

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.a. Please specify:

- i) Cigarettes
- ii) RYO
- iii) Cigarillos
- iv) Cigars
- v) Pipe tobacco
- vi) Water pipe tobacco
- vii) Smokeless tobacco including chewing, oral and nasal tobacco
- viii) Other

*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

Scandinavian Tobacco Group , Sydmarken 42, 2860 Søborg, Denmark
Contact name: Director of Public Affairs [REDACTED]
E-mail: [REDACTED]
Mobile: [REDACTED]
Reception Tel: [REDACTED]

*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.

- [30606f33-523b-4548-9fe9-bd0e9e9354c1/Dlerklaering.pdf](#)
- [be465818-2c06-4378-a91d-cbbf0a1eee83/registration.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 type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
*Administrative/financial burden for economic operators	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
*Administrative/financial burden for public authorities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

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

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

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

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

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

- **997d1a37-7f89-43fa-ac89-5e7e91542b4c/comments to B.1.5.docx**

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

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

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

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

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

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

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

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

- [1e08751d-e6c7-4bc6-b926-d89716f877d0/comments to B.2.5.docx](#)

C. Cost-benefit analysis

C.1. Do you agree with?

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

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

• 57731c56-2a8a-481a-9cfb-78e19cabd78d/comments to C.1.1.docx

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

Standardization on the EU level.

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.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)

- **ad5f6787-11eb-46b5-974a-f6df46f7fb4f/comments to D.7.docx**

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 checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Marking products with serialized unique identifiers on the production line	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Verifying if products are properly marked on the production line	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Scanning products upon dispatch from manufacturer's/importer's warehouse	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Scanning products upon receipt at distributor's/wholesaler's premises	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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

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

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

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

Text of 1 to 800 characters will be accepted

Our products are niche products and produced in small volumes and in a large variety of models, sizes and brands. As a result, production runs are small. Manufacturing requires as much flexibility as possible in order to achieve the optimal solution depending on the type of packaging and the on the production volume.

However again it is paramount that regardless which option is chosen that it is interoperable with any other available solution. The aim must be, that from the point of view of the Trade in terms of practical handling etc, it does not matter which solution the individual producer/importer wishes to choose for a specific product

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)

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

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

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

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

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

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

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

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

D.16.b. If no, please explain your considerations

Text of 1 to 800 characters will be accepted

Due to the fact that illicit trade in cigars is negligible / non-existent, please see our comments to B.1.5, we are of the opinion that the overall integrity of a system for tracking and tracing would not be improved if individual consumers were empowered to decode and verify a serialized unique identifier with mobile devices.

