



ALL PARTY PARLIAMENTARY GROUP FOR LONDON AS A GLOBAL CITY



Global London: Enhancing the role of business and consumer events for London and the United Kingdom

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INTRODUCTION

Business and consumer events and the arts are vital to the London economy. The exhibitions industry alone contributes £9.4 (€11.0) billion of output (business sales) and 99,000 jobs. Combined the business and consumer events and the arts bring 9.1 million visitors to the UK. ExCeL alone hosts 4 million visitors per annum which, in turn, supports around 40,000 jobs in the capital.

From trade shows to Taylor Swift, the events and music venues sectors are critical for providing jobs and economic growth across the capital. This in turn levers in income for the United Kingdom via increased tax revenue and visitor numbers – with London being the gateway to the UK.

However, the All-Party Parliamentary Group on London as a Global City has found that despite London's international success – such as being the most googled city anywhere in the world – there are growing problems which must be addressed to ensure that London not only retains its number one status but can grow and help with the levelling up of the country as a whole.

Global city status is hardly a given – a combination of factors such as location and historical factors play a role in boosting a city's credential, but this is often sustained by proactive measures such as policies and funding. London itself is a testament to this and the emergence of cities like Singapore demonstrate the importance of deliberative, concerted efforts to a city's competitive edge.

It is evident that London's status cannot be retained without protectively solving the issues it faces.

There have been increasing concerns about declining attention and investment in London particularly in the post pandemic period. This has been attributed by some in London due to levelling up policy. However there is no reason as to why levelling up cannot benefit London and the UK.

London is at risk of losing out to other global cities due to a range of factors. The APPG has focused on the following key themes:

- Enhancing the brand of London globally
- Removing red tape to improve businesses processes to enable London to compete internationally
- Addressing delays with business visas for London to grow and prosper
- Ensuring the shopping experience in the capital remains globally competitive.

This report considers these key themes and sets the framework for decision makers to consider now and in advance of the next Parliament.

There is no doubt that London is the gateway to the United Kingdom for many international visitors and businesses. For that gateway to remain open, a series of cost-effective steps can be made that is good for London – which is also good for Britain.

WHY DOES LONDON'S MARKETABILITY MATTER?

Tourism

London is the central hub for bringing tourism into the UK. These benefits are redistributed through the central government's tax revenue and spending, but also through "London+" tourism – where visitors begin in London and travel to other destinations in the UK.

- In 2019, before the COVID-19 pandemic, London was visited by nearly 22 million tourists – around 63% of the total number who visited England and over 53% of those who visited the UK. They spent nearly £16 billion in the capital, accounting for 63% of all tourism spending in England and 55 per cent of tourism spending in the UK.
- This supported one in seven of all jobs in London – 700,000 people – and nearly 12 per cent of the city's economic output.
- 71% of first-time holiday visitors to the UK come to the city.
- The soft power generated by millions of tourists a year visiting London, admiring its institutions, and returning to their home countries is immensely valuable.

