

ASUTIL gives update on current situation in South America

ASUTIL President Gustavo Fagundes was one of the speakers at the DFWC Route to Recovery Webinar on September 17, 2020. He gave an update on the current travel retail situation in the region.

Every country in the South American continent is still on virtual lockdown. While all major airports are open, there is no commercial international travel; the majority of passengers are there for humanitarian reasons, so this is not a boon to duty free in the region.

Brazil is seeing the greatest health in travel retail on the continent despite having one of the highest number of number of cases of COVID-19 in the world. Domestic traffic in the country is improving, and the Duty Paid business is picking up accordingly. Also in Brazil, locals are allowed to shop at the new border stores, while this is not the case for other countries in the region.

Prohibitive fee to government

An issue with these border store purchases, however, is that the Brazilian government charges the store operator a fee for every sale. The system hurts the retailer on two levels: one, because the government tracks all transactions to ensure the shopper does not exceed the \$300 limit per month and two, that the store must pay a fixed fee to the government. With a small sale the fee is prohibitive, and since 50% of sales are under \$100, this affects the operator quite negatively. ASUTIL is working to try to amend this.

As with other regions, there is discrepancy from country to country on travel restrictions. ASUTIL is also working to harmonize all measures and restrictions across the region.

The association is also working to facilitate the permission for duty free operators in other countries to sell to nationals, as is the case in Brazil. This is especially important since cross-border travel has all but ceased.

Coming up

ASUTIL Secretary General José Luis Donagaray clarified a few of these issues in a press conference on September 22, stressing that people want to buy at these border stores. The most popular categories are Liquor, Electronics and Chocolates. The Duty Paid business is improving along with the domestic travel market.

Donagaray also announced that ASUTIL would be holding a Virtual Border Shop Conference on November 24-25 of this year, more details to come.