

Illicit Alcohol in Nigeria 2023

43% of alcohol consumption (LAE terms) is illicit, equivalent to 19% in value sales



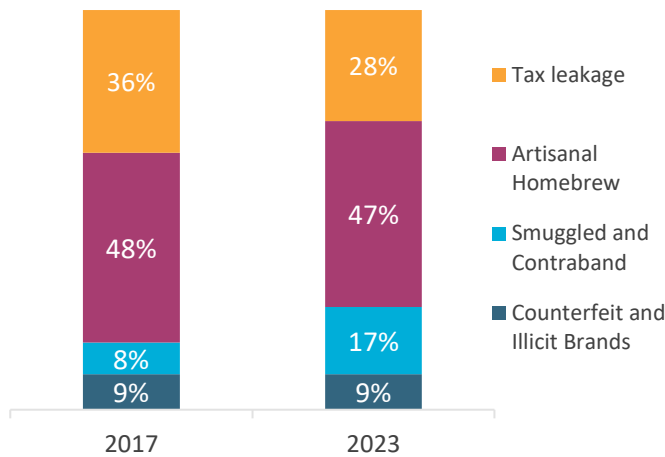
1.2 Million HL LAE
₦859_{bn} Illicit Value¹ Sales
₦472_{bn} Fiscal Loss

Key takeaway: the illicit market has increased to 1,189,123 HL LAE in 2023, from 954,512 HL LAE in 2017². The legal market has lost share, whereby the illicit share has grown to **2 in 5 bottles** or 43% in LAE.

Source: Euromonitor International

The illicit market has evolved since 2017, driven by affordability and availability

2017 vs 2023 LAE share %



Source: Euromonitor International

Key stats for 2017 – 2023 period

+ 4% CAGR
In Volume (LAE)

+ 12% CAGR
In Illicit Value in Current LCU

+ 28% CAGR
In Fiscal Loss³ in Current LCU

Source: Euromonitor International

Key takeaway: while the share of counterfeiting has remained the same, smuggling and contraband has more than doubled its share. This is driven by an increase in border-activity post-pandemic, particularly the smuggling of potable ethanol. Artisanal alcohol, specifically spirits, still dominates illicit sales due to its affordability and widespread accessibility. Since 2017, the illicit market has grown by 3.8% annually in volume (LAE), contrary to the licit market which has been declining by 2% annually in volume since 2018.

Strategies to tackle illicit alcohol in Nigeria



Regulatory reform: introduction of detailed ethanol controls including mandatory denaturing, enforcement of the sachet ban, and measures to moderate the impact of excise duties.



Enforcement: regular inspections of production facilities, testing of imported ethanol for denaturants, customs interventions, creation of a database of all ethanol stakeholders.



Awareness: to educate consumers about the health risks of illegal alcohol. Open dialogue between private and public institutions, to raise awareness with enforcement agencies.

1: Nominal figures using 2023 exchange rates to the US Dollar.

2: Euromonitor International, Size and Shape of the Global Illicit Alcohol Market, 2018..

3: The large increase is driven by high excise increases in 2022/2023 and high inflation rates for alcohol in 2022/2023.

Research Coverage & Definitions

Methodology and Coverage



DESK RESEARCH

Central sweep of publicly available sources and Euromonitor in-house Passport alcoholic drinks data and Economies and Consumers data, including previous illicit studies.



STORE AUDITS

43 store visits in urban/rural and semi-rural areas. Observations covering product prevalence, brands, packaging, labelling and pulse interviews with staff.



TRADE INTERVIEWS

19 interviews with industry stakeholders, including regulatory bodies, manufacturers, ethanol producers and associations.



SURVEY

Consumer survey (n = 1,021), to understand perception of illicit alcohol, path to purchase, channels and understanding of punishments and government actions.

Definitions and Terminology

Category	Definition
Licit Alcohol	Alcoholic drinks that are legally tax compliant in terms of paying the correct excise and other duties as required by the country in which the beverages are sold.
Illicit Alcohol	The non-payment of relevant excise and other duties to be fully tax compliant. Illicit alcohol can also lack other official requirements within a specific market. Some of the most important requirements that may be lacking include necessary health permits, and compliance with the local laws and norms applicable to the alcoholic drinks production process, including ingredients.

Illicit Category	Definition
Counterfeit and Illicit Brands	Fraudulent imitations of legitimate branded products, including refilling, falsification and tampering. These beverages infringe the intellectual property rights of legitimate producers.
Contraband/Smuggling	Alcohol with original branding that has been illegally imported/smuggled into a jurisdiction and sold, evading tariffs/customs.
Tax Leakage	Legally-produced alcoholic beverages on which the required excise tax was not paid in the jurisdiction of production. Includes under declaration or non-declaration of volumes produced/sold.
Illicit Artisanal	Artisanal alcoholic beverages, both fermented and distilled, made for commercial purposes. Examples include Ogogoro and Burukhutu.

Abbreviations: HL - Hectolitre, LAE - Litres of Alcohol Equivalent

LAE is used to report and analyse the market size in volume terms. For example, 100 HL (10,000L) of beer (4% ABV) is equivalent to 4 HL LAE. For spirits (40% ABV), 100 HL is equivalent to 40 HL LAE.