



**Friends of
the Earth
Europe**

AB InBev – a key voice in the EU alcohol debate

**A briefing on the alcohol lobby in Brussels and
the potential for conflicts of interest**

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Introduction

In October 2012 Belgian Member of the Europe Parliament (MEP) and former Prime Minister Jean-Luc Dehaene revised his declaration of financial interests to include his €5.3 million worth of share options in the Belgian-based brewer AB InBev.¹ The declaration followed a complaint from Friends of the Earth Europe, Corporate Europe Observatory, LobbyControl and Spinwatch that by not declaring these share options he was in breach of the European Parliament's Code of Conduct for MEPs. Friends of the Earth Europe argued that the declaration was important because it constituted a potential conflict of interests. As a MEP, Dehaene is in a position to influence decisions about public policy affecting the drinks industry, which must not be compromised by his financial interests in any particular company.

This briefing examines the activities of the alcohol lobby in Brussels, and in particular the lobbying activities of AB InBev. It shows that there is serious risk of conflicts of interest, with key policies on alcohol advertising, taxation and health warnings at stake. Since MEPs are in charge of legislating on issues of relevance and commercial interest for the drink and alcohol industry, the parliamentary authorities should actively screen any potential conflict of interest that could endanger the decision-making process in this field.

AB InBev

The Belgium-based Anheuser-Busch InBev (AB InBev) is the world's largest brewing company, and sells over 200 different brands of beer across Europe, Asia and America, including Stella Artois, Budweiser, and Beck's. In the European Union, it is a powerful industry voice, active through the beer industry lobby group Brewers of Europe, as well as in its own right.

AB InBev's corporate social responsibility programme promotes the company as a 'responsible brewer', and includes commitments on 'responsible drinking' and initiatives on underage drinking and drunk driving.

Through its work with Brewers of Europe, it advocates 'self-regulation' for the industry,² and has played an active role in promoting this approach in the European Alcohol and Health Forum, a platform established by the European Commission to bring together stakeholders to "debate, compare approaches and act to tackle alcohol-related harm".³

¹ <http://www.europeVOICE.com/article/2012/october/dehaene-declares-5-3m-stock-options/75326.aspx>

² <http://www.euractiv.com/health/brewers-fighting-alcohol-misuse-analysis-511894>

³ http://ec.europa.eu/health/alcohol/forum/index_en.htm

The Forum has played a key role in pushing for self-regulation as the most effective approach to tackle “misuse” of alcohol.⁴ It has three working groups looking at youth related aspects of alcohol, science and marketing communication. Catherine van Reeth, AB InBev’s Global Corporate Affairs Director⁵ sits on the Forum’s task force on Marketing Communication, from where she is able to influence the regulatory approach taken towards advertising.⁶

AB InBev also has a seat on the executive committee of the European Brewers’ Convention (ECB), the ‘technical and scientific’ part of the Brewers of Europe, providing expertise to support the Brewers of Europe lobby campaigns.⁷

Jean-Luc Dehaene MEP

Jean-Luc Dehaene is a Belgian MEP (European People’s Party). He is vice chair of the European Parliament’s Budget Committee. He was an independent board member of AB InBev from 2001 and reportedly received 86,000 share options – of which 77,000 are mentioned on his declaration of interest since October 2012 - when he stepped down in March 2011.⁸ Estimations of their value have been reported to be between €3 million^{9 10} and € 5.3 million.¹¹

As part of its campaign to promote self-regulation and avoid advertising restrictions, AB InBev was one of eight European alcohol manufacturers involved in launching the Responsible Marketing Pact (April 2012), a voluntary initiative aimed at implementing measures to ‘protect the young and vulnerable from targeted advertising’.¹²

AB InBev is also a sponsor of another voluntary industry initiative, the Global Action on Harmful Drinking, set up by the US-based international lobby group the International Center for Alcohol Policies to encourage ‘responsible drinking’.¹³ This includes a focus on self-regulation for marketing across the industry,¹⁴ industry campaigns to combat drink-driving, and a campaign to highlight the high levels of untaxed non-commercial alcohol sold globally.¹⁵

⁴ <http://www.euractiv.com/specialreport-reviewing-europes/health-chief-wanted-drinking-kil-news-512219>

