Foreign Agricultural Service
GAIN Report
Global Agriculture Information Network

Voluntary Report - public distribution

Date: 7/3/2001

GAIN Report #SW1010

Sweden

Wine

Sweden Moves to Ease Impediments to Wine Sales

2001

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Report Highlights:
The Swedish Ministry of Finance has proposed that the alcohol tax on wine be reduced by SEK 5 per liter as of December 1, 2001. Currently, Sweden is taxing wine at a higher rate than beer, and has formally been asked by the European Commission to change its discriminating tax regime.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Stockholm [SW1], SW

On June 20, 2001, the Ministry of Finance proposed to the Swedish Parliament that the alcohol tax on wine be reduced by SEK 5 per liter (from the current SEK 27.20 per liter to SEK 22.80). The final decision has to be made by Parliament - - which is out of session for the summer. The earliest the decision from Parliament can be expected is in October and the new law is expected to come into force on December 1, 2001. There has been criticism of the recommendation by those who feel the reduction proposed is too small. Some say the wine tax should be reduced by at least SEK 10 per liter in order to put Sweden more in line with the rates charge by other EU countries.

On June 12, 2001, the European Commission formally asked Sweden to stop taxing wine -- most of which is imported -- at a higher rate than beer, most of which is produced locally. EU rules forbid members from imposing higher taxes on products from other countries than on competing domestic products. According to the European Commission, Sweden is violating this prohibition. If Sweden doesn't change its discriminating tax regime in two months, the Commission may refer the matter to court. To avoid a lawsuit, the Swedish Government is now recommending a reduction of the wine tax.

The Swedish Government managed to retain its monopoly on the retailing of wines and spirits when it acceded to the EU in 1995, but had to relinquish its monopoly on importing, wholesale sales and production of wines and spirits. Restrictions on the sale of alcohol in Sweden, including limited opening hours of the State-run liquor stores, have been an important part of the Government's social and health policy. But, because of more people traveling abroad and the need to conform to EU standards, Sweden's strict rules have been challenged in recent years. As a result, self-service shopping has been introduced and shopping hours extended. Also, as of July 7, 2001, the nation-wide liquor stores will be permitted to open for sales on Saturdays.

The United States is the seventh largest exporter of table wines to Sweden after Spain, Italy, France, Germany, Chile and Australia. However, with the strong dollar and strong competition from other "New World" countries, U.S. market share has dropped from 5.1% in 1999 to 4.3% in 2000, and sales of U.S. wines decreased from USD 15 million to USD 12 million. Although EU suppliers still dominate, wines from the "New World" are growing in popularity and good market opportunities exist for good quality U.S. wines.