European Respiratory Society and European Lung Foundation: Adoption Feedback on the Revision of the Tobacco Taxation Directive

Tobacco use kills around 1.1 million people every year in the WHO European Region and remains the leading cause of preventable lung disease, cancer, and premature death[1] [2]. As respiratory clinicians, researchers, and patient representatives, we witness daily the lung diseases, cancers, and chronic conditions caused by tobacco and the ongoing burden of nicotine that sustains addiction. Conditions that could have been prevented if fewer people had started, or continued, using these products. According to the World Health Organisation (WHO) the global economic cost of tobacco use is estimated at US $1.4 trillion per year in health expenditures and lost productivity[3]. Taxation is recognised as one of the most powerful and cost-effective ways to prevent disease before it starts.

The EU has already committed to decisive tobacco control as a signatory to the **WHO Framework Convention on Tobacco Control (FCTC)**, particularly *Article 6*[4] on price and tax measures, and through **Europe's Beating Cancer Plan**[5], which sets the ambition of a *tobacco-free generation by 2040*. Taxation is the policy instrument that operationalises those commitments: it directly reduces affordability, prevents youth initiation, and generates predictable revenue that can be reinvested into health and social priorities.

For these reasons, the European Respiratory Society (ERS) and the European Lung Foundation (ELF) welcome the European Commission's proposal to revise and modernise the Tobacco Taxation Directive (TTD)[6]. A strengthened Directive that restores taxation as a core tobacco-control measure, aligns with current market realities, and provides Member States with a predictable, health-protective, and fiscally coherent framework.

Why a revision is needed

The current Tobacco Taxation Directive no longer delivers its intended public-health or fiscal impact. Adopted more than a decade ago, it has not kept pace with inflation, income growth, or

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[1] World Health Organization (Europe). Effects of tobacco on health. Fact sheet, 19 May 2025. https://www.who.int/europe/news-room/fact-sheets/item/effects-of-tobacco-on-health

[2] European Cancer Organisation. Tobacco and cancer: factsheet. 2023. https://www.europeancancer.org/download-file/1907.html

[3] World Health Organization. *WHO technical manual on tobacco tax policy and administration.* Geneva: WHO; 2021. Available at: https://www.who.int/news/item/12-04-2021-1.4-trillion-lost-every-year-to-tobacco-use-new-tobacco-tax-manual-shows-ways-to-save-money-and-build-back-better-after-covid-19

[4]WHO Framework Convention on Tobacco Control. Guidelines for implementation of Article 6 (price and tax measures to reduce the demand for tobacco). https://fctc.who.int/docs/librariesprovider12/technical-documents/who-fctc-article-6-guidelines.pdf).

[5] European Commission. Europe's Beating Cancer Plan. Brussels: European Commission; 2021. https://health.ec.europa.eu/system/files/2022-02/eu_cancer-plan_en_0.pdf

[6] European Respiratory Society. ERS statement on the revision of the Tobacco Taxation Directive. Brussels: ERS; 2025. https://www.ersnet.org/wp-content/uploads/2025/07/ERS-statement-Tobacco-Taxation-Directive-revision.pdf

changes in the nicotine product market. In most Member States, retail prices for cigarettes and smoking tobacco already exceed the Directive's minimum levels, meaning the EU floor price no longer constrains affordability or drives health gains. Meanwhile, a proliferation of novel nicotine products; e-cigarettes, heated-tobacco products and nicotine pouches, has emerged, often taxed inconsistently or not at all. This patchwork undermines the original Directive's objectives of health protection, internal-market coherence and stable revenue.

As a result, tobacco and nicotine remain affordable for many young people, and cross-border purchasing continues to dilute the health effect of national price measures. The **WHO FCTC Article 6 Guidelines** recommend regular, real increases in tobacco taxes to ensure that prices rise faster than inflation and income. Without automatic indexation, both the fiscal and health impact of excise taxes erode over time.

A modernised Directive is therefore required to:

- restore taxation as a core tobacco-control measure;
- adapt the legal framework to new product categories; and
- align EU excise policy with the Union's commitments under the **WHO FCTC**, **Europe's Beating Cancer Plan** and the Council Recommendation on Smoke- and Aerosol-Free Environments[7].

