

ALCOHOL CONSUMPTION AND CLOSED BORDERS

HOW COVID-19 RESTRICTIONS HAVE
IMPACTED ALCOHOL SALES AND
CONSUMPTION IN EUROPE



SUMMARY

Authors: Håkan Leifman, Kalle Dramstad, Emil Juslin

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The following paper is a summary of the study "Alcohol consumption and closed borders - how COVID-19 restrictions have impacted alcohol sales and consumption in Europe" written by Håkan Leifman, Kalle Dramstad and Emil Juslin.

The full study can be found [here](#)

Purpose

The purpose of this study was to examine the effects of closed borders on the sales and consumption of alcohol. While knowing that cross-border sales has a significant impact on alcohol sales in the EU, the topic has always been difficult to study. Earlier overviews have mainly studied either liberalisations of borders or survey data, both insufficient to draw any clear conclusions.

The closing of borders during the pandemic offered a unique research opportunity to draw new conclusions on alcohol consumption as well as map and estimate the size of cross-border sales and its impact on overall consumption.

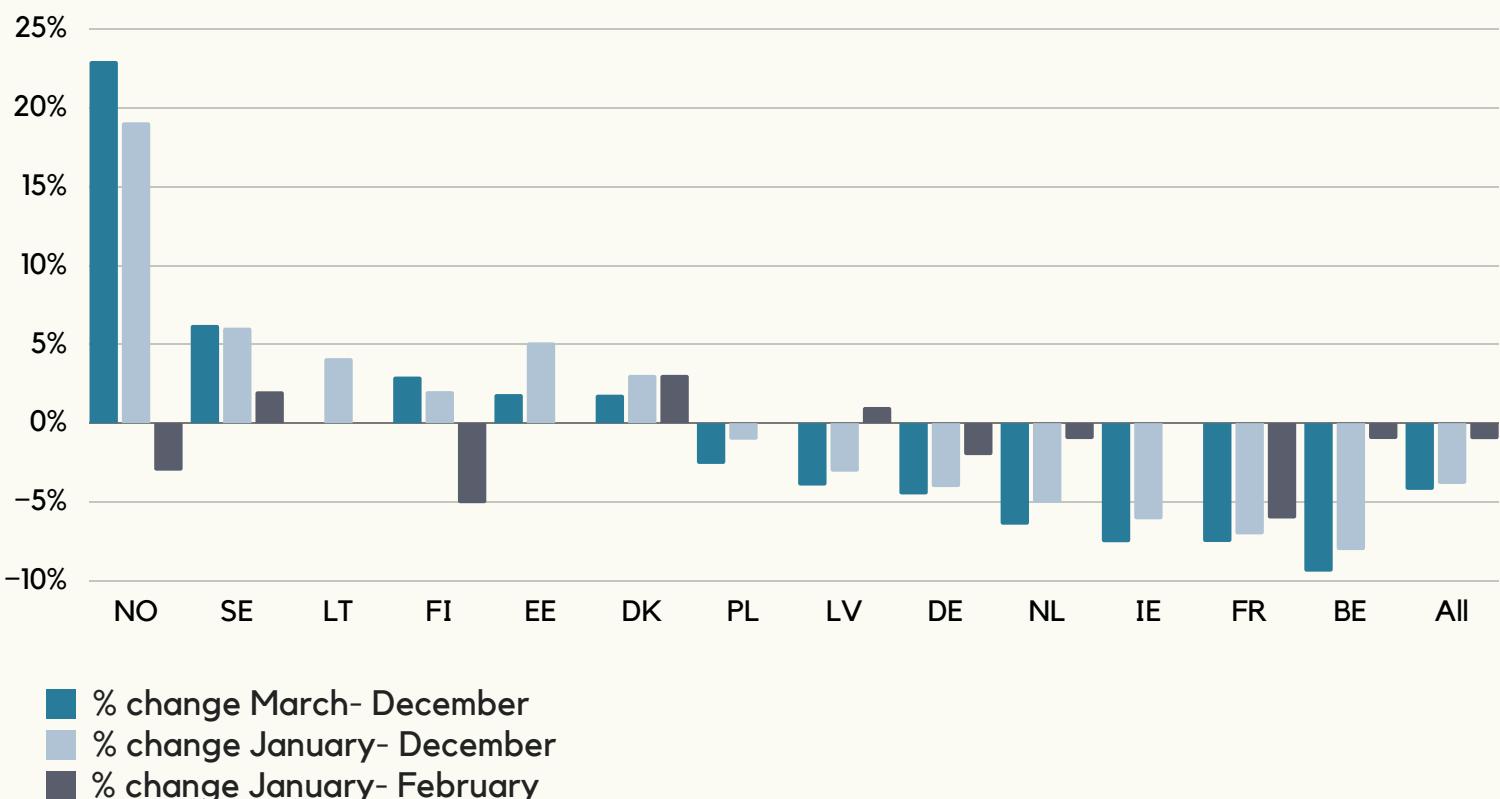
Methods & Data

The data consists of monthly tax data covering 14 countries in the EU for the years 2015-2020. The study has defined the pandemic months as the months of March – December 2020. Therefore, by comparing the changes between the pandemic months and the pre-pandemic months, it is possible to see the impact the pandemic had on alcohol sales.

Key Results

- Overall, a decrease could be observed in recorded alcohol consumption, most notably in recorded beer consumption. This can be explained by beer being the most commonly consumed on-premise beverage.
- Nevertheless, countries with a large pre-pandemic cross border trade of alcohol (inflow countries) saw a large increase in domestic alcohol sales. This was especially apparent in Norway and Sweden with Norway seeing an increase of 23 % in domestic alcohol sales compared to the pre-pandemic period.

Figure - Change (%) in per capita (15+) total recorded consumption for three time periods 2019-2020 per country and overall (weighted according to population size)



- % change March- December
- % change January- December
- % change January- February

- Furthermore, as shown in the case of Sweden, while alcohol sales increased, the total alcohol consumption decreased to a larger extent compared to countries with no cross-border alcohol trade.
 - This result indicates that the reduced access to cross-border alcohol trades during the pandemic led to a decrease in total alcohol consumption. This, in turn, has a positive impact on public health.
 - Further, while total alcohol consumption decreased in Sweden, tax revenue from excise taxes increased by an estimated 12 % due to the reallocation of alcohol sales to Sweden.
- This indicates that the reallocation due to closed borders increased alcohol sales and tax revenues in the country where the alcohol is consumed, even while the total consumption decreased.
- These results can be compared to the German region Schleswig-Holstein, a region that had a high pre-pandemic number of visitors who came to purchase alcohol, that saw a larger decrease in alcohol sales compared to the rest of Germany during the pandemic period.

Policy Implications

The study indicates that limiting cross-border trade of alcohol has a dual positive effect on public health and national budgets for countries with active excise duty policies. For these countries, it would decrease alcohol consumption whilst increasing tax revenue.

- There is reason to believe that further restricting the economic availability of cross-border alcohol purchasing would:
 - reallocate excise revenue
 - strengthen the effect of national pricing policies as instruments to reduce alcohol-related harm
 - provide lasting relief for national healthcare systems
 - have an impact on alcohol-related mortality, primarily in high-excise duty EU Member States

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