



**Revision of Directive 2011/64/EU on the structure and rates of excise duty applied
to manufactured tobacco: Inception Impact Assessmentⁱ**

EuroHealthNet's input to the European Commission's consultation, December 2020

EuroHealthNet supports comprehensive and effective regulatory and taxation measures that reduce the consumption of manufactured tobacco and novel tobacco products as a matter of health equity in Europe.

EuroHealthNet broadly welcomes the European Commission's follow-up on the Directive 2011/64/EU's evaluation and the Council of the European Union's conclusions related to the structure and rates of excise duty applied to manufactured tobacco.ⁱⁱ We are particularly encouraged by the reference to keeping up with the recent market developments and the emergence of new tobacco products, such as e-cigarettes and heated tobacco to be included in the scope of the updated legal framework. This is in line with the recommendations that EuroHealthNet brought forward in the recent yearsⁱⁱⁱ, namely to:

- Strongly support the further closure of the tax gap and increase of tobacco taxes, as well as the EU wide harmonisation of fiscal policy with regard to novel tobacco products, to bring their internal market treatment into line with that of conventional tobacco products;
- Promote an effective and comprehensive regulation at the European level, including agreement on a common fiscal definition and the establishment of distinct category for e-cigarettes in EU excise legislation;
- Adopt an intelligent and contextual approach to regulation to mitigate the risk of e-cigarettes becoming a 'gateway' product to tobacco, particularly amongst those who are young and/or vulnerable; invest in (digital) health literacy and health education;
- Strengthen existing legislation to curb tobacco industry influence, especially in the (digital) advertising and marketing and digital tax sphere;
- Cautiously endorse the use of e-cigarettes as one element of properly planned and supervised smoking cessation programmes, while further research into health effects of the novel tobacco products should continue.

The EuroHealthNet partnership strongly supports the continued increase of excise duties and taxation on traditional tobacco products and the consistent excise treatment of e-cigarettes as an equivalent product to tobacco. Supporting national member agencies, partners, and the EU institutions to tackle tobacco use and smoking has been among EuroHealthNet's priorities since its establishment.

In this context, we urge a cautious approach encompassing moderate to high taxation of novel products and the continued increase of taxation levied on 'traditional' tobacco products, in conjunction with comprehensive and easily accessible tobacco cessation services. This approach is best placed to optimise switching from tobacco products whilst deterring (youth) initiation and dual-use and raising public revenues, which could then be diverted to further support prevention and cessation programmes.

Rationale: Despite considerable progress made in recent years, **tobacco consumption remains the most significant cause of premature death and significant burden of disease in the EU.** Annually, nearly 700,000 people in the European Region die due to tobacco use and around 50% of those deaths are premature (on average 14 years earlier^{iv}), while in general smokers spend more life years in poor health and suffering from many forms of non-communicable diseases (NCDs).^v Not only is **tobacco the single largest avoidable health risk at the population level;** it is the one that also disproportionately affects our poorest and most disadvantaged citizens with rates of tobacco consumption being higher amongst the lowest socio-economic groups. **Inequities in tobacco use in Europe** exist based on factors including economic status, education, gender, ethnicity, location, and age. In the WHO European Region, 1 in 7 boys and 1 in 8 girls aged 13–15 use some form of tobacco, with a total of 3.9 million adolescents being tobacco users.^{vi} With 29% of young Europeans smoking and 93% of them starting before the age of 25, it remains essential to prevent young people from taking on tobacco use.^{vii} Experiencing multiple aspects of socioeconomic disadvantage amplifies inequities in tobacco-related harm.^{viii} Further to causing illness and death, a wealth of research highlights the long-term tobacco consumption’s vicious impact on the poverty and financial insecurity of individuals and families. There are relatively few published studies of interventions to reduce tobacco consumption that focus on equity or the distribution of exposure, vulnerabilities, health outcomes, or consequences within the population. **The conclusions are clear: while the rich have stopped smoking, the poor and disadvantaged did not.**^{ix} More needs to be done, including through EU internal market legal competences such as taxation.

While the World Health Organization (WHO) provides technical assistance, guidance, and action plans for governments on tobacco control and prevention (most notably through the WHO Framework Convention on Tobacco Control), the EU has legal competences with regards to ensuring a high level of public health protection in the EU internal market, and EU-wide rules protecting consumers’ rights and health are increasingly necessary. This particularly concerns provisions regarding placement, presentation, content, and pricing of tobacco and novel products. The latter brings forward the issue **of tobacco taxation as a very cost-effective public health prevention and economic measure as revenues increase while smoking rates fall.** WHO estimates that, on average, tobacco tax revenues are 269 times higher than public expenditure on tobacco control interventions.^x A report “Taking stock: tobacco control in the WHO European Region in 2017” revealed that, to achieve the global target of a 30% relative reduction in tobacco use by 2025, many European states need to accelerate progress, as most remain a long way from full implementation or the adoption of a comprehensive approach.^{xi} This geographical gap in tobacco tax means citizens across Europe ‘enjoy’ different price-related public health measures. In early 2020, taxes on cigarettes in Europe were highest in Ireland, the United Kingdom, France, and Finland and lowest in Bulgaria, Poland, the Slovak Republic, and Romania.^{xii}

Why taxation of novel tobacco products matters for health equity in the EU? The use of novel tobacco products has been growing steadily over the years, mainly due to global marketing trends, limited regulation, and poor understanding of the product’s characteristics.^{xiii} Going beyond conventional approaches to the taxation of tobacco products, EuroHealthNet welcomes initiatives adopted by countries to research and regulate e-cigarettes and packaging, which offer support for addressing population health more comprehensively.^{xiv} This includes the review of the EU Tobacco Products Directive to better equip public health policy-makers with tools adapted to changing commercial determinants of health behaviours.

