

## **ASUTIL says Brazil border trade business could begin in March**

By **Ronnie Lovler** on September, 14 2018 | Associations



José Luis Donagaray, Secretary-General of the South American Association of Duty Free Shops (ASUTIL)

Border duty free stores could be in operation in Brazil by the beginning of March, now that a major hurdle with the implementation of a useable software program appears to have been overcome.

In a media briefing this week, José Luis Donagaray, Secretary-General of the South American Association of Duty Free Shops (ASUTIL), said Brazil's Federal Revenue and Customs Service would make the software available by the end of the month.

"By the end of September, we have confirmation that the software will be released," Donagaray said. "We don't know how much time the application (will take). But we don't think it will take too much time."

Donagaray indicated that the biggest problem was connectivity, but that issue had been resolved and

the systems can be operated offline, paving the way for the Brazilian border business to kick off.

“Some people are talking about some stores being open by the end of the year. In my opinion, these might be small stores, but I think the big operators will be opening in March, but not before that,” he said.

Donagaray made his remarks in ASUTIL’s first media webinar, complementing the launch of the association’s new and improved web page, which includes more regional news and services for members.

He said operators would be able to open border stores in any of the 32 Brazilian towns and cities that share a border with Uruguay, Argentina, Colombia, Paraguay, Peru, Bolivia, Venezuela and several smaller countries.

However, Donagaray said he expected the first stores to open in the Brazilian cities that border major travel destinations such as Foz do Iguacu in Brazil, right by Paraguay’s Ciudad del Este and Argentina’s Puerto Iguazu, or Santana do Livramento, just a street away from Rivera in Uruguay.

Donagaray hinted that he knows who may be lining up to open the stores, but he wasn’t sharing any specifics. “The biggest will open in the larger cities” which have a stronger tourism history, he said.

In a related matter, Donagaray said Uruguayan and Brazilian officials had some particular border issues to resolve because of differences in the way nationals of each country are allowed to shop in their respective duty free stores.

Uruguay feels at a disadvantage because its citizens cannot do as much duty free shopping at home.

Talks between officials and operators in the two countries are scheduled, he added.

In a wide-ranging media briefing, Donagaray also touched on political and economic challenges in Brazil and Argentina, both of which mean a downturn in expectations for the regional travel retail and duty free industry in 2018.

Brazil’s presidential race is turbulent. Former President Lula da Silva is in jail and has dropped his bid for re-election and the front-runner Jair Bonsonaro is recovering from injuries sustained in a knife attack.

“In Brazil, the presidential campaign has just begun and we’ll know soon how that plays out,” Donagaray said. “Brazil does not have an economic problem as such but there is political uncertainty... The Brazilian impact and uncertainty there means that overall sales in the ASUTIL area will probably be down year-on-year in 2018.”

In Argentina, Donagaray said inflation, a currency devaluation and a deficit are hurting the industry there with estimates that business has fallen by as much as 25% in the last two months.

Donagaray said last year Argentines were traveling to Chile or Uruguay to purchase cheaply. This year, the situation is reversed, and Argentina will become the tourism destination for Chileans and Uruguayans to make purchases at a lower cost.

“We foresee only a recovery in the first trimester of 2019, but not before then; currently we are seeing a loss of growth and employment in the country,” he said.

Donagaray also touched on efforts to develop a regional approach toward fighting the World Health

Organization initiative on Illicit Trade Protocol involving tobacco.

“We are working hard... to involve Customs and finance officers in each country to explain that duty free is not involved in illicit trade,” he said.

He also talked about planning for next year’s Summit of the Americas in Orlando and steps being taken to assure that only those who pay to attend the meeting will be able to conduct business with attendees.

He said organizers were talking with big suppliers to try to get more of them to attend the Summit, although he did acknowledge that most of the larger perfumes and cosmetics companies had already committed.

More executive education sessions are planned as well on topics that may include airports, key categories and technology, each day of the conference.