



IMPERIAL TOBACCO
CANADA

CORA AIT Strategy

Raising Public Awareness &
Demanding Government Action

August 2012

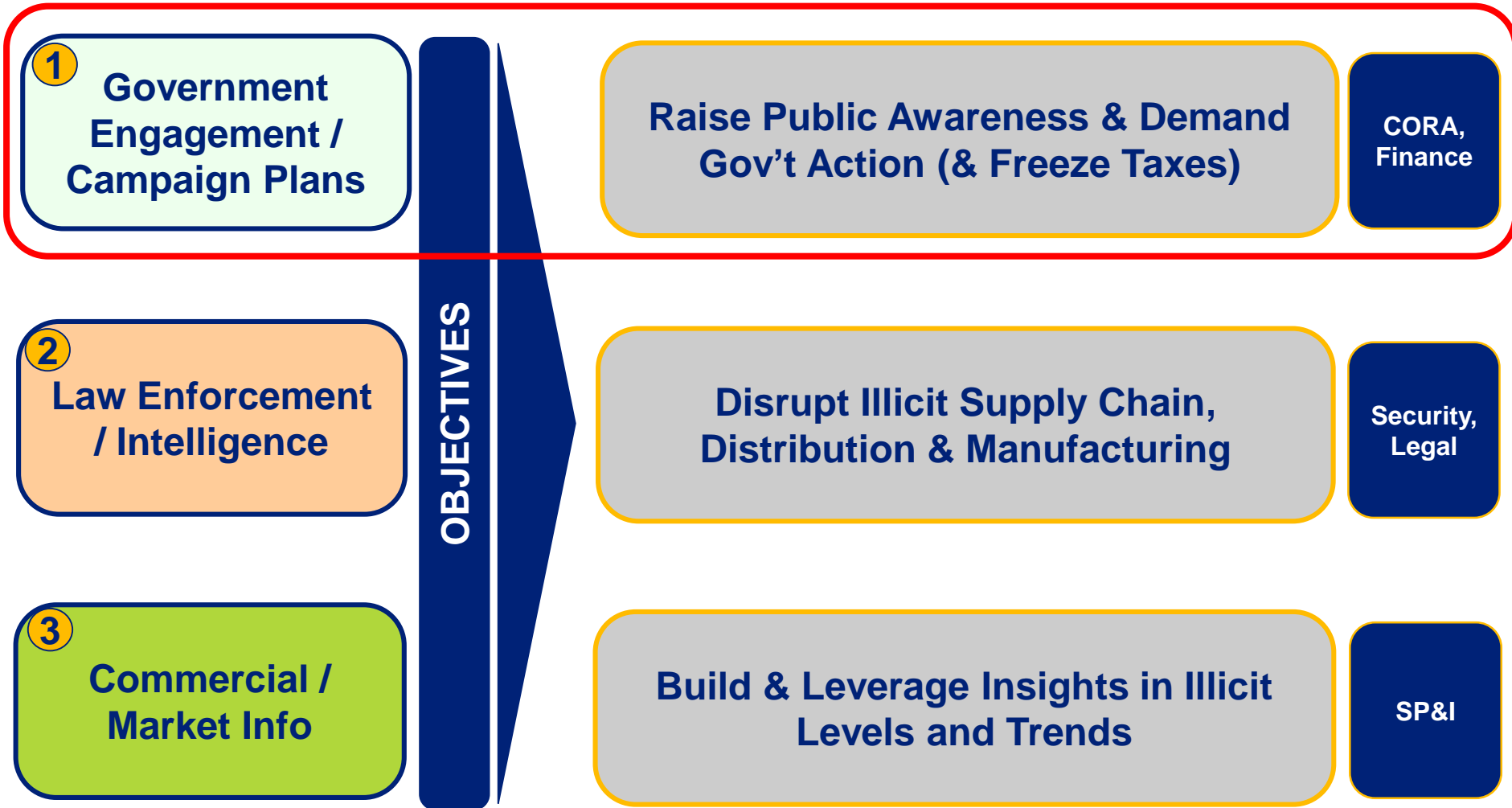


AGENDA



- CORA AIT strategy
- Previous advocacy efforts
- 2012 Activities

Reducing Illicit Trade In Canada: Three-Pronged Strategy – Key Focus Areas



But First – A Look Back At Past Campaigns

2009 - 2011



IMPERIAL TOBACCO
CANADA

Messages

Cash

Cheap, illegal, contraband cigarettes cost \$2 Billion in lost Tax Revenues

CRIME | Posted By: Marc Simon | Tags: contraband cigarettes, Crime, etc

Cigarette prices here are so cheap one is free to not be shown cannot be advertised to just an increase. Even with the slight increase each pack and the repercussions to them, smoking is

Crime

Black-market cigarettes could fund terrorism, RCMP fear

Steve Barria and Jack Blumenthal, *Canadian News Service*
Published Tuesday, October 27, 2009

More On This Story
More Quebec: The growing police are bringing in
More Ontario: Quebec beans from contraband cigarettes study

Related Topics
Michael Himes
Timothy Whelan
Indigenous issues
International relations

Children

Kids get illegal cigarettes too easily: coalition

Updated Tuesday, April 6, 2010 1:01 PM ET Comments 111 Reprinted # 21
CBC News

More needs to be done to stop children and teens from smoking contraband cigarettes, a coalition of health-care groups in Ontario say.
The Ontario Campaign for Action on Tobacco estimated more than 60,000 students in the province in grades seven through 12 are using contraband cigarettes.

Convenience

Contraband killing convenience stores

Voices



2009

2010

2011

Campaigns

ITCAN Paid Advertising Campaigns

How much did the failure to act on illegal tobacco cost the Canadian taxpayer in 2009?

In 2009, the failure to act on illegal tobacco cost Canadian taxpayers over...
\$24 Billion
How much will it be in 2010?

What is one of the easiest ways for criminal gangs to make money in Canada?

Contraband Tobacco

Grassroots Retailer Mobilization Campaign

10% OFF CONTRABAND TOBACCO

CLOSED DUE TO CONTRABAND.

THANKS FOR NOTING...

