

GLOBAL ILLICIT ALCOHOL IN A NUTSHELL

EUROMONITOR GLOBAL ALCOHOL STUDY - GLOBAL RESULTS

Regions Studied



It explored the **size, shape and drivers** of the illicit alcohol market in

24 COUNTRIES

1 IN 4 

alcohol bottles are illicit, representing



WHAT IS ILLICIT ALCOHOL?

Illicit alcoholic beverages are sold commercially and do not comply with the relevant regulations and taxes in a country. Can be sold in informal (street stalls) or formal channels (stores/bars).

TYPES OF ILLICIT ALCOHOL

SMUGGLING

Illicit ethanol imports as raw material and illicit imports of alcohol beverages as finished product.

COUNTERFEIT

Illicit alcohol sold as a legal brand (substitute), empty bottles of legitimate products refilled with cheaper alcohol (refill) or industrial production of illicit brands or brand-less illicit alcohol.

ILLICIT ARTISANAL

Artisanal alcoholic beverages produced for commercial purposes.

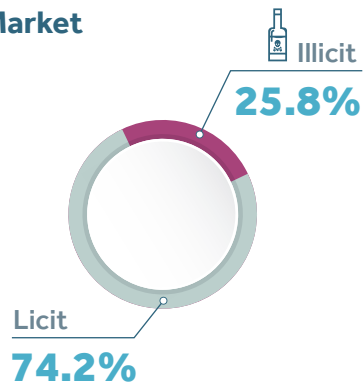
TAX LEAKAGE

Legal alcohol beverages locally produced, where no excise tax is paid.

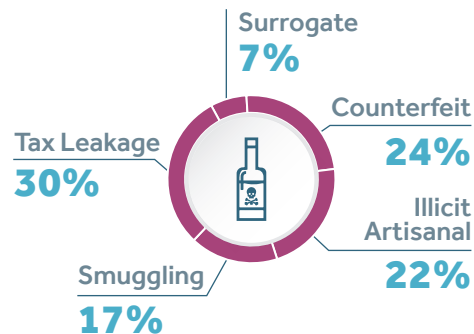
SURROGATE

Alcohol not produced for human consumption, i.e. pharmacy alcohol, deviated to the alcohol beverage market.

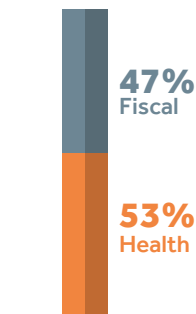
Market



Illicit consumption



Prevalence of global health and fiscal risks





Data on Illicit Alcohol

Illicit alcohol generates

US \$19.4 BILLION

in sales. 

Fiscal loss due to illicit alcohol trade:

