



To: Helena König
DG Trade Director

European Commission
Rue de la Loi 170 / Wetstraat 170
1000 Bruxelles / Brussel
Belgique

09-October-2017

Dear Ms König,

JTI is a global tobacco company that operates in 120 countries with a workforce of 27.000 employees. JTI is present in all of the EU's 28 member states, where we employ more than 9.000 people. We have 23 offices, 7 factories and 5 research and development centers. In addition to our presence in the EU, JTI is a truly multinational tobacco company which is profoundly committed to a strong rules-based and liberal international trading system.

We salute the EU for its commitment to international trade, both at the multilateral level and through its expansive network of Free Trade Agreements (FTAs). In this regard we have taken a keen interest in the ongoing modernization of the Economic Partnership, Political Coordination and Cooperation Agreement between the EU and Mexico.

The existing agreement does not liberalize duties for cigarettes (HS 2402.20). Duties for other manufactured tobacco products of HS headings 2402 and 2403 are liberalized, but the rules of origin are very restrictive, namely requiring 70% originating tobacco leaf of HS 2401 in order to confer originating status. It is not practically possible to comply with this rule, and the duty reductions therefore remain elusive.

The modernization of the EU-Mexico FTA presents interesting export opportunities from the EU into Mexico for tobacco products. Today, EU exports of tobacco products into Mexico are at a competitive disadvantage. Mexico has, for instance, eliminated duties and liberal rules of origin (Change of Tariff Heading) in its agreements with Costa Rica, Guatemala, Honduras, Nicaragua, Panama and Peru.

JTI therefore requests the EU to negotiate an agreement with Mexico that reciprocally eliminates duties for all tobacco products in HS Chapter 24 as of the entry into force of the agreement. Such liberalization should be accompanied by liberal rules of origin, namely the "10%-rule" for HS 2402 and HS 2403, as contained in the EU's latest FTAs, e.g. CETA.

If you have any further questions or would like to discuss, please do not hesitate to contact me.

Sincerely yours,

Ben Townsend
Vice-President, Head of EU Affairs
EU Affairs Office

[Art. 4(1)(b)]

Email: [Art. 4(1)(b)]