

Noncommercial alcohol in Mexico

A case study from the city of Amatitán

Executive summary

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Context

Approximately 27.4 million people (17.5 million men and 9.9 million women) consume alcohol in Mexico.² With respect to patterns of consumption, “not frequent” and “moderate” consumption predominate among 22.5 million of these consumers. On the other hand, 4.9 million, or 18% of the drinking population in the country, consume alcohol frequently (once or twice a week). In the northern states frequent consumption is more prevalent than in other regions of the country.

The unregistered alcohol market is estimated to make up 23% of the total market for alcohol beverages in Mexico.³ The market for unregulated alcohol beverages is larger than the formal market for distilled beverages and wine.

A pilot study of unregistered alcohol consumption in Mexico was conducted in the city of Amatitán in the state of Jalisco. Amatitán is associated with the origin of tequila (in fact, Amatitán disputes the paternity of the product with the municipality of Tequila) and currently has at least nine tequila factories with registered commercial production. Amatitán’s tequila production is favored by a well-established network

that includes the plantations of blue agave, suppliers of agricultural machinery and fertilizers, factories, distilleries or *tequileras*, the glass industry for the manufacture of bottles and containers, producers and sellers of wooden barrels in which various types of illegal alcohol are sold, the gastronomic circuit, and hotels. This cluster of businesses represents a major employer in Amatitán and the surrounding municipalities, which are part of the *Ruta del Tequila* (Amatitán, Tequila, El Arenal, Magdalena, Teuchitlán, Aqualulco de Mercado, San Juanito de Escobedo, and Etzatlán).

Amatitán is a key location for any relevant inquiry on alcohol production in Mexico since, in addition to beer, tequila is the major Mexican alcohol product. Tequila is popular across geographic zones and social classes. It is deeply rooted in the culture in Jalisco, and its consumption is encouraged by many parents so their offspring can follow the path of a “macho man.” Moreover, in Jalisco there are still active sugar cane farms that very often encourage the production of unregistered distilled beverages because of ineffective or scarce supervision.

The main products of the informal or illegal market for alcohol beverages consist of “tequilas” that are sold in houses along travel routes. National tourists tend to buy these tequilas in either plastic containers or wooden barrels. In the tourist region of Jalisco this type of commercialization is prevalent, and usually takes place in areas where handicrafts are sold. These operations quite frequently do not have legal permission to sell alcohol.

1 Author affiliation included for purposes of information only.

2 National Institute of Public Health. National Survey on Addictions 2010.

3 Estimate based on results of National Survey on Addictions 2008. The total alcohol market includes spirits, wine and beer.

Description of the Study

The research objectives of this study were: (a) to obtain valid and robust estimates of unregistered alcohol production, sale, and consumption; (b) to identify and describe producers, vendors, and consumers of unregistered alcohol products, as well as the pathways used by producers and sellers to reach the consumer market; and (c) to analyze the chemical composition of collected samples of unregistered alcohol.

The project combined a variety of methods, including the administration of household and individual surveys, the implementation of a diary method of recording consumption among consumers, in-depth interviews with experts in the market for noncommercial alcohol beverages, and chemical analysis of selected samples.

Sale and consumption of unregistered alcohol were assessed and analyzed by interviewing a sample of individuals selected among all inhabitants of Amatitán between 12 and 70 years old that resided in a permanent household in the area at the time of the research project. A probabilistic sample of households and respondents within selected households was obtained after listings and screenings were conducted. A total of 200 individuals in the Amatitán region participated in the survey. Of these, 100 were from the central urban region, and 79 were from surrounding rural areas. In addition, 200 households were interviewed – 100 each from the urban and rural regions of Amatitán.

Eligibility of participants keeping a daily diary required consumption of any alcohol beverage in the 12 months prior to the survey (at least one drink or one occasion). Eligible individuals selected joined the four-week diary panel on a voluntary basis and prior to enrollment were asked to give full consent. Diaries were prospective; individuals recorded their consumption on a day-to-day basis. A total of 37 individuals (23 from the urban and 14 from the rural areas) participated in the diaries' panel.

Unregistered alcohol production was assessed through in-depth interviews with selected stakeholders, including experts, major civil servants, NGO representatives, health officers, and congressmen. These community stakeholders included experts

in addiction prevention (1) accident prevention (1), health hazards (1), public health and general health (4), and public safety (1), as well as a local congressman and a seller/distributor of unregistered alcohol beverages with outstanding experience and knowledge of the market.