US \$3.6 BILLION 


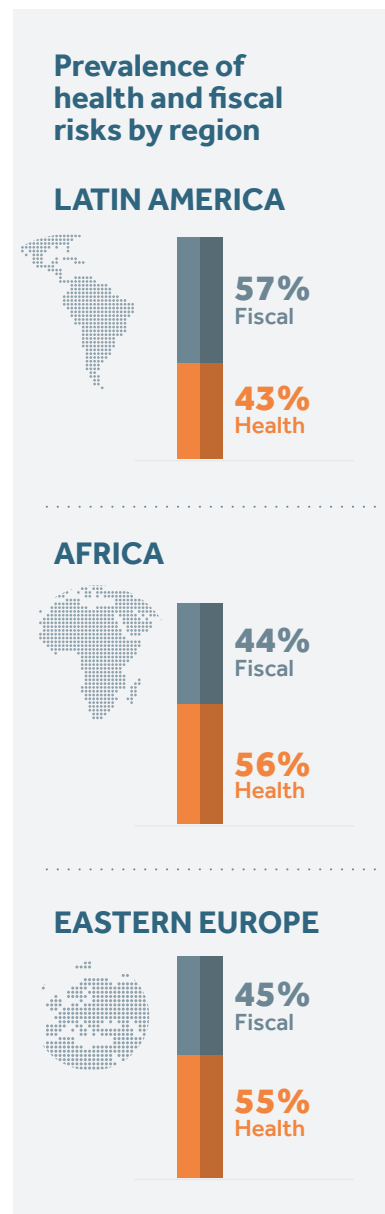
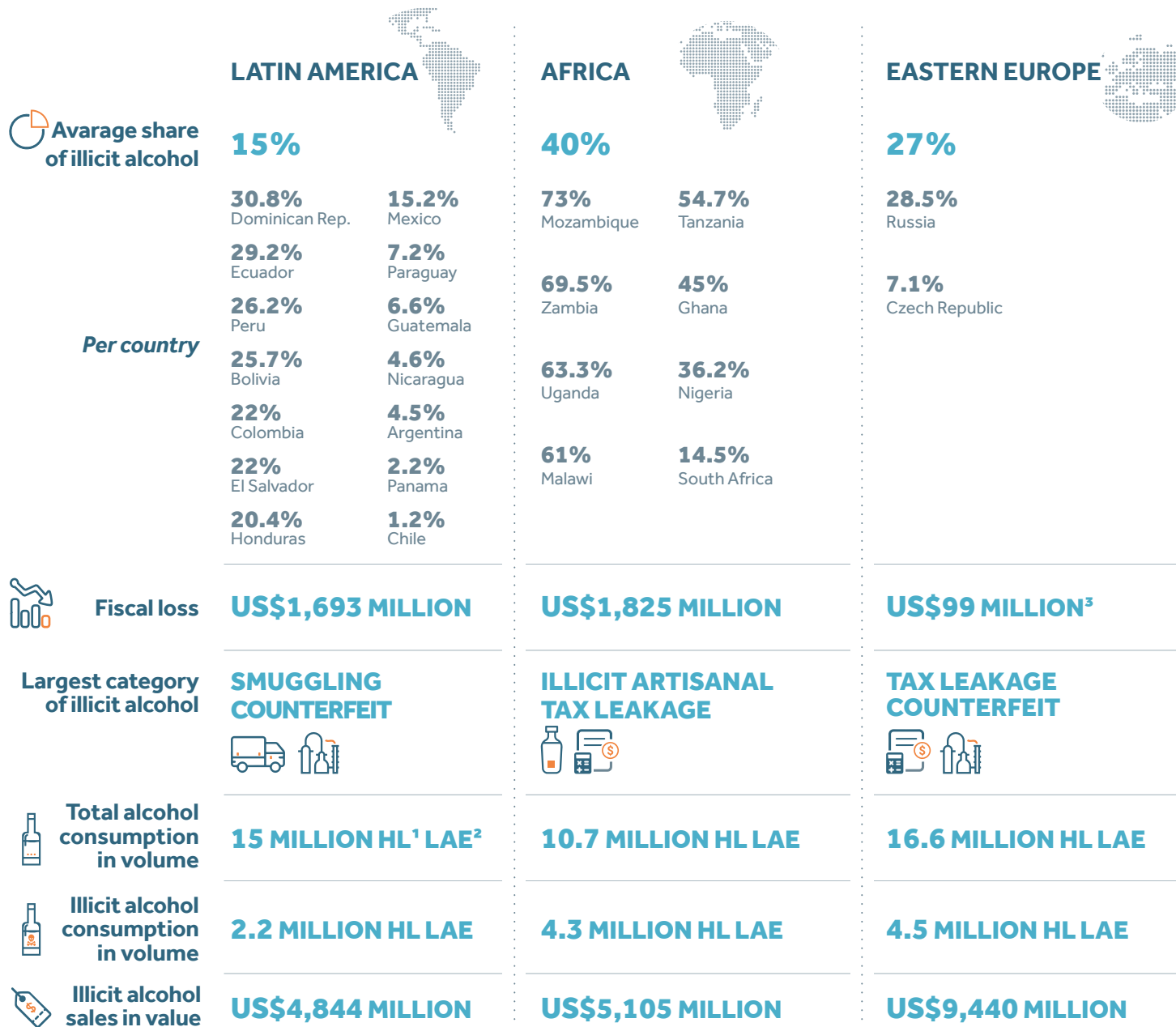
Average share of illicit alcohol:

 **26%** Global  **15%** Latin America

 **40%** Africa  **27%** Eastern Europe

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1. HL - Hectoliters; 1 Hectoliter = 100 liters
 2. LAE - Liters of Alcohol Equivalent
 3. Czech Republic only

DRIVERS, ENABLERS, AND SOLUTIONS



PRICING

Key Takeaway Price is the main driver of the illicit alcohol market.

Proposed Solution Close the price gap between licit and illicit alcohol; How? By increasing affordability of legal products and at the same time work on strategies to push up the prices of the illicit product.



STRONG CONSUMER PREFERENCES AND LOW AWARENESS

Society in general (including consumers, authorities, industry) are **unaware of the health and fiscal risks** associated with illicit alcohol.

Measure **size, shape and dynamics** of illicit alcohol market and develop targeted **awareness campaigns**.



INADEQUATE LEGAL & REGULATORY FRAMEWORK

Complex regulatory environment **enables illicit market**.

Facilitate and promote licit market. Avoid unnecessary regulatory measures and introduce measures that are **effective, targeted and proportionate**.



LACK OF ENFORCEMENT AND COLLABORATION

Efforts to stop illicit trade are thwarted by **weak or in-existent enforcement** and in some cases, corruption.

Increase enforcement and penalties if necessary. Reduce corruption. **Establish alliances** to holistically fight this scourge.



POORLY REGULATED DISTRIBUTION CHANNELS

Illicit players take advantage of weakly enforced distribution channels (e.g.: smuggling of ethanol and of finished products).

Increase targeted controls and interventions (e.g.: more effective customs and e-commerce controls).

RISKS ASSOCIATED WITH ILLICIT ALCOHOL CONSUMPTION

CONSUMERS



Serious **health risks**, including **death and blindness**.

GOVERNMENTS



Loss in fiscal income due to unpaid taxes and health expenses. **Large pool of value** for governments from fiscal loss from illicit alcohol.

BUSINESSES



Licit business **lose opportunities** to illicit market. Licit **brands degraded**.