# Understanding the Illicit Alcohol Market

## Uganda

Executive Summary

May 2025

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# Introduction


*Image source: Store visits*

# 2025 Research Objectives

The Uganda Alcohol Industry Association (UAIA), with its members, would like to build knowledge of and understand the drivers of the illicit alcoholic drinks trade, its shape, its size and impact on government revenue in Uganda.

To this end, UAIA wishes to help the government to understand the size of the problem, comparing it to 2021, as well as to identify ways to combat this issue.

Project objectives include:

- **Segmentation and sizing**
  - Estimate the market volume, value and fiscal loss attributed to illicit alcohol by category
  - Segment illicit alcohol sales by type of illicit activity
- **Understanding dynamics**
  - Identify and evaluate key hotspots of illicit alcohol activity across categories and product brands
  - Understand the dynamics of illicit: trading, products, purpose, pricing, distribution, etc
  - Qualify the trends and drivers related to the illicit alcohol market
- **Consumer perception**
  - Identify consumer perceptions of illicit activity and government actions
- **Regulatory strengths and weaknesses**
  - Assessing regulatory changes and excise increases in 2024
  - Reported regulatory challenges

# Euromonitor uses a multifaceted and standardised research approach to ensure comparability and robustness

### Alignment and desk research

Alignment on core objectives and local stakeholders. In-house analysis of legal alcoholic drinks data from **Passport.** We also reviewed **secondary sources**, including trade press articles, official national statistics and trade statistics for all alcohol categories.

### Store visits and local interviews

Euromonitor collected product information from **50 different outlets across various provinces in Uganda**. During store visits, local analysts also engaged in **pulse interviews** with the local staff to gather local perspectives on the supply of illicit alcohol.

### In-depth interviews

Euromonitor **interviewed 15 stakeholders** in the alcohol industry. This includes regulatory bodies, alcohol manufacturers, associations, NGOs, ethanol producers and government agencies.

### Consumer survey

An online survey was undertaken of **1,004 consumers in Uganda**. The aim of the survey was to understand the perceptions of illicit alcohol, channels where consumers believe these products are sold, perceptions of government actions and perceptions of the impact of illicit alcohol.

### Consolidation of results

Euromonitor compared and cross-checked information collected through different methods to consolidate the key findings into a final report.

# Abbreviations

| Abbreviation | Definition |
|---|---|
| ALB | Alcohol Licensing Board (Uganda) |
| CAGR | Compound Annual Growth Rate |
| DTS | Digital Tax Stamps |
| EAC | East Africa Community |
| GDP | Gross Domestic Product |
| HL | Hectolitre |
| HL LAE | Hectolitre of Alcohol Equivalent |
| MOH | Ministry of Health |
| RTD | Ready-to-Drink |
| UAIA | Uganda Alcohol Industry Association |
| UAPA | Uganda Alcohol Policy Alliance |
| UNBS | Uganda National Bureau of Standards |
| URA | Uganda Revenue Authority |
| UYDEL | Uganda Youth Development Link |
| WHO | World Health Organization |

# Definitions of illicit alcohol and its various types

| Term | Definition |
|---|---|
| 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 alcohol also includes informal alcohol distribution, which can be via unlicensed outlets. In developing countries, the size of the informal segment can be significant across categories. |
| 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. This also includes the production of unregistered or unbranded brands, which are not excise or standards compliant. |
| Contraband and Smuggling | Alcohol with original branding that has been illegally imported/smuggled into a jurisdiction and sold, evading tariffs/customs. Includes beverages brought across the border either in excess of the applicable traveller's allowance regulation or via smuggling. |
| Tax Leakage (undeclared) | Legally produced alcohol beverages on which the required excise tax was not paid in the jurisdiction of production. This includes the non-declaration or under-declaration of production in order to avoid excise duty payments. |
| Surrogate | Alcohol or alcohol-containing products not meant or sold for human consumption but that are consumed as substitutes for beverage alcohol. Examples include cough syrups containing alcohol that are mixed with soft drinks. |
| Illegal Artisanal | Traditional alcoholic beverages, fermented and distilled, which are made and subsequently sold for commercial purposes. It is typically only illegal once it has been sold since it does not comply with national alcohol regulations and standards. |


# Executive Summary

*Image source: Store visits*

# Key learnings: Illicit alcohol in Uganda

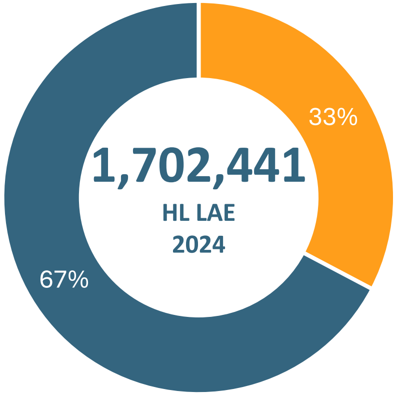
The illicit market continues to grow, both in volume and value. In 2024, illicit alcohol sales represented 67% of the total alcohol market in volume terms and 40% in value terms. Illicit volume sales grew by 16% since 2020 in HL LAE.

Illicit volume sales are predominantly generated by illicit artisanal alcohol produced at little cost by rural households and small-scale informal distilleries, whereas value sales mainly derive from counterfeit alcohol – largely copycats of popular local and international spirit brands, such as Uganda's Waragi gin, Johnnie Walker whisky and Bond 7 whisky.

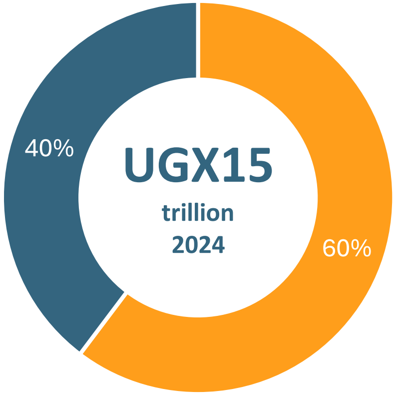
Fiscal loss of UGX3 trillion is driven mostly by illicit artisanal alcohol, such as Waragi, Tonto, Malwa and Sabula. Fiscal losses have grown by 80% since 2020. Counterfeiting is the second contributor to fiscal loss, due to large domestic ethanol production, often diverted to enable the production of counterfeit spirits.

Ugandan consumers are aware of what makes products illegal. However, there is a degree of acceptability despite this, evidenced by high consumption despite the awareness of the health risks. For Ugandans, affordability was cited as the main driver for illicit alcohol consumption.

# Illicit alcoholic beverages generated two thirds of total LAE volume sales, and 40% of value sales in 2024, representing a rise compared to 2020




Licit Market Illicit Market




**67%** **Illicit Alcohol Volume Share of Total Alcoholic Drinks 2024**

- In 2024, the total Ugandan alcohol market reached 1.7 million HL LAE, with 67.3% being illicit products, or 1.1 million HL LAE, compared to 64.5% in 2020. Volume sales were driven by wide access to raw ingredients (fruits/grains) to produce illicit artisanal alcohol.
- Between 2020 and 2024, illicit sales grew by a 3.8% CAGR in HL LAE terms, due to rising demand for affordable alcohol.

**40%** **Illicit Alcohol Value Share of Total Alcoholic Drinks 2024**

- The total alcohol market amounted to UGX15 trillion in 2024, with 40% of this accounted for by illicit alcoholic beverages. A core driver was high inflation during 2022 and 2023, which led consumers to seek affordable alcohol alternatives.
- Illicit sales were worth UGX6 trillion, supported by rising demand for popular alcohol brands among low-income consumers.

