

SUMMARY: Meeting with the Canadian Convenience Stores Association

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

Date: 2018-09-04

Participants

Health Canada (HC):

Saira David (Chair)

Director, Labelling and Plain Packaging Office, Tobacco Control Directorate (TCD)

Senior Advisor, Director General's Office, TCD

Manager, Plain Packaging Office, TCD

Senior Policy Analyst, Plain Packaging Office, TCD

Canadian Convenience Stores Association (CCSA):

Satinder Chera

President, CCSA

Anne Kothawala

President, National Convenience Stores Distributors Association

Introduction:

A meeting was held at the request of the CCSA to discuss four main areas of concern related to the proposed Tobacco Products Regulations (Plain and Standardized Appearance) (PSA).

The Chair opened the meeting by doing round table introductions.

The Chair reminded participants that this meeting is subject to disclosure as per HC's [Openness and Transparency policies](#). In the interest of transparency, the department stated that it would be making a record of the meeting publicly available. The [handling of information and privacy notice](#) was mentioned and acknowledged.

HC also referred to Article 5.3 of the [World Health Organization Framework Convention on Tobacco Control](#), its international obligation to protect tobacco control policies from the vested interests of the tobacco industry.

Issues of Concern:

1) Transition Period

CCSA noted that it was concerned about the transition period for retailers and proposed a 12-18 month period beyond manufacturers' to be consistent with the UK approach so that small independent businesses could prepare and sell through old inventory. CCSA requested that HC publish a guidance document, information or bulletin to outline how stores can comply with the final regulations.

CCSA questioned the effectiveness of the proposed regulations and noted that many other regulations provide an opportunity for small businesses to be exempt. Given that these businesses will not be exempt from the proposed regulations, CCSA is proposing a longer time to transition.

CCSA highlighted that there would be a considerable cost to small businesses if they do not have the appropriate time to sell through their existing inventory. Further, CCSA noted that there has been no commitment from manufacturers that they will allow products to be returned.

HC noted that it will consider transition time as the final regulations are being developed but noted that the proposed time is consistent with previous regulations.

2) Clarification of s.77(2) – “During the transitional period, a retailer may sell a package of tobacco products or a tobacco product that does not meet the requirements of these Regulations”

CCSA requested that s.77(2) also apply to wholesalers given that each tobacco manufacturer has a unique supply chain and failure to include both retailers and wholesalers would result in a competitive disadvantage for wholesalers.

3) Overwrap on Cartons

CCSA questioned the application of the proposed regulations on cartons.

HC confirmed that the regulations apply to every tobacco package that is intended for retail sale in Canada.

CCSA mentioned that these cartons are not destined for consumer purchase but then noted that these cartons represent 1% of cigarette sales. CCSA explained that branded overwrap is helpful to quickly identify products in distribution warehouses and expressed its concern over unbranded overwrap resulting in many errors.

4) Cigarette Package Format

CCSA noted that it was surprised to see standardized packages in the proposed regulations. HC mentioned that this option was presented in the cost-benefit analysis as well as the public consultation in 2016.

HC asked CCSA to provide a definition of what its interpretation of “plain” vs. “standardized”. CCSA explained that “plain” refers to the colour and look while “standardized” refers to the slide and shell format.

CCSA indicated that HC’s cost-benefit analysis included results from a CCSA survey which was only reflective of costs associated with “plain packaging” not “standardized packaging”. CCSA noted that small businesses would have to retrofit their shelving to be compatible with slide and shell packaging which would amount to a one time cost of \$1500 per site.

HC asked CCSA what it is proposing in this regard, to which CCSA replied that it is not supportive of the slide and shell package format for cigarettes as it presents an additional cost to retailers and is the format of choice for the contraband market.

HC explained the difference between counterfeit and contraband and noted that counterfeit is a very small issue in Canada. HC stated that there are dedicated resources to address the issue of contraband and that there is no indication that PSA will increase contraband based on discussions with international partners as well as other government departments. CCSA requested that HC send them any reports that are publicly available on this matter.

CCSA representatives also indicated their concern that manufacturers would not be able to supply stores with their products within the timeframe specified which would result in a much greater financial impact.

Conclusion:

CCSA offered to be available should HC have any further questions but noted that their concerns would be submitted through the formal consultation process.

The meeting was then concluded.

Documents:

- A presentation entitled, “Small Business Perspective: Plain and Standardized Packaging for Tobacco Products.”