



Voice of the Natural Products Industry

235 Yorkland Blvd., Suite 302, Toronto, ON M2J 4Y8
Tel.: (416) 497-6939 or 1 800 661-4510
Fax: (416) 497-3214 or 1 888 292-2947
E-mail: info@chfa.ca Website: www.chfa.ca



La voix de l'industrie des produits naturels

Pre-Budget Submission for Budget 2012



Voice of the Natural Products Industry™

Presented to:
House of Commons Standing Committee on Finance

By:
The Canadian Health Food Association

Date:
August 12, 2011

CHFA Vision

The trusted leader, advancing the natural health industry in an ethical manner.

CHFA Mission

Empowering and supporting our members to promote the growth of the natural health industry.

Vision de l'ACAS

Le chef de file de confiance, assurant la progression de l'industrie des produits de santé naturels dans le respect des principes d'éthique.

Mission de l'ACAS

Habiliter et soutenir nos membres de manière à favoriser l'essor de l'industrie des produits de santé naturels.



Voice of the Natural Products Industry

235 Yorkland Blvd., Suite 302, Toronto, ON M2J 4Y8
Tel.: (416) 497-6939 or 1 800 661-4510
Fax: (416) 497-3214 or 1 888 292-2947
E-mail: info@chfa.ca Website: www.chfa.ca



La voix de l'industrie des produits naturels

2011 Pre-Budget Submission for 2012 Budget

About CHFA

The Canadian Health Food Association (CHFA) is Canada's leading national trade association for natural health and organic products. It represents over 1,000 companies consisting of retailers, manufacturers, importers, distributors, consultants, growers and health care providers. Serving the people of Canada from coast-to-coast, CHFA believes in a world where natural health and organic products are an integral part of health and well-being.

The Economic Impact of the Canadian NHP and Organics Industry

Consumer demand for safe and effective natural health products (NHPs) continues to grow steadily in Canada. Annual sales currently exceed \$3 billion.

A recent report from Agriculture and Agri-Food Canada estimates the value of organic food products sold in Canada at \$2 billion in 2008. This represents growth of 66% since 2006 which is approximately 2.5% of total food sales at the retail level.

It is predicted that consumer demand for NHPs as well as organic products will continue to grow as more and more Canadians discover the health benefits associated with these products in their quest to achieve optimal health and well-being.

CHFA's members are retailers, manufacturers, importers, distributors, growers and health care providers who service an ever-growing market in Canada. According to a 2010 Health Canada survey, **73% of Canadians regularly take NHPs**. As the demand continues to expand for these types of products, CHFA believes that the government needs to take specific steps to address industry and consumer needs. NHPs include vitamins and minerals, herbal remedies, homeopathic medicines, traditional medicines such as traditional Chinese medicines, probiotics and other products like amino acids and essential fatty acids.

Key facts about Canadians and NHPs

- According to an Ipsos-Reid Survey, 76% of Canadians have made a purchase of NHPs —representing approximately 24 million Canadians.
- The same survey found that 85% of Canadians support increased government funding of research on the benefits of NHPs to the healthcare system, and that;
- 75% of Canadians believe that natural health products should be tax deductible, thus enjoying the same tax treatment as for prescription drugs and medical devices.

Smart Regulation Key to Canadian Competitiveness

Our industry has been operating in a less-than-certain regulatory environment ever since the *Natural Health Products Regulations* came into effect in 2004. CHFA embraces the need for regulation of all health products

CHFA Vision

The trusted leader, advancing the natural health industry in an ethical manner.

CHFA Mission

Empowering and supporting our members to promote the growth of the natural health industry.

Vision de l'ACAS

Le chef de file de confiance, assurant la progression de l'industrie des produits de santé naturels dans le respect des principes d'éthique.

Mission de l'ACAS

Habiller et soutenir nos membres de manière à favoriser l'essor de l'industrie des produits de santé naturels.



Voice of the Natural Products Industry

235 Yorkland Blvd., Suite 302, Toronto, ON M2J 4Y8
Tel.: (416) 497-6939 or 1 800 661-4510
Fax: (416) 497-3214 or 1 888 292-2947
E-mail: info@chfa.ca Website: www.chfa.ca



La voix de l'industrie des produits naturels

in Canada, and our members have been working hard to comply with the rules as they have been introduced in the past 8 years. However it has been a struggle, and most of our industry's challenges have come as a result of the disconnect between the very low risks associated with our products as compared to pharmaceuticals and the regulatory rigors demanded by the government.

For our industry to continue to prosper, grow, and help lead Canada from recession and deficit, the implementation of regulations need to be mindful of the very low risk profile of our members' products. Natural health products are just that – natural. They are not drugs and they should not be treated as such. Continuing to do so will cost our economy jobs at a time when they need to be created, and it will deprive Canadian consumers' access to the safe, high quality and effective NHPs they have come to rely upon in record numbers.

Recommendations for the 2012 Budget

To enact the recommendation of the 1998 Standing Committee on Health and to amend the Food & Drugs Act so that NHPs are no longer a subset of drugs.

