

Norway

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The country

Norway is situated in northern Europe, occupying the western and northern parts of the Scandinavian Peninsula. Norway is bounded on the north by the Barents Sea, in the north-east by Russia and Finland, in the east by Sweden, in the south by the Skagerak Strait and the North Sea, and in the west by the Norwegian Sea. The Norwegian coastline reaches for about 2,740 km, but including all the fjords and offshore islands, the coastline totals about 21,930 km. Norway has a land area of 385,639 km² and a population of 4.6 million inhabitants. This gives Norway the lowest population density in continental Europe, with 12 persons per km². Oslo, situated in the southern Norway, is the capital and the largest city, with a population of about half a million inhabitants. About 25 per cent of the total population of Norway lives in the vicinity of the capital.

Norway was previously first and foremost known by its close connection to the sea and a large part of the Norwegians worked in fishing, farming and shipping. In the twentieth century Norway experienced a great industrial expansion primarily based on extensive and inexpensive waterpower resources, but also aided by the exploitation of offshore mineral resources. Norway is now Europe's largest exporter of petroleum and natural gas. The country has one of the highest standards of living in the world. In 2003, about 21 per cent of the population worked in the industrial sector, approximately 2,7 per cent in the agriculture and about 76 per cent in the service sector.

Norway is a hereditary, constitutional and parliamentary monarchy. The king has only nominal powers and administrative duties are carried out by the Council of the State headed by the Prime Minister. Legislative authority is vested in the parliament, called the Storting. The parliament consists of 165 members, popularly elected every four years. Norway is divided into 19 counties (fylker). The counties are further divided into rural and urban municipalities, each of which has a governing council, elected every four years.

Unlike the rest of the countries included in the ECAS project Norway is not a member of the European Union (EU). Twice, in 1972 and 1994, the Norwegians have voted against joining the EU. Norway has, however, since the beginning of 1994 joined the European Economic Area (EEA) agreement and since 1995 the Schengen agreement.

Alcohol production and trade

Norway has traditionally produced quite small quantities of alcoholic beverages, mainly in the form of beer. Domestic beer production doubled between 1960 and 1986, when it reached a level of more than 2 million hectolitres a year. Exports and imports of beer have also been small. In the mid-1990s one per cent of the beer production was exported, and imported beer accounted for 3 per cent of the domestic beer consumption. In 1995 nearly 75 per cent of domestic consumption of distilled spirits was of foreign origin. (Hurst, Gregory & Gussman, 1997). The production of wine from grapes is non-existent in Norway due to the climate.

In Norway beer production has been the only branch of alcohol industry that has not been taken care of by the state alcohol monopoly. In 1982 there were 18 breweries in Norway, employing a total of 2,600 persons. All but one of these breweries were organised in a national cartel, with full agreement on prices and on where the different breweries were allowed to trade (Davies & Walsh, 1983). In 1995, 15 breweries were operated by a total of nine companies, one of which, Ringnes, accounted for about 60 per cent of the beer production (Hurst, Gregory & Gussman, 1997). In 1995 Ringnes merged with the Swedish brewery Pripps, becoming the second largest brewery in the Nordic countries. In May 2000 Pripps-Ringnes merged with its biggest Nordic competitor, the Danish brewery Carlsberg. Together these breweries constituted the world's fifth biggest brewery company, named Carlsberg Breweries. In 2003 the Carlsberg Group had over 31,000 employees worldwide and produced over 81 million hectolitres of beer (Carlsberg annual report 2003).

In 2004 Orkla, the Norwegian owner of Ringnes sells its 40% share in Carlsberg Breweries. Ringnes, the largest brewer in Norway, is from then on 100% on Danish hands.

Alcohol consumption

Recorded consumption of alcoholic beverages in Norway, in terms of pure alcohol per capita, is the lowest in Europe (World Drink Trends, 2004). The rise in alcohol consumption was, however, quite rapid in the first decades following the Second World War from about 2 litres per capita in the early 1950s to about 4.5 litres in the late 1970s. After that recorded alcohol consumption was on the decline reaching the figure of 3.7 litres in 1993. Since 1993 recorded alcohol consumption has again increased, and in 2003 it was 6.0 litres per capita. This is the highest alcohol consumption since 1875. Almost half of this amount is consummated in the form of beer, one third in the form of wine and less than 20 per cent in the form of distilled spirits. Alcopops accounted for 3.5 per cent of consumption.

Table 14.1. Consumption of alcoholic beverages by beverage categories in Norway in litres of pure alcohol per capita and as percentages of total recorded alcohol consumption in the years 1955, 1965, 1975, 1985, 1995, 2000 and 2003

	1955	1965	1975	1985	1995	2000	2003
Total alcohol consumption	2.23	2.84	4.24	4.10	3.93	5.66	6.0
Consumption of distilled spirits	1.09	1.35	1.82	1.32	0.81	1.05	1.22
Consumption of wines	0.19	0.22	0.43	0.63	0.86	1.62	1.84
Consumption of beer	0.95	1.27	1.99	2.15	2.26	2.93	2.76
Percentage of distilled spirits	49	47	43	32	21	18.55	20.3
Percentage of wines	8	8	10	15	22	28.6	30.6
Percentage of beer	43	45	47	53	57	51.7	46.0

Sources: Hurst, Gregory & Gussman, 1997; World Drink Trends, 2004. Statistics Norway, 2004

Distilled spirits was the preferred alcoholic beverage in Norway in the 1950s and 1960s. The rate of distilled spirits of the total consumption decreased from a little over 50 per cent in 1950 to a little over 40 per cent in the late 1970s. During that period, however, the amount of distilled spirits consumed rose from 1.2 to 1.8 litres of pure alcohol per capita. Since then it has declined to 1.2 litres in 2003 when it accounted for 20 per cent of the total recorded alcohol consumption (World Drink Trends, 2004).

