

Cigarettes: MEPs oppose renewing EU anti-smuggling deals with tobacco firms

Plenary sessions [09-03-2016 - 14:36]

A majority of MEPs urged the European Commission not to renew an EU anti-smuggling and anti-counterfeiting deal with Philip Morris International (PMI), which expires in July 2016, in a resolution voted on Wednesday. Instead, they ask it to focus on using EU and international legislative tools to combat smuggling.

MEPs note that the PMI deal proved ineffective because although it initially reduced smuggling, a surge in smuggled non-branded "cheap white" cigarettes soon filled the gap.

Under the tobacco deals the four largest tobacco firms together agreed to pay the EU and its member states a total of \$2.15 billion, over the lifetime of the agreements, to drop legal proceedings against them to recover duties lost to illegal trade in cigarettes. Companies also agreed actively to combat smuggling and counterfeiting of tobacco products.

MEPs note that illicit trade in tobacco products, and in particular the smuggling of contraband and counterfeit cigarettes, still deprives the EU and its member states of revenue (customs, VAT and excise duties) amounting to more than €10 billion a year.

MEPs also worry that annual payments from the tobacco industry to help fund the European Anti-Fraud Office (OLAF) budget, as mentioned in the tobacco agreements, could lead to a conflict of interest.

Rather than renew the PMI deal, MEPs urge the Commission to focus on implementing the 2014 EU Tobacco Directive, which provides for more effective tools, such as an interoperable tracing and tracking system for the cigarettes at EU level, to take effect in 2019. Member states should also ratify a protocol to the WHO Framework Convention on Tobacco Control (FCTC), which does the same internationally..

MEPs stress that WHO Protocol parties are obliged to protect their public health policies from tobacco industry commercial interests and that no obligation assigned to a party should be delegated to this industry.

To bridge the time gap until all provisions of the Tobacco Products Directive become fully enforceable, MEPs ask the Commission to prepare additional new rules dealing with "cheap white" cigarettes, to track and trace PMI tobacco products and to bring legal action against any illegal seizures of the latter.

Background for editors

EU member states and the Commission entered into agreements with tobacco producers Philip Morris International (PMI) in 2004, Japan Tobacco in 2007, British American Tobacco (BAT) in 2010 and Imperial tobacco in 2010 in which they agreed to pay a collective total of \$2.15 billion to the EU and the member states in return for the EU dropping legal procedures against them for loss of duties caused by illegal trade in cigarettes (PMI agreed to pay \$1.25 billion over 12 years, and the rest was contributed by the other three). 90% of the revenue from these deals goes to member states and 10% to

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the EU budget, as own resources.

The tobacco firms also pledged to prevent their products from falling into the hands of criminals, by supplying only quantities required by the legitimate market, taking care to sell only to legitimate clients and implementing a tracking system to help law enforcement authorities if cigarettes are traded illegally.

Procedure: Oral question to Commission (with resolution)

Further information

- Adopted text will be available here (09.03.2016)
: <http://www.europarl.europa.eu/plenary/en/texts-adopted.html>
- EC Technical assessment of the 2004 Anti-Contraband and Anti-Counterfeit Agreement among MI and the EU and its Member States
: <http://g8fip1kplyr33r3krz5b97d1.wpengine.netdna-cdn.com/wp-content/uploads/2016/02/PMIAgreementSWD2016-44.pdf>
- EP Research: Tobacco agreements: Fighting illicit tobacco trade
: <http://www.europarl.europa.eu/EPRS/EPRS-AaG-556998-Tobacco-agreements-FINAL.pdf>
- European Anti-Fraud Office OLAF on tobacco smuggling
: http://ec.europa.eu/anti_fraud/investigations/eu-revenue/cigarette_smuggling_en.htm
- Agreement with Philip Morris International (PMI) (2004)
: http://ec.europa.eu/anti_fraud/investigations/eu-revenue/philip_morris_international_2004_en.htm
- Agreement with Japan Tobacco (2007)
: http://ec.europa.eu/anti_fraud/investigations/eu-revenue/japan_tobacco_2007_en.htm
- Agreement with British American Tobacco (BAT) (2010)
: http://ec.europa.eu/anti_fraud/investigations/eu-revenue/bat_en.htm
- Agreement with Imperial Tobacco Limited (ITL) (2010)
: http://ec.europa.eu/anti_fraud/investigations/eu-revenue/imperial_tobacco_en.htm

Political groups

- News pages of the EPP group: <http://www.eppgroup.eu/press-releases>
- News pages of the S&D group: <http://www.socialistsanddemocrats.eu/newsroom>
- News pages of the ECR group: <http://ecrgroup.eu/news/>
- News pages of the ALDE group: <http://www.alde.eu/press/press-and-release-news/>
- News pages of the GUE/NGL group: <http://www.guengl.eu/news/archives/category/gue-ngl-news>
- News pages of the Greens/EFA group: <http://www.greens-efa.eu/press/70-press-releases.html>
- News pages of the EFDD group: <http://www.efdgroup.eu/newsroom/press-releases>

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