

## Feedback to Inception Impact Assessments on Cross-border purchases of alcohol and tobacco

The Nordic Alcohol and Drug Policy Network (NordAN) is encouraged by the current initiative and welcomes its appropriate view on the problem that cross-border trade causes for the Member States. It is very encouraging to see that the Inception Impact Assessment links the issue with the European plan to fight cancer.

Taxation of alcoholic beverages is an important part of alcohol policy. Price measures, including taxation, are well-documented strategies to reduce alcohol-related harm and one of WHO's three "best buys" in alcohol policy. Price impacts both on total consumption in the population and on consumption in risk groups, such as young people and heavy drinkers. As the Inception Impact Assessment rightly acknowledges, Member States' ability to tax alcohol based on its internal public health goals, is an essential tool and a corner-stone for evidence-based alcohol policy.

In addition, NordAN wants to stress, especially based on the experience of Finland and Estonia, cross-border trade, as it has been regulated thus far, undermines the whole alcohol policy, not only the effectiveness of excise tax as a measure. The effectiveness of alcohol policies partly rely on the population's support, but this is weakened by the situation caused by cross-border trade. It is easy to understand that citizens won't support raising alcohol taxes in a case where tens of millions of tax money is left in a neighbouring country. To a certain extent, this dissatisfaction extends to the whole alcohol policy and governments ability to introduce new measures and explain the effectiveness of different interventions.

The COVID-19 pandemic has highlighted the fiscal distortions and negative health effects of cross-border purchases of alcohol and tobacco. With closed borders, some member states have noted sharp increases in alcohol or tobacco excise duty income whilst reports indicate total consumption in the countries remains stable, or even, in some cases, is decreasing.

Sweden, during the period of closed borders, noted a [sharp increase](#) in excise duty income for spirits, the beverage type with the largest share of cross-border purchasing, whilst consumption data indicates that [total consumption](#) of alcohol has fallen overall.

In Norway, alcohol sales have skyrocketed as [NRK](#) reports, but according to a survey, very few Norwegians say that they drink more after the corona outbreak. The vast majority have not changed their alcohol consumption. And to the extent that it has changed, more people report lower than higher consumption.

In Finland, according to the [Finnish Institute for Health and Welfare](#) (THL) passenger imports of alcoholic beverages, decreased by 30% between August 2019 and July 2020 compared to the previous corresponding period. Converted to 100% alcohol, passenger imports of alcohol decreased from 6.6 million litres to 4.7 million litres. The figure is the lowest in the history of gathering this data.

At the same time, [THL reports](#) that Finns' total alcohol consumption decreased last spring during the first wave of the corona epidemic and related control measures. THL estimates that total

alcohol consumption in April – June was about 10 per cent lower than in the previous year's corresponding period.

NordAN support the main policy changes identified in the Inception Impact Assessment and believe that these pose a suitable starting point for the process going forward.

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