

## Act

### on amendments to the Alcohol Act

In accordance with the decision of Parliament the heading of Chapter 5 of the Alcohol Act (1143/1994) adopted on the 8 December 1994 *shall be amended*, .... and a new ..... Section 33 b *shall be added* ..... to the Act as follows:

#### Chapter 5

#### Advertising, pricing and warning labelling

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#### Section 33 b

#### *Warning labelling*

Manufacturers, importers, distributors or other suppliers of alcoholic beverages who place alcoholic beverages on the market or in use in Finland, must ensure that a general warning regarding the harmful effects of the product on health and a special warning regarding the risk of foetal damage due to the product has been entered on the packaging in Finnish and Swedish.

The Ministry of Social Affairs and Health Decree shall provide in more detail for the content, location and size of the text in the warning labelling.

Otherwise separate provisions regarding the packaging labelling shall be valid.

There is no need for any warning labels if alcoholic beverages are sold on a Finnish ship or aircraft in international traffic.

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This Act shall enter into force on    of    20 .

However, Section 33 b of the Act shall enter into force on    of    20 .

Alcoholic beverages manufactured and packed before Section 33 b enters into force may be sold until stocks are used up.

Measures necessary for the implementation of this Act may be undertaken before the Act enters into force.

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- **Note:** Alcoholic beverages containing 2.9-80 percentage by volume of ethyl alcohol refer to beverages intended for consumption in accordance with Section 3 of the Alcohol Act.

## **1. Effects of the Bill**

### **1.1. Economic effects**

Alcoholic beverages produce tax revenue for society, business income for different enterprises and earnings for people participating in the manufacture, sales and advertising of alcohol. On the other hand, according to the estimates by the Stakes (the National Research and Development Centre for Welfare and Health), alcohol use results in annual direct costs of approximately 1 billion euros to the society and individuals. In addition, the loss of production due to alcohol and the monetary value of life lost because of premature death may be estimated when calculating the costs due to alcohol. According to the estimates by the Stakes, these indirect costs amount to a total of 2.5–4.7 billion euros per year.

The proposed amendments also help to reduce any adverse economic effects to public and local finances and to the trade and industry caused by alcohol. Regulation of alcohol advertising is a cost-effective method for this purpose. For instance, according to a study published by the World Health Organisation, a ban on alcohol advertising is the most effective method available, after taxation, to reduce the adverse effects of alcohol.

Any effects of the measures by the government contributing to adverse effects caused by alcohol may be assessed later with the help of studies but effects of individual measures are difficult to see. The measures connected with alcohol advertising and education have no immediate effect, unlike the price, but instead they have a delayed effect.

In particular, by restricting the exposure of children and young people to alcohol advertising or to aggressive price campaigning, attempts are made to reduce children's and young people's alcohol consumption and, in time, large-scale consumption causing the most harm. It is possible that, due to this and depending on the synergy of all alcohol policy measures, the total alcohol consumption and, therefore, also the sales of alcohol traders would fall in the long term.

The proposed additional restrictions on advertising of alcoholic beverages have no significant effect on the volume of the advertising market in Finland. In 2004, approximately 11 million euros were used for alcohol advertising. Its share of the value of the entire media advertising is approximately 1 per cent and only about 5 per cent of the value of television advertising although television is the most important advertising channel for mild alcoholic beverages.

New rules for packaging labelling will incur costs to manufacturers and importers of goods, at least in the beginning. Although the packaging labelling should already state in Finnish and Swedish any allergens included in alcoholic beverages in response to Community law, the proposed warning labelling may increase the manufacturing costs of foreign products in particular. This is the case especially if foreign manufacturers cannot or do not want to print their own labels or packaging for the Finnish market. Separate labelling in connection with importation or retail sale may, therefore, increase the price of products by a maximum of a few tens of cents.

Restrictions and warning labelling in alcohol advertising do not result in any costs to the public and local economy or to households.

The effects of restrictions in alcohol pricing and campaigning of special offers on consumer prices depend on the market operations. It is likely that at least the prices of the cheapest special offers on beer will not remain on their former level but will increase a little. Price increases of beer and slackening of campaigning may reduce beer sales a little but at the same time the share of the margin of the sale price by breweries and trade would increase.

If the cheapest special prices of beer increase, the imports by passengers, from Estonia in particular, could increase a little.