NCACT Campaign On Social Consequences Of Contraband

Federal Government Report Card: Action on Contraband Cigarettes

Overall Grade: **D**

Public education: **F**

Keeping cigarettes from kids: **A** - Legal, **F** - Contraband

Resources for law enforcement: **D**

Border security: **C**

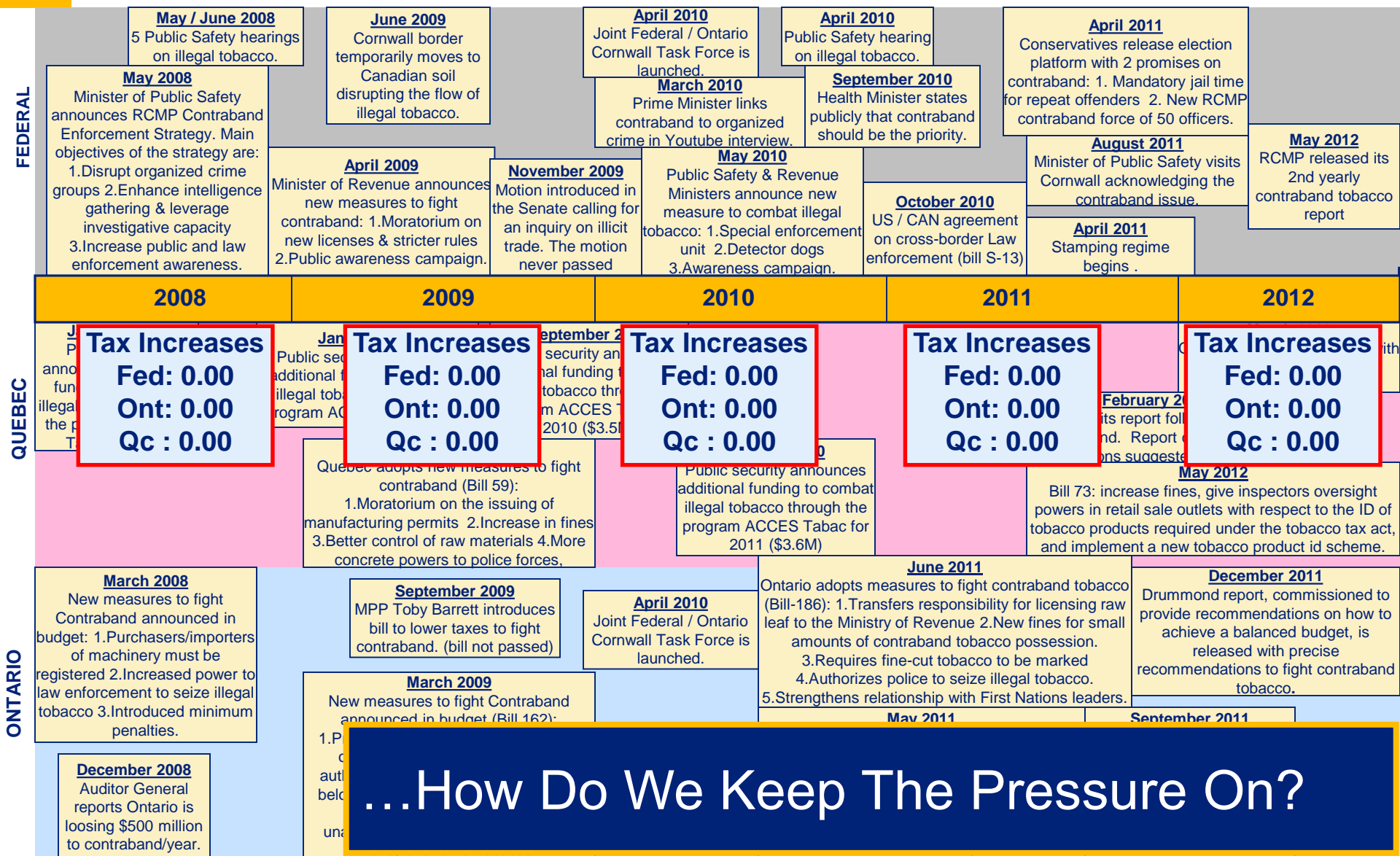
LET'S NOT FORGET THE 40,000 KIDS SMOKING CONTRABAND TOBACCO.

THIS WORLD-NO TOBACCO DAY.

Our Campaigns Have Delivered Some Success...



IMPERIAL TOBACCO
CANADA



...How Do We Keep The Pressure On?

2012: Expanding On Previous Campaigns By Adding A New Voices & Message



IMPERIAL TOBACCO
CANADA

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Crime

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By Greg Marston and Jack Brumback, Canadian News Service
Published Tuesday, October 27, 2009

More On This Story
More on Canada: Quebec teens hunt contraband cigarettes, RCMP

Related Topics
Michael Healey
Tobacco Management
Indigenous Issues
Organized Crime

Children

Kids get illegal cigarettes too easily: coalition

Updated: Thursday, April 6, 2012 4:01 PM EDT | Comments: 17 | Recommended: 21

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Convenience

Contraband killing convenience stores

Community

Illegal Smokes Flooding Windsor

April 19th, 2012 - Blackburn News

Voices

IMPERIAL TOBACCO
CANADA

Convenience Store Association

CANADIAN
CONVENIENCE STORES
ASSOCIATION

Coalitions

NATIONAL
COALITION
AGAINST
CONTRABAND
TOBACCO

Stopping the sale of illegal cigarettes in Canada

Project M&M

Using Small Government To Call For Big Government Action

2009

2010

2011

2012

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Public education: F

Keeping cigarettes from kids: A - Legal, F - Contraband

Penalties for law enforcement: D

Border security: C

LET'S NOT FORGET THE 48,000 KIDS SMOKING CONTRABAND TOBACCO.

