



IAADFS adds its plea for concessionaire relief as airlines seek \$50 billion U.S. bailout to survive coronavirus turbulence

A bipartisan coalition of governors and mayors from across the country joined with the entire U.S. aviation industry in a joint letter last Thursday to U.S. Congressional leaders in the Senate and House of Representatives urging the Administration and Congress to work swiftly to provide financial stability for the U.S. airline industry.

The International Association of Airport & Duty Free Stores supports the request and is working to make sure that the duty free and travel retail concessionaires are included in any relief packages, IAADFS President and CEO Michael Payne tells *TMI*.

Airlines for America, the trade group representing the carriers, is asking for \$29 billion in federal grants, with \$25 billion for passenger airlines and \$4 billion for cargo carriers. The airlines are also seeking up to \$29 billion in low-interest loans or loan guarantees, and they want federal excise taxes on fuel, cargo and airline tickets to be suspended through the end of next year.

Washington, D.C.-based IAADFS sent its own letter on Thursday, both to members of Congress, and to its airport partners throughout the region.

The letter requested that airports suspend guarantee payments that are based on minimum passenger

numbers for the duty free and travel retail stores that operate in the airport, resulting from the “rapid freefall in passenger numbers” from the unprecedented global health emergency caused by the COVID-19 pandemic.

The IAADFS requested the suspension be effective March 1, 2020 until the end of the national emergency.

“Clearly these are historic and unprecedented times during which we need to come together as a global business community to address the rapid decrease in passenger retail traffic that is the lifeblood of both the airports’ and Duty Free operators’ businesses,” Payne said, adding that thousands of jobs are at stake as well as the solvency of the duty free industry.

The IAADFS letter went predominantly to U.S. airports, says Payne, along with some in Latin America, to make sure that the duty free/ travel retail channel is part of any relief package that is enacted, he explained.

“This is a very complex issue, and this is a process. We are trying to cover all the bases in these early days and get some provision in this early draft of this bill. The bill will go to the Senate first, and then to the House. We wanted to get in early and get a stake in the ground.”

Payne said that the IAADFS’

efforts are in addition to those of its individual members, who are themselves connecting to the airports as well.

“We needed to stake out our position in a more public way, both to the airports and to congressional contacts.

“For us, the immediate impact within the U.S. is trying to get some relief through some of these congressional bills,” he notes.

The IAADFS is taking a three-prong approach, said Payne.

“Number 1, we clearly support the general funding request from ACI-NA for a multi-billion relief package. And that relief comes in a number of forms – bond relief, bond extensions, breaks on interest, block grants to help fund operations. This activity has been underway for a couple of weeks and we are supportive of this.

“In addition, the IAADFS and the other two airport organizations that were recently formed (The Airport Restaurant and Retail Association -ARRA and the Airport Minority Advisory Council -AMAC) have had lengthy discussions, and when we talk to senatorial offices – especially now that the bill is originating in the Senate—we are looking for very specific language that would tie any of the relief provisions to the duty free/travel retail,” said Payne.

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Atlantis resort creator Sol Kerzner dies in South Africa

Legendary hotelier Sol Kerzner, who created the iconic Atlantis Paradise resort in The Bahamas, passed away at his family home in Cape Town, South Africa on Saturday, March 21, following a battle with cancer. He was 84 years old.

Kerzner’s career spanned six decades and included more than 80 hotel and casino properties in over a dozen countries, including Sun City resort in South Africa and The Palm in Dubai, as well as The Mohegan Sun in Connecticut.

The Bahamas Ministry of Tourism & Aviation issued a statement:

“[We are] deeply saddened by the passing of Sol Kerzner. He brought an original perspective to developing his hospitality brands, and the launch of The Atlantis brought new attention and a revitalization to The Bahamas, which contributed greatly to the phenomenal growth we have seen as our tourism industry has matured.

“We are proud to have been the birthplace of The Atlantis concept and are pleased to have enjoyed his partnership and support for more than 25 years. Many thousands of Bahamians have been a part of the extended Atlantis team with many of them launching careers as tourism professionals in that organization.”

“Sol Kerzner was a giant in the hospitality industry and we shall not see his likeness again. His vision for Atlantis reshaped our skyline here in Nassau and redefined The Bahamas vacation for many millions. He will be sorely missed,” said Minister of Tourism, Dionisio D’Aguilar.

“The sincere condolences and prayers of the Ministry of Tourism and all those Bahamians who benefited from his work go out to his family. Sol Kerzner’s impact on our nation will live on well beyond his years and for that, we remain eternally grateful.”



