



ILLICIT ALCOHOL

ABInBev

Dialogue on Illicit Trade and the Sustainable Development Goals

ILLICIT ALCOHOL

July 18th, 2019



1. The problem

2. Size, shape & dynamics

3. The solutions



1. The problem






2. Size, shape & dynamics

3. The solutions

The problem:

- 25% of all alcohol beverage consumption globally is unrecorded
- Recent studies by Euromonitor International demonstrate that in many countries, particularly emerging markets, this market can be more than 50% of total market
- Creates serious safety risks for consumers, erodes the rule of law and fiscal income
- A clear obstacle for the SDGs

Definitions

Legal	Recorded		Recorded	Legal products produced, taxed and sold within a regulatory framework and reflected in official statistics
	Un-recorded		Legal cross-border trade	Legally purchased outside of, and brought into, a market for the personal use of the consumer
			Informal: Legal/Illegal	Produced outside regulatory framework; production & consumption tend to follow cultural/artisanal practices. Includes home production. May be legal or illegal depending on laws governing a particular jurisdiction
		Contraband	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 or industrial production of illicit brands or brandless illicit alcohol.	
		Artisanal for trade	Artisanal alcoholic beverages produced for commercial purposes.	
Illegal			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.

Examples

Contraband



5 TIPS PARA INDETFICAR EL ALCOHOL BAMBA



Counterfeit



Surrogate



Tax leakage



Artisanal & informal



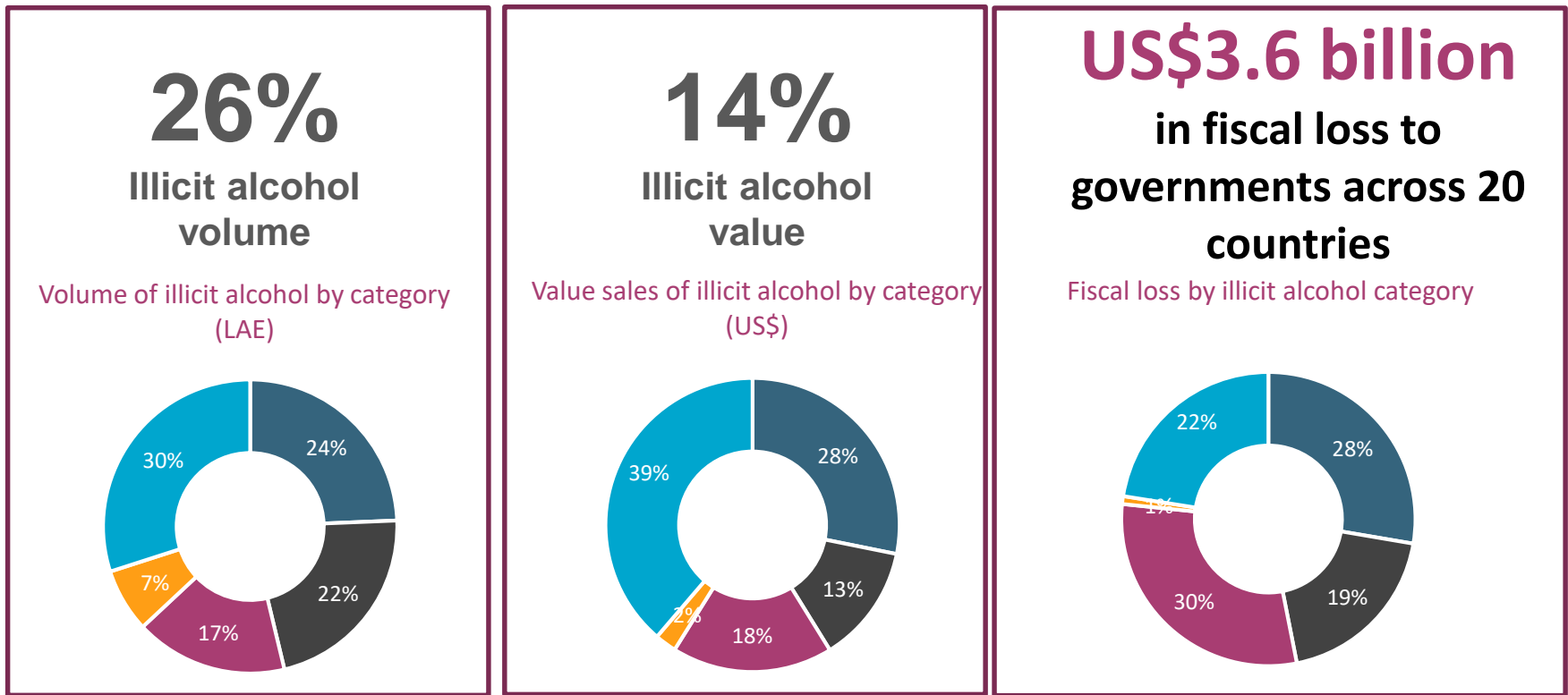


1. The problem

 **2. Size, shape & dynamics**

3. The solutions

26% of the total volume of alcohol consumed in the countries studied is illegal



■ Counterfeit/unregistered brands

■ Illicit artisanal

■ Smuggling

■ Surrogate

■ Tax leakage

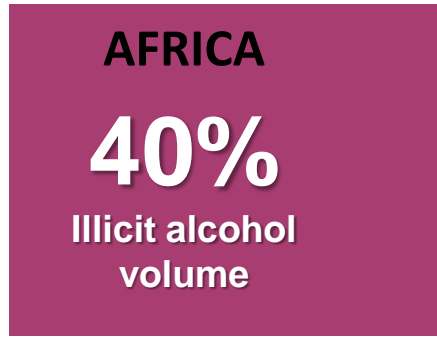
Source: Euromonitor International

Note: Market sizes for both licit and illicit alcohol include both on-trade (restaurants, bars, etc.) and off-trade (retail).

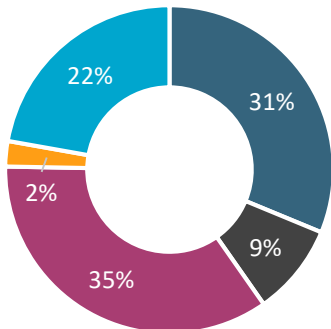
* Excise per liter LAE excludes Russia (2014) as no fiscal loss data is available.



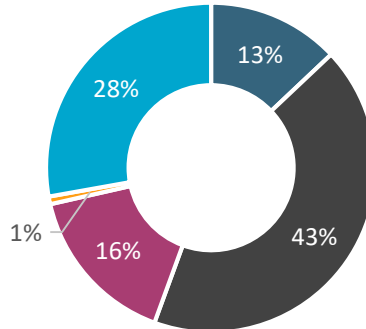
Illicit alcoholic beverages are consumed worldwide, but the market landscape varies geographically



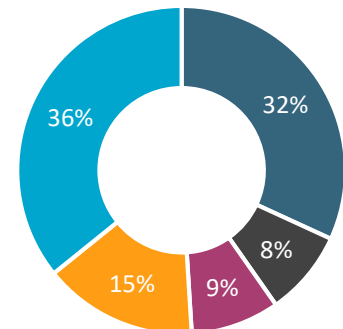
2,178,986 HL LAE
illicit alcohol consumed



