

TOWARDS AN ASEAN COMMUNITY:

# TACKLING ILLICIT ALCOHOL IN SOUTHEAST ASIA



This paper was co-authored by the following partners:



Regional Supporting Partners:



Global Supporting Partners:



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# Introduction

Over the past two decades ASEAN has consistently recorded positive real GDP growth with the region's total GDP valued at US\$3.2tn in 2020.<sup>1</sup> With a projected growth of 5.2% for 2023<sup>2</sup>, ASEAN is forecast to overtake the EU and Japan to become the 4th largest economy in the world by 2050.<sup>3</sup>

To nurture this growth and ensure sustainability, the ASEAN Community Vision 2025 was introduced in 2015 to promote increased integration of economies and peoples in the region, establishing a rules-based, people-oriented, people-centred Community, to boost sustainable development and growth. ASEAN countries have further pledged to achieve the United Nation's Sustainable Development Goals (UN SDGs) by 2030 that aim to increase the liveability, prosperity, and socio-economic development of the region.

As the region recovers from the COVID-19 pandemic, ASEAN needs to address challenges that could unravel its efforts to build a stronger and more resilient region. Amongst them, the scourge of illicit trade that can hamper the achievement of these Goals in several ways, including by having a destabilising impact on the security of a country, impairing equitable economic development and growth, and putting at risk public health.

Illicit trade robs the global economy of US\$2.2 trillion<sup>4</sup> by crowding out legitimate economic activity, thereby depriving governments of revenues for investment in vital public services, dislocating millions of legitimate jobs, fuelling organised crime and causing irreversible damage to ecosystems and human lives.

In 2020, the EU-ASEAN Business Council (EU-ABC) and the Transnational Alliance to Combat Illicit Trade (TRACIT) published a Report on "Tackling Illicit Trade in ASEAN", providing critical insights on how governments and industry leaders can work together to introduce regulatory changes to tackle this pressing issue.

This report takes a deeper look at the problem of **illicit trade in alcohol** and focuses concretely on how it hampers progress on ASEAN's Community Vision 2025, and linked to that, the UN SDGs. It further provides a set of recommendations throughout for Governments to consider, highlight best practice examples in ASEAN. Many are grounded on the strength of public-private partnerships and cooperation in tackling the scourge of illicit trade in alcohol, with examples provided to illustrate. Additionally, it highlights the importance of ensuring co-ordination between neighbouring countries, regionally and internationally, as well as between different national agencies.

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# Defining the issue



## ILLICIT TRADE

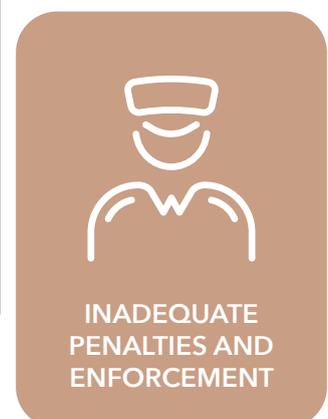
Considered in its broadest sense, illicit trade is an exchange in the control/possession of a good or service that a legislature deems illegal, because the object of exchange is dangerous or morally repugnant.<sup>5</sup>

Although market characteristics differ across countries as well as what exactly is considered to be illegal, the problem of illicit trade exists in every region, in developed and developing countries, urban and rural areas, and higher-income and lower-income neighbourhoods alike. Similarly, there are a wide variety of internal and external factors that drive markets for illicit trade, related to consumers, business practices and government policies.

## ILLICIT ALCOHOL

Illicit alcohol is defined as alcohol that do not comply with regulations and taxes in the countries where they are consumed. Illicit alcohol is comprised within the umbrella of unrecorded alcohol. Unrecorded alcohol refers to alcohol that is not accounted in official statistics on alcohol taxation or sales in the country where it is consumed. This is because it is usually produced, distributed and sold outside the formal channels under government control.

The challenge of illicit alcohol exists in all ASEAN countries and once again, whilst market characteristics can differ across countries, generally, counterfeit, smuggling, illicit artisanal and tax leakage are the prevailing forms of illicit alcohol in the region. Similarly, there are a wide variety of internal and external factors that drive markets for illicit alcohol that generally can be structured around 4 pillars:



# Defining the scale and challenge of the problem



UNRECORDED ALCOHOL  
IN ASEAN ACCOUNTS  
FOR ROUGHLY  
**32%**

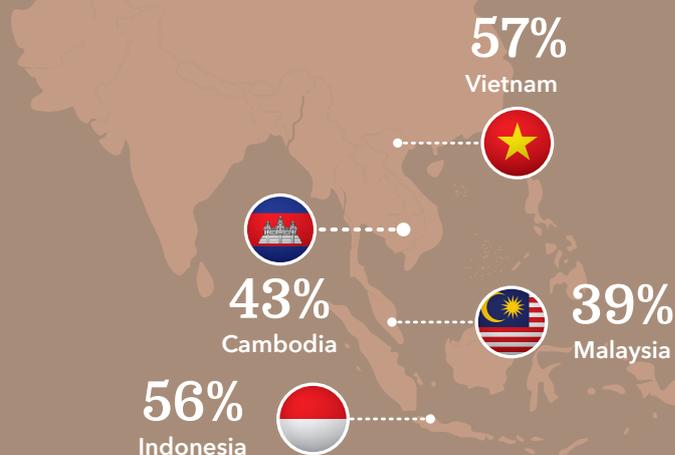
According to Euromonitor's 2018 Global Study on Illicit Alcohol, 1 in 4 alcohol bottles are illicit, representing 26% of all global consumption. The unrecorded alcohol market in Asia is large, particularly in lower-income countries.

Based on WHO data available in 2019, unrecorded alcohol was very high in the ASEAN region, representing roughly 32% of total consumption, which is significantly higher than in other regions, for instance Europe (13%) and Latin America (20%).

