

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

Worldline, an Atos Company, on behalf of the Coalition Against Illicit Trade (CAIT), a group of leading European companies with a vested interest in supporting and developing track and trace systems and authentication solutions.

The coalition aims at exchanging best practices on advanced technological standards and solutions, which can contribute in a cost-efficient way to prevent illicit trade and support the fight against counterfeiting. The funding and current members of the coalition consist of Atos, Arjowiggins Solutions, Aegate, Domino Printing Service, Essentra, Fata Logistic System and FractureCode.

For contact details please visit :

<http://www.coalitionagainstillicittrade.org/>

***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

Worldline, an Atos Company, on behalf of the Coalition Against Illicit Trade (CAIT), a group of leading European companies with a vested interest in supporting and developing track and trace systems and authentication solutions.

The coalition aims at exchanging best practices on advanced technological standards and solutions, which can contribute in a cost-efficient way to prevent illicit trade and support the fight against counterfeiting. The funding and current members of the coalition consist of Atos, Arjowiggins Solutions, Aegate, Domino Printing Service, Essentra, Fata Logistic System and FractureCode.

For contact details please visit :

<http://www.coalitionagainstillicittrade.org/>

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

Yes No

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

• [51cf19ff-2738-4b9f-bbfc-c0c21e526e56/Extract Worldline Registry.pdf](#)

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 checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Administrative/financial burden for economic operators	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Administrative/financial burden for public authorities	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input 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 checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Interoperability	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Ease of operation for users	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*System integrity (e.g. low risk of manipulation)	<input type="radio"/>	<input type="radio"/>	<input checked="" 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 checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Administrative/financial burden for economic operators	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Administrative/financial burden for public authorities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input 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 checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Interoperability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Ease of operation for users	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
*System integrity (e.g. low risk of manipulation)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Potential of reducing illicit trade	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input 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 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 checked="" type="radio"/>	<input 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 checked="" type="radio"/>	<input 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)

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 checked="" type="radio"/>	<input 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 checked="" type="radio"/>	<input 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 checked="" type="radio"/>	<input 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 checked="" type="radio"/>	<input 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 checked="" type="radio"/>	<input 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 checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Interoperability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Ease of operation for users	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
*System integrity (e.g. low risk of manipulation)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Potential of reducing illicit trade	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Administrative/financial burden for economic operators	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
* Administrative/financial burden for public authorities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input 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 type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input 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 checked="" type="radio"/>	<input 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)

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 checked="" type="radio"/>	<input 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)

• [83b8f895-0339-4aa3-943e-4620a11fc18f/EC_Consultation_additional_answers_from_CAIT.pdf](#)

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

GS1 or similar industry coding standard

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

GS1 or similar code standard

***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)

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 checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Scanning products upon receipt at distributor's/wholesaler's premises	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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

The most cost-effective and legitimate strategy is an industry implementation to a prescribed specification with a third-party and validation. However, the selection in the survey is somehow confusing since the Tobacco Products Directive (2014/40/EU) refers to a “data storage provider” and not a “third-party” auditor.

*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/puch/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

A direct print on to the pack, unlike affixing or gluing, prevents the security feature from getting stolen or misused on a counterfeit pack

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)

• **c6b03e28-6e42-4c8d-bb5c-a9a3ea133caf/EC Consultation_additional answers from CAIT.pdf**

*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)

• [905ac7f8-b409-41f3-a2c3-1ecec30fd196/EC Consultation_additional answers from CAIT.pdf](#)

*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)

• [82483309-eece-4e46-b8cb-797d647361ed/EC Consultation_additional answers from CAIT.pdf](#)

*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

By spreading the control of the code and allowing consumers to access the information, the effectiveness of the system can be expected to be improved. To fight illicit trade and counterfeiting, controlling as much as possible the unique identifier is required.

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

• [89c3343a-bf3c-45c4-a328-6d0f026e43f1/EC Consultation_additional answers from CAIT.pdf](#)

Contact

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

Attachment A2

EC Consultation – written statements

A.2.

Worldline, an Atos company, on behalf of the Coalition Against Illicit Trade (CAIT), a group of leading European companies with a vested interest in supporting and developing track and trace systems and authentication solutions. The coalition aims at exchanging best practices on advanced technological standards and solutions, which can contribute in a cost-efficient way to prevent illicit trade and support the fight against counterfeiting. The funding and current members of the coalition consist of Atos, Arjowiggins Solutions, Aegate, Domino Printing Service, Essentra, Fata Logistic System and FractureCode.

B.1.5.

Option 1: Option 1 is creates a low administrative burden for the EU and the Member State. It also allows for a better focus on the supply chain processes. The option is based on existing industry standards, which increases its cost efficiency and stimulates further developments in the field.

Option 2: There is an integrity of data at risk with the proposed solution. Replicating data repositories to the Member State increases overall costs greatly. It also increases the costs and operational burden for the different operators. Additionally, proprietary equipment will also be needed to retrieve tracking and tracing data. However, even though this option could be somehow apt from a feasibility perspective it is questionable from a competitiveness perspective. It would be crucial to assure that this solution wouldn't create a monopoly situation and thus interfere with the open and competitive environment needed to assure innovation and development within the field.

Option 3: This option would increase costs of data storage unnecessarily. It would also create a complex manufacturing environment, with potentially several solutions installed on a single production line and each solution operated by a different solution provider.

Option 4: This option would increase costs of data storage unnecessarily. It would also create a complex manufacturing environment, with potentially several solutions installed on a single production line. The aggregation would be almost impossible to implement. The system is suitable to track and authenticate stamps – but not the actual products.

B.2.5.

As a general comment we disagree with the report and analysis, which focuses mainly on well-known solutions; thus avoiding and excluding innovative new solutions. Security features should not only consider paper-based stamps or labelling, since these are often counterfeited. There are a range of other emerging technologies that should be considered – including technologies related to a unique identifier such as a fingerprint of the product's pack or fingerprint of the printer who are authorized to print the unique identifier on the product lines.

We believe that Member States should be allowed to use a wide variety of advanced technologies that are most suitable and most up to date, according to agreed standards. A key success factor is the ability to provide authentication of the pack, not a stamp or a label.

Furthermore, the investment already made in development and research to better authenticate products and combat counterfeiting is at risk and could be significantly reduced if the implementing act excludes technologies not based on stamps. This will not only hurt the operators and the efficiency of the national authorities but also impact Europe's consumers, who will be continuously exposed to an easily counterfeited system, instead of the latest technological developments and solutions. Moreover it would prevent EU companies from benefiting from a competitive and innovative level playing field.

C.1.1.

We cannot agree with the assumption that all four options will give the same result. This is contradictory to the stated purpose of the study, which was aiming to feature the most effective security solution.

We agree that implementation of both mandated security features and track and trace solutions will help to find and identify illicit products within each Member State, but in addition we also need a further focus on public awareness, enhanced field inspection and control and strengthened law enforcement. These three areas, together with modern technology solutions could help combat counterfeiting and illicit trade.

Solutions such as tax stamps and overt security features, such as optical variable inks have not proved useful. There is a weight of evidence of their inability to prevent or reduce illicit trade, especially as they are often either removed from a legal pack to be used on smuggled product or are themselves counterfeited.

We also would argue that the assessment of costs, and the related methodology used, requires a much more rigorous analysis than what appears in the report, with it necessary to carry out a much deeper and more comprehensive cost benefit analysis than has been achieved.

The study seems to have made some surprising omissions, such as not reviewing and assessing the cost of security features beyond paper stamps. For example, the currently deployed taggant system has a low implementation cost and is integral to the pack, which reduces the scope for counterfeiting and fraud. Furthermore, the reduction in costs that would come from the use of an incumbent system are not included in the analysis.

On the contrary, the study has underestimated the costs of Option 4 in several Member States (e.g. Italy) due both to the present cost of paper stamps and also the costs and risks currently linked with the use of tax stamps in term of transportation and storage.

D.2.

The implementation of the fingerprint technology based on the fibres of each pack, paired with a unique digitally captured code, would ensure both the authentication of the pack of tobacco product and the ability to track and trace through the pairing of a unique pack fingerprint with a unique identifier. This ability to create a tamperproof authentication method and capture unique data on each pack is the foundations of an effective traceability system.

D.5.

A code that can be read by the naked eye is clearly easiest for consumers, who we agree should be more involved in controlling the authenticity of the product. Nevertheless, covert machine readable codes are

the best way of including more information in the coding. Furthermore, a machine readable code is essential for any aggregation process, as human readable code cannot be printed or read reliably at production speeds, and aggregation is at the heart of any effective track and trace offering. Many machine readable codes can also be easily used by consumers with a smartphone, eliminating misreading the unique code by the eye.

D.9.

The most cost-effective and legitimate strategy is an industry implementation to a prescribed specification with a third-party and validation. However, the selection in the survey is somehow confusing since the Tobacco Products Directive (2014/40/EU) refers to a “data storage provider” and not a “third-party” auditor.

D.11.

By prescribing ineffective stamps/paper markers so specifically in the report a number of currently effective on-pack security features, such as tear tape – which is used in many countries to carry covert, overt and forensic authentication technologies – become non-compliant. This would have a dramatic impact on the effective schemes that are currently in place within a number of EU countries.

Security features that become an integral part of the existing packaging specification will reduce the impact and costs significantly in term of additional infrastructure. For example, existing tear tape applicators and packaging lines would be suitable for use and not incur additional costs in applying the feature to the pack. If the security feature is printed on the pack it becomes part of the pack costs and does not require the cost of an additional applicator. So a non-stamp solution would be both cheaper and more effective.

D.13.

A system of storage interoperable among different operators in the supply chain should be used. The data should be carried by different operators working in the supply chain. The manufacturers should provide the initial repository and carry data while the products are their property. At certain steps data should be reversed (duplicated) into a single efficient database managed by the data storing company for each Member State. The independent data storing company should be responsible for the data included in the official repository. Authorities should be able to access the repository at any time, through special IT tools to control all the relevant information for product authentication and tracking and tracing.

D.15.

Both are well placed for the operation. The provider of data storage will be the official certified interface to the Member States authorities and is a trusted entity, independent from the manufacturers.

D.17.

Any proposed tracking and tracing solution for the Tobacco Products Directive (2014/40/EU) must have at its heart the ability to uniquely identify products. Unique identification is essential not only for authentication purposes, but also enables the aggregation process, as it is building a relationship between different levels of packaging in a manufacturing process.