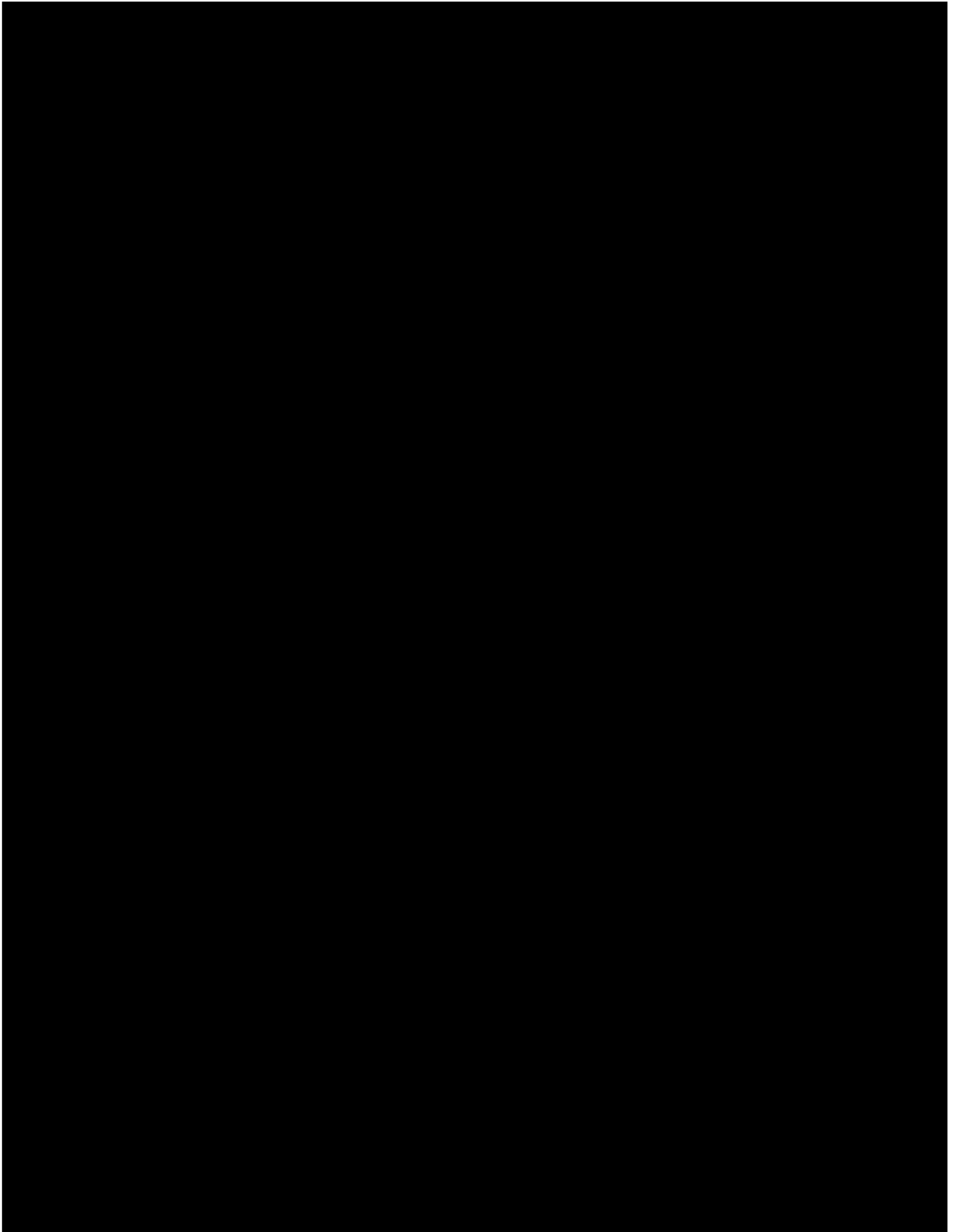
D.17. Please upload any additional comments on the subject of this consultation (max. 10 pages)

Contact

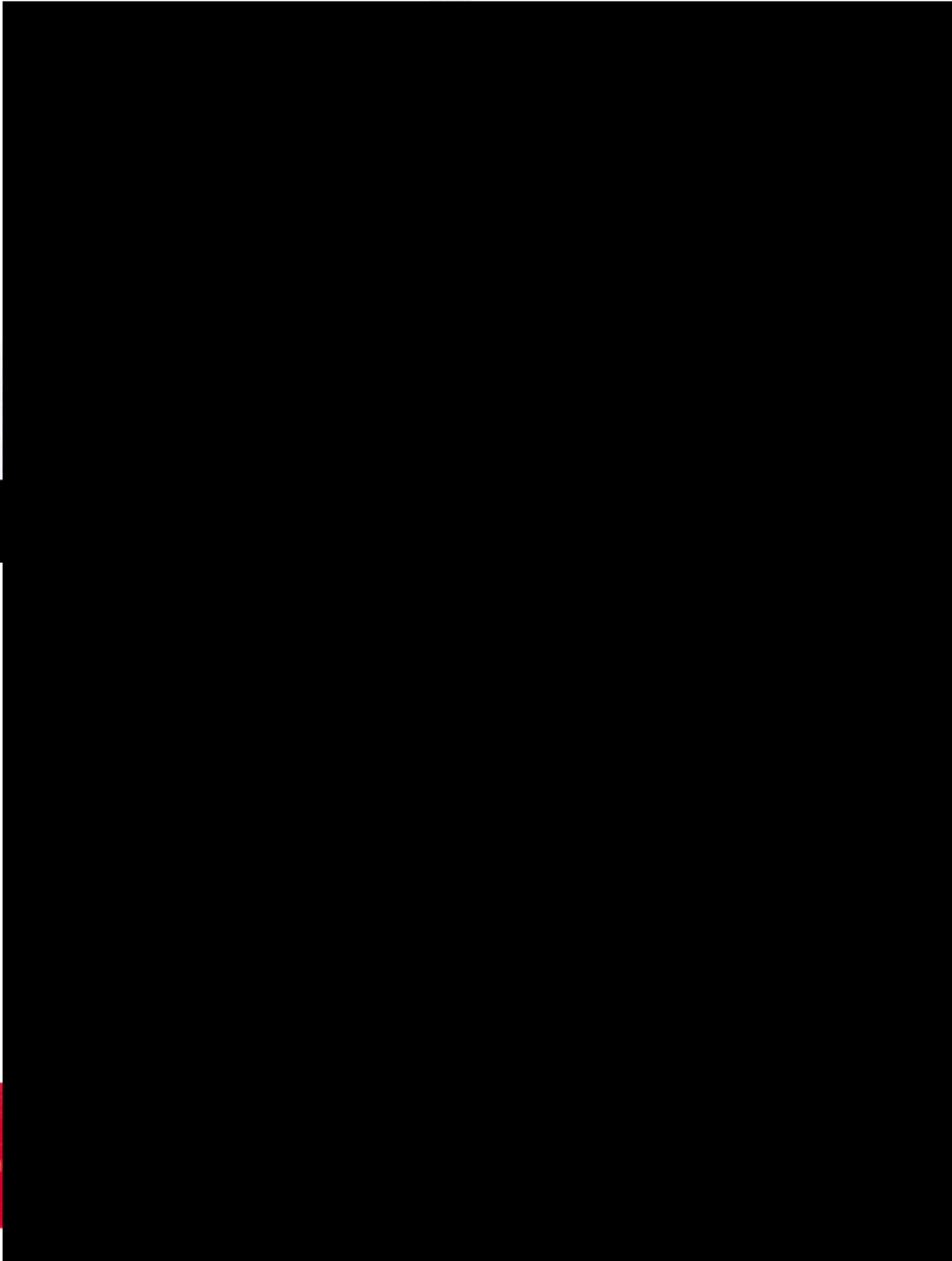
✉ SANTE-D4-SOHO-and-TOBACCO-CONTROL@ec.europa.eu