*Source: Euromonitor International. Notes: Hectolitres (HL) Litres Alcohol Equivalent (LAE), Compound Annual Growth Rate (CAGR)*
*Note: UGX6 trillion is approximately USD1.6 billion, using USD1 = UGX3,757.3 – the average exchange rate in 2024.*

# Illicit artisanal alcohol drives volume sales and fiscal loss, whereas counterfeit alcohol dominates in value sales terms, due to higher prices

**Volume**

**1,145,358** HL LAE

**Total Illicit Alcohol 2024**

**Value**

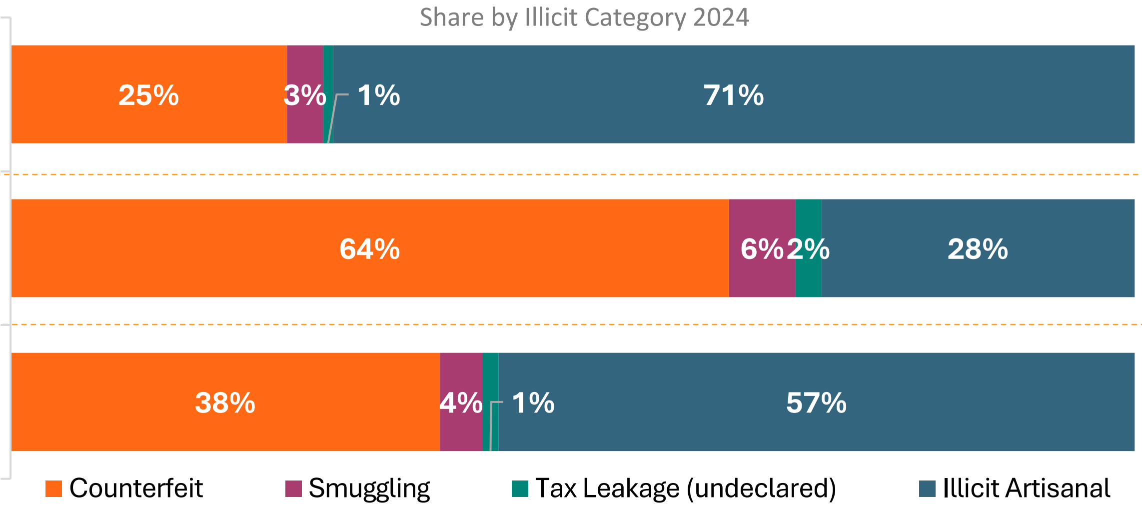
**UGX 6** trillion

**Total Illicit Alcohol 2024**

**Fiscal Loss**

**UGX 3** trillion

**Total Fiscal Loss 2024**

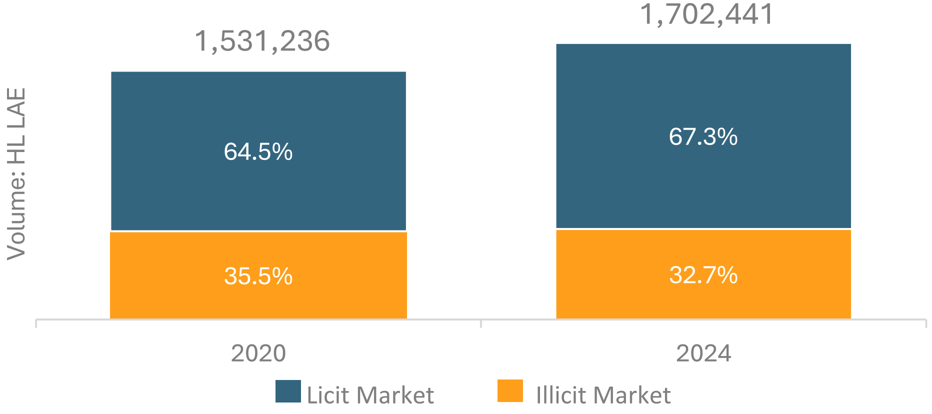



- In 2024, over two thirds of illicit volume sales (LAE) were generated by illegal artisanal alcohol (eg home-made waragi), impacting sales of legal spirits and wines; followed by a quarter deriving from counterfeit brands, and minor volumes of smuggling/contraband and tax leakage.
- In value sales terms, counterfeit alcohol drove illicit profits (nearly two thirds), followed by illegal artisanal alcohol (roughly one third), with minimal volumes of smuggling/contraband and tax leakage. Counterfeit alcohol impacts local spirits and premium international spirit brands, consisting predominantly of refilled bottles of Johnnie Walker sold at varying discount levels compared to the genuine, legally-produced whisky bottles.
- Tax leakage mainly stems from illegal artisanal production, namely individual households selling directly to their local communities, as well as small-scale, unregulated distilleries not declaring, under-declaring or misclassifying their production, followed by counterfeit fabrication.

# In 2024, the illicit alcohol market reached 1.7 million HL LAE, with CAGRs of 4% in volume, 14% in value and 16% in fiscal loss over 2020-2024

## Total Alcoholic Drinks 2020/2024

(Total Market HL LAE)




## Growth over the period 2020-2024

**+3.8%** CAGR

**In Illicit Volume (LAE)**

**+14.1%** CAGR

**In Illicit Value in current UGX**

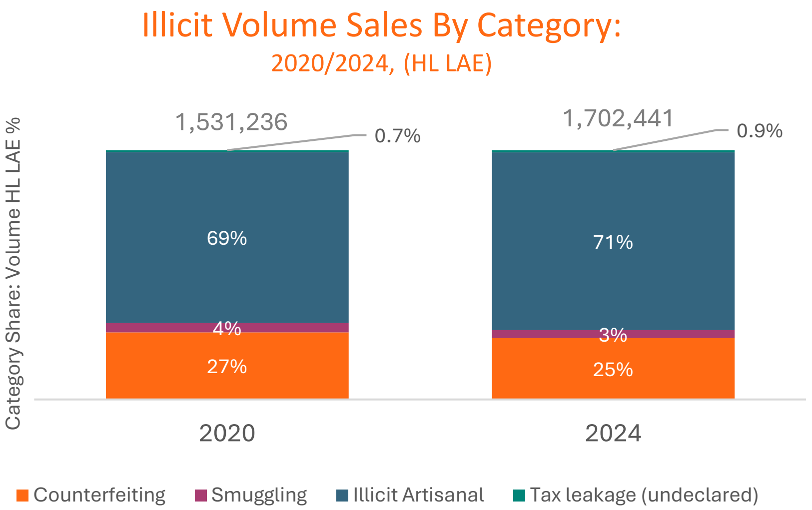
**+16.2%** CAGR

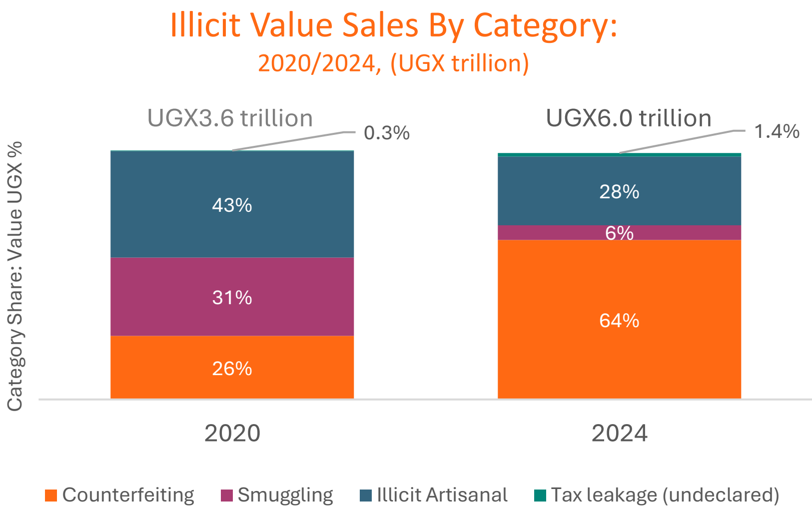
**In Fiscal Loss* in current UGX**

- Between 2020 and 2024, volume sales of illicit alcohol expanded at a 3.8% CAGR in LAE terms. In absolute volumes, the illicit alcohol market has expanded by 157,453 in HL LAE. The volume share of illicit alcohol increased to 67.3% in 2024, from 64.5% in 2020.
- The fiscal loss relating to illicit alcohol sales grew at a CAGR of 16.2%, due to increasing volumes and higher excise duties on various alcohol categories such as wine and spirits. Value sales of illicit alcohol expanded at a 14.1% CAGR, driven by rising prices of illicit alcohol.

