

The Beer Giant with Belgian Roots

AB InBev and SABMiller Merge

The largest brewery in the world, Belgian-Brazilian AB InBev, is merging with the second largest, South-African-British SABMiller, to create a beer giant which will leave all other brewers far behind. A few figures: 30% of all beer sold will come from the new group, with the Dutch company Heineken trailing far behind with a market share of 9%. Almost 60% of all beer profits worldwide will flow to the new beer conglomerate. The company will have 224,000 people working for it, producing at least 220 brands, including such resounding names as Stella Artois, Jupiler, Corona, Budweiser, Beck's and Pilsner Urquell. Who are the most important shareholders? A couple of aristocratic Belgian families.

The history of the world's number one brewery dates back to 1366, when beer was brewed in Den Horen, a tavern in Leuven. For a long time the brewery was run by the Artois family, transferring via marriage to the De Spoelberch and De Mévius families. In Belgium their Stella Artois brewery competed for many years with Piedboeuf, which started up in 1853 when Jean-Théodore Piedboeuf began brewing beer in the cellar of the old castle of Jupille. Marriage alliances made the Van Damme family the main shareholder of Piedboeuf.

For decades Artois and Piedboeuf competed to outdo one another, both taking over small brewers all over Belgium and thus growing into the two

most important breweries in the country. In the 1970s Artois and Piedboeuf took over the bankrupt Brasseries de Ghlin at the request of then Minister of Finance Edmond Leburton. The De Spoelberch, De Mévius and Van Damme families then began trading shares amongst themselves in absolute secrecy, while their beers continued to compete. In 1987 Artois and Piedboeuf merged to form Interbrew, with 60% of the Belgian beer market.

International expansion proceeded rapidly. In 1995 the Canadian brewing group Labatt was taken over for 57 billion francs (1.4 billion euros), a gigantic sum at the time, by Belgian standards at any rate. Interbrew became a world player and floated on the stock market in 2000. In 2004 the company took another important step, fusing with the Brazilian group AmBev to create InBev. In 2008 it took over the largest brewery in the US, Anheuser-Busch, for 45 billion euros. AB InBev, the largest brewing company in the world, was born. Now it is set to take over the second largest brewery in the world, SABMiller, for 92 billion euros. The Belgian dynasties De Spoelberch, De Mévius and Van Damme, who now have around 200 descendants, will be the largest shareholders with 24%.

For a long time the De Spoelberch and De Mévius families played a leading role in the beer conglomerate, but for some years now the key figure has been Alexandre van Damme, whose fortune is estimated at 3.2 billion euros. Some suggest that is a serious underestimation, claiming that he is richer than Albert Frère, making him Belgium's wealthiest citizen. His money is by no means only tied up in AB InBev. Two years ago, for example, he invested 585 million euros in the coffee manufacturer Douwe Egberts. Interestingly the Columbian Santo Domingo family pumped 275 million euros into Douwe Egberts at the same time. The Columbians were already an important shareholder in the second largest brewery in the world, SABMiller, with which AB InBev is now merging. Clearly it's a small world.

Douwe Egberts is not Alexandre van Damme's only other investment either. He is passionate



Iconoclasm as a War Strategy

Past and Present

A raging mob tore through the Low Countries in the middle of the sixteenth century. They destroyed church interiors, monasteries, chapels and abbeys, smashed statues from their plinths, slashed paintings with lances and left books and robes irreparably destroyed. The unprecedented destructive urge of the Protestant Reformation had enormous consequences for the religious and cultural heritage of the region. It also marked the symbolic beginning of a long struggle, which would ultimately lead to the redrawing of maps and a split from the Roman Catholic Church. The Iconoclastic Fury (Beeldenstorm) is an important episode in the history of the Low Countries, and one which shows striking parallels with more recent conflicts.

On 31 October 1517, Maarten Luther nailed his famous 95 Theses to the door of the Schlosskirche (All Saints' Church) in Wittenberg, an act that is widely regarded as the catalyst for the wave of reformation which spread rapidly through large parts of Europe. Charles V, whose dominions included the Low Countries, responded harshly and repressively, but ultimately unsuccessfully: he was unable to prevent the onward march of Protestantism. More and more people fell in with Luther's ideas and those of his successor, John Calvin. The Calvinists increasingly preached in public, and their sermons drew large numbers. On 10 August 1566, one such sermon in the village of Steenvoorde (now in Northern France, twenty-five kilometres from Ypres), led by a Protestant refugee who had recently returned from England, got out of hand. At the end of the sermon, twenty members of the listening crowd rampaged through a nearby monastery, and the first images were destroyed. In the ensuing weeks and months, groups of iconoclasts vandalised large numbers of church and monastery interiors throughout the Low Countries.

The aim of the first Reformers was to get rid of Church practices that they regarded as abuses: the selling of indulgences, the external display of



about football and a shareholder in RSC Anderlecht. He generally invests through the 3G Capital fund, managed by Jorge Paulo Lemann, Marcel Herrmann Telles and Carlos Alberto Sicupira, the Brazilians who owned brewery AmBev and became shareholders of AB InBev after the merger with Interbrew. Their investments are focused on the food and drink sector, including the American hamburger chain Burger King and ketchup manufacturer Heinz. Once in a while rumours circulate that they would like to make a bid for Coca-Cola. Evidently the sky is the limit.

The new beer conglomerate will be managed by the Brazilian Carlos Brito, CEO of AB InBev since 2005, who operates from New York, although the head office of the merged group will remain officially located in Leuven. Brito's business style is well known, involving cutting costs where possible. That's not likely to change, as the primary reason for the merger between the first and second largest companies in the beer world is to create added value for the shareholders. Those Belgian dynasties will reap the financial benefits.

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