



The Hague, 23 May 2019
Our reference: HvS/BG/19-003TF

Re: Public consultation on standard packaging for cigarettes and fine-cut tobacco

The European Carton Makers Association (ECMA), established forum for national carton associations throughout Europe, writes to express concern about developments currently under way to introduce Plain Packaging for tobacco products in the Netherlands.

We believe that policy changes as significant as Plain Packaging will be met with a reaction from the illicit market, that this reaction is foreseeable, and it will exacerbate the illicit trade situation. This will have important negative and unintended consequences on health policy in the long term due to increased availability of cheaper, unregulated and potentially harmful product becoming more widely available on the market, whilst limiting the ability of consumers to authenticate legitimate products over counterfeits.

As packaging experts we are aware that one of the key roles of packaging is to allow for consumer authentication. Plain packaging will create authentication issues with legal tobacco as it will remove the ability to differentiate between high and low quality products.

Printing technologies used to manufacture standardized tobacco packaging are considerably less sophisticated and labour intensive than technologies required for complex tobacco packaging. Removing this level of complexity would lower the bar for replicating cigarette packs and expose the market to entry for counterfeiters.

We believe continuously evolving packaging complexity is the first and best line of defence against counterfeits. The removal of these complex features in favour of pack standardisation at low, static levels will open the door to a growing volume of counterfeit production fuelled by:

- Lower barriers to entry for counterfeiters resulting from lower technology hurdles and lower upfront investment costs.
- Increased economic incentives for counterfeits on the market driven by lower input costs for the legitimate industry and higher taxes.
- Limited capacity to authenticate genuine products making it easier for counterfeit goods to be passed off as genuine product.

Plain Packaging would create a major disruption to current business practices, and it is our belief that as market structures change to adapt to the new realities, so too will the structure of the illicit market change in response.

While we understand this measure is justified by the Government on the premise that it will have an impact on smoking initiation, we are concerned that the effect it will have on counterfeits will offset public health benefits in the long term. Our recommendation is for the Government to focus on a solution that maintains, if not increases, the level of packaging complexity to act as a more effective deterrent against illicit tobacco trade.

ECMA is the established forum for national carton associations throughout Europe. It represents approximately 500 carton producers which account for 90% of the total market. The total EU turnover for the sector is €9bn, of which 10% is tobacco folding cartons.

