

Principal impacts

General

The production, sale and marketing of alcoholic beverages generates over 1 billion of tax revenues for the society, billions of business income for various businesses and labour income for people involved in the production, sale and marketing of alcohol. However, alcohol consumption costs billions of euros directly and indirectly for the society, businesses and individuals. According to Statistics Finland's structural and financial statistics on companies, the manufacture of alcoholic beverages directly employed approximately 2,200 people in 2024.

The proposal would have a positive economic impact on companies producing alcoholic beverages, as more and more companies would be allowed to sell their products directly to consumers from the place of production. The proposal would benefit, for example, small distilleries, which would be able to sell the spirits they produce in shops located at their production sites. For small distilleries, the change would be particularly significant in relation to the current situation, as small distilleries have currently been able to sell their products directly to consumers mainly only through Alko. A small number of brewers or other producers of alcoholic beverages who have not fulfilled the conditions laid down by the law in force for a retail licence for craft beer or farm wine would also immediately benefit from the proposal. The proposal would also benefit holders of retail licences for farm wine and craft beer under the current law, as the proposed law would abandon the definitions of farm wine and craft beer, which are currently very strict. The definitions of farm wine and craft beer under current law list, for example, the permitted ingredients that may be used in the product, meaning that the farm wine exemption does not currently apply to wines made from grapes. In future, producers of farm wine could also sell grape wines from their production sites. As Finland is not an EU wine-producing country, grape wine produced here cannot be called wine under EU legislation. Instead, these alcoholic beverages must be referred to as mild alcoholic beverages produced by fermenting grapes, for example. However, the Government Programme of Prime Minister Petteri Orpo's Government contains a record of Finland's application to the EU list of wine-producing countries. Preparations for this project are underway at the Ministry of Agriculture and Forestry. The proposal would not put foreign operators at a disadvantage vis-à-vis domestic operators, as foreign operators would be allowed to sell their products under the distance selling procedure provided for in the bill currently under discussion in Parliament (Government proposal 131/2025).

The proposal would improve the operating conditions of domestic alcohol producers by expanding sales channels and enabling entirely new operators,

such as small distilleries, to sell the products they manufacture directly from their production sites with a retail license. The proposal particularly promotes rural and regional tourism and strengthens the vitality of rural areas. The proposal would enhance the ability of small alcohol producers to offer more diverse tourism, visitation, and service concepts at their production sites. The proposal would improve consumers' purchasing opportunities and freedom of choice, as in the future, consumers could buy alcoholic beverages produced on-site at the conclusion of a visit to the production facility. The proposal supports the local economy surrounding small-scale alcohol producers.

The proposal would probably not have a significant impact on the total consumption of alcohol in Finland. The retail sale of alcoholic beverages at the place of production represents a very small part of the total sales of alcohol in Finland. In 2024, around 770,000 litres of alcoholic beverages were sold at retail outlets allocated to the place of production of alcoholic beverages. This represents approximately 0.1 per cent of total sales of alcoholic beverages in Finland.

The proposal would weaken Alko's monopoly position, as production sites would currently only be allowed to sell alcoholic beverages that fall within Alko's monopoly. This could to some extent affect Alko's market share and perceptions of the legitimacy of Alko's monopoly. On the other hand, the proposed right for alcohol producers to sell their products on-site would still differ in nature from traditional retail sales, and most likely only a very small portion of all alcoholic beverages over 5.5/8.0 percent would be sold directly from production sites. This would mitigate the negative impacts that the proposal might have on Alko's position.

Economic impact

Impact on public finances

The bill would not have a significant impact on public finances. For example, the proposal would not have significant effects on the state's revenue from alcohol taxes. Although the proposal would promote business activities related to the production of alcoholic beverages, the change would be minor from the perspective of the national economy. The proposal would also not have significant employment effects. The impacts of the proposal would primarily target small-scale alcoholic beverage producers. Small-scale alcohol producers directly employ a few hundred people annually.

Effects on Alko's position

The proposal suggests that in the future, alcoholic beverage producers whose annual production falls below a certain threshold would have the right to sell

alcoholic beverages, currently under the monopoly, directly from their production sites. Under existing law, it has already been possible to sell small-scale wines and craft beers from production sites, but the proposal would expand this right so that, in the future, the on-site sales right would apply to all types of alcoholic beverages, provided the conditions set out in the law are met. As a result of the proposal, Alko's monopoly would be narrowed, which could affect Alko's market share and perceptions of the legitimacy of its monopoly. On the other hand, the proposed on-site sales right for alcoholic beverage producers would still differ in nature from traditional retail sales, and only a very small portion of alcoholic beverages over 5.5/8.0 percent would be sold directly from production sites. This would reduce the impact of the proposal on Alko's position.