*Source: Euromonitor International. Notes: Hectolitres (HL) Litres Alcohol Equivalent (LAE), Compound Annual Growth Rate (CAGR), Total Market = Licit + Illicit Market*

# Volume share changes between 2020 and 2024 were minor, but counterfeit alcohol significantly increased its value share over this period



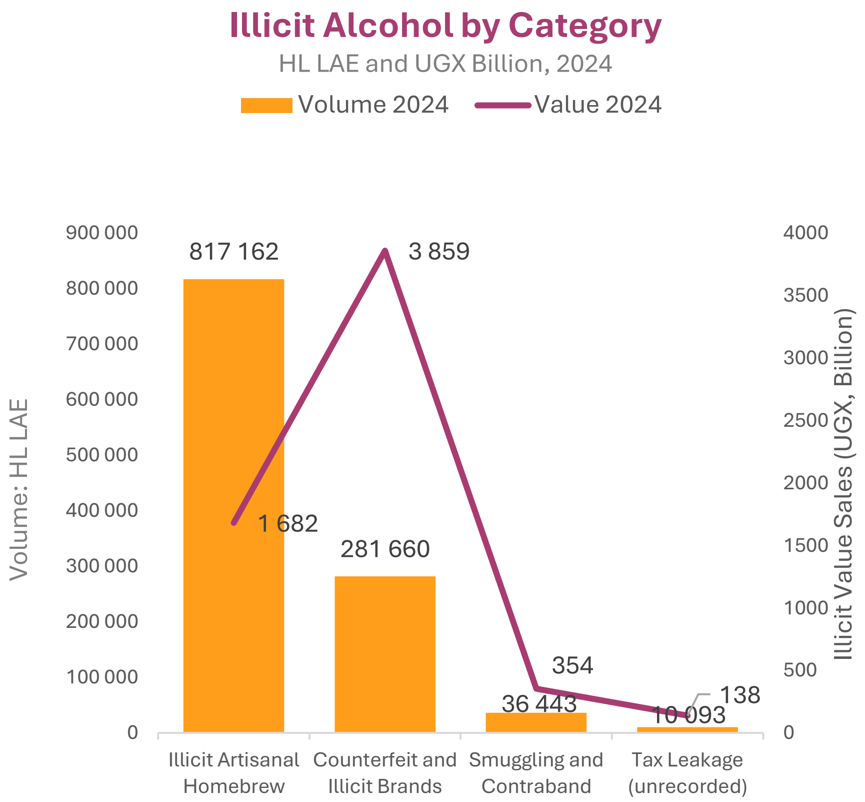




- Illicit artisanal alcohol remains the largest contributor to volume sales, expanding its share of the illicit market from 69% in 2020 to 71% in 2024. Drivers include unemployment and the rising cost of living, with demand for affordable/cheap home-made artisanal alcohol rising as a result.
- Consequently, the respective shares of counterfeiting and smuggling/contraband alcohol shrunk somewhat over 2020-2024, from 27% to 25%, and 4% to 3%, respectively. Counterfeit alcohol thrives across both formal and informal on-trade outlets, with smuggled/contraband alcohol originating mainly from Kenya and the DRC through porous, poorly controlled land borders, as well as through Lake Victoria via Kenya's port of Mombasa.

*Source: Euromonitor International. Notes: Hectolitres (HL) Litres Alcohol Equivalent (LAE), Compound Annual Growth Rate (CAGR). Only the illicit market volumes reported in the above charts.*

# Highly affordable illicit artisanal alcohol bolsters consumer demand

- Illicit alcohol volume sales are predominantly driven by the simple and low-cost artisanal production of the local alcoholic beverage known as “waragi” – a distilled alcohol produced by individual households and small unregistered distilleries.
- The abundant availability of raw ingredients such as banana, millet, sorghum and sugarcane, as well as the simplicity of the production process and basic equipment required, make artisanal alcohol an attractive income source for many living below the poverty line.
- Artisanal gin, beer and brandy (depending on the production method) is widely available at low prices in kiosks, pubs, taverns, bars, small retail shops and markets, particularly surrounding rural villages and peri-urban areas.
- Counterfeit alcohol volume sales represent over a third of illicit artisanal alcohol volume sales and the majority of illicit value sales, due to a lack of regulation and law enforcement, coupled with low consumer awareness of refilled branded bottles (especially on-trade sales).
- Smuggled/contraband alcohol is the third largest illicit category in volume terms, led by spirit and wine bottles transported through extensive and porous borders with Kenya and the DRC. Comparatively, tax leakage remains less significant in Uganda



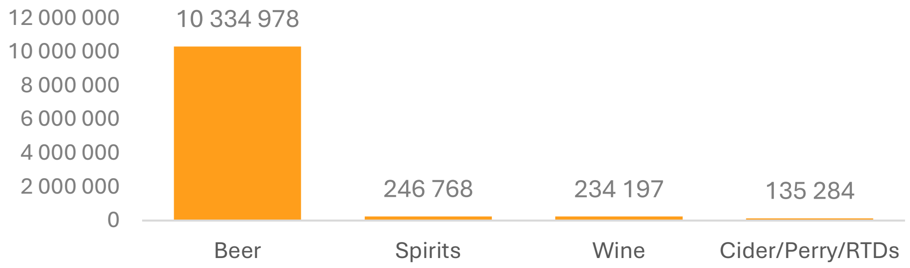

*Source: Euromonitor International*

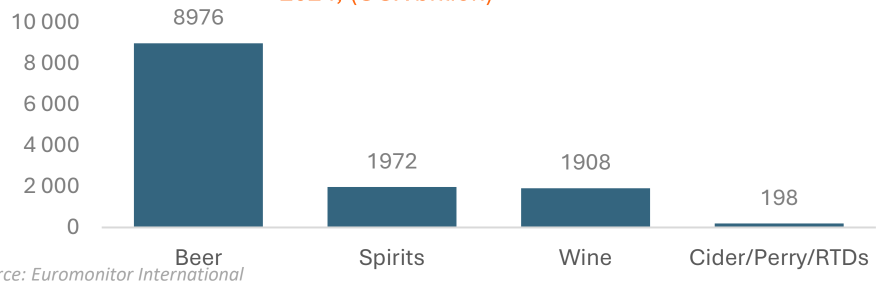
Counterfeits are numerous on the market, because if you only sell legal products, you may fail to pay rent. Cost of living is high and even taxes are too much. The most popular counterfeits are wines and spirits, packaged in glass bottles exactly like the legal brands. And I have never seen any authority checking for such products in shops. Shops sell these products and nobody monitors them. The weak law enforcement system in this country contributes a lot to the increasing sale of counterfeits in the city.

*- Kiosk owner, Mukono, Central Uganda*


*Source: Euromonitor International store audits, February 2025*

# The legal alcohol market is driven by beer sales, followed by spirits




*Source: Euromonitor International*

## Growth over the period 2020-2024

**+ 11.4%** CAGR
**In Volume (HL)**

**+ 26.6%** CAGR
**In Value (UGX billion)**

- Beer (lager) is by far the most consumed legal alcohol type, followed by comparable volumes of spirits and wine, while cider, perry and RTDs remain the least sought after.
- In 2023, beer volume sales benefited from a significant reduction in excise tax from 60% to 20%, followed by a second decrease implemented in 2024, to just 10%.
- In 2024, beer sales amounted to UGX8.98 trillion, thanks to the popularity of brands such as Eagle Lager, Club Pilsner, Nile Special and Bell Lager. Beer is typically consumed by both genders of all ages and across income groups.
- In contrast, spirits sales are largely driven by demand from male consumers in on-trade channels, such as open-air bars and nightclubs, while wine, cider, perry and RTDs tend to appeal more significantly to female and young adult consumers.

# On average, Ugandans consume 4.6 litres of pure illicit alcohol per year, compared to 2.3 litres of pure legal alcohol

## 4.6 Litres (LAE)

Average annual consumption of illicit alcohol per adult (18+)*.

