

## **Canadian Beverage Association 2021 Pre-Budget Submission**

**Recommendation One:** Support sustainability, the circular economy value chain, and extended producer responsibility

**Recommendation Two:** Finalize regulations for caffeinated energy drinks and supplemented foods before existing temporary marketing authorizations expire at the end of 2021

**Recommendation Three:** Evidence-based development of regulatory frameworks

## **Recommendation One: Supporting sustainability and extended producer responsibility**

CBA encourages the government to continue working through the Canadian Council of Ministers of the Environment (CCME) to outline a harmonized approach to extended producer responsibility (EPR) programs that provide consistency for producers, like our members, and to support policy frameworks for the circular economy. We are particularly supportive of harmonized reporting in a way that supports the role of the provinces and territories to manage recycling programs. We also support harmonized definitions, rules, guidelines and programs to drive efficiency and effectiveness across stewardship programs. We ask that any new regulation considers the framework required for the circular economy to flourish.

The beverage sector has a history of leadership in establishing and supporting highly effective recycling programs and developing sustainable packaging. Further to that, many of our members have voluntary commitments regarding the use of recycled content in new beverage bottles and are signatories to the Ocean Plastics Charter.

The plastic beverage containers our sector uses are made of polyethylene terephthalate (PET), which is a safe, durable, 100% recyclable material. It is collected at high rates in well-established recycling programs across the country and is an important plastic used to package many food and beverage products we buy every time we go to the grocery store.

For recycling programs across the country, the sale of PET and aluminum as the two most valuable material in recycling bins, helps to fund their operations. This can include funding administration, educational campaigns, public space recycling and in some cases innovative new recycling technologies. Recovered PET (rPET) is sold and recycled into new packaging and products, such as beverage bottles, automotive parts, carpet, packaging, rope, upholstery fabrics and fiberfill for winter jackets and sleeping bags.

The reintegration of rPET back into our economy supports the broader development of a circular economy framework and ensures this valuable material is kept within Canada continues to provide economic benefits. It also ensures that it stays out of our waterways and helps companies to stay competitive and drive innovation. As recycling and innovation increases, so do the number of jobs. The Conference Board of Canada has found that for every 1,000 tonnes of waste diverted from green economy two jobs are supported.

Recovering all used beverage containers is a major priority for our sector. Across the country, we help fund and operate various recycling programs to recover aseptic cartons (drink boxes), glass beverage containers, aluminum cans and plastic bottles. Our sector is already achieving significant results. The national average recovery rate for our containers is approximately 75%, with some jurisdictions reaching rates of 85%. PET represents a sustainable approach to packaging, and is in contrast to other types of plastics, which are recycled at an average rate of 9%.

Given our commitment to and expertise in environmental sustainability, we believe that we are well positioned to offer our continued support to the government as they continue to pursue their sustainability goals for developing a more circular economy in Canada. CBA would welcome the opportunity to discuss these perspectives further, and will continue to be open to sharing data, expertise and information that can inform the evidence-based policy making processes.

## **Recommendation Two: Finalize regulations for caffeinated energy drinks and supplemented foods before existing temporary marketing authorizations expire in end of 2021**

The Canadian Beverage Association encourages the government to complete the Canada Gazette process for caffeinated energy drinks and supplemented foods (which are mainly certain fortified beverages) before the December 2021 expiry date of the Temporary Marketing Authorization Letters (TMALs) allowing the sale of these products in Canada. CBA has worked closely with Health Canada to establish food and beverage-based policy and guidelines for energy drinks and supplemented foods since these products first entered the Canadian market in 2004.

Energy drinks have been marketed in more than 170 countries for more than 30 years including Canada, the United States, United Kingdom, Australia and New Zealand and all Member States of the European Union and are safely consumed and enjoyed worldwide every day. Numerous globally-recognized risk assessment institutions have confirmed that energy drinks can safely be consumed along with moderate caffeine intake from other food and beverage sources.

