

# Shisha Masters

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FIGHTING  
FOR  
SHISHA  
&  
AGAINST  
ILLICIT  
TRADE

**ACHTUNG!**

**German  
Federal  
Association  
for Shisha**

**Folke  
Rega**

MANAGING DIRECTOR

**DER SHISHA-VERBAND**

Germany, Europe’s Shisha powerhouse, has a long tradition of shisha culture. Shisha was originally introduced to Germany decades ago by migrants from the Middle East and Turkey but now enjoys widespread popularity thanks to the thousands of high quality lounges and the innovative German entrepreneurs that manufacture some of the most well known brands in Europe.

As the shisha sector grew so did the regulations, legislation and public relations challenges the German shisha community faces. Making sense of the maze of laws and issues is FOLKE REGA, the dynamic managing director of Bundesverband Wasserpfeifentabak aka the German Shisha Association or der SHISHA-VERBAND. There has been an impressive mobilization and unification of the shisha community in Germany. This month we speak to Folke about his work and the organization he manages.

Folke was born and raised in Northern Germany, more specifically near the Baltic sea. He studied his Bachelor's Degree in Economics at the University of Applied Sciences in Kiel. After working for several agencies in the field of corporate and political communication, he finally landed at Bundesverband Wasserpfeifentabak.

**What is “Der Shisha-Verband” all about?** The Shisha Association lobbies for the interests of the shisha industry in Germany. We represent the interests of shisha stakeholders across the board, including manufacturers, importers, traders and suppliers. Since November, we have also represented the interests of shisha lounges. Above all, we advocate for a standardised regulation for lounges throughout Germany. At the moment we are working intensively to prevent the size limit of a maximum of 25 grams per packaging unit, which, as of now, is to be established in Germany starting from 1 July 2022.

**Who came up with the idea of creating a German shisha association and why?** The Shisha Association has existed since 2017. The idea behind it was to unite the industry and give it a unified voice in politics and the public. When I took over the management of the association in September 2021, the number of members was, in all honesty, modest. Therefore, we held our first kick-off event in Frankfurt at the beginning of November and also chose to change the name of the association.



**“THE ORGANIZATION HAS A COMPREHENSIVE PROGRAM OF MEASURES FOR THE SELF-REGULATION OF THE SHISHA INDUSTRY.”**

Following this initial spark, we now have 34 members and are experiencing steady growth. Among them are many national manufacturers, companies and international entities. We are also coordinating closely with the **European Shisha Community Alliance** on regional issues.

**What challenges has the association faced so far? And what are the key policy areas that der Shisha-Verband has identified?** An important step was first to unite the industry because of the numerous challenges we face as a sector, from tobacco excise to tobacco control regulations. Consequently, actors at different points in the supply chain focus on different issues without any uniformity in approach. This lack of a unified front has meant that until now, the Government could act against the sector without sufficient resistance, a disadvantage illustrated by Germany’s menthol ban. Current challenges include the 25 gram regulation, which is a significant imposition for manufacturers, retailers, bars and private individuals, the introduction of Track & Trace in 2024, and the threat of a flavour ban in the pending review of the Tobacco Products Directive. It will not be boring in the next few years to fight for shisha as an important cultural tradition and to prepare the market participants for it.



**Tell me more about the new 25g packaging law and the problems it is causing?**

The 25 gram regulation will cause huge problems in Germany. Manufacturers are suddenly forced to produce only for the German market in single-serving packaging. Bulk containers of 200 grams or even 1000 grams are then no longer allowed. Therefore, new filling machines have to be purchased, which are not available in the required number and cannot be delivered within 10 months. The paper crisis also affects the new outer packaging. It is thus impossible for the manufacturers to implement the unreasonable specifications of the state in such a short period of time. This gap will inevitably be filled by the illegal counterfeit and contraband market, which has been declining in recent years and is now enjoying a comeback. Moreover, in our view, the regulation is not in conformity with EU law. The law fails to recognize the fact that significantly more packaging waste will be produced and the historic and cultural importance of shisha to many communities is not taken into account. It is very clear that this regulation was drafted with absolutely no knowledge of the specifics of the sector.

