Excise duty: reduced rate in Madeira and Azores on locally produced and consumed rum, liqueurs and eaux-de-vie

2001/0169(CNS) - 27/07/2001 - Legislative proposal

PURPOSE: To allow tax derogations on locally produced rum, liqueurs and eaux-de-vie in Madeira and the Azores. CONTENT: In light of the remoteness and geographical terrain of the autonomous regions of Madeira and the Azores Portugal has requested a reduced excise duty rate on certain beverages for these peripheral regions. Specifically this would apply to locally produced and consumed rums and liqueurs in Madeira and locally produced and consumed liqueurs and eaux-de-vie in the Azores. The rate may not be set at more than 75% below the national rate of duty applicable. As sales on the local market absorb the bulk of the islands' production of alcoholic beverages, a reduction of excise rates is essential for the survival of the local rum, liqueur and eau-de-vie industry. The Commission has accepted this reasoning and is therefore proposing a seven year derogation on the understanding that after 4 years Portugal will submit a report to the Commission enabling it to assess whether the reasons that justified the granting of the reduced rate still exist.