



**COALITION QUÉBÉCOISE
POUR LE CONTRÔLE DU TABAC**

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Re: National Coalition Against Contraband Tobacco

Dear Sirs,

Thank you for your invitation to join the “**National Coalition Against Contraband Tobacco**” which you have recently launched at the national level (letters of April 30th and May 8th). Although we share the objective of eliminating contraband tobacco, the differences between our public health objectives and your economic interests give rise to various irreconcilable differences between our positions.

As you no doubt are aware, the sole objective of health groups is the protection of public health. In this regard, all of our actions and the solutions we advocate take into account their impacts on the health of the population. If we are targeting the elimination of contraband, it is above all from the perspective of reduction the harm caused by tobacco.

Your main objective is to protect the economic health of retailers¹. This mission is absolutely legitimate. Contraband hurts legal businesses and it is understandable that their representatives demand vigorous government interventions in order to eliminate competition which is both unjust and illegal.

The problem for us is that, at the same time, it will always remain in the best economic interest of retailers to maximize of legal sales of tobacco. It is for this reason that Quebec retail associations have traditionally aligned themselves with the tobacco industry against each new effective means of tobacco control:

- Cigarette Package Warnings (“*Les dépanneurs craignent la faillite: les nouveaux paquets de cigarettes seraient trop repoussants*”²)

¹ “CCSA represents the collective economic interests of C-Store retailers and vendors in Canada and acts as the industry voice on matters of consequence with all levels of government and community groups”, **Canadian Convenience Stores Association** website.
http://www.conveniencestores.ca/index.php?option=com_content&task=view&id=36&Itemid=52

- Restrictions on Promotions at Point-of-sale³ (*Veut-on tuer les dépanneurs?*⁴)
- Inspections and penalties related to the prohibition of tobacco sales to minors (*“Le gouvernement arnaque les dépanneurs”*⁵)
- Increased taxes on tobacco products
- Ban on tobacco product displays (*“La Gestapo à Charest va voir le jour. Ça deviant Kafkaesque”*⁶ *“We will only succeed in showing the government how damaging these regulations will be to our industry if we stand together”*⁷)

The fact that the tobacco industry finances several convenience store associations and that it is often closely linked to their lobbying activities, particularly those concerning contraband⁸, indicates a disturbing convergence with the economic interests of tobacco companies. However, the one and only objective of the tobacco industry is to increase its profits, and therefore the consumption of tobacco.

In thus attempting to protect only the economic interests of tobacco retailers, some of your messages and potential solutions set aside public health considerations and create for these latter, significant negative impacts. For example:

1) Your Association calls for a reduction in tobacco taxes as a solution.

At the outset, we would like to point to the unfortunate omission of any mention of your support for a reduction in taxes in your campaign letter and recruitment brochure. Yet at the same time as your letters arrived in our offices and in those of our partners, your representative, **Mr. Gadbois**, was calling repeatedly for a reduction in taxes in his testimony before the **Standing Committee of Public Safety and Security of the House of Commons**⁹. This option, which is supported by the tobacco industry¹⁰, is unanimously opposed by health groups.

Disastrous health consequences

Reducing tobacco taxes will first and foremost have immediate and disastrous impacts on public health. Despite the presence of contraband, the large majority of individuals still smoke legal cigarettes, just as during the contraband crisis in the 1990s (at least 7 of 10 individuals¹¹). The year following the tax reductions of 1994 saw an increase of nearly 10% in the prevalence of tobacco use in Canada, reversing a

² **Dennis Buechert**, “Les dépanneurs craignent la faillite: les nouveaux paquets de cigarettes seraient trop repoussants”, **Le Soleil**, 6 juin 2002.

³ In 1999, Minister Allan Rock had published a consultation paper to restrict promotion at point-of-sale. Retailers, particularly those represented by the Association des dépanneurs en alimentation (ADA) (headed at the time by Michel Gadbois) carried out an enormous letter writing and public relations campaign against these proposed federal measures, which were never enacted.

⁴ **Michel Gadbois**, président-directeur général de l'**Association des détaillants en alimentation du Québec (ADA)**, article d'opinion : « Veut-on tuer les dépanneurs? », *La Presse*, May 14th 1999.

⁵ **Jean-François Cadieux**, « Le gouvernement arnaque les dépanneurs », *La Tribune de Sherbrooke*, August 22nd 2001.

⁶ **Michel Gadbois**, quoted in « Dissimulés, les produits du tabac », *Le Quotidien*, May 27th 2008.

