Ottawa & Montreal, October 18, 2016 — A confidential presentation by Imperial Tobacco Canada to its multinational parent company, British American Tobacco, reveals both the objectives and tactics behind the company’s decade-long campaign to “keep the contraband issue alive”, despite the fact that contraband decreased substantially in the country during this period.

The document, provided by an anonymous whistleblower, shows how Imperial Tobacco used retailer and other business associations as front groups for their lobbying efforts aimed at preventing effective regulations and tax increases.

The Imperial Tobacco presentation describes the public relations and lobbying activities of two seemingly independent groups — the Canadian Convenience Stores Association (CCSA) and the National Coalition Against Contraband Tobacco (NCACT) as “Our Campaigns”.

The document explains how these groups succeeded in providing a “credible voice for contraband tobacco”, a key strategic goal for the industry given its own lack of credibility. For example, the NCACT, which was set up by the CCSA and is managed by the lobbying firm Impact Public Affairs, is seen playing a key role in distancing Imperial Tobacco even further from its anti-regulation and anti-tax public relations campaigns (“Not just ‘Big Tobacco’!”). The document also shows how the industry was able to recruit credible third parties (like municipalities), purportedly to combat contraband, in order to use as political leverage to influence government policies and prevent the implementation of effective tobacco control measures.

“The use of front groups by the tobacco industry is not new,” says Cynthia Callard, Executive Director of Physicians for a Smoke-free Canada, “but front groups are usually difficult to expose at the moment that they are the most effective. These revelations are particularly relevant today as these groups are currently involved in a campaign to undermine plain and standardized packaging reforms.”

“The presentation highlights not only the extent to which the industry controls both the agenda and the messaging of pro-tobacco front groups, but also the tobacco industry’s ability to manipulate credible third parties who have no vested interests in the tobacco business, such as municipalities and the media, into helping them create a public and political narrative tailored to protect its interests.”
“It is perfectly acceptable for retailers and other groups to express their views about government health initiatives,” adds Flory Doucas, spokesperson for the Quebec Coalition for Tobacco Control. “What is not acceptable is when the tobacco industry is allowed to hide behind front groups without disclosing their financial relationships with them.” Ms. Doucas noted that representatives from both groups repeatedly refused to answer questions about their financing during provincial and federal legislative hearings.

“What is now clear is how easy it is for the industry to hide their involvement in a succession of campaigns aimed at subverting science-based public health measures that have broad public support. Front groups are a violation of one of the most basic principles of a functioning democracy: transparency. Governments have a duty not only to promote transparency but to ensure transparency in policy-making. Similarly, the media must be much more vigilant in exposing the true nature and purpose of groups that attempt to prevent governments from enacting public health measures, otherwise they too end up playing into the tobacco industry’s playbook,” concludes Ms. Doucas.

Melodie Tilson, Policy Director with the Non-Smokers’ Rights Association, agrees: “Governments have a responsibility to protect public health from tobacco industry interference. This is not only a moral responsibility, but one required under international law”. Indeed, the global health treaty on tobacco (the WHO’s Framework Convention on Tobacco Control, ratified by Canada) puts the full onus on governments to monitor tobacco industry attempts to subvert tobacco control initiatives, to inform the public of these attempts and to adopt measures to prevent industry interference.

“Imperial Tobacco’s presentation, together with the industry’s current attempts to prevent the implementation of federal regulations on plain packaging, clearly illustrate the vulnerability of the public interest to the industry’s deceptive practices and underscore the urgent need for measures aimed at making tobacco industry lobbying more transparent. After a decade of inaction, the federal government recently announced that it would be reviewing ways to strengthen implementation of this aspect of the treaty. The question is: how long do we have to wait before the government puts a stop to these practices?” declared Ms. Tilson.

