

## 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](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](mailto: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.b. Please specify:

- i) Importer
- ii) Distributor
- iii) Wholesaler
- iv) Warehouse operator (unless part of 1a of 1bi, ii or iii)
- v) 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*

Hunters & Frankau Limited  
16-20 Hurlingham Business Park, Sullivan Road, London SW6 3DU  
Contact email address: [REDACTED]  
Contact Phone Number: [REDACTED]

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

Yes  No

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

15067204668-85

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

• **bdd71509-b3ce-46d8-ba2b-6130c216b1be/A. 4.docx**

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

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

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

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

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

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

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

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

- **bebafb2a-1cd4-4b5f-9294-de4702903869/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 checked="" type="radio"/>	<input type="radio"/>

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

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

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

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

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

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

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

- **b509152f-1e68-45de-b7f6-5208dd2f59d6/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)

• b71e3a6c-0da7-4212-ab6b-763621d68c85/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 initiated by an entity such as GS1.

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

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

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

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

*Text of 1 to 800 characters will be accepted*

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

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

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

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

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

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

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

• **8a7a9757-5207-4e8e-97c2-c803d68f4354/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 type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Marking products with serialized unique identifiers on the production line	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Verifying if products are properly marked on the production line	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Scanning products upon dispatch from manufacturer's/importer's warehouse	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
*Scanning products upon receipt at distributor's/wholesaler's premises	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

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

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

*Text of 1 to 1200 characters will be accepted*

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

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

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

*Text of 1 to 800 characters will be accepted*

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

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

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

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

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

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

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

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

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

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

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

*Text of 1 to 800 characters will be accepted*

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

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

• [6cdd5960-e9b5-4480-9943-f8f642e9d2ad/D. 17.docx](#)

## Contact

✉ [SANTE-D4-SOHO-and-TOBACCO-CONTROL@ec.europa.eu](mailto:SANTE-D4-SOHO-and-TOBACCO-CONTROL@ec.europa.eu)

---

## Attachment A4

Extract from the EU Transparency Register for Hunters & Frankau Limited

The importation and distribution of cigars in the UK, the Republic of Ireland, Gibraltar and the Channel Islands.

## Attachment B.1.5

Hunters & Frankau Limited (H&F) is a medium-sized enterprise under the current EU definition with a turnover of £25 million in 2014 and employing 47 people. We are the main importer and distributor in the UK of premium, hand-made cigars from Cuba and other developing countries in the Caribbean and Central America. We also import and distribute machine-made cigars principally from Holland and Germany. At present our portfolio contains a total of 35 different brands of cigars, which are sold in 653 packaging options.

H&F has reviewed the Feasibility Study. As an SME we must admit that much of its content is beyond the scope of our competence as it seems to relate principally to operations on the scale of the cigarette industry. Nevertheless as the measures it discusses will have a material effect on our business, we have no alternative other than to respond to this consultation to the best of our ability.

With regard to the four options, our responses set out in the tables reflect our consideration of which are likely to be the simplest, safest and least costly to implement. For example we support Option 1 because we are aware that the tobacco industry has already developed systems such as Codentify that have been proved to work effectively. We are concerned that the systems in Options 2 and 3 are unproven and may not be capable of development within the required timetable. We appreciate that the cigar category has an additional five years grace before implementation and that this should allow time for the systems to be proven for cigarettes and roll-your-own tobacco. However we are concerned about what might happen if the initial timetable were not met as well as the possible costs that a lengthy development programme might entail. It may be possible for elements like Codentify to be included in the solutions under other Options in which case our position would change. H&F's muted support for Option 4 is based simply on the consideration that a combined unique identifier and security feature would offer a saving because only one sticker as opposed to two would have to be applied to cigar packs.

In general H&F is not convinced that any of the options is appropriate for cigars. There is no evidence of illicit trade in cigars on a comparable scale to that which is experienced with cigarettes. It is true that hand-made, premium cigars in the UK do suffer from an element of illicit trade caused mainly by the high levels of differentiation between duty rates in different EU Member States. However, as this activity is largely conducted by individual consumers, none of the proposed Traceability options will provide effective counter-measures. Instead it can be better addressed by improved enforcement and cross-border sales regulations.

