

Bündnis für Tabakfreien Genuss e.V.

Brussels, 18 October 2017

Lunch Debate **“E-Cigarettes: Farewell to Science and Reason?”**

IT ALL BEGANWITH A PERSONAL SUCCESS-STORY...



- ...of my brother Dennis Dahlmann
- ...on a vacation in the USA
- ...he was a chain smoker (2-3 pack of cigarettes per day)
- ...and quit in 2010 smoking with the help of e-cigarettes!
- 2010 was also the first time that I came in contact with the product
- 2011: We decided to establish e-cigarettes in the German market. Founding of InnoCigs in Hamburg

BRANCH OF SMALL AND MEDIUM-SIZED PIONEERS



- Branch is dominated by start-ups, small and medium-sized enterprises (SME)
- Young founders create a new sector
- Branch provides retail, wholesale, e-commerce, R&D and production of e-cigarettes and liquids
- Innovation driver: SME develop leading technologies
- Youth protection: voluntary commitment of all BfTG-members
- Big tobacco try to participate in the success story

SME BEAR THE WORKLOAD



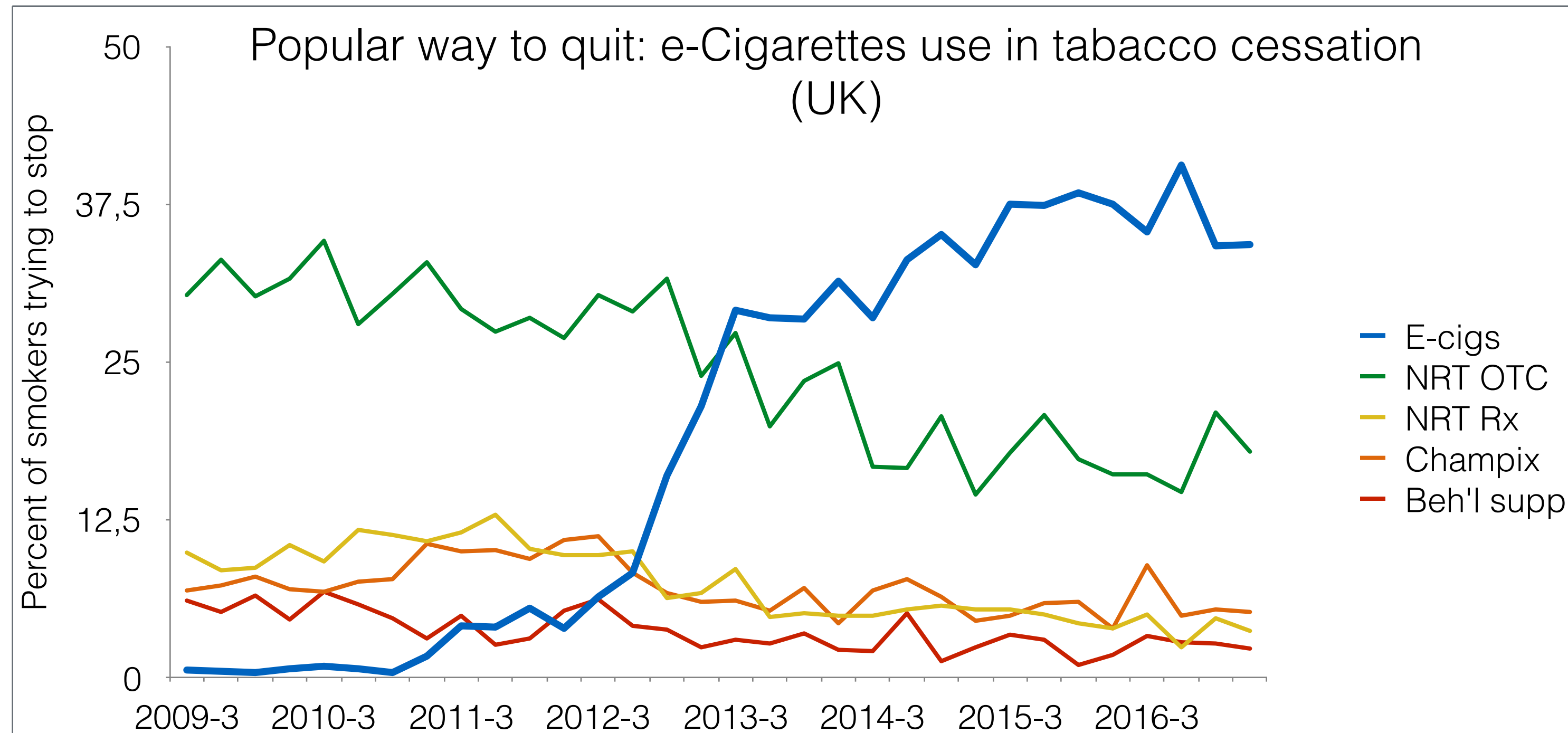
- Shops are important places to go for smokers being interested in tobacco cessation
- Consultation-intensive business
- Client proximity and comprehensive customer services provide customers, who want to quit tobacco
- High standards in youth protection from the start – proven online age verification and well trained sales persons