The groups are asking:

1) that all policymakers and the media treat organisations that oppose tobacco policies with renewed scepticism and require timely declarations of financial and other relationships with tobacco interests in all interactions with them;

2) that measures be put in place requiring regular reports from tobacco companies regarding their affiliations, political activities and associated expenditures;

3) that a transparent system of disclosure be established through which all non-tobacco industry organisations lobbying any part of government on a tobacco-related issue must disclose any consideration from tobacco companies, financial or other;

4) that health officials raise awareness and share information with other government departments as well as levels of government regarding industry interference in public policy development.
Relevant links:

1. Imperial Tobacco Canada’s CORA presentation to British American Tobacco
2. Brief analysis of the presentation (including counter-facts and examples)
3. BAT description of CORA’s role (Corporate and Regulatory Affairs)
4. Directives related to Article 5.3 of the Framework Convention for Tobacco Control on preventing tobacco industry interference
5. Samples of CCSA’S current efforts to oppose plain packaging: public statements regarding its impact on contraband, campaign to mobilize retailers through an Internet module including contraband arguments
6. KPMG’s letter regarding the tobacco industry’s unauthorized use of its report linking Australia’s plain packaging legislation to contraband (also see the study’s disclaimer on page 2)
7. A new British Medical Journal study on tobacco industry interference which found that “the multifaceted opposition to standardised packaging [in the UK] was primarily undertaken by third parties with financial relationships with major tobacco manufacturers” and proposes recommendations similar to those listed above
8. Recommendations by health groups regarding a set of measures to limit tobacco industry interference in tobacco control policy-making, in line with the FCTC’s Article 5.3 guidelines

Contact:

- Cynthia Callard, Executive Director, Physicians for a Smoke-Free Canada.
  613-600-5794, cell
- Melodie Tilson, Director of Policy, Non-Smokers’ Rights Association.
  613-882-6125, cell
- Flory Doucas, Codirector and spokesperson, Quebec Coalition for Tobacco Control.
  514-598-5533 ; 514-515-6780, cell

1 "Health Canada recognizes the importance of Article 5.3 and in the last quarter of 2015 put in place measures to undertake a review of existing domestic actions, global approaches and opportunities to reinforce and build on current domestic measures. Details and outcomes of these activities will be captured in Canada’s subsequent FCTC reports." Government of Canada, “Framework Convention on Tobacco Control: Canada’s 2016 report”, 2016.
AGENDA

- CORA AIT strategy
- Previous advocacy efforts
- 2012 Activities
Reducing Illicit Trade In Canada: Three-Pronged Strategy – Key Focus Areas

1. Government Engagement / Campaign Plans
   - Raise Public Awareness & Demand Gov’t Action (& Freeze Taxes)
     - CORA, Finance

2. Law Enforcement / Intelligence
   - Disrupt Illicit Supply Chain, Distribution & Manufacturing
     - Security, Legal

3. Commercial / Market Info
   - Build & Leverage Insights in Illicit Levels and Trends
     - SP&I
But First – A Look Back At Past Campaigns
2009 - 2011

Cash

Crime

Children

Convenience

ITCAN Paid Advertising Campaigns

Grassroots Retailer Mobilization Campaign

NCACT Campaign On Social Consequences Of Contraband

2009

2010

2011
Our Campaigns Have Delivered Some Success…

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
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<tbody>
<tr>
<td>2008</td>
<td>May: Public Safety hearings on illegal tobacco.</td>
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<td>2008</td>
<td>June: Cornwall border moves to Canadian soil.</td>
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<td>2009</td>
<td>April: Joint Federal / Ontario Task Force launched.</td>
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<td>2009</td>
<td>November: Motion introduced in Parliament to fight contraband.</td>
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<td>2010</td>
<td>April: Public Safety hearing on illegal tobacco.</td>
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<td>2010</td>
<td>September: Health Minister states contraband should be the priority.</td>
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<td>2010</td>
<td>October: Prime Minister links contraband to organized crime.</td>
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<td>2011</td>
<td>May: Conservative release election platform with 2 promises on contraband.</td>
</tr>
<tr>
<td>2012</td>
<td>May: RCMP released its 2nd yearly report.</td>
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</table>

Tax Increases
- Fed: 0.00
- Ont: 0.00
- QC: 0.00


2010: Ontario adopts measures to fight contraband (Bill 188): 1. Transfers responsibility for licensing raw tobacco leaf to the Ministry of Revenue. 2. New fines for small amounts of contraband tobacco possession. 3. Requires fine-cut tobacco to be marked. 4. Authorizes police to seize illegal tobacco. 5. Strengthens relationship with First Nations leaders.


