

New study in EU reveals benefits of introducing duty free on arrival

New research commissioned by the UK Travel Retail Forum (UKTRF) and the European Travel Retail Confederation (ETRC) shows that European countries that recently introduced duty free on arrival have increased sales at airports by up to 108%.

Conducted by independent consultancy York Aviation, the research analyzed the successes of the policy in Norway and Switzerland – two of the 65 countries that now have arrivals duty free stores in place. The UK is yet to implement the policy, despite its post-Brexit legislative powers leaving the government free to do so.

In both Norway and Switzerland, the case studies found that the rise in sales on arrival to the country allowed enabled airports to invest in infrastructure and new routes and offer lower prices to passengers. This increased overall traffic and helped offset the losses airports have suffered in recent years.

According to the research, for many regional airports in both countries, the increased revenue generated by the policy contributed to their very survival, during a devastating few years for international travel. The policy was also found to help local job creation. In Switzerland's Zurich airport alone, the introduction of just two arrivals stores created 50 new jobs for its residents.

Calling on the Chancellor to introduce arrivals duty free

As a response to a recent Parliamentary Question on the new studies, tabled by Senior Tory MP Sir Christopher Chope, Exchequer Secretary James Cartlidge claimed arrivals duty free stores “would place additional pressure on the public finances.” However, separate research conducted last year shows that income tax generated from new jobs, and increased corporation tax, will offset any loss of crown revenues in the UK. Furthermore, it is predicted the policy could result in an additional £50 million for HM Treasury.

The policy has long benefited from support on both sides of the House. Ahead of the Financial Statement in October, Chair of the "Future of Aviation" Group of MPs and member for Gatwick Airport, Henry Smith, penned a [public letter](#) to the Chancellor calling on him to introduce arrivals duty free.

The letter, co-signed by 43 influential parliamentarians including 1922 Committee Chair Sir Graham Brady and former minister Lord Vaizey, stated, “With our exit from the EU, the UK has a unique opportunity to drive retail sales higher than our European neighbours.”

The MPs urged the Chancellor to “seize the opportunity and help ensure the UK's travel industry can continue its recovery from COVID-19 and play its full and essential role in driving economic growth.”

“These case studies provide a concrete demonstration of the economic benefits arrivals duty free shops can bring to both local communities and national economies.

“We appreciate that the Government must make tough decisions on public spending, which is why we are urging the Chancellor to introduce policies that help the industry return to self-sufficiency. Arrivals duty free is a policy that is wholly paid for by industry, and at absolute worst, cost neutral for Treasury.”

“Both the York Aviation case studies show that the policy of arrivals duty free is a proven recipe for success. It is a low-risk, easy implementable way to support travel and the many UK businesses involved in travel retail in the difficult years and months ahead,” says Nigel Keal, Chair, UK Travel Retail Forum.