

Beware of illicit alcohol - it can kill

South Africans have been urged to be vigilant when it comes to buying alcohol - particularly if it is extraordinary cheap - because legitimate alcohol products are subject to various levels of criminal exploitation when high excise duties and taxation are deliberately being circumvented.

According to the South African Liquor Brandowners Association, the avoidance of taxes and excise duties is deliberate. It says that profits made from sales of illicit alcohol far exceed the losses from fines and seizures by the authorities.

It says these fines are regarded as a minor administrative obstacle. By way of example, the excise duty payable on a 210-litre drum of alcohol (96% ethanol) is R22 647, and that extrapolates this to about R3,3-million for a tanker containing 30000-litres of illicit alcohol.

The association says the potential profit margins for distributors are enormous, making their illicit activities extremely lucrative making it worth their while to smuggle raw alcohol into the country from places like Swaziland and Mozambique, and make their own alcohol brands by:

- Using cane spirit and colourants to replace grape spirit in the manufacture of brandy.
- Using methanol (a cheap industrial spirit that can be toxic), acetone or cheap cane spirit to replace ethanol in gin, cane, and vodka.

The illicit manufacturers then use these substitutes to either produce their own brands or to clone or counterfeit other well known brands, thus evading the excise duties payable on the alcohol.

These illicit alcohol products are sold and distributed to various retail outlets and bottle stores. They are often advertised as "loss leaders - a product offered by retailers at cost or below cost to attract customers.

The Brandowners Association says retailers may collude with illicit alcohol traders. However, it warns that most products can be identified by wary consumers because they are often sold at either below, at cost or just slightly above, the cost price of the legitimate product before wholesale mark-up.

According to the Association no retailer can sell a 750ml bottle of cane or brandy or vodka spirits for less than R50 and make a profit so any cane, vodka or brandy sold at below R50 should be bought with extreme caution.

Public awareness of the dangers of consuming illicit alcohol is critical as illicit alcohol poses health risks due to bacterial contamination or methanol poisoning. Illicit producers do use products such as acetone or low duty industrial spirits as additives and serious medical repercussions, ranging from blindness to death, can result from consuming illicit alcohol.

Illicit alcohol products are generally made in unhygienic backyard premises or garages and there is evidence that illicit alcohol manufacturing is used to fund other forms of organised crime including drugs.

Source: *Business Day* via I-Net Bridge.

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