Attachment A4.1



Attachment A4.2



Attachment B.1.5

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

Comments to B.1.5

The illicit trade in cigars and pipe tobacco does not concern cigars and pipe tobacco and only to a limited extent roll you own tobacco.

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

Track and trace will increase complexity in the production and is very costly to implement. Necessary machinery alterations to ensure that the required information appears on each packet will be costly, and in addition to this there are considerable costs for IT systems, licenses, hardware etc. The costs will be more burdensome for manufacturers of cigars and pipe tobacco due to the larger number of production lines where the tracking and tracing initially takes place, and due to a much smaller volume with extensive number of product types, packets, brands and variants which means that cigars and pipe tobacco are produced in smaller quantities and thus have fewer units to split the costs on compared to cigarette production, see accordingly also RAND Europe in their final report “Assessing the Impacts of Revising the Tobacco Products Directive” (September 2010).

In other words, a tracking and tracing system is a very comprehensive and disproportionate financial and administrative burden for us and other manufacturers and importers of cigars and pipe tobacco, while the system apparently is meant to solve a non-existing problem in relation to these types of products. At the same time the company does not gain any added value like e.g. more efficient production from implementing articles 15 and 16. Therefore any cost which we have to bear, is from the starting point in itself inappropriate from a company perspective.

As the illicit trade in OTP's is negligible / non-existent, we consider the “potential of reducing illicit trade” of all 4 options to be “inappropriate”.

The level of “appropriateness” of option 4 highly depends on the costs of the tax stamps / fiscal markings together with the costs for the necessary equipment and changes of production lines etc. But equally important for us for the “appropriateness” of option 4 is that products using option 4 in all respects are fully

interoperable in the whole value chain (chain of tracking and tracing) with products using different options like option 1. Meaning among other things that it does not require a different equipment to read or scan products made according to option 4 compared to a product made under e.g. option 1.

The track and trace system is part of a directive which is based on the well functioning of the internal market. We export our products to all EU member states and do therefore favor an open standard determined by EU and not 28 different national standards or systems.

Open standards ensures a wide range of system suppliers and by that lower prices due to the competition between system suppliers. Further, with open standards it is possible for us in each country to ensure that we as a relatively small tobacco supplier are not left out of the chain of distribution and wholesalers because our T&T system has different requirements to the system and handling in the grocery sector, than those which are already today used for handling and distribution for groceries. Open standards is a prerequisite to minimize a risk of an unintended distortion of competition in a national distribution chain with one or more dominant tobacco companies.

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

Comments to B.2.5

We kindly refer to our comments to B.1.5 about the non-existing illicit trade in cigars and pipe tobacco and the costs and burdens related to tracking and tracing OTP. We therefore consider the “potential of reducing illicit trade” and “administrative/financial burden” in OTP of all options to be “inappropriate”.

Fingerprint (option 3) may very well be a good solution for the very standardized Factory Made Cigarettes. However for OTP which is characterized by huge variety in shapes and material used (wood, paper, plastic, metal etc.) produced in small runs, it is a less attractive solution which may turn out to be disproportionately expensive to implement for a smaller company like ours.

