

July 7th, 2025

Ministry of Finance

remissions-remises@fin.gc.ca

Dear Sir/Madam,

Re: Considerations for Granting a Remission of Tariffs on Certain “Essential” Personal Care Products

Who Are We?

Cosmetics Alliance Canada is the leading trade association representing the cosmetics and personal care products industry in Canada. Founded in 1928, we represent some 170 member companies who manufacture, distribute, and supply cosmetics and other personal care products marketed in Canada.

The Cosmetics & Personal Care Products Industry is Highly Integrated Internationally

The cosmetics and personal care products industry is highly integrated internationally. We secure manufacturing inputs from around the globe, manufacture in many countries with facilities supplying global mandates (including many based in Canada), and our distribution networks cross many borders to ensure consumers have access to a wide range of products in an efficient manner. Canada, therefore, is both a significant manufacturer and exporter of cosmetics/personal care products as well as a significant importer of these products.

Consequently, the U.S.-initiated trade war has been highly disruptive to our sector. The rapidity of U.S. trade-related announcements since January and the business uncertainty they have caused, as well as the lengthy lead time required to change existing supply, manufacturing, and distribution channels, has made it difficult to impossible for companies to make the long-term changes that may be required (if they even know what those changes should be).

The Case for the Remission of Canadian Counter Tariffs on a Subset of Health-Related Personal Care Products

There is a subset of personal care products which offer consumers important self-care/health benefits, and which are currently supplied in significant volumes from U.S. manufacturing facilities.

Specifically, these types of products are defined in Article 12.1 Sectoral Annexes, ANNEX 12-B (Cosmetic Products) Appendix 1 as:

...toothpastes, mouthwashes, personal care use antiseptic skin cleansers, sunscreens, anti-dandruff shampoos, diaper-rash creams, antiperspirants, medicated skin care products, and acne products as set out in the following subparagraphs:

(a) *For Canada, products that:*

- (i) *are for topical use in the oral cavity or on unbroken skin that act in a localized and non-systemic manner;*
- (ii) *are authorized for sale in Canada;*
- (iii) *are a non-prescription drug or a natural health product; and*
- (iv) *meet the definition of a “cosmetic” in section 2 of the Food and Drugs Act, R.S.C., 1985, c.F-27, as amended.*

Because of the Canada-United States-Mexico Agreement (CUSMA), and its NAFTA predecessors, many of these products are manufactured and distributed on a North American basis. This means that many of these products are imported into Canada, particularly where the Canadian market is especially limited or “seasonal” as it is with primary sunscreens.

Consequently, a significant portion of these important products have traditionally been and continue to be imported from U.S. manufacturing facilities, meaning that they are or could be subject to Canadian counter tariffs. Given the substantial time to change supply and distribution channels, suppliers currently have few if any options to replace them in the short-term with Canadian manufactured products or those imported from other trusted trading partners like the European Union.

It is important to note that although many of these products have readily available alternatives from the European Union, the failure of Health Canada to complete its regulatory modernization initiative, which it began over a decade ago in 2014, has meant that these products are not available to Canadian suppliers now that we need them, nor is it practical for Canadian manufacturers to make these products with the limited palette of approved ingredients available to them in Canada. Additionally, Canadian manufacturing facilities may also have to incur significant site licencing costs to obtain the necessary Health Canada approvals to manufacture, for example, a toothpaste making an anti-gingivitis claim or a shampoo making an anti-dandruff claim.

Health Canada’s Failure to Complete the Self-Care Framework Modernization – Limiting Options for Replacement Products

Under the current and outdated Health Canada regulatory model, most of these personal care products are defined as “drugs” because they offer a “therapeutic” benefit, including many sunscreens and similar low-risk products. Approval of their “active” ingredients require making a submission through Health Canada’s “new drug approval process” which is designed and intended for medicines and cancer treatments. This system was never designed or intended for these types of low-risk consumer health products and is time-consuming, costly, and unnecessarily requires outdated animal testing.

Consequently, for sunscreens, as an example, there are only 23 approved active ingredients in Canada compared to the European Union which has 34, most of which are new, innovative, and more sustainable. The U.S., having a similar outdated regulatory model as Canada, has only 18 approved sunscreen actives. In the European Union, sunscreens and most of these products are defined and regulated under their more comprehensive cosmetic regulation which has an

appropriate risk-based route to market. The active ingredients in these products are not treated as cancer medications.

As a result of this and other inefficiencies in the Canadian regulatory framework, in 2014 the then Health Minister committed to review the regulatory framework for cosmetics and other low-risk consumer health products. Following the 2015 election, the new Minister re-committed to this modernization and appointed a full time 5-member team to develop what was then called the Self-Care Framework modernization. Their mandate was to develop a risk-based approach to the regulation of cosmetics, natural health products, and non-prescription drugs, and included a more appropriate and efficient market access process for new ingredients and products as compared to the current “new drug submission” process, as well as improvements in the licensing of manufacturing facilities.

Health Canada conducted extensive stakeholder consultations across Canada, worked with industry associations, consumers, and other stakeholders, and laid out what even European regulators indicated was the way of the future for regulating these low-risk products. Despite the pandemic delaying completion of the project for a year, Health Canada has failed to complete this work post-pandemic, and the modernization now stands in limbo, unable to deliver the efficiencies and opportunities Canada needs at this difficult time. It is, we would suggest, a failure of considerable proportions given the circumstances our country now faces!

Request for Remission

Cosmetic Alliance understands that several of our member companies may apply for the remission of any counter tariffs on the products referenced above.

Although we appreciate the need for the Government of Canada to use various countermeasures to combat tariffs and other threats from the United States at this time, we would submit that a special case for remission of tariffs on this subset of imported personal care products exists for several reasons:

1. These products are effective consumer health products, and necessary to the maintenance of the general health and well-being of Canadians;
2. Our previous trade policies, such as CUSMA, encouraged a highly integrated North American supply and distribution network which effectively made our market reliant on many products manufactured in the U.S.;
3. The failure of Health Canada to complete the much-needed regulatory modernization (which it had over a decade to do) has limited the practical ability of suppliers to import replacement products from non-U.S. suppliers and limited the palette of ingredients for Canadian manufacturers of these health products;
4. Significant time as well as a sense of certainty is needed to change these supply, manufacturing, and distribution networks; and
5. Health Canada must act speedily to provide approval in Canada for the active ingredients long approved and safely used in Europe if non-U.S. alternatives are to readily become available in the Canadian market (and only the Government of Canada controls this).

The practical result is that the counter tariffs on these specific products are or will be doing harm to Canadians, when the failure of the Canadian government to complete its own regulatory modernisation over the past decade has exacerbated the problem of replacing these self-care/consumer health products with imports from trusted trading partners or domestic manufacturers.

As these products may fall under various tariff codes and so may or may not be subject to current counter tariffs, we suggest that a remission would be appropriate should a countermeasure be applied to any tariff code in which these products may be found.

We will be providing this letter of support to any of our member companies who apply for a remission of tariffs on these products.

Should you wish to discuss this further, I can be reached at dpraznik@cosmeticsalliance.ca or 647-298-1152.

With best regards,



Darren Praznik
President & CEO