

## **SCOTTISH GOVERNMENT'S POSITION ON MINIMUM UNIT PRICING OF ALCOHOL**

### ***Introduction***

1. The Scottish Government is proposing to introduce a Minimum Unit Price for alcohol so that the harm caused by cheap, strong alcohol is significantly reduced. The Minimum Unit Price is based on the number of UK units of alcohol (10 mls of pure alcohol) in a product multiplied by 50p (€0.60<sup>1</sup>) per unit which is the Scottish Government's preferred price.

2. The European Commission, and a small number of Member States, have questioned the compatibility of Minimum Unit Pricing with EU law on the free movement of goods, even though Article 36 of the Treaty makes clear that public health measures can be justified, provided they are proportionate. The Scottish Government's overarching aim is a reduction in alcohol-related harm. Minimum Unit Pricing targets excessive consumption of cheaper drinks which cause most harm to health, and which are favoured by hazardous and harmful drinkers. The Commission has suggested that new taxes could achieve a goal of reducing alcohol consumption generally and be less trade restrictive. Taxation, however, would not deliver the aim of a targeted impact on hazardous and harmful drinkers. Minimum Unit Pricing is more effective in achieving this aim because it has more of a progressive effect on those that drink the most in terms of consumption and alcohol-related harm. This paper sets out the case for Minimum Unit Pricing and the Scottish Government is looking to build support for this.

### ***Scale of the alcohol problem in Scotland***

3. By global standards, Scotland consumes very high levels of alcohol. Consumption levels within the EU are high (according to the World Health Organisation consumption in the EU is almost double the World average) and our consumption is above average and our pattern of consumption, allied to other health factors, means there is a very significant impact on individuals, families and communities.

4. Alcohol sales in Scotland in 2011 were equivalent to 21.6 UK units (216 mls pure alcohol) per person per week (11.2 litres of pure alcohol) which is amongst the

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<sup>1</sup> Exchange rate of £1=€1.20 used throughout.

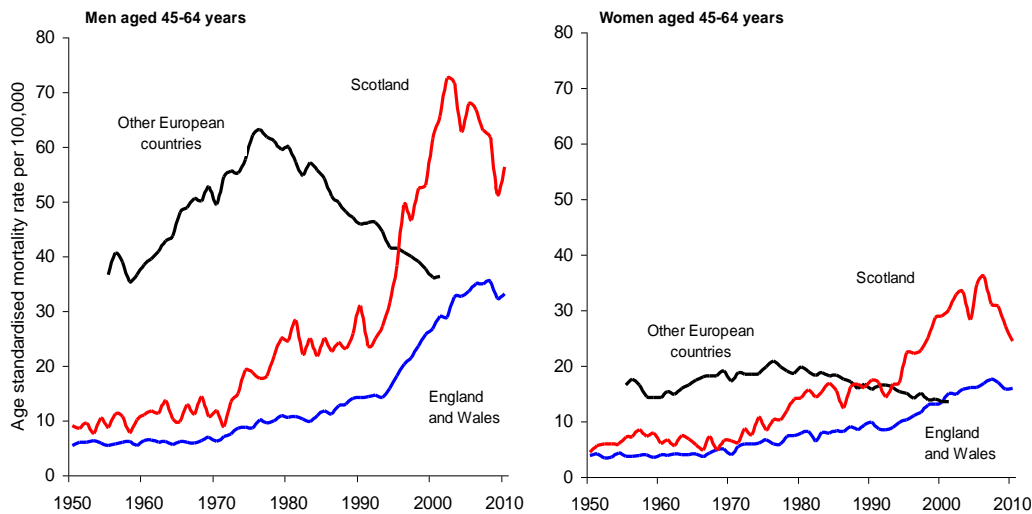
highest in Western Europe. While consumption in many countries (such as France, Italy and Spain) has fallen in recent decades, consumption in the UK has doubled since the 1950s (including a 10% increase in Scotland since the mid 1990s).

5. Alcohol-related hospital discharges in Scotland have quadrupled since the early 1980s, with more than 100 Scots being admitted to hospital each day. Deaths caused by alcohol have doubled in recent decades, with Scotland having had one of the fastest growing chronic liver disease and cirrhosis rates in the world. Alcohol is the world's third largest risk factor for disease burden and the second largest in Europe<sup>2</sup>.

