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## Introduction

These Regulations have been set in accordance with the directives in Regulations no. 883/2005 on the State Alcohol and Tobacco Monopoly and the directives of Act no. 63/1969 on the Icelandic State trade in alcoholic beverages and tobacco with later changes stipulating that equality is enforced in respect of all suppliers of alcoholic beverages.

The role of the Regulations is to decide and explain the product selection of the State Alcohol and Tobacco Monopoly based on its objectives in product selection which is in turn based on the Monopoly's objectives, the clauses in the Act on the Icelandic State trade in alcoholic beverages and tobacco, legislation on alcoholic beverages, the Regulations of the State Alcohol and Tobacco Monopoly and the Icelandic National Health Plan.

On the basis of the objectives on product choice the sales categories, choice products division and product divisions which control access to products in the outlets are defined in accordance with demand and ensure a varied product selection which meets the requests and needs of customers. The decision on sales methods is based on sales results, which are determined by the gross margin.

The Regulations distinguish between the demands made for the products, the packaging, labelling and other details. The trade terms with suppliers give clear details on how to apply for sales and how to conform to agreements on product purchases and orders. Terms for delivery, responsibilities of suppliers, prices and payments are discussed.

## Explanation of terms

- **Sales category:** Assignment of product to a category according to its access in the outlets of the State Alcohol and Tobacco Monopoly of Iceland. Ex.: Basic range.
- **Brand:** Product so different from the others that it is given a special number and price in the State Alcohol and Tobacco Monopoly's price list. Ex.: 37.5% Finlandia vodka in a 750 ml bottle and in a 1000 ml bottle are each listed as a brand, with 40% Finlandia vodka in a 500 ml bottle as a third brand.



- **Type of alcoholic beverage:** Product or products made of substantially the same materials though certain varieties are not precisely the same. Finlandia vodka is an example of a type of alcoholic beverage.
- **Choice products division:** Product classification that competes internally for a place in the product selection carried by the outlets. Ex.: Red wine in bottles.
- **Product division:** Sales category with shared characteristics.
- **Margin:** The difference between the sale price and the purchase price without VAT.
- **Margin list:** List of product margins for a period of 12 months.
- **Product Council:** The Product Council of the State Alcohol and Tobacco Monopoly consists of specialists at the State Alcohol and Tobacco Monopoly in the matter of product choice. The role of the Council is to have supervision of the increased choices at the outlets and of the choices of products in the month's specialities and specialities categories.



## **1. Objectives of product selection by the State Alcohol and Tobacco Monopoly**

- The State Alcohol and Tobacco Monopoly shall ensure a product range in the outlets taking into account demand and customer expectations in each case.
- The State Alcohol and Tobacco Monopoly shall ensure variety and quality with a forward-looking product range that covers the main categories of alcoholic beverages and the world's production areas.
- The State Alcohol and Tobacco Monopoly shall see to maintaining equal treatment of the suppliers of alcoholic beverages in the choice of products, decisions as to sales and distribution.
- The State Alcohol and Tobacco Monopoly shall try, in selecting products, to support responsible use of alcoholic beverages and the handling of alcohol.

### **1.1 Objectives**

#### **Objectives concerning choice of products:**

- To offer a reliable product choice in all size ranges of outlets, where the emphasis is both on high-selling brands and products for which there is less than the equivalent demand.
- To ensure the health, quality and value of the products.
- To ensure a varied and progressive choice of products in accordance with customer expectations.

#### **Objectives concerning equality and impartiality as regards suppliers:**

- That access to stocks and trial range sales at the State Alcohol and Tobacco Monopoly shall be open.
- That impartial criteria are used to decide which brands shall be in the basic range and distributed to the outlets.



### **Objectives concerning social responsibility:**

- To avoid sales of products that might encourage consumption by younger age groups or go against general decency.
- To ensure that products fulfil the clauses of general regulations on labelling and contents.
- To ensure that packaging of products and labelling fulfil the terms of legislation on alcoholic beverages.

### **Regulations concerning product choice**

## **2. Sales categories**

2.1 Alcoholic beverages are divided into 4 sales categories: Trial range, basic range, month's specialities and specialities.

### **Trial range**

2.2 The trial range is intended for products that the suppliers offer for trial sales in the outlets. A product which reaches a certain sales result in the trial range is moved to the basic range.

