COMPLYING WITH THE WORLD HEALTH ORGANIZATION'S
FRAMEWORK CONVENTION FOR TOBACCO CONTROL (FCTC)

By Tim Driscoll, Senior Vice President and General Manager, Currency & Tax Stamp, Authentix

WHO Framework Convention on Tobacco Control

"The WHO Framework Convention on Tobacco Control (WHO FCTC) is the first treaty negotiated under the auspices of the World Health Organization.

The WHO FCTC represents a paradigm shift in developing a regulatory strategy to address addictive substances; in contrast to previous drug control treaties, the WHO FCTC asserts the importance of demand reduction strategies as well as supply issues.

The WHO FCTC was developed in response to the globalization of the tobacco epidemic. The spread of the tobacco epidemic is facilitated through a variety of complex factors with cross-border effects, including trade liberalization and direct foreign investment. Other factors such as global marketing, transnational tobacco advertising, promotion and sponsorship, and the international movement of contraband and counterfeit cigarettes have also contributed to the explosive increase in tobacco use."

— **WHO Framework Convention on Tobacco Control**

The WHO FCTC treaty was enacted in 2005 and passed its last milestone on May 20, 2019, which focuses on compliance directives and guidelines. To date, the treaty has 168 signatories and is legally-binding in 181 ratifying countries.

Following the treaty's ratification, the WHO realized the issue of illicit trade in tobacco and tobacco-related products (e.g., smuggling) required its own treaty. The WHO's second international treaty, **The Protocol to Eliminate Illicit Trade in Tobacco Products** (the Protocol), builds upon and complements Article 15 (see call out next page) of the FCTC which addresses means of countering illicit trade in tobacco products and the measures member states must take to take to eliminate it.

The Protocol was adopted in 2012 and open for signature January 2013–2014. It went into effect September 25, 2018 after the mandatory 40 member states had acceded to, ratified, accepted or approved it.

Authentix®
The Authority in Authentication

The Protocol: Track & Trace Programs

The Protocol focuses on the global tobacco epidemic from both a demand reduction and supply regulation position. It requires that signatories not only monitor and regulate manufacturers and distributors, but also apply other measures that address how the public interacts with tobacco and tobacco-related products (e.g., education, cessation programs, transitioning farmers from tobacco to other crops).

A key component in the Protocol (Part 3, Article 8) is the supply chain track-and-trace program which requires all tobacco and tobacco-related products to have a unique ID placed on the packaging. This ID enables products to be tracked throughout the supply and distribution chain (track), from manufacturer to first retail sale. Those movements are recorded and the data is stored with independent data storage providers. This data must be made available to government entities to help them determine where the item has been in the supply chain (trace) and support enforcement purposes.

Benefiting the Public

By eliminating the illicit trade in tobacco products, the track-and-trace program can help revenue authorities recover lost taxes needed to fund public programs. Fundamental is its efforts to protect the health and welfare of the public, particularly young people, by curbing tobacco use and protecting them from the even more harmful aspects of contraband cigarettes. It addresses issues from secondhand smoke exposure to lobbying standards to social economic programs to seizing contraband. Compliance with the FCTC promotes these efforts, helps protect public health and welfare, and enables a safer market for legal tobacco products – and that's good news for everyone.

Article 15 concerns the commitment of Parties to eliminate all forms of illicit trade in tobacco products. The Protocol to Eliminate Illicit Trade in Tobacco Products builds on this article. It includes obligations concerning the marking of tobacco packaging to enable tracking and tracing, the monitoring of cross border trade, legislation to be enacted, and confiscation of proceeds derived from the illicit trade in tobacco products. Parties are also required (in accordance with national law), to cooperate with each other and with international organizations in combating illicit trade.

Choosing the Right Authentication Partner

To comply with the FCTC, signatories must use an independent party to register entrants and generate and issue ID codes for tobacco products. However, choosing the right authentication partner that understands your country's challenges, supply chain, tax revenue laws and the types of illicit trade impacting your citizens, can seem daunting. Authentix collaborates with finance ministries, revenue agencies and custom departments to better understand their tax collection challenges and the complexity of supply and distribution chains operating within their country. Leveraging our experience as a provider of comprehensive tax stamp solutions, Authentix works with FCTC signatories to help them comply with the Protocol. In addition, as a stakeholder in the EU's Tobacco Products Directive (EUTPD). Authentix enables a European Ministry of Finance to serve as the designated ID issuer for two EU Member States. As a result, we have developed effective implementation strategies to meet WHO and individual signatory mandates.

Our experience combined with AXIS®, our data collection, analysis and reporting software platform, enables us to provide actionable insights to our customers, delivering a deeper understanding of the collected data to help refine tax stamp programs and improve compliance, increase tax revenue and prevent fraudulent activities.

Authentix has been implementing excise tax recovery programs for more than 25 years. As an independent provider, our position allows us to effectively work with all involved parties, including both tobacco manufacturers and government agencies. This ability enables us to reduce the friction inherent in any compliance program and smooth the way for our customers' success.

With the recent acquisition of Security Print Solutions Limited, the United Kingdom's leading tax stamp printer, Authentix is further expanding its capabilities and technologies for an even stronger partnership with Finance Ministry and Revenue Agency customers.

The Authentix Difference

As the authority in authentication solutions, Authentix provides advanced authentication solutions for governments, central banks and commercial products, ensuring local economies grow, banknote security remains intact and commercial products have robust market opportunities. Authentix offers both comprehensive tax stamp programs as well as customized point solutions to assist in tax collection.

For more information, visit authentix.com

© 2019 Authentix, Inc.

Authentix
The Authority in Authentication