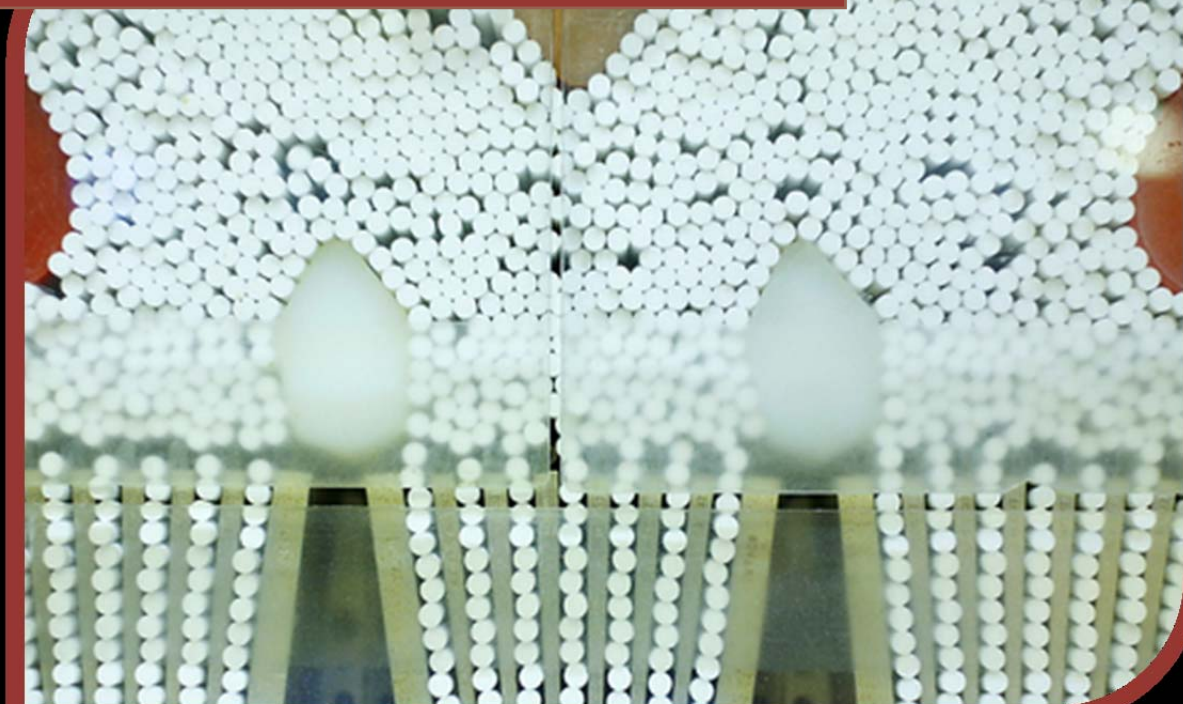


# Backgrounder on the Canadian Tobacco Market



Spring 2015

Smoking and Health Action Foundation/

Non-Smokers' Rights Association

## Main Tobacco Companies in Canada



### Imperial Tobacco Canada Limited

- Imperial Tobacco Canada Limited is the largest tobacco company in Canada, with a market share of 50.2% in 2014. The company has been fully owned by British American Tobacco (BAT) since 2000.
- BAT's profits decreased 17.7% to £4.5 billion in 2014 (\$8.45 billion CAD).
- Imperial's head office is located in Montreal, Quebec. Its products are manufactured in a BAT plant located in Monterrey, Mexico.
- Jorge Araya has been the President and CEO of the company since December 2014.
- The company's most popular brands are du Maurier, Player's, Peter Jackson, Matinée and Medallion.
- The company's website is [www.imperialtobaccocanada.com](http://www.imperialtobaccocanada.com).



### Rothmans, Benson & Hedges

- Rothmans, Benson & Hedges is the second largest tobacco manufacturer in Canada with a market share of 37.6% in 2014. The company has been fully owned by Philip Morris International (PMI) since 2008.
- PMI's profits decreased 12.6% to \$7.5 billion US in 2014 (\$9.54 billion CAD).
- RBH's head office is located in Toronto. Its products are manufactured in Quebec City and Brampton, Ontario.
- Mindaugas Trumpaitis has been the Managing Director of the company since 2013.
- The company's most popular brands are Canadian Classics, Next, Number 7, Accord and Québec Classique.
- The company's website is [www.pmi.com](http://www.pmi.com).

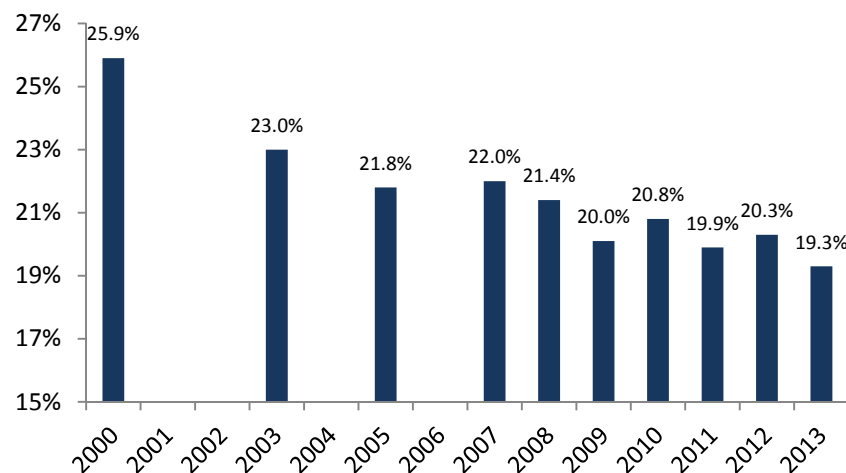


### JTI-Macdonald

- JTI-Macdonald is the third largest tobacco manufacturer in Canada with a market share of 12.2% in 2014. The company has been fully owned by Japan Tobacco International (JTI) since 1999.
- JTI's profits increased 1.1% to \$4.3 billion US in 2014 (\$5.42 billion CAD).
- JTI-Macdonald's head office is located in Mississauga, Ontario. Its products are manufactured in a plant located in Montreal, Quebec.
- Michel A. Poirier has been the Chairman, President and CEO of the company since 2000.
- The company's most popular brands are Export A and Macdonald.
- The company's website is [www.jti.com](http://www.jti.com).

