



The Impact of Government's Covid- 19 Alcohol-Related Regulations

On the South African Liquor Industry

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GAME CHANGERS



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Enquiries:

The Consumer Goods Council of South Africa, Tel: 011 777 3300, Email: info@cgcsa.co.za

Table of Contents

Acknowledgements	1
Disclaimer	2
Copyright.....	2
List of Acronyms.....	4
List of Figures.....	4
List of Tables	4
1. Introduction and Background.....	5
2. Problem statement	5
3. Research purpose and objectives	5
4. Secondary Research Findings/Literature Review	7
5. Primary Research Findings	19
5.1 Demographic profile of survey respondents.....	19
5.2 Overall Research Findings	20
6. Discussion of Findings	34
7. Conclusion	37
8. Recommendations	39

List of Acronyms

Acronym	Definition
CGCSA	Consumer Goods Council of South Africa
COVID-19	Coronavirus Disease
DTI	Department of Trade and Industry
GDP	Gross Domestic Product
SASSA	South African Social Security Agency
TCA	Thematic Content Analysis
TERS	Temporary Employee /Employer Relief Scheme
WHO	World Health Organization

List of Figures

Figure 1: Number of years in business	19
Figure 2: Turnover 2019 FY	21
Figure 3: Business operational status	21
Figure 4: Statements-General perceptions on the alcohol bans	22
Figure 5: Reason for business closure	23
Figure 6: Overall COVID-19 impact on business	23
Figure 7: Level of severity of negative impact	23
Figure 8: Statement-Impact of COVID-19 on business	23
Figure 9: Impact of the alcohol bans and trade restrictions on employees	24
Figure 10: Mitigations-Reducing employees 'salaries	24
Figure 11: Mitigations-Reducing staff	24
Figure 12: Statement-Consultation	26
Figure 13: Business Turnover 2020 FY	26
Figure 14: Impact witnessed on company's revenue	26
Figure 15: Concern over limited trading hours	27
Figure 16: Statement-Illicit trading (black market)	29
Figure 17: Mitigations-Reducing overhead cost	29
Figure 18: Mitigations-Reducing profit margins	29
Figure 19: Mitigations-Reducing production or activity levels	30
Figure 20: Mitigations--Improved management of cash flow	30
Figure 21: Mitigations- Owners sacrificed income	30
Figure 22: Mitigations- Borrowed funds for working capital	30
Figure 23: Likelihood when business will shutdown	33
Figure 24: How long the business can continue operations	33
Figure 25: When businesses can recover	33
Figure 26: Statements-The road ahead	34

List of Tables

Table 1: Study Objectives	5
Table 2: In-Depth Interviews Participants Profile	19

1. Introduction and Background

As the novel Coronavirus Disease (hereafter referred to as COVID-19) rapidly spread across the globe, several governments imposed lockdown restrictions to contain the virus and protect lives and livelihoods. In South Africa, as was the case in many countries, especially in developing nations, this implied loss of income and jobs, as well as limited mobility which consequently led to many people suffering deprivation (Mizumoto & Chowell, 2020).

The South African liquor industry has, since the first lockdown was imposed in March 2020, been one of the hardest hit due to restrictions and outright bans on the sale of liquor. While the government's initial response to the pandemic was praised particularly by the World Health Organisation (WHO) (Ryan, 2020), alcohol-related regulations have been heavily criticised (Planting, 2020). The government has insisted that the priority has been to save lives (South African Government, 2020), while the alcohol industry has on the other hand, cautioned on the need to find a balance between saving lives and livelihoods. For both parties to find a middle ground, the full impact of the COVID-19 regulations on the liquor industry and value chain needed to be investigated.

This report documents the research findings on the impact of the government's COVID-19 regulations, and the impact of alcohol bans and trade restrictions particularly on the South African retail liquor industry and value chain. Emphasis was placed on the experiences of the formal retail sector and employees within the liquor industry value chain.

2. Problem statement

The impact of the COVID-19 pandemic will undoubtedly be long term and many countries, particularly developing countries will take a long time to recover. While South Africa's economy is the most advanced in Africa, it has not been spared from the devastating impact of the COVID-19 pandemic. The virus hit South Africa when the country was already facing many challenges of rising unemployment, high levels of poverty, corruption, weak economic growth, and a poorly managed healthcare system (Chitiga-Mabugu, et al., 2020; Odeku, 2021).

The first hard lockdown in South Africa was imposed on 27th March 2020, which resulted in the closure of all businesses except those deemed to be providing essential services (South African Government, 2020). While all South African businesses are still on the road to recovery, subsequent lockdowns have and continue to affect the liquor sector and the value chain, with a possibility that the damage to some businesses has become irreversible.

There is currently little evidence in the public domain to support government's justification for the alcohol-related regulations as part of efforts to curb the spread of COVID-19 (Secondary data analysis). This study will provide government with data to inform future decisions and hopefully achieve a balance between saving lives and livelihoods. Accordingly, this study aims to address the following primary research questions: (1) What is the liquor industry's contribution to South Africa's economy? (2) How has the government's response to COVID-19, more so alcohol-related regulations, impacted the alcohol industry? and (3) What are the possible sustainable solutions that both government and the alcohol industry can consider to mitigate the challenges faced by the industry while safeguarding the lives of citizens against the pandemic?

Methodologically, the study utilised a mixed methods approach wherein quantitative business surveys were conducted in conjunction with qualitative in-depth Interviews with key industry players. (See Annexure 1 for more details on the methodological and technical notes).

3. Research purpose and objectives

The study objectives driven by three overarching pillars: the business, social and regulatory segments. The specific objectives are thus to:

Table 1: Study Objectives

<p>Business (Liquor supply chain)</p>	<ol style="list-style-type: none"> 1. Determine the contribution of the liquor industry to employment, gross domestic product/output (GDP), taxation and export earnings (looking specifically at direct, as well as the multiplier effects of the liquor industry on production, employment, labour remuneration, capital stock, tax revenue and the gross domestic product in South Africa). 2. Quantify the impact of COVID-19 regulations on retailers' revenue (i.e., strong focus on balance sheets/revenue loss to retailers due to liquor). 3. Determine the impact of COVID-19 regulations on jobs and employees' overall livelihoods (i.e., quantify retrenchments, layoffs, salary cuts etc. and display what this means for affected families). 4. Quantify future impacts of a continued alcohol ban and trading regulations. (i.e., determine the ability of businesses to remain operational, document perceived recovery challenges, answer the question: how does the future of their employees and dependants look like and what does this mean for South Africa's development indicators?)
<p>Social (Consumers, Civil society)</p>	<ol style="list-style-type: none"> 1. Explore the contribution of the liquor industry to recreation (including support to other sectors like Arts, Sports, and Hospitality). 2. Explore the socio-economic and psychological impacts of COVID-19 regulations on employees in the sector. 3. Investigate alcohol-related trauma/ social ills (including medical care) to assess demand/consumption patterns in South Africa (Demographic assessment), as well as changes in consumption patterns over time. 4. Explore harmful alcohol use in South Africa (Drivers and patterns), from public health and social perspective, then provide evidence-based and sustainable policy recommendations/ alternatives to current regulations which have the potential to do more harm. 5. Investigate how South Africa ranks globally and against developing countries on issues of alcohol abuse. 6. Investigate harm reduction strategies – what can be done to effectively reduce harmful alcohol usage and what can the sector do to contribute to eradicating the social ills associated with alcohol abuse.
<p>Regulatory (Government)</p>	<ol style="list-style-type: none"> 1. Provide an overview and impact of government policies and regulations (pre and during COVID-19). 2. Determine ways in which the industry and government can “meet each other halfway” or work together for the benefit of the broader society, looking at both the social and economic elements, including law enforcement challenges and possible solutions. Linked to this will be the need to provide global statistics focusing mainly on developing countries—looking into the benefits of home/off-site consumption versus on-site consumption in (a) the fight against COVID-19, (b) reducing mobility and, (c) controlling trauma cases/reducing the burden on the health sector.

4. Secondary Research Findings/Literature Review

a) South Africa's relationship with alcohol

'South Africans love their alcohol' and "South Africa has some of the heaviest drinkers' are statements that are often used in discourses around alcohol consumption in South Africa (Statistics South Africa, 2015; Cupido, 2021). Data published by the WHO shows that South African consumers of alcohol are some of the heaviest drinkers globally, despite relatively high levels of abstinence in the population. According to the 2011 Global status report on alcohol and health, South Africa ranked as a country with one of the riskiest patterns of alcohol consumption, and with the highest reported alcohol consumption in Africa (WHO, 2011). In 2011, South African adults (aged 15 years and older) consumed 9.5 l of absolute alcohol each year -- higher than the average for Africa (6.0 l) and the world (6.2 l). Current alcohol use was reported by 41.5% of the men and 17.1% of women. White men (69.8%) were most likely and Indian/Asian women (15.2%) least likely to be current drinkers. Urban residents (33.4%) were more likely than rural dwellers (18.3%) to report current drinking. Risky or hazardous or harmful drinking was reported by 9%: 17% among men and 2.9% among women. In men, risky drinking was associated with the 20-54-year age group; the Coloured population group; lower economic status; and lower education. Among women, risky drinking was associated with urban residence; the Coloured population group; lower education; and lower income (WHO, 2019).

For many decades now, controlling the physical availability of alcohol in South Africa has been one of the biggest challenges for South Africa. For instance, during Apartheid, non-white South Africans were prohibited from entering bars/pubs or selling alcohol themselves, so unlicensed shebeens sprang up as an alternative. Alcohol has thus always been available to consumers. While alcohol consumption has been widely documented over the years, and since it is known that alcohol is widely available for most consumers, there remains a huge gap in literature on the definite contribution of alcohol to other sectors such as Hospitality, Sports, Arts and so forth. What is well documented is the high demand for alcohol and the most common access sites or settings of alcohol. This includes formal liquor retailers (buying directly from licensed supermarkets and bottle stores) as well as informal liquor sellers for instance shebeens, bars and events (Soul City Institute, 2009).

What is interesting about alcohol consumption behaviour in South Africa is that fewer South Africans drink regularly compared to many developing countries. However, within the BRICS countries South Africa ranks third in terms of Per Capita consumption (well above the African regional average), thus suggesting a problem of binge than regular drinking (WHO, 2018).

i. Where did it all start?

For many decades now, controlling the physical availability of alcohol in South Africa has been one of the biggest challenges for the country. For example, during apartheid, non-white South Africans were prohibited from entering bars/pubs or selling alcohol themselves, so unlicensed shebeens sprang up as an alternative. Alcohol has thus always been available to consumers (WHO, 2018). This suggests that South Africans have for the longest of time, been acquainted with finding means of satisfying their appetite for alcohol. So, the question then is: is alcohol prohibition a magic bullet?

ii. Demand, access, and contribution to other sectors

Moreover, while alcohol consumption has been widely documented over the years, and since it is known that alcohol is widely available for most consumers, there remains a huge gap in literature on the definite contribution of alcohol to other sectors such as Hospitality, Sports, Arts and so forth. What is well documented is the high demand for alcohol and the most common access sites or settings of alcohol. This includes formal liquor retailers (buying directly from licensed supermarkets and bottle stores) as well as informal liquor sellers for instance shebeens, bars and events (Soul City Institute, 2009).

The sale, dispensing and distribution of liquor was prohibited in the nationwide lockdown on levels 5 and 4 (DMA, 2002; Amendment Regulations 2020:22). The alcohol ban that was imposed during these levels highlighted the erratic behaviour where looting of alcohol outlets in South Africa was observed (BusinessTech, April, 2020). This behaviour that was observed demonstrated that the demand for alcohol in South Africa is an

ongoing problem (Peltzer, et al., 2011:36). The national disaster in which the fight against the novel virus COVID-19, became the priority for South Africa, also saw the demand for alcohol as a priority too. Online alcohol sales also saw a strong increase in demand despite those buyers receiving their alcohol in level 3 of the lockdown (Mavundza, 18 May 2020). This revealed that alcohol was in high demand during the lockdown especially in levels 5 and 4.

b) Alcohol industry's contribution to the South African economy

South Africa's liquor industry is mostly dominated by large global companies. The top five companies in the industry include, AB InBev, Distell, Heineken, Diago and Namibian Breweries (Research and Markets, 2020). These top liquor players mainly produce and distribute beer, wine, and spirits, and all have strong brands, which give them pricing power which is enhanced through premiumization. They collectively contribute a significant percentage of the local legal retail liquor market (Research and Markets, 2020).

Alcohol consumption has been part of South Africa's social history and the industry now plays an important and respective part of the country's economy (Mukong, et al., 2018). In support of this, the Industry Association for Responsible Alcohol Use (n.d.) indicated that the industry is a major force in the economy as it provides employment and income to thousands of households. It is reported that the industry contributes about 1.7 percent of the government's revenue each year (Mukong, et al., 2018). A majority (over 50%) of employees in the industry are black females.

According to the Industry Association for Responsible Alcohol Use (2018), the South African liquor industry including manufacturing, wholesale, and retail, is valued at between R106.1bn and R129bn. This amounts to a contribution of over 4.4% to South Africa's Gross Domestic Product (GDP) per year. The industry's GDP multiplier is estimated at 2.08. This means that for every R1.00 in sales revenue generated by the liquor industry, R2.08 is added to the country's GDP. Before the Covid-19 pandemic, the industry was considered mature, and growth was largely organic. For instance, total 2017 liquor consumed was almost 4.24 billion litres, reflecting growth of 1.9% over 2016, driven by a growing population, aggressive expansion in retail liquor and product premiumization (making a brand or product appeal to consumers by emphasizing its superior quality and exclusivity). The industry continued to grow in 2018 despite the poor economic climate and was aided by currency weakness reflected in rising exports.

c) Impact of government regulations on the South African alcohol industry

The Covid-19 regulations imposed by the government between 2020 and 2021 disrupted the growth of this industry. In fact, an assessment of the economic impact of the three bans in 2020, including the five-week ban between 29 December 2020 to 2 February 2021 revealed the damaging financial implications of the government's prohibition decision. The industry is reported to have incurred a R 36.3 billion loss in sales revenue. The country's economy also took a massive hit with annualized GDP loss estimated at R5.1 billion. Tax revenue loss (excluding excise) amounts to R29.3 billion (SALBA, 2021).

