

27<sup>th</sup> November 2017

Mr Andrew Jones MP  
HM Treasury  
1 Horse Guards Road  
London  
SW1A 2HQ

Dear Minister

**Association of Convenience Stores – Impact of Tobacco Track and Trace Regulations on Retailers**

I am writing to raise concerns about the impact that the upcoming EU track and trace regulations under Article 15 of the Tobacco Products Directive 2014/40/EU will have on convenience retailers. ACS (the Association of Convenience Stores) is the voice of 33,500 local shops including the Co-Op, Spar UK, Nisa Retail and thousands of independent retailers. There are 49,918 convenience stores in the UK, employing over 370,000 people.

The EU Revised Tobacco Products Directive states that the track and trace proposals would only affect “the last economic operator before the first retail outlet”. We understood this to mean that regulations would have limited impact on the retail sector but would require wholesalers and manufacturers to work closer together to track tobacco products through their supply chain. However, the EU Commission’s implementing regulations would, as drafted, require convenience stores in the UK to apply for Economic Operator Identifier Codes and Facility Identifier Codes, and exchange these codes with their tobacco supplier(s).

The regulations will essentially introduce an enhanced registration system for retailers of tobacco products in the UK. This introduces new cost burdens for retailers and directly contradicts the UK Government’s recent review of evidence on tackling the illicit market which states “the government does not consider that the case has been made for an additional tobacco supply-chain licensing system aimed specifically at reducing the illicit trade.”

The time allocated for the retail industry to feedback on these regulations and subsequent amendments to the regulations has been limited. We have worked with your officials to outline and clarify our initial reservations, but we are concerned that there is limited time remaining to understand their impact. Moreover, the regulations are due to be introduced by May 2019, giving retailers and wholesalers only 18 months to prepare. As set out in our submission to the EU Commission (enclosed), the steps that retailers would need to take to become compliant with the regulations in their current form are extensive and place significant pressures on retailers’ time and productivity, particularly for independent retailers. The collection and submission of data to apply for these codes will be a challenge for many small retailers as they do not have centralised administrative functions and allowing a third party to apply on their behalf is not straightforward.

We support measures to tackle the illicit tobacco trade, but we believe that these regulations will place disproportionate burdens on legitimate businesses trading within the law. We hope that that you and your officials will reflect on these concerns during discussions with the EU Commission on the regulations.

Yours Sincerely

James Lowman  
Chief Executive