



November 4, 2009

The Hon. Senator Art Eggleton, P.C.
Chair, Senate Standing Committee on Social Affairs,
Science and Technology
The Senate of Canada
Ottawa, ON K1A 0A4

Dear Senator:



On behalf of the Canadian Chamber of Commerce and the Canadian Intellectual Property Council (CIPC), I am writing to encourage your committee to undertake a study on the effects of the illegal cigarette trade in Canada. I understand that your committee has heard from a number of witnesses recently on Bill C-32 (*An Act to Amend the Tobacco Act*) regarding the extent of the illegal trade in cigarettes in Canada, a problem that continues to grow.

In 2008, the Canadian Chamber of Commerce launched the CIPC to better focus our advocacy efforts on the problems with Canada's intellectual property rights (IPR) system and suggest tangible solutions. In February of this year, the CIPC released a comprehensive paper entitled: *A Time for Change: Toward a New Era for Intellectual Property Protection in Canada* detailing the deficiencies in Canada's IPR regime and one of the facets of this report was the illegal trade in tobacco products. I have attached a copy of this report for your review.

In 2007, approximately 22% of all cigarettes in Canada were illicit. In 2008, that number rose to approximately 33%. It is estimated that 50% of all tobacco products sold in Canada in 2010 will be illicit. Illicit tobacco products result in a major loss of tax revenue to the government in the billions of dollars and the proceeds from the sales of illicit cigarettes have been linked to organized crime.

Readily available illicit cigarettes are also very enticing for youth to purchase and use. A study done by the Canadian Convenience Stores Association showed that in Ontario and Quebec, an average of 30% of cigarette butts recovered from high school grounds were illicit. More can be done to help stem this problem.

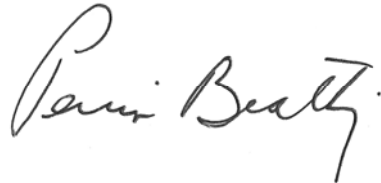
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In closing, the Canadian Chamber and the CIPC encourages the Committee on Social Affairs, Science and Technology conduct a study on the extent of this problem in Canada. Legitimate Canadian businesses need a solution.

Sincerely,

A handwritten signature in black ink that reads "Perrin Beatty". The signature is written in a cursive, flowing style.

Perrin Beatty
President & Chief Executive Officer

cc. Bob Weese, Chair, CIPC

ATT/