Additionally, the prohibition decree has put 200 200 jobs supported by the alcohol value chain at risk in the country's informal and formal sector. The government has also experienced considerable losses to the fiscus which has resulted in many job losses, affecting mostly "middle-income earners" across all sectors in South Africa. The prohibition also side-lined legitimate businesses and depressed formal job opportunities. For example, the largest brewer, South African Breweries (SAB), announced a halt on a R5 billion (US\$ 330 million) planned investment because of the alcohol ban. The company stated that "the cancellation of this planned expenditure is a direct consequence of having lost 12 full trading weeks, which effectively equates to some 30 percent of the SAB's annual production." Similarly, Heineken announced that it abandoned plans to build a R6 billion (US\$ 395 million) brewery in the port city of Durban, which would have created 400 jobs (SAB, 2020).

Moreover, Consol Glass is the largest glass bottle manufacturer in South Africa and depends on the legal alcohol beverages industry for 85% of its sales. Not long into the pandemic, Consol announced that "the combined effect of COVID19, the current alcohol ban, ongoing restrictions on on-site consumption, and lost

compound growth will see the South African glass industry declined by 15% over the next 12 months.” The company also temporarily suspended construction of a new R1.5 billion (US\$ 99 million) manufacturing plant (Consol, 2020).

While it is challenging to evaluate the full effect of prohibition laws on an industry that employs millions of people in primary and secondary sectors, any job losses—especially those lost via alcohol bans—are particularly debilitating in a country where the overall unemployment rate already stood at 30%. The following points provide further evidence of job losses associated with the alcohol ban. – It is estimated that around 165,371 jobs across the alcohol value chain were lost during the first alcohol ban, while nearly 800 small- and medium-sized alcohol manufacturers faced bankruptcy.

According to Wines of South Africa, an industry organization that promotes wine exports to international markets, the flourishing South African wine industry lost more than R7 billion (US\$ 462 million) in revenue and roughly 21,000 jobs during the lockdown. VinPro, representing South African wine producers, cellars, and stakeholders, reported that it expected more than 80 wineries and 350 wine-grape producers to go out of business. Grain SA reported that the ban of alcohol sales has put downward economic and labour pressure on farmers that produce commodities (e.g., sorghum, barley, maize, potatoes, and grapes) that are key ingredients in the manufacture of domestically produced alcoholic beverages, with small scale farmers particularly vulnerable (VinPro, 2020).

i. A rise in illicit trade and criminal activities

Industry groups (including but not limited to SALBA, BASA, VINPRO) reported unprecedented levels of illicit trade in alcohol during the pandemic, with losses from illicit trade expected to rise considerably over the R12.9 billion (US\$ 877 million) a year than the South African alcohol sector was already losing before COVID19. Further evidence of increased illicit activity included reports that police in Durban seized 20 cases of sealed fake alcohol labelled as Smirnoff Vodka, barrels of stocked alcohol and hundreds of empty bottles ready to be filled. This report came weeks after local police found another 196 bottles of empty Smirnoff 1818, 100 litres of ethanol, artificial Smirnoff 1818 closures, and bottles that had been refilled with counterfeit Smirnoff 1818. In another instance, South African police reported an increase in the smuggling of contraband from neighbouring countries, including Mozambique and Zimbabwe (Transnational Alliance to Combat Illicit Trade, 2021).

In addition, according to the head of the South African Revenue Service (SARS), the alcohol ban has benefited criminal networks that have gained a foothold in the market. The Institute for Security Studies reported that criminal networks active during the pandemic had added illicit alcohol to illegal products they offer clandestine customers, such as narcotics. Consequently, the restrictions gave a massive boost to organized crime, with the supply side shifting into the control of the illicit industry. Another example includes a raid where police in KwaZulu-Natal confiscated counterfeit alcohol worth more than R500,000 (US\$ 33,000).

Perhaps the most alarming consequence of alcohol prohibition measures was the jump in consumer exposure to health risks associated with toxic illicit alternatives. Approximately 26 people died after consuming tainted alcohol to get around the strict alcohol ban, including homemade beer mixed with methanol and methylated spirits (Transnational Alliance to Combat Illicit Trade, 2021).

d) International comparison- what worked vs what did not work

The alcohol ban was a preventative measure implemented to reduce the heavy alcohol burden on the country and specifically on the healthcare system which has always been lagging for many years. South Africa’s nationwide ban on all domestic and export sales of alcohol products and production and transportation of alcohol products went into effect when the country went into coronavirus lockdown on March 26 and lasted—with a six-week relaxation from June 1 to July 12—until August 17. Effective on August 8, the sale of alcohol was permitted again in “licensed premises for off-consumption, from 09h00 to 17h00, from Mondays to Thursdays, excluding Fridays, Saturdays, Sundays and public holidays” (South African Government, 2020).

Many countries across the world opted for limits on the sale of alcohol and restrictions on venues where alcohol is consumed for instance bars and restaurants (on-site). South Africa, together with others like India and Panama announced a complete ban at the beginning of lockdown (Transnational Alliance to Combat Illicit Trade, 2021). The ban on alcohol was the most visible of a string of rules that made South Africa's lockdown measures among the strictest in the world (Transnational Alliance to Combat Illicit Trade, 2021).

According to Movendi International (2020), the alcohol ban in South Africa has had multiple benefits such as reduced violence, reduced violent death rate drop in trauma cases in hospitals. For instance, the Baragwanath Hospital reported zero cases in the trauma unit early this year. However, this narrative ignores negative repercussions and huge financial losses incurred by the industry which have, in turn, threatened thousands of livelihoods across the sector. It also ignores negative health impacts caused by illegally brewed alcohol.

The rationale for the government to impose the alcohol ban is founded partly on the alleged role of alcohol in undermining social distancing, compromising immune response and keeping the hospital beds clear for COVID-19 related medical and hospitalisation needs (Matzopoulos, et al., 2020). It was argued that the bans would thus encourage social distancing, limit social gatherings, prevent any negative impacts of alcohol on the immune system, decrease instances of alcohol-related domestic violence during the lockdown, and in some instances reduce pressure on hospitals and health care systems from potential alcohol-related injuries (Transnational Alliance to Combat Illicit Trade, 2021). While the government's resolve seems strengthened by alcohol's contribution to the high levels of interpersonal violence and injuries, it is viewed as unjustifiable, and critics argue that the government must find a balance between saving lives and protecting livelihoods.

So, while lockdown and social distancing may have had some success in limiting the control of the virus, the imposition of prohibition laws was conjectural to this objective and, for the most part, a step too far. In those countries with complete bans (prohibition), the consequences have been more harmful (to consumers) and damaging (to the economy) than policymakers anticipated. Several countries that have banned alcohol throughout history, like in the United States of America in the 1920s and 1930s had to bear the growth of illegal trade on the black market. Some Mexican states temporarily restricted alcohol during the pandemic too, leading to the deaths of citizens who drank black-market moonshine containing poisonous methanol. After imposing similar measures to South Africa in 2020, research shows that India pushed its poor towards cheap drugs and "hooch" which had even more negative health impacts and put additional pressure on the country's health system (Crime in India reports, 2021). Further, although the crime rate decreased in India courtesy the liquor prohibition, so did it state's revenue (India spend, 2021).

Many experts in India are of the view that the state could have taken some time to do more public awareness campaigns, consulted relevant stakeholders, put up de-addiction centres and so on. Some civil society groups maintained that the state's responsibility does not stop at banning liquor: It should have thought of different categories of the society. Getting admitted to a de-addiction centre also means people have to forego their workdays. Not many can afford to do that. Plus, getting admitted to a de-addiction is seen as a taboo, and not everyone has the support system to seek rehabilitation (NCRB, 2020). What this suggests is that the alcohol issue can neither be addressed overnight nor using a top-down approach. Decisions should be evidence based and capture the voices of all key stakeholders.

Moreover, following the analysis of literature documenting public health measures taken by different countries during the pandemic, it can be concluded that while tax revenue from alcohol is not a huge amount of money in some economies, banning or imposing restrictions to the industry can have a substantial negative effect on the economic outcomes and often contributes to increased commercial crime, food insecurity and bad health outcomes, especially when people lose medical insurance because of job losses (Miron, 2021). As a more effective public health measure, most developing countries restricted activities that spread the disease, like people being in indoor restaurants and bars and allowed shops to do takeaway or off-site trade and this helped offset economic impact. Important to note is the fact that South Africa is the only country that eased on-site trade restrictions while imposing severe restrictions on the off-site sector. There is currently no available research

evidence to sufficiently validate this disparity. And as far as banning alcohol to curb violence, the experience of many countries proved that does not work, either. In the US case, violence went up during the alcohol prohibition as well as organised crime and illegal trade on the black market. An explanation provided by analysts for this is that “people resolve underground disputes in markets often with guns rather than with lawyers” (Miron, 2021).

Among the various emergency “economic recovery” measures under discussion in some national capitals is the option of increasing excise taxes levied on alcoholic beverages to replenish budget shortfalls. By September 2020, some countries had already increased ad hoc taxes on alcohol sales by 70% (Nadkarni et al, 2020). Excise taxes can be a powerful way to raise public sector revenues and they are particularly effective on products which have a low elasticity of demand. However, at a price point set too high, increases in taxes will have negative consequences, triggering a double threat to tax revenues by reducing purchases of taxable legal products and driving consumers to seek unregulated, untaxed illicit products (Insight Crime, 2020).

The table below compares South Africa’s covid-19 response to other developing countries

South Africa’s response to curb the spread of Covid-19		
<ul style="list-style-type: none"> • First case was reported on 5 March 2020 • 10 days later the president announced the country would go on a nationwide lockdown • Restrictions included the revoking of visas, travel bans and closing 35 of SA's 53 land ports. • The government initially banned the sale of both cigarettes and alcohol. • South Africa’s nationwide ban on all domestic and export sales of alcohol products and production and transportation of alcohol products went into effect when the country went into coronavirus lockdown on March 26 and lasted—with a six-week relaxation from June 1 to July 12—until August 17. Effective on August 8, the sale of alcohol was permitted again in “licensed premises for off-consumption, from 09h00 to 17h00, from Mondays to Thursdays, excluding Fridays, Saturdays, Sundays and public holidays” (South African Government, 2020). 		
<p>Angola: First COVID-19 case on March 21, 2020</p>	<ul style="list-style-type: none"> • Closed the borders and imposed international travel restrictions. • Implemented a nationwide lockdown in late March 2020. • Additional funds were made available for health care. <p>https://www.unicef.org/media/83406/file/Angola-COVID-19-SitRep-September-2020.pdf</p> <p>https://www.garda.com/crisis24/news-alerts/435351/angola-authorities-amend-covid-19-measures-as-of-jan-27-update-17</p> <p>https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#A</p>	<ul style="list-style-type: none"> • Increased its credit-stimulus program to certain sectors. • Invited all financial institutions to grant companies, in sectors most impacted by the pandemic, a 6-month delay for servicing debt. • Introduced an online platform for foreign exchange transactions. <p>https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#A</p>
<p>Comoros: First COVID-19 case on</p>	<ul style="list-style-type: none"> • Suspended international flights. 	<ul style="list-style-type: none"> • Reduced import taxes, on medicine, food, and hygiene products, by 30 percent for the duration of 2020.