**1.1 Litres LAE**

Counterfeit/illicit brands per adult*

**0.1 Litres LAE**

Contraband/smuggled alcohol per adult*

**3.3 Litres LAE**

Illicit artisanal alcohol per adult*

**0.04 Litres LAE**

Tax leaked (undeclared) alcohol per adult*

**4.6 Litres LAE per capita is equivalent to:**

**4** 500ml cans of beer per week

OR

**4** Glasses of wine per week

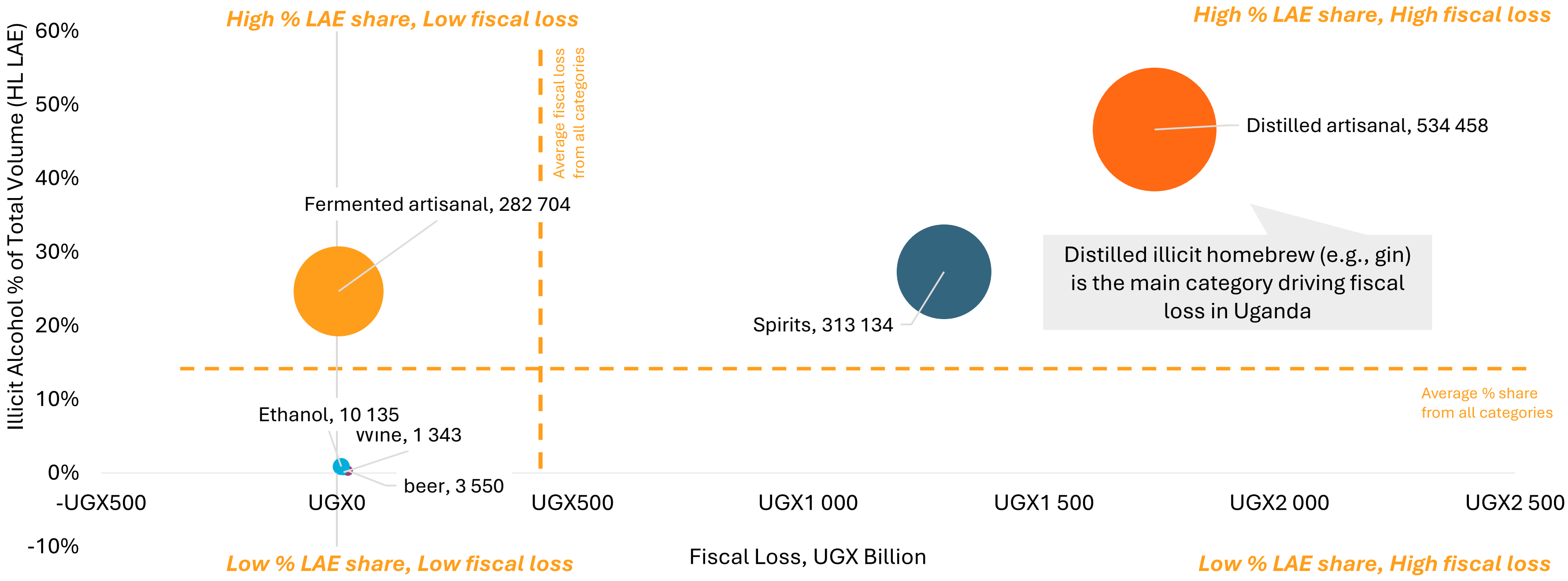
OR

**7** 30ml shots of vodka per week

*Source: Euromonitor International*
*Note: * Only the drinking age population (18+) is considered for this analysis.*
*Note: Spirits are assumed to have an ABV of 43%, beer 4% and wine 12%.1 glass of wine is equivalent to 188ml, or 4 glasses per 750ml bottle, and 1 shot is 30ml.*

# Illegally distilled artisanal spirits drive fiscal losses at more than UGX1.7 trillion, followed by counterfeit and smuggled spirits at UGX1.2 trillion

## Fiscal Loss (UGX Billion) by Alcohol Category, 2024




*Note: The size of the bubble indicates the size of the category in HL LAE. The orange lines represent averages.*

*Source: Euromonitor International. Notes: Hectolitres (HL) Litres Alcohol Equivalent (LAE)*

# The illicit alcohol market thrives on affordability, accessibility and poor law enforcement, reinforced by low consumer awareness of health risks

## Affordability

With over 20% of Uganda's population living below the national poverty line, the affordability of alcoholic beverages is paramount to influencing consumer choices.

Illicit artisanal alcohol, such as waragi, is produced at little to no cost, thus enabling highly affordable prices for end consumers.

Illicit alcoholic beverages are characteristically cheaper than legal brands, even though illicit producers and distributors closely monitor legal market prices to maximise profits, especially with counterfeit.

## Accessibility

Illicit alcohol is widely accessible across formal/informal, on-/off-trade channels, in both urban and rural settings.

The abundant access to raw ingredients (fruits/grains) facilitates the fabrication of illicit artisanal alcohol by rural households and small informal distilleries.

Uganda's large ethanol production is easily diverted to unlicensed alcohol producers, while extensive and porous borders with Kenya and the DRC further drive access to smuggled/contraband alcohol.

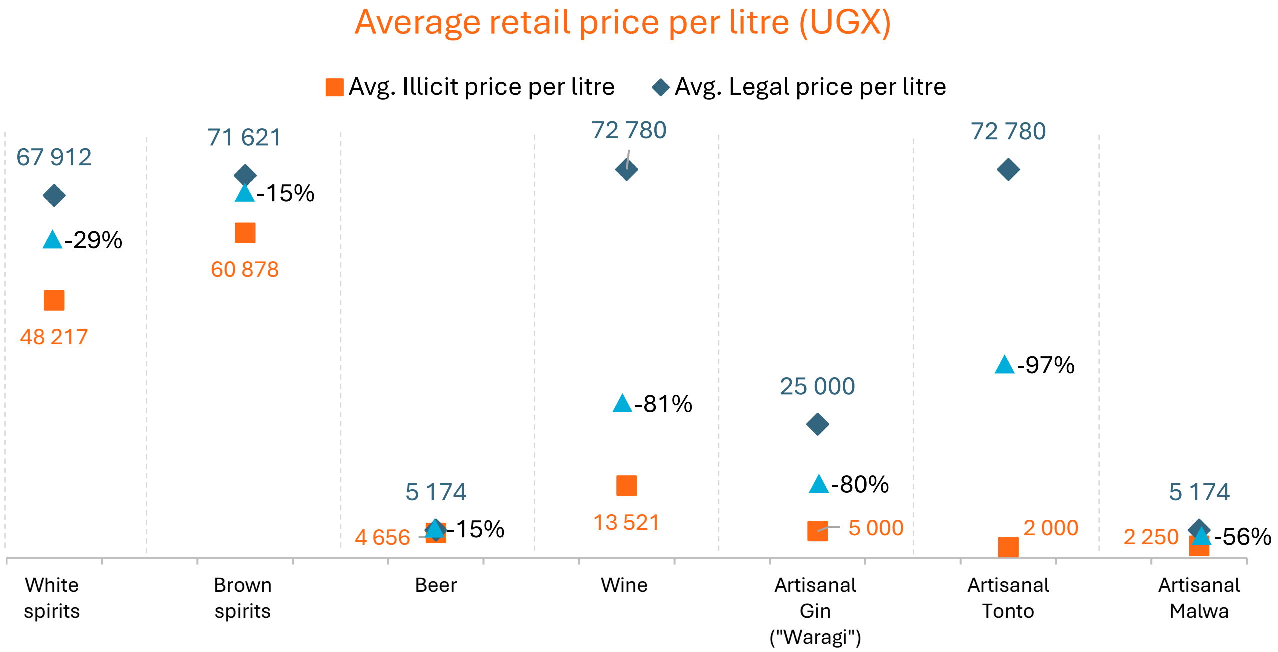
## Enforcement

Uganda's government has been seeking to strengthen its legislation on alcohol fabrication, distribution, sale, marketing and consumption, but with poor results to date.

Key challenges include a lack of strong deterrents, and human and financial resources to tackle the illicit trade, coupled with legislative loopholes and low consumer awareness of illicit alcohol products.

With poor and low-income consumers focused on sourcing the cheapest alcohol, quality and safety are low priorities for most.

# Illicit alcoholic drinks are up to 81% cheaper, with prices particularly low in the wine and spirits categories




*Note: The price shown are retail prices only and are based on the store visited conducted in February and March 2025. Prices are averages per litre.*
*Note: Tonto and malwa are compared to the average price of legal wine and legal beer, respectively.*
*Source: Euromonitor International*

**89%**

Of consumers expect illicit alcohol's price to be cheaper than legal alcoholic drinks

**-53%**

Average variance between illegal and legal alcohol*, per litre

- Illicit alcoholic drinks are priced more affordably, with price points up to 81% lower than the equivalent legal beverages.
- White spirits, such as vodka and gin, are cheaper by around 29%, whereas brown spirits, such as rum and whisky, deliver discounts of 15% on average.

# Consumers expect wide access to illicit alcohol through street vendors, bars, clubs, restaurants and open markets

**68%**

Of consumers think illicit alcohol can be sourced through this channel

## Street Vendors

- Illicit alcohol is widely available through street vendors, particularly counterfeit and smuggled/contraband alcoholic beverages.
- In 2021, Kampala's authorities aimed to decongest the city by shifting street vendors and hawkers to so-called zoned markets, with sales reportedly lower since.
- However, street vendors in other Ugandan cities continue to trade illicit alcohol in rising volumes.

**53%**

Of consumers think illicit alcohol can be sourced through this channel

## Bars/Clubs/Restaurants

- Uganda's hospitality and entertainment sectors have seen substantial growth in recent years, enabling illicit alcohol to thrive, especially among the youth, who are largely unaware of refilled branded bottles.
- Customers of urban open-air thatched bars, themed bars, pubs, lounges, nightclubs and restaurants have a propensity to pay higher prices, hence are key targets in Kampala, Entebbe, Jinja, Fort Portal and Mbale.