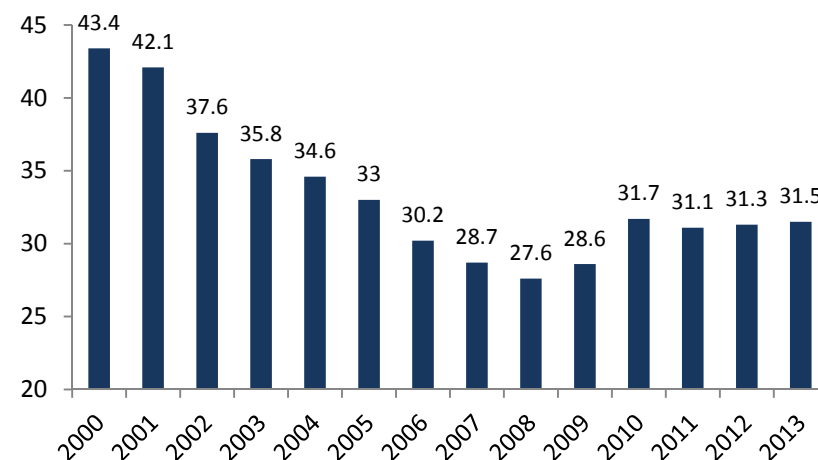
## Key Canadian Tobacco Market Indicators

Cigarette Smoking Prévalence in Canada, age 12+



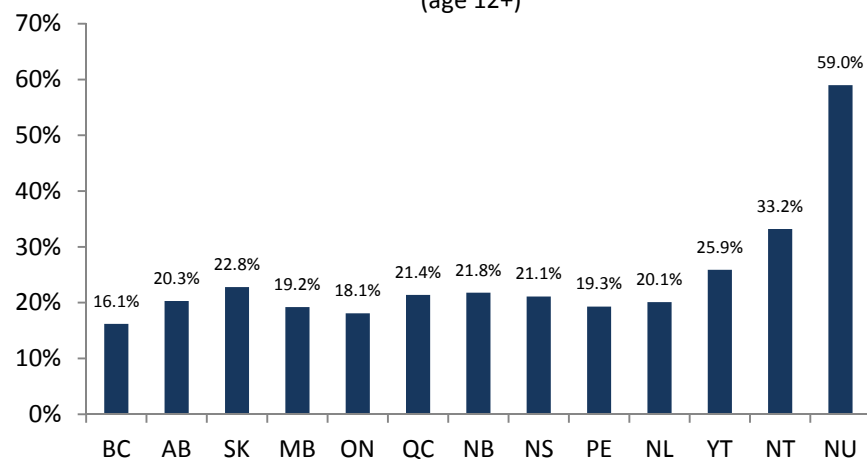
Source: Canadian Community Health Survey

Cigarette Sales in Canada (in billions)



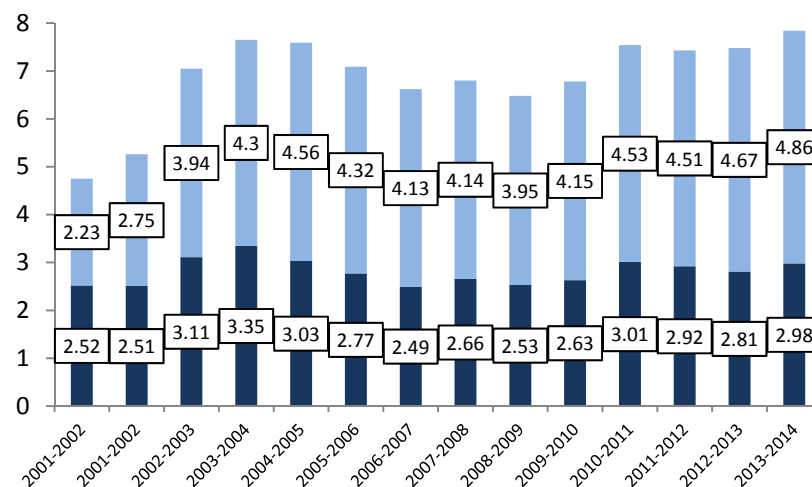
Source: Health Canada

Cigarette Smoking Prevalence in Provinces and Territories, 2013  
(age 12+)



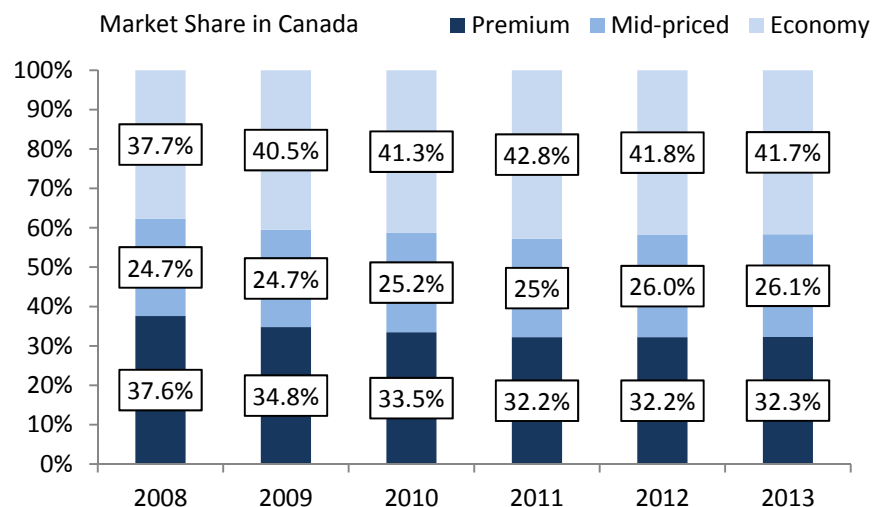
Source: Canadian Community Health Survey

