

REVIEWING EUROPE'S ALCOHOL HARM STRATEGY

<http://www.euractiv.com/specialreport-reviewing-europes-alcohol-harm-strategy>

With the support of



Contents

Alcohol industry unites in advert abuse clampdown p.1
Whisky makers expected to challenge minimum pricing rules p.2
Health chief: We have never wanted 'drinking kills' labels p.2

Policy chief: Self-regulation by alcohol industry must be properly implemented ... p.3
Policymakers weigh drawbacks of alcohol tax hikes p.4
Europeans diverge over alcohol taste, tax and marketing p.4

Alcohol industry unites in advert abuse clampdown



Leading producers from the beer, wine and spirits sectors are set today (16 April) to launch their first joint initiative in advertising self-regulation designed to combat abuses across the fast-growing social media.

Europe's eight largest alcohol manufacturers have agreed to work with the World Federation of Advertisers (WFA), the European Commission and national associations to implement measures aimed to protect the young and vulnerable from targeted advertising.

The so-called Responsible Marketing Pact, to be launched in Brussels, will create common EU-wide guidelines designed to prevent minors from seeing alcohol 'viral' adverts on social media,

and prohibit the creation of ads which seek to allure young people.

The signatories include AB InBev, Bacardi, Brown-Forman, Carlsberg, Diageo, Heineken, Pernod Ricard and SAB Miller, which together represent a majority of European alcohol advertising spending.

"The Responsible Marketing Pact breaks new ground because it is the first time major companies from the beer, wine and spirits sectors have come together to seek unified responsibility standards for all alcohol beverage marketing communications," said Stephan Loerke, managing director at the World Federation of Advertising.

The initiative, he added,

"marks a turning point" in the industry's commitment to responsible marketing.

Naming and shaming

Under the pact, standards for age controls will be established along with a common standard that ads may only be placed in media where at least 70% of the audience is expected to be above the legal purchase age.

Once these standards have been agreed, implementation and compliance will be monitored by the audit firm Accenture and national self-regulatory organisations. Sanctions for violations include public naming and shaming, and referral to national regulatory authorities

in cases of repeat offences.

The Responsible Marketing Pact takes the form of a "commitment" by the WFA and the companies to the European Alcohol and Health Forum (EAHF). The EAHF is the stakeholder group of the European strategy to support member states in reducing alcohol-related harm (see background).

Alcohol strategy is under review

The move comes at a pivotal time as the European Commission has started assessing the EU alcohol strategy ahead of a full review expected at the beginning of 2013. The EU executive is currently evaluating the policy's effectiveness before

considering how it may be updated.

Advertising and marketing – especially through social media – are areas the Commission is expected to consider explicitly in its strategy update.

Advertising standards in relation to alcohol vary considerably across the EU. In France there is a blanket ban on advertising alcohol with limited and strict exceptions. Scandinavian countries also prohibit television and magazine advertising, whilst in other EU countries advertising remains possible though tightly controlled.

The new initiative represents the first time that European companies representing beer, wine and spirits producers have teamed up on the issue.

Whisky makers expected to challenge minimum pricing rules



Moves by Scotland and England to impose minimum prices on alcohol are set for legal challenge if introduced, industry sources have told EurActiv.

Last month the UK joined Scotland in signalling that minimum prices would be imposed at supermarkets in England and Wales in an attempt to stifle cheap offers thought to allure binge drinkers.

The Scottish government is poised to become the first government in Europe to deliver minimum pricing, and the Irish government has expressed and interest in such a move too.

A spokesman for the Scotch Whisky Association told EurActiv that it, "in common with others in the industry," was in the process of detailed consultation with legal advisors with a view to a challenge.

A breach of trade rules?

The Scotch Whisky Association believes minimum pricing in Scotland breaches European and global free trade rules, by interfering with free trade and open competition. It argues that it would also damage its diplomatic efforts to force other countries to drop tariffs that discriminate against Scotch.

Sources within the spirits industry told EurActiv that the move was seen as particularly

damaging to efforts to unblock prohibitive tariffs in potentially lucrative markets such as India. The imposition of "health taxes" in Europe would provide cover for such markets to continue to slap large tariffs on spirits arriving from Europe if they cited similar health justifications.

The spokesman for the Whisky Association said that the first challenge would likely come after the imposition of the minimum pricing when the anti-competitive impact on traders begins to bite.

Governments prepare for challenge

Meanwhile the governments of both Scotland and the UK appear to be bracing themselves for legal challenge.

Scottish Health Minister Nicola Sturgeon recently told a committee of the Scottish Parliament that it was "almost certain" that the pricing plans will be challenged in the Scottish courts.