Source: World Health Organization Global Health Observatory (WHO-GHO), 2022. Available at: <https://www.who.int/data/gho/data/indicators>

According to the WHO, 57% of annual per capita alcohol consumption in Vietnam was unrecorded, 56% for Indonesia, 43% for Cambodia, and 39% for Malaysia in 2019.

Overall, alcohol consumption in ASEAN is expected to grow by 16-18% by 2025. As such, it will be important that ASEAN governments not allow illicit consumption to increase alongside overall growth in alcohol consumption.



Source: World Health Organization Global Health Observatory (WHO-GHO), 2022. Available at: [https://www.who.int/data/gho/data/indicators/indicator-details/GHO/total-\(recorded-unrecorded\)-alcohol-per-capita-\(15-\)-consumption](https://www.who.int/data/gho/data/indicators/indicator-details/GHO/total-(recorded-unrecorded)-alcohol-per-capita-(15-)-consumption)

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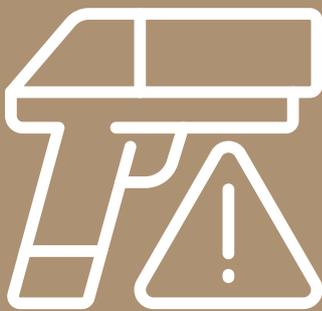
According to the OECD, it is associated with a wide range of negative social and environmental impacts.

1.

It poses significant **health risks to consumers**, when substandard products are manufactured using dangerous, unapproved ingredients. These negative impacts tend to **disproportionally affect poorer and uneducated consumers**. Moreover, it tarnishes the reputation of producers when inferior, illicit products are sold under their brand.



# Illicit trade in alcohol has socio-economic impacts:<sup>6</sup>



**2.**

It is a significant threat to **society, businesses and consumers** as it **diverts resources to organised crime**, which uses proceeds to sustain other illegal activities, **undermining rule of law, good governance, and citizens' trust in government and legal businesses and trade.**

**3.**

It has a negative impact on the **sales and profits of legitimate firms and on the economy in general** as it deprives governments of **tax revenues** that would otherwise have been paid had the goods been sold in approved channels.

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# Illicit trade in alcohol and its impact on ASEAN's Community Vision 2025 and the UN SDGs



## POLITICAL SECURITY

The ASEAN Political Security Community aims to ensure that countries in the region live at peace with one another and with the world in a just, democratic and harmonious environment.

However, illicit alcohol undermines this aim. It is a transnational crime, and has implications on smuggling, money laundering and human trafficking, all which undermine the rule of law.

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For governments, illicit trade has an extensive destabilising impact on global security due to its central role in facilitating **transnational organised crime**. As noted in the latest OECD report, the profitability of trade in illicit alcohol has attracted the attention of organised crime, which is a major player in the market<sup>7</sup>. Actors of illicit trade exploit the price and taxation differentials between illicit and legitimate products. The substantial proceeds of illicit sales are used to fund other illegal activities, empowering criminal organisations while undermining the rule of law in countries. Notably, the success of organized criminals comes at the

cost of legitimate producers in the case of counterfeit and low-cost unbranded items, and at the cost of governments as a result of uncollected taxes. Moreover, criminals in this field are not specialising in one field of action and their activities might well combine other forms of illicit trade of goods, as well as money laundering and human trafficking.

This has implications on the political-security pillar of ASEAN's Community Vision 2025 that aims to ensure peace between ASEAN countries because of the cross-border nature of this type of crime. Moreover, it impairs UN SDG 16 that aims to uphold peace, justice as strong institutions.

## RECOMMENDATION #1- ENHANCE COOPERATION AND COORDINATION AT THE ENFORCEMENT LEVEL



Given the multi-faceted nature of illicit trade, efficient enforcement requires close cooperation across multiple areas. It is critical to ensure **co-ordination between neighbouring countries and regionally** in terms of joint actions, information sharing and exchange of best practices. Often, illicit trade routes in ASEAN involve the movement of illicit cargo from North Asia into South-East Asia via free ports. Singapore - for example - is a free port and an open economy. More than 99% of all imports into Singapore enter the country duty-free. However, Singapore's free trade and entrepôt policy has been observed to be hot spot for transshipment. Criminal syndicates use these voluminous cargo movements to camouflage their illicit cargo movements to, from and within the region. This is because documentation in free trade zones is simple while customs activity is minimal. Illicit trade has moved from being a local matter into becoming an international network, hence the need for the international response.

Moreover, at national level, the **cooperation between different national agencies** is a key. A country can have a successful project in the area of digitalisation of customs, that would allow them to improve risk management mechanisms and reduce the corruption at borders.

However, if the importation requires obtaining approval from multiple governmental agencies, that are not coordinated amongst themselves, it could once again create administrative loopholes that illicit operators would exploit. Same coordination mechanisms should be put in place at distribution level.



The **role of the private sector** in tackling illicit trade should also be recognised. It is producers and legal distributors who know their products the best. Working hand in hand with private sector through exchanging intelligence, detecting counterfeit and identifying dubious operators would speed up significantly improvements in this area.

**Equipping border officials with the knowledge and understanding of illegitimate vs legitimate product flows is critical** - as is making the link between

components and finished goods. Where customs training takes place and contacts, and connections are made we have seen a significant tightening of enforcement activity and associated disruption to the trade in illicit goods.

Enhancing the capabilities and skill sets of government officials, particularly in customs authorities and law enforcement agencies, to assist them in the identification of potential illicit shipments, and the assessment of which goods are indeed counterfeit or illicit, is therefore key to the successful policing and prevention of illicit trade in ASEAN.

