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I E G U L D Ī J U M S T A V Ā N Ā K O T N Ē

A study on alcohol consumption, its consequences and the economic benefits of measures preventing alcohol abuse in Latvia

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About the research

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Reference to the final report: Pluta, A., Zasova, A., Gobina, I., Stars, I., Sauka, A. (2023) Pētījums par alkohola lietošanu, tās radītajām sekām un profilakses ekonomiskajiem ieguvumiem valstī. ISBN 978-9934-9180-4-9.

<https://esparveselibu.lv/sites/default/files/2023-10/Gala%20zi%C5%86ojums.pdf>

Research objectives

1. to **inform policymakers and public** about alcohol consumption in Latvia and its consequences.
2. to **provide evidence-based information** for national policymakers on the social costs of alcohol consumption.
3. to **assess the societal benefits** of implementing/ strengthening measures aimed at preventing alcohol abuse.

Research tasks

1. To assess **the direct, indirect and non-financial welfare costs** of alcohol-related harm.
2. To evaluate the potential benefits of **measures aimed at preventing alcohol abuse**.
3. To examine **the circulation of illegal alcohol** and its impact on the effectiveness of these preventive measures.

Methods used in the study

1. Analysis of legal acts and policy planning documents
2. Statistical data analysis (e.g. estimation of direct cost)
3. Econometric analysis (e.g., assessment of indirect cost and non-financial welfare costs, societal benefits of preventive measures).
4. Secondary analysis of existing research data
5. Expert interviews (to assess the circulation of illegally produced alcohol and its impact on preventive measures).
6. Conducting a survey and analyzing data (estimating direct costs in the field of social assistance)

Assessment of direct costs

Direct costs represent the total amount of state budget resources used as a result of alcohol consumption.

Direct costs arise in several areas - **healthcare, internal affairs, justice, education and social assistance.**

Two alternative approaches were used:

- ***The top-down method***, which estimates alcohol-related expenditures based on aggregated expenditure categories and the proportion of that expenditure that can be causally attributed to alcohol consumption.
 - ***The bottom-up approach***, which relies on micro-level data – for example, on the number of patients receiving healthcare services and the average costs of their treatment.
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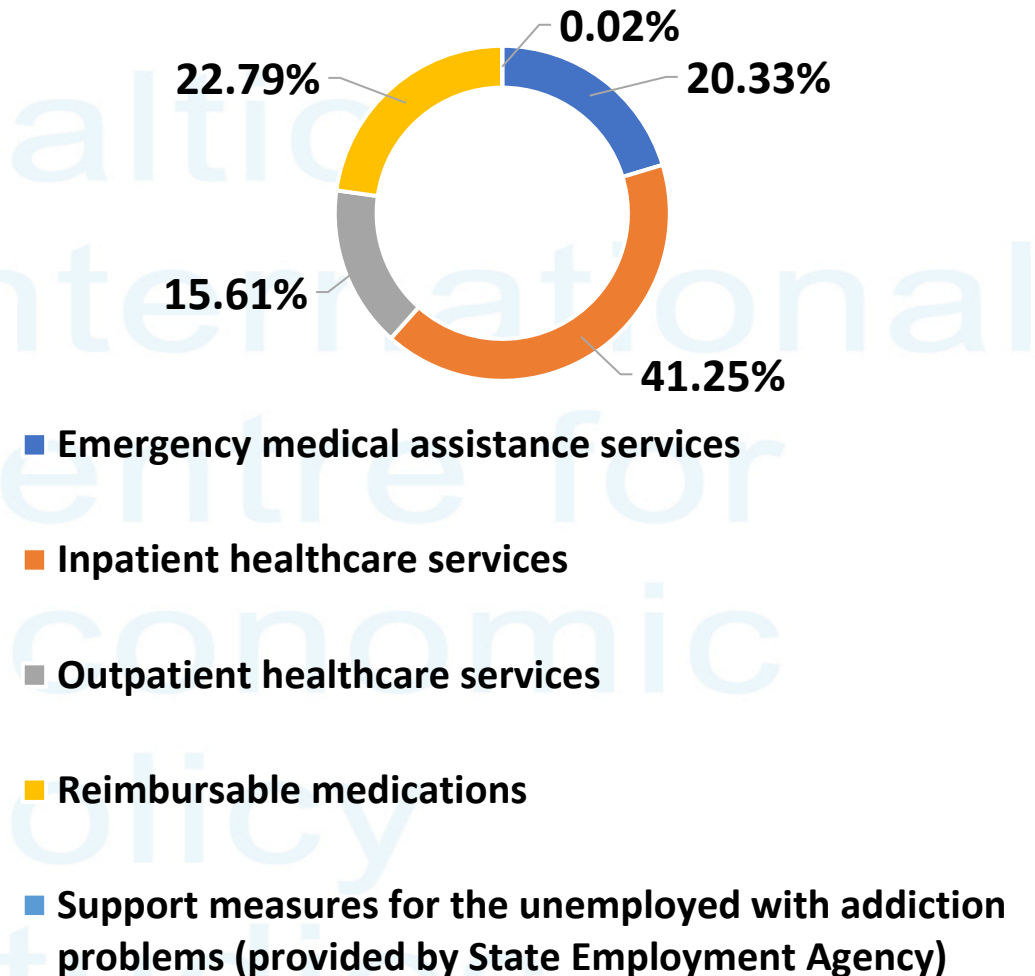
The year 2021 was chosen as the main reference period for the assessment. 2020 data were used when 2021 data were unavailable.

Direct costs in healthcare

Alcohol-related direct healthcare costs in 2021 amounted to **EUR 56.6 million**, or **0.17% of GDP**.

This represents 2.7% of all general government sector expenditures allocated to healthcare in 2021.

The largest share of these expenditures — **41.25%** — was related to **inpatient healthcare services**.

