



CONSULTATION SUMMARY: “PLAIN AND STANDARDIZED PACKAGING” FOR TOBACCO PRODUCTS

JANUARY 2017



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To obtain additional information, please contact:

Health Canada

Address Locator 0900C2

Ottawa, ON K1A 0K9

Tel.: 613-957-2991

Toll free: 1-866-225-0709

Fax: 613-941-5366

TTY: 1-800-465-7735

E-mail: publications@hc-sc.gc.ca

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EXECUTIVE SUMMARY

Recognizing that more could be done in the area of tobacco control, the Government of Canada made a commitment in November 2015 to introduce plain and standardized packaging (PSP) requirements for tobacco products.

The implementation of PSP is part of the **Vision for a Healthy Canada**, as well as a key element of the Government of Canada's overall tobacco control strategy. In addition to its commitments relating to PSP, the Government of Canada recently took action to **ban the use of menthol** flavouring in cigarettes, blunt wraps, and most cigars, introduce **new legislation** to regulate vaping products and modernize the Federal Tobacco Control Strategy (FTCS).

Independent research, spanning at least two decades and multiple countries, has consistently demonstrated that PSP reduces the appeal of tobacco products, particularly among youth and young adults. Eighty-two percent (82%) of current adult daily smokers had their first cigarette by age 18. Preventing initiation of tobacco use by young people is one of the most effective means of achieving a long-term decrease in tobacco use prevalence. On May 31, 2016, the Honourable Jane Philpott, Minister of Health, officially launched a three-month public consultation on the PSP measures under consideration for all tobacco products. The purpose of the consultation was to gather views from interested Canadians on the measures under consideration. The proposed regulatory measures would build on those introduced by Australia (which currently has the most comprehensive set of PSP measures in the world) to regulate the appearance, shape and size of tobacco products and their packaging.

Over 58,000 responses from the consultation were received, mostly from Canadians showing support for the proposed PSP measures for tobacco products. Representatives from the tobacco industry, retail/business associations, public health representatives, other levels of government, a foreign government, non-governmental organizations (NGOs) and academics also provided comments.

The responses from NGOs and public health organizations were resoundingly supportive of PSP, and included recommendations to strengthen the proposed regulatory measures. There was a high level of support from the general public, with over 93% of participants in support of PSP. In contrast, comments received from the tobacco industry and retailers opposed the proposed measures.

In the consultation document, Health Canada had solicited references to any studies that would support the potential measures being proposed. Over 940 references, some in duplicates, were received, and all scientifically sound studies will be taken into consideration in the development of a regulatory proposal under the authority of the *Tobacco Act*.

1. INTRODUCTION

Tobacco use is the leading preventable cause of premature death in Canada, having a major role in causing over 40 diseases and other serious health outcomes.ⁱ Every year, 37,000 people die in Canada from tobacco useⁱⁱ, which amounts to one in every six deaths.ⁱⁱⁱ In addition, Canadians incur \$4.4 billion in direct health costs and \$17 billion in combined health and economic costs annually from tobacco use.^{iv}

Despite decades of efforts, there are still 4.5 million tobacco users in Canada. Most tobacco use begins during adolescence, with 82% of current adult daily smokers having smoked their first cigarette by the age of 18. In 2015 alone, 115,000 Canadians became daily smokers.^v

Tobacco packaging is one of the few remaining channels available for the promotion of tobacco products. Independent research, across several countries, has consistently shown that PSP measures reduce the appeal of tobacco products, particularly among young people.

With evidence showing that packaging can have a significant effect on the appeal of tobacco products, especially amongst youth^{vi}, on May 31, 2016, the Honourable Jane Philpott, Minister of Health, launched a public consultation on PSP measures to be considered for all tobacco products.

To solicit the views of Canadians, these measures were included in a consultation document that set out the proposal under consideration (**Consultation on “Plain and Standardized Packaging” for Tobacco Products**). The consultation document described potential measures to regulate the appearance, shape and size of packaging for all tobacco products. Specifically, the measures under consideration would build on those introduced in Australia and would standardize the colour and appearance of tobacco products and their packages, limiting the promotion that could appear on them. Health warnings and other government-mandated labelling (e.g., tax stamp) would not be affected.

Over 58,000 responses were received from members of the general public, representatives of the tobacco industry, retail, health organizations, other levels of government, a foreign government, non-governmental organizations (NGOs) and academics. The purpose of this document is to provide a summary of the main themes that emerged from the consultation on PSP for tobacco products; as such, it is intended to reflect the views of respondents¹ as they were expressed, and does not necessarily reflect the views of the Government.

