
Van: [@pa-europe.com](mailto:pa-europe.com)
Verzonden: dinsdag 18 juli 2017 15:58
Aan:
Onderwerp: Letter of

To the office of H.E. Jeroen Dijsselbloem

Dear Madam/Sir,

It is my pleasure to present you with the enclosed letter and attachments of
to H.E. Jeroen Dijsselbloem, Minister of Finance of the Netherlands.

Kind regards,

PA International Foundation
Franklinstraat 106-108, 1000 Brussels, Belgium
Tel:
Email:
www.pa-international.org

Disclaimer

1. This e-mail is for the intended recipient only. If you have received it by mistake please let us know by reply and then delete it from your system; access, disclosure, copying, distribution or reliance on any of it by anyone else is prohibited.
2. If you as intended recipient have received this e-mail incorrectly, please notify the sender (via e-mail) immediately. This e-mail is confidential and may be legally privileged. PA International Foundation does not guarantee that the information sent and/or received by or with this e-mail is correct and does not accept any liability for damages related thereto.

H. E. Jeroen Dijsselbloem
Minister of Finance of Netherlands
Via email: @minfin.nl

Brussels, 17 July 2017
Ref. nr.: 17.37682AA

Franklinstraat 106-108
1000 Brussels
Belgium
T + 32
F + 32
E Info@pa-international.org

Your Excellency,

May I present you with my enclosed letter and relevant attachment addressed to Prime Minister Mark Rutte, while drawing your attention to the pressing tax and public health issue of borderline tobacco products. These products are classified in the lower taxed cigar/cigarillo category, but are consumed as cheaper substitutes for cigarettes, targeting particularly the young and those on low incomes. As such, they represent a cheap gateway towards tobacco and a product used by tobacco manufacturers to circumvent the much higher taxes levied on cigarettes. They also create revenue losses for Member States because of the shift in consumption from high taxed cigarettes to lower taxed borderline products. The recent *Economisti Associati* report confirms that currently already 3.7 billion borderline products are yearly sold in the European market. This number is expected to increase considerably unless this legal loophole is closed. Evidence in Greece, Finland, France, Lithuania, and particularly Italy appears to require the consideration of immediate steps.

In the next two months, the European Commission's DG TAXUD will advise on the revision of Council Directive 2011/64/EU. Following in depth research and consultations, the Dutch tax expert has developed a special tax option, the so-called 'Additional Prevention Tax' (APT), that would bring the price of borderline products up to the level of cigarettes and would only be activated when National Member States become aware of developments that require action. Such a tax, which is necessary to deter the production of borderline tobacco products, could be considered by the European Commission when adapting Council Directive 2011/64/EU, especially given the results of an Elite Opinion Poll completed by 102 expert-stakeholders between 24 January and 15 April 2017 (attached). Among these were respondents from 15 Health NGOs, such as ASH Ireland, the Deutsche Herzstiftung and the Forum of International Respiratory Societies, 7 National Consumer Organisations and 13 EU Member States representatives, particularly from Health and Finance Ministries. 81.4% of the polled experts considered borderline products as a potential threat to public health and the most preferred solution (by 60.8%) was the APT.

Against this background, may we call on your support for the revision of Council Directive 2011/64/EU through the introduction of the APT on borderline tobacco products. Taking no action will represent a loss for both public health and Member States tax revenue, while addressing the issue would represent a win for public health and prevent further revenue losses.

Please do not hesitate to contact me should you require more information.

Thank you for your much-appreciated attention and support.

Yours sincerely,

Encl.:

- Letter to Prime Minister Mark Rutte
- Report of Elite Opinion Poll on the Taxation of Tobacco Products

Rapport is reeds openbaar
gemaakt.



Public Advice International Foundation

H.E. Mark Rutte
Prime Minister of the Netherlands
Via email: [@minaz.nl](mailto:mark.rutte@minaz.nl)

Brussels, 17 July 2017
Ref. nr.: 17.37682AA

Franklinstraat 106-108
1000 Brussels
Belgium
T + 32
F + 32
E info@pa-international.org

Your Excellency,

With reference to the Council Conclusion of February 2016, Annex II, statement by Austria, Finland and France, calling for a "closer convergence of excise duty applied to manufactured tobacco towards the highest common denominator", I am pleased to request your urgent attention for the indication that the segment of the so-called 'borderline' products is growing. These products are classified in the lower taxed cigar/cigarillo category, but are consumed as cheaper substitutes for cigarettes. Evidence in Greece, Finland, France, Lithuania, and particularly Italy appears to require the consideration of immediate regulatory steps at EU level.

The recent Economisti Associati study confirms that currently already 3.7 billion borderline products are sold within the European market every year. This number is expected to rise considerably unless this legal void is closed through the amending of Council Directive 2011/64/EU. Following in depth research and consultations, the Dutch tax expert _____ has developed a so-called 'Additional Prevention Tax' (APT) approach that will eliminate negative effects of borderline products in European markets while securing prevention efforts and excise duty income levels. The APT will only be activated when National Member States become appraised of developments that require action. Such action can then be taken within the framework of an adapted Directive. Still, activating the APT mechanism may not be necessary once the Council Directive has started to discourage the use of the void.

The concern that borderline tobacco products will attract particularly young and low income consumers has led the PA International Foundation to conducting a so-called Elite Poll among 100 of the most esteemed tax and health experts, including from Government, science, consumers and NGOs. Please find attached a complete report of this poll. A majority of 60.8% prefers APT as the best solution for the borderline problem. 81.4% considers borderline products as a potential threat to public health. The attached poll report includes a paragraph explaining the goal and content of the APT. During our consultation with DG TAXUD of the European Commission, the APT was clearly defined as a deterrent to manufacturers currently considering to step into the borderline void if only because their competitors have already done so.

I am copying this letter to all other leaders of EU Member States and to all National Parliaments' Standing Committees on Health and Finance.

Thank you very much in advance for your highly-appreciated attention and support.

Yours sincerely,

PA International Foundation