



Crane Authentication™

Case Study
Regulated & security

Régie Libanaise

Working with a strategic partner
to implement traceability and
authentication for tobacco products



With responsibility for tobacco production and sales in Lebanon, Régie Libanaise combats illicit trade and protects government revenues. Control of tobacco products is also essential as they work towards adopting the provisions of the WHO Framework Convention on Tobacco Control (FCTC). Crane Authentication worked with partner SCOPSIS to develop and deploy a digital authentication stamp solution for Lebanon.

Challenge

When it comes to managing and controlling tobacco products, Lebanon has a long history of taking a more expansive approach than most other countries. Established in 1935, Régie Libanaise des Tabacs et Tombacs (Régie Libanaise) is a public institution that operates and oversees almost every aspect of tobacco within Lebanon, from seed to smoke and beyond. Its mission and purpose are far reaching, with responsibility for diverse outcomes and for reconciling the interests of multiple stakeholders.

Since 1991, the tobacco industry has been controlled directly by the Lebanese State. This has allowed it to manage tobacco products in the interests of the nation and those reliant upon them, from local farmers that cultivate crops to staff in processing and commercial operations. As such, Régie Libanaise pursues multiple objectives, from quality and sustainability to employment and revenue generation.

In financial terms, Régie Libanaise plays a significant role in providing funds for the Lebanese treasury, generating 1782 billion LBP in 2022 (c. \$119 million). It

also has responsibility for the licensing and granting of permits associated with cultivation and sale of tobacco products, as well as overseeing the response to tobacco smuggling that can undermine both government revenues and quality standards.

Between 2018 and 2021, it was estimated that illicit cigarettes accounted for around 25% of the total market in Lebanon, equating to considerable lost excise revenues annually. This trade was fueled by the effects of regional and economic instability and the Covid pandemic. Despite this, Régie Libanaise continues to seize significant quantities of contraband in successful anti-smuggling operations.


Combatting illicit trade clearly helps assure government revenues but it also controls the accessibility and affordability of tobacco. This public health outcome is central to the WHO Framework Convention on Tobacco Products (FCTC) and Régie Libanaise is also working towards compliance with FCTC.





Solution


Régie Libanaise opted to introduce a comprehensive digital authentication stamp program, turning to strategic partners SCOPSIS S.A.L and Crane Authentication to design and implement a solution. Based in Beirut, SCOPSIS is a leading technology transformation provider that brings innovation and security to supply chain traceability and authentication for governments and brands. Its regional insight, operational know how, and service capabilities offered a perfect match for Crane Authentication with its proven platforms for traceability and authentication, and track record of successful program deployments.

The solution developed for Régie Libanaise was particularly comprehensive, spanning traceability, secure authentication, and online protection to combat unlicensed and counterfeit selling:

 **Crane Authentication Traceability:** all authentication stamps from the point of production to supply, onward distribution and application are serialized and captured in the Crane Authentication's OpSec Insight® central repository.

 **Crane Authentication Product Integrity:** optical and print features for each authentication stamp, using advanced micro lithographic technology, proprietary origination techniques, and high security printing methods that create multilayered security and are extremely hard for counterfeiters to emulate.

 **Crane Authentication Consumer Authentication:** simple to use method to authenticate the legitimate status of tobacco products by scanning an authentication stamp, without the need for a specialist app.

 **Crane Authentication Online Protection:** safeguarding against the online sale of illicit or counterfeited tobacco products, including monitoring to ensure products are not sold below acceptable prices.

"Besides preventing illicit trade and safeguarding Lebanon's much-needed revenue, this project will be a shining example for other countries in the region, demonstrating Lebanon's commitment to reform and progress."

Mohamad Ali Ahmad, VP Government Solutions at SCOPSIS

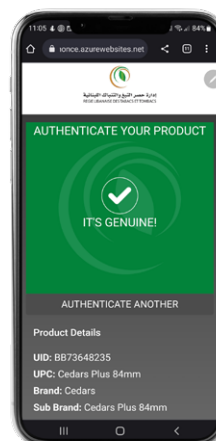
With the data captured in the Insight platform, staff at Régie Libanaise can visualize in-factory dynamics, from stamp usage by factory or brand, to usage trends by date, and scraggage rates. They can also report on enforcement trends and dynamics for both official checks and consumer scans. Consumer concerns about product authenticity or quality can also be submitted directly.

Authentication stamps carry overt, covert, and forensic security, and the features were designed in collaboration with the customer to capture the right visual character. This includes use of the national Cedar tree emblem in both the security print and optical security stripe. Stamps also contain open QR codes for fast authentication, a secondary encrypted code, and a human readable tracking identifier.

Significant application testing was undertaken on the chosen stamp applicators prior to launch, with stamps approved by the OEM supplier. This ensures no degradation in manufacturing speed, with efficiencies above 99%. Staff training on enforcement tools and key features was also provided.

Results

Crane Authentication and SCOPSIS provided Régie Libanaise with a comprehensive response to illicit trade and a key step towards FCTC compliance. The solution underpins the fundamentals of security and transparency, but online protection takes things further. Régie Libanaise receives a monthly listing of online traders, both within and outside Lebanon, who are potentially operating outside of the law. But beyond the innovations, the success of this digital program is down to effective collaboration between Crane Authentication, SCOPSIS and the customer, demonstrating the value of the Crane Authentication technology partnership model.



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