

Targeted stakeholder consultation on the implementation of an EU system for traceability and security features pursuant to Articles 15 and 16 of the Tobacco Products Directive 2014/40/EU

Fields marked with * are mandatory.

This is a targeted stakeholder consultation. The purpose of this consultation is to seek comments from stakeholders:

- directly affected by the upcoming implementation of an EU system for traceability and security features pursuant to Articles 15 and 16 of the new Tobacco Products Directive (Directive 2014/40/EU), or
- considering to have special expertise in the relevant areas.

In the Commission's assessment, the following stakeholders, including their respective associations, are expected to be directly affected:

1. manufacturers of finished tobacco products,
2. wholesalers and distributors of finished tobacco products,
3. providers of solutions for operating traceability and security features systems,
4. governmental and non-governmental organisations active in the area of tobacco control and fight against illicit trade.

Not directly affected are retailers and upstream suppliers of tobacco manufacturers (except the solution providers mentioned in point 3 above).

The basis for the consultation is the Final Report to the European Commission's Consumers, Health and Food Executive Agency (CHAFAEA) in response to tender n° EAHC/2013/Health/11 concerning the provision of an analysis and feasibility assessment regarding EU systems for tracking and tracing of tobacco products and for security features (hereafter the Feasibility Study). The Feasibility Study was published on 7 May 2015 and is available at http://ec.europa.eu/health/tobacco/docs/2015_tpd_tracking_tracing_frep_en.pdf. The interested stakeholders are advised to review the Feasibility Study before responding to this consultation.

The comments received in the course of this consultation will be an input to the further implementation work on a future EU system for traceability and security features. In particular, the comments will be taken into account in a follow-up study.

Stakeholders are invited to submit their comments on this consultation at the following web-address <https://ec.europa.eu/eusurvey/runner/trace> until 31 July 2015. The web-based survey consists of closed and open questions. For open questions stakeholders will be asked to provide comments up to the limit of characters indicated in the question or to upload (a) separate document(s) in PDF format up to the limit of total number of standard A4 pages (an average of 400 words per page) indicated in the question. Submissions should be - where possible - in English. For a corporate group one single reply should be prepared. For responses from governmental organisations, which are not representing a national position, it should be explained why the responding body is directly affected by the envisaged measures.

The information received will be treated in accordance with Regulation 45/2001 on the protection of individuals with regard to the processing of personal data by the Community (please consult the [privacy statement](#)). Participants in the consultation are asked not to upload personal data of individuals.

The replies to the consultation will be published on the Commission's website. In this light no confidential information should be provided. If there is a need to provide certain information on a confidential basis, contact should be made with the Commission at the following email address: SANTE-D4-SOHO-and-TOBACCO-CONTROL@ec.europa.eu with a reference in the email title: "Confidential information concerning targeted stakeholder consultation on the implementation of an EU system for traceability and security features". A meaningful non-confidential version of the confidential information should be submitted at the web-address.

Answers that do not comply with the specifications cannot be considered.

A. Respondent details

*A.1. Stakeholder's main activity:

- a) Manufacturer of tobacco products destined for consumers (finished tobacco products)
- b) Operator involved in the supply chain of finished tobacco products (excluding retail)
- c) Provider of solutions
- d) Governmental organisation
- e) NGO
- f) Other

***A.1.f. If other, please specify**

Text of 1 to 800 characters will be accepted

ITPAC is a trade association which represents the interests of 14 importers and distributors of tobacco products in the UK. The Association's core members consist mainly of small and medium sized private companies, most of whom employ less than 50 people. These companies focus on specialist tobacco product ranges such as cigars, pipe tobacco and snuff.

ITPAC campaigns on behalf of its members with the objective of securing reasonable and practical regulation which takes the special position of SMEs into account, and does not disproportionately affect their business.

