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### **HIGH HUMAN, SOCIETAL, AND ECONOMIC COSTS FROM UNREGULATED ALCOHOL**

- **Up to one in every two drinks is illicit in some parts of the world: much higher than previous global estimates**
- **The majority of alcohol drunk is illicit in five out of seven African countries covered**
- **Illicit alcohol is unregulated, untaxed, and potentially toxic**
- **Bringing unregulated alcohol production into the regulated sector and tackling illicit alcohol is essential in supporting the WHO's whole-of-society response to the harmful use of alcohol**

Illicit alcohol is widespread in many countries, particularly in low- and lower middle-income countries, according to data compiled by Euromonitor for the International Alliance for Responsible Drinking (IARD).

“Alcohol in the Shadow Economy” explores the cost to people, societies, and economies of this large-scale and illegal activity and highlights the importance of creating partnerships between regulated producers, governments, and communities in tackling harmful drinking.

#### **For example:**

**Human cost** Nearly 150 Indonesian people died from alcohol poisoning in early 2018 as a result of drinking bootleg alcohol containing mosquito repellent; this serves as a tragic and timely reminder that illicit alcohol can cost lives.

**Societal cost** Unregulated and illicit alcohol has the greatest impact on the poorest and most vulnerable, and, because it lacks quality and production standards, can contribute to the vicious circle of ill health and widening health inequalities.

**Economic cost** Illicit alcohol represents a combined USD \$1.8 billion fiscal loss across just 18 countries\*. The loss to Colombia alone in 2015 was USD \$406million; in Mozambique, the loss in 2014 was USD \$285 million.

**Commenting on the report, Ivan Menezes, Chair of IARD's CEO Group, said:** “This important report shows that in many developing countries, much of the alcohol consumed is illicit. This is bad for health, bad for governments and bad for business.

“It is critical that governments create an environment where legal businesses can thrive and avoid punitive regulation that creates unintended consequences, including driving consumers to unregulated channels that endanger public health.

“IARD members, the leading beer, wine and spirits producers, are determined to play our part in cracking down on illegal alcohol production. But we will only win this fight in partnership with government, international bodies like the WHO and civil society organisations. Success will deliver a thriving legal market, creating economic and societal value and, critically, better health outcomes.”



**IARD’s CEO and President Henry Ashworth added:** “Tackling harmful use of alcohol requires a collaborative and united response from public, private and not-for-profit sectors. But these partnerships can only thrive when there is a broad and regulated private sector able to play its role in improving health and tackling harmful drinking.”

The report details the significant social and health impacts of illicit alcohol at local, national, and global levels, and offers steps that governments, communities, and legal producers can take to combat illicit production and consumption.

Examples of effective intersectoral partnerships detailed in the report include:

- **A code for *shebeens* (informal outlets selling alcohol):** In South Africa, an industry organization developed a code in collaboration with local *shebeen* operators and communities, which focused on reducing the sale of low-quality alcohol and preventing harmful drinking.
- **Affordable and safe alternative beers:** Affordable beers that relies on low-cost ingredients sourced from local growers have been developed in Kenya, Mozambique, and South Africa as viable alternatives to homebrews. These initiatives have brought previously unlicensed and illegal producers into the regulated manufacturing process; generated income for local farmers; and trained outlets, previously in the shadow economy, in good practice and standards of hygiene.
- **Using local knowledge to target racketeers:** In India, police engaged local villagers and nongovernmental organizations (NGOs) to target racketeers, following a spate of deaths from tainted illegal alcohol. Acting on tips from locals, the police conducted raids of manufacturing facilities and seized alcohol; as well as this, they launched broader education campaigns about the potential health risks associated with drinking illegal alcohol.

The report was compiled by IARD from data from 26 countries, provided by the global market research firm Euromonitor, notably in Africa and Latin America. Illicit alcohol is also widespread across Asia and parts of Europe, but comparable data was not available.

Ends

\* The combined fiscal loss in 18 of the countries included within the ‘Alcohol in the Shadow Economy’ report added up to more than USD \$1.8 billion

1. ‘Alcohol in the Shadow Economy’ can be found at [bit.ly/AITSE](https://bit.ly/AITSE)
2. The International Alliance for Responsible Drinking (IARD) is a not-for-profit organization dedicated to addressing harmful drinking worldwide and promoting responsible drinking, amongst those who choose to drink. IARD is supported by its member companies from all sectors of the regulated alcohol industry – beer, wine, and spirits – in their common purpose of being part of the solution to reducing the harmful use of alcohol. For more information on our membership and what we do, please visit [www.iard.org](http://www.iard.org).
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