Brief to the Standing Senate Committee on Social Affairs, Science and Technology Regarding
Bill S-5, An Act to amend the Tobacco Act and the Non-smokers’ Health Act and to make
consequential amendments to other Acts

Bakery, Confectionary, Tobacco Workers and Grain Millers International Union

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The Bakery, Confectionary, Tobacco Workers and Grain Millers International Union (BCTGM) in Quebec represents over 6,000 workers in Canada, including 350 Canadian tobacco industry workers in Montreal and Quebec City.

We thank you for the opportunity to share our comments as part of the consideration of Bill S-5, An Act to amend the Tobacco Act and the Non-smokers’ Health Act and to make consequential amendments to other Acts. We are particularly concerned about how the legislation will affect all these workers. We believe it is important that all senators be aware of and understand the serious impact of this bill if it passes without amendment, since it will unfairly penalize the industry’s unionized workers by helping tobacco smugglers.

First, we would like to have taken part in the consultation process in order to come up with a bill that achieves the public health objectives we all support while not harming unionized jobs. Specifically in the Canadian context, our workers have faced the consequences of unfair competition from the illegal tobacco industry for decades. The appalling fact is that about 20% of tobacco products sold in Canada are illegal, depriving Canadians of unionized jobs. This is on top of the fact that about 40% of legal tobacco products in Canada are currently imported, giving foreign workers jobs that could be performed by Canadians.

Before continuing, we would like to remind senators of what my union brothers said about proposed tobacco regulations introduced in the early 2000s by the former Health Minister, the Hon. Allan Rock. The former International VP of our union, Sean Kelly, appeared before a House of Commons committee. At that time, Mr. Kelly represented 4,000 workers employed directly by the Canadian tobacco industry. During his appearance, he warned parliamentarians that the result of the regulations would be “less Canadian production and fewer legal sales” and that “consumption will not change.”¹ He added that

¹ [link](http://www.parl.gc.ca/HousePublications/Publication.aspx?DocId=1040382&Language=E)
“there was never any meaningful consideration given to the legitimate job issues” with the government’s proposals. He warned the committee that production facilities could be moved abroad. Mr. Kelly also pointed out that Mr. Rock’s regulations threatened tens of thousands of other workers across the country employed in industries that supplied the tobacco industry, such as retail and wholesale, printing and graphics. During his appearance, the President of the FTQ, Henri Massé, said that the bill would “have negative impacts on a large number of industry employees without helping to reduce tobacco use in any significant way.”

Now 17 years later, it is clear that history has proven the union officials right, and here we are again before a new parliamentary committee to study a bill that now would standardize the appearance, size and form of tobacco products and their packaging. Today our union represents only 350 employees of Canada’s tobacco industry. Legal Canadian production of tobacco products has decreased while the production of contraband has increased significantly. Tobacco use is just as high today. This certainly points out the limits of our governments’ regulation of the legal tobacco industry, if only to show that it hurts unionized jobs while helping the illegal tobacco market. We are also concerned that the bill currently under consideration does not include a socioeconomic study assessing the impact of the regulations on unionized jobs. To be honest, illegal tobacco undermines all government initiatives to curb tobacco use. These untested and unregulated products are sold for one tenth of the cost of legal products. The market for contraband tobacco takes away well-paid unionized jobs from many Canadians while depriving the government of significant tax revenues and making it easier for minors to access tobacco products.

Consequently, our union opposes the bill as introduced by Senator Peter Harder because it is flawed and will not yield the intended results. As parliamentarians, you sometimes have a chance to learn from your predecessors and to listen this time to the warnings from our union. On behalf of unionized workers, the federal government cannot once again legislate on tobacco products without considering reliable evidence about plain packaging and the potential socioeconomic consequences we are so concerned about. In Australia, the only country that has mandated plain packaging over the past four years, government data show that plain packaging has not had the desired impact, nor has it resulted in any additional reductions in tobacco use. The sale of contraband tobacco has increased by 21%. If the same situation were to occur in Canada, the problem of illegal tobacco would only get worse and there would be a negative impact on our members’ jobs without any reduction in tobacco use in Canada. Currently, contraband tobacco is sold in plastic bags.

We also believe that this bill will help smugglers by making it easier to counterfeit legal products. Currently, legal tobacco packets and stamps are being copied. We believe that the consequences of plain packaging will be to make it easier to counterfeit legal product packaging. Plain packaging could result in legal product packaging that lack distinctive features since they are often too expensive to reproduce. By making it easier to print legal packaging, contraband tobacco will have an even greater competitive advantage and confuse adult consumers at the expense of our unionized workers because they will not comply with the law.
We are also extremely concerned that the bill will prevent Canadian plants from exporting to the US. This would harm the employment prospects of our workers while failing to curb tobacco use in Canada, which is the purpose of the bill.

**In summary, our union believes that:**

1. Plain packaging is ineffective and jeopardizes our members’ jobs, since it will lead to the increased production of untested, unregulated illegal tobacco, boosting organized crime and resulting in a massive loss of government tax revenues.
2. The consultation process prior to the bill’s introduction did not consider reliable evidence about plain packaging, particularly the facts surrounding the probable socioeconomic consequences that we are so concerned about.
3. The government failed to consider research and the best data available before adopting policies that affect the lives of workers, and it did not carefully review cost-benefit analyses before making decisions, which concerns us going forward.
4. The bill could prevent the export of tobacco products to the US and hurt unionized workers, while not curbing tobacco use in Canada.
5. The bill must come with additional measures to fight contraband tobacco and counterfeiting with appropriate budgets for police forces so as not to drive users of legal tobacco to the black market at the expense of unionized workers.

Unionized Canadian tobacco industry workers, the middle class that is so important to the government, are people who contribute to their communities’ economic development with higher pay at a time when the manufacturing sector is in trouble. These workers produce a highly regulated, legal product that has faced decades of unfair competition. However, governments continue to regulate the legal market with noble objectives that fall short because of the large market for contraband tobacco that defies the law.

Although we support the government’s public health objectives, we urge senators to take our concerns about the bill into consideration so as not to harm unionized workers, something we fear will occur with a number of the bill’s proposed measures. It is inconceivable that there are efforts to further regulate the legal industry without putting even greater measures in place to eliminate the illegal tobacco market.