



Covering the Americas & the Caribbean. [parnsnip5@aol.com](mailto:parnsnip5@aol.com)

## Canadian Duty Free Strategic Review negotiations near positive completion, reports FDFA

After more than two years as the Frontier Duty Free Association's number one priority, the Canadian government's Strategic Review of the land border duty free industry is nearing an end, says FDFA President Abe Taqtaq.

Changes in the ownership criteria were a particular worry when the border operators first saw the new regulations. But no significant modifications will be made in the ownership requirements.

"Two of our key pillars – Canadian ownership by small businesses – remain in effect. The FDFA was able to make the regulators at the CBSA understand that the current ownership model of the Canadian land border stores has benefited Canadians; and we have been licensees with a significant low risk to CBSA in terms of enforcement," says Taqtaq.

Taqtaq, speaking to *TMI* during the Operator's Meeting at the Association's annual convention in Niagara Falls, Canada, expects the Strategic Review to be finalized within twelve months.

"We have come a long way from two and a half years ago when we were first presented with the Strategic Review and realized the potential impact that it could have had on the Canadian border stores. We've been very fortunate to have a collaborative and open discussion with our regulators at the Canada Border Services Agency," commented Taqtaq.

"In those discussions we were able to come up with some very good ideas



on how to improve the program—none of which have resulted in any fundamental change to the way we know the industry right now," he says.

The Strategic Review had two main criteria. One was to realign CBSA's priorities to security and

facilitate the movement of goods and people at the border. The second was to determine the cost effectiveness of the budget that was allocated to the duty free program, which was also under scrutiny.

Most of the Strategic Review improvements relate to efficiencies, and how the FDFA reports to the CBSA, says Taqtaq.

"We are working on cleaning up regulations and legislation that could be viewed as archaic because they were implemented 25 years ago. [But] our industry has had a great track record over those 25 years," he says.

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*Above: FDFA's Abe Taqtaq and TFWA's Erik Juul-Mortensen.*

### Background on Canada's Duty Free Strategic Review

In 2010, a Strategic Review decision was made to minimize the CBSA's oversight of the duty-free sector by simplifying the regulations and granting duty-free operators increased autonomy. For the Canadian taxpayer, there is no public policy value or requirement to impose a strict regulatory regime on duty-free shops.

The CBSA has been reviewing its Duty-Free Shop Program to create a more effective program that meets today's business needs at the border. Results of this review will enable the duty-free sector to be more autonomous, thus allowing the CBSA to better focus its resources on its core mandates of safety, security and the facilitation of legitimate trade and travel. Through compliance monitoring, the CBSA will continue to ensure that duty-free products are for immediate export only and are not resold in the Canadian marketplace.

Consultations will continue with other federal and provincial government departments to determine the best approach to ensure a smooth transition. Similarly, ongoing discussions will continue with industry stakeholders to collaboratively work through any potential challenges.

Until the review of the Duty-free Shop Program is complete and the recommendations made public, the CBSA has placed a temporary moratorium on the issuance of new duty-free shop licenses. However, existing licenses will be renewed under the current legislation.

Source: CBSA

### PEOPLE

The new **Frontier Duty Free Association Board** elected during the Annual Operators Meeting in Niagara Falls, Ontario are: **Abe Taqtaq, Windsor-Detroit Tunnel Duty Free Shop** (President), **Peter Brain, Blue Water Bridge Duty Free** (VP), **Paul Dickinson, Abbotsford Duty Free** (Secretary), **Jim Pearce, Peace Bridge Duty Free** (Treasurer) with **Justin Guay, Importations Guay; Len DaSilva, West Coast Duty Free Ltd., and Jim Foster, Peninsula Duty Free Shops** elected as Directors, reported FDFA Executive Director **Laurie Karson**.

**Kevin Baker** is joining **The Nuance Group Europe**, based in Zurich, as Category Buying Manager, effective Jan. 7, 2013. Baker announced that he was leaving his Director position at World of Patria International during the TFWA World Exhibition in Cannes. He can be reached at [bakerk@live.co.uk](mailto:bakerk@live.co.uk)

**Kirk Wilde** recently joined **Bulgari Parfums** as Area Manager North America Travel Retail.

**Hester Linthorst** has been named Travel Retail Area Manager for Europe North and in flight at **Furla**, effective January 2013. Linthorst joined Furla in 2006 as Retail Manager Export before her promotion to Area Manager Europe and Russia in 2007.

