GS1 Industry & Standards Event 2019

How to start a public policy relationship from 0 to success: the FIT example

Speaker(s): Francesca Poggiali, Bruno Aceto, Artur Andrade, Ferran Domenech
Anti-trust caution

- GS1 operates under the GS1 anti-trust caution. Strict compliance with anti-trust laws is and always has been the policy of GS1.
- The best way to avoid problems is to remember that the purpose of the group is to enhance the ability of all industry members to compete more efficiently.
- This means:
  - There shall be no discussion of prices, allocation of customers, or products, boycotts, refusals to deal, or market share.
  - If any participant believes the group is drifting toward impermissible discussion, the topic shall be tabled until the opinion of counsel can be obtained.
- The full anti-trust caution is available via the link below, if you would like to read it in its entirety: http://www.gs1.org/gs1-anti-trust-caution.
AGENDA

• ABOUT PUBLIC POLICY - Introduction
• FIT: the public policy challenges we have faced
• FIT: a successful story. Best practices in Spain and Portugal

SPEAKERS

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CEO of GS1 Italy
FIT Executive sponsor

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Head of Industry Engagement and Customer Support
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GS1 Spain

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Public policy Director Europe
What is public policy?

- Public policy making can be characterized as a dynamic, complex, and interactive system through which public problems are identified and countered by creating new policies or by reforming existing policies on the local, national, or international level.
- The public problems that influence public policy making can be of economic, social, environmental or political nature.
- Each system is influenced by different public problems and issues, and has different stakeholders; as such, each requires different answers.
- In public policy making, numerous individuals, corporations, non-profit organizations and interest groups compete and collaborate to influence policymakers to act in a particular way.
Public Policy System – 5 steps

1. Authorities select objectives and set targets

2. One of their biggest roles is to identify and evaluate alternatives to reach those targets

3. They need to assess the impact in advance (in several regions this is compulsory)

4. They adopt measures and/or programs to reach their targets

5. They are responsible for the correct implementation of the measures adopted

Only in some cases they ask for stakeholders opinions publicly
Public Policy Golden Rules

1. Understand the context
2. Map the stakeholders and their offers
3. Develop your vision
4. Clarify your role/limits
5. Tailor your offer

= Develop a public policy plan

Engage as early as possible
Developing a public policy vision

Some tips:

1. Does the measure include a legal basis?
2. Does it include accountability measures?
3. Are procedures fair, accessible and transparent?
4. Is there a conflict resolution mechanisms?
5. Does it provide clear implementation rules?

Make your voice heard in the right way
FIT AS A PUBLIC POLICY BEST PRACTICE

1. GS1 engaged in a very early stage
2. GS1 in Europe developed a public policy plan taking into account all stakeholders behaviours: European and National Authorities, Industry, Solution Providers...
3. GS1 has set clear goals; it has continuously checked them during the process; it has provided materials based on the strategy
4. GS1 showed adaptability based on Authorities’ views and timing
5. GS1 kept the relationship constantly open towards all stakeholders involved simultaneously and in a structured way
Overview of the GS1 EU system’s implementation

Physical flow and GS1 identification of supply chain entities, step by step

- **GS1 identification**
- **Supply chain entities**

ID Issuer Unique ID Codes (UICs) will preface GS1 identifiers in EU 2018/574 event records and flat file decodes of economic operator ID (EOID), facility ID (FID, & machine ID (MID)
In the EU, each manufacturer or importer can use GS1 IDs with “Primary Repository” to record supply chain events and transactions. Distributors, wholesalers, and retailers use the Secondary Repository’s router to exchange data with the appropriate Primary Repository. Per Preamble, point 19, ...To ensure interoperability of the components of the repositories system, technical specifications, based on non-proprietary open standards, should be established for the exchange of data between the primary repositories, the secondary repository and the routing system.
GS1 standards based solution for the EU

1. GS1 identifiers can be used for unit packs, aggregated products, transport units, economic operators, facilities, & machines across Member States as they:
   • Comply with the EU regulation (e.g., conform to ISO/IEC 15459)
   • Provide uniqueness across, and interoperability between, Member States
   • Speed implementation as “open standards-based” solutions support them
   • Reduce disruption to the supply chain by ensuring backward compatibility

2. When combined, an EU-wide data dictionary, a GTIN-based barcode algorithm, and flat file utility are ideal as they:
   • Simplify Member State efforts to conduct surveillance
   • Speed implementation of market surveillance by focusing on “value add”
   • Centralize the process of making updates to field inspection devices

3. Use of GS1 data sharing standards will simplify and speed implementation
Bruno Aceto
CEO of GS1 Italy
FIT executive sponsor
Illicit trade context

- Tobacco is extremely harmful to health
- Illicit trade tobacco is easier to buy, cheaper than legal products and weaken most effective control instruments. Often do not carry health warnings
- Illicit trade causes the loss of billions of Euros in tax revenue and often supports other crime activities

