

Safeguarding the future of duty free

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MIDDLE EAST & AFRICA
DUTY FREE ASSOCIATION

A critical period for duty free



The road to MOP 4



Urgent need for industry
engagement



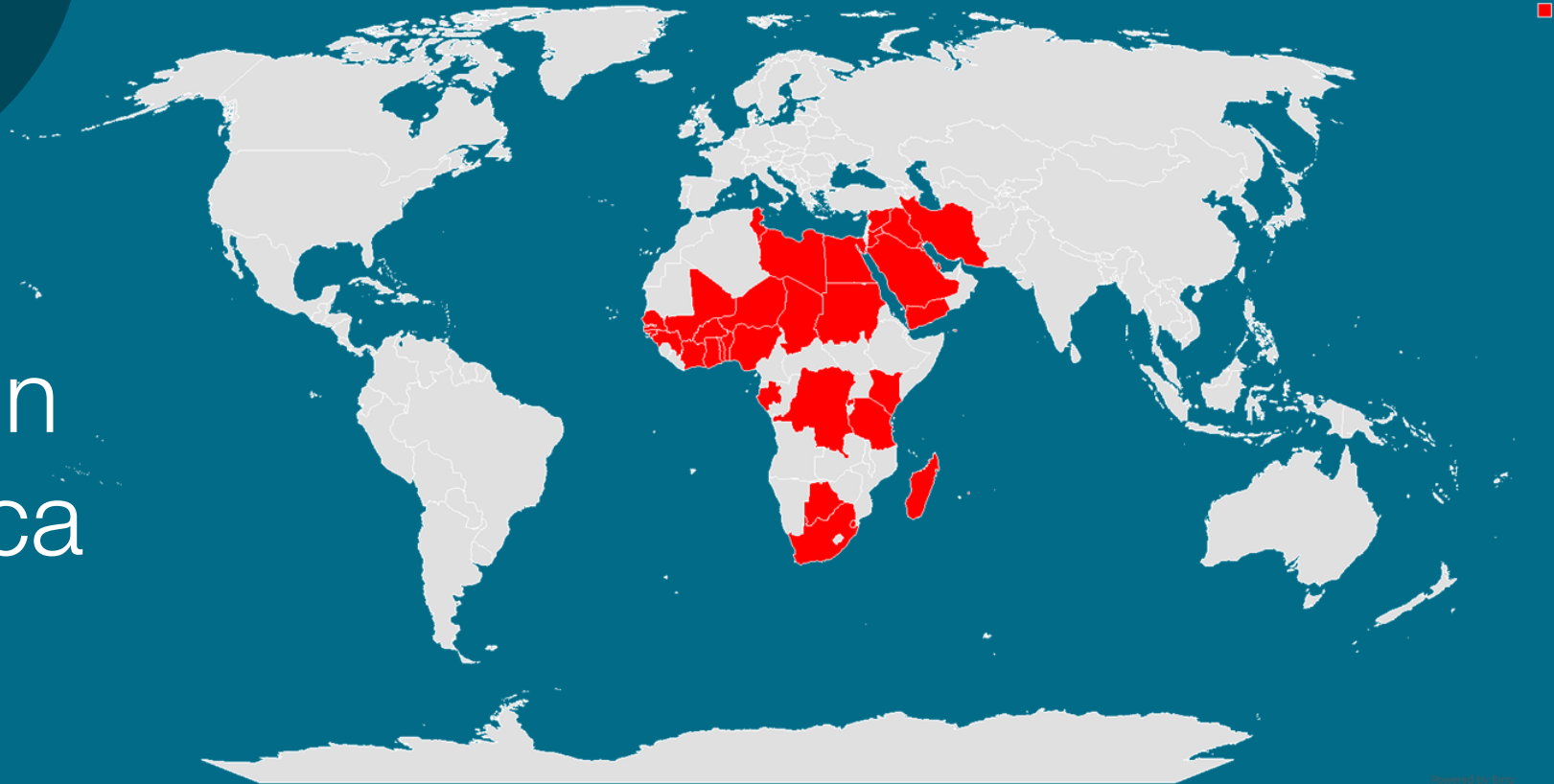
Avoiding further erosion of
'duty free'

WHO: Protocol to Eliminate Illicit Trade in Tobacco Products



- Entered into force in September 2018
- 69 countries are Parties to the Protocol, with 54 signatories
- The Protocol specifically identifies duty free as a source of illicit tobacco goods
- WHO has commissioned a study into “the extent to which” duty free contributes to illicit trade
- The study will be published in September 2025 at the latest, ahead of MOP 4 which takes place in Geneva in November 2025

Parties to the ITP in Middle East & Africa



- Increasing number of countries in this region are Parties to the Convention. Of 69 Parties in total, 30 are from Africa
- The voice of the region will be heard at MOP 4
- Engagement will be critically important

