

Trade is Global, Health is Parochial: The UK government, the alcohol industry and global health

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UKCTAS

UK Centre for Tobacco & Alcohol Studies



A NEW GLOBAL PARTNERSHIP: ERADICATE POVERTY AND TRANSFORM ECONOMIES THROUGH SUSTAINABLE DEVELOPMENT

The Report of the High-Level Panel of Eminent Persons on
the Post-2015 Development Agenda



A handwritten signature in black ink that reads 'David Cameron'.

David Cameron



4. Ensure Healthy Lives

4a. End preventable infant and under-5 deaths ^{1,2}

4b. Increase by x% the proportion of children, adolescents, at-risk adults and older people that are fully vaccinated ^{1,2}

4c. Decrease the maternal mortality ratio to no more than x per 100,000 ^{1,2}

4d. Ensure universal sexual and reproductive health and rights ^{1,2}

4e. Reduce the burden of disease from HIV/AIDS, tuberculosis, malaria, neglected tropical diseases and priority non-communicable diseases ²



DIAGEO

7th June, 2013

PRIME MINISTER GIVES SEAL OF APPROVAL TO DIAGEO INVESTMENT IN RENEWABLES, WHISKY AND SKILLS

The Prime Minister visited the Cameronbridge Distillery in Fife where Diageo, the world's leading premium drinks business, has recently completed a unique renewable energy facility which powers the distillery by recycling the natural co-products of distillation.

Diageo has recently completed a £105million investment programme to expand Cameronbridge

Mr Cameron said: "Whisky is an iconic product with a rich heritage and a fantastic future. It is a truly global brand."

"It was a real pleasure to see the Cameronbridge Distillery. It is at the cutting edge of the spirits industry, a world leader in embracing bioenergy technology and a major contributor to Scotland's economy."

David Gosnell, Diageo's President of Global Supply and Procurement, said:

"Cameronbridge Distillery is the engine for the growth of our Scotch whisky business and represents the investment we are putting into generating further export growth for our brands."

Overview

HM Government

Health is Global

A UK Government Strategy 2008-13



- 2008 strategy to promote coherent multi-sectoral approach to global health
- UK governments actively promote global expansion of alcohol industry
- Health strategies blind to global dimensions
- How can governments promote health goals when this conflicts with trade objectives & key economic actors?

Top 10 UK exports of agri-food & drink, by value, 2010

Description	£ million
Whisky	3,514
Misc. food preps	613
Beer	536
Un-milled wheat	452
Wine	424
Chocolate/cocoa	376
Breakfast cereals	367
Soft drinks	327
Lamb	321
Gin	288

Source: HMRC

Global expansion of UK industry

Diageo's investment in key emerging markets

Region	Diageo investment
China	<ul style="list-style-type: none">• Received approval from Chinese authorities to become sole shareholder in Shuijinfang (SJF HoldCo; formerly Chengdu Quanxing Group Co.), July 2013• Purchased controlling stake in Chengdu Quanxing Group Co., 2011• Owns majority stake in Shui Jing Fang (premium baijiu manufacturer)
Africa	<ul style="list-style-type: none">• Agreed to 50:50 joint venture in United National Breweries traditional sorghum beer business• Purchased Meta Abo Brewery in Ethiopia, 2011; expanded local production, 2012/13• Launch of 'female friendly' RTD 'Snapp' in Kenya, 2012
India	<ul style="list-style-type: none">• Purchased majority share in United Spirits Ltd, July 2013
Middle East	<ul style="list-style-type: none">• Purchased Mey Icki (producer of Yeni Raki) in Turkey, 2011
Latin America	<ul style="list-style-type: none">• Purchased Ypioca (major spirits producer) in Brazil, 2012• Hispanic marketing programme in Latin America, 2006-2011
Eastern Europe	<ul style="list-style-type: none">• Owns 75% stake in Alfa Group

Source: Euromonitor Let (2012 & 2013); Diageo (2013)

“While the US remains our largest export market by far (over €2 billion), the growth of the sector depends on the economic vitality of emerging markets.”

http://spirits.eu/article.php?id=134&newsletter_id=6&preview=0

Active promotion of industry objectives:



(i) Enabling investment

- 2011, assisted Diageo's purchase of a controlling stake in Chinese brewer Chengdu Quanxing Group Co – described by Foreign Secretary William Hague as a “notable success”

“I am ... grateful to Her Majesty's Government for their strong support for our company as we have pursued this chance to grow our business in China.” – Paul Walsh, chief executive



(ii) Securing tariff reductions

- In 2010, SABMiller sued the Indian state of Andhra Pradesh for “unfair discrimination” against its products, resulting in a reversal of policy and a dramatic increase in SABMiller sales in that region (Euromonitor, 2011).