All comments and information submitted as part of the consultation on PSP will be taken into consideration in the development of a regulatory proposal under the authority of the *Tobacco Act*, and, where appropriate, as part of the modernization of the FTCS.

¹ The identity of respondents who submitted comments through the on-line survey was not verified. Empty surveys were submitted but not included in the count or summary.



2. SUMMARY OF RESPONSES

This section provides a high level summary of comments received from each of the stakeholder groups. Of the more than 58,000 responses that were received, 92% were in support of the proposed PSP measures for tobacco products. The majority of these comments were from the general public, but support also came from NGOs, public health organizations, government, and academic researchers. Less than 10% of responses received opposed PSP. Industry, retailers and business associations represented the majority of the stakeholder groups who opposed PSP, but opposition also came from some in the general public, as well as some academics.

Figure 2.1 Proportion of overall support of PSP for tobacco products

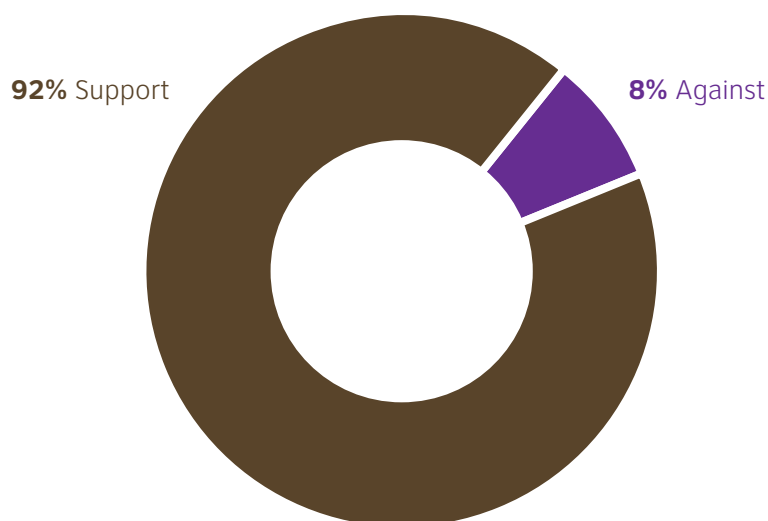
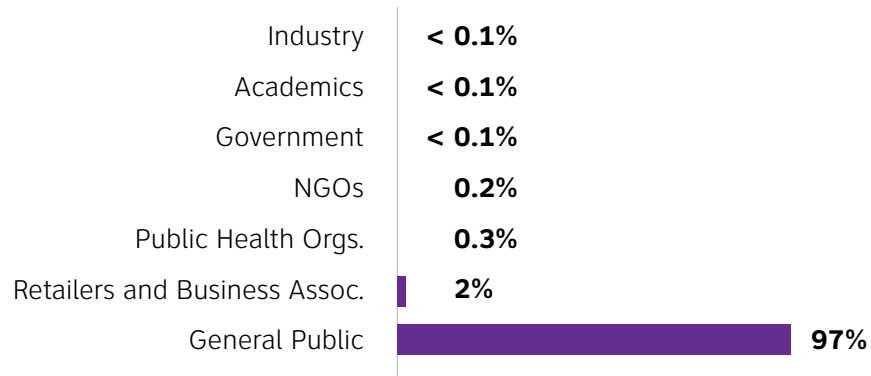


Figure 2.2 Feedback broken down by stakeholder group



Over 54,000 responses were received by the closing date of August 31, 2016, with 97% of these in support of PSP. An additional 4300 responses were received after the closing date, with most of these opposing PSP, bringing the overall support rate down to 92%. In the spirit of openness and transparency, and to ensure that all stakeholders' views were taken into account, submissions received up to November 30, 2016 were included in the consultation results.

General Public—97% of respondents

In support:

Over 93% of submissions from the general public were in support of PSP measures for tobacco products. Many respondents shared personal experiences of how tobacco use negatively impacted them or their family members, and expressed support for innovative regulatory measures, such as PSP, to further deter tobacco use.

Most respondents supported measures concerning the standardization of both the tobacco package and the cigarette size. Respondents agreed with the approach to use a single ordinary colour with a standard font and to use a standard shape and size for packages. Many also expressed support for the suggested measures which go beyond those currently implemented in Australia, such as the standardization of the dimensions of cigarettes.

