



Chris Hobson
CEO
Core-Mark
1500 Solana Blvd, Suite 3400
Westlake, TX 76262

Dear Office of Management and Budget:

I want to share concerns that Core-Mark, one of the largest marketers of fresh, foodservice, and broad-line supply solutions to the convenience retail industry in North America, has about **RIN: 0910-AI60 Tobacco Product Standard for Menthol Cigarettes**.

At Core-Mark our mission is to be the most valued marketing partner to the convenience industry. Each of our retail servicing operation centers deliver on average 9,800 products which are ultimately purchased by end consumers. Combined our 42 US based distribution centers, located from Maine to California and Tampa to Spokane, support more than 50,000 retail stores in the United States. In fact, we employ more than 11,000 associates and operate in all 50 states.

Impact to Business

Our customers and partners are convenience store owners and operators. It is no exaggeration to say that this industry is vital to the American economy. They account for over a third of all retail outlets in the U.S. – at a time when much of brick-and-mortar is struggling. These local businesses serve their communities at all hours of the day or night, 365 days a year, with often hard-to-access fresh food, fuel and other necessities, and also lead the way in meeting the needs of SNAP recipients. These operators rely on tobacco sales for well over 30 percent, on average, of their revenue.

For Core-Mark, cigarettes make up more than half of our sales. In our case, Core-Mark is adjusting by optimizing our product mix in other tobacco products and emerging potentially reduced-risk products, which still make up just a fraction of cigarette sales.

Given that menthol brands make up over 30 percent of cigarette sales, eliminating that segment could strike a devastating blow to convenience stores, their employees and their communities – especially the more than 60% of our customers that are single-store operators – as well as to our own business and stakeholders as we navigate this transition together.

If the proposed rule is enacted, it would likely force suppliers and retailers to raise prices on other convenience staples to make up the shortfalls. The impact of this would be substantial on small businesses and consumers, particularly during these times of increasing inflation levels and high gas prices. Additionally, since many convenience stores service food deserts and lower income communities with life's necessities, it's highly likely that inflation in the channel would disproportionately impact a population who already spends a larger percentage of their income on food.

Enforcement on Current Bans

We do not mind competition. However, this proposed rule will create unfair competition in the form of organizations selling restricted products illegally. To see the negative impact, one has to go no further than the current bans on vape products enacted by the FDA. Hundreds of illegal skus remain



on the market with no strategic plan to enforce market denial orders and premarket authorization processes. This leaves the American public susceptible to harmful products and the economy misses out on revenue generated by the sale of legal product. Its estimated that 50% of the vape products that consumers purchase and consumer are illegal and sold through non regulated channels.

Illicit Market

The current market for counterfeit cigarettes is large, and growing substantially in states that have already enacted bans. Research on consumption in banned areas reveals little to no impact on consumer consumption of products. A national ban will drive a larger and more dangerous illicit market which is associated with crime, and negative economic impacts. As distributors, we can attest how extensive illegal competition is and how easy it is for criminals to ship contraband and counterfeit cigarettes.

Underage Tobacco Use

Because illicit markets drive volume to unregulated outlets, a ban without the ability to enforce ultimately make cigarettes more – not less – available to youth. Reputable distributors ensure retailers have compliant licenses and licensed retailers follow the age verify program to ensure tobacco products are sold only to adults.

When evaluating the FDA's proposed ban, I hope you will consider both the size and importance of the convenience store industry, its suppliers, and the potential impact of the precipitous elimination of substantial proportion of our businesses, and the likelihood of increased contraband competition. Ultimately, FDA's proposed ban of menthol cigarettes will result in significant negative impact to responsible corporate citizens and small business owners while also driving inflation in the channel, demand for illicit market and, perhaps most importantly, driving volume into an unregulated supply chain that will ultimately increase youth access.

Thank you for your time and attention to this important issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Hobson", with a long horizontal flourish extending to the right.

Chris Hobson
CEO