

IN THEIR OWN WORDS....

HOW IMPERIAL TOBACCO RAN A FEAR CAMPAIGN ABOUT CONTRABAND CIGARETTES TO BLOCK TAXES AND PREVENT HEALTH REGULATIONS.

In October 2016 an internal tobacco industry document was leaked to a public health researcher from an anonymous whistleblower from within British American Tobacco (BAT). BAT competes to be the world's largest tobacco multinational, and is the complete owner of the largest tobacco manufacturer in Canada, Imperial Tobacco Canada Ltd. (ITL).

The document in question is a presentation made in 2012 by ITL to BAT's Corporate and Regulatory Affairs (CORA) committee. It is through its CORA officials that BAT coordinates its efforts at the national and international level to prevent government measures to reduce tobacco use. [2]

The presentation describes Imperial Tobacco's Anti Illicit Trade campaign from 2009 to 2012. It provides an overview of the evolution of the campaign, and the recruitment of third-parties to execute the campaigns activities. It outlines the strategies and tactics used by the company to achieve its twin goals of "No Regulation" and "No Taxation".

Millions of tobacco industry documents became public as a result of U.S. Court actions. Very few of these, however, involve activities since 2000, or are focused on Canada. The release of this document provides fresh evidence of tobacco industry use of front groups to interfere with public health.

[A1] [World Health Organization. Web-site. Tobacco Free Initiative. Taxation.](#)

[A2] [BAT CORA. Legacy Document lxbp0042.](#)

Imperial Tobacco (ITL) is the largest tobacco manufacturer operating in Canada.

The brands it makes include du Maurier, Player's, Matinée, Pall Mall, Peter Jackson, Viceroy, Vogue

Imperial Tobacco is 100% owned and controlled by British American Tobacco (BAT).

Imperial Tobacco's 6-prong strategy aimed to get governments to "Freeze Taxes"

The World Health Organization says "*the most potent and cost-effective option for governments everywhere is the simple elevation of tobacco prices by use of consumption taxes.*" [1]



This presentation was made to BAT's Corporate and Regulatory Affairs (CORA) department. The subject of the presentation is its public relations campaign on contraband (Anti Illicit Trade, AIT)



This summary was prepared by la Coalition Québécoise pour le contrôle du tabac (The Quebec Coalition for Tobacco Control), the Non-Smokers' Rights Association and Physicians for a Smoke-Free Canada. The full BAT slide deck can be viewed at www.smoke-free.ca/eng_home/2016/ITL-CORA-AIT.pdf

THE FRONT GROUPS....

Sponsorship promotions were phased out in 2003, smoking in indoor public and work places was eliminated in most of Canada by 2006, and most cigarette displays were banned as of 2008. These changes resulted in Imperial Tobacco defunding former allies (like the Alliance for Sponsorship Freedom, MyChoice.ca and Team Players) and turning its attention to retailers as new advocates.

In 2006 the Canadian Convenience Stores Association (CCSA) was set up, soon followed by regional branches (including L'Association québécoise des dépanneurs en alimentation, AQDA and the Atlantic Convenience Stores Association, ACSA).[2]

Imperial Tobacco helped recruit retailers as members for AQDA and was reported to have provided “hundreds of thousands of dollars” to put the organization in place. [3] Much of the leadership of the CCSA and its regional affiliates, as shown later, were recruited from tobacco industry ranks.

A second layer of separation was created in 2008 when the CCSA recruited non-tobacco-retailers to join a National Coalition Against Contraband Tobacco (NCACT). The invitation was extended broadly, including to health organizations, but few accepted who were not already aligned with corporate interests.

The NCACT is an unincorporated “advocacy group” which functions as a project activity of the CCSA and is managed by a PR firm (Impact Public Affairs) whose clients are not disclosed.[4]

Tobacco industry financing of the CCSA and L'AQDA and its coalition project has remained veiled. In 2015, the head of L'AQDA and the official NCACT spokesperson were grilled about industry financing in a Quebec legislative committee. Both denied knowing the details of their organizations funding. [4]

[B1]. Rembiszewski P. “From Great to Gone: Why FMCG Companies are losing the race for customers.”