Global TR contact: Zack Boiko, zboiko@Actium.us

IAADFS asks airports for concessionaire relief; some airports cut MAGs

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“If the airports end up getting block grants – which is where they are headed – we want to be part of that formula,” Payne continued.

“And thirdly, we are trying get language supporting and recognizing the issues impacting the duty free/travel retail shops across the country; language supporting these companies.”

Payne notes that the goals are slightly different they are all interconnected and going on at the same time.

“We are taking a broad brush approach to cover all sorts of support.”

While the majority of the Association’s efforts is directed to U.S. airports right now, he says that the premise is the same outside of the U.S. and could be expanded.

Some airports have already taken steps to assist concessionaires. These include, but are not limited to:

Atlanta – Hartsfield-Jackson Atlanta International Airport

The city of Atlanta suspended the minimum annual guarantee payment obligation for concessionaires and rental car companies at ATL for a four-month period ending June 20. The legislation is designed to allow companies to use four months of rental funds to provide relief to employees experiencing reduced hours and lost wages as a result of the COVID-19 health threat, said the official announcement.

The city may extend this Temporary Emergency Rental Payment for an additional 30-day period if the COVID-19 pandemic is still active.

Once the emergency rental payment term expires, concessionaires will be required to resume normal rental payments.

Denver International Airport has “proactively implemented policies” to give key tenants relief, allowing airlines to defer their rent for April, May and June until later this year. DEN also changed concessionaire fees from a minimum annual

guarantee (MAG) to a rent percentage based on total monthly sales for the next three months, and is allowing rental car companies to defer three months of rent, until later this year.

“We are doing everything necessary today to protect the airport for the long term and will emerge from this healthy and ready for the next wave of growth when this passes,” said the DEN statement.

Dallas-Fort Worth International Airport

recommended at a March 3 meeting of the Board to eliminate the minimum annual guarantee amendment to duty free Concession leases in Terminal D impacted by sales falling below the anticipated sales threshold, and is assessing options to pay a percentage of sales versus the minimum annual guarantee rent through the fiscal year ending September 30, 2020 for other categories.

Miami International Airport

The Miami-Dade Aviation Department has allowed concessionaires to temporarily close some locations at MIA or reduce their hours of operation, and in the case of dining locations, reduce their menus, while still maintaining concession service in each concourse for the reduced numbers of passengers traveling.

“We are considering various forms of relief for the concessionaires and are taking into consideration how similar airports are responding. Ultimately, any recommendation by the Aviation Department must be approved by Miami-Dade County Mayor Carlos Gimenez and the Board of County Commissioners before it can be implemented,” Greg Chin, Communications Director, told *TMI*.

San Francisco International Airport (SFO).

The Airport Commission last week approved a lease modification for DFS Group (SFO’s duty free operator).

Doug Yakel, Public Information Officer at San Francisco International Airport tells *TMI*: “We are offering the forbearance of rent and fees to concessions at SFO, and last week our Airport Commission approved a lease modification for our duty free vendor to allow a temporary suspension of the MAG and an adjustment of the base rent calculation for the remainder of this year.”

In addition, SFO has postponed the opening of the next phase of Harvey Milk Terminal for public use for at least four weeks. The Airport remains open for essential travel, however.

Los Angeles International Airport:

On Thursday, the Los Angeles Board of Airport Com-

missioners (BOAC) held a special meeting to discuss LAWA’s response to COVID-19. BOAC President Burton shared a public statement regarding LAWA’s actions to combat the spread of COVID-19 and how it is preparing for the economic realities facing our industry. After President Burton’s statement in open session, the Commission went into closed session to discuss various negotiations surrounding the economic impacts facing LAWA, and its partners (DFS Group was on the agenda).

BOAC says it will have additional special meetings to develop solutions for addressing these economic impacts, all of which will be conducted remotely to comply with public health guidance regarding social distancing.

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Status of Canadian border stores after closing of border with U.S.

The U.S. and Canadian governments agreed to close their shared border to non-essential traffic on Wednesday, March 18. While some stores that serve commercial trucks carrying essential goods have remained open, most others have closed.

Barbara Barrett, Executive Director of Canada's Frontier Duty Free Association confirmed to *TMI* that CBSA (the Canada Border Services Agency) has allowed the Canadian border stores to stay open and some of those with more commercial traffic are still open.

"It is up to the individual stores whether they are open," she said.

"Obviously these are unprecedented times. Those stores which are open are doing so for the truckers who are providing essential services and are essential travelers and these operators are taking all necessary precautions to keep everyone safe.

