

FDFA on the tourism fabric of Canada and land border update



Philippe Bachand, President at Philipsburg Duty Free Shop & FDFA Board Director - VP Eastern Region, and FDFA Executive Director Barbara Barrett at the 2023 FDFA Convention in Toronto, Canada

Last week, Frontier Duty Free Association (FDFA)'s annual convention returned in full force for the first time since 2019. *Global Travel Retail Magazine (GTR Magazine)* sat down with FDFA Executive Director Barbara Barrett and Philippe Bachand, President at Philipsburg Duty Free Shop & FDFA

Board Director - VP Eastern Region, at the show in Toronto, Canada, for an exclusive interview.

Speaking about the main theme of the convention “Canadian Duty Free - Building Tomorrow,” Barrett shared the channel is in a period of rebuilding. Following a 20-month Canada-US border closure, land border stores are back in business and working to return to pre-pandemic levels.

“The fact that we’re here today, having this convention, speaks volumes about how important we are to the tourism industry. [Land border duty free] is an integral part of the tourism fabric of Canada and often the last impression people have of the country when leaving,” she said.

Echoing this sentiment, Bachand called land border duty free shops “the windows” of Canada. “We work hard to create a great image of the country,” he said.

The return of the American traveler

This summer, FDFA reported duty free sales were down 33% compared to pre-pandemic levels. When asked if this is still the case, Bachand noted that this figure is well-targeted at his store in Philipsburg, Québec. He said the American traveler is back and the lack of international visitors and the Canadian traveler is what’s slowing down business.

As expected, Ontario duty free stores are performing better than more remote shops across the country. Considering the change in behavior among Canadian travelers from driving to flying - notably due to pent-up demand - rubber tire business is still behind. Barrett is confident that Canadians will return to routine travel habits in 2024.

Call to action

Providing an update on the association’s call on the federal government to drop its repayment requirement of the CEBA (Canada Emergency Business Account) loan for members, Barrett said it is still a work in progress. “As an association, we have been calling on the government to give us full loan forgiveness. Even though the government understands our argument, it is redescent to do that because it is worried about a slide effect - if it does that for us, it will have to do that for other businesses,” she explained.

CEBA was introduced to support small businesses and non-profit organizations during COVID-19. A business could apply for up to \$60,000 through the program and up to \$20,000 would be forgiven if repaid by a certain deadline. In September, the government announced that it would extend the repayment deadline by one year from the end of 2025 to the end of 2026. However, businesses would still lose the forgivable part of the loan if they did not repay the outstanding amount by January 18, 2024.

“The issue is that businesses - particularly like ours - need more runway to pay back the loan in order to get the forgivable portion,” said Barrett.

FDFA is also seeking to reinstate the Visitor Rebate program, which was cancelled in 2007. According to Bachand, Canada is the only country in the OECD (Organization for Economic Cooperation and Development) that has a federal tax and no rebate program for visitors.

FDFA partnerships & show figures

When asked by *GTR Magazine* how the association and its partners are working to increase American tourism in Canada, Barrett pointed out that FDFA is in talks with Destination Canada to ensure that a portion of its funding goes toward educating Americans on the fact that there are no

longer any COVID-19 protocols in place at the border.

“Relative to other groups that show up at Parliament Hill [in Ottawa] we are very small. So, we can’t do it alone. One of the things that we are conscious of doing is building alliances with like-minded associations; for example, Tourism Industry Association of Canada and Retail Council of Canada so that we can add to our voice,” she said.

Barrett and Bachand were pleased with the convention turnout. It was shared that 18 border stores, two airport companies and two US border store operators (covering all northern US border stores) were in attendance; plus, 45 supplier companies and 98 supplier delegates (down 30% vs. 2019).

“The support from our suppliers [over the last few years] has been phenomenal. They have stuck with us and they are excited to be back. We’re thrilled. We don’t have all of the stores here that we would like to have, but part of that is because they’re not where they need to be in terms of recovery; also staffing is still an issue at some locations,” said Barrett.