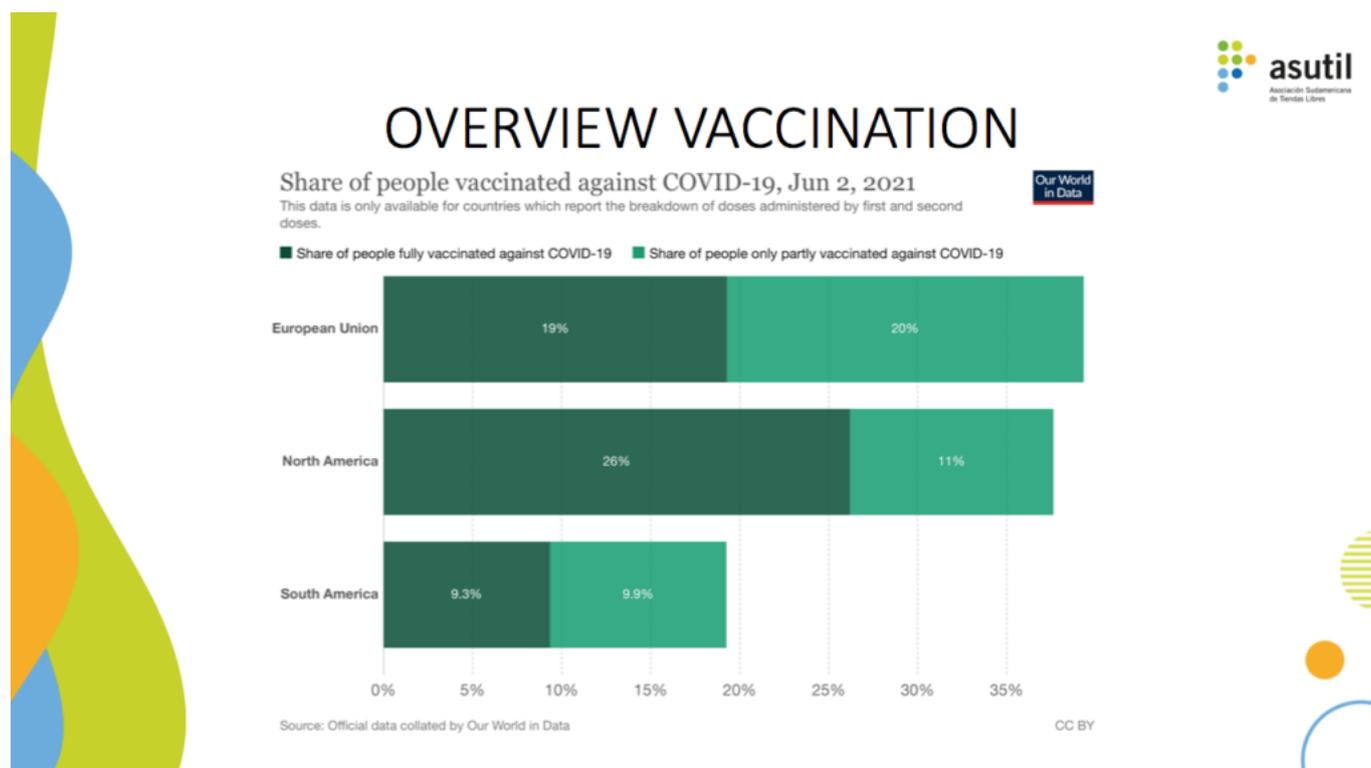


ASUTIL hosts industry webinar to provide LATAM update

Last week, Jose Luis Donagaray, Secretary General, ASUTIL, hosted *Working Together*, Latin America Travel Retail & Duty Free Webinar, to update members of the industry. In addition to themes such as digitalization and interconnectivity, the one-hour webinar covered the current health situation in the region, government negotiations and travel restrictions.