For alcoholic beverages with an alcohol content above 5.5/8.0 percent, producers would only be allowed to sell products that they themselves have manufactured on-site. In addition, a condition for the retail sales right would be that a typical portion of the production has taken place at the production site. The purpose would be to ensure that retail sales are not carried out, for example, at facilities where only bottling of alcoholic beverages produced elsewhere takes place. Thus, the retail license for alcoholic beverage producers would apply only to operators who genuinely participate in the production process of the alcoholic beverage. In principle, the activity would not involve the sale of inexpensive alcoholic beverages; the products sold would typically be higher-priced specialty items. Furthermore, since producers would only be able to sell products they have manufactured on-site, the range of products would be considerably more limited than, for example, the selection available in an Alko store. Sales would also be tied to the production site, and alcoholic beverages with an alcohol content above 5.5/8.0 percent could not be delivered to customers. Customers who purchase products would typically visit the production site for the experience and tourism, and would likely not buy large quantities of alcohol from the sites.

As of April 25, 2025, there are 215 production sites in Finland, so the number of retail sales locations would be limited. The number of retail outlets associated with production sites would be further restricted by the fact that monopoly-regulated products could only be sold at a single production site per license holder. The number of production sites would also be limited compared to Alko's store network, as Alko has 360 stores and 108 pick-up points complementing the store network. Taking into account the requirements for obtaining a manufacturing license, such as necessary production equipment and obligations related to operations, including license and supervision fees, the number of license holders is not expected to increase significantly solely as a result of the changes proposed in the proposal. In 2024, around 770,000 litres of alcoholic beverages were sold at retail outlets allocated to the place of

production of alcoholic beverages. This represents only about 0.1 percent of the total alcoholic beverage sales in Finland. Although the proposal would increase the number of retail sales locations to some extent, the share of alcohol sold directly from production sites would still presumably remain very small.

Even though sales from production sites are expected to be relatively minor, they could have some impact on Alko's sales. Alcoholic beverages purchased from production sites would likely replace comparable products bought from Alko. The effect could be particularly noticeable at Alko outlets located near a production site that engages in on-site sales. It is possible that producers may not see a need to supply alcohol to the nearby Alko store, or that customers may no longer purchase these products from that Alko, but instead from the production site. If a production site were located, for example, in a city centre, it could attract customers other than tourists or travellers. However, the annual sales of alcoholic beverages by producers would be limited so that the sale of alcoholic beverages with an alcohol content above 5.5/8.0 percent could not exceed 25,000 liters of pure alcohol per calendar year. This is a lower amount than the average annual sales of a single Alko store, which is approximately 30,000 liters of pure alcohol. For most operators, however, sales volumes would likely be considerably lower than the 25,000-liter maximum sales limit mentioned above.

The Government Programme of Prime Minister Petteri Orpo's administration has several objectives in relation to the alcohol market. The Act amending sections 17 and 26 of the Alcohol Act (HE 7/2024) entered into force on 10 June 2024. As a result of the legislative change, the sale of fermented alcoholic beverages with an alcohol content of 5.6–8.0 percent was liberalized for grocery stores. The law reform, which came into force in June 2024, appears to have significantly shifted Alko's sales to retail stores. Based on a study carried out by the Finnish Competition and Consumer Authority, in summer 2024 the sales of wines and spirits appear to have decreased more than in early or previous years. This could indicate that the 2024 reform has also reduced the sale of non-liberalised products in Alko¹.

The government proposal on the delivery, cross-border distance sales, and marketing of alcoholic beverages (Government proposal 131/2025 vp) was submitted to Parliament on September 25, 2025, and is currently under parliamentary consideration. The proposal includes an assessment of its impact on Alko's position. It is noted in the proposal that the more popular distance sales become, the more they weaken Alko's market share. The potential reduction in Alko's sales and the popularity of distance sales will likely be

¹ FCCA: When deciding on the liberalisation of wine sales, the future of strong sales, leaflet of 18 March 2025, <https://www.kkv.fi/ajankohtaista/tiedotteet/kkv-viinien-myyntin-vapauttamisesta-paattettaessa-on-ratkaistava-myos-vakevien-myyntin-tulevaisuus/> must also be resolved.

influenced by the extent to which taxes are paid on alcoholic beverages. If the appropriate taxes are paid in distance sales, the price of alcoholic beverages would not differ significantly from that of alcohol purchased in Finland. The proposal assesses that allowing distance sales for monopoly-regulated products could, to some extent, shift Alko's sales toward distance sales. On the other hand, permitting distance selling of monopoly products weakens the grounds on which the monopoly has been justified.