2012: Joint Federal / Ontario Cornwall Task Force is launched. 5. Strengthens relationship with First Nations leaders.

How Do We Keep The Pressure On?

Last updated: March, 2012
2012: Expanding On Previous Campaigns
By Adding A New Voices & Message

Cash

Crime

Children

Convenience

Community

Convenience Store
Association

Coalitions

ITCAN Paid Advertising
Campaigns

Grassroots Retailer Mobilization
Campaign

NCACT Campaign On Social
Consequences Of Contraband

Quebec Election Campaign

2009

2010

2011

2012

Illegal Smokes Flooding Windsor

Project M&M
Using Small Government To Call
For Big Government Action

Using Small Government To Call
For Big Government Action
2012 – 6 Activities Targeting Supply & Demand

**Strategic Imperative**
Raise Public Awareness & Demand Gov’t Action (& Freeze Taxes)

**2012 TACTICS / ACTIVITIES**

- **PROJECT M&M**
  Mobilizing Local Governments To Pressure Big Government

- **QUEBEC ELECTION**
  Rallying Retailers To Keep Contraband A Political Issue

- **AWARENESS CAMPAIGN**
  Educating Consumers On The Effects Of Contraband

- **National Coalition Against Contraband Tobacco**
  Ensuring Contraband Is Front And Center In The Media

- **CORNWALL**
  Mitigating The Potential Impacts Of A New Border Location

- **INT’L ENGAGEMENT**
  Engaging Canadian Government To Ensure Global Alignment
Project M&M: Mobilizing Municipalities To Pressure For Big Government Action

1. Urge Local Governments to Pass Resolution
   ‘Small Gov’t Pressuring Big Gov’t’

2. Mobilize local retailers To Speak Out

3. Keep issue alive in local media

Leverage local pressure with provincial & federal politicians

- Ontario Gov’t: Liberal
- Federal Gov’t: Conservative
- Quebec Gov’t: Liberal
Engage In Strategic Municipalities In Ontario & Quebec

Criteria:
- Proximity to illicit
- Seizure activity
- Internal sales data
- Political weight
- Likelihood of buy in
M&M In Action - Mobilizing Local Pressure
Example: Windsor Ontario

Windsor City Council Commits to Fighting Contraband Tobacco
In Canada, one town formalizes its fight against illegal tobacco, with OCSA offering strong support.

1 Resolution Passed
8 Media Hits
6 Retailers Speaking Out
Results
Local Government’s Are Signing On

Ontario: 8

NOTICE OF COUNCIL DECISION

Windsor City Council adopted the following resolution at its meeting held May 8, 2012

Moved by Councillor Jones, seconded by Councillor Maghnich.

M226-2012 That Report No. 26 of the Public Safety Standing Committee of its meeting held April 18, 2012 regarding Contraband Tobacco and Community Safety BE ADOPTED as presented. Carried.

Quebec: 70

RÉSOLUTION NUMÉRO : 153-0412

APPUI ENVERS LE PREMIER CONSENSUS QUÉBÉCOIS ET CANADIEN DE LUTTE À LA CONTREBANDE DE TABAC

CONSIDÉRANT que le Comité des Finances publiques de l'Assemblée nationale a déposé en février 2012 un rapport unanime sur les mesures à prendre pour combattre la contrebande de tabac;

CONSIDÉRANT que la première recommandation proposée se lit comme suit (extrait) : Que le gouvernement du Québec fasse des représentations auprès du gouvernement canadien, du gouvernement américain, du gouvernement ontarien et de la nation mohawk en vue de créer une commission mixte formée de 5 parties consacrées à la lutte à la contrebande de tabac. Son objectif premier serait de proposer un plan d’action intégré qui porterait, entre autres, sur une entente « gagnant-gagnant » entre les gouvernements et les Autochtones afin que cesse la vente de tabac sans taxe à grande échelle aux non-autochtones;
Results
Retailers Eager To Speak Out

45+ Vocal Retailers in Ontario

50+ Vocal Retailers in Quebec
Results

Local Media Coverage In Both Provinces

Ontario
35+ Media Hits

Quebec
40+ Media Hits
Phase 2: Bringing It All Together
Leveraging The Results On Parliament Hill