The most popular type of distilled spirits in Norway is vodka. A very traditional spirits drink in the Nordic countries, aquavit, which is a flavoured vodka-type beverage distilled from potatoes, accounts for over 8 per cent of spirits consumption. The second most popular spirits drink in Norway is grape brandy, followed by whisky (Hurst, Gregory & Gussman, 1997)

In 1950 beer consumption was 0.8 litres of pure alcohol per capita and it accounted for 37 per cent of the total recorded alcohol consumption. In the late 1970s beer consumption was a little over 2 litres of pure alcohol per capita a year. At that time it accounted for 47 per cent of the total alcohol consumption. Since the late 1970s there has not been any bigger changes in the Norwegian beer consumption. In 2002 about 51.6 litres of the product, or 2.7 litres of pure alcohol per capita, was consumed in the form of beer, and beer accounted for approximately 50 per cent of the total recorded alcohol consumption (World Drink Trends, 2004).

Wine consumption was very low in the early 1950s, just about 1 litre of the product per capita, accounting for 7 per cent of the total recorded alcohol consumption. The consumption of wine rose in the 1950s but still in the mid-1960s its rate of the total alcohol consumption was about the same as in the early 1950s. Since the mid-1960s the consumption of wine has increased almost steadily. In 2002 the Norwegian wine consumption was 11.2 litres of the product or about 1.1 litre of pure alcohol per capita.

Red wines are twice as popular as white wines and table wines are preferred for fortified wines (World Drink Trends 2004).

In Norway alcohol has traditionally been consumed mostly at home (Nordlund, 1974; 1985; Brun-Gulbrandsen, 1988). In 1994 it was estimated that about 30 per cent of alcoholic beverages were consumed away from home in on-premise establishments (Hurst, Gregory & Gussman, 1997). The old pattern of relatively infrequent alcohol consumption but periodic heavy drinking has very slowly begun to change towards a more frequent use of weaker alcoholic beverages (Moser, 1992). The increase of wine consumption in Norway is often related to a more “continental” drinking habit, which means to drink more frequently but in smaller amounts. Meanwhile it looks as if these “continental” habits won’t replace the culture of heavy drinking, but come in addition to that. However, most drinking still occurs at weekends and on holidays and special festive occasions, for instance on the national day on 17th May (Mäkelä et al., 1999). Alcohol consumption is also very unevenly distributed in the population. About 10 per cent of the population consumes more than half of all alcohol (Harkin, 1995).

Norway shows features of a typical low-consumption country with high abstinence rates and low frequencies and volumes of consumption among drinkers. The abstinence rate among adult population was high in the 1950s. In 1956 it was 32 per cent, but since the mid-1960s it shows a slow albeit steady decline. Women's proportion of alcohol consumption has increased from 22 per cent in 1973 to 30 per cent in 1994. The age-group between 20 and 30 years and younger has had the highest alcohol consumption since the 1970s. Daily drinking is very uncommon and only 2.3 per cent of men and 0.9 per cent of women drank 4 to 7 times per week in 1995. The annual frequency of drinking 6 drinks or more per occasion in 1996 was 8.8 per cent for men and 2.9 per cent for women (Simpura & Karlsson, 2001). The number of deaths caused by alcohol has slightly decreased. 413 Norwegian inhabitants died core to alcohol in 1999, in 2002 the number was down to 378.

Statistics on registered consumption of spirits and wine, and from 1993 also of strong beer over 4.75 per cent alcohol by volume, have traditionally been based on information obtained from the sales of the off-premise retail alcohol monopoly (Vinmonopolet), on the sales to establishments which retail alcoholic beverages on the premises and on the sales of beer to grocery stores. After the monopoly on wholesale supply was revoked on January 1, 1996, these statistics have been based on figures of production and import from the Directorate of Customs and Excise. This change in method of registration has, however, had little effect on the figures, apart from the fact that statistics on 1996, in addition to the quantity of spirits and wine sold, also include a certain amount of goods stored by importers and producers. Light beer, with an alcohol content between 0.7 and 2.75 per cent alcohol by volume is also included in the Norwegian statistics even though drinks with less than 2.5 per cent alcohol by volume are not defined as alcoholic beverages according to the Alcohol Act.