Finally, it is important that the unique identifier as well as the security feature can be applied to the packaging not only printed on the packaging but also as (not removable) stickers.

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

Comments to C.1.1

As mentioned in our comments to B.1.5, illicit trade in cigars and pipe tobacco is not an issue, i.e. no benefits seems to be achieved by applying a tracking and tracing system and security feature. But further it is worth mentioning that art. 15 and 16 goes all the way to retailer, but the cost benefit analysis does not sufficiently look into the costs which the articles 15 and 16 will put on other economical operators than the producers/importers . That could e.g. be the costs for the wholesaler to make his own IT system compliant with the requirements when he sell / ship to the next operator in the chain or the extra time it inevitably will take to create a manual/individual report for shipments which consists of a number of different products from different producers. The shipment requires information which cannot be obtained from scanning unit packages (outers/master cases etc.)but has to be obtained from individual IT systems or taped in manually.

That is indeed the practical situation for many wholesalers and economical operators dealing with OTP as other wholesalers and not least the “end” retailer often demands a smaller number of different products from different producers from his supplier.

In order to keep cost and administrative burden down for all operators it is therefore paramount that every economical operator in the value chain are able to handle all tobacco products alike and alike with other consumer goods.

We disagree with the “cost analysis” presented in section 11.3.2 of the Feasibility Study. In its September 2010 final report “Assessing the Impacts of Revising the Tobacco Products Directive”, RAND Europe calculated the labelling costs for the tobacco industry and concluded: “It is important to note that whereas total costs accruing to cigarette manufacturers are much larger than those accruing to cigar manufacturers, the relative burden of compliance (e.g. costs per revenue) is much higher for cigar manufacturers as cigar manufacturers’ brands are typically of much smaller quantities. Costs therefore fall on a much smaller number of units sold”. Please see our comments to B.1.5. The same is true for the costs for cigar and pipe tobacco manufacturers in the case of traceability and security feature requirements.

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

Comments to D.7

Cigars and pipe tobacco is typically produced in several production stages separated from each other with up to several days/weeks. We therefore propose to define the date and place of manufacturing as the moment when the consumer packs are finished with the health warning labels, tax stamp and EAN-code label, and also physically place the unique identifier at that moment in time.

For your information, please see the following description of the manufacturing of cigars:

The date and place of manufacturing is not so evident in the cigar industry. The cigar making process generally takes place in the following steps: the wrapper and binder tobaccos are cut in the right shape in factories in countries like Sri Lanka, Indonesia and the Dominican Republic; the wrapper and binder cuts are frozen and transported to the cigar factory in Europe, where they are kept on stock for several months; the filler tobaccos are kept on stock for several years; the binder is wrapped around the filler blend on a cigar bunch making machine; a mouth-end shape is pressed in the bunch; in some cases a filter is attached to the bunch; the wrapper is spirally wrapped around the bunch on a cigar making machine; the cigars are dried for several days; after drying the cigars are cut to the correct length; in some cases the cigars are flavoured on a flavour injection machine or a plastic or wooden mouth-end tip may be attached to the cigars; the cigars are now ready for packing and, afterwards, finishing.

Cigars are packed in metal tins, cardboard shoulder boxes, cardboard shell & slide packs or plastic packs on a packing machine. Cigars in wooden boxes are mostly packed manually. The packed cigars are put on (a) pallet(s) till the batch is finished. The pallet(s) may be stored in the warehouse for a couple of days, weeks or months, until it is known to which country the cigars will be sold.

The packed cigars are manually taken from the pallet and loaded in a finishing machine. This machine is applying self adhesive health warning labels, a tax stamp with hot melt (if applicable) and a self adhesive EAN-code label (if applicable). This finishing process is visually monitored and faulty products are manually taken out and rectified (if possible, if not they will be rejected and later destroyed) and manually put in a corresponding cardboard tray (mostly 5 or 10 consumer packs in one tray). The filled trays are put on (a) pallet(s) till the batch is finished.

The trays are manually taken from the pallet and loaded in a tray cellophaning machine. A self adhesive EAN-code label is applied on the cellophaned tray. A self adhesive content label is manually applied on the shipping carton and the cellophaned trays are put in the shipping carton. The shipping cartons are closed with tape and the shipping cartons are manually put on (a) pallet(s) till the batch is finished. The(se) pallet(s) is (are) transferred to the shipping department. In this department the pallets are wrapped in sticking foil and a pallet

content label is applied manually. The products are now ready for shipment to one of the company's sales organisations or to external customers.