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Nordic-Baltic NGOs urge governments to cooperate on alcohol policy

The Nordic Alcohol and Drug Policy Network (NordAN) expresses grave concern over the developments that are taking place in Estonia and Latvia regarding alcohol taxation.

The Estonian Government has decided to decrease alcohol excise duties by 25%, and the Latvian Finance Minister Jānis Reirs is planning next week to assess the issue and discuss possible tax cuts in Latvia as well, to "maintain competitiveness at a regional level". Finland's Government is now also under pressure to react accordingly.

Alcohol is not an ordinary commodity. Access to cheaper alcohol is linked to growing alcohol related problems. NordAN is concerned about a "race to the bottom" in alcohol policy that threatens the public health of our citizens. Price competitiveness seems to cloud the primary goal of alcohol policy, which should always be the health and well-being of people.

Cross-border trade cannot be ignored. It causes financial problems for some countries and gain for others. It limits countries' ability to implement public health policies and thus increases alcohol problems. As we see from the current situation, it encourages countries to compete against each other, even though these countries have promised to cooperate in protecting our citizens.

We also know that volumes of cross-border trade can change quickly and urge governments involved to be cautious before implementing large tax decreases. Experience from similar rapid reactions in Finland in 2004 led to alcohol-related harm skyrocketing and the government having to increase taxes again shortly thereafter. Sweden, which maintained tax levels in 2004 instead saw a large decrease in cross-border purchases over the following three years, increasing revenues and improving health outcomes. Recent research evidence concerning the economic availability of alcohol confirms that price affects drinking in all types of beverages and across the population of drinkers from light drinkers to heavy drinkers.

The measures to tackle cross-border trade are limited, which makes cooperation even more important. We invite the governments of Latvia, Estonia and Finland together with other countries in the region to join forces to address the existing EU rules that enable the problem we are currently facing.

NordAN calls on the governments to push for the revision of EU rules for private import of alcoholic beverages. This revision should give Member States flexibility to lower the current indicative guide levels for alcohol and set absolute limits. We firmly believe this can be done in the framework of the Single Market, just as it has been done for excise duty on tobacco and fuels.

NordAN strongly urge the governments to meet, bringing both health and tax expertise to the table to discuss a coordinated response to the issues that have arisen. In view of this, we want to remind you of the agreements that the governments in our region have signed to strengthen cooperation on this matter.

The health ministers of Lithuania, Latvia and Estonia, signed a Memorandum of Intent on cooperation in reducing alcohol consumption, smoking and tackling morbidity trends related to nutrition (November 2017) that states the following: "We call on all Baltic States to cooperate for a comprehensive alcohol policy to reduce alcohol-related harms and contribute to healthy and sustainable societies in our countries."

In December 2017, with the leadership of the Estonian EU presidency, council conclusions were adopted on cross-border aspects in alcohol policy – tackling harmful use of alcohol, which "notes with concern

that, while the price of alcohol is one of the most important factors governing total alcohol consumption, and one of the most powerful tools which countries can use to prevent the harmful use of alcohol, the health objectives of several Member States may be compromised by excessively large quantities of alcohol transported, allegedly for personal use, from one country to another." The council conclusions invite Member States to "Explore possible ways, including through bilateral and multilateral arrangements, of preventing cross-border issues from having a negative impact on the effectiveness of the national measures aimed at tackling the harmful use of alcohol."

In October 2018 37th Session of the Baltic Assembly adopted a resolution in regard to the cooperation in the field of reduction of alcohol consumption "to coordinate activities of relevant institutions of the Baltic States in regard to the implementation of European and global action plans and other strategic documents in regard to alcohol policies; to foster cross-border cooperation of municipalities of the Baltic States in developing community-based prevention."

With all of the above in mind, now is not the time to compete but to cooperate as it has been set out in these different agreements. Focusing on protecting national markets, we move further away from solving the cross-border problem.

Yours sincerely,

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NORDAN was established in September 2000 as a network of non-governmental, voluntary organizations that work to reduce the consumption of alcohol and other drugs, that support a restrictive alcohol and drug policy and do not receive contributions from the commercial alcohol industry. Acting on these principles NordAN today includes non-governmental, voluntary member organisations in all the eight Nordic and Baltic countries (Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway and Sweden), all active in the alcohol and drug field.