

EurActiv: Enhancing Traceability to Combat Counterfeiting and Illicit Trade

Tuesday 6th December, 2016, L42 Rue de la Loi, Brussels

On 6th December 2016 the Coalition Against Illicit Trade (CAIT) launched its second White Paper at the EurActiv panel discussion event hosted by Catherine Stupp on the subject of 'Enhancing Traceability to Combat Counterfeiting and Illicit Trade'. The paper's focus on 'Governance and Data Management for Cross-border Tracking, Tracing and Authentication Systems to combat Illicit Trade and Counterfeiting' mirroring the key topics debated by the panellists.

Introducing the paper, and its subject matter, was CAIT member Thomas Gering, President of the Board of Nano4U. Mr Gering expanded upon the key points of the CAIT White Paper, first giving attendees a sense of the scale the problem of illicit trade, which accounts for a staggering \$0.5 trillion dollars in annual imports. The scale of the problem was expanded upon by the second speaker, Piotr Strykowski, an OECD economist, who pulled out some facts from their recent report on *Trade in Counterfeit and Pirated Goods*. Highlighting the fact that China is the number one producer of counterfeit goods, he put the scale of the illicit trade into context when he informed delegates that they estimated the total annual value to be \$461bn, equivalent to the revenues of Apple and representing 2.5% of global trade.

Mr Gering had addressed how regulators and government might best address the issue. Using the US example of the FDA attempt to mandate the use of RFID chips in every pharmaceutical package, and the project's subsequent collapse, Mr Gering emphasised the need for balanced regulation that brings the industry with it and which recognises what are reasonable cost implications for industry.

This was a theme taking up by the third speaker, Eric Marin, from DG Sante, who focused on traceability in the food and drink sector. He argued strongly that it was up to regulators to put in place a legal framework to allow for the development of new technologies and that these had to reflect the latest IT tools and be fully interoperable between systems.

Mr Marin was followed by comments from Geoffroy Bessaud, Associate Vice-President responsible for Corporate Anti-Counterfeiting Coordination and Cooperation Security at Sanofi. Mr Bessaud's comments highlighted the scale of the issue in pharma, which he estimated to cost the industry \$200m each year and was ever expanding, covering all sectors from vaccines to animal medication and particularly prevalent online; where 95% of online medicine sales are forgeries. He argued that the penalties are currently too low but there was the opportunity to fight the criminals through technology advances and the application of overt and covert security features.

The use of serialised data carriers was the focus on Diane Taillard, from standards body GS1. She explained how the system works as an answer to three key questions; 1) Should the number exist? 2) Has it already been stored? and 3) Is it where it is supposed to be?. Her opinion was any legislation must reflect the need for global data standards that create a 'common language' so that 'systems can talk together'. She highlighted that 1.5m companies currently use GS1, making it the provider of the most widely used standards, and that it was very important that every operator had the opportunity to 'choose the tool that fits them best' based on their 'different requirements'.

Mark van der Horst, of UPS, closed the panel discussion by emphasising the role logistics providers can play, in partnership with customs, and stressed that there was a significant amount of data already there but there needs to be greater cooperation between manufacturers, who are the

'product experts' and the supply chain operators and authorities. In particular, he argued that the legislation emphasis needs to be on the countries of production.

In summary, the speakers shared a common concern that any directive mandating a specific solution would likely counter the innovation that is vital in fighting the illicit trade. Allowing innovation, within a framework of standards such as GS1, and enabling manufacturers to choose solutions that best respond to the needs of their products and allow for interoperability between systems was agreed to be the solution that best responded to the growing issue of the illicit trade across industries and geographies.