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EHYT Finnish Association for Substance Abuse Prevention

<https://technical-regulation-information-system.ec.europa.eu/en/notification/24741>

Statement to the European Commission on the bill proposed by the Finnish government to amend the Alcohol Act (2023/0543/FI)

The Government of Finland has notified the European Commission about the proposed amendment to the Finnish alcohol law. The purpose of this notification procedure is to ensure that the notified acts comply with EU law and the principles of the internal market.

EHYT Finnish Association for Substance Abuse Prevention is concerned about the negative health, social, and economic effects of increasing alcohol availability. Europe remains globally the region with highest alcohol consumption. The costs related to the years of potential productive life lost and to the treatment of diseases and injuries attributable to alcohol are paramount from the standpoint of protecting healthy national economies.

The assessment of the impact of the proposed amendment (2023/0543/FI) on health, well-being, and competition policy is insufficient.

Alcohol is not an ordinary commodity. Its consumption is one of the leading causes of preventable premature death, constituting a significant global burden of disease. It is associated with approximately 3 million deaths annually. Therefore, it is imperative to examine the effects of the alcohol law in the context of public health, rather than solely from the perspective of short-term economic interests.

The World Health Organization (WHO) advocates for retail alcohol monopolies as effective measures in alcohol policy. This endorsement stems from the recognition that such monopolies can bolster public health by controlling the accessibility, sale, and consumption of alcoholic beverages. Finland has been granted a national exemption for its alcohol monopoly under the EU Accession Treaty. This derogation allows Finland to maintain its state-controlled alcohol retail system.

In terms of retail sales restrictions based on alcohol content, the Nordic alcohol monopolies have varied legislative limits:

- Iceland: above 2.25 percent alcohol content.
- Sweden: above 3.5 percent alcohol content.
- Norway: above 4.75 percent alcohol content.
- Finland: above 5.5 percent alcohol content.

In Finland, the recent Government Programme proposes an increase in this limit to 8.0% for fermented alcoholic beverages.

Proposed Change

The proposed legislative change would increase alcohol availability in Finland. The change would grant retail license holders (as referred to in Alcohol Act section 17, paragraph 1) the right to sell alcoholic beverages



produced by fermentation up to 8.0% by volume. The current limit is 5.5% without a specific production method restriction. Retail licenses are held by grocery stores, kiosks, service stations, and restaurants selling for takeout.

In 2022, there were 373 monopoly stores (Alko) in Finland, but 6,317 license holders for beverages up to 5.5%, of which 1,444 were licensed bars. Importing stronger alcohol into over 4,500 grocery stores, kiosks, and service stations would increase alcohol availability to citizens and negatively impact public health. The current Finnish retail monopoly and licensing system are in line with the European Union law.



In addition to the proposal to raise the maximum percentage of alcoholic beverages, the Finnish government plans to decrease the excise duty of beer by 4,8% and increase the excise duty of wine by 2,8%. Approximately 90% of all beer in the Finnish market is domestically produced and 98% of all wine in the Finnish market are produced outside of Finland.

Increased Availability Burdens Public Health and Economy

Alcohol is currently one of the main causes of premature loss of life years in Finland. Alcohol consumption has significant economic consequences, both in lost productivity and increased social and health care costs. The costs arising from alcohol are estimated to be several billion euros. Finnish workplaces are estimated to incur annual costs of 500 million euros due to alcohol-related absences and other issues.

The World Health Organization (WHO) recommends restricting alcohol availability to prevent alcohol-related harm. WHO and OECD state that alcohol availability, including the number of sale locations, significantly influences the onset of alcohol-related harm. Restricting availability and sales outlets is one of the most important and cost-effective measures to prevent alcohol harm.



Reducing alcohol related harm and costs is a public health goal that the UN Member States, including the European states, have unanimously committed to, also in the context of the UN Sustainable Development Goals (SDGs). The Commission has stated that they will provide support to the Member States and stakeholders to reduce harmful alcohol consumption in line with the targets of the UN Sustainable Development Goals. The target is to reduce the harmful use of alcohol by at least 10% by 2025.

The three “best buys” recommended by WHO to reduce alcohol related harm can be summarized as:

1. Increasing excise taxes on alcoholic beverages;
2. Regulating availability of alcoholic beverages, including minimum legal purchase age, restrictions on outlet density and on time of sale, and, where appropriate, governmental monopoly of retail sales;
3. Restricting exposure to marketing of alcoholic beverages through effective marketing regulations or comprehensive advertising bans.

