

SUMMARY: Meeting with Imperial Tobacco Canada

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

Date: July 16, 2018

Participants:

Health Canada (HC)

Robert Ianiro,
A/Assistant Deputy Minister, Healthy Environments and Consumers Safety Branch (HECS)
(Chair)

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

Imperial Tobacco Canada (ITCAN)

Jorge Araya
President and Chief Executive Officer (ITCAN)

Eric Gagnon
Head of Corporate & Regulatory Affairs (ITCAN)

Tamara Gitto
Vice-President of Law and General Counsel (ITCAN)

Introduction:

A meeting was held at the request of Imperial Tobacco Canada (ITCAN) to discuss concerns regarding the proposed Plain and Standardized Appearance (PSA) Regulations for tobacco products.

HC reiterated its international obligation to protect tobacco control policies from the vested interests of the tobacco industry. In addition, in the interest of transparency, the department stated that it would be making a record of the meeting publicly available.

Subjects:

ITCAN raised issue that it feels its concerns regarding PSA are not being heard.

ITCAN accepts that the government has made its recommendations on PSA, but believes the current draft regulation is technically impossible to achieve. As it stands, the industry is now less than 20% slide and shell. It does not have, and cannot have, sufficient production capacity to move the legal market into slide and shell in the six month transition period provided. Additional details on why this is impossible will be provided at the technical meeting in the afternoon of the same day.

ITCAN advised that it also feels singled out by the filter specifications set out in the regulation because it is the only manufacturer using tubular filters. The company asserted that the filters provide superior filtration and additional structural integrity, aiding in extinguishing the cigarettes. ITCAN stated that standardizing the filters such that there can be no hole in the end will impact only ITCAN and is not fair.

ITCAN requested that the department consider providing slightly wider ranges on the specifications for cigarette dimensions in order to accommodate the current 7.8mm diameter. It also stated that the sooner the technical specifications can be confirmed, the faster industry can move forward and procure the machines needed for packaging.

ITCAN emphasized that in its view, slide and shell is the predominant pack type of contraband cigarettes, and asked why HC would move the entire industry onto the same platform. It asked again that the department consider allowing some additional branding or package differentiation, because in its view, if the cigarette is completely commodified, then only price will drive consumer choice, and the illegal market will be the beneficiary.

ITCAN indicated that it does not feel that warning messages on the tobacco products themselves would help the matter, arguing both that the contraband industry could easily emulate them, and that they would make cigarettes less attractive than the contraband equivalents and thus have a perverse effect.

ITCAN also suggested that the tax stamp regime in Canada is not effective, and produced an example of a cigarette baggie from a contraband brand to which a valid tax stamp had been affixed.

ITCAN confirmed that if retailers had remaining stock of non-compliant product following a retail sell-through transition period, it would accept returns.

Conclusion:

The meeting was then concluded.

Documents:

- N/A