2.3 Sales in the trial range are generally sold in the Heidrun and Kringlan outlets (however, see item 5.2). The trial range period is 12 months. Should applications for sales in the trial ranges exceed what is possible to handle a supplier may register his product on the waiting list (see item 6.10).

2.4 Should a brand in the trial range reach the criterion margin in accordance with item 4.2 it shall be transferred into the basic range.

2.5 A product that is not transferred into the basic range from the trial range at the end of the 12 month trial period shall be removed from the trial range category.

2.6 A product that has been removed from the trial range category shall not be handled again until after a period of 12 months.

### **Basic range**

2.7 The basic range is the main sales category of the State Alcohol and Tobacco Monopoly. The basic range is intended to ensure a supply of products which enjoy the greatest customer demand.



Products in the basic range have priority for distribution to the outlets. See further Section 5 of these Regulations.

- 2.8 The basic range is re-assessed at four month intervals along with a review of product choice in the outlets in accordance with item 5.3. A product is removed from the basic range if the gross margin for a 12 month period does not reach the specified amount in accordance with item 4.2. A product that has been transferred out of the basic range may go on trial sales after supplies held by the State Alcohol and Tobacco Monopoly are sold out.

#### **Month's specialities**

- 2.9 The month's specialities category is intended for seasonal products. In order to be considered valid to be included in the month's specialities production of the product must be associated with a specific season and/or traditional sales associated with the relevant season.
- 2.10 The sales periods for the month's specialities are: Thorri, the period of Lent and Christmastime. The sales period for Thorri is from Farmers' Day to Women's Day. The Lenten sales period runs from Ash Wednesday until the end of Holy Week. The Christmas sales period begins on the third Thursday in November and ends on the 6th of January. Distribution takes place in those outlets of the State Alcohol and Tobacco Monopoly which carry products in the trial range. The State Alcohol and Tobacco Monopoly decide in each case about sales in other outlets. The State Alcohol and Tobacco Monopoly set regulations regarding the choice of products in the month's specialities.

#### **Specialities**

- 2.11 The specialities sold by the State Alcohol and Tobacco Monopoly are intended to include products that increase the variety and quality of the product selection offered in the basic range. The specialities category is also intended to ensure a supply of products that meet the wishes and needs of customers and to offer products that are sold for a short time. The State Alcohol and Tobacco Monopoly set regulations regarding the selection of products in the specialities category (see Attachment 1).



**Special orders**

2.12 Alcoholic beverages which do not come under the above categories may be specially ordered.

Specially ordered products may not be returned unless judged unusable because of a defect.

2.13 The State Alcohol and Tobacco Monopoly may decide that the party ordering shall provide collateral to ensure that the cost of purchase and transport of the order shall be paid for. The collateral payment shall be repaid if the product is unavailable.

2.14 The State Alcohol and Tobacco Monopoly intend to register products that suppliers can provide on a list that will be published on the Monopoly's website.



### 3. Choice products divisions and products divisions

3.1 Products are put under the choice products divisions in terms of ingredients and production methods, type of packaging and durability. The choice products divisions manage the main assembling of the product choices of the basic range types carried in the outlets according to the following table:

<b>CHOICE PRODUCT DIVISION</b>	<b>%</b>	
<b>A</b>	Red wine in bottle >500 ml	28%
<b>B</b>	White wine, rosé in bottle	17%
<b>C</b>	Wine: BIB, tetra	7%
<b>D</b>	Wine: half bottle	1%
<b>E</b>	Wine: small bottles <300 ml	2%
<b>F</b>	Or fermented with "best before"	2%
<b>G</b>	Sparkling wine	1%
<b>H</b>	Champagne	4%
<b>I</b>	Spiced wine and fortified wine	7%
<b>J</b>	Strong liquor: white	7%
<b>K</b>	Strong liquor: coloured	7%
<b>L</b>	Strong liquor: mixed	4%
<b>M</b>	Light lager beer in bottle	7%
<b>N</b>	Light lager beer in can	3%
<b>O</b>	Other beer	2%
<b>P</b>	Carbonated drinks, etc.	1%

3.2 The State Alcohol and Tobacco Monopoly set special regulations for product divisions, and on the basis of the product divisions, decisions shall be taken on the product choices for the specialities category and increased choices in the outlets. The product divisions are intended to support the choice product objective concerning choice of products.



