

Tobacco in Canada

Addressing Knowledge Gaps Important to Tobacco Regulation
Environmental Scan – Winter 2021

Vaping and Tobacco
companies mobilized
protests in an attempt to
prevent nicotine caps and
flavour bans



March 31, 2021

Physicians *for a* Smoke-Free Canada

134 Caroline Avenue ♦ Ottawa ♦ Ontario ♦ K1Y 0S9
www.smoke-free.ca ♦ psc@smoke-free.ca

TABLE OF CONTENTS

Table of Contents	2
I. Federal Government Activities	3
a) Policy and Regulation	3
Other	6
B) Financial Policy	7
II. Monitoring and Surveillance	7
C) Monitoring and Surveillance	7
III. Provincial Government activities	9
Alberta	9
British Columbia	9
Manitoba	9
New Brunswick	9
Newfoundland	10
Northwest Territories	10
Nova Scotia	10
Nunavut	10
Prince Edward Island	10
Ontario	10
Quebec	11
Saskatchewan	11
Yukon	11
IV. Municipal Government Activities	11
V. Litigation	11
VI Polling and public opinion	11
VII. Selected International Activities	12
World Health Organization	12
United States	12
EUROPE	13
Other regions	14
VIII. Market Developments	15
Corporate developments	15
Market size, share and revenue	16
Intellectual property	17
Tobacco industry Interference	18

Funding for this report was provided by Health Canada's Substance Use and Addictions Program (SUAP)
The views expressed herein do not necessarily represent the views of Health Canada

I. FEDERAL GOVERNMENT ACTIVITIES

A) POLICY AND REGULATION

Progress indicators

- The federal government tracks 9 indicators towards its 3 tobacco control goals. No new data was released in this period to assess achievement.^{1 2}

Indicator	Target	2019-2020 Actual	Date for Target
Percentage of Canadian students (grades 7-12) who have used any tobacco product in the past 30 days (Females)	At most 10%	7%	April 2023
Percentage of Canadian students (grades 7-12) who have used any tobacco product in the past 30 days	At most 10%	8%	April 2023
Percentage of Canadian students (grades 7-12) who have used any tobacco product in the past 30 days (Males)	At most 10%	9%	April 2023
Percentage of Canadian students (grades 7-12) who have used a vaping product (e-cigarettes only) in the past 30 days (Males)	At most 10%	21%	April 2023
Percentage of Canadian students (grades 7-12) who have used a vaping product (e-cigarettes only) in the past 30 days	At most 10%	20%	April 2023
Percentage of Canadian students (grades 7-12) who have used a vaping product (e-cigarettes only) in the past 30 days (Females)	At most 10%	19%	April 2023
Percentage of Canadians (aged 15+) who have used any tobacco product in the past 30 days	At most 5%	17.8%	April 2035
Percentage of Canadians (aged 15+) who have used any tobacco product in the past 30 days (Females)	At most 5%	14%	April 2035
Percentage of Canadians (aged 15+) who have used any tobacco product in the past 30 days (Males)	At most 5%	21%	April 2035

Proposed regulations (Canada Gazette Part I)

- Health Canada gave notice to the World Trade Organization of its proposed Concentration of Nicotine in Vaping Products Regulations.^{3 4} It indicated that “Final publication of the Regulations in the Canada Gazette, Part II is expected in the third quarter of 2021.” The Consultation period on the proposed regulations ended in March 2020.

Federal regulations in development

- The department updated its forward regulatory plan,⁵ identifying the following tobacco-related activities.

Title of Regulatory Initiative	Consultation	Date first included in Forward Regulatory Plan	Next step
Tobacco Products Labelling Regulations	fall 2018	April 1, 2015	CG1 – “Fall 2021” (75 day)
Proposed amendments to the Tobacco Products Labelling Regulations would change the health-related labelling of tobacco products and require package labelling for those products not yet subject to labelling requirements.			

1 Government of Canada. Treasury Board. Infobase.
2 Government of Canada. Treasury Board Infobase.
3 Canada Gazette, Part I, 19 December 2020
4 World Trade Organization. Notice G/TBT/N/CAN/633
5 Health Canada. Forward Regulatory Plan: 2020-2022