<p>April 30, 2020</p>	<ul style="list-style-type: none"> • Imposed a curfew between 20:00 and 5:00. • Mandated social distancing and the wearing of facemasks in public places. • Prohibited public gatherings. • Increased funds for health care to overcome the public healthcare systems constraints. <p>https://www.garda.com/crisis24/news-alerts/424131/comoros-covid-19-related-restrictions-remain-in-place-nationwide-as-of-dec-31-update-2</p>	<p>https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#C</p>
<p>Congo, The Republic of First COVID-19 case March 10, 2020</p>	<ul style="list-style-type: none"> • Suspended international travel and closed all borders with exception given to trucks and cargo planes. • Imposed a nationwide lockdown in late March 2020. • Introduced measures to improve liquidity conditions. <p>https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#C https://www.garda.com/crisis24/news-alerts/325521/drc-authorities-suspend-international-flights-until-april-3-update-2</p>	<ul style="list-style-type: none"> • Implemented compulsory testing for domestic and international travellers. • Suspended all tax audits for companies and implemented a grace period for those in areas. • https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#C • https://www.garda.com/crisis24/news-alerts/325521/drc-authorities-suspend-international-flights-until-april-3-update-2
<p>Mauritius: First COVID-19 case March 18, 2020</p>	<ul style="list-style-type: none"> • Imposed a nationwide lockdown in late March 2020. • Introduced a scheme to increase public spending on health care and medical services. • Encouraging banks to introduce a delay of six months on the repayment of existing household loans and the loans of affected businesses and economic operators. <p>https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#M</p>	<ul style="list-style-type: none"> • Following the lockdown, the electricity tariffs were waived for those who fell under the Social Register of Mauritius (SRM) or under the National Empowerment Foundation (NEF). • Instituted a number of green initiatives, including the rehabilitation of the coastline and environmental monitoring, to encourage a green recovery of the economy. • Intervened on the foreign exchange market to make up for decrease in foreign exchange caused by the drop in tourism. <p>https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#M</p>

	https://www.garda.com/crisis24/news-alerts/331811/mauritius-nationwide-lockdown-extended-to-may-4-update-4	https://www.garda.com/crisis24/news-alerts/331811/mauritius-nationwide-lockdown-extended-to-may-4-update-4
Seychelles: First COVID-19 case March 14, 2020	<ul style="list-style-type: none"> Imposed a nationwide lockdown in early April. Suspended all travel in and out of the country. Implemented a COVID-19 emergency response support programme to support the countries universal health coverage. Mandated social distancing and the wearing of facemasks in all public spaces. <p>https://projectsportal.afdb.org/dataportal/VProject/show/P</p> <p>https://www.garda.com/crisis24/news-alerts/330631/seychelles-authorities-order-nationwide-21-day-lockdown-from-april-9-update-2</p>	<ul style="list-style-type: none"> Mandated the suspension of postal services. Implemented the Private Sector Micro, Small and Medium Enterprise (MSME) relief scheme to provide support to smaller businesses affected by the pandemic. <p>https://www.cbs.sc/Downloads/covid19/faqs/The%20Private%20Sector%20(MSMEs)%</p> <p>https://www.garda.com/crisis24/news-alerts/330631/seychelles-authorities-order-nationwide-21-day-lockdown-from-april-9-update-2</p> <p>http://www.health.gov.sc/index.php/2020/03/25/health-travel-advisory-25th-march-2020/</p>
Tanzania: First COVID-19 case March 16, 2020	<ul style="list-style-type: none"> Banned large public gatherings, including school attendance but excluding worship. Suspended international travel. Mandated social distancing and the wearing of facemasks. <p>https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#S</p> <p>http://www.garda.com/crisis24/news-alerts/329896/tanzania-authorities-announce-further-travel-restrictions-april-4-update</p>	<ul style="list-style-type: none"> Introduced a strategy to support the private sector by expediting the payment of expenditure areas prioritising Small and Medium-sized Enterprises (SME's). <p>https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#S</p>

2. Markets that implemented a ban on the sale of alcohol	Details on the timelines and rationale behind the alcohol ban	Additional/Different measures taken comparable with SA
Botswana: COVID-19 case on March 31, 2020	<ul style="list-style-type: none"> Implemented a nationwide lockdown in early April 2020 with a ban on alcohol sales and a suspension of 	<ul style="list-style-type: none"> Implemented a tax deferral system, with 75% of quarterly payments to be deferred to 2021.

	<p>all liquor licences until further notice. This was due to the “negative effects of alcohol on adherence to COVID-19 protocols”.</p> <ul style="list-style-type: none"> • The restrictions on alcohol were eased on May 30, 2020, but they were reintroduced on August 5, 2020. • As of February 2021, the alcohol ban has been lifted due to its detrimental economic effects. <p>https://www.voanews.com/covid-19-pandemic/botswana-eases-covid-restrictions-despite-rising-death-toll https://www.issup.net/knowledge-share/news/2020-08/covid-19-alcohol-and-tobacco-policies-africa https://movendi.ngo/blog/2020/04/19/the-situation-in-southern-african-countries-regarding-covid-19-and-alcohol-an-overview/</p>	<ul style="list-style-type: none"> • Introduced a crawling exchange rate with a downward rate of crawl of 2.87 percent to ease the economy and improve the real monetary conditions. <p>https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#B</p>
<p>Eswatini: First COVID-19 case on March 31, 2020 https://clubofmozambique.com/news/eswatini-extends-covid-19-partial-lockdown-and-bans-alcohol-182554/</p>	<ul style="list-style-type: none"> • Implemented a nationwide lockdown in late March 2020. In order to further curb the spread of the virus, the government imposed a ban on alcohol on July 1, 2020, for a period of 2 months. • In early January 2021, a partial lockdown was announced with alcohol sales restricted to weekdays. On January 21, 2021, a full ban was imposed for a period of four weeks. • The ban was lifted on March 18, 2021. <p>https://www.facebook.com/watch/?v=270052448079766 https://clubofmozambique.com/news/eswatini-extends-covid-19-partial-lockdown-and-bans-alcohol-182554/</p>	<ul style="list-style-type: none"> • Reduced the price of fuel and delayed the increase in water and electricity tariffs to ease the economic hardships of the citizens. • Subsidized the cost of the Covid-19 test required for cross-border traders to maintain their livelihoods. • Implemented a payment arrangement for taxpayers with limited cash flow and a waiver of penalties for older tax debts. <p>https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#E https://www.garda.com/crisis24/news-alerts/346051/eswatini-authorities-extend-state-of-emergency-through-to-june-19-update-5</p>

	https://www.issup.net/knowledge-share/news/2020-08/covid-19-alcohol-and-tobacco-policies-africa	
Lesotho: First COVID-19 case May 14, 2020	<ul style="list-style-type: none"> Imposed a nationwide lockdown in late March 2020 with a restriction on the operating hours of establishments retailing alcohol. This was to slow the spread of COVID-19 On March 27, 2020, the government declared a state of emergency mandating that all liquor retailers had to close. At present, alcohol is only permitted when bought with take away food. <p>https://www.gov.uk/foreign-travel-advice/lesotho/coronavirus https://www.issup.net/knowledge-share/news/2020-08/covid-19-alcohol-and-tobacco-policies-africa https://movendi.ngo/blog/2020/04/19/the-situation-in-southern-african-countries-regarding-covid-19-and-alcohol-an-overview/</p>	<ul style="list-style-type: none"> Introduced a strategy for reducing non-pandemic spending to increase the budget for measures related to the pandemic. Cash grants were provided to 14 premier clubs and other athletes. Negotiated with mobile operators to remove transaction fees below M50 and temporarily raise the limits on mobile money transactions to reduce cash payments. <p>https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#L https://www.garda.com/crisis24/news-alerts/327786/lesotho-authorities-announce-lockdown-and-entry-restrictions-due-to-covid-19-effective-march-30</p>
Madagascar: First COVID-19 case May 14, 2020	<ul style="list-style-type: none"> Implemented a nationwide lockdown in early April 2020 with a complete ban on the sale and on-site consumption of alcohol, in order to curb the spread of the virus. Restrictions were lifted gradually by region. <p>https://www.africanews.com/2020/06/04/anti-lockdown-protest-in-madagascar-over-alleged-police-brutality/ https://movendi.ngo/blog/2020/04/19/the-situation-in-southern-african-countries-regarding-covid-19-and-alcohol-an-overview/</p>	<ul style="list-style-type: none"> Introduced strategies for tax relief, suspended government fees and social contributions. Suspended import duties on all medicine and medical equipment. Mandated 48-hour testing before all domestic flights. <p>https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#M https://www.garda.com/crisis24/news-alerts/347256/madagascar-authorities-announce-extension-to-state-of-emergency-until-june-15-update-9</p>
Malawi: First COVID-19 case April 2, 2020	<ul style="list-style-type: none"> Imposed a partial lockdown on April 18, 2020, which included a ban on alcohol 	<ul style="list-style-type: none"> Waived mobile monetary transaction fees to increase cashless transactions.

	<p>outlets, as non-essential services. However, retail outlets were still allowed to sell alcohol and individuals could purchase alcohol with takeaway meals for consumption at home.</p> <p>https://movendi.ngo/blog/2020/04/19/the-situation-in-southern-african-countries-regarding-covid-19-and-alcohol-an-overview/</p>	<ul style="list-style-type: none"> Implemented tax waivers on imports of essential medical products necessary to support the health system. <p>https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#M</p> <p>https://www.garda.com/crisis24/news-alerts/347256/madagascar-authorities-announce-extension-to-state-of-emergency-until-june-15-update-9</p>
<p>Mozambique: First COVID-19 case March 22, 2020</p>	<ul style="list-style-type: none"> Imposed a partial lockdown in late June 2021 including a ban on alcohol. All bars, shops and kiosks with the main purpose of selling alcohol were closed. <p>https://allafrica.com/stories/202106300504.html</p>	<ul style="list-style-type: none"> Introduced tax exemptions to support struggling households and businesses. Implemented measures to encourage cashless transactions, including lowering the tariffs for digital transactions for a period of three months. Introduced a foreign credit currency line applicable to all countries trading in the Interbank Foreign exchange Market. <p>https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#M</p>
<p>Namibia: First COVID-19 case March 13, 2020</p>	<ul style="list-style-type: none"> Imposed a lockdown on March 28, 2020, with a ban on the retail of alcohol as a non-essential service and product. Restrictions were eased on June 1, 2020. However, an increase in illegal alcohol smuggling has been noted as an effect of this ban. <p>https://www.issup.net/knowledge-share/news/2020-08/covid-19-alcohol-and-tobacco-policies-africa</p> <p>https://movendi.ngo/blog/2020/04/19/the-situation-in-southern-african-countries-regarding-covid-19-and-alcohol-an-overview/</p>	<ul style="list-style-type: none"> Introduced an extension on the submission deadline for individual Income Tax. Introduced the Employer Wage Subsidy Program for those industries most affected by the pandemic, such as the tourism, aviation and construction sectors. Implemented a strategy allowing employers to negotiate a 20-50 percent reduction in salaries and wages to avoid business closures and retrenchments. <p>https://home.kpmg/xx/en/home/insights/2020/04/namibia-government</p>

		and-institution-measures-in-response-to-covid.html https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#M https://www.garda.com/crisis24/new-s-alerts/378286/namibia-officials-extend-covid-19-restrictions-until-september-17-update-12
Zambia: First COVID-19 case March 13, 2020	<ul style="list-style-type: none"> • Closed entertainment venues such as restaurants, bars and clubs to limit the spread and increasing public health concerns. • A 14-day lockdown was implemented in early April wherein the government mandated an almost complete ban on alcohol. https://www.garda.com/crisis24/new-s-alerts/330846/zambia-authorities-implement-additional-restrictive-measures-march-27-update-3 https://movendi.ngo/blog/2020/04/19/the-situation-in-southern-african-countries-regarding-covid-19-and-alcohol-an-overview/ https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#Z	<ul style="list-style-type: none"> • Implemented a waiver on tax penalties caused by COVID-19. • Introduced a number of strategies for encouraging cashless payments via electronic monetary transactions. • Arranged to allow financial service providers to renegotiate credit facilities with borrowers impacted by COVID-19. https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#Z
Zimbabwe: First COVID-19 case March 19, 2020	<ul style="list-style-type: none"> • Banned alcohol during the imposed lockdown in early April 2020. According to spokesman Paul Nyathi, people usually buy and consume alcohol in groups which defies social distancing orders. Furthermore, alcohol consumption is associated with non-compliance with the rules necessary to curtail the pandemic. • Government is forced to backtrack after 24 hours of the alcohol ban due to backlash from the alcohol industry. Consumption at 	<ul style="list-style-type: none"> • Lifted the freeze on government hiring in order to hire medical personnel to support the constrained health system during the pandemic. • Returned to a multicurrency system making both the Zimbabwean and US dollar legal currencies. https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#Z

	<p>establishments remained banned, but retail establishments were allowed to resume selling alcohol.</p> <ul style="list-style-type: none">• Lockdown restrictions were eased in early March 2021, though many establishments that sell alcohol for on-site consumption, remain closed. <p>https://www.rfi.fr/en/international/2020/04/04-booze-ban-in-zimbabwe-as-covid-19-lockdown-is-enforced https://www.reuters.com/article/uk-health-coronavirus-zimbabwe-lockdown-idUSKCN2AT2WQ https://movendi.ngo/blog/2020/04/19/the-situation-in-southern-african-countries-regarding-covid-19-and-alcohol-an-overview/ https://www.garda.com/crisis24/news-alerts?field_news_alert_categories=411&field_news</p>	
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5. Primary Research Findings

5.1 Demographic profile of survey respondents

More than half of those surveyed were male (54%) and a significant number of respondents (44%) were in the 35-50 age bracket. The majority of those interviewed were business owners and senior/middle managers. The below figures (figures 1 and 2) show the geographical scope of the business survey. As shown below; businesses surveyed were mostly located in three provinces, namely, Western Cape, Gauteng, and KwaZulu-Natal (about three-quarters of the sample). The sample is bigger in South Africa's economic hubs and thus matches the business landscape and the population distribution. Many businesses (76%) reported being in business for more than a decade.

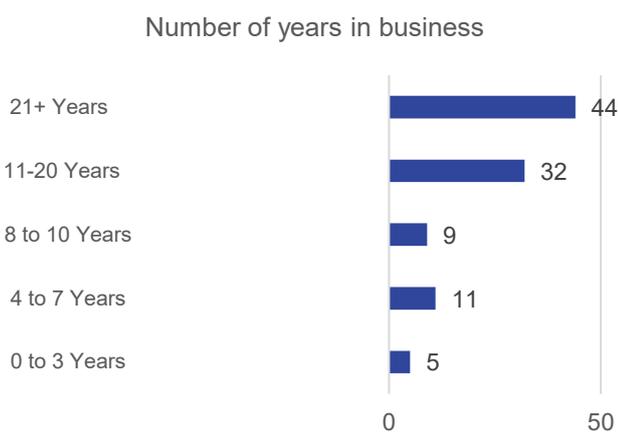


Figure 1: Number of years in business

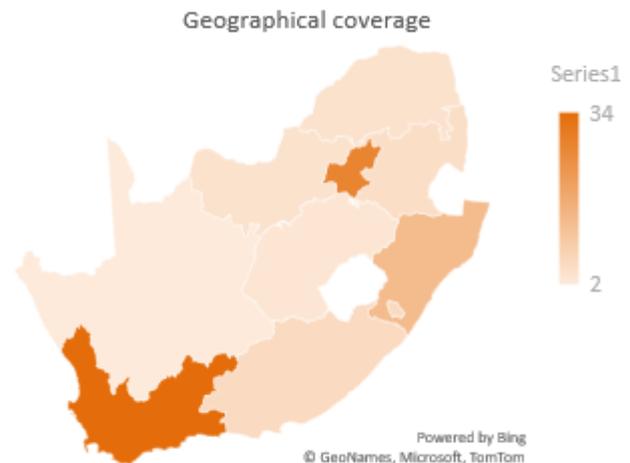


Figure 2: Geographical coverage

In-Depth Interviews Participants Profile

Table 2: In-Depth Interviews Participants Profile

Participant Category	Profile	Number of Interviews
Business/Retailers	Taverns/Shebeen	n=4
	Chain Retailers	n=4
	Independent retailers	n=2
	Restaurants	n=2
Business/Non-retailers	Manufacturing	n=2
	Distribution	n=1
	Packaging	n=1
Employees	Retrenched	n=3
	Salary Cut	n=3
	Temporarily laid-off	n=4
Stakeholders	Labour	n=1
	Community	n=1
Consumers (value add)	Alcohol consumers	n=3
Total		n=31

5.2 Overall Research Findings

This section presents the primary research findings of the study. The research findings are discussed in four themes, namely:

- (1) perceptions on governments response and the impact of these regulations on business operations and employment;
- (2) financial/revenue effects or the financial fragility on especially retail liquor sector;
- (3) unintended consequences of the alcohol-related bans; and,
- (4) the economic survival predictions of businesses.