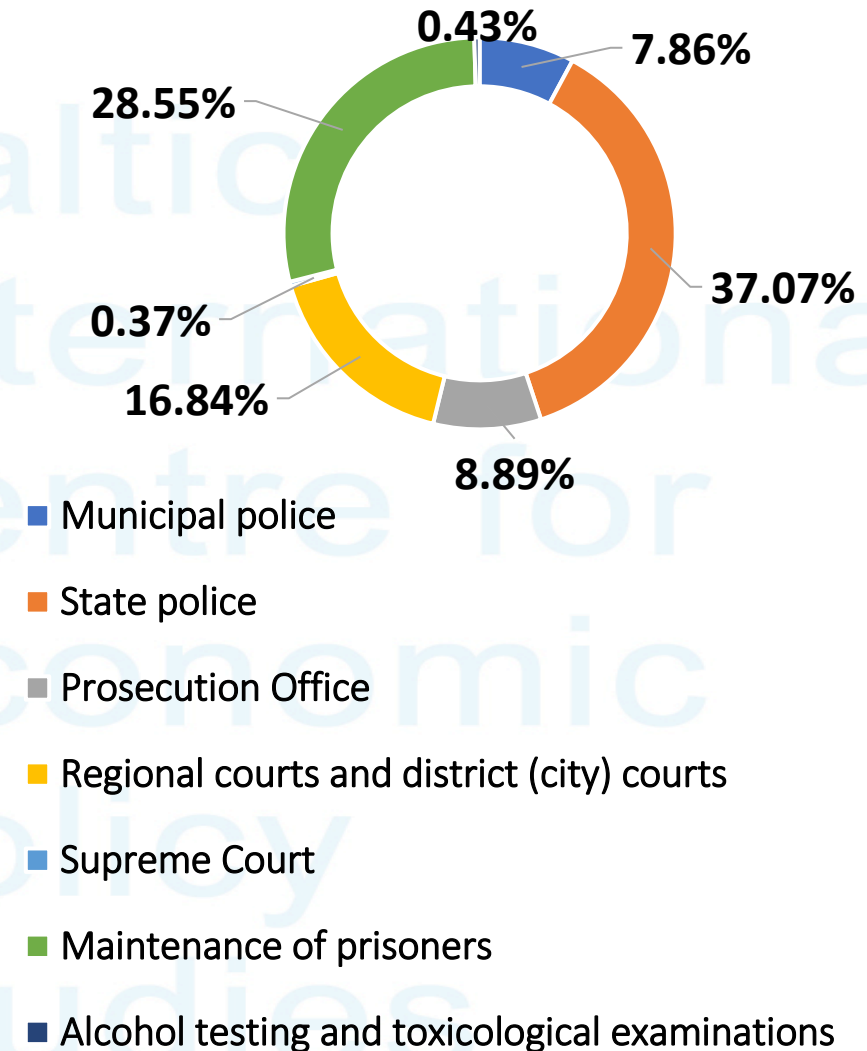


Direct costs in law enforcement area

Alcohol-related direct costs to law enforcement agencies in 2021 amounted to **EUR 47.7 million, or 0.1% of GDP.**

These expenditures represented 6.5% of all general government sector expenditures directed towards ensuring public order and security.

The largest share of these costs — **37.1%** — was related to **State Police activities**, including the investigation of cases connected to alcohol consumption and illegal alcohol trafficking.

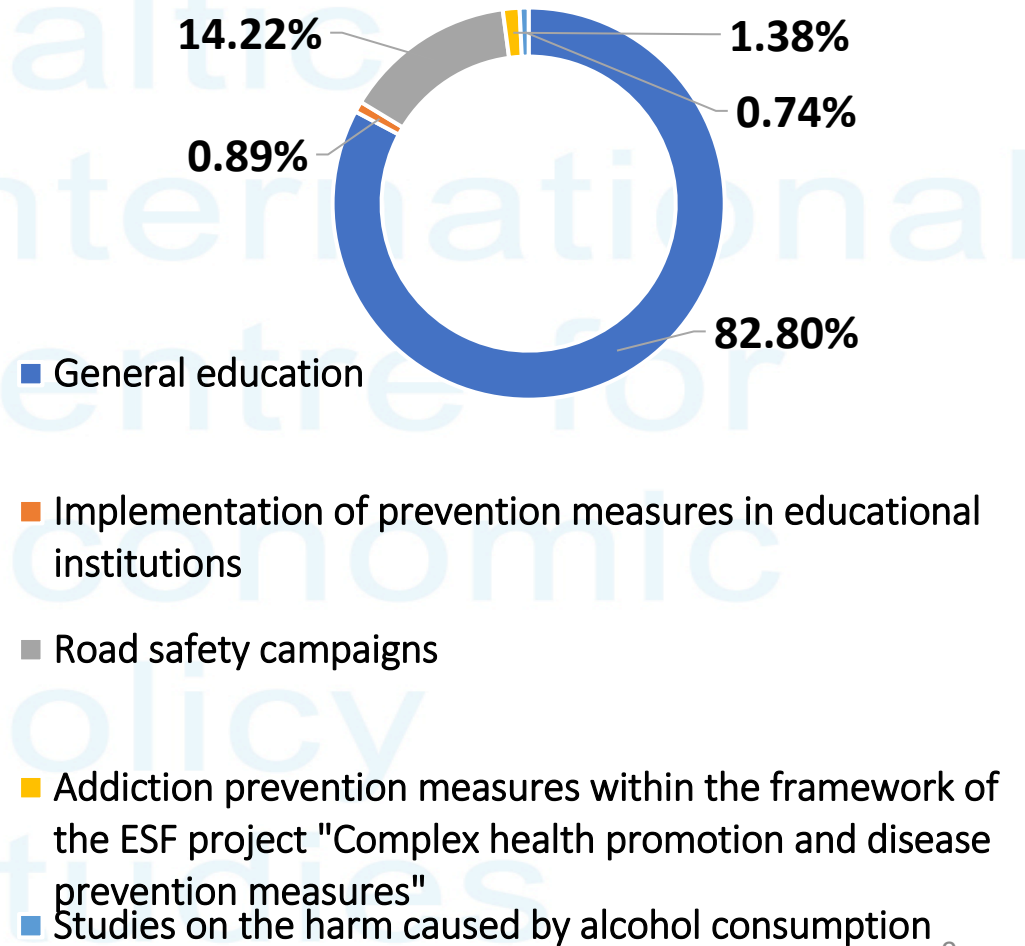


Direct costs for educating the population, conducting information campaigns and research on the harm caused by alcohol consumption

In 2021, direct expenditure in this area amounted to **EUR 0.652 million** or **0.002%** of GDP.

They accounted for 0.01% of all general government sector expenditures allocated to ensuring public order and safety and 0.03% of all general government sector expenditures allocated to healthcare in 2021.

The majority of these funds — **82.8%** — were spent on **educating students** about the consequences of alcohol consumption through content integrated into the general education curriculum.