Title of Regulatory Initiative	Consultation	Date first included in Forward Regulatory Plan	Next step
Tobacco products being considered for modified labelling requirements may include cigarettes, little cigars, cigars, pipe tobacco, bidis, kreteks, and smokeless tobacco, while products that would be subject to new requirements may include water-pipe tobacco (also known as narguileh and shisha) and blunt wraps.			
Amendments to the Tobacco Reporting Regulations	December 2, 2017	April 1, 2017	CG1 – “Fall 2021” (75 day)
Amendments to the Tobacco Reporting Regulations (TRR) are being proposed to improve the information collected by Health Canada from manufacturers and importers of tobacco products and to require that the Minister disclose certain information to the public. The proposed amendments would be made under new regulation-making powers set out in the Tobacco and Vaping Products Act.			
Vaping Products Reporting Regulations	August 2017	October 1, 2017	CG1 – “Fall 2021” (75 day)
The objective of the proposed Vaping Products Reporting Regulations is to require manufacturers and importers of vaping products to provide timely and relevant information on their vaping products to Health Canada, which would then be used to inform the development of policies and regulations. Mandatory public disclosure of information by the Minister as well as measures to enhance compliance with the reporting requirements would also be included in the regulatory proposal.			
Concentration of Nicotine in Vaping Products Regulations	April, 2019	February, 2021	CG1 – “Fall 2020” (75 day)
The purpose of the proposed Vaping Products Standards (Nicotine) Regulations is to prevent vaping product use from leading to the use of tobacco products by young persons and non-users of tobacco products. In particular, these regulations are intended to protect these individuals from inducements to use vaping products and from exposure to and dependence on nicotine that could result from the use of vaping products. The proposed regulations would set a limit on the concentration of nicotine in vaping products.			
Restrictions on Flavours in Vaping Products	April, 2019	February, 2021	CG1 – “winter 2021”
The purpose of the proposed restrictions on flavours in vaping products is to prevent vaping product use from leading to the use of tobacco products by young persons and non-users of tobacco products. In particular, the proposed restrictions are intended to protect these individuals from inducements to use vaping products and from exposure to and dependence on nicotine that could result from the use of vaping products. The proposed regulations would set restrictions on flavours in vaping products.			
Amendments to the Tobacco Access Regulations (Age Verification for Online Sales)	April, 2019	February, 2021	CG1 – “Fall 2021” (30 day)
The purpose of the proposed amendments to the Tobacco Access Regulations (Age Verification for Online Sales) would be to protect the health of young persons from exposure to and dependence on nicotine that could result from the use of vaping products by restricting young persons from accessing vaping products and tobacco products through online retailers. The proposed regulations would amend current regulations to include vaping products, as they currently only apply to tobacco. The proposed regulations would also prescribe, in greater detail, the mechanisms that must be undertaken to verify age and identity in the context of online sales.			
Regulations Amending the Vaping Products Promotion Regulations (Package and Design Features)	April, 2019	February, 2021	CG1 – “Winter 2022” (75 day)
The purpose of the proposed restrictions on vaping products promotion (package and design features) would be to protect young persons and non-users of tobacco products from inducements to use vaping products. The proposed regulations would place certain limits on what promotional elements can appear on vaping product packages. They would also impose restrictions on design features that are appealing to youth to prevent their use in the manufacture of vaping products.			

- In its 2021-2022 Departmental Plan, Health Canada identified the following activities related to tobacco and vaping.⁶

Health Canada will also redouble its efforts to protect young Canadians from inducements to vape by restricting the promotion of vaping products to youth; raising awareness of the potential harms; and taking additional compliance and enforcement actions as necessary. The Department continues to advance Canada's Tobacco Strategy—a modernized approach for successful tobacco control with the goal of achieving the target of less than 5% tobacco use by 2035.

Specific measures announced in the plan included:

- *The Department will undertake the first legislative review of the Tobacco and Vaping Products Act, scheduled to begin no later than May 2021 and culminating with a report to Parliament in May 2022.*
- *Finalizing the proposed Concentration of Nicotine in Vaping Products Regulations that were pre-published in Canada Gazette Part I in December 2020, and proposed regulations that would restrict flavours in vaping products, to help further reduce the appeal of these products to young Canadians*
- *Raising awareness and public education of the potential harms associated with vaping, particularly among youth and their parents, through public education campaigns;*
- *Research to understand vaping product composition and emissions, to conduct toxicity testing, and surveillance to monitor youth vaping trends;*
- *Additional qualitative research and surveillance activities, including public opinion research to better understand the increase in youth vaping to inform future regulations;*
- *Online inspections of websites where advertising or promotion of vaping products is accessible to youth; conducting inspections of vaping products and activities, as well as product sampling and testing; and publishing the results of key compliance and enforcement activities*
- *Enforcing plain packaging requirements on all tobacco products to reduce their appeal;*
- *Developing new health warnings, health information messages and statements about toxicity as part of renewed tobacco product labelling requirements;*
- *Promoting compliance, inspecting tobacco products, and other activities related to new requirements;*
- *Renewing the Pan-Canadian Quitline Initiative and developing voluntary smoking cessation standards for health care organizations, in coordination with P/Ts and other stakeholders;*
- *Supporting community-level initiatives that address tobacco or vaping products through SUAP. A total of \$3.5 million is planned in grants (\$100,000) and contribution agreements (\$3.4 million).*

Enforcement and compliance actions

- On January 1, Health Canada begins enforcing the requirement for warning labels and other labelling on vaping products following a 6 month grace-period provided to suppliers linked to the COVID-19 pandemic.⁷

6 Health Canada's Departmental Plan

7 Canada Convenience Store News. Ottawa delays new vape packaging regulations

- The federal requirement for child-proof packaging of vaping liquids was scheduled to come into force on January 1, but in November Health Canada informed suppliers that they would not be enforcing this provision until July 1, 2021.⁸

OTHER

Federal expenditures on tobacco control

- Federal government released its annual report on advertising expenditures on January 29.⁹
 - \$3.6 million was spent on the first phase of the Youth Vaping Prevention Campaign with an additional \$2.47 million spent on phase 2
- In January 2021, Parliament was informed that Health Canada had spent \$50.9 million on tobacco control activities in the previous fiscal year (2019-2020).¹⁰ This stated amount is \$15 million higher than the amount reported spent by Treasury Board on tobacco control activities.¹¹ The difference is attributable to the costs reported for legal services and administration, corporate costs and accommodation, lab tests, etc.