Proposals based on Prime Minister Petteri Orpo's Government Programme can be seen to have synergies, especially with the position of Alko. When viewed as a whole, the proposals affect the scope of the monopoly, the justification for Alko's role, and Alko's sales. Notwithstanding the amendments to the Act, Alko would continue, for the purpose of reducing the harms referred to in section 1 of the Act, to retain, subject to the exceptions laid down in section 6, the exclusive right to engage in the retail sale of alcoholic beverages. Although the combined effects on Alko's position would be weakening, Alko would nevertheless continue to have public-health grounds for its existence. In the future as well, the majority of alcoholic beverages with an alcohol content exceeding 5.5/8.0 percent would be sold through Alko. Through the monopoly, it would remain possible to effectively control the sale and availability of alcoholic beverages stronger than 5.5/8.0 percent and thereby safeguard public health.

The monopoly's credible public-health justification is also significant from the perspective of EU law, as a retail monopoly on alcoholic beverages has been considered acceptable on the grounds of protecting public health. If the scope of the monopoly were to shrink so much that it would no longer credibly protect public health, it could be possible for the justification of the monopoly to be challenged as being contrary to EU law. Since the monopoly on the retail sale of alcohol was agreed upon at the time of Finland's accession to the EU, and since Article 37 TFEU nevertheless allows for the existence of monopolies, the threshold for challenging the monopoly from the point of view of EU law would probably be high.

Impact on companies

The legislative amendment would have business-promoting effects, as it would allow manufacturers of alcoholic beverages to sell the products they manufacture more extensively than at present directly from their production sites. For example, the reform would have a significant impact on manufacturers of spirits, as under the current legislation the retail sale of spirits is permitted exclusively to Alko, subject to certain exceptions relating to international transport. In Finland, 215 licences for the production of alcoholic beverages are currently in force (situation as at 28 April 2025). A manufacturing licence is granted per production site, meaning that a single

company manufacturing alcoholic beverages may hold several manufacturing licences. A total of 117 retail licences granted in connection with alcoholic beverage production sites are currently in force (situation as at 8 December 2025), of which 72 concern the retail sale of craft beer and 33 concern the retail sale of farm wine. A retail licence for farm wine and craft beer also permits the sale of alcoholic beverages other than those produced by the licence holder, provided that they are fermented alcoholic beverages with an alcohol content not exceeding 8% or alcoholic beverages produced by other methods with an alcohol content not exceeding 5.5%. A total of 12 separate retail licences are currently in force that authorise the sale from production sites of fermented alcoholic beverages with an alcohol content not exceeding 8% and of other alcoholic beverages produced by other methods with an alcohol content not exceeding 5.5%. Under such a licence, the production site may also sell alcoholic beverages other than those produced by the licence holder, provided that they are fermented alcoholic beverages with an alcohol content not exceeding 8% or other alcoholic beverages produced by other methods with an alcohol content not exceeding 5.5%.

In 2024, a total of 184 companies manufactured alcoholic beverages in Finland. The proposal would have immediate positive effects on those alcoholic beverage manufacturers who, under the current regulatory framework, have not been able to sell the alcoholic beverages they produce directly to consumers from their production sites, provided that they meet the conditions laid down in the Act for the extended on-site retail right. The extended on-site retail right would be limited to operators whose total annual production does not exceed 100,000 litres of alcoholic beverages, expressed as pure alcohol. Table 2 presents the quantities of alcoholic beverages of different strengths that correspond to the proposed annual production limit.