Africa: Parties to the ITP as of October 2024

Benin	DR Congo	Kenya	Rwanda
Botswana	Egypt	Libya	Senegal
Burkina Faso	Eswatini	Madagascar	South Africa
Cabo Verde	Gabon	Mali	Sudan
Chad	Gambia	Mauritius	Togo
Comoros	Ghana	Niger	Tunisia
Cote d'Ivoire	Guinea	Nigeria	Tanzania
Congo	Guinea-Bissau		

Signatories to the ITP marked in yellow

Signatories have ratified the ITP and are eligible to vote at MOP

Middle East: Parties to the ITP as of October 2024

Iran	Iraq	Jordan	Kuwait
Qatar	Saudi Arabia	Syria	Yemen

Signatories to the ITP marked in yellow
Signatories have ratified the ITP and are eligible to vote at MOP

At the third Meeting of the Parties (MOP 3) in February 2024, Parties to the Protocol reaffirmed their commitment to combat the illicit trade of tobacco products by adopting measures such as:

- Strengthening traceability and tracking systems for tobacco products.
- Enhancing international cooperation to stop cross-border illegal trade.
- Enforcing penalties and sanctions on violations related to illicit tobacco trade.

The DFWC strongly supports these measures against an illegal trade that also harms our industry

DFWC supports
the fight against
illicit trade



What will the study claim?



- The WHO's long stated aim is to achieve a ban on sales of duty free tobacco
- We expect the study to be a further means by which they attempt to achieve this objective
- Through the **Duty Free: Trusted, Transparent, Secure** campaign, we aim to counter any false claims that our highly-regulated and controlled retail channel contributes to illicit trade

DFWC



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The time for action is now



- **We must mobilise immediately** to ensure that Parties to the Protocol recognise that duty free in their country is a trusted retail channel, and that:

Shaping the narrative

- They have not identified problems arising from the duty free industry in their country
- The duty free industry in their country makes a significant economic contribution
- That it is not logical or justified to impose global restrictions on a sector that functions perfectly well in their country



Pro-active engagement



- To achieve this, we need retailers in key markets to actively engage with Customs and taxation authorities to ensure that:
 - If there are issues to address, these are resolved promptly and collaboratively
 - Customs can confirm that the duty free industry in their territory functions well and is not a source of illicit trade



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Supporting our position with facts



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The Economics and Regulation of the Retailing of Duty and Tax Free Tobacco Products

A Report for the Duty Free World Council by York Aviation LLP

September 2024



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Supporting our position with facts



- DFWC has commissioned a study to determine what, if any, illicit trade in tobacco products comes from genuine duty free and travel retail channels
- The study estimates that genuine duty free goods account for 0.056% of total illicit trade
- It also demonstrates that contraband tobacco is often labelled as “duty free” to trick consumers into thinking the product is legal

This issue affects us all



- The DFWC study confirms that:
 - Duty free, worth US\$86bn in revenue globally, is also estimated to provide 680k direct and indirect jobs and US\$42bn GDP
 - Sales in tobacco products account for 9% of the duty free and travel retail channel.
 - Tobacco sales are a major driver of additional spend on other products: every US\$1 spent on tobacco results in US\$1.50 spent on other products
 - Duty free generates revenues for airports which in some regions accounts for 50% of airport operating costs

What happens if we fail?



- If the WHO succeeds in its aim to portray duty free as a significant source of illicit trade in tobacco, we can expect:

Severe consequences for global duty free



- Pressure on member states to reduce inbound allowances immediately, resulting in a fall in sales across all categories (cf Norway)
- Restrictions on the sale of “next generation” tobacco products
- Ultimately, a ban on all duty free tobacco sales

Continued erosion of the duty free product offer



UK

- Loss of tax-free sales at airports, including on beauty items

Jordan

- Excisable goods subject to taxes in arrivals duty free

UAE

- Domestic regulations being applied to duty free

Egypt

- Tax applied to liquor and confectionery sales in arrivals

Supporting our market in the Middle East & Africa



The DFWC stands ready to support MEADFA and its members in their efforts to defend our market against excessive regulation

Local engagement is essential

We must be **prepared, proactive** and **persistent**

Building on past successes



✓ 2000 - 2024 – Rebuttal of continuous claims from WHO that our industry is a major contributor to illicit trade



✓ Successful defence of industry at consecutive WHO summits in 2018 and 2021



✓ Maximum possible delay achieved for study called for under Article 13.2 of Illicit Trade Protocol



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With your help and support,
we can succeed again





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An industry united



**COMMITTED TO
PROMOTING AND
DEFENDING DUTY FREE
ACROSS THE GLOBE**



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THANK YOU

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