Brussels, 18 March 2024

STATEMENT FOR FINNISH PARLIAMENTARY ECONOMIC COMMITTEE MEETING ON 19 MARCH 2024

spiritsEUROPE proudly represents one of Europe's most valuable agri-food export sectors and, with it, the interests of 31 associations of spirits producers as well as 11 leading multinational companies. Distilled spirits are as diverse as the EU itself, spanning 44 product categories and including a host of geographically-specific products that contribute to the culture of their regions (250 GIs). spiritsEUROPE's mission is to represent, defend and promote the European spirits sector and help members achieve sustainable business growth.

On 18 September 2023, Finland TRIS notified their intention to amend the Finnish Alcohol Act's section 17 on *Retail sale licence for alcoholic beverages and requirements for the granting thereof.* One of the underlying reasons for the proposed change has been to open competition for the sale of alcoholic beverages by allowing grocery stores, if obtained a permit, to sell alcoholic beverages with an ABV of up to 8%, if made with fermented base. In contrast, the ABV threshold for alcoholic beverages made from distilled spirits base would continue to be 5.5%, thus significantly lower.

The distinction between products based on their alcoholic basis, obtained by distillation or fermentation, is grounded on public health concerns and assumed preferences of certain parts of the population. In parallel, the Finnish monopoly for alcoholic beverage would continue the sale of beverages with both bases with higher ABV contents.

On 24 November 2023, spiritsEUROPE raised their concerns to this intended legislative change (link here), which can be summarized as follows:

> There is no scientific evidence that beverages produced from distilled alcohol have a different effect on human health than beverages produced from fermented alcohol, particularly if the alcohol content of the beverages is the same. Consequently, the proposed production method limitation would unduly discriminate against beverages with an ABV of 5.5% to 8% with a distilled alcoholic base. **The proposed legal change is not consistently applied between comparable products and does not attain the objective of an increased protection of public health in a coherent, evidence-based manner**.

spiritsEUROPE asbl – BE 0451407613
rue Belliard, 12 – Bte 5 | 1040 Brussels, Belgium
Tel.: +32 (2) 7792423 | info@spirits.eu | @spiritsEUROPE | www.spirits.eu

Further, the Finnish monopoly distribution system is restricted to 372 stores instead of over 4000 sales points of supermarkets. Since there is no justification related to public health for the different distribution of equally strong products produced in different ways, **the proposed legal change constitutes an obstacle to the free movement of goods to the detriment of products with a distilled alcohol base which cannot be justified on one of the public interest grounds set out in Article 36 TFEU.**

Further, we would like to re-iterate that on 10 October 2023, the European Commission requested the Finnish authorities to provide supplementary information on the notified draft (C(2023) 9104 final), e.g. on the justification related to public health for the differential distribution of equally strong products made through distillation or fermentation. The European Commission specifically called for scientific evidence to substantiate the assumption that products made from distilled alcoholic beverages with an alcohol content of 5.5% ABV to 8% ABV would be more attractive to underage girls than fermentation-based beverages with similar alcohol content – the underlying public health assumption for the discriminatory element of the proposed measure.

spiritsEUROPE would like to underline that no robust scientific evidence or other information substantiating the assumptions by the Finnish authorities is to the avail of the sector and that the public health argument invoked to attempt to justify the measure seems to be based on hypothetical consideration rather than substantiated evidence of it will help in achieving the objectives set. As the European Commission underlined, the protection of public health 'needs to be well founded, and Member States need to provide all evidence, data (technical, scientific, statistical, nutritional, etc.) and other relevant information to be able to justify their measures. The protection of health cannot be invoked if the real purpose of the measure is to protect the domestic market'.

In this respect we would like to stress that the Finnish authorities acknowledge that one likely change as a direct result of the legislation could be the increase in sales of fermented alcoholic beverages at the expense of distilled beverages, which may affect consumer purchasing behaviour and have a lasting impact on the market. Building on this, the European Commission confirms that indeed, competitive effects based on the method of alcohol production cannot be ruled out, which could lead to an indirect discriminatory preference for products originating from Finland vs. products from other EU Member States (a barrier to trade and competition).

In this regard, we would like to remind the Finnish authorities that the European Commission noted that a dedicated **study must be conducted to demonstrate if there is plausible, robust evidence that restricting distilled beverages would be justified for the protection of the health of young female consumers**. Such a study is necessary to establish the existence of a clear relationship and the suitability and proportionality of the restriction. To our best knowledge, such a study does neither exist nor has been commissioned to date; should such a study be in preparation, spiritsEUROPE would be keen to learn more about the methodology, foreseen peer review mechanism and timeframe as well as the results, once available.

Finally, we would like to inform the Finnish authorities that we intend to raise our concerns also with the European Commission.

We remain at your availability to further discuss the matters above and thank you very much for your attention.

spiritsEUROPE asbl – BE 0451407613
rue Belliard, 12 – Bte 5 | 1040 Brussels, Belgium
Tel.: +32 (2) 7792423 | info@spirits.eu| @spiritsEUROPE | www.spirits.eu

spiritsEUROPE asbl – BE 0451407613
rue Belliard, 12 – Bte 5 | 1040 Brussels, Belgium
Tel.: +32 (2) 7792423 | info@spirits.eu| @spiritsEUROPE | www.spirits.eu