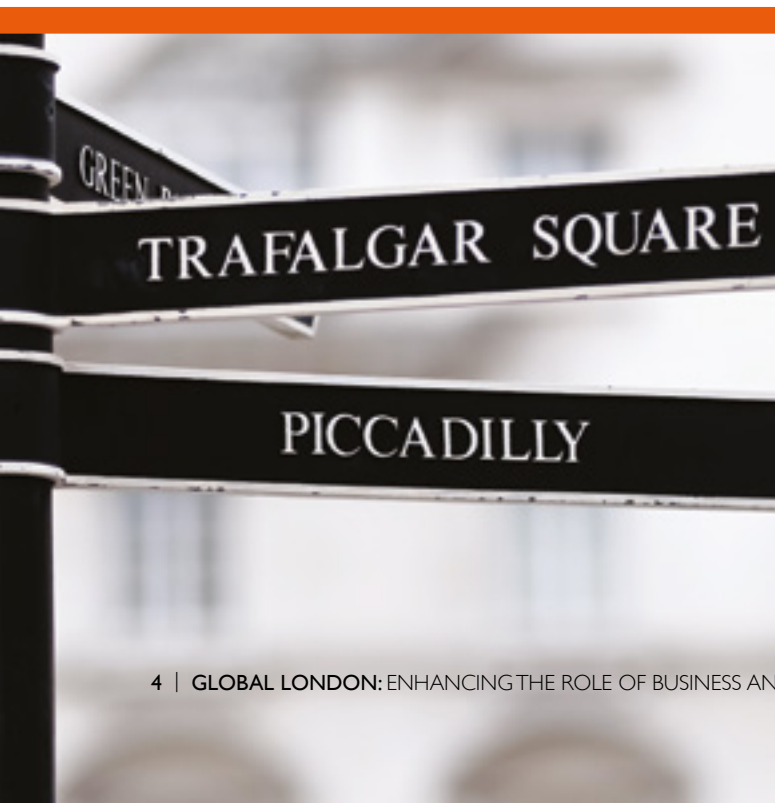
Foreign Direct Investment

FDI into London also benefits the rest of the country directly through the concept of "London+ investment". Often businesses will invest or set up an office in London as a jumping off point to accessing the rest of the UK market. London's status as a global city attracts investment due to its excellent transport links, strong rule of law and diverse nature amongst other strengths. These attributes are shared throughout the UK and London introduces this to many investors.

- 12.1% of FDI projects in the UK stemmed from an investment in London, creating £7.6 billion in GVA and 38,000 jobs between 2003 and 2015. This accounts for more than 10 per cent of all FDI-supported jobs in the United Kingdom;
- Scotland benefited from the highest number of jobs created by "London+" firms.
- London+ investors, on average, made three more investments after their first investment into London.

If the city is made less competitive internationally, there is little reason to assume that international investment will switch to other parts of the UK. This means there is the potential that the UK will receive less investment from abroad overall, harming the economy in London and across the country.

London is brilliantly placed to lead the UK's economic recovery: a successful London is good for the whole of the UK. But to do that, it needs to have in place the pro-growth policies that will help it prosper. As well as building a positive trading environment, policies should also recognise that London is competing on a global scale to bring in visitors.



BUSINESS AND CONSUMER EVENTS

The ability to host major business and consumer events is a key driver of the London economy with the global exhibitions market alone amounting to £1 trillion. In 2015, London was the 5th most attractive city for conferences and events. In 2022, London slipped to 15th place. Vienna currently holds the number one spot. This is a significant decline in rankings which must be addressed through proactive initiatives to support this industry.

Every year in London, there are major events across all disciplines such as the European Society of Cardiology Congress which will be held at ExCeL in 2024. The international event offering attracts business visitors to London, an important driver for the economy as they typically spend three times as much as leisure tourists. This is a strength as it is key London attracts a range of visitors ensuring the city is not dependent on one form of visitor.

The year 2022 witnessed a remarkable “bounce back” of business and consumer events, with companies from most markets returning to revenues close to their 2019 levels. Globally, the revenues for 2022 and 2023 represent 78% and 97% of the 2019 levels respectively, indicating a progressive full recovery. This recovery now appears faster than expected six months ago, when companies were expecting to reach 91% of the 2019 levels.

The UK exhibitions industry in particular is bouncing back from Covid-19 and recovering better than many other geographies – as the latest research from the global association for the exhibitions industry, UFI, has shown. The research shows that UK exhibitions are performing well, but highlights different concerns for organisers here, to the rest of the world. The biggest pressure for the UK industry for the coming year was the impact of digitalisation and sustainability/ climate, whereas worldwide results prioritised issues within management structures and digitalisation.

The UFI Global Barometer is a bi-annual report analysing market trends and pressures from the

global association for the exhibitions industry. The 31st edition of the survey, concluded in July 2023, and provides insights from 367 companies, across 56 countries and regions. It was conducted in collaboration with 21 UFI member associations. The report reveals global findings as well as a country-specific breakdown of results.

