

Heathrow Retail Director calls for an end to ‘quarantine roulette’ and government U-turn on tax-free goods

UK. London Heathrow Retail Director Fraser Brown has called on the government to work with the airport on establishing a COVID-19 testing trial between London and New York during his appearance in the Knowledge Hub of the Moodie Davitt Virtual Travel Retail Expo this morning.

In a bright and insightful presentation, Brown mapped out how Heathrow has worked its way through the manifold challenges of the COVID-19 crisis, operating strictly to prevailing government travel restrictions, and safely phasing the re-opening of retail and food & beverage.



Fraser Brown delivered a compelling presentation on the challenges facing Heathrow in the face of COVID-19 in the Knowledge Hub of the Moodie Davitt Virtual Travel Retail Expo today

But he said he wants to see the end of what Heathrow has described as ‘quarantine roulette’ and explore testing options through the airport’s already established COVID-19 testing facility in its Terminal 2.

Brown said: “The vast majority of our route network – over 60% – remains effectively grounded, requiring that 14-day quarantine on arrival here in the UK. We’re committed to working with our government here in the UK and, indeed, jurisdictions around the world to find the optimum testing proposition that balances health with the economic well-being of the country, and the recovery.”

He highlighted how damaging to the economy it is that key trading routes such as the US – which brought an estimated spend of £3.8 billion (US\$4.96 billion) to the UK last year and is the largest single source of inbound tourism into this country (nearly four million visitors in 2019) – remain closed. He said there is a need for providing “test results as a safe alternative to quarantine” to begin the process of getting such key destinations back on the flights board.



Fraser Brown said Heathrow Airport has a key focus on establishing a travel corridor with the US, in particular New York.

Brown called for the gathering of “real world evidence” that can be used to scale up the system of testing efficiently for other locations, “both in the US and then around the world”. He said: “Along with others in the industry we’re calling on the UK and the US to work together on a travel corridor trial between London and New York, a city where the infection rates are now lower than they are here and which is the UK’s most valuable trade route.”

During his presentation, Brown noted the scale of the financial impact of the pandemic on retail at Heathrow, with revenues falling by nearly -56% in the first six months of 2020, despite a relatively normal trading period in January and February.

“When the industry is already struggling, this decision that the UK Government has made has compounded the effects of the pandemic, and it will put the UK at a competitive disadvantage with not only our European neighbours and colleagues, but with airports and high streets around the world. It feels like a really, really missed opportunity.” – Heathrow Retail Director Fraser Brown

He said: “Remember, Heathrow is a private airport operator, we own the terminals, we own the runways; this is a completely private business, there are no public subsidies. And the business loss before taxes was £470 million (US\$614 million) just in the first six months – clearly that’s something that’s not sustainable in the long term.”

This brought Brown on to the topic of the policies on tax-free goods in airports and the changes that the UK government announced on 11 September, which rocked the UK travel retail industry. Brown said: “We had expected that there was the need to change but we were positive about that and the idea of opening up not only duty free into Europe again, but actually the prospects surrounding tax-free.



Heathrow has left no stone unturned in making the airport a safe environment for returning passengers

“So we were shocked and really disappointed when the government announced that instead of extending the tax-free benefits of shopping at the airport in the UK, actually that was going to be withdrawn.”

He continued: “We’re deeply concerned by that decision. Heathrow on its own supports nearly 10,000 jobs across food & beverage and retail. And some work that we’ve done with our friends and colleagues of the UK Travel Retail Forum has produced an estimate that the decision by the government to change the policy to remove tax-free airside for everybody is going to cost over 19,000 jobs and will directly hurt the UK economy to the tune of over £2 billion (US\$2.61 billion).

“We see the decision as a devastating blow to not only UK aviation – which is clearly already on its knees as a result of the pandemic – but particularly for regional airports which as we all know, rely on an even greater percentage of their income from non-aeronautical revenues like car parking and retail stores than a large hub airport like Heathrow does.”



Despite the current gloom surrounding the UK aviation industry, there have been recent retail bright spots at Heathrow, as the opening of this ‘blended essentials’ store by WHSmith in Terminal 2

Brown said Heathrow will continue in the coming weeks and months to discuss the situation with trade bodies and with government. He concluded: “When the industry is already struggling, this decision that the UK Government has made has compounded the effects of the pandemic, and it will put the UK at a competitive disadvantage with not only our European neighbours and colleagues, but with airports and high streets around the world. It feels like a really, really missed opportunity.”

Watch the full Fraser Brown presentation in Moodie Davitt Virtual Travel Retail Knowledge Hub on demand [here](#).

Read our recent interview with Fraser Brown at Heathrow in The Moodie Davitt Report Magazine [here](#).

“We are not the lender of last resort”

As the UK's biggest airport, London Heathrow, grapples with the many challenges of COVID-19, Mark Lane set down to discuss key commercial challenges with Royal Director Fraser Brown. Brown outlines how the airport has dealt with the crisis, the pace of recoverings, and addresses difficult commercial contract issues that have arisen as a result of the pandemic.