[B2] CCSA was registered as is federal corporation 439863-7 on December 7, 2006; AQDA was registered as a Quebec enterprise (NEQ 1168943232) in 2011, although it was active in 2008.

[B3] [Association des détaillants en alimentation du Québec. RADAR. April-May 2008.](#)

[B4] [Coalition Québécoise pour le contrôle du tabac. Qui finance L'ACDA ?](#)

[B5] [Isabelle Hachey . L'association des dépanneurs financée par les cigarettiers? La Presse. Novembre 5, 2015](#)

ITL gradually expanded its relationships with front-line retailers, then business and law-and-order communities, then municipal governments.



The evidence strongly suggests that the Canadian Convenience Store Association and its Quebec wing were set up and remain financed by Imperial Tobacco.

The Quebec Convenience Stores Association is “at the beck and call of the tobacco industry”, according to the head of AMDEQ, one of the members of the NCACT. [5]

The National Coalition Against Contraband Tobacco is a project activity with veiled financing and management

Municipalities in Quebec and Ontario were recruited through L'AQDA and the OCSA.

THE PUBLIC FACES ...



Dave Bryans led the Canadian Convenience Stores Association since its establishment in 2006 to 2010, before returning to the Ontario Convenience Store Association which he continued to lead since 2003.

His relations with the tobacco industry were and are strong. In the 1990s he was Director of National Sales for RJR-Macdonald (now JTI-Macdonald).[1] This was during the height of the companies' sales to

the contraband market.

Testimony (under oath) made in 2012 by the CTMC's only employee indicates that Mr. Bryans is still an official with JTI-Macdonald. He was identified as the "corporate affairs" person at JTI-Macdonald to whom she reported.[2]

He does not make public his relationship to the tobacco industry.[3]

Michel Gadbois was named vice-president of the CCSA and president of its Quebec wing (L'AQDA) in 2007.

He came to the retail sector after a public relations career with two tobacco interests. In the 1980s, he was manager of public relations for Benson & Hedges (a company which merged with Rothmans in 1985), and represented the company at the Canadian Tobacco Manufacturers' Council political action committee in opposing smoke-free laws. [4] He subsequently became spokesperson for



Imperial Tobacco's holding company, IMASCO.[5]

In January 1994, at the culmination of the 1990s contraband crisis, Michel Gadbois led retailers in a tax revolt. This was later revealed by La Presse to have been planned in concert with the CTMC. [6] Imperial Tobacco described this as "the straw that broke the camel's back" and led to the February 1994 tax roll-back. [7]



The current NCACT spokespeople are **Gary Grant** and **Michel Rouillard**. They were recruited from the ranks of retired police officers. Michel Rouillard testified that he has no organizational role, and is hired by Impact Public Affairs and "paid by the act" for each time he speaks. [B5] **Jacqueline Bradley** is no longer identified on the NCACT web-site as a spokesperson, although she was still active on the file in 2015. She also maintains a very colourful alternate career as "the Bombshell Coach." [8]

- [C1]. RJR-Macdonald Organization Charts. Blais-Létourneau trial exhibits [591](#) and [40397](#).
- [C2] *Testimony of Diane Tacaks*. Blais-Létourneau trial, [September 4, 2012](#).
- [C3] *For example, Dave Bryans Linked In Profile*.
- [C4] CTMC Minutes. Blais-Létourneau trial exhibits , i.e. [479M](#), [479KK](#).
- [C5] *Ottawa Citizen*. *Imperial bruised but victorious after cigarette price war*. [June 4, 1987](#).
- [C6] *André Noel*. *Les épiciers ont créé de toutes pièces le mouvement des «dépanneurs généreux»*. *La Presse*. [January 27, 1994](#).
- [C7] *Michel Descoteaux*. *Lobbying for a Tobacco Tax Rollback in Canada*. *ITL*. [1994](#).
- [B5] *Isabelle Hachey*. *L'association des dépanneurs financée par les cigarettiers?* *La Presse*. [November 5, 2015](#).
- [C8] *YouTube*. <https://www.youtube.com/watch?v=fMpRXLhg2LE>

Not just "big tobacco"!