We support policy that is based in scientific evidence and that allows consumers to make informed choices. Health Canada has capped the concentration of caffeine allowed in energy drinks at 400 mg per litre. This means that the typical energy drink, between 250 – 500mg would contain between 80 – 180mg of caffeine, comparable to a regular cup of drip coffee. All energy drinks sold in Canada must fall within these parameters.

The ingredients commonly found in energy drinks have been studied at length since energy drinks were introduced into the marketplace, and these beverages have been deemed safe by leading food standard agencies.

CBA worked with IPSOS Reid under oversight/advice from Health Canada to conduct qualitative and quantitative research on energy drinks, as well as on caffeine. The most recent qualitative research was conducted for CBA in spring 2018 by IPSOS in accordance with an agreed upon research protocol to address some of the remaining data gaps identified by Health Canada.

CBA members have demonstrated leadership as the first in the food and beverage sector to create an industry standard of specific restrictions on marketing of beverages directly to children, including voluntarily restricting the sale of all beverages in elementary, middle, and high schools, and a separate marketing code that specifically prohibits the marketing of caffeinated energy drinks to children.

Under the current regime of issuing TMALs, each time a company wants to make even a minor change to an energy drink or other fortified beverage, such as launching a new flavour or package size, Health Canada must review and issue a new TMAL. Since TMALs first began to be issued back in 2011, the length of time between submission and approval has fluctuated significantly and inconsistently. This makes it difficult for industry to plan, especially when bringing new products to market. This also serves as a disincentive for beverage industry businesses to invest in Canada.

If Health Canada fails to meet the December 2021 deadline for finalizing new regulation to fully incorporate energy drinks and fortified beverages, there is a risk that all such beverages could be pulled off shelves across Canada. While officials from Health Canada has indicated that they do not anticipate such a situation occurring, uncertainty remains regarding what a process may

be for new products coming to market once the current regime ends and before final regulations are published.

### **Recommendation Three: Evidence-based development of regulatory frameworks**

We support policy that is based in scientific evidence and results in policy and regulations that allow consumers to make informed choices. We continue to advocate for a system of front-of-pack (FOP) nutrition labelling that is informative rather than strictly interpretative, so that consumers can make informed choices regarding their foods and beverages.

We request that Health Canada move quickly to provide harmonized timelines with sufficient implementation time to prevent undue burden and cost for industry to make all mandated labeling changes.

Health Canada and the Canadian Food Inspection Agency (CFIA) have responsibility for different aspects of the food label. Each is leading multiple regulatory and policy initiatives. Considering the many regulatory changes and initiatives that are currently underway will require changes to existing labels (including revisions to the Nutritional Facts Table and ingredient list, CFIA's Food Labelling Modernization, sodium reduction and trans-fat elimination), implementation of all these labelling changes will add significantly to the complexity and cost of Canadian operations for CBA members if all the related compliance/enforcement timelines are not harmonized efficiently.

As CBA indicated in its May 2017 submission to Health Canada, the broader Canadian food and beverage industry (and ultimately Canadian consumers) face costs in excess of \$2.2-billion for making these label changes to comply with the proposed FOP labelling approach and other major Health Canada/CFIA mandatory labelling initiatives.

The proposed FOP system will interact with other required labelling changes in ways that would create a significant barrier to economic competitiveness for the beverage industry.

In the Canada Gazette Part 2 posting regarding regulated changes to the Nutrition Facts Table and ingredient list, Health Canada acknowledged that 60 months was a reasonable amount of lead time to enable companies to align their redesign processes only once to accommodate all changes. We hope that Health Canada will honour that commitment.

CBA supports the values that underpin Health Canada's Healthy Eating Strategy mandate. In fact, the beverage industry has taken a leadership role in setting industry standards that help Canadians reduce their caloric intake from beverages, with significant efforts to educate consumers on healthy beverage consumption habits. Our voluntary labelling initiative, Clear on Calories, provides up-front and clear calorie information on our beverages and has enabled consumers to make informed decisions about the beverages they choose to enjoy. This is further supported by our Balance Calories initiative, which aims to achieve a 20% reduction in calories consumed from beverages between 2014 and 2025. The CBA anticipates that an upcoming Conference Board of Canada report will indicate that we are half-way towards this goal.