

**IMMEDIATE RELEASE**

## **Commission Communication on RFID sets the stage for the EU to realise benefits of applications based on EPCglobal standards**

*EU should continue to embrace a balanced, enabling approach  
Industry's responsibilities in informing consumers about RFID are clear*

**Brussels, 15 March 2007** – The approach outlined today at CeBIT by European Commissioner Viviane Reding paves the way for the EU to enable businesses, consumers, citizens, governments and the whole EU economy to reap the benefits of RFID technology, according to EPCglobal.

EPCglobal Inc, the international not-for-profit user-driven standards organisation, supports the adoption of RFID based on the Electronic Product Code (EPC™).

In welcoming the Commission's new Communication, Chris Adcock, President of EPCglobal commented:

*“The European Commission clearly recognises the value that global standards will bring to the economy and society in general. EPCglobal standards enable accurate information and visibility about products in the supply chain, and as such their deployment can play a critical role in increasing competitiveness levels in the EU.*

*“Although there are some issues that still require further debate and perhaps clarification, the approach presented today sets the right framework for the discussions to progress and we look forward to playing our part in them”*

*“The benefits to European consumers of better information about enhanced food safety, product authenticity, stock availability and take-back possibilities, are now only beginning to be known and understood first-hand. Ensuring a clear and responsible approach to managing privacy and security concerns is important – hence our long-standing efforts in this regard”.*

EPCglobal has developed [Guidelines](#) for its members on EPC for Consumer Products, designed to complement all relevant EU data protection legislation. This ensures that consumers have awareness, education, information and choice. In addition, EPCglobal is actively exploring how to further ensure that consumers have confidence in the application of these guidelines. EPCglobal strongly believes that this approach will enable it and EU decision-makers to adequately respond to any reasonable concerns over privacy voiced by its citizens.

EPCglobal therefore urges the other EU institutions, notably the European Parliament and the Council of Ministers, to bear such activities in mind as they start the process in developing their further thoughts and to endorse an enabling, positive approach as the best way for the EU to realise benefits for all stakeholders involved.



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## Note to Editors

### 1. Some RFID Facts and Figures

- In 2007, the total RFID market size is \$4.96 bn.  
(*IDTechEx, RFID Trends and Forecasts*)
- By 2017, the total RFID market size is estimated to grow to \$26.88 bn (*IDTechEx, RFID Trends and Forecasts*)
- US still has the largest number of RFID projects followed by the UK where the RFID market size is 1/3 of the US market size  
(*IDTechEx, RFID Trends and Forecasts*)
- In 2017, the most important sectors by value of tags will roughly equal \$2 billion each and will be
  - Smart cards
  - Consumer goods item level
  - Pallet/caseThe second most important sectors will equal at around \$1 billion each and will be
  - Military
  - Animals(*IDTechEx, RFID Trends and Forecasts*)
- Efficiency
  - Around 1/3 of retail turnover is tied up in inventory and becomes wasted capital
  - In the cosmetics, household & personal care industry, at any given time, 1 in 12 items is out of stock. This results to a 2.6% of annual sales.  
(*Lehman Brothers, Equity Research, 15 September 2006*)
- Counterfeiting
  - The European Commission has estimated that counterfeiting costs the EU € 1.5 billion and is responsible for 200.000 lost jobs per year in Europe (or never created) due to lost sales  
(*European Commission, Taxation and Customs Union website:*  
[http://europa.eu.int/comm/taxation\\_customs/customs/customs\\_controls/counterfeit\\_piracy/combating/index\\_en.htm](http://europa.eu.int/comm/taxation_customs/customs/customs_controls/counterfeit_piracy/combating/index_en.htm))
  - The World Customs Organisation estimates that counterfeiting accounts for 5% to 7% of global merchandise trade.
  - \$39 billion or 11% of global pharmaceutical commerce were counterfeit in 2005  
(*Center for Medicines in the Public Interest (CMPI) report released 13 September 2005*)

## 2. About EPCglobal

- EPCglobal Inc is an international not-for-profit organisation and a subsidiary of GS1 and GS1 US™
- EPCglobal aims at taking a global leadership role in developing and promoting multi-industry, user-driven standards for utilising the Electronic Product Code (EPC) to enable accurate information and visibility about products in the supply chain.
- EPCglobal currently has 1.100 organisations – 193 European companies – that represent many sectors (consumer goods, healthcare, transport and logistics, apparel, aerospace, automotive and many providers of services).
- EPCglobal members participate at all levels of the supply chain from manufacturer, to retail and logistic provider.

For further information about EPCglobal you can visit <http://www.epcglobalinc.org>

## 3. Facts about EPC Technology

### What is the Electronic Product Code (EPC™)?

The Electronic Product Code (EPC) is a unique number that is used to identify a specific item in the supply chain. The EPC is stored on a radio frequency identification (RFID) tag, which combines a silicon chip and an antenna. Once the EPC is retrieved from the tag, it can be associated with dynamic data held in a secured database such as where an item originated or the date of its production. Much like a Global Trade Item Number (GTIN) or Vehicle Identification Number (VIN), the EPC is the key that unlocks the power of the information systems that are part of the EPCglobal Network™.

### What is the EPCglobal Network?

The EPCglobal Network is a set of technologies that enables immediate, automatic identification of items in the supply chain, anywhere in the world. Importantly, the Network allows trading partners to exchange such information about the goods they ship among themselves. In that way, the EPCglobal Network makes organisations more effective by uncovering inefficiencies or reducing such eternal issues as counterfeiting, internal theft, and other drains on productivity and profitability.

### What are the components of the EPCglobal Network?

The EPCglobal Network consists of several components that are designed to work together to give maximum visibility to a supply chain. The components are made up of the Electronic Product Code (EPC), tags, readers, and software that helps all of the pieces communicate in a common “language.”

The EPC sits on a tag comprised of a silicon chip connected to an antenna, which is physically attached to an item, a case of items, or a pallet of cases of items. The tag



"communicates" its unique number to a reader through radio frequency. The reader then passes the number to a computer that accesses the Object Name Service (ONS). The ONS tells the computer systems where to locate information on the secure network about the object carrying an EPC, including, for example, when the item was produced, and where.

EPC Information Services provide a common set of data elements, a common language for communication, and a set of defined messages for trading partners to use for storing, accessing, and communicating data on objects moving in the supply chain. The key to these information services is the EPC held in the RFID tag on each object. EPC-IS Middleware is a software technology that acts as the central nervous system of the EPCglobal Network. The EPC-IS Middleware manages and moves information in a way that does not overload existing corporate and public networks.

**How does the EPCglobal Network deliver value?**

The technology helps businesses minimise extra costs from their internal operations, from such issues as internal theft, out-of-stocks, counterfeiting, and other issues that plague them. This in turn drives down the cost of doing business, which helps businesses succeed while applying downward pressure on consumer prices.

For further information, visit <http://www.epcglobalinc.org>

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