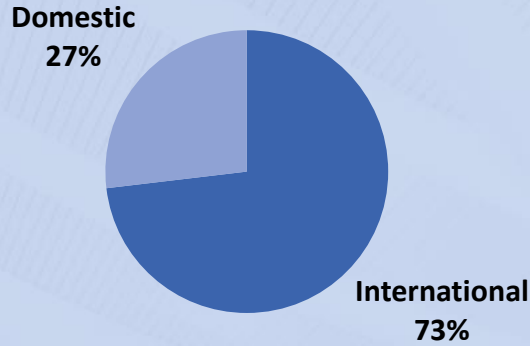
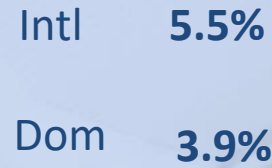


The Europe factsheet

Pax traffic mix

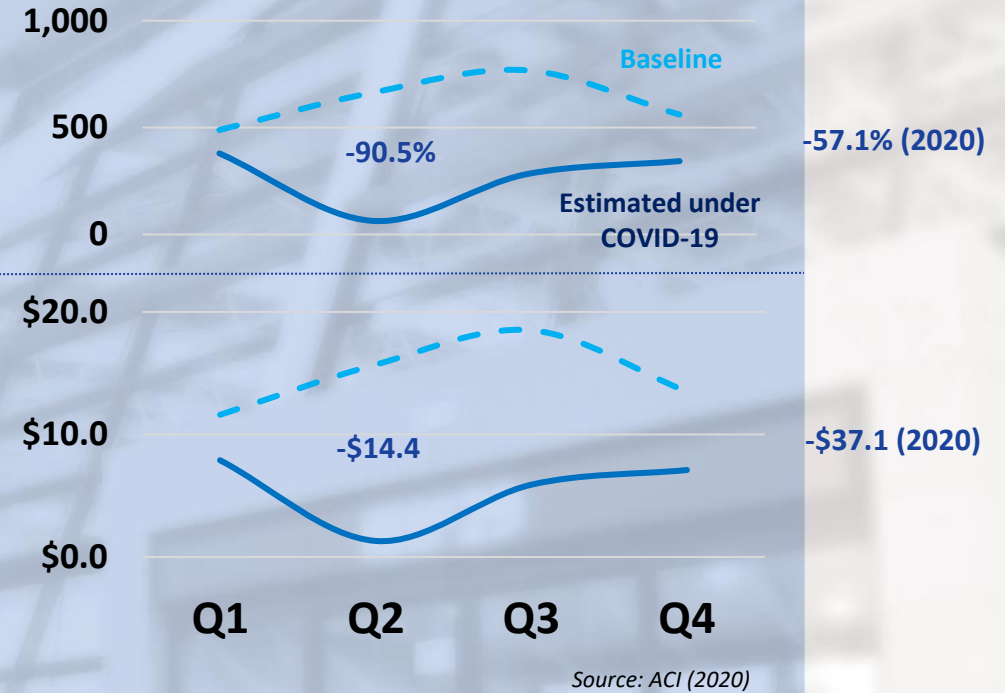


CAGR % 2010-2018

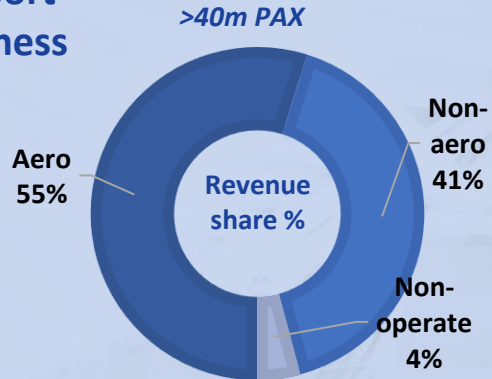


Source: ACI (2020)

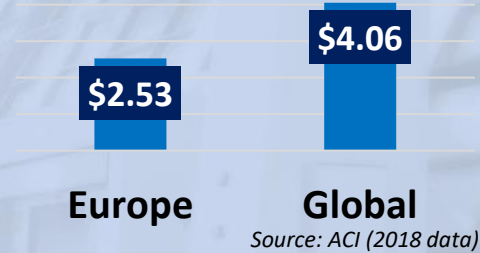
Quarterly European pax traffic (millions) and airport revenues (billions USD)



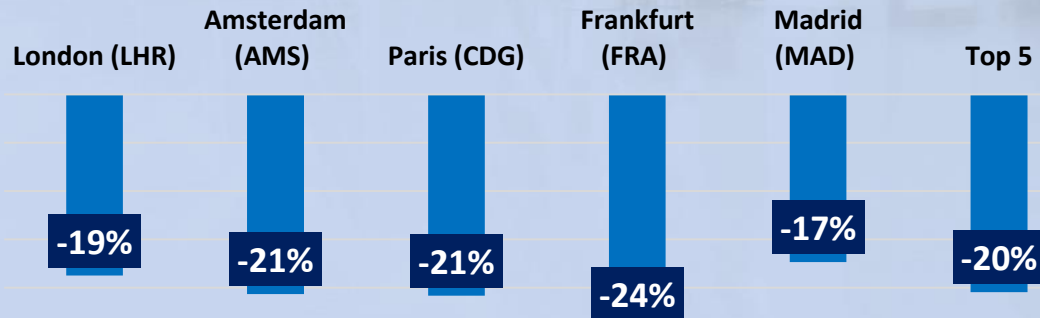
Airport business



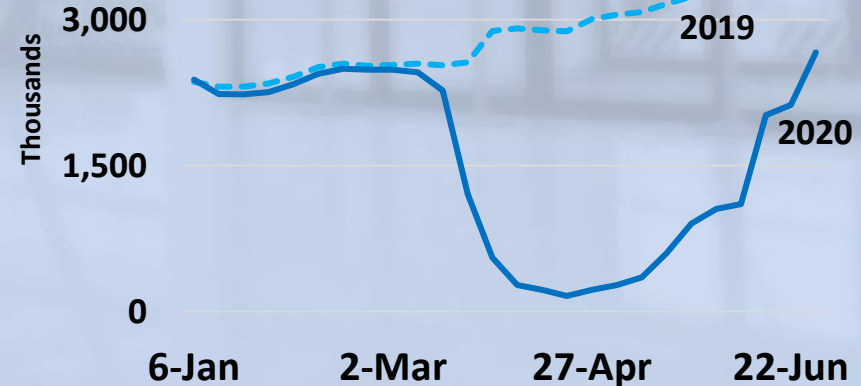
Duty free concession revenue per intl pax



