

European Alcohol Policy Alliance's Position on Finnish Government proposal to parliament for an act amending section 17 of the Alcohol Act (2023/0543/FI)



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Background

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

The exclusive retail sale right of the alcohol company would be modified by allowing the licenced retail sales of fermented alcoholic beverages containing more than 5.5 per cent and not more than 8.0 per cent by volume in addition to the beverages referred to above. The proposed Act is planned to enter into force at the beginning of 2024 at the earliest.

The proposal relates to the Government Programme of Prime Minister Petteri Orpo's Government, one of the aims of which is to open the market and increase competition. In this respect, it has been agreed that the Government will reform Finland's alcohol policy towards a more European direction and continue the overall reform of the Alcohol Act carried out in 2018. The amendment at hand is just one of the steps taken. In 2025, the government will proceed looking at the liberalisation of the sale of wine with an ethanol content by volume of up to 15 per cent.

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. In the EU, cancer is the leading cause of death, with alcohol contributing substantially to alcohol-attributable deaths, and impacting over 200 diseases. In this context, Article 9 of the Treaty on the Functioning of the European Union (TFEU) requires that the EU also takes into account the protection of human health in all its policies and activities.

Over the last years, alcohol consumption was decreasing in Finland¹. The aim of this proposal, and the future initiatives considered, is to reverse this trend since 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 action directly contradicting the Europe's Beating Cancer Plan to reduce alcohol consumption.

Eurocare is very concerned about the negative health, social, and economic impact of this proposal for the following reasons:

- 1 Alcohol consumption is a serious public health matter:** Alcohol, classified as a Group 1 carcinogen by the International Agency for Research on Cancer, poses significant health and societal challenges. Its consumption and associated burden of disease are particularly pronounced in the WHO European Region, where alcohol-related deaths account for one in every ten fatalities annually. The negative effects of alcohol, including weakened immunity and increased healthcare costs, place immense financial pressure on social and health-care systems.

¹ Finnish Institute For Health And Welfare, statistics and figures (<https://thl.fi/en/web/thlfi-en/statistics-and-data/statistics-by-topic/statistical-publications/yearbook-of-alcohol-and-drug-statistics>)

- 2 Detrimental Impact on Well-being and Economic Growth:** The Finnish Government's proposed amendments are anticipated to negatively affect the well-being of the population and to undermine economic growth, which is contrary to the stated objectives. The rationale behind relaxing alcohol legislation to boost sales and consumption for economic growth is unlikely to yield the intended outcomes. According to OECD², the predicted population health outcomes in the absence of effective interventions will lead to the loss of 1.9 years of health-adjusted life expectancy (HALE) and an annual reduction of 2.9% in Finland's GDP between 2020 and 2050, a substantial economic loss. Comparable impacts are expected in the EU and Sweden, with adverse effects on labour force employment and productivity. The proposal to relax alcohol control measures, leading to increased alcohol sales and consumption, is poised to exacerbate foreseen losses in well-being, life expectancy, economic growth, and productivity in Finland. OECD strongly recommends that governments intensify efforts to address the detrimental impacts of alcohol consumption rather than diminish them. Finland's notification thus exhibits internal inconsistencies and misguided motivations, providing grounds for rejecting the proposed changes.

- 3 Weakening the Finnish monopoly Systems will be detrimental to Finnish people and society:** There is solid and compelling evidence that alcohol monopolies hold significant advantages for public health and welfare by way of limiting the availability of alcohol^{3 4 5}. Monopoly systems, implemented in over 20 regions and countries around the world⁶ prove effective in limiting alcohol availability. The regulation of state-owned retailers, such as Alko in Finland, allows for additional control mechanisms like restrictions on opening hours and advertising bans, making it more difficult and less appealing for underage drinkers to purchase alcohol. Deviation from a true monopoly system risk increasing alcohol accessibility, leading to adverse consequences such as heightened healthcare and criminal justice burdens. Modeling and scenario forecasting demonstrate potential increases in sales volume, per capita alcohol use, and associated hospital admissions and deaths. Echoing this, the Finnish Institute for Health and Welfare is of the view that the Finnish alcohol retail monopoly needs to be protected⁷. In the case of Finland specifically, the studies show that if Alko, the Finnish alcohol retail monopoly, was abolished or even weakened, it would increase people's and communities' vulnerability to greater harm, including a 14% rise in alcohol deaths⁸. Alcohol related deaths, disabilities, absence or low productivity at work, among other things, are all major costs on the economy.