**51%**

Of consumers think illicit alcohol can be sourced through this channel

## Open Markets

- Across urban and rural areas, open markets are expanding, forming a popular channel to purchase cheaper alcoholic beverages, including counterfeit, smuggled, illicit artisanal and tax leakage alcohol.
- Local authorities are increasingly seeking to collect more revenue through the closure of informal markets, forcing the formalisation of open markets, potentially hindering illicit alcohol sales in the long term.

The prevalence of informal outlets across on-trade and off-trade channels drives illicit alcohol sales. However, Ugandan authorities are increasingly seeking to boost revenue through a ban on cities' hawkers and the closure of informal markets, potentially hindering growth.

*Source: Euromonitor International*
*Q22. In your opinion, where do you think one could buy illicit alcoholic drinks in your country? (n=1,004)*

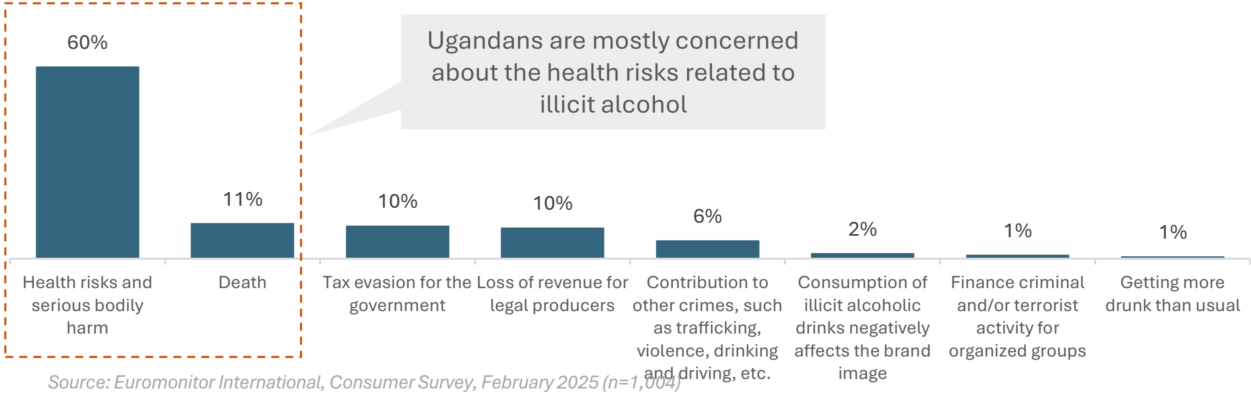
# Half of Ugandan consumers know how to verify whether an alcoholic beverage is illicit, and 41% are aware of campaigns to tackle the illegal trade

**69%**
**Who buy illicit products**
Want lower prices regardless of product origin

**56%**
**Know how to check**
If an alcoholic drink is illicit

**41%**
**Aware of campaigns**
Against illicit alcohol

**79%**
**TV/radio**
Is the most effective platform to raise awareness




- Nearly 80% of Ugandans believe the most effective way to raise awareness of illicit alcohol is via television and radio channels, while two fifths are aware of campaigns to tackle illicit alcohol consumption.
- Around two thirds buy illicit alcoholic beverages to benefit from lower prices, and just over half would know how to check whether an alcoholic beverage is an illicit one.
- Over a third believe consumers would not consume illicit alcohol if they knew about the associated health risks.

*Source: Euromonitor International, Consumer Survey, February 2025 (n=1,004)*
*Q.12 In your opinion, why do you think people buy illicit products?*
*Q.15 Do you know how to check if an alcoholic drink is legal?*
*Q.24 Are you aware of any campaigns in your country to tackle illicit products? Please select one.*
*Q.25 Now, thinking just about illicit alcohol, what do you think is the most effective method for creating awareness about the risks of consuming illicit alcohol? Please select all that apply.*
*Q.30: Do you think illicit alcoholic drinks sale and consumption would decrease if people were more aware of this? Please select one.*

# Uganda's alcohol sector is subject to regulation; however, the lack of deterrents and government resources result in weak enforcement

- The Liquor Act 1969 set out licensing requirements for manufacturers and sellers through the Alcohol Licensing Board (ALB).
- According to the Alcoholic Drinks Control Bill 2023, individuals planning to manufacture or import alcoholic beverages would have to obtain a licence from the Industrial Licensing Board and approvals from various local authorities. Some districts, such as Kampala, Mbarara and Jinja, have introduced licensing requirements for local distillers, including home-made waragi, to improve quality standards and safety.

## Proposed amendments to 2019 Alcohol Drinks Control Bill

In November 2023, proposed amendments to the 2019 Alcoholic Drinks Control Bill aimed to regulate the manufacture, importation, sale, consumption and advertising of alcohol, as well as the legal sales times, prohibition of online sales, sachets and plastic bottles, along with a clearer definition of authorised sales outlets. However, these proposals were rejected by parliament in August 2024, due to its perceived failure in addressing the key issues the sector is facing, including illicit alcohol.

## Public health measures are often decentralised

Due to its cultural heritage and administrative set up, Uganda's public health system is largely managed at the district level, including for alcohol licensing and imposing production bans. For instance, in 2023, the Kyotera district of Central Uganda imposed a production and sales ban on locally-distilled waragi, while in 2022, the Pakwach district of Northern Uganda suspended the sale, distribution and consumption of non-certified alcohol following several illicit alcohol deaths.

## Regulation enforcement remains weak

Alcohol regulation at the national level is widely perceived as outdated and failing to address sectoral challenges. Penalties appear weak, failing to act as deterrents, while public authorities in charge of law enforcement reportedly lack the human and financial resources to tackle the illicit alcohol trade, including artisanal sales, counterfeiting, smuggling and tax leakage.

*Source: Euromonitor International*

# Regulation specifically addressing illicit artisanal alcohol, counterfeiting and ethanol distribution should be prioritised to curb availability to consumers

## Regulation

**Rank:** High Importance
**Time impact:** Medium to Long Term

- An industry-wide approach to raising government awareness of legal loopholes in the regulations could be a first step towards tightening legislation to effectively address illicit alcohol.
- Updates to the regulations should focus on prohibitions on the production and sale of illicit artisanal and counterfeit alcoholic beverages. Greater penalties can also enhance deterrence, since the current penalties are not viewed as deterrents.
- Regulations should also strengthen ethanol control, including distribution, handling and production. This should include the denaturing of all ethanol not intended for human consumption.

## Enforcement

**Rank:** High Importance
**Time impact:** Medium Term

- Several districts (eg Kyotera) have already taken the initiative to ban illicit alcohol, and learnings from these can be shared more widely for implementation elsewhere.
- Improving the social mobilisation within local communities, previously affected families, and community leaders, can greatly assist local enforcement efforts, especially when combined with incentives and protection of tip-offs from local consumers.
- Focusing on increased enforcement in on-trade outlets where counterfeiting is most present can yield quick wins.
- Training officers on how to identify illicit alcohol, and the various punishments, is a crucial step to improving enforcement.

## Awareness

**Rank:** Medium Importance
**Time impact:** Short Term

- Awareness-building among Ugandan alcohol consumers should include a wide range of organisations and individuals, such as education stakeholders and community health professionals.
- Campaigns could be co-developed with UAIA, UAPA and UYDEL at the district level, prioritising cities such as Kampala, Entebbe, Jinja, Fort Portal and Mbale.
- Ugandan consumers surveyed indicated their receptiveness to campaigns on television, radio and social media. Partnerships with grocery retailers can help to amplify the visibility of key health messages.
- There should also be illicit alcohol awareness campaigns with police and enforcement officers, at a provincial level.