Strengthening the Directive would deliver measurable reductions in smoking prevalence and new addictions. The Commission's **Impact Assessment** [8] estimates that under an ambitious scenario, EU-wide minimum excise levels could reduce average smoking prevalence across the Union from approximately 24% to 21%, corresponding to about 12 million fewer smokers over the implementation period.

What effective tobacco taxation looks like

Excise taxation is one of the most effective and cost-effective policy instruments to reduce tobacco and nicotine consumption[9]. Evidence from the World Bank shows that each 10% increase in the retail price of tobacco products reduces consumption by around 4% in high-

[7] Council of the European Union. Council recommendation of 3 December 2024 on smoke- and aerosol-free environments (C/2024/7425). Off J Eur Union 2024 Dec 12. https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:C_202407425

[8] European Commission. Impact Assessment: Proposal for a Council Directive on the structure and rates of excise duty applied to tobacco and related products. Brussels, 16 July 2025. SWD(2025) 560 final. Available from: https://taxation-customs.ec.europa.eu/document/download/415b9aff-9b71-4e3a-b0b4-0f49bea3fad7_en?filename=SWD_2025_560_1_EN_impact_assessment_part1_v4.pdf.

[9] World Health Organization. WHO technical manual on tobacco tax policy and administration. Geneva: WHO; 2021. https://www.who.int/publications/i/item/9789240019188

income countries[10]. The same analyses show that tobacco taxes are **progressive** once health benefits and reduced medical costs are included, producing greater benefit for lower-income households.

Economists and public-health experts agree that effective tobacco taxation combines the following design features:

- **Specific excise taxation**, rather than ad valorem rates, to prevent the tobacco industry from manipulating retail prices and shifting consumers toward cheaper brands.
- **EU-wide minimum excise levels**, ensuring that all products face a health-protective price floor and that tax policy supports the internal market.
- **Automatic annual indexation** to inflation and income growth, maintaining the real value of taxes and preventing erosion of health and fiscal impact over time.
- **Harmonisation across Member States**, limiting cross-border shopping and reinforcing the Union's single-market objectives.

The **WHO FCTC Article 6 Guidelines** recommend regular, real increases in tobacco taxes to make products less affordable over time. The Commission's **Impact Assessment** supports this approach, noting that more ambitious, harmonised minima would generate larger and more sustained public-health gains while preserving revenue predictability.

Why novel products must be included

Novel nicotine and tobacco products; including heated-tobacco products (HTPs), e-cigarettes and nicotine pouches, are rapidly reshaping the European market. The 2024 **European School Survey Project on Alcohol and Other Drugs (ESPAD)**[11] found that current e-cigarette use among 15- to 16-year-olds rose from 14 % in 2019 to 22 % in 2024. These products are driving nicotine initiation and encouraging **dual and poly-use**, where young people combine them with conventional cigarettes.

An independent systematic review of heated-tobacco products did not find real-world evidence that they work as effective smoking-cessation tools and reported that smokers using HTPs were in fact less likely to quit[12]. Additionally, the European Respiratory Society and independent

[10] World Bank Group. Is tobacco taxation regressive? Evidence on public health, domestic resource mobilization and equity improvements. Washington DC: World Bank; 2019. https://documents1.worldbank.org/curated/en/893811554737147697/pdf/Is-Tobacco-Taxation-Regressive-Evidence-on-Public-Health-Domestic-Resource-Mobilization-and-Equity-Improvements.pdf

[11] European Union Drugs Agency (EUDA). ESPAD 2024 key findings. Lisbon: EUDA; 2025. https://www.euda.europa.eu/publications/data-factsheets/espad-2024-key-findings_en

[12] Scala M, Dallera G, Gorini G, et al. Patterns of use of heated tobacco products: a comprehensive systematic review. J Epidemiol 2025; 35(5): 213–221. https://doi.org/10.2188/jea.JE20240189

reviews have highlighted that users of novel products frequently remain dual or poly users with conventional cigarettes, maintaining nicotine dependence and delaying cessation[13] [14].

Independent reviews show that exposure to aerosol or vapour causes measurable respiratory harm. Laboratory and clinical studies demonstrate airway irritation[15], inflammation and damage at a cellular level[16], while longitudinal data link regular vaping to reduced lung function[17] and higher rates of wheezing, asthma and bronchitis, especially in young people[18].