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<sup>2</sup> World Health Organisation *Alcohol Factsheet*, February 2011, <http://www.who.int/mediacentre/factsheets/fs349/en/index.html>

## **Chronic liver disease and cirrhosis mortality rates per 100,000 population, 1950-2010<sup>34</sup>**



### ***Action already taken to reduce alcohol misuse***

6. The Scottish Government views tackling alcohol misuse as a key public health priority and has an alcohol strategy<sup>5</sup> in place which sets out over 40 measures aimed at addressing alcohol-related harm through action at national and local level designed to both prevent and treat alcohol-related harm. It was published in 2009 and is closely aligned with the World Health Organisation's *Global strategy to reduce harmful use of alcohol*. Under policy options and interventions for pricing policies, the *Global strategy* includes: "establish minimum prices for alcohol where applicable."<sup>6</sup>

### ***Alcohol Affordability***

7. Despite these measures, Scotland's consumption and harm remain at unacceptably high levels. The key component from Scotland's alcohol strategy that is not yet in place is an intervention to address the low price of alcohol. There is clear evidence that the price and affordability of alcohol is a key factor in driving consumption and therefore harm as acknowledged by the World Health Organisation and European Union.

**Put simply, as alcohol becomes more affordable, consumption increases; as consumption increases, harm increases.**

8. The majority of alcohol off-sales<sup>7</sup> are sold in the major supermarket chains (around 70% of sales). Very low prices for alcohol, including the existence of many heavily discounted products and the ability to sell alcohol at a loss and so raise the price of other non-alcoholic products, are a key feature of this retail sector. This

<sup>3</sup> Rates for Scotland and England & Wales updated to 2010; European rates to 2002.

<sup>4</sup> Definition of 'other European countries' is Western and Southern/Mediterranean countries and the total number is 14.

<sup>5</sup> *Changing Scotland's Relationship with Alcohol: A Framework for Action*, published in 2009

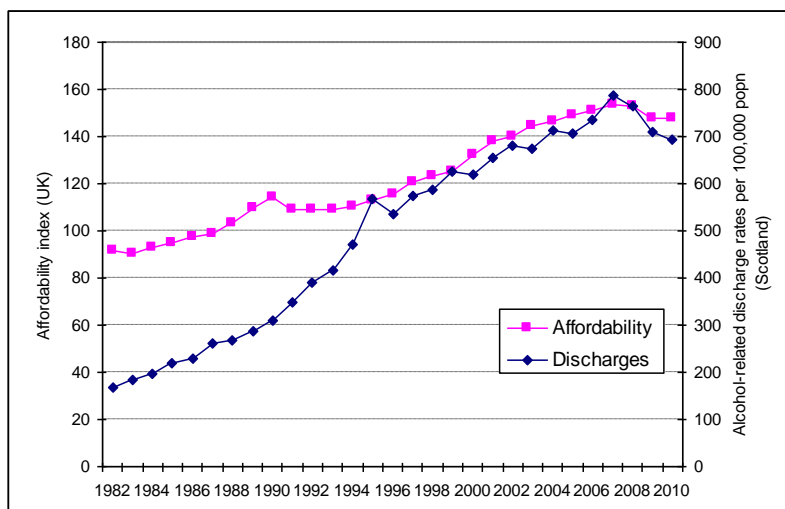
<sup>6</sup> [http://www.who.int/substance\\_abuse/alcstratenglishfinal.pdf](http://www.who.int/substance_abuse/alcstratenglishfinal.pdf)

<sup>7</sup> Off-sales and off-trade refers to alcohol that is bought from retailers such as supermarkets, small shops and is for consumption off these premises.

results in the continual availability of alcohol at very low prices. In Scotland, it is possible to exceed the weekly sensible drinking guidelines for alcohol for a man (21 UK units or 210ml of pure alcohol) for just £4 (€4.80).

9. Alcohol has become around 45% more affordable in the UK since 1980. This increasing affordability in the off-trade saw sales increase by 48% between 1994 and 2011, compared to a fall of 30% in the on-trade<sup>8</sup>. The following graph shows the link between affordability and harm. It clearly demonstrates that as the affordability of alcohol has increased in the UK since the early 1980s, alcohol-related hospital discharges has followed a very similar trend.

UK alcohol affordability index versus alcohol-related discharge rates (Scotland), 1982-2010<sup>9</sup>



### **Why Minimum Unit Pricing?**

10. Scotland's Minimum Unit Pricing policy aims to reduce alcohol consumption and, in particular, targets a reduction in consumption of alcohol which is cheap relative to its strength. Minimum Unit Pricing achieves this aim because it has a progressively greater effect in terms of consumption and alcohol-related harm for those who drink the most. Minimum Unit Pricing impacts on the cheap end of the market and it is the cheap alcohol that is favoured by heavy drinkers who suffer most harm. Alcohol sales in Scotland show that 30% of the Scottish population drink 80% of the alcohol and it is this group that Minimum Unit Pricing will target.

11. Emerging research findings on the minimum pricing systems operating in two Canadian provinces provide the first empirical evidence of the effectiveness of minimum pricing. The main results of one of the studies estimate that a 10% increase in minimum prices would reduce consumption by 8.4% for all beverages combined in Saskatchewan. A second study suggests that a 10% increase in the average minimum price for all alcoholic beverages would be associated with an estimated 32% reduction in wholly alcohol attributable deaths in British Columbia.

