

SUMMARY: Meeting with Imperial Tobacco Canada, JTI MacDonald Corp, Rothmans, Benson & Hedges Inc. and Focke & Co.

Subject: Meeting to discuss the proposed Tobacco Products Regulations (Plain and Standardized Appearance)

Date: July 16, 2018

Participants:

Health Canada (HC)

James Van Loon
Director General, Tobacco Control Directorate (TCD) (Chair)

A/Senior Advisor, Director General's Office (TCD)

Manager of Plain Packaging (TCD)

Senior Policy Analyst, Plain Packaging (TCD)

Canadian Tobacco Manufacturer's Council (CTMC)

Andre Hopf
Head of Sales, North America, Focke & Co.

Charles Johnston
Head of Engineering, JTI-Macdonald

Caroline Evans
Head of Corporate Affairs & Communications, JTI-Macdonald

Eric Gagnon
Head of Corporate and Regulatory Affairs, Imperial Tobacco Canada

Jorge Macedo
Supply Chain Manager, Imperial Tobacco Canada

Richard Voisine
Scientific and Regulatory Affairs Manager, Imperial Tobacco Canada

Maya Zor
Legal Counsel, Rothman Benson & Hedges

Michael Klander
Director Corporate Affairs, Rothman Benson & Hedges

Steve Chapman
Manager, Product, Lab and Regulatory Compliance, Rothman Benson & Hedges

Introduction:

A meeting was held at the request of Caroline Evans, JTI-Macdonald on behalf of CTMC, which represents Imperial Tobacco Canada (ITC), JTI-Macdonald (JTI) and Rothman Benson & Hedges (RBH), to discuss the proposed Tobacco Products Regulations (Plain and Standardized Appearance).

The Chair opened the meeting by reiterating HC's international obligation to protect tobacco control policies from the vested interests of the tobacco industry. In addition, in the interest of transparency, the Chair stated that HC would be making a record of the meeting publicly available.

CTMC stated that the meeting would focus on issues of concern for industry as a whole and that subsequent one-on-one meetings would be requested by individual manufacturers to discuss technical elements of the proposed regulations. CTMC prefaced the meeting by stating that it does not agree with the initiative, but that it would like to be in a position to comply with the proposed regulations.

Issues of Concern:

1) Cigarette Package Format

CTMC indicated that limiting the cigarette package format to slide and shell is a major challenge. It indicated that the cost benefit analysis (CBA) included in the Regulatory Impact Analysis Statement (RIAS) was based on 2015 data, and is slightly dated from what is on the market today.

CTMC expressed concern that the slide and shell format is what is highly prevalent on the illicit market, and any legal market void of flip-top packages could be filled by the illicit market, given that illicit manufacturers are equipped to produce tobacco products in the slide and shell format.

CTMC noted that it could not begin the transition until it received a confirmation of the requirements. HC stated that the confirmation will occur in the form of registering the final

regulations in Canada Gazette, Part II.

CTMC also noted that its biggest obstacle would be acquiring the appropriate equipment/machinery, and estimated that it could fully convert to slide and shell only within 24-30 months.

HC mentioned the possibility of implementing a phased approach, where packaging would be first plain and standardized, followed by a switch to a single pack type. ITC indicated that it would be a challenge for industry to make two sets of changes.

2) *Implementation Timelines*

Andre Hopf represented Focke & Co., the primary supplier of slide and shell packing machinery to Canadian tobacco manufacturers, and discussed implementation timelines. More specifically, Focke & Co. provided an overview of the existing equipment on the Canadian market, a presentation on technical design requirements and challenges to convert and update existing machinery to meet the proposed PSA requirements, as well as a detailed implementation timeline to develop new machinery for the slide-and-shell format.

Focke & Co. concluded that the conversion project is possible with extraordinary efforts, and that the market could be fully converted within 24 months, as a best-case scenario, on an aggressive timeline.

3) *Cigarette Dimensions*

On behalf of CTMC, RBH presented the issue around the cigarette dimensions. It noted that it would be challenging for manufacturers to comply with the proposed dimensions, as they are not reflective of what is currently on the market, and the proposed diameter does not include a tolerance for variability.

CTMC noted that the standard diameter of 8 mm that is being proposed is larger than the industry standard, and that a range should instead be given consideration. CTMC also expressed its concern that smokers could be at a greater risk of exposure to emissions should the standard diameter of 8 mm be adopted in the final regulations.

CTMC further recommended that the lower limit of cigarette lengths be modified to 70 mm for regular size and 82 mm for king size, to reflect what is currently on the market.

4) *Renewal of Health Warnings & Health Information Messages*

CTMC inquired into the timing of possible regulations for new health warnings and health information messages, and signalled it would be challenging to make multiple changes to packages at the same time. HC indicated that the normal regulatory process would be followed.

Conclusion:

CTMC thanked HC for the opportunity to discuss technical elements of the proposal and mentioned that separate meeting requests would follow from tobacco manufacturers to discuss technical issues.

HC indicated that information submitted through the public comment period will be considered and that future meeting requests regarding the proposed regulations should be directed to James Van Loon and/or Saira David.

The meeting was then concluded.

Documents:

- N/A