Interoperability is another key feature. There is a wide choice of suppliers of coding systems extensively supporting manufacturers, across the EU and globally. So the question of interoperability is not just about the tracking and tracing system as a whole (or at a governmental or factory level) but also about the equipment used at line level. Therefore any adopted tracking and tracing solution for use with the Tobacco Products Directive (2014/40/EU) must allow businesses as much choice as possible with regard to sourcing the 'at line' equipment required for tracking and tracing solutions. Allowing as many suppliers as possible to support businesses and governments is the only practical approach to gain a successful outcome and a fair open competitive environment among current and future providers. The positive effect of this is already experienced in relation to the pharmaceutical industry and the European Falsified Medicines Directive (2011/62/EU) .

There is no "silver bullet" solution to tackle the counterfeiting of tobacco. The answer lies with collaboration between different industries and organizations and agreed open standards. By sharing knowledge, promoting open standards and technical developments, we have the opportunity to tackle the growing problem of falsification and illicit trade.

EC Consultation – written statements

A.2.

Worldline, an Atos company, on behalf of the Coalition Against Illicit Trade (CAIT), a group of leading European companies with a vested interest in supporting and developing track and trace systems and authentication solutions. The coalition aims at exchanging best practices on advanced technological standards and solutions, which can contribute in a cost-efficient way to prevent illicit trade and support the fight against counterfeiting. The funding and current members of the coalition consist of Atos, Arjowiggins Solutions, Aegate, Domino Printing Service, Essentra, Fata Logistic System and FractureCode.

B.1.5.

Option 1: Option 1 is creates a low administrative burden for the EU and the Member State. It also allows for a better focus on the supply chain processes. The option is based on existing industry standards, which increases its cost efficiency and stimulates further developments in the field.

Option 2: There is an integrity of data at risk with the proposed solution. Replicating data repositories to the Member State increases overall costs greatly. It also increases the costs and operational burden for the different operators. Additionally, proprietary equipment will also be needed to retrieve tracking and tracing data. However, even though this option could be somehow apt from a feasibility perspective it is questionable from a competitiveness perspective. It would be crucial to assure that this solution wouldn't create a monopoly situation and thus interfere with the open and competitive environment needed to assure innovation and development within the field.

Option 3: This option would increase costs of data storage unnecessarily. It would also create a complex manufacturing environment, with potentially several solutions installed on a single production line and each solution operated by a different solution provider.

Option 4: This option would increase costs of data storage unnecessarily. It would also create a complex manufacturing environment, with potentially several solutions installed on a single production line. The aggregation would be almost impossible to implement. The system is suitable to track and authenticate stamps – but not the actual products.

B.2.5.

As a general comment we disagree with the report and analysis, which focuses mainly on well-known solutions; thus avoiding and excluding innovative new solutions. Security features should not only consider paper-based stamps or labelling, since these are often counterfeited. There are a range of other emerging technologies that should be considered – including technologies related to a unique identifier such as a fingerprint of the product's pack or fingerprint of the printer who are authorized to print the unique identifier on the product lines.

We believe that Member States should be allowed to use a wide variety of advanced technologies that are most suitable and most up to date, according to agreed standards. A key success factor is the ability to provide authentication of the pack, not a stamp or a label.

Furthermore, the investment already made in development and research to better authenticate products and combat counterfeiting is at risk and could be significantly reduced if the implementing act excludes technologies not based on stamps. This will not only hurt the operators and the efficiency of the national authorities but also impact Europe's consumers, who will be continuously exposed to an easily counterfeited system, instead of the latest technological developments and solutions. Moreover it would prevent EU companies from benefiting from a competitive and innovative level playing field.

C.1.1.

We cannot agree with the assumption that all four options will give the same result. This is contradictory to the stated purpose of the study, which was aiming to feature the most effective security solution.

We agree that implementation of both mandated security features and track and trace solutions will help to find and identify illicit products within each Member State, but in addition we also need a further focus on public awareness, enhanced field inspection and control and strengthened law enforcement. These three areas, together with modern technology solutions could help combat counterfeiting and illicit trade.

Solutions such as tax stamps and overt security features, such as optical variable inks have not proved useful. There is a weight of evidence of their inability to prevent or reduce illicit trade, especially as they are often either removed from a legal pack to be used on smuggled product or are themselves counterfeited.

We also would argue that the assessment of costs, and the related methodology used, requires a much more rigorous analysis than what appears in the report, with it necessary to carry out a much deeper and more comprehensive cost benefit analysis than has been achieved.

The study seems to have made some surprising omissions, such as not reviewing and assessing the cost of security features beyond paper stamps. For example, the currently deployed taggant system has a low implementation cost and is integral to the pack, which reduces the scope for counterfeiting and fraud. Furthermore, the reduction in costs that would come from the use of an incumbent system are not included in the analysis.

On the contrary, the study has underestimated the costs of Option 4 in several Member States (e.g. Italy) due both to the present cost of paper stamps and also the costs and risks currently linked with the use of tax stamps in term of transportation and storage.

D.2.

The implementation of the fingerprint technology based on the fibres of each pack, paired with a unique digitally captured code, would ensure both the authentication of the pack of tobacco product and the ability to track and trace through the pairing of a unique pack fingerprint with a unique identifier. This ability to create a tamperproof authentication method and capture unique data on each pack is the foundations of an effective traceability system.

D.5.

A code that can be read by the naked eye is clearly easiest for consumers, who we agree should be more involved in controlling the authenticity of the product. Nevertheless, covert machine readable codes are

the best way of including more information in the coding. Furthermore, a machine readable code is essential for any aggregation process, as human readable code cannot be printed or read reliably at production speeds, and aggregation is at the heart of any effective track and trace offering. Many machine readable codes can also be easily used by consumers with a smartphone, eliminating misreading the unique code by the eye.

D.9.

The most cost-effective and legitimate strategy is an industry implementation to a prescribed specification with a third-party and validation. However, the selection in the survey is somehow confusing since the Tobacco Products Directive (2014/40/EU) refers to a “data storage provider” and not a “third-party” auditor.

D.11.

By prescribing ineffective stamps/paper markers so specifically in the report a number of currently effective on-pack security features, such as tear tape – which is used in many countries to carry covert, overt and forensic authentication technologies – become non-compliant. This would have a dramatic impact on the effective schemes that are currently in place within a number of EU countries.

Security features that become an integral part of the existing packaging specification will reduce the impact and costs significantly in term of additional infrastructure. For example, existing tear tape applicators and packaging lines would be suitable for use and not incur additional costs in applying the feature to the pack. If the security feature is printed on the pack it becomes part of the pack costs and does not require the cost of an additional applicator. So a non-stamp solution would be both cheaper and more effective.

D.13.

A system of storage interoperable among different operators in the supply chain should be used. The data should be carried by different operators working in the supply chain. The manufacturers should provide the initial repository and carry data while the products are their property. At certain steps data should be reversed (duplicated) into a single efficient database managed by the data storing company for each Member State. The independent data storing company should be responsible for the data included in the official repository. Authorities should be able to access the repository at any time, through special IT tools to control all the relevant information for product authentication and tracking and tracing.

D.15.

Both are well placed for the operation. The provider of data storage will be the official certified interface to the Member States authorities and is a trusted entity, independent from the manufacturers.

D.17.

Any proposed tracking and tracing solution for the Tobacco Products Directive (2014/40/EU) must have at its heart the ability to uniquely identify products. Unique identification is essential not only for authentication purposes, but also enables the aggregation process, as it is building a relationship between different levels of packaging in a manufacturing process.

Interoperability is another key feature. There is a wide choice of suppliers of coding systems extensively supporting manufacturers, across the EU and globally. So the question of interoperability is not just about the tracking and tracing system as a whole (or at a governmental or factory level) but also about the equipment used at line level. Therefore any adopted tracking and tracing solution for use with the Tobacco Products Directive (2014/40/EU) must allow businesses as much choice as possible with regard to sourcing the 'at line' equipment required for tracking and tracing solutions. Allowing as many suppliers as possible to support businesses and governments is the only practical approach to gain a successful outcome and a fair open competitive environment among current and future providers. The positive effect of this is already experienced in relation to the pharmaceutical industry and the European Falsified Medicines Directive (2011/62/EU) .

There is no "silver bullet" solution to tackle the counterfeiting of tobacco. The answer lies with collaboration between different industries and organizations and agreed open standards. By sharing knowledge, promoting open standards and technical developments, we have the opportunity to tackle the growing problem of falsification and illicit trade.

EC Consultation – written statements

A.2.

Worldline, an Atos company, on behalf of the Coalition Against Illicit Trade (CAIT), a group of leading European companies with a vested interest in supporting and developing track and trace systems and authentication solutions. The coalition aims at exchanging best practices on advanced technological standards and solutions, which can contribute in a cost-efficient way to prevent illicit trade and support the fight against counterfeiting. The funding and current members of the coalition consist of Atos, Arjowiggins Solutions, Aegate, Domino Printing Service, Essentra, Fata Logistic System and FractureCode.

B.1.5.

Option 1: Option 1 is creates a low administrative burden for the EU and the Member State. It also allows for a better focus on the supply chain processes. The option is based on existing industry standards, which increases its cost efficiency and stimulates further developments in the field.

Option 2: There is an integrity of data at risk with the proposed solution. Replicating data repositories to the Member State increases overall costs greatly. It also increases the costs and operational burden for the different operators. Additionally, proprietary equipment will also be needed to retrieve tracking and tracing data. However, even though this option could be somehow apt from a feasibility perspective it is questionable from a competitiveness perspective. It would be crucial to assure that this solution wouldn't create a monopoly situation and thus interfere with the open and competitive environment needed to assure innovation and development within the field.

Option 3: This option would increase costs of data storage unnecessarily. It would also create a complex manufacturing environment, with potentially several solutions installed on a single production line and each solution operated by a different solution provider.

Option 4: This option would increase costs of data storage unnecessarily. It would also create a complex manufacturing environment, with potentially several solutions installed on a single production line. The aggregation would be almost impossible to implement. The system is suitable to track and authenticate stamps – but not the actual products.

B.2.5.

As a general comment we disagree with the report and analysis, which focuses mainly on well-known solutions; thus avoiding and excluding innovative new solutions. Security features should not only consider paper-based stamps or labelling, since these are often counterfeited. There are a range of other emerging technologies that should be considered – including technologies related to a unique identifier such as a fingerprint of the product's pack or fingerprint of the printer who are authorized to print the unique identifier on the product lines.

We believe that Member States should be allowed to use a wide variety of advanced technologies that are most suitable and most up to date, according to agreed standards. A key success factor is the ability to provide authentication of the pack, not a stamp or a label.

Furthermore, the investment already made in development and research to better authenticate products and combat counterfeiting is at risk and could be significantly reduced if the implementing act excludes technologies not based on stamps. This will not only hurt the operators and the efficiency of the national authorities but also impact Europe's consumers, who will be continuously exposed to an easily counterfeited system, instead of the latest technological developments and solutions. Moreover it would prevent EU companies from benefiting from a competitive and innovative level playing field.

C.1.1.

