



BC Budget Will Help Illegal Market and Harm Local Convenience Stores

Highest tobacco taxes in Canada; restriction of vape sales are a double threat to harm reduction

April 20th, 2021- The extraordinary tobacco tax increases in British Columbia's new budget will drive adult smokers away from responsible, law-abiding BC convenience stores and toward the contraband tobacco market. This runs counter to the BC government's stated objective of reducing tobacco consumption.

All the available data shows that such tax increases will drive the growth of the contraband market and do nothing to deter youth smoking. BC convenience stores that follow the rules of will bear the brunt of these measures while criminals will benefit. Coupled with restrictions on the availability vaping products in convenience stores, convenience store operators (who have served their customers throughout the pandemic) are doubly harmed.

"The BC government knows that there is a direct link between tax increases and growth in the illegal market. If the government really wants to achieve its harm reduction goals and reduce the incidence of youth vaping, they should work with the responsible retailers in our industry," said Anne Kothawala, President and CEO of the Convenience Industry Council of Canada. "Our members have the best track record in keeping age-restricted products out of the hands of youth. Relying on them to prevent youth smoking and allowing adults too choose safer alternatives should be priorities for government."

A 2020 study from Ernst & Young, conducted for the CICC, demonstrated clearly "there is a massive illegal cigarette market in Canada and a huge cost to provincial treasuries in foregone tax revenue." Every other province that has tabled a budget in 2021 has chosen not to increase tobacco taxes and B.C. is showing that it is indifferent to these consequences.

This latest announcement is another blow to hard-working convenience store operators, who have been hurt by the pandemic even while being identified as essential businesses. Last year, BC regulations restricted the availability of vaping products in convenience stores while handing a monopoly to specialty vape shops and online retailers. BC has seen the largest decline in convenience stores serving communities in Canada over recent years, declining by 33% from 2016 to 2019.

"The channel with the best track record in selling age-restricted products will now face a double whammy: a decline in sales of legal tobacco that will move to the black market, and an inability to offer adult customers a reduced risk vaping product. Our industry is perplexed at how it is being treated in light of its past success in protecting communities" said Kothawala.

-30-

FOR MORE INFORMATION, please contact: Anne Kothawala, President and CEO, Convenience Industry Council of Canada at (647) 242-3560 or akothawala@convenienceindustry.ca

ABOUT: Convenience Industry Council of Canada

The Convenience Industry Council of Canada is a national, not-for-profit council that represents the convenience channel. Our members employ 216,000 Canadians and annually distribute and sell over \$55 billion in goods and services.