



Northern Dimension
Partnership in Public Health
and Social Well-being
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Expert Group on Alcohol and Substance Abuse (ASA EG)
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Reference	ASA 19/14/1
Title	Affordability and cross-border trade of alcohol in the Baltic Sea Region – implications for prevention Project plan
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Summary / Note	This is project proposal which is now under the consideration for the possible funding from the EU
Requested action	For background information

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Purpose

To produce a concept report on alcohol affordability¹ and cross-border trade² in alcohol in NDPHS partner countries, with recommendations to policy makers on evidence-based measures to reduce alcohol harm, with the long-term aim to promote local supportive environments, sustainable development and equality in health.

Background

Health-promoting and preventive actions at all levels and by all stakeholders should be mutually supportive.³ The Action Plan accompanying the NDPHS Strategy 2020, adopted by the NDPHS Committee of Senior Representatives on 28 September 2015, describes activities required to achieve strategy objectives. The Action Plan includes Objective 4: Reduced social and health harm from alcohol, tobacco and illicit use of drugs. Objective 4 is to be fulfilled through activities at different levels and by “strengthening and promotion of multi-sectoral approaches”.

Action 4 within objective 4 in the action plan describes a project jointly decided on by NDPHS member states, aiming to map cross-border trade of alcohol in the NDPHS region, explore affordability as one possible driver behind it, and provide recommendations to policy makers.

Cross-border trade of alcoholic beverages is a common phenomenon in the Northern Dimension area. In some parts of the region, 20-25 percent of total alcohol consumption comes from such sources.⁴ Several factors determine the magnitude of cross-border trade in alcoholic beverages: the level of tax and price differences between countries, existence/levels of private import quotas, strictness and effectiveness of implementation of border control/border surveillance, differing national interpretations of EU legislation, the level of corruption, the number of annual border crossings, incomes, income inequalities, traffic infrastructure, prices of petrol, the size of the population living near the borders, travelling habits/motives, etc.

Distant purchases, travellers’ imports, and smuggling can pose a significant problem for countries seeking to adopt effective national alcohol control policies. National alcohol policies focussing on restricting physical and economic availability and marketing provide supportive environments for local prevention that are significant for success. With such physical environments, supportive of

¹ “A composite measure of the price of alcohol relative to the price of other goods, adjusted for income.” Ref: WHO/EURO European Action Plan to reduce the harmful use of alcohol 2012-2020 (2012).

² Comprises travellers’ imports, distant sales/purchases, and smuggling.

³ CSDH (2008). Closing the gap in a generation: health equity through action on the social determinants of health. Final Report of the Commission on Social Determinants of Health. Geneva, World Health Organization. http://www.who.int/social_determinants/final_report/csdh_finalreport_2008.pdf

⁴ Source: Information on the Nordic alcohol market 2016. Alko (2016).

healthy behaviours, local level resources put on alcohol harm prevention are more likely to be effective and cost-effective.⁵

Although alcohol policy is a national concern, policy makers are often reluctant to take measures to decrease alcohol harm through availability and price interventions, if such measures would increase cross-border trade/smuggling and decrease state revenue from alcohol tax. Alcohol producers, their social aspects organisations, and other commercial actors all have an interest in low alcohol prices and free trade in order to secure availability to their products, increase profitability and combat counterfeit products. Therefore, producers lobby decision makers with information which complies with that aim. The interest of commercial actors in alcohol taxes that are harmonised to the lowest common denominator, coincides with policy makers' interest to increase state revenues by reducing unregistered sources of alcohol. However, there is a considerable unawareness of which alcohol policy measures have the lowest-possible risk of increasing alcohol harm or inequality in health, while at the same time securing state revenues from alcohol taxation.

Better, unbiased knowledge on cross-border trade on alcohol and its drivers and mediators provides guidance to decision makers towards evidence-based effective methods that have the best prospects of contributing to a sustainable development in the Baltic Sea Region. There is a need to provide policy makers across policy sectors and at all levels with such awareness and knowledge.

Target group

Primary target group (as indicated in action 4, objective 4, of the NDPHS action plan):

- Decision makers at national level in NDPHS member states

Secondary target groups:

- National authorities (specified below)
- Local authorities
- Public health specialists
- NGOs (specified below)
- General population

Examples of national stakeholders with important roles to play in the issue is crime prevention agencies, taxation/fraud authorities, public health authorities and authorities dealing with sustainable development. Other secondary target groups are NGOs at EU, Nordic, Baltic and national level, prevention coordinators at national, regional, and local level, and specialists in public health and sustainable development.

Project aims

Short-term aims:

Increased knowledge and awareness among decision makers at national level regarding:

- the public health impact of cross-border trade of alcoholic beverages,
- affordability as possible driving force for border trade, and
- evidence-based public health-promoting and socially sustainable interventions targeting cross-border trade in alcohol.

Long-term aims:

- To contribute towards the reduction of alcohol-related harm in the Northern Dimension area
- To contribute towards the decrease of the total consumption of alcohol in the Northern Dimension area

⁵ See e.g. Chokshi DA, Farley TA. The cost-effectiveness of environmental approaches to disease prevention. N Engl J Med. 2012;367(4):295-7; and footnote 1.

Indicator to measure fulfilment of short-term aims:

Number of ND countries with relevant public health-oriented policy measures⁶ specifically addressing border trade in any aspect.

Data source: National policy documents, WHO GISAH database, results from existing relevant research surveys, and/or survey developed and disseminated within this project.

