

## **SUMMARY OF THE AGREEMENT**

**The European Commission, together with ten Member States of the European Union, and Philip Morris International (PMI) today announced they have reached a multi-year agreement valid throughout the whole of the European Community for the fight against the shared problem of cigarette contraband and counterfeiting activity.**

The Agreement looks forward to a cooperative approach in the important area of reducing contraband and counterfeit cigarettes, while at the same time bringing to an end all past disputes between the parties relating to this issue. The Agreement builds on the efforts of all of the parties and includes:

### **Sales and distribution practices**

A comprehensive agreement concerning sales and distribution practices that includes PMI's existing policies and promotes the objective that Philip Morris's cigarettes be sold, distributed, stored and shipped in accordance with all legal requirements. (Article 2).

### **Anti-contraband and anti-counterfeit initiatives and procedures**

Measures that enhance the parties' efforts to combat the introduction, sale and distribution of contraband and counterfeit cigarettes within or through the territory of the Member States. PMI commits to provide substantial payments that, under the terms of the Agreement, may serve as a source of additional support for anti-contraband and anti-counterfeit initiatives and procedures. Over the course of the 12-year Agreement, such payments could total approximately \$ 1.25 billion and will be paid in 13 instalments. (Article 3).

### **Anti-contraband and anti-counterfeiting cooperation in the area of seizures**

Initiatives that include payments by PMI in the event of future seizures in the EU of its products in amounts above defined quantities and that recognize the importance of European Community and Member State enforcement activities. (Article 4).

### **Tracking and tracing protocols**

PMI agrees to adopt and maintain procedures for the tracking and tracing of its products that supplement procedures PMI already has in place. These measures include the marking, labelling and scanning of certain packaging and the maintenance of a central database for information useful for tracking products sold by PMI. (Article 5).

### **Resolving prior disputes**

The Agreement contains a mutual general release of claims relative to this subject area and thus brings to an end all prior disputes between the parties relating to the issues addressed by the Agreement. (Article 9).

### **Enforcement**

The Agreement includes provisions for dispute resolution and enforcement of the Agreement in the future. (Article 12).