



March 19, 2019

Jüri Ratas
Prime Minister of Estonia
Chairman of the Estonian Center Party

RE: Alcohol excise taxes

Dear Mr. Ratas,

EHYT Finnish Association for Substance Abuse Prevention congratulates you on the mandate and support your party received in the Estonian parliamentary elections earlier this month. We wish you wisdom and a long-term perspective as you participate in coalition negotiations.

We would like to draw your attention to some aspects related to alcohol excise taxes. We understand that due to growing cross-border trade with Latvia and a decline in the amount of alcohol bought in Estonia by Finns, there is currently some support for a significant reduction of alcohol excise taxes.

We urge you to study the case of tax cuts in Finland. In 2004 when Estonia joined the EU Finland decided to reduce alcohol taxes by 33%. In the course of one year, per capita consumption grew by 1 litre and alcohol-related harm increased significantly. Reducing alcohol taxes may reduce cross-border trade, but the population level overall consequences of tax cuts are unpredictable.

Alcohol is no ordinary commodity, and as such, it should be regulated with social and public health considerations as priority. Under the Estonian presidency's leadership in 2017, the European Council concluded on cross-border aspects regarding alcohol policy as follows:

"The effectiveness of Member States' regulations and plans aimed at introducing measures to protect public health and prevent the harmful use of alcohol can be weakened by exposure to cross-border advertising, including online advertising, and cross-border trade, including online sales. Thus, multilateral cooperation, involving different policy areas, maximises the benefits of national measures related to alcohol-related health issues."

When meeting Finnish Prime Minister Juha Sipilä in Tallinn on March 7th, 2019, you, Prime Minister Jüri Ratas, stated that "Estonia and Finland are good partners, and our cooperation is strong in every field." We agree that the relationship between our two countries is very close and good. Cross-border alcohol trade is an area where cooperation could be developed even further. It is highly desirable that Latvia increase its alcohol taxes. In such circumstances, Estonia could continue to implement the current excise policy, which is highly beneficial for the overall public health. We wish to point out that as Estonian alcohol policy is affected by Latvian alcohol policy, likewise Finnish alcohol policy is linked to Estonian alcohol policy.

In your coalition agreement we invite you to call for revised EU rules for private import of alcoholic beverages. Member States should be given flexibility to lower the current indicative guide levels for alcohol and set absolute limits. We firmly believe this can be done within the framework of the Single Market, just as it has been done in the cases of excise duty on tobacco and on fuels.

Thank you for your time and consideration.

Sincerely,

Dr. Juha Mikkonen, Executive Director
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