- 4 The impact assessment was not done appropriately:** The impact assessment of the proposed amendment (2023/0543/FI) is focused on advancing alcohol sales to create conditions for growth in the domestic market, but it lacks scrutiny regarding health, well-being, and competition policy. Alcohol, being a leading cause of preventable deaths globally, necessitates a comprehensive evaluation 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

² <http://oecdpublichealthexplorer.org/#>

³ Room R. Alcohol monopolies: Scottish Health Action on Alcohol Problems; 2021 (<https://www.shaap.org.uk/blog/332-alcoholmonopolies.html>, accessed 10 August 2023).

⁴ Stockwell T, Sherk A, Norström T, Angus C, Ramstedt M, Andréasson S, et al. Estimating the public health impact of disbanding a government alcohol monopoly: application of new methods to the case of Sweden. *BMC Public Health*. 2018;18(1):1400.

⁵ Room R, Cisneros Örnberg J. Government monopoly as an instrument for public health and welfare: Lessons for cannabis from experience with alcohol monopolies. *Int J Drug Policy*. 2019;74:223–8.

⁶ [Webinar: Alcohol monopolies: what does it take for alcohol monopolies to work? WHO's webinar of October 2023](#)

⁷ Finnish Institute For Health And Welfare (<https://thl.fi/sv/web/thlfi-sv/-/thl-alkos-monopolssystem-minskar-alkoholrelaterade-skador-och-darfor-lonar-det-sig-att-halla-fast-vid-det>)

⁸ Finnish Institute For Health And Welfare (<https://thl.fi/sv/web/thlfi-sv/-/thl-alkos-monopolssystem-minskar-alkoholrelaterade-skador-och-darfor-lonar-det-sig-att-halla-fast-vid-det>)

proposal on the well-being of young people. The majority of young people in Finland give preference to the type of alcohol under discussion.

- 5 Violation of International Commitments:** The proposed amendments undermine Finland's commitment to the World Health Organization (WHO) and contravene The European Framework for Action on Alcohol 2022-2025—a commitment jointly adopted by Finland and all member states of the European region of WHO in 2022. The European Framework for Action on Alcohol 2022–2025 encourages Member States to prioritize actions regulating alcohol availability, with a particular emphasis on state-operated alcohol outlets. The public health risks associated with suggested deregulation are substantial, with evidence supporting the advantages of alcohol monopolies in limiting alcohol availability.
- 6 Contradiction to EU Treaties:** Finland's proposed amendments stand in direct contradiction to the treaties of the European Union, particularly Article 3 of the Treaty on European Union (TEU) and related articles in the TFEU. The TEU emphasizes the Union's core objectives, including the promotion of peace, values, and well-being, while the TFEU outlines responsibilities of Member States to align economic policies with the Union's objectives. Finland's proposed amendments, including changes in alcohol legislation, conflict with overarching aims and obligations, including the protection of the rights of the child.

Conclusion:

Finland's proposed amendments, driven by economic considerations, pose significant risks to public health, well-being, and economic stability. These amendments are at odds with international commitments and EU treaties. Preserving the current effective alcohol sale structure, rooted in public health, is crucial to avoid undue burdens on the public sector and ensure the well-being of Finnish citizens. Consequently, implementing the proposed amendments will increase the share of alcohol sales outside of 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 preventable harms to individuals and society. The European Commission should carefully evaluate the potential consequences of these amendments on Finland's alcohol policy and the consolidation of the retail trade sector.

