



H.E. Lars Løkke Rasmussen  
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Via email: [stm@stm.dk](mailto:stm@stm.dk)

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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 Prof Dr René van der Paardt 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,

Prof Mark Eyskens  
Chairman, PA International Foundation  
Former Prime Minister of Belgium