- 3.3 The State Alcohol and Tobacco Monopoly may define new product divisions and choice product divisions if conditions warrant. Their establishment shall be based on the objectives of the choice products policy of the State Alcohol and Tobacco Monopoly on product choice.



#### 4. Margin list and criteria

- 4.1 The State Alcohol and Tobacco Monopoly publish monthly on its supply web a list of the gross margins of sales of brands in the basic range, trial range and specialities category. The margin list shows sales for the preceding twelve months by choice products divisions. The brands are listed in order from the highest margin to the lowest. General sales of the State Alcohol and Tobacco Monopoly are used as the basis for calculating the margin.
- 4.2 For products in the basic range there are fixed margin criteria, as given in the following table.

Inception of criteria	Choice products division		
	<i>A, B, D, F, G, H, I, J, K, N, P</i>	<i>C, E, L, O</i>	<i>M</i>
1 <sup>st</sup> June 2008	300.000	600.000	1.200.000

The criterion for brands in the trial range shall be either 125 thousand kronas or 75% of the margin of the six hundredth brand on the margin list. The lower criterion shall be used.

- 4.3 The State Alcohol and Tobacco Monopoly are authorised to change the above criteria, transfer product choice divisions between categories, and increase or decrease the criteria categories if special conditions warrant the changes.



## 5. Product choice in the outlets

5.1 With the entry into force of these Regulations the number of brands for sale in the outlets is in general as follows:

- **All brands**, including the trial range: Reykjavík (Heidrún and Kringlan).
- **1,000 brands**: Akureyri, Hafnarfjörður, Kópavogur (Smáralind) and Seltjarnarnes.
- **600 brands**: Kópavogur (Dalvegur) and Reykjavík (Skeifan).
- **500 brands**: Gardabaer, Keflavík, Mosfellsbaer, Reykjavík (Austurstraeti, Spöngin, Stekkjarbakki) and Selfoss.
- **300 brands**: Akranes, Borgarnes, Egilsstaðir, Ísafjörður, Saudárkrókur and the Westman Islands.
- **200 brands**: Blönduós, Dalvík, Grindavík, Hella, Húsavík, Hveragerði, Hvalsöllum, Höfn, Neskaupstaður, Ólafsvík, Patreksfjörður, Reyðarfjörður, Siglufjörður and Stykkishólmur.
- **100 brands**: Búdardalur, Djúpvogur, Fáskrúðsfjörður, Grundarfjörður, Hólmavík, Hvammstangi, Kirkjubæjarklaustur, Seyðisfjörður, Vík, Vopnafjörður, Thorlákshöfn and Thórshöfn.

5.2 The State Alcohol and Tobacco Monopoly may change the number of brands in the outlets and the categorization of the outlets, including outlets that sell brands in the trial range, if there is reason to do so.

5.3 The choice of outlets which carry 600 brands or fewer shall be re-assessed in January, May and September and a new list of product choices shall be carried out on 1st February, 1st June and 1st October. The margin lists for January, May and September shall be used as the basis of the re-assessment of product choice. The choice products divisions shall fill the basic range in accordance with the table in item 3.1 and the products with the highest margin in the margin list shall be chosen.

5.4 The outlets that in general carry 300 brands or fewer shall not carry more than two brands of each type of alcoholic beverage. Instead of a brand that is discontinued from the products offered in an outlet the next new alcoholic beverage shall be chosen from the same choice products division.



- 5.5 It shall be possible to authorise the temporary sale of brands, including products in the trial range, in outlets that in general do not sell products in the trial range.
- 5.6 The State Alcohol and Tobacco Monopoly set regulations on the increased choice of outlets. See Attachment Two.



