

Time to stop turning the regulatory thumbscrews

Tobacco industry associations call for nuanced, innovative solutions in this time of crisis

Dortmund, 15 September 2022 – The general strain placed on the economy by Covid, supply chain interruptions, inflation and the energy crisis is also causing difficulties in the markets for tobacco and novel nicotine products, as representatives of the industry associations explained today at the opening of the flagship trade show InterTabac in Dortmund. Now more than ever, it is important to resist the urge to tighten the regulatory environment and instead adopt a nuanced, innovative policy.

The upcoming adjustments to the EU Tobacco Tax and EU Tobacco Products directives will set the course for the entire industry in the coming years. What is called for is a nuanced regulatory framework which does justice to the varied features of individual product categories and which takes into account the amount of strain that companies in Germany are able to bear.

Fine-cut tobacco has a different fiscal resilience than cigarettes, protection of minors is not an issue with classic pipe tobacco, and the market for conventional snuff is ever shrinking. These simple truths should be reflected more strongly again in the actions of decision-makers in Berlin and Brussels. “Especially in the current ongoing crisis management situation, it is of utmost importance not to take a broad-brush approach to regulation,” said Michael von Foerster, Chief Executive of the German Smoking Tobacco Industry Association (VdR): “Because balanced regulation that recognises the differences between various product categories is the only way tobacco can continue to exist as a cultural asset.”

A prohibitive tobacco policy that relies on significant duty hikes, ever-larger warning labels and plain packaging is perceived by consumers as bullying and harassment – yet does not achieve any health policy goals. “The thumbscrews on tobacco regulation are already overtightened. What we need is not new bans, but active promotion of potentially less harmful innovative products such as e-cigarettes and heated tobacco,” explained Jan Mücke, Chief Executive of the German Association of the Tobacco Industry and New Products (BVTE).

Consumers should have a wide choice of potentially lower-risk alternatives. Scientists at the German Federal Institute for Risk Assessment (BfR) recently advocated regulation for tobacco-free nicotine pouches that are currently not sold in Germany. “In the case of tobacco-free nicotine pouches, the German government should take into account the science-based approach and promptly introduce regulation along the lines of that for e-cigarettes,” appealed Jan Mücke, Chief Executive of the BVTE.

The German Cigar Industry Association (BdZ) has also called for appropriate consideration of product-specific characteristics in the cigar and cigarillo segment, saying that these are items

consumed strictly for pleasure, purely occasionally and mainly by men in higher age groups, and that there are therefore no issues in connection with protection of minors. In addition, it argued, small and medium-sized enterprises in the cigar industry are under particular strain from current developments such as Covid, the war in Ukraine and the energy crisis, whilst implementation of a mandatory track & trace system would necessitate high levels of capital investment. "Against this backdrop, further regulatory measures in Germany and especially at EU level are not appropriate. In the next few years, policy-makers should urgently refrain from measures that affect the profitability of our companies," appealed Bodo Mehrlein, Chief Executive of the BdZ.

In the tobacco retail trade, the last few years have also been marked by great uncertainty and existential fears among many businesses. The German Federal Association of Tobacco Retailers (BTWE) had been able to provide valuable help to many retailers via two Covid relief programmes for which the manufacturers had provided funds quite unbureaucratically. Now, retailers are coming under heavy pressure from soaring labour costs, inflation and exploding energy costs. "Looking ahead, if we are to ensure the quality and quantity of tobacco retailing, it must not be deprived of the air it needs to breathe," said Torsten Löffler, President of the BTWE.

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