

Frank Lindemann

Alkoholpolitik + Internationales

Guttempler in Deutschland e.V.
Adenauerallee 45
20097 Hamburg
Tel. 040 28 40 76 99-0
www.guttempler.de
www.alkoholpolitik.de

frank.lindemann@guttempler.de

Guttempler in Deutschland e.V. · Adenauerallee 45 · 20097 Hamburg

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Our Position on Finnish Government proposal to parliament for an act amending section 17 of the Alcohol Act (2023/0543/FI)

Background

The Finnish state-owned alcohol company currently has an exclusive right to retail alcoholic beverages containing more than 5.5% ethyl alcohol by volume. The retail sale of alcoholic beverages containing more than 2.8 per cent but not more than 5.5 per cent ethyl alcohol by volume is subject to a licence issued by the authorities.

The exclusive retail right of the alcohol company would be modified by allowing the licensed retail sale of fermented alcoholic beverages with an alcoholic content of more than 5.5% and not more than 8.0% by volume, in addition to the above-mentioned beverages. The proposed law is not expected to enter into force until early 2024 at the earliest.

The proposal relates to the government programme of Prime Minister Petteri Orpo's government, one of the objectives of which is to open the market and increase competition. In this context, it has been agreed that the government will reform Finland's alcohol policy in a more European direction and continue the overall reform of the Alcohol Act that was carried out in 2018. This amendment is only one of the steps. In 2025, the government will consider liberalising the sale of wine with an ethanol content of up to 15 per cent by volume.

The Government of Finland has notified the European Commission of the proposed amendment to the Finnish Alcohol Act. The purpose of this notification procedure is to ensure that the notified legislation is in conformity with EU law and the principles of the internal market. Cancer is the leading cause of death in the EU, and alcohol is a major contributor to alcohol-related deaths, affecting more than 200 diseases. In this context, Article 9 of the Treaty on the Functioning of the European Union (TFEU) requires the EU to take account of the protection of human health in all its policies and activities.

In recent years, alcohol consumption in Finland has been declining. The aim of this proposal and the future initiatives under consideration is to reverse this trend, as increasing sales means increasing alcohol consumption and its harm to society. This sets a dangerous precedent in the EU, where a Member State is taking measures that directly contradict the Europe's Beating Cancer Plan to reduce alcohol consumption.

Guttempler Germany is very concerned about the negative health, social and economic consequences of this proposal:

1. **Alcohol consumption is a serious public health issue:** Classified as a Group 1 carcinogen by the International Agency for Research on Cancer, alcohol poses significant health and social challenges. Its use and associated disease burden are particularly high in the WHO European Region, where alcohol-related deaths account for one in 10 deaths each year. The negative effects of alcohol, including impaired immunity and increased health care costs, place immense financial pressure on social and health care systems.
2. **Negative impact on well-being and economic growth:** The changes proposed by the Finnish government are likely to have a negative impact on the well-being of the population and undermine economic growth, which is contrary to the stated objectives. The rationale for relaxing alcohol legislation to increase sales and consumption for economic growth is unlikely to produce the intended results. According to the OECD, in the absence of effective interventions, the projected health impacts on the population will result in a loss of 1.9 years of health-adjusted life expectancy (HALE) and a 2.9% annual reduction in Finland's GDP between 2020 and 2050, which represents a significant economic loss. Similar impacts are expected in the EU and Sweden, with negative effects on labour force employment and productivity. The proposal to relax alcohol control measures, leading to increased alcohol sales and consumption, will exacerbate the projected losses in well-being, life expectancy, economic growth and productivity in Finland. The OECD strongly recommends that governments intensify their efforts to address the harmful effects of alcohol consumption, rather than reducing them. Finland's notification therefore contains internal inconsistencies and misguided motivations, which provide grounds for rejecting the proposed changes.
3. **Weakening Finland's monopoly systems will be detrimental to Finnish people and society:** There is solid and compelling evidence that alcohol monopolies provide significant public health and welfare benefits by limiting the availability of alcohol. Monopoly systems, implemented in more than 20 regions and countries around the world, are proving effective in limiting the availability of alcohol. The regulation of state-owned retailers, such as Alko in Finland, allows for additional control mechanisms, such as restrictions on opening hours and advertising bans, which make it more difficult and less attractive for underage drinkers to purchase alcohol. Deviation from a true monopoly system risks increasing the accessibility of alcohol, with negative consequences such as increased health and criminal justice burdens. Modelling and scenario projections show potential increases in sales volume, per capita alcohol consumption and associated hospital admissions and deaths. In line with this, the Finnish Institute of Health and Welfare believes that the Finnish alcohol retail monopoly must be protected. In the case of Finland specifically, the studies show that if Alko, the Finnish alcohol retail monopoly, were to be abolished or even weakened, it would increase the vulnerability of people and communities to greater harm, including a 14% increase in alcohol-related deaths. Alcohol-related deaths, disability, absenteeism and low productivity at work are all major costs to the economy.
4. **The impact assessment has not been properly carried out:** The impact assessment of the proposed amendment (2023/0543/FI) focuses on promoting alcohol sales to create conditions for growth in the internal market, but lacks a health, wellbeing and competition policy review. Alcohol is a leading cause of preventable death worldwide and requires a comprehensive assessment from a public health perspective, including stakeholder consultation, which has not taken place. The importance of this cannot be overstated, given the potential impact of

this proposal on the well-being of young people. The majority of young people in Finland prefer the type of alcohol under discussion.

5. **Violation of international commitments:** The proposed amendments undermine Finland's commitment to the World Health Organisation (WHO) and contravene the European Framework for Action on Alcohol 2022–2025 – a commitment jointly adopted by Finland and all Member States of the WHO European Region in 2022. The European Framework for Action on Alcohol 2022–2025 encourages Member States to prioritise measures to regulate the availability of alcohol, with a particular focus on state-run alcohol outlets. The public health risks associated with the proposed deregulation are significant, and there is evidence of the benefits of alcohol monopolies in limiting alcohol availability.
6. **Contradiction with EU Treaties:** Finland's proposed amendments are in direct contradiction with the Treaties of the European Union, in particular Article 3 of the Treaty on European Union (TEU) and related articles of the TFEU. The TEU emphasises the core objectives of the Union, including the promotion of peace, values and prosperity, while the TFEU outlines the responsibilities of Member States to align their economic policies with the objectives of the Union. Finland's proposed amendments, including changes to alcohol legislation, conflict with overarching objectives and obligations, including the protection of children's rights.

Conclusion:

Finland's proposed changes, driven by economic considerations, pose significant risks to public health, welfare and economic stability. These changes are contrary to international commitments and EU treaties. Maintaining the current effective structure of alcohol sales, which is rooted in public health, is crucial to avoid undue burdens on the public sector and to ensure the well-being of Finnish citizens. Consequently, the implementation of the proposed changes will increase the share of alcohol sales outside the monopoly, thus undermining its role as an effective policy tool to reduce alcohol-related harm. Accessibility and consumption of alcohol will increase, leading to avoidable harm to individuals and society. The European Commission should carefully assess the potential impact of these changes on Finland's alcohol policy and the consolidation of the retail sector.

Sources:

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