Department	Order Paper Question	Infobase
Health Canada	\$50.9 million	\$35.3 million
• Mass Media	\$6.3 million	
• Policy and Regulatory Development	\$5.3 million	
• Research	\$5.9 million	
• Surveillance	\$2.2 million	
• Enforcement	\$7.1 million	
• Grants and contributions	\$2.0 million	
• Legal services and administration	\$8.1 million	
• Departmental corporate costs and accommodation	\$5.9 million	
• Lab testing, risk assessment, external relations	\$1.6 million	
• Program costs, including non-mass media communications	\$6.5 million	
Indigenous Services Canada	\$8.7 million	
Public Safety Canada	\$565,711	
Canadian Border Services Agency	\$3 million	
Royal Canadian Mounted Police	\$3 million	

Parliament

- During this period, there were no questions asked in the House of Commons or Senate regarding tobacco use or vaping.
- The federal government introduced legislation that would eliminate mandatory minimum sentences, including for tobacco offences.¹²

8 Letter sent to vaping manufacturers and interested parties by Dana Beaton, June 1, 2020

9 Annual report on government of Canada Advertising Activities 2019-2020

10 Order Paper Question #230, returned January 25, 2021.

11 Infobase. Treasury Board. Infographic for Tobacco Control.

12 Justice Canada. Press Release. March 22, 2021. Bill C-22: Mandatory Minimum Penalties to be repealed

- The House of Commons Finance Committee budget recommendations included support for letting indigenous communities tax tobacco, imposing a licence fee on tobacco companies and taxing vaping products. It also restated last year's recommendation to raise tobacco taxes.¹³

B) FINANCIAL POLICY

Tax rates

- During this period, the federal government announced that the inflationary adjustment of federal tobacco taxes would raise the price of cigarettes by \$0.25 per carton, effective April 1.¹⁴ By contrast., Rothmans, Benson and Hedges, and Imperial Tobacco raised prices in January 2021 by \$2.50 to \$4.35 per carton.¹⁵

Category	Effective April 1, 2021	April 1 2020 to March 31, 2021	Taxable unit	Per carton
Cigarettes	\$0.62725	\$0.62104	per 5 cigarettes or fraction of 5 cigarettes contained in any package	\$0.25
Tobacco sticks	\$0.12545	\$0.12421	per stick	\$0.25
Manufactured tobacco other than cigarettes and tobacco sticks	\$7.84062	\$7.76299	per 50 grams or fraction of 50 grams contained in any package	
Cigars	\$27.30379	\$27.03346	per 1,000 cigars	

Budget recommendations

- In February, the House of Commons Finance Committee report recommended that the government impose a regulatory fee on tobacco manufacturers, introduce taxes on vaping products and repeated its call from last year for a tobacco tax increase.¹⁶

II. MONITORING AND SURVEILLANCE

C) MONITORING AND SURVEILLANCE

- The Canadian Institute of Health Information (CIHI) released data from the 2020 Commonwealth Fund, comparing tobacco and e-cigarette use and other health behaviours in Canada and 9 other peer countries.¹⁷

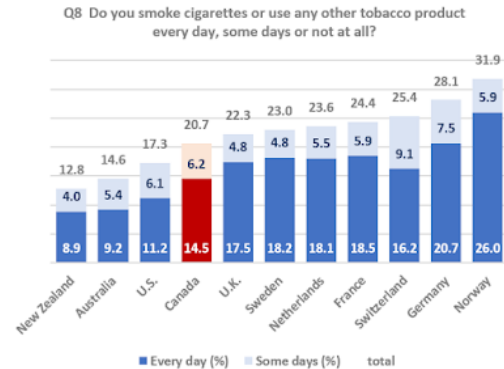
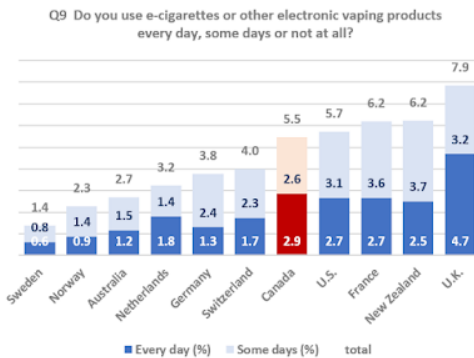
13 House of Commons Finance Committee. Investing in Tomorrow: Canadian priorities for economic growth and recovery.

14 Canada Revenue Agency. Excise Tax Rates

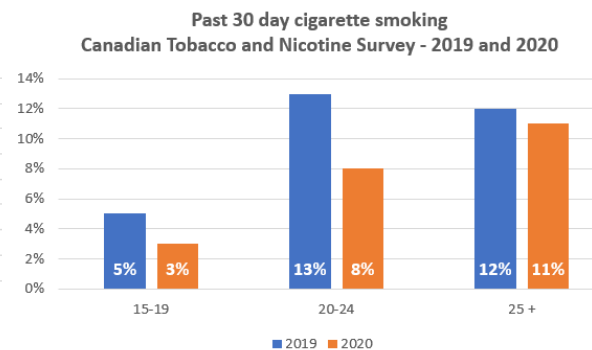
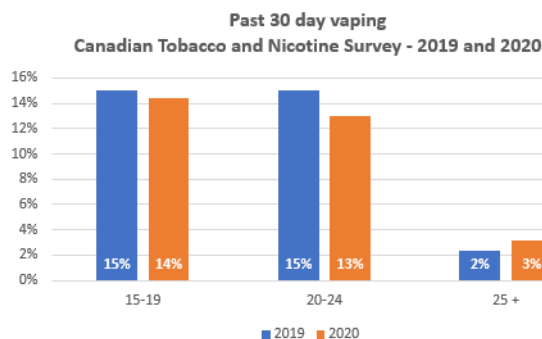
15 Ontario Korean Businessmen's Association. RBH Price Increase and Imperial Price Increase

