

ASUTIL-CEFSU land border conference deemed essential

At the close of the ASUTIL-CEFSU virtual land-border conference, held November 24-25, 72 delegates had taken part in addition to the speakers. While this number was approximately half that of last year's event, ASUTIL Secretary-General José Luis Donagaray said that was to be expected, as suppliers want to meet face to face with operators, most of whom are new to the industry on the Brazil side of the border. Though the organizers did their best to hold virtual introductions by video, this is definitely not the same as meeting in person.

While like almost every event of 2020 the conference could not be held in an optimal manner, ASUTIL and CEFSU both felt it was important to hold it; it had been a year since Brazil's border stores had begun to open and, of course, during this time the pandemic had arrived to throw the industry into a tailspin. Donagaray says they felt it was important to provide an update.

Suppliers are concerned not only about the situation with the pandemic, travel and borders, but also with regulations for selling in Brazil, which are not simple. They need specialists to help guide them through the process.

Smaller family businesses want face-to-face meetings

At the same time, the Brazilian operators, who Donagaray says tend to be smaller family businesses, will mostly not take part in Cannes or other major exhibitions. "They want to have face-to-face meetings," he says. "It's a different style of business. Not better or worse - different." This event is therefore essential, and the plan is absolutely to hold the conference in person next year, probably at Puerto Iguazu, where it was meant to be held this year.

A number of Brazilian stores have already opened, and a dozen more will be opening by February, 2021. After years of lobbying and negotiations, the Brazil government finally understands the benefits of duty free at its borders, and that this brings other developments.

Brazil duty free allowance increase changes mix

After years of unwillingness to offer duty free at its land borders at all, it now even allows its citizens to buy there, with an increase in spend from US\$300 to US\$500 per person. Donagaray says this will have a lot of impact not just on average spend, but also on mix of offer. He suggests that electronics will play a much bigger role in these border shop categories. He uses the example of air units. In the south of Brazil it can get quite cool, so units that can both heat and cool the air are in big demand; apparently these are already big sellers in Uruguay.

Uruguay border remains closed

Borders are opening in South America. In Chile you can enter with a negative test; Argentina is opening up its land borders on December 8 and its international flight arrivals on December 15th. Brazil has been open with proof of health insurance only. Uruguay, however, remains closed. This will negatively affect the Uruguayan operators and also the operators on the Brazil side of the Uruguay border as tourists will not flow through here to their summer vacation on the beaches of Brazil. It is good news for the shops in Uruguiana.

As always, ASUTIL and CEFSU are working to create a better business environment for the industry in

the region. This has helped to create a less expensive SERPRO system to control allowances. Previously, the system charged per transaction and per store. When purchases were under US\$100, which happened 50% of the time, and especially with very small purchases such as chocolate bars, the cost was prohibitive. ASUTIL did a “dual negotiation” wherein the percentage charged was lowered — industry wide and not store by store — and it is now charged in Reals as opposed to USD, which is very helpful.

Ongoing work

Current work is undergoing to convince the government that Uruguayans should be allowed purchase duty free from their own stores. This is especially the case when compared to online shopping from US companies. Uruguayans can import up to US\$600 duty free from US companies but not Uruguayan, which puts their own country’s businesses at a disadvantage.

Donagaray says many things are in the works at the moment. “A lot of movements.” And he looks forward to the coming year when we will all be able to meet face to face once again.