
MEDIA RELEASE

UK Government urged to reverse decision to end airport tax free sales

Airports and duty and tax free retail industry writes to UK Chancellor of Exchequer

Montreal, 6 October 2020 – 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.

Earlier this month, however, the UK government confirmed that tax free sales on airside products (except for alcohol and tobacco) will end for all travellers from 1 January 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,” ACI World Director General Luis Felipe de Oliveira said. “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.”

Duty Free World Council President Sarah Branquinho said that Aviation is intrinsically linked to the global economy.

“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,” Sarah Branquinho said. “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.”

Tax Free World Association President Alain Maingreud said 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,” Alain Maingreud said. “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.

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.

Notes for editors

1. Read the joint letter to Chancellor of the Exchequer Rt Hon Rishi Sunak MP.
2. Download the [Policy Brief – Path to the airport industry recovery – Restoring a sustainable economic equilibrium](#).
3. Read ACI’s latest economic impact analysis bulletin: [The impact of COVID-19 on the airport business](#).
4. Stay up to date with ACI World’s COVID-19 communications through its dedicated [news hub](#).
5. [Airports Council International \(ACI\)](#), the trade association of the world’s airports, was founded in 1991 with the objective of fostering cooperation among its member airports and other partners in world aviation, including the International Civil Aviation Organization, the International Air Transport Association and the Civil Air Navigation Services Organization. In representing the best interests of airports during key phases of policy development, ACI makes a significant contribution toward ensuring a global air

transport system that is safe, secure, customer-centric and environmentally sustainable. As of January 2020, ACI serves 668 members, operating 1979 airports in 176 countries.

6. [The Duty Free World Council](#), the DFWC, is the industry association representing the interests of the global duty free and travel retail channel and has the overall objective of creating the optimal operating environment for the industry that will allow it to achieve its full potential.

7. [The Tax Free World Association](#) is an association of brands, whose mission is to identify trends and opportunities, build awareness and provide a business platform for the global duty free and travel retail industry to prosper. TFWA is instrumental in forging close relationships between suppliers and operators, and plays a vital role in representing the interests of its members and the industry as a whole. It provides the global industry with business support and a forum for dynamic development. TFWA's commitment to the duty free and travel retail industry is summarised by its motto – by the trade for the trade. As a non-profit-making organisation - and with a membership of 520 companies including some of the world's best-known brands and suppliers of premium goods – TFWA's range of products and services are focused purely on delivering value to the industry.

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