

First operational year of the EU system of tobacco traceability

Overview of the first operational year

On 20 May 2020, the EU system of tobacco traceability marked its first anniversary of operational activity. During this first year, the system collected information on the operations of over 750,000 economic operators and nearly 1.5 million facilities handling tobacco products. The EU ID issuers, appointed by the Member States, supplied over 30 billion unique identifiers to the manufacturers and importers of cigarettes and roll-your-own tobacco products, i.e. the two categories of tobacco products currently covered by the system. The system's central components, the secondary repository and router, operated by Dentsu Aegis Network under a concession contract with the Commission, handled billions of messages on logistic and transactional events in the supply chain, including 400 million messages in the past month alone.

The first operational year presented a steep learning curve for all stakeholders involved in the system: the competent authorities, ID issuers, providers of repositories, IT providers of reporting solutions to the sector and last but not least the economic operators active in the supply chain. The system evolved to meet the requirements stipulated in Tobacco Products Directive 2014/40/EU and its implementing and delegated acts. On 1 April 2020, the latest technical specifications, announced by Dentsu in October 2019, became fully effective. As of that date, the system's router has carried out complete validation checks on the correctness of the last-known position of each unique identifier reported to the router by economic operators. On 19 May 2020, the initial stock exhaustion period ended. As of then, non-traceable cigarettes and roll-your-own tobacco products are no longer allowed in free circulation.

Recent technical errors

The introduction of the complete automatic validation of messages has brought to light a specific technical error in the functioning of several primary repositories. This error has amounted to subsets of data being temporarily withheld by some primary repositories and/or not forwarded to the system's secondary repository in line with the applicable rules and technical specifications. In turn, the missing data and/or their delayed transmission have affected, to a certain extent, the functioning of the router's validation with respect to parts of the traceability events reported from the distribution chain. As a result, the distributors are effectively blocked from reporting further logistic events concerning the affected products and hence cannot handle these products in accordance with the applicable rules.

Therefore, primary repositories are urgently asked to take all necessary steps to ensure full compliance with the applicable technical specifications, in particular to eliminate the out-of-sequence and delayed transmission of data to the secondary repository. The manufacturers and importers of tobacco products are reminded that the primary repositories fall under their direct contractual responsibility. The manufacturers and importers of tobacco products should apply all contractually available tools to ensure the correct functioning of the primary repositories. Any failure in this regard may lead to an investigation by the Commission Services with a view to reassessing the suitability of a primary repository as stipulated under Article 15(8) of Directive 2014/40/EU.

In view of this error's implications on the distribution chain, Dentsu will partially and temporarily adapt the validation mechanisms performed by the router and to reinforce measures to protect the system's secondary repository and router in line with the applicable technical specifications.

In order to unblock the distribution chain, the IT validation performed by the router will not automatically produce errors for the instances of (a) products that have been wrongly indicated to have remained with the manufacturers and (b) higher aggregations when the information on one or more of lower (intermediary) aggregations has not been transferred to the router. This adaptation will last until 31 August 2020 and will enable the distributors to further report traceability events for the products affected by the technical errors in primary repositories.

In the interest of the EU system, by 31 August 2020, Dentsu will take additional measures that will assist both primary repositories and economic operators to bring their activities into full conformity with the applicable rules and specifications. First, by that date, Dentsu will start rejecting any out-of-sequence messages received from primary repositories. Second, Dentsu will introduce an optional confirmatory acknowledgement by the router for the final dispatch messages reported to primary repositories. This acknowledgement will be available to the manufacturers and importers of tobacco products in doubt of the correct functioning of their primary repositories. Given its optional and confirmatory status, this service will have a daily limit to its use. Third, Dentsu will add an additional check sum to the standard positive acknowledgements sent to the economic operators by the router. The check sum will reflect the number of unit-level unique identifiers concerned with a given acknowledgement. This information should largely help the economic operators in discovering the cases of missing products.

For the avoidance of doubt, the router continues to perform the same range of validation checks and if necessary, responds with the same range of error codes/messages, with the sole exception of the two instances clarified earlier. In particular, it will continue to detect and block all the instances of the use of unique identifiers unknown to the router. The economic operators who will continue to receive errors are advised to take the following steps:

- Verify whether their own reporting operations are fully compliant¹ and their reporting equipment properly works;
- If needed, contact their supplier(s) to verify whether the earlier reporting obligations have been fully and correctly discharged;
- If after contacting their supplier(s) the source of errors cannot be established and eliminated, and an IT error is suspected, the economic operators may consider launching a support ticket with Dentsu as the router's operator².

The economic operators may also contact the national competent authorities³, who have access to the EU system and, in duly justified cases, may consider verifying the information for economic operators.

¹ The Commission published an information sheet for the economic operators active in the distribution chain: https://ec.europa.eu/health/sites/health/files/tobacco/docs/tt_2019_infosheet_en.pdf

² Dentsu's support service is available at: <https://support.eutobaccotracing.com/secondaryportal>

³ For the list of the national competent authorities, please see: https://ec.europa.eu/health/sites/health/files/tobacco/docs/tt_id_issuers_en.pdf