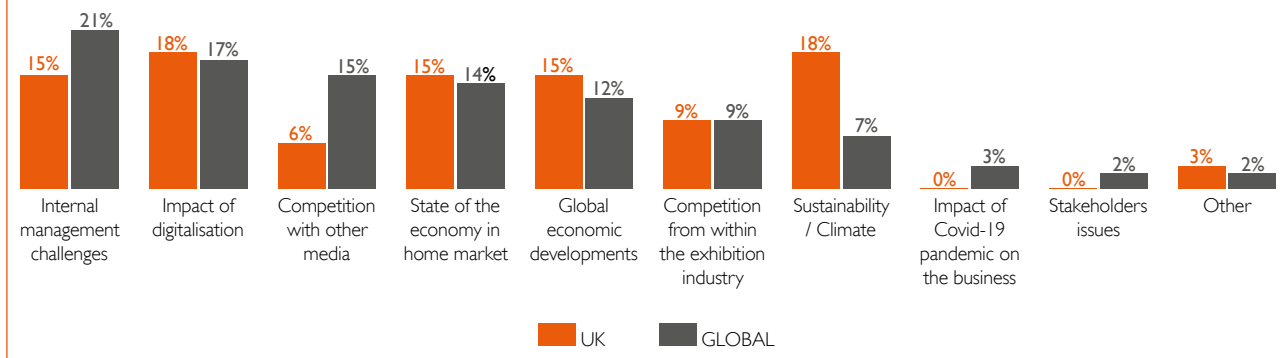


UK specific results showed:

- Operating profits in 2023 are better than 2019 for more than half of UK organisers (compared to 31% globally)
- 90% of companies expect normal levels of operations from June 2023 (only Brazil, Turkey and the US expected better and compared to 80% globally)
- The bounce back from Covid-19 is as good as over with 75% of UK companies exceeding 2019 revenues. The results showed 50% of UK organisers were making profits 10% or more higher than 2019. A further 29% said their profits were stable (-10% to +10%).
- Post-pandemic operations were continuing to improve globally; the proportion of companies declaring a "normal activity" gradually increased between January and December 2022 from 30% to 72% and was expected to reach 80% by June 2023.
- The UK ranked amongst the highest performing countries for expected returns to "normal activity" for the first half of 2023. In Brazil, organisers expect to run 98% of events, Turkey and the US 95%, the UK 90%, Italy and Thailand 88%, and Spain and UAE (85%).



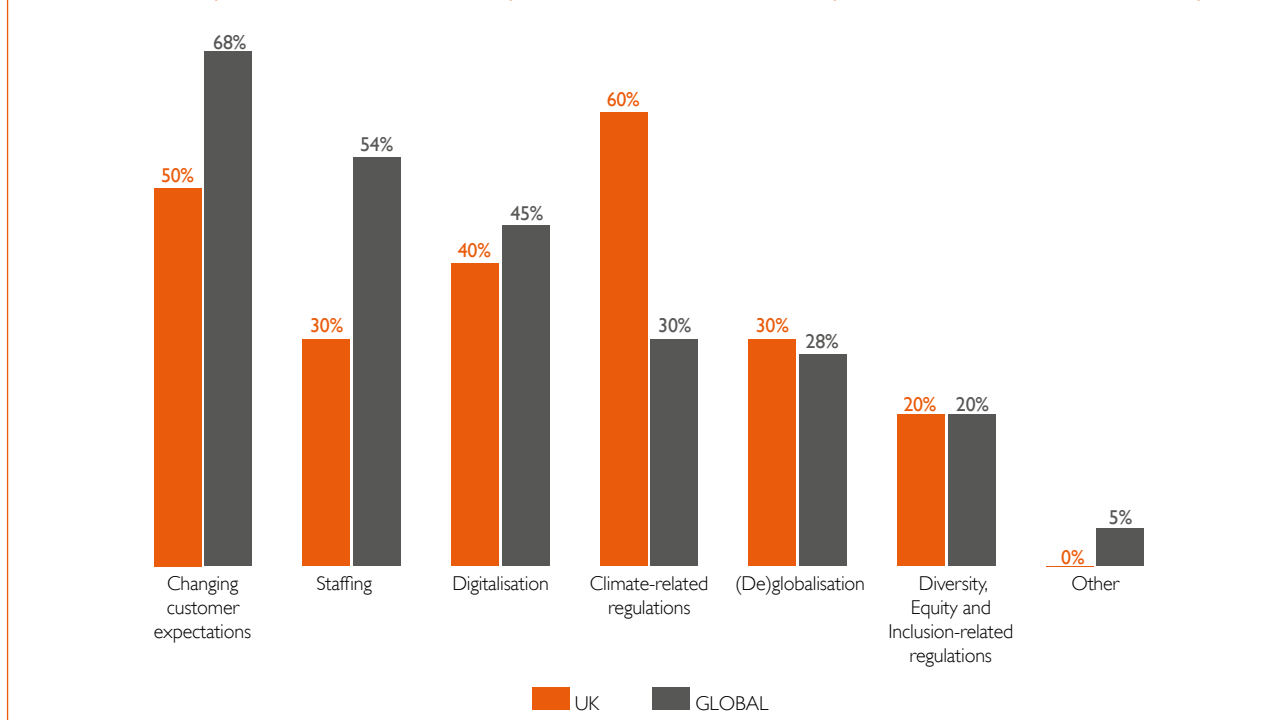
Most important business issues in the exhibition industry right now



