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# Re-mobilizing economies: A De La Rue perspective.

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## Re-mobilizing economies: A De La Rue perspective

The societal and economic impacts of COVID-19 will be felt potentially for decades. We do not yet understand what all of them will be, but Governments have started to consider what their options are available to them to re-mobilise economies and society.

At De La Rue Authentication, our domain expertise lies in protecting Revenues and Reputation for Governments and Brands. Within this context I would like to share some of our thinking regarding the solutions and options Governments might reach for in the coming months.

We already see three broad areas Governments are considering in the post COVID-19 landscape.

- How governments can generate revenue to address battered national balance sheets as their countries emerge from the crisis
- How governments can stimulate the societal and economic re-build through vaccination / testing certification schemes
- Whether governments should legislate in free market supply chains to ensure certain delivery of “critical” products and goods in the event of a future international crisis.

## Generating and optimizing government revenue streams

Generating revenue for tax authorities will be a priority post COVID as governments seek to re-build the national balance sheet. In so called developed countries where high unemployment and slow economic recoveries are predicted, simply raising direct taxation may not be the answer. For countries with developing or informal economies direct taxation will raise no meaningful revenue.

Taxation schemes that target so called “sin” or “luxury” products: Alcohol, tobacco and sugars for example can help close the revenue gap. Whilst almost all countries have legislation to tax these kind of goods, over 100 countries still have no tax stamp scheme. Of those that do have schemes



less than 50 have adequate software and marking systems to track, trace, control and optimize excise collection.

A digital tax stamp scheme for tobacco can be implemented in as little as six months and close a significant tax gap. Where De La Rue have implemented such schemes, we have seen revenues increase by between 50 and 100% in the first 2-3 years following deployment. I should note that in the De La Rue model there is also no outlay of capital for the government. Schemes can also be expanded from tobacco to alcohol or sugary drinks. We expect in the future to see “sustainable” taxes too – perhaps on plastics. For governments a tax stamp scheme is a platform for now and the future.

## Mobilizing society, stimulating the economy

Getting people out of isolation and back into society is a key goal for all governments. Whilst a vaccine and effective test continue to be sought, it is increasingly a matter of when not if they will be realised. Governments and international bodies are already considering how certification schemes could be adopted.

We see the certification and sound verification of Covid immunity status, whether from vaccination or inherent antibodies, as holding significant societal and economic benefits, notably – the return to employment, domestic and international travel or future testing and vaccination boosters. Without correct control and protection certification will become an attractive counterfeit opportunity.

In a Recent De La Rue White paper, we outlined how a scheme could be quickly deployed using DLR Certify™ – the software infrastructure underpinning many digital tax stamp schemes in use today. This software would associate a Health ID card number (for example) to a vaccination event. A secure holographic and uniquely verifiable “smart micro certificate” would also be linked to the digital record. As well as the overt visible security afforded by a hologram, via a mobile app user would be able to scan and verify the digital record.

## Intervention in free market supply chains

During the crisis we have seen governments directly intervene in free markets to protect their health care workers and citizens in the acquisition of critical equipment such as PPE and ventilators. Other non-critical supply chains have also been under pressure. We have also witnessed the vulnerability of all supply chains to often unconscionable counterfeit.



After the 2008 financial crisis, many governments looked to legislate and regulate so called “safe” levels of liquidity to avert a future crisis. Whether there will be a similar move to regulate supply chains of critical goods be that in terms of insisting brands implement track and trace or holding stock and parts onshore / near shore remains an open question, but a conceivable one. Track, trace and marking systems would be needed, but are available and often – as we see in the tobacco industry – underlying infrastructure will be in place that secure track and trace solutions can integrate easily with.

After the crisis comes the recovery and the re-build. We don't yet know the long lasting impacts, but we can already see practical innovation, opportunities and options that can and will assist governments as they guide their societies and economies back to what we all hope will be something approaching normality.





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