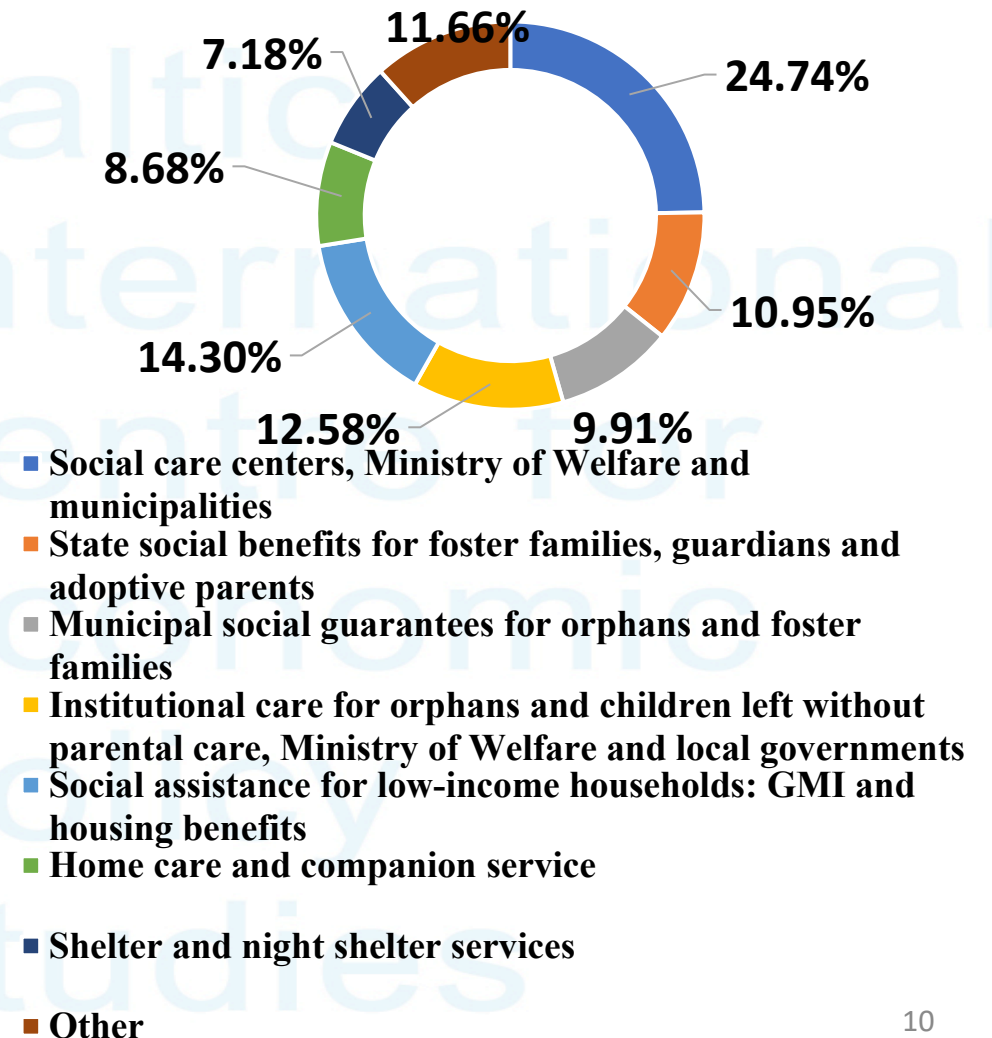
Direct costs in social assistance

In 2021, the costs of providing social assistance due to alcohol-related harm amounted to **EUR 44.8 million**, representing **0.13% of GDP**.

They account for **0.97% of general government sector expenditures allocated to social protection in 2021**.

The largest part of these expenditures — **24.7%** — came from the Ministry of Health and local governments, directed toward **long-term social care and social rehabilitation institutions** providing services to adults.

Most of the total costs — **EUR 33.3 million**, or **74.3%** — were covered from **local government budgets**. However, only **0.1%** of these expenditures were specifically allocated to social services and assistance aimed directly at **persons with alcohol use disorders and their families**.



Findings from the survey of representatives of municipal social services and institutions supervised by municipalities

On average across Latvian municipalities, **excessive alcohol users and their family members** represented **26.1%** of households receiving *the guaranteed minimum income (GMI) benefit* and **27.0%** of households receiving *the housing benefit*.

About **8.9%** of *home care and companion service* recipients had health problems directly or indirectly related to alcohol use.

On average, **75.7%** of *shelter/night shelter* clients have/had alcohol use disorders.

On average, **15.2%** of *social care center* clients had health problems that are directly or indirectly related to excessive alcohol use.

In 2021 and 2022, on average, about half or 55.7% of *Orphan's Court decisions* to terminate parental custody or separate a child from the family were related to **unfavorable conditions caused by parents' excessive alcohol consumption**.

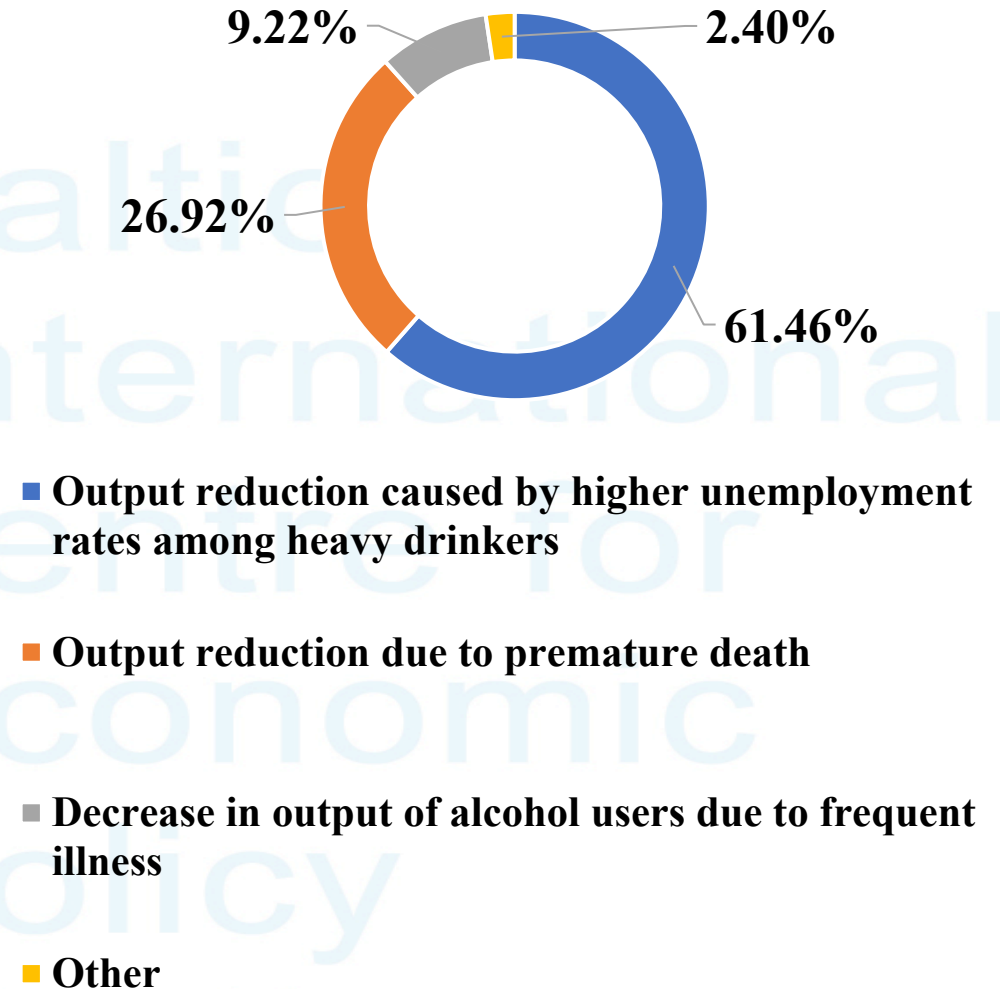
In 2021 and 2022, on average, approximately half or 53.1% of children placed in *long-term social care and social rehabilitation institutions for children* had their parental custody rights terminated due to **parental alcohol abuse** and the resulting harmful environment.

