



HABANOS NORDIC SUBMISSION ON THE

CONSULTATION ON STANDARDISED PACKAGING OF TOBACCO PRODUCTS

We, HABANOS NORDIC, are the exclusive importer for the Cuban hand-made cigars "habanos" in the Nordic and Baltic region. The company is a 100% owned subsidiary to Habanos SA.

Corporation Habanos SA (Habanos S.A.) is a Cuban joint venture with the share capital owned 50%-50% by Cubatabaco, a Cuban Government Company, and Tabacalera SA, a Spanish company owned by IMPERIAL TOBACCO GROUP PLC, a British Tobacco Company. Its corporate purpose is to market all Cuban tobacco products, both in Cuba and throughout the rest of the world.

The Company is the world leader in the commercialization of Premium cigars maintaining a presence in over 150 countries through its distribution network.

"Habanos" is also the Appellation of Origin reserved for a select group of brands whose cigars are made according to high standards. These tobacco leaves harvested only in certain areas of Cuba have also the protected designation of origin.

The cigars are completely hand-made, using very old methods created in Havana more than two centuries ago, transmitted from generation to generation and have remained unchanged until today.

Standardised packaging is an irrational and disproportionate measures and violates intellectual property rights acquired by the industry for many years. The tobacco industry, like any other legal industry, has the right to protect their core assets (brands) and use the same for your business.

Furthermore, there are unintended consequences for Governments in favour of this type of packaging, which is the increase of illegal trade and counterfeiting. This illicit activity takes away from Government not only income as a result of the absence of taxes on these illegal products, but also Governments need to fight with the existence of tobacco product without any control as to ingredients, production processes, etc. since the manufacture of the same is no longer in the hands of responsible industry but those who take advantage of the copy is easier by the absence of marks. Counterfeit under

In view of the aforesaid, **HABANOS NORDIC rejects standardised packaging** of tobacco products. Manufacturers have the right to distinguish and differentiate their products from those of competitors. Packaging guarantees origin, quality and investment. Brands and packaging designs are often protected as registered trademarks. Standardised packaging would expropriate or fundamentally restrict the essential function of registered trademarks and the right to distinguish products, contrary to national and international law. The development of brand equity and goodwill is fundamental to a market economy, adult consumer choice, innovation and product development.

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Specific Characteristics to the Cigar Sector

The specific characteristics of the cigar consumer, sector and product need to be taken into account when regulating tobacco products. A "one size fits all approach" to tobacco regulation would not work as it would create a disproportionate burden for the cigar industry.

HABANOS NORDIC agrees on the fact that the cigar consumer, who is typically a male, adult and occasional smoker, should be informed about the health risks associated with smoking. However, we are of the opinion that standardised packaging would not be necessary to achieve that goal.

(i) Cigar Consumption

On 29 May 2015 the European Commission published a Eurobarometer on Europeans' attitudes towards tobacco and electronic cigarettes. Among others the Eurobarometer concludes:

.. Cigars, cigarillos and pipes are used much less frequently, with just 1-2% using them on a daily, weekly or monthly basis"

The EU Commission acknowledged that consumption of cigars and cigarillos is much less frequent hence standardised package would be a completely disproportionate measure (data published by the EU Commission on 29 May 2015).

(ii) Specific product characteristics

A single solution for the entire tobacco sector in Norway is not a solution because it would disproportionately burden the cigar industry.

The cigar industry is characterized by a variety of models, sizes, brands, types of packaging (cardboard, metal, plastic, wood), production processes on a small scale and manual processes as mentioned above this "differentiation" is also supported by the European regulation and, indeed, the new Directive 2014/40 / EU of the European Parliament and the Council, which, in its paragraph 26, states:

"That should be able to exempt from certain labelling requirements for cigars, cigarillos and pipe-bite, consumed mainly by older consumers and small population groups

Norwegian proposal contains stricter (and disproportionate) requirements for the cigar industry.

Reference is made to point f in Section 29 of the Norwegian Proposal:

"Chapter VI. Labelling of tobacco packages with Brand and Variation name and information about the manufacturer

Section 29 General provisions concerning labelling of Brand and Variation names on tobacco packages

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Exterior surfaces and Single packages of tobacco products may be labelled with Brand name and Variation name provided that the following conditions are met:

f) *The brand name shall be written on a single line and the font shall not exceed 14 pts"*

This labelling requirement should not apply to the cigar industry. As said before, the cigar industry is characterized by a variety of models, sizes. The majority of the boxes are big ones where a font "not exceeding 14 pts" will be impossible to be read. Again, a "one size fits all approach" is not desirable as it does not work for all products.

A different measure, which is also disproportionate and will create differences within the EU importers, is the new requirement to be: "Cigars to be sold individually shall be sold in cigar tubes".

This measure will put the Norwegian cigar industry (importers and small business) in a very difficult position as "naked cigars" are allowed in the rest of the neighbour territories (and in the EU as well). Furthermore, the fact that each cigar needs to be manually put in a cigar tube will increment the cost of the product and will put additional economic burden on the Norwegian manufacturers/importers.

For all the reasons above mentioned HABANOS NORDIC is of the opinion that Norway should not apply standardised packaging of tobacco products and should exempt cigars, cigarillos and pipe tobacco from the obligations contained in the Legislative Proposal about standardised packaging in Norway. Furthermore, Norway should not go further and require any additional obligations to the ones contained in Directive 2014/40/EU (i.e. shape or material of the product or packaging, obligation to sell individual cigars on cigar tubes etc.) as these additional measures would cause a serious barrier to the cigar trade between the European Union and Norway.

Best Regards,

A handwritten signature in blue ink, appearing to read "Stephan Praetorius", written over a large, faint, stylized watermark of a cigar.

Stephan Praetorius

Managing Director, Habanos Nordic

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