“In my opinion, plain packaging is the next major step to counter the tobacco industry’s marketing efforts, reduce smoking, and lower the incidence of cancer and save lives.” — *General Public*

Some respondents gave specific examples to further support the proposed measures, such as their view that slim and superslim cigarettes were designed to appeal to women to either start or continue to smoke. Some stated they were strongly in favour of PSP because it focused on teenagers and young adults, a demographic they considered to be vulnerable.

Many Canadians also believed that the proposed regulations should apply to all tobacco products, and expressed the view that PSP should be implemented as soon as possible.

In addition to showing support, some respondents provided recommendations. The most common recommendations were:

- Descriptive brand names for tobacco products, particularly those such as ‘slim’ or ‘thin’ which were perceived to target women, should not be allowed.
- Only one type of cigarette packaging should be allowed, and it should be the slide and shell format.²
- Dull, drab colours with no shine should be used for both the inside and outside of package.
- Premium cigars should be left in their original packaging, but enclosed in a plain and standardized package for resale.

Not in support:

Less than 7% of the general public who provided feedback on the consultation were not supportive of PSP. Many of these respondents expressed concern that the proposed PSP policy would not be effective in reducing smoking. It was stated that smokers do not choose to smoke based on the packaging but rather from peer pressure and social sources; therefore, plain packaging would not deter young smokers in particular, and smokers in general, from experimenting with tobacco.

“This is a terrible idea and outright infringement of my right to choose for myself!” — *General Public*

Many of those who did not support the proposal expressed concern that the government had overstepped its role as a regulator. Many commented that, as tobacco products are legal, adults should be allowed to come to their own conclusions on whether or not they wished to purchase and consume tobacco products. There were also concerns raised that PSP for tobacco products would set a precedent, and that the government would broaden plain packaging regulations to other consumer goods such as food and alcohol.

Some respondents also expressed that it was disingenuous for the government to propose such restrictive measures for tobacco products while at the same time taking steps to legalize marijuana. Some questioned how these two policies could coexist as they felt the two policies were counterintuitive.

² Some common cigarette packaging designs include the slide and shell pack and the flip-top pack. The slide and shell pack is a rectangular pack which can be opened by sliding an outer sleeve across an inner shell. The flip-top or roof-top pack, has a hinged lid at the back of the pack.

In addition, there were comments that plain packaging could lead to an increase in illicit tobacco, as they felt the proposed regulations would make counterfeit products easier to produce. Some consumers raised concerns that they might be unknowingly purchasing counterfeit products, which they believed to be more hazardous to their health than legal cigarettes. Some noted that an increase in the illicit tobacco market would have an impact on the tax revenues generated from cigarette sales.

Others expressed concern that small business operators, like local tobacconists³ and small shops, would be negatively affected by this policy. Many who raised this also felt that premium cigars should not be included in the PSP policy since they felt that youth do not consume cigars due to their high cost and that cigar packaging is not intended to lure young adults into trying cigars. Cigar smokers also indicated that the label and packaging of premium cigars (wooden boxes) are part of the tradition and the experience, and they should not be further regulated.

The general public who were not in support of PSP had minimal recommendations, but the most frequently expressed view was that premium cigars and pipe tobacco should be exempt.

Retailers/Business Associations—2% of respondents

Of the responses received from retailers or business associations to the consultation document, over 99% opposed PSP.

Most respondents expressed concern that PSP of tobacco products would not achieve the Government's objectives of reducing the appeal of tobacco products to youth and believed the policy was not supported by scientific evidence. Some also asserted that Australia's plain packaging policy was a failed policy, claiming that plain packaging measures in Australia had not reduced smoking rates.

A number of business associations communicated their position that the proposed policy violates various domestic and international laws. Some retailers claimed that PSP measures were inconsistent with the World Trade Organization's (WTO) *Trade-Related Aspects of Intellectual Property Rights* and the *Technical Barriers to Trade Agreement*, and would violate the *Trade-marks Act*. International business associations also raised concerns that PSP would be a barrier to market entry and could limit retail trade and investment from foreign parties.

Some retailers felt that PSP would lead to an increase in illicit tobacco production and use. There were concerns that regulations specifying product package requirements would make it easier for counterfeiters to replicate packaging of legal products. Many expressed concern that PSP would make it more difficult for both enforcement officers and consumers to distinguish between illegal and legal products. Some retailers also communicated that PSP could lead to customers moving from legal products to contraband products.