Table 1. *Quantities of beverages by alcohol strength corresponding to 100,000 litres of pure alcohol*

Alcohol content	Max. volume of beverages in litres	In 0.33 l packages (units)	In 0.5 l packages (units)	In 0.75 l packages (units)
5.5 %	1,818,182	5,509,642	3,636,364	2,424,242
8 %	1,250,000	3,787,879	2,500,000	1,666,667
12 %	833,333	2,525,253	1,666,667	1,111,111
13 %	769,231	2,331,002	1,538,462	1,025,641
15 %	666,667	2,020,202	1,333,333	888,889
20 %	500,000	1,515,152	1,000,000	666,667

40 %	250,000	757,576	500,000	333,333
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The extension of the on-site retail right would particularly concern small distilleries, as distilleries have not previously had the opportunity to sell the spirits they produce directly to consumers from their production sites. The reform would also increase the annual production threshold for manufacturers covered by the extended on-site retail right in relation to the annual production limits currently laid down in the law for farm wine producers and craft breweries. Under the current legislation, craft breweries producing up to 500,000 litres of alcoholic beverages per year may sell craft beers containing up to 12% alcohol by volume directly to consumers from their production sites under a retail licence. The same right applies to farm wine producers, who may obtain a retail licence for berry and fruit wines containing up to 13% alcohol by volume. For farm wine producers, the annual production limit under current law is 100,000 litres of alcoholic beverages. The reform would also benefit certain breweries whose production currently exceeds the maximum production limit set for craft breweries but whose annual production remains below the proposed annual production limit for the extended on-site retail right. An increase in the annual production threshold would also benefit those current farm wine and craft beer producers covered by the relevant exceptions who aim to grow and raise their annual production above the currently permitted limits. The removal from the law of the requirement for farm wine producers and craft breweries to be economically and legally independent would benefit, for example, some larger operators with multiple production sites. A large operator could, for instance, through corporate arrangements, obtain a retail licence for a production site in the future, provided that the other conditions set out in the law for the small producer exception are met. The proposal would also allow alcoholic beverage manufacturers engaging in contract (licensed) production to benefit from the extended on-site retail right, provided that the other statutory requirements are met. The removal of the requirements regarding economic and legal independence, as well as the prohibition on contract production, would immediately benefit an estimated small number of alcoholic beverage manufacturers who would then fall within the scope of the extended on-site retail right. In addition, the reform would benefit farm wine and craft beer producers who also produce other alcoholic beverages with an alcohol content exceeding 5.5%/8.0%. For example, it would be possible to sell wines made from grapes.

The annual retail sales from production sites of alcoholic beverages produced by manufacturers covered by the extended on-site retail right would be limited. In other words, from a production site, no more than 25,000 litres of alcoholic beverages expressed as pure alcohol could be sold per calendar year, including fermented beverages exceeding 8% alcohol by volume and other alcoholic

beverages exceeding 5.5% alcohol by volume. Table 3 presents the quantities of alcoholic beverages of different strengths corresponding to the proposed maximum annual sales volume.

Table 2. *Quantities of beverages by alcohol strength corresponding to 25,000 litres of pure alcohol*

Alcohol content	Max. volume of beverages in litres	In 0.33 l packages (units)	In 0.5 l packages (units)	In 0.75 l packages (units)
5.5 %	454,545	1,377,410	909,090	606,060
8 %	312,500	946,969	625,000	416,666
12 %	208,333	631,313	416,666	277,777
13 %	192,308	582,750	384,615	256,410
15 %	166,667	505,050	333,333	222,222
20 %	125,000	378,787	250,000	166,666
40 %	62,500	189,393	125,000	83,333

The group of alcoholic beverage manufacturers that would benefit immediately from the proposal would be limited and consists of relatively small operators. In 2024, a total of 184 companies produced alcoholic beverages in Finland. The reform could also attract new operators to the sector. The proposed extension of the on-site retail right would be linked to a retail licence granted in connection with, or in the immediate vicinity of, the production site; in other words, the extended on-site retail right for alcoholic beverage producers would require both a manufacturing licence and a retail licence. Taking into account, on the one hand, the requirements for a licence to manufacture alcoholic beverages, such as the need for the applicant to have sufficient competence and appropriate premises and equipment to ensure product safety and quality, and, on the other hand, the obligations related to the production of alcoholic beverages, such as licence and supervision fees, it is considered unlikely that the reform alone would significantly attract new operators to the sector. During 2025, a total of 11 manufacturing licences for alcoholic beverages have been granted so far (situation as at 27 November 2025). In 2024, a total of 15 manufacturing licences for alcoholic beverages were granted. In addition, some

companies that currently manufacture, for example, beers, ready-to-drink beverages, or other alcoholic beverages could expand into spirits production if small distilleries were allowed in the future to sell the products they manufacture directly to consumers from their production sites.

The proposal would promote equal treatment of alcoholic beverage manufacturers with regard to on-site sales. Previously, retail sales from the production site have only been possible for all manufacturers for fermented alcoholic beverages with an alcohol content of up to 8% and for other alcoholic beverages produced by other methods with an alcohol content of up to 5.5%. In addition, craft breweries have been able to sell craft beers containing up to 12% alcohol by volume from their production sites, and farm wine producers up to 13% alcohol by volume. In the future, other alcoholic beverage manufacturers, such as small distilleries, would also be able to sell the products they manufacture directly from the production site.