⁵ http://www.europeanagenda.eu/files/booklet/EA_booklet_04_2008.pdf

⁶ http://ec.europa.eu/health/archive/ph_determinants/life_style/alcohol/forum/docs/alcohol_forum_taskf2_en.pdf

⁷ http://www.europeanbreweryconvention.org/PDF/2012/brewingsciencegroup2012/17_EBC_BSG_Whats%20new%20at%20BoE%20and%20EBC%20in%20Brussels_JM_Brauer.pdf

⁸ <http://euobserver.com/institutional/117804>

⁹ <http://www.levif.be/info/levif-blog/le-midi-du-vif/bonus-dehaene-un-cas-emblematique/opinie-4000101273872.htm#>

¹⁰ http://www.rtf.be/info/belgique/detail_le-bonus-de-trois-millions-d-euros-de-jean-luc-dehaene-fait-polemique?id=7770235

¹¹ <http://www.europeanvoice.com/article/2012/october/dehaene-declares-5-3m-stock-options/75326.aspx>

¹² <http://www.euractiv.com/specialreport-reviewing-europes/alcohol-industry-unites-advert-a-news-512121>

¹³ <http://global-actions.org/SelfRegulation/WhosInvolved/tabid/302/Default.aspx>

¹⁴ <http://global-actions.org/globalactions/SelfRegulation/Overview/tabid/275/Default.aspx>

¹⁵ <http://global-actions.org/globalactions/NonCommercialAlcohol/Overview/tabid/286/Default.aspx>

In 2011 AB InBev announced six 'Global Responsible Drinking Goals', and it promotes an annual 'Global Be(er) Responsible Day'.¹⁶

AB InBev also uses advertising to influence policy makers, and in April 2012, sponsored a special report by EurActiv on 'Reviewing Europe's alcohol harm strategy'.¹⁷

AB InBev says:

"As the world's leading brewer, we know we must take the lead in encouraging consumers of legal drinking age to enjoy our products responsibly. Last year, we announced a set of six Global Responsible Drinking Goals to guide our efforts to prevent the harmful use of alcohol, including drunk driving and underage drinking."¹⁸

AB InBev, is not registered in the European Commission and European Parliament's joint Transparency Register, but is listed as a client by the public affairs agency Fleishman Hillard, which reported that the brewer contributed €100,000–150,000 to its turnover in 2011.¹⁹

Self-regulation in the food and drink industry

Numerous studies have investigated the outcomes of self-regulation initiatives in the food and drink industry. They highlight the problems and difficulties with a self-regulatory approach:

- An independent study of alcohol advertisement for young people in the UK concluded that self-regulation did not work and that "regulation should be independent of the alcohol and advertising industries".²⁰ Studies of self-regulatory approaches in the US and Australia have come to the same conclusions.^{21,22}
- "Self-regulation simply does not work in a highly competitive marketplace" found a comprehensive review of the European self-regulation initiatives on food advertisement for children.²³ The same conclusions were drawn by studies in the US and Australia.^{24,25}

¹⁶ http://www.ab-inbev.com/go/social_responsibility/better_world_programs

¹⁷ <http://static.euractiv.com/sites/all/euractiv/files/Reviewing%20Europe%E2%80%99s%20alcohol%20harm%20strategy.pdf>

¹⁸ http://www.ab-inbev.com/pdf/ABI_CSR11_Global.pdf

¹⁹ <http://ec.europa.eu/transparencyregister/public/consultation/displaylobbyist.do?id=56047191389-84>

²⁰ Hastings G; Brooks O; Stead M; Angus K; Anker T; Farrell T.: Failure of self regulation of UK alcohol advertising British Medical Journal 340:b5650, 2010.

²¹ Why Big Alcohol Can't Police Itself: A Review of Advertising Self-Regulation in the Distilled Spirits Industry, A Marin Institute Report, 2008. (available at: http://alcoholjustice.org/images/stories/pdfs/08mi1219_discus_10.pdf)

²² Australian Medical Association: Alcohol Marketing and Young People: Time for a new policy agenda. 2012. (available at: https://ama.com.au/system/files/alcohol_marketing_young_people.pdf).