Tax Revenues in Billions (No GST and PST or HST) ■ Federal ■ Provincial

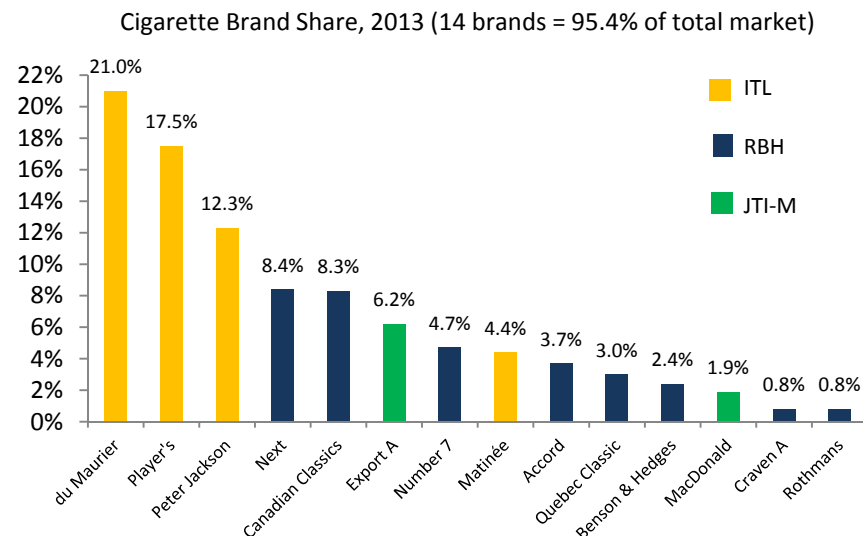


Source: Physicians for a Smoke-Free Canada

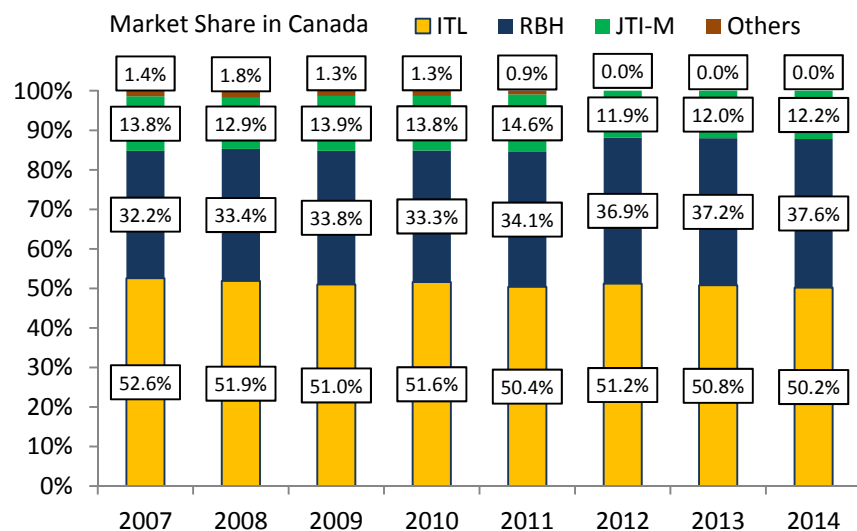
## Key Canadian Tobacco Market Indicators



