



ECMA

EUROPEAN CIGAR MANUFACTURERS ASSOCIATION

ECMA, the European Cigar Manufacturers Association, is the trade association of cigar and cigarillo manufacturers in the Member States of the European Union. ECMA members together account for over 90% of the traditional cigars and cigarillos produced in the European Union. ECMA represents 19 cigar and cigarillo producing companies with 24 manufacturing plants in the European Union. Together these companies employ more than 5,000 persons in their cigar and cigarillo businesses in the European Union and another 20,000 in countries outside the European Union. Of the 19 ECMA member companies, eleven are family-owned and seven fall under the definition of small and medium sized enterprises. The rest of the European cigar and cigarillo industry, i.e. some 30 companies, generally employ between 1 to 20 people and are all family owned.

Herewith we would like to comment on the Tobacco Policy Working Group memo (published 31.5.2018), i.e. on chapter 4.2.2. Characterizing aroma or flavours (Tunnusomaiset tuoksut ja maut).

With an annual total consumption of approximately 167 million pieces, cigar and cigarillo consumption represents barely 3% of the total consumption of tobacco products in Finland. This very small market share is not coincidental and it indicates strongly that cigars and cigarillos shall rightfully continue to be regulated in a separate category from the tobacco market. Consequently the European Union's Tobacco Products Directive 2 clearly demands its Member States not to regulate cigars and cigarillos identically as cigarettes. (§ Art 7.12 TPD2): "Whereas (19): Considering this Directive's focus on young people, tobacco products other than cigarettes and roll-your-own tobacco, should be granted an exemption from certain requirements relating to ingredients as long as there is no substantial change of circumstances in terms of sales volumes or consumption patterns of young people"¹.

Cigars tend to be smoked occasionally rather than daily: according to the Special Eurobarometer report "Tobacco" (May 2010) 62% of cigar smokers smoke less than 1 cigar per day. The cigar smoker is generally a male adult of mature age: the majority of cigar smokers are over 35 years of age. The March 2017 Eurobarometer indicates that 0% of Finnish smokers start their smoking habit with cigars and cigarillos and the amount of total regular cigarillo smokers (smoking at least once a month) is only 8%.

Cigar and cigarillo making is a particular and labor-intensive process of a very traditional trade craft. Cigars and cigarillos are produced and sold in an enormous variety of models, brands, types of packaging and prices compared to the purely industrialized production of more or less identical cigarettes. The variety of products means that cigars and cigarillos are generally produced in small production runs. Machine made cigars and cigarillos are produced at a speed between 16 and 160 pieces per minute (excluding packing, which is an additional step in the process), to be compared with up to 20,000 cigarettes per minute (including packing, which is an integral part of the process). Resulting high production costs for cigars and cigarillo separate these products clearly from mass produced cigarettes and the prize difference separates also the consumer communities.

For all the above reasons we are of the opinion that cigars and cigarillos need to be treated differently from other tobacco products: the specific characteristics of the cigar consumer, sector and product need to be taken into account when regulating tobacco products. A "one size fits all approach" to tobacco regulation would not work as it would create a disproportionate burden for the cigar industry. Due to its enormous variety of models and brands, its small scale production processes and its many small to medium sized businesses, of which a big part is still family owned, most cigar companies simply do not have the resources and know-how to cope with the same requirements as larger firms with much smaller assortments and higher sales volumes.

Based on all above, we call upon you to continue to comply in accordance with the TPD2 and not to pursue Tobacco Policy Working Groups suggestion on chapter 4.2.2. in reference towards cigars and cigarillos.

We will be happy to assist you in anyway including providing further information.

¹ Regarding the above mentioned article 27: "Report from the Commission to the European Parliament and the Council" was issued on 8.8.2018 (COM(2018) 579 final). Chapter 3.3.7. of the report states that in reference to article 7.12: Regarding the delegated power foreseen under Article 7(12) to withdraw exemptions for certain product categories from the prohibitions provided for under Article 7(1) and (7), the necessary condition (a substantial change of circumstances as established in a Commission report) has not been met. The Commission has therefore not yet made use of this delegated power.