*Note: Importance rank scale (high, medium, low) and recommendation time impact scale (short, medium long term) are subjective in nature, based on research findings and analysis.*


# Appendix

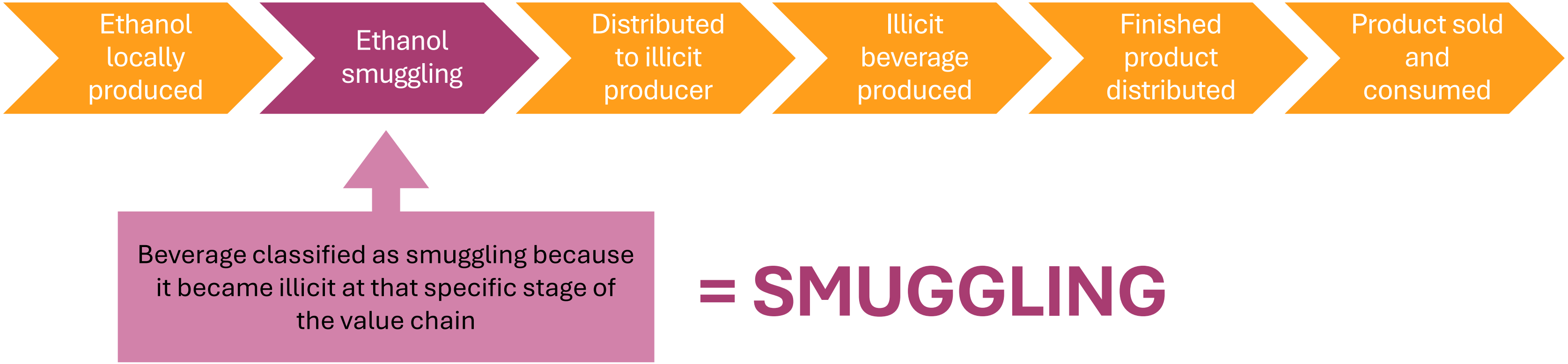
*Image source: Store visits*

# Definitions of legal alcohol and its categories

| Term | 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. Legal alcoholic drinks are also compliant with any required standards and labelling. |
| *Spirits* | This is the aggregation of whisky, brandy and cognac, white spirits, rum, tequila, liqueurs and other spirits, such as cane and liqueurs. ABV tends to range from 35% to 43%. |
| *Beer* | An alcoholic drink usually brewed from malt, sugar, hops and water and fermented with yeast. Some beers are made by fermenting a cereal, especially barley, and are therefore not flavoured by hops. Alcohol content for beer varies – anything up to and over 14% ABV (alcohol by volume), although 3.5% to 5% is most common. |
| *Wine* | This is the aggregation of still and sparkling light grape wines, fortified wine and vermouth and non-grape wine. In terms of alcohol content, light wine usually falls into the 8-14% ABV bracket, while fortified wine ranges from 14% to 23% ABV. Low-alcohol and non-alcoholic wine is also included. |
| *RTDs/Premixes & Ciders* | This is the aggregation of ciders and ready-to-drink alcoholic beverages. Ciders are made with fermented apples and usually have an ABV of 4-6%. Pre-mixed alcoholic drinks which are usually flavoured. |

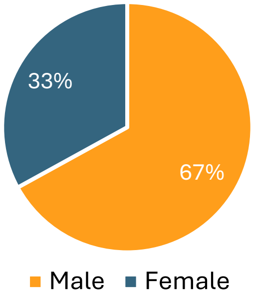
# Value chain analysis is used to avoid double counting

- In many cases, illicit alcoholic beverages can fall into more than one category. To **avoid double counting** and to better understand each of these categories, Euromonitor International has **allocated each product to the category in which it first enters the illicit alcohol market** of any given country.
- For example, if an illicit homebrew beverage is created from smuggling ethanol, then for the purposes of this study it is considered smuggling because the **alcohol became illicit the instant it entered the country without paying the due taxes**, prior to the homebrew production and distribution process.
- This example (illustrated below) helps explain the **Euromonitor International category classifications for this project**:

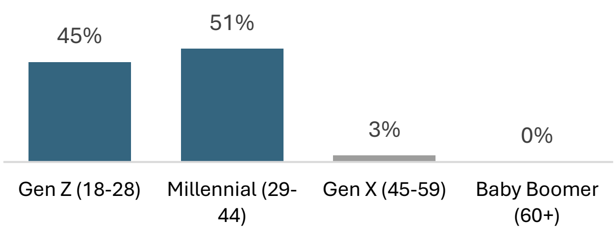


# Demographic summary: Ugandan respondents

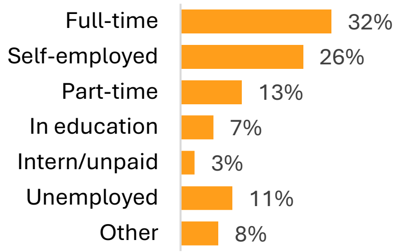
## Gender



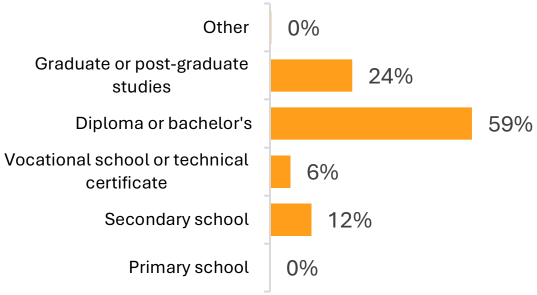

## Age



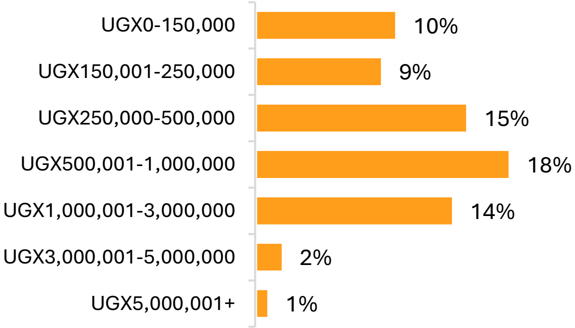

## Work Status



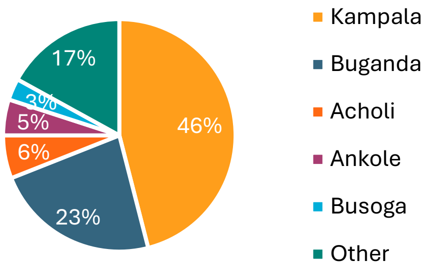

## Education level




## Monthly Income




## Location



# List of sources

| Secondary Sources | |
|---|---|
| **Source Name** | **Type** |
| All Africa | Regional Press |
| CGTN | International Press |
| Daily Express | National Press |
| East African Community | Intergovernmental Bloc |
| Kampala Post | Local Press |
| Nation Africa | Regional Press |
| New Vision | National Press |
| Nile Post | Regional Press |
| Parliament of Uganda | Government |
| Parliament Watch | Monitoring Initiative |
| Tax Stamps & Traceability News | Trade Press |
| The Independent | National Press |
| Uganda Alcohol Policy Alliance (UAPA) | Civil Society Network |
| Uganda Bureau of Statistics (UBOS) | Government |
| Uganda National Bureau of Standards (UNBS) | Government |
| Uganda Radio Network | National Broadcaster |
| Uganda Revenue Authority (URA) | Government |
| Uganda Youth Development Link (UYDEL) | Non-Government Organisation |
| World Bank | Financial Institution |

| Interviewed Industry Stakeholders | |
|---|---|
| **Organisation Name** | **Type** |
| Anti-Counterfeit Network Africa | Trade Association |
| Bella Wine | Manufacturer |
| Brigade Distilleries Limited | Manufacturer |
| Glorrie Industries Ltd | Manufacturer |
| K-Roma Limited | Manufacturer & Distributor |
| Kakira Sugar/Kakira Distillery | Ethanol Manufacturer |
| Ministry of Health (MOH) | Government Department |
| Ministry of Trade Industry and Cooperatives (MTIC) | Government Department |
| Nile Breweries Limited | Manufacturer |
| Premier Distillers | Manufacturer |
| Private Sector Foundation Uganda (PSFU) | Trade Association |
| Sugar Corporation of Uganda Limited (SCOUL) | Manufacturer |
| Uganda National Bureau of Standards (UNBS) | Government Agency |
| Uganda Revenue Authority | Government Agency |

# The consumer survey was focused on consumer perceptions and understanding of illicit alcohol

**Target**
Consumers who have consumed or typically purchase alcohol at least once a month

**Format**
Online survey, closed-ended questions

**Sample Size**
1,004

**LOI**
15 minutes

**Incidence Rate**
~50%

## Survey Topics

1. **Consumer preferences/consumption habits**
   - Frequency of alcoholic drink purchases
   - General attitudes toward alcohol
   - Preferred alcoholic drink categories/brands
   - Typical purchase channels for alcoholic drinks
2. **Consumer awareness of the illicit alcohol market**:
   - Perceptions of what constitutes an illicit product (illicit categories)
   - Witnessing of illicit products in the market, if any
   - Places respondents think such products can be bought
   - Awareness of associated health risks (artisanal, surrogate, illegal brands, etc)
   - Government and/or industry campaigns against illicit alcohol
   - Consumer attitudes towards:
     i. Alcohol excise taxes
     ii. Illicit production and sale of alcohol

