

# Excise Contact Group

## Brussels, 22 November 2019

---

Views on raw tobacco



# Key points

---



The problem



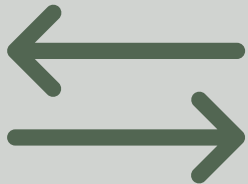
The impact



The solution

# The problem

---



Diversion of raw tobacco to illicit trade

- > production of illicit tobacco products
- > sold directly at retail as bulk / cut tobacco for consumers to produce their own smoking tobacco

# The impact

---



Loss in tax revenues and enforcement costs borne (affected stakeholders: tax authorities and law enforcement)



Unfair competition brought about by illicit products (affected stakeholders: economic operators)

# The solution



**EU wide  
solution  
needed**



An EU regulation to control and trace flows of raw tobacco from the fields where it is grown and harvested to the production tax warehouses by authorising the economic operators involved



Clarification of the smoking tobacco definition

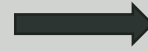
# The solution



## 1) Common administrative regulation of raw tobacco



Reintroduction of a regulatory framework for the tobacco sector as suggested by the Economisti Associati Study



Requires a legislative intervention but without the need to revise the excise directive



Several Member States already put in place such licencing scheme (full or partially)



A harmonised approach would

- 1) benefit all Member States
- 2) Provide certainty and predictability to all economic operators

# The solution

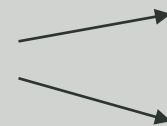
## 2) Clarification of the smoking tobacco definition (Art.5 from 2011/64/EU)



Interpretation to focus on when a product is intended to be sold to the consumer, i.e. when products are “put up for retail sale”.



2 distinct circumstances for tobacco products can be deemed to be “for retail sale”



Intention of retail sale

Put up for retail sale

# Thank you for your attention

---

[www.tobacco-europe.eu](http://www.tobacco-europe.eu)



## Why EMCS would not solve the problem for raw tobacco?



Using EMCS would be ineffective as tobacco farmers would not be subject to it



Illicit manufacturers would be unaffected by the use of EMCS



EMCS would not affect the movements of raw tobacco not addressed within one Member State or when imported from Third Countries



Implementation would incur technical difficulties and create disproportionate costs. This would hinder the frictionless free movement of goods without real benefits



Extending EMCS to products for which it has not been designed, is neither proportional nor justified



Recommendation from Economisti Associati Study not to include raw tobacco in EMCS