



Written Submission for the Pre-Budget
Consultations in Advance of the Upcoming
2021 Federal Budget by Mars Canada.

Submitted by:

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August 6, 2020



Mars Canada's Pre-budget Consultation Recommendations to the Standing Committee on Finance

Mars Canada is pleased to make the following recommendations to the Standing Committee on Finance on measures the federal government could take to restart the Canadian economy as it recovers from the COVID-19 pandemic.

Recommendation 1: That the Government of Canada formalize a consultation process with industry stakeholders to discuss the potential impacts of proposed US tariffs and Canadian reciprocal tariffs on the agri-food sector. This is especially crucial due to the impacts of COVID-19 on food supply chains.

Recommendation 2: That the Government of Canada, in consultation with provinces, territories and retail sector stakeholders, seek to implement a Retailer Code of Conduct similar to what currently exists in the U.K.

Recommendation 3: Mars Canada offers its support for the Food and Consumer Products of Canada's recommendation that the Government of Canada, in partnership with provincial and municipal governments as well as food industry stakeholders, seek ways of ensuring that Halloween can be enjoyed by Canadian families in healthy and safe manners.

Recommendation 4: That the Government of Canada, in partnership with provinces and municipalities, pursue its mandate letter commitments to reduce single-use plastics and pursue Extended Producer Responsibility (EPR) schemes at a national level, harmonized across all regions and provinces.

Recommendation 5: That the Government of Canada expedite its mandate letter commitment to regulate marketing of food and beverages to children in a holistic way that addresses all aspects of its complex nature. This is increasingly urgent given the current public health crisis of COVID-19.

Recommendation 6: That the Government of Canada streamline and/or pause various labelling initiatives (Nutrition Labelling, Other Labelling Provisions and Food Colour, Health Canada Front-of-Pack, CFIA Food Labelling Modernization) due to potential impacts of such change initiatives on food producers and food supply chains at time when they are burdened by COVID-19 related impacts.

Recommendation 7: That the Government of Canada delay its proposed changes to restrict equipment with high concentrations of polybrominated diphenyl ethers due to the impacts that such regulatory changes would have on industry, at a time when job creation and economic recovery are the focus.



Backgrounder on Mars Canada's Pre-budget Consultation Recommendations to the Standing Committee on Finance

Recommendation 1: That the Government of Canada formalize a consultation process with industry stakeholders to discuss the potential impacts of proposed US tariffs and Canadian reciprocal tariffs on the agri-food sector. This is especially crucial due to the impacts of COVID-19 on food supply chains.

We wish to raise the critical importance of our supply chain within Canada, and its innate dependence on the Canada-US border. Many of the goods Mars Canada provides to Canadian consumers are imported from the United States to support our sales and factories in Canada. The legacy of NAFTA, and now the adoption of the United States Mexico Canada Agreement (USMCA), has allowed us to grow our business within Canada, while also providing consumers with the quality brands and products they've come to love, all at an affordable cost. Our local footprint also enables us the opportunity to make key contributions to the Canadian economy, including jobs, tax revenue, exports and experiences driven by our Food, Petcare and Treating & Snacking segments. Therefore, maintaining open trade between the Canada and US border is critical to our ability to further drive local growth in the market. With recent suggestions of potential tariffs being imposed on aluminium by the U.S., and the possibility of counter-measures being taken on American goods, it is crucial that the Government of Canada consult with industry stakeholders so that it can better understand the potential impacts this will have on supply chains in Canada. New tariffs on goods will place further pressure on our growth opportunities in Canada, with the potential to impact jobs.

Recommendation 2: That the Government of Canada, in consultation with provinces, territories and retail sector stakeholders, seek to implement a Retailer Code of Conduct similar to what currently exists in the U.K.

Such a code of conduct would provide clearer guidelines and notice periods on how vendor fees can be imposed on retailers. This is particularly urgent due to the impacts of COVID-19 on supply chains, and various offsets that are being imposed on retailers in Canada and throughout the world.

Recommendation 3: Mars Canada offers its support for the Food and Consumer Products of Canada's recommendation that the Government of Canada, in partnership with provincial and municipal governments as well as food industry stakeholders, seek ways of ensuring that Halloween can be enjoyed by Canadian families in healthy and safe manners.

Many members of the FCPC are concerned by potential impacts of COVID-19 restrictions on upcoming Halloween celebrations. We support their call to work with all levels of government to discuss strategies by which we can support healthy and safe initiatives so that Canadian families can enjoy Halloween this year.

Recommendation 4: That the Government of Canada, in partnership with provinces and municipalities, pursue its mandate letter commitments to reduce single-use plastics and pursue Extended Producer Responsibility (EPR) schemes at a national level, harmonized across all regions and provinces.

Mars Canada is a core partner of the Ellen MacArthur Foundation New Plastic Economy initiative and a signatory to its Global Commitment to eliminate plastic waste and pollution at its source. Our vision is aligned in supporting a circular economy where packaging never becomes waste.

