

Opinion of the Economic and Social Committee on:

- the 'Proposal for a Council Directive amending Directives 69/169/EEC and 92/12/EEC as regards temporary quantitative restrictions on beer imports into Finland', and
- the 'Proposal for a Council Regulation amending Regulation (EEC) No 918/83 as regards a temporary derogation for duty-free imports of beer into Finland'

(2000/C 204/02)

On 10 March 2000 the Council decided to consult the Economic and Social Committee, under Article 93 of the Treaty establishing the European Community, on the above-mentioned proposals.

The Section for the Single Market, Production and Consumption, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 3 May 2000. The rapporteur was Mr Wilkinson.

At its 373rd plenary session (meeting of 24 May 2000), the Economic and Social Committee adopted the following opinion by 89 votes to one, with two abstentions.

1. Introduction

1.1. Under the terms of its Treaty of Accession to the European Union, Finland was authorised to restrict the quantities of alcoholic beverages and tobacco that could be imported from other Member States without payment of Finnish excise duty; for beer this limit was set at 15 litres per person. At the same time Finland increased its allowance for beer imports from third countries to 15 litres. This derogation was granted until the end of 1996, later extended to the end of 2003. When this extension was agreed, Finland was asked to remove progressively the restriction, although no timetable was set.

1.2. Finland has now asked for a restriction on beer imports from third countries of 6 litres per person, to last until 1 January 2006. The request is based on increased fiscal, economic, social, health and public order problems caused by imports from Russia and Estonia.

1.3. The Commission has therefore made proposals for a Council Directive concerning the quantitative limits on beer imports, to amend Directives 69/169/EEC and 92/12/EEC, and for a Council Regulation concerning the customs aspects, to amend Council Regulation (EEC) No 918/83.

1.4. Imports from third countries are governed by Directive 69/169/EEC. This allows tax paid goods to be brought into the EU up to a value of 175 euro without the payment of any further taxes. This equates to more than 200 litres of beer at Russian or Estonian tax paid prices, but less than 50 litres of beer at Finnish consumer prices. The result has been that it is now estimated that about 10 % of the Finnish retail market for beer is supplied from Russia and Estonia.

2. Comments

2.1. The Committee regrets that the Finnish government has found it necessary to seek a further derogation concerning beer imports from non-EU Member States. It notes that while this request concerns only trade with third countries, and only beer, it further restricts the choices of the Finnish consumer. It also notes that any easing of restrictions on beer imports within the Single Market would, under current rules, have to be matched by lesser restrictions in trade with third countries.

2.2. It is clear that the root cause of the difficulties faced by Finland is the difference between consumer prices for beer in Finland and in their neighbours, Russia and, to a lesser extent, Estonia. Differing standards of living also affect price. There are also very significant differences in beer prices (and the consumer prices for other alcoholic beverages) between Finland and most EU Member States. These differences are caused almost entirely by the excise duty rates.

2.3. Details of excise rates on beer are in the Appendix, from which, for example, it will be noted that currently the rate for beer in Finland is about 17 times the rate applied in Spain (that applies the lowest rate) or 44 % more than Ireland (that applies the second highest rate).

2.4. It is also clear that the Finnish authorities asked for the derogation (on accession) on the amount of alcoholic beverages that may be taken into Finland from other EU Member States without payment of Finnish excise duties because of the need to align their duty rates with the lower rates generally applied elsewhere in the Union and to align their alcohol policy.

2.5. In the 5 years since joining the EU somewhat more liberal alcohol policies have been introduced, but they have made only one reduction in rates. In 1998 there was a reduction of 20 % in the excise duty rate for wine, but only for wine sold in State shops. Further, although almost half way through the extended derogation period agreed, they have not started the process of progressive removal of restrictions on intra EU purchases as required. Finnish consumers continue to be unable to benefit fully from the Single Market because of this exemption from one of its fundamental principles.

2.6. It is recognised that it is for the Finnish Government to set its own excise rates, but the Committee hopes that the need for any further requests for derogations will be avoided by tackling the problems caused by the extremely high excise duty rates. It notes that Finnish producers and traders have recently asked for such action.

2.7. The Committee recognises and regrets the situation that is causing increased social problems, particularly as they affect employment in Finland's border regions. It hopes that this limited derogation will allow time for the causes of their difficulties to be resolved.

2.8. The question of health problems is best dealt with by education, since all the evidence is that high tax rates do not deter heavy drinkers; rather, they penalise the great majority of consumers who drink sensibly.

2.9. The proposed Regulation will help by clarifying the legal situation and is supported.

3. Conclusions

3.1. Derogations set most unwelcome precedents that might be followed by others. Of most concern is the message about derogations that it will send to the Candidate Countries for EU accession. However, the Committee accepts that in the circumstances the Commission's proposals should be supported.

3.2. The Committee is pleased to note that the proposals include a clear timetable to meet the Finnish obligation for the removal of the current derogation on the quantities of beer allowed into Finland from other Member States.

3.3. It reminds the Finnish authorities of the obligation also to relax these restrictions on other competing categories of alcoholic drinks, where the excise rates are also high.

3.4. It welcomes the confirmation that the derogation from Internal Market rules, as they affect duty and tax paid purchases of alcoholic drinks from other Member States, will cease at the end of 2003.

Brussels, 24 May 2000.

The President
of the Economic and Social Committee
Beatrice RANGONI MACHIAVELLI

APPENDIX

to the Opinion of the Economic and Social Committee**Excise duty rates on beer**

The following rates are applied on beer as at 1 April 2000. They are shown in euro per 100 litres of pure alcohol on beer at a strength of 5 % alcohol by volume.

EU Member States

Austria	363
Belgium	428
Denmark	930
Finland	2 859
France	259
Germany	197
Greece	292
Ireland	1 987
Italy	350
Luxembourg	198
Netherlands	426
Portugal	281
Spain	168
Sweden	1 681
United Kingdom	1 830

Other Countries

Estonia	351
Russia	52
