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Commissioner for Health & Food Safety

European Commission

Berlaymont

1049 Brussels

Copy to: Mr Frans Timmermans, Vice-President, Better Regulation, Interinstitutional Relations, the Rule of Law and the Charter of Fundamental Rights

Mr Jyrki Katainen, Vice-President, Jobs, Growth Investment and Competitiveness

Mr Günther H. Oettinger, Commissioner for Budget & Human Resources

Mme Elżbieta Bieńkowska, Commissioner for Internal Market, Industry, Entrepreneurship and SMEs

Mr Pierre Moscovici, Commissioner for Economic and Financial Affairs, Taxation and Customs

OPEN LETTER

As representatives of the very significant European distribution sector, comprising more than 1,5 million jobs in the EU, we are concerned about the European Commission's plans to establish a new EU bureaucracy to manage the distribution of tobacco products.

We are well aware that under the Tobacco Products Directive (TPD), the distribution sector will have to run a new track and tracing system for tobacco products by May 2019. Despite the very tight deadline, uncertainty still exists about how this system will actually work. A recent stakeholder workshop organised by the European Commission and its consultants has heightened our concerns that an economic and operationally viable system is impossible within the defined timeline.

The system proposed by the Commission's consultant requires the creation of a new European bureaucracy under the control of the European Commission, controlling centrally the volumes of tobacco produced, as well as all tobacco sales. In our view, this is an inefficient and ineffective solution, not discussed with market operators or member states. While some Member States run their own centralised distribution systems for tobacco or alcohol products, we are not aware that such a mandate has been given to the Commission, or even flagged to member states and supply chain operators.

We all support an effective Tracking and Tracing system for tobacco products. However, the proposed solution will establish a cumbersome and inefficient volume control system that, in addition to existing responsibilities, will have to be managed by supply chain operators. Such a complex architecture has never been tested in the real world. It is not based on international standards (like ISO and GS1 open standards) and will introduce a number of unnecessary, time and cost consuming processes and procedures. Simpler and leaner solutions exist today and our industry's experience of managing Track and Trace systems seems to have been ignored or disregarded.

The proposed system requires every operator in the supply chain to get pre-authorisations for every step of production and distribution. As distributors, we handle multiple products as part of one consignment and the cost of running a separate system for tobacco products is prohibitive. It will simply be impossible for smaller businesses in the distribution sector to operate. This will lead to significant risk of business default and the associated economic and job losses in our sector.

We appeal to the European Commission to take our concerns seriously. Before, any new obligations are imposed on our sector, we propose that the implications are examined more closely, and that our sector is consulted in detail. This is not just about cost, but about achieving the shared objective of fighting illicit trade. There is no point in creating a system so complex that it cannot work in the real world. And there is no point in creating a theoretical system that cannot be delivered by May 2019, runs the risk of putting many legitimate distributors out of business, and delivers unintended opportunities for an increase in illicit trade.

The European Commission is proud to highlight its commitment to better and simpler regulation that champions the consumer and limits the impact on stakeholders. These principles are missing in these latest proposals and we welcome the opportunity to discuss our concerns and work together towards a framework that can actually impact illicit trade in tobacco.

Signed,

Asociația Națională a Comercianților Mici și Mijlocii din România

Association of Lithuania Chambers of Commerce, Industry and Crafts

Belgian Federation for Tobacco Wholesale

Convenience Stores Sweden AB

Enosi Kapnopolon Makedonias

Fixmer S.à.r.l.

International Chamber of Commerce in Belgium

Latvijas Tirgotāju Kameras

Lekkerland AG & Co.KG

Logista Group

Lyfra

Newco Log SARL

Polish Chamber of Commerce

The Latvian Chamber of Commerce and Industry

The Swedish Food Retailers' Federation

TRENDY FOODS Belgium SA

TZN Nederland



Asociația Națională a Comercianților
Mici și Mijlocii din România



ASSOCIATION OF LITHUANIAN
CHAMBERS OF COMMERCE,
INDUSTRY AND CRAFTS



A.s.b.l FeTaDis Vzw

Fédération des distributeurs de tabac Belge
Belgische federatie van de tabaksdistributeurs
Belgium federation for tobacco wholesale

Confederation of Finnish Industries



Convenience Stores
Sweden





The Latvian Chamber
of Commerce and
Industry



Branschorganisationen
för dagligvaruhandeln