In addition to the registered alcohol, a considerable amount of unregistered alcohol is consumed in Norway. Unregistered alcohol includes legally and illegally produced and imported alcohol. The most important sources of unrecorded alcohol consumption are smuggled spirits, home-distilled spirits, home-made wine and tax-free imported alcohol. Illicit production of distilled beverages is mostly carried out in homes. In Norway,

unregistered alcohol consumption has been estimated to be around one third of total alcohol consumption (Reinås, 1991; Nordlund, 1992; Leifman 2001; see also Holder et al., 1998, 139; Norström 1998). Because Norway is not a member of the EU it still can keep low quotas on tax-free imports by travellers. In 2004, a traveller returning back to Norway could still take with him or her duty-free only 1 litre of distilled spirits, 1 litre of table or fortified wine and 2 litres of beer or 2 litres of table or fortified wine and 2 litres of beer (cf. Holder et al., 1998, 43).

While the annual per capita consumption of alcoholic beverages is nowadays about 63.6 litres, the consumption of commercial non-alcoholic beverages goes up to 526 litres per capita. The per capita consumption of non-alcoholic beverages includes 150 litres of coffee, 131 litres of milk, 118 litres of soft drinks, 81 litres of juices, 26 litres of tea and 19 litres of bottled waters in a year. Since the mid-1980s the yearly consumption of juices has increased by 60 litres, that of bottled waters by 10 litres and that of soft drinks by 5 litres. The consumption of tea has stayed about the same while the consumption of coffee has decreased by about 20 litres and that of milk by 26 litres (World Drink Trends, 2004).

Administrative structure of preventive alcohol policies

One of the freedoms achieved after Norway got its independence from Denmark in 1814 was the right of individuals to distil spirits (Hauge, 1986; 1998). As a result, during the 1830s alcohol consumption in Norway rose probably to the highest level ever, between two or three times the present alcohol consumption. This high consumption and related social problems combined with the desire for higher state revenue gradually increased public demand for amendments to existing legislation (Holder et al., 1998).

A strong temperance movement arose in Norway in the middle of the nineteenth century demanding action against the consumption of distilled spirits. The parliament prohibited home distillation in the mid-1840s and introduced a compulsory permit for the sale of alcoholic beverages. The first steps toward a retail sale monopoly date back to 1870 when first locally authorised liquor stores, following the Swedish Gothenburg system, were established in Norway.

During the 1890s the municipalities were empowered to organise referenda on the right to sell distilled spirits. The majority of municipalities did indeed prohibit sales of distilled spirits by 1914. During the First World War, a nearly complete alcohol prohibition was introduced in Norway.

A nation-wide referendum on total prohibition in Norway was organised in 1919. The outcome of the referendum was that distilled spirits and fortified wines were totally prohibited (Hauge, 1998). The prohibition of fortified wines was, however, revoked as early as in 1923, and that of distilled spirits, after a new referendum, in 1927 (Armyr et al., 1982). In 1927 a comprehensive Alcohol Act was introduced.

The main objective of the Norwegian alcohol policy since the prohibition has been to minimise alcohol-related health and social problems. Norwegian alcohol policy has

tried to reach this objective with four basic policy principles. The first principle has been that private economic interest should be eliminated to the greatest possible degree. The second principle has been the obligation to have a licence in order to be able to sell alcoholic beverages. The third principle has been the local right to decide whether alcoholic beverages may be sold, what kinds of beverages can be sold and who will receive a licence to do so. The fourth basic principle has been that prices of alcoholic beverages should be maintained at a high level by means of high taxes (Hurst, Gregory & Gussman, 1997).

The state-owned alcohol monopoly company, Vinmonopolet, was originally established in 1922 to control the import and off-premise sale of table wine. The company's powers were gradually expanded, and by 1938 it had become a state monopoly controlling import, wholesale and off-premise sale of distilled spirits, fortified wine and table wine, import of beer and export of distilled spirits. Vinmonopolet was also the country's only producer of distilled spirits. The manufacture and sale of beer remained, however, outside the control of the monopoly and domestic beer could be sold off the premises in ordinary grocery stores. The 1927 Alcohol Act gave the right to sell alcoholic beverages on the premises to ordinary restaurants (Horverak, 1979; Holder et al., 1998).

The 1927 Alcohol Act remained in effect until 1990 when a new Alcohol Act was introduced. In the beginning of the 1990s Norway also began negotiations for joining the European Economic Area (EEA), which meant a great challenge for the future of the Norwegian alcohol monopoly system (Holder et al., 1998).

In April 1994 the government appointed a commission of inquiry to undertake a broad review of national alcohol policy. The main emphasis of the commission's report in October 1995 was an assessment of the instruments available for attaining policy goals previously set by the parliament (NOU 1995:24). The commission observed that the main consideration underlying the government's decision to propose changes to the sales system in line with the recommendation of the European Free Trade Association Surveillance Authority was its belief that this was the best way to safeguard the existence of the off-premise retail alcohol monopoly.