Concerns that the government had overstepped its role as a regulator were also expressed by many in this sector. They indicated that the decision to implement PSP for tobacco products would set a precedent to justify similar regulatory measures for other consumer goods. This in turn could lead to opportunities for new counterfeit products beyond tobacco products.

³ A dealer in cigarettes, tobacco, cigars, and other items used by smokers.

The majority of retailers and business associations believed that the implementation of PSP would lead to a number of operational hurdles, such as longer retrieval times at point of sale resulting from clerks experiencing difficulties distinguishing between brands. Many also expressed the belief that plain packages would create challenges in inventory control and that additional training costs would be incurred by employers. In association with the projected longer retrieval times, some retailers also raised security concerns.

“Currently, legal tobacco products have complicated packaging to duplicate. The use of colours, embossing, and other advanced printing techniques requires specialized equipment and designs that are not easily acquired or duplicated.” — *National Coalition Against Contraband Tobacco*

Some of the tobacconists who responded were also concerned that customers would not like the appearance of PSP and would, as a result, begin purchasing cigars online from international sources, ultimately affecting their business.

Tobacconists, along with smokeless tobacco and premium cigar business associations who responded, were all of the opinion that products currently not targeted to youth (e.g. premium cigars and smokeless tobacco) should not be subject to PSP measures.

Along with the comments mentioned above, some retailers and business associations provided recommendations such as:

- A visible element of branding on the outside of carton should be allowed, to assist with inventory management.
- A small logo or branding on the top corner of packages should be allowed, to aid retail clerks in product identification.
- To ensure sufficient time for inventory depletion, the transition period for retailers should be longer than that for manufacturers.
- Pipe tobacco, smokeless tobacco and premium cigars should be exempt from all PSP measures.

Public Health Community—0.3% of respondents

Submissions were received from various professionals and practitioners working in the area of public health, the majority of which were from regional or urban healthcare organizations across Canada. The public health community strongly supported PSP measures and requested that the regulations be as comprehensive as possible.

Public health representatives expressed their concerns regarding the harmful health effects tobacco use has on Canadians, and some provided estimates of the associated health care costs. Many wrote that PSP would contribute to the reduction of tobacco use by preventing initiation; de-normalizing tobacco use by reducing the attractiveness of the product and the brand, and increasing the effectiveness of graphic health warnings.

The public health community was in agreement with the proposed measures for a single ordinary colour on all tobacco product packages. Suggestions were provided to use effective dissuasive colours such as dark brown (more specifically, Pantone 448C), and to avoid attractive colours. The majority of respondents also supported the use of a standardized font type, size and colour and the use of a standard shape and size for cigarette packages and single cigar tubes. Many mentioned that standardizing package shape and size would prevent the use of innovative measures by industry to diminish the effectiveness of graphic health warnings.

They further expressed support for both the packaging and product measures which go beyond those measures in place in Australia, such as limiting the number of words in the brand name display; disallowing space fillers in cigarette packages and prescribing the thickness for cigarette packaging; eliminating the use of distinctive colours or designs in cigarette filters; prescribing a single length and minimum diameter for cigarettes, and prescribing a single unattractive colour for cigarette papers. The majority suggested that the proposed measures could also be further strengthened, based on the lessons learned from the Australian implementation.

“In Canada, collaborative enforcement efforts have resulted in declining contraband activity since 2009” — *Kingston, Frontenac and Lennox & Addington Public Health*

In the consultation document, Health Canada solicited input on potential challenges that might arise in Canada with the implementation of PSP measures. In response to concerns about a rise in contraband activity after the implementation of PSP, many public health representatives reiterated the strategies that Canada currently has in place to combat contraband and counterfeit tobacco products, and included information on the decline in contraband activity in Canada since 2009. Many respondents also addressed retailer retrieval time concerns, and stated that Canadian retailers have previously demonstrated their ability to quickly adapt, citing retrieval time adjustments after the provincial bans on product display were implemented. With respect to PSP potentially leading to lower tobacco prices, they provided strategies to compensate for price changes, such as raising taxes on tobacco products.