The key issue for UK organisers is the impact of digitalisation and sustainability/climate (both 18%), followed by internal management challenges, state of economy in home market and global economic developments (15%).

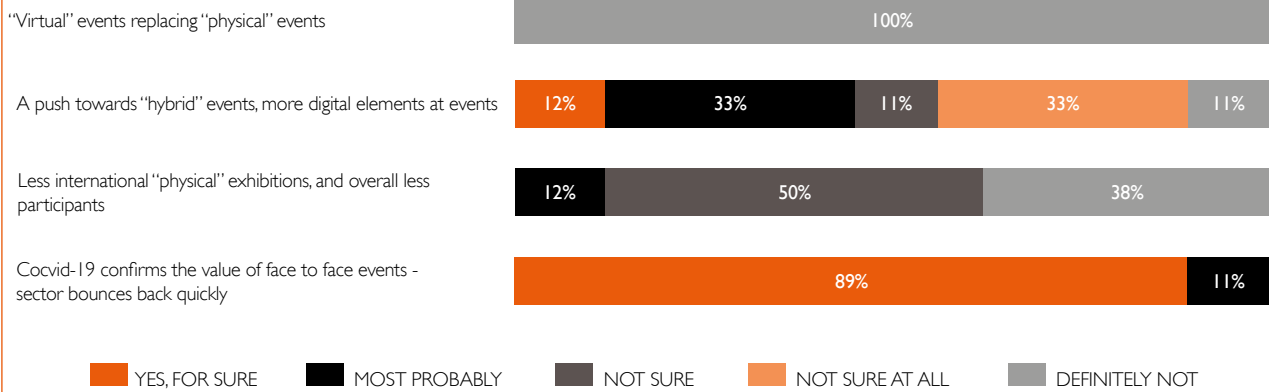
The greatest disparity between the issues in the exhibition industry in the UK and globally were in sustainability/climate and global economic developments. These issues are affecting the UK industry more and it could be attributed to current discourse around the pressures of Net Zero and the uncertainty in the regulatory environment post-Brexit. Internal management challenges and competition with other media are the less significant challenges the UK industry is facing. Our strong financial and professional services sector and the historical strength of the exhibition sector can be pointed to as explanations for the reduced challenges faced.

