



British Luxury
Manifesto
2024

Walpole



Introduction

UK luxury is a world-famous byword for quality, creativity and heritage. By harnessing the storied histories of their brands to sustainable, forward looking commercial practices, these companies represent the best of British business.

It is a £81bn powerhouse industry, which supports 454,000 jobs across the UK and generates 3.7% of UK GDP. Its highly innovative, creative, export-led approach is a driver of growth and prosperity for the UK while promoting British design and craftsmanship to the world.

Walpole is the official sector body for UK luxury. It is recognised in both Westminster and Brussels as the voice of luxury.

Walpole's purpose is to **promote, protect and develop** a sector that is the jewel in the crown of British business and a global calling card for British creativity, quality, entrepreneurship and sustainability. Walpole does this by representing its members' interests at home and abroad, building networks and encouraging collaboration within our community, and providing members with knowledge, insight and expertise.

This manifesto outlines a summary of the policy changes businesses in our sector need to continue to thrive. The sector is projected to grow to between £105bn and £135bn by 2028. As such, it must be a key part of any government's plan for growth. The policies in this document would push the sector towards the higher end of that projection, and in doing so would support highly skilled rewarding jobs, UK exports and inward investment.

About the sector

Economic contribution of the luxury sector to the UK economy



3.7%

GDP

The luxury sector accounts for 3.7% of the UK GDP



£81bn

Turnover

The luxury sector is vital to the UK economy and is worth £81bn



£56bn

Exports

The UK luxury sector's total exports are £56bn, up 45% in 5 years



454,000

Employment

The luxury sector is a major employer, responsible for supporting over 454,000 jobs across the UK - 219,000 directly and 235,000 indirectly



11%

Growth

The UK luxury sector is growing at rate of 11% annually



£25.5bn

Contributions to the Exchequer

The UK luxury sector contributes £25.5bn to the Exchequer (based on direct and indirect employment)



£125bn

Forecast

The UK luxury sector is forecast to be worth which between £105bn to £135bn by 2028

Key policy priorities

Walpole is calling on policymakers to:

- Expand geographical indicators to include craft products
- Reform the Apprenticeship Levy
- Introduce a new digital tax-free shopping scheme for international visitors
- Extend full expensing to second-hand plant and machinery to boost highly skilled manufacturing
- Reform business rates with annual revaluations, and set increases by current, not past levels of inflation
- Ensure that UK-made products are protected from the threat of retaliatory tariffs and other trade challenges
- Reduce trade barriers with the EU
- Retain selective distribution regulations and existing IP framework
- Crack down on counterfeiting and stop the trade in fake goods
- Reform visitor visas to make visiting the UK as frictionless as possible
- Reform working visas to address the hospitality workforce shortage
- Create a sustainability and ESG policy that recognises the importance of high regulatory standards to international consumers
- Government must ensure that plans to move towards a circular economy are made in consultation with businesses that have experience of delivering such changes



Photo by Sam Walton

Employment, skills and training



Behind every exquisitely tailored Savile Row suit, every expertly distilled Scottish whisky, every stay in a five-star hotel and every luxury automobile are the people who brought them to life, often involving skills that have been honed in the UK over decades, and a network of artisans, specialist suppliers and producers.

Employment in our sector can include a wide range of roles from design, artificial intelligence (AI) and finance to bartending, handweaving and glassblowing. Highly skills-oriented, the industry invests heavily in training and equipping its employees to deliver outstanding products and experiences, while also focusing on building a more diverse and inclusive workforce.

To support these highly skilled people, Walpole is calling on policymakers to:

- Introduce an improved geographical indicator regime to protect skills and crafts
- Reform the Apprenticeship Levy
- Invest in teaching modern foreign languages
- Ensure access to talent and recognise the highly skilled nature of luxury careers
- Reform the tax and regulatory system to support high-quality employment

Taxation



On 1st January 2021, the Treasury withdrew the tax-free shopping scheme in the UK. The loss of the scheme has been an ongoing burden to the UK's competitiveness, hampered its retail, hospitality and manufacturing sectors, and had a considerable knock-on effect on regions across the United Kingdom.

