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
September 3-4, 2008
Leuven, Belgium

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Public Health Directorate
SANCO C6 – Health Law and International
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 in 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: 2\textsuperscript{nd} main consideration

- Avoid the existence of very cheap brands and big price \textbf{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????
Thank you!