⁷ **Dave Bryans**, letterhead of the Atlantic Convenience Store Association, president of the **Canadian Convenience Store Association**, mobilization letter against regulation of displays and promotion at point-of-sale, addressed to Nova Scotia retailers, undated (Summer 2007)

⁸ **The Canadian Convenience Store Association** acted as host to an event financed by **Imperial Tobacco** and other tobacco companies in November 2007. A list of the invitees tagged the Quebec Health Minister and the Quebec Provincial Police (SQ) as “thorns”. André Noël, « Philippe Couillard et la SQ, ‘épines au pied’ de l’industrie du tabac », *La Presse*, November 1st 2007. The majority of the speakers chosen by the organizers were in favour of reducing tobacco taxes.

⁹ **Michel Gadbois**, representing the **Canadian Convenience Store Association** and the **Association québécoise des dépanneurs en alimentation**, Committee testimony no. 30, 14 May 2008, unedited version.

¹⁰ “Si l’application de la loi ne résout pas le problème, la seule autre solution est de réduire les taxes [sur le tabac]”, word of **Yves-Thomas Dorval**, spokesperson at **Imperial Tobacco Canada**, as reported by William Marsden, *The Gazette*, August 3rd 2007

¹¹ In 1993, contraband represented about 27% of the market. Calculations from Table 2 of the study by **Stephens, T**, “Workshop Report: Trends in the Prevalence of Smoking, 1991-1994”, *Chronic Diseases in Canada*, 16 (1), Winter 1995, pp. 27-32. http://www.phac-aspc.gc.ca/publicat/cdic-mcc/16-1/c_e.html

general trend toward reductions in use¹². Only a few years after the tax reductions, the prevalence of tobacco consumption had increased substantially among young Quebecers, moving from 19% in 1991 to 38% in 1996¹³. In fact, Health Canada researchers calculated that the tax reduction had resulted in 355,000 new smokers across the country during the next five years, leading to 40,000 excess deaths attributable to tobacco use¹⁴.

False solution

Secondly, the reduction of taxes is a false solution. The price of tobacco in Canada is far from being a determining cause of contraband. Contraband is wide-spread in provinces and countries that have lower prices¹⁵. As noted by the **World Bank**, “*if contraband constitutes an undeniably serious problem (...) the response should be neither to reduce taxes nor to stop increasing them, but to suppress criminal behaviour*”¹⁶. Several countries have combated the problem using better controls, without reducing taxes¹⁷. The **Canadian Coalition for Action on Tobacco** identified a series of control measures against contraband¹⁸ and we support these latter measures.

2) You misrepresent historical elements of the problem.

The deliberate distortion of past events leads to an incorrect understanding of the problem and undermines the search for effective solutions which favour public health. In your presentation before the **Standing Committee on Public Safety and Security**, you said that taxes should be reduced because “*it worked in 1994*”¹⁹. At the time, however, contraband ended solely because the tobacco companies decided to suspend their exports to the enormous bonded warehouses located in New York State, which were supplying “Indian traders” to resell the products in Canada from Akwesasne²⁰. In fact, the contraband phenomenon itself was an element of an aggressive campaign, orchestrated by the tobacco industry, against Canada’s high tax policy²¹. As soon as taxes were reduced, there was no longer any reason to supply the contraband networks. (It is these networks which have redeveloped, this time without the industry, which are at the heart of the current problem). It is therefore untrue and misleading to say that the reduction in taxes was effective in eliminating contraband in the 1990s.

3) Your involvement in certain previous campaigns affects your credibility.

In the midst of the 1993 campaign to reduce taxes, the “**Mouvement pour l’abolition des taxes reserves aux cigarettes (MATRAC)**” organized illegal cigarette sales throughout Quebec²². This strategy was conceived in the offices of the **Association des détaillants du Québec (ADA)**, in the presence of a

¹² **Stephens, T**, “Workshop Report: Trends in the Prevalence of Smoking, 1991-1994”, *Chronic Diseases in Canada*, 16 (1), Winter 1995, pp. 27-32. http://www.phac-aspc.gc.ca/publicat/cdic-mcc/16-1/c_e.html

¹³ Poll of the **ministère de la Santé du Québec**, quoted in “L’usage du tabac a doublé en cinq ans au secondaire”, par Katia Gagnon, *La Presse*, Oct. 2nd 1997.

¹⁴ **Villeneuve, P., et al.**, « The Impact of the Cigarette Price Rollback on the Future Health of Canadian Adolescents – draft” (no date).

¹⁵ **Joossens, L, Raw, M**, “How can cigarette smuggling be reduced?”, *British Medical Journal*, Volume 321, October 2000.

