



Centre for Addiction and
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Thursday January 24, 2008

The Right Honourable Stephen Harper, Prime Minister of Canada
Office of the Prime Minister
80 Wellington Street
Ottawa, Ontario, K1A 0A2

Re: Contraband Tobacco

Dear Prime Minister:

I am writing to urge your government to take prompt action on an issue with profound health and fiscal implications: contraband tobacco.

The mandate of the Centre for Addiction & Mental Health (CAMH) includes all drugs that harm people. From this comprehensive perspective, we see nicotine addiction and the effects of tobacco smoke, as the most damaging and the most costly drug problem in Ontario and most other places. Accordingly, we give it due prominence in our public services. We provide smoking cessation counseling and treatment through our Nicotine Dependence Unit and we support research as a major sponsor of the Ontario Tobacco Research Unit, which is housed at CAMH. We provide training and information on tobacco to both health professionals and the general public. A specific example of CAMH's tobacco work is the successful province-wide STOP (Smoking Treatment for Ontario Patients) Study. The STOP study distributes nicotine replacement therapy, including nicotine gum or patches to eligible smokers free of charge and monitors their effectiveness in the quitting process.

Research tells us that the price of cigarettes, as mediated primarily by tax levels, is an important factor in determining whether current smokers continue to smoke, how much they smoke, and most importantly, whether young people begin to smoke. The last few decades have seen tremendous reductions in tobacco use in Canada. We owe our success to tax increases and other legislative and policy changes by federal and provincial governments and to a strong, tobacco control community. The re-emergence

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of contraband cigarettes threatens our progress by introducing cigarettes at a fraction of the legal retail price. A recent report, *Contraband Cigarettes in*

Ontario by the Ontario Tobacco Research Unit (page 10) tells us that almost one third of cigarettes currently purchased in Ontario is illegal. Contraband tobacco has obviously become a serious form of drug-related crime.

The availability of low cost contraband cigarettes has particular implications for vulnerable populations such as young people and the economically disadvantaged, including those who also suffer from serious mental illness. A recent CAMH study (Callahan, R., *American Journal of Public Health*), found that over half of the cigarette filters found on the grounds of CAMH's Queen Street site in Toronto, were identifiable as being from contraband cigarettes. This makes it clear that individuals with serious mental illness are particularly susceptible to the allure of low cigarette prices.

A previous legislative response to the proliferation of contraband tobacco in Canada was to reduce taxes on legal tobacco in order to lower the price of cigarettes and thus discourage contraband production and distribution. However, given the tendency for lower cigarette prices to increase smoking behaviour, this strategy is not acceptable from a health perspective. Nor does it address the substantial loss of taxation revenue by the federal and provincial governments every year.

Physicians for a Smoke-free Canada has reported that the contraband cigarette problem is most extensive in Ontario and Quebec. A private study by Imperial Tobacco has estimated that these two provinces account for 96.5% of all contraband tobacco purchases in Canada. Ontario and Quebec are also the two provinces with the lowest taxes on tobacco, bringing serious doubt to the contention that the rise of contraband is related primarily to high cigarette prices brought on by higher taxes. There is a more significant factor at play - geographic proximity to the major sites of production, smuggling, and retail sales which are located in First Nations Communities in Ontario and Quebec.

The emergence of a contraband tobacco industry in First Nations communities is undoubtedly related to inadequate economic opportunities for First Nations people, an issue that should be of concern to all Canadians. Nevertheless, the emergence of an industry that contributes so greatly to addiction, poor health and premature death, for both First Nations and non-First Nations communities, is clearly intolerable.

For reasons that are economic, related to public health, or that highlight the plight of our most vulnerable people, contraband tobacco is an issue that warrants prompt and effective action. Our colleagues at the Ontario Tobacco Research Unit have raised some interesting policy options to address the issue of the supply of contraband cigarettes. I encourage the Government to explore the suggestions in OTRU's report (attached). These include: revoking licences from manufacturers operating illegally and encouraging First Nations reserves to collect their own tobacco taxes.

CAMH's work in Aboriginal Health provides opportunities to engage First Nations communities on this and other health-related issues. CAMH would welcome the

opportunity to discuss with the Government how we might collaborate to work with First Nations communities on this critical public health issue.

Sincerely yours,

Paul E. Garfinkel, MD, FRCP(C)
President and Chief Executive Officer

Cc. The Honourable Gordon O'Connor, Minister of National Revenue of Canada
The Honourable Tony Clement, Minister of Health of Canada
The Honourable Robert Nicholson, Minister of Justice and Attorney General of Canada