MEETING REPORT

1. Subject
Directive 2011/64/EU

2. Date and Place
30 June 2017, Brussels

3. Participants
DG TAXUD: 
Fontem Ventures: 
Hering Schuppener: 
Steward Redqueen: 

4. Summary of the discussion

Fontem Ventures requested a meeting on e-cigarettes and the possible revision of Directive 2011/64/EU. The main purpose of the meeting was to present the results of a study on the socio-economic effects of an excise duty on e-cigarettes in the EU and the Member States. Fontem Ventures has followed the process on the possible revision of Directive 2011/64/EU and participated in the consultation. They only produce 'vaping-products', no traditional tobacco products or Heat-not-Burn tobacco products. According to Fontem Ventures the health benefits of consumers switching to e-cigarettes from traditional tobacco products is often neglected in the process of deciding if taxation is a good idea. According to Health England the use of vaping devices is 95% less harmful than the use of traditional cigarettes. Fontem Ventures has been in touch with other Commission Services (SANTE) and with TAXUD CAB who referred to TAXUD C2 for further discussion.

Fontem Ventures commissioned a study to develop a mathematical model which can be used in finding the optimal excise duty rate. This model takes also the health benefits into account. Depending on the market size and cross-price elasticity, the outcome of the model can vary from a tax rate expressed as percentage of the retail price to a subsidy to boost the e-cigarette market. The model contains several parameters which can be adjusted if more or other evidence comes available. More information on the study and the presentation made by Steward Redqueen are attached to this meeting report.
TAXUD mentioned that on EU level the question whether taxation on e-cigarettes should be harmonized is approached from an internal market perspective. Finally, TAXUD emphasized that the decision whether a proposal for revision of the directive had not yet been taken.

Report by:

c.c.: TAXUD LIST C2