4,258,896 HL LAE
illicit alcohol consumed



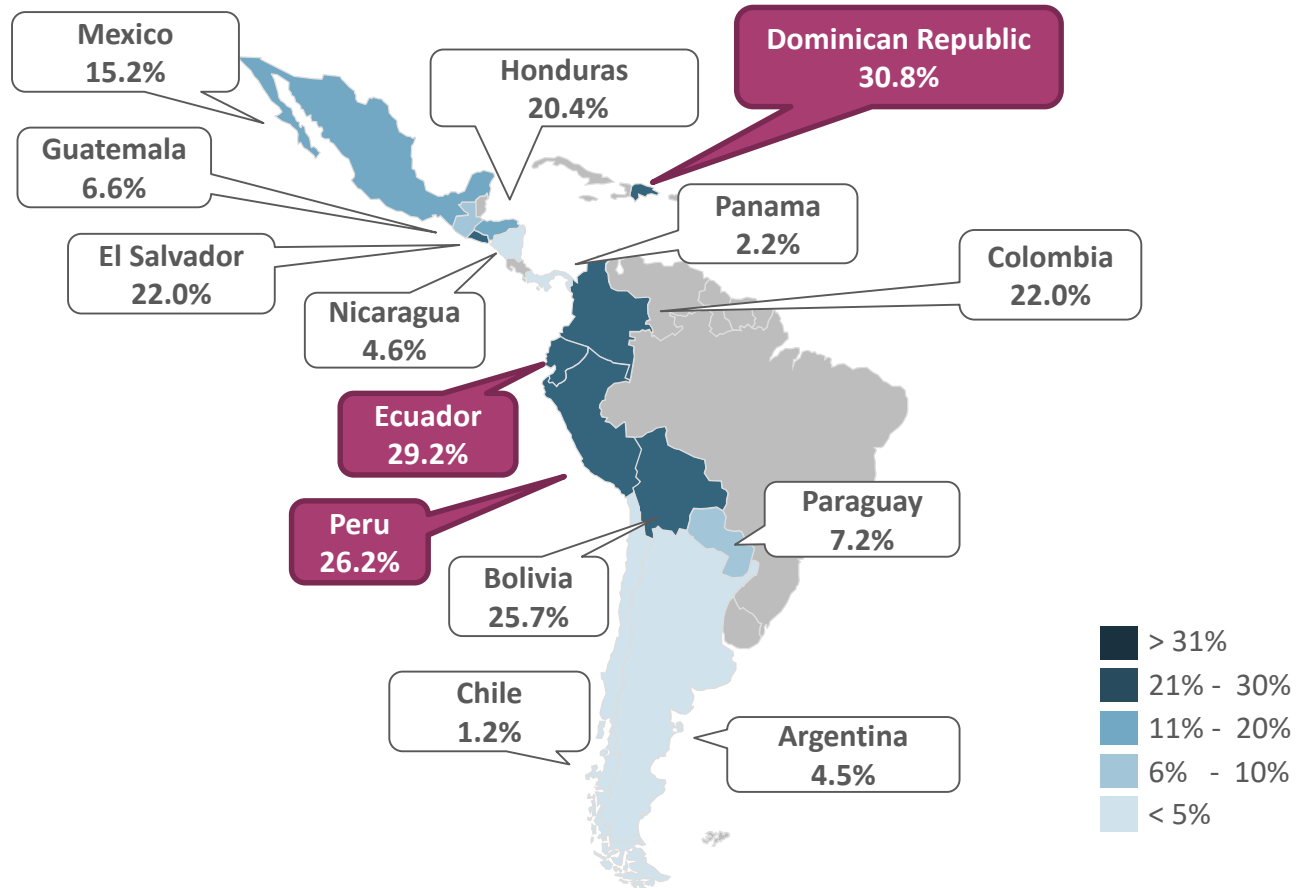
4,458,022 HL LAE
illicit alcohol consumed



■ Counterfeit/unregistered brands
■ Illicit artisanal
■ Smuggling
■ Surrogate
■ Tax leakage

In Latin America, the Dominican Republic and Ecuador have the highest shares of illicit alcohol out of total alcohol consumed

Share of Illicit Alcohol out of Total Alcohol Volume (HL LAE)