The benefits of this scheme were felt across the UK, by manufacturers as well as retailers – for instance Wedgwood based in Staffordshire, or Burberry, which manufactures in Yorkshire or Mulberry in the South West, as well as across Scotland's world-class visitor economy.

We now see that visitors are shifting their spending to European cities like Paris and Milan, where tax-free shopping is still on offer.

Research by Oxford Economics found that a new tax-free shopping scheme would:

- Support £4.2bn of GDP annually
- Create 78,000 jobs
- Generate £340mn in additional tax revenue
- Deliver a 7:1 return on investment

Alongside the return of tax-free shopping, Walpole is calling on policymakers to:

- Extend full expensing to second-hand plant and machinery to boost highly skilled manufacturing
- Reform business rates with annual revaluations, and set increases by current, not past levels of inflation
- Introduce a duty-free arrivals scheme to repatriate duty-free sales to Great Britain
- Introduce a tax credit to support companies starting their export journey

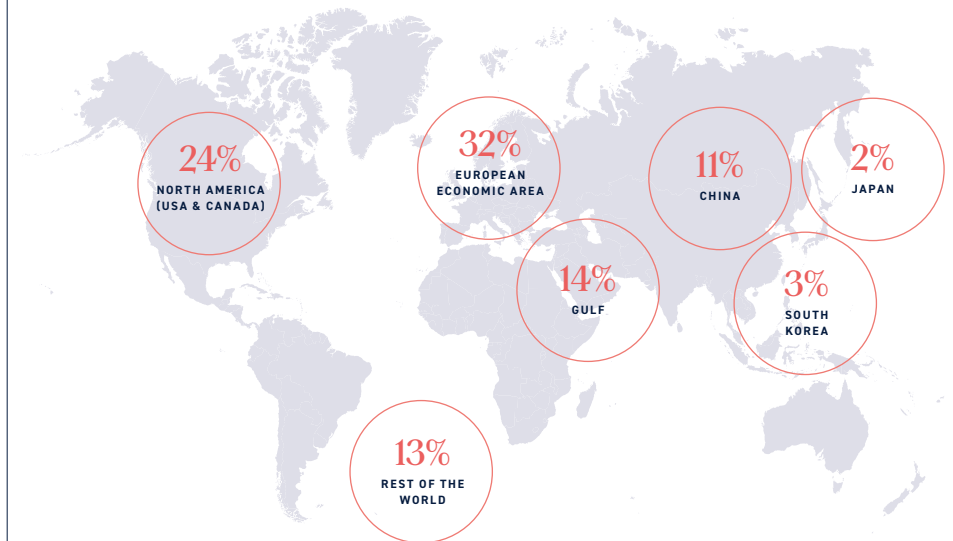
Trade



The UK's luxury industry is an export success story and highly oriented to international markets, with 2022 exports totalling £56bn, which represents a 45% increase over export sales of £38.5bn in 2017.

Walpole is calling on policymakers to:

- Ensure that key luxury sectors are represented in trade negotiations to maximise growth for the UK economy
- Deliver an ambitious FTA with India that enables growth in whisky, automotive and other luxury goods trade
- Ensure that UK-made products are protected from the threat of retaliatory tariffs and other trade challenges



Europe



The UK luxury sector has a longstanding and profitable relationship with Europe. It is a key export market, a source of investment for UK firms and an integral part of the luxury supply chain. Luxury is an Anglo-European success story, based on delivering an excellent consumer experience for visiting tourists and residents alike.

The current conditions of Britain's trading relationship with the EU present a number of challenges. Delays, increases to costs and paperwork, tariffs and rules of origin have all made trade more difficult. In response, some brands have been forced to establish fulfilment centres in Europe, diverting investment and jobs away from the UK.

The EEA makes up 32% of export sales, however this is a reduction since 2017, when 42% of the sector's exports were destined for the European market.

Walpole is calling on policymakers to:

- Secure a veterinary agreement with the EU
- Pursue further bilateral deals like the UK-Italy deal agreed earlier in 2023
- Reach an agreement with third-party logistics firms to standardise processes
- Negotiate an increase to the €150 VAT threshold
- Support UK businesses seeking to export through the tax system
- Back a consumer confidence campaign to win back European customers

Intellectual property & selective distribution



Many British luxury brands can boast of legacies of innovation within their respective fields. In 1879 Thomas Burberry invented gabardine, a weather-resistant fabric, which revolutionised outerwear and is still used by the brand today.