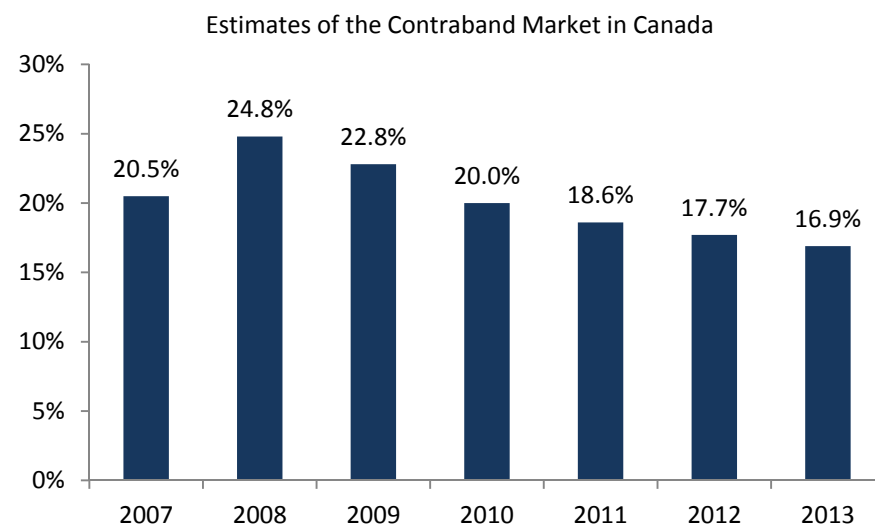
Source: Euromonitor International



Source: Euromonitor International



Source: Citi Group and company financial reports



Source: Euromonitor International



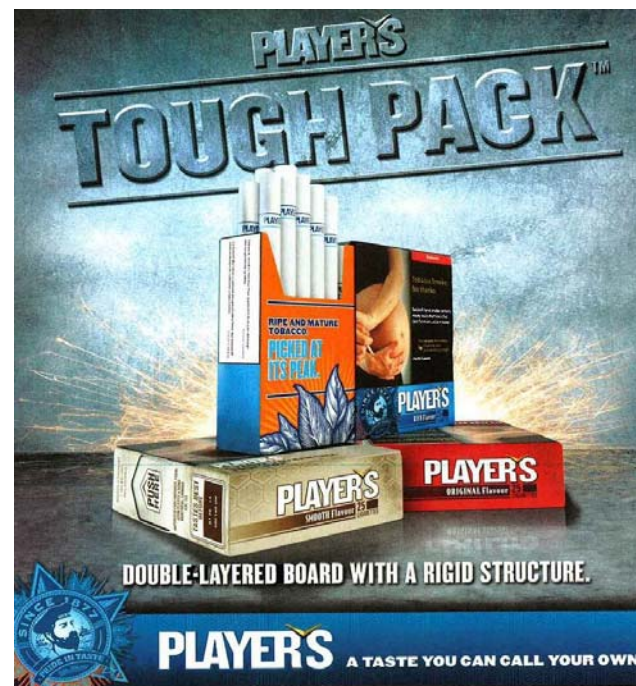
## Major Issues for the Tobacco Industry

### Advertising and Packaging

The federal *Tobacco Act* severely restricts the tobacco industry's advertising and promotional options. Only information and brand-preference ads are permitted and such ads are only allowed on signs in establishments where minors are not permitted or in publications sent by mail to a named adult.<sup>1</sup> In Quebec, the provisions of the federal and provincial *Tobacco Acts*, taken together amount to a complete advertising ban.<sup>2</sup> (However, neither Act prohibits tobacco manufacturers from advertising in trade magazines sent, for example, to retailers (see ad at right).)

Adding the fact that tobacco displays are banned in retail stores and that new graphic health warnings cover 75% of both main faces of the cigarette package, there is no doubt that the residual space on the package, as well as the package itself, remains the most vital tool for the tobacco industry to communicate with consumers. It is important to reiterate that, in Canada, there is very little to distinguish among cigarette brands because manufacturers all use the same kind of tobacco. Consumers are led to believe that a product has different characteristics because of the branding, which is now achieved primarily through its name and packaging.<sup>3</sup> Over 30 years ago, tobacco companies recognized that the package would become their prime marketing tool: "Under conditions of [a] total [advertising] ban, pack designs...have enormous importance.... Therefore, the most effective symbols, designs, color schemes, graphics and other brand identifiers should be carefully researched.... An objective should be to enable packs, by themselves, to convey the total product message."<sup>4</sup>

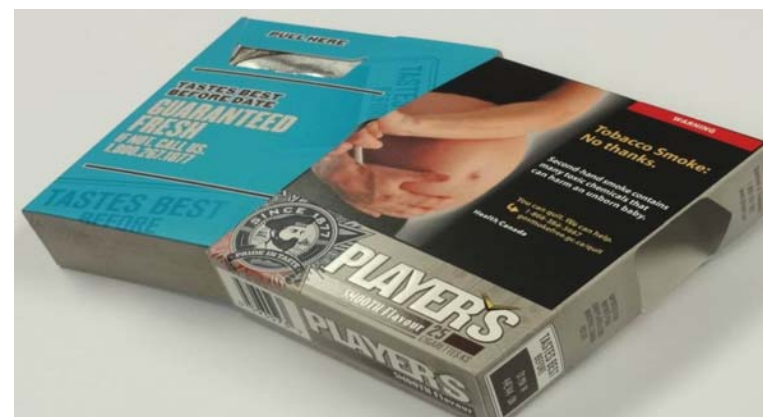
With such a restrictive regulatory environment, the tobacco industry tries to take full advantage of any possible remaining channels to promote its products, sometimes by exploiting legal loopholes and gray areas. The tobacco industry goes to great lengths to design its tobacco packages to make sure they minimize the impact of health warnings and maximize the visibility of its trademarks. The lipstick



Source : C-Store Life Magazine 2013



*Benson & Hedges Superslims*



*Player's removable cover*

size Benson & Hedges packs on the left are obviously designed to appeal to women and at the same time reduce substantially the visibility of the health warnings. The Player's pack on the right makes it possible to throw away the outer portion with the warning and have a stand-alone package with no warning.

From time to time, the tobacco industry will circumvent the law by posting tobacco ads in venues such as restaurants, which are obviously not considered by the federal *Tobacco Act* as “a place where young persons are not permitted by law” (see picture at right taken in a Toronto restaurant in September, 2013).

Despite a tobacco display ban in retail stores in Canada, the retail sector still remains critical to the tobacco industry's marketing strategies. Indeed, according to the vice president of corporate affairs for Rothmans, Benson & Hedges:

“You can expect our company to not be paying for retail display space. But that is not meant to imply that we are taking trade spending off the table, not at all. In fact, we will migrate that trade spend into pay-for-performance kind of programs. So we will be focused on specific brands, on information that you



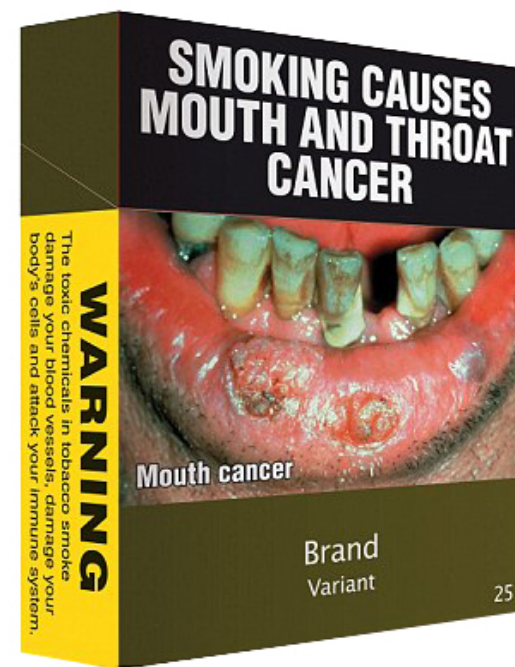
can provide to your consumers, those kinds of things... don't think that money is being removed from the category; it is not.”<sup>5</sup>