The majority of public health representatives provided recommendations. The most common were:

- Plain and standardized packaging regulations should be implemented as quickly as possible.
- Based on the perceived effectiveness of the graphic health warning and the allure of different opening types, the slide and shell package format should be the only type of cigarette package allowed.
- Plain packaging restrictions should be extended to all tobacco accessories produced by, under license to, or in association with, tobacco companies.
- Brand names should be limited to two words only, and variant names should be limited to one word only.
- The use of names which convey lifestyle messages such as ‘bold,’ ‘elite’ or ‘preferred,’ or names which give the impression of reduced harm such as ‘mild’ and ‘light,’ should be prohibited.

- A dark brown colour, referred to as Pantone 448C and used in Australia, should be used for the package colour.
- The same drab colour should be applied to the inside of the packaging.
- The quantity of product per tobacco package should be standardized.
- The dimensions of the cigarette should be standardized to eliminate slim cigarettes from the Canadian market.

Non-Governmental Organizations—0.2% of respondents

NGOs expressed strong support for the proposed PSP measures and felt it necessary that government apply the measures proposed in the consultation document to all tobacco products as soon as possible. Many NGOs provided research studies showing evidence in support of PSP, as well as recommendations for measures they believed would further strengthen those identified in the consultation document.

To further emphasize the need for PSP, many highlighted the harmful health effects caused by tobacco use, and also provided estimates of the associated Canadian health care costs. Many NGOs identified the package as a continuing form of tobacco promotion. They expressed concern that youth are constantly exposed to the promotion of tobacco products through package branding, either in their homes, school grounds and communities, or anywhere a smoker handles tobacco products. Many NGOs emphasized the need to protect youth from addictive and lethal tobacco products, and stated that cigarette packages should not be designed to be attractive.

“In Australia... the total amount of illicit tobacco seized by Australian customs was the lowest in an 8 year period... While the tobacco industry cites a report by KPMG paid for by the tobacco industry to support claims that contraband has increased, KPMG itself denies that the report indicates that plain packaging is responsible for an increase in contraband” — *Canadian Cancer Society*

Some NGOs also provided research studies on the influence brand elements can have on individuals who smoke and provided studies which indicated that those who smoke often choose brands based on the image they feel the packaging portrays. Many NGOs felt that PSP would reduce any lifestyle messaging associated with the brand and brand element, which has been shown to increase product appeal.

This stakeholder group felt that PSP measures would enhance the effectiveness of the health warnings (written and graphic), where the promotional branding elements compete with, or detract from, these messages.

Many NGO respondents also stated that PSP is receiving much international attention, and emphasized the fact that PSP was included in the international guidelines under the *WHO Framework Convention on Tobacco Control*. Many also called for Canadian regulators to take advantage of this momentum and set a new global benchmark, above that already in place in other countries.

Most NGOs also provided suggestions based on Australia's experience with PSP implementation. For example, it was recommended that the regulations should prohibit the use of name extensions which convey messages of luxury, masculinity and femininity, or other lifestyle messages such as bold, elite or preferred. In addition, words that give the impression of reduced harm (mild, light) should also be prohibited. Many also expressed the importance of standardizing the number of cigarettes per package, in order to prevent the use of bonus packs, which portray a sense of value to the customer.

In response to Health Canada's solicitation for input on the potential problems that might arise as a result of PSP implementation in Canada, many NGOs provided research and information supporting the notion that a rise in contraband activity due to the implementation of PSP should not be expected in Canada. Many NGOs also provided evidence indicating that the burden observed on retailers regarding increased retrieval time due to PSP in Australia was short-lived and returned to normal quickly. Similar to those provided by public health representatives, some respondents provided strategies to compensate for the potential lowering of tobacco prices.

The majority of NGOs also submitted recommendations which, in their opinion, would strengthen the proposed regulations, and are summarised as follows:

- The slide and shell format should be the only cigarette package allowed in Canada.
- Plain packaging restrictions should be extended to all tobacco product accessories produced by, under license to, or in association with tobacco companies.
- Brand names should be limited to two words only, and variant names should be limited to one word only.
- The use of names which convey lifestyle messages such as 'bold', 'elite' or 'preferred', or names which give the impression of reduced harm such as 'mild' or 'light' should be prohibited.
- A dark brown colour, referred to as Pantone 448C and used by Australia, should be used for the package colour.
- The inner and outer packaging of tobacco products should also be standardized, possibly with drab colors.
- The quantity of tobacco product per package should be standardized.
- The dimensions of the cigarette should be standardized to eliminate the slim cigarette from the Canadian market.
- Regulations should be implemented as quickly as possible, with a three-month transitional period.
- Regulations should be flexible to adapt to future innovations that may aim to undermine the intention of the policy.