Although these products are often presented as harm-reduction tools, there is **no population-level evidence** that widespread availability at low prices supports cessation. In practice, low taxation and aggressive marketing make them attractive to adolescents and young adults, creating a new generation of nicotine dependence rather than contributing meaningfully to cessation.

For fiscal and health coherence, all nicotine-containing products should therefore be brought within the scope of the revised Directive. Equal or higher specific excise taxes on novel products would reduce affordability, discourage youth initiation, and close loopholes that currently undermine public-health and revenue objectives. This approach aligns with the precautionary principle[19] and with Article 6 of the WHO FCTC, which calls for taxation policies that reduce overall consumption.

Broader EU Policy Alignment

Effective tobacco taxation strengthens not only public health but also the Union's fiscal, social and environmental objectives.

Public finances

Excise taxes on tobacco provide predictable, sustainable revenue while reducing long-term healthcare and productivity losses. The WHO estimates that tobacco use costs the global

[13] Chen DT-H, Grigg J, Filippidis FT. European Respiratory Society statement on novel nicotine and tobacco products, their role in tobacco control and "harm reduction". Eur Respir J 2024; 63: 2301808. https://doi.org/10.1183/13993003.01808-2023

[14] Hamoud J, Hanewinkel R, Andreas S, Ammous O, Saalfrank M, Sussman S, Unger JB, Pisinger C, Mathes T. A systematic review investigating the impact of dual use of e-cigarettes and conventional cigarettes on smoking cessation. *ERJ Open Research* 2025; 11: 00902-2024. doi:10.1183/23120541.00902-2024.

[15] European Lung Foundation. "E-cigarettes, heat-not-burn and smokeless tobacco products." 2024. https://europeanlung.org/en/information-hub/keeping-lungs-healthy/e-cigarettes-heat-not-burn-and-smokeless-tobacco-products/

[16] European Respiratory Society. "New heated tobacco device causes the same damage to lung cells as traditional cigarettes and e-cigarettes." 2025. https://www.ersnet.org/news-and-features/news/new-heated-tobacco-device-causes-the-same-damage-to-lung-cells-as-traditional-cigarettes-and-e-cigarettes/

[17] European Respiratory Journal. "E-cigarette use and risk of bronchitis and impaired lung function in youth." 2024. https://pmc.ncbi.nlm.nih.gov/articles/PMC12077657/

[18] Umbrella review of youth vaping harms. "Bronchitis, asthma, and lung impairment linked to e-cigarette use." 2025. https://www.sciencedirect.com/science/article/pii/S2667009724000587

[19] Bourguignon D. The precautionary principle – Definitions, applications and governance. In-Depth Analysis. Brussels: European Parliamentary Research Service (EPRS); https://www.europarl.europa.eu/thinktank/en/document/EPRS_IDA(2015)573876

economy **US $ 1.4 trillion annually**, and the Commission's Impact Assessment confirms that ambitious, harmonised minima would preserve revenue stability even as consumption declines.

Social equity

Evidence from the World Bank[20] shows that once health gains and reduced medical costs are considered, tobacco taxation is *progressive*, improving equity while freeing household resources from addiction-related spending.

Environment and governance

The proposal also advances the **European Green Deal's call to align taxation and spending with the Union's climate-neutral and circular-economy goals** and the accompanying **Zero Pollution Action Plan[21].** The Green Deal[22] commits the EU to *"shift the tax burden from labour to pollution"* and to ensure that all policies *"support the just and inclusive transition to a clean and circular economy."* **The WHO estimates that around 4.5 trillion plastic cigarette filters pollute land and water each year**[23], making them the world's most-littered single-use plastic item. By integrating environmental externalities into excise design, such as targeted surcharges on disposable vapes and plastic filters, the revised directive helps operationalise these aims. It discourages single-use products, reduces plastic and chemical waste streams, and strengthens coherence between fiscal, environmental, and public-health measures.

Embedding **FCTC Article 5.3[24] transparency** across implementing acts will further safeguard policymaking from industry interference and strengthen policy coherence across the internal market.

