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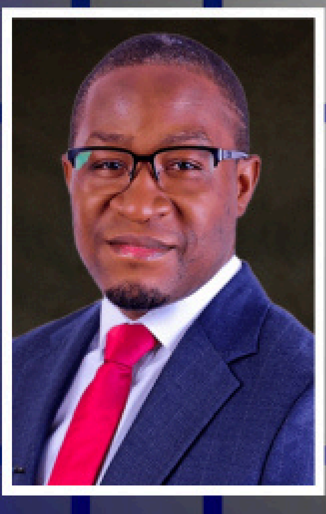
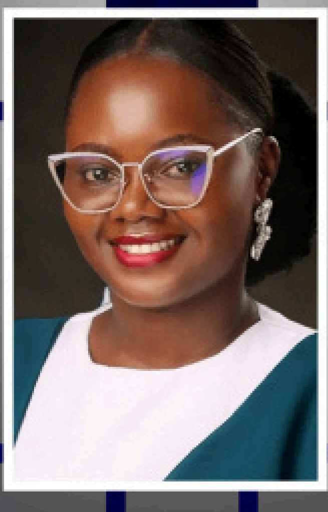
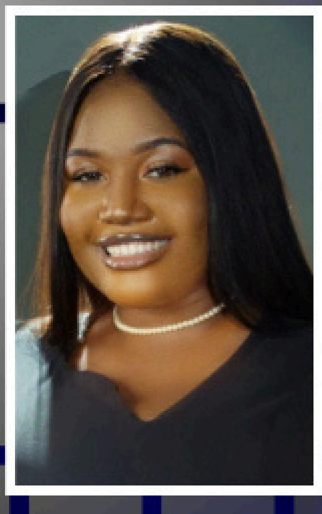
CAGING THE SACHET

The Alcohol Policy that makes Winners the Losers







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CAGING THE SACHET

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Nigeria's sachet alcohol ban has been several years in the making. Now that it is here, no one is entirely celebrating.

In the cold logic of regulation, the sachet is a menace, but in the warm reality of the Nigerian street, the alcohol delivered in such pocket-friendly packages is arguably one of the few affordable luxuries left. The ban on alcohol in sachets and small bottles (below 200 ml) is a classic paradox: a policy designed to save the liver of citizens will leave scars on the back of the economy. While one 'winner' potentially stares at scaled-down or empty factories, a concomitant loss of tax income, and a greater public health burden, many of those the government seeks to protect search for a fix in the shadows of the unregulated.

By Section 14(2) (b) of the 1999 Nigerian Constitution (as amended), the welfare of Nigerians is one of the primary purposes of the government. Where a potential for collective self-destruction exists, the government must act as the ultimate arbiter of safety, regardless of whether that intervention is popular. Accordingly, driven by documented concerns about extreme alcohol concentration levels in sachet products (up to 43% alcohol concentration, compared with the 6–8% typical of beer), keeping the sachets away has been on the agenda for about 10 years.

In 2018, key regulatory agencies secured an agreement with the major industry groups to phase out small packs of alcohol by January 2024. Following engagement with the government, during which the potential economic impact was highlighted, the deadline was extended to December 2025. In January 2026, therefore, as the extension period had expired, the National Agency for Food and Drug Administration and Control ("NAFDAC") sought to enforce the ban. It commenced nationwide enforcement, sealing warehouses and evacuating the affected products, leading to significant pushback and protests. While some reports claim that the office of the Secretary to the Government of the Federation has called off enforcement of the ban, NAFDAC refuted the reports, insisting it has not received any directives to refrain from enforcement activities.

Public Health Protection as a Flagpole for the Sachet Alcohol Policy

The NAFDAC's concerns regarding sachet alcohol in Nigeria are multifaceted but firmly anchored on a broader strategy of protecting national health and social stability.

On the one hand, the agency has repeatedly raised concerns about easy access to alcohol by underage persons. Alcohol in sachets and small bottles is easily affordable, accessible, and concealable, and in most parts of Nigeria, minors have as much access to alcohol in small packages as adults do. NAFDAC reports that approximately 54.3% of minors obtain alcohol on their own, with nearly 50% purchasing it specifically from stores selling sachets and small PET bottles. Sachets are cheap (often ₦250 or less), easily concealed in school bags, and sold in hard-to-monitor locations, such as motor parks and roadside kiosks. It is more difficult for parents and guardians to detect the possession of sachet alcohol compared to bottled products.

NAFDAC has also warned of alcohol abuse and the health and social consequences of cheap alcohol. Further, partly due to insufficient monitoring and enforcement capacity, as well as deliberate concealment strategy on the part of 'underground distillers', it is difficult for NAFDAC to track the various factories or makeshift facilities involved in the production of alcohol in small packages. The lack of effective and comprehensive oversight of production activities, therefore, places the public at risk of long-term health problems.

The Winners, who are also the Losers

Implementation of the ban on alcohol in small packages, which is anchored on genuine health concerns, is considered a victory for the government and the public, but it bears the taste of defeat for both parties.

