

TFWA World Exhibition

Monday, 23 October 2006

Address

When entering this superb Congress Centre just now, I clearly remembered my participation in the opening ceremony of the 21st edition of this exhibition, held last year.

The endless rows of brands, each more prestigious and luxurious than the last, confirmed 3 convictions:

- the duty free and travel retail trade is essential for major brands whose motto is quality and know-how;
- luxury is an international, universal language which speaks to our heart wherever we are, whether in Europe, Asia or elsewhere;
- the duty free trade adds to the romance of travel and sharpens our 5 senses.

I left last year's trade show feeling delighted, and it was this feeling I wanted to rediscover when accepting your invitation.

Mr Juul-Mortensen mentioned the state of the travel retail industry just now. I believe we have every reason to be satisfied with the current situation. With sales of 27 billion dollars, this market reports 8% annual growth, a rate which many sectors can envy.

France is in a good position. Ranked fourth behind the United Kingdom, South Korea and the United States, it is home to the Charles de Gaulle airport near Paris, ranked

fifth in the world in terms of sales volumes. Every year, travellers spend 900 million dollars on duty free products and in-flight sales in France, i.e. 29 dollars per second.

France is also distinguished by the fact that its major luxury brands can be found without exception in every duty free shop in the world. It cheers me up to think that there is a piece of France in every bottle of champagne, perfume and fashion accessory at every airport on the planet.

82% of the production of the French luxury sector is exported. The sector players - from large manufacturers to SMEs and craftsmen - know how much they owe to the duty free trade. I am particularly thinking of the many SMEs in this sector. Although they sometimes seem to remain in the shadow of the major brands, they need to realise that they, too, can count on government support.

Last year, I launched the Cap Export action plan, intended to help more businesses enter the export market, especially SMEs. This plan is designed, first, to simplify and improve the efficiency of the public aid system, and, secondly, to strengthen a few very useful forms of aid. It targets 5 countries towards which France needs to step up export sales: the United States, Japan, China, India and Russia.

More generally, the government wants to help French businesses enter the emerging markets, particularly in Asia. Asia and Oceania already account for 27% of the duty free market and Asia is expected to experience exponential growth of air traffic in the years ahead. As I am sure you are aware, this makes it vital to establish a position on these markets without delay.

But the government is doing more. It also helps businesses fight their biggest threat: counterfeiting.

Counterfeiting accounts in the aggregate for 300 to 500 billion dollars a year, i.e. about 15 times the turnover of the duty free market. It is responsible for the loss or non-creation of 200,000 jobs a year in the European Union, including 30,000 in France alone.

The French government is fully committed to fighting this economic and social scourge, shoulder to shoulder with the other European governments. Here I would

like to pay a tribute to Bernard Brochand, Deputy Mayor of Cannes, who chairs France's National Anti-Counterfeiting Committee and who makes ceaseless efforts to raise consumer and customer awareness and to expose traffic in counterfeit products.

This year, an audiovisual campaign was conducted to make the French - especially tourists - aware that buying counterfeit products harms France's industry and employment and helps international criminals.

I can assure you that I am taking this combat to heart. I will be visiting China at the end of the month, when I will be discussing these issues with my colleague. Even though the situation in China is improving, as reflected in the sentences handed down recently against retailers of counterfeit products, there remains a long way to go. Counterfeiting is widespread and widely tolerated in this country.

At the end of November, I will be opening a major seminar in Dubai, during which France will endeavour to make the Dubai authorities more aware of the phenomenon of counterfeiting. Dubai airport generates the 3rd-largest duty free sales volumes in the world. However, it is also a hub for counterfeit products from Asia. I want Dubai to become a source of counterfeit detection and punishment.

After the seminar, I will be going on immediately to Japan, which maintains a proactive policy against counterfeiting and advocates the idea of a multilateral initiative in this area. France endorses the Japanese plan, presented at the latest G8 Summit in July 2006. Active collaboration by all countries will be required to check these infringements of patents and intellectual property rights.

I cannot end this address without mentioning the security measures taken by the air transport industry to deal with international terrorism. The safety of passengers and crews is of course our highest priority and the government considers it extremely important that suitable measures be taken to fight terrorism. But the government is also concerned about the impact of such measures on the duty free trade.

The new measures adopted by the European Commission on October 5th will be enforced at the beginning of November. They are regarded as sufficient by the US authorities and will allow the purchase of goods in airport shops as well as travel

retail. Tax free retail will not be concerned by the limitation of the volume of carried liquid goods. Thus, these measures will guarantee the security of travellers without threatening tax free shopping.

In conclusion, I wish you an excellent 22nd edition of the TFWA World Exhibition, one which matches the quality of last year's event, which fully demonstrates your know-how and products and which lives up to my ambitions for French exporters of luxury products.