Policy coherence on enforcement

Evidence from the **WHO Framework Convention on Tobacco Control Global Progress Report**[25] and **Europol's SOCTA 2025**[26] confirms that illicit markets stem primarily from *weak enforcement, corruption and supply-chain gaps, not from higher excise taxes*. Well-designed tax

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[20] World Bank Group. Is tobacco taxation regressive? Evidence on public health, domestic resource mobilization and equity improvements. Washington DC: World Bank; 2019. https://documents1.worldbank.org/curated/en/893811554737147697/pdf/Is-Tobacco-Taxation-Regressive-Evidence-on-Public-Health-Domestic-Resource-Mobilization-and-Equity-Improvements.pdf

[21] European Commission. (2021, 12 May). *"Towards a Zero Pollution for Air, Water and Soil" — A European Union Action Plan*. Retrieved from: https://environment.ec.europa.eu/strategy/zero-pollution-action-plan_en

[22] European Commission (2019). *The European Green Deal*, COM(2019) 640 final, Sections 1, 2.1.3, 2.2.1–2.2.2. https://eur-lex.europa.eu/resource.html?uri=cellar:b828d165-1c22-11ea-8c1f-01aa75ed71a1.0002.02/DOC_1&format=PDF

[23] World Health Organization. *Global tobacco epidemic, 2022: an analysis of the environmental impact of the tobacco industry*. WHO, Geneva. (2022). https://iris.who.int/server/api/core/bitstreams/531014bb-58f7-4bd1-bbd8-0aefc07a44c5/content

[24] World Health Organization. *WHO Framework Convention on Tobacco Control: Guidelines for implementation of Article 5.3 – Protection of public health policies with respect to tobacco control from commercial and other vested interests of the tobacco industry.* https://www.who.int/fctc/publications/guidelines/article_5_3/en/

[25] World Health Organization Framework Convention on Tobacco Control. 2023 global progress report on implementation of the protocol to eliminate illicit trade in tobacco products. Geneva: WHO; 2023. https://fctc.who.int/docs/librariesprovider12/meeting-reports/2023-global-progress-report-en.pdf

[26] Europol. EU Serious and Organised Crime Threat Assessment 2025. The Hague: Europol; 2025. https://www.europol.europa.eu/cms/sites/default/files/documents/EU-SOCTA-2025.pdf

structures paired with strong tracking, tracing and customs cooperation therefore protect both revenue and public health.

Tobacco taxation is therefore a *multi-dividend policy*: it saves lives, reduces inequalities, secures public revenue, and supports environmental, governance and social-justice goals; all within the EU's existing legal commitments.

ERS and ELF call for a Directive that delivers real impact

To protect lung health, reduce inequalities, and deliver on the EU's goal of a tobacco-free generation, the European Respiratory Society (ERS) and the European Lung Foundation (ELF) recommend that the revised Tobacco Taxation Directive should:

- **Set robust EU-wide minimum excise levels** for all tobacco and novel nicotine products, high enough to deter youth initiation and reduce overall consumption.
- **Introduce automatic annual indexation** to inflation and income growth, ensuring that real prices rise over time and the health impact of taxation is not eroded.
- **Apply new minima promptly after adoption** to achieve early and measurable public-health gains.
- **Add a targeted excise uplift on disposable vapes and cigarette filters** to reflect their youth appeal, environmental externalities, and waste-management costs, consistent with the *European Green Deal* and the *Zero Pollution Action Plan*.
- **Embed FCTC Article 5.3 transparency provisions** across all implementing acts and stakeholder processes to safeguard EU and national fiscal policymaking from industry interference.

Tobacco use remains the leading cause of preventable death and chronic lung disease in Europe. At the same time, the economic, environmental, and social costs of tobacco consumption far exceed the revenues it generates. Modernising the Tobacco Taxation Directive offers the EU a rare opportunity to turn fiscal policy into a public-health instrument that saves lives, strengthens budgets, and supports the Union's environmental and equity objectives.

A Directive that fully aligns with the scientific evidence, the WHO FCTC, and Europe's Beating Cancer Plan will help create the conditions for a **tobacco-free generation by 2040;** protecting both current and future Europeans from addiction, disease, and preventable loss.