

HENRY SMITH MP



HOUSE OF COMMONS

LONDON SW1A 0AA

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

24th March 2021

Dear Rishi

Introduction of duty free on arrival stores

We the undersigned are writing to you in your capacity as Chancellor of the Exchequer to urge HM Government to support the introduction of arrivals duty free shops in airports, international rail and ferry terminals in Great Britain to help our travel sector flourish and take full advantage of the UK's EU departure.

This easy to implement, cost-neutral policy will drive forward investment through capital expenditure, create jobs and according to independent research from York Aviation, increase passenger spend by between 20-30 per cent. Not only will this have an immediate and lasting impact on the financial stability of Britain's travel hubs, particularly regional ones, but it aligns with the long-term strategic objectives of this Government – from helping to support a 'global Britain', bringing long term and sustainable jobs to the UK, and playing its part in the safe and sustainable recovery of international travel.

Duty free on arrival stores do not contravene international principles of taxation and consequently been successfully deployed around the world in over sixty countries, including by some of our closest allies - Australia and all EEA nations (Norway, Iceland, Switzerland), for example.

As you know, Covid-19 has had a devastating impact on the UK's travel industry. While the introduction of a range of viable vaccines has delivered an end in sight to the current settings the travel industry finds itself in, most travel hubs will require further assistance to speed their recovery and return to contributors to the UK economy. The introduction of arrival duty free shops delivers that helping hand.

We the undersigned believe the introduction of arrivals duty free shops is achievable with secondary legislation, and we know it is strongly supported by all corners of the UK's travel industry.

The benefits of arrivals duty free shops would be significant:

- **A sustainable and significant new contribution to revenues:** arrivals duty free shops will create a sustainable and reliable source of commercial revenues for GB international travel hubs, revenues which are being put under considerable pressure in the wake of the Covid-19 pandemic. Independent research by York Aviation estimates that passenger spend will increase between 20-30 per cent in the event of

*Crawley Constituency: 01293 934554 Westminster Office: 020 7219 7043
www.henrysmith.info henry.smith.mp@parliament.uk*

arrivals duty free stores. This policy directly supports the ambitions of the Global Travel Taskforce who are mandated by Number 10 and the Department for Transport to explore “*reduce the barriers to a safe and sustainable recovery of international travel*”.

- **Increasing international competitiveness of GB airports:** practically all major airports in Asia, the Middle East, Australasia, and non-EU countries in both the European Economic Area and Eastern Europe have introduced arrivals duty free stores in the last two decades. We understand that the European Union are additionally considering its implementation of this policy as part of support package for the travel industry. Therefore, permitting arrivals duty free in the EU will simply level the playing field and prevent our international travel hubs from becoming globally uncompetitive.
- **Cost neutral for governments:** purchases at arrivals duty free stores have no impact on domestic sales of products. Instead, these sales are repatriation of duty free sales that would happen outside the UK (where the passenger starts their journey to the UK). There will be no impact on tax revenue, and no increase in the amount of products entering the market as traveller/s duty free allowances will remain the same. Additionally, the introduction of arrivals duty free stores would also generate new jobs around the United Kingdom, providing further benefits to the economy.
- **Support employment at GB airports:** creating new retail areas at GB airports will trigger investment for building works in the airport as infrastructure is adapted to take advantage of the new opportunity. Many UK Travel Retail Forum members, including World Duty Free, have confirmed that this will have a net gain in employment terms for their organisation.
- **Aiding carbon abatement:** by reducing on board passenger weight, duty free arrivals shops also contribute to environmental goals of reducing aviation emissions and help support the Government’s net-zero ambitions. Passengers are simply given the choice to buy on departure or on arrival.
- **Supporting regional development:** this policy change would materially benefit regional airports – for which point to point travel makes a higher overall proportion of flights than larger travel hubs in London. Retail sales can account for as much as 40 per cent of total revenue in some regional airports – highlighting the critical role retail plays in supporting regional connectivity in the UK. They also have a larger share of British residents as customers and arrivals duty free is more likely to be popular with returning British residents than visitors to the UK who tend to buy on departure.

To assist the UK to thrive in a post-Brexit environment, we must ensure we take advantage of all opportunities available to us. The fundamental facet of duty free on arrival stores is that it will not take sales away from the UK’s high street nor will it increase the amount of goods being sold, rather it will repatriate sales that currently take place at the point of departure – mostly likely in the EU in the majority. Passengers arriving in the UK are still subject to the same limits of goods they can carry with them as duty free purchases.