In this context we would ask you to note that 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.

The cost of implementing any of the Traceability options is of overriding concern to H&F as an SME, and we would ask you to note that RAND Europe in its September 2010 final report 'Assessing the Impacts of Revising the Tobacco Products Directive', calculated the labelling costs for the tobacco industry and concluded: 'It is important to note that whereas total costs accruing to cigarette manufacturers are much larger than those accruing to cigar manufacturers, the relative burden of compliance (e.g. costs per revenue) is much higher for cigar manufacturers, as cigar manufacturers' brands are typically of much smaller quantities. Costs therefore fall on a much smaller number of

units sold'. This analysis is equally valid for the costs of the unique identifiers for traceability as far as the cigar industry and companies like ours are concerned.

H&F is also concerned about the scope of the measures, which require traceability to be implemented from the manufacture to the "last economic operator before the first retail outlet". This will require independent wholesalers to invest in machinery and staff to input data on all tobacco products. Such investment may be justified for high volume mainstream tobacco products, but is highly unlikely to prove cost-effective when applied to small categories such as cigars. We fear that the system will discriminate against SMEs like H&F.

## Attachment B.2.5

H&F does not believe that any of the options are realistic for cigars. In the tables we have indicated some support for Option 4 simply because the combined security feature and unique identifier might offer some cost advantage as only one device would have to be applied to cigars packs as opposed to two.

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

We would refer you once again to the studies by the European Commission and Ramboll Management Consulting A/S cited in our comments under B.1.5 as evidence that the illicit trade in cigars is negligible. In addition we would re-iterate the conclusion of the RAND Europe report, also detailed in our comments under B.1.5, that the impact of the costs of complex measures would be far higher for cigar manufacturers than for cigarette manufacturers.

Against this background, H&F would urge that the search for a uniform security feature to be applied across all categories of tobacco products should be abandoned. Instead systems should be sought that would be realistic and affordable for individual categories like cigars.

## Attachment C.1.1

H&F disagrees with the 'Benefit Analysis' presented in section 11.3.1 of the Feasibility Study. According to this paragraph, 'the four solution options for both traceability and security features are designed to address most of the issues identified in the problem statement'. However all of the assumptions on which the exercise is founded concentrate on estimates of the situation that applies to the cigarette market. No attempt is made to assess the situation as it applies to cigars. If it is accepted that illicit trade in cigars is negligible, then there can be little or no benefit available to offset any costs and unnecessary logistical burdens that the introduction of traceability and security features might incur.

Furthermore the 'cost analysis' presented in section 11.3.2 of the Feasibility Study takes no account of the impact that the very large costs envisaged might have on the comparatively small companies involved in the manufacture and distribution of cigars.

In H&F's view the impact of the traceability and security feature requirements on cigars should be re-assessed under the Commission's Better Regulation Agenda on the basis of which impact assessments are conducted throughout the legislative process, not just when the Commission prepares its proposal. We would suggest that an ad hoc technical panel should be set up to review (i) the practicability of implementing Articles 15 and 16 for cigars, and (ii) whether the relative costs of doing so would be disproportionate for the cigar industry.

## Attachment D.7

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

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

The packaging process for cigars is conducted in stages, sometimes by hand, because of the wide variety of shapes, sizes, brands and packaging materials that are used, which results in production runs that are very small in comparison to mainstream tobacco products. In the case of hand-made, premium cigars, the products go through several processes that are conducted by hand during which quality checks take and cigars may be rejected. Consequently the products can be held for several weeks or months in part finished packs in warehouses until it is known in which country they will be sold at which point they can finally be finished.

It is proposed to define the date and place of manufacture for cigars as the moment when the goods are sealed into their final packs and are ready to be passed on to the next handler in the distribution chain. The unique identifier would then be placed on the pack at that moment in time.

## Attachment D.17

On page 14 of the Feasibility Study there is a pie chart showing the share of “estimated retail volumes” in the EU accounted for by different categories of tobacco products. The figures it contains are as follows:

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

H&F would welcome clarification of the source on which these figures are based. In particular we would question the share of 3.19% attributed to cigars, which compares with a figure estimated by the European Cigar Manufacturers’ Association (ECMA) of just 1%.