On-site retail sales represent a significant share of total sales for some operators, particularly small alcoholic beverage producers. Approximately half of the production sites for alcoholic beverages hold a retail licence that allows products to be sold directly to consumers from the production site. Alcoholic beverage manufacturers and wholesalers regularly report to Valvira information on the alcoholic beverages they produce as well as those sold at wholesale. These data have been used to make a rough estimate of the share of alcohol produced by manufacturers that is sold through on-site retail. However, the data also partly include alcoholic beverages not produced by the reporting manufacturer, as a manufacturer may, under a retail licence granted in connection with the production site, also sell fermented alcoholic beverages containing up to 8% alcohol by volume and other alcoholic beverages containing up to 5.5% alcohol by volume produced by other manufacturers. The share of these beverages in total on-site retail sales is, however, estimated to be small. Based on data obtained from Valvira, on-site retail sales are particularly significant for farm wine producers.² In 2024, for approximately half of the farm wine producers holding a retail licence, the share of alcohol sold from the production site accounted for at least half of total production. For craft breweries, the share of production sold on-site is considerably smaller than for farm wine producers, but still significant for the majority of craft breweries. Craft breweries have relatively easier access to other retail channels compared with farm wine producers, as beers with an alcohol content of up to 8.0% can also be sold, for example, in grocery stores. According to Valvira's data, in 2024, for half of the craft breweries holding a retail licence, on-site retail sales accounted for at least 10% of total production.

²The comparison presented regarding farm wine producers is imprecise, as farm wine is often produced and sold in different years. Consequently, the quantity of alcoholic beverages produced during a given year is not fully comparable with the quantity sold on-site in the same year.

A significant proportion of the distilleries currently operating in Finland would probably start selling their spirits immediately if legislation allowed them to do so. There are currently about 50 distilleries in Finland, of which, based on production data for 2024, a maximum of five annual production would exceed the annual production limit of the extended right to sell off in the proposal. Some small distilleries already sell craft beers or farm wines from their production sites, so the change would only mean expanding the selection of the shop connected to the production site to include spirits. The possibility of selling products directly from the place of manufacture could help alcohol producers to build their brand and market their products abroad, as foreign tourists would be able to purchase spirits at the place of manufacture after visiting the premises. For a large proportion of small distilleries, on-site retail would likely constitute a significant share of total beverage sales. As with farm wine producers, small distilleries can generally sell their products directly to consumers outside the production site only through Alko.

Reporting annual production volumes to the Finnish Supervisory Agency could create additional work for alcoholic beverage manufacturers compared with the current situation. Currently, the production volume is reported to the supervisory authority in litres of alcoholic beverage. Most manufacturers would likely need to report production in terms of pure alcohol solely for supervisory purposes. This could slightly increase the administrative burden on companies from supervision. However, overall, the proposal would reduce regulation of the retail sale of alcoholic beverages.

The proposal could have minor positive effects on the tourism and hospitality sectors. With the extension of the on-site retail right, visitors would have the opportunity to purchase alcoholic beverages produced on-site more widely than at present. The possibility of on-site sales could attract more visitors to production sites and facilitate the development of tourism activities at these locations. Some licence holders already cooperate with various tourism operators. Such cooperation involves, for example, local and regional tourism organisations, event and tour operators, as well as accommodation and restaurant businesses. If manufacturers were to expand their activities at production sites, this could also increase local demand for a range of accommodation, restaurant, and recreational services.

Impact on the activities of public authorities

The proposal would increase the workload and costs for the supervisory authority of the Alcohol Act, namely the National Supervisory Agency, as more alcoholic beverage manufacturers could start selling alcoholic beverages from their production sites than under the current system. The supervisory authority would be responsible for ensuring that, with respect to beverages containing more than 5.5%/8.0% alcohol by volume, manufacturers only sell products they

have produced themselves and only within the permitted annual quantity. In addition, the authority would need to ensure compliance with retail regulations, such as prohibitions on sales to certain persons and restrictions on sales times.

