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August 6<sup>th</sup>, 2014

Ms. Christine Lafrance  
Clerk of the Standing Committee on Finance  
Sixth Floor, 131 Queen Street  
House of Commons  
Ottawa, ON  
K1A 0A6

Dear Ms. Lafrance,

Please accept this written submission on behalf of the Canadian Beverage Association (CBA) and its members to be considered by the House of Commons Standing Committee on Finance (FINA) and the Minister of Finance in the development of the 2015 federal budget.

We would appreciate the opportunity to appear before the FINA and look forward to working with the government on these recommendations.

Should you have any questions with respect to the enclosed information, do not hesitate to contact me.

Thank you,



Jim Goetz  
President  
Canadian Beverage Association

## **BACKGROUND**

The CBA represents the broad spectrum of companies that manufacture and distribute the majority of non-alcoholic refreshment beverages consumed in Canada. More specifically, we are the national voice for more than 60 brands of juices, juice drinks, bottled waters, sports drinks, ready-to-serve iced teas and coffees, new-alternative beverages, carbonated soft drinks, energy drinks, and other non-alcoholic beverages.

CBA members directly employ over 20,000 Canadians. In fact, the majority of non-alcoholic beverages in Canada are made and shipped right in our own backyard at production facilities, offices and distribution centers in virtually every jurisdiction across the country. In addition to this, the sale of our members' products through grocery stores, food-service, vending machines and convenience stores supports tens of thousands of independent businesses and hundreds of thousands of retail and food-service jobs.

CBA members are committed to maintaining and growing their contributions to the Canadian economy. We believe the government's initiatives in the context of the Red Tape Commission and the Regulatory Cooperation Council provide a valuable platform to address important issues affecting our industry and our ability to continue to grow, create jobs and improve Canada's economic potential.

## **RED TAPE**

The food and beverage industry in Canada is subject to strict oversight from the government and, in particular, Health Canada. Our members understand that this oversight is in place to ensure the health and safety of Canadians and we fully support this goal.

That said, as demonstrated by the consultations around the Red Tape Commission, there are occasions where the regulatory environment can cause significant delays that have a detrimental effect on companies' ability to do business. This has proven to be the case for CBA members on several key issues. For example, issues surrounding the regulation of fortified beverages in Canada have been under varying reviews and consultations since 1998, while food regulations themselves have not been overhauled in over 50 years.

Restrictions on voluntary fortification of beverages currently prevents our member companies from providing Canadians with innovative fortified beverages such as enhanced juices, water, sports drinks, etc. The current Temporary Market Authorizations (TMAs) process is only a stop-gap solution that imposes an unnecessary administrative burden on both the government and the beverage industry.

While Health Canada has recently released a draft guidance document that outlines the scope and eligibility criteria for both the extension of current Temporary Marketing Authorization Letters (TMALs) and the granting of eligible new TMALs, this has only occurred after significant delays and more remains to be done.

With the introduction of defined parameters regarding discretionary fortification, industry will be able to respond faster, it will eliminate administrative burdens on both the government and industry and will reduce the need for continual regulation updating.

CBA members have also been facing similar challenges with respect to the regulation of Caffeinated Energy Drinks (CEDs). Due to the way the regulations were written some CEDs used to be licensed as natural health products. In 2011, Health Canada declared that CEDs should be regulated as foods.

Our industry believes this change benefits Canadians by providing consistent and clear labelling similar to what they are accustomed to seeing on all other food and beverage packaging. It also helps Canadians make fully informed decisions when purchasing energy drinks. However, while the CBA and our members have worked collaboratively with Health Canada throughout this process to the mutual benefit of government and industry in several cases, it is nonetheless imperative that defined parameters for the regulation of CEDs be finalized in a timely manner in order to provide stability and clarity to industry.

**RECOMMENDATION 1: That the Government of Canada work with members of the non-alcoholic beverage industry to identify areas to streamline processes and cut red tape, most notably as it relates to the regulation of fortified beverages and energy drinks.**

**RESULTS:**

- Eliminate administrative burden to government and industry
- Lower costs for government and industry
- Increase competitiveness in the Canadian market
- Provide more consumer choice
- Improve opportunities for job creation as a result of streamlined processes and decreased costs

**REGULATORY COOPERATION COUNCIL**

The introduction of the Regulatory Cooperation Council (RCC) demonstrated that the Government of Canada recognizes the need to better align rules and regulations between the United States and Canada in order to improve competitiveness and further enhance our economy.

While CBA members have a significant presence in Canada, many are part of larger, multi-national organizations that are headquartered in the U.S. Increased regulatory cooperation will naturally lead to streamlining of processes allowing for a better flow of goods between our countries and an improved economic outlook.

One of the main areas where the CBA would like to see better alignment is in the area of labelling. In fact, this issue has already been raised in the RCC's summary consultation report.

Currently, consultations are ongoing in both the U.S. and Canada on the subject of nutritional labelling. While there are several areas where the two countries have moved in the same direction, there are others where Canada has moved away from keeping in step with our neighbours to the south. In this context the CBA would encourage the government to ensure that we maintain the spirit of the RCC and work towards aligning the two countries' priorities in this area where possible.

In addition to this, the CBA also has concerns as it relates to the requirement for primary display panel (PDP) labelling for non-caloric sweeteners (e.g. aspartame). Currently Canada is the only jurisdiction in the world where this is required despite the fact that several studies have shown there are no health risks associated with non-caloric sweeteners.

As it stands, the current labelling requirement creates confusion among consumers and appears to flag a health issue where none exists. From a business standpoint it takes up valuable label space and impedes industry's ability to market products effectively. While Health Canada has agreed the requirement is unwarranted and should be removed, the issue has not been resolved despite being raised over 10 years ago.

**RECOMMENDATION 2: That the Government of Canada work with members of the non-alcoholic beverage industry to identify new priority areas for cooperation with the United States, most notably as it relates to labelling and non-caloric sweeteners**

**RESULTS:**

- Eliminate unnecessary barriers to trade
- Streamline processes and save on costs
- Increase Canadian competitiveness in North America
- Provide clarity for consumers
- Increase opportunities for jobs and economic growth

**CONCLUSION**

Members of the Canadian Beverage Association create significant benefits for the Canadian economy. We are committed to the safety and well-being of consumers while ensuring they have the ability to choose from a wide variety of innovative products.

Our industry is also committed to continuing to work with the government to our mutual benefit. In order to ensure our future success, it is critical that focus remain on cutting red tape and regulatory alignment with the United States. These initiatives are relatively low-cost for government, but can represent significant returns to jobs and the economy by creating a business-friendly environment.

In light of this, the CBA reiterates the importance of our two recommendations as the government develops Budget 2015:

- 1) That the Government of Canada work with members of the non-alcoholic beverage industry to identify areas to streamline processes and cut red tape, most notably as it relates to the regulation of fortified beverages and energy drinks.
- 2) That the Government of Canada work with members of the non-alcoholic beverage industry to identify new priority areas for cooperation with the United States, most notably as it relates to labelling and non-caloric sweeteners