THE BFTG – WHO WE ARE, WHAT WE WANT



- Established 2015
- Represents small- and medium-sized companies
- No member is part of the tobacco-industry
- Supports suitable regulation: e.g. youth protection, product safety or quality issues
- But: our young branch needs development opportunities, too

E-CIGARETTE'S POTENTIAL FOR PUBLIC HEALTH



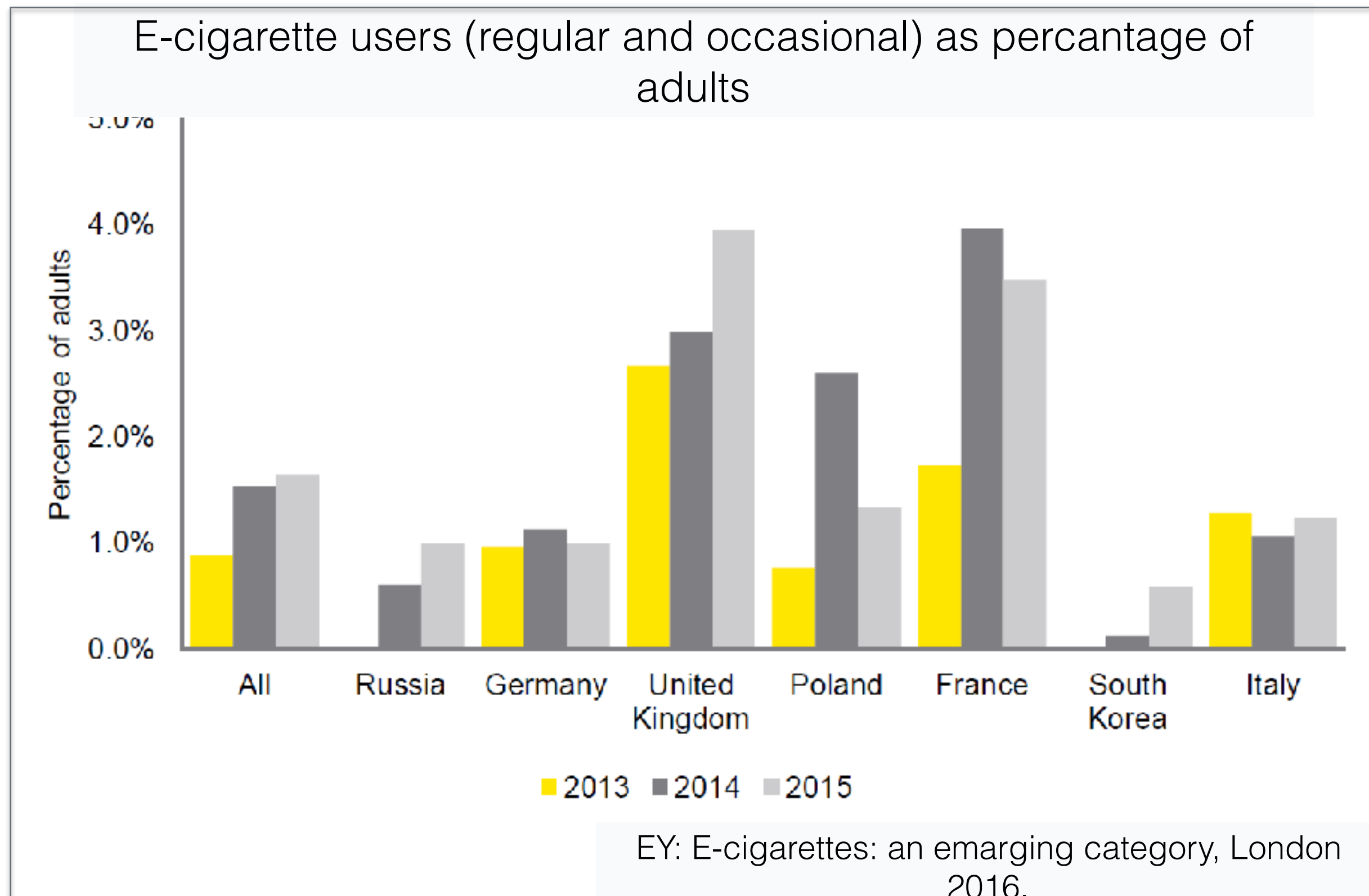
smokinginengland.info

UK Department of Health; in 2016 2 million consumers in England had used e-cigarettes and completely stopped smoking and a further 470,000 were using them as an aid to quit.

“An estimated 6.1 and 9.2 million EU citizens had quit and reduced smoking with the help of e-cigarettes, respectively.”

Farsalinos, Konstantinos u.a.: Electronic cigarette use in the European Union, in: Addiction 11/2016. Department of Health: Towards a Smokefree Generation, London 2017.

CHALLENGES: CHANGING MARKETS



- Young and dynamic markets
- Dynamic depends on trends and market consolidation, knowledge and popularity etc.
- Consumer groups still in development
- Very tight regulation weaken new branch with benefits for public health
- Lack of information on consumer (smoker's) side → opportunity for an appropriate customer dialogue will remain important

CHALLENGES: TAXATION - NO EQUATION WITH TOBACCO