"Those stores which have closed have done so in the interest of public safety. We want to be on the side of keeping Canadians safe and doing the right thing for Canadians."

She added: "Some stores have no commercial traffic whatsoever, so it does not make sense to leave the lights on.

"We are certainly hoping to see a pent-up demand for travel once we are on the other side of this," said Barrett.

Here is a listing of Canadian border store closings as of Sunday, March 22.

The Ambassador Bridge (Detroit) and duty free stores are still open 24 hours a day to trade and essential travel, officials announced Thursday. The bridge and stores will continue to monitor the outbreak and will continue to follow local, state and federal guidelines, officials said.

Niagara Duty Free closed as of Wednesday, March 18. "Our time frame [for re-opening] is unknown, as everything is changing on a daily basis," General Manager Steve Richardson tells *TMI*. "We had seen a 35% drop in traffic up until now, but it is getting worse every day. No traffic... no sales."

Windsor –Detroit Tunnel Duty Free Shop – closed: "In an effort to keep our team members healthy and as a result of the unprecedented reduction of traffic with the border closing has forced us to close as of Wednesday evening, March 18," commented Abe Taqtaq.

Osoyoos & Kingsgate Duty Free Store

The stores are staying open, for now, although the owners have cut back hours and management is helping the limited number of customers that they are seeing.

"We are still servicing commercial trucks that are still considered an essential service to keep the economy from completely collapsing," says Cam Bissonnette, who reports that sales have been down as much as 80% some days at the Osoyoos Duty Free Store (near border with Washington state) and roughly 50% down at Kingsgate (Idaho border crossing).

"The only fortunate part of this is that we are very seasonal, so it isn't an overly busy time. We are very hopeful that we can get this contained by the May long weekend... [for now] there are just not any people crossing the border at this time."

Blue Water Bridge Duty Free (Sarnia Duty Free) is open 24 hours a day, 7 days a week and says it will continue to provide services to essential travelers.

"We are closely following the recommendations of Health Canada for the safety and well-being of our customers and employees," says the company Facebook page as of March 20.

Sault Ste. Marie Duty Free is temporarily closed until further notice.

"The health and safety of our shoppers and employees is of paramount importance and we are taking this step to reduce the spread of COVID-19 in our communities. We will keep you informed with any new developments. We can all do our part to keep the community healthy and safe. Thank you for your business, loyalty and patience as we work

As far as *TMI* can tell, most of the other Canadian border stores are closed.



Philipsburg Duty Free in Quebec is one of the many Canadian border stores temporarily closed due to the impact of the coronavirus.

together to keep everyone safe. We look forward to seeing you in the near future!" says the company Facebook page.

Importations Guay Ltée.

The main store is open as of Sunday, March 22, but this could change at any time, Vice President Justin Guay tells *TMI*.

Peace Arch Duty Free is completely closed and all staff are on leave.

"We have had no traffic for the last week," reports president Peter Raju.

West Coast Duty Free is open from 9-5 only, serving travelers through window service.

U.S and Mexico close border to non-essential travel

The U.S. and Mexico suspended "non-essential travel," not related to trade and commerce, education, and medical purposes, at all ports of entry, it was announced on Friday, March 20.

Some Baja Duty Free stores that operate on the border remain open, reports Irene Rojas, marketing manager at Baja owner Fair & Swanson.

"We are implementing all required safety guidelines with the staff and customers. The border crossing is limited to U.S. citizens and working people with a valid working permit.

"Because we sell water, sodas, snacks and beer, those categories are considered groceries, so the stores are able to stay open," she explained.

Pernod Ricard donates alcohol to produce hand sanitizer around the world

Pernod Ricard has announced it is mobilizing its affiliates globally to deal with the shortage of hand sanitizer.

In France, the company Ricard SAS is donating 70,000 liters of pure alcohol to Laboratoire Cooper, one of France's leaders in everyday health products, and the leading supplier of hydroalcoholic gels to pharmacies.

This will allow Cooper to increase alcohol deliveries to pharmacies to produce hydroalcoholic gel, the equivalent of approximately 1.8 million individual 50 ml vials. Laboratoire Cooper is committed to donating the equivalent of the donation to various health care associations.

Other Pernod Ricard subsidiaries around the world are also contributing to local efforts to fight the pandemic and help their communities.

In Sweden, the distillery of Absolut Vodka is offering spirits at large scale to produce hand sanitizer for public health care.

In the United States, responding to the U.S. Administration's call to action, Pernod Ricard's Ft. Smith, Arkansas manufacturing plant and distilleries for Rabbit Hole (Kentucky), Smooth Ambler (West Virginia) and TX Whiskey (Texas) are producing hand sanitizer.

