

**Subject:** follow up meeting with CECCM and PMI 27.11.13  
**Attachments:** CECCM PMI response to questions from DG SANCO re TPD Article 14\_ fin 28 11 13.pdf

---

**From:** Antonella Pederiva [<mailto:antonella.pederiva@ceccm.eu>]

**Sent:** Thursday, November 28, 2013 4:49 PM

**To:** SCHNICHELS Dominik (SANCO)

**Cc:** [REDACTED]

[REDACTED] Antonella Pederiva

**Subject:** follow up meeting with CECCM and PMI 27.11.13

Dear Dr. Schnichels,

We thank you and your team for the meeting held on the 27.11.13.

CECCM and PMI have significant concerns on many of the provisions covered by the Council General Approach document and the amendments carried by the European Parliament. During the meeting however, we focused only on practical issues associated with article 6, article 14 and articles 25 and 26.

You asked some precise questions relating to article 14 and the attached document provides you with our response. In this regard we urge avoidance of a situation where, due to insufficient transition times, many economic actors will be forced to either withdraw from the market or face legal sanctions. With regard to Article 14 in particular, the industry is willing to co-operate and put its resources behind bringing about a working Article 14 T & T system but please do not underestimate the challenge involved and the time required for the full supply chain to get it right.

Please do not hesitate to come back to us with any further request for clarification.

We look forward to comment on the minutes of the meeting.

Kind regards

On behalf of CECCM and PMI

Annex: CECCM PMI response to questions from DG SANCO re TPD Article 14

A Pederiva  
Secretary General of CECCM  
Av Louise 125  
B - 1050 Brussels  
Tel ++ 32 2 541 00 34  
Fax ++ 32 2 541 00 45

Confederation of European Community Cigarette Manufacturers (CECCM) AISBL, registered number 0879 438919 [ceccm@ceccm.eu](mailto:ceccm@ceccm.eu)

This email is confidential and may contain information that is privileged and exempt from disclosure by law. No CECCM staff member can legally commit CECCM AISBL without prior written approval of its authorized representatives.

If you have received it in error, please contact the sender immediately by return email and then delete it from your system; you should not copy it or disclose its contents to anyone. Emails are not secure and cannot be guaranteed to be error free as they can be intercepted, amended, lost or destroyed, or contain viruses. Anyone who communicates with us by email is taken to accept these risks.

28/11/2013

**CECCM/PMI response to questions from DG SANCO re TPD Article 14  
(Traceability and Security Features)**

**1. What is DCTA?**

The Digital Coding and Tracking Association was founded by British American Tobacco, Philip Morris International, Japan Tobacco International and Imperial Tobacco. The DCTA works with international organisations and national governments to implement supply chain controls and procedures to secure manufacturing and distribution processes. It promotes technical standards and digital solutions designed to secure supply chains for excisable fast moving consumer goods such as tobacco and alcohol. Membership of the DCTA is currently open to all legitimate manufacturers of tobacco products.

**2. Can Codentify be the solution for Article 14?**

Codentify is the key authentication and serialisation technology that forms the basis of the proven track and trace solutions implemented by the DCTA member companies across the EU. These solutions were implemented as part of the legally binding cooperation agreements signed with the EU Commission and all Member States. Codentify is also being used by other non-tobacco brand owners.

Codentify fully meets the core requirements of Article 14, in particular the need to uniquely mark product thereby enabling authentication and traceability to pack level. Subject to further discussions, the DCTA is willing to explore options to provide Codentify on a royalty free basis to other manufacturers and economic operators across the EU. Similarly it would be possible to sub-license it to a competent European Authority. When combined with the DCTA's proven track and trace data and technology standards, Codentify will enable the EU to achieve the authentication and track and trace provisions in Article 14 of the TPD. To ensure complete transparency, the source code of Codentify and all other related DCTA developed track and trace components can be accessed by regulators for auditing and certification purposes.

**3. How much time is needed to implement Article 14 of the TPD?**

In short, the provisions of Article 14 could conceivably be met by all economic operators within a minimum of 6 years from the point of adoption of implementing acts. The FCTC Protocol to Eliminate Illicit Trade in Tobacco Products, which was negotiated on behalf of the EU by Member States' national customs experts, requires tracking to the first customer who is not affiliated with the manufacturer. Article 14 as proposed goes far beyond the Protocol requirements and extends track and trace to all economic operators across the pan-European tobacco supply chain impacting all tobacco manufacturers, tens of thousands of wholesalers, sub-wholesalers, warehousing and transport service providers selling to over 1 million retail outlets. Tracking and tracing to this degree is unprecedented globally and

will exponentially increase the complexity of the processes, systems and the number of data records captured. In addition, it will substantially increase the administrative and enforcement burden for Member States. At present only the 4 DCTA member companies have the capability to meet the core requirements of Article 14, however, it has taken at least 5 years of development for each company to reach this point. It is also clear that even for the DCTA member companies to implement pack level track and trace, as well as, meet the broader requirements of tracking and tracing to last point before retail sale, will take a further 5 years minimum to complete.

At present none of the other tobacco manufacturers and the many other economic operators impacted across the tobacco supply chain have any capacity to meet the requirements of Article 14. Given the lack of preparedness of the whole supply chain, Article 14 will simply not be within the financial capacity or IT expertise of the thousands of impacted smaller economic operators due to the substantial investments required in technology, equipment, training and maintenance. Implementing Article 14 without giving sufficient time for the wider supply chain to prepare and develop the relevant capabilities threatens to put hundreds of companies out of business and significantly disrupt legal markets.

**With this in mind, it is ambitious, but reasonable, to expect that provisions of Article 14 can be met by all economic operators within a minimum of 6 years from the point of adoption of implementing acts.**