Elements expected to most impact business development in the next five years

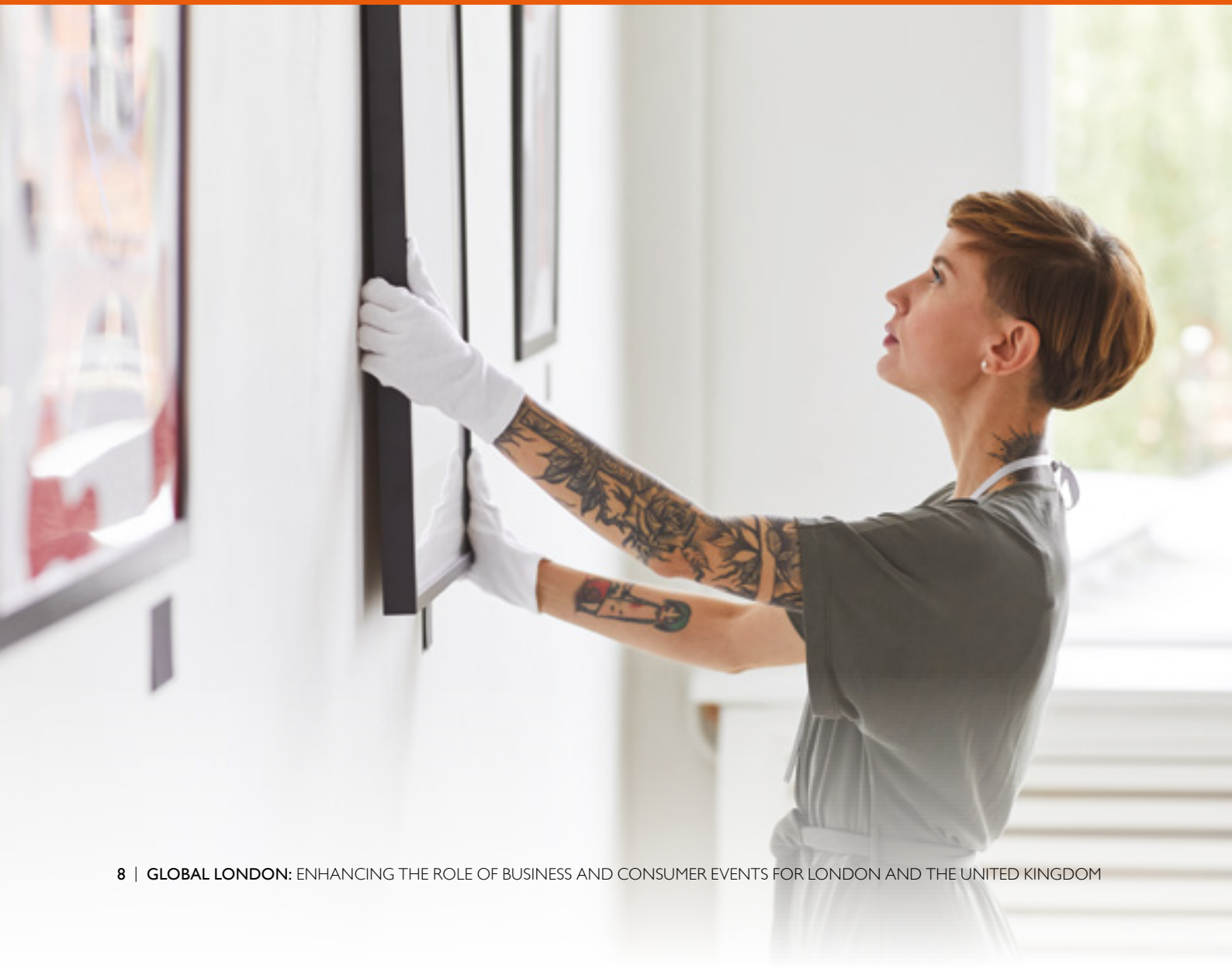


The above graphic also demonstrates the current uncertainty about the future of climate regulation in the UK and how it could affect the industry. It is important that a clear path forward is outlined so businesses, especially in the exhibition sector, can begin to plan how to adapt their business models. However, it is reassuring that issues such as staffing and changing customer expectations are affecting the UK industry less than other countries surveyed.

Format of exhibitions in the coming years



This graphic illustrates the uncertainty within the industry of the future of international physical events in the UK. With only 38% of respondents indicating they have a positive outlook on international physical events with greater participants demonstrating the uncertainty within the sector. Less physical events with international visitors will have a significant effect on the UK exhibitions industry. The other statistics indicate a positive outlook within the sector however proactive initiatives must be undertaken to protect and support the exhibition industry in the UK thriving.



ARTS

London's cultural offer is unparalleled, and its success is intertwined with the overall success of the city. Museums, galleries, and live performances attract international tourists, with many citing them as their main reason for visiting. The same holds for visitors from within the UK as London recorded 12 million overnight visitor trips last year.