Ads illustrating sophisticated packages with a background of different graphic designs, colors and catchy expressions are a far cry from what we should expect in terms of the information and brand-preference advertising allowed by the federal *Tobacco Act*. It is clear that the tobacco industry is still trying to get away with using lifestyle imagery to promote its brands, thus circumventing the intent of the *Act*. The best possible solution to eliminate the industry's use of the package to promote its products is to implement plain and standardized tobacco packages, as Australia has done (see Australian plain package at right).

The tobacco industry obviously abhors plain and standardized tobacco packages. It has spent a great deal of time and resources on its public relations efforts and legal action to oppose plain packaging in Australia. Although the High Court of Australia in August 2012 rejected the tobacco industry's argument that the *Tobacco Plain Packaging Act 2011* amounted to an acquisition of property on less than just terms, tobacco companies are opposing the measure on two other fronts.<sup>6</sup>

Philip Morris Asia is challenging the plain packaging legislation under the 1993 bilateral investment agreement between Australia and Hong Kong.<sup>7</sup> In addition, five countries (Cuba, Dominican Republic, Honduras, Indonesia and Ukraine) have submitted complaints to the World Trade Organization claiming that the 2011 legislation breaches “the WTO's General Agreement on Tariffs and Trade (GATT), the Agreement on Technical Barriers to Trade (TBT) and the Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS), in that the provisions are discriminatory, more trade restrictive than necessary, and unjustifiably infringe upon trademark rights.”<sup>8</sup> In late March 2014, the Australian government took the unusual move of agreeing to the first request by Indonesia to establish a WTO dispute panel to rule on the matter. This move is regarded as an attempt by Australia to bring some or all of the five separate cases against its tobacco plain packaging law together to expedite resolution of the dispute(s).

Aggressive challenges by the tobacco industry against tobacco control measures are usually a good indication not only of the effectiveness of these policies but also of the industry's fear that they might spread to other jurisdictions. Plain packaging is a case in



point. Ever since Australia has taken a leadership role on this issue, the United Kingdom, France and Ireland have adopted similar legislation which will come into effect in May 2016.<sup>9, 10, 11</sup> Meanwhile, New Zealand's Parliament is currently reviewing a bill on plain packaging.<sup>12</sup> As well, Singapore, Panama, South Africa, Norway, Burkina Faso and Turkey have all announced they will proceed with plain packaging or are actively contemplating it. There is still no indication that Canada is considering such an initiative even though the measure was recommended by the House of Commons Standing Committee on Health twenty years ago. Furthermore, Canada is a Party to the Framework Convention on Tobacco Control and treaty guidelines call on Parties to implement plain and standardized packaging "to eliminate the effects of advertising or promotion on packaging"<sup>13</sup> and to "increase the noticeability and effectiveness of health warnings and messages... and address industry package design techniques that may suggest that some products are less harmful than others."<sup>14</sup>

Not surprisingly, the tobacco industry weighed in with dire predictions of what would ensue subsequent to the introduction of plain packaging in Australia. They predicted catastrophic losses for small businesses. However, a recent survey showed no change in cigarette purchasing in small businesses. They predicted an increase in illicit tobacco — there has been no significant increase in the use of contraband or counterfeit. They predicted an increase in consumption, but instead there has been a decline in tobacco use subsequent to both a tax increase and the introduction of plain packaging.<sup>15</sup> Research is starting to show as well a reduction in the appeal of tobacco products and a sustained increase in the number of calls to quit line services.<sup>16, 17</sup>



## Major Issues for the Tobacco Industry

### Contraband

Tobacco manufacturers have understood for a long time that tobacco tax increases seriously undermine the viability of their market and that the best way for them to oppose an aggressive tobacco taxation policy is to continuously focus attention on the contraband market. The intent is to lead decision makers to believe that manufacturers have a genuine concern for public health in wanting to see the availability of cheap illegal tobacco products reduced or eliminated; in fact, their main concern is to safeguard their own profits by bringing customers back to the legal market. The contraband market is also used as leverage to discourage governments from taking any further action in terms of regulating legal tobacco products.

Although Imperial Tobacco Canada does issue press releases on a regular basis on contraband and taxation issues, the lion's share of the tobacco industry's public relations efforts comes from its main front groups, the Canadian Convenience Stores Association ([www.theccsa.ca](http://www.theccsa.ca)) and the National Coalition Against Contraband Tobacco (NCACT) ([stopcontrabandtobacco.ca](http://stopcontrabandtobacco.ca)). Both groups are comprised of members of the business community, including tobacco industry representatives. During testimony for Bill C-10: *An Act to Amend the Criminal Code (trafficking in contraband tobacco)* in December 2013, the Standing Committee on Justice and Human Rights pressured the NCACT's spokesperson to disclose its main funder but no such information was ever provided.<sup>18</sup>

There have been two major developments over the past year to further stem the contraband market in Canada: the implementation by the Ontario government of key provisions of the *Supporting Smoke-Free Ontario by Reducing Contraband Tobacco Act, 2011*, which transfers oversight of tobacco farming from the Ontario Flue-Cured Tobacco Growers' Marketing Board to the Ontario Ministry of Finance, and the adoption of Bill C-10: *An Act to Amend the Criminal Code (trafficking in contraband tobacco)* by the federal government.<sup>19, 20</sup> The tobacco control community has been advocating for measures to cut off the supply of raw materials to illicit