***A.2. Contact details (organisation's name, address, email, telephone number, if applicable name of the ultimate parent company or organisation) - if possible, please do not include personal data**

Text of 1 to 800 characters will be accepted

The Imported Tobacco Products Advisory Council,
Rondle Wood House, Milland, Liphook, Hampshire GU30 7LA
Contact email address: [REDACTED]
Contact Phone Number: [REDACTED]

***A.3. Please indicate if your organisation is registered in the Transparency Register of the European Commission (unless 1d):**

Yes No

***A.3.1. Please enter your registration number in the Transparency Register**

68037164462-39

***A.4. Extract from the trade or other relevant registry confirming the activity listed under 1 and where necessary an English translation thereof.**

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B. Options proposed in the Feasibility Study

B.1. Please rate the appropriateness of each option for tracking and tracing system set out in the Feasibility Study in terms of the criteria listed in the tables below

B.1.1. Option 1: an industry-operated solution, with direct marking on the production lines carried out by tobacco manufacturers (for further details on this option, please consult section 8.2 of the Feasibility Study)

	Appropriate	Somewhat appropriate	Neutral	Somewhat inappropriate	Inappropriate	No opinion
*Technical feasibility	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Interoperability	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Ease of operation for users	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*System integrity (e.g. low risk of manipulation)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Potential of reducing illicit trade	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
*Administrative/financial burden for economic operators	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
*Administrative/financial burden for public authorities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

B.1.2. Option 2: a third party operated solution, with direct marking on the production lines carried out by a solution or service provider (for further details on this option, please consult section 8.3 of the Feasibility Study)

	Appropriate	Somewhat appropriate	Neutral	Somewhat inappropriate	Inappropriate	No opinion
*Technical feasibility	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
*Interoperability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
*Ease of operation for users	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
*System integrity (e.g. low risk of manipulation)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
*Potential of reducing illicit trade	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
* Administrative/financial burden for economic operators	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
* Administrative/financial burden for public authorities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

B.1.3. Option 3: each Member State decides between Option 1 and 2 as to an entity responsible for direct marking (manufacture or third party) (for further details on this option, please consult section 8.4 of the Feasibility Study)

	Appropriate	Somewhat appropriate	Neutral	Somewhat inappropriate	Inappropriate	No opinion
*Technical feasibility	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
*Interoperability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
*Ease of operation for users	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
*System integrity (e.g. low risk of manipulation)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
*Potential of reducing illicit trade	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
*Administrative/financial burden for economic operators	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
*Administrative/financial burden for public authorities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

B.1.4. Option 4: a unique identifier is integrated into the security feature and affixed in the same production process (for further details on this option, please consult section 8.5 of the Feasibility Study)

	Appropriate	Somewhat appropriate	Neutral	Somewhat inappropriate	Inappropriate	No opinion
*Technical feasibility	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Interoperability	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Ease of operation for users	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*System integrity (e.g. low risk of manipulation)	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Potential of reducing illicit trade	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
*Administrative/financial burden for economic operators	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
*Administrative/financial burden for public authorities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

B.1.5. Please upload any additional comments on the options referred to in question B.1 (max. 5 pages)

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B.2. Please rate the appropriateness of each option for security features set out in the Feasibility Study in terms of the criteria listed in the tables below

B.2.1. Option 1: a security feature using authentication technologies similar to a modern tax stamp
 (for further details on this option, please consult section 9.2 of the Feasibility Study)

	Appropriate	Somewhat appropriate	Neutral	Somewhat inappropriate	Inappropriate	No opinion
*Technical feasibility	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
*Interoperability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
*Ease of operation for users	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
*System integrity (e.g. low risk of manipulation)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
*Potential of reducing illicit trade	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
* Administrative/financial burden for economic operators	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
* Administrative/financial burden for public authorities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

B.2.2. Option 2: reduced semi-covert elements as compared to Option 1 (for further details on this option, please consult section 9.3 of the Feasibility Study)

	Appropriate	Somewhat appropriate	Neutral	Somewhat inappropriate	Inappropriate	No opinion
*Technical feasibility	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
*Interoperability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
*Ease of operation for users	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
*System integrity (e.g. low risk of manipulation)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
*Potential of reducing illicit trade	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
* Administrative/financial burden for economic operators	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
* Administrative/financial burden for public authorities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

B.2.3. Option 3: the fingerprinting technology is used for the semi-covert and covert levels of protection (for further details on this option, please consult section 9.4 of the Feasibility Study)

	Appropriate	Somewhat appropriate	Neutral	Somewhat inappropriate	Inappropriate	No opinion
*Technical feasibility	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
*Interoperability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
*Ease of operation for users	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
*System integrity (e.g. low risk of manipulation)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
*Potential of reducing illicit trade	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
*Administrative/financial burden for economic operators	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
*Administrative/financial burden for public authorities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