Busiest intl pax markets Q1 2020 % change



UK — intl scheduled seat capacity (outbound)



Overview of current situation across Europe

- **Most European countries have imposed lockdown since mid-March** with restrictions in place on non-essential travel and cross-border journeys
- Restrictions starting to be lifted, with re-opening of non-food retail on High Street in some countries
- **Intra-EU travel re-starting gradually with internal borders expected to reopen mid-June:**
 - Aviation re-starting slowly in view of the Summer season, with reduced capacity
 - Ferry business re-starting on some routes in the Nordics and the Mediterranean (Greece)
 - Cruise business currently at a standstill in Europe
- **Extra-EU aviation for non-essential travel likely to re-start after the Summer**
- Concerns over some countries such as the UK imposing quarantine upon arrival which could delay the rebound of international travel
- **EU Guidelines recognize that DF&TR shops are allowed to re-open:**
 - *“The reopening of non-essential airport services should respect local provisions on similar services outside of the airport”*
 - Strict hygiene and health protocols in place in DF&TR shops including physical distancing
 - DF&TR shops already re-open at some airports (Paris CDG T2E)
 - DF&TR shops onboard ferries allowed on open routes
 - Threat on inflight duty-free as temporary suspension is being considered

Overview of major initiatives to win support for the industry

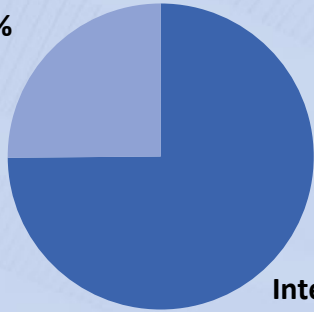


- **Many ETRC letters and joint industry letters** sent to European Commission and EU governments since mid-March calling for specific support for DF&TR channel
- **ETRC Best Practice Guidelines** on practical measures necessary to reopen DF&TR shops in the wake of the COVID-19 outbreak published on 23 April, first prepared upon request from the European Commission and which directly fed into their recommendations published mid-May
- **Support to ETRC national and regional associations** in reaching out to national authorities
- **Regular communications with ETRC members** via weekly report and tracker, webinars, ad-hoc communications and creation of ETRC COVID-19 dedicated [portal](#)
 - ✓ **Overturn initial EU position and secure principle that DF&TR shops can reopen alongside viable resumption of passenger air and maritime travel, as well as advocating against one-bag rule**
 - ✓ **Cooperation with ACI Europe and category-specific trade associations (Reference to impact of COVID-19 on DF&TR in positions of [spiritsEUROPE](#) and [CEEV](#) (Wine sector))**

The Middle East factsheet

Pax traffic mix

Domestic
25%



CAGR % 2010-2018

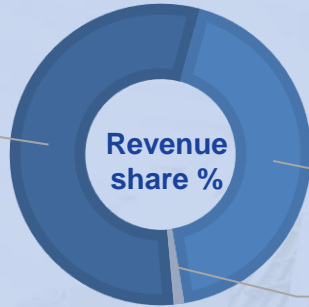
Intl **8.3%**

Dom **5.8%**

Source: ACI (2020)

Airport business

Aero
56%



Non-aero
43%

Non-operate
1%

Duty free concession revenue per intl pax

\$6.17

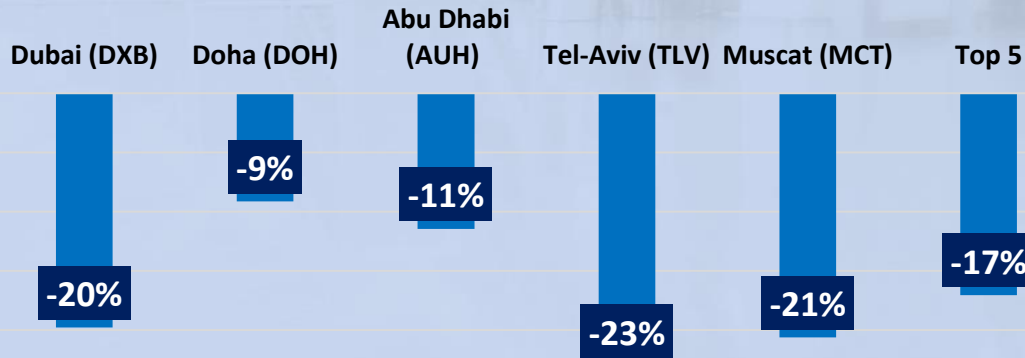
\$4.06

Middle East

Global

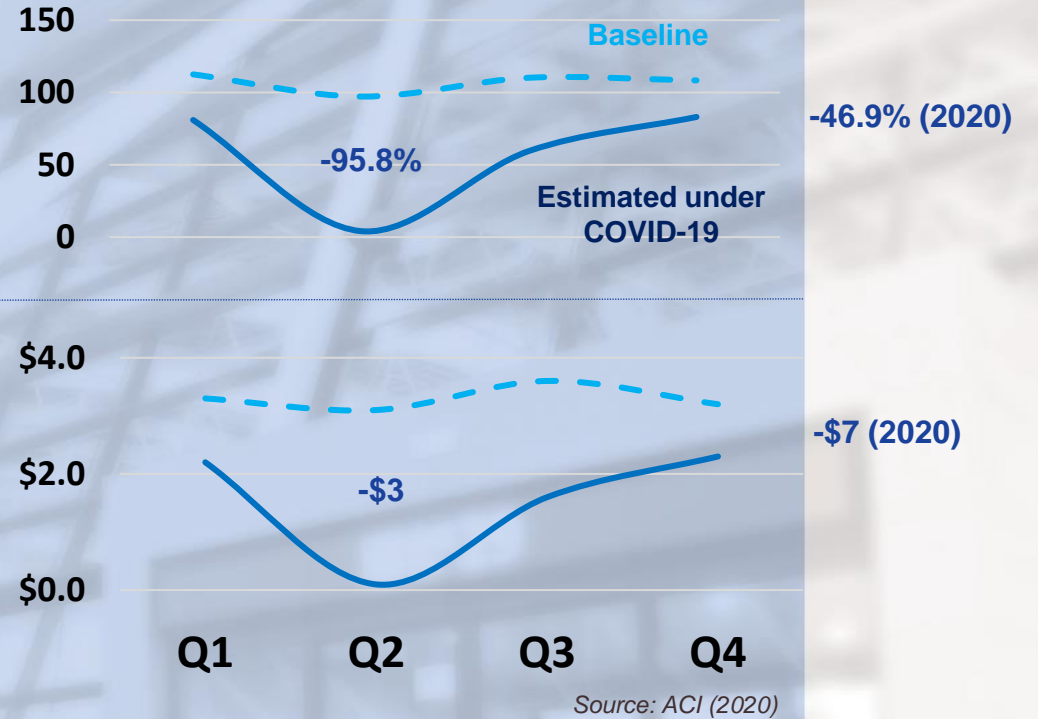
Source: ACI (2018 data)