The credible voice for contraband tobacco

THE EXAGGERATED CLAIMS ...

The message delivered by Imperial Tobacco and its allied groups was that there was a dangerously high and growing level of contraband tobacco sales in Canada. They claimed that this was expanding criminal gang activity, increasing youth smoking, closing small businesses, and robbing governments of billions in tobacco taxes.

Their claims exaggerated the evidence, distorted legitimate concerns and drowned out the voices of those who had more reliable data on the scope and nature of illicit tobacco sales.

Imperial Tobacco and the other tobacco companies gave more truthful information to their shareholders.

- In 2012, Philip Morris International reported to investors that illicit sales in Canada were 8% of total market (down from 14% in 2007). They noted that contraband sales in Quebec had fallen by more than 50% (from 40% to 15% of total market). [1]
- In 2011, BAT reported to investors that the market share of contraband tobacco fell from 33% to 19% between 2009 and 2010. [2]

A recent independent and peer-reviewed study compared legal sales with surveys of smoking behaviour and concluded that “none of the data ... provide support to the tobacco industry narrative that cigarette contraband has been increasing in recent years.” Contrary to the media messaging of Imperial Tobacco, the CCSA and the NCACT, Quebec has experienced “relatively low levels of cigarette contraband since 2010, at levels no higher than in the early 2000s.” [3]

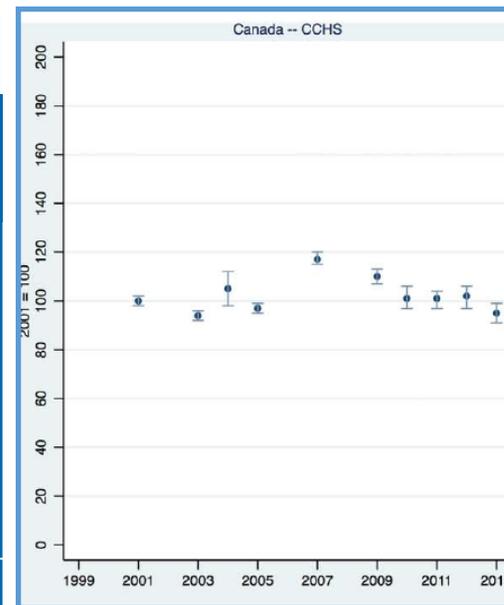
[D1]. [PMI Investor Day Presentation. LA&C Reigon. June 21, 2012.](#)

[D2] [Anti illicit trade: scale and opportunities. BAT investor presentation. 2012](#)

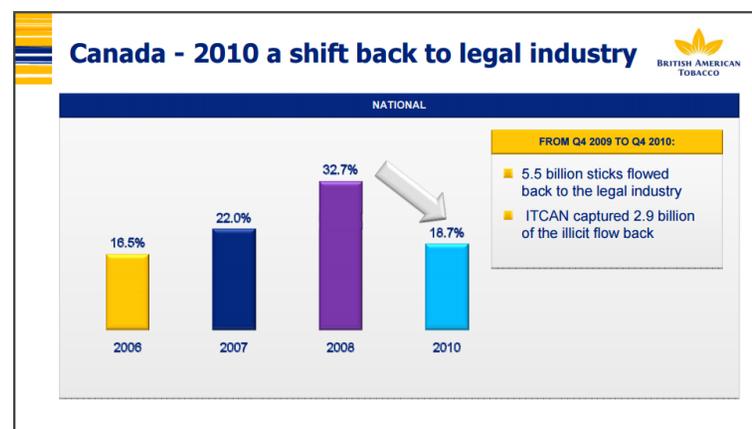
[D3] [E. Guindon et al. Levels and trends in cigarette contraband in Canada. Tobacco Control. 2016.](#)



Philip Morris Int'l [1]



Guindon et al. [3]



British American Tobacco [2]

THE OBJECTIVE: LESS TAX, FEWER LAWS.

