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BMJ Global Health

What the InBev merger means for health in Africa

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The merger between the world's two largest beer producers—AB InBev and SABMiller—has potentially far-reaching consequences for health in Africa. The deal, announced in November 2015 and agreed by the European Commission on 24th May, will result in this new conglomerate having a dominant position in the global beer market.[1]

The merger comes at a key juncture for the global alcohol industry. Alcohol-related health harms have been gaining critical attention in many high-income countries,[2] leading to revisions to guidance on alcohol consumption[3] in some cases (eg, in the UK[4]) and moves towards greater regulation of the sale and marketing of alcoholic beverages, such as the proposed introduction of minimum pricing for alcohol in Scotland.[5] With reductions in consumption observed in more mature markets,[6] the alcohol industry is under increasing pressure to open up and develop new sources of growth and profit elsewhere. Confronted with this more difficult business environment in their home markets, the global alcohol industry is increasingly looking to populous, less regulated but ever more affluent low and middle income countries (LMICs) as a source of new consumers.[7]

An emerging body of evidence demonstrates that expansion into Africa is an explicit part of the industry's growth strategy[1 7 8] and that companies are already lobbying governments and shaping policy environments to facilitate this growth.[7] The distinguishing feature of alcohol drinking in Africa is the combination of high rates of abstention and high-intensity consumption among those who do drink.[9] The alcohol industry itself reports that rising beer consumption across the African continent is resulting in an increased total per capita consumption of alcohol.[8]

The merger with SABMiller, with its extensive African distribution networks, offers AB InBev the ideal platform from which to market its global brands throughout the continent. This has a number of implications for alcohol consumption and harms across the continent.

Evidence of the health impact of alcohol in LMICs is already emerging,[10] with alcohol consumption a leading risk factor in Southern Africa in the Global Burden of Disease Study. In addition to its role as a risk factor for non-communicable diseases such as liver cirrhosis, heart disease and a range of common cancers (including cancers of the breast, throat and mouth), alcohol interacts with other health challenges such as HIV[9 11] road traffic accidents,[12] violence, including domestic violence, and mental poor health.[13]

The increasing focus of the global alcohol industry on LMICs mirrors the move by big tobacco into emerging economies in preceding decades.[14] Evidence from the tobacco sector underlines precisely why this merger, and the shift in strategy which it represents, is bad news for health in Africa in particular. The entry of transnational tobacco corporations into new markets led to increases in consumption, and evidence suggests that market entry by the global alcohol industry has similar effects.[15] Market entrance and consolidation by transnational corporations is often facilitated by predatory pricing (setting such a low price that competitors are driven out of the market) to undercut domestic producers, allied with sophisticated branding and marketing strategies to drive consumption. One such strategy is shaping the public's understanding of 'responsible' and/or 'moderate' drinking via their own corporate social responsibility (CSR) campaigns,[16] such as AB InBev 'Global Smart Drinking Goals' goals, one of which specifically aimed at beer consumption ("Ensure no- or lower-alcohol beer products represent at least 20% of AB InBev's global beer volume by the end of 2025").[17] Although this may appear like a positive message, research on similar strategies indicates that this is unlikely

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to be about substituting regular beer products for lower, but rather increasing the overall size of the beer market through an expanded range of products.[18] It also deflects responsibility from the industry to the individual drinker, while encouraging them to make their own minds up as to what constitutes 'moderation'.

Sub-Saharan Africa provides particularly fertile ground for this business model. Low advertising cost, weak regulation, high-intensity consumption of beer in these markets[7] and, once the merger is completed, very limited competition are the ideal environment for marketing global brands. Alcohol companies have developed low-cost, 'entry-level' products aimed at attracting new consumers, citing the greater safety of commercially produced products over 'homebrew'. An example of this is the introduction of commercially manufactured 'Chibuku Shake Shake' beer by SABMiller in Zambia, which is based on a locally brewed traditional sorghum beer but is marketed as offering more consistent quality than the homebrew variant.[19] Moreover, the drinks industry are pushing alcohol prices down by encouraging governments to restructure their tax regimes in order to crowd out this informal market.[7] The promotion of their products as safer alternatives forms part of a wider CSR agenda. CSR activities such as contributing to water sanitation projects, for example Diageo's Water Blueprint,[20] aim to highlight their positive social impact. CSR and government partnerships are likely to be a further avenue through which the industry will seek to influence and limit regulation and formulate policy agendas.[21] For example, national alcohol policy documents from four sub-Saharan countries have been found to be identical and reflecting the alcohol industry's preferred policy wording.[8]

The political economy of alcohol in Sub-Saharan Africa is only partially documented and remains poorly understood.[22] The concentration of ownership (illustrated by the merger of AB InBev and SABMiller) confers market dominance which allows the industry to drive a strategy of low price, as well as offering the advantage of influencing regional alcohol policy in ways that are harmful to public health.[23] As the global alcohol industry moves to expand into the continent, much greater research, policy and public attention needs to be paid to industry practices and governance mechanisms to help understand and prevent negative impacts on the population's health.

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