A key takeaway: the response to the pandemic across Latin America (LATAM) offers minimal consistency. In comparison to vaccination rates across North America and Europe, LATAM and South America are significantly behind. Across the globe, the consensus among experts is 70% of the national population needs to become fully vaccinated in order to reach herd immunity. This is expected to occur in most countries during the last quarter of 2021.

As of June 2, 2021, 9.3% of South Americans have been fully vaccinated and 9.9% have been partly vaccinated; compared to 26% and 11% of North Americans, respectively. This data is only available for nations that report the administration breakdown by first and second dose. Within LATAM, the countries leading the way in terms of full vaccination include Chile (42%), Uruguay (30%), Costa Rica (13%), Brazil (11%) and Dominican Republic (11%). When it comes to partial vaccination, Uruguay leads the region at 24%.



A vaccination overview of the EU and Americas; across the globe, the consensus among experts is 70% of the national population needs to become fully vaccinated in order to reach herd immunity

IATA forecast

According to data collected by m1nd-set partner, IATA, people remain eager to travel by air in both the short-term and long-term. It's believed that regions with large domestic markets will recover first. In some good news, in 2023 global passenger numbers are expected to surpass pre-COVID-19 levels ¹

at 105%. This is one year earlier than originally reported.

A highlight of IATA's forecast is that, by 2030, global passenger numbers are expected to have grown to 5.6 billion; this would be 7% below the pre-COVID forecast and an estimated loss of 2-3 years of growth due to COVID-19

As noted during the webinar, the top five categories that became more popular in 2021 are clothing & accessories, tobacco, skincare, jewelry & watches and toys, respectively. With many individuals and families still in quarantine at some level, self-purchasing continues to be the key purpose of purchase, followed by sharing.

Airline frequencies & travel restrictions

Data provided by Dufry shows international travel in Uruguay is down 88.6% and international travel in Argentina is down 81.0%. Donagaray noted this is partly because the first doesn't have its own airline and the second imposed restrictions for reasons of both health and safety and a political nature.

"The problem we have in this continent is on one side we have dropped the frequencies of the airlines and on the other side we have implemented restrictions. For example, in Argentina the borders are closed to people who are not Argentine or residents of the country. Residents are required to receive a negative PCR test within 72 hours before their flight home. Additionally, there are restrictions for people moving within the cities," he says.

Considering the lack of consistency across LATAM in regards to closed borders, test results, travel restrictions, quarantine rules, vaccination rates and political ties, the recovery process is complicated. However, with the rise of vaccination tourism, the return of travel is expected to take place sooner than later.

Currently, ASUTIL is working with governments across the region to help facilitate recovery of the travel retail channel. Considering the ongoing impact and long duration of the pandemic, the association believes that the reduction of cost facilitated for duty free operators is not enough. ASUTIL states operators urgently need to increase retail sales via increased allowances per passenger, the ability to purchase items online pre-departure and the ability to purchase products online up to 15 days post-arrival at either a transit or final destination.

ASUTIL is also waiting for confirmation of the increase of allowance for Brazilians purchasing in their own shops from \$300 (USD) to \$500 (USD) to "harmonize with the increase in airports and borders with other countries."

AIRLINES FREQUENCIES

FRECUENCIAS AEREAS 2021 vs 2019

	Internacional	Domestico	Total
Argentina	-81,0%		-81,0%
Bolivia	-61,7%		-61,7%
Brasil	-68,7%	-45,1%	-49,0%
Chile	-62,4%	-41,6%	-49,9%
Colombia	-64,0%	-21,0%	-39,0%
Ecuador	-41,0%		-41,0%
Peru	-79,0%		-79,0%
Uruguay	-88,6%		-88,6%

A (2021 vs. 2019) snapshot of airlines frequencies in major South American aviation markets

Some positive news

Closing the webinar on a positive note, the panel shared that this week Brazil made the decision to vaccinate all airport employees across the country. Furthermore, Brazilian students planning to study in the USA this fall have started to receive their required visa.

As this is now the start of a steady recovery, Donagaray said ASUTIL is set to host a webinar every 30 days in order to present the most up-to-date information about LATAM borders, airports and duty free operators.