Busiest intl pax markets Q1 2020 % change



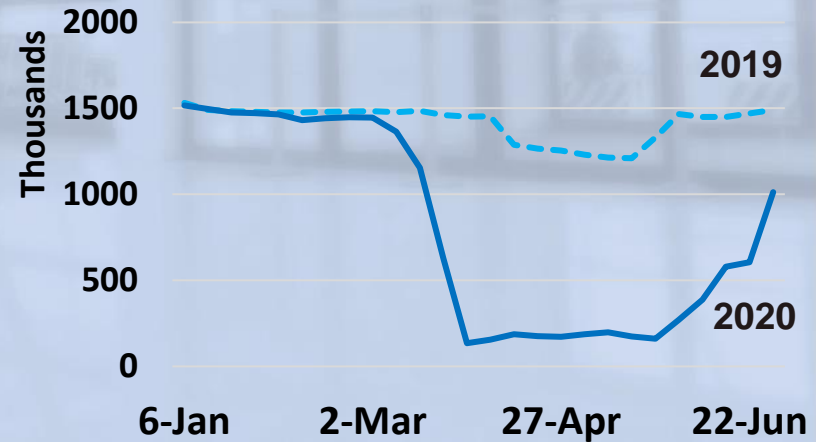
Source: ACI (2020)

Quarterly Middle Eastern pax traffic (millions) and airport revenues (billions USD)



Source: ACI (2020)

UAE — intl scheduled seat capacity (outbound)

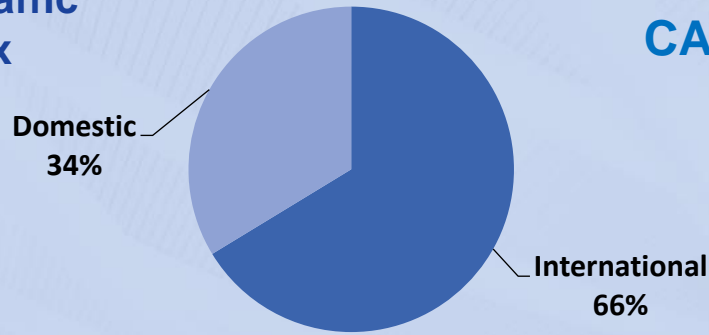


Source: OAG (2020)



The Africa factsheet

Pax traffic mix

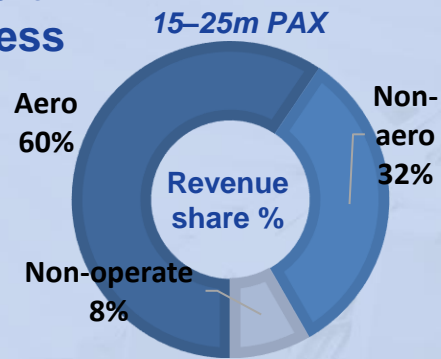


CAGR % 2010-2018

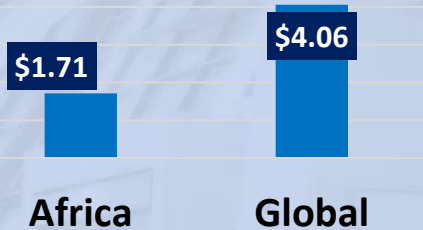
Intl	5.1%
Dom	2.0%

Source: ACI (2020)