We cannot agree with the assumption that all four options will give the same result. This is contradictory to the stated purpose of the study, which was aiming to feature the most effective security solution.

We agree that implementation of both mandated security features and track and trace solutions will help to find and identify illicit products within each Member State, but in addition we also need a further focus on public awareness, enhanced field inspection and control and strengthened law enforcement. These three areas, together with modern technology solutions could help combat counterfeiting and illicit trade.

Solutions such as tax stamps and overt security features, such as optical variable inks have not proved useful. There is a weight of evidence of their inability to prevent or reduce illicit trade, especially as they are often either removed from a legal pack to be used on smuggled product or are themselves counterfeited.

We also would argue that the assessment of costs, and the related methodology used, requires a much more rigorous analysis than what appears in the report, with it necessary to carry out a much deeper and more comprehensive cost benefit analysis than has been achieved.

The study seems to have made some surprising omissions, such as not reviewing and assessing the cost of security features beyond paper stamps. For example, the currently deployed taggant system has a low implementation cost and is integral to the pack, which reduces the scope for counterfeiting and fraud. Furthermore, the reduction in costs that would come from the use of an incumbent system are not included in the analysis.

On the contrary, the study has underestimated the costs of Option 4 in several Member States (e.g. Italy) due both to the present cost of paper stamps and also the costs and risks currently linked with the use of tax stamps in term of transportation and storage.

D.2.

The implementation of the fingerprint technology based on the fibres of each pack, paired with a unique digitally captured code, would ensure both the authentication of the pack of tobacco product and the ability to track and trace through the pairing of a unique pack fingerprint with a unique identifier. This ability to create a tamperproof authentication method and capture unique data on each pack is the foundations of an effective traceability system.

D.5.

A code that can be read by the naked eye is clearly easiest for consumers, who we agree should be more involved in controlling the authenticity of the product. Nevertheless, covert machine readable codes are

the best way of including more information in the coding. Furthermore, a machine readable code is essential for any aggregation process, as human readable code cannot be printed or read reliably at production speeds, and aggregation is at the heart of any effective track and trace offering. Many machine readable codes can also be easily used by consumers with a smartphone, eliminating misreading the unique code by the eye.

D.9.

The most cost-effective and legitimate strategy is an industry implementation to a prescribed specification with a third-party and validation. However, the selection in the survey is somehow confusing since the Tobacco Products Directive (2014/40/EU) refers to a “data storage provider” and not a “third-party” auditor.

D.11.

By prescribing ineffective stamps/paper markers so specifically in the report a number of currently effective on-pack security features, such as tear tape – which is used in many countries to carry covert, overt and forensic authentication technologies – become non-compliant. This would have a dramatic impact on the effective schemes that are currently in place within a number of EU countries.

Security features that become an integral part of the existing packaging specification will reduce the impact and costs significantly in term of additional infrastructure. For example, existing tear tape applicators and packaging lines would be suitable for use and not incur additional costs in applying the feature to the pack. If the security feature is printed on the pack it becomes part of the pack costs and does not require the cost of an additional applicator. So a non-stamp solution would be both cheaper and more effective.

D.13.

A system of storage interoperable among different operators in the supply chain should be used. The data should be carried by different operators working in the supply chain. The manufacturers should provide the initial repository and carry data while the products are their property. At certain steps data should be reversed (duplicated) into a single efficient database managed by the data storing company for each Member State. The independent data storing company should be responsible for the data included in the official repository. Authorities should be able to access the repository at any time, through special IT tools to control all the relevant information for product authentication and tracking and tracing.

D.15.

Both are well placed for the operation. The provider of data storage will be the official certified interface to the Member States authorities and is a trusted entity, independent from the manufacturers.

D.17.

Any proposed tracking and tracing solution for the Tobacco Products Directive (2014/40/EU) must have at its heart the ability to uniquely identify products. Unique identification is essential not only for authentication purposes, but also enables the aggregation process, as it is building a relationship between different levels of packaging in a manufacturing process.

Interoperability is another key feature. There is a wide choice of suppliers of coding systems extensively supporting manufacturers, across the EU and globally. So the question of interoperability is not just about the tracking and tracing system as a whole (or at a governmental or factory level) but also about the equipment used at line level. Therefore any adopted tracking and tracing solution for use with the Tobacco Products Directive (2014/40/EU) must allow businesses as much choice as possible with regard to sourcing the 'at line' equipment required for tracking and tracing solutions. Allowing as many suppliers as possible to support businesses and governments is the only practical approach to gain a successful outcome and a fair open competitive environment among current and future providers. The positive effect of this is already experienced in relation to the pharmaceutical industry and the European Falsified Medicines Directive (2011/62/EU) .

There is no "silver bullet" solution to tackle the counterfeiting of tobacco. The answer lies with collaboration between different industries and organizations and agreed open standards. By sharing knowledge, promoting open standards and technical developments, we have the opportunity to tackle the growing problem of falsification and illicit trade.

EC Consultation – written statements

A.2.

Worldline, an Atos company, on behalf of the Coalition Against Illicit Trade (CAIT), a group of leading European companies with a vested interest in supporting and developing track and trace systems and authentication solutions. The coalition aims at exchanging best practices on advanced technological standards and solutions, which can contribute in a cost-efficient way to prevent illicit trade and support the fight against counterfeiting. The funding and current members of the coalition consist of Atos, Arjowiggins Solutions, Aegate, Domino Printing Service, Essentra, Fata Logistic System and FractureCode.

B.1.5.

Option 1: Option 1 is creates a low administrative burden for the EU and the Member State. It also allows for a better focus on the supply chain processes. The option is based on existing industry standards, which increases its cost efficiency and stimulates further developments in the field.

Option 2: There is an integrity of data at risk with the proposed solution. Replicating data repositories to the Member State increases overall costs greatly. It also increases the costs and operational burden for the different operators. Additionally, proprietary equipment will also be needed to retrieve tracking and tracing data. However, even though this option could be somehow apt from a feasibility perspective it is questionable from a competitiveness perspective. It would be crucial to assure that this solution wouldn't create a monopoly situation and thus interfere with the open and competitive environment needed to assure innovation and development within the field.

Option 3: This option would increase costs of data storage unnecessarily. It would also create a complex manufacturing environment, with potentially several solutions installed on a single production line and each solution operated by a different solution provider.

Option 4: This option would increase costs of data storage unnecessarily. It would also create a complex manufacturing environment, with potentially several solutions installed on a single production line. The aggregation would be almost impossible to implement. The system is suitable to track and authenticate stamps – but not the actual products.

B.2.5.

As a general comment we disagree with the report and analysis, which focuses mainly on well-known solutions; thus avoiding and excluding innovative new solutions. Security features should not only consider paper-based stamps or labelling, since these are often counterfeited. There are a range of other emerging technologies that should be considered – including technologies related to a unique identifier such as a fingerprint of the product's pack or fingerprint of the printer who are authorized to print the unique identifier on the product lines.

We believe that Member States should be allowed to use a wide variety of advanced technologies that are most suitable and most up to date, according to agreed standards. A key success factor is the ability to provide authentication of the pack, not a stamp or a label.

Furthermore, the investment already made in development and research to better authenticate products and combat counterfeiting is at risk and could be significantly reduced if the implementing act excludes technologies not based on stamps. This will not only hurt the operators and the efficiency of the national authorities but also impact Europe's consumers, who will be continuously exposed to an easily counterfeited system, instead of the latest technological developments and solutions. Moreover it would prevent EU companies from benefiting from a competitive and innovative level playing field.

C.1.1.

We cannot agree with the assumption that all four options will give the same result. This is contradictory to the stated purpose of the study, which was aiming to feature the most effective security solution.

We agree that implementation of both mandated security features and track and trace solutions will help to find and identify illicit products within each Member State, but in addition we also need a further focus on public awareness, enhanced field inspection and control and strengthened law enforcement. These three areas, together with modern technology solutions could help combat counterfeiting and illicit trade.

Solutions such as tax stamps and overt security features, such as optical variable inks have not proved useful. There is a weight of evidence of their inability to prevent or reduce illicit trade, especially as they are often either removed from a legal pack to be used on smuggled product or are themselves counterfeited.

We also would argue that the assessment of costs, and the related methodology used, requires a much more rigorous analysis than what appears in the report, with it necessary to carry out a much deeper and more comprehensive cost benefit analysis than has been achieved.

The study seems to have made some surprising omissions, such as not reviewing and assessing the cost of security features beyond paper stamps. For example, the currently deployed taggant system has a low implementation cost and is integral to the pack, which reduces the scope for counterfeiting and fraud. Furthermore, the reduction in costs that would come from the use of an incumbent system are not included in the analysis.

On the contrary, the study has underestimated the costs of Option 4 in several Member States (e.g. Italy) due both to the present cost of paper stamps and also the costs and risks currently linked with the use of tax stamps in term of transportation and storage.

D.2.

The implementation of the fingerprint technology based on the fibres of each pack, paired with a unique digitally captured code, would ensure both the authentication of the pack of tobacco product and the ability to track and trace through the pairing of a unique pack fingerprint with a unique identifier. This ability to create a tamperproof authentication method and capture unique data on each pack is the foundations of an effective traceability system.

D.5.

A code that can be read by the naked eye is clearly easiest for consumers, who we agree should be more involved in controlling the authenticity of the product. Nevertheless, covert machine readable codes are

the best way of including more information in the coding. Furthermore, a machine readable code is essential for any aggregation process, as human readable code cannot be printed or read reliably at production speeds, and aggregation is at the heart of any effective track and trace offering. Many machine readable codes can also be easily used by consumers with a smartphone, eliminating misreading the unique code by the eye.

D.9.

The most cost-effective and legitimate strategy is an industry implementation to a prescribed specification with a third-party and validation. However, the selection in the survey is somehow confusing since the Tobacco Products Directive (2014/40/EU) refers to a “data storage provider” and not a “third-party” auditor.

D.11.

By prescribing ineffective stamps/paper markers so specifically in the report a number of currently effective on-pack security features, such as tear tape – which is used in many countries to carry covert, overt and forensic authentication technologies – become non-compliant. This would have a dramatic impact on the effective schemes that are currently in place within a number of EU countries.

Security features that become an integral part of the existing packaging specification will reduce the impact and costs significantly in term of additional infrastructure. For example, existing tear tape applicators and packaging lines would be suitable for use and not incur additional costs in applying the feature to the pack. If the security feature is printed on the pack it becomes part of the pack costs and does not require the cost of an additional applicator. So a non-stamp solution would be both cheaper and more effective.

D.13.

A system of storage interoperable among different operators in the supply chain should be used. The data should be carried by different operators working in the supply chain. The manufacturers should provide the initial repository and carry data while the products are their property. At certain steps data should be reversed (duplicated) into a single efficient database managed by the data storing company for each Member State. The independent data storing company should be responsible for the data included in the official repository. Authorities should be able to access the repository at any time, through special IT tools to control all the relevant information for product authentication and tracking and tracing.