*Notes:*

1. *Due to the sensitive nature of inquiring about illegal activity with consumers, they have not been asked if they have personally bought or consumed any illicit alcohol product, or have otherwise knowingly participated in the illicit alcohol market.*
2. *Consumers may be unable to accurately identify certain types of illicit products.*
3. *Consumer responses to survey questions may be biased because of intentional underreporting and/or inaccurate recall.*
4. *Heavy/problematic drinkers may be underrepresented in the sample.*
5. *To ensure consistency and cross-comparability of results with the 2023 research, 80% of the questionnaire will remain consistent with the previous version.*

# Fiscal loss calculation explained

Volume per type of alcohol (litre) × Excise duty per type of alcohol (per litre) = Counterfeit fiscal loss

Volume per type of alcohol (litre) × CIF cost per type of alcohol (per litre) × % custom duty (non-SADC/EU imports) + Excise duty per type of alcohol (per litre) = Smuggling fiscal loss

Volume per type of alcohol (litre) × Excise duty per type of alcohol (per litre) = Illicit homebrew fiscal loss

Volume per type of alcohol (litre) × Excise duty per type of alcohol (per litre) = Tax leakage fiscal loss

# LAE calculation example

| Category | Beverages (Pure Alcohol %) |
| --- | --- |
| Beer | 4.0% |
| Ciders/RTDs (AFBs) | 6.0% |
| Wine | 12.0% |
| Spirits | 43.0% |

## Typical calculation:

Number of hectolitres (HL) multiplied by pure alcohol %

*Example: 500 HL (Beer) * 4.0% = 20 HL LAE*

*Example: 500 HL (spirits) * 43% = 215 HL LAE*

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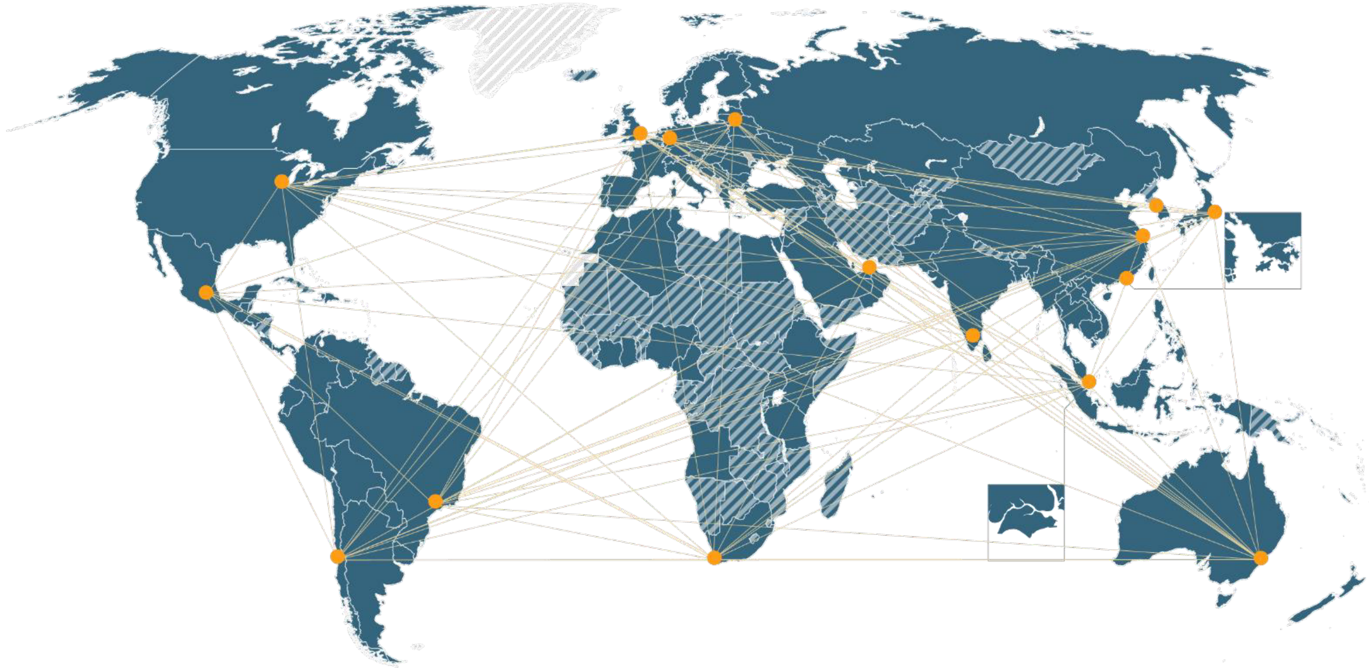

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London, Tokyo, Chicago, Sydney, Singapore, Bangalore, Shanghai, São Paulo, Vilnius, Hong Kong, Santiago, Seoul, Dubai, Düsseldorf, Cape Town, Mexico City

**100 COUNTRIES**

in-depth analysis on consumer goods and service industries

**210 COUNTRIES + AND TERRITORIES**

demographic, macro- and socio-economic data on consumers and economies

# Thank you


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# REPORT SUMMARY IN NUMBERS

TOTAL ALCOHOL MARKET SIZE BY VALUE

UGX 15 TRILLION

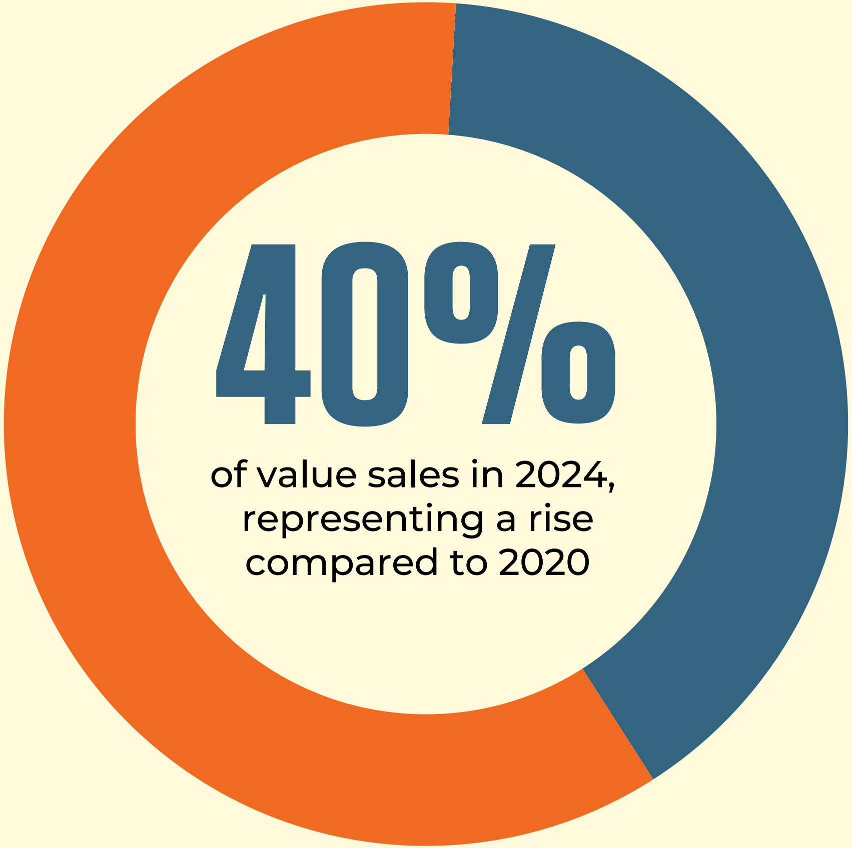
# ILLICIT ALCOHOL MARKET SIZE BY VALUE

# UGX 6 TRILLION

of Illicit alcohol sales supported by rising demand for popular alcohol brands among low - income consumers

