**Additional Comments by Hunters & Frankau Limited for submission to Public Consultation on the implementation of an EU system for Traceability and Security features   
November 2016**

By way of introduction, Hunters & Frankau Limited is a medium-sized SME under the current EU definition with a turnover of £26 million in 2015 and employing 47 people. We are the main importer and distributor in the UK of premium, hand-made cigars from Cuba and other developing countries in the Caribbean and Central America. We also import and distribute machine-made cigars principally from Holland and Germany.  At present our portfolio contains a total of 35 different brands of cigars, which are sold in some 653 packaging options.

Our main concern is with the scope and scale of the traceability and security measures demanded by Articles 15 & 16 of the TPD.

We would emphasise that we are an SME operating only in the cigar sector of the market, which accounts for less that 1% of the volume sales of tobacco products in the UK and throughout the EU.

At various points in the consultation documentation mentions are made of the need to consider the impact of the TPD traceability and security measures on small businesses. In the context of the tobacco market as a whole, we would argue that all the companies involved in the cigar sector, from the manufacturers through to the importers and distributors many of which are SMEs or even micro-businesses, are small when they are compared to the large global corporations that dominate the mainstream tobacco product market.

We would ask the Commission to bear in mind that cigars are often manufactured at remote locations in developing countries where sophisticated technology is often unreliable and sometimes unavailable. Furthermore we would draw attention to the small scale of the European companies involved in distribution of cigars, like Hunters & Frankau, which means that, although we have invested in modern logistical systems, we do not have the resources available to provide limitless IT capability envisaged in some of the measures.

The likely cost of implementing the measures is an overriding concern for companies like us in the cigar sector. It should be understood whatever overall costs might be incurred for the development of the traceablity and security measures, when they are applied to a low volume sector and small scale operations, the commercial impact will be far greater that it will be for large companies operating in the mainstream sector. We fear, therefore, that we will be disproportionately affected.

With a view to minimising costs we would urge the Commission employ any traceablility systems that have already been proved to work regardless of whether they have been developed by the tobacco industry. We see huge risks involved in trying to develop an entirely new system from scratch just because the existing system is opposed on irrelevant principles rather than factual grounds. In particular we are concerned about the effects that might accrue if the timetable to introduce the measures for cigarettes and hand rolling tobacco in 2019 is not met resulting in an erosion of the additional five year period that is planned for other tobacco products including cigars. Companies like Hunters & Frankau will need every minute of those five years to prepare for the complexity of the new measures.