her organisation, as it was key to have people who understood cultures across Europe in their businesses.

Jeremy Robinson said it was important to be flexible, and reiterated the fear that politicians were not overly concerned with the hospitality industry. Jeremy Robinson said that even if one was hoping for a 'soft' Brexit, businesses would have to prepare for the worst. Mark Essex said that the potential for a Trump-led US to become more isolationist was a challenge

that the UK and EU would have to be ready to face. He noted that if, for example, the Germans could not sell as many cars to the US, the UK would become more important.

Jeremy Robinson said that if the US decided to contribute less to NATO then EU governments would need to either spend more on defence or leave themselves more vulnerable. He said that Trump's election had long term implications that put the whole global economy in a risky position. Martine Ainsworth said that global threats were becoming the 'new normal', and it was possible that incidents such as 9/11 or disease outbreaks would come to have less of an effect on people's willingness to travel.

Someone asked if there was a risk that the UK would end up being 'made an example of' and treated unfavourably by EU negotiators during the Brexit process. Martine Ainsworth repeated her belief that the Government was not giving the hospitality industry the attention it deserved. Jeremy Robinson said that one area of single market access that was often neglected was traffic and aviation rights, and noted that if these were not renegotiated well it then regional airports could have to close. Given the complexities of transferring EU law in UK law, Jeremy Robinson believed that it was unlikely that an exit deal would be adequate to cover all issues.

Mark Essex noted that in the European press there was still talk of the UK getting a deal akin to those enjoyed by Norway or Switzerland. Mark Essex also suggested that it was not a certainty that EU negotiators would do much better than those from the UK, as there was a risk for them that they were 'stuck in a rut', and it was a new phenomenon for everyone involved. Jeremy Robinson said that Trump was generally seen as less antagonistic to the UK than Obama had been, and that the UK might end up finding it easier to agree new deals with the US than the EU did.

A question was asked about whether the Brexit vote would have the effect of making the UK seem a less friendly place. Martine Ainsworth said that any new system that made entry to the country harder would have that effect, but noted the positive effects of programmes such as Sadiq Khan's 'London Is Open' initiative. Mark Essex said that having logistical problems on arrival in the UK had always seemed 'daft' to him, and that systemic change could provide opportunities to make the whole system of entry into the UK easier. Jeremy Robinson said he agreed with this, and that there was no need for the UK to become unwelcoming or more difficult to do business in.