"I work on the basis there will be a legal challenge. My job is to make sure that we have legislation that can meet that challenge, and I am confident that it can."

Meanwhile UK Public Health Minister Anne Milton warned in January that a minimum price per unit could be open to legal challenges and might fall foul of European competition law.

Health chief: We have never wanted 'drinking kills' labels

A re-think of the EU's alcohol strategy, due in 2013, will focus on stronger health warnings to consumers, the European Commission's health policy chief has told EurActiv in an interview. But the industry will first be given a chance to self-regulate.

The ability of the alcohol industry to regulate itself on advertising and warning labels will be crucial items for consideration, health department strategy chief Despina Spanou said, adding that self-regulation in these areas can work but only if properly implemented.

An evaluation report on the current strategy is due in September, which means that – accounting for due process and feedback – any revamp is unlikely to happen during the Cypriot EU presidency in the second half of 2012, she said.

Self-regulation show results, but has critics

A major conference scheduled to take place in September under the Cypriot presidency will discuss issues relating to the alcohol strategy in the broader context of chronic disease, to which alcohol use can contribute.

The current strategy involves a high degree of industry involvement through a stakeholder forum where the industry makes self-regulatory commitments subject to Commission scrutiny.

Spanou said this system has produced good results, but added that on issues such as advertising and labelling, civil society groups are eager to see tighter regulation.

"We want it [the alcohol industry] to show that self-regulation can deliver results, but they need to demonstrate that it can work," Spanou said, adding that Commission President José Manuel Barroso had personally indicated a preference for more rigorous health warning labels.

"We have never wanted 'drinking kills' labels, but we have encouraged more health warnings. These can have an immediate impact on the choices that vulnerable groups (such as pregnant women and young people) make, so this is the direction we have asked the industry to go in," she said.

National representatives to get involved

Spanou also said that the review of the strategy would

seek to beef up the national involvement.

Currently a committee of experts from the member states meets several times a year to discuss the issue across the continent. "We want to take this up to a higher political level," Spanou said. "Now that we see there is national-level action, we are hoping that we will identify ways of helping member states to do more and increase the number of member states taking actions."

Recent actions have included controversial moves by Scotland and the UK to slap minimum prices on alcohol available in shops to counteract binge drinking.

Tax and pricing issues are within the domain of member states, Spanou said, but she added: "Our only concern is that these measures alone do not tackle the underlying problems of harm caused by alcohol and they require holistic action as well."

In relation to threats of legal action by industry in response to minimum pricing, Spanou said: "We have not yet heard of any possible fragmentation in the internal market that might result. But if it came to that, then we are sure that stakeholders will draw it to our attention."



Policy chief: Self-regulation by alcohol industry must be properly implemented

The chief of strategy at the European Commission's health and consumer protection directorate (DG Sanco) tells EurActiv that the forthcoming overhaul of its alcohol strategy will probably not come before the end of the year, but it will be on the agenda of the Cypriot presidency.



Formerly a competition lawyer, Despina Spanou joined the European Commission in 2003 as an administrator at DG Competition. In 2004, she joined the cabinet of Health Commissioner Markos Kyprianou, becoming deputy head of cabinet in 2007, retaining the position when Androulla Vassiliou took over in 2008. Since 2010 she has been responsible for strategy and communication coordination for all DG Sanco policies.

Spanou spoke to EurActiv's Jeremy Fleming in Brussels.

An external report will be submitted to DG Sanco at the end of the summer taking stock of how the current alcohol strategy has been working. Do you envisage that there will be a drive to get a new or updated strategy out before the end of the Cypriot presidency, is this something the Cypriot presidency wants to focus on?

In some ways the timing of the Cypriot presidency is not helpful because the evaluation report on the strategy will appear roughly half way through the presidency period, which means that it is unlikely – with the general Commission timings and procedures – that a new or updated strategy would be finalized by the end of the year.

However we do know

that the Cypriot presidency is intending to focus on the issue of chronic diseases and the health determinants – such as alcohol abuse – which contribute to these. There will be a high level conference on that issue in September and [Health] Commissioner [John] Dalli will attend it, and we hope that this will enable the Cypriot presidency to focus on the issue and it means that there will at least be some conclusions arising from the Cypriot presidency on the issue.

How has the relationship between the EU alcohol strategy and the member states own strategies been working?

When we answered the very strong call for a strategy in 2006 there was very little happening at national level. Scandinavian countries tended to be the exception, but now there is a great movement – we would like to think that this is in part to do with our strategy initiative – to create more active mechanisms within national strategies.