D.15.

Both are well placed for the operation. The provider of data storage will be the official certified interface to the Member States authorities and is a trusted entity, independent from the manufacturers.

D.17.

Any proposed tracking and tracing solution for the Tobacco Products Directive (2014/40/EU) must have at its heart the ability to uniquely identify products. Unique identification is essential not only for authentication purposes, but also enables the aggregation process, as it is building a relationship between different levels of packaging in a manufacturing process.

Interoperability is another key feature. There is a wide choice of suppliers of coding systems extensively supporting manufacturers, across the EU and globally. So the question of interoperability is not just about the tracking and tracing system as a whole (or at a governmental or factory level) but also about the equipment used at line level. Therefore any adopted tracking and tracing solution for use with the Tobacco Products Directive (2014/40/EU) must allow businesses as much choice as possible with regard to sourcing the 'at line' equipment required for tracking and tracing solutions. Allowing as many suppliers as possible to support businesses and governments is the only practical approach to gain a successful outcome and a fair open competitive environment among current and future providers. The positive effect of this is already experienced in relation to the pharmaceutical industry and the European Falsified Medicines Directive (2011/62/EU) .

There is no "silver bullet" solution to tackle the counterfeiting of tobacco. The answer lies with collaboration between different industries and organizations and agreed open standards. By sharing knowledge, promoting open standards and technical developments, we have the opportunity to tackle the growing problem of falsification and illicit trade.

EC Consultation – written statements

A.2.

Worldline, an Atos company, on behalf of the Coalition Against Illicit Trade (CAIT), a group of leading European companies with a vested interest in supporting and developing track and trace systems and authentication solutions. The coalition aims at exchanging best practices on advanced technological standards and solutions, which can contribute in a cost-efficient way to prevent illicit trade and support the fight against counterfeiting. The funding and current members of the coalition consist of Atos, Arjowiggins Solutions, Aegate, Domino Printing Service, Essentra, Fata Logistic System and FractureCode.

B.1.5.

Option 1: Option 1 is creates a low administrative burden for the EU and the Member State. It also allows for a better focus on the supply chain processes. The option is based on existing industry standards, which increases its cost efficiency and stimulates further developments in the field.

Option 2: There is an integrity of data at risk with the proposed solution. Replicating data repositories to the Member State increases overall costs greatly. It also increases the costs and operational burden for the different operators. Additionally, proprietary equipment will also be needed to retrieve tracking and tracing data. However, even though this option could be somehow apt from a feasibility perspective it is questionable from a competitiveness perspective. It would be crucial to assure that this solution wouldn't create a monopoly situation and thus interfere with the open and competitive environment needed to assure innovation and development within the field.

Option 3: This option would increase costs of data storage unnecessarily. It would also create a complex manufacturing environment, with potentially several solutions installed on a single production line and each solution operated by a different solution provider.

Option 4: This option would increase costs of data storage unnecessarily. It would also create a complex manufacturing environment, with potentially several solutions installed on a single production line. The aggregation would be almost impossible to implement. The system is suitable to track and authenticate stamps – but not the actual products.

B.2.5.

As a general comment we disagree with the report and analysis, which focuses mainly on well-known solutions; thus avoiding and excluding innovative new solutions. Security features should not only consider paper-based stamps or labelling, since these are often counterfeited. There are a range of other emerging technologies that should be considered – including technologies related to a unique identifier such as a fingerprint of the product's pack or fingerprint of the printer who are authorized to print the unique identifier on the product lines.

We believe that Member States should be allowed to use a wide variety of advanced technologies that are most suitable and most up to date, according to agreed standards. A key success factor is the ability to provide authentication of the pack, not a stamp or a label.

Furthermore, the investment already made in development and research to better authenticate products and combat counterfeiting is at risk and could be significantly reduced if the implementing act excludes technologies not based on stamps. This will not only hurt the operators and the efficiency of the national authorities but also impact Europe's consumers, who will be continuously exposed to an easily counterfeited system, instead of the latest technological developments and solutions. Moreover it would prevent EU companies from benefiting from a competitive and innovative level playing field.

C.1.1.

We cannot agree with the assumption that all four options will give the same result. This is contradictory to the stated purpose of the study, which was aiming to feature the most effective security solution.

We agree that implementation of both mandated security features and track and trace solutions will help to find and identify illicit products within each Member State, but in addition we also need a further focus on public awareness, enhanced field inspection and control and strengthened law enforcement. These three areas, together with modern technology solutions could help combat counterfeiting and illicit trade.

Solutions such as tax stamps and overt security features, such as optical variable inks have not proved useful. There is a weight of evidence of their inability to prevent or reduce illicit trade, especially as they are often either removed from a legal pack to be used on smuggled product or are themselves counterfeited.

We also would argue that the assessment of costs, and the related methodology used, requires a much more rigorous analysis than what appears in the report, with it necessary to carry out a much deeper and more comprehensive cost benefit analysis than has been achieved.

The study seems to have made some surprising omissions, such as not reviewing and assessing the cost of security features beyond paper stamps. For example, the currently deployed taggant system has a low implementation cost and is integral to the pack, which reduces the scope for counterfeiting and fraud. Furthermore, the reduction in costs that would come from the use of an incumbent system are not included in the analysis.

On the contrary, the study has underestimated the costs of Option 4 in several Member States (e.g. Italy) due both to the present cost of paper stamps and also the costs and risks currently linked with the use of tax stamps in term of transportation and storage.

D.2.

The implementation of the fingerprint technology based on the fibres of each pack, paired with a unique digitally captured code, would ensure both the authentication of the pack of tobacco product and the ability to track and trace through the pairing of a unique pack fingerprint with a unique identifier. This ability to create a tamperproof authentication method and capture unique data on each pack is the foundations of an effective traceability system.

D.5.

A code that can be read by the naked eye is clearly easiest for consumers, who we agree should be more involved in controlling the authenticity of the product. Nevertheless, covert machine readable codes are

the best way of including more information in the coding. Furthermore, a machine readable code is essential for any aggregation process, as human readable code cannot be printed or read reliably at production speeds, and aggregation is at the heart of any effective track and trace offering. Many machine readable codes can also be easily used by consumers with a smartphone, eliminating misreading the unique code by the eye.

D.9.

The most cost-effective and legitimate strategy is an industry implementation to a prescribed specification with a third-party and validation. However, the selection in the survey is somehow confusing since the Tobacco Products Directive (2014/40/EU) refers to a “data storage provider” and not a “third-party” auditor.

D.11.

By prescribing ineffective stamps/paper markers so specifically in the report a number of currently effective on-pack security features, such as tear tape – which is used in many countries to carry covert, overt and forensic authentication technologies – become non-compliant. This would have a dramatic impact on the effective schemes that are currently in place within a number of EU countries.

Security features that become an integral part of the existing packaging specification will reduce the impact and costs significantly in term of additional infrastructure. For example, existing tear tape applicators and packaging lines would be suitable for use and not incur additional costs in applying the feature to the pack. If the security feature is printed on the pack it becomes part of the pack costs and does not require the cost of an additional applicator. So a non-stamp solution would be both cheaper and more effective.

D.13.

A system of storage interoperable among different operators in the supply chain should be used. The data should be carried by different operators working in the supply chain. The manufacturers should provide the initial repository and carry data while the products are their property. At certain steps data should be reversed (duplicated) into a single efficient database managed by the data storing company for each Member State. The independent data storing company should be responsible for the data included in the official repository. Authorities should be able to access the repository at any time, through special IT tools to control all the relevant information for product authentication and tracking and tracing.

D.15.

Both are well placed for the operation. The provider of data storage will be the official certified interface to the Member States authorities and is a trusted entity, independent from the manufacturers.

D.17.

Any proposed tracking and tracing solution for the Tobacco Products Directive (2014/40/EU) must have at its heart the ability to uniquely identify products. Unique identification is essential not only for authentication purposes, but also enables the aggregation process, as it is building a relationship between different levels of packaging in a manufacturing process.

Interoperability is another key feature. There is a wide choice of suppliers of coding systems extensively supporting manufacturers, across the EU and globally. So the question of interoperability is not just about the tracking and tracing system as a whole (or at a governmental or factory level) but also about the equipment used at line level. Therefore any adopted tracking and tracing solution for use with the Tobacco Products Directive (2014/40/EU) must allow businesses as much choice as possible with regard to sourcing the 'at line' equipment required for tracking and tracing solutions. Allowing as many suppliers as possible to support businesses and governments is the only practical approach to gain a successful outcome and a fair open competitive environment among current and future providers. The positive effect of this is already experienced in relation to the pharmaceutical industry and the European Falsified Medicines Directive (2011/62/EU) .

There is no "silver bullet" solution to tackle the counterfeiting of tobacco. The answer lies with collaboration between different industries and organizations and agreed open standards. By sharing knowledge, promoting open standards and technical developments, we have the opportunity to tackle the growing problem of falsification and illicit trade.

EC Consultation – written statements

A.2.

Worldline, an Atos company, on behalf of the Coalition Against Illicit Trade (CAIT), a group of leading European companies with a vested interest in supporting and developing track and trace systems and authentication solutions. The coalition aims at exchanging best practices on advanced technological standards and solutions, which can contribute in a cost-efficient way to prevent illicit trade and support the fight against counterfeiting. The funding and current members of the coalition consist of Atos, Arjowiggins Solutions, Aegate, Domino Printing Service, Essentra, Fata Logistic System and FractureCode.

B.1.5.

Option 1: Option 1 is creates a low administrative burden for the EU and the Member State. It also allows for a better focus on the supply chain processes. The option is based on existing industry standards, which increases its cost efficiency and stimulates further developments in the field.

Option 2: There is an integrity of data at risk with the proposed solution. Replicating data repositories to the Member State increases overall costs greatly. It also increases the costs and operational burden for the different operators. Additionally, proprietary equipment will also be needed to retrieve tracking and tracing data. However, even though this option could be somehow apt from a feasibility perspective it is questionable from a competitiveness perspective. It would be crucial to assure that this solution wouldn't create a monopoly situation and thus interfere with the open and competitive environment needed to assure innovation and development within the field.

Option 3: This option would increase costs of data storage unnecessarily. It would also create a complex manufacturing environment, with potentially several solutions installed on a single production line and each solution operated by a different solution provider.

Option 4: This option would increase costs of data storage unnecessarily. It would also create a complex manufacturing environment, with potentially several solutions installed on a single production line. The aggregation would be almost impossible to implement. The system is suitable to track and authenticate stamps – but not the actual products.

B.2.5.