National initiatives to research and regulate e-cigarettes and packaging are encouraging, but while the long-term effects of e-cigarette use remain still unknown, caution should prevail. But more conclusive evidence is emerging. Indeed, as indicated in the recent opinion by the Scientific Committee on Health, Environment and Emerging Risks (SCHEER), health risks for e-cigarette users and second-hand smokers are moderate, pointing in a direction of long-term negative cumulative effects on health.^{xv} Further evidence gives weight to **EuroHealthNet’s precautionary approach: e-cigarettes likely play a big role as a gateway/initiation to smoking, while presenting rather limited effectiveness in smoking cessation.** Likely, the harmful impact of ‘dual smoking’ (combining cigarettes with vaping), the differences between liquid, and heated tobacco compounds and the risks related to passive vaping have been underestimated, with sufficient insight into long-term exposure of such products currently lacking.^{xvi} Concerns also persist regarding potential addictive harm as well as the tobacco industry’s commercial practices targeting a new generation of smokers.^{xvii} We may indeed face a vaping epidemic among the children.^{xviii}

It is necessary to adequately address novel products through regulation and taxation alongside conventional tobacco products. Given the frequent presentation of such products as a ‘healthier’ or ‘safer’ alternative to traditional tobacco products, we strongly urge caution in their active promotion and normalisation.^{xix} Until more evidence for the efficacy of e-cigarettes is presented through rigorous, long-term, and independent reviews, it is prudent to consider them as a potentially harmful and addictive product that ought to be regulated and taxed equivalently to conventional cigarettes. While clinician-led use of novel products as an alternative in tobacco cessation services, actions toward **increased health literacy and health education as part of a wider health promotion approach seem to be more effective and sustainable over time.** Unregulated and fully open markets can perpetuate the sale of harmful products, exploiting the vulnerability and inequalities experienced by certain groups. The poor and the young population are a target for price and poor understanding of the health effects, since their economic and literacy-dependant position. For this reason, investments in the (digital) health literacy and health education of the young population should be made.

Finally, a note should be taken of the emerging evidence linking increased risks of the e-cigarettes smoking and the current COVID-19 pandemic. While it has been acknowledged that smoking of traditional manufactured tobacco constitutes a risk to catch the virus, develop a disease and complication, even leading to death, new data suggests a very similar effect of e-cigarettes’ consumption on the susceptibility to COVID-19.^{xx} This will certainly be of big importance when developing and implementing (post)pandemic health systems preparedness and recovery measures, including in the fiscal fields.

ENDNOTES

- ⁱ European Commission (2020). Tobacco taxation – excise duties for manufactured tobacco products (updated rules). <https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12645-Tobacco-taxation-revision-of-EU-rules->
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- ^v European Commission (2018). Public Health: Tobacco Policy. https://ec.europa.eu/health/tobacco/overview_en
- ^{vi} WHO Europe (2020). The secret’s out: the tobacco industry targets a new generation. <https://www.euro.who.int/en/health-topics/disease-prevention/tobacco/news/news/2020/5/the-secrets-out-the-tobacco-industry-targets-a-new-generation>
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- ^{xii} Tax foundation (2020), Cigarette taxes in Europe, <https://taxfoundation.org/cigarette-taxes-in-europe-2020/>
- ^{xiii} <https://www.who.int/teams/health-promotion/tobacco-control/who-report-on-the-global-tobacco-epidemic-2019>
- ^{xiv} Global Tobacco Control. National policies on e-cigarettes. https://www.globaltobaccocontrol.org/e-cigarette_policyscan
- ^{xv} European Commission (2020). Scientific Committee on Health, Environmental and Emerging Risks (SCHEER) Preliminary Opinion on electronic cigarettes. https://ec.europa.eu/health/sites/health/files/scientific_committees/scheer/docs/scheer_o_017.pdf
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EuroHealthNet is a not-for-profit partnership of organisations, agencies and statutory bodies working on public health, disease prevention, promoting health, and reducing inequalities. Our Mission is to improve and sustain health between and within European States through action on the social determinants of health, and to tackle health inequalities. Transparency Register: 48562122691-12

EuroHealthNet receives financial support from the European Union Programme for Employment and Social Innovation 'EaSI' (2014-2020). For further information please consult ec.europa.eu/social/easi. The information contained in this publication does not necessarily reflect the official position of the European Commission.