

Tobacco, Rules of origin and Public Health in EU international Free Trade Agreements (FTAs)

Written contribution to the 9th Meeting of Trade Advisory Group meeting

I would like to address to the Commission's published paper on rules of origin. This emphasises the EU's move towards *simpler* and *more flexible* of rules of origin in the interest of improving trade preference utilisation.

I would like to ask why rules of origin for tobacco products are being rendered more flexible, as in, for example, the modernised EU-Mexico FTA.

Tobacco as an EU 'offensive interest'

As we have noted in the past, we are particularly worried at tobacco being listed as an EU offensive interest in certain trade negotiations, including those with Mercosur.

Tobacco lobbyists pushing for flexible rules of origin

We also note how in meetings held with Commission officials in 2017, tobacco lobbyists pushed for flexible rules of origin in ongoing negotiations with Mexico and Mercosur.

In records of these meetings released following an EPHA access to documents request, these lobbyists specifically pushed for, and I quote: *'the 10% originating rule for tobacco products in the FTA negotiations in line with the position established for rules of origin since 2008'* as this *'ensures consistency to source tobacco globally'*. Mexico/Mercosur were also said to have *'tabled more restrictive rules of origin for cigarettes than the EU'*.

Modernised EU-Mexico FTA text

These requests seem to have been heeded by EU trade negotiators. The EU's 'agreement in principle' for a modernised FTA with Mexico stipulates more flexible rules of origin for tobacco products than found in past agreements/preference schemes: for cigarettes the domestic content requirement is just 65% and for smoking tobacco it is just 55% (in both cases by weight).

As alluded to, this is less than the 70% by weight found in previous EU FTAs, including the 2000 agreement with Mexico. The 10% tolerance requested by tobacco lobbyists is also preserved.

Questions on flexible rules of origin

My specific question is: why is the Commission helping global tobacco firms to operate more efficiently through FTAs by pushing for more flexible rules of origin provisions for their sector?

More generally I would ask: To what extent do public health considerations inform decision-making on trade preferences, including rules of origin?

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