2025 Euromonitor International Report on illicit alcohol

# ILLICIT ALCOHOL IN VALUE SALES

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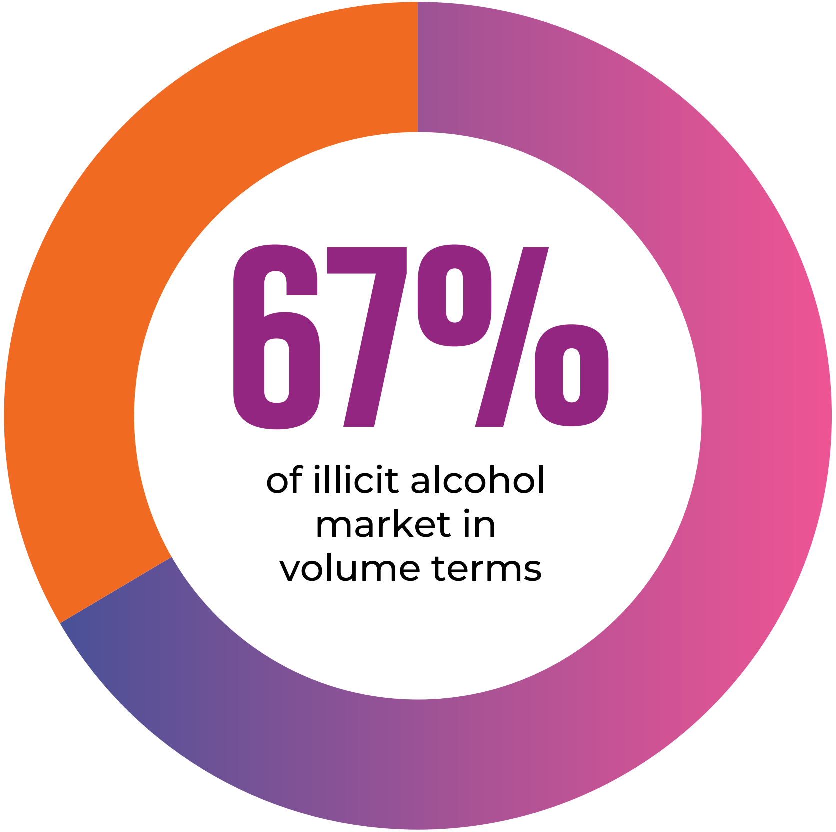
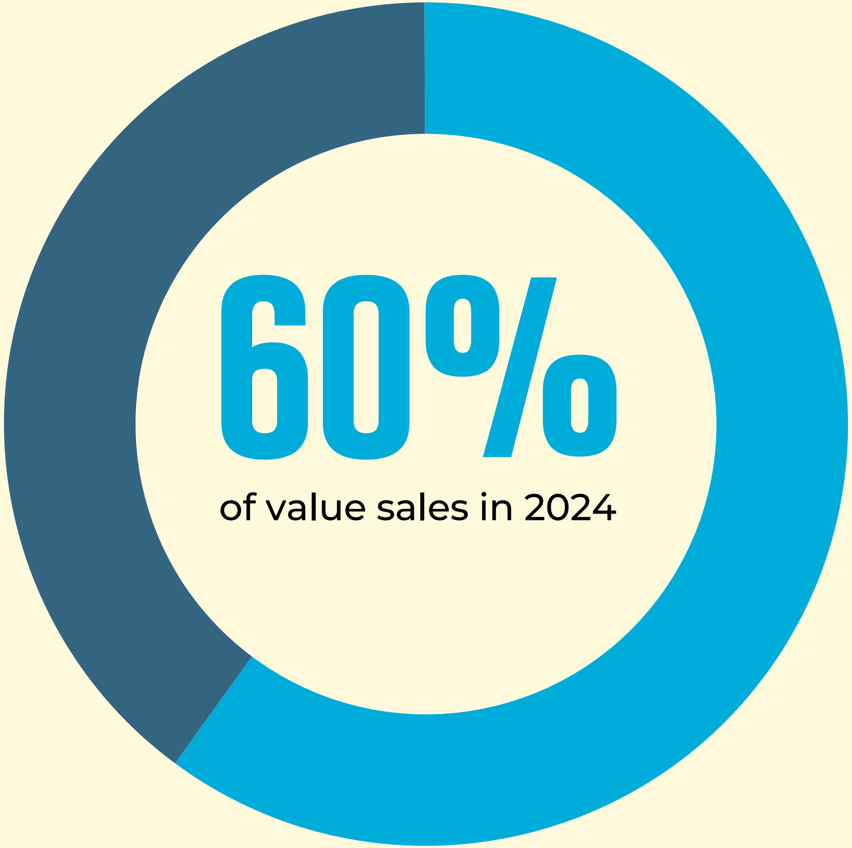
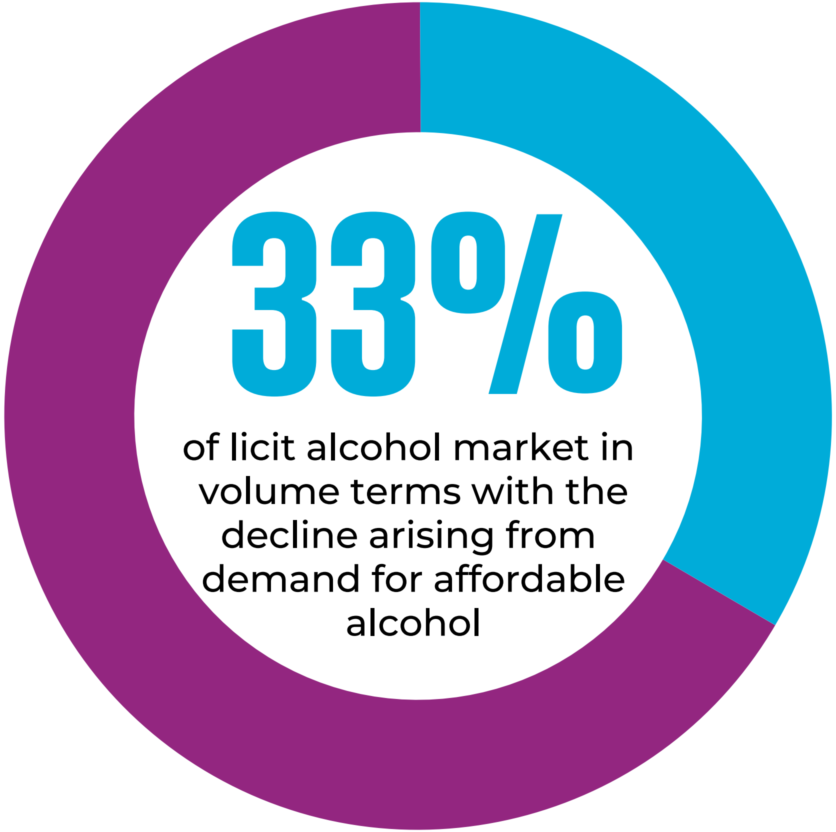
# ILLICIT ALCOHOL IN VOLUME TERMS



# LICIT ALCOHOL IN VALUE SALES



# LICIT ALCOHOL IN VOLUME TERMS

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# THE TOTAL UGANDA ALCOHOL MARKET BY VOLUME

**1,702,441**

*HL LAE*, with illicit products making up 1.1 million HL LAE in 2024

# ILLICIT ALCOHOL VOLUMES

**1,145,358**

*HL LAE* of illicit alcohol products including  counterfeit brands and illegal artisanal alcohol

# ILLICIT ALCOHOL FISCAL LOSS

# UGX 3 TRILLION

**UGX1.7 trillion**

Illegally distilled artisanal spirits

**UGX1.2 trillion**

counterfeit and smuggled spirits

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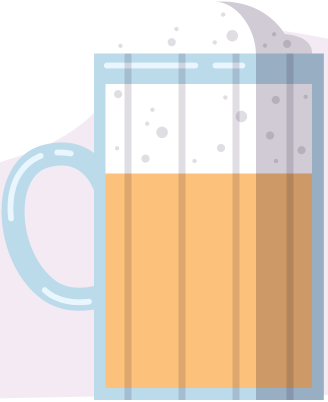

# LEGAL ALCOHOL MARKET (BEER)

# UGX8.98 TRILLION

in beer sales in 2024 making up

**10,334,978 *HL***

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# ILLICIT ALCOHOL CONSUMPTION IN LITRES

## 4.6 LITRES (LAE)

Average annual consumption of illicit alcohol per adult (18+)

# CONSUMER AWARENESS ABOUT ILLEGAL ACOHOL TRADE

**69%**

Who buy illicit products want lower prices regardless of product origin.

**56%**

Know how to check if an alcoholic drink is illicit.

**41%**

Aware of campaigns against illicit alcohol.

**79%**

TV/radio is the most effective platform to raise awareness.

# ACCESS TO ILLICIT ALCOHOL

**68%**

Street Vendors

**53%**

Bars/Clubs/
Restaurants

**51%**

Open Markets

# RECOMMENDATIONS

## ENFORCEMENT

Empower local districts to share successful enforcement models and improve community involvement.

## AWARENESS


Run broad awareness campaigns with health professionals and community organizations.

## REGULATION

Strengthen laws to close loopholes and increas penalties for illicit alcohol production and sale.