Indirect costs

Indirect costs reflect the **total economic value lost as a result of alcohol consumption**. These losses occur when individuals **die prematurely, do not participate in the labour market** (due to unemployment, economic inactivity, or imprisonment), or **work with reduced productivity** (because of frequent illness or decreased work capacity).

In 2021, the total indirect costs were estimated to range from EUR 290.2 million to EUR 452.5 million representing 0.9 – 1.3% of GDP.

The largest part of these costs - 61.5–74.6% - stemmed from **reduced economic output caused by higher unemployment rates and lower economic activity among heavy drinkers**.



Key Findings on Indirect Costs

In a hypothetical scenario **without alcohol consumption**, in 2021 Latvia would have a lower unemployment rate and higher economic activity by **14,686 people**.

In 2021, **frequent illness among alcohol users** led to a loss of between **223 and 2,204 person-years**.

Alcohol-related imprisonment reduced employment by **532 people** in 2021.

Premature deaths before age 64 caused a loss of **14,914 potential years of life**, or **16.2%** of all years of life lost in that age group.

Combined Total of Direct and Indirect Costs

The total direct and indirect costs related to alcohol consumption calculated in the study are estimated at 1.3–1.8% of GDP.

This includes:

**EUR 149.7 million (0.45% of GDP) in direct costs; and
EUR 290–452 million (0.9–1.3% of GDP) in indirect costs.**

For comparison, in 2021, revenue from excise duty on alcoholic beverages accounted for 0.7% of GDP.

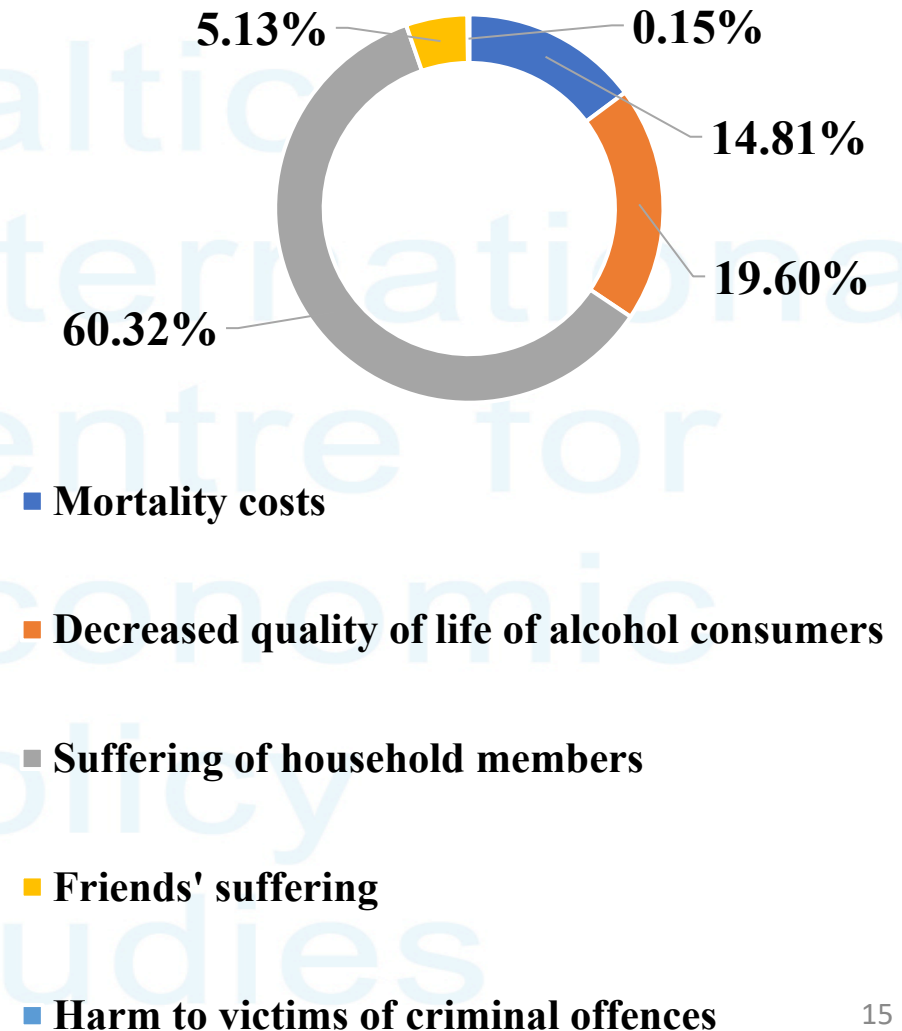
Non-financial welfare costs

Non-financial welfare costs refer to *intangible losses* resulting from alcohol consumption. These include a decline in the quality of life of the alcohol consumer, their family members and friends, as well as the suffering of victims of crimes committed under the influence of alcohol.

These costs are assessed by estimating **the reduction in quality of life** or the number of **lost QALYs** (quality-adjusted-life years, Single et al., 2003).

In 2021, Latvia lost an estimated 86,942–88,620 QALYs due to alcohol consumption - that is years that could have been lived in good health and quality of life.

The **largest share** of these non-financial welfare costs - **60.3%** - reflects **the suffering of household members**, amounting to **53,454 lost QALYs**.