- Event on Parliament Hill
  - 3 Convenience store association presidents
  - Councilmen & mayors
  - Local retailers from QC & Ont
  - Key account representatives
  - 100+ resolutions
  - One call to action on behalf of the municipalities

Using Small Government to Call for Big Government Action

November
Project M&M: Adding An Additional Voice To The Debate

Council urges government to step up efforts to end contraband smokes

Business Partners:
- Imperial Tobacco Canada
- Convenience Store Association
- Coalitions

Ontario Government
- Liberal
- Conservative

Quebec Government
- Liberal

Federal Government
2012 – 6 Activities Targeting Supply & Demand

Strategic Imperative
Raise Public Awareness & Demand Gov’t Action (& Freeze Taxes)

2012 TACTICS / ACTIVITIES

- PROJECT M&M
  Mobilizing Local Governments To Pressure Big Government

- QUEBEC ELECTION
  Rallying Retailers To Keep Contraband A Political Issue

- AWARENESS CAMPAIGN
  Educating Consumers On The Effects Of Contraband

- National Coalition Against Contraband Tobacco
  Ensuring Contraband Is Front And Center In The Media

- CORNWALL
  Mitigating The Potential Impacts Of A New Border Location

- INT’L ENGAGEMENT
  Engaging Canadian Government To Ensure Global Alignment
Quebec Election
Leverage Project M&M & Launch Targeted QCSA Tour In Targeted Ridings

Objective: Make contraband a priority issue during election

- Tight race
- Finance Committee recommendations on contraband
- 70 municipalities have called for action (M&M)

CRUNCHING NUMBERS
In Quebec election, three-way races could make the difference

ÉRIC GRENIER
The Globe and Mail

Liberal Party - 31%
Coalition Avenir Quebec - 21%
Parti Quebecois 33%
2012 – 6 Activities Targeting Supply & Demand

**Strategic Imperative**
Raise Public Awareness & Demand Gov’t Action (& Freeze Taxes)

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- **INT’L ENGAGEMENT**
  Engaging Canadian Government To Ensure Global Alignment
Public awareness campaign

Limit consumer down-trading to illegal market
Strategy

Roll-out awareness campaign aimed at educating illicit tobacco consumers and legal consumers

**What:** Billboard campaign

**Where:** Targeted locations across Ontario

38 boards across Ontario, 20 located in Toronto

**When:** 1st Billboard - July 16th – for 10 weeks

**Who:** Signed by the Ontario Convenience Store Association

- All MPs will be back in their districts for the summer!
- Post GFK study
DON’T BEfooLED!
ILLEGAL SMOKES COME IN
BAGGIES... AND PACKS.
IF YOU’RE CAUGHT, YOU’LL BE FINED!

Buying contraband is illegal and harms the community.

DON’T BE FooLED!
CONTRABAND CIGARETTES
CAN COST YOU MORE
THAN YOU THINK.

UP TO $500 FOR POSSESSION OF 1 BAGGIE*


Buying contraband is illegal and harms the community.
Does speaking directly to consumers have an impact?

- GCS – Call Back Survey
- Internal Shipments vs Target Shipments
- Pricing on Reserve
- In-store POS Data
2012 – 6 Activities Targeting Supply & Demand

Strategic Imperative
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CORNWALL
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INT’L ENGAGEMENT
Engaging Canadian Government To Ensure Global Alignment
The Contraband Watchdog

Stopping the sale of illegal cigarettes in Canada

Not just “big tobacco”!
One issue – Two angles

Gary Grant – Official spokesperson
Retired police officer and current director and founder of Toronto Crime Stoppers

Jacqueline Bradley – Executive Director of the NCACT
Concerned mother of two, married to a police officer

The credible voice for contraband tobacco
Tactics and techniques

Activities with Impact and Staying Power
The vigilant watchdog

Illegal smokes cost us all

By Nick Gardiner The Recorder and Times
Posted 14 days ago

Think your contraband smoking doesn’t hurt anyone but yourself?

Think again, says Gary Grant, the national spokesperson for the National Coalition Against Contraband Tobacco.

