

## **COVID-19: Calling on your government for support for the DF&TR industry**

Our industry is facing a crisis of unprecedented dimensions, as globally airports are now bracing for a near collapse of traffic and revenues, and with similar impacts on ferries and cruise lines.

Airlines have been vocal in their request to governments worldwide for support as have airports which must remain operational as critical infrastructure and which have a very high level of fixed costs.

It is important at this juncture that the DF&TR industry explains to governments, central banks and other institutions why it needs to be covered by aviation & maritime sector support funds.

Firstly, failure to give our industry access to these support funds will ultimately make recovery much more difficult for the aviation and maritime sectors.

Secondly, the recovery phase for the DF&TR sector is likely to take longer than that for domestic retail, as it is so dependent on the resumption of passenger traffic globally, which - unlike domestic retail - is a considered future purchase activity. Business travel may resume once safe, but leisure travel is typically a planned part of a households's annual expenditure cycle.

You are encouraged to use the arguments expressed here to make your case for support:

- Duty free and travel retail sales exceed US\$60bn per year, generating significant revenues for the transport sector.
- These revenues are critical to airports, cruise lines and ferries across the world, supporting both connectivity and freight services. Non-aeronautical revenues typically account for over 40% of airport income, for example, with those from retail by far the largest within that. For some airports and for the maritime sector, commercial revenue can account for up to 60% of total revenue.
- DF&TR companies employ hundreds of thousands of staff worldwide.

- They are healthy companies with strong balance sheets but with almost no customers as the world's transport hubs shut down or severely restrict access to passengers, they need urgent support, along with airports, airlines, ferries and cruise lines.

The DF&TR sector needs to be ready to capitalize immediately on any reopening of the aviation and maritime sector, in order to provide much needed commercial revenue to help the aviation and maritime sectors to operate again, getting freight and people moving – as soon as safely possible.

In order to be ready, it needs support access to the government funds that are being created to assist the aviation and maritime sectors. The DF&TR sector is a critical part of both sectors and we need to ensure that we can survive so that we are ready to support the aviation and maritime sectors as soon as global traffic resumes.

In summary:

- The DF&TR industry is suffering the same impact as its aviation and maritime sector partners
- The aviation and maritime sectors and their stakeholders, including the DF&TR industry, are largely dependent on the resumption of passenger traffic which will not see an immediate return once restrictions are lifted – this differs from the domestic retail markets
- In order to be ready to generate revenue for the aviation and maritime sectors when traffic resumes, the DF&TR industry needs government support – as part of the aviation and maritime ecosystem – to survive over the next few months.

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