Benefits of preventive measures

Prevention measures analyzed in the study*

- 1. Reducing the legal blood alcohol concentration limit for drivers to 0.2‰ (per mille).**
- 2. Restricting alcohol advertising and marketing activities.**
- 3. Raising the minimum legal age for alcohol sales from 18 to 20 years.**
- 4. Strengthening restrictions on alcohol retail sales hours.**
- 5. Increasing excise tax rates on alcoholic beverages.**

** All measures aimed at preventing alcohol abuse are included in the WHO 'Best Buys' list of recommended policies that are effective in reducing alcohol consumption.*

Reducing the legal blood alcohol concentration (BAC) limit for drivers

The relative risk of a driver being involved in a traffic accident depending on age and blood alcohol concentration (BAC) level

Blood alcohol concentration (per mille)	Age group		
	16-20 years	21-34 years	35+ years
%			
0,20–0,49*	2,68	2,32	2,12
0,50–0,79	6,24	4,78	4,03
0,80–0,99	12,61	8,74	6,89
1,0–1,49	33,79	20,30	14,59
≥1,50	490,41	200,03	111,94

Source: Voas et al. (2012)*

Reference category: BAC = .00%

Reducing the legal blood alcohol concentration (BAC) limit for drivers

Reference	Research design	Group studied	Outcome	Result
Norström & Laurell, 1997	Time series study	Sweden 1987 – 1996	Road traffic accidents (RTAs) committed under the influence of alcohol	The reduction in the legal BAC limit from 0.5 to 0.2‰ in 1990 reduced RTA by 7% overall and reduced RTA with a fatal outcome by 9.7% six years after the reform was implemented.
Waagenar, 2007	Time series study	29 US states between 1976 and 2002	Fatal road traffic accidents (RTAs) committed under the influence of alcohol	Reducing the legal BAC limit from 1 to 0.8, from 0.8 to 0.5, or reducing it below 0.5 per mille statistically significantly reduced fatal RTAs that occurred under the influence of alcohol.
Desapriya et al., 2007	Time series study	Japan 1998 – 2005	Road traffic accidents (RTAs) committed under the influence of alcohol	Lowering the legal BAC limit from 0.05 to 0.03 reduced the incidence of alcohol-related RTA by 50% and 52% for adult men and women, respectively, and by 64% for youth.
Fell un Scherer, 2017	Meta-analysis of 21 studies	USA, Europe, Japan, Australia	Road traffic accidents (RTAs) committed under the influence of alcohol	When the legal BAC limit is reduced from 1 to 0.8 ppm, the incidence of fatal RTA decreases by 9.2%, and when the BAC is reduced from 0.8 to ≤ 0.5 ppm, the incidence of fatal RTA decreases by 11.1%. 1790 RTA deaths would be prevented in the US each year if all US states set the BAC limit at least 0.5 ppm.

Restricting alcohol advertising and marketing activities

Reference	Research design	Group studied	Outcome	Result
Casswell, 2022	Correlation study	New Zealand; Australia; England; Scotland; Netherlands; Vietnam; Thailand; South Africa; Turkey; Chile; Federation of Saint Kitts and Nevis and Mongolia	National alcohol marketing policies and absolute alcohol consumption per capita	The fewer restrictions on alcohol advertising and marketing in a country, the higher the absolute alcohol consumption.
Saffer & Dave, 2002	Time series study	Data from 20 countries over a 26-year period	Alcohol advertising ban policy Absolute alcohol consumption per capita	Implementing a ban on one alcohol advertising channel could reduce absolute alcohol consumption by 5–8%.
Rossow, 2021	Time series study: 1960 - 2006	Norway	Alcohol consumption per capita	Since 1975, when a comprehensive ban on alcohol advertising and marketing was adopted, Norway has seen an average annual decrease in total alcohol consumption of 7%.
Stautz et al., 2016	Meta-analysis of the results of individual experimental studies	Students ⁱ (n = 758)	Amount of alcohol consumed during a show/movie with or without alcohol advertising	Watching alcohol ads can increase immediate alcohol consumption by 0.39 to 2.67 units of alcohol for men and 0.25 to 1.69 units for women.
Stautz et al., 2017	Randomized controlled trial (RCT)	Young people aged 18 to 25 with alcohol dependence problems (n = 204)	Alcohol consumption during the intervention Implicit alcohol approach and attentional bias and advertising evaluation	Alcohol advertising is not associated with greater immediate alcohol consumption, but alcohol advertising produces positive emotional and cognitive effects about alcohol consumption in general.
Noel, 2019	Cross-sectional	Adolescents aged 15–16 years (n = 277,110)	Lifetime, current, and binge drinking in the past 30 days	Alcohol advertising and marketing policies across countries, when adjusted for GDP and purchasing power indicators, were statistically significantly associated with the initiation of alcohol use among adolescents.
Bosque-Prous et al., 2014	Cross-sectional	Residents of 16 European countries aged 50–64 (n = 27,773)	Prevalence of hazardous alcohol use	Alcohol advertising ban policies are statistically significantly associated with the prevalence of risky drinking.

Restricting alcohol advertising and marketing activities (cont.)

Reference	Research design	Group studied	Outcome	Result
Bosque-Prous et al., 2014	Cross-sectional	Population aged 50–64 years in 16 European countries (n = 27,773)	Risky alcohol use	Advertising ban policies significantly affect the prevalence of risky drinking: in countries where alcohol advertising is not restricted in any way, the prevalence of risky drinking is 30.6%, while in countries with stricter alcohol advertising restrictions, the corresponding proportion of the population is 14.4%.
Anderson, 2019	A systematic review of 13 longitudinal studies	≈ 38,000 youth aged ≤ 18 years or ≤ 21 years (USA) Follow-up time 8 to 96 months	Initiation of alcohol use Frequency of alcohol use	12 studies find that exposure to alcohol advertising in the media and other commercial channels is associated with a greater likelihood that adolescents who were not already drinking alcohol will start drinking, and that adolescents who had already consumed alcohol will use more alcohol.
Jernigen et al., 2017	A systematic review of 12 longitudinal studies	35,219 young people(Europe, USA, Asia)	Initiation of alcohol use Frequency of alcohol use	In studies, alcohol advertising and marketing across various channels increased the odds of alcohol use among adolescents and young adults by 1.00 to 1.69, while a much stronger association (OR= 1.38 – 2.15) was observed with risky drinking among adolescents and young adults who had already consumed alcohol.
Galkus et al., 2022	Longitudinal	Lithuania	Records on Facebook and Instagram profiles for 60 days, taking into account the ban on alcohol advertising on the Internet since March 1, 2018	Alcohol-related posts accounted for 5.9% of the total number of Instagram posts analyzed and 8.3% of the total number of Facebook posts. Alcohol advertising violations were found in 1.4% of all posts analyzed. Influencers were responsible for 45.5% of all alcohol-related Instagram posts observed. Overall, the study shows a relatively high level of compliance with the ban on alcohol advertising on social media, but it is important to develop mechanisms to adequately monitor the increasing activity of influencers on social media.
Lobstein et al., 2017	A systematic review of 47 studies	European countries, Australia, USA	Alcohol Marketing Policy in Digital Media Prevalence of Alcohol Use in Adolescents and Young People	The study concluded that i) exposure to alcohol marketing in digital media is associated with a higher risk of alcohol use; ii) alcohol marketing uses approaches and materials that are particularly appealing to young people; and iii) alcohol manufacturers are violating alcohol marketing codes through the use of digital media

Raising the minimum legal age for alcohol sales to 20 years.

