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GLOBAL COMPETITION REVIEW

AB InBev/SABMiller clears Latin American hurdles

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Mark Briggs

AB InBev/SABMiller clears Latin American hurdles (Credit: iStock)

Competition enforcers in Mexico and Ecuador have imposed domestic conditions on the global Anheuser-Busch InBev/SABMiller brewery merger.

Mexico's Federal Economic Competition Commission has agreed to divestments SABMiller announced last year that aimed to pre-empt US antitrust scrutiny of the deal. The company has agreed to sell its interest in MillerCoors – a joint venture between it and Molson Coors – to its joint venture partner. The authority notified the parties of its approval on 25 April.

Ecuador's conditions, which were announced on Friday, are more extensive, and include divestments that aim to allow a new competitor to enter the market and protection for employees of both companies. The authority will also require the combined entity to support the local Ecuadorian beer industry through behavioural remedies.

AB InBev must divest production capabilities, sell distribution assets and give up its distribution licence for Brahma beer in Ecuador for 10 years. Ecuador's Superintendent for the Control of Market Power has the option to extend this period to 20 years.

The post-merger company must also guarantee there will be no staff redundancies from the deal, and give employees the option to buy shares in the new entity.

Approval for the deal also contains behavioural remedies to help promote Ecuador's beer industry. The new company will have to maintain a new e-commerce platform for craft beer producers in the country, and provide training and access to refrigerator facilities to small producers.

Shareholders of the two companies agreed a €106 billion merger deal last October. The two companies have already agreed to significant global divestments in a bid to complete the deal smoothly.

On top of selling SABMiller's stake in MillerCoors, the company has also agreed to sell its Peroni, Grolsch and Meantime brands in Italy, the Netherlands and the UK. Japanese brewer Asahi has agreed to buy the assets for €2.55 billion.

Australia unconditionally cleared the merger earlier this month.

The deal, which is the highest-value brewery transaction in history, has yet to receive antitrust clearance from the US Department of Justice and the European Commission's Directorate-General for Competition.

The companies expect to complete the deal in the second half of this year.

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