Since January 1, 1996, Vinmonopolet has not any longer had a monopoly on the import, export and wholesale of alcoholic beverages, due to the EEA agreement between the European Communities (EC) and the European Free Trade Association (EFTA), to which Norway belongs (Holder et al., 1998; Ugland, 2000; 2002). As a result of this, the monopoly was split into two companies. Vinmonopolet continues as a monopoly in regard to off premise retail sale of distilled spirits, wine and strong beer. The other part of the former comprehensive alcohol monopoly, Arcus, continued as a state-owned company carrying out export and import and wholesale sale of alcoholic beverages in competition with newly established privately-owned alcohol companies. Arcus first also retained the monopoly on production of distilled spirits in Norway (Holder et al., 1998). State monopoly on the production of distilled spirits was later abolished after the majority of the shares of Arcus were sold off to a private company in 2001 (Bye, 2002).

In Norway the Ministry of Social Affairs co-ordinates the national alcohol policy and has a general responsibility for alcohol and drug issues concerning secondary prevention and treatment. In 1969 the National Directorate for the Prevention of

Alcohol and Drug Problems was established. The directorate, which reported directly to the Ministry of Social Affairs, was to co-ordinate and partly implement and provide advice in the field of primary prevention. In January 2002, the directorate was transferred to the newly established Norwegian Directorate for Health and Social Affairs as a separate department.

According to the mission statement of the Norwegian Directorate for Health and Social Affairs the directorate's main object is to contribute to the prevention of alcohol and drug problems. In doing this the directorate administrates and controls legal measures in the Alcohol Act and implements national prevention tasks in order to encourage a lifestyle without drugs and misuse of alcoholic beverages. In addition, the directorate implements part of the government's policy on drugs and alcoholic beverages.

The directorate's main tasks are:

- Administration of the licensing, granting licences for the wholesale and production of alcoholic beverages as well as supervision of the licences.
- Administration of and information about, for instance, the prohibition against alcohol advertising, administration of intermediaries selling alcoholic beverages, authorising import of alcoholic beverages for personal use.
- Administration of a system with tests for ascertaining whether certain persons have satisfactory knowledge of the Alcohol Act.
- Administration and distribution of public grants to NGOs preventing alcohol and drug problems.

Initiating countrywide information measures and campaigns to influence people's attitude and behaviour towards the use of drugs and alcohol as well as production and distribution of information material.

In the context of the European Alcohol Action Plan, Norway describes its alcohol policy as comprehensive. Priorities of the last years have been regulating alcohol availability; mass media campaigns to encourage safer drinking; using price policy to reduce alcohol demand; developing the role of the criminal justice system in the prevention and management of alcohol problems; and addressing particular alcohol problems such as drunk driving and alcohol and young people (Harkin, 1995).

Today's Alcohol Act, which came into force in 1998, is about to be revised in the nearest future. Some of the most important changes will include an increased pressure on the local administrations to set up actions plans on alcohol and drugs policies, stricter rules on licences on serving alcoholic beverages and a renewed classification of alcoholic beverages.

Licensing policy

As a result of Norway's participation in the EEA agreement, the 1990 Alcohol Act had to be altered, and a new licensing system was introduced from the beginning of 1996. This gave private persons and firms an opportunity to receive a licence for wholesale selling of alcoholic beverages. The wholesale licence permits the licensee to import or export alcoholic beverages and to sell wholesale within the country. However, alcoholic beverages can only be sold to licensed restaurants, to Vinmonopolet with regard to distilled spirits, wine and strong beer, and to grocery stores or municipally-licensed beer monopolies with regard to beer. By the end of 2003 there were 218 wholesale firms in Norway (Sirus, 2004).

Licensees with a wholesale licence can also be given the right to bottle alcoholic beverages, but not to produce them. In order to produce alcoholic beverages a production licence is needed. Included in a production licence is also the right to sell wholesale. By the end of 2002, 26 such licences had been granted (Sirus, 2003). One of the licensees was the then still state-owned Arcus.

On-premise retail sale of alcoholic beverages in Norway depends upon licences which, for the most part, are issued by local municipalities.

In 1949 only 27 per cent of Norway's municipalities permitted retail sale or serving of alcoholic beverages. In 1959, 1969, and 1979 the corresponding numbers were 43, 69 and 80 per cent. Also the number of licences in each municipality has increased. In 1954 there were 3,547 licences granted for off-premise retail sale of alcoholic beverages, mostly beer, and 1,417 licences for serving alcoholic beverages. The corresponding figures in 1980 were 4,729 and 2,439, and in 1966 the corresponding figures were 4,788 and 5,642 (Holder et al., 1998).

In 1967 the permission was given to open off-premise retail monopoly outlets in all municipalities, not just in towns. In 1980 there were 92 retail outlets of Vinmonopolet in Norway. This represented an increase of 40 monopoly outlets since 1951 and 24 since 1970 (Davies & Walsh, 1983). At the end of 2003 the number of retail monopoly outlets was 188 (Sirus 2004).

Licences are given for one, two, three or four years, but not beyond the term for which the municipal council is elected. Licences for the monopoly stores may be granted for the rest of the election period, for a maximum of four years. There is no automatic renewal of a licence and therefore the licence is subject to a new consideration every time it comes up for renewal.