B.2.4. Option 4: security feature is integrated with unique identifier (see Option 4 for traceability)
 (for further details on this option, please consult section 9.5 of the Feasibility Study)

	Appropriate	Somewhat appropriate	Neutral	Somewhat inappropriate	Inappropriate	No opinion
*Technical feasibility	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Interoperability	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Ease of operation for users	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*System integrity (e.g. low risk of manipulation)	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Potential of reducing illicit trade	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
*Administrative/financial burden for economic operators	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
*Administrative/financial burden for public authorities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

B.2.5. Please upload any additional comments on the options referred to in question B.2 (max. 5 pages)

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C. Cost-benefit analysis

C.1. Do you agree with?

	Agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Disagree	No opinion
*The benefit analysis presented in section 11.3.1 of the Feasibility Study	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
*The cost analysis presented in section 11.3.2 of the Feasibility Study	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

*C.1.1. If you selected option "Disagree" or "Somewhat disagree" in the previous question, please upload your main reasons for disagreement (max. 5 pages)

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D. Additional questions

The questions in this section relate to different possible building blocks and modalities of the envisaged system (questions D.1, D.3, D.4, D.6, D.8, D.10, D.12, D.14 and D.16). When replying please take into account the overall appropriateness of individual solutions in terms of the criteria of technical feasibility, interoperability, ease of operation, system integrity, potential of reducing illicit trade, administrative/financial burden for economic stakeholders and administrative/financial burden for public authorities.

*D.1. Regarding the generation of a serialized unique identifier (for definition of a unique identifier, see Glossary in the Feasibility Study), which of the following solutions do you consider as appropriate (multiple answers possible)?

- a) A single standard provided by a relevant standardization body
- b) A public accreditation or similar system based on the minimum technical and interoperability requirements that allow for the parallel use of several standards;
- c) Another solution
- d) No opinion

*D.1.a. Please indicate your preferred standardization body

Text of 1 to 400 characters will be accepted

Standardisation on the EU level initiated by an entity such as GS1.

D.2. Please upload any additional comments relating to the rules for generation of a serialized unique identifier referred to in question D.1. above (max. 2 pages)

*D.3. Regarding (a) data carrier(s) for a serialized unique identifier, which of the following solutions do you consider as appropriate (multiple answers possible)?

- a) Solution based on a single data carrier (e.g. 1D or 2D data carriers)
- b) Solution based on the minimum technical requirements that allow for the use of multiple data carriers;
- c) Another solution;
- d) No opinion

***D.3.c. Please explain your other solution**

Text of 1 to 800 characters will be accepted

The most widely used data carriers in the supply chain which require the least amount of change or modification to existing equipment, or new equipment.

***D.4. Regarding (a) data carrier(s) for a serialized unique identifier, which of the following solutions do you consider as appropriate (multiple answers possible)?**

- a) System only operating with machine readable codes;
- b) System operating both with machine and human readable codes;
- c) No opinion

D.5. Please upload any additional comments relating to the options for (a) data carrier(s) for a serialized unique identifier referred to in questions D.3 and D.4 above (max. 2 pages)

***D.6. Regarding the physical placement of a serialized unique identifier, when should it happen (multiple answers possible)?**

- a) Before a pack/tin/pouch/item is folded/assembled and filled with products;
- b) After a pack/tin/pouch/item is folded/assembled and filled with products;
- c) No opinion

D.7. Please upload any additional comments relating to the placement of a serialized unique identifier referred to in question D.6. above (max. 2 pages)

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D.8. Which entity should be responsible for?

	Economic operator involved in the tobacco trade without specific supervision	Economic operator involved in the tobacco trade supervised by the third party auditor	Economic operator involved in the tobacco trade supervised by the authorities	Independent third party	No opinion
*Generating serialized unique identifiers	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Marking products with serialized unique identifiers on the production line	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Verifying if products are properly marked on the production line	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Scanning products upon dispatch from manufacturer's/importer's warehouse	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Scanning products upon receipt at distributor's/wholesaler's premises	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

*Scanning products upon dispatch from distributor's/wholesaler's premises	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Aggregation of products	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

D.9. In relation to question D.8. above, please specify any other measures that your organisation considers relevant

Text of 1 to 1200 characters will be accepted

*D.10. Regarding the method of putting the security feature on the pack/tin/pouch/item, which of the following solutions do you consider as appropriate (multiple answers possible)?

