



## Introducing Arrivals Duty & Tax Free in the European Union

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Aviation remains of strategic importance to the European Union and Member States. The European aviation ecosystem will require significant support for the sector to recover and relaunch in a post-COVID-19 world. This document explores the role Arrivals Duty and Tax Free can play in providing new sources of employment and commercial revenue to the European airports industry, as recommended by the Aviation Round Table Report on the Recovery of European Aviation<sup>1</sup>, a cross industry strategic blueprint for the sustainable recovery of European aviation.

COVID-19 has created the greatest crisis the European travel and tourism industry has ever experienced.

Airports have suffered substantial damage due to the capital-intensive nature of their business. Variable costs such as staff and running costs have been reduced, but the cost of capital and major infrastructure developments are much more difficult to reduce.

The result has been catastrophic financial losses – ACI EUROPE<sup>2</sup> estimate up to 1/3 of EU airports face bankruptcy in 2021 without substantial state support. It goes without saying that airport closures have a much wider community impact, and that loss of connectivity can have disastrous consequences for inward investment and the overall competitiveness of regions.

European airports rely on commercial (non-aeronautical) revenue for in the region of 50% of total income<sup>3</sup>. Given the weakened state of Europe's airlines, it is inevitable that airports will have to rely further on commercial income as recovery kicks in. Airport commercial income is derived primarily from retail sales, most notably duty & tax free sales to international travellers.

ETRC and the wider EU aviation industry believe that there is considerable scope to increase this commercial revenue by allowing duty and tax free sales on arrival to passengers arriving from third country airports:

- ✈️ By allowing passengers arriving from third countries the right to buy duty and tax free before they go through customs control on arrival, research<sup>4</sup> estimates that average spend per passenger in EU airports will increase by 20-30% on average.
- ✈️ The vast majority of sales in Arrivals Duty Free shops will be displaced from non-EU airports – the airport of departure in a third country.
- ✈️ ETRC are not proposing any change to current EU Duty Free allowances so the amount of duty & tax free goods coming into the EU will not change significantly. The only real change is that these purchases are made in EU airports, supporting EU jobs and businesses, rather than those in third countries.
- ✈️ Overall, we estimate this to be worth over €3.2 bn in annual GVA to the EU economy which will potentially support almost 30,000 jobs.
- ✈️ Over 60 countries worldwide currently allow Arrivals Duty Free, including all EEA countries. Recently Switzerland and Russia both introduced Arrivals Duty Free to much success.

<sup>1</sup> Aviation Round Table Report on the Recovery of European Aviation, November 2020 [Link](#)

<sup>2</sup> ACI EUROPE Letter to the European Commission [Link](#)

<sup>3</sup> York Aviation: The Impact of Arrivals Duty and Tax Free Shopping in the EU [Link](#)

<sup>4</sup> Ibid

*ETRC believes that allowing duty and tax free on arrival is a simple but effective way of creating a new and sustainable revenue stream for airports which is cost-neutral to governments.*

## Arrivals Key Points



Economic activity  
within the EU is  
boosted

BENEFITING PUBLIC  
FINANCES



Travellers  
allowances

WILL REMAIN  
AS THEY ARE

Sales from arrivals shops could make up

**20-30%**



OF TOTAL TRAVEL  
RETAIL SALES



Shift sales from  
outside the EU



## About **ETRC**

The European Travel Retail Confederation (ETRC) represents the European Duty Free and Travel Retail industry. ETRC is composed of national and regional affiliated trade associations representing over 200 European companies, Tax Free World Association (TFWA) representing 520 brand companies, and direct corporate membership from individual companies working in the Duty Free and Travel Retail trade across Europe and beyond.

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