“People who smoke contraband tobacco know it’s wrong and it’s against the law, but they see it as victimless.

“There are many victims. That’s what I would tell people,” Grant said during an interview at The Recorder and Times.

Grant, who is touring from Cornwall to Oshawa this week to make the coalition’s case, said Canadian and Ontario taxpayers are among the victims because they are robbed of the services that could be provided with $3.4 billion in lost tax revenues.

He said that money would be better used to support other
2012 – 6 Activities Targeting Supply & Demand

**Strategic Imperative**
Raise Public Awareness & Demand Gov’t Action (& Freeze Taxes)

2012 TACTICS / ACTIVITIES

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  Ensuring Contraband Is Front And Center In The Media

- **CORNWALL**
  Mitigating The Potential Impacts Of A New Border Location

- **INT’L ENGAGEMENT**
  Engaging Canadian Government To Ensure Global Alignment
Cornwall Overview

**July, 2009**
Cornwall port of entry moves to Canadian side cutting off main smuggling route.

**2010**
CRTF created

**December, 2011**

**March, 2012**
NCACT meets with Cornwall CAO

**Q1, 2013**
Earliest the new bridge could open

**Q1 – Q2, 2013**
Port of entry moved to Massena, NY

**NEXT STEPS**
- Identify potential business risks
- Use opportunity to engage government
2012 – 6 Activities Targeting Supply & Demand

**Strategic Imperative**
Raise Public Awareness & Demand Gov’t Action (& Freeze Taxes)

**2012 TACTICS / ACTIVITIES**

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  Engaging Canadian Government To Ensure Global Alignment
Keeping The Contraband Issue Alive

Q1

Windsor City Council Commits to Fighting Contraband Tobacco

In Canada, one town formalizes its fight against illegal tobacco, with QCSA offering strong support.

REGULATION

TAXATION

Q3

QCSA Election Plan

Q4
THANK YOU
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 Canadian health organizations 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 2011. It provides an overview of the evolution of the campaign, and the recruitment of third-parties to execute the campaign’s 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.

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]

CORA AIT Strategy
Raising Public Awareness & Demanding Government Action
August 2012

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)

2012 – 6 Activities Targeting Supply & Demand

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National Coalition Against Contraband Tobacco
Ensuring Contraband Is Front And Center In The Media

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

[A2] BAT CORA. Legacy Document lxbo0042. industrydocumentslibrary.ucsf.edu/tobacco/docs/ lxbo0042
Sponsorship promotions were phased out in 2003 and cigarette displays and public smoking were banned in most of Canada by 2006. These changes resulted in Imperial Tobacco defunding former allies (like MyChoice, Team Players, Restaurant Associations) and turning its attention to retailers as new advocates.

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

Imperial Tobacco directly recruited retailers as members for AQDA and was reported to have provided “hundreds of thousands of dollars” to put the organization in place. [3] The leadership of L’AQDA and the CCSA, as shown later, were recruited from tobacco industry ranks.

A second layer of separation was created in 2008 when the CCSA recruited non-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 tobacco 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 refused to acknowledge that they knew about the organizational funding of either activity. [4]

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

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

The Quebec Convenience 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]

Municipalities in Quebec and Ontario were recruited through the NCAct.
THE PUBLIC FACES ... 

Dave Bryans led the Canadian Convenience Store 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 has led the Quebec Convenience Store Association (L’AQDA) since its creation in 2008. 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]

[C3] For example, Dave Bryans Linked In Profile.
[C4] CTMC Minutes. Blais-Létourneau trial exhibits, i.e. 479M, 479KK.
[C8] YouTube. https://www.youtube.com/watch?v=fMprXLo2LE

Not just “big tobacco”!
The credible voice for contraband tobacco
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]

[D2] Anti illicit trade: scale and opportunities. BAT investor presentation. 2012
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 the “real tobacco problem” – and a reason that governments should not adopt stronger 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

In September 2010, the federal Minister of Health, Leona Aglukkaq, announced that the government was abandoning its intention to increase the size of cigarette warnings because of fears of 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.

Between 2004 and 2012, the federal, Ontario and Quebec governments implemented no substantial tobacco tax increases.

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.

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


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