Monitoring the calculation of manufacturers' annual production and on-site sales limits could be somewhat challenging in practice, as calculations would be based on quantities converted to pure alcohol. Supervisory challenges could also arise if manufacturers are unable to estimate annual production in advance, or if the annual production limit is exceeded during the year. On the other hand, supervision would be facilitated by the fact that the new regulatory framework for alcoholic beverage manufacturers would be simpler than the current law's exceptions for farm wine and craft beer. The conditions imposed on farm wine and craft beer producers have been complex, which has increased the need for guidance and advisory services for operators. The new small-producer exception would be more straightforward, as it would apply to operators producing all types of alcoholic beverages. In the future, supervision would not need to focus separately on, for example, the ingredients used in products sold on-site.

Although the changes proposed in the draft would increase the workload at the National Supervisory Agency, the number of holders of manufacturing licences is limited. There are currently approximately 215 production sites, of which 117 already engage in on-site retail sales. The legislative proposal is not expected to significantly increase the number of alcoholic beverage manufacturers, as the expansion of activities would likely concern primarily operators already subject to licensing. The National Supervisory Agency has previously supervised on-site alcohol sales, so this would not be an entirely new task.

The proposal does not suggest allocating additional appropriations to the supervisory authorities. Supervision and other tasks, such as the processing of licences, could be carried out within the framework of existing staff resources and appropriations, as well as with revenue from licence and supervision fees.

Impact on the situation of households and consumers

The proposal would benefit consumers who visit the production sites of alcoholic beverage manufacturers. Currently, many manufacturers have a restaurant and/or bar at their production site where alcoholic beverages can be served to customers. In addition, manufacturers can sell certain alcoholic beverages they produce directly to customers from their production sites under a retail licence. Depending on the type of retail licence, current law allows the sale of fermented alcoholic beverages with up to 8% alcohol by volume and other alcoholic beverages with up to 5.5% alcohol by volume, or the sale of farm wine containing up to 13% alcohol or craft beer containing up to 12% alcohol. The proposal would allow, for example, producers of spirits to sell the spirits they produce directly to customers from an on-site shop. The reform

would thus facilitate access for consumers who wish to purchase alcoholic beverages during a visit to the production site. This is particularly relevant for production sites located in rural areas, where the nearest Alko store may be several tens of kilometres away. Under the proposal, consumers would no longer need to travel separately to an Alko store to purchase, for example, spirits, but could instead buy a bottle directly from the manufacturer.

Other effects on people and society

Impacts on wellbeing and health

The consequences of alcohol consumption can be acute harms associated with single-use consumption or chronic harms related to continuous use. In addition to health harms, alcohol consumption can also lead to various social problems, such as child neglect, conflicts, and financial or work-related difficulties. Heavy alcohol consumption can result in both psychological and physical dependence on alcohol.

The proposal is not expected to affect overall alcohol consumption or patterns of risky or binge drinking in Finland; therefore, its impact on the health and well-being of the Finnish population would likely be minor. Alcoholic beverages purchased from small producers would typically be higher-priced specialty products. Very few consumers purchase the majority of the alcohol they consume directly from an on-site retail outlet at a production site.

Impact on regional development and rural areas

Tables 4 and 5 present the distribution of manufacturing licences for alcoholic beverages by region and according to Statistics Finland's classification of municipalities by urbanisation. A single production site may hold manufacturing licences for multiple types of alcoholic beverages; therefore, a production site may appear in several cells in the table. In the municipal classification, municipalities are divided into urban, densely populated, and rural municipalities based on the share of the population living in urban settlements and the population of the largest urban settlement.

The proposal would not have significant effects on regional development or rural areas, but its impacts could differ between regions or between rural and urban areas. The majority of alcoholic beverage manufacturers are located in urban municipalities. Among the regions, the highest number of alcoholic beverage manufacturers is found in the three most populous regions: Uusimaa, Pirkanmaa, and Southwest Finland. Next, the highest numbers of manufacturing licences are found in Päijät-Häme and South Ostrobothnia. Among the large regions by population, North Ostrobothnia has relatively few alcoholic beverage manufacturers. In general, alcoholic beverage manufacturers are concentrated in Southern and Central Finland, whereas Northern Finland has relatively few producers. The next highest number of

alcoholic beverage manufacturing licences are in Päijät-Häme and South Ostrobothnia.

Operators producing alcoholic beverages through distillation are, according to Table 4, more frequently located in rural municipalities than producers of other types of beverages. The proposal's most significant effects would therefore be on distilleries, as distilleries have not previously had the opportunity to sell the products they produce directly to consumers from the production site. In addition, customers visiting production sites in rural areas are estimated to be more often tourists than in urban areas. Although the proposal would increase opportunities for the development of tourism activities for alcoholic beverage manufacturers in both urban and rural areas, it can be assessed that tourism generally has greater significance for the business of manufacturers in rural areas. In this respect, the proposal can also be seen as supporting the vitality of rural areas.

