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## **Red Tape Strangling Land Border Duty Free Stores Across Canada** ***Federal Action Needed to Keep Duty Free Sales Dollars in Canada***

**OTTAWA, May 7, 2024** – Today, on Parliament Hill, representatives from the Frontier Duty Free Association (FDFA) called for urgent federal action to eliminate red tape in the duty free sector. Established by Parliament in the 1980's to expand Canada's duty free sector to the land border and increase exports to the United States with monies retained in Canada, the Canadian land border duty free industry has flourished under independent Canadian ownership in border communities from sea-to-sea.

Prolonged border closures during the pandemic decimated sales in an industry that can only sell for immediate export under federal law and regulation – there was nowhere for stores to pivot. Despite strict regulation that ensures 100% export sales, misunderstandings in government have resulted in a surge of bureaucratic hurdles as domestic policy is placed upon this export industry which is still fighting to recover.

"After living through two years of border closure, with many stores today still down over 35% in sales, we need the government to remove the barriers standing in the way of us building back the business," said Barbara Barrett, Executive Director of FDFA. "We urge the federal government to take decisive action to ensure that duty free stores remain truly duty free and that they are not burdened by domestic rules and regulations that do not apply to other export sectors."

Land border duty free stores operate under stringent regulations of the Customs Act, adhering to rigorous site management, inventory control, reporting, and storage protocols. This meticulous oversight ensures that every item sold is immediately exported, firmly establishing duty free stores as integral components of the export sector and it's imperative that consistent rules are applied across all export sales.

Every sale not made in a Canadian land border duty free store is a sale that is made in the USA, with dollars lost to Canada forever. Application of domestic regulation not only undermines the sustainability of Canadian duty free businesses but also impacts the country's overall economic well-being.

Barrett underscored the increased need for clarity in the federal approach to land border duty free. "We've seen a concerning rise in labeling requirements, taxation changes, and other unnecessary red tape that hinders our ability to function as the small business export sector we were designed by the government to be," she added. "We need clear Federal action that allows us to build back the business."

The FDFA is in Ottawa to meet with members of Parliament from all parties and federal officials to advocate for an over-arching directive to all federal departments that land border duty free sales must be treated as any other export sale from Canada.

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*The FDFA is the national association representing Canada's 32 land border duty free shops. Our mandate is to promote the development and success of the land border duty free sector by acting as a voice, advocate, and business resource for members.*

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