16 House of Commons Finance Committee. Report

17 CIHI. Commonwealth Fund survey, 2020



- Results from the second wave of Statistics Canada's Canadian Tobacco and Nicotine Survey (CTNS) were released on March 17, 2021.¹⁸

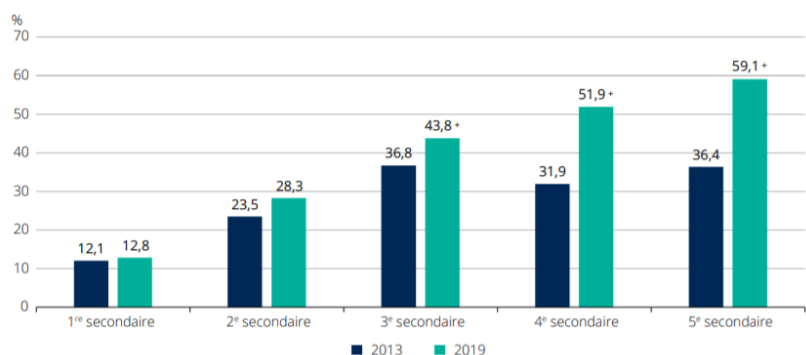


- During this period, the Quebec government released the 2019 results for its *Enquête québécoise sur le tabac, l'alcool, la drogue et le jeu chez les élèves du secondaire 2019*.

¹⁹The survey was conducted between November 4 and December 20, 2019. As other studies taken slightly earlier (like the Canadian Student Tobacco Alcohol and Drug

Survey which took place between October 2018 and June 2018), this survey found significantly elevated rates of youth vaping, with 1 in 5 high school students using vaping products over the past month (up to 35% in 5e secondaire, equivalent to grade 11).

Figure 1.2
Utilisation de la cigarette électronique à vie selon le niveau scolaire, élèves du secondaire, Québec, 2013 et 2019



18 Canadian Tobacco and Nicotine Survey, 2020.

19 Enquête québécoise sur le tabac, l'alcool, la drogue et le jeu chez les élèves du secondaire 2019 Principaux résultats de l'enquête et évolution des phénomènes

- Other ongoing federal surveys include: ²⁰

Canadian Community Health Survey (CCHS)

The Tobacco Control Directorate has worked with Statistics Canada to have vaping measures included as core content starting in the 2020 cycle. Results are expected for 2020 in the fall of 2021.

Canadian Student Tobacco and Drugs Survey (CSTADS)

Surveillance teams (tobacco/vaping, controlled substances, cannabis and alcohol) within the Controlled Substances and Cannabis Branch are working with a contractor towards conducting the next CSTADS during the 2021/22 school year. Data is expected to be published within the Nov 2022 to Feb 2023 timeframe. The contract was awarded to CCI Research Inc.

Quantitative POR - Multi-Year Tobacco and Vaping Surveys

A request for proposals was recently posted to identify a supplier that would conduct a quantitative survey twice per year. If a successful bidder emerges from this process the information collected will complement the other surveys by providing more detailed information about Canadians' attitudes, knowledge, patterns of use, and perceptions with respect to vaping and tobacco products.

III. PROVINCIAL GOVERNMENT ACTIVITIES

ALBERTA

- Alberta tabled its budget on February 25, 2021. It announced no new tobacco tax measures, but did announce that its earlier plan for a tax on vaping products had been put "on hold".²¹

BRITISH COLUMBIA

- British Columbia released a report evaluating its stop smoking program.²²

MANITOBA

- Manitoba introduces legislation to remove the exemption from the Smoking and Vapour Products Control Act which had been applied to federal jurisdictions and first nations reserves since 2004.²³

NEW BRUNSWICK

- **New Brunswick's** Budget included new funding for a "safer communities" program that would help address contraband tobacco enforcement. No tobacco tax measures were announced in the 2021 budget.²⁴

20 Health Canada memo to stakeholders, February 2020.

21 Alberta. Fiscal Plan. Budget 2021.
<https://open.alberta.ca/dataset/6f47f49d-d79e-4298-9450-08a61a6c57b2/resource/ec1d42ee-ecca-48a9-b450-6b18352b58d3/download/budget-2021-fiscal-plan-2021-24.pdf>

22 British Columbia. B.C. Smoking Cessation Program Evaluation Survey. August 2020.

23 Manitoba. Bill 56. The Smoking and Vapour Products Control Amendment Act
<https://web2.gov.mb.ca/bills/42-3/b056e.php>

24 New Brunswick. Budget 2021-2022
<https://www2.gnb.ca/content/dam/gnb/Departments/fin/pdf/Budget/2021-2022/speech-2021-2022.pdf>

NEWFOUNDLAND

- Newfoundland and Labrador's new 20% tax on vaping products comes into force this week. A licensing system has been concurrently implemented, making Newfoundland the 4th Canadian province to require vaping retailers to be licensed by provincial authorities.²⁵

NORTHWEST TERRITORIES

- NWT's budget was tabled on February 4, 2021. It contained no measures on tobacco.²⁶

NOVA SCOTIA

- **Nova Scotia's** courts reject a request from Cloud Factory to strike down that province's vaping laws pending the store's challenge to the constitutional validity of the law.^{27 28}
- **Nova Scotia** included no tobacco-related measures in its budget but lowered its prediction of tobacco tax revenues.²⁹

NUNAVUT

- Nunavut legislature did not advance Bill 57, legislation to strengthen its Tobacco and Smoking Act.³⁰
- Nunavut's budget was introduced on February 21, with no changes to tobacco taxes.