As reported earlier, **Gerry Munday** was promoted from Head of Travel Retail to Global Travel Retail Director at Furla. In addition to Linthorst, the Furla travel retail team includes **Giulia Agnoli** (Travel Retail Manager, Europe South, Middle East & Major Accounts), **Javy Wong** (Travel Retail Manager Asia Pacific), and **Grace Kim** (General Manager, South Korea).



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## Van Gogh roars into Canada with classic and trendy spirits

TAP 357, a small-batch whisky that is a marriage of rye and maple, was listed in all duty free shops on the North side of the Canadian border by the end of the summer and available in more than half of the states in the US, says Kevin Smith of Van Gogh Imports, which introduced TAP 357 and Van Gogh's Peanut Butter & Jelly Vodka to the industry at the IAADFS Show in March.

"We are delighted so far with TAP 357. When it had only been out 120 days we had already shipped 6,000 cases," says Smith, speaking with *TMI* in late August.

TAP 357 was in 28 states at the end of the summer and added Arizona, New Mexico, and Colorado in September.

The Canadian maple rye whisky is a blend of 3, 5, and 7 year old rye whisky and grade A1 maple syrup, which Smith says is more expensive and only available in limited amounts.

"Those two things alone make us very unique. We also use a Bruni bottle, which is a very expensive glass manufacturer. The label gives the bottle an old world look. We also have one of the few master distillers in Canada blending TAP 357."

Van Gogh is focusing on the Canadian border. "We are investing the profit that we make back into spend, promotions, POS. In ten years from now this brand will still be here. This is a keeper. It is a slow build. We are very careful

who we give it to. We watch the price. We watch the promotions, getting bartenders involved."

Van Gogh has also had enormous success with its latest flavor sensation: PB&J.

"The response to PB&J has been overwhelming—it became our third largest selling brand after only six months. We are in distribution almost everywhere in the United States. The brand takes a lot of promotion, a lot of tastings. It is for a younger set."

Van Gogh recently launched Van Gogh Blue and Espresso in

The Ontario duty paid market, introducing the brands in a special promotion in downtown Toronto with celebrity chef Nadia G.

Western Canada is another success story for Van Gogh. "Our second largest market is in British Columbia and Alberta, Canada. We do more than 25,000 cases in those two provinces. We are very happy with the partners that we have. As a result of the work they do we are getting more and more people calling each day asking if they can have the rights to distribution."

The Van Gogh brands are represented in Canadian duty free by Gene Chorney's Chorney Brands.

## FDFA: progress on Canadian Duty Free Strategic Review

*Continued from page 1.*

"There has been no significant deviation from what we are supposed to be doing as licensees. At the end of the day the program involves Canadian small businesses and that is the way we want it to stay."

Both the FDFA and the CBSA are putting working groups together to finalize the details.

"The big decisions have been made and approved at the upper levels within the CBSA. Right now it is all about the details. Hopefully we get the Review passed in the next twelve months."

Taqtaq says that the rest of the world won't see any visible changes when the Strategic Review is eventually passed

"We were able to demonstrate to the CBSA that they shouldn't change a program that was successful and so low risk for 25 years. We were able to achieve the goals of the funding internally without having to fundamentally change the program," he says.

"I think the Strategic Review was a success because it reaffirmed what we always believed; it gave us some additional protection, and it continues our collaboration to improve efficiencies."

Looking ahead, Taqtaq, who was just reelected for a second two-year term as FDFA president, continues to see his organization's relationship with the Canadian government as its number one priority.

"If I am going to be president for two years I need to know what the membership wants, where they see the FDFA being able to provide the benefit to them. Government relations will never not be number one on anyone's list. That is what keeps our businesses open."

The FDFA also approved a move away from Niagara Falls for future conventions. After one more year in Niagara Falls (2013), the convention will relocate to Toronto in 2014 and 2016, Vancouver in 2015 and to Montreal in 2017.