There is a committee of experts from the member states which meets several times a year, and we want to take this up to a higher political level. Now that we see there is national-level action we are hoping that we will identify ways of helping member states to do more and increase the number of member states taking actions. We have included all the member states in the process of the evaluation, in addition to the Commission's stakeholder forum on alcohol and other interested parties such as scientists.

Under the current strategy there is a focus on

stakeholder participation through the stakeholder forum, is this an approach that will continue?

Overall there is consensus that this system has created results. People may disagree, for example civil society groups want to see stronger regulation rather than self regulation in some areas. However there are some areas where self regulation undoubtedly works, for example, in encouraging industry to engage in advocacy relating to harmful drinking. This has produced results, so overall my experience is that the 200 commitments that have been made by the stakeholders in the forum since in 2007 are very positive, and we have a high percentage of stakeholders who acknowledge that the forum has created the impetus and two-way dialogue to make these possible.

There may be specific topics where self regulation is more controversial. On marketing and advertising issues, for example, civil society has been calling for regulation. We have been pushing industry to come forward with its own proposals and there is evidence this week that this is happening with the new Responsibility Pact on advertising announced by industry. We have a presentation on this pact at next week's meeting of the stakeholder forum and we will be able to see more clearly how it will work.

We have already seen on the food labelling issue, that regulation takes longer to introduce than self regulation. On labelling for unhealthy food for children – which industry came to a self regulatory pact on – this was a good example and we are trying to create the same

commitments and action in the alcohol industry. We want it to show that self regulation can deliver results, but they need to demonstrate that it can work.

Labelling and warnings on bottles are one area that there are expectations that the Commission will want to progress, is that a fair comment? Are you moving inexorably towards a situation where bottles will contain a warning, like cigarette packets, saying 'Alcohol kills'?

This is not the direction that we have taken and we distinguish clearly between alcohol and cigarettes. One cigarette is harmful, but alcohol is a cultural part of European life and there have been studies that say it can bring health benefits. It is the harm that is the problem, not the alcohol, whereas tobacco is a risk factor. We have never wanted 'Drinking kills' labels, but we have encouraged more health warnings. These can have an immediate impact on the choices that vulnerable groups (such as pregnant women and young people) make, so this is the direction we have asked the industry to go. As well as offering links to messages which are on web sites, we want to see the messages on bottles as well, they should present on their bottles. This is something that the Commissioner and even President Barroso have emphasised.

There has been a lot of recent news on pricing, with first Scotland, then the UK backing minimum pricing campaigns. There is talk of a legal challenge by the spirits industry.

Can and might the strategy attempt any discussion of pricing, whether through tax or other means?

These are very interesting developments. It is a huge evolution from 2006 with governments taking action on alcohol. It's true that we see an increase in action on minimum pricing and tax and we support these broadly. However these are matters for the member states themselves, our only concern is that these measures alone do not tackle the underlying problems of harm caused by alcohol, and they require holistic action as well.

In the committee of member states representatives we try to get the member states to explain to us why they want to take their measures and what impact they believe they will have, and this can help promote these kinds of measures. We do not specify a preference for any particular type of taxation, merely help in sharing information. We have asked the Scots, for example, to explain their minimum pricing proposals to us at the next meeting. We have not yet heard of any possible fragmentation in the internal market that might result. But if it came to that, then we are sure that stakeholders would draw it to our attention.

Advertising is an issue which is dealt with at local levels, but internet advertising is difficult to monitor and regulate, is this an area that the strategy will consider?

It is an area of great concern and we have in fact been asking the industry and stakeholders to exercise their voluntary commitments in this direction. We have seen industry introduce their codes in the forum, and we need to see how these will be implemented. We are waiting for some results and we need to see if self regulation will be sufficient. We want to see protection of minors but we could use the Audiovisual Services Directive to help regulate this. A report is out later this year on that directive and we are looking forward to seeing if more needs to be done to update that directive from the point of view of online alcohol advertising.



Policymakers weigh drawbacks of alcohol tax hikes

Rising alcohol taxes and minimum pricing strategies will boost the amount of "unrecorded alcohol" consumed in Europe, increasing bootlegging and health risks, industry-backed advisors have warned.

According to the last global estimates of unrecorded alcohol produced by the UN World Health Organization in 2005, 22% of total adult consumption in Europe during 2005 was unrecorded.

Unrecorded alcohol is untaxed and unregulated because it is produced, distributed and sold outside formal channels. It includes homemade and smuggled alcohol and alcohol intended for industrial or medical uses.