**How did the pandemic affect the German shisha sector?**

In Germany, the lockdowns forced the closure of shisha bars and most retailers, meaning there was a shift in consumption patterns – therefore about 75 percent of shisha consumption takes place in the home now. So, the lockdowns actually led to a shift to private consumption.

**The German government has recently established a new tax structure for shisha. Is this good or bad for the shisha sector?**

When has a tax increase on consumer goods ever been good for any industry? Honestly, incremental and proportionate excise increases are acceptable. However, the recent increases could be considered a price shock. Combine that with the pack limitation and you now have significant price increases for shisha and a great incentive for criminal gangs to expand their already sophisticated smuggling and counterfeit network.

**Why do you think shisha has become so popular in Germany?**

Germany has a large migrant community and this was the initial trigger for its consumption. As part of their integration into German society, the culture and ritual has spread to native Germans which is really great to see. Shisha connects people regardless of social status or origin, it dissolves socially erected boundaries.

Many Germans also know Shisha from their holidays to Dubai, Turkey, Egypt and Spain so are happy that they can now enjoy these moments of pleasure at home. German tobacco growers and manufacturers also have an important stake in this sector. German tobacco has a comparatively low nicotine content and a high sugar content, which gives the shisha its sweetness. Consumers can legally purchase a very high-quality and regulated product.

**IF THERE IS NO UNIFIED ACTION, GOVERNMENT LEGISLATION WILL MASSIVELY INFLATE THE BLACK MARKET**

**Some reports show that a large part of the German shisha industry is either illegally smuggled or counterfeit. Is this true and what should be done about it?**

We assume that the black market accounts for about 40 - 50 % of the total German market. In recent years, the black market share has been steadily decreasing, which can be attributed on the one hand to the good quality of the products available in Germany, but on the other hand to the reasonable sales price. In January 2022, a surtax on shisha tobacco was introduced and the normal tobacco tax was increased. Since then, more and more untaxed shisha tobacco has been offered for sale on the internet or directly to bars. On 1 July 2022, the sales price will increase significantly once again due to the limit of 25 grams and this could kick off a golden age for the black market. Therefore, by the end of the year, the government may unintentionally create an illegal market of up to 80 percent in the shisha sector. This must be reviewed urgently by the German Authorities.

**“Shisha connects people regardless of social status or origin”**

**Where do you see the shisha business in general and in particular in 10 years in Germany?** There are two scenarios for this: If we do not manage to professionally represent the interests of shisha and the important cultural tradition to politicians in all European countries, we will have to travel very far to enjoy a shisha at some point. If we succeed in a common representation of interests on a European and national level, the future will look much more positive. We work hand in hand with **ESCA** to be a strong European umbrella organisation for the national associations, since many laws come from Brussels and special expertise is needed for this. The national associations and their close cooperation are just as essential to ensure the exchange of information and to fend off legislative proposals against shisha. The European shisha industry can only survive by working together.

**What are the long-term goals of the association?** We want to be a reliable and trustworthy partner for politicians and the public when it comes to shisha issues. To achieve this, we need strong membership growth, especially in the area of lounges, and a broader range of services and information. Furthermore, We would like to curb the black market and enable the control of the consumption of shisha in the hospitality sector. At the same time, we would like to strengthen the image of shisha in Germany, which is often disproportionately associated with organised crime, violence and illegal tobacco products when in fact the overwhelming majority of shisha businesses are law abiding. Naturally, we can very well imagine that a license will be required to operate a shisha lounge in the future, further establishing the legitimacy and standards of shisha culture.

**If someone wants to start a new shisha business in Germany, what advice would you give them?** Get a good lawyer. The European and German bureaucracy, the jungle of regulations and the penalties for non-compliance are a big risk. We as an association are happy to provide assistance, but we cannot replace a lawyer. Anyone who enters the shisha business in Germany quickly becomes a regulatory professional. Anyone who underestimates this will quickly understand how necessary it is for survival.

**What are three skills needed to succeed in any shisha business?** Don't get down, no blue eyes and get proper legal advice to stay on the right side of the law.

## THE EUROPEAN SHISHA INDUSTRY CAN ONLY SURVIVE BY WORKING TOGETHER



Bundesverband  
Wasserpfeifentabak e.V.

<https://shisha-verband.org/>

**ESCA works to promote shisha and to educate the public and political leaders about the tradition of shisha and those who use**

**it**  
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