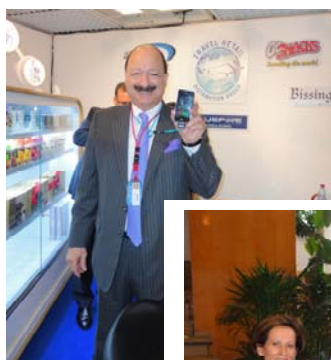
"I think it is a really positive thing to move the show. We pick locations based on where we think we are going to have the most successful conventions. By doing this, we make the FDFA stronger, the suppliers happier, and increase our sponsorship and attendance."

*Kevin Smith of Van Gogh Spirits shows the latest flavors from the company's award-winning vodka range at the FDFA Convention in Canada this week.*



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## Highlights of Cannes, 2012



*Suppliers in Cannes. Clockwise from upper left: Karl Marnane, Buter's Chocolates; Marco Lares, Marcolin, with colleagues; Gerry Munday, Furla; Catherine Bonelli, Devanlay LaCoste. Far left, top: Diane Buchanan, Godiva's International Travel Retail Mgr, Americas & Caribbean with Mohamed Elsarky, President Godiva International. Far left: Armand Ventura, Travel Retail Distribution Group. Virginie Cordero, Sunny Touch Corp.; Patricia Bona and Gabriela Medeiros, Essence-Corp. at the Cannes WiT meeting.*

### The Balvenie unveils TR Exclusive Triple Cask Range

William Grant & Sons has released a new Triple Cask range for The Balvenie single malt Scotch, exclusively for travel retail. The range comprises 12 year old, 16 year old and 25 year old variants.

The latest release from The Balvenie's renowned Malt Master David Stewart, who this year celebrated a remarkable 50<sup>th</sup> year at the distillery, the Triple Cask range is created by combining The Balvenie that has matured in the three most traditional types of cask – first-fill bourbon, refill bourbon and sherry – in a large wooden vessel known as a marrying tun.

The three age expressions in the range all offer something unique: The Triple Cask 12 year old is sweet and spicy; the Triple Cask 16 year old delivers a rich vanilla; and the Triple Cask 25 year old is deep, rich and complex, with silky oak and spice and an exceptionally long and warming finish.

"This is the first time that a range of The Balvenie has been created exclusively for the travel retail market and these beautifully presented new releases are sure to catch the eye of malt whisky enthusiasts on their travels. It is tremendously exciting that David Stewart has produced this range in his 50<sup>th</sup> year at the distillery – he is constantly finding new ways to apply his unrivalled expertise and shows no sign of resting on his laurels," says Ian Taylor, Global Marketing Manager Global Travel Retail William Grant & Sons.

"The Balvenie is known for its rich, luxuriously smooth and honeyed character, so I had those flavors very much in mind when creating these whiskies. I nosed several hundred casks for each expression in the range, making sure we captured and brought together those special Balvenie traits that our drinkers know and enjoy," says Stewart.

The Balvenie Triple Cask range has an ABV of 40% and will be available in airports worldwide from April 2013.



## EU suspends Climate Agreement ETS enforcement for a year as US Congress passes measure protecting US airlines from ETS

The European Commissioner for Climate Action took a step back from its aggressive approach to reducing carbon emissions on Monday, announcing that it is suspending enforcement of the Emissions Trading Scheme (ETS) while efforts to reach an internationally agreed approach to reduce emissions continue through the International Civil Aviation Organization (ICAO).

The International Air Transport Association (IATA) welcomed the EU action, while US industry trade organization Airlines for America (A4A), said it is "cautiously optimistic" about the suspension, although it cautions that the suspension does not remove the threat of the EU ETS being implemented at a later date.

Coincidentally, the US House of Representatives on Wednesday unanimously approved the Senate-passed bill, S. 1956, a measure that allows the Transportation Secretary to direct U.S. airlines not to participate in the EU ETS. S. 1956 was approved by unanimous consent in the Senate and by voice vote in the

House, underscoring, says A4A, that Congress recognizes that the EU ETS violates international law and US sovereignty and is counter-productive to US airlines' ongoing efforts to invest in the technology, operations and infrastructure measures that enhance fuel efficiency and reduce emissions.

A4A President & CEO Nicholas E. Calio said A4A strongly supports efforts to gain full agreement on the global frame-work provisionally adopted by ICAO in 2010.

"US airlines were among the global aviation leaders in developing this framework, which includes an industry commitment to a 1.5% annual average fuel-efficiency improvement through 2020 and carbon neutral growth from 2020 onward, subject to critical investments by industry and governments."