- a) A security feature is affixed;
- b) A security feature is affixed and integrated with the tax stamps or national identification marks;
- c) A security feature is printed;
- d) A security feature is put on the pack/tin/pouch/item through a different method;
- e) No opinion

*D.10.d. Please explain your other method

Text of 1 to 800 characters will be accepted

Cigars and cigarillos are produced in small volumes and in a large variety of models, sizes and brands. As a result, production runs are small. Manufacturers require as much flexibility as possible in order to be able to choose the best solution depending on the type of packaging and the on the production volume.

D.11. Please upload any additional comments relating to the method of putting the security feature on the pack referred to in question D.10 above (max. 2 pages)

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*D.12. Regarding the independent data storage as envisaged in Article 15(8) of the TPD, which of the following solutions do you consider as appropriate (multiple answers possible)?

- a) A single centralised storage for all operators;
- b) An accreditation or similar system for multiple interoperable storages (e.g. organised per manufacturer or territory);
- c) Another solution
- d) No opinion

D.13. Please upload any additional comments relating to the independent data storage referred to in question D.12. above (max. 2 pages)

*D.14. In your opinion which entity(ies) is/are well placed to develop reporting and query tools (multiple answers possible)?

- a) Provider of solutions to collect the data from the manufacturing and distribution chain;
- b) Provider of data storage services;
- c) Another entity
- d) No opinion

D.15. Please upload any additional comments relating to the development of reporting and query tools referred to in question D.14. above (max. 2 pages)

*D.16. Do you consider that the overall integrity of a system for tracking and tracing would be improved if individual consumers were empowered to decode and verify a serialized unique identifier with mobile devices (e.g. smartphones)?

- a) Yes
- b) No
- c) No opinion

D.16.a. If yes, please explain your considerations

Text of 1 to 800 characters will be accepted

Primarily cost considerations, thereby removing the need for investment in expensive decoding equipment.

D.17. Please upload any additional comments on the subject of this consultation (max. 10 pages)

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Contact

✉ SANTE-D4-SOHO-and-TOBACCO-CONTROL@ec.europa.eu

Profile of registrant

The Imported Tobacco Products Advisory Council

Identification number in the register: **68037164462-39**

Registration date: **03/11/2010 12:48:42**

The information on this entity was last modified on: **12/06/2015 16:37:07**

The date of the last annual update was: **04/03/2015 12:34:57**

Next update due latest on: **04/03/2016**

Registrant : Organisation or self-employed individual

(Organisation) name:

The Imported Tobacco Products Advisory Council

Acronym:

ITPAC

Legal status:

Trade Association

Website:

Section of registration

Section:

II - In-house lobbyists and trade/business/professional associations

and more precisely:

Trade and business associations

Contact details

Contact details of organisation's head office:

Rondle Wood House

Rondle Wood

Milland

Liphook, GU307LA

UNITED KINGDOM

Telephone number:

(+44) 7900197888

Person with legal responsibility

Firstname, Surname:

Mr Wyndham Carver

Position:

Secretary-General

Person in charge of EU relations

Firstname, Surname:

Mr Wyndham Carver

Position:

Secretary-General

Goals / remit

Goals / remit of the organisation:

ITPAC is the Trade Association for companies that import and distribute tobacco products in the United Kingdom.

It focuses on the representation of smaller tobacco and the specialist trade, embracing all tobacco product categories.

The Imported Tobacco Products Advisory Council confirms that the financial information for the latest financial year is up to date and correct.

The organisation's fields of interests are:
national

Specific activities covered by the Register

Main EU initiatives, policies and legislative files followed by the organisation:
Revision of the Tobacco Products Directive

Relevant policy implementation, public relations and communication activities such as projects, events and publications:

Participation in EU structures and platforms High-level groups (European Commission):
No

Consultative committees:
No

Expert groups (European Commission):
No

Intergroups (European Parliament):
No

Industry forums (European Parliament):
No

Complementary information:

To inform members of forthcoming legislative and other measures which may impact on their business.

To represent the interests of member companies to HM Government and other relevant bodies.

To campaign and engage on behalf of members with the objective of securing reasonable and practical regulatory measures.

To maintain close communication, and act in close association, with other UK and EU trade bodies to ensure coordination of effort.

