Global Blue Survey of International Travellers

Undertaken September 16th 2020 (HM Treasury announcement on VAT RES was on September 11th)
4,843 respondents

Questions	Responses	All	Far East[1]	Middle East [2]	USA	Russia	Other[3]	Elite[4]	Frequent[5]	Infrequent[6]
		4,843	**843**	**634**	**491**	**256**	**2,619**	**321**	**1,673**	**2,808**
Q1. Do you expect the removal of VAT refunds will affect your decision to visit the UK in the future?	Yes, I'm less likely to visit the UK	62%	70%	76%	61%	27%	60%	80%	63%	59%
	No, it will not change my plans	38%	30%	24%	39%	73%	40%	20%	37%	41%
Q2. Do you expect that the removal of VAT refunds will affect how much you spend on shopping on your next visit to the UK?	I'm likely to spend less	95%	96%	96%	97%	89%	95%	99%	96%	94%
	I'm likely to spend more	1%	0%	2%	0%	0%	0%	0%	1%	1%
	No change	4%	4%	2%	3%	10%	5%	1%	3%	5%
Q3. As a result of this news, do you think you will change where you do your overseas shopping?	Yes	93%	94%	96%	95%	83%	93%	98%	94%	92%
	No	7%	6%	4%	5%	17%	7%	2%	6%	8%
Q4. Instead of the UK, which other European country do you expect you'll change to for shopping in the future?	France	41%	40%	42%	53%	19%	38%	54%	43%	38%
	Italy	29%	25%	29%	29%	46%	29%	32%	32%	28%
	Germany	11%	11%	15%	4%	16%	11%	3%	9%	13%
	Spain	9%	8%	6%	6%	9%	10%	4%	8%	10%
	Other	10%	7%	9%	8%	11%	12%	7%	8%	12%

Note – visitors from the Middle East and Far East are the major spenders on shopping in the UK

[1] China, Taiwan, Macau, Hong Kong
[2] GCC – Bahrain, Kuwait, Oman, UAE, Saudi Arabia
[3] All other travellers outside from non-EU countries
[4] Elite shopper: <1% of travellers, 59,300 euros average spend 2019, 20% of all tax-free shopping spend
[5] Frequent shopper: 12% of travellers, 2,750 euros average spend 2019, 24% of all tax-free shopping send
[6] Infrequent shopper: 87% of travellers, 910 euros average spend 2019, 56% of all tax-free shopping spend

Overview of Economic Impact

Undertaken by Professor Doug McWilliams, CEBR, September 2020

1. Impact of abolition of VAT RES

1.1 Based on standard modelling

Reduction in number of non-EU visitors	1,168,000
Decrease in tourist spending	£1.1 bn to £1.8 bn
Fall in GVA	£1.8 bn to £2.8bn
Net loss of tax revenues	£270m to £680 m
Jobs lost	27,000 to 41,000

1.2 Standard modelling but including the impact of consumer research (showing significant drop in international visitor numbers and spend)

Reduction in number of non-EU visitors	4,960,000
Decrease in tourist spending	£6 bn
Fall in GVA	£9.3 bn
Net loss of tax revenues	£3.5 bn
Jobs lost	138,423

2. Impact of extending VAT RES

Increase in number of visitors	948,000
Increase in tourist spending	£590m to £890m
Growth in GVA	£900m to £1,360m
Net gain of tax revenues[7]	£79m to £276 m
Jobs created	13,500 to 20,200

[7] including loss of £312m VAT on existing sales

Headlines Figures

Based on economic research and consumer research:

We estimate that abolition will result in:

• Reduction in number of non-EU visitors	4,960,000 (nearly 5 million)
• Decrease in tourist spending	up to £6 bn
• Fall in GVA	up to £9.3 bn
• Net loss of tax revenues	up to £3.5 bn
• Jobs lost	up to 138,423

We estimate that extending the scheme to EU visitors would result in:

• Increase in number of visitors	948,000
• Increase in tourist spending	up to £890 m
• Growth in GVA	up to £1, 360 m
• Net gain of tax revenues	up to £276 m
• Jobs created	up to 20,200

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