PRINCE EDWARD ISLAND

- The sale of flavoured vaping products (other than tobacco flavour) became illegal in Prince Edward Island on March 1, 2021.
- Prince Edward tabled its budget on March 12, 2021. No tobacco-related measures were announced, although some had been suggested in the pre-consultation process.³¹

ONTARIO

- In its annual budget bill, Ontario includes a new *Film Content Information Act*, with measures to require disclosure of depiction of tobacco or vaping before screening of films and revokes the film classification system.³²
- Ontario court orders condo dweller to stop smoking in her unit.³³
- Ontario's budget announced continued activities in contraband prevention but did not increase taxes for tobacco or implement any for vaping products. It predicted a drop in tobacco tax revenues (from \$1.2 billion in 2018-19 to \$1.1 billion in 2021-22).³⁴

25 Newfoundland. Vapour Products Tax.

<https://www.gov.nl.ca/fin/tax-programs-incentives/business/vapour-tax/>

26 NWT Budget 2021. https://www.fin.gov.nt.ca/sites/fin/files/resources/budget_2021-budget_address_and_papers.pdf

27 Statement of Claim: http://smoke-free.ca/eng_home/2020/Cloud%20Factory%20v.%20AGNS.pdf

28 Global News. January 28, 2021. Judge upholds Nova Scotia's vaping restrictions, denies injunction request of vape shop co-owner.

29 Nova Scotia. Budget 2021-2022. f

30 Nunavut. Bill 57. Tobacco and Smoking Act. Progress of Bills.

31 PEI Department of Finance. Pre-Budget Consultations.

32 Ontario Bill 229. An Act to implement Budget measures and to enact, amend and repeal various statutes.

33 York Condominium Corporation No. 266 v. Jaromira Linhart 2020 ONSC 6263

34 Ontario. Budget 2021.

QUEBEC

- On March 22, the Appeal Court held a hearing on the government's appeal of a Superior Court decision striking down certain restrictions on its vaping law.
- The Quebec government investment arm, Caisse de dépôt, announced that it would divest its tobacco shares. The decision was made in December 2020 and made public in January.³⁵
- In January, the Quebec government implements a curfew as part of its COVID control measures. During that time (8 p.m. to 5 a.m. stores may not sell cigarettes, although they may sell food and gas)³⁶
- The Quebec budget included no new tobacco measures or taxes (although it reported on contraband progress).³⁷

SASKATCHEWAN

YUKON

- Yukon's budget was tabled on March 4, 2021. No new taxes were announced, although inflationary taxes had been implemented on January 1, 2021 (one cent per cigarette).³⁸

IV. MUNICIPAL GOVERNMENT ACTIVITIES

- In January, City of Edmonton asked staff to consider establishing a separate license class for shisha establishments.³⁹
- Halton, Ontario changed its bylaws to prohibit smoking (cannabis or tobacco) and vaping in parks and within 9 metres of municipally owned or leased buildings.⁴⁰

V. LITIGATION

- On March 30, 2021, the Ontario Superior Court extended the stay on all tobacco litigation in Canada until September 30, 2021. The stay was put in place in March 2019 and had been extended on 5 other occasions.⁴¹

VI POLLING AND PUBLIC OPINION

Federal public opinion research

A number of federal government consumer research reports were made public during this period included a report on vaping:

35 Caisse de dépôt et placement du Québec. CDPQ signs the Tobacco-Free Finance Pledge

36 La Presse. L'interdiction de vendre du tabac irrite les travailleurs de nuit. January 21, 2021.

37 Québec. Budget 2021-2022. Additional Information.

38 Yukon. Budget 2021. Fiscal and Economic Outlook.

39 CBC News. Edmonton reconsiders shisha smoking 6 months after ban. January 20, 2021

40 Halton. By-law No. 40-20.

41 Ontario Superior Court. Stay Extension Order. March 30, 2021

- POR 095-15
Youth Vaping Prevention Campaign – Testing New Messages⁴²

VII. SELECTED INTERNATIONAL ACTIVITIES

WORLD HEALTH ORGANIZATION

- WHO Europe issued a report on Women and Tobacco “Through a gender lens: women and tobacco in the WHO European Region”⁴³.
- The World Health Organization Executive Board received recommendations from the 10th meeting of the WHO Study Group on Tobacco Regulation. The report made reference to 10 background papers and 11 recommendations. The recommendations included banning devices where users could manipulate the contents.⁴⁴

UNITED STATES

FDA Activities –

- On January 19, 2021, the FDA announced that it had finalised two key rules for companies seeking to market new tobacco products, according to an FDA press release. The rules were subsequently held back for additional review by the new Biden administration.
- The US FDA’s attempts to require new health warnings were again delayed by court action.⁴⁵

US Federal Trade Commission (FTC)

- The FTC demanded that e-cigarette manufacturers provide information on sales and promotions.⁴⁶

U.S. Congress:

- In December, the U.S. Appropriations bill included measures to restrict the delivery of e-cigarettes by the Postal Service and to require same measures as in force for tobacco.⁴⁷ Japan Tobacco subsequently announced it would not longer be selling its products on-line,⁴⁸ and UPS and FedEx announced new restrictions on their acceptance of e-cigarettes for shipment.⁴⁹

U.S. state and municipal actions

- Ban on sale of tobacco products (including e-cigarettes) in Beverly Hills comes into effect January 1st
- New York State proposes regulations to require disclosure of e-cigarette ingredients.⁵⁰

42 Environics. Youth Vaping Prevention Campaign – testing new messages : final report

43 New WHO report reveals urgency of confronting tobacco use among women

44 World Health Organization. Executive Board. Report on meetings of expert committees and study groups. EB148/47 December 2020.

