



Rt Hon Rishi Sunak MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

28th September 2020

Dear Chancellor,

We write in reference to the recent announcement that the United Kingdom (UK) government will end airport tax free sales to international passengers for all goods other than alcohol and tobacco from 1 January 2021.

As the global representative organizations for the airports, airlines and duty and tax free retail industry, we urge you to reconsider this proposal, which is very much out of step with common practice in practically all international airports across the globe.

The UK has the largest market in the world for international airport passenger traffic. 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.

If the new tax-free policy is enacted on 1 January 2021, the UK will be alone globally in doing so. This will place UK airports at a major competitive disadvantage vis-à-vis other European airports and international peers to which sales will inevitably transfer.

Tax free products account for around three quarters of retail concession revenues at airports. These revenues are an integral part of airports' non-aeronautical revenues and represent key sales channels for retailers. In fact, these activities not only contribute to the vitality of the airport business but also the development of infrastructure.

Furthermore, taking such a sudden decision during the worst crisis to affect the commercial civil aviation industry is ill-advised given the perilous financial state of the airport industry today. UK airports will lose hundreds of millions of sales and thousands of jobs are placed at risk.

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.



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.

We strongly urge you to reconsider this proposal.

As we continue our advocacy on this issue, we will make this letter available to the press in the coming days.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Luis Felipe de Oliveira'.

Luis Felipe de Oliveira
Director General
Airports Council International (ACI) World



A handwritten signature in black ink, appearing to read 'Alain Maingraud'.

Alain Maingraud
President
Tax Free World Association



A handwritten signature in black ink, appearing to read 'Sarah Branquinho'.

Sarah Branquinho
President
Duty Free World Council

