



Alþingi  
Erindi nr. P 140/733  
komudagur 7.12.2011

Alþingi, committee department  
Austurstraeti 8-10  
150 Reykjavik

Wednesday, 7 December 11

Dear members of the Welfare Committee,

I am writing to you to express concern about the current discussion taking place in your Committee on the sale of tobacco products in Iceland. The discussion concerns a Proposal for a Parliamentary Resolution concerning an Action Plan for Tobacco Control including a possible ban on the sale of tobacco in duty free shops at airports.

Duty free and travel retail sales are a feature of international travel and have come to be expected by international travellers visiting major airports. Duty free and travel retail tobacco purchases are subject to strict controls, customers consist of international travellers, typically only availing of duty free or travel retail once or twice a year. This limited reach means that of the global tobacco market, duty free and travel retail sales amount to less than 1 per cent of annual sales.

International law recognises the integral nature of the duty free sector and guarantees the right of travellers to carry duty free purchases internationally. The 1944 Chicago Convention on International Civil Aviation, the 1954 New York Convention concerning customs facilities for touring and the 1973 World Customs Organisation Kyoto Convention concerning customs facilities applicable to travellers each contain provisions protecting this right. No Government in the world has banned duty free tobacco sales so far.

Duty free and travel retail tobacco is a major source of revenue for airport shops which helps underpin significant Airport developments and investment.

Prohibiting or restricting sales of tobacco products would have a seriously damaging effect on Iceland Airports which receives financial support from the trade. If a ban on duty free was introduced the sales, and the profits, would be transferred to another airport or airline, or in the case of arrivals duty free to the airport of origin.

Global duty free sales of tobacco amounted to almost \$3bn in 2010 contributing substantial revenues to the industries involved including airports and airlines. This revenue contributed to the operating revenues of airports around the world. On average, across the globe, 47.5% of airport total revenues came from non-aeronautical sources.

In the case of Reykjavic airport the duty free operations contribute to the operating revenues of the airport in addition to providing direct employment and supporting other businesses.



If this revenue was to be curtailed, it would have significant knock-on effects upon investment and employment.

I would urge you to reconsider this position and support Icelandic business and the staff they employ.

Kind regards,

A handwritten signature in black ink, appearing to read 'Keith Spinks', is written over a thin horizontal line.

**Keith Spinks**  
**Secretary General, European Travel Retail Council**