²³ Persson, M., Soroko, R., Musicus, A., Lobstein, T.; A junk-free childhood 2012: The 2012 report of the StanMark project on standards for marketing food and beverages to children in Europe. A briefing paper from the International Association for the Study of Obesity; 2012 (available at: http://www.iaso.org/site_media/uploads/A_Junk-free_Childhood_2012.pdf)

Key issues for the European Parliament

The EU strategy to support Member States in reducing alcohol related harm is the EU's key policy on alcohol and it led to the creation of the European Alcohol and Health Forum. The Strategy is currently scheduled for review in 2013 and there is growing pressure to take a tougher stance on advertising and marketing, especially promotion of alcohol through social media.²⁶

In May 2012 the Parliament renewed its call for action on advertising aimed at children and young people (referred to as 'vulnerable consumers'),²⁷ and some MEPs are in favour of legislation to ban beer commercials aimed at young people. The Brewers of Europe have been keen to reassure MEPs that legislation is not needed because voluntary codes and guidelines are already in place.²⁸ This followed a draft report in 2010 on the impact of advertising on consumer behaviour, which had encouraged self-regulation, but recognised that this had limits.²⁹

The social appeal

A study by the Institute for Social Marketing in the UK found that 97% of 15-year olds and 96% of 13-year olds were exposed to alcohol advertising at some point in the average day.

*"They are being continuously bombarded with marketing and inundated with pro-drinking messages," said Gerard Hastings, a professor at the institute. "Alcohol marketing is astonishingly ubiquitous," he added. "To own sociability is to own the booze market. Drinking becomes about mates, friendship, hopes and dreams. The industry spends millions on marketing so it must work."*³⁰

There is also pressure to use pricing to reduce alcohol sales through the alcohol strategy, either through minimum pricing or through tax increases. Minimum unit pricing has already been announced in Scotland and in September 2012 the Scottish Conservatives hosted an event in the European Parliament to discuss the legality of the proposal.³¹ Industry argues that minimum pricing and higher excise duty increase unregulated alcohol consumption, including through smuggling and unlicensed production.³²

In 2010, the Parliament voted to exclude alcoholic beverages from a mandatory labelling on nutritional contents.³³

²⁴ Kunkel, D., McKinley, C., Wright, P.; The Impact of Industry Self-Regulation on the Nutritional Quality of Foods Advertised on Television to Children; Children Now; 2009 (available at: http://www.childrennow.org/uploads/documents/adstudy_2009.pdf)

²⁵ Lumley J, Martin J, Antonopoulos N. Exposing the Charade – The failure to protect children from unhealthy food advertising. Obesity Policy Coalition, 2012. (available at: http://www.opc.org.au/downloads/OPC_Exposing_the_Charade_report_2012.pdf)

²⁶ <http://www.euractiv.com/specialreport-reviewing-europes/alcohol-industry-unites-advert-a-news-512121>

²⁷ <http://www.europarl.europa.eu/sides/getDoc.do?type=TA&language=EN&reference=P7-TA-2012-209>

²⁸ <http://www.euractiv.com/specialreport-vulnerable-consume/industry-self-regulation-protect-news-513036>

²⁹ <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+COMPARL+PE-445.847+02+DOC+PDF+V0//EN&language=EN>

³⁰ <http://www.euractiv.com/consumers/policymakers-mull-eu-alcohol-mar-news-505905>

³¹ <http://www.scottishconservatives.com/news/news/europe-debates-minimum-pricing/2172>

³² <http://www.euractiv.com/specialreport-reviewing-europes/industry-higher-taxes-boost-surr-news-512279>

³³

http://www.eurocare.org/newsroom/newsletter/2010/february_march_2010/news_from_the_eu/european_parliament_plan_ary_urged_to_protect_the_health_of_consumers_through_clear_alcohol_labelling

Other key players in the alcohol lobby

Many of the big alcohol manufacturers lobby in their own right in Brussels, but are also represented by various lobby associations, and may also employ public affairs agencies to put forward their case.