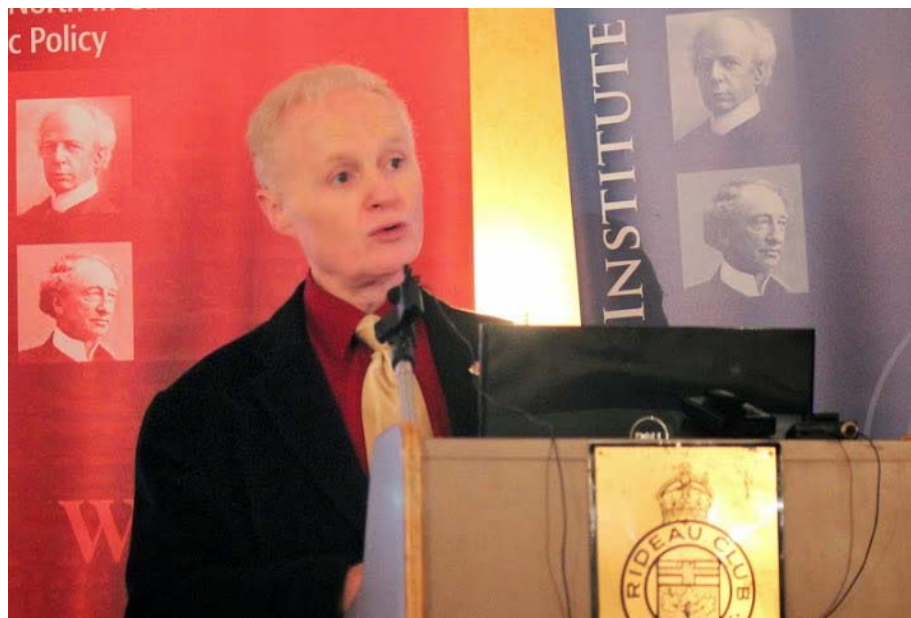
manufacturing facilities located on First Nation Territories, even more so following the release in 2012 of an internal RCMP memo suggesting that a significant portion of the raw leaf production in Ontario is diverted to the illicit market.<sup>21</sup> If managed properly, the new Raw Leaf Tobacco Program should make it more difficult for illicit manufacturing facilities to acquire shipments of raw leaf tobacco. Bill C-10 introduces new provisions under the *Criminal Code* specific to contraband tobacco that make it a more serious offence to engage in the illicit tobacco trade.

However, these new measures have not diminished the NCACT's resolve to continue to paint an alarmist portrait of the current contraband tobacco market and, at the same time, divert governments' attention away from the harm caused by the much larger legal tobacco market. The NCACT's latest initiative was to retain the services of the public relations firms Dawson Strategic and the Macdonald-Laurier Institute to organize two workshops on the illicit tobacco trade in Ontario, the first in Ottawa in November 2014 and the second in Toronto in March 2015.<sup>22</sup>

Claims were made at these workshops that current levels of contraband constitute 40% and 50% of the total cigarette markets in Quebec and Ontario, respectively (even though internal tobacco industry document reported much lower levels of contraband in both jurisdictions as of 2011) and that "'Mom and Pop" smuggling can have direct lines to

Hezbollah and international terror (there has been one such documented case in the US but none in Canada)."<sup>23, 24, 25, 26</sup> Not surprisingly, some of the key messages coming out of these workshops focused on the need to close "the wide price differential between legal and illicit cigarettes" and to "lower taxes and increase efforts/resources on the enforcement front."<sup>27</sup>

Despite the NCACT's repeated warnings about the threat of the illicit tobacco trade, the federal government and several provinces, including Ontario and Quebec, moved forward with significant tobacco tax increases in the past year alone, actions that would certainly not have been taken without considering all of the available facts about the magnitude of the illicit market.<sup>28, 29</sup>



*Macdonald-Laurier Institute Executive Director Brian Lee Crowlev*

## Major Issues for the Tobacco Industry

### Electronic cigarettes

There has never been an alternative nicotine delivery device that has attracted more attention than electronic cigarettes. News stories are coming out almost daily on the potential benefits or risks of these products for public health. On the one hand, research shows that the vapour generated by these products contains not only much fewer toxic chemicals than regular combustible cigarettes but also much lower levels of these chemicals, which makes them a safer option for smokers.<sup>30</sup> On the other hand, many regard these products as a threat to public health because of the unknown health risks from long-term inhalation of the chemicals, in particular propylene glycol, because of the possibility that they will promote dual use rather than cessation, and because of the risk of renormalizing smoking among youth or normalizing a new form of nicotine addiction.<sup>31</sup>



*Source: Therapeutic Advances in Drug Therapy*

An electronic cigarette essentially consists of a cartridge or tank containing flavouring, water and most often nicotine, in a base solution of propylene glycol (PG) and/or vegetable glycol; an atomizer containing a heating element which turns the liquid nicotine into vapour; and a battery to power the atomizer.<sup>32</sup> Technological innovations have produced newer generations of electronic cigarettes with larger tanks and batteries that not only last longer before needing to be recharged but also have adjustable voltage (see the picture at top right). These newer models produce more and hotter vapour and deliver nicotine more effectively and consistently than the first generation electronic cigarettes.<sup>33</sup>

The success or failure of electronic cigarette market will depend in large part on the regulatory approach taken by health authorities. In September 2014, the Federal Health Minister, the Honourable Rona Ambrose, asked the House of Commons Standing Committee on Health “to study the potential risks and benefits of e-cigarettes and to seek the advice of a variety of health stakeholders.”<sup>34</sup> The Committee undertook the study in the fall of 2014 and published its report in March 2015 which proposed 14 recommendations, including the following:

- That the Government of Canada financially support research through existing channels, and that these funds be allocated to independent research on the health effects of electronic cigarettes and related devices, and their impact on the uptake of nicotine products by youth and on other tobacco control efforts.
- That the Government of Canada work with all affected stakeholders to establish a new legislative framework (under the *Tobacco Act*, new legislation, or other relevant statutes) for regulating electronic cigarettes and related devices.
- That the Government of Canada consult with the public, provinces/territories and stakeholders with respect to the regulation of electronic cigarettes with a view to protecting the health of Canadians.<sup>35</sup>

Although it is still too early to know how the federal government will respond to the report, some municipal and provincial governments have already stepped in to ban the sale of electronic cigarettes to minors because of the potential risks of experimentation, including nicotine addiction, and to ban their use in public venues and workplaces because of the unknown risks of long-term exposure to the vapour they emit.<sup>36, 37</sup>

Meanwhile, research on electronic cigarettes is starting to emerge in Canada which lends support to findings in other countries. For example, the Quebec Statistic Institute released a high school student survey in 2014 which showed that:

- 28% of students have tried electronic cigarettes at least once in their lifetime (even if it was only for a few puffs). That proportion drops to 4% of students who had tried them in the past 30 days.
- Only 1.8% of students who have never tried a tobacco product have tried an electronic cigarette in the past 30 days. For those who have used a tobacco product in the past 30 days, 20% have also tried an electronic cigarette in the same period.
- The same survey shows that use of a traditional cigarette at least once in the past 30 days dropped from 14.7% in 2008 to 6% in 2013. For current use (daily and occasional), cigarette smoking rates have gone down from 7.3% in 2008 to 2.9% in 2013.<sup>38</sup>

The Canadian Cancer Society, Quebec Division, also published its own survey on electronic cigarette use amongst youth in Quebec for 2012-13. The results are similar to the previous survey:

- 34% of youth in secondary school had tried electronic cigarettes at least once in their lifetime (even if it was only for a few puffs), including 18% of never smokers.



- Once again, these numbers are much lower when the survey looks at youth who have tried an electronic cigarette at least once in the past 30 days: 6% for all youth and 3% for those who have never smoked.<sup>39</sup>

These results show that the vast majority of youth who try electronic cigarettes are already smokers and that there is still no indication that electronic cigarettes are a gateway to cigarette smoking amongst youth in Quebec. Research has shown similar trends in other countries such as France, the United States and the United Kingdom.<sup>40, 41, 42</sup>

## Major Issues for the Tobacco Industry

### Legislation and regulation

Tobacco manufacturers operated for many years in a legislative and regulatory vacuum. They were even able to exempt their products from the grasp of common consumer protection laws such as the *Hazardous Products Act*. Tobacco manufacturers took full advantage of the situation to addict almost half of the adult population to their products in the 1960s.<sup>43</sup>

The harm caused by tobacco products should have compelled government authorities to take immediate and appropriate action to protect public health. Unfortunately, tobacco industry obstruction played a major role in delaying such action. However, legislative and regulative measures were eventually adopted and became the key

component of the tobacco control strategy of the federal and every provincial/territorial government in Canada. These measures now play such a vital role in tobacco control that much effort is made to update them periodically to limit as much as possible the marketing and use of tobacco products. The past year is no exception. Here are some of the issues that the federal and provincial governments are currently focusing on:

- More and more jurisdictions are stepping in to restrict or even ban the use of flavours in tobacco products. For example, the federal government is currently reviewing the scope of its restrictions on flavoured tobacco products (It is worthwhile to note that the draft regulations did not extend the scope of the flavor ban to other products, but merely attempts to close the loophole that has been wide open since the 2009 *Cracking Down on Tobacco Marketing Aimed at Youth Act* was passed).<sup>44</sup> Several provinces – Alberta, Manitoba, Ontario and Nova Scotia – have also adopted or are in the process of adopting legislation to limit the use of flavours.<sup>45, 46, 47, 48</sup> At present, Ontario and Nova Scotia seem to be the only provinces on the verge of banning the sale of menthol.



*Ontario Legislative Assembly*

- Smoking bans continue to spread to outdoor venues. Notably, Ontario amended the *Smoke-free Ontario Regulations* to ban smoking on restaurant and bar patios, near children's playgrounds, at outdoor sporting venues and on hospital grounds. Alberta has banned the smoking of tobacco and tobacco-like products on school grounds.<sup>49, 50</sup>
- The increase in popularity of electronic cigarettes is currently attracting a lot of attention. Although there is still much debate about the benefits and drawbacks of these products and no response yet from the federal government on how best to proceed on this issue, the provinces of Nova Scotia and Ontario have decided to extend the scope of their tobacco acts to cover electronic cigarettes as well, more specifically to ban their sale to minors, to prohibit their use in public venues and workplaces and to restrict their advertising and promotion.<sup>51, 52</sup>

There is no doubt that other jurisdictions will follow suit over the coming year with similar measures. For example, the Quebec government has already announced that it will introduce a new tobacco bill during the 2015 spring parliamentary session.<sup>53</sup>

## Major Issues for the Tobacco Industry

### Litigation

In its latest annual report to the US Securities and Exchange Commission, Philip Morris International, the parent company of Rothmans, Benson & Hedges, continues to express concerns over ongoing litigation in several countries:

“Damages claimed in some tobacco related litigation are significant and, in certain cases in Brazil, **Canada**, Israel and Nigeria, range into the billions of U.S. dollars. We anticipate that new cases will continue to be filed. The FCTC encourages litigation against tobacco product manufacturers. It is possible that our consolidated results of operations, cash flows or financial position could be materially affected in a particular fiscal quarter or fiscal year by an unfavorable outcome or settlement of certain pending litigation. [emphasis added].”<sup>54</sup>



The tobacco industry is facing a multitude of lawsuits in Canada from governments and victims.<sup>55</sup> All provinces have passed health care cost recovery legislation and filed a statement of claim. The manufacturers have gone to great lengths not only to challenge the constitutionality of the enabling legislation, but also to exclude their parent companies from the legal proceedings. None of these challenges has been successful to date, although they have been effective in delaying the progress of the lawsuits.

