

Global Aviation Security Campaign

Update and Advisory for Airport Retailers

Update –EU duty-free liquids regulation for transfer passengers

On 31 July 2007, the European Commission adopted a new regulation (EC. 915/2007) that will facilitate passengers transferring flights at EU airports carrying duty-free liquids purchased at selected non-EU airports.

Under the new regulation, EU-bound transfer passengers may be exempted from current restrictions if their liquid purchases were made at a third country airport that has been approved by the European Commission.

For an airport to gain approval, full implementation of the ICAO recommendations on liquid restrictions, supply chain security, and the use of the ICAO specification tamper evident bag will be mandatory. The European Commission will audit airports in third countries to assess security standards.

However, it is essential that, until a country and its airports have been “approved” by the European Commission, airport retailers do not sell duty free liquids to EU-bound transfer passengers as they will continue to have to discard their purchases at entry point to the EU, regardless of whether they are sealed in a ICAO STEB or not.

On 13 December 2007, Singapore became the first third country to be officially ‘recognised’ as secure under the new regulation. As of 03 January 2008, passengers arriving at an EU airport from Singapore and transferring to another flight no longer have to forfeit their duty free LAGs when passing through security screening points, as long as their purchases are sealed in an ICAO specification STEB provided by shop operators at Changi Airport.

The new regulation represents a significant step forward for the industry in its campaign to safeguard duty-free sales under enhanced aviation security rules and is the result of many months of hard work by the ETRC, its member companies and industry allies. It is now essential that many more eligible countries follow Singapore’s lead in applying for approval of their airports.

What Airport Retailers Must Do

The EU regulation is not a global solution to the ‘transfer passenger’ problem. However, the regulation can significantly reduce the effects of the problem worldwide if the regulation is implemented broadly. This means getting the European Commission to extend approval to as many third countries as possible, as quickly as possible. Airport retailers operating in third countries have a vital role to play in this process.

Once a country has adopted the ICAO guidelines on restricting liquids in hand luggage and on securing the travel retail supply chain at its airports, the national government must apply for recognition to the European Commission.

To do this, airport retailers will need a clear strategy for engaging their government. The following provides a general guide on the key elements of a lobbying plan for contacts with government officials.

- **Engage your government at the highest level**

Your principle target will be the government minister responsible for aviation and airports, normally the Minister for Transport. It will also be essential that senior diplomats and civil servants are fully briefed and that the Brussels based national missions are fully involved. Contact should also be made with the EU Commission's representation in your country, where applicable.

- **Maintain the pressure on the government**

Consistent pressure should be applied on government ministers and officials to ensure that EU recognition remains a priority. This will require regular communication with senior government representatives and engaging the support of other national bodies, such as parliamentarians, chambers of commerce, etc. The press can also be a useful tool in getting your message across, but must of course be approached carefully.

- **Build industry stakeholder alliances**

This is not just an issue for the airport retailers. The airport authority, airlines, product suppliers, particularly liquor companies and the fragrance houses are all affected by the transfer passenger problem. This should be a joint campaign involving all industry partners.

- **Prepare key campaign argumentation**

Prepare arguments why the government should be seeking EU recognition of its airports. Establish the impact that the current EU restrictions is having on the business, such as the affect on sales, loss of consumer confidence, etc., including hard data where available.

It is essential that the industry understands that the European Commission will only react to demands for recognition from governments of third countries. Without political pressure from these governments, no amount of lobbying by the ETRC will bring about a solution to the current situation.

Finally, the ETRC has gained unique experience and expertise through leading the Global Aviation Security Campaign and can provide support and advice for your national lobbying activities. For further information, please contact the following executives.

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