

Baroness Jo Valentine's speech in the House of Lords in a debate on Tourism under the title 'To call attention to the opportunities and challenges facing the United Kingdom tourism industry; and to move for Papers.' – called by the Earl of Glasgow. 22 January 2009

Baroness Valentine: My Lords, I thank the noble Earl for securing the debate, and I echo many sentiments that previous speakers have expressed. For too long, the tourism sector has been considered as “nice to have” or as some sort of luxury, but that view is out of date and surely not shared by most noble Lords.

We are in the middle of the sharpest downturn that any of us can remember. The whole UK—London in particular—suffers more day by day, as yesterday's employment data confirm. We must hope that the Government's various interventions, the arrival of Obama and concerted international measures can help us at least to see the bottom and, on a not too distant horizon, the beginnings of recovery.

The collapse of Lehmans, in particular, sent shock waves beyond banking. It acted immediately on consumer confidence, almost like a wrecking ball. Confidence is still desperately fragile. Retailers and restaurateurs, hoteliers and visitor attractions have mostly—not all—survived Christmas and the January sales. The injection of cash into London's West End by overseas visitors can be like CPR—a vital electric shock to the heart of the UK economy. Those euros and dollars enter the UK economy and, like the tourists themselves, filter out from London to spread a boost across the country.

Where do we go from here? It is vital that the economic contribution of tourism, of hospitality and of visitor-targeted retail is acknowledged. It is not a frippery but a sector worth over £100 billion annually to the UK economy, over 8 per cent of GDP and over 2.5 million jobs. Whether that means that the departmental responsibility should pass from DCMS to DBERR may be worth debating, but the point is that the value of the sector can usefully be compared to that of manufacturing, broadcasting or construction, all currently sponsored by the latter-mentioned department.

The Motion that we are debating refers to opportunities. The most immediate is the impact of the current exchange rates. The economic downturn has not reduced the attraction of London, Stratford or Oxford's heritage offerings. The recession has not damaged the cultural offerings of London, York or Edinburgh. The landscapes of the Lake District, Snowdonia and Dartmoor have not become less dramatic because of a global downturn. They are still fabulous, unique and special but, to quote a well known retailer's strap-line, they have become surprisingly affordable—to overseas visitors, at least.

Tourism has a disproportionate effect in London. Fifty per cent of all visitors to the UK include London in their itinerary. It also supports a much wider range of businesses than are usually considered under the heading of “tourism”. There is retail and transport, for instance. Tourism-led businesses, such as hotels and catering, also employ many who are less skilled. That is of increasing importance, now we have so little labour-intensive heavy industry. So, it is important that our Government and our political leaders more widely acknowledge, encourage and support businesses in the tourism sector. Now is the right time to do so. I can see no clearer win-win intervention for government to make than this. It does not take months to turn around or have complicated side-effects, and we know that it works. I paraphrase the 1950s TV series, “Flash Gordon”: “You've 24 hours to save our retailers and hoteliers”. Now is the time, not just for Gordon but for Boris.

It is all the more disappointing, then, to learn of significant government cuts in the funding of tourism promotion, as was alluded to earlier, with £1.9 million cut from so-called DCMS gateway funding to promote London to would-be visitors from North America and Europe. It has recently been demonstrated that the American campaigns generate a return of over 15:1. That is, £15 of economic benefit to UK plc for every £1 spent in promotion: not so much “Buy one, get one free”, as “Buy one, get 15 free”. Does the Minister fancy that as a good deal?

The Government have trumpeted their £10 billion of support to SMEs. If each RDA were to receive just 0.1 per cent of that to plough into proven tourism marketing activity, it could keep the visitors coming and strengthen the economic lifeline that they provide. Compared with the vast sums invested in banks and SMEs, that is a rounding error.

In the longer term, the 2012 Olympics provide a fabulous opportunity. In the next four years, we must concentrate our efforts on putting on a good show and telling the world about London—not just a good show, but a West End show. We must invest not necessarily huge amounts of money but time and effort to make London’s West End product more desirable to the new visitors we seek to attract. Marble Arch, for instance, would benefit from a status beyond that of an oversized traffic bollard, and, in making Marble Arch, our public realm, our theatres, shops and restaurants the best they can be, London can beat any city in the world.

I offer the Minister something that government Ministers rarely get: a quick, affordable and deliverable win. In the great scheme of things, a very small investment could yield very high returns. Now is the time. I implore the Minister to return to his colleagues and evangelise on this theme. We have the world’s leading visitor attractions: from the O2 to the “Angel of the North”, from the British Museum to Stonehenge. We must do all that we can to show them off to the world.

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