As a general comment we disagree with the report and analysis, which focuses mainly on well-known solutions; thus avoiding and excluding innovative new solutions. Security features should not only consider paper-based stamps or labelling, since these are often counterfeited. There are a range of other emerging technologies that should be considered – including technologies related to a unique identifier such as a fingerprint of the product's pack or fingerprint of the printer who are authorized to print the unique identifier on the product lines.

We believe that Member States should be allowed to use a wide variety of advanced technologies that are most suitable and most up to date, according to agreed standards. A key success factor is the ability to provide authentication of the pack, not a stamp or a label.

Furthermore, the investment already made in development and research to better authenticate products and combat counterfeiting is at risk and could be significantly reduced if the implementing act excludes technologies not based on stamps. This will not only hurt the operators and the efficiency of the national authorities but also impact Europe's consumers, who will be continuously exposed to an easily counterfeited system, instead of the latest technological developments and solutions. Moreover it would prevent EU companies from benefiting from a competitive and innovative level playing field.

C.1.1.

We cannot agree with the assumption that all four options will give the same result. This is contradictory to the stated purpose of the study, which was aiming to feature the most effective security solution.

We agree that implementation of both mandated security features and track and trace solutions will help to find and identify illicit products within each Member State, but in addition we also need a further focus on public awareness, enhanced field inspection and control and strengthened law enforcement. These three areas, together with modern technology solutions could help combat counterfeiting and illicit trade.

Solutions such as tax stamps and overt security features, such as optical variable inks have not proved useful. There is a weight of evidence of their inability to prevent or reduce illicit trade, especially as they are often either removed from a legal pack to be used on smuggled product or are themselves counterfeited.

We also would argue that the assessment of costs, and the related methodology used, requires a much more rigorous analysis than what appears in the report, with it necessary to carry out a much deeper and more comprehensive cost benefit analysis than has been achieved.

The study seems to have made some surprising omissions, such as not reviewing and assessing the cost of security features beyond paper stamps. For example, the currently deployed taggant system has a low implementation cost and is integral to the pack, which reduces the scope for counterfeiting and fraud. Furthermore, the reduction in costs that would come from the use of an incumbent system are not included in the analysis.

On the contrary, the study has underestimated the costs of Option 4 in several Member States (e.g. Italy) due both to the present cost of paper stamps and also the costs and risks currently linked with the use of tax stamps in term of transportation and storage.

D.2.

The implementation of the fingerprint technology based on the fibres of each pack, paired with a unique digitally captured code, would ensure both the authentication of the pack of tobacco product and the ability to track and trace through the pairing of a unique pack fingerprint with a unique identifier. This ability to create a tamperproof authentication method and capture unique data on each pack is the foundations of an effective traceability system.

D.5.

A code that can be read by the naked eye is clearly easiest for consumers, who we agree should be more involved in controlling the authenticity of the product. Nevertheless, covert machine readable codes are

the best way of including more information in the coding. Furthermore, a machine readable code is essential for any aggregation process, as human readable code cannot be printed or read reliably at production speeds, and aggregation is at the heart of any effective track and trace offering. Many machine readable codes can also be easily used by consumers with a smartphone, eliminating misreading the unique code by the eye.

D.9.

The most cost-effective and legitimate strategy is an industry implementation to a prescribed specification with a third-party and validation. However, the selection in the survey is somehow confusing since the Tobacco Products Directive (2014/40/EU) refers to a “data storage provider” and not a “third-party” auditor.

D.11.

By prescribing ineffective stamps/paper markers so specifically in the report a number of currently effective on-pack security features, such as tear tape – which is used in many countries to carry covert, overt and forensic authentication technologies – become non-compliant. This would have a dramatic impact on the effective schemes that are currently in place within a number of EU countries.

Security features that become an integral part of the existing packaging specification will reduce the impact and costs significantly in term of additional infrastructure. For example, existing tear tape applicators and packaging lines would be suitable for use and not incur additional costs in applying the feature to the pack. If the security feature is printed on the pack it becomes part of the pack costs and does not require the cost of an additional applicator. So a non-stamp solution would be both cheaper and more effective.

D.13.

A system of storage interoperable among different operators in the supply chain should be used. The data should be carried by different operators working in the supply chain. The manufacturers should provide the initial repository and carry data while the products are their property. At certain steps data should be reversed (duplicated) into a single efficient database managed by the data storing company for each Member State. The independent data storing company should be responsible for the data included in the official repository. Authorities should be able to access the repository at any time, through special IT tools to control all the relevant information for product authentication and tracking and tracing.

D.15.

Both are well placed for the operation. The provider of data storage will be the official certified interface to the Member States authorities and is a trusted entity, independent from the manufacturers.

D.17.

Any proposed tracking and tracing solution for the Tobacco Products Directive (2014/40/EU) must have at its heart the ability to uniquely identify products. Unique identification is essential not only for authentication purposes, but also enables the aggregation process, as it is building a relationship between different levels of packaging in a manufacturing process.

Interoperability is another key feature. There is a wide choice of suppliers of coding systems extensively supporting manufacturers, across the EU and globally. So the question of interoperability is not just about the tracking and tracing system as a whole (or at a governmental or factory level) but also about the equipment used at line level. Therefore any adopted tracking and tracing solution for use with the Tobacco Products Directive (2014/40/EU) must allow businesses as much choice as possible with regard to sourcing the 'at line' equipment required for tracking and tracing solutions. Allowing as many suppliers as possible to support businesses and governments is the only practical approach to gain a successful outcome and a fair open competitive environment among current and future providers. The positive effect of this is already experienced in relation to the pharmaceutical industry and the European Falsified Medicines Directive (2011/62/EU) .

There is no "silver bullet" solution to tackle the counterfeiting of tobacco. The answer lies with collaboration between different industries and organizations and agreed open standards. By sharing knowledge, promoting open standards and technical developments, we have the opportunity to tackle the growing problem of falsification and illicit trade.

EC Consultation – written statements

A.2.

Worldline, an Atos company, on behalf of the Coalition Against Illicit Trade (CAIT), a group of leading European companies with a vested interest in supporting and developing track and trace systems and authentication solutions. The coalition aims at exchanging best practices on advanced technological standards and solutions, which can contribute in a cost-efficient way to prevent illicit trade and support the fight against counterfeiting. The funding and current members of the coalition consist of Atos, Arjowiggins Solutions, Aegate, Domino Printing Service, Essentra, Fata Logistic System and FractureCode.

B.1.5.

Option 1: Option 1 is creates a low administrative burden for the EU and the Member State. It also allows for a better focus on the supply chain processes. The option is based on existing industry standards, which increases its cost efficiency and stimulates further developments in the field.

Option 2: There is an integrity of data at risk with the proposed solution. Replicating data repositories to the Member State increases overall costs greatly. It also increases the costs and operational burden for the different operators. Additionally, proprietary equipment will also be needed to retrieve tracking and tracing data. However, even though this option could be somehow apt from a feasibility perspective it is questionable from a competitiveness perspective. It would be crucial to assure that this solution wouldn't create a monopoly situation and thus interfere with the open and competitive environment needed to assure innovation and development within the field.

Option 3: This option would increase costs of data storage unnecessarily. It would also create a complex manufacturing environment, with potentially several solutions installed on a single production line and each solution operated by a different solution provider.

Option 4: This option would increase costs of data storage unnecessarily. It would also create a complex manufacturing environment, with potentially several solutions installed on a single production line. The aggregation would be almost impossible to implement. The system is suitable to track and authenticate stamps – but not the actual products.

B.2.5.

As a general comment we disagree with the report and analysis, which focuses mainly on well-known solutions; thus avoiding and excluding innovative new solutions. Security features should not only consider paper-based stamps or labelling, since these are often counterfeited. There are a range of other emerging technologies that should be considered – including technologies related to a unique identifier such as a fingerprint of the product's pack or fingerprint of the printer who are authorized to print the unique identifier on the product lines.

We believe that Member States should be allowed to use a wide variety of advanced technologies that are most suitable and most up to date, according to agreed standards. A key success factor is the ability to provide authentication of the pack, not a stamp or a label.

Furthermore, the investment already made in development and research to better authenticate products and combat counterfeiting is at risk and could be significantly reduced if the implementing act excludes technologies not based on stamps. This will not only hurt the operators and the efficiency of the national authorities but also impact Europe's consumers, who will be continuously exposed to an easily counterfeited system, instead of the latest technological developments and solutions. Moreover it would prevent EU companies from benefiting from a competitive and innovative level playing field.

C.1.1.

We cannot agree with the assumption that all four options will give the same result. This is contradictory to the stated purpose of the study, which was aiming to feature the most effective security solution.

We agree that implementation of both mandated security features and track and trace solutions will help to find and identify illicit products within each Member State, but in addition we also need a further focus on public awareness, enhanced field inspection and control and strengthened law enforcement. These three areas, together with modern technology solutions could help combat counterfeiting and illicit trade.

Solutions such as tax stamps and overt security features, such as optical variable inks have not proved useful. There is a weight of evidence of their inability to prevent or reduce illicit trade, especially as they are often either removed from a legal pack to be used on smuggled product or are themselves counterfeited.

We also would argue that the assessment of costs, and the related methodology used, requires a much more rigorous analysis than what appears in the report, with it necessary to carry out a much deeper and more comprehensive cost benefit analysis than has been achieved.

The study seems to have made some surprising omissions, such as not reviewing and assessing the cost of security features beyond paper stamps. For example, the currently deployed taggant system has a low implementation cost and is integral to the pack, which reduces the scope for counterfeiting and fraud. Furthermore, the reduction in costs that would come from the use of an incumbent system are not included in the analysis.

On the contrary, the study has underestimated the costs of Option 4 in several Member States (e.g. Italy) due both to the present cost of paper stamps and also the costs and risks currently linked with the use of tax stamps in term of transportation and storage.

D.2.

The implementation of the fingerprint technology based on the fibres of each pack, paired with a unique digitally captured code, would ensure both the authentication of the pack of tobacco product and the ability to track and trace through the pairing of a unique pack fingerprint with a unique identifier. This ability to create a tamperproof authentication method and capture unique data on each pack is the foundations of an effective traceability system.

D.5.

A code that can be read by the naked eye is clearly easiest for consumers, who we agree should be more involved in controlling the authenticity of the product. Nevertheless, covert machine readable codes are

the best way of including more information in the coding. Furthermore, a machine readable code is essential for any aggregation process, as human readable code cannot be printed or read reliably at production speeds, and aggregation is at the heart of any effective track and trace offering. Many machine readable codes can also be easily used by consumers with a smartphone, eliminating misreading the unique code by the eye.

D.9.

The most cost-effective and legitimate strategy is an industry implementation to a prescribed specification with a third-party and validation. However, the selection in the survey is somehow confusing since the Tobacco Products Directive (2014/40/EU) refers to a “data storage provider” and not a “third-party” auditor.

D.11.

