

## **TAX STAMP ASSOCIATION WELCOMES 'GAME-CHANGING' TOBACCO CONTROL INITIATIVE**

The International Tax Stamp Association (ITSA) has warmly welcomed the World Health Organisation's (WHO) Framework Convention on Tobacco Control (FCTC) Protocol to Eliminate Illicit Trade in Tobacco Products, which comes into effect from September 25.

The Protocol is seen as an international blueprint for the regulation of tobacco production and distribution and is being hailed by WHO as a 'game-changing' move in eliminating widespread criminal activity.

An important aspect of both the Protocol and its parent treaty, the FCTC, is its measures to block tobacco companies' influence on tobacco control policies.

Under the Protocol, agents, suppliers and tobacco manufacturers will have to be licensed. Manufacturers will have to carry out checks on customers to ensure that they are genuine, or if they have associations with criminal organisations.

Countries will also be obliged to establish effective tobacco track and trace systems within five years, which will be joined together through a central Global Information Sharing Point.

The new Protocol is being heralded by ITSA as an important move in tackling the trade in illicit tobacco and improving control over the flow of contraband products.

It is estimated by the WHO that 10% of the global cigarette market is illicit. It cites the cost to governments at USD31bn every year in lost revenues, stunting the ability of many countries to fund domestic health and wellbeing programmes.

ITSA underlines the strong emphasis the WHO places on the need for suppliers of track and trace control systems to be fully independent of the tobacco industry. ITSA highlights its concerns about the architecture promoted under the EU Tobacco Products Directive (TPD), which delegates key tasks to the tobacco industry in contravention with key FCTC and Protocol provisions.

The Association, which represents tax stamp companies and stakeholders, has already made clear that it believes the TPD, and some of its technical standards for traceability and security features, along with data storage, do not comply with the WHO Protocol. Indeed, it has launched a legal challenge to the European Court of Justice to highlight these concerns and resolve the discrepancy.

Now, as ITSA leads calls for an independent approach, it reiterates that what may be compliant under the TPD could violate WHO's Protocol, which is an international law that takes precedence.

ITSA urges EU Member States to implement systems that meet both the spirit as well as the letter of FCTC Protocol.

Nicola Sudan, General Secretary of ITSA, said: “We wholeheartedly congratulate WHO on the introduction of the Protocol, which is an integrated significant step forward in improving tobacco control and combatting illicit trade.

“We have long voiced our concerns that the EU TPD conflicts with the Protocol on a number of points, notably in allowing the tobacco industry to unnecessarily perform key tasks assigned to the Parties in contravention with articles 8-12 and 8-13.

“Furthermore, the EU model present an even greater risk in other countries around the world where the tobacco industry exerts a powerful economic and political influence on government and law enforcement agencies.

“EU member states must be aware of the misalignment. In addition to pushing for changes to the TPD they should take immediate steps to mitigate the weaknesses and vulnerabilities of the TPD, ensuring that their national traceability and security systems are in full compliance with the WHO rules.”

ITSA has published guidance on security and traceability for tobacco products which it has shared with key stakeholders to help address the situation.

The guidance provides advice on how tax stamp programmes can combine the traceability and security feature requirements specified in the TPD technical standards, whilst also providing a fully independent sourcing solution in compliance with the WHO Protocol.

ITSA also recommends that all the authentication elements required by the TPD should be provided by a third-party provider and combined with the digital data in the unique identifier (UID) in a multi-layered security bearer, such as a tax stamp. Combining the digital data with authentication features would add important anti-fraud protection assuring the UID cannot be fraudulently duplicated.

## **ENDS**

ITSA members, who span the globe, can provide advice and expertise to governments looking to secure and protect excise revenues. Control systems based on tax stamps, which combine material and digital technologies, provide visible proof of tax payment and revenue collection. Copies of the ITSA Guideline are available from the ITSA website at [www.tax-stamps.org](http://www.tax-stamps.org).

The International Tax Stamp Association (ITSA) brings together leading industry companies and stakeholders, to promote a better understanding of the benefits of tax stamp programmes and the highest professional standards within the sector.

Over 150 revenue agencies (national and state governments) around the world use tax stamps to collect valuable tax duties and excise payments, involving the worldwide production of some 140 billion stamps annually. As well as providing visible proof of tax payment and revenue collection, tax stamps are used for product authentication, anti-tampering and traceability applications.

The World Health Organisation's (WHO) Framework Convention on Tobacco Control (FCTC) Protocol to Eliminate Illicit Trade in Tobacco Products provides a blueprint for the regulation of tobacco production and distribution, as well as international cooperation between enforcement authorities.

The 40 required State ratifications were achieved in late June 2018 when the UK ratified the treaty, which will thus come into force on 25 September. Parties to the Protocol have 5 years to put in place a global system for tracking and tracing. A first meeting of the Protocol Parties to take decisions on the way forward will be held in October 2018.

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