Excise duties: reduced rate on locally produced and consumed alcohol in the autonomous regions of Madeira and the Azores

2009/0075(CNS) - 10/11/2009 - Final act

PURPOSE: to authorise Portugal to apply, from 1 January 2009 to 31 December 2013, a reduced rate of excise duty applicable to certain products in Madeira and the Azores.

LEGISLATIVE ACT: Council Decision 2009/831/EC authorising Portugal to apply a reduced rate of excise duty in the autonomous region of Madeira on locally produced and consumed rum and liqueurs and in the autonomous region of the Azores on locally produced and consumed liqueurs and eaux-de-vie

CONTENT: the Council adopted a decision authorising Portugal to apply reduced excise duty rates on certain locally produced and consumed spirits. The Decision provides that the reduced rate may be applied to rum and liqueurs which are locally produced and consumed in the autonomous region of Madeira and to liqueurs and eaux-de-vie which are locally produced and consumed in the autonomous region of Azores. The rates applied may be lower than the minimum rate of excise duty on alcohol set by Directive

92/84/EEC, but may not be more than 75% lower than the standard national excise duty on alcohol.

It is recalled that by Council Decision 2002/167/EC Portugal had been authorised to apply a reduced rate of excise duty in the autonomous region of Madeira on locally produced and consumed rum and liqueurs and in the autonomous region of Azores on locally produced and consumed liqueurs and eaux-de-vie. The application of a reduced rate of excise duty on those products was considered necessary for the survival of the local industry producing and marketing them. In view of the high cost of those activities arising mainly from factors inherent to the situation of Madeira and the Azores as outermost regions (remoteness, insularity, small size, topography and climate), it was considered that only a reduction of the rate of excise duty on the locally produced and consumed products concerned could enable them to continue to compete on an equal footing with similar products imported or supplied from other parts of the Community and thus ensure the survival of the industries. Portugal could apply to those products a rate of excise duty lower than the full rate on alcohol laid down in Council Directive 92/84/EE), and lower than the minimum rate of excise duty on alcohol set by this Directive but not more than 75 % lower than the standard national excise duty on alcohol. This measure was applicable from 1 January 2002 until 31 December 2008.

Subsequently Portugal sought an authorisation subject to the same terms, for the period from 1 January 2009 until 31 December 2013.

The granting of this new authorisation sought is justified in order to avoid endangering the development of those outermost regions. The local industry employs around 130 workers in Madeira and around 90 workers in the Azores. In Madeira, the cultivation and processing of sugar cane and fruits provides work for around 1 000 family-owned agricultural holdings. Faced with difficulties in exporting outside the regions, the regional markets are the only possible outlets to sell those products.

A reduction of the rate of excise duty is continued to be authorised at the level requested to help offset the competitive disadvantage which distilled alcoholic beverages produced in Madeira and in the Azores face as a result of higher production and marketing costs.

APPLICATION: the Decision will apply from 1 January 2009 until 31 December 2013.