Restrictions on availability

For off-premise consumption, distilled spirits, wine and strong beer are only sold by the government liquor stores. Prior to 1993, strong beer could also be sold in licensed grocery stores but after March 1993 it has been sold in Vinmonopolet stores only. Medium strength beer is primarily sold through licensed grocery stores. Some municipalities, however, grant licences for the sale of medium beer to a local monopoly,

which is usually a brewer or a brewers' agent, who is entitled to open one or more special outlets for the sale of medium beer in the municipality. Light beer and light wines containing less than 2.5 per cent alcohol by volume are exempt from these rules, since they are not defined as alcoholic beverages. In 2002 Norway was forced by the EFTA-court to allow the sale of Alcopops in grocery stores. Norway had tried to limit the sale on governmental liquor stores in order to protect young people from these new kind of alcoholic beverages. But the EFTA-court decided that Alcopops had to be sold under equal conditions as beer due to the same content of alcohol.

At the beginning of the 1980s the retail sale of distilled spirits and wines from Vinmonopolet's stores was restricted to about 35 hours a week, and in general restaurants were only permitted to serve distilled spirits between 3 p.m. and midnight. Beer, however, could be retailed more freely. The prohibition against on-premise sale of distilled spirits on Saturdays was repealed in 1974. In 1997 amendments to the Alcohol Act established a maximum closing hour of 3 a.m. for serving beer and wine, and the prohibition on serving of distilled spirits in restaurants on Sundays and national holidays was repealed (Holder et al., 1998; see also Tigerstedt & Sutton, 2000).

There are many more outlets for beer than for spirits and wine, but between 1970 and 1983 there was a sizeable reduction in beer outlets and an increase in outlets for stronger alcoholic beverages. Some of the decline in the number of grocery stores with a licence to sell beer was caused by a general movement away from small neighbourhood stores in favour of larger, centrally located chain stores.

As a rule the off-premise retail monopoly shops are nowadays open from 10 a.m. to 5 p.m. from Monday to Wednesday and to 6 p.m. on Thursday and Friday. On Saturdays the retail monopoly shops are open until 3 p.m. and on Sundays all shops are closed. Grocery shops with a municipal licence to sell medium beer can do so until 8 p.m. on weekdays and 6 p.m. on Saturdays although the municipality may impose an earlier time for halting beer sales.

The number of establishments serving beer only has markedly decreased during the last two decades. At the same time, the number of establishments with a licence to serve stronger types of alcoholic beverages has increased. In 1980 the number of establishments serving beer and stronger types of alcohol was 592 – or 24% - of 2439. In 2002 the number had increased to 4908 – or 71% - out of 6871 (Sirus 2003). The number of licensed premises varies, however, from county to county. Most licensed premises are found in Oslo and the surrounding capital area. As a result of the increase in the number of municipalities where licences to sell or serve alcohol have been granted, alcohol is now available in nearly all Norwegian municipalities. In 1996 there were 6 out of 435 municipalities where alcohol could not be sold off the premises and 9 municipalities where alcohol could not be served on the premises. One municipality in the whole country did not have some kind of licence for sale or serving of alcoholic beverages. In 2003 alcohol was available in all 434 municipalities, and there were only 7 municipalities left which did not have any kind of licence for serving of alcoholic beverages (Sirus 2004).

In Norway beers and wines can be retailed off the premises or served to anyone aged 18 years and over. The minimum age for the off-premise retail sale or serving of distilled

spirits, however, is 20 years. Before 1974 the age limit for all alcoholic beverages and both for off- and on-premise retailing was 21 years (Davies & Walsh, 1983). It is also forbidden to sell alcoholic beverages to intoxicated persons.

Alcohol taxation

High prices of alcoholic beverages in Norway have been to a great extent due to the high excise duties on alcoholic beverages. In Norway excise duties on alcoholic beverages are based on alcohol contents. For all alcoholic beverages with alcohol content at most 4.75 per cent alcohol by volume, alcohol excise duty rates are set per hectolitre of the product within certain intervals of the strength of the beverages (Table 14.2). For all alcoholic beverages with an alcohol content exceeding 4.75 per cent by volume, alcohol excise duty rates are set on the basis of pure alcohol in the finished product. For all beverages at most 22 per cent alcohol by volume, the excise duty rate is the same. Consequently, one centilitre of ethyl alcohol in the form of strong beer, table wine or fortified wine is taxed exactly the same. For distilled spirits the tax rate per one centilitre alcohol is almost twice that for strong beer, table wine and fortified wine.

Table 14.2. Excise duty rates for alcoholic beverages in Norway in the year 2004 in Norwegian crowns and in euro

Alcoholic beverage category	NKR	EUR
All alcoholic beverages exceeding 0.5 per cent alcohol by volume and up to 4.75 per cent alcohol by volume, per hectolitre of the product		
- Up to 0.7 per cent alcohol by volume	00.00	00.00
- Over 0.7 to 2.75 per cent alcohol by volume	247.00	30.20
- Over 2.75 to 3.75 per cent alcohol by volume	935.00	114.32
- Over 3.75 to 4.75 per cent alcohol by volume	1618.00	197.83
All alcoholic beverages exceeding 4.75 per cent alcohol by volume, per hectolitre of pure alcohol in the finished product		
- Over 4.75 to 22 per cent alcohol by volume	36100.00	4413.96
- Over 22 per cent alcohol by volume	55400.00	6773.78

Source: Norwegian Directorate of Customs and Excise

Until the Second World War wine was not subject to special taxation. During the war, however, wine became also subject to excise taxation, and all excise duties on alcoholic beverages were raised substantially on several occasions both during the war and the first years after it. The tax increases were deliberate acts taken by the Parliament to restrict the use of foreign currency reserves but they were also motivated by social policy and public health objectives (Horverak, 1979). Despite some changes in the taxation system for alcoholic beverages at the end of 1950s and in connection with Norway's membership in EFTA in 1960, the main principles of the alcohol excise taxation system were upheld until the beginning of the 1990s.