45 U.S. FDA. Cigarette Labeling and Health Warning Requirements.

46 FTC Press release. FTC Issues Orders to Five E-Cigarette Manufacturers’ Seeking Information on 2019 and 2020 Sales, Advertising, and Promotional Methods

47 Senate amendment to HR 133. Consolidated Appropriations Act 2021.

48 Tobacco Reporter. Logic to End U.S. Online Sales in March, March 4, 2021

49 United Parcel Service. Shipping Tobacco.

50 New York State. Addition of Part 1006 to Title 10 NYCRR (Ingredient Disclosures for Vapor Products and E-Cigarettes)

Other

- The U.S. Preventive Services Task Force issued final recommendations for “interventions for Tobacco Smoking Cessation in Adults, Including Pregnant Persons.”⁵¹
- The Union launched a Tobacco Control Implementation Hub⁵²

EUROPE

European Commission.

- The European Commission released notes of its Group of Experts on Tobacco Policy (meeting November 20th).⁵³
- The European Commission released its “Beating Cancer Plan.”⁵⁴ It included the aim that less than 5% of the population uses tobacco by 2040.
- The European Commission released the results of a special review on ‘Attitudes of Europeans towards tobacco and electronic cigarettes.’⁵⁵

France

- As part of its anti-cancer plan, the French government sets the goal of a tobacco free generation (those reaching 20 years of age in 2030).⁵⁶

Spain

- Civil rights and public health organizations issue a Declaration asking for a Tobacco Endgame by 2030.⁵⁷

Sweden

- Swedish government updates its tobacco control strategy, and adopts the goal of reducing all nicotine use (and not just tobacco use) ⁵⁸
- Sweden’s Inquiry into tobacco recommends changes to approach, and a ban on all e-cigarette flavourings.⁵⁹

United Kingdom

- The UK issued a consultation on its tobacco regulations. ⁶⁰
- The UK establishes new health warnings for cigarettes.

51 U.S. Preventive Services Task Force. Interventions for Tobacco Smoking Cessation in Adults, Including Pregnant Persons

52 The Union. Tobacco Control Implementation Hub.

53 European Commission. Meeting of the Group of Experts on Tobacco Policy. 24 November 2020. Minutes

54 Europe's Beating Cancer Plan: A new EU approach to prevention, treatment and care

55 European Commission. Special Barometer 506. Attitudes of Europeans towards tobacco and electronic cigarettes

56 France. Les actions du Gouvernement. Le plan contre le cancer. February 2021.

57 Tobacco Control. Spain: civil society presses government for tobacco endgame by 2030

58 Sweden. Renewed national ANDTS strategy. March 19, 2021.

Regeringens proposition 2020/21:132 En förnyad strategi för politiken avseende alkohol, narkotika, dopning, tobak och nikotin samt spel om pengar 2021–2025

59 Sweden Ministry of Social Affairs. Review of certain issues in the tobacco area.

Hårdare regler för nya nikotinprodukter.

60 United Kingdom. Open consultation A consultation on the Tobacco and Related Products Regulations 2016 and the Standardised Packaging of Tobacco Products Regulations 2015Guidance.

- UK parliamentarians entertained proposals to object to FCTC COP issuing guidelines on e-cigarettes.⁶¹ Hearings were focused on “COP meetings and objective around reduced risk products.” “transparency and accountability of COP9”, “whether the FCTC is still fit for purpose”.
- Public Health England released its 7th report on Vaping.⁶²
- U.K. environment ministry identified that it may require tobacco companies to pay 40 million pounds to cover clean up costs.⁶³

OTHER REGIONS

Brazil

- ANVISA’s power to ban tobacco additives was upheld in court, after a lengthy challenge.⁶⁴

China

- It was reported that China intends to strengthen its regulatory controls on e-cigarettes.⁶⁵

Egypt

- Egypt has established an observatory to monitor tobacco companies.⁶⁶

Singapore

- Singapore raises the minimum legal age to buy tobacco to 21 years on 1 January.

Korea

- Korea updates and renews its cigarettes health warnings and e-cigarette graphic warnings.⁶⁷

Australia

- Australia’s Therapeutic Goods Administration (TGA) opens consultation on a proposed standard for vapouriser nicotine products.⁶⁸

New Zealand

- New Zealand opened consultations on Regulations for vaping products.⁶⁹

Paraguay

- Paraguay becomes last country in Latin America to ban smoking in public places.⁷⁰

61 U.K. All party parliamentary group for vaping. Copinquiry.co.,uk

62 Public Health England. Vaping in England: an evidence update including vaping for smoking cessation, February 2021 A report commissioned by Public Health England

63 Reuters. UPDATE 1-UK warns big tobacco firms: You should pay for cleaning up cigarette butts. March 30, 2021

64 Tobacco Reporter Court Upholds Brazil’s Power to Ban Tobacco Additives. Jan 30, 2021

65 Global Times. China to strengthen supervision on e-cigarettes, new tobacco products; share of e-vapor company hit

66 Tobacco Reporter. Egypt to Monitor Tobacco Industry.

67 Korean Ministry of Health. Press release. “담뱃갑 경고 그림·문구 이렇게 표기하세요.”
https://www.mohw.go.kr/react/al/sal0301vw.jsp?PAR_MENU_ID=04&MENU_ID=0403&page=1&CONT_SEQ=361070

