



New Excise Duty Directive Threatens Airport Retail – Regional Airports Stand To Lose Most

Brussels – 29 May 2008:

The European Commission recently published a new proposal which will substantially amend the current arrangements for the sale of duty free products to passengers transferring onto a third country..

Under current rules in most EU countries, a passenger taking an intra-EU flight and then transferring onwards to a third country is free to buy duty-free goods at either originating airport or transfer airport. For example, if a passenger takes a flight from Dublin Airport to London Heathrow and then travels onwards to Dubai, they can purchase duty-free items in Dublin, as their final destination is outside the European Union.

Under the new proposal, this will no longer be the case. A traveller to a country outside EU territory is now defined as a 'passenger holding a transport document, for air or sea travel, stating that the **immediate** destination is an airport or port situated in a third territory or third country.' If this definition is adopted by the EU Council of Ministers, the passenger will not be allowed to purchase duty free at their originating airport, as their **immediate** destination is not outside the EU.

If implemented, the proposal will introduce further new restrictions on duty-free sales at Community airports – targeting EU transfer passengers in particular. Duty free purchases at regional airports and at airports in peripheral Member States will undoubtedly be severely affected. ETRC President Frank O'Connell stated that he was "seriously concerned" about the proposal in the Excise Duty Directive, stating that it was a "discriminatory measure against smaller regional airports dependent on commercial revenue and will further complicate the rules and regulations in place for transfer passengers."

ETRC has already been in contact with senior Commission officials and leading members of the European Parliament to express its concerns over this threat to the industry. The ETRC, together with its allies, will continue to campaign vigorously in Brussels and with Member State governments to retain the current arrangements.

For further information, please contact:

John Hume
Partner
Hume Brophy

Tel: +353 (0) 1 662 4712
Mob: +353 (0) 868 515 478
E-mail: john.hume@humbrophy.com

Keith Spinks
Secretary General
ETRC

Tel: +34 (0) 932 051 276
Mob: +34 (0) 687 529 528
Email: keith.spinks@etrc.org

ETRC Secretariat: 63, rue La Boétie, 75008 Paris, France
Tel: +33 (0) 1 45 63 27 88; Fax: +33 (0) 1 53 53 48 83
Email: etrc@tfwa.com, www.etrc.org

ETRC Limited, Registered in England, Company Number 1969237
Registered office 1, Paper Mews, 330 High Street, Dorking, Surrey RH4 2TU
