# Tracking and Tracing and how to fund it.

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# Tracking and tracing

Tracking and Tracing covers a wide variety of systems to determine the current and past locations of goods.

"Tracking and tracing" means systematic monitoring and re-creation by competent authorities or any other person acting on their behalf of the route or movement taken by items through the supply chain, as outlined in Article 8."

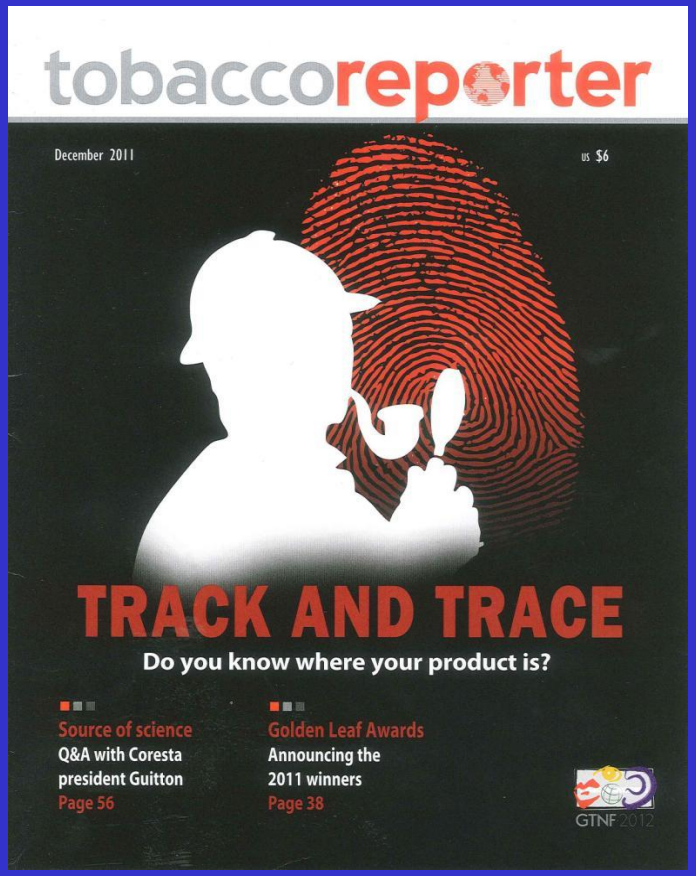
# Tracking and tracing

The purpose of a tracking and tracing system is to assist Parties in determining the origin of tobacco products, the point of diversion if applicable, and to monitor and control the movement of tobacco products and their legal status.

# Tracking and tracing

1) Unique marking or identifier, including a serial number
2) Data carrier
3) Applying the unique identifier and aggregation
4) Recording along the supply chain
5) Independent storage of the data.

An obligation of unique, secure and non-removable identification markings on all packages (packs, cartons, master cases)



# Article 8

"8.2. Each Party shall establish, in accordance with this Article, a tracking and tracing system, controlled by the Party for all tobacco products"

8.12. Obligations assigned to a Party shall not be performed by or delegated to the tobacco industry.

8.13. Each Party shall ensure that its competent authorities, in participating in the tracking and tracing regime, interact with the tobacco industry and those representing the interests of the tobacco industry only to the extent strictly necessary in the implementation of this Article."

# Tracking and tracing

Unique marking or identifier should contain a serial number for each package of tobacco products. The serial numbers are a distinctive combination of numbers, alphabet characters or both that are unique for each pack/item. For instance

AAE5F26G7H

# The unique marking should, besides the serial number, also provide info on

- (a) date and location of manufacture;
- (b) manufacturing facility;
- (g) product description;
- (f) the intended market ;