The excise duty rate for beer was a fixed amount per litre in two different categories, the excise duty rate for strong beer being clearly higher than that for medium beer. The excise duty on table wines, fortified wines and distilled spirits was based partly on a fixed amount per litre in different alcohol content categories. The higher the alcohol content, the higher the duty rate. There was also an additional tax based on the value of wines and distilled spirits which implied that expensive beverages had a higher tax than cheap beverages, regardless of whether the alcohol content was the same (Horverak & Österberg, 1992). To some degree this arrangement favoured domestic beverages over imported ones.

In connection with the EEA negotiations that commenced in 1990, questions were raised as to whether the existing alcohol excise duty system functioned in a discriminating manner, and shortly thereafter the alcohol taxation system began to be altered. On July 1, 1992, a conversion of the tax system was initiated involving a reduction of the ad valorem duty applied to wines and distilled spirits and an increase in the rates of the basic excise duty. This process was completed in 1995 when the ad valorem tax on wines and distilled spirits was abolished altogether and when seven new excise duty classes for beer were introduced. Since the beginning of 1995 the excise duties on alcoholic beverages have been based only on alcohol content, resulting that the prices of the cheapest beverages in each beverage category increased while prices for the more expensive beverages decreased. By 1997, the various types of alcoholic beverages were classified in four main groups. For all groups the excise duty rate increased with alcohol content (see Holder et al., 1998, 110). In the later years the system has become even more straightforward (Table 14.2).

Despite Norway's entry into the EEA, there were little if any easing of the excise duty rates for alcoholic beverages (Horverak & Österberg, 2002). Not until later years there have been some decreases in alcohol excise duties. In 2002 the excise duty rate for alcoholic beverages over 22 per cent alcohol by volume was decreased by 15 per cent and that of beverages over 4.75 and at most 22 per cent alcohol by volume by 5 per cent mostly motivated by affecting the increased cross-border trade in alcoholic beverages.

Norway has a value added tax which remained at 20 per cent on all goods and services until 1993, when it was increased to 22 per cent. In 1995 it was raised to 23 per cent, and the current 25 per cent tax rate became effective on January 1, 2005. In 1993, Norway introduced new container regulations whereby the amount of tax on beverage containers is determined by the reuse and recycling rates. The full tax is applied to alcoholic beverage containers with return rates below 25 per cent. Containers with return rates 25 per cent and above are charged a tax inversely proportional to the return rate (Hurst, Gregory & Gussman, 1997).

Prices of alcoholic beverages

In 2000 real prices of alcoholic beverages were in Norway higher than they had been in the late 1970s. Only the real prices of fortified wines were lower reflecting the change in alcohol excise duties in 2000 when fortified wines began to be taxed in the same manner as table wines. During the last two decades real prices of beer have increased by about 35 per cent, that of table wines by about 20 per cent and that of distilled spirits by

about 10 per cent (Table 14.3). Table 14.3 also shows that the change in alcohol excise tax system in the first half of the 1990s did not lead to decreases in real prices of alcoholic beverages.

Table 14.3. Real price index for alcoholic beverages by beverage categories in Norway, 1979-2003, 1998 is 100.

Year	Distilled spirits	Fortified wine	Table wine	Beer
1979	87.2	83.7	82.2	74.0
1980	80.8	78.8	76.8	69.3
1981	90.0	97.7	87.7	76.4
1982	91.6	90.7	90.7	79.1
1983	93.4	91.7	92.7	82.2
1984	88.1	88.0	88.0	85.7
1985	84.0	86.7	86.7	86.1
1986	85.1	84.9	87.3	86.9
1987	85.7	85.8	86.7	87.0
1988	87.1	87.4	83.2	87.8
1989	89.9	86.1	85.9	87.6
1990	92.7	86.6	90.1	89.2
1991	97.7	92.8	91.3	92.0
1992	101.6	100.4	93.4	96.2
1993	98.2	100.6	96.0	97.2
1994	90.2	96.9	95.2	98.4
1995	90.5	93.4	93.0	96.1
1996	91.7	94.5	92.7	96.3
1997	95.6	96.1	95.5	97.7
1998	100.0	100.0	100.0	100.0
1999	97.1	97.9	100.4	100.1
2000	96.6	71.8	98.5	101.6
2001	96.0	70.5	101.6	100.6
2002	84.9	71.4	94.3	99.6
2003	79.2	72.5	93.0	97.9

Source: Sirius 2004, page 96; Bye, 2002, 60.