On the contrary, contraband cigarettes are:

OCSA Billboard Campaign

DON'T BE FOOLED!
ILLEGAL SMOKES COME IN BAGGIES... AND PACKS.

IF YOU'RE CAUGHT, YOU'LL BE FINED!

YOU'RE NOT THE ONLY ONE SMOKING THIS CIGARETTE

ILLEGAL CIGARETTES

Being contraband is illegal and harms the community.

Quebec Election Campaign

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 ENGAGEMNT

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**

**NORTH BAY PARRY SOUND DISTRICT HEALTH UNIT
BOARD OF HEALTH**

③

**Keep issue alive in
local media**

Illegal Smokes Flooding Windsor

April 19th, 2012 . Blackburn News

RESOLUTION

**CONTRABAND
SMOKES BUTT
OUT BUSINESS**

**Leverage local pressure with
provincial & federal politicians**

Ontario
Gov't
Liberal

Federal Gov't

Conservative

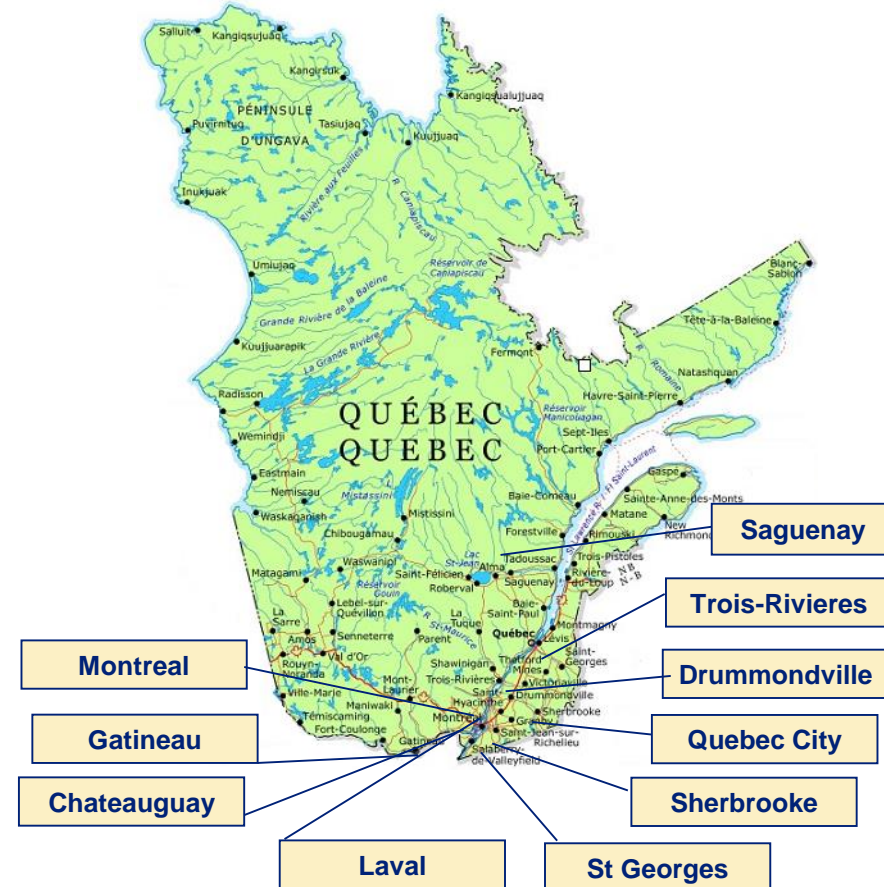
Quebec
Gov't

Liberal

Engage In Strategic Municipalities In Ontario & Quebec



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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



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CANADA

Council urges government to
step up
contrab

Windsor City Council Commits to Fighting Contraband Tobacco

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

Share:

