

Contribution to TRIS notification 2024/0388/SE: concerns regarding proposed amendments to Sweden's alcohol act

Introduction

We appreciate the opportunity to provide input on Sweden's draft amendments to the Alcohol Act (2010:1622) as notified under TRIS notification 2024/0388/SE. As an organization dedicated to public health and the prevention of alcohol-related harm, we have significant concerns about the proposed legislation. Our primary focus is on how these amendments may increase alcohol availability, undermine the role of **Systembolaget** (the Swedish alcohol retail monopoly), and potentially conflict with EU principles and legislation.

We also acknowledge and support the contribution made by our partner organization, IOGT-NTO, which is also a member of the NordAN network. We share their concerns regarding the proposed legislation and endorse their arguments against expanding the availability of alcohol through farm gate sales, which risks undermining Sweden's alcohol monopoly and negatively impacting public health.

Public health concerns

The proposed amendments to the Alcohol Act raise several public health concerns. Allowing on-farm sales of alcoholic beverages introduces new points of sale, thereby increasing the overall availability of alcohol. Research consistently shows that greater physical availability of alcohol correlates with higher consumption levels and a rise in alcohol-related harm, including accidents, violence, and chronic health conditions.

Systembolaget plays a crucial role in Sweden's public health strategy by controlling the sale of alcohol, thereby limiting access, removing the profit motivation, and promoting responsible consumption. Introducing alternative retail channels, even on a limited scale, risks weakening the effectiveness of this monopoly and undermining Systembolaget's exclusive rights, which include the sole authority to sell alcohol to consumers in retail settings, ensuring that all alcohol sales are conducted under strict regulations that prioritize public health over profit motives. Establishing exceptions to the monopoly may also set a precedent for additional relaxations or changes, potentially leading to broader deregulation that could further increase alcohol-related harm.

Monitoring compliance with the proposed restrictions will require substantial resources. Furthermore, ensuring that alcohol is not sold to minors may be more challenging in on-farm settings, particularly if producers lack experience in retail sales and age verification procedures.

Integrating alcohol sales with tourism and cultural experiences may contribute to the normalization and glamorization of alcohol consumption, potentially influencing social norms and attitudes toward drinking. Tourists and visitors may be more susceptible to excessive drinking in leisure contexts, increasing the risk of alcohol-related accidents and health issues. Additionally, on-farm sales may involve marketing activities that promote alcohol consumption, which could counteract public health efforts to reduce alcohol-related harm.

Potential conflicts with EU principles and legislation

The proposed amendments may also conflict with EU principles and legislation, as explained in more detail by IOGT-NTO and other Swedish referral bodies. Under **Article 34 of the Treaty on the Functioning of the European Union (TFEU)**, measures that restrict trade between Member States are prohibited unless justified on specific grounds, such as public health. The proposal restricts on-farm sales to producers operating in Sweden, potentially discriminating against producers from other EU Member States. This could be seen as a measure equivalent to a quantitative restriction, which is prohibited under Article 34. By limiting the opportunity for on-farm sales to domestic producers, the amendment may create unjustified barriers to intra-EU trade.

While **Article 36 TFEU** allows exceptions to Article 34 for the protection of public health, such measures must be necessary and proportionate. Expanding alcohol availability through on-farm sales clearly does not meet these criteria, as it directly conflicts with the public health goal of reducing alcohol consumption and related harm. By making alcohol more accessible, the proposal contradicts the objective of limiting availability, which is key to reducing alcohol-related harm. The proposal aims to promote local tourism and economic development but conflicts with the fundamental public health objectives of reducing alcohol consumption and harm.

The introduction of on-farm sales will also conflict with **Article 37 TFEU**, which requires state monopolies to be adjusted so that no discrimination regarding the conditions under which goods are procured and marketed exists between nationals of Member States. If the monopoly's effectiveness is compromised, its justification under EU law could be challenged, potentially leading to legal disputes.

The proposed licensing requirements and limitations may be seen as restrictions on the freedom to provide services, which must comply with the **Services Directive (Directive 2006/123/EC)** principles of non-discrimination, necessity, and proportionality. If the restrictions disproportionately affect service providers from other Member States, they could be subject to legal challenges under the Services Directive.

Potential conflicts with EU state aid rules

The proposed amendments to allow on-farm sales of alcoholic beverages could also potentially violate EU state aid rules as outlined in Articles 107-109 TFEU. These amendments grant specific privileges to on-farm producers, providing them with an economic advantage that could be classified as selective aid. Such measures may confer a commercial benefit to small-scale producers that they would not otherwise have under normal market conditions, thereby distorting competition. The selective nature of these privileges also risks creating unfair barriers for other alcohol producers, including those from other Member States, and undermines the principle of non-discrimination in the EU internal market. This creates a scenario where the competitive playing field is tilted in favour of a particular group, thus impacting intra-EU trade and potentially triggering complaints from other market actors or Member States.

Furthermore, the possibility of cross-subsidization should be noted, as the on-farm sales privileges might indirectly subsidize commercial activities using state-granted advantages. Under EU state aid regulations, any such measures must be carefully monitored to ensure they do not constitute unlawful state aid. The lack of clear separation between the public benefit aspects of the proposal and the commercial advantages could lead to violations of state aid

rules. Without proper notification and approval from the European Commission, Sweden risks potential infringement procedures and financial recovery orders should the aid be deemed incompatible with the internal market. This further complicates the amendment's compliance with broader EU obligations and highlights the need for a thorough reassessment to align with state aid regulations.

Recommendations

To address these concerns, we recommend maintaining the integrity of Systembolaget. To continue effectively controlling alcohol availability and minimizing related harm, Systembolaget's exclusive rights should remain intact without exceptions that could weaken its function. Refraining from creating exceptions helps prevent future challenges that could further erode alcohol control measures.

Instead of allowing direct on-farm sales, Sweden could explore alternative support mechanisms for local producers. Encouraging tourism initiatives that highlight local production processes and cultural experiences without expanding alcohol availability would also be a viable alternative.

We also recommend strengthening public health policies by upholding strict regulations on alcohol marketing, pricing, and availability to prevent increases in consumption.

Conclusion

The proposed amendments to Sweden's Alcohol Act present significant risks to public health by increasing alcohol availability and potentially undermining the effectiveness of Systembolaget. They may also conflict with EU principles related to the free movement of goods and services and the operation of state monopolies. We strongly recommend reconsidering these amendments in favour of policies that prioritize public health and comply with EU legislation.

By maintaining strict control over alcohol sales and exploring alternative methods to support local producers and tourism, Sweden can continue to protect public health while fostering economic development in a way that aligns with both national interests and EU obligations.

References

- World Health Organization (2018). **Global Status Report on Alcohol and Health**. Geneva: WHO.
 - Babor, T., et al. (2010). **Alcohol: No Ordinary Commodity – Research and Public Policy**. Oxford University Press.
 - European Court of Justice. **Case C-198/14 Visnapuu** [2015].
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We trust that these concerns will be taken into serious consideration and are available for further dialogue on how best to protect public health while supporting Sweden's economic and tourism objectives.

Nordic Alcohol and Drug Policy Network (NordAN) is a collaborative network of over 60 non-governmental organizations (NGOs) dedicated to reducing alcohol and drug consumption in the Nordic and Baltic countries. Established in 2000, NordAN brings together voluntary organizations from Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway, and Sweden.

These NGOs share a common goal of promoting evidence-based alcohol and drug policies. Unlike many other organizations, NordAN is entirely independent of the commercial alcohol industry, ensuring that its work is driven solely by the best interests of public health and well-being.

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