## 6. Application for sale of alcoholic beverages. Product requirements. Samples.

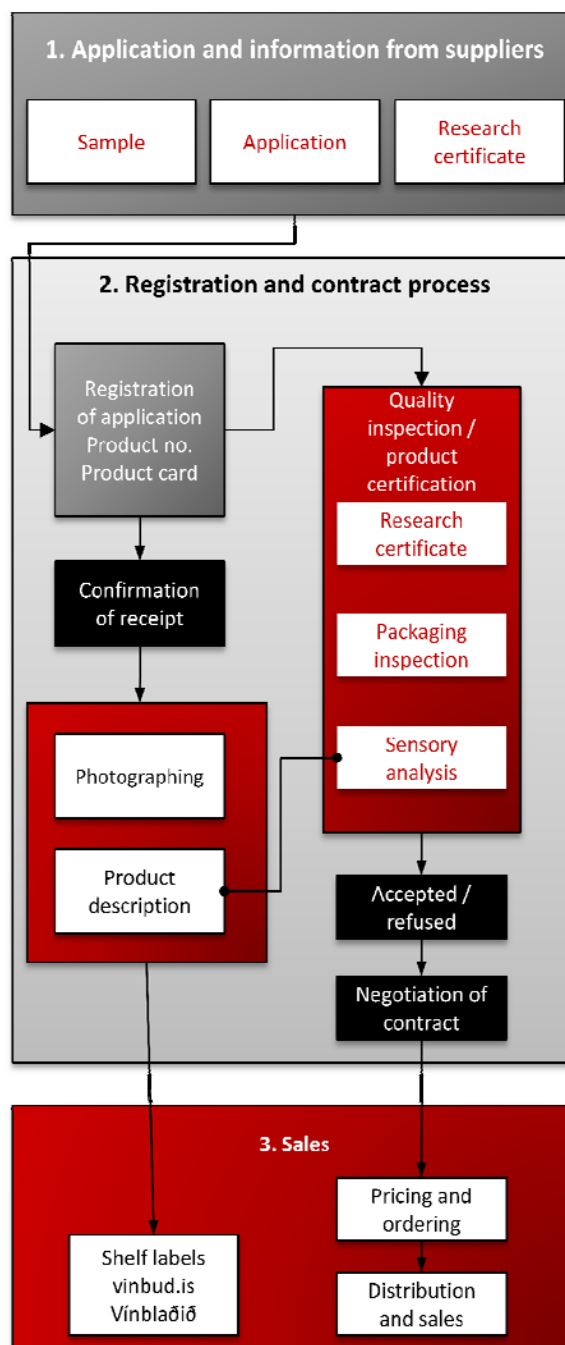
### Application for sale of alcoholic beverages

6.1 Suppliers who wish to sell their products and have a permit to sell alcoholic beverages wholesale shall register information about their products on the State Alcohol and Tobacco Monopoly form Application for the sales of alcoholic beverages. The supplier must include with the application certification of the product and a sample of the product and sales packaging, two sales units, but in an amount not less than 500 ml. If expensive sales units are involved the State Alcohol and Tobacco Monopoly may drop the requirements for a non-refundable sample.

6.2 The State Alcohol and Tobacco Monopoly shall confirm receipt of the application within 15 days from the receipt of the application. The confirmation shall include the intended beginning of sales, which in general shall be within 90 days from the receipt of the application. Should the application or the accompanying information be deficient or if the application is refused, the supplier shall be given an explanation of any deficiency and given an opportunity to rectify the deficiency and to object.

### Product and packaging requirements

6.3 Vara The product shall conform to the sample which the State Alcohol and Tobacco Monopoly have assessed as satisfactory, among other





things, taking into account the product choice objectives of the State Alcohol and Tobacco Monopoly (cf. Section 1 of these Regulations). A product may not be altered without the consent of the State Alcohol and Tobacco Monopoly. The product shall be considered altered if there is any new ingredient, including the alcohol content, a change in pasteurization, size or appearance of the packaging, and the design of a sales unit. Suppliers shall deliver to the State Alcohol and Tobacco Monopoly a sample for approval because of product changes, including because of a change in the year of production.

- 6.4 The supplier shall be responsible for seeing that the contents of the product and its description conform to the regulations of the country of origin and Icelandic law.
- 6.5 The packaging of each sales unit shall give the following details: Name of the product, quantity (in litres), alcoholic strength (including volume), lot number, “best before” date as applicable, in addition to information on the use of allergenic or intolerance-causing chemicals according to Regulations no. 503/2005.
- 6.6 All labelling and packaging shall conform to Icelandic law. Any labelling or characteristic that indicates that the product is for consumption by persons younger than twenty is not authorised. Sales units may not be identified with a mark indicating free port sales.
- 6.7 A product that is marked organically grown shall have an acknowledged certificate.
- 6.8 Each sales unit shall be labelled with an EAN or UPC bar code.
- 6.9 Special terms:
  - The State Alcohol and Tobacco Monopoly may refuse a product, should the packaging take up more shelf space compared to the amount that is general or if it is necessary to apply special procedures to present the product on a shelf.
  - Cans shall have attached tabs.
  - It shall be permitted to hang tags on bottles with recipes and/or information about the product or the producer. The tags may not cover up the general product labelling, urge sales of the product, cause difficulty in handling the product or interfere with handling.