¹⁶ **La Banque mondiale**, « Le développement à l’Oeuvre ; Maîtriser l’épidémie ; L’État et les aspects économiques de la lutte contre le tabagisme », 1999.

¹⁷ **Joossens, L, Raw, M**, “How can cigarette smuggling be reduced?”, *British Medical Journal*, Volume 321, October 2000.

¹⁸ See http://www.cqct.gc.ca/Documents_docs/DOCU_2007/JUNE%20GRAVE%20MENACE%20POUR%20LA%20TAXATION.pdf

¹⁹ **Michel Gadbois**, representing the **Canadian Convenience Store Association** and the **Association québécoise des dépanneurs en alimentation**, Committee testimony nol 30, May 14th 2008, unedited version.

²⁰ **Noël, André**, « Pause dans les exportations de tabac : Imperial Tobacco confirme avoir suspendu la vente de ses produits aux États-Unis », *La Presse*, February 3rd 1994.

²¹ So far, two senior executives working for JTI have been found guilty of having participated in contraband in the 1990s. JTI and several of its other executives are presently facing other criminal charges brought by the RCMP before the Ontario Court. The federal government and several provinces have initiated civil proceedings against the same company. The RCMP has also executed search warrants in the offices of Imperial Tobacco and Rothmans, Benson & Hedges.

²² **Auger, Michel**, « Fournisseurs du MATRAC : Le Ministère fédéral de la Justice oublie tout », *Journal de Montréal*, June 13th 1993.

representative of the **Canadian Council of Tobacco Manufacturers**²³. MATRAC's coordination, offices, communications and public relations officers were provided or paid by the ADA (The ADA receives funding from the tobacco industry²⁴). This campaign represented a critical component of the "contraband crisis" which led to the suspension of the effective high tobacco tax policy, as well as all the consequences which flowed therefrom.

In summary, the fact that you, **Mr. Gadbois**, were president of the ADA at this time, and that you had also worked as a public relations representative for **Benson** (today **Rothmans, Benson & Hedges**) and **Imasco** (owner of **Imperial Tobacco** at the time), prevents us from believing in your sincerity when you speak of the fight against this "*societal scourge (...) which has annihilated years of struggle against tobacco use*"²⁵.

4) Your argument infers that legal cigarettes are less harmful than contraband cigarettes.

Your organization is part of those which more and more present contraband cigarettes as cigarettes which "*are in any case not inspected. No control exists on their ingredients*"²⁶ which are "*not regulated*", "*manufactured using questionable methods*" with "*sub-standard tobacco*" and ingredients which would "*unquestionably be forbidden in a regulated marketplace*"²⁷. This leads one to believe that contraband cigarettes are of lesser 'quality' than legal cigarettes.

The reality is that all cigarettes are equally dangerous. The toxic soup resulting from the combustion of organic matter, whether this be from regular tobacco, from tobacco with additives, from grass or from parsley, carries the same risks of illness and death for any regular smoker. (It is equally important to note that at the present time, there is no control on ingredients in legal cigarettes).

To communicate the message, directly or indirectly, that one cigarette is "better" than another is simply dangerous, and totally irresponsible. The disastrous impacts resulting from the "light" cigarettes deception shows to what extent erroneous rationalizations (such as a smoker saying to himself "at least these are less harmful than regular cigarettes!") contribute to tobacco use.

Although we are declining your invitation, we remain firmly committed to the fight against contraband. In fact, more than 100 community and health groups are part of the **Campaign for Action on Tobacco Contraband and Health (CATCH)**, launched by the **Canadian Coalition for Action on Tobacco** on 24 April 2007²⁸. We will continue to fight against the phenomenon of contraband cigarettes, but both our analysis of the problem and solutions advocated, contrary to those of your organization, will aim first and foremost to reduce the suffering and death caused by tobacco.



Louis Gauvin, coordinator

cc: partners, governments, concerned groups

²³ Noël, André, « Les épiciers ont créé de toutes pièces le mouvement des « dépanneurs généreux », La Presse, January 27th 1994

²⁴ Noël, André, « La Route du tabac : Quand les médias se font complices », 30, vol. 18, no 4, April 1994.

²⁵ Michel Gadbois, May 8th 2008 letter.

²⁶ Michel Gadbois, May 8th 2008 letter.

²⁷ Norman Inkster, keynote speaker at the Forum on Illegal Tobacco Sales, organized by the **Canadian Convenience Stores Association**, on November 2nd 2007.

²⁸ See http://www.cqct.qc.ca/Documents_docs/DOCU_2007/CATCS%20communiqu%20de%20presse%20070424.pdf