



Trusted for over 75 years

Duty Free: Trusted, Transparent, Secure

What is Duty Free: Trusted, Transparent, Secure?

Duty Free: Trusted, Transparent, Secure is a global campaign, coordinated by the Duty Free World Council (DFWC), which seeks to:

- Amplify the duty- and tax-free industry's credentials as an authentic and trusted industry with strong anti-counterfeiting, anti-intellectual property theft and anti-illicit trade credentials and a robust and secure supply chain
- Demonstrate our commitment to fighting counterfeiting, intellectual property theft and illicit trade around the world
- Secure the recognition the industry deserves, encourage governments to collaborate with us and grow the value of the duty- and tax-free proposition.

Why is this effort important?

- Counterfeiting, intellectual property theft and illicit trade is a global problem which impacts all of society, including the duty- and tax-free industry which loses millions every year in lost sales as a result of these criminal activities.
- The duty- and tax-free industry has one of the most secure and transparent supply chains in the world. Duty- and tax-free retailers worldwide stand shoulder to shoulder with our brand-owner colleagues, and those on the front line in the fight against these crimes.
- As an industry, duty- and tax-free retailers and suppliers have a zero-tolerance approach to counterfeiting, intellectual property theft and illicit trade.
- The industry fully supports efforts to stamp out illicit trade in all its forms, in all locations.
- We want to be part of the fight against illicit trade, and to be seen to be part of the fight.
- We call upon governments around the world to do more to tackle this growing problem and to collaborate with our industry against this threat.

FAQs and more information

What are the goals / objectives of the campaign?

- To make a meaningful contribution to the fight against illicit trade and counterfeiting
- To demonstrate the duty- and tax-free industry's commitment to eliminating illicit trade and counterfeiting in all its forms
- To remind regulators and governments that duty- and tax-free is one of the most secure and transparent supply chains in the world, and that products sold in duty- and tax-free shops are authentic, genuine, and traceable.



What are the key positions and recommendations of the campaign?

In order to eradicate the disproportionate and unfair impact illicit trade has on the duty- and tax-free industry, on other industry sectors and the wider economy, the Duty Free World Council (DFWC) calls upon national governments and enforcement agencies to:

- **Better regulate informal and casual retail channels**

Illicit trade thrives in poorly regulated settings, such as street stalls and markets, as opposed to highly secure and regulated environments such as duty- and tax-free stores. National governments and enforcement agencies must ensure the robust implementation of existing rules and regulations on informal retail channels and consider increasing the penalties for illicit traders and retailers of illicit goods.

- **Greater control over Free Trade & Special Economic Zones**

The duty- and tax-free industry is often mistakenly or casually associated with Free Trade Zones (FTZs). In fact, the two concepts are very distinct – FTZs offer access to trade within a specific customs regulation environment generally not subject to customs duties, while duty- and tax-free retail sales can only occur inside a highly regulated and closely monitored travel network.

OECD research has indicated there are more than 3,500 free trade zones spread across 130 countries, up from 79 in 1975. Governments hosting Free Trade Zones should also consider better regulation, as recommended by the OECD¹⁴. A common approach to FTZs among enforcement agencies would also be beneficial, and ensure the zones enhance legitimate trade and prevent illicit trade hotspots from emerging.

- **Help educate consumers**

To eradicate the demand for illicit goods, it is crucial that consumers are educated on their dangers, how to identify them, what to do if they suspect their purchases are not legitimate, and what penalties might be inflicted on them.

This has traditionally been done through industry-led consumer awareness activities, such as the website www.dutyfreefacts.com, or through consumer facing communication tools in airports and ports (such as at Nice and Paris CDG airports). Though these campaigns are welcomed and effective, governments and enforcement agencies should assume a greater role, and work with key industries to ensure these messages are communicated more widely.

- **Investigate duty- and tax-free specific issues, such as fraudulent mislabeling**

Counterfeit and tax-evaded products being mislabeled as duty- and tax-free by criminals in order to improve authenticity is a growing problem. When seizures of such products are made, it is vital that the enforcement bodies carry out the necessary checks to differentiate counterfeit from genuine products and make every effort to investigate the source of counterfeit products. The duty- and tax-free industry, retailers, and our suppliers would welcome the opportunity to work with enforcement bodies to help them in this regard.



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- **Enhanced cooperation between industry & enforcement bodies**

Working together against our common enemy is in all our interests. The global duty- and tax-free industry stands ready to work with police, judicial and customs authorities to help defeat this growing threat.