By prescribing ineffective stamps/paper markers so specifically in the report a number of currently effective on-pack security features, such as tear tape – which is used in many countries to carry covert, overt and forensic authentication technologies – become non-compliant. This would have a dramatic impact on the effective schemes that are currently in place within a number of EU countries.

Security features that become an integral part of the existing packaging specification will reduce the impact and costs significantly in term of additional infrastructure. For example, existing tear tape applicators and packaging lines would be suitable for use and not incur additional costs in applying the feature to the pack. If the security feature is printed on the pack it becomes part of the pack costs and does not require the cost of an additional applicator. So a non-stamp solution would be both cheaper and more effective.

D.13.

A system of storage interoperable among different operators in the supply chain should be used. The data should be carried by different operators working in the supply chain. The manufacturers should provide the initial repository and carry data while the products are their property. At certain steps data should be reversed (duplicated) into a single efficient database managed by the data storing company for each Member State. The independent data storing company should be responsible for the data included in the official repository. Authorities should be able to access the repository at any time, through special IT tools to control all the relevant information for product authentication and tracking and tracing.

D.15.

Both are well placed for the operation. The provider of data storage will be the official certified interface to the Member States authorities and is a trusted entity, independent from the manufacturers.

D.17.

Any proposed tracking and tracing solution for the Tobacco Products Directive (2014/40/EU) must have at its heart the ability to uniquely identify products. Unique identification is essential not only for authentication purposes, but also enables the aggregation process, as it is building a relationship between different levels of packaging in a manufacturing process.

Interoperability is another key feature. There is a wide choice of suppliers of coding systems extensively supporting manufacturers, across the EU and globally. So the question of interoperability is not just about the tracking and tracing system as a whole (or at a governmental or factory level) but also about the equipment used at line level. Therefore any adopted tracking and tracing solution for use with the Tobacco Products Directive (2014/40/EU) must allow businesses as much choice as possible with regard to sourcing the 'at line' equipment required for tracking and tracing solutions. Allowing as many suppliers as possible to support businesses and governments is the only practical approach to gain a successful outcome and a fair open competitive environment among current and future providers. The positive effect of this is already experienced in relation to the pharmaceutical industry and the European Falsified Medicines Directive (2011/62/EU) .

There is no "silver bullet" solution to tackle the counterfeiting of tobacco. The answer lies with collaboration between different industries and organizations and agreed open standards. By sharing knowledge, promoting open standards and technical developments, we have the opportunity to tackle the growing problem of falsification and illicit trade.

EC Consultation – written statements

A.2.

Worldline, an Atos company, on behalf of the Coalition Against Illicit Trade (CAIT), a group of leading European companies with a vested interest in supporting and developing track and trace systems and authentication solutions. The coalition aims at exchanging best practices on advanced technological standards and solutions, which can contribute in a cost-efficient way to prevent illicit trade and support the fight against counterfeiting. The funding and current members of the coalition consist of Atos, Arjowiggins Solutions, Aegate, Domino Printing Service, Essentra, Fata Logistic System and FractureCode.

B.1.5.

Option 1: Option 1 is creates a low administrative burden for the EU and the Member State. It also allows for a better focus on the supply chain processes. The option is based on existing industry standards, which increases its cost efficiency and stimulates further developments in the field.

Option 2: There is an integrity of data at risk with the proposed solution. Replicating data repositories to the Member State increases overall costs greatly. It also increases the costs and operational burden for the different operators. Additionally, proprietary equipment will also be needed to retrieve tracking and tracing data. However, even though this option could be somehow apt from a feasibility perspective it is questionable from a competitiveness perspective. It would be crucial to assure that this solution wouldn't create a monopoly situation and thus interfere with the open and competitive environment needed to assure innovation and development within the field.

Option 3: This option would increase costs of data storage unnecessarily. It would also create a complex manufacturing environment, with potentially several solutions installed on a single production line and each solution operated by a different solution provider.

Option 4: This option would increase costs of data storage unnecessarily. It would also create a complex manufacturing environment, with potentially several solutions installed on a single production line. The aggregation would be almost impossible to implement. The system is suitable to track and authenticate stamps – but not the actual products.

B.2.5.

As a general comment we disagree with the report and analysis, which focuses mainly on well-known solutions; thus avoiding and excluding innovative new solutions. Security features should not only consider paper-based stamps or labelling, since these are often counterfeited. There are a range of other emerging technologies that should be considered – including technologies related to a unique identifier such as a fingerprint of the product's pack or fingerprint of the printer who are authorized to print the unique identifier on the product lines.

We believe that Member States should be allowed to use a wide variety of advanced technologies that are most suitable and most up to date, according to agreed standards. A key success factor is the ability to provide authentication of the pack, not a stamp or a label.

Furthermore, the investment already made in development and research to better authenticate products and combat counterfeiting is at risk and could be significantly reduced if the implementing act excludes technologies not based on stamps. This will not only hurt the operators and the efficiency of the national authorities but also impact Europe's consumers, who will be continuously exposed to an easily counterfeited system, instead of the latest technological developments and solutions. Moreover it would prevent EU companies from benefiting from a competitive and innovative level playing field.

C.1.1.

We cannot agree with the assumption that all four options will give the same result. This is contradictory to the stated purpose of the study, which was aiming to feature the most effective security solution.

We agree that implementation of both mandated security features and track and trace solutions will help to find and identify illicit products within each Member State, but in addition we also need a further focus on public awareness, enhanced field inspection and control and strengthened law enforcement. These three areas, together with modern technology solutions could help combat counterfeiting and illicit trade.

Solutions such as tax stamps and overt security features, such as optical variable inks have not proved useful. There is a weight of evidence of their inability to prevent or reduce illicit trade, especially as they are often either removed from a legal pack to be used on smuggled product or are themselves counterfeited.

We also would argue that the assessment of costs, and the related methodology used, requires a much more rigorous analysis than what appears in the report, with it necessary to carry out a much deeper and more comprehensive cost benefit analysis than has been achieved.

The study seems to have made some surprising omissions, such as not reviewing and assessing the cost of security features beyond paper stamps. For example, the currently deployed taggant system has a low implementation cost and is integral to the pack, which reduces the scope for counterfeiting and fraud. Furthermore, the reduction in costs that would come from the use of an incumbent system are not included in the analysis.

On the contrary, the study has underestimated the costs of Option 4 in several Member States (e.g. Italy) due both to the present cost of paper stamps and also the costs and risks currently linked with the use of tax stamps in term of transportation and storage.

D.2.

The implementation of the fingerprint technology based on the fibres of each pack, paired with a unique digitally captured code, would ensure both the authentication of the pack of tobacco product and the ability to track and trace through the pairing of a unique pack fingerprint with a unique identifier. This ability to create a tamperproof authentication method and capture unique data on each pack is the foundations of an effective traceability system.

D.5.

A code that can be read by the naked eye is clearly easiest for consumers, who we agree should be more involved in controlling the authenticity of the product. Nevertheless, covert machine readable codes are

the best way of including more information in the coding. Furthermore, a machine readable code is essential for any aggregation process, as human readable code cannot be printed or read reliably at production speeds, and aggregation is at the heart of any effective track and trace offering. Many machine readable codes can also be easily used by consumers with a smartphone, eliminating misreading the unique code by the eye.

D.9.

The most cost-effective and legitimate strategy is an industry implementation to a prescribed specification with a third-party and validation. However, the selection in the survey is somehow confusing since the Tobacco Products Directive (2014/40/EU) refers to a “data storage provider” and not a “third-party” auditor.

D.11.

By prescribing ineffective stamps/paper markers so specifically in the report a number of currently effective on-pack security features, such as tear tape – which is used in many countries to carry covert, overt and forensic authentication technologies – become non-compliant. This would have a dramatic impact on the effective schemes that are currently in place within a number of EU countries.

Security features that become an integral part of the existing packaging specification will reduce the impact and costs significantly in term of additional infrastructure. For example, existing tear tape applicators and packaging lines would be suitable for use and not incur additional costs in applying the feature to the pack. If the security feature is printed on the pack it becomes part of the pack costs and does not require the cost of an additional applicator. So a non-stamp solution would be both cheaper and more effective.

D.13.

A system of storage interoperable among different operators in the supply chain should be used. The data should be carried by different operators working in the supply chain. The manufacturers should provide the initial repository and carry data while the products are their property. At certain steps data should be reversed (duplicated) into a single efficient database managed by the data storing company for each Member State. The independent data storing company should be responsible for the data included in the official repository. Authorities should be able to access the repository at any time, through special IT tools to control all the relevant information for product authentication and tracking and tracing.

D.15.

Both are well placed for the operation. The provider of data storage will be the official certified interface to the Member States authorities and is a trusted entity, independent from the manufacturers.

D.17.

Any proposed tracking and tracing solution for the Tobacco Products Directive (2014/40/EU) must have at its heart the ability to uniquely identify products. Unique identification is essential not only for authentication purposes, but also enables the aggregation process, as it is building a relationship between different levels of packaging in a manufacturing process.

Interoperability is another key feature. There is a wide choice of suppliers of coding systems extensively supporting manufacturers, across the EU and globally. So the question of interoperability is not just about the tracking and tracing system as a whole (or at a governmental or factory level) but also about the equipment used at line level. Therefore any adopted tracking and tracing solution for use with the Tobacco Products Directive (2014/40/EU) must allow businesses as much choice as possible with regard to sourcing the 'at line' equipment required for tracking and tracing solutions. Allowing as many suppliers as possible to support businesses and governments is the only practical approach to gain a successful outcome and a fair open competitive environment among current and future providers. The positive effect of this is already experienced in relation to the pharmaceutical industry and the European Falsified Medicines Directive (2011/62/EU) .

There is no "silver bullet" solution to tackle the counterfeiting of tobacco. The answer lies with collaboration between different industries and organizations and agreed open standards. By sharing knowledge, promoting open standards and technical developments, we have the opportunity to tackle the growing problem of falsification and illicit trade.

EC Consultation – written statements

A.2.

Worldline, an Atos company, on behalf of the Coalition Against Illicit Trade (CAIT), a group of leading European companies with a vested interest in supporting and developing track and trace systems and authentication solutions. The coalition aims at exchanging best practices on advanced technological standards and solutions, which can contribute in a cost-efficient way to prevent illicit trade and support the fight against counterfeiting. The funding and current members of the coalition consist of Atos, Arjowiggins Solutions, Aegate, Domino Printing Service, Essentra, Fata Logistic System and FractureCode.

B.1.5.

Option 1: Option 1 is creates a low administrative burden for the EU and the Member State. It also allows for a better focus on the supply chain processes. The option is based on existing industry standards, which increases its cost efficiency and stimulates further developments in the field.