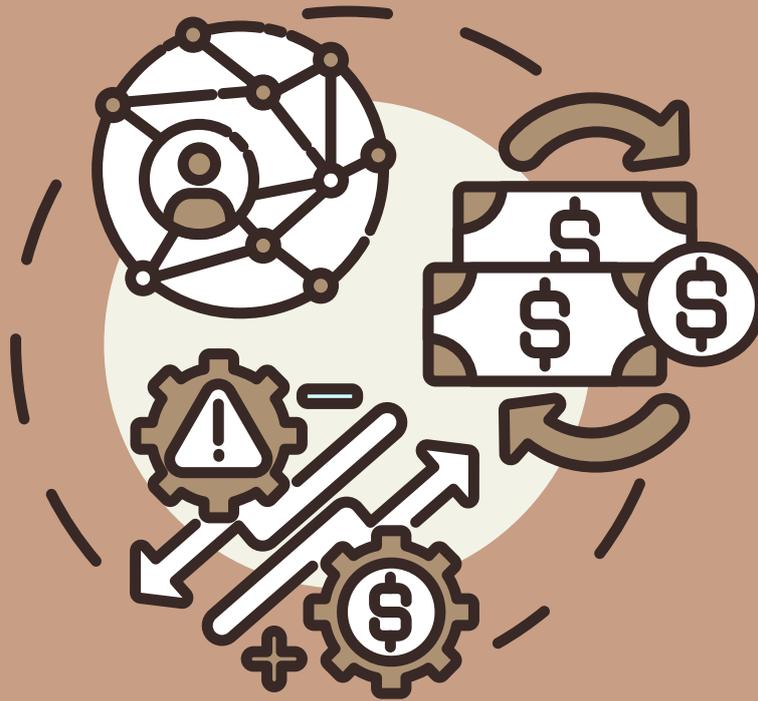


## EXAMPLE

The EU-ABC with key partners such as AACS, have run a series of workshops with ASEAN customs authorities to expand knowledge and understanding of key factors to look out for as part of a risk management methodology. Workshops have covered areas such as Container Risk Profiling as well as practical exercises in what to look out for when checking goods to see if they are counterfeit.

These workshops have proven to be invaluable both in terms of providing insights and new skills to the enforcement agencies, but also in enhancing public-private sector information sharing and collaboration.





## ECONOMIC

The ASEAN Economic Community envisions ASEAN as a single market and production base. Assuming the AEC is ever fully achieved, the free flow of goods, services, investments, capital, and labour will allow the development of production networks in the region and enhance ASEAN's capacity as the global supply chain.

Illicit alcohol is not taxed and undermines efforts towards narrowing the economic development gap amongst ASEAN countries.

For governments, illicit trade has a particularly debilitating effect on efforts to **improve domestic resource mobilisation**, by denying the government a significant source of potential tax income, resulting in high levels of tax leakage. As outlined earlier, illicit alcohol does not comply with taxes

in the countries where they are consumed. **Illicit traders effectively evade tax**, robbing governments of income from excise revenues intended for public investment. The following table outlines available data on amount of fiscal loss in countries where the data has currently available.



## Fiscal loss from illicit alcohol in selected countries (Millions of USD)

Country	Fiscal loss	Year
 Indonesia	69	2018
 Vietnam	441	2019
 Thailand	83	2019
 Philippines	438	2016

Note: Calculation on fiscal loss of Indonesia, Vietnam, Thailand is derived from Euromonitor, Fiscal loss of the Philippines is derived from "Tacking Illicit trade Trade in ASEAN" (2020).

 **55%**

To take one example, in Thailand the price of a bottle of **smuggled whisky is 55% lower than a legally-sold bottle.**

 **83mm  
USD Lost**

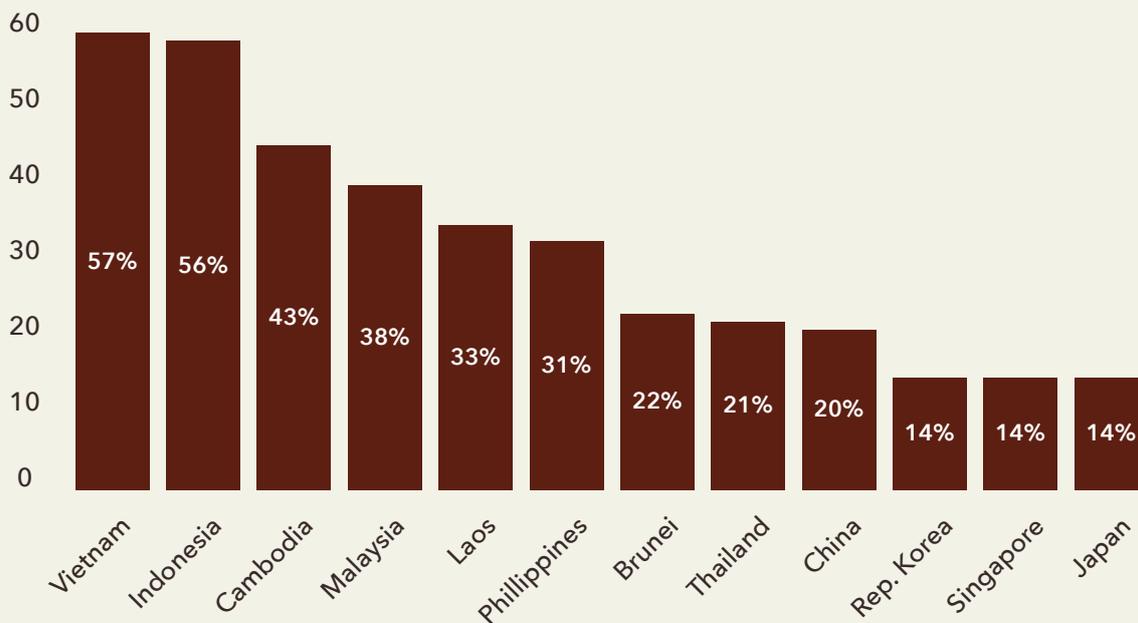
**A total of 83MM USD is lost in tax revenues per year in Thailand due to illegal smuggling of imported spirits.**

This amount is enough to pay the salaries of 6,200 nurses and 4,700 teachers in Thailand every year.<sup>8</sup>



Seen from another perspective and to highlight the potential size of tax revenue loss, the below graph shows the estimated unrecorded alcohol rates in ASEAN countries.