Why now?

- Duty- and tax-free already has very strong / secure supply chain, strong governance, and is active against illicit trade, counterfeiting, and IP theft in all its forms.
- But, the illicit trade is a problem for many industries right around the world. According to the OECD-EUIPO (2019) study, global trade in counterfeit perfumery and cosmetics was valued at up to USD 5.3 billion (EUR 4.9 billion) in 2016. This represents 4.7% of global trade in perfumes and cosmetics, placing the industry in the top 15 most affected by global counterfeiting and piracy in terms of value.
- As partners in this campaign, we want to play our part, we want to help fight illicit trade and counterfeiting in all its forms, and we want to work closely with enforcement and regulatory agencies and IGOs around the world to help tackle this problem.

Who is leading this campaign?

- The Duty Free World Council has convened a partnership of regional and national travel retail associations, retailers and brands and suppliers to present a united front against illicit trade, counterfeiting and intellectual property theft.
- We are calling on governments around the world to do more to tackle this issue, and we want to work with them in any way we can to support this challenge.
- The campaign seeks to raise awareness of this issue, update stakeholders on the work already underway by our campaign partners and identify new areas for collaboration and action.

What is duty- and tax-free?

- The duty- and tax-free industry is comprised of global, regional, and national operators of an industry throughout the world. These are law abiding businesses providing economic benefit to transport terminals and services by generating important commercial revenues.
- Duty- and tax-free sales are not 'Free Zone sales'. Duty- and tax-free sales take place in a highly regulated retail environment e.g. **airports, ports, ferries, cruise ships and land border shops, and their operations are governed by national customs authorities.**
- Our supply chain is one of the most secure in the world with processes and technologies in place to provide for verification of **registration, compliance, certification, review and audit.**
- Many duty- and tax-free industry operators have engaged willingly with legal requirements and introduced some of the most advanced 'track and trace' technologies to ensure that the origin, intended destination and manufacture information of tobacco products can be traced. Many more are in the process of doing the same.
- Duty- and tax-free retailers maintain supply chain records which are made available to customs authorities to review as required.
- Duty- and tax-free retailers must retain all documents relating to duty- and tax-free sales and the movement of goods into or out of the duty- and tax-free shop, typically for a period of five years.
- Duty- and tax-free retailers are subject to substantial financial penalties from customs authorities should there be discrepancies in their stock control procedures.



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Is duty- and tax-free the same at free trade zones?

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How are airports, ports, ferries and airlines affected by illicit trade?

- Counterfeiting, piracy, intellectual property theft and illicit trade is a growing concern for industries across the world.
- Duty- and tax-free retail revenue is the cornerstone of growth for airports, ports, and the global aviation and maritime industry. Its importance to the recovery of the global travel sector following COVID-19 cannot be overstated. Duty- and tax-free is a transparent, controlled, and legitimate retail channel which is vital to maintaining and improving transport infrastructure; lowering travel costs; and enhancing the overall travel experience for consumers.
- The duty- and tax-free industry already fully complies with a range of unique and important controls that help secure our channel and contribute to the fight against illicit trade.
- Duty- and tax-free sales take place in a highly regulated retail environment e.g. airports, ports, ferries, cruise ships and land border shops, and their operations are governed by national customs authorities.

Isn't duty- and tax-free a major source of illicit trade?

- No, duty- and tax-free is not a major source of illicit trade. Our industry has a long history of working closely with enforcement bodies and regulators across the world to ensure illicit trade has no place in our supply chain.
- Over the next two years, the wider duty- and tax-free industry must urgently work to ensure its strong anti-illicit trade credentials across all categories are well understood. We need to actively support the global anti-illicit trade enforcement community and to encourage and help governments counter this growing threat.

Where can I find out more about the campaign?

- Please visit our website at www.dutyfreefacts.com
- Our website contains facts, perspectives, and news about the duty- and tax-free industry's campaign against illicit trade and counterfeiting with a comprehensive and growing library of content.
- Look out for presentations, online events and workshops at industry events in 2022 and 2023.

Who is funding this campaign?

- The campaign is supported by a global travel industry coalition to promote the positive aspects of duty- and tax-free, and to contribute to the ongoing global work to eliminate illicit trade and counterfeiting, spearheaded by the Duty Free World Council.
- The campaign involved the industry partners, international and national agencies, and key associations to fight against illicit trade and counterfeiting and demonstrate the positive contribution duty- and tax-free continues to make around the world.