68 Australia. Therapeutic Goods Administration. TGO 110 – Standard for Vapouriser Nicotine - Consultation /

69 New Zealand. Smokefree Environments and Regulated Products Act 1990
Proposals for regulations

70 PAHO. South America free of smoking in public places, PAHO announces. January 8, 2021

VIII. MARKET DEVELOPMENTS

CORPORATE DEVELOPMENTS

Public relations

- RBH extended a partnership with Terracycle for the UNSMOKE Cigarette recycling program, rewarding volunteer groups which gather and cigarette butts. <https://www.terracycle.com/en-CA/brigades/cigarette-waste-en-ca>⁷¹



Strategic plans

- BAT signs a partnership with the Canadian firm Organigram to develop adult cannabis products, acquiring 20% of the company.⁷²

Company	Cannabis connection
British American Tobacco	GBP 126 million in Organigram (19.9% ownership) (Canada)
ALTRIA	USD 1.8 billion in Cronos Group (45% ownership) (Canada)
Philip Morris International	\$20 million – 2016 Syqe Medical (Israel)
Imperial Brands	GBP 75 million in Auxly (Canada) (19.9% ownership)
Japan Tobacco	
KT&G	

Manufacturing

- In March 2021, Rothmans, Benson and Hedges made public that it was moving a greater part of its production to Mexico. As of the fall of 2021, approximately 25% of its Canadian product will be made in Mexico.⁷³
- TAAT (which manufactures nicotine and tobacco-free cigarettes) announced a partnership with a Canadian cannabis company, Christina Lake Cannabis, to develop and distribute their product in Canada.⁷⁴ Taat began distributing product in Ohio in February 2021.⁷⁵



⁷¹ Terracycle. Unsmoke Cigarette Recycling Program.

⁷² Tobacco Reporter. BAT and Organigram to Cooperate on Next-Generation Cannabis Products. March 11, 2021

⁷³ Rothmans, Benson & Hedges. Motion Record of the Applicant. March 19, 2021

⁷⁴ Christina Lake Cannabis. Press release. Christina Lake Cannabis to Become Exclusive Developer and Distributor of TAAT™ and Beyond Tobacco™ in Canada

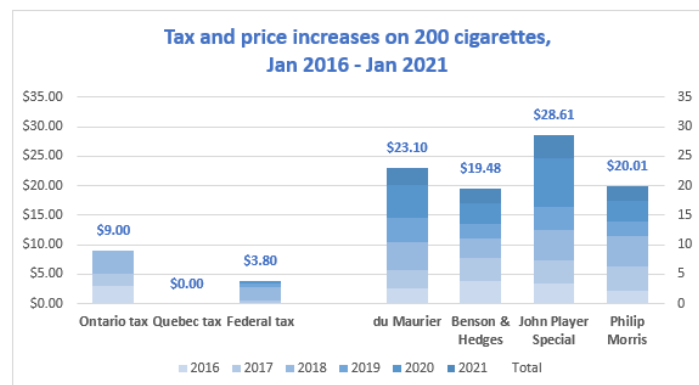
⁷⁵ TAAT investor presentation. March 2021

https://taatglobal.com/wp-content/uploads/2021/03/Taat_Investor_Presentation_2021.pdf

MARKET SIZE, SHARE AND REVENUE

Tobacco products

- In January, at least two of the three tobacco companies informed retailers that they would be raising the price of a carton of cigarettes by \$2.50 to \$4.00 per carton, depending on the brand. The new-year price increase is a well-established commercial practice, and the third company usually adjusts its prices in the subsequent weeks.⁷⁶



Vapour products

- BAT reported in December 2020 that its value-based market share in Canada for VUSE was 46%.⁷⁷
- BAT identified Canada as the second in its list of 5 countries whose total sales of closed vaping products represented 75% of the global market. The others identified were the U.S.A., UK, France and Germany.⁷⁸
- In the early new year, BAT withdrew the ePEN from the Canadian market. This is the 3rd vaping that has been introduced and withdrawn since May 2018 (the other two were the eStick and the eTank). The only vaping product they now sell in Canada is the ePOD.
- BAT indicated that it will introduce a “bluetooth enabled version of Vuse in Canada in the first half of 2021.”⁷⁹
- BAT launched a CBD liquid for its VUSE e-pod; test marketing it in Manchester. The product is available in 3 flavours – mint, mango and berry, and two strengths 50 mg and 100 mg.⁸⁰



76 Physicians for a Smoke-Free Canada. A new year begins... and so do some tobacco-related measures. January 2021

77 BAT. Preliminary Results. 17 Feb 2021.

78 BAT. Preliminary Results. 17 Feb 2021.

79 Transcript. British American Tobacco p.l.c. (BTI) Q4 2020 Trading Update Conference Call (Transcript).

80 Tobacco Reporter. BAT Launches CBD Vapor Product. January 12, 2021

Revenue

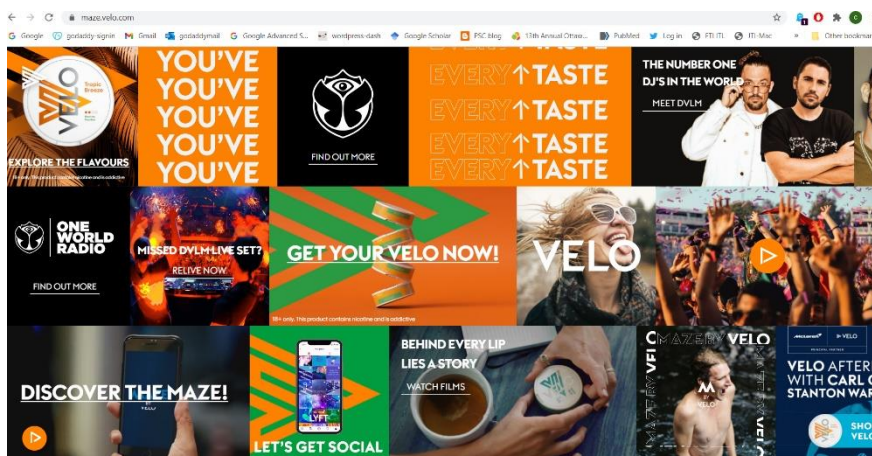
- In connection with the CCAA insolvency proceedings, the companies were required to provide cash flow statements. A consolidation of the reports over the past 2 years of insolvency proceedings identified revenues exceeding \$18 billion (including tax) and \$6.5 billion after taxes had been remitted.⁸¹

