

Frontier Duty Free Association navigates uncertain times



Barbara Barrett, Executive Director of the Frontier Duty Free Association talks preparing for the unknown

The Frontier Duty Free Association is eagerly watching Canadian borders on the heels of the announcement that Canada -U.S. borders will remain closed to non-essential travel for another month. That date could still be extended if the number of COVID-19 cases in the U.S. continues to increase.

“Within the membership, it’s a scary time. With the border being closed, a lot of the stores have to close. Even though essential traffic has been allowed to go across, a lot of the stores don’t have a lot of essential traffic. They cannot justify keeping the lights on right now,” explained Barbara Barrett, Executive Director of the Frontier Duty Free Association.

“It’s uncertain and scary,” she continued. “The unfortunate thing is, as some economies start to open up — for example Saskatchewan — as long as the border is closed it doesn’t matter what the economy is doing. Even when it’s open, are we going to have a swath of people going back and forth over the border?”

These are the concerns the FDFA members — operators of the 33 duty free border shops on the Canadian side of the land border with the U.S. — are voicing. They are looking for some aid from the government, whether that comes in the form of rent relief or liquidity funds.

“We are working with the tourism industry and that’s one point that we are making to the government,” said Barrett. “Once the restrictions are lifted, does that mean tourism is going to come rushing back? I don’t think so.”

Federal assistance

Recently, the federal government introduced the Canada emergency commercial rent assistance program (CERCA), which offers landlords non-repayable relief to cover 50 per cent of their rental revenue from April to June. The landlord is responsible for 25 per cent while the tenant is responsible for the remaining 25 per cent.

Although the program has been offered to commercial landlords, the offer has not been extended to the federal government’s tenants.

"Some have been offered deferrals by some of the government entities but some have been offered nothing; there's no consistency," said Barrett.

Out of the 33 locations, the following stores are currently open; Johnstown Duty Free, Thousand Islands Tax/Duty Free, Ambassador Duty Free Store, Blue Water Bridge Duty Free, DFS Ventures Inc., FORT DUTY FREE, Kingsgate Duty Free, Peace Garden Duty Free, St. Stephen Tax/Duty Free, Sault Ste. Marie, Tobacco Plains Duty Free, West Coast Duty Free.

Ramping up to reopen

Stores currently operating are following government guidelines to comply with COVID-19 healthy and safety measures. Says Barrett, “They have done all that they need to do to stay open in terms of plexiglass shields, markings for physical distancing, leveling up on cleaning, hand sanitizer, and curb-side pickup if possible. We need to get all the stores ramped up for reopen. I am working with the Duty Free World Council, as well as the Retail Council Canada, and we are putting together a manual on how to do this and what they need to prepare to keep customers and staff safe.”

A combination of travel restrictions and border closures has had a ripple effect on import speeds. Essential transport, port authorities and marine terminals are aware of the potential of a broader slowdown of the supply chain. Will this pose a problem as stores are prepped to open?

Says Barrett, “Hopefully supply chain is not an issue, but I foresee that being a slight problem. We are working with the government to eliminate any red tape that exists now in getting product, so once the stores are open, they don’t have any prohibitive factors in getting their stock and starting business. We are also working on a liquor labelling issue, so that there are no delays in the stores getting their stock, there is no red tape.”

Adjusting to the new normal

Barrett and the association planned to embark on another Hill Day in April of 2020 to meet with Members of Parliament, Senators, senior officials and decision-makers from all political parties including Cabinet Ministers, Members of Parliament and Senators. Plans for Hill Day will be reviewed at a later date, as the association is now focused on simply manoeuvring the new duty free landscape during and post COVID-19.

In regards to the upcoming FDFA Convention set for November, Barrett said she is still working with her team to discuss different possibilities for the show if social distancing restrictions continue.

“We are obviously talking about it. It will be affected. Whether that’s cancellation or whether we are allowed to have gatherings of a smaller size, we don’t know that yet. We are looking at all the options now and if we are not allowed any gathering, and then what’s the possibility of having a virtual event? Option one is to do what we normally do. Option two is having a scaled-down version and option three is virtual event,” explained Barrett.

“We have to consider these virtual shows, as human contact is always a good thing and in-person meetings are always effective, but we have to adjust to guidelines.”