Alcohol advertisements

In Norway there is in force a total ban on the advertising of all alcoholic beverages containing more than 2.5 per cent alcohol by volume. The ban on advertising was introduced in two stages. First, from 1975 there was a ban on advertisements in newspapers, weekly magazines, journals and in other printed matters. Then, from 1977 a comprehensive ban was invoked including illuminated advertisements, poster advertisements, advertisements on restaurant fixtures and equipment.

There were, however, some minor exemptions. For instance, advertisements in foreign printed publications, which are imported into Norway are exempted from the ban. Exempted also are trade journals, and advertisements for places of sale or licensed places of refreshment. The advertising of light beer under 2.5 per cent alcohol by

volume is permitted, as according to the Alcohol Act it is not considered an alcoholic beverage (Davies & Walsh, 1983). The Alcohol Act of June 2, 1989, introduced a ban on alcohol advertising which made no real changes from the previous law. The advertising ban applies to all alcoholic beverages over 2.5 per cent alcohol by volume. The ban extends to national terrestrial broadcasts, but according to the Council Directive 89/552/EEC Norway is not allowed to censor satellite television advertisements.

The Alcohol Act from 1997 states that any kind of advertising of alcoholic beverages aimed at consumers is forbidden. The Act also contains other limitations on the advertising of beer and light wines. Advertising such products is forbidden whenever the advertisement contains or makes use of a name, name of a company, logo, slogan, or symbols which associate the advertised product with alcoholic beverages. This means that also products containing less than 2.5 per cent alcohol by volume or none at all must have a distinguishable trademark or name which separates them from alcoholic beverages. Producers are, however, allowed to state their name when advertising other products, provided that the information is given in an ordinary manner that cannot be understood as advertising of alcoholic beverages. This exception does not apply to importers and wholesalers of alcoholic beverages.

During the late 1990s several Norwegian breweries began to challenge the ban on alcohol advertising by sponsoring different sports teams and sporting events. The breweries' actions led to a lengthy legal proceeding, which ultimately resulted in the victory of the brewing industry. The ruling was, however, later overturned by the Supreme Court, maintaining the ban for alcohol advertising (Karlsson, 2001).

In July 2004, the Norwegian Consumer Council has asked the EFTA-court for a Advisory Opinion on the legality of the Norwegian advertising restrictions under the EEA agreement (Case E-4/04). The case emanates from an instance of wine advertising in a Norwegian speciality magazine for wine connoisseurs (Vinforum), and the publishers claim that the ban is disproportional. An answer from the EFTA-court is expected in spring 2005.

Education and information

Public education about alcohol and its effects plays a central part in Norwegian policy for preventing alcohol problems. Such education has been given in public schools since the 1890s. Much of this work, however, is undertaken by voluntary organisations such as the temperance movement and teetotallers' associations (Davies & Walsh, 1983).

Under the Act of 1932, temperance committees were set up in each municipality, and these committees were specifically charged with a responsibility for spreading information and for educational activities. Alcohol education is also undertaken by AKAN, the Norwegian Tripartite Committee for the Prevention of Alcohol and Drug Problems in the Workplace. The Committee was founded in 1963 by representatives from the Norwegian Confederation of Trade Unions (LO) and the Confederation of Norwegian Business and Industry (NHO). Today the committee board consists of two

representatives from LO, two from NHO and one from the Ministry of Social Affairs. These parties are financing the activities of the AKAN.

AKAN's activities are based on the collaboration between employers and employees in the field of work, and its main objective is to contribute to the prevention and solving of alcohol and drug problems in Norwegian enterprises. According to AKAN's statutes, the aim is to:

- Prevent alcohol and drug problems in Norwegian enterprises.
- Provide help and assistance for employees having developed a substance problem.
- Through its work and activities, AKAN aims at qualifying employees and employers for constructive collaboration when encountering the challenges of alcohol and drug problems in the workplace.

To promote an alcohol-free lifestyle, the authorities, both at local and national level, have given considerable financial support to temperance and the anti-drug organisations. A fund for alcohol-free hotels and serving places gives loans at an interest considerably below market level. There is also a national provision for financial contributions to people, organisations or municipalities which plan to establish alcohol-free restaurants, dance halls, public serving places and other arrangements such as rock clubs aimed at young people.

Drunk driving

The drunk driving regulations in Norway are without doubt some of the strictest in the whole world. Legislation to deal with drunk driving in Norway goes back to 1912 when the Motor Vehicle Act obliged the driver of a motor car to remain sober while driving. In 1926 driving under the influence of alcohol was punished with a fine whereas the punishment for drunk driving was imprisonment. However, the Act of 1926 contained no provision on how it was to be proved that the driver in question was driving under the influence of alcohol or drunk.

In 1930 another Motor Vehicle Act was passed which gave police the powers to subject a person suspected of having driven a motor vehicle while under the influence of alcohol to a medical examination. It was, however, not until 1936 that a blood alcohol concentration (BAC) in excess of 0.05 per cent was introduced in the Norwegian Road Traffic Act. The BAC limit of 0.05 per cent was in force for the rest of the century.

