

**Statement of Senator Patrick Leahy (D-Vt.),
Ranking Member, Senate Judiciary Committee,
Subcommittee Hearing on “Ensuring Competition Remains on Tap: The AB
InBev/SABMiller merger and the State of Competition in the Beer Industry”
December 8, 2015**

Today’s hearing on the proposed merger of AB InBev and SABMiller is important not only to American consumers, but to craft brewers and independent distributors across the country. Vermont was one of the earliest incubators of craft brewing. Our 40 breweries make some of the best, award-winning beers in the world. They contribute to our economy and have helped make Vermont a destination state. We want to ensure that these craft brewers and the brewers of tomorrow can continue to compete—and that consumers continue to have choices.

The proposed merger we consider today would join the two giants of the beer industry, which are together responsible for more than 70 percent of the U.S. market. The parties have announced that AB InBev will divest ownership of SAB’s stake in MillerCoors, selling it to Molson. I welcome that effort to address some concerns about the proposed merger. But given the size of these companies, we need to look closely at this transaction. I want to hear more about how the divestment will operate in practice, and whether the merger will have other consequences for the beer market—including given the practice of big brewers buying up small craft breweries. It is important that we also consider competition in the markets for hops, barley, glass and aluminum. These are essential inputs for any brewer to compete.

I also want to hear more about concerns in distribution: specifically, concerns that the large brewers’ power over distribution is shutting out competitors and undermining consumer choice. A product can only be sold if customers can find it. If craft brewers are being squeezed off the shelf because of restrictive behavior by the dominant companies, that harms competition and limits consumers’ options.

One way for large brewers to influence distribution is by buying up distributors. AB InBev has indicated that, following this merger, it will not increase its ownership of distributors above its current level of ten percent. Mr. Brito, at a minimum, I ask you to make a formal commitment to that today. For its part, Molson has indicated that, after it gains 100 percent ownership of MillerCoors, it will not increase its ownership of distributors—nor change its current practice of giving distributors leeway to showcase competitors’ brands. Mr. Hunter, I ask you to make a formal commitment to that today.

The pathway from brewer to buyer is critical if we want small companies to compete. State laws regulating distribution vary dramatically, and many small brewers feel constrained by the current state of distribution. I hope this issue will remain a subject of close review.

The growth of craft brewing is a success story in Vermont and other states across the country. I know these craft brewers personally, and met with them as recently as last month. Their creativity is shaping our economy, and we should make sure they have a level playing field. I thank Senators Lee and Klobuchar for holding this hearing today.

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