“Our team in India worked closely with SABMiller and local authorities in Andhra Pradesh to remove restrictive regulations prohibiting beer sales, worth over \$80m in sales to that company” – William Hague, 2011



(iii) Facilitating privatization

- Guided Diageo's 2012 takeover of Meta Abo, Ethiopia's second-largest beer company
- "UK Trade & Investment's Ethiopia team supported and guided the company through the tender process" (UKTI, 2012a)
- "As a result of the support UKTI gave us we were as well prepared as we possibly could be ... We had access to decision makers, to opinion formers and to a wealth of experience of doing business in Ethiopia" (UKTI, 2012b).

(iv) Giving access to development aid

- Cameroon: DfID has supported Diageo in using locally grown sorghum in its beer brewing operations. It gave match funding of \$250,000 through the Africa Enterprise Challenge Fund
- Sudan: SABMiller nr \$1m from the fund to introduce local sourcing for cassava for its brewing operations.
- DfiD rationale: assisted small farmers to increase their yields and sell their crops.

<http://www.theguardian.com/global-development/2012/dec/11/aid-diageo-uk-private-sector-scrutiny/print>

CSR or price subsidy?

We attract these consumers by “halving” the price of beer



Approximate price reduction compared to mainstream

-10%



Pricing
RSP programs
and deeper rural
penetration

-20%



Transactional packs
Draught, and
smaller RGB
packs

-30%



Local grains
Eagle from
Sorghum, cassava
in Mozambique
bringing excise &
farming
advantages

-50%



Opaque beers
Expanding
Chibuku beyond
southern Africa

(v) Challenging regulation under WTO agreements

Spirits Producers welcome WTO Panel Report on Philippines

The European Spirits Organisation - CEPS welcomes the release of the WTO Panel Report which confirms that taxes levied in the Philippines on EU spirits are illegal under WTO rules.

In *Drug and Alcohol Review* (January 2013), 32, 5–10
DOI: 10.1111/j.1465-3362.2012.00485.x
taxe
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COMMENTARY

Australia's double standard on Thailand's alcohol warning labels

PAULA O'BRIEN

(vi) Promoting industry interests in trade negotiations



Brussels, 6 October 2010: The signature today of the Free Trade Agreement (FTA) between the EU and South Korea has been welcomed enthusiastically by the European spirits industry.

Speaking on behalf of CEPS¹ Jamie Fortescue, Director General, said: *"This deal gives a new boost to Europe's drive for economic recovery based on export-led growth. It is excellent news for the European Spirits Industry"*.

Korea is a key market for European spirits exports, as currently only one type of local spirit accounts for 97% of the market. Taking down trade barriers will open up tremendous opportunities for EU spirits exports, in particular Scotch Whisky and French Cognac – the leading exports into this region.

"This agreement goes beyond taking down trade barriers" added Fortescue, *"It also lays down fundamental intellectual property rules to crack down on counterfeit spirits and to protect geographical indications. It sets a first-class benchmark for future commercial agreements with key global players, including India - an important export market for European spirits"*, concluded Fortescue.

Reconciling the push for global expansion with 'Health is Global'?



Thirdly, there is the need for (and increasing pressure for) more coherent policy. For example, the NHS and DFID have had to face up to the contradictions of the former recruiting nurses from sub-Saharan Africa while the latter supports efforts to keep them at home. Lifting of restrictions on the trade in alcohol run counter to campaigns to reduce its consumption because it causes ill-health. Coherent policy requires joined-up government, and there was much discussion about what exactly this is and how best to achieve it.

UK GOVERNMENT-WIDE STRATEGY FOR GLOBAL HEALTH

*Report of stakeholder meetings held in:
Edinburgh, 4th July 2007
Cardiff, 9th July 2007
London, 11th July 2007*

Ten Principles of the strategy

- 1** set out to do no harm and, as far as feasible, evaluate the impact of our domestic and foreign policies on global health to ensure that our intention is fulfilled;
- 2** base our global health policies and practice on sound evidence, especially public health evidence, and work with others to develop evidence where it does not exist;
- 3** use health as an agent for good in foreign policy, recognising that improving the health of the world's population can make a strong contribution towards promoting a low-carbon, high-growth global economy;¹⁴
- 4** promote outcomes on global health that support the achievement of the MDGs¹⁵ and the MDG Call to Action;¹⁶
- 5** promote health equity within and between countries through our foreign and domestic policies;
- 6** ensure that the effects of foreign and domestic policies on global health are much more explicit and that we are transparent about where the objectives of different policies may conflict;
- 7** work for strong and effective leadership on global health through strengthened and reformed international institutions;
- 8** learn from other countries' policies and experience in order to improve the health and well-being of the UK population and the way we deliver healthcare;
- 9** protect the health of the UK proactively, by tackling health challenges that begin outside our borders; and
- 10** work in partnership with other governments, multilateral agencies, civil society and business in pursuit of our objectives.