London does not depend on one area and there are several cultural hubs with different offerings from the West End to Shoreditch to the City to Brixton to name a few. London also excels across various arts from theatre to film to art to fashion. There is something for everyone in London matching the diversity of people who call it their home.

Every night, nearly 14,000 people go to a gig in a grassroots music venue in London. They bring £92 million to the economy every year and £44 million of that is spent developing and showcasing new musical talent. By taking a risk on new artists, these venues play a vital part in an industry that is now worth £4.1 billion to the UK. They develop and showcase new and emerging talent by spending £500,000 demonstrating their commitment to supporting Londoners and their city.

One of the United Kingdom's most famous exports is its TV and film productions which are famous the world over. Lots of these productions heavily involve London contributing significant financial and cultural capital to the city. The screen industry in the London Metropolitan area contributes £18 billion annually to the economy and employs significant workforce. It continues to go from strength to strength with the recent 30% growth in London's film industry driven by movie and TV productions.

Theatres across London have produced some of the finest productions and it continues to cover a range of themes - from Shakespeare to the trials and tribulations of England's football team. It covers all topics at a variety of price points making it accessible to both residents and tourists inspiring the next

generation. 32,000 people enjoy the collaboration of musicians, prop makers, costume designers, actors and lighting designers every night in the West End alone.

Take a stroll through London's neighbourhoods and it is clear that it is one of the world's top four fashion capitals. Twice every year, London Fashion Week generates £100 million in sales. It inspires the next generation as they get to rub shoulders with leaders in the industry. In addition, it provides a platform for designers from throughout the UK to showcase their work on the biggest stage with an international audience.

It is clear - London has abundant strength in the arts. The arts as a whole are one of the key drivers of the London economy – ensuring London is a global city.

- £10 million generated every hour by the Creative Industries
- 1 in 6 jobs in London are in the creative economy
- £52 billion contributed by Culture and creativity to London's economy per year
- No. 1 Googled city in the world
- £7.3 billion generated from cultural tourism to London
- The London arts scene generates £47 billion for the national economy. This will only grow as the demand for the arts will grow as it is estimated that by 2030, there will be ten million people living in London.

However, such statistics and status cannot be maintained without proactive initiatives to protect this position. Considerable effort should be made to identify any issues arising which could lead to London's status as a leading centre for the arts being challenged.

The APPG for London as a Global City have sought to identify these challenges through our evidence sessions and produce methods to protect London's status as a global city.

Sustaining London's role as the Global City

When it comes to the interrelationship between the arts and business and consumer events in London, a series of issues need to be addressed.

Since Brexit, there has been regulatory uncertainty impacting the sector. This is not due to Brexit per se, but the response from Government to respond to the new circumstances following Brexit.