Investment in innovation continues to this day, and is protected through Intellectual Property rights (IP), which encompasses product development and design, particular skills and methods of production, brand identity and communications.

Investment in innovation creativity and quality of design and production is protected and encouraged by the company being able to enforce its IP rights, and therefore provides British luxury brands with legal recourse against counterfeiters, infringers and unauthorised distributors.

This in turn protects brands' long-term commercial and creative success, as well as being part of the basis for the sector's significant contribution to employment and investment in innovation and craftsmanship.

In short, the value of luxury brands is inextricably linked to their intellectual property.

Walpole is calling on policymakers to:

- Retain the current selective distribution rules that underpin the success of the sector
- Maintain the existing IP exhaustion approach
- Introduce stricter measures to tackle counterfeiting, and work multilaterally to stop the trade in fake goods

Sustainability



Safeguarding the environment and natural resources is vital to all industries, but resonates particularly with luxury brands given their long-term strategies: the quality raw materials required to manufacture high-end goods and the heirloom quality of luxury pieces, which are designed to last, and are often passed from one generation to the next. In addition, luxury brands and their suppliers frequently have innate links to the environment and their local communities.

Walpole is calling on policymakers to:

- Recognise the role that high environmental, social and governance standards play in shaping consumer decisions and therefore supporting UK exports
- Ensure that its Forest Risk Commodities regulations are produced in consultation with business
- Ensure that UK sustainability regulations are drafted with reference to - and understanding of - the impact of EU standards on UK businesses, in order to ensure that UK and EU regulatory regimes are not in conflict, which would cause significant extra costs to business
- Government must work in partnership with business when designing Extended Producer Responsibility (EPR) schemes to allow our sector to continue to lead the way in sustainability and waste reduction. Doing so will recognise companies that have already put sustainability at the heart of their business practices by designing products with quality, longevity, recyclability and environmental impact in mind.
- Initiatives such as using recyclable or biodegradable materials, minimising packaging waste, and providing services for repairs and refurbishments all help promote a circular economy. This is not only best practice, but also resonates with consumers who increasingly prioritise responsible production and consumption. Government must ensure that its plans in this area are made in consultation with businesses that have experience of such schemes.

Tourism & the visitor economy



The luxury sector is a key driver of inbound tourism and plays a vital role in the appeal of the UK to international tourists. In 2022, Walpole research found that high-end visitors typically spend 14 times more than the average. £1 spent by those staying in high-end accommodation generates £8 of value in other industries, such as culture, entertainment and luxury shopping.

Walpole is calling on the policymakers to:

- Introduce a new, reformed, digital tax-free shopping scheme for Great Britain to unleash a tourism and shopping boom
- Reform visitor visas to make entry into the UK as frictionless as possible
- Reform working visas to address the hospitality workforce shortage
- Introduce a new government-backed marketing initiative to drive international visitors



About Walpole

Walpole is the UK's only sector body for luxury brands. It speaks on behalf of more than 250 of Britain's finest brands across a wide range of sectors, which collectively are worth £81bn to the UK economy, support 454,000 jobs and contribute 3.7% of the UK's GDP.

A not-for-profit organisation, Walpole members include Alexander McQueen, Aston Martin, Burberry, Claridge's, FARFETCH, Glenfiddich, Harrods, Rolls-Royce Motor Cars and Wedgwood, and is recognised in both Westminster and Brussels. With a mission to promote, protect and develop the business of luxury in the UK, Walpole brings its members together to collaborate and connect both digitally and in-person.

Key events include the annual Walpole British Luxury Summit and the Walpole British Luxury Awards. It also provides a collective voice for luxury on key topics, commissions industry-leading research and works with government on issues affecting the sector.

Walpole runs the flagship 'Brands of Tomorrow' programme to develop new British luxury brands – alumni include Orlebar Brown, Nyetimber, Bremont and Emilia Wickstead – and works with the London Business School MBA programme to help develop the talent of the future with 'Luxury Leaders of Tomorrow'.

Walpole also spearheads the British Luxury Sustainability Manifesto, with the vision of making British luxury the global benchmark for luxury sustainability.

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