Number of persons involved in the activities described in the box above

Number of persons involved from the organisation expressed in % of working time:
100%: 1

Number of persons involved:
1

Full time equivalent (FTE):
1

Complementary information:

Persons accredited for access to European Parliament premises

No accredited persons

Fields of interest

The organisation's fields of interests are:

- Consumer Affairs
- Internal Market
- Public Health

Membership and affiliation

Member organisations:

Membership of any associations/(con)federations/networks or other bodies:
Associate member of ECMA (the European Cigar Manufacturers Association)

Financial data

Financial year:

01/2014 - 12/2014

Estimate of the annual costs related to activities covered by the register:
< 9,999 €

Most recent financial information about funding received from the EU institutions:
No funding received from the EU institutions during the last closed financial year.

Other (financial) information provided by the organisation:
ITPAC's total annual budget is c. Euros 50,000.

ITPAC is a non-profit making organization.

Code of conduct

By its registration the organisation has signed the Transparency Register Code of Conduct.

Attachment B.1.5

(i) Illicit Trade

The illicit trade in cigars and other tobacco products (OTPs) is negligible. In June 2013 the European Commission published ‘Stepping up the fight against cigarette smuggling and other forms of illicit trade in tobacco products: A comprehensive EU Strategy’ (COM(2013) 324 final). Regarding the illicit trade in tobacco products other than cigarettes the Commission noted that “The seizures reported by the Member States confirm that cigarettes constitute by far the biggest part of seizures of tobacco products, although some significant seizures of Hand Rolling Tobacco (HRT) were also recorded. Other tobacco product types do not appear in significant numbers” (paragraph 2.2). Also, other more recent publications such as the ‘Fight against Fraud Annual Report 2013’ (July 2014), the ‘Evaluation of the Hercule II Programme’ by Ramboll Management Consulting A/S (May 2015) and the OLAF report 2014 (June 2015) do not contain any references to the existence of illicit trade in cigars and OTPs.

The premium, hand-made sector of the UK cigar market does suffer from a significant level of illicit trade caused mainly by the high levels of differentiation between duty rates in different EU Member States. However, as this activity is largely conducted by individual consumers, Track and Trace will not provide effective counter-measures. Instead it can be better addressed by improved enforcement and cross-border sales regulations.

(ii) Administrative/Financial Burden

ITPAC considers the ‘administrative/financial’ burden for manufacturers of cigars and OTPs to be ‘inappropriate’ in all 4 options. In its September 2010 final report ‘Assessing the Impacts of Revising the Tobacco Products Directive’, RAND Europe calculated the labelling costs for the tobacco industry and concluded: ‘It is important to note that whereas total costs accruing to cigarette manufacturers are much larger than those accruing to cigar manufacturers, the relative burden of compliance (e.g. costs per revenue) is much higher for cigar manufacturers, as cigar manufacturers’ brands are typically of much smaller quantities. Costs therefore fall on a much smaller number of units sold’. This statement is true of the administrative and financial burden which will face both cigar and OTP manufacturers in their efforts to comply with the provisions of Articles 15 and 16 of the TPD.

ITPAC is also concerned about the scope of the measures, which require Track & Trace to be implemented from manufacture to the “last economic operator before the first retail outlet”. This will require independent wholesalers to invest in machinery and staff to input data on all tobacco products. Such investment may be justified for high volume mainstream tobacco products, but is highly unlikely to prove cost-effective when applied to small, specialist categories and brands. ITPAC fears that the system will discriminate against its members, which are mostly small operators.

(iii) Options

From ITPAC’s perspective the overriding principle of any Track and Trace measures applied to cigars and OTPs is that they should recognise the small scale of their manufacturers and distributors. The vast majority of cigar and OTP manufacturers are not large multi-national corporations. Instead they are comparatively small, usually family-owned, businesses, which vary in size from typical Mittelstand companies to SMEs. The distributors of these products in the markets across Europe are virtually all SMEs and in some cases micro-businesses, which will only be in a position to comply with the measures if they are simple and

inexpensive to implement. For these operators, many of whom have very limited technical knowledge and capability, a uniform approach across different tobacco categories is inappropriate because it will have a burdensome and disproportionate impact on them.

