

EIGHTH DUTY FREE WORLD COUNCIL MEETING

ORLANDO WORLD CENTER MARRIOTT

TUESDAY MARCH 28 AT 11.00hrs

Jade Suite, 6th Floor. Orlando World Center Marriott

DRAFT MINUTES

Present; Mr. Frank O'Connell, Mr. Jaya Singh, Mr. José Luis Donagaray, Ms. Sarah Branquinho, Mr. Erasmo Orillac, Mr. Michael Payne, Mr. Erik Juul-Mortensen, Mr. Alain Maingreud, Mr. Gerard Murray

Proxies; Mr Haitham Al Majali to Mr. Erik Juul-Mortensen

Apologies; Mr. Michael Barrett, Mr. Gustavo Fagundes, Mr. Keith Spinks, Ms. Laurie Karson.

The president welcomed everybody and the Agenda was approved by the Board.

All present acknowledged their respect of and compliance with Competition law.

1 Update on Council Projects

1.1 Economic Impact Studies

Mr. Payne summarised the outcome of his meetings with ACI North America. Initially ACI were somewhat hesitant about helping us on the project but have now indicated that they are willing to collaborate. The exact nature of the agreement between A.C.I. N. A. and the council and the acknowledgement of the ACI contribution in the final report remain to be resolved.

The study will cover three sectors; airports, border shops and cruise lines.

Airports – North America

ACI NA is willing to supply the data covering 83 US and 9 Canadian airports. It appears from the 2016 ACI-NA Concessions Benchmarking Survey, copies of which Mr. Payne shared with the board, that much of the detailed data we will require has already been gathered by ACI. There will be some modest cost, in the region of USD 1.5 k – 2.5 k, to have the data presented in a way which will match our needs. The final data presentation will be consolidated to enable quantifying the importance of the duty free business across North America but it will not be possible to present data on individual airports as this would raise confidentiality issues for ACI.

ACI will not be able to provide any case studies, or data to support case studies on individual airports for the reasons cited above. There was some discussion on the value of case studies in the North American market given the distinct nature of the business in each airport. Questions were raised on the relevance to US political audience of a case study on any particular airport when discussed with representatives from other states. In conclusion, it was agreed to try to draw up some case studies and a decision on their inclusion in the final report can be taken at a later time.

It was agreed to set up a conference call with ACI N.A., the council and the authors of the European study to discuss in detail the data required and how this should be presented. ACI N.A. has suggested that the work could be undertaken up to June 2017.

Action M. Payne

It was also suggested discussing with Joe Lyons of DFS if they might be willing to cooperate with case studies on SFO &/or LAX.

Action M. Payne

The president expressed the appreciation of the council to Mr. Payne for the work he had undertaken with ACI N.A.

Airports - Latin America

ACI N.A. can also provide top-line information for many of the main airports in LATAM, however, this will not be as detailed as the data available on N.A. airports. Mr. J. L. Donagaray has passed on ACILAC contacts details. The council will open communications with ACILAC to establish if they could provide data in similar detail on their region as their N.A. colleagues can provide.

Action G. Murray

It was agreed to include some case studies in the report on Latin America. In particular it was agreed to try to include a case study on Punte Cana airport in the Dominican Republic. IAADFS will discuss with the airport owners if they might be willing to cooperate with us on the study.

Action E. Orillac

It was agreed that Panama City airport should be added to the list of airports for inclusion in the study.

Border Shops - Latin America

Next August ASUTIL will update the study on the border shop sector in Uruguay. DFWC should advise ASAP any information required in addition to that collected for the prior study.

Action F. O'Connell

It was agreed that the low tax shopping sector in certain regions of Paraguay and Chile should also be included in the study if relevant data can be obtained. Although this is technically not duty free business it is analogous to travel retail shopping in Europe, in so far as it is based on lower taxes and offering savings to the consumer compared to the respective local retail markets.

Action J.L. Donagaray

Border Shops – North America

It was felt that it would be very difficult to get any useful data on the border shop sector in the US. DFA is unlikely to be willing to share any data. We can try to get data from US Customs but it is questionable how useful this information is likely to be for our purposes. It was suggested Mr. Jon Kent might be best placed to make contact with US Customs to establish what information might be available.

Action M. Payne

Other suggestions are to discuss with E Urioste.

Action J.L. Donagaray

Discussion with Canadian retailers was also proposed to establish if they could estimate the size of the business on the other side of the respective northern border crossing points.

