



DISTRIBUTORS WARN PLAIN PACKAGING THREATENS GROWTH IN COUNTERFEIT TOBACCO

CALGARY (Marketwired-May 31st, 2016) - Following today's announcement by Health Minister Jane Philpott regarding the introduction of plain packaging for tobacco products, Canada's retail distributors are raising concerns over its implementation.

"Plain packaging of tobacco products put at risk the ability of our distributors to reliably provide legal, taxed tobacco products to over 26,000 convenience stores across Canada," says Anne Kothawala, President of the National Association of Convenience Store Distributors (NACDA). "We understand the intent of this policy is to reduce tobacco consumption, however we are not convinced it will achieve that result."

From large chains to small independent stores, retailers rely on efficient supply chains to get products where they are needed most. When it comes to the distribution and sale of controlled tobacco products, law-abiding distributors already compete with a sophisticated illegal tobacco network in Canada. These criminals undermine tobacco cessation initiatives by offering unregulated and untaxed products at a lower cost.

Distributor members look for brand identifiers before agreeing to purchase product, which in turn reduces the likelihood that illicit tobacco products end up in convenience stores. If these products were unbranded – which is the suggestion for tobacco products – it would be extremely difficult for distributors to provide these assurances to retailers and consumers alike.

"Distributors play a critical role in ensuring convenience stores receive legal products in a controlled environment. The move to plain packaging will increase the availability of illegal tobacco products in the marketplace, diminishing our role in protecting a legitimate supply chain," adds Kothawala.

Illegitimate products are already an issue distributors face for other products sold in convenience stores. For example, the availability of grey market confectionary products (chocolate bars, beverages etc. that are not properly labelled to Canadian standards and may have improper allergy alerts) are on the rise in Canada. Plain packaging threatens to make this problem worse, not better.

"Canada is a world leader in effective tobacco control strategies and has been for decades. Evidence based policy and potential consequences for distributors must be considered when adopting future policies in Canada," concludes Kothawala.

NACDA will be taking part in the consultation period with Health Canada where they will be requesting a lengthy implementation phase for distributors and retailers to ensure the integrity of the industry's supply chain.

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About the National Association of Convenience Store Distributors (NACDA)

NACDA is a trade association made up of members who distribute food, beverage and general merchandise for the convenience store market. Our member organizations service convenience stores locally, provincially and nationally. Many of our members are family-owned companies that have been in operation for several decades, some more than 100 years.

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