MEETING REPORT

1. Subject
   Meeting with JTI on tobacco taxation (Directive 2011/64/EU)

2. Date and Place
   19 December 2017, Brussels

3. Participants
   DG TAXUD: Stephen Quest, JTI:

4. Summary of the discussion

The meeting was requested by JTI. Two issues were discussed.

1. Possible revision of Directive 2011/64/EU

TAXUD indicated that a report would be published in early January 2018 explaining in detail the reasons why no proposal for a revision of Directive 2011/64/EU would be submitted at present. The essential reasons were the lack of data necessary to underpin a proposal for harmonized taxation of e-cigarettes and the fact that some issues identified in the evaluation of 2014 had since been solved at national level or were no longer at issue. The Report would also outline the next steps in this area. DG TAXUD would start examining the question of revising existing minimum rates for all traditional tobacco products in order to comply with the next reporting obligation laid down in the Directive (due in 2019). Again, an external study would be carried out to support the evaluation and impact assessment, necessary for a possible proposal to revise Directive 2011/64/EU. As part of this process, TAXUD would also continue to monitor the market of new (tobacco) products and it was not excluded that a harmonized taxation of e-cigarettes, if justified, would be proposed in the future.

2. Minimum Excise Duty/Minim unit Pricing

JTI expressed dissatisfaction with the way in which the option of Minimum Excise Duty as allowed under Article 8(6) of Directive 2011/64 was applied in practice in France (in particular). The net effect was, in their opinion, to suppress competition by squeezing smaller manufacturers. JTI would be interested in discussing an alternative methodology that would improve competition generally. The matter was discussed briefly. The Commission pointed out that the Article in question had been reviewed by our consultants (Economisti Associati) and the feedback from the last OPC was that both MS and other stakeholders seemed happy with the way the article was worded at present and with the latitude that it gave MS to apply the provisions. We suggested that they avail of the forthcoming OPC (as part of the new study) to make their views known to the
consultants on this issue if they felt strongly about the matter. The Commission would review all submissions to the OPC as usual. However, in examining any suggested changes, the Commission would have to check the potential effects of any changes on the competitive situation of the industry as a whole across the EU.

A brief discussion also took place on the question of minimum pricing and the possible implication of recent court rulings on Scotch whisky for the tobacco sector.

Report by:    

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