1) Perceptions on governments response and the impact of COVID-19 regulations on operations and employment

State of liquor businesses before COVID-19

As seen in figure 3 below, the respondents' perceptions of the state of their businesses before COVID-19 were, in the main, positive. Many respondents (86%) assented with the suggestion that their companies had good growth prospects before the pandemic and 84 percent stated that their businesses were thriving before COVID-19. Importantly, over 79 percent agreed with the statement that their companies had a robust business strategy before COVID-19, thus proving causality between their current state (deterioration) and Covid-19 government regulations.

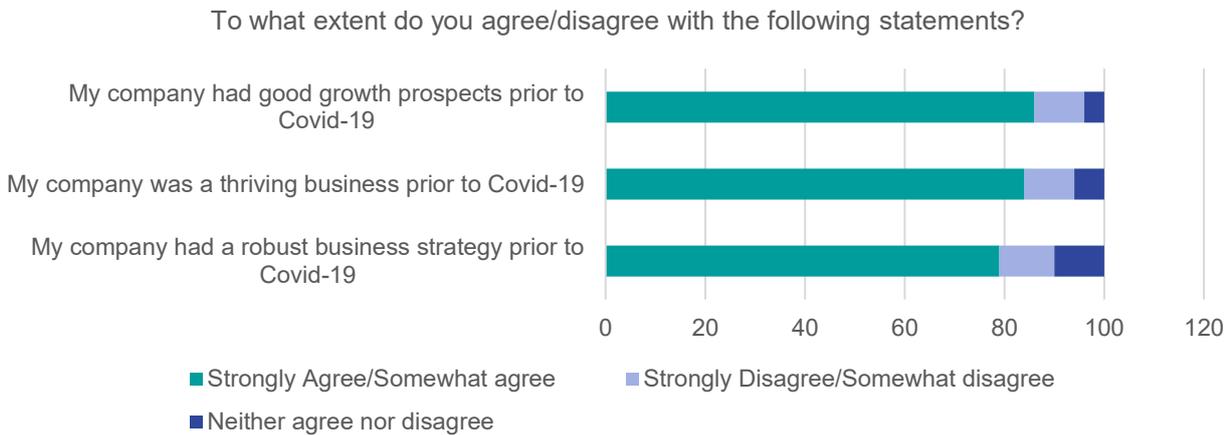


Figure 3: Statements-Before COVID-19

When respondents were asked to give their view of the overall impact of COVID-19 on the economy, many agreed that COVID-19 has had a very negative impact on the South African economy (92%). The results concerning companies' annual turnover before COVID-19 (i.e., 2019 FY) revealed that most companies' (almost two-thirds) had a turnover of more than R1 000 000. About 2 percent had a turnover of less than R200 000 and 16 percent between R200 000 and R1 000 000. As expected with most sensitive questions, about 21 percent opted not to answer this question.

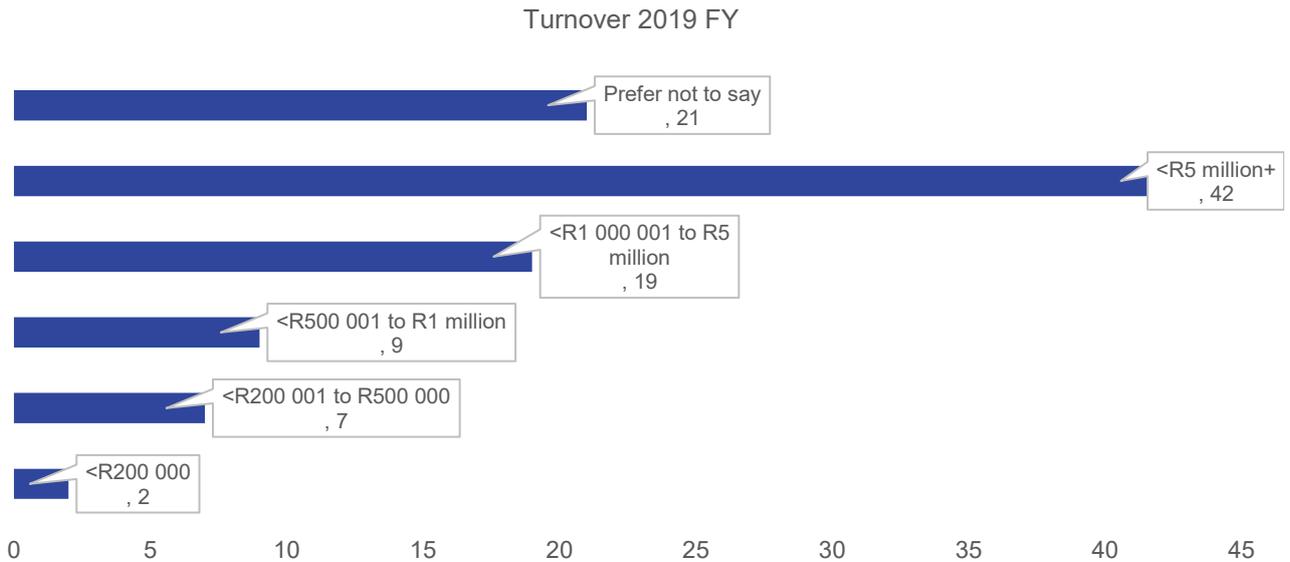


Figure 4: Turnover 2019 FY

At the time of data collection (i.e., June & July 2021) close to 90 percent of businesses interviewed were open and could operate as and when alcohol trade was permitted. Of the businesses which shut down, almost a third closed in 2020 and never re-opened since the beginning of 2021. This shows the level of the harm that businesses experienced during this period.

Business operational status

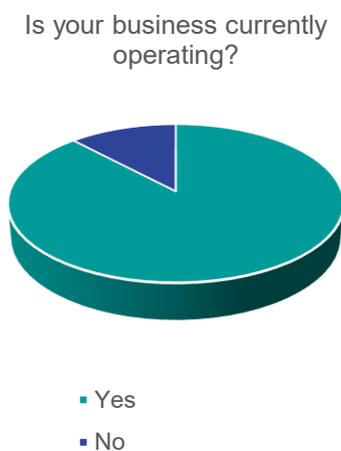


Figure 5: Business operational status

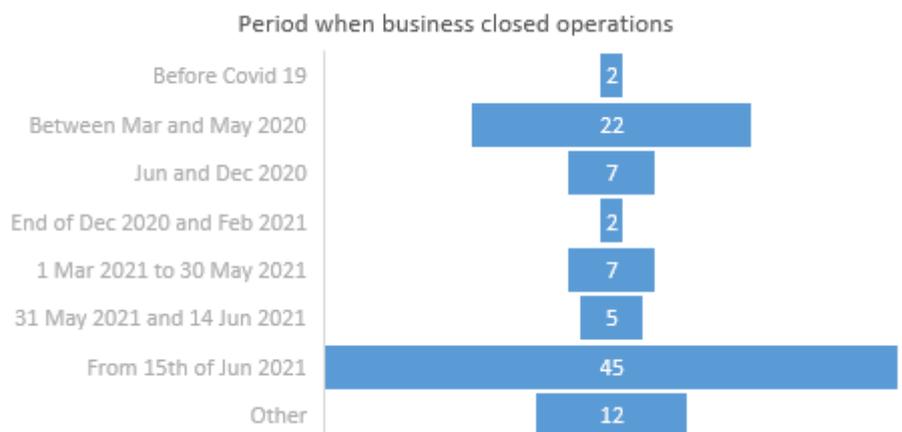


Figure 6: Period when business closed operations

General perceptions of government's alcohol-related regulations

In all (as shown below), the general perception of the initial alcohol ban was that it was unfair, unconstitutional, and unnecessary as there would still be high numbers of COVID-19 even without the bans.

To what extent do you agree/disagree with the following statements

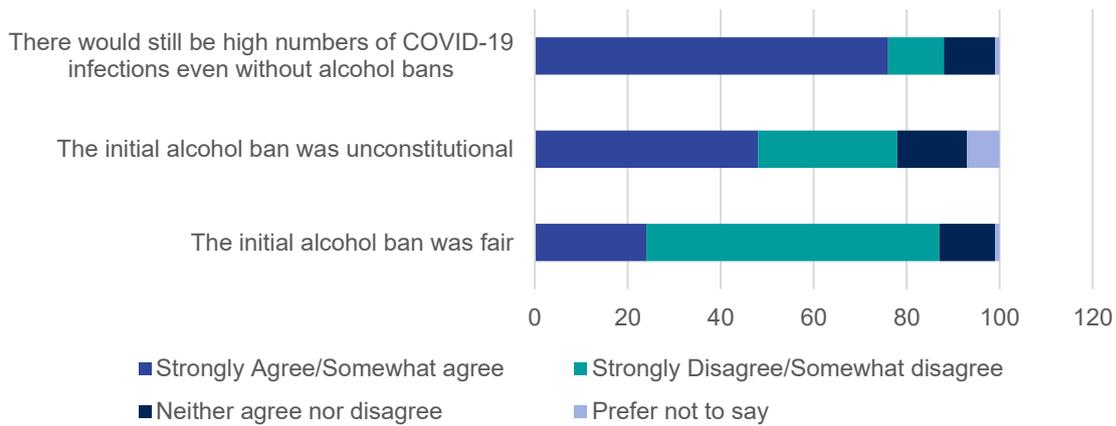


Figure 7: Statements-General perceptions on the alcohol bans

Participants from the qualitative process concurred that the initial lockdown managed to curb infection rates. This initiative was constructive and effective; however, alcohol-related regulations were universally seen as unfair, discriminatory, and devastating. As some put it:

“It was necessary as the government needed time to prepare for the influx of infected patients on the first lockdown ... although I do not think they should ever bring it back again!” (Salary Cut Employee)

“They did well to close at first. Even though we are on the 3rd wave now, but the truth is I wish I could have money and we can work, I feel for our people as they suffer a lot!” (Tavern Owner)

On alcohol ban and trade restrictions, participants felt that it was unnecessary to close an entire industry; and the trade limitations were mainly seen as contrary to the terms of liquor trading licences. Some also struggled to understand the link between alcohol and COVID-19 and felt the differentiated regulations for the alcohol industry had no bearing on infection rates. As one respondent expressed:

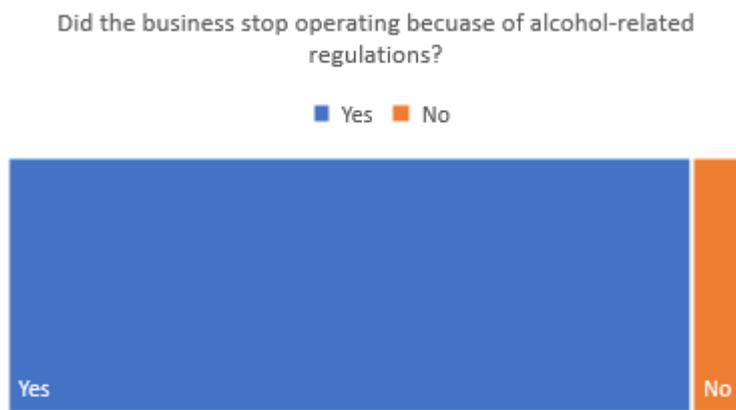
“It was not necessary. Because people are still dying even when it’s [alcohol] closed. Did they stop dying? Alcohol does not relate to Covid” (Tavern owner)

“They did well to close at first. Even though we are on the 3rd wave now, but the truth is I wish I could have money and we can work, I feel for our people as they suffer a lot!” (Tavern Owner)

On alcohol ban and trade restrictions, participants felt that it was unnecessary to close an entire industry; and the trade limitations were mainly seen as contrary to the terms of liquor trading licences. Some also struggled to understand the link between alcohol and COVID-19 and felt the differentiated regulations for the alcohol industry had no bearing on infection rates. As one respondent expressed:

“It was not necessary. Because people are still dying even when it’s [alcohol] closed. Did they stop dying? Alcohol does not relate to Covid” (Tavern owner)

The impact of COVID-19 regulations on liquor businesses



Most respondents, more than 90 percent who reported business closure (as seen in figure 7 earlier) blamed it on alcohol related (i.e., alcohol bans and trade restrictions) regulations.

