

The Honourable Joe Oliver, PC, MP  
Minister of Finance  
House of Commons  
Ottawa, Ontario  
K1A 0A6

January 9, 2015

Dear Minister:

We are writing to urge you to give strong consideration to the Frontier Duty Free Association's proposal to create a pilot project for a Road Travel Rebate Incentive Program (Road TRIP) as part of the 2015 federal budget. The proposed tax rebate would encourage U.S. tourists to shop in Canada by allowing them to "take 5." That is, American visitors travelling into and out of Canada through a land border crossing would be eligible for a rebate of 5% (equal to the GST) on purchases made during their trip. Applications for this rebate would be available at participating Canadian duty free stores, located at land border crossings across the country.

Canadian businesses are faced with many barriers to attracting American shoppers. Over the course of the past decade, post-9/11 border security, a strong Canadian dollar, the increasing popularity of internet shopping, ever-rising gasoline prices, and lower sales taxes in many U.S. jurisdictions have diminished American interest in shopping in Canada. Those factors have combined to eat away at the annual number of U.S. travellers to Canada by 23.9%, with a particularly alarming decline of 14% in the number of travellers crossing the border by car between 2008 and 2013. In the same period of time, generally lower U.S. sales taxes and the continuing parity between the U.S. and Canadian dollars have contributed to a reduction of 32.7% in the total amount spent by U.S. visitors to Canada. Concurrently, many of Canada's rivals for tourist business, including Great Britain, the European Union, and India, have instituted tax rebate programs for international visitors – thus gaining a competitive advantage over Canada in the tourist sector.

Thus, the Road TRIP proposal is wisely targeted at stimulating American tourism and increasing the extent to which border communities, and Canada as a whole, can benefit from U.S. tourists, by reducing the tax burden on Americans travelling to Canada. Despite the aforementioned negative trends, the U.S. remains Canada's largest source of tourism and shopping routinely ranks amongst the top three reasons for tourism in Canada, so Road TRIP would be an impactful policy.

Moreover, the Road TRIP proposal is well-placed to reinforce and benefit from the effects of the Tourism Industry Association of Canada's (TIAC) current industry-sponsored marketing investment in attracting U.S. tourists to Canada. Named 'Connecting America', the TIAC initiative targets Americans that live within a four-hour drive of a border crossing (exactly those people that would be most likely to use the Road TRIP rebate) and projects to increase Canada's gross receipts from tourism by \$1.5 billion.

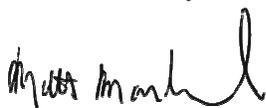
If even a fraction of those receipts are eligible for the Road TRIP rebate, the government is in a position to exponentially increase the extent to which border crossing communities benefit from American tourism. Additionally, as research by Deloitte has proven, leisure travelling between two countries has the knock-on effect of increasing trade between said countries. As such, Road TRIP presents a unique opportunity for the government to positively impact the Canadian economy, to strengthen the local economies of border communities across Canada, to support domestic manufacturers, and to spur cross-border trade. Conversely, if the government does not support the Road TRIP pilot project, it risks ceding yet more ground to other countries in the competitive sector of tourism.

It is important to note that while the benefits of this proposal are many the costs would be minimal. The 28 land border crossing duty free stores that would be eligible for Road TRIP possess the capacity to self-administer the pilot project and to provide regular audited updates on its impact, without additional administrative burden or cost to the government.

In closing, we would like to state that we strongly support instituting Road TRIP, in order to encourage more Americans to travel to Canada by automobile and to encourage those travellers to spend more during their stay in Canada. As senior executives for the Ontario Chambers of Commerce, we have seen first-hand how large the economic impact of tourism is in border communities, particularly for small and medium enterprises. That is why we are confident that Road TRIP would ensure much-needed economic growth and job creation across Ontario particular for Small Medium-sized Enterprises.

We would be eager to schedule a meeting with you to discuss this matter further.

Yours Sincerely,



Matt Marchand, President & CEO Windsor-Essex Regional Chamber of Commerce



Rory Ring, MBA, President & CEO Sarnia Lambton Chamber of Commerce



Kithio Mwanzia, Interim CEO Greater Niagara Chamber of Commerce



Mark Barsanti, 2014-2015 President Sault Ste. Marie Chamber of Commerce