Regardless of whether this policy is implemented, these products will still be purchased. We view the concept of UK arrivals stores as very much an opportunity to capture duty free sales already taking place abroad, and ensure the economic benefit of those sales are realised in the UK.

With the European Union currently considering such a proposal as part of the ‘EU Tourism and Transport Package’, it is vital the UK Government follows suit. I sincerely hope you are able to support this initiative and help support the UK’s travel sector recover and subsequently flourish.

We urge you to seize the opportunity and help ensure the UK’s ailing travel industry is able to stand on its own two feet and be in a position to not only recover from Covid-19 but thrive in a post-Covid environment.

Yours sincerely



Henry Smith
Member of Parliament for Crawley
Chair, Future of Aviation All-Party Parliamentary Group

Hannah Bardell, Member of Parliament for Livingston
Paula Barker, Member of Parliament for Liverpool Wavertree
Mhairi Black, Member of Parliament for Paisley & Renfrewshire South
Bob Blackman, Member of Parliament for Harrow East
Kirsty Blackman, Member of Parliament for Aberdeen North
Sir Graham Brady, Member of Parliament for Altrincham & Sale West
Alan Brown, Member of Parliament for Kilmarnock & Loudoun
Amy Callaghan, Member of Parliament for East Dunbartonshire
Wendy Chamberlain, Member of Parliament for North East Fife
Ronnie Cowan, Member of Parliament for Inverclyde
Martin Docherty-Hughes, Member of Parliament for West Dunbartonshire
Allan Dorans, Member of Parliament for Ayr, Carrick & Cumnock
Marion Fellows, Member of Parliament for Motherwell & Wishaw
Margaret Ferrier, Member of Parliament for Rutherglen & Hamilton West
Yvonne Fovargue, Member of Parliament for Makerfield
Sir Roger Gale, Member of Parliament for North Thanet
Patricia Gibson, Member of Parliament for North Ayrshire & Arran
Patrick Grady, Member of Parliament for Glasgow North
Andrew Gwynne, Member of Parliament for Denton & Reddish
Stephen Hammond, Member of Parliament for Wimbledon
Neale Hanvey, Member of Parliament for Kirkcaldy & Cowdenbeath
Rachel Hopkins, Member of Parliament for Luton South
Christine Jardine, Member of Parliament for Edinburgh West
Pauline Latham OBE, Member of Parliament for Mid Derbyshire
Chris Law, Member of Parliament for Dundee West
David Linden, Member of Parliament for Glasgow East
Tony Lloyd, Member of Parliament for Rochdale
Carla Lockhart, Member of Parliament for Upper Bann
Jack Lopresti, Member of Parliament for Filton & Bradley Stoke
Jonathan Lord, Member of Parliament for Woking
Stewart McDonald, Member of Parliament for Glasgow South
Anne McLaughlin, Member of Parliament for Glasgow North East
Nigel Mills, Member of Parliament for Amber Valley
Carol Monaghan, Member of Parliament for Glasgow North West
Sheryll Murray, Member of Parliament for South East Cornwall

Gavin Newlands, Member of Parliament for Paisley & Renfrewshire North

John Nicolson, Member of Parliament for Ochil & South Perthshire

Kate Osborne, Member of Parliament for Jarrow

Kirsten Oswald, Member of Parliament for East Renfrewshire

Ian Paisley, Member of Parliament for North Antrim

Andrew Rosindell, Member of Parliament for Romford

Jim Shannon, Member of Parliament for Strangford

Virendra Sharma, Member of Parliament for Ealing, Southall

Chris Stephens, Member of Parliament for Glasgow South West

Alison Thewliss, Member of Parliament for Glasgow Central

Owen Thompson, Member of Parliament for Midlothian

Richard Thomson, Member of Parliament for Gordon

Claudia Webbe, Member of Parliament for Leicester East

Dr Philippa Whitford, Member of Parliament for Central Ayrshire

Munira Wilson, Member of Parliament for Twickenham

Rt Hon Sammy Wilson, Member of Parliament for East Antrim

William Wragg, Member of Parliament for Hazel Grove

Baroness Altmann

Lord Bowness

Baroness Buscombe

Lord Cameron of Dillington

Lord Davies of Gower

Baroness Eaton

Baroness McIntosh of Pickering

Lord Rogan

The Earl of Shrewsbury