An outcomes framework for global health 2011-15

Annex A: List of the 31 “Difference in five years time”

Annex B: List of the 41 “We Wills”

		Original “Health is Global” strategy	
No.		No.	We wills
1	The FC encourage		
2	All governments will be r	1	We will use Impact Assessments to take greater account of the global health impact and equality of our foreign and domestic policies across government, as part of the new government impact assessment process.
3	All low-income countries will assess strategies	2	We will commission a section on health in the Government Annual Human Rights Report.
		3	Work for international action through the G8, the EU and other forums to improve global health and tackle the causes of ill health.
4	The UK will both directly and indirectly contribute to more effective healthcare delivery in these settings. (page 21)	4	We will work with WHO, the EU and others to take forward key recommendations from the WHO Commission on Social Determinants of Health and ensure that action to address these issues remains high on the international agenda.

- Envisages no “difference in 5 years time”
- No commitment that “we will” do anything

The Government's Alcohol Strategy

Neither “international” nor
“global” appear at all

Cm 8336

 HM Government

Alcohol strategies blind to global context - health impacts & policy



Changing Scotland's Relationship with Alcohol:
A Framework for Action

23. At the same time, this needs to be seen in the context of an alcohol industry that contributes greatly to Scotland's Purpose. The whisky industry, in particular, plays an important part in bringing wealth to Scotland through exports, and through attracting visitors to Scotland. Scottish Ministers have and will continue to responsibly promote whisky and Scotland in their international activities. Whisky is a distinctive brand. It raises the profile of Scotland throughout the world. At home, the alcohol industry provides much needed employment, particularly in some of Scotland's more rural and isolated communities, often serving as the sole or main employer in a particular area. That is why it is especially important to strike the right balance in our approach – to change our relationship with alcohol, not to destroy it.

Tobacco Control in a Global Context



3.12 We will also consider whether the internet is being used to promote tobacco to young people in the UK. If this is the case, we will need to examine what more can be done on a global level, potentially through the World Health Organization's Framework Convention on Tobacco Control.

10. PROTECTING TOBACCO CONTROL FROM VESTED INTERESTS

10.1 The Government takes very seriously its obligations as a Party to the World Health Organization's Framework Convention on Tobacco Control (FCTC). The FCTC places obligations on Parties to protect the development of public health policy from the vested interests of the tobacco industry. As a result, the tobacco industry has not been involved in the development of this Tobacco Control Plan.

4.8 HMRC will continue to support the development of a protocol under the FCTC to tackle illicit trade globally.

UK Government Guidelines on tobacco to Overseas Diplomatic Posts

2. Posts must no longer directly promote products containing tobacco, whether through advertising or through publicly associating HMG with their sale, especially where this might be misconstrued as some form of government endorsement or approval of them. However, given the general,

into account local circumstances. Posts should bear in mind that the international tobacco control lobby is increasingly well organised, and pressure groups may seek to highlight any apparently controversial involvement in an event sponsored by a tobacco company.

3. It follows from the above that Posts should not inter alia be associated in any way with the promotion of the tobacco industry, for example by accepting advertisements for UK or local tobacco products in publications issued by the Post, or sponsorship from tobacco companies for their activities, including Chevening Scholarships. Nor should they attend or otherwise support receptions or high profile events--especially those where a tobacco company is the sole or main sponsor--which are overtly to promote tobacco products, such as the official opening of a UK tobacco factory overseas; events where

Steps towards coherence

- Tensions between health, economic & trade objectives need to be identified & managed
- Steps towards minimising global harm:
 1. Alcohol policies must incorporate global dimensions; health isn't just a domestic issue
 2. Guidelines to preclude active promotion of industry interests overseas
 3. Preclude industry from receiving development assistance
 4. Encourage commitments not to challenge health policies within WTO & other contexts
 5. Avoid scope for investor state disputes