In 2004, the RCMP raided the offices of Imperial Tobacco to gather evidence about the companies' contraband activities in the 1990s. In July 2008, Imperial Tobacco entered a guilty plea and was fined \$400 million.

At the same time it launched a campaign to fuel fears of a new contraband crisis. This, it claimed, was a the "real tobacco problem" – and a reason that governments should not adopt new tobacco regulations.[1]

During the 2008 federal election campaign, Imperial Tobacco began to increase the frequency of its contraband messages, and to oppose regulations which affected its products. It did not oppose the C-32 ban on flavourings in cigarettes and cigars manufactured by its rivals. [2]

In September 2010, the federal Minister of Health, Leona Aglukkaq, announced that the government was abandoning its commitment to renew cigarette warnings in order to focus its efforts on fighting contraband.[3]

Between 2008 and 2010, more than a dozen federal government departments had been lobbied by tobacco companies about the threat of contraband sales.[4] Only after media exposure and parliamentary review, did the government re-instated the warnings renewal.

The federal government also backed away from banning menthol, although this was eventually adopted by some provincial governments.

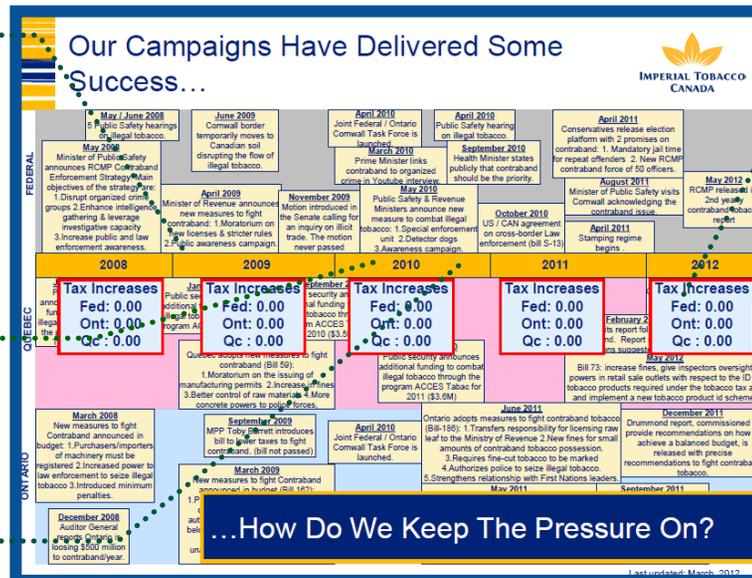
Between 2010 and 2016, the federal government announced no new health regulations on tobacco, although it implemented new laws and measures on contraband. It also terminated most programmatic elements directed at reducing smoking. Mass media was wound down in 2006, support to community groups ended after 2012, as did support for international assistance.

[E1] B. Kemball. *What's stopping cigarette crackdown?* Op-Ed. *National Post*, February 25, 2009.

[E2] Megan Fitzpatrick. *Feds move to ban most tobacco print advertising*. *Canwest News*, May 2009.

[E3] G. Galloway. *Plans for scarier cigarette labels snuffed*. *Globe and Mail*, September 28, 2010

[E4] *Tobacco Lobbying preceded label retreat*. *CBC News*, December 10, 2010.



Imperial Tobacco measured success in the decisions of governments not to raise taxes.

Tax Increases
Fed: 0.00
Ont: 0.00
Qc : 0.00

Unambiguous messages:

"C-stores Demand a Freeze on New Regulation and Taxation on Legal Tobacco"
CCSA Press Release. 21 October 2010.

"Ontario Budget's Tobacco Tax Increase Will Lead to More Illegal Cigarettes"
CCSA press release May 1, 2014

"[Tax increases in] New Brunswick Budget Makes Contraband Tobacco Worse".
NCACT press release, Feb 2, 2016.

The federal, Ontario and Quebec governments implemented no substantial tobacco tax increases between 2004 and the end of 2012.

Because of inflation, the real value of the tax declined over this 8 year period.

