

## PRESS ANNOUNCEMENT

FOR IMMEDIATE PUBLICATION  
22<sup>nd</sup> November 2018

### MEADFA Conference 2018 summary

The MEADFA Conference 2018 got off to an upbeat start when Haitham al Majali, President of MEADFA welcomed 442 delegates from 35 countries to the 17<sup>th</sup> event. He pointed out that after the difficulties of 2016, this year the Middle East region is witnessing promising growth with duty free and travel retail sales up 7.3%, and tourist arrivals up by 5%.

Lebanese Minister for Tourism H.E. Mr Avedis Guidanian said this was one of the most important conferences that had been held in the region for some time, as it was evidence that Lebanon is seeing a new prosperity, which would in turn pave the way for the further development of tourism in the region. The conference would, he hoped, create new ambassadors for the country.

Renowned fashion designer Elie Saab provided delegates with a personal glimpse of how Beirut's golden age had inspired him, and stressed that all those involved in business in Lebanon should work tirelessly to ensure the country continues to prosper.

Mohamed Zeidan, Chairman of Phoenicia Trading Company, said it was a particular honour to be hosting the conference in Beirut this year as it demonstrates that Lebanon remains on the world map. He said the secret to the success of duty free and travel retail in the region was the nature of Lebanese travellers, who are known for their love of quality.

Middle East Airlines Chairman-Director General, Mohamad Abdul Rahman El-Hout, attributed his own company's success to a significant restructuring that began in 2001, and a relatively modest growth plan which has seen the airline bring one new plane into service each year. This enables MEA to absorb shocks to the market, while remaining a modern organisation.

Moving on to the topic of inflight, Qatar Duty Free's Vice President Thabet Musleh inflight was not an "extra" but part of a five-star service. He drew attention to the need for innovation. In January, Qatar introduced a pre-order service, which has prompted a high double-digit growth in sales. For his part, Mounir Seifeddine, Middle East Airlines Director of Purchasing said his company was looking to introduce an online offer, which was expected to be live in about a year.

The morning session closed with an exploration of the potential of the African market. Ali Tounsi, ACI Africa's Secretary General explained how the region has seen an average growth in passenger numbers of 4.1% per year over the past nine years, with the total projected to rise from 256 million in 2022 to 450 million in 2040.

Dufry's Managing Director Africa Isabel Zarza gave an impassioned address on the potential of the market, and challenged MEADFA to ensure that Africa is better represented at its events and in its goals.

Frédéric Chevalier, Lagardère COO for EMEA, stated that Africa was a challenging continent in which to operate, but his company was mitigating these challenges by developing strong local organisations and developing a master-concession model that worked across all commercial spaces, from retail to food service.

Tourvest Ground Duty Free Deputy CEO Blacky Komani called on his experiences of helping his company set up business in Nigeria, with a candid explanation of some of the challenges encountered.

First to take to the stage on day two of the conference was Beirut-based economist, journalist and broadcaster Maurice Matta. He shared a raft of statistics that highlighted the impact of the recent political turbulence, noting the impact of the influx of Syrian refugees on unemployment in the country. He stated that the Lebanese gift for commerce would help drive economic growth, as long as reforms are made to create an environment more conducive to investment.

Saifedean Ammous, Professor of Economics at the Lebanese American University and Columbia University gave delegates fascinating insight into blockchain and bitcoin. While less than 1% of the world's population currently holds bitcoin, as the value increases and as more people hold value in it, it will become more widely used. For now the real advantage is not in individual payments, but larger corporate transactions.

In a fascinating talk with moderator Dermot Davitt, Dubai Duty Free Chief Operating Officer Ramesh Cidambi said the first half of the year had been 'fantastic', and the softening he had seen in his business in the last few months had to be taken in context. The retailer continues to make significant upgrades to its retail stores, and is still aiming to hit its 2018 sales target of US \$2 billion, but he forecast a tough 2019.

Taking a broader look at the trends affecting the region, there was a measure of good news from ForwardKeys CEO Olivier Jager, who explained that international arrivals in Africa and the Middle East were set to increase by 4.3%.

In a session devoted to the regulatory challenges facing the industry, Keith Spinks, Secretary General of ETRC explained that much progress had been made to protect the industry from the effects of the Illicit Trade Protocol to the Framework Convention on Tobacco Control in the Middle East, but more needed to be done. He was joined on stage by MEADFA Secretary General Sherif Toulan, who outlined how the association had worked to ensure governments in key countries in Africa were aware of the ITP's potential effects on duty free.

Exploring the influence of the Chinese traveller, Counter Intelligence Retail's Stephen Hillam said that global passenger numbers are set to grow by 29% to reach 4.3 million in 2023, and this growth would largely be driven by Chinese passengers. The number of Chinese passengers has grown by 71% since 2013, with that figure rising to 103% in the Middle East. His presentation outlined suggestions on targeting these customers more effectively.

Offering a brand perspective, Olivier Decazes, General Manager EMEA at Shiseido showed how his company is seeking to appeal to “the connected traveller” through enhanced use of technology, with fascinating examples from Bangkok and elsewhere.

The final presentation of the event came from José María López Inchaurre, Vice-President of Habanos Cigars, who showed how the cigar category can raise the bar for travel retail, especially in the Middle East.

Details of next year’s event will be announced shortly.

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