### % Unrecorded alcohol consumed in 2019

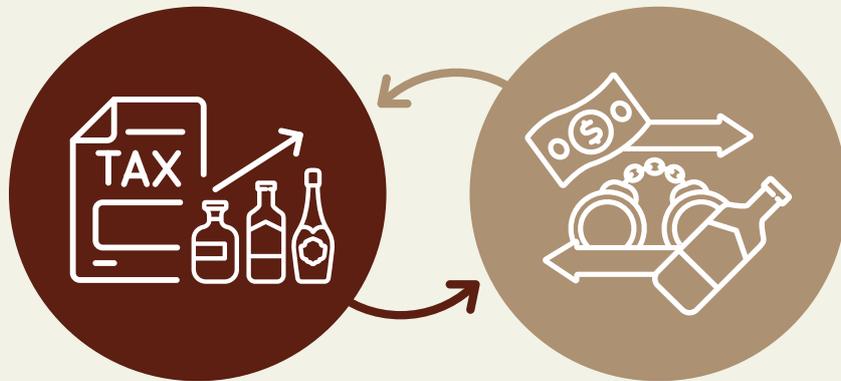


This has implications on the economic pillar of ASEAN’s Community Vision 2025 that envisions a highly competitive region, with equitable economic development. Moreover, it impairs a number of UN SDGs, including SDG 8 that aims to uphold decent work and economic growth, SDG 9 that looks to promote innovation by guaranteeing protected intellectual property, and SDG 17 that promotes partnerships for the goals through sufficient domestic resource mobilisation.

Source: World Health Organization Global Health Observatory (WHO-GHO), 2022. Available at: <https://www.who.int/data/gho/data/indicators>

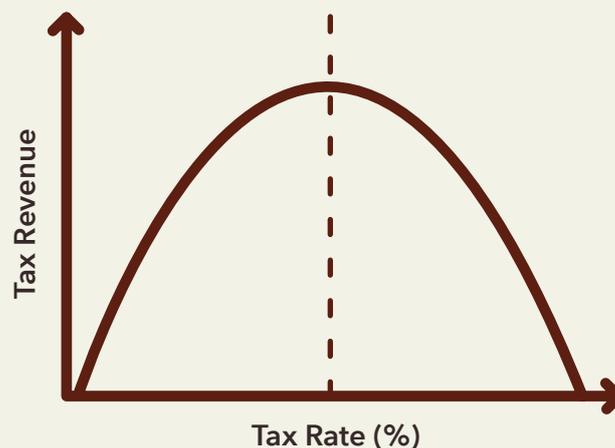
(Unrecorded alcohol includes estimates of illicitly produced, counterfeit, contraband/smuggled, and homemade and artisanal alcohol, as well as cross-border tourist and tax-exempt trade.)

## RECOMMENDATION #2 - DEVELOP TAXATION POLICIES THAT DISINCENTIVES ILLICIT TRADE



Tax leakage in the context of illicit alcohol happens when taxation (import tariffs + domestic excise) is too high in a given country. High tax rates cause trade customers and consumers to switch from legally imported products to illicit, non-tax-paid products in order to avoid high tax rates. The importance of affordability is especially strong among low-income consumers with restricted purchasing power, such as young adults, and people living below the poverty line.<sup>9</sup>

### The Laffer Curve



This principle is best demonstrated by the Laffer Curve, which shows the relationship between tax rates and the amount of tax revenue collected. The Laffer Curve establishes that there is a maximum tax rate, after which the price of a product gets so high that the return of government revenue diminishes. In other words, when the taxes are too high, the demand for the products decreases and the total government revenue also decreases.



In ASEAN, there is a consistent dynamic between high levels of illicit trade of alcohol and high taxes on alcohol. Moreover, differences in excise and other taxes between neighbouring ASEAN states provide strong financial incentives for illegal importation across borders.

**Taxation policies should be developed to disincentivise illicit trade.** In this context, taxation policies need to be relevant for the local context and demonstrate an evidence-based approach to meeting national objectives.



The **private sector has a role to play** by providing examples from other countries and offering support to Ministries of Finance on developing an evidenced-based approach to developing taxation policies.



## EXAMPLE



# 57%

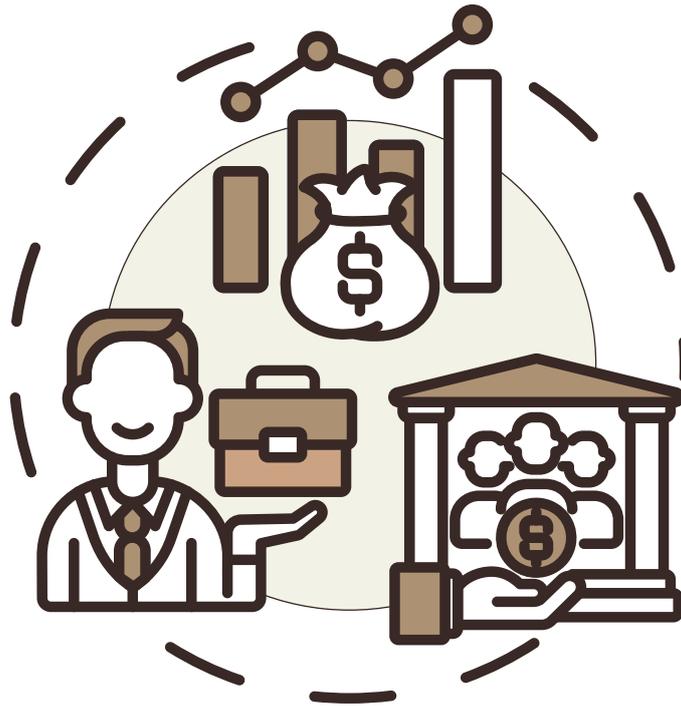
of alcohol consumption in Vietnam remains unrecorded

57% of alcohol consumption in Vietnam remains unrecorded according to the WHO, which means only 40% of the market is paying its taxes.

