

Challenges to growth in the Middle East and elsewhere

Frank O'Connell
President
Duty Free World Council



The Duty Free World Council

- A voice for the duty free and travel retail Industry globally.
- Industry associations from around the globe have come together to form this council to highlight importance of the duty free and travel retail industry
- Council objectives include increasing awareness and knowledge of the industry, providing support to regional associations and developing standards through educational activities.

Current DFWC priorities – **Knowing our industry**

- Build Global Industry Data Base
 - Survey generated data
 - Economic, Social and Supply Chain data
- Develop Industry Profile
- Economic Impact Studies by Region
 - Direct, indirect and induced impacts
 - Employment, SMEs, Exports, Tourism
 - Use Case Studies

Current DFWC priorities – Library and Resource Centre

- Single point of reference globally for reliable facts, data and research material on industry
- Available to industry, researchers, students and online through website
- Request to council members to share studies archives, position and policy papers
- Based in DFWC office Paris

Current DFWC priorities - Education

- Explore establishment of DF/TR Academy
 - Create training standards which will enable Companies to benchmark and achieve accreditation for their training, reward and recognition programmes
 - Create industry recognised certification for employees
 - Register of Approved trainers /consultants
 - Professional Register
 - Partner / Accreditation with Universities internationally

Current Challenges – LAGs Security Regime

- 3 Phase approach to lifting restrictions on liquids based on new screening technology
- 1st Phase commenced January 31 – sales to transfer passengers into EU+ Switzerland, Norway and Iceland, USA*, Canada and Australia*

* With qualifications

Current Challenges – **LAGs Security Regime**

- Phase 1 a success – no problems
- Phase 2 – clear liquids allowed - **NOT GOING AHEAD**
- Commitment to lift restrictions at some stage – possibly by 2018 / 2019 depending on technology advances
- Other threats of greater concern now

Reminder: Guidelines to ALL retailers for transferring passengers

- Encourage selling to transfer passengers
- Ensure STEBs are fully ICAO compliant
- Pack only one bottle per STEB and include receipt or copy receipt in each bag
- Encourage purchase of beauty products in 100ml or less (+ avoid deo sprays)
- Ideally pack LAGs 100 ml and under in a separate, clearly marked STEB

Current Challenges – Tobacco

Increasingly Hostile Regulatory Environment

- WHO Conference of the Parties (COP6) Moscow October 2014
Price and Taxation policy Article 6 being misrepresented as mandatory to seek ban on DF sales
- Illicit Trade Protocol – ongoing
- Plain packaging / display bans – need exemption
- Africa increasing threat of restrictions – South Africa, Kenya, Uganda, Burundi, Gabon, Gambia, Ivory Coast – NGOs very active.

Current Challenges – Tobacco

Inbound Allowances

- Travelers allowances typically restricted to 200 cigarettes
- Studies show knock on effect of sales to passengers travelling to Australia – down 30% across other categories
- Difficult to argue a policy impacts business in another country vs revenue generation / health objectives

Allowance	Country
0	Barbados, Singapore, Sri Lanka, Brunei
19	Hong Kong
20	Palau
40	Estonia
50	Australia, New Zealand
80	Guatemala
100	India

Current Challenges - Labelling

- Health warnings, nutritional information, ingredients now all being demanded on product labels in Europe & potentially elsewhere.
- Problem for duty free is language requirements and minimum type font size.
- Currently applies to Confectionery - Alcohol products next in line.
- Serious implications for duty free exclusives and niche products – economies of scale.
- Must gain acceptance - Duty Free & Travel Retail Unique Retail Channel – constant message from this industry

Thank You