Project description with general time plan

	What	How
2020 spring	Find collaborating countries, compile research team, secure financing	ASA-EG finds lead partner. Lead partner gives assignment to research team
2020 autumn	1. Start desk review/inventory of affordability changes over time in NDPHS Partner Countries. 2. Map the size, structure and dynamics (including trade routes) of the region's market in smuggled alcohol. Focus on countries with availability of reliable data. Identifying the need of developing survey.	1. Compile and review literature on total consumption per capita, income and price data, etc. Actively seek data from national statistics agencies and similar. Assistance from ASA-EG representatives (acting as reference group). 2. Review/screen relevant WHO/OECD and national data on unregistered alcohol, in selected NDPHS Partner Countries. Assistance from ASA-EG representatives (acting as reference group).
2021 spring	Continue desk review and mapping exercise.	See above.
2021 autumn	Produce concept report, including recommendations. Disseminate results to target group(s).	Discuss draft recommendations of policy measures with reference group of experts representing NDPHS Partner Countries. Make use of NDPHS website for dissemination.

Part I. Affordability.

a. Desk review on the concept of alcohol affordability, based on existing and relevant peer-reviewed and grey literature.⁷ The literature search methodology applied should be transparent. Socio-economic aspects on affordability should be included. Exploration of available earlier data from partner countries on affordability of alcohol over time, and its relevance today.

b. Calculation of the Affordability Index, as described by the WHO, for as many ND countries as possible. Time period from the 1990s and onwards, if possible. Produce country-by-country graphs on affordability, linking real prices of alcohol (beer, wine and spirits prices adjusted to Real Price Index) to disposable income, and preferably also plot against per capita consumption in order to see any link between purchasing power and consumption over time. Explore the possibility/ added value of making use of the "Vodka Index" (litres of a popular brand of spirits that can be purchased for an average salary, over time), as indicator of purchase power changes. The Vodka Index may be plotted against

⁶ E.g. an amendment in national Alcohol Act, Government Bill, state inquiry, Government promemoria, or similar.

⁷ An example of relevant grey literature regarding both affordability and border trade is: Österberg E and Karlsson T. Alcohol affordability and cross-border trade in alcohol. Östersund: Statens folkhälsoinstitut, 2009. Report no. A2009:06.

GDP as well as to total consumption per capita 15+, over time. Investigate possible differences between groups in affordability of alcohol by calculating the Affordability Index and/or Vodka Index for selected vulnerable groups, e.g. lowest quintile vs highest quintile disposable income (or low-education) group.

Part II. Cross-border trade

Depending on the availability of data, this part may concentrate on cross-border trade of alcohol in general, as in Österberg & Karlsson 2009 (see footnote 5), or on a few separate aspects; trade routes, extent and development over time of travellers' imports, illicit trade (smuggling), and private imports (internet purchases).

The report shall make a detailed description of the cross-border trade of alcoholic beverages taking place between NDPHS member countries, including identification of particularly affected cross-border areas and how they are affected. This may require a survey to key informants in ND partner countries. Key authorities/informants should be identified in dialogue with the ASA-EG representatives, which act as reference group to the project. Description should be made of the consequences of cross-border trade on member countries' prospects for public health-motivating restrictions of availability. The study should also include a description of ongoing initiatives at national level, and if possible also examples at sub-national level, to tackle problems associated with travellers'/private imports and/or alcohol smuggling. Best-practices and promising initiatives should be compiled and described.

Part III. Conclusions and recommendations

Based upon the results of desk review, affordability calculations, and cross-border trade mapping exercise, the report should include discussions and conclusions, preferably around the following research questions:

- What ND countries have seen the largest increases/decreases in affordability of alcohol, and is there a link to total consumption? Do we see different trends in affordability over time in low vs high SES groups (in which countries)?
- What association do we see between alcohol affordability in particular as driver of cross-border sales of alcohol?
- Are national borders that feature large differences in alcohol excise duty levels the same regions that also demonstrate significant cross-border sales, and what does the answer tell us about driving forces? Is there a direct causal link between losses to national treasuries in high taxation countries and cross-border trade with low-tax neighbouring territories? If not, which are the more important mediators?
- What facilitators/drivers of cross-border trade in alcohol other than price/tax and affordability are important (traffic infrastructure investments, level of corruption, economies of scale, ...)
- What does the clustering of organised smuggling operations in the ND area tell us about the drivers and profitability of smuggling?
- How reliable is the compiled data on smuggling levels and tax avoidance across the different jurisdictions in the ND area/Baltic Sea region? How can we get a better base for correct health-oriented and sustainable⁸ policy decisions?
- What can the identified best practise(s) in ND countries to tackle illegal border trade of alcohol tell us about which policy options are the best in public health perspective? What are the best policy options in order to reduce inequalities in health⁹?

In preparing the recommendations part of the report, the working group is to keep a close dialogue with the reference group.

⁸ With reference to the UN Sustainable Development Goals (<http://www.un.org/sustainabledevelopment/sustainable-development-goals/>)

⁹ With reference to the

Project organisation and resources:

Working group consisting of two contracted external researchers. Duration of work 6-12 months, depending on the total percent of full time to be spent by the researchers. A total of no more than 500 hours required for Part I including reporting, and no more than 600 hours for Part II including reporting.

Steering group consisting of the coordinator from Lead Partner (to be decided on by NDPHS CSR (committee of senior representatives)) and ASA-EG members from member countries taking active part in the project.

Reference group consists of all ASA-EG representatives.