- Packaging or labelling may only contain a message that applies to the product, its production or its characteristics. They may not include a lottery or offering or encourage sales in any other way.
- For the month's specialities or specialities categories it is permitted to offer products packed together or packaging that includes objects related to the use of the product, such as glasses or bottle openers.
- It shall be permitted for the State Alcohol and Tobacco Monopoly to refuse a product that is in delicate or untraditional packaging.
- The State Alcohol and Tobacco Monopoly shall make decisions based on the above terms, taking into account the packaging, bulk, space in the outlets and the price.



### **Waiting list**

6.10 When it is not possible to enter the product that has been applied for in the trial range, the application shall be entered on the waiting list. The application shall be registered in the list of the same type of business. The entry shall show the name of the party making the bid, the product name, the size of packaging and the choice product division. If there is a wait before the product is entered in the trial range, on transfer of the product from the waiting list it shall be checked to see whether the product choice needs to be improved in accordance with item 3.1. A request for registration may not be withdrawn without the approval of the State Alcohol and Tobacco Monopoly. The list is shown on the supply website of the State Alcohol and Tobacco Monopoly.

## **7. Regulations regarding trade terms with suppliers**

### **Agreement on product purchase and ordering**

- 7.1 The agreement shall specify when the first delivery of the product to the State Alcohol and Tobacco Monopoly shall take place and when sales shall begin. If the product is not delivered within 60 days from the date of the order the State Alcohol and Tobacco Monopoly are permitted to cancel the contract for the product as well as for all unfulfilled orders for the product.
- 7.2 An agreement for a product in the trial range shall be entered into at least a month before sales in the trial range begin. Should an agreement not be reached before that time because of lack of stocks, the offer shall be removed from the list of offers. Should the product not be delivered at least 4 days before the first day of sales as specified in the agreement, the agreement shall be voided.
- 7.3 Supplies of a product in the trial range shall in general be sufficient for sales for 10 days.
- 7.4 When a product in the trial range has achieved the stipulated sales level to be upgraded to the basic range, how much of the unsold product the State Alcohol and Tobacco Monopoly shall buy depends on the agreement between the supplier and the State Alcohol and Tobacco Monopoly.

### **Product delivery**

- 7.5 On delivery of a product the following items shall be checked:
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- Each order shall be delivered specially, together with a delivery slip, to the warehouse of the State Alcohol and Tobacco Monopoly at Studlaháls in Reykjavik.
- The invoice shall be received by the State Alcohol and Tobacco Monopoly one working day before delivery of the product.
- A product that has been labelled “best before” shall have at least 3 months of storability when it appears in the State Alcohol and Tobacco Monopoly warehouse. In special cases the State Alcohol and Tobacco Monopoly are authorized to permit a shorter period of storability.
- There shall be a bar code, distinct from the bar code on the sales unit, on each carton. A product that is not delivered in its original packaging may be delivered in an unmarked carton. The State Alcohol and Tobacco Monopoly may set regulations regarding the size and appearance of bar codes.
- If the size of the delivery is greater than one pallet load the product shall be delivered on a EUR goods pallet. The value of the goods pallet shall be included in the product price. The greatest allowable height of the product and pallet is 150 cm. If the load on the pallet is over 70 cm in height the product shall be encased in plastic wrapping.
- Each order shall be marked with the State Alcohol and Tobacco Monopoly’s order number on the plastic wrapping, the carton or the goods pallet.
- The delivery slip shall be itemized by the State Alcohol and Tobacco Monopoly’s product numbers. The delivery slip shall show the product name, the size of the packaging and the quantity. It is not permitted to deliver the same product in different packaging with the same order number.

If these regulations are not complied with the State Alcohol and Tobacco Monopoly may refuse receipt of the product.

### **Responsibility**

7.6 Regarding responsibility for a product in respect of a third party, general regulations shall apply.

7.7 A supplier shall reclaim and repay for receipt of a product that is unfit for sale because of defective packaging or contents.