There are several existing lawsuits that have been filed in Canada by victims against the tobacco industry but only one has reached the trial phase. The case combines two class action lawsuits representing ill and addicted Quebec victims against the three main Canadian tobacco manufacturers: *Cécilia Létourneau v. Imperial Tobacco Ltd., Rothmans, Benson & Hedges Inc. and JTI-Macdonald Corp.* and *Conseil québécois sur le tabac et la santé and Jean-Yves Blais v. Imperial Tobacco Ltd., Rothmans, Benson & Hedges Inc. and JTI-Macdonald Corp.*<sup>56, 57</sup> The victims are seeking over \$20 billion in damages from the companies.



The trial finally ended in December 2014 after 253 days of hearings during which 76 experts and witnesses took the stand and more than 8 000 documents were filed as evidence (this number excludes all the press clippings filed by the defendants). It is not possible to know when the trial judge will hand down his ruling, but some predict that it will be before the summer season. The judge's task will focus mostly on answering the following seven specific questions that were set out by the judge who certified the class action lawsuits in 2005:

1. Did the companies manufacture, market, commercialize a product that was dangerous and harmful to consumers' health?
2. Did the companies know and were they presumed to know the risks and dangers associated with the consumption of their products?
3. Did the companies trivialize or deny, or employ a systematic policy of non-divulgence, of such risks and dangers?
4. Did the companies set up marketing strategies conveying false information on the characteristics of the goods sold?
5. Did the companies knowingly place on the market an addictive product and did they purposely refuse to use parts of tobacco with nicotine levels low enough to end the addiction of a large number of smokers?
6. Did the companies conspire amongst themselves to prevent the users of their products from being informed of the dangers inherent to the consumption of their products?
7. Did the companies intentionally infringe upon the right to life, safety and integrity of the members of the group?

There is no doubt that this case will be appealed right up to the Supreme Court of Canada and that it will have important repercussions for other litigation across the country, including the health care costs recovery claims filed by the provinces. If ruled in favor of the victims, the case even has the potential, depending on the size of the compensatory and punitive damages, to bankrupt one or more of the Canadian companies. Such a scenario would completely change the tobacco market landscape in Canada and could provide a unique opportunity for public health authorities to look at novel approaches to regulate the tobacco market.

A day-to-day account of the trial is available on the blog "Eye on the Trials" (<http://tobaccotrial.blogspot.ca>). The blog was sponsored by the Quebec Public Health Association and maintained in English by Cynthia Callard and in French by Pierre Croteau.

## Other Tobacco Companies

### Grand River Enterprises

This backgrounder focuses mostly on the three main tobacco manufacturers, since they represent virtually the entire Canadian tobacco market (see bar chart on page 3). Grand River Enterprises, which is located on the Six Nations of the Grand River Reserve in Ontario, is also a significant Canadian manufacturer, but most of its production is shipped to reserves and exported to the U.S.

Some have voiced suspicions that the company may not be complying with the Ontario quota system by shipping larger volumes of cigarettes to reserves than permitted. As well, Grand River Enterprises has recently made the news south of the border because the New York State Attorney General has filed a lawsuit against the company for “illegally selling its products to Native Wholesale Supply instead of a New York State licensed stamping agent who would prepay the New York State cigarette excise tax and affix the state tax stamp, as required under the law.”<sup>58</sup>

### Little Cigar Companies

There are other smaller tobacco companies in Canada, such as Casa Cubana Spike Marks Inc. ([www.casacubana.ca](http://www.casacubana.ca)), Scandinavian Tobacco Group Canada ([www.st-group.com](http://www.st-group.com)) and Distribution GVA Inc. ([www.savinelli.it/en/distribution-gva-inc](http://www.savinelli.it/en/distribution-gva-inc)). These companies are distributors of pipe tobacco, cigars and cigarillos. This category of products continues to represent a concern for the health community because many of these products are sold with a wide range of flavours that make them very attractive to youth. For example, according to the 2012-13 edition of the Youth Smoking Survey, 30% of youth in grades 6 to 12 declared using flavoured little cigars in the past 30 days.<sup>59</sup> However, as mentioned in the legislation and regulation section, governments are starting to pay more and more attention to this issue.

### Smokeless Tobacco Companies

The National Smokeless Tobacco Company Ltd. ([www.nstco.ca](http://www.nstco.ca)) is probably the largest distributor of smokeless tobacco products in Canada. Located in Montreal, the company is the distributor of the popular brands Skoal and Copenhagen. In Canada, use of these products remains marginal. According to the latest available data from the 2013 Canadian Tobacco, Alcohol and Drugs Survey:

“In 2013, 8% of Canadians 15 years and older reported having ever tried smokeless tobacco products. Six percent (6%) of youth or 126,000 youth aged 15 to 19 and 10% of young adults (233,000) aged 20 to 24 reported having ever tried smokeless

tobacco. The prevalence of smokeless tobacco use within the past 30 days was under 1% for Canadians aged 15 years and older and 1% for both youth aged 15 to 19 and for young adults aged 20 to 24.”<sup>60</sup>

These products continue to be sold with flavours, except in Alberta, and are not required to display a graphic health warning. There is no indication from the federal government that it intends to act on these two issues.

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