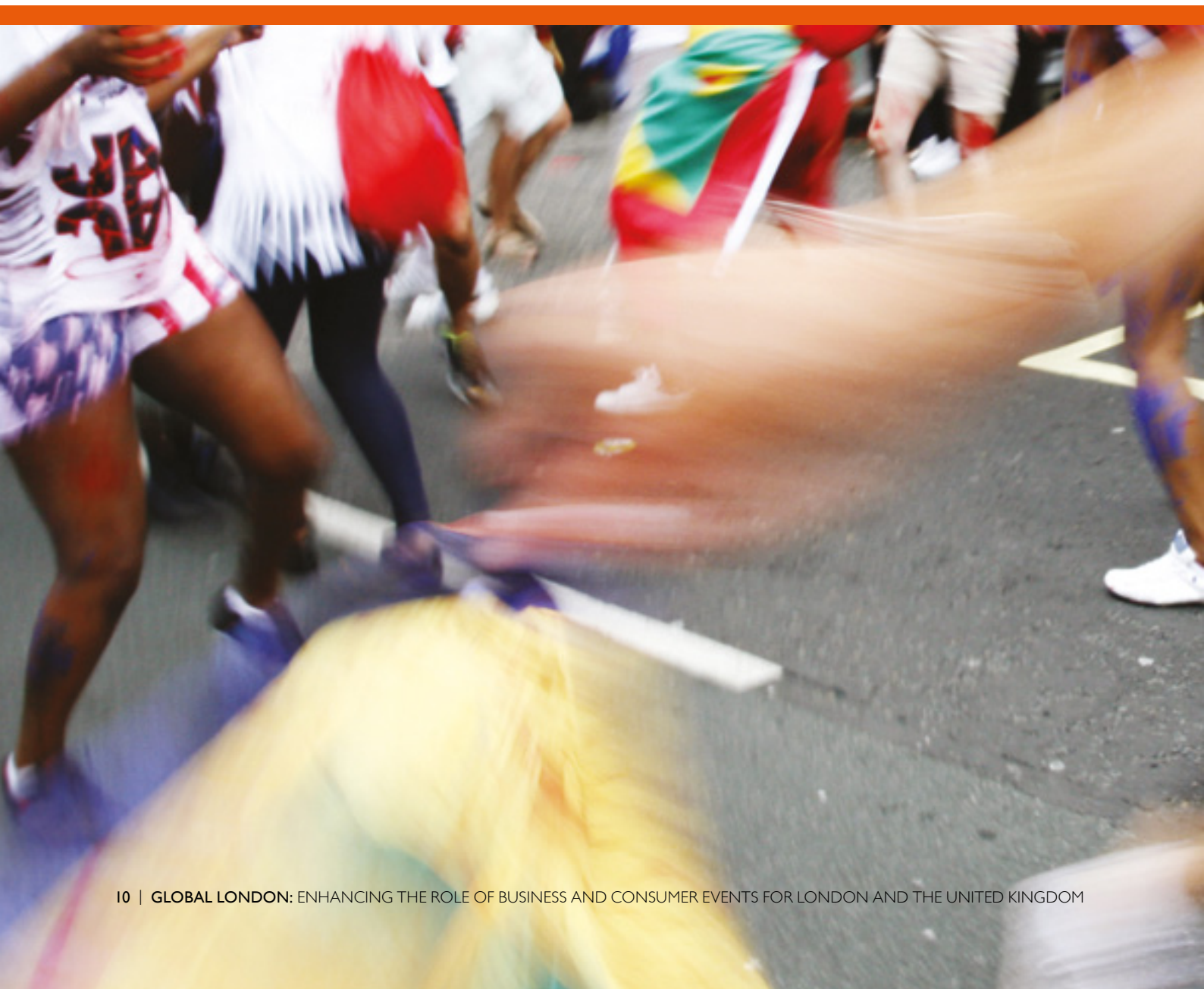
One example of this is VAT. Before Brexit, it was fairly straightforward for overseas exhibitors and sponsors to come to London and ensure VAT is refunded to them as they had just been in the country for a short period of time.

Today, we have regulatory uncertainty. His Majesty's Revenues and Customs (HMRC) remain unclear

when VAT refunds can take place and this ambiguity is not just harming London – it is harming Britain. This is because there are trends that indicate that holding business and consumer events in Vienna or Barcelona or Amsterdam – where there is no doubt about the VAT regime – means that when tight margins are being considered, London may not be the number one choice.

This regulatory ambiguity has the potential of holding back economic growth and jobs here in Britain. It is unnecessary red tape that must now end.

We urge the Government to act so that the clear rules on VAT for overseas exhibitors that were in place before Brexit are in place today. This simple rule change can have a big impact on restoring London and the UK as the world's number one centre for business and consumer events.





Movement of goods

The current customs arrangements between the EU and the UK require import and export customs' clearance entries; costs for this are between £80 and £100 per entry made. We recommend that these fees, and the associated, lengthy administrative processes be lifted and replaced by a simplified import and export procedure for goods pertaining to business and consumer events and the arts.

Documentation, such as a CMR, would be most effective, including a supporting commercial invoice and packing list from the organiser, exhibitor or their nominated contractor. A "for event or exhibition purposes only" description on supporting documents, would in effect signal a "green light" at customs to enter and depart the UK.