Airport business

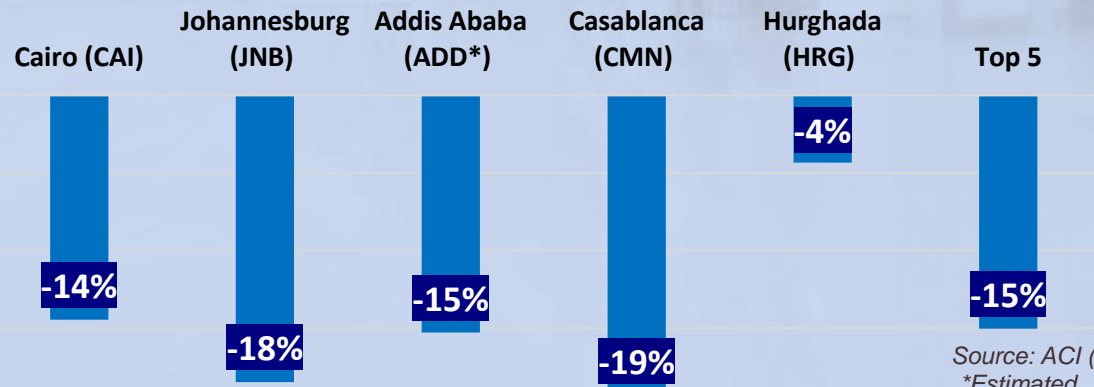


Duty free concession revenue per intl pax



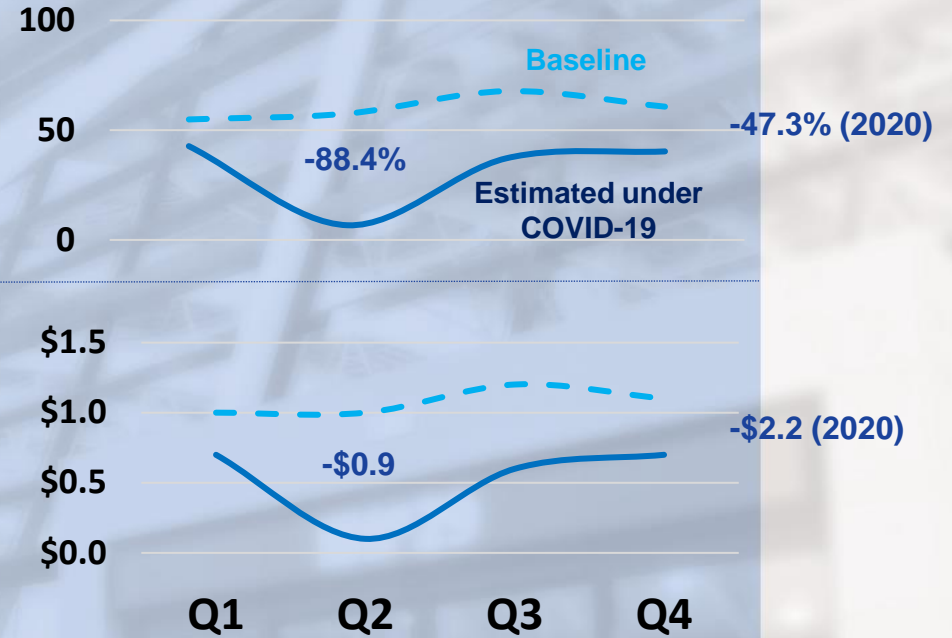
Source: ACI (2018 data)

Busiest intl pax markets Q1 2020 % change



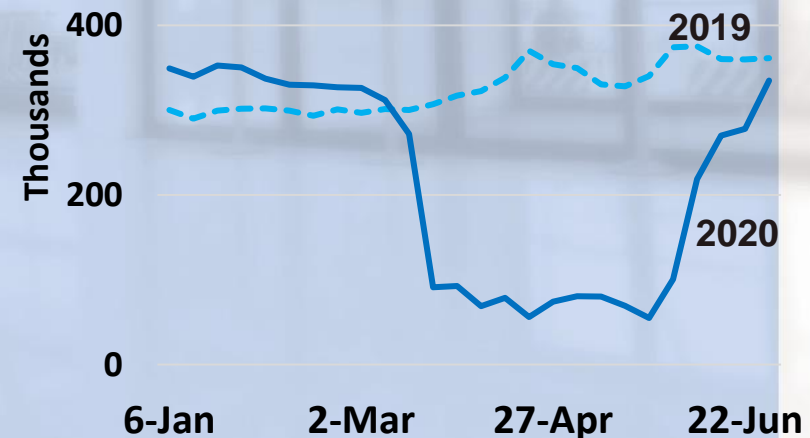
Source: ACI (2020)
*Estimated

Quarterly African pax traffic (millions) and airport revenues (billions USD)



Source: ACI (2020)

Egypt — intl scheduled seat capacity (outbound)



Source: OAG (2020)



Overview of current situation across “Middle East & Africa”

MIDDLE EAST

- most International Airports e.g. in Jordan, Qatar, Saudi Arabia, Iraq are still banning flights from-to their countries
- as of May 13th the UAE started to gradually resume flight service to 9 destinations including London, Melbourne, Chicago
- the UAE is still not welcoming tourists due to the lockdown and curfew.

AFRICA

- some International Airports (Morocco, The Maldives, South Africa, Uganda..etc.) are still witnessing a complete suspension on flights and duty free service due to the spread of virus
- Egypt is still suspending their international flights but the Egyptian Minister of Tourism hinted that a domestic service between cities will be available in the near future, while applying strict health measures once service is reactivated.

CARGO MOVEMENTS

- some states in the Middle East and Africa (e.g. Jordan, South Sudan) have some exceptions in place for cargo movements through air and land borders.

Overview of current situation across “Middle East & Africa”

MEADFA and in collaboration with their appointed **Advocacy Working Group (AWG)** adopted a position paper tailored to the Middle East/Africa region when engaging with key governments and the ICAO regional organizations, as the following:

- 2 template letters have been adopted by the board:

First one is a political engagement letter asking for financial support from governments

Second one is a landlords engagement to ask for a rent relief strategy to support retailers

MEADFA ENGAGEMENT IN UAE

MEADFA Advocacy Working Group has decided to intensify the engagement in UAE:

Follow-up with Federal Tax Authority with regards to negative effects of Digital Tax Stamps (DTS) implemented to travel retail tobacco products.

MEADFA has offered its support via a letter to Dubai Duty Free, Dufry Sharjah and Abu Dhabi Airport Company. The objective is to assess the impact of DTS and to support engagement with relevant authorities.

ACI AFRICA ENGAGEMENT

MEADFA has briefed Ali Tounsi, ACI Africa Secretary General, with regards to the first ACI Africa guidelines that was adopted during the middle of the month. These guidelines were not taking into consideration the specificity of travel retail.

After the briefing, ACI Africa has updated its guidelines accordingly and based on the recommendations of Duty Free World Council position paper (DFWC). DFWC position paper is available attached to this report

GCAA/ICAO MEADFA ENGAGEMENT

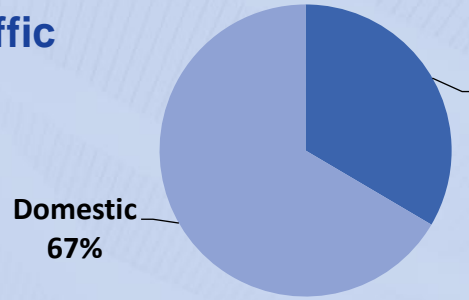
According to GCAA, coordination between all stakeholders in the “passenger journey” should ensure any non-essential facilities or shops or service are closed (e.g. duty free, shops, lounges), if required to remain open then it should be with acceptable mitigation means (e.g. only pre-prepared food/drink items should be served).

Such guidelines are not definitive but represents a serious threat to duty-free & travel retail in Africa and Middle East. MEADFA members are currently engaging GCAA to change the guidelines but we can fear that such hostile measures could be adopted at more global level.

MEADFA is engaging International Civil Aviation Organization (ICAO) in Africa & Middle East to ensure that the health risk is not exaggerated and to facilitate the reopening of travel retail outlets.