Posted: May 11, 2012

Email Print Print ALL Comm

Windsor, Ont., leads province in illegal cigarette busts
Convenience store association says illegal smokes are causing stores to close
[CBC News](#)
Posted: Apr 19, 2012 9:04 AM ET



Reader Photos: Dollarama Fire [more >](#)

Home News Opinion Business Sports Entertainment Life Health Technology Travel Jobs

With Vid: Contraband smokes butt out business in Windsor

Black market luring patrons, group says

BY DOUG SCHMIDT, THE WINDSOR STAR APRIL 12, 2012 8:22 AM

Terry Yaldo
owner of Midway Convenience

1 Resolution Passed

8 Media Hits

6 Retailers Speaking Out

1

Results

Local Government's Are Signing On



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CANADA

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 Maghnieh,
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 taxe³ à grande échelle aux non-autochtones;*

2

Results

Retailers Eager To Speak Out



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45+ Vocal Retailers in Ontario

50+ Vocal Retailers in Quebec



3 Results

Local Media Coverage In Both Provinces



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CANADA

Ontario
35+ Media Hits

Quebec
40+ Media Hits

northumberlandnews.com

Northumberland News • The Independent



Governments must take a stand against contraband tobacco sales, distribution

May 28, 2012

Illegal smokes infiltrate



CONTRABAND SMOKES BUTT OUT BUSINESS

Black market luring patrons, group says

— people come to and see what is the cheapest brand you have?" said Auer, adding these retailers will continue until the best 22-cent cigarette arrives in town.

There's been a lot of that in the store lately lately.

In their shop, Auer finds over the past three months, the RCMP in Windsor seized 1,000 packs and 1,500 "loaves" of contraband cigarettes, he said.

Black market cigarettes cost just \$20 for 200 in Durham

Jillian Follert
May 24, 2012

DURHAM — In Oshawa, 40 per cent of all cigarettes consumed are illegal — so are about 20 per cent of those found in local high schools.

Those are some of the statistics a group representing convenience store owners brought to local politicians in the hope of spurring renewed action on the black market tobacco problems.



Faire la lutte aux contrebandiers du tabac

L'Association canadienne des dépanneurs en alimentation somme le gouvernement d'agir



CHICOUTIMI - Fort d'un premier appel obtenu d'une municipalité, en l'occurrence Saguenay, l'Association canadienne des dépanneurs en alimentation (ACDA) lance un appel aux députés fédéraux de la région afin d'inciter le gouvernement fédéral à créer une commission mixte sur la

sources principales du problème concerne la production sur les réserves autochtones d'Akwasasne et de Kanastota en la crise régionale d'emploi de l'industrie. Il se trouve que ces réserves autochtones sont à cheval entre le Canada et les États-Unis, ce qui rend difficile au contrôle.

L'ACDA rappelle qu'en février dernier elle a obtenu un gain important lorsque la Commission des finances



Députés fédéraux interpellés sur la contrebande



Actualités



Phase 2: Bringing It All Together

Leveraging The Results On Parliament Hill

November

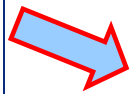
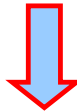
- **Event on Parliament Hill**
 - 3 Convenience store association presidents
 - Councilmen & mayors
 - Local retailers from QC & Ont
 - Key account representatives
 - 100+ resolutions
 - One call to action on behalf of the municipalities



**Using Small Government to Call for Big
Government Action**

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

Council urges government to step up efforts to end contraband smokes



Business Partners



Convenience Store Association



Coalitions



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 ENGAGEMNT

Engaging Canadian Government To Ensure Global Alignment

Quebec Election

Leverage Project M&M & Launch Targeted QCSA Tour In Targeted Ridings



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CANADA

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 Québécois 33%



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INT'L ENGAGEMNT

Engaging Canadian Government To Ensure Global Alignment

Public awareness campaign

50%

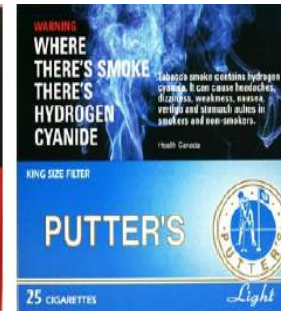


June 2012

75%



RISK



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

**Cornwall
Niagara Falls
Thunder Bay
Toronto East
Belleville
Kingston**



- All MPs will be back in their districts for the summer!
- Post GFK study

BONUS

Execution

1

DON'T BE FOOLED!
ILLEGAL SMOKES COME IN
BAGGIES... AND PACKS.