7.8 Should a supplier not reclaim a defective product the State Alcohol and Tobacco Monopoly reserve the right to demand payment of a storage fee for the product. The State Alcohol and Tobacco Monopoly are authorised to have the product destroyed at the cost of the supplier when two weeks have passed since the supplier was notified that he should reclaim the product. It is permissible to balance the cost against sales receipts.

### Price and payment

7.9 The price quoted by the supplier to the State Alcohol and Tobacco Monopoly shall include the cost of the alcoholic beverage and deposit fee, but not VAT. The State Alcohol and Tobacco Monopoly's markup is decided by the Ministry of Finances. With the entry into force of these Regulations the State Alcohol and Tobacco Monopoly's markup shall be as follows:

Sales category ATVR	Alcohol content ≤ 22%	Alcohol content > 22%
Basic range, month's specialities	13%	6,85%
Trial range, specialities	19%	9,85%

A VAT of 24.5% is charged on the product price and the State Alcohol and Tobacco Monopoly's markup. The price in the outlet is rounded off to the nearest krona.

7.10 Those who offer products for the trial range or the month's specialities obligate themselves to loan the State Alcohol and Tobacco Monopoly the products for the duration of the sales period. The State Alcohol and Tobacco Monopoly shall pay the creditor for the products sold not later than 10 days after the end of the sale month. Suppliers shall obligate themselves to reclaim within 4 days those products that have not been sold by the end of the sales period.

7.11 Payment for a product in the basic range and the specialities category shall depend on the agreement between the supplier and the State Alcohol and Tobacco Monopoly. Postponement of payment shall in no case be for a time shorter than the period until the next account day; the State Alcohol and Tobacco Monopoly's account days are the 16th of each month and the last day of the month. Should the account day occur on a holiday the account day shall be the next workday.



- 7.12 The State Alcohol and Tobacco Monopoly publish a price list on their home page - [www.vinbud.is](http://www.vinbud.is). Suppliers may change their prices on the first day of each month, except in January. Any change in price shall be advised in writing not later than the tenth of the month before the date of the price change.
- 7.13 Should the supplier change the price of a product in the trial range, the statement of account of the product units that have been sold shall be completed, unsold products shall be transferred from stock, and the product shall be registered again in accordance with the invoice from the supplier showing the new price. Sales may recommence as soon as the transfer has been completed.
- 7.14 Should the State Alcohol and Tobacco Monopoly receive an offer of a better price for the product than the contracting party is offering, the State Alcohol and Tobacco Monopoly shall notify the supplier from whom the product has been bought that another supplier has made an offer for the same product. At the same time a price offer shall be requested from the supplier and from those offering the new price, and the latter can ascertain the likelihood that he can ensure fulfilling demand for the product for at least one year. The price offer from the supplier whose price offer has been requested shall be obligated to offer at least as low a price as he originally tendered. When the price offer has been received by the State Alcohol and Tobacco Monopoly within the grace period that the State Alcohol and Tobacco Monopoly has reserved the right to, a position shall be taken and the decision made in favour of the supplier who offered the lower purchase agreement. At the same time the purchase agreement then in force shall be terminated with a 90 day notice of termination. At the end of this time the product shall be put on sale on the basis of the new purchase agreement. The supplier may not raise the contracted price, accordance with Par. 7.12, before 90 days have passed since the date of enforcement of the new purchase agreement.
- 7.15 Suppliers may not request a price offer for a product that has been for sale in the basic range for less than 6 months. This time limit shall not apply should the product turn out to be unavailable from the supplier that the State Alcohol and Tobacco Monopoly have dealt with. A price offer for the same product may not be requested more often than once a year.



## 8. Entry into force

8.1 These Regulations shall replace Regulations no. 500/2006 on the purchase and sale of alcoholic beverages and trade terms with suppliers and shall enter into force on 1<sup>st</sup> June 2008.

Reykjavík, 29<sup>th</sup> April 2008

State Alcohol and Tobacco Monopoly of Iceland

**Ívar J. Arndal**, Managing Director

With reference to Art. 8 of Regulations no. 883/2005 on the State Alcohol and Tobacco Monopoly of Iceland these Regulations are hereby confirmed.