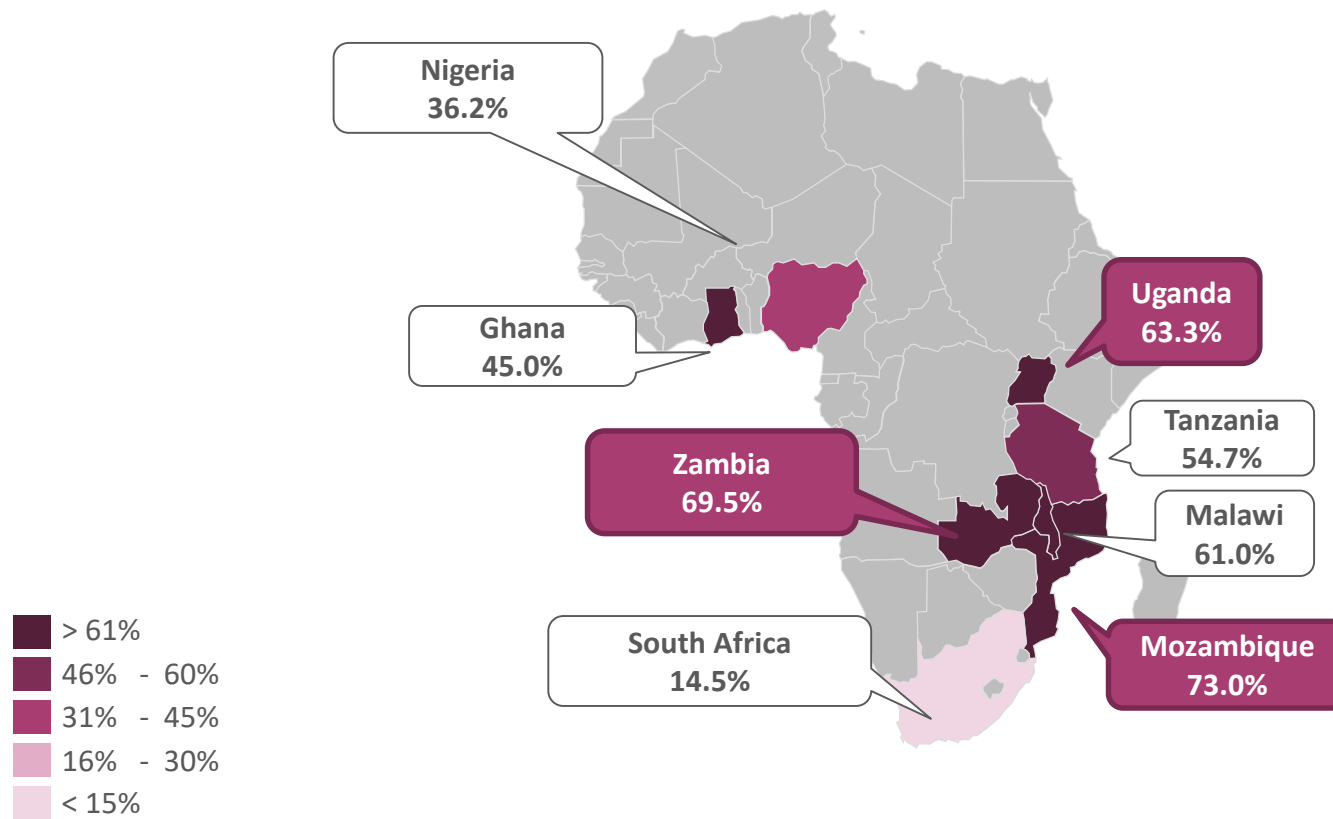


Source: Euromonitor International

Note: Data for alcohol value sales, consumption volume and fiscal loss use latest-year sizes for Argentina (2013), Bolivia (2016), Chile (2015), Colombia (2017), the Dominican Republic (2016), Ecuador (2017), El Salvador (2015), Guatemala (2015), Honduras (2015), Mexico (2017), Nicaragua (2011), Panama (2015), Paraguay (2017), and Peru (2017)

Mozambique, Zambia and Uganda have the highest share of illicit alcohol in Africa

Share of Illicit Alcohol out of Total Alcohol Volume (HL LAE)



Source: Euromonitor International

Note: Data for alcohol value sales, consumption volume and fiscal loss use latest-year sizes for Ghana (2017), Malawi (2015), Mozambique (2017), Nigeria (2017), South Africa (2017), Tanzania (2017), Uganda (2017) and Zambia (2017).



