



Report and Proposal for a Council Directive amending the existing Directives as regards the structure and rates of excise duty applied on manufactured tobacco
“Health” considerations

**Capacity Building Workshop on Taxation and Illicit Trade in Tobacco Products
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Tobacco control in other policies

■ Taxation

- Common structure and minimum rates of tobacco taxation
- Report and Proposal to revise current legislative framework



■ Agriculture

- Tobacco subsidies being phased out
- Total decoupling from 2010



Tobacco control in other policies

■ Illicit Trade

- FCTC-Protocol on illicit trade



■ Development

- FCTC implementation and financing mechanisms
- Tobacco control in ENP countries



Tobacco control in other policies

■ Research

- 7th Framework Programme



Tobacco taxation and consumption

- Price and tax measures are recognised as **one of the most effective** instruments to reduce tobacco consumption.
- Some studies indicate that a **10% increase** price will reduce overall consumption by **4% to 8%**.
- Greatest impact on **young people** and **low- and middle-income** population groups or countries.
- Raising tobacco taxes is consistently recommended at international level when developing tobacco control policies by World Bank, WHO Europe, WHO-FCTC, etc.

Tobacco Taxation and consumption

- **Increases in tobacco prices are an effective policy tool to:**
 - prevent smoking initiation specially among young people
 - encourage smoking cessation
 - reduce the number of ex-smokers who resume the habit
- reduce the average cigarette consumption among continuing smokers



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**Chef de file: DG TAXUD
Associated: DG SANCO and others**

Tobacco taxation

- **SANCO goals:**
 - EU minimum taxation requirements contributing to a higher final price
 - Proposal taking the lead and presenting tobacco taxation also as a «health tool» to Member States

Tobacco taxation: 1st main consideration

■ Key point: **Final price**

■ Tobacco price, minimum price

Vs.

■ Tobacco taxation

■ EU choice: **TAXATION**

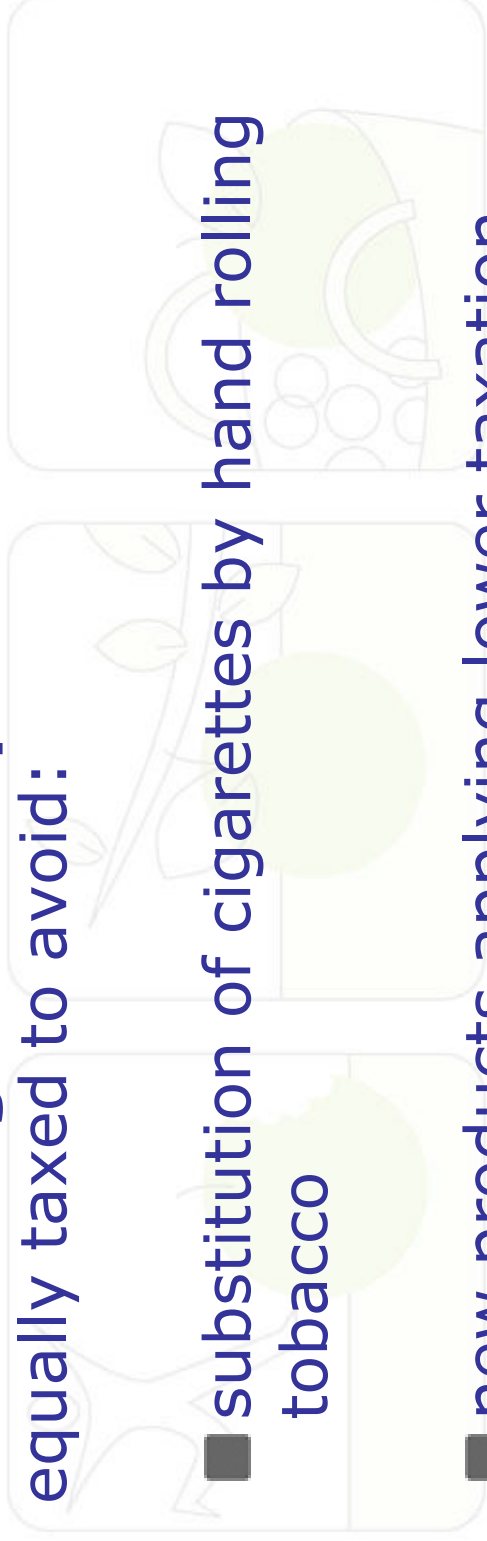
Tobacco Taxation: 2nd main consideration

- Avoid the existence of very cheap brands and big price **differences** (both within a MS and between MS):
 - to avoid a switch over to cheaper categories of cigarettes and to discount brands
 - To contribute to the reduction of the cross-border shopping in cheaper neighbouring countries

Tobacco Taxation: 3rd main consideration

■ **All smoking tobacco products** should be equally taxed to avoid:

- substitution of cigarettes by hand rolling tobacco
- new products applying lower taxation



Tobacco Taxation: 4th main consideration

- Ensure that **Member States** can raise tobacco taxes as much as they want
 - EU Directives cannot be an obstacle for using Taxation as a health tool
 - EU Directives have to indicate and promote the use of tobacco taxation as an effective health tool

Tobacco taxation: SANCO process

- SANCO widely distributed the Consultation Document from April to Jul 2007
- High level Committee on Public Health in Oct 2006 and Apr 2008
- Council Public Health Working Group in Apr 2007
- Tobacco Products Regulatory Committee in Apr 2007

Is tobacco taxation becoming a « health issue » in the all Member States????



Health & Consumer Protection
Directorate-General

Thank you!