In Spain and Ireland, Pernod Ricard Spain and Irish Distillers have announced they will put their technical, human and production facilities at the service of the authorities to produce hand sanitizer.

Brown-Forman announces \$1 million donation for COVID-19 response funds

Brown-Forman Corporation announced a donation of \$1 million to COVID-19 response funds. The donation supports multiple locations and agencies as the company assesses community and industry needs and identifies the best ways to support those impacted by COVID-19.

Brown-Forman partnered with the Restaurant Workers' Community Foundation to support their COVID-19 Crisis Relief Fund. As part of this partnership, the company is encouraging people to make a donation to the foundation and will match dollar-for-dollar donations (up to \$100,000). Please visit <https://bit.ly/RWCFReliefFund> to make a donation.

Brown-Forman has also joined its colleagues in the Distilled Spirits Council of the United States and is making a donation to the United States Bartenders' Guild (USBG) Foundation Emergency Assistance Program to help them during this time of need.

Brown-Forman made a donation to the One Louisville: COVID-19 Response Fund, which will rapidly deploy resources and financial assistance to households, businesses, and community-based organizations working at the frontlines of the outbreak in the company's home city.

Bacardi changes production to make hand sanitizer

The Bacardi Corporation distillery in Cataño, Puerto Rico, where more than 80% of the company's rums are produced, has partnered with Puerto Rico based manufacturer Olein Refinery to provide raw materials that will enable the production of more than 1.7 million units of 10-ounce hand sanitizer. At 70% alcohol, these products are in line with the recommendations by the World Health Organization for containing the spread of the virus.

Over half a million of the 10-ounce hand sanitizer units produced in partnership with Bacardi will be donated to local communities. Bacardi began distribution of the free hand sanitizers, made with the ethanol provided by Bacardi distillery, along with disinfectants produced by Olein, to USPS workers, firefighters and police.

The company plans to expand distribution next week to non-profit organizations including Fondos Unidos (United Way). Bacardi employees and contractors also received the free product.

Carnival corp. offers to convert cruise ships for non-COVID-19 patient hospital use

Carnival Corp. has offered select ships from Carnival Cruise Line, Holland America Line, Princess Cruises and P&O Cruises Australia to be used as floating hospitals in the coronavirus fight. Ships would be used for non-coronavirus patients.

The cruise ships are capable of being quickly provisioned to serve up to 1,000 hospital rooms, and can use remote patient monitoring devices over the ship's high-speed network – providing cardiac, respiratory, oxygen saturation and video monitoring capabilities, and can provide up to seven intensive care units (ICUs) in the ship's medical center equipped with central cardiac monitoring, ventilators and other key medical devices and capabilities.

The temporary hospital cruise ships would be berthed at a pier near the community in need and operated by the ship's crew, with all maritime operations, food and beverage, and cleaning services provided by crew members on the ship.

Medical services would be provided by the government entity or hospital responsible for fighting the spread of COVID-19 within that community.

MSC-owned Splendid arrives in Genoa as floating hospital

Last Monday, MSC Group's ferry ship *Splendid* was delivered to Genoa after being converted into a "floating hospital" ship to support the coronavirus battle going on in Italy. These beds will be used for patients recovering from COVID-19 before returning home.

Operated by ferry liner GNV, *Splendid* has been converted into a fully-equipped facility to assist COVID-19 patients under quarantine, and patients during convalescence, reports the Port of Genoa. The conversion took two weeks.



Campari Group donates one million euros to fight COVID-19

Campari Group has donated € 1 million to ASST Fatebenefratelli Sacco, a public healthcare institution in Milan, for the Coronavirus emergency.

ASST Fatebenefratelli Sacco is a center of national excellence in the research and treatment of highly contagious and dangerous diseases, which is dealing with patients critically affected by COVID-19. The sum will be used to finance an Intensive Care Operational Unit to hospitalize critically ill patients who have tested positive to COVID-19. It will also supply a negative pressures system equipped with 10 resuscitation kits.

Leigh Irvine, Managing Director Global Travel Retail, Campari Group comments. "The current emergency has necessitated new regulations being imposed on how we all live our lives in the short term. The normal freedoms that we all take for granted, the conviviality of moments with friends and family, so often involving our brands must, for now, be curtailed.

"So we asked ourselves what contribution we could make to society in this hiatus and the result is this initiative to help support Milan, the home of Campari, and the important work that doctors and health workers are doing by funding an ICU unit at the ASST Fatebenefratelli Sacco. We are inviting our Camparistas, customers and consumers to make their own donation too."