Table 3. *Manufacturing licences for alcoholic beverages, distributed according to the urbanisation classification of the municipality where the licence was granted. Source: Alcohol business register, valid alcohol licences. As at 21 November 2025*

	Preparation of alcoholic beverages by mixing	Brewery	Bottling	Production of fruit wine and cider	Distillery	Any alcoholic beverage manufacturing licence
Urban municipalities	80	100	17	74	22	128
Densely populated municipalities	30	20	2	26	11	41
Rural municipalities	28	23	2	22	17	43

Table 4. Licences for the production of alcoholic beverages by province. Source: Alcohol business register, valid alcohol licences. As at 21 November 2025.

	Production of alcoholic beverages by mixing	Brewery	Bottling	Production of fruit wine and cider	Distillery	Any alcoholic beverage manufacturing licence
Åland	5	3	0	6	1	7
South Karelia	1	1	1	1	1	3
South Ostrobothnia	10	7	1	6	4	12
South Savo	6	4	0	6	1	8
Kainuu	1	1	0	1	0	2
Kanta-Häme	6	7	0	7	2	8
Central Ostrobothnia	1	2	0	2	0	2
Central Finland	3	6	0	2	2	7
Kymenlaakso	6	4	0	5	1	7
Lapland	5	5	1	4	3	7
Pirkanmaa	11	15	3	11	5	18
Ostrobothnia	4	5	0	4	1	9
North Karelia	7	2	2	5	6	8
Northern Ostrobothnia	3	5	1	1	1	6
North Savo	9	8	3	8	1	10

Päijät-Häme	11	14	3	9	2	14
Satakunta	4	3	0	5	1	5
Uusimaa	30	38	4	24	11	53
Southwest Finland	15	13	2	15	7	26

Compatibility with EU law

Assessment in the light of Articles 34 and 36 TFEU

The law would be amended so that a greater number of alcoholic beverage manufacturers would have the right to sell directly to consumers from their production sites fermented alcoholic beverages containing more than 8.0% alcohol by volume and other alcoholic beverages containing more than 5.5% alcohol by volume. Under the proposal, manufacturers would also have the right to sell products that have hitherto fallen within Alko's exclusive rights.

The Court of Justice of the European Union (CJEU) has assessed the EU-law compatibility of the farm wine exception in its judgment in case C-198/14, *Visnapuu* (see further subsection 2.1.2, "Exceptions for farm wine and craft beer under the Alcohol Act in case law"). In that judgment, the CJEU found that the farm wine exception linked to the production site constitutes a restriction on the free movement of goods under Article 34 TFEU, but left it to the national court to assess whether the exception could be justified under Article 36 TFEU. The CJEU highlighted that, for the assessment of the permissibility of the farm wine exception, it was relevant that the activity was limited, traditional, and craft-based. Although the CJEU has previously taken a position on the assessment of the farm wine exception's compatibility with EU law, it is noteworthy that the legal situation regarding distance sales has since been clarified and changed. For this reason, the reasoning in that judgment does not fully apply when assessing the present proposal.

In the Government proposal currently under consideration by Parliament (Government proposal 131/2025 vp) to amend the Alcohol Act, unambiguous provisions on distance sales would be included in the law. An operator established abroad would be allowed to sell to Finland beverages containing up to 80% alcohol by volume via distance sales. Distance sales would be permitted both when the seller uses a separate carrier and when the seller delivers the alcoholic beverages to the purchaser themselves. Consequently, alcoholic beverage manufacturers wishing to sell their products to Finnish consumers can utilise the possibility of distance sales. Foreign operators would have the right to deliver alcoholic beverages to the location desired by the

customer, meaning that foreign operators may even have better opportunities to sell alcoholic beverages to Finnish buyers than operators established in Finland. In addition, operators established abroad can sell their products to Finnish consumers through Alko. The regulation also does not prevent foreign operators from establishing production in Finland and selling their products from the production site. The proposed regulation cannot therefore be considered discriminatory against alcoholic beverages originating from other Member States or as indirectly favouring domestic production.