20 years

18 years

Changes to the Minimum Legal Drinking Age (MLDA)/Sales Age

Country	Time period	Intervention	Outcome	Result
USA Subbaraman & Kerr, 2013	1950 – 2002	MLDA ↑ 21 -18 – 21 years	Changes in total absolute alcohol consumption (APC)	↑ MLDA age by 3 years, total APC ↓ by 1.51% overall (beer 2.31%, spirits – 1.86%).
USA Kaestner & Yarnoff, 2011	1995 and 2005(1960 and 1975 birth cohorts, ages 35 and 45, and 20 and 30, respectively)	1978 MLDA <21y. in most US states; In 1993 MLDA = 21 years in all states	- Prevalence of alcohol use (number of drinks consumed, binge drinking) in the last month in adulthood - Mortality in road traffic accidents in adulthood	Adult men with an MLDA <21 years of age consume 20–30% more alcohol in adulthood and have a 10% higher mortality rate from road traffic accidents than men with an MLDA ≥21 years of age
New Zealand Huckle & Parker, 2014	1994 – 2010	MLDA ↓ from 20 to 18 years in 1999	- Incidence of alcohol-related road traffic accidents	By ↑ 21% alcohol-related traffic accidents in 18–19-year-olds after MLDA reduction..
Canada Callaghan et al., 2014.	1980–2009	Comparison between provinces where MLDA equals 18 years and provinces where MLDA is 19 years	- Total mortality - Cause-specific mortality from external causes of death	After reaching the MLDA age of 18 (+ 4 months) in men, an increase in total mortality (+14.2%) and mortality from external causes of death (+14.4%), is observed, but at 19 years the increase is not as rapid (+ 7.2% and 10.4%, respectively).
Lithuania Tran et al., 2022.	2001 – 2019	MLDA ↑ from 18 to 20 years on 1 January 2018.	- Total mortality among young people	Total mortality 18 – 19 years ↓ 3.05 cases per 100,000 population per month Total mortality 20 – 22 years ↓ 3.65 cases per 100,000 population per month
USA Plunk et al., 2013	1992 and 2002 (Cohorts born 1949-1972)	Changes in MLDA in the 1970s-1980s	- Prevalence of alcohol consumption habits	15–19% ↑ prevalence of binge drinking if MLDA was <21 years, especially among men and individuals with lower educational levels.
USA Plunk et al., 2016	1990–2010 (including persons who were 18 years old between 1967 and 1990)	MLDA from 18 to 21 years in various states	- Cause-specific mortality from chronic diseases related to alcohol use	- Alcohol-related mortality from chronic diseases ↑ for those with MLDA equaled to 18 years compared to those with MLDA equaled to 21 years, especially for men without a college education, for whom MLDA of 21 years prevents 1,900 deaths per year from liver disease, 400 deaths from lip/mouth/throat cancer.

Luukkonen, J., Tarkiainen, L., Martikainen, P., & Remes, H. (2023). Minimum legal drinking age and alcohol-attributable morbidity and mortality by age 63 years: a register-based cohort study based on alcohol reform. *The Lancet. Public health*, 8(5), e339–e346. [https://doi.org/10.1016/S2468-2667\(23\)00049-X](https://doi.org/10.1016/S2468-2667(23)00049-X)