1 The Government

Existing labeling controls, including 'Not for Children' markings, have had a negligible real-world impact in informal retail environments, and sachet packaging makes high-concentration alcohol products accessible at price points that place them within reach of minors and vulnerable populations. Public health groups have documented associations between cheap, high-concentration alcohol and underage drinking, road accidents, school dropouts, and domestic violence.

The ban, therefore, addresses a documented harm through a targeted regulatory intervention, but while safeguarding public health is a win for the government, the victory comes with potential consequences, including depleted, underutilised factories and a loss of tax income to the treasury. The fiscal cost of the transition is real, even if it is not yet fully quantified. Every sachet producer that shuts down, scales back, or exits the regulated market represents a contraction in the tax base. Every informal trader who moves outside the regulated supply chain reduces excise revenue.

In addition, if the ban drives consumer demand toward unregistered and illicit alternatives, as many in the industry fear, the government faces a public health outcome that is worse than the one it set out to solve, alongside the added burden of enforcing against a now-larger informal market. Unfortunately, due to limited oversight and enforcement capacity, the policy is likely to drive some players underground, from where they can supply the market with unregulated products. Unlabelled plastic bottles could rule the streets, defeating the government's victory. Key indicators point to a situation where the low-income drinker will not stop drinking. They will simply stop drinking 'safely'.

2 The Public (Consumers)

The public health case for the ban is ultimately a consumer protection case. Reducing the accessibility and concealability of high-concentration alcohol products in informal retail environments is, on its stated terms, a protective intervention, particularly for young people and communities where sachet alcohol has been most visibly associated with social harm. The consumer should be happy to be protected from harm, but for many, the price is too steep.

For low-income consumers who relied on sachet formats as an affordable option, the ban removes a product that meets them at their price point. As already indicated, the likely market response is substitution, which carries significant risk: unregistered spirits and locally brewed alternatives that pose considerably greater health risks, including methanol contamination. A consumer redirected from the regulated market into the informal one has not been fully protected. The nature of the risk has simply changed.

3 The Manufacturers

The Nigerian manufacturer finds itself in a peculiar state of industrial limbo. As a winner, it aligns with the Nigerian government's noble vision for a healthier society, yet as a loser, it is left staring at mothballed investments - specialised machinery built for a sachet economy is being regulated out of existence, perhaps before the capital could be recouped.

For manufacturers who either exclusively sell large-volume bottled products or can successfully transition to alternative packaging formats, the ban consolidates the market. Businesses lose a product line but may gain a 'cleaner' competitive landscape, at least on paper. The path, however, is anything but straightforward. Reaching the post-transition landscape requires considerable capital investment in reconfiguring production lines, in addition to addressing the other hurdles that domestic manufacturers face in an already-constrained economic environment. Competitors who cannot absorb the transition costs are forced to exit the space. Any manufacturer forced to vacate the low-cost sachet tier effectively cedes the 'bottom of the pyramid' to the unregulated shadow economy, essentially financing its own displacement through compliance.

Manufacturers who comply and pivot to glass and PET may be winners in regulatory approval, but losers of market share.

The Economic Realities

The widespread adoption of sachet packaging in Nigeria is a market adaptation to sustained inflation, currency depreciation, and declining disposable incomes. Sachet formats persist because they meet consumers where they are, particularly those who cannot access or afford larger packaging formats.

From a manufacturing and employment perspective, the Manufacturers Association of Nigeria has estimated that the ban puts over five million (direct and indirect) jobs and about N 2 billion in investments at risk. Public health groups, including the Network for Health Equity and Development and Corporate Accountability and Public Participation Africa, have challenged these figures as and described them as overstated, but it is clear that the disruption across the formal and informal value chain is substantial, extending beyond factory floors to the petty traders, logistics operators, and small-scale distributors across the sachet alcohol supply and distribution network, who sustain millions of additional livelihoods.

For the 'Mama Put' or the roadside kiosk owner, the sachet alcohol is more than just inventory. It is the essential, low-barrier upsell that keeps a micro-enterprise afloat in a hyper-inflationary economy. Without this affordable entry point, these vendors become the unintended casualties of a health policy that, while noble in intent, risks dismantling the very informal networks that sustain local commerce.

Meanwhile, the Federal Government finds itself in a strategic bind. Keen on closing substantial fiscal deficits and protecting an estimated ₦2 trillion in industrial investment, the administration is grappling with a profound paradox: how to embrace vital public health gains without unsettling national security or choking off a significant revenue source in an already fragile economic climate.

The sachet alcohol ban, it turns out, produces no outright winners. Only trade-offs.

What we expect

The proposed ban on sachet alcohol has loomed over Nigeria's food, beverage, and consumer goods sectors for years, but 2026 is unlikely to provide a definitive resolution.

While enforcing the ban would be hailed as a 'victory for public health policy', it is a triumph that carries a heavy price: 'winners' staring at the idle production lines or scaled-down factories, while a massive consumer base migrates into the dangerous shadows of the unregulated market.

In our assessment, given this administration's history of pragmatic recalibration, the Federal Government is currently balancing the scales between public health gains and economic stabilisation. Considering the dual pressures of the 2027 electoral cycle and the urgent need to preserve industrial tax revenues, we do not expect the government to endorse full-scale enforcement of the sachet alcohol ban until Q2 2027.

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