The Asia-Pacific factsheet

Pax traffic mix

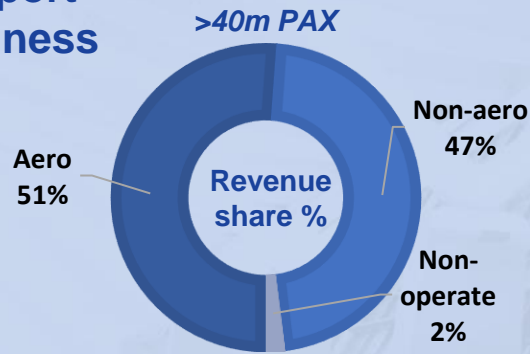


CAGR % 2010-2018

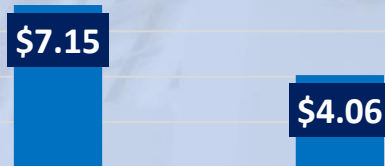
Intl	8.4%
Dom	7.5%

Source: ACI (2020)

Airport business

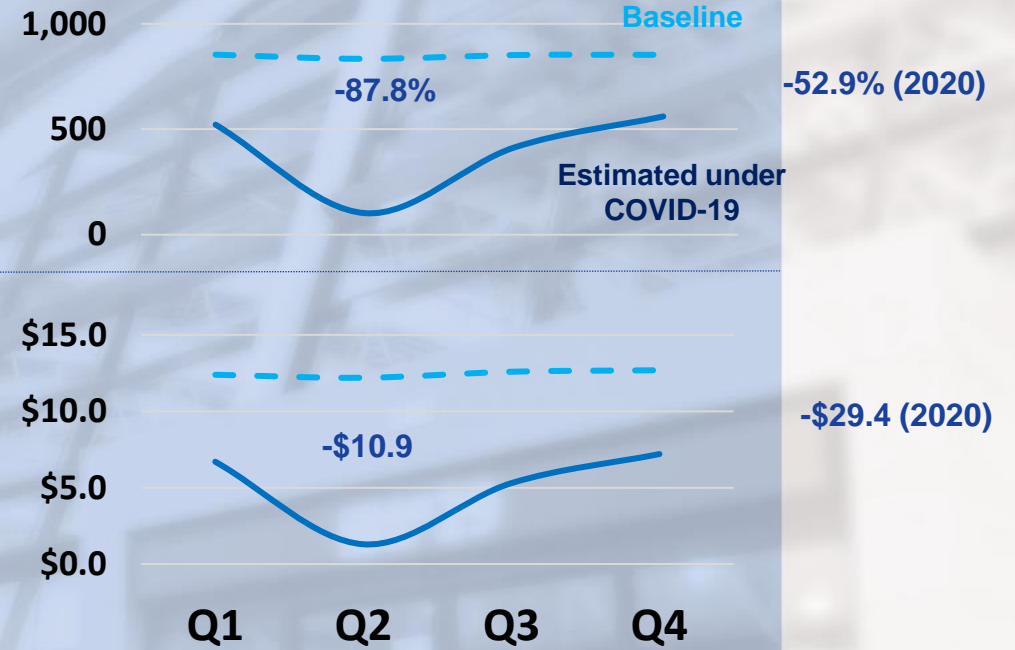


Duty free concession revenue per intl pax



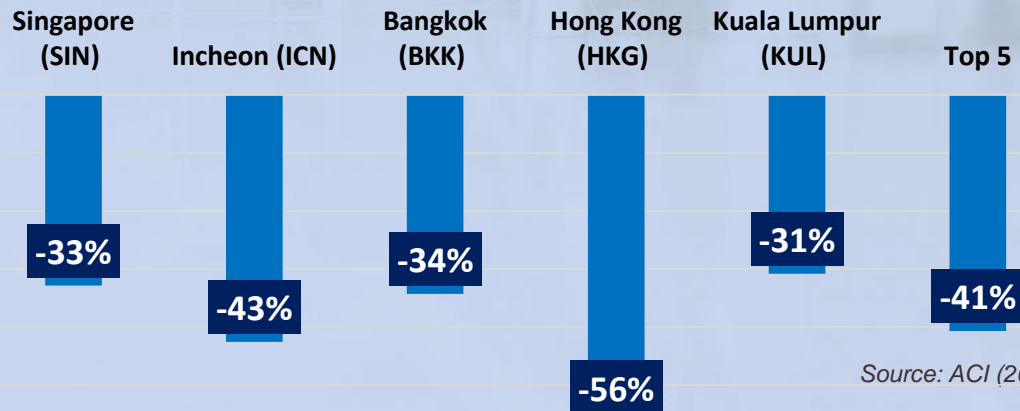
Source: ACI (2018 data)

Quarterly Asia-Pacific pax traffic (millions) and airport revenues (billions USD)



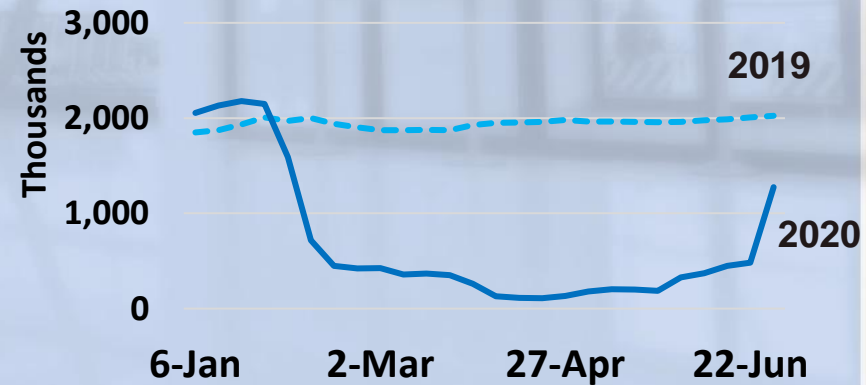
Source: ACI (2020)

Busiest intl pax markets Q1 2020 % change



Source: ACI (2020)

China — intl scheduled seat capacity (outbound)



Source: OAG (2020)



Overview - Current Situation : Asia Pacific

- Key international airports in China, South Korea's Incheon Airport, Singapore's Changi Airport, Hong Kong Int. Airport, Haneda & Narita Airport in Tokyo, Australia's Int Airports are all still closed to any retail commercial activity
- Some domestic airport terminals are operating in China, and hence a few stores inside some areas are open.
- ***What do we anticipate for the re-start?***
 - We anticipate a phased approach may take place, inclusive of 2 to 3 stages before everything re-opens
 - Example – Singapore opens up to transit passengers, before full tourists are allowed in
- ***Which countries seem to be past the worst and ready to remove lockdown?***
 - We suspect corridors of travel to open up
 - Australia & New Zealand
 - ASEAN neighbours eg: Malaysia, Singapore, Vietnam, Thailand, HK
- Overall, we still don't know.

