

# Health Canada and Fontem Ventures meeting: Product launch – April 2, 2019

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## Subject:

Meeting to discuss the introduction of the “blu” vaping product to the Canadian market and how Fontem Ventures can develop a responsible product launch in compliance with the *Tobacco and Vaping Products Act* (TVPA)

## Date:

**April 2, 2019**

## Participants:

Health Canada (HC)

- James Van Loon
  - Director General, Tobacco Control Directorate (TCD)  
(Chair)
- Senior Advisor, Director General’s Office, TCD
- Manager, Compliance and Enforcement, TCD
- Senior Policy Analyst, Office of Policy and Strategic Planning, TCD

Fontem Ventures (FV)

- Guy Hendricks
  - Vice President, EU Public Affairs, Fontem Ventures, FV
- Richard Mullin
  - Public Affairs Associate, Impact Public Affairs (Consultant)
- Christian von Donat
  - Director, Government Relations and Strategy, Impact Public Affairs (Consultant)

## Introduction:

A meeting was held at the request of FV, a subsidiary of Imperial Brands. FV does not currently market a vaping product in Canada; however, the launch of its brand, blu, in Canada is expected in the coming months. FV requested the meeting to learn more about the Director General's functions and direction, as well as learn how it can develop a responsible product launch.

In an e-mail prior to the meeting, HC reiterated its international obligation to protect tobacco control policies from the vested interests of the tobacco industry. In addition, in the interest of transparency, the department stated that it would be making a record of the meeting publicly available.

The Chair opened the meeting by doing round table introductions.

## Subjects:

### **Information on FV and objective of the meeting**

FV stated that it has been in the global marketplace for over 10 years targeting adult smokers. Currently their products are sold in 20 countries and the company has plans to expand into 60-70

countries. FV indicated that its data suggests that their products have no history of uptake among youth, however, they are aware of statistics in the United States indicating that youth vaping rates are concerning. As the company looks to begin selling and marketing their products in Canada, FV is looking to engage HC discussions on certain topics to ensure their compliance with Canadian law.

## **Health claims**

FV noted that in the United Kingdom, their company is permitted to make scientific health claims and was wondering if similar claims would be permitted in Canada. FV also noted recent studies showing the effectiveness of vaping products as smoking cessation aids. They also indicated that they face challenges in communicating about vaping products.

With respect to health claims or relative risk statements comparing vaping products to cigarette, for example, HC believes that vaping products are substantially less harmful. In September, draft statements that could be permitted to appear in vaping product promotions were shared with various stakeholders for consultation. Currently, regulatory priorities have shifted to address youth vaping; however, the development of permitted statements for the comparison of health effects remains ongoing. HC also noted that vaping products that make health claims may seek a pathway to market through the *Food and Drugs Act*.

## **Products**

FV brought a sample of a closed, pod based-system vaping product currently on the market in various jurisdictions that it plans on launching in Canada. The company indicated that going forward, it would moving exclusively to closed systems to ensure quality assurance and convenience for users. E-liquids for open

systems currently sold by FV would be discontinued. FV also indicated that its pods contain freebase nicotine and not nicotine salt technology.

FV indicated the importance of flavours for consumers. “Tobacco” flavours were reported to be about 20-30% of the market and a popular entry flavour for adult smokers trying vaping products, but noted that other flavours are also important. FV also noted that while studies indicate that youth also find certain flavours appealing, the “gateway” effect of youth trying vaping products and moving to tobacco has not been observed in the EU. FV theorized that nicotine caps and strong cessation and harm reduction messaging were more important factors for youth than flavours.

FV indicated that its products have lower nicotine content than some other products on the market (approximately 2.4 -3% vs. upwards of 5% in some other products). Also, FV indicated that vaping products offer users a peak in nicotine delivery that better mimics the effects of smoking than nicotine replacement therapies, making them more effective for smokers.

### **Quality assurance**

FV indicated that quality assurance was very important and that the presence of more good quality products on the market would help to build consumer trust in the marketplace.

HC inquired about whether FV was involved in or aware of the development of industry standards for quality control. FV indicated that the industry was relatively young and included a variety of members. It indicated that while discussions were happening, much more needed to be achieved.

### **Retail and online access**

FV indicated that it would make its products available via retail

stores and through direct online sales. The pricing of products was intended to be competitive with pricing for tobacco products. Devices to be sold in Canada would be approximately \$25 CAD and refill packages containing 2 pods (which would be equivalent to the amount of nicotine in one package of cigarettes) would be priced at approximately the same as a package of cigarettes.

Health Canada inquired about age verification practices currently in place or being considered for age verification for their online sales. FV indicated that they are seeking to use age-gating technology for online sales. FV was directed to review the TVPA for due diligence on the current sales to youth prohibitions.

### **Imported products**

FV requested information on how HC addresses sales and quality assurance issues from products purchased from international markets and imported by consumers in Canada that do not comply with Canadian law.

HC noted it was engaged other government partners, law enforcement and other sectors, including major online retailers and shipping companies on addressing this issue. HC also provided information on how to file a complaint, if FV is aware of possible non-compliance. Communications to Canadians about the health and safety risks of purchasing products from other countries that do not comply with Canadian standards are also necessary.

### **Regulations addressing vaping product use**

FV are for clarification on the regulatory framework in Canada for second-hand smoke and vapour and indicated that scientific evidence indicates that vaping product emissions are not equivalent to smoke in terms of health risks resulting from second-hand exposure.

Health Canada noted that at the federal level, vaping product use is regulations are limited to federally-regulated workplaces. Provinces and Territories and municipalities also have authorities to regulate in their respective jurisdictions.

### **Corporate responsibility**

FV indicated that it was interested in Health Canada's guidance on how to be more a more responsible, engaged, involved and transparent partner.

HC noted that FV should continue to seek to 'trailblaze' within the industry by incorporating responsible practices.

### **Alternatives to Cigarettes**

HC noted that FV is owned by a tobacco company and asked if FV saw heated tobacco products as competition for vaping products.

FV noted that heated tobacco products are not as safe as vaping products and that little independent scientific evidence of their health impacts exists. FV noted that by comparison, evidence on the relative risks of vaping vs smoking are much better understood. In addition, heated tobacco products are much more expensive than vaping products. FV noted that the tobacco companies have tunnel vision and see heated tobacco products as a way to keep people smoking. Vaping, however, is for people who want to quit.

### **Vaping regulatory framework**

FV sought clarification on the vaping framework for vaping products versus tobacco products and the timeframe for new regulatory initiatives.

HC noted that while the *Tobacco and Vaping Products Act* address both products, there are treated as separate classes of products with only a few exceptions such as the provisions addressing

youth access. HC is reviewing comments received from the Notice of Intent published in February on new proposed measures to address vaping product promotions and had no information on the timing of any further announcements at this time.

## Conclusion:

The meeting was then concluded.

## Documents:

- N/A