

# Speech: Lord Callanan's keynote address to ABTA Travel Matters conference

## **Introduction**

I'm grateful for the opportunity to speak this morning (28 June 2017).

If there's one thing that ABTA seems to be good at, it's timing.

Last year you scheduled the Travel Matters conference on what turned out to be the day before the EU referendum.

I trust that gave you plenty to talk about.

This year's was timed even better:

- right after a general election
- just as we kick off formal Brexit negotiations with the rest of the EU
- and just in time – I am pleased to say – for me to deliver my very first speech to industry as a DfT minister

It's a real privilege to have been asked to serve in this role.

And at such an important time for our aviation and travel industries.

Right at the outset, I'd like to make something clear.

Amid all the change and inevitable uncertainty of the moment – and I'll talk more about that shortly – one thing isn't going to change.

This government will remain a pro-aviation, pro-travel government.

Before the election, the government had already set a clear direction.

One of its first actions last summer was to approve a [major expansion of City Airport](#).

Next we negotiated the first ever UN Security Council resolution on aviation security.

To confront the terrorist threat with all the co-operation, training and technical assistance available.

A month later, we [signed a deal with China](#) to allow many more flights between our countries.

We followed that up by announcing our support for a [new runway at Heathrow](#).

Then we ran a consultation on [modernising our airspace](#).

Let me be clear.

Our airspace is a piece of national infrastructure as important as our roads and railways.

I know that our proposals matter to this industry and we are grateful for your support.

A week after we began that consultation, we signed a deal in India to allow more flights between our countries.

Soon we'll be publishing a call-for-evidence for the government's aviation strategy – our plan for how we can best support the industry in future.

So the direction is clear: we're a government that recognises the vital importance of air travel to our country.

But we also recognise that this is a challenging time for the industry.

A year ago, the British people voted to leave the European Union.

And last week we began formal negotiations to do just that.

Now, I know that this industry wants certainty, and quickly.

So does the government.

So does the rest of the EU.

It'll be some time yet before we can deliver that certainty.

We've only had 1 full day of negotiations so far.

But what I can say is that the early signs are encouraging.

Michel Barnier – the European Commission's Chief Negotiator – said last week that an orderly UK withdrawal is his priority, along with an end to uncertainty .

And his concluding comment at the end of that first day of negotiation was that, and I quote:

For both the EU and the UK, a fair deal is possible and far better than no deal.

That is why we will work all the time with the UK, and never against the UK.

And as we proceed with those negotiations, securing the best possible access to European aviation markets is a priority.

And I believe we should be confident.

Our aviation market is the biggest in Europe.

You serve millions of EU nationals and every year carry millions of UK holidaymakers to EU destinations.

It's in the interests of the UK, the EU, European countries, and everyone who travels between them that we seek an open, liberal arrangement for aviation.

Of course, the final outcome will have to await the conclusion of negotiations.

## **Long-term prospects for aviation**

But whatever happens, the long-term prospects for this industry are strong.

Earlier this year, PWC published a [detailed report](#), looking at how the global economic order will change by 2050 .

Their forecast is that:

- the UK will be the fastest growing economy of the G7 over the period to 2050
- we should grow faster than the EU average
- and that we should do better than other big economies, such as France and Germany

Clearly, that growth is going to create new demand for international travel.

But it is also predicated on more international travel.

As PWC's report makes clear future growth requires deeper links with the world's other fast-growing economies, many of which are not on our doorstep.

That's why in the years ahead the aviation and travel industries will be so vital.

That's why we were keen to sign those deals with China and India to allow many more flights between our countries. And that's why we took the decision to support a new runway at Heathrow.

## **Heathrow**

Let me say a little more on that decision.

None of us like to see our airports being overtaken by competitors.

But that's what has increasingly happened in recent years.

Unless we get this runway built, that slide could continue.

Yet when built, it could increase passenger choice, lower fares, and give the

UK room to grow our travel links for decades to come.

Of course, one reason we opted for Heathrow is its potential for strengthening our domestic links too.

That means strong surface access links – but also new domestic flights.

The years I spent working as a member of the European Parliament gave me a real appreciation for how domestic links serve international travel.

So it's good news that Heathrow Airport has promised 14 domestic routes, and that's what we'll make sure the airport delivers – for the good of the whole United Kingdom.

I'd also like to take this opportunity to thank everyone who responded to our [consultation on the draft airports national policy](#).

We're making good progress analysing those responses and will set out the next steps as soon as possible.

## **ATOL Bill**

But finally, I'd like to touch on 2 regulatory issues that I know are of interest to the sector, both of which were addressed in the Queen's Speech.

First, the [Air Travel Organisers' Licensing Bill](#).

Every year, ATOL protects over 20 million people from losing money or being stranded if their tour operator goes out of business.

It's an important scheme, and it gives consumers confidence in this industry.

But in an evolving travel marketplace, we need to ensure the scheme keeps pace.

For instance, online booking means that customers have a wider choice of providers – including those based overseas.

Yet not every European travel provider is covered by the same level of protection.

That is why the EU is now updating its regulations.

To bring much of the rest of Europe closer to the model we have operated since we updated ATOL in 2012.

At the same time, it makes sense for us to harmonise our domestic regulations with those coming in across the EU – making it easier for you to trade across Europe.

That's what the ATOL bill will do.

It's a sign that, even as we ready to leave the EU, we will still be working

in close partnership in the years to come.

I am grateful for the support we have already received from the industry on this.

And look forward to more of that support as the bill makes progress through Parliament.

## **Financial Guidance and Claims Bill**

And finally, our [Financial Guidance and Claims Bill](#), which is being taken forward by the Department for Work and Pensions, should address a very current concern and one that I know you are discussing later today: false sickness claims.

Many claims of sickness are made following contact by claims management companies.

Now, it would be wrong to tar all such companies with the same brush.

The number of rogue operators may be relatively small.

And, in any case, the government will always remain firmly on the side of the passenger.

That is what the public would expect.

Genuine claimants must be protected.

But the evidence suggests that there is a real issue here.

In one recent year, almost a quarter of claims companies faced regulatory intervention of some kind.

And the public seems to agree that there's a problem.

A 2015 survey by the Legal Ombudsman found that over three quarters of people do not believe that claims companies tell the truth.

So our bill proposes to bring claims companies under the proper oversight of the Financial Conduct Authority for the first time.

It also provides the FCA with a new power to cap the fees that claims companies charge, protecting consumers and reducing the incentive for rogue firms to fuel exaggerated claims.

We think that giving the FCA these new powers should help tackle the worst of the behaviour we've seen.

I'd be very interested to hear the result of your discussion later today.

And the government would be grateful for your support as the bill progresses through Parliament.

## **Conclusion**

But in conclusion, I'd like to repeat what I said at the beginning.

This is a pro-aviation, pro-travel government.

The country needs this industry.

For our economy and for the global links that you provide.

So I'll be a minister who wants to see this industry delivering.

Not just for our customers, but for the UK as a whole.

Thank you for your time.