In partnership with the Central Institute for Economic Management (CIEM), APISWA and the British Embassy in Vietnam cooperated to undertake a comprehensive review of the country's

current policy approach towards alcohol taxation. The Report on an "Overview of tax policy system for alcohol industry and recommendations" (2020) analyses the ability of the current taxation policy to meet the government's objectives to address alcohol-related harm, increase revenue, and create a favourable business environment that disincentivises the sale and consumption of smuggled and low-quality products.

Its conclusions and recommendations provide key policies inputs to government when it comes to taxation reform in Vietnam.



## SOCIO-CULTURAL

The ASEAN Socio Cultural Community is all about realising the full potential of ASEAN citizens, working towards a committed, participative, and socially responsible community for the benefit of ASEAN people; an inclusive community that promotes high quality of life, equitable access to opportunities for all, and promotes and protects human rights; a resilient community with enhanced capacity and capability to adapt and respond to social and economic vulnerabilities, disasters, climate change, and other new challenges.

**Illicit alcohol compromises the safety of consumers and is a threat to public health.**

The public health costs and personal tragedies from illicit alcohol are staggering according to the OECD<sup>10</sup>. Illicit alcoholic beverages present health risks to consumers primarily because they are unregulated and not subject to the stringent requirements and quality standards of legally produced beverages. In many instances, these

products are manufactured using poisonous compounds including cheaper or non-food grade alcohol which can have serious adverse health effects. Moreover, manufacturing facilities are often beyond the reach of health and safety inspectors, and production methods are unsanitary including the use of contaminated water.<sup>11</sup>

In ASEAN, the unintended consequences of illicit alcohol on human lives is well documented:



**150**



**people in Indonesia died from organ failure**

In early 2018, nearly 150 people in Indonesia died from organ failure after consuming homemade oplosan containing toxic ingredients such as mosquito repellent and cough medicine, resulting in the country's worst ever alcohol poisoning case.<sup>12</sup>



**45**



**people died after consuming toxic alcohol**

In Malaysia, around September 2018, 45 people died after consuming toxic alcohol. In May and June of 2019, at least 17 more joined the death toll, and one person was reported to have become blind.<sup>13</sup>



**30** deaths from home-brewed rice wine containing methanol



In Cambodia, 11 villagers died from drinking rice wine suspected to be toxic during a funeral in June 2021, while 10 more were hospitalised. This was in addition to the more than 30 deaths in three separate incidents across Cambodia from home-brewed rice wine containing methanol - a highly toxic ingredient which can cause blindness and even death when ingested.<sup>14</sup>



**1 died and 6 others were hospitalised**



In November 2020, one died and six others were hospitalised after drinking alcohol with a high methanol content in the northern Vietnamese province of Bac Giang. Investigations revealed that the alcohol sample contained hazardous methanol. The liquor was contained in a 30-litre plastic canister, whose label showed that it was a glutinous rice wine product manufactured locally.<sup>15</sup>

This has implications on the socio-cultural pillar of ASEAN's Community Vision 2025 that is working towards a socially responsible, inclusive, sustainable, and resilient community, including on ASEAN's ability to achieve the goals under the ASEAN Health Clusters<sup>16</sup>, particularly Health Cluster 2 (Responding to All Hazards and Emerging Threats) and Health Cluster 4 (Ensuring Food Safety). Moreover, it impairs UN SDG 3 that aims to promote good health and well-being, specifically SDG target 3.9 that aims to substantially reduce the number of deaths and illnesses from hazardous chemicals and the mortality rate attributed to unintentional poisoning.

## RECOMMENDATION #3 - PROMOTE ADEQUATE LEGISLATION TO PROTECT CONSUMER SAFETY



Governments around the world implement strict rules and regulations in the area of production and food safety of alcoholic beverages. Licit alcohol producers take the full responsibility for ensuring that products that they offer the consumers are compliant with these laws and regulations. Licit alcohol producers use special identification on their products, that are called lot codes to trace products throughout the supply chain up to consumer shelves. It is an important tool from the consumer safety point of view, as if operators detect any safety related problem related to a given product or specific batch, they would be able to identify and withdraw the concerned products from the shelves quickly and efficiently.

In numerous countries, tampering, blurring, erasing or removing the lot codes (i.e. "decoding") of products is taking place. There is not a single legitimate reason, why a licit operator would want lot codes to be removed from their products. Yet, there are reasons why dubious operators want lot codes to be removed. This is because thanks to



the lot codes, legitimate operators and producers can trace each operation in relation to this product and put an end to activities of some operators. Unfortunately, in some countries, removing lot codes is not illegal. **Regulation to make tampering with lot codes from alcohol products illegal and make illegal the sale of the aforementioned items is an important measure in the fight against illicit trade.**