Other Levels of Government and Foreign Governments—less than 0.1% of respondents

Provincial, territorial and municipal governments provided support for the proposed PSP measures and many commented that the proposed measures would complement strategies already in place at their respective governmental levels.

Their submissions also included recommendations to further improve upon the proposed measures. Some of the recommendations commonly heard from this group were:

- Branding elements such as colours, images, logos, slogans or distinctive characters or finishes should be prohibited.
- Only one name per product line should be permitted.
- Only one standardized length and diameter for cigarettes should be permitted.
- The slide and shell format should be the only cigarette package format permitted.

The Australian Department of Health also provided a submission, in which it conveyed the view that all countries have a fundamental responsibility to protect the health of their citizens. It further detailed the three main objectives of implementing plain packaging in Australia, which were to reduce the appeal of tobacco products to consumers; increase the effectiveness of health warnings, and reduce the ability of the retail packaging of tobacco products to mislead consumers about the harmful effects of using tobacco products. They also included studies that supported how the measures in Australia have begun to achieve their objectives and are expected to continue to do so. They estimated the implementation of plain packaging measures has resulted in 108,228 fewer people who smoke in Australia.

The Australian Department of Health also noted that concerns raised by the tobacco industry with respect to unintended consequences of PSP have not been observed in Australia. For example, there is no evidence to suggest that plain packaging has negatively impacted the illicit tobacco market since its introduction in 2012, nor has it made a material difference in the ability to identify, detect or investigate illicit tobacco offenses.

Academia—less than 0.1% of respondents

In support:

Of the responses received from academia, over 91% showed support for the proposed measures. Many presented scientific reviews of available studies in support of PSP measures. Some submissions focused on the interpretation of data collected from plain packaging implementation in other countries, while others focused on the effectiveness of specific elements of the proposed PSP measures, such as standardizing colours.

The assertion made by some stakeholders that illicit tobacco trade increased after the implementation of PSP in the UK and Australia was discredited by some academic stakeholders who pointed to a lack of credible evidence to support this claim. Studies were also provided to show no long-lasting negative impact on retrieval times for retailers in Australia following the implementation of PSP. Information was submitted regarding the effects of certain colours, for example, the colours brown and green being associated with nausea, or the colour red having a general warning effect.

Other academics submitted research indicating that consumers are deterred by unappealing colours and dissuasive messaging on packages. Evidence was also submitted to highlight recent changes in tobacco packaging (other than cigarettes) to target youth, supporting the recommendation that PSP should apply to all tobacco products.

“I commend Canada for moving forward with this important policy and appreciate the opportunity to share evidence from the ITC Project on the impact of plain packaging in Australia, as well as research findings from Canada and other ITC countries to strengthen tobacco packaging policy measures in Canada.” — *Geoffrey T. Fong, PhD, University of Waterloo*

Additional scientific research submitted by academics showed how PSP implementation can increase the effectiveness of health warning messages. Most respondents also supported the view that PSP is consistently less appealing than branded packages.

Some academics provided additional recommendations that included:

- The slide and shell package format of cigarette packaging should be the only package format allowed.
- The tobacco product itself should be made less appealing.
- Attractive brand variant names and descriptions should not be permitted.
- Regulations should be as effective as possible.
- Regulations should be flexible to adapt to future changes in tobacco packaging that could undermine intended results.

Not in support:

A small number of academic research groups opposed the proposed PSP measures, questioning the overall effectiveness of the plain packaging initiative in reducing smoking. Some of these respondents stated that there was a lack of available scientific proof to support the initiative or that the evidence presented in support of PSP was of poor quality.

A few respondents submitted studies assessing the effectiveness of Australia’s plain packaging measures, and reported that, despite the claims made by the Australian government, the policy was not effective. Their findings further suggested that plain packaging was not an effective measure to reduce tobacco use, and that further research as to why it was not effective was required.

Another concern raised was that PSP would be an infringement of international intellectual property rights. Some academics stated that PSP violated the *Agreement on Trade-Related Aspects of Intellectual Property Rights* and the *Paris Convention for the Protection of Industrial Property*.

There was also a concern that foreign countries which export tobacco products may retaliate and impose import restrictions on products originating from countries which have implemented PSP for tobacco products.