Option 2: There is an integrity of data at risk with the proposed solution. Replicating data repositories to the Member State increases overall costs greatly. It also increases the costs and operational burden for the different operators. Additionally, proprietary equipment will also be needed to retrieve tracking and tracing data. However, even though this option could be somehow apt from a feasibility perspective it is questionable from a competitiveness perspective. It would be crucial to assure that this solution wouldn't create a monopoly situation and thus interfere with the open and competitive environment needed to assure innovation and development within the field.

Option 3: This option would increase costs of data storage unnecessarily. It would also create a complex manufacturing environment, with potentially several solutions installed on a single production line and each solution operated by a different solution provider.

Option 4: This option would increase costs of data storage unnecessarily. It would also create a complex manufacturing environment, with potentially several solutions installed on a single production line. The aggregation would be almost impossible to implement. The system is suitable to track and authenticate stamps – but not the actual products.

B.2.5.

As a general comment we disagree with the report and analysis, which focuses mainly on well-known solutions; thus avoiding and excluding innovative new solutions. Security features should not only consider paper-based stamps or labelling, since these are often counterfeited. There are a range of other emerging technologies that should be considered – including technologies related to a unique identifier such as a fingerprint of the product's pack or fingerprint of the printer who are authorized to print the unique identifier on the product lines.

We believe that Member States should be allowed to use a wide variety of advanced technologies that are most suitable and most up to date, according to agreed standards. A key success factor is the ability to provide authentication of the pack, not a stamp or a label.

Furthermore, the investment already made in development and research to better authenticate products and combat counterfeiting is at risk and could be significantly reduced if the implementing act excludes technologies not based on stamps. This will not only hurt the operators and the efficiency of the national authorities but also impact Europe's consumers, who will be continuously exposed to an easily counterfeited system, instead of the latest technological developments and solutions. Moreover it would prevent EU companies from benefiting from a competitive and innovative level playing field.

C.1.1.

We cannot agree with the assumption that all four options will give the same result. This is contradictory to the stated purpose of the study, which was aiming to feature the most effective security solution.

We agree that implementation of both mandated security features and track and trace solutions will help to find and identify illicit products within each Member State, but in addition we also need a further focus on public awareness, enhanced field inspection and control and strengthened law enforcement. These three areas, together with modern technology solutions could help combat counterfeiting and illicit trade.

Solutions such as tax stamps and overt security features, such as optical variable inks have not proved useful. There is a weight of evidence of their inability to prevent or reduce illicit trade, especially as they are often either removed from a legal pack to be used on smuggled product or are themselves counterfeited.

We also would argue that the assessment of costs, and the related methodology used, requires a much more rigorous analysis than what appears in the report, with it necessary to carry out a much deeper and more comprehensive cost benefit analysis than has been achieved.

The study seems to have made some surprising omissions, such as not reviewing and assessing the cost of security features beyond paper stamps. For example, the currently deployed taggant system has a low implementation cost and is integral to the pack, which reduces the scope for counterfeiting and fraud. Furthermore, the reduction in costs that would come from the use of an incumbent system are not included in the analysis.

On the contrary, the study has underestimated the costs of Option 4 in several Member States (e.g. Italy) due both to the present cost of paper stamps and also the costs and risks currently linked with the use of tax stamps in term of transportation and storage.

D.2.

The implementation of the fingerprint technology based on the fibres of each pack, paired with a unique digitally captured code, would ensure both the authentication of the pack of tobacco product and the ability to track and trace through the pairing of a unique pack fingerprint with a unique identifier. This ability to create a tamperproof authentication method and capture unique data on each pack is the foundations of an effective traceability system.

D.5.

A code that can be read by the naked eye is clearly easiest for consumers, who we agree should be more involved in controlling the authenticity of the product. Nevertheless, covert machine readable codes are

the best way of including more information in the coding. Furthermore, a machine readable code is essential for any aggregation process, as human readable code cannot be printed or read reliably at production speeds, and aggregation is at the heart of any effective track and trace offering. Many machine readable codes can also be easily used by consumers with a smartphone, eliminating misreading the unique code by the eye.

D.9.

The most cost-effective and legitimate strategy is an industry implementation to a prescribed specification with a third-party and validation. However, the selection in the survey is somehow confusing since the Tobacco Products Directive (2014/40/EU) refers to a “data storage provider” and not a “third-party” auditor.

D.11.

By prescribing ineffective stamps/paper markers so specifically in the report a number of currently effective on-pack security features, such as tear tape – which is used in many countries to carry covert, overt and forensic authentication technologies – become non-compliant. This would have a dramatic impact on the effective schemes that are currently in place within a number of EU countries.

Security features that become an integral part of the existing packaging specification will reduce the impact and costs significantly in term of additional infrastructure. For example, existing tear tape applicators and packaging lines would be suitable for use and not incur additional costs in applying the feature to the pack. If the security feature is printed on the pack it becomes part of the pack costs and does not require the cost of an additional applicator. So a non-stamp solution would be both cheaper and more effective.

D.13.

A system of storage interoperable among different operators in the supply chain should be used. The data should be carried by different operators working in the supply chain. The manufacturers should provide the initial repository and carry data while the products are their property. At certain steps data should be reversed (duplicated) into a single efficient database managed by the data storing company for each Member State. The independent data storing company should be responsible for the data included in the official repository. Authorities should be able to access the repository at any time, through special IT tools to control all the relevant information for product authentication and tracking and tracing.

D.15.

Both are well placed for the operation. The provider of data storage will be the official certified interface to the Member States authorities and is a trusted entity, independent from the manufacturers.

D.17.

Any proposed tracking and tracing solution for the Tobacco Products Directive (2014/40/EU) must have at its heart the ability to uniquely identify products. Unique identification is essential not only for authentication purposes, but also enables the aggregation process, as it is building a relationship between different levels of packaging in a manufacturing process.

Interoperability is another key feature. There is a wide choice of suppliers of coding systems extensively supporting manufacturers, across the EU and globally. So the question of interoperability is not just about the tracking and tracing system as a whole (or at a governmental or factory level) but also about the equipment used at line level. Therefore any adopted tracking and tracing solution for use with the Tobacco Products Directive (2014/40/EU) must allow businesses as much choice as possible with regard to sourcing the 'at line' equipment required for tracking and tracing solutions. Allowing as many suppliers as possible to support businesses and governments is the only practical approach to gain a successful outcome and a fair open competitive environment among current and future providers. The positive effect of this is already experienced in relation to the pharmaceutical industry and the European Falsified Medicines Directive (2011/62/EU) .

There is no "silver bullet" solution to tackle the counterfeiting of tobacco. The answer lies with collaboration between different industries and organizations and agreed open standards. By sharing knowledge, promoting open standards and technical developments, we have the opportunity to tackle the growing problem of falsification and illicit trade.

EC Consultation – written statements

A.2.

Worldline, an Atos company, on behalf of the Coalition Against Illicit Trade (CAIT), a group of leading European companies with a vested interest in supporting and developing track and trace systems and authentication solutions. The coalition aims at exchanging best practices on advanced technological standards and solutions, which can contribute in a cost-efficient way to prevent illicit trade and support the fight against counterfeiting. The funding and current members of the coalition consist of Atos, Arjowiggins Solutions, Aegate, Domino Printing Service, Essentra, Fata Logistic System and FractureCode.

B.1.5.

Option 1: Option 1 is creates a low administrative burden for the EU and the Member State. It also allows for a better focus on the supply chain processes. The option is based on existing industry standards, which increases its cost efficiency and stimulates further developments in the field.

Option 2: There is an integrity of data at risk with the proposed solution. Replicating data repositories to the Member State increases overall costs greatly. It also increases the costs and operational burden for the different operators. Additionally, proprietary equipment will also be needed to retrieve tracking and tracing data. However, even though this option could be somehow apt from a feasibility perspective it is questionable from a competitiveness perspective. It would be crucial to assure that this solution wouldn't create a monopoly situation and thus interfere with the open and competitive environment needed to assure innovation and development within the field.

Option 3: This option would increase costs of data storage unnecessarily. It would also create a complex manufacturing environment, with potentially several solutions installed on a single production line and each solution operated by a different solution provider.

Option 4: This option would increase costs of data storage unnecessarily. It would also create a complex manufacturing environment, with potentially several solutions installed on a single production line. The aggregation would be almost impossible to implement. The system is suitable to track and authenticate stamps – but not the actual products.

B.2.5.

As a general comment we disagree with the report and analysis, which focuses mainly on well-known solutions; thus avoiding and excluding innovative new solutions. Security features should not only consider paper-based stamps or labelling, since these are often counterfeited. There are a range of other emerging technologies that should be considered – including technologies related to a unique identifier such as a fingerprint of the product's pack or fingerprint of the printer who are authorized to print the unique identifier on the product lines.

We believe that Member States should be allowed to use a wide variety of advanced technologies that are most suitable and most up to date, according to agreed standards. A key success factor is the ability to provide authentication of the pack, not a stamp or a label.

Furthermore, the investment already made in development and research to better authenticate products and combat counterfeiting is at risk and could be significantly reduced if the implementing act excludes technologies not based on stamps. This will not only hurt the operators and the efficiency of the national authorities but also impact Europe's consumers, who will be continuously exposed to an easily counterfeited system, instead of the latest technological developments and solutions. Moreover it would prevent EU companies from benefiting from a competitive and innovative level playing field.

C.1.1.

We cannot agree with the assumption that all four options will give the same result. This is contradictory to the stated purpose of the study, which was aiming to feature the most effective security solution.

We agree that implementation of both mandated security features and track and trace solutions will help to find and identify illicit products within each Member State, but in addition we also need a further focus on public awareness, enhanced field inspection and control and strengthened law enforcement. These three areas, together with modern technology solutions could help combat counterfeiting and illicit trade.

Solutions such as tax stamps and overt security features, such as optical variable inks have not proved useful. There is a weight of evidence of their inability to prevent or reduce illicit trade, especially as they are often either removed from a legal pack to be used on smuggled product or are themselves counterfeited.

We also would argue that the assessment of costs, and the related methodology used, requires a much more rigorous analysis than what appears in the report, with it necessary to carry out a much deeper and more comprehensive cost benefit analysis than has been achieved.

The study seems to have made some surprising omissions, such as not reviewing and assessing the cost of security features beyond paper stamps. For example, the currently deployed taggant system has a low implementation cost and is integral to the pack, which reduces the scope for counterfeiting and fraud. Furthermore, the reduction in costs that would come from the use of an incumbent system are not included in the analysis.

On the contrary, the study has underestimated the costs of Option 4 in several Member States (e.g. Italy) due both to the present cost of paper stamps and also the costs and risks currently linked with the use of tax stamps in term of transportation and storage.

D.2.

The implementation of the fingerprint technology based on the fibres of each pack, paired with a unique digitally captured code, would ensure both the authentication of the pack of tobacco product and the ability to track and trace through the pairing of a unique pack fingerprint with a unique identifier. This ability to create a tamperproof authentication method and capture unique data on each pack is the foundations of an effective traceability system.