Figure 2: Reason for business closure

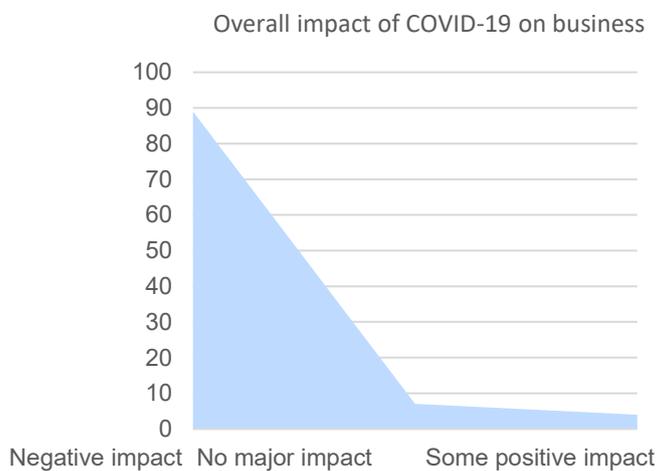


Figure 4: Overall COVID-19 impact on business

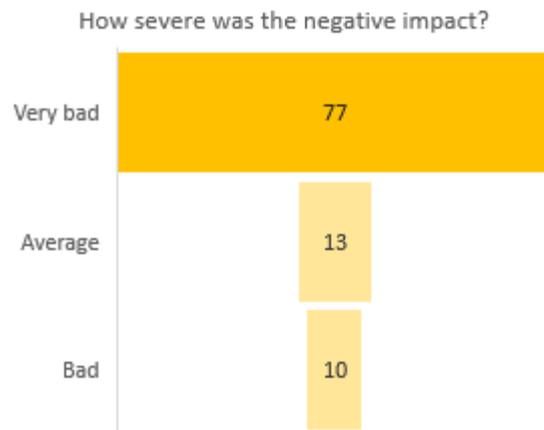


Figure 3: Level of severity of negative impact

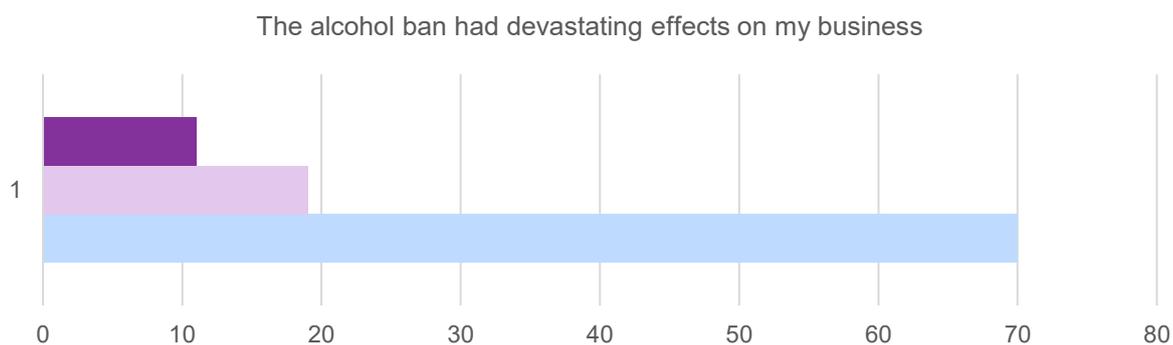


Figure 5: Statement-Impact of COVID-19 on business

- Strongly Disagree/Somewhat disagree
- Strongly Agree/Somewhat agree

As shown in the figures above, many businesses were negatively impacted by COVID-19 regulations. Among those negatively impacted, a significant majority (77%) reported that the situation was "very bad" compared to 23% who stated that the severity of this negative impact was either "average" or just "bad". The respondents were then asked to state whether they agreed or disagreed with the statement "The alcohol ban had devastating

effects on my business". Many surveyed respondents agreed (about 70%) with this statement, as illustrated in figure 14.

This notion was substantiated by the qualitative interviews, which showed that small liquor business owners were most impacted in terms of their businesses and livelihoods. This was their only source of income, and they were hardest hit by the regulations especially by the total bans on the sale of alcohol.

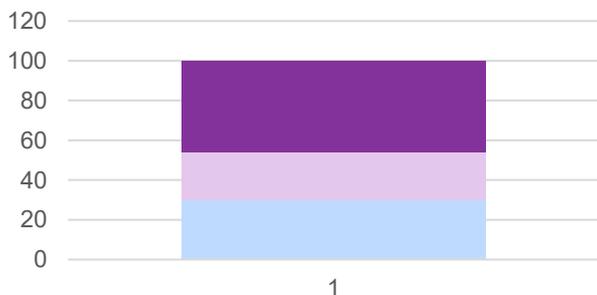
The impact of COVID-19 regulations on jobs and employees' overall livelihoods

Impact of the alcohol bans and trade restrictions on employees



Figure 12: Impact of the alcohol bans and trade restrictions on employees

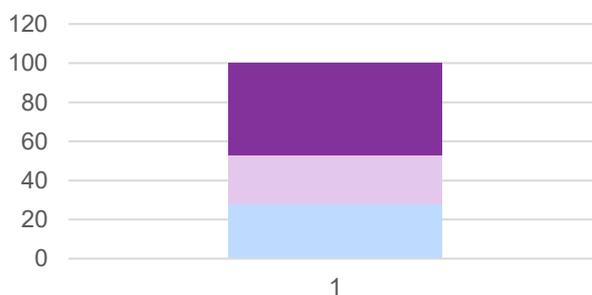
Actions businesses had to take-Reducing employees' salaries



- Substantially
- Lightly
- Not at all

Figure 13: Mitigations-Reducing employees' salaries

Actions businesses had to take-Reducing staff



- Substantially
- Lightly
- Not at all

Figure 14: Mitigations-Reducing staff

On the issue of employees and how this pandemic has affected them, as the charts above show, a significant majority (89%) of the employees in the businesses were negatively impacted. Many employees had to work fewer hours, and in cases where the regulations led to a complete shutdown of operations, employees were temporarily laid-off. Most businesses had to implement business survival measures to avoid complete closure. As shown in figures, 13 and 14, businesses agreed that they had to substantially reduce staff and employees' salaries.

This finding was even more prominent in the qualitative participants' perspectives. Businesses had to implement the following staffing changes:

- (1) Retrenchments to cut down on salary bills, especially during total ban on alcohol sales,

- (2) Salary cuts to reduce salary bills that came with little/no business activity. This was to ensure that staff could still earn some income, even though it was little and
- (3) On Hold which essentially entailed primarily a wait-and-see approach at the initial lockdown, and reinstatement when the ban was lifted.

The qualitative data further proves that this resulted in a catch-22 of contradictions, guilt, and internal turmoil for both employers and their employees. Owners and managers felt a sense of guilt and responsibility for the lives and livelihoods of employees. One employer said:

“You know most of them (staff) are supposed to go on leave now and I went to go borrow money and I said to them the only thing I can do for you now is pay out all of your leave. I had a meeting with them ... I literally cried. I promise you and I am not a person who gets emotional, but you know... I have got 140 families to feed, and I don’t know where the money is going to come from.” (Chain Restaurant Owner)

Employees who took salary cuts felt grateful they still had a job although they had to adjust their lifestyles due to reduced income. For those who were not retrenched, they felt relief but enormous guilt and concern over colleagues and friends who were unemployed. Retrenched staff had no alternative but to look for new opportunities in an already depressed and weak economy. These devastating changes also brought forward psychological distress for many employees in the sector. Findings show that there were high levels of stress, anxiety, depression and loss of self-worth among many affected participants. This was particularly prominent amongst retrenched employees. Some expressed:

“My community social standing and influence has devalued because I am unemployed.” (Employee, retrenched)

“Even in the streets they call you names, they shame you saying you don’t have nothing, and you will want them to buy you a cigarette, automatically your status has dropped”. (Employee, retrenched)

“My family no longer value my contribution” ((Employee, retrenched).

“Actually, you’re not going to be respected if you’re not working at all. For the family it’s worse. They are not going to respect you if you’re not working. (Employee, retrenched).

“Even now I haven’t healed. I feel like I still have anger, I get angry. Very quickly because I was able to do everything for myself and now I cannot. I feel like I have anger and I don’t know who to direct my anger towards. Even when the kids keep calling you, you get angry and they are just kids, they didn’t do anything but as a parent you know you used to provide and now you can’t...” (Employee, Retrenched)

“I lost my job; so now I don’t have purpose because I’m not working anymore. I don’t care anymore if I die, I die...” (Employee, Retrenched).

Besides the fact that the alcohol bans were prolonged and implemented multiple times before being lifted, it was the lack of consultation which seemed to be a primary concern. As shown below, this was accentuated by at least 83 percent of businesses who disagreed who said it was not true that they were consulted before any decisions or alcohol-related bans were implemented.

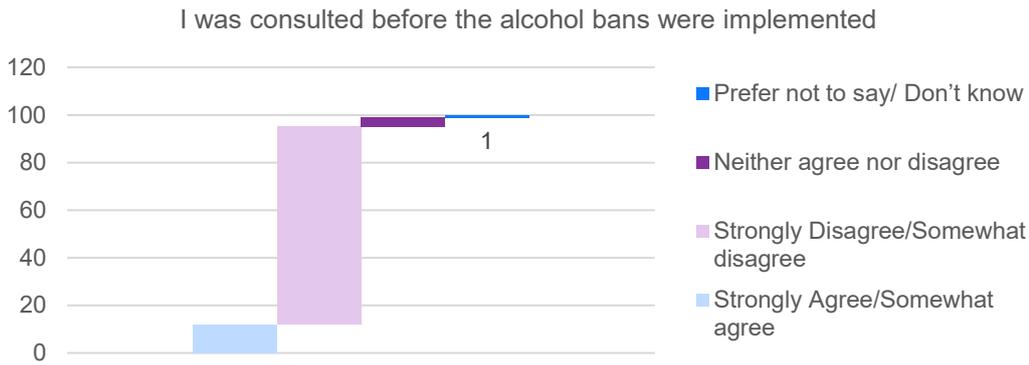


Figure 15: Statement-Consultation

2) Financial fragility due to alcohol-related regulations

The impact of COVID-19 regulations on businesses' revenue

Many businesses (about 60%) confirmed that they saw a decrease in business revenue due to Covid-19 regulations. Seventeen percent indicated it was difficult to assess this at the time of interviewing and only two percent saw an increase in revenue.

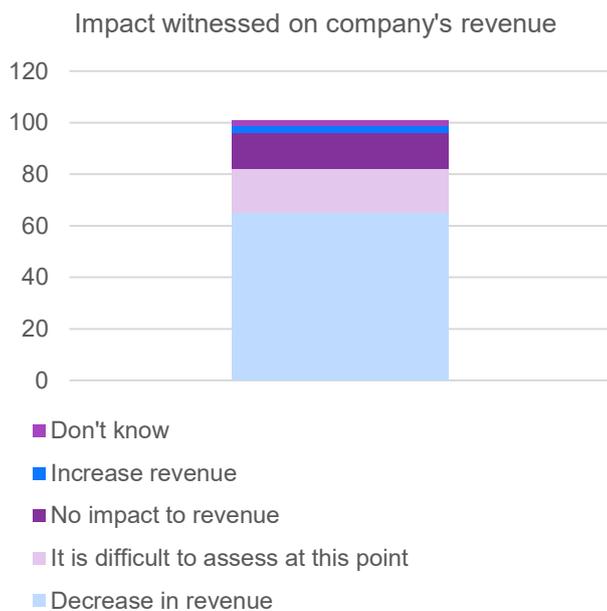


Figure 16: Impact witnessed on company's revenue

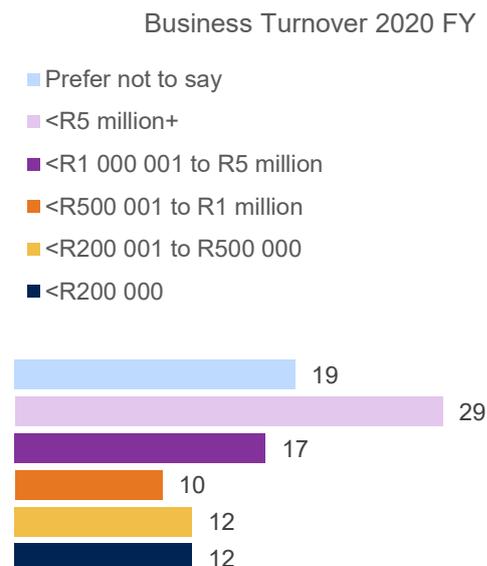


Figure 17: Business Turnover 2020 FY

To validate the above confirmation on the decrease in revenue, figure 17 shows that compared to the 2019 FY (illustrated in figure 16), businesses in the liquor value chain were recording a decrease in annual turnover for the 2020 FY, which is the year in which COVID-19 first hit South Africa. Only 46 percent of businesses reported a turnover of more than R1 000 000 in 2020, compared to 61 percent in the previous year. This is important, as trends show that businesses were moving to smaller turnover brackets. There was about a 10 percent increase of businesses who reported a turnover of less than R200 000.

This was further popularised by qualitative findings, which revealed that many businesses' profitability prospects were largely affected, particularly if the trade restrictions or limitations fall within the profitable times. As one Shebeen owner said:

So, for shebeen and tavern owners, the 8am to 10pm curfew didn't work for us. Our customers are at work from 8am till 5pm, now, when would they get time to come and buy from us in that short remaining time, as they need to get home as well. Shebeen is meant for a person to buy 1 drink, sit down, and enjoy it. So, how are you going to quickly get here from work, then at 8pm we must chase you away? (Shebeen owner).

Socio-economic impact of alcohol-related regulations on the liquor retail sector

While the study focus was to uncover truths about the impact of COVID-19 on the entire liquor industry, greater attention was given to the effects experienced by the liquor retailers, i.e., offsite consumption traders. Not only has the entire industry been crippled by the alcohol bans, but the government went a step further to impose more stringent limitations on the off-site consumption sector, i.e., liquor stores and other independent retailers. Generally, the trade restrictions would entail limiting trade hours (for instance from 09h00-17h00/18h00) and days (Monday-Thursday) for this sub-sector.

