



SCANDINAVIAN TOBACCO GROUP

October 22, 2021

Ministry of Social Affairs and Health
Department for Safety, Security and Health
Wellbeing and Health Protection Unit
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Public consultation regarding implementation of plain packaging for tobacco products under proposed changes to Finland's Tobacco Act

Scandinavian Tobacco Group A/S (STG) is a publicly listed, Danish company and a world leader in the manufacture of cigars and pipe tobacco, with sales in more than 100 countries and approximately 11,000 employees globally.

STG thanks the Ministry of Social Affairs and Health for this opportunity to provide our comments and technical input regarding implementation of plain packaging for tobacco products as envisioned in proposed changes to Finland's Tobacco Act. We understand that implementing legislation for plain packaging is currently under development, and that the Ministry is soliciting comments through this public consultation through October 25, 2021.

General comments

STG has addressed plain packaging in earlier correspondence prepared by the European Cigar Manufacturers Association on behalf of its members, including STG, and which provided comments in May regarding several proposed changes to Finland's Tobacco Act. STG regrets the decision of the Finnish authorities to implement plain packaging for our product categories, which we believe is unwarranted. We nevertheless reluctantly acknowledge that plain packaging is coming in Finland, and so we feel it important to address here technical challenges potentially associated with the implementation of plain packaging for our tobacco product categories.

STG believes it is important, when implementing plain packaging, to fully consider the many differences between tobacco product categories and their diverse consumer profiles. Cigars and pipe tobacco are produced and packaged in a widely diverse array of sizes, formats, and materials which far exceed factory-made cigarettes in variety and complexity. Machine-made cigars vary significantly in both length and diameter. Packaging materials can include cardboard, plastic, metal, and wood. Packages themselves have multiple sizes and formats – split boxes, fold-out boxes (in both cardboard and plastic), insert boxes, tins with both attached and removable covers, and wooden boxes with sliding, removable or attached tops and that range from basic to high-end in their design and the type of wood used in their manufacture. Some cigars are individually wrapped in cellophane to ensure moisture content and freshness, others are sold in their own individual metallic or plastic tubes. Pipe tobaccos also come in a variety of

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materials and formats, including plastic and metal tins which can range from rectangular to square to round to ovoid, as well as paper or plastic pouches of different sizes and shapes. STG currently sells dozens of different stock keeping units (SKUs) of cigar and pipe tobacco products in Finland which come in many combinations of these different packaging materials and formats.

Cigars and pipe tobacco also differ from cigarettes in the amount, frequency, and demographics of how they are consumed. Cigars and pipe tobacco are generally consumed less frequently than cigarettes and may remain on retailer shelves for considerably longer periods of time. They thus require careful manufacturing and packaging to ensure their quality and freshness.

Technical considerations

With these general comments in mind, we offer the following observations regarding specific technical considerations that we would request the Ministry to allow for when finalizing implementing legislation and regulations for plain packaging for our product categories.

For pipe tobacco, STG manufactures products that are sold in both pouch and tin formats. Our pouch packaging incorporates a small aluminum (silver in appearance) rim around the full edge of the package. This rim, which is present in some similar product packaging also used by other manufacturers, is visible because the pouch packaging consists of three parts: an internal aluminum inlet (which protects product freshness), above which is a paper layer printed with artwork and product information, and finally a plastic foil that constitutes the outer surface of the pouch. The plastic foil is glued to the inner aluminum/silver inlet along this visible aluminum/silver rim and keeps artwork and aluminum inlet together. The aluminum/silver rim thus serves only a functional purpose, providing a surface for the outer foil to adhere to, and does not serve any decorative or branding function. Any removal of this aluminum/silver rim would compromise the overall package design, potentially necessitating additional packaging or adhesive to ensure the pouch's structural integrity. For these reasons, we would request that implementing regulations explicitly allow for the use of such an aluminum, non-decorative rim in connection with pouch-style packaging for pipe tobacco.

For pipe tobacco supplied in tins, STG would ask that the Ministry consider allowing the ability to add both the required health warnings and product information labeling as a non-removable sticker, which manufacturers are currently allowed to do under existing packaging regulations. Allowing for the use of non-removable labels would greatly simplify the manufacturing process, as it would allow producers to purchase tins in the designated plain packaging pantone color without having to pre-print all of the other required health warnings and product information, which of course will still vary for each SKU sold. Since this practice, adding health warnings and product information as non-removable stickers, is currently allowed, we would ask the Ministry to continue this practice when implementing plain packaging for pipe tobacco products.

More broadly, we would note that the information we have received so far regarding the proposed implementation of plain packaging does not specifically address or allow for simple product category information (for example, "pipe tobacco"), nor does it mention the ability to provide information about the manufacturer (company name) or the product contents (for example, the weight in grams of pipe tobacco, or the number of cigars in the package) on the packaging. These elements are, of course, all necessary, and we assume they will be allowed under final



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implementing regulations, with the understanding that they be printed using a standardized font and size appropriate for the product category.

Regarding fonts, STG encourages the Ministry to allow for a font size that is large enough to be easily read at a distance so that retailers can navigate products visually without difficulty. We note that the Helvetica 10 font size, which is used in some markets like Denmark for all textual elements, is extremely difficult to read on shelves that may be more than a meter distant and can present a barrier to efficient service for retail staff (France, by comparison, allows for use of Helvetica 14 for brand information). These visual cues are all the more important when combined with a display ban, also present in Finland, and where we hope the Ministry will consider how communication at the shelf edge (brand names and pricing), and font sizes used there, interacts with the additional restrictions to be imposed under plain packaging. In addition to the difficulties already noted for retailers, STG would also point out that these restrictions on the visual cues provided by small fonts can also potentially distort trade, as customers who are unable to see or otherwise visually navigate products will tend to ask for better-known brands, and thus disadvantage manufacturers with smaller market positions, and shelf space, in retail settings.

We would also note that STG currently pre-prints pricing information for some product categories on the product packaging, and request that the Ministry continue to allow this for practice as well when implementing plain packaging.

Finally, we would request that plain packaging implementing regulations address EU Track and Trace markings for product traceability. Specifically, we would ask that the Ministry allow for the printing of a black, rectangular space on the plain packaging surface that can be used to laser print dot matrix markings that contain the unique identifier information stipulated by the EU Tobacco Products Directive and associated implementing regulations. This black rectangle facilitates the placement of the Track and Trace dot matrix code by helping production line scanners visually identify and align this area for printing. Since Track and Trace will be extended to cigars and pipe tobacco beginning in 2024, we believe it would make sense already now to ensure that such a rectangle is permitted when Track and Trace requirements enter into force for all tobacco product categories.

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We again thank the Ministry for the opportunity to provide these comments as it finalizes its plans to implement new plain packaging requirements, and we of course stand ready to elaborate on any of the above if you have questions or would like clarifications.

Yours sincerely,

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