As has been outlined in the Tables Options 1 or 4 are considered to be potentially the most 'appropriate' for ITPAC members. However this is only relevant if either Option can be tailored for use by SMEs as stated in the paragraph above. ITPAC tends towards either the industry-operated solution, with direct marking on the production lines carried out by tobacco manufacturers outlined in Option 1, or the combined element outlined in Option 4; however, ITPAC fears that the level of development cost, high degree of technical complexity, and likely high running costs, might render this latter Option less acceptable.

(iv) Summary

Due to the fact that illicit trade in cigars and OTPs is negligible, ITPAC considers the 'potential of reducing illicit trade' in cigars and OTPs of all 4 options to be 'inappropriate', and indeed that there is no compelling or logical case for cigars and OTPs to be included in the Track and Trace measures. The differences between tobacco categories are recognised by the fact that cigars and OTPs are granted a further 5 years derogation over mainstream products; however, regardless of this ITPAC's view is that these measures are inappropriate and unnecessary.

Attachment B.2.5

(i) Illicit Trade

The illicit trade in cigars and other tobacco products (OTPs) is negligible. In June 2013 the European Commission published ‘Stepping up the fight against cigarette smuggling and other forms of illicit trade in tobacco products: A comprehensive EU Strategy’ (COM(2013) 324 final). Regarding the illicit trade in tobacco products other than cigarettes the Commission noted that “The seizures reported by the Member States confirm that cigarettes constitute by far the biggest part of seizures of tobacco products, although some significant seizures of Hand Rolling Tobacco (HRT) were also recorded. Other tobacco product types do not appear in significant numbers” (paragraph 2.2). Also, other more recent publications such as the ‘Fight against Fraud Annual Report 2013’ (July 2014), the ‘Evaluation of the Hercule II Programme’ by Ramboll Management Consulting A/S (May 2015) and the OLAF report 2014 (June 2015) do not contain any references to the existence of illicit trade in cigars and OTPs.

Within the general heading of illicit trade there is virtually no evidence of any countfeiting of cigars or OTPs because the small scale of the markets involved do not offer material rewards for this type of activity. The only example that exists is in the case of premium, hand-made cigar sector where very high value products can provide an opportunity for counterfeiters. However the small volumes involved cannot justify the scale of any of the suggested Security Features and can be better addressed by the manufacturers involved.

(ii) Administrative/Financial Burden

ITPAC considers the ‘administrative/financial’ burden for manufacturers of cigars and OTPs to be ‘inappropriate’ in all 4 options. In its September 2010 final report ‘Assessing the Impacts of Revising the Tobacco Products Directive’, RAND Europe calculated the labelling costs for the tobacco industry and concluded: ‘It is important to note that whereas total costs accruing to cigarette manufacturers are much larger than those accruing to cigar manufacturers, the relative burden of compliance (e.g. costs per revenue) is much higher for cigar manufacturers, as cigar manufacturers’ brands are typically of much smaller quantities. Costs therefore fall on a much smaller number of units sold’. This statement is true of the administrative and financial burden which will face both cigar and OTP manufacturers in their efforts to comply with the provisions of Articles 15 and 16 of the TPD.

(iii) Options

From ITPAC’s perspective the overriding principle of any Security Feature applied to cigars and OTPs is that they should recognise the small scale of their manufacturers and distributors. The vast majority of cigar and OTP manufacturers are not large multi-national corporations. Instead they are comparatively small, usually family-owned, businesses, which vary in size from typical Mittelstand companies to SMEs. The distributors of these products in the markets across Europe are virtually all SMEs and in some cases micro-businesses, which will only be in a position to comply with the measures if they are simple and inexpensive to implement. For these operators, many of whom have very limited technical knowledge and capability, a uniform approach across different tobacco categories is inappropriate because it will have a burdensome and disproportionate impact on them.

As has been outlined in the Tables Option 4 is considered to be potentially the most ‘appropriate’ for ITPAC members. However this only if it can be tailored for use by SMEs as stated in the paragraph above. ITPAC tends towards the ‘integrated’ element outlined in

Option 4, but fears that the level of development cost, high degree of technicality and possible associated costs might render even this Option unacceptable.

(iv) Summary

Due to the fact that illicit trade in cigars and OTPs is negligible, ITPAC considers the ‘potential of reducing illicit trade’ in cigars and OTPs of all 4 options to be ‘inappropriate’, and indeed that there is no compelling or logical case for cigars and OTPs to be included in the Security Feature measures. The differences between tobacco categories are recognised by the fact that cigars and OTPs are granted a further 5 years derogation over mainstream products; however, regardless of this, ITPAC’s view is that these measures are inappropriate and unnecessary.