Concern over limited trading hours/Lower or no buying power from consumers

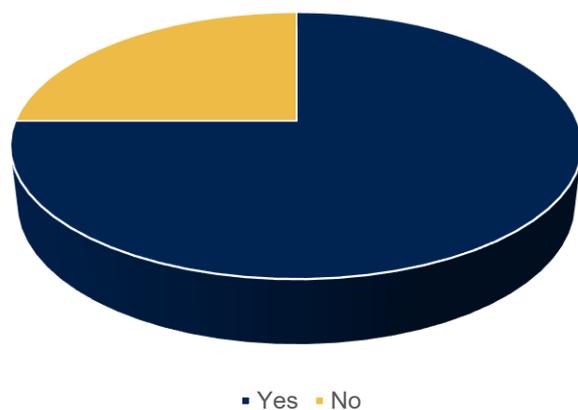


Figure 18: Concern over limited trading hours

As shown above, most respondents (75%) were primarily concerned about the limiting trade hours, which results in lower or no buying power from consumers. Many retailers reported revenue losses of between 11% and 50%. Over 50% of sales take place between Thursday and Saturday which means that they are only operating at 50% capacity when restricted to a 4-day trade.

Due to lockdown restrictions, retailers are already losing 50% of the revenue they would have earned from Thursday to Saturday, while overhead costs remain unchanged, making it difficult for retail traders to make ends meet. The reported value of retailers' liquor sales per year is estimated at between R300 million and R20 billion, depending on the size of the business (quantitative survey and IDIs).

Findings further revealed that the employees in this sub-sector were severely impacted by the limited trade times;

“It is quite tough on the guys, especially with it being inconsistent, for one month it's okay, but when it becomes more than that it is really tough.” (Large independent retailer)

This sub-sector could not create any new jobs as all retailers froze recruitment. Given the severity of the impact of the lockdowns and given that many retailers will need at least 6 months to recover from the lockdowns, further retrenchments cannot be ruled out.

Results show that of all the alcohol regulations, the trading hour and days differences between offsite and onsite consumption were the most confusing to respondents. The off-site consumption traders were impacted the most given that the liquor stores 'peak is during the weekends. As one liquor store manager put it:

[Basically, the weekends like Fridays and Saturdays] "Are the busiest in the normal trading hours". (Retailer, Liquor store manager)

"[People] Always buying when it is nearing the weekend ..." (Retailer, Liquor store manager)

Furthermore, many offsite retailers felt that the trade restrictions disadvantaged many consumers who prefer home consumption as opposed to onsite consumption because the limited trading hours and days do not accommodate working individuals and those who prefer buying their liquor over the weekend. Some respondents said:

"Like for example, when you say 10-5. A lot of people are not going to be able to get to the liquor premises to buy that liquor and that is because it would have been within the working hours". (Retailer, Liquor store manager)

"I have a very big surrounding of the residential area around me which is fantastic and that is why our location is solid and the problem is that a lot of our guys are coming from work they want to stop at my store. If say they work in Midrand and they end at 5:00 they not going to get to me by 6:00'." (Retailer, Liquor store manager)

The longer the 4-day trading period continues the more likely that retailers will either retrench or face further risk of bankruptcy and permanent closure.

3) Unintended consequences of the alcohol-related bans

Disastrously, the unpredictable and prolonged alcohol bans led to three main consequences described below:

a) A flourishing illicit market

As shown in figure 19 below, nearly 90 percent of the respondents (86%) believed that the initial alcohol ban and subsequent bans contributed to illicit trading. A few in-depth exploratory interviews supported these findings because consumers confirmed that even during a total ban on alcohol sales, they would still purchase alcohol from the illicit market. One of the ways in which they had access to illicit alcohol was through social media. "Everyone knows a guy, who knows a guy." Of concern are claims that some of the products from the illicit market were 'spiked' with toxic substances, which caused sickness among those who consumed them.

The alcohol ban contributed to higher levels of illicit trading (black market)

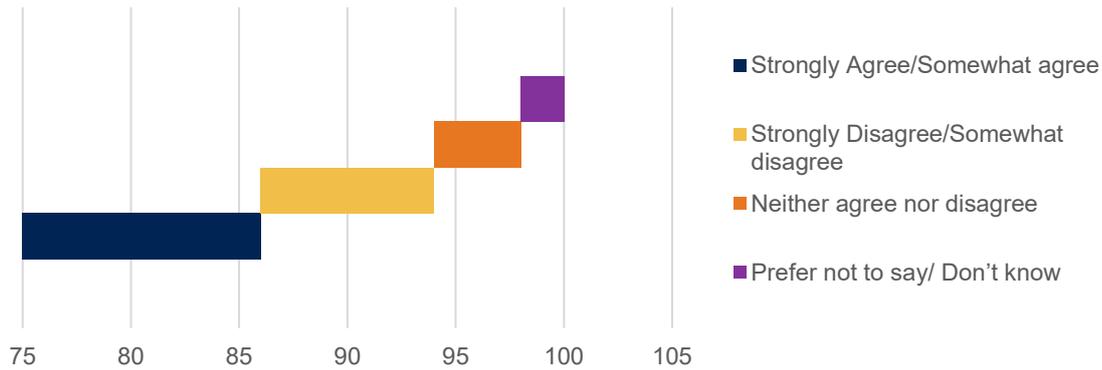


Figure 19: Statement-Illicit trading (black market)

b) Spike in home-brewed alcohol

When consumers could no longer afford the hiked illicit prices, they resorted to home-brewed alcohol. This trend has been increasing at an alarming rate. What is even more worrying was that these concoctions were untested substances that also made consumers sick and threatened their health.

c) Changed consumer patterns

When lockdown started, there was evidence of changing alcohol consumer patterns including;

- Bulk buying and pantry loading- consumers were planning “better” to buy and stock up during periods when alcohol was being legally sold.
- In-home drinking – due to the hard lockdown, people were forced to being confined to their homes and got used to that. As a result, some consumers preferred more in-home drinking occasions but because of trading restrictions (Mon-Thurs) and limited trading hours (e.g., 09h00-17h00), they are forced to go to onsite consumption places over weekends which poses a big health risk to them.
- Change brands & categories – consumers were willing to experiment with other brands when they were unable to purchase their preferred brand.
- Amount consumed–reports of slowing down consumption patterns in some instances and, in others, increased consumption.

The economic survival expectations of businesses

Other business survival mechanisms

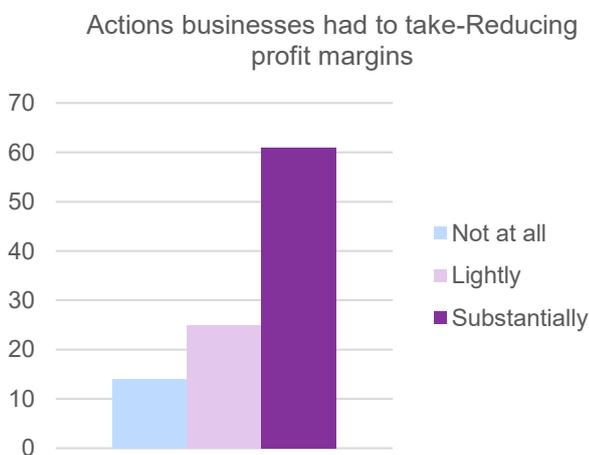


Figure 6: Mitigations-Reducing profit margins

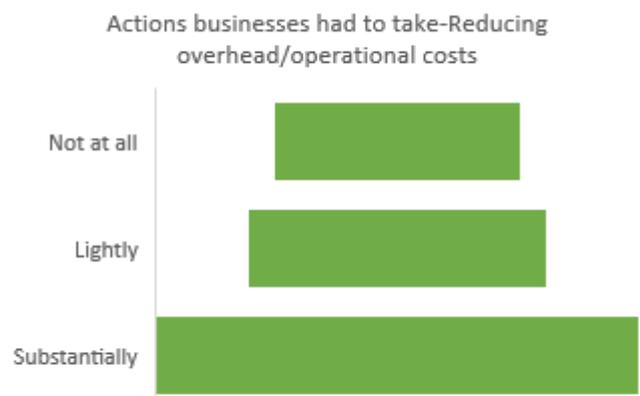


Figure 21: Mitigations-Reducing overhead cost

When prompted to identify specific actions businesses were forced to take following the government's Covid-19 regulations, 72 percent reported reduced profit margins and 76 percent had to take measures to cut operational costs.

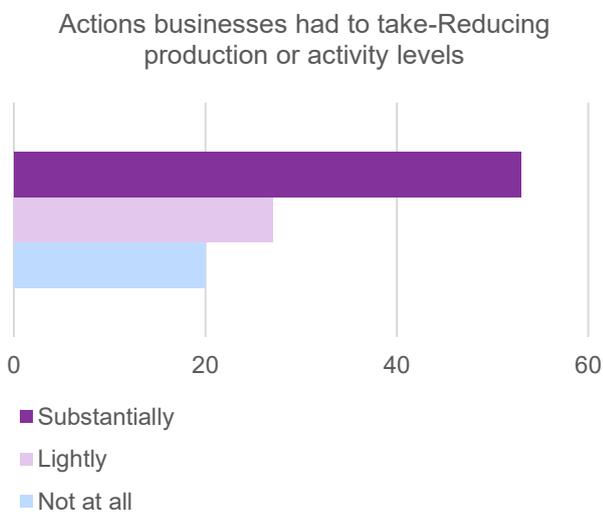


Figure 22: Mitigations-Reducing production or activity levels

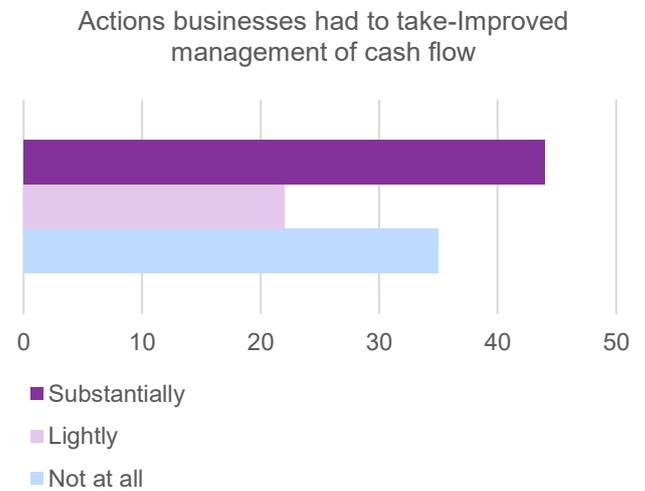


Figure 23: Mitigations--Improved management of cash flow

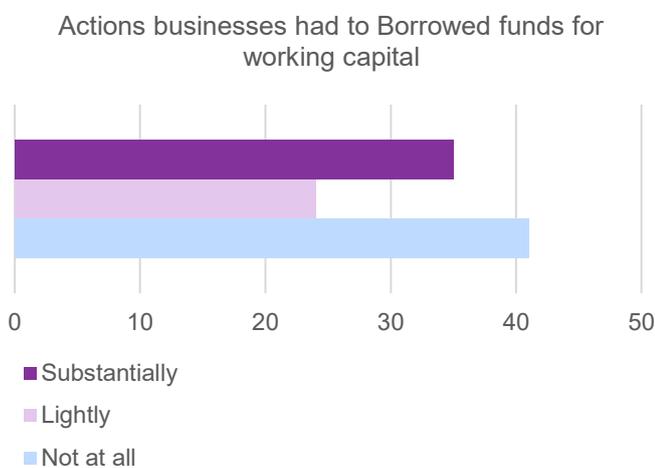


Figure 7: Mitigations- Borrowed funds for working capital

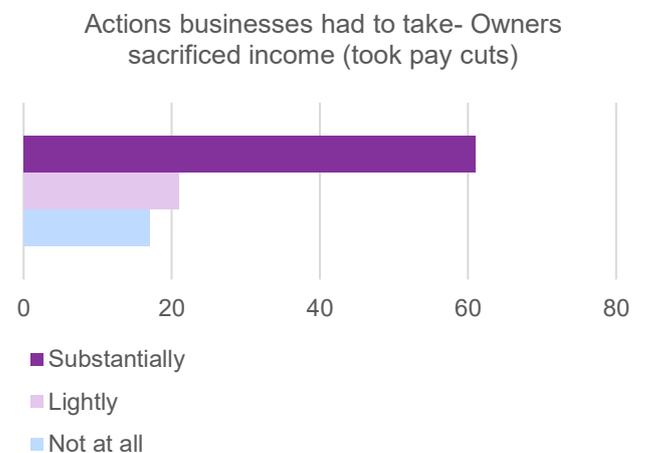


Figure 25: Mitigations- Owners sacrificed income

The figures above (figures 22, 23, 24, 25), all show additional measures businesses had to implement to cope with challenges posed by the COVID-19 regulations. Many (80%) had to reduce production or activity levels. About two-thirds (66%) had to work on improving cash flow management. Over half (59%) had to go and borrow money to their businesses running. A significant percentage (82%) of owners also sacrificed their salaries to keep things afloat. Results also revealed that many businesses had to change the supplier chain and product delivery systems to accommodate the changes that came with the pandemic disruption, many indicating that they have added a delivery component to their services/products and some even highlighting that they've had to source different suppliers who are more flexible.

Some of the financial actions businesses had to implement due to the liquor ban and liquor trade restrictions include; starting or exploring new business ventures, laying off/reducing staff numbers/working hours to reduce costs, diversifying products/service line or approach/changed or improved operations model to adapt to new conditions, increasing e-commerce focus/capabilities, cutting all discretionary spending and cancelling salary increases for 2021, renegotiating contracts leases or debt repayments, as well as applying for government support.

