



May 2017 Newsletter

Are we sure alcohol products are safe?

By Pamela S. Erickson

In 2012, the Czech Republic experienced a horrible episode of methanol poisoning from a tainted alcohol product. All of a sudden people were hospitalized and soon 42 had died. Methanol is a form of alcohol often used by unscrupulous businesses to produce cheap alcohol. But, methanol is unfit for human consumption and can cause serious injuries and death. Similarly, in 2014 vodka laced with antifreeze was illegally produced in England.

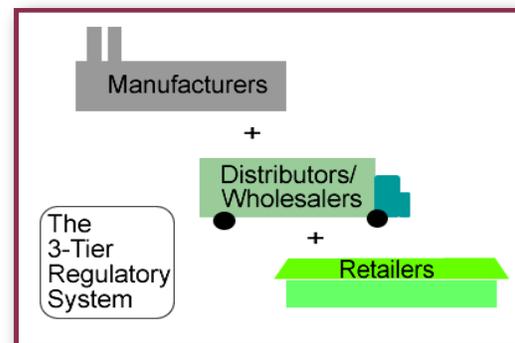
In order for the Czech Republic to find all the tainted products, authorities banned the sale and export of products with more than 20% alcohol. Lawful and unlawful businesses were impacted. By 2014, the death toll stood at 51 and many others had permanent health damage. The perpetrators were eventually located and sentenced to prison terms.

The United States has largely escaped this kind of scenario, but that could change. To ensure product safety, you need adequate testing, restrictions on distribution, a way to track products and a complaint process. Historically, the US alcohol regulatory framework has been a closed system of product sale, so that all products are only sold from a licensed manufacturer to a licensed distributor and to a licensed retailer. The distributor has the responsibility to track all bottles and cans from the supplier down to the retailer and back up in the case of an emergency.

This has been a good tracking system. Recently, it was used to identify alcohol that possibly had broken glass in bottles. All the products were quickly removed from retailer

shelves and no one was injured. But, we gradually have moved away from a closed system by granting small brewers, wineries and distillers the ability to "self-distribute." Self-distribution involves several types of activities: selling out of a tasting or tap room, selling at festivals, direct shipment to customers, and direct selling to retailers (stores, restaurants, bars).

US 3 Tier Closed System of Product Sale



Counterfeiters and black marketers thrive in unregulated systems allowing them to sneak in their illegal, dangerous, unregulated and untaxed product into the stream of commerce. The Three Tier System prevents this because distributors are the only authorized sellers to retailers. If product is in a store that the distributor did not provide, authorities are notified and the public is protected. In Control States, where the state owns all or part of the business, the state controls what is distributed and placed in its ABC stores. Once again, the public is safe-guarded.

For more information, see www.healthyalcoholmarket.com

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Another factor to consider is that there are now thousands of small operators: over 9,000 wineries, 5,000 breweries and 2,000 distilleries. This is far different from the past where alcohol was made primarily by relatively few large companies. It is still true that most of the sales come from large companies, but small producers inhabit every state and their numbers are still growing. States that allow self-distribution need to determine if they have an adequate tracking system to quickly remove any product that is a health hazard.

A second issue is testing. Testing is done to ensure there are no unsafe ingredients or contamination, but also to ensure that statements on the label match what's in the bottle-- such as alcohol content. Testing is done by the federal Alcohol and Tobacco Tax and Trade Bureau (TTB), by some states and sometimes by companies themselves. Also the TTB has a complaint system, so a consumer has a place to report a problem.

But, testing does not seem to be very extensive. First, TTB only tested 450 products according to their 2016 report. It is not widely known which companies or states do testing and for what purpose. In contrast, Ontario, Canada has an extensive testing program. In a 2016 presentation to the National Alcohol Beverage Control Association Board, Dorina Brasoveanu, Manager of the Liquor Control Board of Ontario's Quality Assurance Laboratory, revealed that they tested 24,000 products from their 650 stores. They also have a complaint system which recently resulted in testing of spirit products that had a higher alcohol content than what was stated on the label. The products were quickly pulled and there are no known ill effects from consumers.

Because alcohol is primarily regulated at the state level, state regulators need to review their systems to determine whether the needs for adequate testing and tracking are being met. Some discussion with the federal TTB may also be warranted. Whenever states change laws, they should determine whether product safety will be impacted. Not only could tainted

products harm consumers, but publicity about the product's problems could hurt business.

Sources:

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