

Dated: 22 June 2020

Dear Sir,

APTRA (The Asia Pacific Travel Retail Association) is a not-for-profit organisation, serving the interests of multiple stakeholders in the Duty Free & Travel Retail Industry across Asia Pacific. Established in 2005, APTRA's members include airports, brands, retailers, food & beverage operators, airlines as well as Travel Retail industry associates.

The duty-free market in India, estimated to be approximately INR 3500Cr, contributes significantly to nation-building through employment generation as well as financial contribution in the form of tax revenues, Revenue Share payment to airport operators (which in turn subsidises the charges levied by the airports to passengers) as well as payments to AAI – directly or through private airport operators, which in turn is used by AAI to boost aviation growth in the country.

As you would be aware, COVID-19 has led to an unprecedented impact on the aviation industry, both globally as well as in India. While India has partially opened up its domestic sector from 25th May, the resumption of international flights is still uncertain. Additionally, passengers travelling during this period of uncertainty will predominantly focus on a) Social Distancing / Physiological needs and b) Safety for themselves and loved ones – which will directly impact their spending ability.

Request for support from the Government

In these troubled times, we request the Government to support the Duty-Free industry in India through some policy modifications, which if enabled, can not only help us survive the crisis but also contribute to the revenue collection for the Government and ultimately in the economic recovery.

Hence, we request you to kindly consider the following policy relaxations for Duty-Free industry in India:

- An **increase** in inbound personal **liquor allowances from 2 litres to 4 litres** of alcohol, provided that the additional 2 litres are purchased from Indian airports at the arrival duty-free shop.

A few references of global examples have been given below for your perusal:

Country	Sri Lanka	Russia	UK & Germany	France	Australia	New Zealand	Brazil
Alcohol Limit	1.5Ltr of spirits and 2Ltr of wine	3 Ltr	4 Ltr wine and 16 Ltr Beer and either 2 litres of alcohol (less than 22% strength) or 1 litre of alcohol (more than 22% strength)	2 Ltr wine and either 2 litres of alcohol (less than 22% strength) or 1 litre of alcohol (more than 22% strength)	2.25 Ltr	4.5 litres of wine or beer and 3 bottles of spirits of liqueur (each bottle can hold a maximum of 1.125 litres)	12 Ltr

- This would require a commensurate **increase** in the personal **baggage allowance** for travellers arriving in India from **₹50,000 to ₹100,000** provided the additional ₹50,000 is utilised at Indian airports' arrival duty-free shops or alternatively, **exclude spending on liquor from the baggage allowance**, as is the case with the UK, to bifurcate purchase of liquor from baggage allowance limits and remove any limitations on sales of high-value liquor

- **Permitting duty-free shop operators to enable home delivery service of duty-free products** wherein Duty-Free products can be sold to international passengers who have travelled in the past 30 days and did not exhaust their duty-free baggage limits.
- **Furthermore, the same facility could also be extended to the set-up of a dedicated post-arrival facility, within the respective airport perimeters.**
 - A similar arrangement is available at other countries in Asia, including the Philippines and South Korea, wherein arriving international passengers can shop duty-free products up to 48 hours after arrival at authorised duty-free shops

These initiatives would not only provide the much-needed support to the Duty-Free industry in India but also support in the larger economic revival through:

- The higher sales realised by Duty-Free operators as a result of these policy interventions will create **additional revenues for the Government** in the form of higher revenue share payments by Duty-Free operators to the airport operators, including Airports Authority of India
- This higher revenue share payment will help cross-subsidise the aeronautical revenues charged by the airport thus leading to an overall **reduction in the air ticket prices**
- Additionally, this will also ensure inter alia **earning of valuable foreign exchange** into India as Indian passengers spending in international duty-free can spend in Indian duty-free shops
- These moves will also have a positive impact on economic activity and **ensure sustained employment opportunities** across the industry, which has been heavily impacted by the crisis

We look forward to your favourable consideration and support in taking these matters forward to ensure sustainable operations of the Duty-Free Industry in India.

Sincerely,



Sunil Tuli
President
APTRA