### Executive summary

- **43,6 bn**
  - Counterfeit and contraband cigarettes consumed (a)
  - -1,1 bn on 2017

- **8,6%**
  - Of total consumption was C&C
  - 0,0% pts on 2017

- **€10 bn**
  - Tax revenue lost from C&C
  - 369m on 2017

### Tax Loss, 2018 (€m)

- Less than €100m
- Between €100m and €250m
- Between €250m and €500m
- Between €500m and €1000m
- Over €1000m

Source: Stella Report - KPMG 2018
New Ways of Working Together

- Clear roles and responsibilities in the execution of the Work: global vs local.
- One GS1.
  - Trust and communication.
  - No time zone limitations.
  - Relation with key stakeholders: one single face to the customer.
  - First real usage of the GS1 Registry Platform to check: GLNs, GTINs and GIAI.

No one in GS1 can succeed alone in the Global Service space, the GS1 Registry Platform is joint Project.
Expanding Relevance of GS1 Standards

Aggregated level UIs shall be generated and issued on the basis of a request to the competent ID issuer or directly by the economic operator.

Optional EPCIS and EDI support: The EU Secondary Repository and Router will provide an additional GS1 EPCIS and EDI interface on top of the current interfaces described in a List Of Specification and Data Dictionary.

Dentsu is working with GS1 to provide this by Q3 2019

Portugal and Spain fully adopt GS1 standards.

Negotiations May to Nov 2017 resulted in this allowance. As a result 80-90% of ID capture may be GS1.

GS1 went beyond standards to develop a Data Dictionary and gap analysis. Negotiations Jan-Apr 2019 secured GS1 as the ONLY data sharing standards supported by the Repository.

NNN Million Serialized GTINs generated. NNN,000 parties, locations, machines registered.
GSMP Rocked the Vote, then went further!

- **True collaboration** of GSMP groups to meet EU 2018/574 timelines
- **New, agile** development of ‘provisional’ standards **required**
Accelerating Towards the Singapore Resolution

- **The Singapore Resolution**: GS1 must establish **NOW** a system of **core services** to create, store, and check GCP, GLN and GTIN.
- **FIT accelerated** the delivery of these core services.
- **FIT established registries** and **APIs** that are consumed by ID Issuers **TODAY**.
Artur Andrade
How everything started....
Since then.....

39.158

72.529

35

250,000,000
To achieve that...several steps have been taken...

- Promote and “Sell” the FIT initiative internally at GS1 (Executive Direction, Board Members)
- Align internal expectations (outcomes for GS1 locally)
- Start engaging the local authorities (potential ID Issuers):
  - Clear Value Proposition
  - Clear and global aligned message
  - Building a relationship based on trust and transparency
  - Consider their needs and limitations
- Involve the local regulators into the GS1 Community:
  - Participating in several meetings: Ljubljana, Madrid, Lisbon
  - Weekly conf calls with GO, GS1 Spain, ID Issuers (sometimes several conf calls per week)
The process

1. INCM Registration
2. INCM requests an identifier
3. GS1 PT returns the identifier requested

Types of Identifiers
- **EOID**: Economic Operators (built on a GLN)
- **FID**: Tobacco Sales Locations (built on a GLN)
- **MID**: Tobacco Production Machines (built on a GIAI)
Critical Success Factors

- Belief in the **GS1 System** (by different stakeholders)
- Great **alignment** between GO and MO’s
- Global and strong **value proposition**
- **Awareness** of entering new territories (several different new challenges as we moved forwards)
- The first success story of a **partnership** between GS1 Portugal and a National Authority
- And the most important factor of all **TEAM WORK**
OBRIGADO
THANK YOU
Ferran Domenech
What are those figures?

- 1.200 Million
- 33.653
- 35.000
- <100

SINCE MAY!
OBJECTIVE: FIGHT ILLICIT TRADE

Spanish Authorities have chosen the GS1 System as the solution to implement the Regulation for the Spanish Market.
Clear roles and responsibilities in the execution of the Work: Global and Local.

One GS1.

- Trust and communication.
- No time zone limitations.
- Relation with key stakeholders: one single face to the customer.
- First real usage of the GS1 Registry Platform to check: GLNs, GTINs and GIAI.