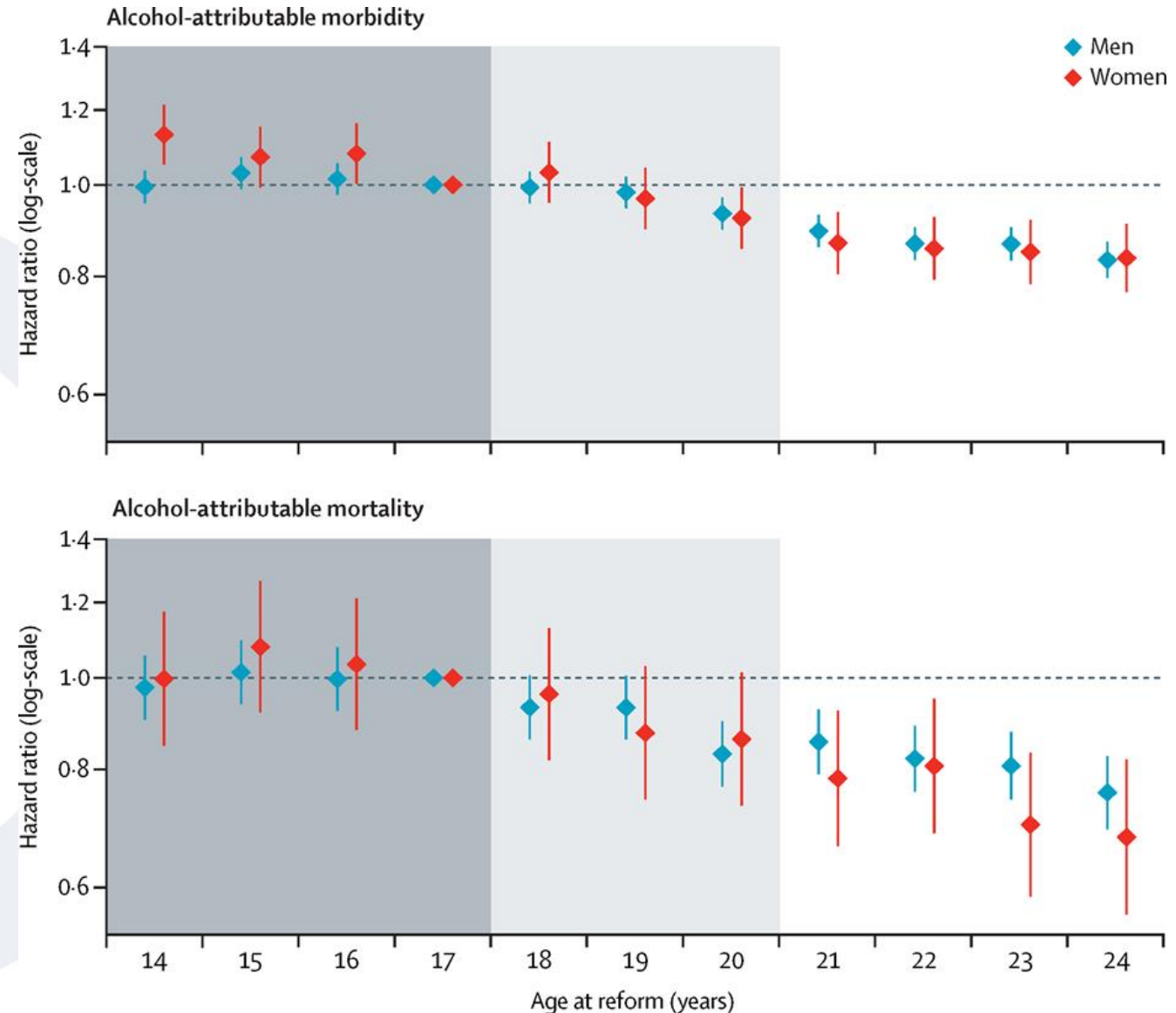
Country: Finland

Intervention: MLDA age ↓ from 21 to 18 in 1969

Outcome: Alcohol-attributable morbidity and mortality from 1971 to 2017 in the age group 27 to 63 in the cohorts born in 1944–1954

Reference: Those born in 1951 who were 17 years old in 1969, when the MLDA age change was made, were the first cohort to be able to purchase alcohol from the age of 18.

Result: **The risk of alcohol-attributable morbidity** between the ages of 27 and 63 for individuals who could purchase alcoholic beverages **from the age of 21 was 11% lower for men and 13% lower for women** compared to those who could purchase alcohol from the age of 18. Accordingly, **alcohol-attributable mortality was 14% lower for men and 22% lower for women**. The difference in the observed effect was significantly larger for individuals with the lowest education level.



Survival analysis results for alcohol-attributable morbidity and mortality between ages 27 years and 63 years, by age at alcohol reform (Jan 1, 1969)

Reducing the legal blood alcohol concentration (BAC) limit for drivers to 0.2 ‰ for all drivers

Results from scientific literature used in the impact assessment:

Reducing the legal BAC limit for drivers from 0.5 to 0.2‰ reduces the number of different RTAs by 7–11% (Norström and Laurell, 1997).



Result: The total direct costs of alcohol-related harm could be reduced by EUR 6.3 million – EUR 10.0 million per year as a result of this reform (4.2–6.7% compared to pre-reform total direct costs).

Restricting alcohol advertising and marketing activities

Results from scientific literature used in the impact assessment:

Banning alcohol advertising in one media form (the study examined three media forms: television, radio, and print media) reduces total per capita alcohol consumption by 5-8% in the long term (Saffer and Dave, 2002).



Result: Implementing restrictions on alcohol advertising in one of the media channels could reduce direct state costs by EUR 7.5–11.9 million per year in the long term (5.0–8.0% of total pre-reform direct costs).

Raising the minimum age for alcohol sales from 18 to 20 years

Results from scientific literature used in the impact assessment:

Men who were legally able to purchase alcohol at the age of 18–20 consume 20–30% more alcohol in adulthood than men who were not legally able to purchase alcohol at the age of 18–20. At the same time, the increase in alcohol consumption for women is not statistically significant (Kaestner and Yarnoff, 2011).



Result: In the long term, the direct costs to the state of increasing the minimum age for alcohol sales from 18 to 20 years could decrease by between EUR 17.1 million and EUR 23.7 million per year (11.4% - 15.8% compared to the total direct costs before the reform).

Strengthening restrictions on alcohol retail sales hours

Results from scientific literature used in the impact assessment:

One additional day of alcohol sales per week increases total alcohol consumption per capita by 3.4% (Sherk et al., 2018)

One additional hour of alcohol sales in the evening increases total alcohol consumption per capita by 7.7% each day (Kolosnitsyna et al, 2014)



Result: A one-day weekly alcohol sales ban would reduce alcohol-related direct state costs by approximately EUR 4.9 million per year (3.3%), while reducing alcohol sales hours by one hour each evening could reduce costs by approximately EUR 10.7 million per year (7.1%).

Increasing excise tax rates on alcoholic beverages

Change in excise tax rate	Expected change in direct costs
Increase in excise tax rate by 20% on vodka, wine and beer (per capita alcohol consumption decreases by 0.4-1.7%)	EUR -0.6 million to EUR -2.5 million (0.4–1.7%)
Increase in excise tax rate by 30% on vodka and by 20% on wine and beer (per capita alcohol consumption decreases by 0.5-2.0%)	EUR -0.7 million to EUR -3.0 million (0.5–2.0%)

Assessment of the circulation of illegally produced alcohol and its impact on the effectiveness of measures aimed at preventing alcohol abuse: expert interviews

Qualitative research using semi-structured interview method. Experts (n = 18): health sector; police; economic sector; alcohol sector

TOPICS	SUBTOPICS
Topic 1. Changes in alcohol consumption habits and current issues	1a. Covid-19 pandemic and alcohol consumption 1b. Associations with alcohol use and alcohol products
Topic 2. Reliability and calculations of alcohol consumption indicators	-
Topic 3. Drug addiction patients and illegal alcohol	-
Topic 4. Current issues in the circulation of illegal alcohol in Latvia	4a. Terminology issues: “illegal” and “unregistered” alcohol 4b. Statistical information on the spread of illegal alcohol in Latvia 4c. Current events related to illegal alcohol
Topic 5. Options for reducing the circulation of illegal alcohol	-
Topic 6. General recommendations for reducing and preventing alcohol consumption	6a. The need to implement a comprehensive prevention strategy 6b. Political (un)willingness to reduce alcohol availability and use 6c. Changing attitudes towards alcohol in society as a whole 6d. Restrictions on alcohol availability and their possibilities
Topic 7. Specific measures to limit alcohol consumption	7a. Restriction on the purchase of alcohol by minors and persons under 20 years of age 7b. Alcohol retail trading time limits 7c. Increasing the excise tax rate on alcoholic beverages 7d. Reducing the permissible blood alcohol concentration for drivers 7e. Restriction of alcohol advertising and marketing activities
Topic 8. Illicit alcohol and restrictions on legal alcohol consumption – different directions of commitment and possible outcomes	-

