

Email sent April 21, 2016

Dear David,

Thank you very much for agreeing to meet with us last Monday to talk about the *Buffalo and Fort Erie Public Bridge Authority's* RFP to select the duty free operator at their border crossing. Our goal in requesting this meeting was simply to express concern -- since the RFP is extremely unusual. This is only the second instance we can recall when economic motivations have failed to result in a negotiated lease between the government selected licensee and landlord.

This RFP process came as a complete surprise to the FDFA and its' member stores. During the recently completed Strategic Review of our sector, CBSA staff noted to FDFA representatives that allowing landlords to exert this type of near full control over licensee selections was not how they wanted to proceed. It seems their position has recently changed; but our members were unaware of this and as a result are concerned the current situation could unfairly compromise their business investments.

We would therefore request that the Minister's office ask CBSA to review this situation further. FDFA representatives would be pleased to work cooperatively and collaboratively with CBSA to help formulate a way forward that is fair to all parties and therefore avoids any challenges that the existing licensee might make to the outcome of the current RFP. Current regulations state that the Minister may cancel a duty free license if a licensee does not have a lease to operate an approved duty free site. We would suggest in this circumstance the RFP should not result in immediate cancellation of the exiting duty free license in Fort Erie. The current operator should be given more opportunity to resolve this matter with the landlord, and failing a positive outcome, have additional time to review whether any options exist for moving their store to a nearby location suitable to CBSA.

We believe given the unusual and atypical circumstances surrounding this matter, that some sensitivity is warranted to be fair to the existing licensee, and to our industry which is concerned the current situation could set a national precedent resulting in many unintended negative consequences.

Best Regards,

Peter Brain, President
Frontier Duty Free Association