The purpose of the proposal is not to create a large-scale retail channel competing with Alko's monopoly, but to promote the operational conditions of alcoholic beverage manufacturers and increase tourism. For this reason, manufacturers' on-site retail rights would be tied to their production site or its immediate vicinity, and alcoholic beverage manufacturers would not have the right to home-deliver beverages with an alcohol content exceeding 5.5%/8.0%. Customers would therefore need to visit the production site in person if they wished to purchase alcoholic beverages from manufacturers that fall under the exception. A precondition for the sale of products otherwise under the monopoly would also be that a typical share of the production took place at the production site. This requirement would ensure that the activity involves genuine manufacturing work, rather than, for example, merely bottling the alcoholic beverage. For this reason, the products sold would also typically be higher-priced specialty products and would not, in principle, compete on price with cross-border distance sales or products sold through Alko. In Finland, 215 licences for the production of alcoholic beverages are currently in force (situation as at 28 April 2025). Since the number of manufacturing licence holders is limited in Finland and the extended retail right would apply only to alcoholic beverages produced on-site, the share of alcohol exceeding 5.5%/8.0% by volume sold from production sites would likely be very small relative to total sales. The proposal is also not expected to have a significant impact on Alko's sales volumes, nor is it assumed to affect overall alcohol consumption. The on-site retail right granted to alcoholic beverage manufacturers would be proportionate and justified from a public health perspective, as Alko would remain the primary retail channel, the purpose of which is to reduce alcohol consumption and related harms.

Assessment in the light of Article 37 TFEU

According to Article 37 of the TFEU, Member States are to adjust their State monopolies of commercial character so as to ensure that the conditions for the purchase or sale of goods do not discriminate against nationals of other Member States. In principle, the wording of Article 37 requires only that the operation of monopolies must not discriminate against nationals of other countries and does not directly address the grounds on which the monopoly itself may be maintained. On the other hand, monopolies are always significant

exceptions from the point of view of EU law, in which the principle is the free movement of goods. At the same time, when Finland joined the EU, alcohol monopolies other than a retail monopoly were abolished. The retail monopoly was specifically justified on public health grounds. Based on the case law of the Court of Justice of the European Union, it can be considered clear in itself that Member States may seek to combat the health-related and other societal harms of alcohol by restricting access to alcohol and granting exclusive rights. However, restrictions must be non-discriminatory and proportionate. They must also be suitable for securing the achievement of the objective pursued and must not, in terms of their limitation go beyond what is necessary. The objectives set must be responded to in a way that is consistent and systematic. If the scope of the monopoly were to shrink so much that it would no longer credibly protect public health, it could be possible for the justification of the monopoly to be challenged as being contrary to EU law.

The proposal would reduce Alko's monopoly, as manufacturers would be able to sell beverages containing up to 80% alcohol by volume alongside Alko's retail sales in Finland. It must therefore be assessed whether the monopoly, given the exceptions made and the actual developments, can still be considered a monopoly within the meaning of EU law. A key aspect of the assessment is whether the exception to the monopoly is such that the monopoly still has a credible public health justification. The purpose of the proposal is not to create a large-scale retail channel alongside Alko; rather, the right of manufacturing licence holders to sell their own products differs in many ways from conventional retail. This concerns a limited exception, which applies only to sales at the production site and to products produced at that site. The right to retail beverages with an alcohol content exceeding 5.5%/8.0% would apply only to manufacturers whose annual production does not exceed 100,000 litres of alcoholic beverages converted to pure alcohol. The exception is therefore limited to smaller operators. Since manufacturers could sell only alcoholic beverages produced at the production site itself, the product selection would not be comparable to Alko's, but considerably narrower. A precondition for the sale of alcoholic beverages would be that a typical share of the production took place at the production site. This would ensure that sales from production sites remain very limited and that the products sold are not low-priced items. Production sites would primarily be visited by customers for the tourism experience, rather than for retail purposes. In addition, the number of manufacturing licence holders is limited, and the proposal is not expected to significantly increase the number of alcoholic beverage manufacturers.

Conventional retail would continue to take place through Alko, and only a very small share of all beverages exceeding 5.5%/8.0% alcohol by volume would likely be sold from production sites. In 2024, around 770,000 litres of alcoholic beverages were sold at retail outlets allocated to the place of production of

alcoholic beverages. This represents only about 0.1 percent of the total alcoholic beverage sales in Finland. Although the proposal would to some extent increase the number of retail points and expand their product range, the share of alcohol sold from production sites would still likely remain very small relative to total sales. Through the monopoly, it would remain possible to effectively control the sale and availability of alcoholic beverages stronger than 5.5/8.0 percent and thereby safeguard public health. Alko would therefore continue to have a public health justification for its existence.