Assessment of the circulation of illegally produced alcohol and its impact on the effectiveness of measures aimed at preventing alcohol abuse: topics on illegal alcohol (1)

TOPICS ABOUT ILLEGAL ALCOHOL	KEY POINTS TO NOTE
Topic 3. Drug addiction patients and illegal alcohol	<i>(Health sector experts)</i> A. Overall, the number of patients consuming illegal alcohol has been decreasing. This is explained by the relatively low prices of legal alcohol. Hospitals do not collect statistics on patients who have consumed illegal alcohol; this information is based on the subjective observations of specialists. B. Some patients are reported to have used colognes or disinfectants as substitutes for alcohol. C. Only a small share of narcological patients who regularly consume home-made alcohol. D. In most cases, addiction begins with legal alcohol, while illegal alcohol tends to appear later in the addiction process, often in its more severe stages. E. Thus, illegal alcohol use is most common among patients with advanced alcohol dependence — forming a specific and particularly vulnerable group of users.

Assessment of the circulation of illegally produced alcohol and its impact on the effectiveness of measures aimed at preventing alcohol abuse: topics on illegal alcohol (2)

TOPICS ABOUT ILLEGAL ALCOHOL	KEY POINTS TO NOTE
Topic 4. Current issues in the circulation of illegal alcohol in Latvia 4a. Terminology issues: “illegal” and “unregistered” alcohol 4b. Statistical information on the spread of illegal alcohol in Latvia 4c. Current events related to illegal alcohol	A. There are unclear boundaries between the terms “illegal” and “unregistered” alcohol. B. There are significant challenges in accurately determining the true volume of illegal alcohol circulation (calculation method; information source used; limited resources available for monitoring the illegal alcohol market). C. The State Police face shortages of both personnel and technical capacity, making it difficult to carry out additional inspections effectively. D. Research on the circulation of illegal alcohol should be strengthened; regular, systematic and reliable data is needed. E. The overall circulation of illegal alcohol, including smuggling, tends to decrease (Center for Disease Prevention and Control, State Revenue Service, State Police). F. Enhanced border controls reduce the opportunities to import illegal alcohol. G. The number of illegal alcohol sales points continues to decline. H. Home production of alcoholic beverages is common, but it has relatively expensive production costs. I. Alcohol counterfeiting occurs in small volumes. J. Illegal alcohol production facilities are still occasionally discovered (in 2022 – two). K. In some cases, alcohol-containing products are falsely declared as other types of goods. L. The overall relevance and public interest in illegal alcohol are decreasing. M. If the economic situation worsens, the consumption of illegal alcohol could rise again.

Assessment of the circulation of illegally produced alcohol and its impact on the effectiveness of measures aimed at preventing alcohol abuse: topics on illegal alcohol (3)

TOPICS ABOUT ILLEGAL ALCOHOL	KEY POINTS TO NOTE
Topic 5. Options for reducing the circulation of illegal alcohol	A. <i>Strong political will and motivation</i> are essential to ensure meaningful progress. B. <i>Effective cooperation</i> must be established among all responsible authorities involved in combating the circulation of illegal alcohol. C. Measures to reduce illegal alcohol circulation should be comprehensive, systematic, and consistently implemented in practice — not only on paper. D. Strict monitoring and control mechanisms are required. Responsible institutions should be equipped with modern technical tools and sufficient human resources to promptly detect, detain, and sanction distributors of illegal alcohol. E. Penalties must be proportionate, realistic, and enforced without delay. Sanctions should also apply to buyers and to property owners who allow illegal alcohol sales on their premises. F. Public awareness of the health risks and social consequences of illegal alcohol consumption must be strengthened. It is important to shape a public perception that consuming illegal alcohol is socially unacceptable. G. Possible legalization or licensing of small-scale home alcohol production

Assessment of the circulation of illegally produced alcohol and its impact on the effectiveness of measures aimed at preventing alcohol abuse: topics on illegal alcohol (4)

TOPICS ABOUT ILLEGAL ALCOHOL	KEY POINTS TO NOTE
Topic 8. Illicit alcohol and restrictions on legal alcohol consumption – different directions of commitment and possible outcomes	1. Illegal alcohol → effectiveness of prevention measures. Experts generally do not see a direct link between the illegal alcohol market and the effectiveness of measures aimed at preventing alcohol abuse. The current illegal alcohol market in Latvia is relatively small, while the existing prevention measures are broad and comprehensive, targeting the entire population. 2. Restrictions on alcohol consumption → illegal alcohol. 2.1. Experts believe that proportionate and well-designed restriction measures are unlikely to significantly increase the size of the illegal alcohol market. The legal and illegal alcohol markets operate largely separately, and consumers are unlikely to switch from legal to illegal alcohol simply because of restrictions. Illegal alcohol users are a specific group that is relatively resistant to restrictions. 2.2. However, some experts caution that if restrictions become too strict or disproportionate, they could lead to a modest increase in demand for illegal alcohol.

Main results

1. The total direct and indirect costs associated with alcohol consumption in Latvia were estimated at **1.3–1.8% of GDP**. For comparison, in **2021, excise tax revenues from alcoholic beverages accounted for 0.7% of GDP**.

The assessment of non-financial costs indicates that the **total losses due to excessive alcohol consumption in 2021 reached up to 88,620 healthy life years**, representing years that could have been lived in good health and with higher quality of life.

2. The greatest potential reduction in state direct expenditures caused by excessive alcohol consumption is expected from two measures :

raising the minimum legal age for alcohol sales to 20 years (an estimated 11.4–15.8% decrease in direct costs), and

restricting alcohol advertising (a 5.0–8.0% decrease).

The impact of both interventions is likely to materialize gradually over the long term.

3. Although estimating the size of the illicit alcohol market remains challenging, the study results suggest that **its volume has decreased**. Given the relatively small scale, the illicit market **is not expected to significantly undermine the effectiveness** of alcohol control measures in Latvia.

Recommendations

All preventive measures against excessive alcohol consumption reviewed in the study are included in the **World Health Organization's list of recommended "Best Buys"** for reducing harmful alcohol use. Implementing these measures is also **recommended for Latvia**.

When prioritising interventions based on the potential **reduction in direct public costs**, the most effective measure is **increasing the minimum legal drinking age from 18 to 20 years**, followed by **restrictions on alcohol marketing and advertising**. The impact of both policies will be realized gradually, over the long term.