The risk of increased simplification of tobacco packaging

Continuously evolving packaging remains the best line of defence against counterfeits.

One of the key roles of packaging is to allow for authentication by consumers and authorities. Conceding pack space to less sophisticated and labour-intensive technologies risks lowering the bar for replicating cigarette packs and exposes the market to increased counterfeit risk.

In its progress report on the implementation of the Action Plan to fight illicit tobacco trade, the European Commission noted that despite the measures taken since 2013, the size of illicit trade remains stable and the phenomenon of cheap whites and counterfeits in particular has become increasingly troublesome over the years.[1] The European Parliament has also expressed concern regarding illicit tobacco trade on several occasions, most recently in its 2018 Resolution on the protection of the EU's financial interests – Fight against fraud.[2]

The Covid-19 pandemic exacerbated illicit trade in a multitude of industries, including tobacco, causing a spike in the illicit market, driven by conditions that have been boosted by the pandemic effects.[3] For the first time in the last 10 years, total illicit cigarette consumption increased across the EU, led by an unprecedented 87% surge in the consumption of counterfeit cigarettes in 2020.[4]

When proposing new measures that regulate tobacco packaging as part of an evolved Tobacco Products Directive, consideration should be given to possible unintended consequences of further simplification of tobacco packaging and the potential for undermining public health objectives.

The European Commission stated in Europe's Beating Cancer Plan that the next revision of the Tobacco Products Directive (2014/40/EU) will "work towards" plain packaging. As an organisation that has substantial expertise in the manufacture of folding cigarette cartons, we are concerned that plain packaging will have the unintended consequence of exacerbating the existing illicit trade problem. Plain Packaging has the potential to increase production and supply of counterfeit cigarettes on the market by lowering barriers to market entry, increasing economic incentives for counterfeit supply and limiting the capacity for consumers to differentiate between genuine and illicit products.

If packaging is further standardised through plain packaging, then serious consideration needs to be given to the threat posed by counterfeit and how it can be contained through complementary measures.

Security features are typically one measure that is often put forward as a means to counter this threat. Security features in isolation are not enough and specifically the security feature mandated through the Tobacco Products Directive 2014/40/EU has serious shortcomings in our view which should be examined as part of a wider review of tobacco legislation. ECMA members have enabled success in anti-counterfeit measures for other sectors, such as pharma packaging and recommend other printed elements on tobacco packaging should also be considered as a means to increase complexity while remaining consistent with health objectives. We elaborate on both these ideas in the remainder of this paper.

The Security Feature is not as effective as it could be in ensuring consumer authentication.

The role of the security feature is to reduce consumer exposure to counterfeit products. For this reason, it must include the strongest security (authentication) solution for the protection of the consumer i.e. be clearly visible on the packaging, ideally without the aid of a device.

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[1] Progress report on the implementation of the Commission Communication "Stepping up the fight against cigarette smuggling and other forms of illicit trade in tobacco products - a comprehensive EU strategy. 2017
[2] European Parliament resolution of 3 May 2018 on the Annual Report 2016 on the protection of the EU's financial interests – Fight against fraud (2017/2216(INI)
[3] Euromonitor, Illicit Trade in Times of Coronavirus. August 2020
[4] KPMG, Illicit cigarette consumption in the EU, UK, Norway and Switzerland 2020 results

EU Member States have largely opted to use their existing tax stamps as their security feature on tobacco packaging. Tax stamps are neither challenging for counterfeiters nor the best solution for the consumer in identifying legitimate products, two objectives which we believe should be fulfilled by a security feature.

Affixed solutions, including tax stamps, are fundamentally weak as an anti-counterfeit measure, in that they authenticate themselves and not the packaging or its contents. A stronger security feature would have been one which is intrinsic to the packaging itself, through direct printing of combined technology solutions and the variety of technology platforms available in the market that support product authentication.

We believe that the combination of packaging requirements such as plain packaging which would commoditise packaging and remove innovative complex features and a security feature requirement which has certain limitations in allowing for consumer authentication, will result in an increased risk of counterfeit.

Complementary measures such as new printing requirements on under-utilised areas of the pack should be considered.

Utilising new areas on tobacco packaging such as the inside of the pack for health promotion messages or health warning imagery could offset the trend toward increased simplification of tobacco packaging while providing consumers with additional information on the effects of tobacco consumption without overloading outside packaging…nor effecting the high recycling rates and circularity already achieved with tobacco packaging.

As people may have become desensitised over time at the presence of health warnings on outside packaging, use of new areas on the pack that do not obstruct the health warning while allowing high visibility for the consumer would serve as an effective means for communication. Printing on the inside lid of the unit pack or printing on the inner frame/inner liner is technically more challenging requiring additional investment and therefore making the packaging harder to replicate.

There are precedents. In Canada, the placement of pictorial health information messages are placed front and centre by requiring to be printed on the inside of the packages (either as leaflets or directly printed). Health messages were re-designed to be more engaging, including "teasers" displayed on the upper slide flap to draw attention to the inside of the package. The prospect of printing of health warnings inside the pack was also discussed in Australia.

Conclusion

The view of Europe's packaging sector is that evolving tobacco packaging must be maintained to act as an effective deterrent against illicit tobacco trade. If further consideration will be given to standardising packaging to considerably less sophisticated technologies, utilising under-exploited areas on the pack for new printing requirements should be examined as an alternative to maintaining some packaging complexity.

About the European Carton Makers Association

ECMA is the established forum for national carton associations throughout Europe. It represents over 500 folding carton producers which account for 90% of the total market. The total EU turnover for the sector is €12.2bn, of which 6% is folding cartons for tobacco & accessories.