Ministry of Finance, 5<sup>th</sup> May 2008

Per pro.

**Marianna Jónasdóttir**.

*Pórður Reynisson.*

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*Department of English (Ret.)*

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*12 May 2008*

ATTACHMENT

(See following)

26. mai 2008





## Attachment 1

### Working rules for the specialities category

**1. Product groups in the specialities category.** Products in the specialities category are divided into the following groups:

Group A: Products that do not enter the basic range but have a place in the outlets in accordance with the objectives on product choice. This includes products that increase the variety and quality of the product choices, among others, for reasons of health and ideals (organic farming, kosher, gluten free, etc.); products in gift packaging with or without additional objects; non-traditional package sizes (small bottles, smaller beer casks, large units, etc.). All products shall be assigned to a product division. This product group includes as many as 250 brands.

Group B: Products for temporary sale, e.g. because of theme days, seasonal offers, etc. This product group includes as many as 25 brands.

Group C: Large beer casks. This product group includes as many as 10 brands.

**2. Tenders and choice of products.** New brands are taken into the specialities group in October and April. Tenders are requested in July and January. A tender must fulfil the application terms of the State Alcohol and Tobacco Monopoly. The tender must show the amount that is possible to deliver. The results of product choice are available 60 days before sales are to begin. The Product Council of the State Alcohol and Tobacco Monopoly supervises the choice of products in the specialities category.

The State Alcohol and Tobacco Monopoly may, following a proposal from the Product Council, transfer a product from the trial range into the specialities category.

**3. Sales period.** The period of sales without the renewal of a tender is generally one year, but the sales period may be extended taking into account supply and demand. If a product drops out of sales it is possible to renew an application with the next tender.

**4. Factors that affect the position of a product on the product list.** A product is generally chosen for the specialities category taking into account the price and quality. Should a year's production change from

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that shown in the tender the State Alcohol and Tobacco Monopoly shall need to approve the new year's production. Should the supplier's change in price have an effect on the choice criteria the State Alcohol and Tobacco Monopoly may decide to stop selling the product. Should a product be cancelled from the list in general the next product from the last tender offer in the same product group or same product division shall be taken instead.

**5. Rules of choice for the specialities category.** Choice of products to include in the specialities category shall be supported by the following methods:

Choice method 1 – Blind taste test: Brands chosen with a blind taste test according to methodology where an effort is made to ensure an objective choice that best combines quality and a favourable price.

Choice method 2 – Equal access: The same procedure as for choosing a product for the month's specialities.

Choice method 3 – Price tender: Requested price tender. The most favourable offer accepted.

Choice method 4 – Informed choice: Product chosen by a liquor expert at the State Alcohol and Tobacco Monopoly. This method of choosing a product applies to very expensive brands where a sample is not sent. The method is furthermore used in deciding to transfer a brand from the trial range into the specialities category or from temporary sales to product group A in the specialities category.

The State Alcohol and Tobacco Monopoly may reject all offers.



## Attachment 2

### Procedural rules for increasing the product choices in the outlets

1. The State Alcohol and Tobacco Monopoly may increase the product choices in the outlets above what is stipulated in Section 5 of the Regulations for choosing products in order to come to a better decision regarding product choice objectives.
2. In increasing the product choices it shall be taken into account that the product choices of the outlets shall be, among other things, reliable as to the size of the product supply. A reliable product choice, among other things including the size of the outlets, is defined by product divisions which are desirable to offer in an outlet of the applicable size. Within the specified product choice there shall also be a supply of a product in the specialities category from product group A.
  - a. The Product Council of the State Alcohol and Tobacco Monopoly shall have supervision of the allocation of the product divisions down to the size category of the outlets.
  - b. The State Alcohol and Tobacco Monopoly publish on its supply website a list that shows the organization of the size groups of the outlets. This list shall be published on the State Alcohol and Tobacco Monopoly website before the first product choice in accordance with these Regulations is executed.
3. The manager of an outlet carrying 500 brands or fewer is authorized to choose brands to meet standard demand. The State Alcohol and Tobacco Monopoly have the supervision of the choices made by the outlet managers.
4. It shall be permitted to allow temporary sales of brands, including products in the trial range, in outlets that generally do not sell in the trial range.
5. Increased product choice is temporary and is to be re-assessed not less often than the comparable general assessment of the product choices in the outlets.