No one in GS1 can succeed alone in the Global Service space, the GS1 Registry Platform is a common Project.
Wrap up
Public Policy Golden Rules

1. Understand the context
2. Map the stakeholders and their offers
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### TIMELINE OF THE EU REGULATION 2018/574

<table>
<thead>
<tr>
<th>By 20 May 2019</th>
<th>By 20 May 2024</th>
</tr>
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<tbody>
<tr>
<td>For cigarettes and roll-your-own tobacco, both the traceability system and the security features should be in place.</td>
<td>For all other tobacco products such as cigars, cigarillos and smokeless tobacco products, both the traceability system and the security features should be in place.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Until 20 May 2020</th>
<th>Until 20 May 2026</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cigarettes and roll-your-own tobacco manufactured or imported into the Union before 20 May 2019 and not marked by means of unit level UIs <strong>may remain in free circulation.</strong></td>
<td>Other tobacco products manufactured or imported into the Union before 20 May 2024 and not marked by means of unit level UIs <strong>may remain in free circulation.</strong></td>
</tr>
</tbody>
</table>
Interoperable solutions depend on open standards

Interoperability between technologies & countries

- **Identifier based on ISO/IEC Issuing Agency standard**
- **Data carrier standards for identifier syntax, barcode size and quality**
- **Master data, traceability data, and transaction data standards**
- **National algorithm, flat file, data carrier specification, messages/data dictionary based on standards**

Interoperable Market Surveillance

EU Wide barcode scanning/decoding, data sharing, data dictionary
FIT Web Page Overview

FIT page on [www.gs1.org](https://www.gs1.org) is live since May 7th 2019

GS1 standards are well positioned to help fight illicit trade

Over the past years, GS1 has been working with public authorities, economic operators and all stakeholders to study how global standards could add value to efforts to combat the illicit trade. GS1 open standards have been recognised by institutions and economic operators as essential tools in the fight against illicit trade allowing to uniquely identify products in a highly secure way.

The European commission has officially called for the establishment and operation of an EU-wide tracking and tracing system for tobacco products leveraging GS1 tracking and tracing tools.

https://www.gs1.org/standards/fighting-illicit-trade
FIT Web Page Overview - three key sections

Public Policy Resources

- European Commission regulatory papers and documents
  - EC tobacco traceability strategy
  - EU Implementing Regulation 2018/574
  - Impact Assessment on the EU Implementing Regulation 2018/574
  - EU minutes of relevant meetings
- WHO protocols on illicit trade control of tobacco products

Relevant information from the EU and WHO

- The EU decided that EU-wide rules were necessary based on the significant cross border trade of tobacco products and the risk of diverging national legislation
  - European Commission tobacco traceability strategy
  - EU Implementing Regulation 2018/574
  - Impact Assessment on the EU Implementing Regulation 2018/574
  - EU minutes of relevant meetings
- The WHO (World Health Organization) Framework Convention on Tobacco Control and the Protocol to Eliminate Illicit Trade in Tobacco Products were developed in response to the growing illicit trade in tobacco products, often across borders, which poses a serious threat to public health
  - Access the WHO Protocol
  - Parties to the Protocol to Eliminate Illicit Trade in Tobacco Products
  - Learn more about GS1 Public Policy
FIT Web Page Overview

GS1 Guidelines (authorised requests for documents)

- ID Issuer Implementation Guide
- Economic Operator Onboarding Guide
- Data Capture Specifications for EU 2018/574 Unique Identifiers
- GS1 overview of EU 2018/574 data capture requirements
- GS1 Specifications for aggregate level UIs generated directly by economic operators can be found within Secondary Repository (Dentsu) Clarifications on Reporting Unique Identifiers, Section 1.2.2.

References from relevant stakeholders

- Portuguese ID Issuer portal
- Spanish Government TRAZABILIDAD Y MEDIDAS DE SEGURIDAD DE LOS PRODUCTOS DEL TABACO
- Dentsu Secondary Repository portal
FIT Web Page Overview

GS1 Standards

- GS1 FIT AIDC Standards document
- GS1 Master Data Standards document
- GS1 EPCIS Application Standard document
- GS1 Tag Data Standard

GS1 FIT AIDC Standards (ID and barcode)
This application standard provides a normative GS1 response to a specific regulatory requirement. It covers identification and marking of various entities per the European Commission Implementing Regulation on technical standards for the establishment and operation of a traceability system for tobacco products. If other regulatory authorities adopt the EC approach, this application standard is intended to support their efforts and enable global interoperability.

GS1 Master Data Standards for economic operator, facility, machine, and product (unit pack) identifier requests
The purpose of this document is to create standard messages used for the creation and management of identifier codes for Economic Operators, Facilities, Machines and Unit Level Items. In addition, there is messaging for registry responses and for message recall. It is assumed in this documentation that the messages for creating managing Economic Operators, Facilities and Machines will be APIs that will interact with a registry. The information sent to the registry and received from the registry will be in the JSON format.

GS1 EPCIS Application Standard
This application standard explains how to implement the GS1 EPCIS standard to
GS1 internal documents, training material, and references to WHO and EU documents

- GS1 ‘Unique Identification Code’ requirements in support of EU Implementing Regulation 2018/574
- WHO protocols and press release
- Webinars
Thanks to All!