IF YOU'RE CAUGHT, YOU'LL BE FINED!



Buying contraband is illegal and harms the community.

2

DON'T BE FOOLED!
CONTRABAND CIGARETTES
CAN COST YOU MORE
THAN YOU THINK.

UP TO \$500 FOR POSSESSION OF 1 BAGGIE*

* http://www.fin.gov.on.ca/en/tax/tu/faq_illegal.html#fn1



Buying contraband is illegal and harms the community.



Measurement



**GCS – Call
Back Survey**

**Internal
Shipments vs
Target
Shipments**

**Pricing on
Reserve**

**In-store POS
Data**

**Does speaking directly to consumers have an
impact?**

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The Contraband Watchdog



IMPERIAL TOBACCO
CANADA

<p>NATIONAL COALITION AGAINST CONTRABAND TOBACCO</p> <p>Stopping the sale of illegal cigarettes in Canada</p>		<p>LA COALITION NATIONALE CONTRE LE TABAC DE CONTREBANDE</p> <p>Enrayer la vente de cigarettes illégales au Canada</p>
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THE CANADIAN
CHAMBER
OF COMMERCE

LA CHAMBRE
DE COMMERCE
DU QUÉBEC

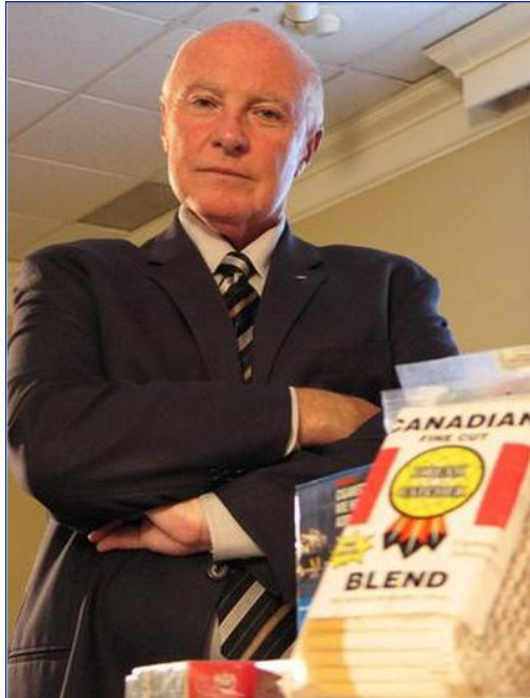


CANADIAN TOBACCO
MANUFACTURERS'
COUNCIL



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



IMPERIAL TOBACCO
CANADA

Tactics and techniques



Federal Government Report on Action on Contraband

Overall Grade	D
Public education	F
Keeping cigarettes from kids	A - Legal F - Contraband
Resources for law enforcement	D



Overall Grade

Public education	F
Keeping cigarettes from kids	A
Resources for law enforcement	D
Border security (smuggling)	C
Fiscal responsibility	C

 **Stop Illegal Tobacco**
 @StopContraband
 National organization fighting against spread of contraband tobacco in Canada
 Canada <http://www.stopcontrabandtobacco.ca>

[Follow](#)

408 TWEETS
381 FOLLOWING
258 FOLLOWERS



Activities with Impact and Staying Power

The vigilant watchdog



THE RECORDER & TIMES
Serving the residents of Burlington, Lenoir, Greenville, Lenoir and South Swain since 1871

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 \$2.4 billion in lost tax revenues.

He said that money would be better used to support other government initiatives such as health care or law.



