

President Jose Manuel Barroso  
President of the European Commission  
1049 Brussels, Belgium

**BY EMAIL**

11 September 2012

Dear Mr Barroso,

**RE: Notification of technical regulations  
The Alcohol (Minimum Price per Unit) (Scotland) Order 2013  
Notification number 2012/394/UK**

The Institute of Alcohol Studies (IAS) wishes to express its support for the Scottish Government's proposals to introduce a minimum price per unit of alcohol (MUP). Faced with a legal challenge from the Scotch Whisky Association, which is being investigated by DG Enterprise and Industry, IAS wishes to convey three crucial points:

- 1. Minimum unit pricing is a proportionate response to a public health need, and will be applied indiscriminately to both domestic and imported alcoholic beverages sold in Scotland.**
- 2. There is a wealth of scientific evidence to show that alcohol price increases are an effective mechanism for reducing harms caused by alcohol and WHO Europe recommends minimum pricing as a policy option.**
- 3. Minimum unit pricing will target the cheapest alcohol that causes the most harm and unlike duty increases, which can be absorbed by retailers, it will set a floor price at which drink can be sold.**

Levels of alcohol harm in Scotland are at historic levels. Since the 1980s the number of alcohol-related deaths in Scotland have more than doubled and the number of alcohol-related hospital admissions more than quadrupled<sup>i</sup>. It is essential that the Scottish Government is given the opportunity to take strident action to tackle this issue, and that public health interests are prioritized over economic objectives.

MUP is a proportionate response to a public health need. Contrary to arguments posed by the global drinks manufacturers, MUP will not discriminate against imported alcoholic products. All products, both domestic and imported, will be targeted equally under this legislation. Indeed, a large proportion of the cheapest drinks sold in the UK today are domestically manufactured, such as white cider, or sold as 'own-brand'

products in supermarkets, indicating that the impact of MUP will fall predominately on domestic products.

There is extensive and consistent evidence that raising the price of alcohol reduces alcohol related harm<sup>ii</sup>. Based on this robust international evidence base, the World Health Organization Regional Office for Europe (WHO Europe) has identified controlling price as one of the most effective measures that governments can implement to reduce the health and social harms caused by alcohol.

MUP and taxation are two distinct mechanisms for controlling alcohol prices and are complementary rather than substitutable policies. Raises in alcohol duty levels can have an overall population effect on the price of alcohol, however MUP is a more targeted means of raising the price of the cheapest alcohol. It is not possible under EU rules governing the structure of alcohol excise duty to tax cheaper alcohol products more than expensive products, therefore taxation cannot replicate the impact of MUP by targeting the cheapest alcohol that is known to cause the most harm.

Furthermore, duty increases alone can be ineffective at raising the price of cheap alcohol if retailers choose to absorb the duty in order to sell 'below cost'. In the UK, supermarkets have openly admitted absorbing alcohol duty increases, using alcoholic beverages as a "loss-leader" to entice customers into stores<sup>iii</sup>. This is just one of the reasons why the Scottish Government has explored the option of MUP as a means to reduce the harms caused by cheap alcohol. **Taxation alone cannot achieve this policy objective and current evidence suggests MUP is the least trade-restrictive alternative policy.**

The WHO European action plan to reduce the harmful use of alcohol, which was endorsed by Member States in September 2011, recommends minimum pricing as a policy option, alongside increased alcohol taxation. In the action plan, WHO acknowledges minimum pricing "may be more likely to ensure that price changes result in a desired change in the retail price, which tax increases may circumvent if they are not passed on to the consumer"<sup>iv</sup>.

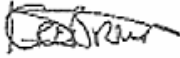
The Scottish Government has commissioned independent research into the impact and effects of MUP. This research, which was carried out by Sheffield University, has been subjected to rigorous peer review and scrutiny from the scientific community. **The Sheffield study reported that the introduction of a 50p minimum unit price would reduce alcohol consumption by 5.7% in Scotland and prevent more than 300 alcohol-related deaths and 500 violent crimes each year.**

The Sheffield report showed that MUP will target the cheapest alcohol that is served in the off-trade sector. It will have little to no impact on drinks that are sold in restaurants and bars. Harmful drinkers will be the most affected by MUP as they are consumers of the cheapest alcohol. The study found that on average, harmful drinkers consume 15 times more alcohol than moderate drinkers, yet spend 40% less per unit. The modeling used predicts that with an MUP set at 50p, moderate drinkers would spend an additional £8.19 per year, whereas harmful drinkers would spend an additional £123.42 per year. This evidence indicates that MUP will be an effective policy to target harmful drinkers<sup>vi</sup>.

IAS firmly supports the Scottish Government's attempt to introduce MUP, which has sparked an interest in several countries around the world. MUP is a practical, innovative mechanism designed to tackle a problem that is creating a huge global disease burden. The Scottish Government should be applauded for taking strident action in the face of a

serious public health challenge, and given the support and freedom to implement policies designed to protect the health and wellbeing of its citizens.

Yours sincerely



Katherine Brown  
**Director of Policy**  
**Institute of Alcohol Studies**

*Hard copies of this letter have been sent to the following:*

President José Manuel Barroso  
Vice President Antonio Tajani  
Commissioner Joaquín Almunia, DG Competition  
Commissioner John Dalli, DG SANCO Health and Consumer Policy  
Commissioner Michel Barnier, DG Internal Market and Services  
Commissioner Algirdas Semeta, DG Tax and Customs  
Commissioner Karel De Gucht, DG Trade

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- <sup>i</sup> NHS Scotland Information Services Division (2011), Alcohol Statistics Scotland 2011
  - <sup>ii</sup> WHO Europe (2009) Evidence for the effectiveness and cost effectiveness of interventions to reduce alcohol-related harm.
  - <sup>iii</sup> UK Competition Commission (2007), Pricing Practices Working Paper – Emerging thinking in the Groceries Market Inquiry.
  - <sup>iv</sup> WHO Europe (2011) European action plan to reduce the harmful use of alcohol 2012-2020.
  - <sup>v</sup> University of Sheffield (2012), Model Based Appraisal of Alcohol Minimum Pricing and Off-Licensed Trade Discount Bans in Scotland using the Sheffield Alcohol Policy Model v2 – second update
  - <sup>vi</sup> *ibid*

**Advisory Council**

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