

Procedure file

Basic information		
CNS - Consultation procedure Decision	2020/0150(CNS)	Procedure completed
Reduced rate of certain indirect taxes on 'traditional' rum produced in Guadeloupe, French Guiana, Martinique and Réunion		
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
	 Regional Development	 OMARJEE Younous	17/08/2020
		Shadow rapporteur	
		 MEBAREK Nora	
		 BIJOUX Stéphane	
		 ROOSE Caroline	
Council of the European Union			

Key events			
24/07/2020	Legislative proposal published	COM(2020)0332	Summary
07/09/2020	Vote in committee		
14/09/2020	Committee referral announced in Parliament		
18/09/2020	Committee report tabled for plenary, 1st reading/single reading	A9-0156/2020	
06/10/2020	Decision by Parliament	T9-0245/2020	Summary
01/12/2020	Act adopted by Council after consultation of Parliament		
01/12/2020	Final act published in Official Journal		

Technical information	
Procedure reference	2020/0150(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Decision
Other legal basis	Rules of Procedure EP 159
Stage reached in procedure	Procedure completed
Committee dossier	REGI/9/03649

Documentation gateway					
Legislative proposal		COM(2020)0332	24/07/2020	EC	Summary
Document attached to the procedure		SWD(2020)0141	24/07/2020	EC	
Committee draft report		PE655.900	26/08/2020	EP	
Committee report tabled for plenary, 1st reading/single reading		A9-0156/2020	18/09/2020	EP	
Text adopted by Parliament, 1st reading/single reading		T9-0245/2020	06/10/2020	EP	Summary

Final act
Decision 2020/1791 OJ L 402 01.12.2020, p. 0007

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

PURPOSE: to authorise France to apply, for certain indirect taxes, a reduced rate to 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: the current Council Decision No 189/2014/EU authorises France to apply a reduced rate of certain indirect taxes to traditional rum produced in the French outermost regions of Guadeloupe, French Guiana, Martinique and Réunion when it is transported to mainland France for consumption. The reduction in the indirect taxes may not exceed 50% of the French standard excise duty on alcohol and is limited to an annual quota of 144 000 hectolitres of pure alcohol. The derogation expires on 31 December 2020.

The aim of this regime is to compensate for the higher production cost of traditional rum in the French outermost regions and guarantee market access to the French mainland, which is their main market outlet.

The external study confirmed the relevance of the regime. Through the increase in rum production that it induced and the consequent increase in demand for sugarcane, the regime would have made it possible to produce 53 000 tons of sugarcane, which would have resulted in the creation of 400 jobs in the cane-sugar-rum value chain. The study showed that the regime was effective in maintaining access to the French market in absolute terms. However, the overall efficiency of the regime is reduced by the quota mechanism. The study also indicated that the overall efficiency could be enhanced by an improved monitoring framework.

On 18 October 2019, the French authorities asked the Commission to submit a proposal for a Council Decision extending the time limit of the authorisation set out in Decision 189/2014/EU, with a higher quota for another seven year period, from 1 January 2021 until 31 December 2027.

CONTENT: based on the analytical document accompanying this proposal, which examines the current regime as well as the potential impacts of possible options for the period after 2020, the Commission proposes to renew the regime until 2027 with an increased annual quota of 153 000 hectolitres of pure alcohol (hlpa). The maximum rate of reduction is maintained at 50%. This measure intends to tackle the identified problem of the fixed quota, which has resulted in the quota being periodically adjusted by means of amendments to the Council Decisions, typically applied retrospectively. The small increase in the quota, moreover, ensures coherence with public health and competition policy.

The monitoring of the implementation and functioning of the derogation shall be the role of the French authorities and the Commission, as it has been to date. France shall be asked to submit a report by 30 September 2025 for the period from 2019 to 2024. This report shall include the following:

- information on additional costs involved in production;
- economic distortions and market impacts;
- information for the evaluation of the effectiveness, efficiency, coherence with other EU policies;
- information on continued relevance and EU added value of the new legislation.

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

The European Parliament adopted by 680 votes to 5, with 4 abstentions, (following a special legislative procedure - consultation), a legislative resolution on the proposal for a Council decision authorising France to apply a reduced rate of certain indirect taxes on 'traditional' rum produced in Guadeloupe, French Guiana, Martinique and Réunion.

Parliament approved the Commission's proposal without amendment.

The proposal provides for the application of specific measures on rum taxation for the entire duration of the next multiannual financial framework, which will run from 2021 to 2027. This derogation from the tax rules is justified by the economic difficulties inherent in production in the outermost regions.

In concrete terms, the proposal:

- authorises France to reduce the excise duty and the social security contribution on traditional rum produced in Guadeloupe, French Guiana, Martinique and Réunion and sold in mainland France, up to a limit of 50% of the standard rate;
- defines the rum covered by the derogation: it must have an alcoholic strength of at least 40% and the cane sugar used as a raw material must be of local origin;
- fixes at 153 000 hectolitres of pure alcohol per year the quantities of rum originating in the overseas departments eligible for this derogation;
- obliges France to submit reports on the implementation and impact of the derogation.