Concerns were also raised that the illicit tobacco trade would grow as a result of PSP implementation, leading to tax evasion and less resources for public expenses. A few academics also expressed the view that PSP would make it more difficult to identify counterfeit products.

A few academic respondents suggested that premium cigars and pipe tobacco should be exempt from the PSP regulation, as they felt these products were not targeted to youth.

Tobacco Industry—less than 0.1% of respondents

The tobacco industry unanimously opposed the PSP proposal. Cigarette manufacturers who responded strongly opposed PSP, perceiving the policy as flawed and not in keeping with the Cabinet Directive on Regulatory Management. The majority of industry respondents also claimed that no scientific evidence was available to support the proposed measures, and that alternate measures should be considered. Many cited Australia's plain packaging policy as an example of policy failure and questioned why Canada would move forward while Australia's policy is being challenged before the WTO.

Industry respondents were also concerned about the high implementation costs associated with PSP, claiming that changes made to the packaging format would require manufacturing equipment modifications that would be both costly and complex. Industry respondents predicted a substantial amount of money would be lost due to obsolete machinery.

In addition, there were concerns from industry that the proposed policy violates various domestic and international laws. The majority stated that banning trademarks would violate the *Trade-marks Act* by disallowing manufacturers to use legally registered trademarks. These same respondents also felt that PSP violated the right to freedom of expression under the *Canadian Charter of Rights and Freedoms* by not allowing manufacturers to communicate product information and branding elements to adult consumers. Most also stated that PSP violated a number of international laws and obligations under the WTO Agreements, such as the *Agreement on Trade-Related Aspects of Intellectual Property Rights* and the *Agreement on Technical Barriers to Trade*. As well, industry felt that PSP measures went against several provisions of the *North American Free Trade Agreement* regarding trademarks.

The majority of respondents in this stakeholder group also raised concerns that PSP of tobacco products would lead to an increase in illicit tobacco product manufacturing. According to a report they sponsored and provided, there was an increase in illicit tobacco use in Australia post PSP implementation in 2012. Some respondents claimed that the motives behind their current package design (including features such as embossing and beveled edges) are intended to make it difficult for counterfeiters to copy the

products, and that PSP would undermine this safeguard. Some tobacco manufacturers also advanced that PSP would exacerbate the existing trend of individuals' switching to cheaper lawful brands or illegal products.

“In a plain pack environment, illegal producers will benefit at the expense of legitimate industry. They would be able to replicate easily plain packs and continue to supply the Canadian market with illegal branded packs and clear plastic baggies of cigarettes without health warnings.”
— *JTI-Macdonald Corporation*

Comments on how PSP would negatively affect the Canadian taxpayer were also made by industry. Many believed that PSP would result in lost tax revenues, potential job losses, increased need for government resources and an increased burden for small business owners.

The message heard from pipe tobacco, smokeless tobacco and premium cigar manufacturers was that their products should not be included in the scope of the PSP policy as they are not directed at youth or young adults. The majority believed that since premium cigars and smokeless tobacco products are different from other tobacco products, PSP measures would be unnecessary and disproportionate for these products. In addition, some felt that the intended purpose of the packaging, for example containers of smokeless tobacco which are designed to maintain product freshness, should be considered as part of the PSP proposal.

While most of the comments from industry focused on the PSP policy itself, some recommendations concerning proposed measures were:

- The transition period for implementation should be lengthy to allow for equipment modification.
- Pipe tobacco, smokeless tobacco products and premium cigars should be exempt.

2.1 RECOMMENDATIONS OUTSIDE THE SCOPE OF PSP

Along with general comments regarding PSP measures, a number of recommendations and suggestions were also received that fell outside the scope of PSP, such as recommendations concerning the graphic health warnings on tobacco product labels, investment in the education of youth of the risks associated with tobacco use, improvements to the excise tax stamp, and strategies to tackle the contraband tobacco problem. These comments will be considered as part of the modernization of the FTCS.



3. NEXT STEPS

With over 58,000 submissions from Canadians, the response to the PSP consultation document was much larger than anticipated. Health Canada will take the comments received as part of this consultation into consideration while developing proposed tobacco regulations for PSP as well as the modernization of the FTCS.

The regulatory proposal and the accompanying Regulatory Impact Assessment Statement will be pre-published in the *Canada Gazette*, Part I, to give Canadians and interested parties the opportunity to review and provide comments before the regulation is finalized.

BACKGROUND REFERENCES

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