Overview - Initiatives To Win Industry Support

PART 1 : APTRA Advocacy Campaign - Appeal to APAC Governments March 2020

(for financial assistance Covid19 Relief Measures)

Summary : An APAC wide campaign to represent DF & TR industry – 3 tiered approach

Tier 1 : Government Officials Multiple govt's across APAC, addresses to Ministers of Commerce & Finance, Ministers of Transport, Ministers of Trade & Industry. Total of 157 Ministerial stakeholders

Tier 2 : Airport Authorities, Request to Airports that they supports APTRA's appeal and highlight DF & TR is an essential part of the airport ecosystem & needs financial help.

Tier 3 : APTRA Members, created a members pack includes all APTRA campaign material, plus a consolidated summary of APAC govt aid relief measures, to equip members to echo APTRA'S regional campaign with their own govt relations at the local level

PART 2 : APTRA Media Campaign April 2020

Press release & APTRA interviews to garner publicity on our government appeal campaign

PART 3 : APTRA Appeal to ICAO & Civil Aviation Authorities (Ops Guidelines) May 2020

Summary : A campaign to communicate directly to aviation authorities to suggest the appropriate operational guidelines for DF & TR taking into account measures that are not too restrictive on operational store environment.

(Targeting 26 main Asia Pacific Countries HK, Macau, Malaysia, Singapore, Thailand, Myanmar, Taiwan, Vietnam, Cambodia, Brunei, China, Indonesia, Sri Lanka, Pakistan, India, Japan, S Korea, Bangladesh, Nepal, Mongolia, Fiji, Australia, New Zealand, Papa New Guinea, Bhutan, Philippines)



South China Morning Post

Business / Companies

US\$2 trillion loss estimated for aviation-related industries worldwide from coronavirus pandemic, think tank says

- The pandemic's impact on the wider global aviation industry will be more than 10 times that of airline losses of US\$200 billion, founder and president of Institute for Aviation Research says
- Airports in Asia-Pacific will see a loss of US\$23.9 billion this year as 1.5 billion fewer passengers travel through region's hubs, Airports Council International says

Audience Reach: 46.3M per day

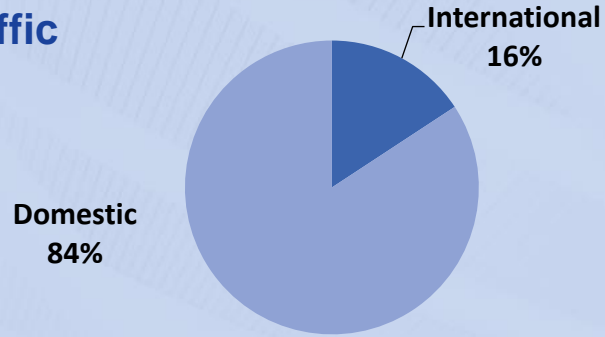
Irís Ouyang
Published: 7:00am, 2 Apr 2020

The Asia-Pacific Travel Retail Association (APTRA) on Wednesday called on governments in over 45 countries across the region to support 320,000 local and frontline employees by including the duty free and travel retail industry in the same financial support packages as airlines, airports and maritime industries.

"The dynamics of duty free and travel retailing are intrinsically linked to the aviation and maritime industries, and their viability is entirely dependent on the return in passenger traffic," said Grant Fleming, president of APTRA.

The North America factsheet

Pax traffic mix

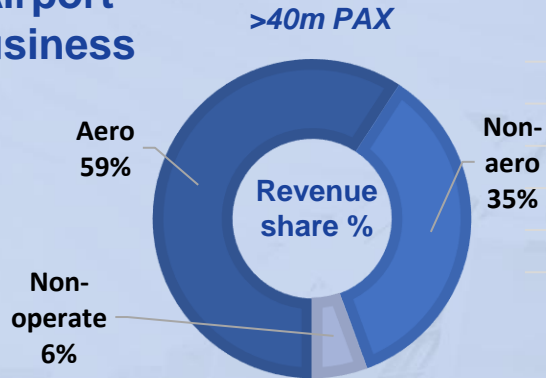


CAGR % 2010-2018

Intl	3.9%
Dom	3.1%

Source: ACI (2020)

Airport business

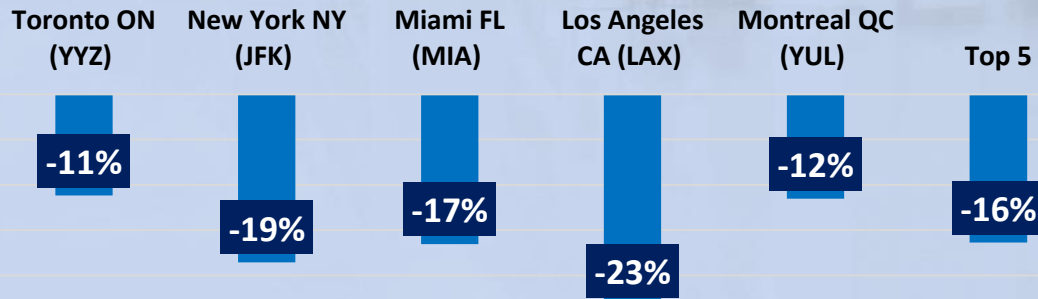


Duty free concession revenue per intl pax



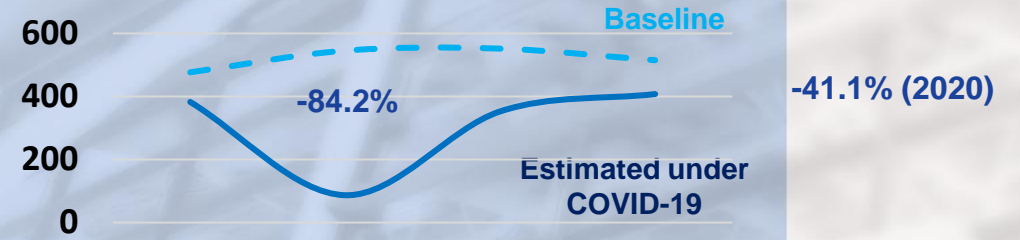
Source: ACI (2018 data)

