

# How the alcohol industry influences policy across Europe

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# European alcohol industries are large & globally dominant, with interests on every continent

- Beer: 3 of the top 4
  - SAB Miller (UK-based)
  - Inbev/Interbrew (Belgium-based)
  - Heineken (Netherlands-based)
- Spirits: the top 2
  - Diageo (UK-based)
  - Pernod Ricard (France-based)
- Wine: Europe ...
  - Produces 71% of the wine (France, Italy, Spain dominate)
  - Consumes 68%
  - Accounts for 75% of exports (including between EU states)

# The European industries have interests at multiple levels

- **Global**
  - European nations and the EU are often used to pressure for more open markets elsewhere, often against a public health interest
- **Europe-wide**
  - The industries have deep interests in EU agricultural policy (wine), the single market (excise taxes and traveler's allowances), the services directive (likely to weaken alcohol controls)
- **National**
  - Still the primary level for dealing with many issues, e.g. taxes, drink-driving and criminal law, industry policies, advertising restrictions
- **Subnational**
  - Many alcohol policies are decided at subnational levels in federal states and the UK
  - many problems created by drinking have to be dealt with at the local level

# The fundamental commercial interest: the bottom line

- International organizations and national governments can affect this, so the fundamental demand is to be at the policy table
- In the interests of maximizing sales &/or profits:
  - Use trade agreements, the EU single market, etc. to remove any hindrances to free sales
  - Push down or hold down alcohol taxes
  - Seek or maintain freedom to advertise and promote
  - Oppose any public health or safety measures which threaten sales &/or profits
- But note that different segments/industries often have different interests

# Arenas of action - 1

- The World Trade Organization (WTO) and regional trade agreements, and EU and national negotiators in these arenas
- The European Union: market & commerce aspects
  - single market in commodities, services
- National:
  - health, agriculture, industry, safety, public order, etc. ministries
- Subnational:
  - regions/provinces/cities, etc.

# Arenas of action - 2

- **Public health:**
  - World Health Organization (WHO), WHO-Euro, the EU's DG-SANCO (Directorate for Health & Consumer Protection)
- **Professions:**
  - Medicine, psychiatry, legislators, civil servants, researchers
  - Can speak with authority &/or help or harm
- **Public opinion:**
  - The media and the professions as influencers

# Mechanisms for action - 1

- The firm itself (public relations, legal dep'ts, etc.)
- National trade bodies
  - e.g., British Beer and Pub Association
- European trade bodies
  - Brewers of Europe
  - European Spirits Organization (CEPS)
  - Comité européen des entreprises vins
  - L'Association des Industries des Cidres & Vins de fruits de l'U.E (AICV)
- Lobbying – institutional and personal

# Mechanisms for action - 2

- **Social aspects organizations**
  - Europe-wide: The Amsterdam Group (TAG)
  - National: e.g., Portman Group in UK
    - TAG recognizes such in Belgium (2), Czech Republic, Denmark, France, Hungary, Ireland, Italy (2), Malta, Netherlands, Portugal, Spain, UK
- **Research funding or hosting bodies**
  - International: e.g. International Life Sciences Institute (ILSI)
  - Europe-wide: European Research Advisory Board (ERAB)
  - National: e.g. IREB in France



# Direct or indirect control?

- Social aspects organizations directly controlled
- Research funding or hosting bodies have industry represented in governance (and funding can be cut off)
- Industry participation in NGOs: influence is often less visible
  - Continuing dispute in International Council on Alcohol & Addictions (ICAA) since 1995 over participation of social aspects organizations in governance

# The processes of pressure & influence: glimpsing the woodpecker in the forest

- Tobacco:
  - The US lawsuit settlement agreements have put on public display the usual behind-the-scenes business practices for industries with potentially problem-causing products
- With alcohol, we must make do with occasional sightings

# Indirect methods: co-optation - 1

- European Consumer Diary (“Europa”)
  - For 15-18 year olds
  - Published by DG-SANCO in all EU languages, almost 1 million copies
  - Section on alcohol uses material from ICAP, TAG, etc.
  - Partly funded by The Amsterdam Group (TAG)
- *Health Issues Related to Alcohol Consumption* (2 editions)
  - Commissioned by TAG originally for submission to the EU; TAG was quite open about its support
  - Carried out and published by International Life Sciences Institute (ILSI) without mention of industry funding

# Indirect methods: co-optation - 2

- European Research Advisory Board (ERAB)
  - Established 2003, funded by Brewers of Europe
  - Modeled on Alcohol Beverage Medical Research Foundation (ABMRF) in north America
  - 6 members of 14-member Board from industry
  - 3 MDs on Board, including
    - President of ABMRF
    - Author of a book on *Wine and Health*
  - 9 grants listed so far
    - 7 biomedical, 2 psychosocial
    - 3 Italy, 3 UK, 1 each Germany, Netherlands, Belgium

# Indirect methods: co-optation - 3

- Institut de recherches scientifiques sur le boissons (IREB)
  - Funded by 12 mostly French-based firms, led by Pernod Ricard
  - *Focus:alcoologie 9* (2005) reports on work supported by IREB:
    - 21 biomedical studies, including 10 on rats
    - 9 social science studies
    - Some ideological tinges in the report
      - 2 studies are “fighting the idea that alcohol consumption is related to familial alcoholism”