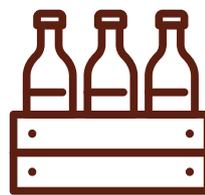
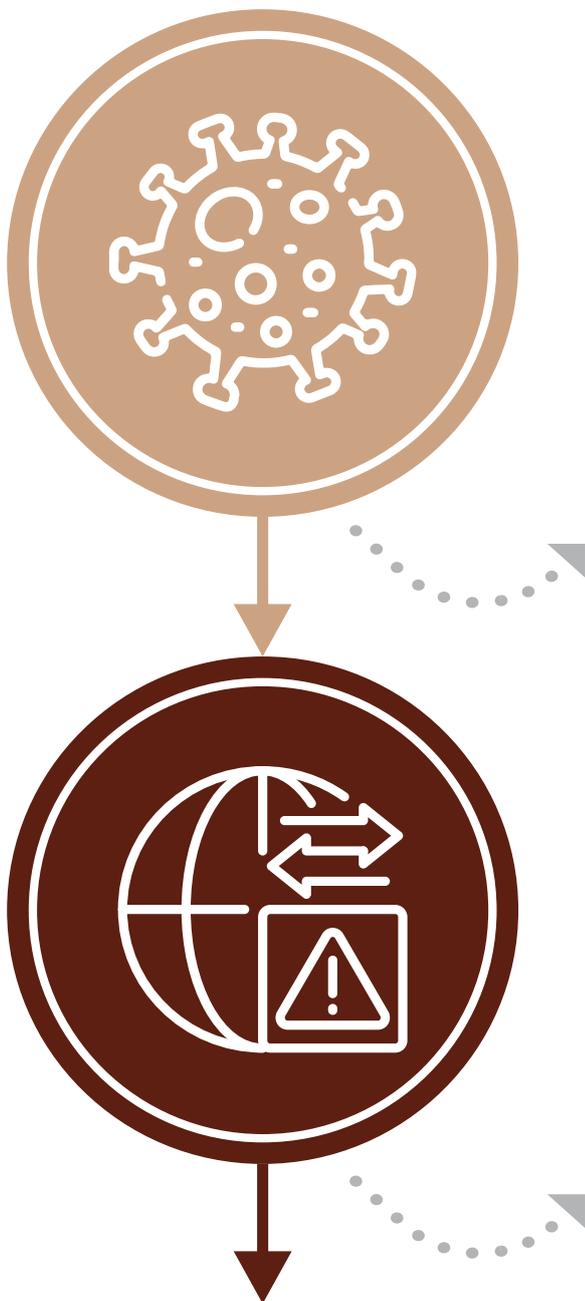
At the same time, countries need to carefully assess the potential impact that laws and regulations may have before enacting them. On many occasions, although legislators sought to protect consumers and secure excise tax collection, some of their policies carried negative consequences, mostly because they generated illicit trade drivers. For instance, the implementation of costly tax stamps regimes on certain products have incentivised illicit alcohol, as the price gap between legal and illegal products widened. In addition, illicit traders learnt how to forge tax stamps and/ or illegally obtain them, and used them on counterfeits, giving consumers a misguided sense of security. Finally, the unmeditated policies also resulted in lower excise revenue, as they fuelled illicit trade.



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# COVID-19 and its impact on illicit trade in alcohol

The impact of COVID-19 and policies implemented as a result of the pandemic are also covered in this Report because of how they have resulted in new trends in the space of illicit trade in alcohol.



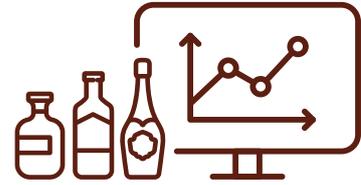
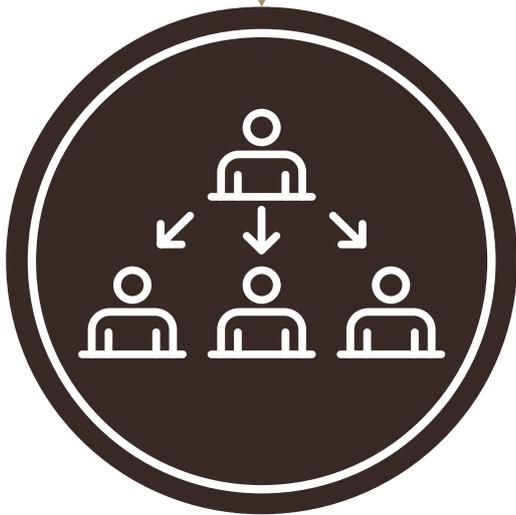
COVID-19 safety measures led to stockpiling of over

## 18 months

worth of stock of alcohol

In several ASEAN markets, **COVID-19 safety measures** led to stockpiling of over 18 months' worth of stock, while at the same time, restricting the availability and sale of licit alcohol. This created a downward shift in supply and fuelled alternative illicit options as it catalysed the growth of illegal, underground alcohol markets and smuggling across borders. It is well documented that alcohol bans and prohibitions on alcohol (and other products) are largely understood to drive consequent markets for illicit products, thereby exposing consumers to unregulated, potentially toxic substances with high potency.<sup>17</sup>

The impact of alcohol bans on the proliferation of illicit was prominent at the height of the COVID-19 pandemic. TRACIT's Report "Prohibition, Illicit Alcohol and Lessons Learned from Lockdown" suggests that crisis-driven COVID-19 related prohibitions on alcoholic beverages have generated several **negative health-related externalities and promoted the development of parallel illicit markets.**<sup>18</sup>



These findings were echoed by OECD, reporting that the pandemic provided wide opportunities for **illicit traders to adjust and expand their operations** as government lockdowns, bans and other restrictions disrupted the alcohol market and created shortages. The pandemic gave impetus to the ongoing illicit trade in alcohol, **creating more sophisticated international networks, logistics routes, and manufacturing techniques.**

2022 Global counterfeit trade will reach  
**US\$4 Trillion**  
primarily fuelled by eCommerce



Moreover, amidst on-trade and off-trade closures, COVID-19 restrictions on gatherings, and prohibitions on public drinking of alcohol, consumers **increasingly depended on eCommerce platforms and alcohol delivery services** that were quickly established in the face of these physical restrictions. Organised criminal networks and illicit alcohol syndicates were able to capitalise on these distribution channels to operate under the radar of enforcement officers even more swiftly and stealthily than before, without sufficient checks on counterfeit products implemented in eCommerce marketplaces. The International Chamber of Commerce predicts that global counterfeit trade will reach US\$4 trillion by 2022, primarily fuelled by eCommerce.<sup>19</sup>