<sup>8</sup> On-sales and on-trade refers to alcohol that is consumed on premises such as pubs, clubs and restaurants.

<sup>9</sup> The affordability index is for the UK as no Scottish index is available (however relative affordability will be similar across the UK). Affordability is measured on a calendar year, discharges on financial year. Discharge rates are assigned to the year from which the majority of the data comes

The conclusions of the research are that minimum pricing is a promising strategy for reducing the public health burden associated with hazardous alcohol consumption.

### ***Anticipated benefits***

12. The internationally respected work of the University of Sheffield estimates that a Minimum Unit Price of 50p (€0.60) would save over 300 lives per annum in Scotland (equivalent to reducing alcohol-related deaths by over 17%). Allowing for the different population size, this would be equivalent to 30,000 lives saved every year across the European Union. This substantial health impact would be supplemented by a range of other social benefits which include reduced crime, fewer alcohol-related absences from work and reduced unemployment among harmful drinkers. There is estimated to be a cumulative value of harm reduction of £942m (€1,130m) each year by year 10 of the policy.

### ***Impact on the market***

13. Scottish consumers have a wide range of alcohol products available to them. These are sourced both domestically and across a number of countries worldwide and cover a range of prices. The legislation sets a Minimum Unit Price based on the unit content of the product and, therefore, applies to all products equally, and also does not discriminate between domestic or imported products. Minimum Unit Pricing is not a protectionist measure. Products already on the market will need to comply with Minimum Unit Pricing, but the legislation does not require the producer to change the characteristics of those products, but nor does it prevent such change if the producer prefers. Of those alcohol products which are currently priced below the preferred Minimum Unit Price of 50p (€0.60), 29% are spirits (the vast majority of which are produced in the UK), 28% are wines (which are mainly imported), 33% are beer and ales (which vary in their country of origin but are predominantly UK produced), and 7% are ciders (which are generally domestically produced).

14. There should be minimal impact on innovation for both existing products and the introduction of new products into the market. There may even be an incentive for the market to innovate, with one possible effect of Minimum Unit Pricing being the production of lower strength alcoholic products. These could be sold at a relatively lower price, because they contain fewer units of alcohol. This would be consistent with the aim of drinkers consuming less alcohol, whilst leaving the market free to determine the characteristics of products. New, high-strength products would have to be sold at or above the Minimum Unit Price, but this would not prevent them from being introduced.

### ***Why not tax or excise?***

15. In considering the options available, the Scottish Government analysed a range of alternatives, including taxation. We do not doubt the potential for taxation to deliver a population-wide effect in reducing consumption. Indeed, the UK is one of the few European countries that has continued to raise excise rates each year for alcohol products (from 2008 to 2015, the UK is raising duty each year by 2% above retail inflation).

16. However, increased taxation would not – and cannot – deliver the targeted impact on hazardous and harmful drinkers that is so vital. The untargeted nature of taxation means that any attempt to design an excise regime capable of delivering a

similar effect to a 50p Minimum Unit Price would, inevitably, mean a significant increase in the price of all products, regardless of their contribution to alcohol-related harm. Such increases – roughly £3.30 (€4) increase on the price of all 75cl bottles of wine, or an extra £5 (€6) on a bottle of spirits – would be both unnecessary and unjustifiable in health terms.

17. Minimum Unit Pricing has the advantage over taxation in that those who do not drink or drink moderately (who disproportionately come from low income groups) will be largely or completely unaffected, by virtue of the fact that they drink very little and do not tend to purchase the type of products that will be affected by Minimum Unit Pricing. Moderate drinkers are estimated to pay a relatively small additional amount per year (around £8 (€9.6) for a 50p Minimum Unit Price).

18. Of course, this must be seen in the context of the significant savings to health, criminal justice and productivity costs brought about by Minimum Unit Pricing. The greatest health benefits are estimated to be seen amongst hazardous and particularly harmful drinkers as they disproportionately consume cheap, strong alcohol.

**Minimum Unit Pricing, therefore, effectively targets those individuals who will benefit most from a reduction in consumption.**

### ***Conclusion***

19. Minimum Unit Pricing is essential for reducing alcohol-related harm in Scotland. This view is supported by the Scottish Parliament, the public health community, the Police, children's charities and much of civic Scotland. The legislation embodies the pre-eminence that the European Treaties place on health and the life of humans, and the recognition that it is for the Member States to determine the level of protection which they wish to afford to public health and the way in which that level is to be achieved.

20. With this in mind, the Scottish Government will continue to press the case for Minimum Unit Pricing in the strongest possible terms and welcomes a continuing dialogue within Europe with a view to ensuring that, where necessary, Member States can tackle excessive alcohol consumption in the most effective way possible. The Scottish Government hopes that you are able to offer support to ensure the public health message is an active part of the dialogue.

Scottish Government  
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