Finally, unregistered alcohol products were chemically analyzed by the head of the project and the project team. They visited different selling venues to acquire samples of all products that were available and that could be potentially unregistered or fake products.

Summary of Findings

Unregistered alcohol circulates abundantly in Amatitán, Jalisco. It does so in the form of pure alcohol, *aguardiente*, “regional wine,” and *tequila* (clandestine, or legal but without a standard container, tax stamp, or known brand). Unregistered alcohol is consumed by people located in both the urban and the rural sites without distinction of age, gender, or level of schooling. It was estimated that approximately 68% of the total volume of alcohol consumed in Amatitán is unregistered.

Among reported active drinkers, the average volume of consumption of noncommercial alcohol was estimated at 19 glasses/drinks per person per 28-day period. This estimate amounts to 2.89 million pesos per month spent on unregistered alcohol in the zone. Amatitán's unfolding *tequila* economic cluster links manufacturers of equipment needed to make and store alcohol beverages with the producers and vendors of noncommercial alcohol in a compact regional zone with a feeble legal supervision system. This has fostered development and consolidation of the market for unregistered beverages, shaping demand and setting up informal distribution channels and clever pathways for sale/purchase of these beverages.

The survey showed that the age of first consumption among the alcohol-consuming population in Amatitán is 17 years old, and the average drinking hours per person/per occasion of alcohol consumption is 4.2 hours. Nearly half of the interviewees who participated in the survey do not believe that alcohol sold in bulk or plastic containers differs in quality from registered alcohol,

and 39% of consumers reported purchasing alcohol in private houses, with 35% purchasing it at stalls.

Producers of unregistered alcohol are both well established and publicly known tequila manufacturers, as well as domestic distillers. The former sell stock from their surplus production to vendors, while the latter sell products (mostly not genuine tequilas or acknowledged as being artisanal) to stores, bars, social centers, and party organizers with both the drawbacks (illegality, adulteration, and health risks) and advantages (low price, discretion, and prompt response to short-notice demand) ascribed to them by residents of Amatitán and surrounding municipalities. Many of these domestic distillers' products have high visibility and are promoted on Internet sites; some are even exported to markets in Europe and the United States.

In the local setting, the producers ask intermediaries to seek out markets and clients. These intermediaries market both registered and legal products, as well as others that are not. Both types of products find distribution channels. For unregistered products these distribution channels are private houses, restaurants, "stalls," and "covert places." The "selling points" for unregistered beverages are based on the consumer goal of finding the lowest price without being too concerned about the quality of the product. This situation even occurs at social gatherings or parties, especially those where the main purpose is to get drunk. In contrast, both those inhabitants of Amatitán who have chosen to give up the consumption of alcohol of all types (estimated at 15% of the sample base) and consumers of beer only (estimated at 25% of the consuming population), see themselves as segments that would have difficulty obtaining unregistered alcohol.

From the information provided by the surveys, diaries, interviews, field trips, and visits by survey personnel, it is considered plausible that if the processes of regulation continue to be as ineffectual as they are now (without punishment and sanctions

for offenders), market volume for unregistered alcohol will remain at the same level or increase, especially if the price of these beverages is the key differentiating factor in consumer choice. Since the age of initiating consumption continues to be below 17 years old (53% of all cases) and distributors of a variety of alcohol products (and narcotics) have already focused on the younger population as their direct target, in the opinion of several of the stakeholders interviewed, as well as the actual inhabitants of Amatitán, current conditions could get worse.

Chemical analysis was performed on samples of "Regional Tequila," "Pancho Bravo Tequila," "tequilas" without a brand in recycled PET bottles, and "Guachicol" type aguardiente. From the results of the chemical test, it is possible to infer that the consumption of nonregistered alcohol does not have a significant public health impact. In the state of Jalisco, the public health problem associated with the consumption of alcohol applies to all beverages, both formal and informal. The central problem is related to the patterns of consumption, i.e., alcohol dependence.

The composition of unregistered beverages is very similar to that of commercial beverages. Thus unregistered beverages do not present any particular risk over and above that of registered beverages. The results of the chemical analysis show that chemical components found in analyzed distilled beverages are within the ranges permitted by Mexican Official Norms for alcohol beverages.

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