To advance towards this vision, by 2025, we plan to reduce our virgin plastic use by 25% and for 100% of our plastic packaging to be reusable, recyclable or compostable.



We're therefore rethinking our approach to packaging by 1) reducing packaging that we don't need; 2) redesigning the packaging that we do need for circularity; and 3) investing to close the loop.

Mars Canada is testing a range of packaging material and design solutions, and actively supporting improvements in collection, sorting and recycling systems and infrastructures globally. We are aligned with the vision of Canada's Strategy on Zero Plastic Waste – to keep all plastics in the economy and out of the environment.

We support Extended Producer Responsibility (EPR) schemes as an enabler to a circular economy. However, we feel they work best when implemented at the national level, harmonized across regions and provinces. It is also important that resulting revenue is invested in infrastructure advancements that can accelerate a circular economy. Mars Canada feels that it is especially important to address barriers to sorting and recycling of small, light-weight packaging, made of both plastic and alternative materials, such as paper and bio-based materials.

Ultimately, a circular economy requires a scale-up of multiple recycling systems. Mechanical, chemical and organic recycling will all play a role in building a circular economy and ending packaging waste. Ideally, every country will have harmonized collection, advanced sorting systems, and access to mechanical, chemical and organic recycling facilities to circulate all forms of packaging material and formats.

Recommendation 5: That the Government of Canada expedite its mandate letter commitment to regulate marketing of food and beverages to children in a holistic way that addresses all aspects of its complex nature. This is increasingly urgent given the current public health crisis of COVID-19.

Mars as a company shares the Government of Canada's concern about the rising levels of childhood obesity, both from a public health and a cost burden perspective. We know from evidence shared in Mars Canada's Pre-Budget Submission in February 2020 that obesity impacts people throughout their lifetime and, conversely, that preventative interventions in childhood could have lasting behaviour change effects into adulthood. The evidence suggests that restricting marketing of food and beverages high in fat, salt or sugar (HFSS) to children is a recommended intervention, as part of a multi-pronged approach.

We encourage the Government to expedite its efforts to strengthen the effectiveness of marketing to children restrictions at a federal level.

Based on a review of scientific evidence, we believe that marketing should be regulated in a holistic manner that addresses the complexity in which marketing can appeal to and encourage consumption in children. Therefore, we recommend that the Government considers and regulates a wider mix of factors, including the product format, design of point of sale and packaging, the use of purchasing incentives, marketing messaging, the combination of advertising techniques, as well as the audience profile of advertising. These need to be considered collectively to determine the child appeal of product marketing.

Our own research, incorporating new data sets that show the products children are actually consuming, indicates that a comprehensive, evidence-based approach to defining the intended audience and appeal of marketing could have a demonstrable lasting effect on consumption patterns of HFSS products in children.



Recommendation 6: That the Government of Canada streamline and/or pause various labelling initiatives (Nutrition Labelling, Other Labelling Provisions and Food Colour, Health Canada Front-of-Pack, CFIA Food Labelling Modernization) due to potential impacts of such change initiatives on food producers and food supply chains at time when they are burdened by COVID-19 related impacts.

We recognize that Health Canada has allowed a five year transition period to meet new nutrition labelling requirements. However, other Government labelling timelines have fallen behind, meaning that companies will potentially have to manage multiple label and artwork changes in less than two years. As a point of comparison, when Canada's first nutrition facts rules came into effect in 2003, industry had three years to comply. Cost estimates in Health Canada's Regulatory Impact Statement (RIAS) were based on a one-time label change. Industry will potentially bear additional costs as a result of multiple pack changes. In addition, CFIA's labelling modernization initiatives may result in the need to invest in new equipment or significant modification to existing equipment to comply with date marking and the cumulative impact of all labelling changes may require a completed artwork design change. We respectfully request that, given the extraordinary situation we are in due to the COVID-19 pandemic, such initiatives be streamlined or placed on pause.

Recommendation 7: That the Government of Canada delay its proposed changes to restrict equipment with high concentrations of polybrominated diphenyl ethers due to the impacts that such regulatory changes would have on industry, at a time when job creation and economic recovery are the focus.

While we recognize the Government of Canada's commitment to move forward with restrictions on this front, current timelines are far more aggressive than any of the 152 signatories of the Stockholm Convention to restrict the listed flame retardants and repellents. Furthermore, some substances proposed for ban in Canada are not listed in the Stockholm Annexes. These substances are commonly used in motors, equipment in operations, air conditioning systems, computers, printers, and light fixtures, and would cost Canadian industry billions of dollars to phase out. Due to the increased financial and regulatory pressure that such regulatory changes would impose on Canadian industry at this extraordinary time, we kindly request that the timing of regulations be aligned with those of EU countries so that a significant and premature burden is not placed on Canadian industry.