# Direct methods: applying pressure - 1

- **WHO Executive Board, January 2005:**
  - The alcohol resolution “requests the Director-General ... to organize open consultations with representatives of industry and agriculture and distributors of alcoholic beverages in order to limit the health impact of harmful alcohol consumption”
  - Dr. Steiger (USA): This “language was weak: for it to be acceptable, he would like an assurance of WHO’s willingness to engage the industry in a serious way on a partnership basis”
  - The Director-General: “...in dealing with the alcohol industry, engagement [is] necessary”

# Direct methods: applying pressure - 2

- Letter to EU Commissioner for Health and Consumer Protection concerning WHO-Euro resolution on alcohol (which passed)
  - Sent 5 September to enlist his support in pressing the WHO-Euro Regional Committee
  - Signed by the Secretaries-General of the 4 European trade bodies, and of TAG
- “The draft resolution recognizes no role for industry in working with the secretariat or the Member States of the EURO Region. The approach frontally contradicts the policy of the European Commission and the EU Council, which recognizes our sectors as legitimate stakeholders and engages with us on developing a Community Strategy....

# Direct methods: applying pressure - 3

“The draft Resolution implies the need for changes to economic and trade policy at national and international levels. There is no sufficient evidence base to support this action....

“The Framework document on which this draft resolution is based is full of inaccuracies, has a questionable evidence base and contains unfounded accusations. For example, we regret the persistent references to Thomas Babor’s paper, *Alcohol: No Ordinary Commodity*. Reference to this piece was expressly rejected by the World Health Assembly in the development of the WHO Resolution because its views are not representative of the weight of expert opinion on this issue. The ‘one size fits all’ approach set forth in the Babor piece is inappropriate....”



# Some observations: differential strength within European countries

- Big exporting/multinational firms have had strong influence in headquarters countries
  - Particularly UK
  - Centralization weakens their influence in other states where they operate
- The relatively dispersed wine industry has had enormous EU influence through the growers
  - Minimum EU wine tax = 0 as a signal of power
  - Zero tax in 6 wine-growing states
- Where there have been state monopolies, alcohol industry influence has been weak
  - Dissolution of production and wholesale monopolies in Finland, Sweden, Norway creates a space for new industry influences, but so far they are weak (& no social aspects organizations)
- National social aspects organizations in 14 of 25 EU states
  - Strongest in middle and southwest Europe
  - Reflecting strong industries and national contention over alcohol?

# Some observations: international venues

- In the EU:
  - Given the EU's inception as a market agreement and its late and weak jurisdiction over public health,
    - there is a long tradition of alcohol industries sitting at EU tables, and
    - a much weaker tradition of NGOs and “civil society” being present
  - Industry influence is likely to keep the EU Strategy on Alcohol weak
- WHO and WHO-Euro are pulled two ways:
  - Strong pressure for collaboration with the industry from the US and some European countries
  - But previous cautionary experiences from tobacco, pharmaceuticals, baby formula industries
- Industry interests often rely on national delegations as paladins in international organizations.
  - The UK has often acted in alcohol industry interests on alcohol policy in the EU

# Some observations: developments in the role of social aspects organizations?

- No discernible difference between industry trade groups and social action organizations (e.g., TAG and ICAP) on issues which matter most:
  - Pushing for a place for the industry at all relevant policy tables
  - Opposing any discussion of public health limits on trade liberalizations
  - Opposing reducing consumption levels as a strategy to reduce harm
    - in particular, opposing use of taxes as a public health measure
  - Arguing for measures to be targeted at limited groups rather than a wider drinking population
  - Arguing for prevention measures with little track record of success – e.g., education, persuasion, provision of alternatives
- But trade groups are typically split by beverage type, while social aspects organizations (SAOs) typically reach across the industries
  - Trade groups have often pursued different strategies, reflecting some divergence in interests (e.g., agriculture policy; taxes)
  - The rise of SAOs as a response to criminalizing and public health approaches dealing with alcohol/intoxication per se, demanding a common front?
    - Lobbying letter signed by 4 trade bodies and TAG – evidence of the common front
  - The Portman Group's dilemma as a signal of the future? –
    - Representing industry interests, but also
    - Moving into a quasi-regulatory role in line with the UK government's "partnership"

# Some observations: rising or declining power of the industry?

- More in the spotlight: *Financial Times* 2003

“While tobacco remains the most vilified of the legal vices, makers of fattening foods are now also being besieged by hostile lobby groups, lawyers, politicians and the media.... In contrast ... makers of alcoholic drinks have escaped the same level of scrutiny.”

- Since then:

- New alcohol resolution, World Health Assembly, May 2005
- Forthcoming EU Alcohol Strategy
- Consumption continuing to fall in southern Europe
- More difficult political environments, e.g. in UK

- But:

- Competing health problems (e.g., in WHO)
- Political resistance to measures affecting all drinkers
- Continuing market fundamentalism in the EU structure
- Oligopolistic concentration increases power?

# The forthcoming EU alcohol policy as a test of industry influence

- "The European Commission is facing growing opposition from beverage industries for its plans...."
- On the table:
  - Common minimum age of 18
  - Raised taxes
  - Common BAC limit of .05%
  - Restrictions on advertising
  - Alcohol purchase only in restricted areas in shops
- "With measures proposed by the Commission, we are affecting all consumers, not just those that are causing problems, and therefore we oppose them" – Rudolf De Looz, Brewers of Europe
- The EU "should focus more on education and prevention programmes" – Marion Wolfers, of the wine producers' lobby
  - Source: *EUObserver*, 7 Nov. 2005 <http://euobserver.com/9/20264>