Access to government relief support/funds

Respondents were then asked to indicate if they had accessed any government relief initiatives for their businesses. Close to half (47%) reported that they had access relief funds and the other half (53%) said “no” they had not accessed the relief measures. For those who had not accessed the funds/support, when probed for reasons, many indicated the following reasons:

Reason	Percentage (for each reason)
No need / in a position to sustain ourselves / survived on our own / chose not to / reduced trading hours	16%
Did not qualify / were above the bracket / sole owner / not classified as an essential business / family run business	13%
We were one of the companies that were not given funds / were not granted to us / were turned down / did not receive any help from government / were declined	11%
Still waiting for a response to my request for funding / filled out forms and did not get a reply/people are still waiting for feedback	8%
They were only assisting black-owned businesses and we are a white-owned business / the owner is white / no help for white businesses	7%
Too many obstacles / difficult to apply for funds / difficult to access / government protocols are not user friendly / too much red tape / difficult to get hold of them	6%
Refused to help as we were level 3 BEE / rejected us as we were not BEE registered / not a BEE owned business	
Used government TERS for staff / applied for UIF for staff	
Did not know where to go and ask for funding / were not given any information / not sure if we qualified	4%
Only funded certain size businesses	3%
Did not bother to apply / it was a waste of time / never applied	2%
Processes took too long / take too long to pay	
Was not aware of the funding	
Change of ownership and business was not registered in time / applied to late	
Did not support our industry, e.g., Tourism / Hospitality / Events	
Not applicable to my business as we are not involved in the alcohol industry	

We were turned down and told there was no funding available / funds are non-existent	
Applied elsewhere, e.g., the bank	1%
Too many grey areas	
Prefer to stay away from government and corruption	
It was limited to a certain number of businesses	
Seemed to be a problem to apply for funds to help staff	
Could not agree on the terms and conditions / unaffordable repayment plans	

Furthermore, findings from the qualitative component revealed that there were low levels of awareness on the government relief measures, with many believing that the process was inefficient, cumbersome and uncertain. On the temporary employee /employer relief scheme (TERS) measure, participants indicated that have not seen communication on this initiative. This resulted in low levels of awareness, particularly among small businesses and beneficiaries (employees) in the sector. The main cause of confusion was s the application process and qualifying criteria. The process was deemed confusing and too complex. Participants also reported having to wait for long periods to be paid, and that there was no communication on when they would receive their payments so they could plan. The industry did not receive any support during the 4th alcohol ban, and it was unclear what the reasons were for this.

With regards to the social grant and food parcels initiative, the sentiments were the same as the TERS. Many participants indicated that they were not aware of the processes and qualifying criteria, particularly employees who had been retrenched. The alleged slow administrative processes at the South African Social Security Agency (SASSA) were also critiqued. Others said that the amount (R350) was too little and hence many decided not to bother registering. On the other hand, some small business owners feel excluded, as they considered themselves unemployed with no income. Participants highlighted that food parcels distribution has been random, not publicised/communicated in advance, and not regular, which makes it hard to try and access these. Some participants expressed:

“That information was never brought to us. We saw the announcements on TV, but we didn’t know if any of it related to us. Government could have used our business partners such as SAB to pass on the information to Shebeen and Tavern Owners. We could have applied if we had information at our disposal, now we are trying to recover from it all and I don’t have money to buy data to access all that information I need.” (Shebeen Owner)

“The government has failed us. Especially black people. They said they are giving us R350, but can you believe that a person can wait from 3 am at the post office until 5 pm! Then when you get served, they say they are offline. I just feel government failed us!” (Retrenched Employee)

“We signed up for food parcels, but they NEVER arrived!!” (On-Hold employee)

4) Quantify future impacts of a continued alcohol ban and trading regulations

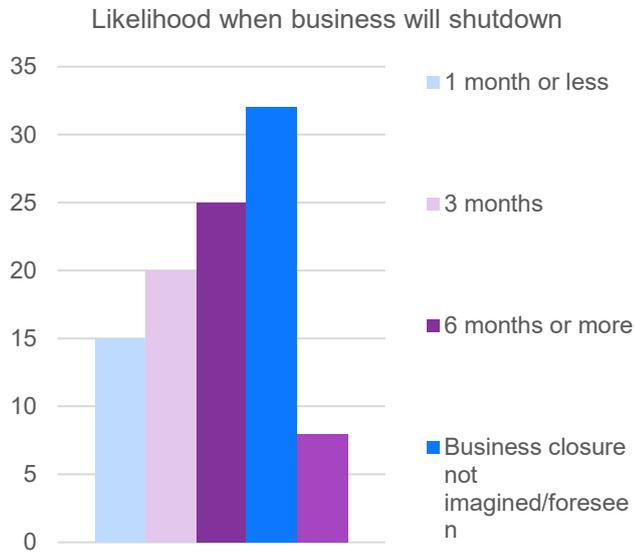


Figure 26: Likelihood when business will shutdown

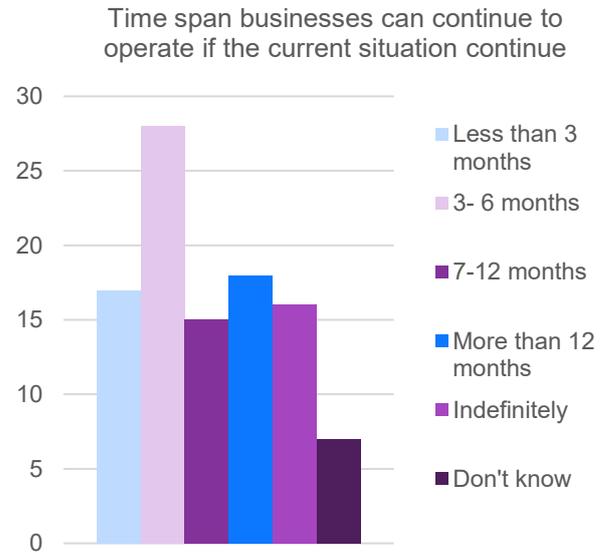


Figure 27: How long the business can continue operations

When asked at the time of interviewing about the possibility of closing their businesses should further alcohol bans and trading restrictions are imposed, about a third of respondents said they did not anticipate closing their businesses in the foreseeable. At least 67% of those interviewed predicted business closure and 35 percent were at risk of closing in less than 3 months and 25 percent in 6 months or more. Similarly, 60 percent of businesses indicated that they can only operate for another month should the current situation continue.

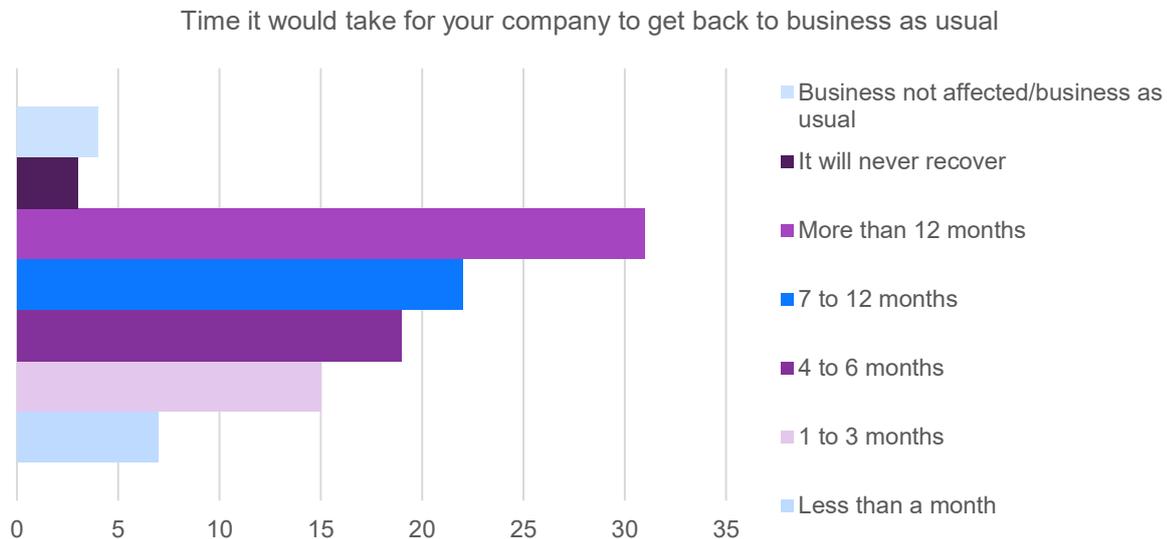


Figure 8: When businesses can recover

As shown above, 63 percent of the respondents indicated that if the pandemic was to end today (at the time of interviewing), it would take up to 12 months for their businesses to return to pre-COVID levels. Thirty-one percent said it would take more than 12 months and about 3 percent expressed that the disruptions are irreversible and that they would never recover.

The road ahead for businesses in the alcohol value chain

To what extent do you agree/disagree with the following statements

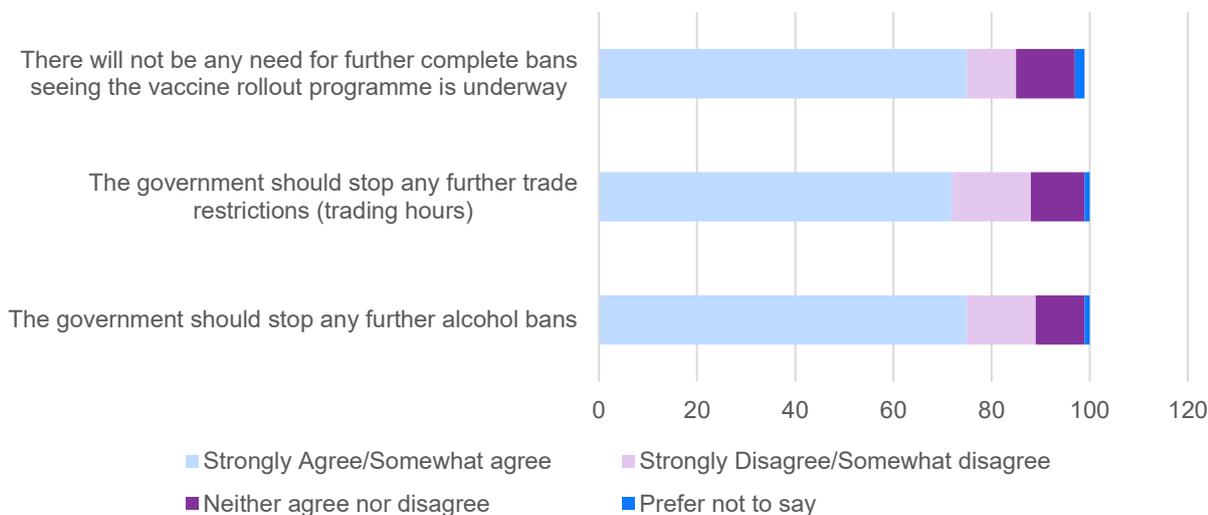


Figure 9: Statements-The road ahead

The figure above shows that many businesses in the alcohol value chain solicited that future alcohol bans (75% in total agreed) and continued restrictions (72% in total agreed) should be revoked. Many also stated that given that the vaccine rollout programme is underway, any future bans or continued restrictions would be obstructive to the already suffering industry. The vaccination issue was also explored among the qualitative method participants. Opinions were divided as some respondents were pro and others anti-vaccine. Those who were in favour of the vaccine believed that things would start to return to 'normal' once most of the population has been vaccinated.

They also questioned whether the unvaccinated will be discriminated against and believed that the alcohol industry should be prioritised to receive the vaccine, along with retailers and onsite consumption traders. Those opposed to the vaccine were mainly concerned about the effectiveness and safety of the vaccines following many reports that they were harmful and risky. One employer stated:

"I think the tavern owners they were supposed to involve us. As we deal with people, with a lot of people! Every day, we were supposed to be given something (vaccine). Maybe they can call a meeting for tavern owners, ... explain the importance of getting the vaccination." (Shebeen Owner).

Many business owners mentioned that for them to recover and grow sustainably post Covid-19; they would need:

- (1) New/revised business strategies,
- (2) Skills/people capability,
- (3) New ventured/business partnerships (diversifying),
- (4) To reduce costs and overheads long term and
- (5) Attain more working capital.

6. Discussion of Findings

Perspectives on the overall impact of COVID-19 on South Africa's economy

The findings from the business surveys show that there was unison on the views concerning the overall impact of COVID-19 on South Africa's economy, with 92 percent of respondents reporting this. The government employed a stricter response to COVID-19 from the onset. The national lockdown comprised of a five-level risk-adjusted strategy to manage the country's health and economic response to the COVID-19 pandemic, with level

5 having the most stringent restrictions. The country was on level 5 lockdown from 26 March to 20 April and thereafter to level 4 lockdown from 1 May to 31 May 2020. This response was hailed by the WHO as it was focused on “flattening the curve” to save lives. The government however would have to bear the inevitable consequences of a flattened economy as well. The viewpoint of respondents on the economic effects by COVID-19 were consistent with the literature review findings (Abdool, 2020; Chitiga-Mabugu, et al., 2020; Odeku, 2021; Statistics South Africa, 2020), which revealed that the approach government took in response to the pandemic had a huge impact on the economy mainly due to job losses and lower consumer spending.

General perceptions of government’s alcohol-related regulations

Respondents from both qualitative and quantitative research applauded the government for its swift response which entailed a nationwide total lockdown in March 2020. Respondents agreed that governments’ initial efforts helped to curb the infection rates. However, all the subsequent alcohol-related regulations that were enforced by the government debilitated the already weakened alcohol industry. While the entire economy eventually reopened, sections of the alcohol industry were either struggling or on the verge of collapsing because of trade restrictions. The lifting of alcohol bans has always been accompanied by trade limitations without prior consultations with the industry players to provide clarity and evidence-based directives on why the limitations were imposed or offer sustainable solutions. This is an important point to keep in mind when finding a middle ground for both government and the alcohol industry. The underestimation of the severity of the trade restrictions on the liquor industry by the South African government may result in the entire industry collapsing.

