



CONSIDERATE POUCHERS

Consultation response on the proposed excise on nicotine pouches

Considerate Pouchers is a consumer advocacy group representing consumers of nicotine pouches, a smoke-free alternative that helps people quit smoking and live healthier lives. We welcome the opportunity to provide comments on the proposed Order and submit the following response in relation specifically to the proposed excise on nicotine pouches set at NIS 349.18 per kilogram (approximately €100/kg).

We respect the Israeli government's objective of protecting public health and ensuring sustainable fiscal revenues. However, we believe the proposed tax rate on nicotine pouches is disproportionate, unsupported by an adequate review process, and risks undermining both of those goals. We urge the authorities to reconsider.

1. The proposed rate was set without an adequate review process

We note with concern the asymmetry in the policy process underlying this Order. The proposed changes to electronic cigarette taxation were developed following the conclusions of a dedicated professional committee, which examined the market in depth, assessed reasons for non-compliance, and recommended evidence-based measures.

No equivalent process was followed for nicotine pouches. The proposed rate of NIS 349.18/kg appears to have been set without a comparable assessment of the nicotine pouch market in Israel, its size, consumer profile, price sensitivity, or potential for illicit trade. We respectfully submit that an excise of this magnitude, applied to a product category that has not been subject to dedicated review, risks producing outcomes that neither serve fiscal interests nor advance public health.

We call on the authorities to subject nicotine pouch taxation to the same standard of evidence-based scrutiny that was applied to electronic cigarettes.

2. The proposed rate significantly exceeds international benchmarks

The proposed rate of approximately €100/kg is substantially out of step with international practice:

18 EU member states currently apply taxation to nicotine pouches. Of these, 10 have formally recognised the distinction between traditional combustible products and smoke-free nicotine products, applying differentiated, and lower, tax rates accordingly.

The EU's ongoing revision of TED is moving towards a minimum rate of €30/kg for nicotine pouches, less than one third of Israel's proposed rate, with gradual increases envisaged over subsequent years.

Leading harm-reduction jurisdictions such as Sweden have adopted proportionate frameworks that have enabled regulated markets to thrive, while keeping consumers away from unregulated alternatives.

Israel's proposed rate would place nicotine pouches among the most heavily taxed consumer nicotine products in the world, without a corresponding evidence base to justify this position.

3. Excessive taxation risks replicating the electronic cigarette experience

Israel's own recent experience with electronic cigarettes provides a clear and cautionary lesson. High excise rates introduced in 2021 did not reduce consumption, they drove the market underground. The result was near-total collapse of legal market activity, negligible tax collection, and a significant expansion of the black market.

Applying an analogous logic to nicotine pouches, a high rate set without market assessment, risks producing the same dynamics:

Illicit trade and unregulated online channels: At €100/kg, the tax wedge between the legal and informal market will be large. Consumers seeking lower-cost alternatives will gravitate towards unregulated sources, including online channels that operate without age verification, product safety standards, or nicotine concentration controls.

Revenue shortfall: A legal market suppressed by excessive taxation will not generate the revenues projected. If the electronic cigarette parallel holds, effective collection may be minimal.

Consumer harm: Products sourced through informal channels carry risks that regulated products do not, unknown ingredients, uncontrolled nicotine levels, and no age restrictions at point of sale.

4. A restrictive approach forecloses harm reduction benefits

Nicotine pouches are smoke-free products. They involve no combustion, the primary driver of smoking-related disease. Regulatory frameworks that treat them identically to cigarettes ignore a meaningful distinction that is increasingly recognised internationally.

Sweden's experience is instructive. Widespread use of smoke-free nicotine alternatives, within a proportionate regulatory framework, has contributed to a smoking prevalence of approximately 5%, the lowest in Europe, achieved nearly 15 years ahead of EU targets. Similar positive trends are emerging in countries such as Greece and the Czech Republic, where balanced regulation has correlated with the fastest declines in smoking prevalence across the EU.

An excise rate set at €100/kg will price regulated nicotine pouches out of reach for many consumers and incentivise continued use of combustible cigarettes, the products that cause the greatest harm. This would represent a missed opportunity for harm reduction at a time when the international evidence base strongly supports differentiated, proportionate approaches.

5. Our recommendations

Considerate Pouchers makes the following recommendations to the Israeli authorities:

Commission a dedicated review of the nicotine pouch market in Israel before finalising any tax rate, equivalent to the committee process that informed the electronic cigarette provisions of this Order.

Align with emerging EU benchmarks, setting an initial rate in the region of €30/kg (approximately NIS 103/kg) with provision for gradual, evidence-based modifications as the legal market matures and compliance improves.

Adopt a differentiated framework that formally distinguishes smoke-free nicotine products from cigarettes, reflecting their different risk profiles.

Pair taxation with practical enforcement to support a functioning legal market, including supply chain licensing, age verification requirements, and product safety standards, so that regulation serves its public health objectives effectively.

We appreciate the government's commitment to both fiscal sustainability and public health. Considerate Pouchers shares those objectives. However, we respectfully submit that the proposed excise on nicotine pouches, as currently drafted, risks repeating the errors of Israel's electronic cigarette experience, producing a dysfunctional market, negligible revenues, and harm to consumers who are diverted away from regulated products.

A proportionate, evidence-based, and internationally aligned approach would better serve Israel's interests across all dimensions: fiscal, regulatory, and public health.

We remain available to provide further information or to engage in dialogue with the relevant authorities and thank the Ministry for the opportunity to contribute to this consultation.

Respectfully,

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