

Duty free tobacco – Local Issues, Global Issues, Common Solutions

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EUROPEAN TRAVEL RETAIL COUNCIL



Duty Free & Travel Retail – A Unique Sales Channel in need of protection

- World Health Organisation proposal to restrict duty free alcohol sales – a lobbying success story – how our industry can prevent unwelcome policy
- World Health Organisation initiative to ban duty free tobacco sales – still an issue which requires our full attention
- Tobacco display bans in duty free – a global issue but a local problem. The UK example – cooperation working at its best

WHO Draft Global Alcohol Strategy

- December 2009: WHO publishes draft “Global Strategy to reduce harmful use of alcohol” encouraging countries to ban duty-free alcohol sales
- ETRC, ACI and others advocate removal of reference to duty free at January 2010 WHO Executive Board meeting
- Industry mobilises on a global level. Governments across the world lobbied by local duty free and aviation industry
- Outcome: Within six weeks of publication of the proposal on taxing duty free alcohol sales, the WHO Executive Board removes the reference altogether

WHO Framework Convention on Tobacco Control

- February 2008 – Round 1: 168 Contracting Parties begin negotiations for a protocol to eliminate illicit trade
- October 2008 – Round 2: Thailand and Philippines call for the inclusion of an outright ban on duty free tobacco sales
- Anti-smoking groups make banning duty free tobacco a priority and launch deceptive and misleading lobbying campaign

WHO Framework Convention on Tobacco Control (Cont.)

- ETRC, IAADFS, APTRA and other industry groups mobilise industry stakeholders and trade allies to advocate opposition
- Key message: *“Allegations that duty free retail sales of tobacco contribute to illicit trade are unfounded. It is wholly inappropriate to include a proposal to ban these sales within a protocol to the FCTC.”*
- ACI and IATA join duty free industry sending a very strong message to governments worldwide

WHO Framework Convention on Tobacco Control (Cont.)

- March 2010 – Round 4: No discussion on duty free – however, countries move closer to an overall agreement on an illicit trade protocol
- November 2010: All countries will meet in Uruguay and decide what happens next - another negotiating round a possibility
- Industry needs to maintain global lobbying campaign. No room for any complacency
- Threat remains as real as before

Tobacco Display Bans- The European Experience

- Display ban in effect in Ireland July 2009, limited exemption for duty free display – immediate and substantial fall in sales
- Poland exempts duty free from self-service ban, Norway allows shop-in-shop, Finland advocating ban with no exemptions
- July 2008: UK Government proposes Health Bill which includes ban on the retail display of tobacco products
- UK duty free operators working with ETRC mobilise retailers and airports to advocate workable solution for duty free shops

Tobacco Display Bans- The European Experience

- UK Outcome: Creation of in-shop Tobacco Display Areas (TDAs) for airport duty free. No visibility of products outside area but self service remains – no need for separate shop
- Tobacco display restrictions now being proposed in many countries. Australia, New Zealand, Thailand, Malaysia all have brought forward proposals. More will follow
- UK TDAs could become a model for other countries seeking to ban tobacco display
- Retailers and airports must work together and develop agreed model for use in lobbying

Significant challenges ahead – working together is the only option

- WHO proposal to ban duty free tobacco – Industry needs to build upon solid foundations to ensure this threat is defeated
- UK Tobacco Display solution; An example of how cooperation can lead to a result satisfying government and commercial objectives
- A strong APTRA with the full support of the industry is crucial
- Retailers must involve our airport and airline partners in presenting our unique case

Questions or Comments

Thank you



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