The impact of COVID-19 regulations on liquor businesses

The core focus of the study was to understand the impact of alcohol-related, i.e., alcohol bans and trade restrictions on businesses in the alcohol sector. The survey investigation revealed that many owners suffered devastating effects attributable to the alcohol bans and trade restrictions. Overwhelmingly, the respondents agreed that the impact was ‘severe’ and damaging to the industry. This was also apparent in the IDIs with business owners, as they too reported that the alcohol-related regulations, particularly the alcohol bans, negatively impacted their businesses and the livelihoods of many in the sector.

The impact of COVID-19 regulations on businesses’ revenue

Many businesses reported an undisputable negative impact on their revenue (40% of annual revenue). This was particularly the case for small black-owned businesses. The importance of highlighting this is to show that by implementing these regulations, the government is crippling the very same people who need economic advancement, support, and development.

The impact of trade restrictions on the retail liquor sectors

The study revealed that, undoubtedly, every sector in the alcohol industry was heavily impacted by the trade restrictions, however, the retail liquor sector (i.e., independent liquor retailers/large-chain stores) suffered knocks due to the limited trade days and hours knocks because while they are closed during weekends, on-site sales at restaurants, shebeens, and bars remain operational. By restricting days and hours of trade, employees have fewer hours to work and therefore earn less. This can often cause unnecessary economic hardship and could put unnecessary pressure on supply systems.

The impact of COVID-19 regulations on jobs and employees’ overall livelihoods

The study found the impact of the alcohol-related regulations on employees detrimental and distressing. The regulations impacted them in mainly three ways; some lost their total income, some partially lost their income, and others were left in limbo as they were temporarily laid off and assumed they would resume work as soon as the bans and trade restrictions were lifted. This was echoed in both the qualitative and quantitative research findings, where participants felt that not only did this damage their livelihoods, but it also had a ripple effect on employees and their families, friends, and communities.

In addition to financial losses, many employees also suffered psycho-social and emotional distress. The emotional impact included low self-esteem, low self-worth, self-doubt, including doubting own capabilities with regards to future employment prospects. Psycho-socially, some felt they lost the social standing they had in society, while for others this also included their standing in their families (immediate and extended) particularly as a breadwinner and head of the household. The massive loss of jobs and livelihoods because of restrictions imposed against the alcohol industry regulations have not only exacerbated unemployment, which stands at 42%, when counting discouraged work seekers but have left many workers and their families frustrated, anxious and miserable. Psychology research proves that if people's happiness is negatively affected, such as it was in the wake of the Covid-19 pandemic and the implementation of alcohol related lockdown regulations, there are far-reaching consequences.

These consequences are as follows:

1. **Social capital:** unhappier people display less altruistic behaviour in the long run (Dunn et al. They are also less active, less creative, poor problem solvers, less social, and display more anti-social behaviour (Lyubomirsky et al, 2018). If unhappier people display more anti-social behaviour, South Africa could see an increase in behaviour such as unrests, violent strikes, and perhaps higher crime rates.
2. **Health care:** unhappier people are less physically healthy and die sooner (Lyubomirsky et al, 2018). Additionally, unhappy people engage in riskier behaviour such as substance abuse and suicide attempts, thereby placing unnecessary pressure on national health systems.
3. **Economic:** unhappy workers are typically less productive, especially in jobs that require sociability and problem solving (Bryson et al, 2011). If an economy can raise the rate of growth of productivity, by ensuring their workers are happier, then the trend growth of national output can pick up.

Furthermore, a million people in South Africa have jobs tied to the alcohol industry which implies that job losses in the sector will leave thousands of families without means of survival. A dangerous relationship between South Africans and alcohol commenced, exacerbated by socioeconomic issues such as poverty and lack of education. This could suggest that while the ban and restricted trading hours may look like a solution now, they could create long-term problems for the country and fuel the existing problems of crime, violence, and substance abuse.

Business survival mechanism

Many businesses reported having to implement new and additional measures to survive. A great deal of effort was spent discussing what these were. Several, especially big businesses, took a strategic view on what measures to put in place, to counter the negative impact of the regulations. Examples included sales promotions and replenishing stocks when alcohol sales were allowed to ensure that 'no potential sale was missed'. Most small business owners had limited strategies to mitigate the impact of the regulations on the business, with some selling other non-alcohol items such as food from their liquor outlets. On a personal level, most had to cut down on their personal expenses, with others relying on immediate family members for assistance. Similarly, employees had to use different ways of coping at a personal level. These included but were not limited to; spending money cautiously and cutting down on expenses, particularly on luxury items. While these strategies worked for some, many people were left hopeless and in distress.

Access to government relief support/funds

As in many countries, the South African government increased their provision of monetary welfare to citizens. The government increased social grants by R41 billion by offering grant top-ups for six months to cushion the effects of COVID-19 for those most vulnerable in society (South African Government, 2020). In addition to the top-ups, a new Social Relief of Distress grant of R350 has been established and is expected to benefit eight million beneficiaries (South African Government, 2020). The government also made available funds, so businesses have access to the funds needed to keep their staff employed throughout the pandemic.

This study yielded mixed reactions to the COVID-19 government relief grant. While it was celebrated by some (40%), It was described by most respondents (60%) as "insufficient for meeting the financial obligations" of

employees in the industry (particularly the retrenched). Additionally, awareness levels of the government's support initiatives were astonishingly low. This was especially the case for small business owners and their employees. Respondents further mentioned several factors that prevented them from applying or accessing this support and these included, not having adequate knowledge on the processes and qualifying criteria. In essence, respondents felt that the grant was poorly implemented and did not take their daily financial struggles into account. Based on the findings of this study, it can be concluded that the government relief grant has not been effective in reducing inequality that was heightened by the regulations, promoting livelihoods that were severely impacted, and increasing buying power at the time of the Covid-19 pandemic.

Future impacts of a continued alcohol ban and trading

As governments move from crisis management to recovery planning, the results of this research suggest that new and prolonged restrictions could result in the permanent closure of almost fifty percent of businesses in the industry. Respondents reported that recovery may take a minimum of twelve months, provided that the government affords sufficient financial support in addition to creating a conducive environment for organic growth. Since the alcoholic beverage sector and its multiple and varied secondary industries are significant contributors to GDP, employment and tax revenues in South Africa, it will be difficult for the country's economy to recover without prioritising the recovery of this sector (Tracit, 2021).

7. Conclusion

Overall, the findings of this study prove that the well-intentioned but misconceived prohibition policies generated several negative health-related externalities and promoted the development of illicit markets, plunging entire industries into a financial abyss and reducing much-needed government revenue. This supports research findings of Jeffrey Miron (an economist at Harvard University), who reported in a 2020 publication that "Underground markets have a bunch of characteristics which we tend not to like: they tend to be violent, have poor quality control, so one gets more accidental poisoning and overdoses. Governments also miss out on the opportunity to collect tax revenue and they tend to be imposed and enforced in prejudiced ways."

In South Africa, when the government closed the front door, consumers simply opened the back door to illicit; encouraging law-abiding citizens to buy from the black market. This is common to several countries that have banned alcohol throughout history. Some states temporarily restricted alcohol during the pandemic too, leading to the deaths of citizens who drank black-market alcohol containing poisonous substances. Many respondents on the ground that were interviewed in this research reported numerous cases of home brewed alcohol which often contained substances not authorised for human consumption. Illicit liquor sales were glaringly apparent in many communities after the ban was imposed, as well as after the occurrence of alcohol looting. Furthermore, the consumption of alcohol even when trade bans and/or restrictions were in place emphasises South Africa's unhealthy relationship with alcohol. Thus, based on the findings of this study, it is apparent that alcohol sales (access) are not the problem, but rather alcohol consumption patterns. As a matter of fact, this research has proven that prohibiting alcohol and restricting trade bears no sustainable result on people's ability to access alcohol.

Furthermore, the knock-on effect of the ban forced employees, and to some extent, smaller businesses/business owners, to reprioritise and make life-changing decisions to simply 'get by' from month to month. Even with these plans in place, the situation is so bad that they still cannot avoid the high percentage of retrenchments, recruitment freezes and layoffs. The study further shows that the impact of the alcohol-related regulations, go beyond just the financial aspect, and have a devastating impact at a personal level, mentally, emotionally, and further affects one's social standing, family relations, and more. This also tends to be the case not only for employees but also for business owners, particularly small and independent business owners.

The alcohol industry related COVID-19 regulations also have a negative impact on the government's vision and efforts to grow the economy through the development and support of small businesses including encouraging entrepreneurship. The hardest-hit businesses, with both owners and employees being affected, were the small businesses, particularly taverns/shebeens. The alcohol industry related COVID-19 regulations impeded the

entrepreneurial initiatives within the alcohol industry significantly. For instance, the industry saw the collapse of the first black-female owned brewery.

This ultimately results in not only the loss of jobs created in such enterprises but also discourages such entrepreneurial initiatives especially among the youth, who happen to be the government's focus for growing the South African economy.

SA'S FIRST BLACK FEMALE BREWERY OWNER FORCED TO CLOSE SHOP AMID BOOZE BAN

Due to government's insistence to ban alcohol sales as part of the COVID-19 regulations, she has had little to no income and has called an end to her business.



The study also revealed that current initiatives to assist businesses in the alcohol industry and their employees (to cope with the effects of the industry-related COVID-19 regulations) are inadequate and ineffective. This is primarily due to low accessibility, availability, and most importantly clarity on processes necessary to access such relief measures. As revealed by this study, there are no targeted relief measures for small businesses, or direct relief measures for employees. The only relief measure accessible to them (TERS) is administered via employers, and ***“there is often no guarantee that it will reach all beneficiaries”*** (Employee).

The “lack of transparency and public consultation, regarding the alcohol industry regulations” has created feelings of discrimination among industry players and businesses. The reported “failure of government to provide scientifically verified information regarding the link between off-site alcohol sales and trauma cases” has left consumers confused. This happens in a time where misinformation and fake news around COVID-19 are being circulated, thus fuelling instability in the country. For the industry, its employees, and their dependants, the result is resentment and feelings of discrimination, which if not addressed could spike violent protests and political unrest in the country. Respondents of this study unanimously stated that government actions need to be carefully considered and finely balanced in dealing with the challenges associated with COVID19.

The study will provide important findings to different stakeholders (e.g., including industry players and the government) on the impact of COVID-19 on the alcohol industry. Having these insights could provide meaningful guidance to the strategies or decision-making processes aimed at helping the industry recover. From an academic stance, the study hopes to add to the existing body of knowledge on COVID-19 and its impact on the alcohol industry and South Africa's economy at large. More importantly, the study aims to inform future policy and regulatory decisions in reference to any future communicable disease outbreaks/pandemics.

8. Recommendations

The findings from this report suggest that, as governments move from crisis management to recovery planning, valuable lessons from alcohol prohibition and off-site trade restrictions can usefully shape constructive and inclusive ways to re-build economic activity, employment, and growth. The question, of course, is how and which measures can regrow the economy without inadvertently suppressing it even further. Any measure intended to improve post-COVID19 economic recovery must carefully consider the impact on local employment. The alcohol sector—and the universe of industries that it sustains—were particularly hard hit by prohibition and trade restriction policies. Many employees, direct and indirect, were sidelined and sent home during the worst phases of the pandemic. Based on the phenomenological paradigm to research, this study reveals an industry and citizens in distress and unveils the following recommendations for policy makers:

- In dealing with the challenges associated with COVID19—or any other crisis—government decisions must be careful, balanced, and prudent.
- The government should avoid restricting alcohol trade as an emergency response measure to protect people from the spread of the Covid-19 virus. The benefits are hypothetical, while the negative consequences are many and counterproductive to interdependent health, employment, and economic objectives.
- There is a need to address alcohol consumption challenges that South Africa faces, in a multi-pronged approach, and through partnerships, that will include the public sector, private sector and civil society. In addition, there is a need for the implementation of current responsible-drinking initiatives, to be extended beyond campaigns.
- There exists an urgent need to address the illicit trade of alcohol through enforcing regulatory measures, in collaboration with the relevant legal institutions. One of the measures to counteract the growth of illicit trade of alcohol is to minimise total bans and restrictions on alcohol sales, as these fuel illicit trade and give a massive boost to organized crime, with the supply side shifting into the control of the illicit industry.
- Recovery plans for businesses must be developed (especially black owned SMME's) in partnership with relevant government departments and other public institutions. The recovery plans should include both advisory as well as financing institutions (creditors). The public and private sectors must both play a part in recovery strategies, to protect SMMEs and entrepreneurs in the sector.
- Specific measures should be put in place to support employees in the alcohol industry, as part of a recovery programme. Support measures should be holistic and encompass financial as well as human capital aspects, to address the impact on livelihoods and lives (quality of life).
- Such measures need to be tailor-made to the needs of the employees in the alcohol industry and be linked with the developments and changes concerning the targeted regulations. Most importantly the support measures need to be easily accessible and widely available, outside of the general population channels of accessing relief measures.
- Communication is key. There is a need for a concerted effort to communicate and provide adequate information, in this case, specifically to the alcohol industry, and regularly, with updates. This must be timed and linked to the developments and changes to the regulations that are targeted at the alcohol industry. In addition to communication on the regulations, general communication, and information on all aspects of COVID-19, including vaccines, need to be integrated into the communication strategies. Deliberate efforts must be made to counteract misinformation and fake news, prevalent in general society, and among alcohol consumers.

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