This arrangement for goods would be open exclusively for events and would only apply if those goods remain in the UK for event or exhibition purposes, for a maximum of one month and are not for sale.

Another concern is the issue surrounding visas. Visa policy is often mistaken by some as the same as immigration policy. In fact the two issues are completely different. Visas allow tourists and business leaders to visit and spend in our country – creating jobs and growth.

Today, though, Home Office problems at the visa processing centre in Croydon has led arts organisations not to allow artists in perform in London and across the UK. From afro-beat artists to classical music musicians and from participants in business and consumer events to business people, the visa regime is too slow, arcane and is not fit for purpose.

The All Party Parliamentary Group for London as a Global City heard evidence of one example where a potential tourist from India was told by a Home Office official that if he wanted to see Tower Bridge he could view it online. Whilst we must be careful to draw conclusions from anecdotes, there is little doubt that visa delays and ambiguity is another hindrance to welcoming investment and jobs to the UK.

Other cities, such as Vienna, ensure there is a holistic approach to business and consumer events with a travel and tourist package for visitors to business and consumer events in their city. We do not do this in London or elsewhere in the UK. There is a role for a more joined up approach to marketing London and putting together tailor-made packages for, event organisers, exhibitors and visitors and delegates.

We urge the Government and London and Partners to work together so that we close down the competitive advantage that rival cities have built up so that the event city of choice is clear – it has to be London.

There is one more issue that we have decided to highlight. In our last report, we said that the withdrawal of VAT free shopping for overseas visitors was negatively affecting London and the UK, with people shopping for high end products in Paris and Milan instead of London – with the inevitable loss in tax revenue for the UK that this incurs. This impact has continued. New evidence from the London Property Alliance indicate that London is the only city to have fewer job vacancies than before the pandemic, which is concerning - and potentially signals a forthcoming slowdown in economic activity. By supporting international retailers in London, we would clearly help grow jobs and employment in London and other major cities across the UK.

For London to maintain its number one global city status, we do not need to reinvent the wheel – London is a success story and is the engine of the UK economy. However, we can no longer afford to be complacent. Simple changes – such as ending ambiguity on VAT – can ensure that London – and Britain – will be seen across the world as number one again.



RECOMMENDATIONS

These recommendations identify and address the challenges currently facing the exhibition industry and arts venues.

- Protecting the supply of visitors of all kinds is fundamental to fuelling London's economy by **tackling challenges around visas**. In addition, any skills shortages must be addressed to maintain and build on London's leading global position.
 - Reduce barriers to visas for tourists and businesspeople. Make them **more inclusive of cultural and language barriers** allowing for visitors from all over the world. This will ensure that London remains competitive with other global cities.
 - The upcoming Electronic Travel Authorisation is a great opportunity to ensure the application process is inclusive.
- **Secure funding for the arts**. London's cultural institutions are rightly renowned the world over and bring in millions of tourists who then go on to enjoy many of the other attractions the city has to offer:
 - During the pandemic, the cultural sector suffered enormously and it still has not fully recovered. To get back to full health, it needs continued support and investment from Government.
 - This is particularly important in the light of recent cuts to funding for London, which we fear is a short-sighted move that will cause real damage to London's cultural ecosystem.
- It is essential London has a **globally competitive marketing budget**, in line with its international competitors, to promote the city globally as a place to visit and to do business in.
 - Before the pandemic, London's marketing budget was a tenth of Singapore's budget, and half of Paris and Berlin's respective budgets. New York initiated a \$30 million ad campaign in 2021, to promote the city globally as a place to visit and to do business in.
 - In the 2021/22 budget the GLA funded London & Partners to the tune of £17,170,000, providing 2/3rds of their funding. The citywide Let's Do London campaign, led by the London Tourism Recovery Board, and delivered by London & Partners, led to £70m in additional visitor spend.
 - To safeguard London's recovery, and keep up with our international peers, the GLA must further boost this level of funding: it is investment that delivers significant returns.
- Make the temporary movement of goods a frictionless environment for contractors servicing business and consumer events and the arts.
- End the regulatory ambiguity on VAT for overseas exhibitors



Tonight's Show Sold Out

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