There are no generally accepted standards for quantifying the extent of the informal beverage alcohol market or for charting its health consequences. Since the

alcohol content of moonshine and industrial alcohol is beyond the reach of regulators, it is impossible to monitor its danger to health or guarantee that the product is consistent.

The International Centre for Alcohol Policies (ICAP) – an industry-backed organisation – is conducting research into the incidence of noncommercial alcohol in various target countries where current data are inadequate or unavailable.

Although the research is not yet complete, Marjana Martinic, ICAP's deputy president, told EurActiv that proportions of unrecorded alcohol are higher in Eastern Europe, and increased taxation and minimum pricing of alcohol – such as the United Kingdom, the Netherlands and Malta are considering – are all factors that can drive consumption into the unrecorded sector.

Driving heavy drinkers to perfume

"Our research shows that preference for beverages is dependent on the prices people pay. Heavier drinkers trade down so when the price goes up they will substitute something less expensive," said Martinic.

Heavy drinkers frequently turn to 'surrogate' alcohols, she said, adding that this is a particular problem in Eastern Europe.

"In the Baltic countries, for example, cologne is an issue. It's much cheaper than other taxed beverages, and people will therefore drink non-potable alcohols such as window-washing fluid and colognes, and there is a public health issue with that," she said.

Price hikes in alcohol also promote smuggling which also has a knock-on effect on health, Martinic said.

Pierre-Olivier Bergeron, the

Brewers of Europe secretary-general, said a recent study of Swedish alcohol markets revealed that 30% of the beer purchased is unrecorded due to the high excise duties.

"It was smuggled by extremely well organised networks that manage to reach out to under-aged drinkers," he said.



Europeans diverge over alcohol taste, tax and marketing



Public awareness of the health impacts of alcohol vary widely across Europe according to a new survey, adding to existing divisions between member states on tax, taste and marketing as policymakers seek to revitalise Europe's common alcohol strategy.

Major brewer SAB Miller yesterday (18 April) released a report examining the impact of "responsible drinking messages" it has put on bottles across Europe, including results of a survey of 4,000 drinkers across eight EU member states.

The results showed widely divergent recognition of health messages about alcohol, with more than two-thirds of Slovaks recalling messages unprompted, set against only 18% Dutch.

Amongst canvassed drinkers, Romanians and Hungarians were half as likely (48%) to recognise health messages about alcohol as British, Dutch and Slovaks (more than 90% in each case).

Beer in the north, wine in the south

SAB Miller's bottle messages are part of formal commitments given by industry in the context of the European Union's alcohol strategy.

Currently under review, a revamped strategy will try to tie together issues surrounding marketing, pricing and advocacy on harmful drinking across member states with strongly diverging views and traditions.

Cultural mores reflect a

broader beer-drinking tradition in the northern countries, with significant economic viticulture in the south along the Mediterranean.

These cultural habits feed into arguments about taxation. Wine is traditionally spared more than a token excise duty in major producing countries, but with higher taxes slapped on in the beer-producing states. Meanwhile beer-producers are more frequently hit – and at higher levels – by excise duties charged on the size of brewing production premises.

Spirits manufacturers, paying excise at the highest levels, demand a "level playing field".

The impending arrival of minimum pricing strategies in Scotland and potentially the rest of the UK will add a new dimension to cross-

border sales as supermarkets and suppliers decide how to divide the additional payments between themselves.

Differences on tax, price, culture and marketing

Minimum pricing will not directly affect costlier spirits, but European manufacturers, which dominate the international spirits market, are rattled that their efforts to export will meet with tit-for-tat tariffs overseas.

The European Commission will avoid any direct discussion over tax or pricing in its strategy update but will come under pressure to give clear guidance on how member states can impose pricing measures, especially since they are likely to be challenged under EU competition law.

Meanwhile, the alcohol industry's marketing practices – including the sponsorship of major sporting or cultural events – continues to raise concerns at the European Commission, which is threatening to legislate if the sector fails to self-regulate.

In France, a blanket ban on advertising prevents alcohol manufacturers from

associating themselves with sporting events such as the Olympic games. But the UK has taken a different view and has allowed Heineken to be one of the principal sponsors of the London 2012 Olympics.

For information on EurActiv Special Reports...

Contact us

Delia Nicolaescu
delia.nicolaescu@euractiv.com
tel. +32(0)2 788 36 72

Ross Melzer
publicaffairs@euractiv.com
tel. +32(0)2 226 58 17

Other relevant contacts:

Rick Zednik
ceo@euractiv.com
tel. +32(0)2 226 58 12

Frédéric Simon
executiveeditor@euractiv.com
tel. +32(0)2 788 36 78