Tony Tyler, IATA Director General commented: "Commissioner Connie Hedegaard's announcement that she has 'stopped the clock' on the imposition of the EU ETS on flights to and from non-EU countries represents a

significant step in the right direction and creates an opportunity for the international community.

The Commission's pragmatic decision clearly recognizes the progress that has been made towards a global solution for managing aviation's carbon emissions by the International Civil Aviation Organization (ICAO)."

The IATA statement points out that the details of how the pause in the application of the EU ETS will be administered at a technical level remain to be clarified. In addition, the proposal still needs to go through the co-decision process with the EU States and Parliament.

"Nonetheless, Commissioner Hedegaard has made it clear that the EU wishes to 'create the space' for the ICAO process to succeed.

"The flexibility shown by the European Commission demonstrates that the ICAO process is working, and we look forward to seeing all parties working together to present positive proposals to the ICAO Assembly in September 2013," said Tyler.

### Imperial Tobacco expands Global Duty Free team to build brands and drive growth

Imperial Tobacco, in June, appointed **Andreas Lemke**, previously Regional Director Europe, Americas & International Accounts, as General Manager Global Duty Free.

The appointment supports the increased importance and focus on Global Duty Free by the company, as well as the move from a regional to a global organization.

Imperial Tobacco says it can now better cater to the needs of international key accounts and align the operation to its global strategic direction.

**Andreas Lemke** has been with Imperial Tobacco since 1997, working in various roles and positions within the Duty Free Business.

To further enhance the organizational capabilities in managing the global Sales and Marketing team, two new roles have been created: Trade Marketing Director Global Duty Free and Sales Director Global Duty Free.

**Christian Münstermann** has taken up the position of Trade Marketing Director Global Duty Free. In August 2012 he joined Imperial Tobacco from Reckitt Benckiser and brings a wealth of experience from the FMCG business. **Sebastian Clausen**, previously Regional Director Asia-Pacific, Africa & Middle East, has been appointed Sales Director Global Duty Free with immediate effect.

### FDFA Gold Standard Awards



*FDFA Executive Director Laurie Karson honors Distribution Fontaine's Claude and Jennifer Fontaine as Large Distributor of the Year at the Imperial Gala Dinner that concluded the 2012 FDFA Convention in Niagara Falls, Canada Wednesday night.*

#### **ASUTIL, the Association of South American Duty Free Stores,**

has confirmed that the hotel venue for the 2013 ASUTIL Conference taking place in Punta Cana, Dominican Republic from June 12-15, is the the Premium **Barceló Bávaro Beach**.

**For more information about the conference, please contact [asutil@asutil.com](mailto:asutil@asutil.com)**

### William Grant loses Stoli distribution in US as SPI Group to establish own importing company

SPI Group announces that it will not be renewing its current contract with William Grant & Sons for the importation, distribution and marketing of Stolichnaya Vodka in the United States when it expires on December 31, 2013.

In a joint statement issued by the two companies on Wednesday, SPI Group says the decision is the result of its desire to manage its portfolio of brands directly; SPI Group will therefore be establishing its own importing company in the United States during 2013, commencing operations on January 1, 2014.

"Stoli is a remarkable and storied vodka, the crown jewel of the SPI Group and the fastest growing premium vodka in the world," shared Val Mendelev, CEO, SPI Group.

"As a Company with strong entrepreneurial spirit, the time has come for us to make our path forward on our own in the US. We are therefore delighted to announce that we will be creating our own importing company."

William Grant & Sons assumed responsibility for the importation, distribution and marketing of the iconic Stolichnaya brand, often referred to as Stoli, in January 2009. Despite a very challenging economy and heavy competition within the spirits industry, William Grant & Sons and the SPI team returned the trailblazing brand to growth through pioneering initiatives including new creative that declared the Most Original People Deserve The Most Original Vodka, and developed innovative 360° programming to bring that message to life.

Simon Hunt, President & Managing Director – North America, William Grants & Sons, says: "Stoli is an excellent brand and we are proud of the many accomplishments William Grant & Sons has contributed to the success it has enjoyed, and for the part we have played in the history of this iconic brand," stated

"We wish SPI Group the very best for the future of Stolichnaya," concludes Hunt.