Busiest intl pax markets Q1 2020 % change



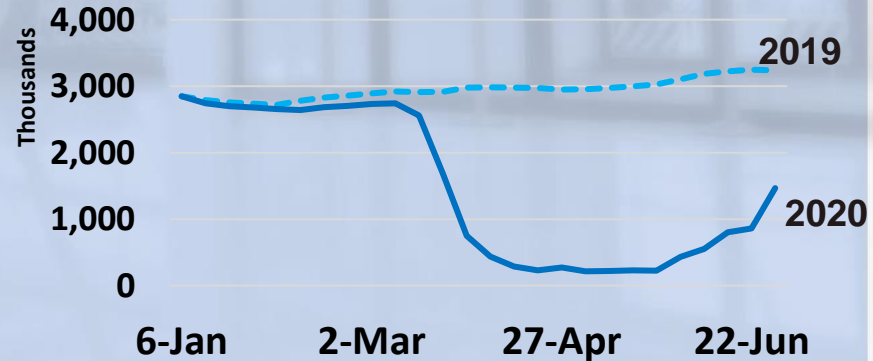
Source: ACI (2020)

Quarterly North American pax traffic (millions) and airport revenues (billions USD)



Source: ACI (2020)

USA — intl scheduled seat capacity (outbound)



Source: OAG (2020)



Overview of the situation in the Americas

The Americas are currently experiencing **large number** of new cases and deaths resulting from the **Covid-19 Pandemic**. **Brazil** and the **United States** are particularly hard hit countries with **major economic impacts** for the region. Some airports remain closed but most are open for domestic flights but very limited international flights which are expected to return more slowly. Some stores are open in airports but business is down substantially across the region.

Overview of major initiatives to win support for the industry

The IAADFS has been primarily focused on trying to obtain **financial relief** for the Duty Free and Travel Retail industry due to the impacts from the pandemic. This is being accomplished through a combination of **lobbying** and **educating legislators** on the unique aspects of the duty free industry and the particular hardships we face due to the lack of international flights and the fact that trend is likely to continue for sometime in the future before normal levels are reached.

We have advocated for financial support in the forms of **loans, loan guarantees** and/or **grants** to assist airport concessionaires. We have worked closely with our airport partners to obtain **relief from MAG's** and **other contract requirements** with the advent of essentially no passenger traffic.

IAADFS has coordinated with **other airport concessionaire organizations** and associations representing duty free products to raise awareness about the industry and the need to provide support. Final action is still pending but there has clearly been an **increased awareness** and **appreciation** for the difficulties facing the industry.

Overview of current situation in Canada

Store Closures

Canada /US Border has been closed to all but essential workers since mid-March and closure has been extended to at least June 21st (likely to extend well beyond)

- Approximately 75% of land border stores are completely closed – those open to essential workers have very little traffic

FDFA Work

- FDFA engaged with CBSA for assurance that temporary store closures would definitively not trigger a re-tender
- **Rent Relief** and not just deferral continued push with Prime Minister's office and other federal offices for those stores paying to federal entities
 - Strong media and social media push
- FDFA teamed up with **Canadian Chamber of Commerce** and other leading business groups in Canada to fight for increased business supports and liquidity measures for the establishment of **the Canadian Business Resilience Network**
- FDFA pushed to have **Liquor Labelling issue** included as COVID-19 priority so that we could look for solution through the crisis

Overview of major initiatives to win support for the industry



Duty Free Stimulus Package

1. Financial relief

- Fixed costs relief
 - Clarification on the eligibility for the rent relief program
 - Specific rent relief program designed for the duty free industry
 - Federal grant program for the duty free stores
- Tobacco excise tax relief
- Wage subsidy program extension
- Allow duty free stores to sell their current inventory in the domestic market, at least until the border reopens and travel restrictions are eased.

2. Red Tape Reduction

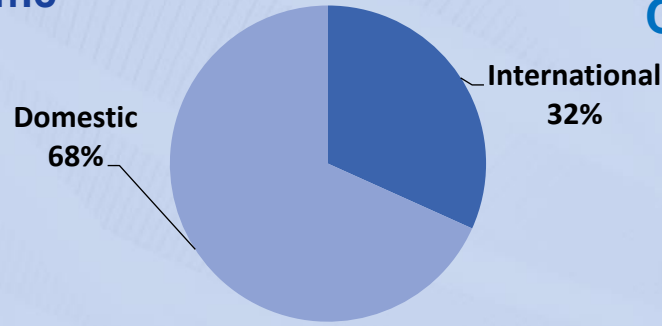
- 'Duty Free Retail Zone' whereby duty free stores would not be required to comply with domestic policies on products they sell and export to the United States.
- CFIA Alcohol labelling issue
- Full recognition of duty free as an export industry by all federal and provincial agencies
- Authorization to import certain products directly from the local and international suppliers.

3. Measures to increase traffic and revenue post-crisis

- Visitor Rebate Program
- Increase personal exemption on alcohol products
- Elimination of the qualifying time away rules - any international travel, regardless of time, should be a DF qualified journey
- Reduction of provincial liquor boards' markups
- Expansion of the DF product categories to include fuel for example.