The **Brewers of Europe** is the ‘voice of the European brewing sector’ bringing together national brewing associations from across the EU.³⁴ It is registered in the EU Transparency Register, where it declares spending between €200,000 and €250,000 on lobbying in the past year.³⁵ This lobby group is closely linked to the **European Parliament Beer Club**, an informal group of over 200 MEPs who are entertained by the Brewers of Europe twice a year.³⁶

The **European Spirits Organisation** (CEPS) represents national associations, as well as leading spirit producers (including Pernod Ricard, Bacardi-Martini, Diageo, Brown-Forman, Scotch Whisky Association),³⁷ and declares spending between €1,000,000 and €1,250,000 on lobbying.³⁸

The **Comité Européen des Entreprises Vins** (CEEV) defends the interests of the European wine industry, represented by national associations and key industry groups (Bacardi-Martine, Pernod-Ricard, and Moët-Hennessy),³⁹ and has a lobby spend of €200,000–250,000.⁴⁰

The drinks industry is also represented by **FoodDrinkEurope**, the mega lobby group for the whole sector. FoodDrinkEurope, declares just two members of staff working on lobbying in Brussels, with a budget of between €200,000 and €250,000.⁴¹

Some lobby groups do not register their activities. For example the **European Forum on Responsible Drinking (EFRD)** represents “Europe’s leading spirit companies... to promote responsible drinking in the EU”. Members include Bacardi-Martine, Beam Global Spirits and Wine, Brown-Forman, Diageo, Moët-Hennessy and Pernod Ricard. Their agenda is again anti-regulation, arguing that: *“Patterns of drinking, volume of consumption and alcohol-related harm vary by region and Member State. Therefore no single approach to alcohol policy is likely to succeed uniformly across Europe, but instead, flexible strategies are needed.”*⁴²

Industry inside the European Parliament

One way in which the industry’s lobbyists are able to influence MEPs is through industry groups and informal partnerships. The Brewers of Europe play host to the **European Parliament Beer Club** twice a year, providing a relaxed forum for mingling with the over 200 MEPs who are members.

³⁴ http://www.brewersofeurope.org/asp/about_us/index.asp

³⁵ <http://ec.europa.eu/transparencyregister/public/consultation/displaylobbyist.do?id=81610896372-23>

³⁶ http://www.epbeerclub.eu/about_the_ep_beer_club.asp

³⁷ <http://www.europeanspirits.org/feedback/members.asp?country=esg>

³⁸ <http://ec.europa.eu/transparencyregister/public/consultation/displaylobbyist.do?id=64926487056-58>

³⁹ <http://www.ceev.be/en/members.php>

⁴⁰ <http://ec.europa.eu/transparencyregister/public/consultation/displaylobbyist.do?id=2663914841-28>

⁴¹ <http://ec.europa.eu/transparencyregister/public/consultation/displaylobbyist.do?id=75818824519-45>

⁴² www.efrd.org

The **European Parliament Wine Intergroup** has 99 MEP members and provides a forum for MEPs to find out more about the wine industry. In 2007 the current chair of the European Parliament Wine Intergroup Astrid Lulling MEP was responsible for a report which recommended eliminating minimum excise duties for alcohol. The report was rejected by the Parliament.⁴³ There is also a Spirits Intergroup, but this group is not on the official list of intergroups.⁴⁴

Conclusions

This briefing paper provides an overview of the influence of the drink and alcohol industry in Brussels. It shows the diverse industry tactics employed to avoid stricter regulation of alcohol consumption at the EU level, ranging from commitments to self-regulation to influence in multi-stakeholder forums, as well as traditional lobbying.

The extent of industry lobbying of EU decision-makers in charge of regulations on the drink and alcohol companies, including the European Parliament, justifies concerns over potential attempts of undue influence. The case of the Belgian MEP Jean-Luc Dehaene, who owns stock options worth several millions of Euros in AB InBev and only declared them following public pressure, highlights the need for strict enforcement of the existing transparency and ethics rules, in particular the code of conduct for MEPs. In order for the code an effective tool, it is absolutely essential that MEPs' declarations of interests are regularly checked. Systematic reviewing of outside interests declared by MEPs should also be introduced in order to detect and prevent any potential or existing conflicts of interest.

⁴³ <http://www.childsafetyeurope.org/archives/news/2007/may-29-excise-duty.html>

⁴⁴ <http://www.europarl.europa.eu/aboutparliament/en/00c9d93c87/Intergroups.html>



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Friends of the Earth Europe campaigns for sustainable and just societies and for the protection of the environment, unites more than 30 national organisations with thousands of local groups and is part of the world's largest grassroots environmental network, Friends of the Earth International.