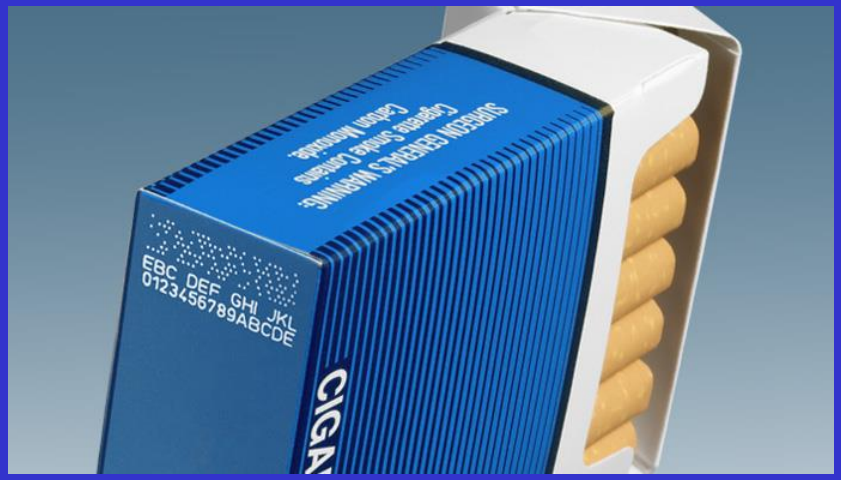
- Recorded when? at time of production

# Machine readable and human readable codes

- **Machine readable**


- **Human readable** 25yt95bb

# Data carriers (Data Matrix, QR code, dot code) contain information which is machine readable

# T&T system: national level - unique markings

- Unique marking will give authorities direct access to key product information (Art. 8.4.2):
  - Date and location of manufacture,
  - manufacturing facility,
  - intended market of retail sale and
  - product description.


| | |
|---|---|
| GTIN | 789001.001012 |
| SN | ZZZ.MLU.IL3.O18 |
| Facility | 020 *(PMI Sao Paulo)* |
| MFD | 2014-02-10 / 789 *(Brasil)* |
| IMRS | 789 *(Brasil)* |
| Desc. | PMI - Chesterfield |

**At national level**

| Element ID | Information requested | TPD Reference | Code example | Length estimation |
|---|---|---|---|---|
| **UID_1**<br>***ID Issuer identification*** | **ID Issuer identification** | | A3 | 2 |
| **UID_2**<br>***Serial number*** | **Serial number** | | AAE5F46G7H | 10 |
| **UID_3**<br>***Primary information*** | **Place** of manufacture | Art 15(2)(a) | A1B2C3D4L2M3N4 | 14 |
| | Manufacturing **facility** | Art 15(2)(b) | | |
| | **Machine** used to manufacture the tobacco products | Art 15(2)(c) | | |
| | **Product** description | Art 15(2)(e) | | |

# QR code in the Philippines


**Information Stored in the QR code:**

- Manufacturer
- Production location
- Stamp order date
- Tax status and class
- Brand
- Intended market
- Unique identifier (serial number)

# Encryption

**Encryption** is the process of encoding a message or information in such a way that only authorized parties can access it and those who are not authorized cannot.

Most codes are partially or totally encrypted.

An example is, for instance, codentify: a 12 digit code (AZY 145 THE 555) which provides info on place of production, production line and time, if you have the key to access the data.

# The marking should also provide info accessible by means of a link on

- (c) machine used to manufacture
- (d) production shift or time of manufacture;
- (e) the name, invoice, order number and payment records of the first customer:
- (h) any warehousing and shipping;
- (i) any known subsequent purchaser
- (j) the intended shipment route

- Recorded when? at time of production, first shipment or import

# Aggregation

A link and parent-child relationships (called aggregation) between different packaging units that allow, for instance, traceability of pallets without scanning all master cases, cartons and packs that are inside the pallet.

# Recording and data storage

Recording of any shipping and receiving events along the supply chain in an independent data base, for instance the recording of the departure of the pallet at the manufacturing site and the arrival of the consignment at trader X in country Y.

# Time is running

Article 8.1: Global tracking and tracing regime, with Global Information-sharing focal Point to be established *within 5 years of entry into force or 25 September 2023.*

# Who funds the tracking and tracing scheme?

Article 8, &14 of the Protocol:

“Each Party may require the tobacco industry to bear any costs associated with that Party’s obligations under this Article.”

# The costs of a tracking and tracing scheme

- Generation of the unique identifiers
- Monitoring at the production line
- Recording along the supply chain
- Storge of the data
- Maintenance and control

# Who funds the tracking and tracing scheme?

The cost of the track and trace system in Brazil has been estimated at US$ 0.016 per pack, in Kenya at US$ 0.023 per pack and in the EU less than EURO 0,005. In Brazil, Kenya and the EU, legislation stipulates that costs will be borne by the tobacco industry.

# Conclusion

- Tracking and tracing is feasible
- Legislation should stipulate that costs will be borne by the tobacco industry