Basic information

2017/0127(CNS) CNS - Consultation procedure Decision	Procedure completed
Reduced rate of certain indirect taxes on "traditional" rum produced in Guadeloupe, French Guiana, Martinique and Réunion Amending Decision No 189/2014/EU 2013/0413(CNS) **Subject** 2.70.02 Indirect taxation, VAT, excise duties 3.10.06.08 Wine, alcoholic and non-alcoholic beverages 4.70.06 Outlying and outermost regions, overseas countries and territories **Geographical area** France	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
REGI Regional Development	MIHAYLOVA Iskra (ALDE)	20/06/2017
	Shadow rapporteur PONGA Maurice (PPE) MANSCOUR Louis-Joseph (S&D) FLACK John (ECR) OMARJEE Younous (GUE/NGL) ROPĖ Bronis (Verts/ALE) D'AMATO Rosa (EFDD)	

Council of the European Union

European Commission

Commission DG	Commissioner
Taxation and Customs Union	MOSCOVICI Pierre

Key events

Date	Event	Reference	Summary
		COM(2017)0297	Summary

09/06/2017	Legislative proposal published		
06/07/2017	Committee referral announced in Parliament		
09/10/2017	Vote in committee		
16/10/2017	Committee report tabled for plenary, 1st reading/single reading	A8-0304/2017	Summary
24/10/2017	Decision by Parliament	T8-0387/2017	Summary
24/10/2017	Results of vote in Parliament		
15/11/2017	Act adopted by Council after consultation of Parliament		
21/11/2017	Final act published in Official Journal		

Technical information

Procedure reference	2017/0127(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Decision
Amendments and repeals	Amending Decision No 189/2014/EU 2013/0413(CNS)
Legal basis	Treaty on the Functioning of the European Union TFEU 349-p1sub1-as1
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	REGI/8/10189

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE607.944	13/09/2017	
Committee report tabled for plenary, 1st reading/single reading		A8-0304/2017	16/10/2017	Summary
Text adopted by Parliament, 1st reading/single reading		T8-0387/2017	24/10/2017	Summary

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2017)0297	09/06/2017	Summary

Additional information

Source	Document	Date

European Commission	EUR-Lex	

Final act
Decision 2017/2152 OJ L 304 21.11.2017, p. 0001

Reduced rate of certain indirect taxes on "traditional" rum produced in Guadeloupe, French Guiana, Martinique and Réunion

2017/0127(CNS) - 16/10/2017 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Regional Development adopted, in the framework of a special legislative procedure (Parliament's consultation), the report by Iskra MIHAYLOVA (ALDE, BG) on the proposal for a Council decision amending Council Decision No 189/2014/EU authorising France to apply a reduced rate of certain indirect taxes on 'traditional' rum produced in Guadeloupe, French Guiana, Martinique and Réunion and repealing Decision No 2007/659 /EC.

The committee recommended the European Parliament to approve the Commission proposal without making any amendments.

As the explanatory memorandum accompanying the report pointed out, traditional rum from France's outermost regions is subject to special excise duty arrangements on the French mainland market. Council Decision No 2002/166/EC fixed the volume of rum eligible for special excise duty.

In 2016, rum production in the French outermost regions exceeded the quota eligible for special tax treatment by about one-fifth. Unless the quota for 2016 is changed retroactively, the State aid effect of these arrangements will be cancelled-out and the producers may suffer economic harm.

On 22 September 2016, the French authorities asked the Commission to present a draft technical adaptation to the most recent Council Decision Council Decision No 189/2014/EU, **increasing the annual quota from 120 000 to 144 000 hap (hectolitres of pure alcohol)** for the period between 1 January 2016 and 31 December 2020.

The Rapporteur welcomed the Commission proposal adopted on 9 June 2017.

Reduced rate of certain indirect taxes on "traditional" rum produced in Guadeloupe, French Guiana, Martinique and Réunion

2017/0127(CNS) - 24/10/2017 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 563 votes to 23, with 78 abstentions, in the framework of a special legislative procedure (Parliament's consultation), a legislative resolution on the proposal for a Council decision amending Council Decision No 189/2014/EU authorising France to apply a reduced rate of certain indirect taxes on 'traditional' rum produced in Guadeloupe, French Guiana, Martinique and Réunion and repealing Decision No 2007/659/EC.

Following the recommendation of its Committee on Regional Development, the European Parliament approved without amendment the Commission proposal which provides that, for the period from 1 January 2016 to 31 December 2020, the reduced rates of excise duty on rum are limited to an annual quota of **144 000 hectoliters of pure alcohol** (instead of 120 000 hap).

Reduced rate of certain indirect taxes on "traditional" rum produced in Guadeloupe, French Guiana, Martinique and Réunion

2017/0127(CNS) - 09/06/2017 - Legislative proposal

PURPOSE: to authorise France to apply a reduced rate of certain indirect taxes on 'traditional' rum produced in Guadeloupe, French Guiana, Martinique and Réunion.

PROPOSED ACT: Council Decision.

ROLE OF THE EUROPEAN PARLIAMENT: the Council adopts the act after consulting the European Parliament but without being obliged to follow its opinion.

BACKGROUND: traditional rum from France's outermost regions has been subject to special excise duty arrangements on the French mainland market since 1923. Since the creation of the internal market and the harmonisation of excise duty in Europe, these special excise duty arrangements have been extended with EU approval.

Council Decision No 189/2014/EU authorised France to extend the application on the French mainland, to 'traditional' rum produced in Guadeloupe, French Guiana, Martinique and Réunion, of a rate of excise duty lower than the full rate for alcohol set by Council Directive 92/84/EEC and to apply a rate of the levy known in French as 'cotisation sur les boissons alcooliques' (VSS) lower than the full rate applicable under French national legislation to 'traditional' rum produced in Guadeloupe, French Guiana, Martinique and Réunion.

According to Council Decision No 189/2014/EU, the reduced rates of excise duty and of VSS applicable to 'traditional' rum shall be **confined to an annual quota of 120 000 hectolitres of pure alcohol ('hap')**.

On 22 September 2016, the French authorities asked the Commission to present a draft technical adaptation of Council Decision No 189/2014/EU increasing the annual quota from 120 000 to 144 000 hap.

The Commission emphasises that the urgency of the increase is evident:

- the quota of 120 000 hap for 2016 was used before the end of 2016; without a retroactive increase with effect from 1 January 2016, producers will suffer significant – and likely irreparable – harm;
- not increasing the quota would weaken rum producers in France's outermost regions in terms of their commercial strategies for 2017;
- exports of traditional rum to the EU from Guadeloupe, French Guiana, Martinique and Réunion has drastically fallen since 2012.

Therefore, the annual quota shall be increased from 120 000 hap to 144 000 hap.

CONTENT: the proposal amending Council Decision No 189/2014/EU provides that the reduced rates of excise duty and of VSS and applicable to the rum shall be confined, **for the period between 1 January 2016 and 31 December 2020**, to an annual quota of **144 000 hectolitres of pure alcohol**.

The increase in the quota is a retroactive and limited adaptation bringing it up to a level consistent with the annual growth rates already envisaged by the Council. The other parameters of Decision No 189/2014/EU are unchanged.

An independent economic analysis carried out by the Commission concluded that French imports of traditional rum from Guadeloupe, French Guiana, Martinique and Réunion represented only a small proportion of total alcohol consumption in France. Therefore, the presence of a **reduced rate for rum was not likely to create distortions of competition** on the French rum market.