Summary of Cash Flows Mid-March 2019 to Mid-March 2021 \$ MILLION				
	Imperial Tobacco 103.5 weeks	Rothmans Benson & Hedges 102.5 weeks	JTI-Macdonald 104 weeks	Total
REVENUE				
Gross sales revenues (including excise taxes)	9,916	6,138	2,583	18,636
Government revenue (Excise, GST, PST and income taxes)	6,707	3,894	1,448	12,049
Industry revenue net of all taxes	3,208	2,244	1,135	6,587
EXPENDITURES				
Operating costs	1,640	937	642	3,218
• Leaf	Not stated	39	11	
• Salaries	Not stated	207	146	
• Advertising/Promotion	Not stated	Not stated	225	
Other costs	-25	12	745	733
Restructuring Fees	33	22	20	74
Total corporate costs	1,615	949	1,387	3,951
INCOME				
Net revenue	1,560	1,374	427	3,361

INTELLECTUAL PROPERTY

New trademarks:

- BAT filed a trademark for VeloMaze in Canada. This is related to the sale of its modern oral nicotine brand VELO. Velo Maze is a portal for product promotions and events, already running in the UK.⁸²
- BAT's Nicoventures registered a trademark related to recycling services "Drop the Pod".⁸³ In the UK, this service operates as a "return 20 used vype pods and get one replacement flavour pack for free."⁸⁴
- BAT launched trademarks related to the sale of non-nicotine related products (eg CBD). "Ryde your Rhythm (TM 2086074) is connected with the sale, among other things, of "Chewing gums; natural and herbal flavourings (other than essential oils); lozenges; candy; candy mints; gummy candy; hemp and derivative based or infused edible products."⁸⁵



⁸¹ Physicians for a Smoke-Free Canada. Insolvency court forces Canada's tobacco companies to reveal financial information. March 24, 2021.

⁸² Canada Trademark 2083634

⁸³ Canada Trademark 2086888

⁸⁴ Nicoventures. Drop the Pod. <https://www.govype.com/gb/en/blog/post/drop-the-pod>

⁸⁵ Canada Trademark 2086074

TOBACCO INDUSTRY INTERFERENCE

Canada

- Vaping industry campaigns to oppose Health Canada's regulations were launched:

The Vaping Industry Trade Association (VITA) managed the "reducetheharm.ca" / <https://reduirelesrisques.ca> mobilization website.

Rights4Vapers (rights4vapers.com) mobilized its allies, claiming to send 2,400 messages. The Canadian Vapour Association had mobilized through its own portal (<http://thecva.org/have-your-say-eng.html>)

On March 16, a mobilization site was mounted to oppose flavours in vaping products (tobaccokills.ca)

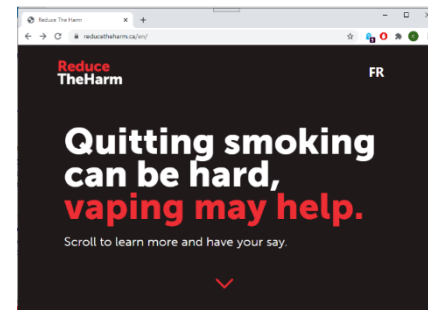
- Health Canada made public in January 2021 information on meetings that were held with tobacco companies in 2020.⁸⁶ During these meetings JUUL provided Health Canada with sales data and VITA identified challenges with compliance on labelling.
- On National Non-Smoking Week, Imperial Tobacco repeated its call for reduced regulations on non-combustible tobacco products.
- **"Facts not Fear"**
Imperial Tobacco's FACTSNOTFEAR.CA website was taken down, apparently after January 2021. Complaints about the web-site had been made to the Quebec government, to Health Canada and to the federal Competition Bureau. Imperial Tobacco did not make public its reasons for ending the web-site.⁸⁷

Federal lobbying meetings made public in this period included:

- Imperial Tobacco Canada Ltd.: December 11, 2020 with Tahiya Bakht of the Health Minister's office
- National Smokeless: December 15, 2020 with Aneil Jaswal of the Finance Minister's office
- JUUL Labs, February 8, 2021 with Tahiya Bakht of the Health Minister's office.
- Canadian Vaping Association. December 21, 2020 with 12 members of Health Canada's Tobacco Control directorate.

International

- Philip-Morris funded Foundation for Smoke-Free World developed a new portal to promote nicotine as a non-harmful product. (understandingnicotine.org)
- Altria requested the US Food and Drug Administration to run advertising campaigns to tackle misperceptions about nicotine.⁸⁸



86 Health Canada Tobacco Control Directorate and tobacco and vaping industry meetings

87 Imperial Tobacco. Facts not Fear. <https://factsnotfear.ca/home>

88 BNN Bloomberg. Marlboro maker asks FDA to convince Americans nicotine isn't that bad. Mar 4, 2021