Attachment C.1.1

ITPAC disagrees with the ‘Benefit Analysis’ presented in section 11.3.1 of the Feasibility Study (Pages 273-277). According to this paragraph, ‘the four solution options for both traceability and security features are designed to address *most* of the issues identified in the problem statement’. The exact size of the illicit market is unknown, and a number of assumptions are made as to the relative benefits of each Option against a hypothetical figure. This is not compelling justification for the inclusion of cigars and OTPs, for which the illicit trade in is negligible, yet whose operators will be subjected to unquantifiable increased costs and complexity. This is not an example of Better Regulation, and in ITPAC’s view is unreasonable and unacceptable.

ITPAC also questions the ‘cost analysis’ presented in section 11.3.2 of the Feasibility Study (Pages 277-283). In its September 2010 final report ‘Assessing the Impacts of Revising the Tobacco Products Directive’, RAND Europe calculated the labelling costs for the tobacco industry and concluded: ‘It is important to note that whereas total costs accruing to cigarette manufacturers are much larger than those accruing to cigar manufacturers, the relative burden of compliance (e.g. costs per revenue) is much higher for cigar manufacturers as cigar manufacturers’ brands are typically of much smaller quantities. Costs therefore fall on a much smaller number of units sold’. This is entirely true in relation to the costs for cigar and OTP manufacturers faced with the traceability and security feature requirements, since the calculations in the ‘cost analysis’ section are based on assumptions which take no account of the smaller suppliers in these categories.

In ITPAC’s view the impact of the traceability and security feature requirements should be assessed following the Commission’s Better Regulation Agenda, on the basis of which impact assessments are conducted throughout the legislative process, not just when the Commission prepares its proposal. An ad hoc and independent technical panel should be set and should analyse (i) the practicability of implementing Articles 15 and 16, and (ii) whether the costs of doing so will be disproportionate.

Attachment D.7

The manufacturing process for cigarillos, cigars, pipe tobacco and snuff never takes place on a continuous basis from raw tobacco and packaging materials to the finished product. There is always an interval between the manufacture of the tobacco product and the time when it is placed in its packaging. In most cases further intervals occur between their initial packaging and the point at which the packs are sealed and country-specific health warnings including, where applicable, EAN-codes and tax stamps are applied. It is not uncommon for these processes to take place at different locations and even in different countries.

The principle behind these procedures is that the tobacco for such specialist products has to be moistened before the manufacturing process and that, after they are made, they require carefully controlled drying. As a general rule the drying process takes a minimum of a week, but it can continue for several months.

The packaging process in the case of cigarillos and cigars is conducted in stages because of the wide variety of shapes, sizes, brands and packaging materials they use, which results in production runs that are very small in comparison to mainstream tobacco products. Consequently the products are held for several weeks or months in part finished packs in warehouses until it is known in which country they will be sold at which point they can finally be finished.

It is proposed to define the date and place of manufacture for these categories of tobacco products as the moment when the goods are in their final packs with the health warning labels, tax stamp and EAN-code labels as appropriate. The unique identifier would then be placed on the pack at that moment in time.

Attachment D.11

There is a material level of malpractice and error with regard to the use of tax stamps and labels, in terms of the ease with which they can be copied, lost and re-used. It is important to ensure that any security feature employed represents an improvement on this position.

Attachment D.17

ITPAC would draw urgent attention to the EU market shares by tobacco category quoted in Analysis and Feasibility Assessment document's Executive Summary (Page 14). The figures quoted in the document are:

Cigarettes	93.01%
RYO	3.37%
Cigars	3.19%
Pipe Tobacco	0.27%
Snus	0.17%
Chewing Tobacco	0.01%

ITPAC is particularly concerned about the cigar category share which is significantly higher than any other estimates. The European Cigar Manufacturers' Association (ECMA) regularly quotes cigars as having an estimated 1% share of the total EU market based on consistent industry surveys, and indeed ITPAC's own calculations from a similar source indicate a share lower than 1% for the UK market.

ITPAC would challenge the 3.19% figure quoted and would be grateful for an indication of its source. The reason for the Association's concern is because of the risk of decisions being made at EU level which might adversely affect the cigar category as a result of an apparently misleading share figure