The BAC limit in Norway has always been enforced quite effectively. On conviction for a first offence of driving above the permitted BAC, suspension of driving licence and/or imprisonment is usual. Random breath testing is carried out frequently (Harkin, 1995). Prior to September 1988, any motorist convicted with exceeding 0.05 per cent blood alcohol level received an unconditional sentence of at least 21 days of imprisonment, plus a loss of licence for a period of time which varied according to whether he or she was a first-time or repeat offender. Prosecutions for driving under the influence of alcohol or drugs have fluctuated in the broad range of 6,300 to 7,400 between 1975 and

1993, a period in which the number of cars in Norway doubled (Hurst, Gregory & Gussman, 1997).

Changes introduced in September 1988 varied the sentence in line with the blood alcohol level and removed the requirement for a mandatory jail term for a blood alcohol level of 0.05 per cent (Hurst, Gregory & Gussman, 1997). The law required a fine and a suspended sentence for driving with blood alcohol levels of between 0.05 and 0.1 per cent; a fine, suspended sentence or jail sentence if the reading is between 0.1 and 0.15; and a jail term for levels above 0.15 per cent. The minimum mandatory jail term has also been reduced from 21 days to 14 days. In January 1, 2001 Norway lowered the BAC limit to a level of 0.02 per cent.

Administrative structure of treatment for alcoholism

Traditionally, health services for people with alcohol and drug problems in Norway have been organised separately from the ordinary health and social services. Special institutions for people with alcohol problems have existed for 90 years, and a special law regulated these activities. Originally the focus was on alcohol problems only, but during the 1950s legislation was amended to include drugs.

Since 1985 the nation-wide alcohol abuse treatment system became the responsibility of county authorities. The county may, however, decide to buy treatment services from facilities run by private organisations. Primary health and social services are the responsibility of the municipality.

Thus, the major objective of developing treatment and rehabilitation programmes for substance abusers in Norway has been to have a comprehensive treatment system based on county and municipal responsibilities. To get into treatment paid by the county the client normally has to go through the municipal social service. However, there are also several private commercial institutions, mainly based on a 12-step treatment philosophy, mainly used by clients whose treatment is privately funded.

The main principle in Norway is that of voluntary treatment. However, from 1993 it has been possible to use compulsory treatment for substance abusers limited to a period of 3 months. The Act on Execution of Punishment provides for transference of addicts from prison to treatment institution. This can be used as a condition for suspended sentences.

The establishment of outpatient services has recruited new groups of clients. These are often people at risk of developing alcohol problems, but are still socially relatively stable. The family is now viewed as a single unit requiring treatment. The entire family, not only the problem drinker, must change if lasting improvements are to be achieved. Growing concern has also been given to children of problem drinkers. The therapeutic necessity of sometimes having to treat the entire family had led to the idea of transforming some of the alcohol treatment units into family treatment units.

Cooperation between treatment centres and self-help groups has increased. Most inpatient units have developed special services for women with alcohol-related problems.

Summary

In 2003 the level of alcohol consumption in Norway was the lowest in Europe. However, this has not always been the case as in the mid-eighteenth century alcohol consumption in Norway was at least twice the current level. At that time Norway was clearly a spirits drinking country whereas Norwegians nowadays clearly favour beer over distilled spirits. Also the consumption of wine has increased during the last decades.

Norway has probably had the most restrictive alcohol policy in Europe during the twentieth century. The main objective of the Norwegian alcohol policy has been to minimise alcohol-related health and social problems. The principal policy instruments adopted to control the misuse of alcohol included comprehensive state alcohol monopoly, a licensing system based on local issuing of licences, and high alcohol taxes in order to keep up the prices of alcoholic beverages.

During the study period alcohol control has become less stringent in Norway. The number of Vinmonopolet stores has increased as well as the number of restaurants and age limits have been lowered just to mention a few changes increasing alcohol availability. On the other hand alcohol excise duties have constantly been kept on a high level, the BAC level has been lowered and as late as in 1993 strong beer was moved away from grocery stores to be sold only in off-premise retail monopoly stores. As a consequence Norway even nowadays has the most stringent alcohol control system in the ECAS countries. Also the temperance movement is still today quite strong and will be heard in making alcohol policy decisions. Despite all this there are even in Norway strong domestic factors wanting to have a more liberal alcohol policy and better customer service. This pressure means that Vinmonopolet will even in the future open many more new outlets and change the existing outlets to self-service stores and try also otherwise to give its customer better service. This policy is partly self-defending as too stringent alcohol availability through monopoly stores would mean even louder demands for abolishing the last piece of the former comprehensive alcohol monopoly system.

Norway is not a member of the EU but has joined the EEA agreement. Therefore, Norway was in a way a control country in the ECAS study with regard to the effects of EU membership. It can be seen that also in Norway a deeper European economic integration has moulded the alcohol control system. In 1996 Norway was forced to give up its monopoly on import, export and wholesale monopolies. Production monopoly on distilled spirits were given up only in 2002. On the all Norway has been able to keep its border control and strict travellers' allowances for alcohol import. Still today a Norwegian returning home from Sweden or some other EU member country can legally only bring with him or her 1 litre of spirits or 2 litres of wine and 2 litres of beer without paying taxes which makes it much more easy to keep excise duties on high levels than the common EU practice.

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