Contrary to the 1998 Standing Committee on Health, NHPs are currently legislated as a subset of drugs. This positioning within the *Food & Drugs Act* has led to unintended and inappropriate consequences for a sector that produces safe, low risk products that are in demand by the majority of Canadian consumers. In the late 1990's, CHFA and the industry were instrumental in ensuring key parliamentarians understood the uniqueness of NHPs. Following our educational efforts, the 1998 Standing Committee on Health recommended that a separate category be created for NHPs under the *Food and Drugs Act*. The current position of legislating NHPs as a subset of drugs is completely inappropriate given their very low risk profile compared to pharmaceuticals. This oversight has very real consequences for our member companies, who together employ tens of thousands of Canadians in every region of the country.

Changing this legislative measure would have a positive fiscal effect as it would help repair Canada's finances by improving the competitiveness of a multi-billion dollar industry that touches the lives of hundreds of thousands of Canadians. CHFA fully agrees with the Standing Committee on Health who concluded that NHPs are neither foods nor drugs, and the *Food & Drugs Act* should be modified accordingly. The entire NHP sector is aware of this unfulfilled recommendation, which remains a key driver for legislative change. In short, CHFA's position is merely that of the House of Commons committee from 13 years ago, without variation. While the government considers modernization of the existing *Food & Drugs Act*, NHPs must be removed from their current position and be granted a category of their own, either in a new Act or in a standalone Act specific to NHPs.

Provide adequate funding to the regulator, to ensure appropriate oversight is applied to NHPs so Canadians can continue to have access and choice to the natural health products they demand.

As a result of the *Natural Health Product Regulations*, the Natural Health Products Directorate (NHPD) has had to deal with a serious backlog of approximately 10,000 product license applications. The 2010

CHFA Vision

The trusted leader, advancing the natural health industry in an ethical manner.

CHFA Mission

Empowering and supporting our members to promote the growth of the natural health industry.

Vision de l'ACAS

Le chef de file de confiance, assurant la progression de l'industrie des produits de santé naturels dans le respect des principes d'éthique.

Mission de l'ACAS

Habiller et soutenir nos membres de manière à favoriser l'essor de l'industrie des produits de santé naturels.



Voice of the Natural Products Industry

235 Yorkland Blvd., Suite 302, Toronto, ON M2J 4Y8
Tel.: (416) 497-6939 or 1 800 661-4510
Fax: (416) 497-3214 or 1 888 292-2947
E-mail: info@chfa.ca Website: www.chfa.ca



La voix de l'industrie des produits naturels

Unprocessed Product Licence Applications Regulation (UPLAR) regulatory amendment went a long way towards dealing with this issue but not in a permanent manner. UPLAR contains a 30-month sunset clause, and in order to arrive at a point where applications are processed by March 2013, adequate resources and funding will have to be allocated to NHPD. If not, we will simply repeat the delays and uncertainty that have negatively impacted the industry since 2004. CHFA recommends that A-Base funding be provided to NHPD to ensure it has the necessary expertise and resources to implement and enforce the *NHP Regulations* which affect more than 40,000 NHPs currently in the Canadian marketplace.

Create a level playing field for imports

The extension of the Drug Personal Importation Policy to NHPs essentially creates an unlevel playing field for imports as it allows unrestricted personal importation of non-compliant NHPs every 90 days with no warnings to Canadians that the products are not licensed or legal for sale in Canada. In many cases, the production facilities in which they are manufactured do not have a Canadian Site License. This puts law-abiding Canadian manufacturers at a competitive disadvantage as it allows (knowing or unknowing) Canadian consumers to import non-compliant products from all over the world via the internet and mail order systems. CHFA has heard on several occasions that some companies are abandoning their efforts to license NHPs in Canada because of the high cost and burden to licence products in Canada. Consumers will not be able to purchase these products from their local Canadian retailer, but the personal importation loophole allows the requirements to be bypassed by importing unlicensed product from abroad.

In order to ensure a level playing field for Canadian suppliers who are abiding by the regulations, as well as retail stores who rely on the sale of natural health products for business success, appropriate funding needs to be available for Canada Border Services and Canada Post to ensure that small packages of 90-day supplies of illegal NHPs are not permitted to enter the country.

For further information, please contact:

Helen Sherrard, President
235 Yorkland Blvd., Suite 302
Toronto, ON M2J 4Y8
1-800-661-4510
Email: hsherrard@chfa.ca
Website: www.chfa.ca

CHFA Vision

The trusted leader, advancing the natural health industry in an ethical manner.

CHFA Mission

Empowering and supporting our members to promote the growth of the natural health industry.

Vision de l'ACAS

Le chef de file de confiance, assurant la progression de l'industrie des produits de santé naturels dans le respect des principes d'éthique.

Mission de l'ACAS

Habiliter et soutenir nos membres de manière à favoriser l'essor de l'industrie des produits de santé naturels.