## RECOMMENDATION #4 - BUILD CONSUMER TRUST AND AWARENESS ONLINE

Enhancing measures to protect consumers on eCommerce platforms can help build consumer trust on these platforms as a sales channel and build awareness on the risks of purchasing illicit products online. The EU-ABC Report “Building Trust in ASEAN’s E-Commerce” (2022), recommends **developing a trusted trademark for sellers on eCommerce platforms** through a Verified Vendor Scheme among eCommerce traders. This builds on the on the ASEAN E-Commerce Trustmark Framework, a Priority Economic Deliverable set out by the 2022 ASEAN Chair, Cambodia.<sup>20</sup>

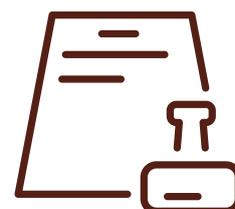


Equally, strengthening partnerships between the key stakeholders - eCommerce platforms, brand owners and law enforcement entities - by putting in place measures to tackle illicit products online can further tackle the issue. Specifically, by **setting up effective cooperation channels between eCommerce platforms, brand owners and law enforcement entities across ASEAN on tackling fake products on online platforms.**



### EXAMPLE

The Intellectual Property Office of the Philippines (IPOPHL) in March 2020 entered into a Memorandum of Understanding with eCommerce platforms. This initiative brings together eCommerce platforms and IP owners, establishing a code of practice among online marketplaces and an efficient notice and takedown procedure which aims to intensify the fight against the sale of counterfeit/pirated goods over the internet. The MOU commits platforms to respond in a timely manner, and IP owners commit to taking swift Notice & Takedowns steps in attempt to stop counterfeits at source. This of course, includes a feedback mechanism too. This is the second MOU in the region after Thailand signed a similar one in January 2021.



# Moving Forward together



As highlighted by OECD, responsibility for addressing alcohol policy is typically shared by a number of ministries, all of whom should be involved in policymaking on licit and illicit trade, including customs, tax authorities, health and regulatory bodies, and authorities dealing with counterfeiting issues and other forms of illicit trade<sup>22</sup>. These agencies must also be well-resourced for monitoring, intercepting, and deterring illicit activities throughout the entire supply chain.



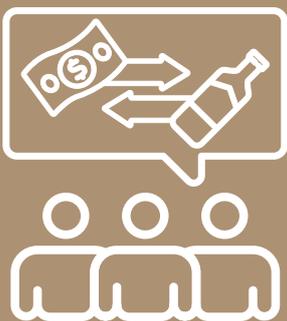
Equally, the private sector has a role to play in supporting government tackle the scourge of illicit trade in alcohol in ASEAN. Public-private partnerships are the most effective means in mobilising all other measures to tackle illicit trade. This has been demonstrated throughout with concrete recommendations on where and how the private sector can support governments.

To formalise this, a **dedicated ASEAN Taskforce on Illicit Trade led by the ASEAN Chairmanship** could be established to support coordinated actions across ASEAN Member States and act as a platform for the exchange of information and dialogue.



## EXAMPLE

The UK Malaysia Bilateral Trade and Investment Joint Committee was established in 2016 to provide a platform for public private collaboration and coordination in key sectors of trade for both countries. It established sectorial working groups, including wines & spirits.



The working group has brought together key Malaysian ministries, the UK Department for International Trade (DIT), the Scotch Whisky Association (SWA), APISWA and the AACS into a joint forum to strengthen collaboration and coordination in the fight against illicit alcohol.

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## Footnote

1. <https://www.aseanstats.org/wp-content/uploads/2021/12/ASEAN-KEY-FIGURES-2021-FINAL-1.pdf>
2. <https://www.adb.org/outlook>
3. <https://www.usasean.org/why-asean/growth#:~:text=With%20a%20projected%20annual%20growth%20rate%20of%20over,This%20projected%20growth%20is%20supported%20by%20favorable%20demographics>
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5. Illicit trade: Convergence of criminal networks | READ online (oecd-ilibrary.org) page 19
6. OECD REPORT: Illicit Trade in High-Risk Sectors: Implications of Illicit Alcohol for Public Health and Criminal Networks -- <https://www.oecd-ilibrary.org/sites/1334c634-en/index.html?itemId=/content/publication/1334c634-en>
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9. Euromonitor International, 'Size and Shape of the Global Illicit Alcohol Market' (2018) available at: [https://www.tracit.org/uploads/1/0/2/2/102238034/illicit\\_alcohol\\_-\\_white\\_paper.pdf](https://www.tracit.org/uploads/1/0/2/2/102238034/illicit_alcohol_-_white_paper.pdf)
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11. International Alliance for Responsible Drinking, 'Policy Review: Unrecorded Alcohol' (2015) available at <https://www.iard.org/science-resources/detail/Unrecorded-Alcohol>
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14. <https://www.channelnewsasia.com/asia/cambodia-11-die-toxic-rice-wine-home-brewed-alcohol-methanol-1994061>
15. <https://vietnaminsider.vn/vietnam-orders-to-recall-toxic-liquor-from-market-as-causes-of-death/>
16. See: <https://asean.org/our-communities/asean-socio-cultural-community/health/priority-areas-of-cooperation/>
17. <https://www.bbc.com/news/world-asia-india-37230259>; <https://www.newsclick.in/how-bootlegging-industry-flourishing-dry-state-bihar>
18. <https://www.tracit.org/prohibition-paper.html>
19. [https://www.eu-asean.eu/wp-content/uploads/2022/02/E-Commerce-Paper\\_22-Feb.pdf](https://www.eu-asean.eu/wp-content/uploads/2022/02/E-Commerce-Paper_22-Feb.pdf)
20. OECD REPORT - <https://www.oecd.org/corruption/illicit-trade-in-high-risk-sectors-1334c634-en.htm>

