



Adina-Ioana Vălean
European Commissioner for Transport
European Commission
1049 Brussels
Belgium

17 March 2020

Re: Impact of COVID 19 on the Duty Free and Travel Retail sector

Dear Commissioner Vălean,

We are writing to you with regard to the dramatic impact of the COVID-19 emergency on the Duty Free and Travel Retail (DF&TR) sector in the European Union. DF&TR is a unique retail channel that serves international passengers and is a vitally important contributor to the commercial well-being of European airports and ferry/cruise operators. DF&TR is of systemic value to the transport sector.

Recent decisions by governments have had profound impacts on the aviation and maritime industry, leading to a predicted passenger and air traffic reduction of 90% and even higher. These impacts are unsustainable and include serious short-term damage to the profitability and cash flow/liquidity of several of the core components of the industry, in particular airport operators, duty free and travel retail operators and airside concessionaires.

This short term damage is not surprising given recent global events, and all members of ETRC understand that the effects of COVID-19 are being felt the world over.

The DF&TR industry however is doubly impacted by these exceptional circumstances, as only passengers in possession of a valid travel documents can purchase at duty-free and travel retail shops:

- With unprecedented reductions in overall flight volumes many airports and retailers are starting to struggle to pay staff and operate the usual high-security model required in the industry. Ferry and cruise operators have also started to reduce services.
- But travel restrictions are in addition compounded by the uncertainty for remaining passengers, who are less likely to dwell and shop in transport hubs. Consumer confidence will take time to rebuild once the emergency is dealt with.

DF&TR is the largest single component of commercial revenues for European airports and ferries, representing a substantial contribution to financing of aviation and maritime infrastructure. DF&TR generated revenues in Europe of €18.8 billion in 2016, of which over €12.9 billion was generated at airports and €1.9 billion in the maritime sector. This in effect represents a voluntary contribution to financing of aviation and maritime infrastructure. These revenues sustain vital air and ferry routes, which are key to regional connectivity and economic growth. Within Europe in 2013, DF&TR at airports, along with other in-terminal services (such as car hire and food and beverage services), generated around 107,000 jobs, some 6% of the total direct aviation-related jobs generated at or in the vicinity of airports.¹

¹ Economic impact of duty free and travel retail in Europe - A report for the Duty Free World Council; March 2016; Authors Dr Harry Bush & Daniel Storey



DF&TR is uniquely affected by the COVID-19 pandemic and the travel restrictions that have been imposed, far more so than any other retail channel. The DF&TR industry will require the same levels of economic support as that given to other parts of the passenger transport industry. Once this emergency eases the DF&TR industry will be the first to restart the cash flow vital to getting airport and maritime operators back on their feet.

At the outset, ETRC would ask that the European Commission moves to support the following mitigation measures for Duty Free and Travel Retail operators trading at European airports, ports, ferries :

- Government guarantee that any future compensation schemes will cover the wider aviation industry, including airport retailers
- Direct financial intervention by government to pay staff salaries for the duration of global passenger transport restrictions
- Deferral of payments of all VAT, excise duties and other taxes for duration of global passenger transport restrictions
- Direct financial compensation from government to compensate for losses incurred as a result of current government policy
- All local government taxes for airport retailers to be cancelled for 2020

We ask you for urgent support to prevent large-scale and long-term damage to one of the industries critical to the future financial health of airport and ferry operators across the EU.

We remain at your full disposal should you have any questions.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Nigel Keal', written over a light blue horizontal line.

Nigel Keal
President
European Travel Retail Confederation

A handwritten signature in blue ink, appearing to read 'Julie Lassaigne', written over a light blue horizontal line.

Julie Lassaigne
Secretary General
European Travel Retail Confederation

About ETRC

The European Travel Retail Confederation (ETRC) represents the European duty free and travel retail industry. ETRC is composed of national and regional affiliated trade associations representing over 200 European companies, Tax Free World Association (TFWA) representing 520 brand companies, and direct corporate membership from individual companies working in the duty free and travel retail trade across Europe and beyond.