

Global Tobacco

Alert: EU Parliament Committee Approves TPD Revisions Re: Menthol, Slim Cigarettes, E-cigarettes, & New Warnings

■ **EU Parliament Committee Approves TPD Revisions.** Today, the EU Parliament's Public Health Committee voted to approve revisions to the Tobacco Products Directive that were originally approved by the European Union Council in June (detailed in our publication [Tobacco Times - June 15, 2013 – June 21, 2013](#)), while also adding certain restrictions.

■ **Proposed Revisions.** The updated revisions include (among other items):

- (i) a ban on slim cigarettes (a new addition vs. the EU Council proposal, not the Commission proposal);
- (ii) a ban on additives and characterizing flavors including menthol (unchanged vs. the EU Council proposal);
- (iii) health warnings covering 75% of the front and back of product packaging (the EU Council recommended 65% coverage) in addition to written warnings covering 50% of the sides of cigarette packaging (a new addition);
- (iv) a requirement that e-cigarettes only be placed on the market under existing rules on medicinal products (the EU Council proposal included this requirement for e-cigs containing more than 2 mg of nicotine);
- (v) a ban on misleading product labels (unchanged); and
- (vi) the elimination of tar and nicotine content labeling on tobacco product packaging.

■ **Potential Impact.** As a reminder, we calculate that menthol cigarette consumption in the EU totaled 25 billion sticks in 2012 (5% of total consumption), while slim cigarette consumption totaled 46 billion sticks (or 9% of total consumption). Given the restrictions on menthol (which we presume also includes capsule-based technology), slims and packaging, we believe that innovation will be significantly harder to introduce in the market.

■ **Next Steps.** The proposed revisions are scheduled to go before the full EU Parliament for debate in September 2013 and for vote in October 2013. Notably, a spokesperson for the European Commission for Health and Consumer Policy recently stated that the likelihood of the revisions being fully approved by May 2014 is "very high." We continue to believe that the finalized revisions will not be implemented until 2015-2017.

■ **Company Exposures.** We estimate that approximately 30% of PM's profit is derived from the EU. BAT generates roughly 18% of profit from the EU, while for JT about 20% of profit comes from the region. IMT holds the greatest exposure, with approximately 60% of total profit coming from the EU.

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Appendix A-1

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