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## Resources



TRACIT & EU-ABC Report:  
Tackling Illicit Trade in ASEAN (2020)



World Spirits Alliance Report: Countering  
Illicit Alcohol Trade Worldwide (2022)



OECD Report:  
Illicit Trade in High-Risk Sectors (2022)



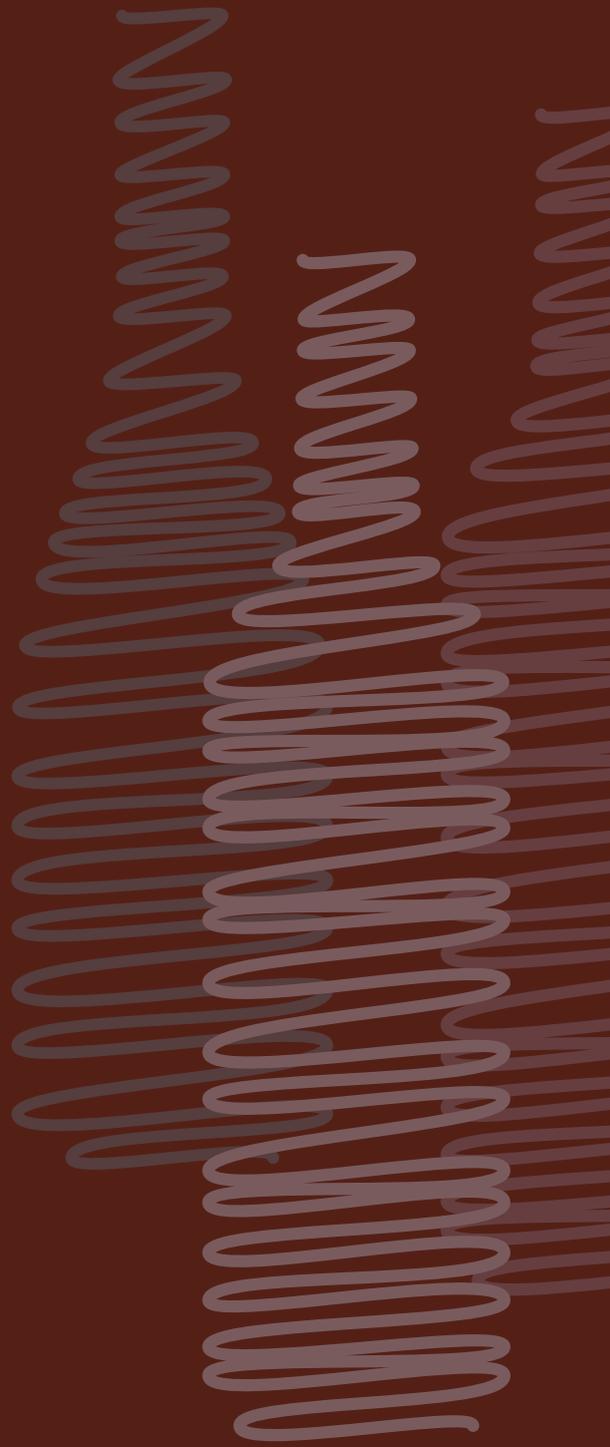
Euromonitor Report: Size and Shape  
of the Global Illicit Alcohol Market (2018)



TRACIT Report: Prohibition, Illicit Alcohol  
and Lessons Learned from Lockdown (2021)



EU-ABC Report: Building Trust  
in ASEAN's E-Commerce (2022)



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This paper was co-authored by the following partners:



## Asia Pacific International Spirits & Wines Alliance

The Asia Pacific International Spirits and Wines Alliance (APISWA) proudly represents 11 global spirits and wine producers operating across the Asia-Pacific region. Our member companies include: Bacardi, Beam Suntory, Brown Forman, Campari, Diageo, Edrington, Moët Hennessy, Pernod Ricard, Proximo, Remy Cointreau and William Grant & Sons.

APISWA aims to foster an environment where legal spirits and wine can be enjoyed responsibly, and which supports a vibrant, sustainable, and responsible hospitality and tourism industry. APISWA is focused on protecting the interests and safety of consumers and on ensuring that alcohol is enjoyed in moderation, in ways that are appropriate to the local context and in line with international best practice.

<https://www.apiswa.org>



## Alliance Against Counterfeit Spirits

The Alliance Against Counterfeit Spirits ("AACS") represents the world's major international spirits producing companies. AACS has been in operation since the early 1990s with one single purpose - to combat the counterfeiting of distilled spirits brands. The actions of counterfeiters pose a direct health risk to consumers, erode legitimate tax revenues and undermine consumer trust in well established brands. We are active around the world and protect the brands of some of the largest spirits businesses in the world, including Diageo, Pernod Ricard, Bacardi, Brown Forman, William Grant's and Tito's Vodka.

<https://aacs-global.com>



## EU-ASEAN Business Council

The EU-ASEAN Business Council (EU-ABC) is the primary voice for European business within the ASEAN region. It is formally recognised by the European Commission and accredited under Annex 2 of the ASEAN Charter as an entity associated with ASEAN.

Independent of both bodies, the Council has been established to help promote the interests of European businesses operating within ASEAN and to advocate for changes in policies and regulations which would help promote trade and investment between Europe and the ASEAN region. As such, the Council works on a sectorial and cross-industry basis to help improve the investment and trading conditions for European businesses in the ASEAN region through influencing policy and decision makers throughout the region and in the EU, as well as acting as a platform for the exchange of information and ideas amongst its members and regional players within the ASEAN region.

<https://www.eu-asean.eu>



## Transnational Alliance to Combat Illicit Trade

The Transnational Alliance to Combat Illicit Trade (TRACIT) is an independent, private sector initiative to drive change to mitigate the economic and social damages of illicit trade by strengthening government enforcement mechanisms and mobilizing businesses across industry sectors most impacted by illicit trade.

<https://www.TRACIT.org>