

FDFA discusses how the Canadian border stores will survive



Barbara Barrett, Executive Director Frontier Duty Free Association, continues to advocate with FDFA to ensure Canadian borders stores are well equipped with the programs needed to survive the current border closures

As the US leads the world in highest number of COVID-19 cases, recently surpassing four million, the Canadian and US governments have extended border closures to all non-essential traffic until August 21, 2020.

Barbara Barrett, Executive Director Frontier Duty Free Association, updates *Americas Duty Free* on the extended border closures and why it's important to focus on programs that will get all border stores on the road to recovery.

“The border closure has been extended to August 21, which came as no surprise to anybody. That’s

the official date at this moment. From what I'm hearing anecdotally [not officially], it may go beyond that. The trends in the US are not going in the right direction. It's a given that we as an association support this decision for the Canadian government and public health reasons, however we really need to focus on programs that will help stores get through this period," states Barrett.

Currently 18 stores are fully or partially open along the Canadian border at this time to service essential workers or truckers passing through. A combination of reduced hours and minimal traffic has resulted in a difficult situation for these stores.

"What we do know is that recovery will not be like turning on a light switch," says Barrett. "Recovery is going to take some time. It could take up to the end of the year to open up the Canada-US border. We have to come to terms with that. People will not be rushing over the border in droves even once the border is open."

FDFA has been working with government and other stakeholders such as the Tourism Industry of Canada to ensure Canadian border stores will survive the ongoing border closures.

Support system

The Canadian government has also come out with different programs to support those affected by the ripple effects of COVID-19. One program, the Canada Emergency Wage Subsidy Program, allows Canadian employers whose business has been affected by COVID-19 to be eligible for a subsidy of 75% of employee wages for up to 24 weeks. The program originally was offered only until August 2020, but has been extended until December 2020. This program has allowed many border stores to retain employees despite being closed or only partially open.

FDFA has also worked extremely hard on convincing the government to extend the **Canada** Emergency Commercial *Rent Assistance* (CECRA) to apply to border store landlords.

Says Barrett: "The government came up with CECRA and they had not aligned that with government entity landlords. So we lobbied very hard to get them to realize that they too are landlords and they too need to participate in that program. The government listened. We are now talking to them about the fact that as long as the border is closed they need to continue with this program, and perhaps even beyond." Currently CECRA is available only until August 2020.

More work to be done

FDFA is now finalizing a Duty Free Economic Stimulus Package that was presented to the association members this week. This stimulus package will be shared with the government as it maps out a strategic plan for duty free stores to survive and recover.

An overview of this package includes items like red-tape reductions, for example removing barriers and regulations that prevent business happening in Canada, and also a proposal for a duty free interest free loan program.

"The duty free interest free loan program highlights that even if stores have rent relief, they still have expenses like property tax, utilities, and other items to keep going and if money is not coming in the door due to border closure, they need money to get through all of this," explains Barrett.

FDFA has briefed the Deputy Prime Minister's office, Finance Minister Bill Morneau's office, as well as the Leader of the Opposition about this stimulus package. They are also collectively working with Small Business and Marketplace Services (Innovation, Science and Economic Development Canada), as well as the Parliamentary Tourism Caucus and the Office of the Prime Minister.

“Because duty free is so niche, I don’t think the government considers all the ramifications of the border being closed and how that affects border communities and small businesses. So it’s up to us to remind them of that,” says Barrett.

The association recently announced that its conferences will be veering away from the traditional format to accommodate Canadian social distancing restrictions. Virtual events will include cocktail contests, formal and informal information sessions and possibly an online auction. Barrett highlights that the FDFA community is a family and this is the perfect way to stay connected and celebrate our industry.



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