

ASUTIL and CEFSU look to post-COVID times in virtual df conference

A two-day virtual gathering of key players in the land duty free business in Latin America kicked off Tuesday with the clear message that while the global pandemic has had a devastating impact and the industry is down, it is definitely not down for the count.

ASUTIL (Association of South American Free Shops) and CEFSU (the Chamber of Entrepreneurs of Free Shops in Uruguay) co-sponsored the two-day event with a focus on the land border business involving Uruguay and Brazil.

Those who welcomed attendees to the conference included ASUTIL Secretary-General José Luis Donagaray and ASUTIL president Gustavo Fagundes, along with CEFSU president Andrés Mendelsohn and CEFSU secretary general Carlos Loiza. The event had 72 attendees, in addition to the speakers.

Donagaray spoke for all when he offered a message of hope that “the governments can collaborate and work with the border businesses to succeed in striking a balance” in the months and years to come.

Loiza, who concluded Tuesday’s session, shared numbers that painted a grim picture of the devastating impact the pandemic has had on the land duty free business in Uruguay. “The volume of our business during the last 10 years has fluctuated,” he said. “It was great in 2011 and 2012, went down in 2015 and 2016, and started to grow again, but now with the pandemic has plummeted.” He stated that sales were down by 83%.

“This of course impacts the monies that come in at customs,” he added, noting the impacts felt in terms of the thousands of direct and indirect jobs generated by the land duty free industry, and which are being lost because of COVID.

Still, expectations are that things will improve, and with that in mind Loiza underscored the importance of governmental collaboration between Brazil and Uruguay. “We want to permit our free shops to have level playing field with free shops opening on the other side of the border. “Our president wants to preserve our competitiveness and we are working together to achieve that,” he said.

Other speakers included Oscar Betancur of the Brazilian company, Via Balcão; Frederico Antunes, a deputy in the Brazilian legislature; Areff Sami Salmon, of New York Free Shop in Uruguayana; Pedro Henrique Custódio of Dufry; Juan Labraga of Uruguay’s Ministry of Economy and Finance, and Jaime Borgiani, director of Uruguay’s Customs agency.

All referenced the difficulties encountered after the pandemic hit the border business at a time when expectations were that the land duty free business was on the verge of a growth cycle. After years of delays, Brazil had moved forward with opening duty free stores on its side of the border. The land duty free business in Latin America had been dominated by Uruguay, Paraguay and Argentina for decades, with Brazilians traveling to stores in those countries to do their shopping.

In 2019, land duty free stores opened in Brazil and operators in countries neighboring Brazil anticipated that spillover from new Brazilian border stores and looked forward to expanding their own businesses. With the arrival of COVID these high expectations were shattered.

Breaking news this week was that Brazilians will soon be able to spend \$500 dollars in their own duty free stores as opposed to the \$300 previously allowed. Approval from the Ministry of Economy is expected to be granted in mid-December, as revealed during the virtual ASUTIL event on Tuesday.

Wednesday's session will include a roundtable discussion on the changes and advances being made in the land duty free industry with a question and answer sessions with Donagaray and Loaiza.