“Moreover, if a substantive duty were to be imposed on e-cigarettes there would be significant cross-elasticity effects, given consumers view e-cigarettes as either substitutes or complements for traditional tobacco products, which could in turn undermine the broader public health objective of reducing tobacco consumption.”

Strategy Tax Group - Department of Finance, Republic of Ireland: TSG 17/07, Page 15.

- DG TAXUD still works on a new tax regime
- Some EU-States started taxation without waiting until EU draft its taxation plans
- Taxes discourage smokers to change and diminish e-cigarette's potentials for public health
- Equation with tobacco products let smokers adhere to tobacco

CHALLENGES: CROSS-BORDER E-COMMERCE AND DIFFERENT STANDARDS



- E-commerce is an important sales channel
- Different implementation and enforcement of TPD2 creates a patchwork of various standards
- Unfair competition: not all online retailer respect the different national regulation in EU-states
- The branch needs scope for effective self-regulation

CHALLENGES: EQUATION OF E-CIGARETTES AND TOBACCO UNDERMINES HEALTH POLICY GOALS



- E-cigarettes are 100% tobacco-free
- Heated Tobacco is a tobacco product
- Equal treatment of e-cigarettes and tobacco irritates consumers and weakens health objectives
- Heated tobacco became subject of controversial debate
- Ireland's Strategy Tax Group pleads that heated tobacco could be treated as other smoking tobacco