Ref. Ares(2019)7429620 - 03/12/2019

From:

Sent: lundi 2 décembre 2019 17:58

To:

Subject: Traceability System for Tobacco Product – Fees for Unique Identifier

Codes

Attachments: 06 11 2019.pdf

Dear

I refer to my letter dated 6 November 2019, (reattached for your convenience) in which we brought to your attention important issues at play in relation to the operation of the ID Issuers for the traceability system for tobacco products.

We pointed out that these issues arise from the fact that, pursuant to the Commission's implementing Regulation (IR), each Member State has appointed one single national ID issuer for issuing the unique identifier codes (UIs) required under the EU's track and trace (T&T) system.

Manufacturers are not currently able to order UIs from ID issuers appointed by other Member States; with only one exception allowing to order UIs from the ID issuer of the country of manufacture in case the Member State of intended retail sale has not appointed a national ID issuer (cf. COM decision of 2 May 2019).

In my letter of 6 November, I pointed out that the appointed single ID issuers operate in effect as monopolists and that we are of the view that many ID issuers appear to be charging excessively high fees, giving rise to competition legal concerns.

With this letter I would like to bring to your attention yet another issue arising from the same root cause. The recent media reports^[1] concerning the potential future collapse of UK bank note printer De La Rue (DLR) are serious cause for alarm for BAT, since DLR was appointed single ID issuer for UK and Ireland. Should a collapse of DLR materialise, BAT's ability to manufacture and distribute its products will be severely impacted, as BAT would not be able to source its UI codes from other Member States' UI issuers. [1] https://www.bbc.co.uk/news/business-50557097; https://www.european-views.com/2019/11/european-commission-hit-by-fresh-concerns-over-track-and-trace/

The developments involving DLR further expose the vulnerability and inherent problems involved in the current single ID issuer set-up and underline the urgent need for practicable solutions.

Considering the foregoing, we would kindly reiterate our request that the Commission urgently considers any measures available to allowing manufacturers to purchase the services of ID issuers appointed by other Member States; or requiring Member States to appoint two or more ID issuers.

This matter is presently manifesting itself, and we would very much appreciate your feedback as soon as practicable. Please let us know in case you require further information.

Yours sincerely,

Vice President, Head of EU Affairs British American Tobacco

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https://www.bbc.co.uk/news/business-50557097; https://www.europeanviews.com/2019/11/european-commission-hit-by-fresh-concerns-over-track-and-trace/

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