In Finland, the previous change in the Alcohol Act in 2018 raised the maximum percentage of alcoholic beverages sold in grocery stores, kiosks, and service stations from 4.7% to 5.5%. Alcohol-related harms and deaths increased after the change, even more than the National Institute for Health and Welfare (THL) initially estimated, even though prices did not decrease as forecasted by the retail sector.

Additionally, the global COVID-19 pandemic reduced alcohol consumption due to restaurant closures, event cancellations, and reduced import by travelers. Despite the closures and cancellations, Finland experienced an increase of alcohol-related deaths. It is likely that the most significant harms were concentrated among lower socio-economic groups and those already consuming the most alcohol. Finland's long-term health policy objective has been to reduce socio-economic health inequalities. However, health inequalities have not decreased. It is evident that the increased availability of alcohol would likely further exacerbate these health inequalities.

Finland currently faces a shortage of 15,000-25,000 nursing professionals, with a 6,000 nurse deficit in Uusimaa district alone. The social and healthcare services are already under significant stress, and alcohol-related harm contributes substantially to this burden. The healthcare staff faces challenges from work safety issues due to substance use and a lack of time, personnel, and resources. The scarcity of services and resources results in repeat visits by the same patients, further straining the healthcare system. Patients also present with increasingly complex financial, social, and psychological challenges. The negative impacts of alcohol on the police and justice system are also substantial.

Proposed Change Would Undermine Public Health-Oriented Alcohol Policy

The legislative change would increase alcohol availability, contradicting the objective of the Alcohol Act (1102/2017). The objective of the Act is to prevent harm caused by alcohol to the drinker, people other than the drinker, and to the society at large. The basis for the retail monopoly on alcohol is to reduce the harm caused by alcohol and protect public health. Alcohol harms fall on the member state, giving them the right to implement national measures to reduce these harms.

From a public health promotion and alcohol harm reduction perspective, the retail monopoly on alcohol primarily functions through:



1. The public's ability to regulate the number of sale locations (outlet density) for strong alcoholic products over a certain alcohol content.
2. The public's ability, as an owner, to regulate the company's activities by promoting responsible sales, such as age verification, limited opening hours, pricing, marketing, and promotion restrictions.

It should be noted that state alcohol companies in the Nordic countries have been able to implement strict age verification for alcohol sales. Surveys from 2020 showed that the rate of ID checks was 96% at Systembolaget in Sweden, 97.9% at Alko in Finland, and 91% at Vinmonopolet in Norway.

According to the Finnish Grocery Trade Association (PTY), the equivalent number in grocery stores is 84%. Age verification in grocery stores is weaker, which would further exacerbate the harms of increased alcohol availability.

Finland's alcohol market is about 5 billion euros annually, of which about 1.2 billion euros derive from the monopoly system. The Finnish grocery trade sector is one of the most concentrated globally. In Finland, the three grocery trade actors are the K group, S group, and Lidl. The two largest grocery chains (K and S) dominate the Finnish retail market overwhelmingly with a market share of over 80%. In Finland, the publicly announced objective of the grocery trade sector is to shift alcohol sales from the monopoly to their own sector. An intensified consolidation of the Finnish grocery trade sector through expanded alcohol sales would likely increase technical barriers to trade and competition. Specifically, these changes would increase the barriers to entry and make it even more difficult for foreign competitors to enter the Finnish grocery retail market.

Shifting stronger alcohol sales from the monopoly to the existing grocery retail chains would further concentrate the trade sector, which might have a negative impact on Finnish consumers over a longer period. Sales would transition from a public health-focused monopoly to three for-profit grocery trade entities (oligopoly). These entities would reap the financial advantages of this shift, while the public sector would shoulder the increased burden of alcohol-related harms.

Conclusions

The planned change could increase the social, health, and economic harms caused by alcohol. If the legislative change progresses, it risks the future of the Nordic retail monopoly system for alcohol. The current government program is shifting the foundation of alcohol policy from social and health policy towards competition and economic policy. Such a development neglects the considerable harms caused by alcohol.

As alcohol is not an ordinary commodity, any modifications to the alcohol law should be evaluated in light of their potential public health impacts. Finland has a well-functioning alcohol policy rooted in public health, with the national alcohol retail monopoly being a pivotal element. The current alcohol sale structure is effective and enjoys broad public support. Meanwhile, the health and social care sectors are already shouldering a significant burden due to alcohol-related costs.

To conclude, the European Commission should consider the potential impact of the proposed change on both the future of Finland's public health-oriented alcohol policy and the growing consolidation of the Finnish retail trade sector.