Action L. Karson

Data on the sector in Canada is public and will easy to source.

Cruise Ships

It had been agreed at the last council meeting in Cannes that the cruise ship business would not be included in the study due to the risk of overstating the size of that business. However, it is now felt given the growing importance of the sector that we should try to include it. Mr. E. Orillac confirmed that individual cruise lines have the detailed data that we would require but he is not sure how willing they might be to share this information with us. He suggested that any information we might be able to obtain from Port Authorities would be too general in nature and would be unlikely to be of much benefit to us.

Follow up with Cruise Line Industry International and the Cruise Line Association to ascertain if they have information of a useful nature that they would be willing to share with us.

Action M. Payne

DFWC Paris office intern will also explore the internet for data on all sectors the study will cover.

Action G. Murray

1.2 The Library and Resource Centre

The council was updated on the ongoing development of the library and the plans to improve the presentation of the library content. It was agreed to proceed to supply material to users free of charge, in the short term in order to promote awareness and usage of the library, However, it was also agreed that we should not wait too long before introducing a data access cost. It was suggested that an annual membership fee model might be more appropriate than a charge per document approach.

A proposal to use twitter as an ideal medium to promote use of the library, was made by Mr. Maingreud. This will allow frequent quick updates to be sent to users and potential users as the content of the library is added to.

Action G. Murray/A. Maingreud

It was also agreed to contact trade publications and research agencies to try to have their cooperation to provide material to enhance the library's value.

Action G. Murray

1.3 DFWC Academy

There was agreement that raising standards in the industry through education remains a key objective of the council. Accordingly, it was agreed to proceed with the establishment of the DFWC Academy in France.

Action F. O'Connell

The role of the council and the academy is to facilitate the raising of standards through the use of third parties and not to become a training delivery body.

The board stated the requirement that the Articles of Association of the DFWCA must provide for the council maintaining overall control of the academy as it evolves in the future. Members of the DFWC would become 'Founding Members' of the academy along with the three companies willing to invest – Coty, Dubai DF and Dufry and would comprise the board of the academy Any other membership would be fee paying and would not have any board or voting rights.

In-depth discussion followed on the establishment of an education programme for duty free and travel retail which would allow progression from certificate, diploma, degree and ultimately masters level. Concerns were expressed on the volume of demand that exists for such programmes. It was agreed that the initiative reflects the needs of our industry as they were initially identified and which lead to the establishment of the DFWC Academy. There was general consensus that the proposal from DIT/Ebeltoft to develop such an educational programme is worth exploring further but the board was reluctant to give its approval to commit to this approach at this stage. The next steps are to develop some concrete examples of the content of such a programme and to take this to the industry to have feedback on the potential demand for a programme of this nature.

Action F. O'Connell

It is acknowledged by all that the development of the content for such a programme will require significant time and effort and the council must take this into account and balance with current available resources. It was agreed that some initial online course offerings be developed which could be used to test market demand and then build on these going forward.

It was agreed to consider having a meeting with those interested during the TFWA AP Exhibition and Conference in Singapore to discuss the academy further.

Action F. O'Connell

Council agreed that the Professional Standards which have been developed should be promoted to the industry once the consultation process is complete. A second press release will be sent ASAP to the trade press to encourage response to the survey.
Action G. Murray

2 Alcohol

2.1 The DFWC Code of Conduct on the Sale of alcohol in Duty Free is now the agreed code for all regions and a Register of Code Signatories is being compiled. The council requests all members to provide details of companies who have signed up to the code of conduct, and also to follow up with missing signatories. MEADFA has already returned the register for the Middle East & Africa.

Send a soft copy of the CoC to all members.

Action G. Murray

APTRA Responsible Retail Training Programme
APTRA have kindly agreed to send a copy of the video they have developed demonstrating the RRTP training programme to all, and a brief summary highlighting the core concepts and key message content.

Action J. Singh

Each regional association will adapt to their specific needs and distribute to their respective memberships.

Action Each Regional Assoc.

3 Budget 2017

The Financial Report for 2017 with projections to the end of financial year 16/17 was presented and approved without modification.

Draft budget for FY 17/18 in the coming weeks.

Action E. Juul-Mortensen

4 The next Board Meeting

To take place on Tuesday October 3 at 14.00 hrs. during the TFWA WE&C in Cannes. Location TBC.

The meeting concluded at 14.00 hrs.