

European Communities

EUROPEAN PARLIAMENT

Working Documents

1983-1984

24 October 1983

DOCUMENT 1-907/83

Report

drawn up on behalf of the Committee on Economic and
Monetary Affairs

on cigarette tax harmonization

Rapporteur: Mr J. MOREAU

PE 86.932/fin.

At its sitting of 6 June 1983, the European Parliament referred the motion for a resolution tabled by Mr Hopper and others (Doc. 1-364/83) pursuant to Rule 47 of the Rules of Procedure to the Committee on Economic and Monetary Affairs as the committee responsible.

At its meeting of 20/21 June, the committee decided to draw up a report and appointed Mr J. Moreau rapporteur.

The committee considered the draft report at its meetings of 17/18/19 October 1983. At the last meeting it adopted the motion for a resolution as a whole nem. con. with one abstention.

The following took part in the vote: Mr J. Moreau, chairman and rapporteur; Mr Hopper, vice-chairman; Mr Deleau, vice-chairman; Mr Beazley, Mr von Bismarck, Mr Carossino (deputizing for Mr Fernandez), Mr Delorozoy, Mr de Ferranti, Mr de Goede, Mr De Gucht, Mr Heinemann, Sir Brandon Rhys Williams, Mr Rogalla (deputizing for Mr Wagner), Mr Schinzel and Mr von Wogau.

The Explanatory Statement will be delivered orally in plenary sitting.

The report was submitted on 19 October 1983.

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The Committee on Economic and Monetary Affairs hereby submits to the European Parliament the following motion for a resolution:

MOTION FOR A RESOLUTION

on cigarette tax harmonization

The European Parliament,

- A. whereas, at its sitting of 19 November 1983, Parliament rejected the proposal from the Commission of the European Communities to the Council for a directive amending Directive 72/464/EEC on taxes other than turnover taxes which affect the consumption of manufactured tobacco (Doc. 1-328/80 - COM(80)69 final),
 - B. having regard to the resolution on this proposal, adopted by Parliament on 14 December 1982, and to the third report on behalf of the Committee on Economic and Monetary Affairs (Doc. 1-789/82),
 - C. having regard to the letter of 28 March 1983 from Mr TUGENDHAT to the President of the European Parliament announcing the Commission's decision to uphold its proposal in its original form even though Parliament had rejected it;
 - D. having regard to motion for a resolution tabled by Mr HOPPER and others (Doc. 1-364/83);
 - E. having regard to the report of the Committee on Economic and Monetary Affairs (Doc. 1-907/83)
1. Points out again that the purpose of harmonizing taxes on manufactured tobacco is to ensure that the tax on its consumption is levied in such a way that there is no distortion of competitive conditions and the free movement of these products within the Community is not impeded;
 2. Recalls the position it expressed in its resolution of 14 December 1982, in particular to the effect that the third stage of harmonization as proposed by the Commission does not help to fulfil this purpose, which was what led Parliament to reject the proposal for a directive;
 3. Repeats that Parliament is of the opinion that:
 - it would be desirable if at the final stage the specific component were greater than 20%;
 - the alternative approach of harmonizing the percentage of the ad valorem tax in the retail price is likelier to create uniform competitive conditions

than the present approach;

- in order to guarantee uniform competition, methods of collection should also be harmonized;

4. Regrets and considers unacceptable the Commission's decision to uphold its draft directive in the present form, which amounts to a complete rejection of Parliament's position;
5. Urges the Council to follow Parliament's advice and calls on the Commission to submit a proposal on harmonizing methods of collection and, at the same time, a proposal on the final stage of tax harmonization, according to the principles set out by Parliament;
6. Reserves the right to open a conciliation procedure should the Council decide to depart from Parliament's opinion on proposal for a directive COM(80) 760 final, in compliance with the new conciliation procedure currently still under discussion (COM(81) 816 final);
7. Instructs its President to forward this resolution to the Council and the Commission of the European Communities.

MOTION FOR A RESOLUTION (DOCUMENT 1-364/83)

tabled by Mr HOPPER, Mr BEAZLEY, Mr DELEAU, Mr DELOROZOY, Mr MULLER-HERMANN, Mr TYRELL, Mr SELIGMAN, Mr SPENCER, Mr KEY, Mr WELSH, Mr NEWTON DUNN, Mr PATTERSON, Mr CABORN, Mr ROGALLA, Lord DOURO, Sir Brandon RHYS WILLIAMS, Mr J. D. TAYLOR, Mr GOPPEL, Mr COLLINS, Mr TURNER, Mr FERGUSSON, Mr ADAM, Mr MOORHOUSE, Miss HOOPER, Mr HERMAN, Mr von WOGAU and Mr FLANAGAN

pursuant to Rule 47 of the Rules of Procedure

on cigarette tax harmonization

The European Parliament,

- A. deploring the fact that the Commission of the European Communities has seen fit to reject the opinion of the European Parliament as expressed in the Beumer Report on cigarette tax harmonization (Doc. 1-789/82) adopted on 14 December 1982,
- B. drawing attention to the fact that Parliament's opinion was given only after the most extensive consideration both in the Committee on Economic and Monetary Affairs and in plenary sitting and was adopted by a substantial majority in the Parliament,
- C. further drawing attention to the fact that Parliament's opinion is in line with that of the Economic and Social Committee, conforms with the spirit of a number of recent judgements in the European Court of Justice, and is supported by a major economic analysis recently undertaken by an independent body,
- D. regretting that the Commission chose to give an explanation of its position by releasing a summary of a letter dated 28 March 1983, from the Commission to the President of the Parliament to the magazine 'European Report' which published this summary in its edition no. 942 dated 1 April 1983 i.e. before the President of the Parliament had seen the letter; further regrets that, in view of the institutional importance of the communication, a member of the Commission did not request to appear before the Parliament at the earliest opportunity to convey this decision,

- E. further pointing out that the letter and its summary contain a number of non-sequiturs and misleading statements, e.g.
- that the first two stages of cigarette tax harmonization have had very limited effects; in fact they have dramatically changed the structure of the cigarette manufacturing industry in at least two Member States,
 - that the fiscal multiplier for most consumer goods, excepting tobacco, falls generally between 1.1 and 2.5; in fact most consumer products, excepting tobacco have fiscal multipliers which fall between 1.0 and 1.4,
- F. believing that the third stage of cigarette tax harmonization cannot be introduced, as the European Commission desires, when one Member State has not introduced the second stage and shows no sign of doing so;
1. Once again calls upon the Commission to withdraw its proposal for a directive;
 2. Instructs its President to forward this resolution to the Council and Commission.'