

UK Government urged to reverse decision



The
voice of the
world's airports

The global representative organizations of the airports and duty and tax free retail industry write to the UK Chancellor of Exchequer, urging the UK Government to reverse its decision to end airport tax free sales to international passengers for all goods other than alcohol and tobacco

Airports Council International (ACI) World has joined with the Duty Free World Council and the Tax Free World Association to urge the UK Government to reverse its decision to end airport tax free sales to international passengers for all goods other than alcohol and tobacco.

The COVID-19 pandemic has brought UK and world airports to a standstill – ACI recently revealed that the [airport industry is anticipating global passenger numbers to decrease](#) by 5.6 billion with an unprecedented \$104.5 billion reduction in revenue. Sixty per cent of global aviation jobs – including the duty free workforce – are at airports.

As the industry seeks to sustain a restart of operations and plan for a long term recovery, airport tax free sales will form an integral part of airports' non-aeronautical revenues, contributing to the vitality of the airport business and the development of infrastructure.

However, earlier this month, the UK government confirmed that tax free sales on airside products (except for alcohol and tobacco) will end for all travelers from January 1, 2021.

Tax free products account for around three quarters of retail concession revenues at airports but, if the new duty free policy is enacted, UK airports will be at a major competitive disadvantage compared with other European airports and international peers to which sales will inevitably transfer.

In response, the global representative organizations for the airports and duty and tax free retail industry have [written to Chancellor of the Exchequer the Rt Hon Rishi Sunak MP](#) to urge him to reconsider this proposal, which is out of step with common practice in practically all international airports across the globe.

“The aviation industry will be a key driver of the UK’s economic recovery from the COVID-19 pandemic, but this decision by the Government puts this recovery at risk. We urge the UK Government to reverse this ill-advised decision as it threatens the already perilous financial state of the airport industry with UK airports standing to lose hundreds of millions of sales, placing thousands of jobs at risk,” says Luis Felipe de Oliveira, World Director General, ACI.

“Unilateral decisions by individual governments on air transport-related matters including duty free regulations cannot be taken without considering the global industry as a whole. The UK Government’s decision to end tax free sales is an unnecessary blow as airport retailers face the worst crisis ever to impact the aviation industry,” adds Sarah Branquinho, President, Duty Free World Council.

Tax Free World Association President, Alain Maingraud, says the decision would heavily impact the

profitability of the sector as the UK has the largest market in the world for international airport passenger traffic.

“As every international journey involves another origin or destination point outside of the UK, the removal of tax free sales will simply lead to unfavorable economic outcomes not only for the sector, but the UK as a whole.

At a time when it has never been more important to protect revenue and jobs, this decision damages UK-based brands and their ability to sell to international travellers in the UK and beyond. It places the viability of the entire industry at risk,” concludes Maingreud.

According to the Air Transport Action Group (ATAG), when factoring in the full socio-economic impact of aviation, the UK aviation sector contributes £95 billion (120 billion USD) to Gross Domestic Product and as much as 1.6 million jobs are supported by the sector.