The LAC factsheet

Pax traffic mix

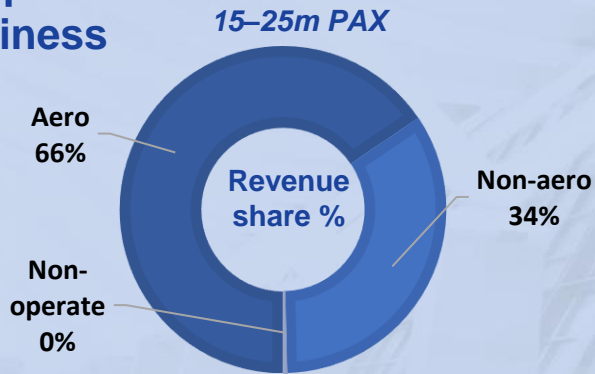


CAGR % 2010-2018

Intl	6.3%
Dom	5.3%

Source: ACI (2020)

Airport business

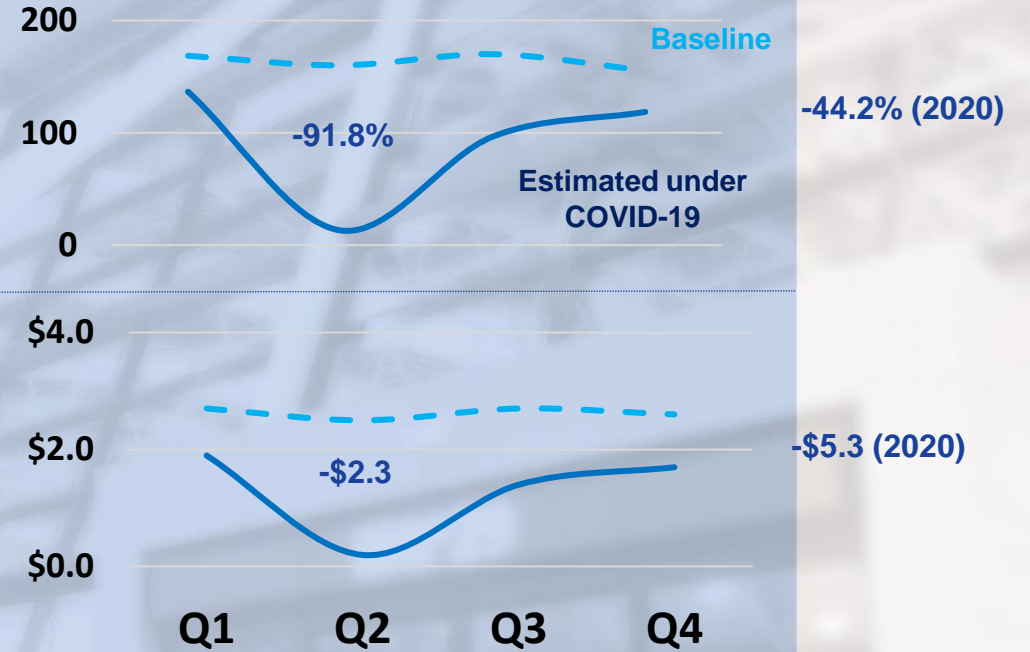


Duty free concession revenue per intl pax



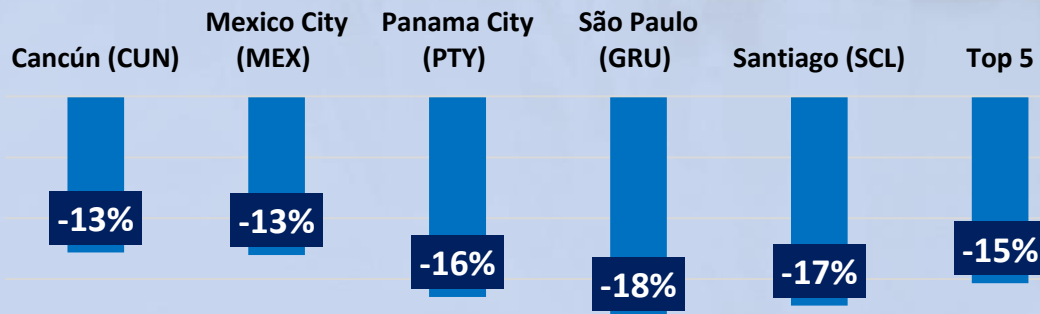
Source: ACI (2018 data)

Quarterly LAC pax traffic (millions) and airport revenues (billions USD)



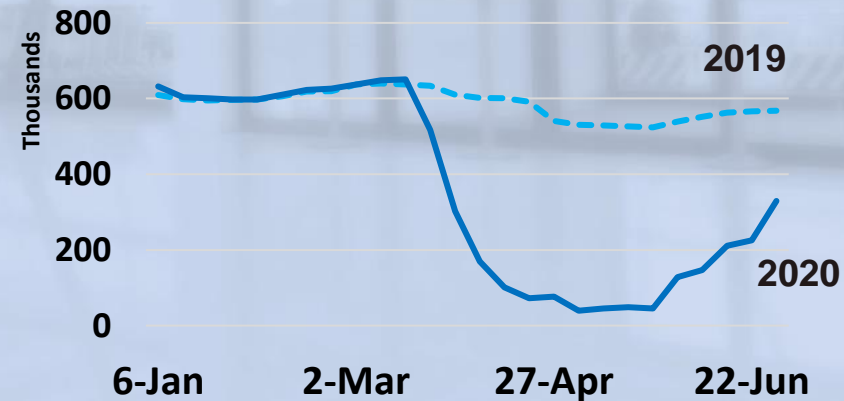
Source: ACI (2020)

Busiest intl pax markets Q1 2020 % change



Source: ACI (2020)

Mexico — intl scheduled seat capacity (outbound)



Source: OAG (2020)



Overview of current situation across “LATAM”

1. Majority of airports closed
2. Only 4 countries with airports open for minimum operations
 1. Ecuador re-opened all airports June 1
3. LATAM airline 1st Airline = Chapter 11
4. AVIANCA airline 2nd Operator = Chapter 11
5. LATAM airline at 5% operations expect 9% in June with some international flights
6. DF Closed for two main reasons:
 1. economic cost
 2. sanitary reasons(all flights)

Overview of major initiatives to win support for the industry



- April ASUTIL-ACI letter statement to authorities in the continent with proposals
- April Uruguay case: Proposal to local authorities for DF (airport and borders) to sell to Uruguayan nationals without paying taxes as they have today from USA under TIFA courier agreement (U\$S 600 per year), expect to be resolved in June +/-
- April each DF operator resend the letter to local authorities to force dialogue and held virtual meetings(sucess in some countries)
- April ASUTIL –ANCAB letter statement to Brazilian authorities with proposal
- May DFWC letter to ICAO regional and authorities to each country
- June new letter tailor-made to be sent to local authorities in each country