

Jean-Guy Forgeron

Assistant Secretary, Regulatory Affairs
Treasury Board Secretariat

Re: Health Canada Regulatory Impact Assessment Statement (RIAS) and Cost Benefit Analysis (CBA) – Nutrition Labelling Regulatory Proposal

Dear Mr. Forgeron,

In the Treasury Board Secretariat's (TBS) role of operational review of regulatory proposals, and Health Canada's obligations that fall under the Cabinet Directive on Regulation, the Canadian Meat Council (CMC) feels that there are several inconsistencies and gaps that exist within the RIAS and CBA completed by Health Canada for their nutrition labelling regulatory proposal, that warrant further review.

This letter outlines the key observations of CMC where there is either a lack of clarity, transparency, or potentially flawed methodology. These are highlighted in greater detail within the CMC comment submission to Health Canada (attached). In our view, there are four issues that should be evaluated by TBS in further detail. These include:

1. Benefits estimated for the Canadian public

There is no clarity or transparency around the models used to estimate the benefits to the public. With very little scientific literature available that shows effectiveness of nutritional labelling, in the way that Health Canada proposes, the estimates are based on frameworks and assumptions. The framework used needs to be evaluated further by the TBS, with support from an independent expert on behaviour changes from labelling. The example given in the RIAS speaks about behaviour change due to threat to a person's health, but there are several examples where labelling has not worked to change behaviour even with imminent health risk (e.g. raw breaded chicken illnesses). Some of the sources cited in the CBA are older and have been updated since (World Cancer Research Fund, 2007 used vs. 2017 latest report).

2. Nutrients of Concern – the foundation for selection of labels

Health Canada's evidence base is generated from a cycle of review that ended in 2015. Although there is a growing amount of evidence from before then, and between 2015 and present that shows that saturated fats does not have a negative impact on health, the department was still moving forward with this paradigm. Recently however, Health Canada has stated that, **"there is no convincing evidence that there is an association between saturated**



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fats and cardiovascular disease". In the CBA however, they use older data that assume convincing evidence for saturated fats being linked to cardiovascular disease (CVD). Health Canada asserts that there is still convincing evidence for saturated fats being linked to intermediate markers of CVD, and that replacing saturated fats with unsaturated fats can reduce the risk of CVD. This is great to know, but this will not be outlined clearly on a FOP label that says, "High In SAT FAT", and having a marker is not a guarantee of future chronic disease. Several doctors and other health professionals believe in saturated fats as a beneficial part of a balanced diet. If an independent review of the science shows that there is no clear negative impact to health from eating saturated fats, then it has to be dropped as a labelling solution and other methods developed to focus more on the inclusion of unsaturated fats in the diet for a preventive effect against disease. The overall estimated benefits need to be adjusted significantly based on this new information.

3. Cost to the Food Industry

Health Canada's RIAS and CBA estimate the cost to the entire food industry at just under \$900M. The CBA estimates that the food industry will have around 37600 products affected by front of pack (FOP) labels, but does not cite any source for this information. There is an analysis and internal report done by Agriculture and Agri-Food Canada (AAFC) that was done for the Further Processing Industry Roundtable, that estimates the number of affected products at close to 84000 products. This discrepancy needs to be explored, because even after speaking with both Health Canada and AAFC staff, there is still not a clear answer. If the estimates on products affected are off by that much, then the cost to industry could be greatly underestimated.

The other concern is that even though Health Canada estimates around 20% of products that would require a FOP label would end up being reformulated by food processors, they do not include that cost into their analysis. The cost to reformulate a single product could be close to \$100000, which is four times more than changing the label, and if included at the 20% rate, would significantly increase the cost to the food industry above the estimated amount. Other costs, such as increases in required labour to manage these changes, and additional retailer costs for resized packages, were also not included.

Most importantly, if the FOP labels have the desired effect in more products being reformulated, or consumers avoiding certain products or categories that have those labels, the losses in sales will be significant. This was not considered at all by Health Canada, but may be significant in certain products and categories.



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4. Regulatory Cooperation

The US has raised concerns with Canada's FOP labelling at the recent World Trade Organization's TBT committee meetings. Health Canada's proposal also flies in the face of the proposed NAFTA annex on trade in pre-packaged foods. Regulatory cooperation between major trading partners is a key aspect of meeting the requirements of the Cabinet Directive on Regulation, which does not appear to have been deliberated in enough depth in this case. Canada has taken the position, as late as 2016 with the WTO TBT committee condemning Peru and Chile's approach for the same type of initiative.

These are only four of the issues CMC wishes to highlight, with several more for review in our comment submission. The key gaps listed however, are significant, and should be reviewed in further detail, especially in the context of stakeholder consultation. There is a real fear that the regulatory proposal will move ahead unchallenged, and will have a significantly higher impact on the food industry, but also will not have the expected benefit to consumers. Health Canada needs to work in tandem with AAFC, CFIA, and industry groups to make sure that any regulation on nutrition will benefit all Canadians as planned, and not be a rushed exercise not fully based on current and available science.

Thank you for your consideration of these issues. CMC welcomes further discussion on these or other points raised in the comment submission to Health Canada.

Kind Regards,

Chris Nash

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