

ASUTIL calls for emergency meeting over new Mercosur land border regulations

By **Ronnie Lovler** on January, 8 2019 | Associations



The South American Association of Duty Free Stores (ASUTIL) is calling an emergency meeting for its board to discuss further responses to the new regulations adapted by Mercosur, concerning duty free stores at land borders in member countries.

ASUTIL Secretary-General José Luis Donagaray told *Americas Duty Free* in an exclusive interview on Jan 7 that the organization is concerned because the Mercosur action excludes certain products from duty free sales and was implemented without feedback from ASUTIL and other interested parties in the industry.

“A harmonization of the functioning of the duty-free shops in the borders of Mercosur (countries) was established by the governments without prior consultation (with) the agents of the sector as well as the representative associations including ASUTIL,” Donagaray said.

Donagaray said the ASUTIL board will meet this week or the beginning of the next week to take up the matter, particularly pressing now because of the start of the southern hemisphere tourism season and the expectation that land border duty free stores will be opening soon in Brazil.

Mercosur made its decision to standardize functioning of all land border duty free shops in member nations in a meeting in Uruguay held December 16. The norms established are to be implemented in each country by May.

Argentina, Brazil, Paraguay and Uruguay are full members of Mercosur, with Venezuela currently suspended. Associate members include Bolivia, Chile, Colombia, Ecuador and Peru.

At present only Uruguay has land border duty free stores, although Brazil will soon follow suit.

Donagaray said the Mercosur agreement is a step forward in that it seeks to establish “a harmonious system of border duty free shops with agreed franchises and that there is information exchange between countries.”

But he said ASUTIL could not go along with the Mercosur decision to eliminate from duty free sale the products that are standard offerings at duty free stores worldwide.

He said ASUTIL could accept the exclusion of certain products from sale at land border duty free stores like “cars, boats, motorcycles, guns and ammunition, but not cigarettes, textiles, shoes, or the consumer basket” of goods.

He said ASUTIL is especially concerned with the consumer basket because at issue is how its contents are defined in each country and who defines it. “It is not the same in every country,” he said.

The Mercosur action comes as Brazil readies to open its first land border duty free stores. The new government of President Jair Bolsonaro is expected to rapidly move forward with introduction of the shops in the coming months. A law permitting the Brazilian shops to operate was approved six years ago, but political and bureaucratic issues delayed implementation.