### **1.2. Effects on the authorities' activities**

The National Product Control Agency for Welfare and Health and the county governments monitor retail sales and serving of alcohol on the premises as well as alcohol advertising. The proposal does not significantly change the authorities' monitoring duties. In accordance with the Alcohol Act, non-compliance with the proposed provisions may result in a caution, warning or a fixed-term or permanent cancellation of a production, wholesale, retail or liquor licence.

### **1.3. Environmental effects**

The proposal has no significant environmental effects.

#### 1.4. Social effects

In accordance with the government's decision in principle concerning alcohol policy lines, the objective of the proposed amendments is to prevent and reduce the adverse effects of alcohol by protecting children and young people, in particular, from exposure to alcohol advertising, by restricting price marketing that appeals to young people and to risk consumers, in particular, and by providing consumers with information on risks relating to alcohol use. It is possible to assess the implementation of the amendments by monitoring children's and young people's awareness of the content of alcohol advertising, the development of consumption of alcoholic beverages and the public's awareness of the risks, highlighted with warning labelling, relating to alcohol use.

Effectiveness of the proposed amendments, when seeking reduction of the adverse effects of alcohol, is based on the fact that they are used to support each other and as a part of a whole package of alcohol policy measures aimed at reducing the adverse effects of alcohol. Amendments will sharpen any preventative measures against the adverse effects of alcohol already in use: restrictions in force concerning alcohol advertising, regulation of the price level of alcoholic beverages as well as warnings and education concerning the adverse effects and risks of alcohol. Factors affecting alcohol consumption, drinking habits and formation of adverse effects constitute a complicated whole where the effects of individual measures are difficult to see in most cases.

The primary objective of time restrictions concerning television and cinema advertising of alcoholic beverages is to prevent and reduce the exposure of children and young people to alcohol advertising. Legislative restrictions are the only method which can comprehensively and reliably influence the use of these audio-visual advertising channels.

The objective of restrictions concerning bulk discount sales and short-term discount campaigning of alcoholic beverages is to reduce risk consumption of alcohol by curtailing marketing which appeals, for instance, to those whose alcohol use is affected most of all by the price and to those whose judgement is impaired due to intoxication or alcohol dependence. Legislative restrictions are necessary since the market's own course of action cannot prevent the harmful effects of price competition.

The objective of the warning labelling proposed for packaging of substances containing alcohol is to prevent the adverse effects of alcohol use by providing a consumer with information on harmful effects to health in direct connection with the purchase and use of a product. A legislative obligation to give information on adverse effects is necessary to ensure that consumers receive the same information regardless, for instance, of a product group, manufacturer or importer.

The total consumption of alcohol and the varied level of adverse effects of alcohol are influenced most directly by the price and availability of alcoholic beverages. The effect of these factors is most clearly seen when the changes are significant, e.g. the reduction in alcohol tax implemented in 2004.

#### Effects in respect of different sexes

Effects of the proposal in respect of different population groups may be assessed, for instance, in the light of generality of alcohol use and of recent adverse developments. Both men's and women's alcohol use and binge drinking have increased during the last decades in all age groups. Men's alcohol consumption and adverse effects due to this in men are still significantly greater than in women but, for instance, alcohol deaths in women have sextupled since the 1970s while alcohol deaths in men have doubled.

The alcohol mortality rate in men is approximately 4-7-fold in comparison to women. It is estimated that approximately one fifth of the difference in life expectancy between the sexes is due to deaths connected with alcohol. For instance, according to a study carried out in 1995-2000, the alcohol mortality rate in unemployed men was almost nine times and in women over eight times greater than in salary earners. The objectives to reduce the adverse effects of alcohol concern the entire population but achieving the objectives would significantly promote the equality in health of different population groups.

The proposed time restriction in television and cinema advertising of alcoholic beverages would protect all children and young people regardless of their sex and other background factors. The proposed restrictions in volume discounts and advertising concerning short-term special prices of alcoholic beverages would mostly protect young people and other population groups with a shortage of available funds that restricts their alcohol consumption.

The effects of warnings concerning adverse health effects proposed for packaging of substances containing alcohol depend on, for instance, which adverse effects are paid attention to in warnings. According to the proposal, packaging would warn about both general health hazards of the product and about the risk of foetal damage. Approximately 1-3 per cent of pregnant women are large-scale consumers of alcohol. If warning labelling is only restricted to the risks of alcohol use during pregnancy, it might direct attention to women's alcohol use in a way which, at its worst, could increase the feeling of shame and increase the threshold for seeking help amongst alcohol users at risk or women suffering from serious alcohol problems. Therefore, the introduction of warning labelling and information supporting it should pay attention to risks specific to both

women and men and to those common to both women and men.