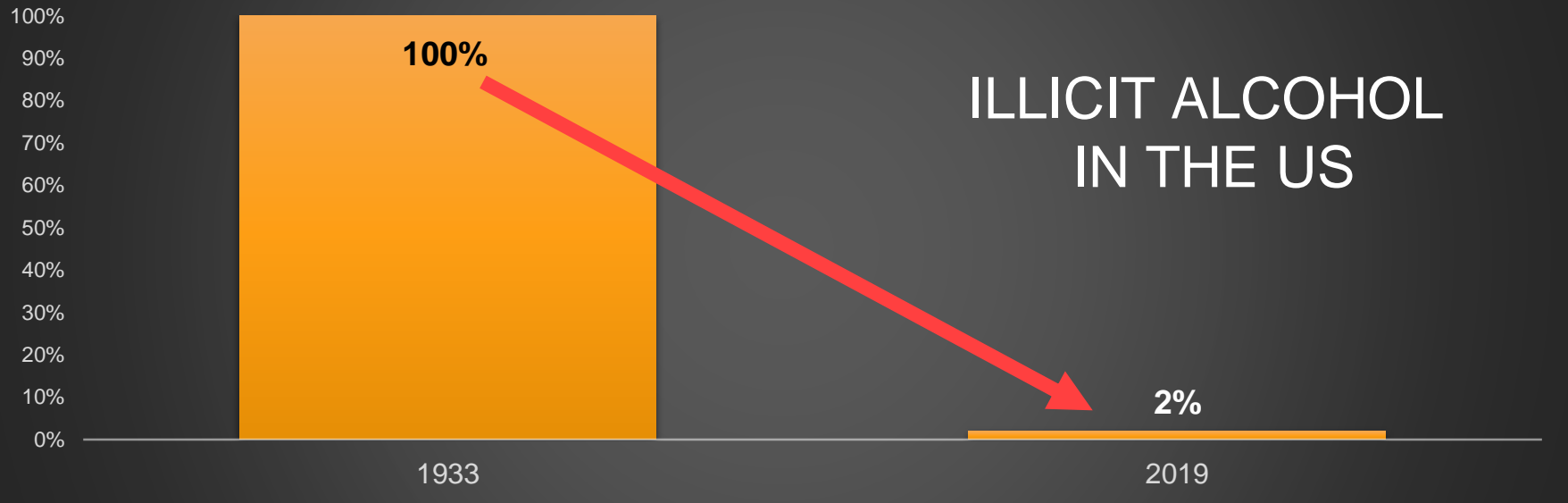
1. The problem

2. Size, shape & dynamics

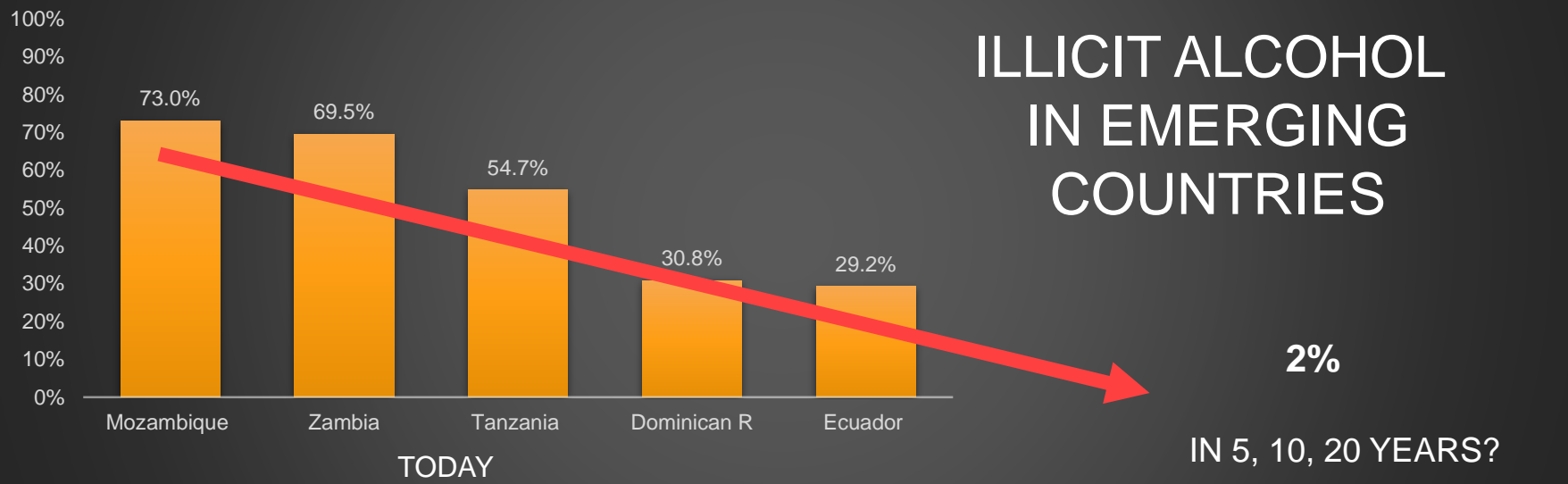
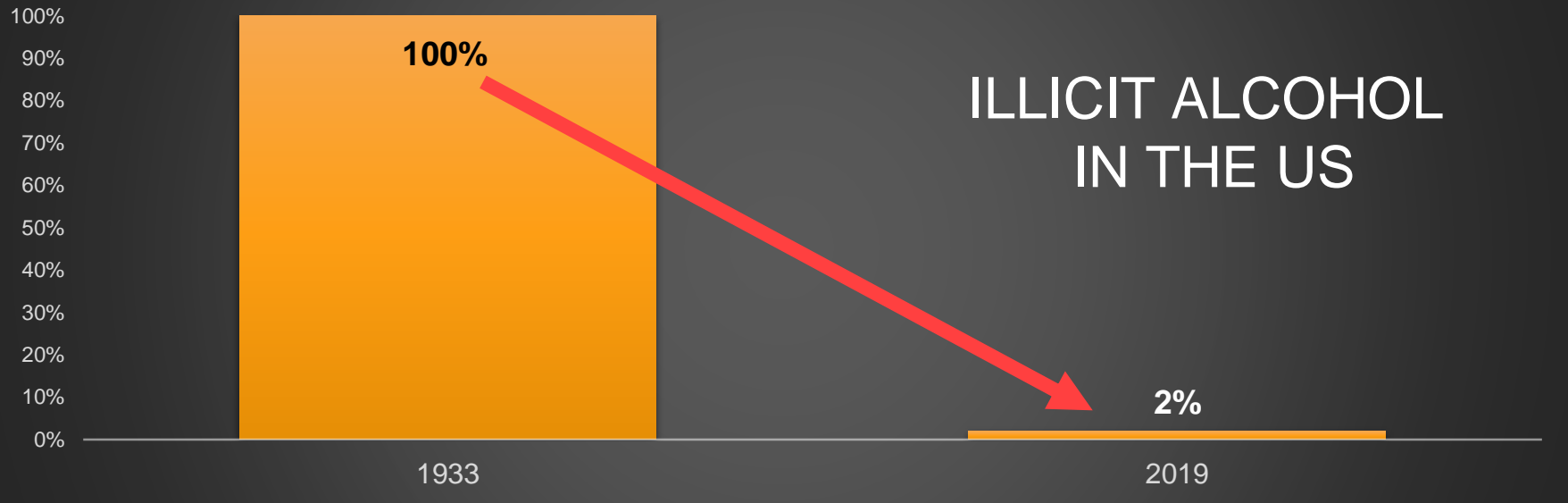


3. The solutions

How can we squeeze time?



How can we squeeze time?



Menu of options:

ALCOHOL



Find solution according to category

i.e.:	For counterfeit:	Ethanol regulation & control (labs)
	For smuggling:	Customs targeted interventions
	For artisanal:	Raise awareness on health risks and formalize
	For tax leakage:	Optimize enforcement & institutions

Strengthen governmental institutions

i.e.: Colombia

Public – private alliances

i.e.: Peru

Formalization of small producers

i.e. Africa and Latin America

In conclusion:

- 1. Illicit alcohol trade negatively affects the achievement of the SDGs**
- 2. The private sector has the responsibility to support SDGs in an effective way**
- 3. We are committed to the SDGs and we can be a key global and local partner**

ALCOHOL



**Understand
the problem:
knowledge &
insight**

**Study:
Size, shape, drivers**

**Raise
awareness**

**Communicate:
Campaigns targeting
key stakeholders and
general public**

**Be a progressive
& effective partner
for society and
governments**

**Offer battle-proven options and
participate in solutions (including
support for formalization processes)**



Thank you!