NICK GARDINER The Recorder and Times Gary Grant, national spokesperson for the National Coalition Against Contraband Tobacco, says people should think twice if they believe it is a victimless crime.



Keeping contraband front and center

Strategic Imperative

Raise Public Awareness & Demand Gov't Action (& Freeze Taxes)

2012 TACTICS / ACTIVITIES

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Mitigating The Potential Impacts Of A New Border Location

INT'L ENGAGEMNT

Engaging Canadian Government To Ensure Global Alignment

Cornwall Overview



IMPERIAL TOBACCO
CANADA

July, 2009

Cornwall port of entry moves to Canadian side cutting off main smuggling route.

2010
CRTF
created

December, 2011



March, 2012



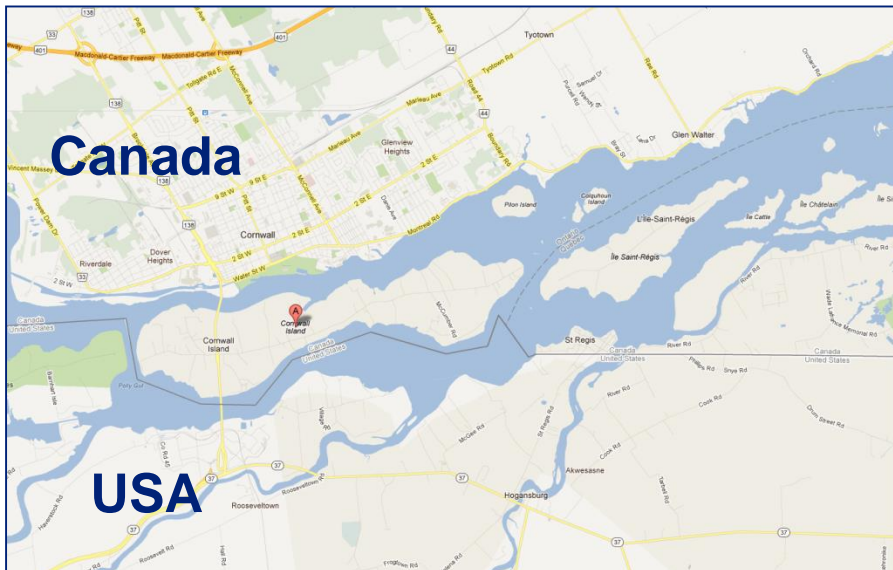
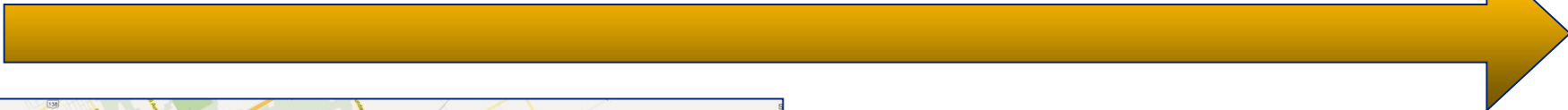
NCACT meets with Cornwall CAO

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



Strategic Imperative

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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 OCSA offering strong support.

REGULATION



Q2

Kids can get a baggie of illegal cigarettes for less than the cost of a movie ticket. To make matters worse, the RCMP has identified over 175 criminal gangs involved in the contraband trade.

When it comes to keeping contraband tobacco away from our kids, there is serious work to do. May 31st is World No Tobacco Day. The time is now to remind our government to take meaningful action and keep criminals and contraband away from our kids. Join the fight and visit www.stopcontrabandtobacco.ca

Illegal Smokes Flooding

April 19th, 2012 . Blackburn News



TAXATION



**DON'T BE FOOLED!
ILLEGAL SMOKES COME IN
BAGGIES... AND PACKS.**

IF YOU'RE CAUGHT, YOU'LL BE FINED!



Buying contraband is illegal and harms the community.



➤ QCSA Election Plan



Q3

Q4



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CANADA

THANK YOU