D.5.

A code that can be read by the naked eye is clearly easiest for consumers, who we agree should be more involved in controlling the authenticity of the product. Nevertheless, covert machine readable codes are

the best way of including more information in the coding. Furthermore, a machine readable code is essential for any aggregation process, as human readable code cannot be printed or read reliably at production speeds, and aggregation is at the heart of any effective track and trace offering. Many machine readable codes can also be easily used by consumers with a smartphone, eliminating misreading the unique code by the eye.

D.9.

The most cost-effective and legitimate strategy is an industry implementation to a prescribed specification with a third-party and validation. However, the selection in the survey is somehow confusing since the Tobacco Products Directive (2014/40/EU) refers to a “data storage provider” and not a “third-party” auditor.

D.11.

By prescribing ineffective stamps/paper markers so specifically in the report a number of currently effective on-pack security features, such as tear tape – which is used in many countries to carry covert, overt and forensic authentication technologies – become non-compliant. This would have a dramatic impact on the effective schemes that are currently in place within a number of EU countries.

Security features that become an integral part of the existing packaging specification will reduce the impact and costs significantly in term of additional infrastructure. For example, existing tear tape applicators and packaging lines would be suitable for use and not incur additional costs in applying the feature to the pack. If the security feature is printed on the pack it becomes part of the pack costs and does not require the cost of an additional applicator. So a non-stamp solution would be both cheaper and more effective.

D.13.

A system of storage interoperable among different operators in the supply chain should be used. The data should be carried by different operators working in the supply chain. The manufacturers should provide the initial repository and carry data while the products are their property. At certain steps data should be reversed (duplicated) into a single efficient database managed by the data storing company for each Member State. The independent data storing company should be responsible for the data included in the official repository. Authorities should be able to access the repository at any time, through special IT tools to control all the relevant information for product authentication and tracking and tracing.

D.15.

Both are well placed for the operation. The provider of data storage will be the official certified interface to the Member States authorities and is a trusted entity, independent from the manufacturers.

D.17.

Any proposed tracking and tracing solution for the Tobacco Products Directive (2014/40/EU) must have at its heart the ability to uniquely identify products. Unique identification is essential not only for authentication purposes, but also enables the aggregation process, as it is building a relationship between different levels of packaging in a manufacturing process.

Interoperability is another key feature. There is a wide choice of suppliers of coding systems extensively supporting manufacturers, across the EU and globally. So the question of interoperability is not just about the tracking and tracing system as a whole (or at a governmental or factory level) but also about the equipment used at line level. Therefore any adopted tracking and tracing solution for use with the Tobacco Products Directive (2014/40/EU) must allow businesses as much choice as possible with regard to sourcing the 'at line' equipment required for tracking and tracing solutions. Allowing as many suppliers as possible to support businesses and governments is the only practical approach to gain a successful outcome and a fair open competitive environment among current and future providers. The positive effect of this is already experienced in relation to the pharmaceutical industry and the European Falsified Medicines Directive (2011/62/EU) .

There is no "silver bullet" solution to tackle the counterfeiting of tobacco. The answer lies with collaboration between different industries and organizations and agreed open standards. By sharing knowledge, promoting open standards and technical developments, we have the opportunity to tackle the growing problem of falsification and illicit trade.

EC Consultation – written statements

A.2.

Worldline, an Atos company, on behalf of the Coalition Against Illicit Trade (CAIT), a group of leading European companies with a vested interest in supporting and developing track and trace systems and authentication solutions. The coalition aims at exchanging best practices on advanced technological standards and solutions, which can contribute in a cost-efficient way to prevent illicit trade and support the fight against counterfeiting. The funding and current members of the coalition consist of Atos, Arjowiggins Solutions, Aegate, Domino Printing Service, Essentra, Fata Logistic System and FractureCode.

B.1.5.

Option 1: Option 1 is creates a low administrative burden for the EU and the Member State. It also allows for a better focus on the supply chain processes. The option is based on existing industry standards, which increases its cost efficiency and stimulates further developments in the field.

Option 2: There is an integrity of data at risk with the proposed solution. Replicating data repositories to the Member State increases overall costs greatly. It also increases the costs and operational burden for the different operators. Additionally, proprietary equipment will also be needed to retrieve tracking and tracing data. However, even though this option could be somehow apt from a feasibility perspective it is questionable from a competitiveness perspective. It would be crucial to assure that this solution wouldn't create a monopoly situation and thus interfere with the open and competitive environment needed to assure innovation and development within the field.

Option 3: This option would increase costs of data storage unnecessarily. It would also create a complex manufacturing environment, with potentially several solutions installed on a single production line and each solution operated by a different solution provider.

Option 4: This option would increase costs of data storage unnecessarily. It would also create a complex manufacturing environment, with potentially several solutions installed on a single production line. The aggregation would be almost impossible to implement. The system is suitable to track and authenticate stamps – but not the actual products.

B.2.5.

As a general comment we disagree with the report and analysis, which focuses mainly on well-known solutions; thus avoiding and excluding innovative new solutions. Security features should not only consider paper-based stamps or labelling, since these are often counterfeited. There are a range of other emerging technologies that should be considered – including technologies related to a unique identifier such as a fingerprint of the product's pack or fingerprint of the printer who are authorized to print the unique identifier on the product lines.

We believe that Member States should be allowed to use a wide variety of advanced technologies that are most suitable and most up to date, according to agreed standards. A key success factor is the ability to provide authentication of the pack, not a stamp or a label.

Furthermore, the investment already made in development and research to better authenticate products and combat counterfeiting is at risk and could be significantly reduced if the implementing act excludes technologies not based on stamps. This will not only hurt the operators and the efficiency of the national authorities but also impact Europe's consumers, who will be continuously exposed to an easily counterfeited system, instead of the latest technological developments and solutions. Moreover it would prevent EU companies from benefiting from a competitive and innovative level playing field.

C.1.1.

We cannot agree with the assumption that all four options will give the same result. This is contradictory to the stated purpose of the study, which was aiming to feature the most effective security solution.

We agree that implementation of both mandated security features and track and trace solutions will help to find and identify illicit products within each Member State, but in addition we also need a further focus on public awareness, enhanced field inspection and control and strengthened law enforcement. These three areas, together with modern technology solutions could help combat counterfeiting and illicit trade.

Solutions such as tax stamps and overt security features, such as optical variable inks have not proved useful. There is a weight of evidence of their inability to prevent or reduce illicit trade, especially as they are often either removed from a legal pack to be used on smuggled product or are themselves counterfeited.

We also would argue that the assessment of costs, and the related methodology used, requires a much more rigorous analysis than what appears in the report, with it necessary to carry out a much deeper and more comprehensive cost benefit analysis than has been achieved.

The study seems to have made some surprising omissions, such as not reviewing and assessing the cost of security features beyond paper stamps. For example, the currently deployed taggant system has a low implementation cost and is integral to the pack, which reduces the scope for counterfeiting and fraud. Furthermore, the reduction in costs that would come from the use of an incumbent system are not included in the analysis.

On the contrary, the study has underestimated the costs of Option 4 in several Member States (e.g. Italy) due both to the present cost of paper stamps and also the costs and risks currently linked with the use of tax stamps in term of transportation and storage.

D.2.

The implementation of the fingerprint technology based on the fibres of each pack, paired with a unique digitally captured code, would ensure both the authentication of the pack of tobacco product and the ability to track and trace through the pairing of a unique pack fingerprint with a unique identifier. This ability to create a tamperproof authentication method and capture unique data on each pack is the foundations of an effective traceability system.

D.5.

A code that can be read by the naked eye is clearly easiest for consumers, who we agree should be more involved in controlling the authenticity of the product. Nevertheless, covert machine readable codes are

the best way of including more information in the coding. Furthermore, a machine readable code is essential for any aggregation process, as human readable code cannot be printed or read reliably at production speeds, and aggregation is at the heart of any effective track and trace offering. Many machine readable codes can also be easily used by consumers with a smartphone, eliminating misreading the unique code by the eye.

D.9.

The most cost-effective and legitimate strategy is an industry implementation to a prescribed specification with a third-party and validation. However, the selection in the survey is somehow confusing since the Tobacco Products Directive (2014/40/EU) refers to a “data storage provider” and not a “third-party” auditor.

D.11.

By prescribing ineffective stamps/paper markers so specifically in the report a number of currently effective on-pack security features, such as tear tape – which is used in many countries to carry covert, overt and forensic authentication technologies – become non-compliant. This would have a dramatic impact on the effective schemes that are currently in place within a number of EU countries.

Security features that become an integral part of the existing packaging specification will reduce the impact and costs significantly in term of additional infrastructure. For example, existing tear tape applicators and packaging lines would be suitable for use and not incur additional costs in applying the feature to the pack. If the security feature is printed on the pack it becomes part of the pack costs and does not require the cost of an additional applicator. So a non-stamp solution would be both cheaper and more effective.

D.13.

A system of storage interoperable among different operators in the supply chain should be used. The data should be carried by different operators working in the supply chain. The manufacturers should provide the initial repository and carry data while the products are their property. At certain steps data should be reversed (duplicated) into a single efficient database managed by the data storing company for each Member State. The independent data storing company should be responsible for the data included in the official repository. Authorities should be able to access the repository at any time, through special IT tools to control all the relevant information for product authentication and tracking and tracing.

D.15.

Both are well placed for the operation. The provider of data storage will be the official certified interface to the Member States authorities and is a trusted entity, independent from the manufacturers.

D.17.

Any proposed tracking and tracing solution for the Tobacco Products Directive (2014/40/EU) must have at its heart the ability to uniquely identify products. Unique identification is essential not only for authentication purposes, but also enables the aggregation process, as it is building a relationship between different levels of packaging in a manufacturing process.

Interoperability is another key feature. There is a wide choice of suppliers of coding systems extensively supporting manufacturers, across the EU and globally. So the question of interoperability is not just about the tracking and tracing system as a whole (or at a governmental or factory level) but also about the equipment used at line level. Therefore any adopted tracking and tracing solution for use with the Tobacco Products Directive (2014/40/EU) must allow businesses as much choice as possible with regard to sourcing the 'at line' equipment required for tracking and tracing solutions. Allowing as many suppliers as possible to support businesses and governments is the only practical approach to gain a successful outcome and a fair open competitive environment among current and future providers. The positive effect of this is already experienced in relation to the pharmaceutical industry and the European Falsified Medicines Directive (2011/62/EU) .

There is no "silver bullet" solution to tackle the counterfeiting of tobacco. The answer lies with collaboration between different industries and organizations and agreed open standards. By sharing knowledge, promoting open standards and technical developments, we have the opportunity to tackle the growing problem of falsification and illicit trade.