

## **The rise of Asian countries as important brewers of beer and the Dutch brewer Heineken**

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The last decades of the 20<sup>th</sup> century have seen major shifts in the location of industries. From the 1960s onwards, Western producers in particular blamed lower labour costs in other parts of the world for their declining competitiveness. However, scholars have put forward a broader range of explanations for these shifts, including production factors more generally, the lifecycle of products, technology, access to consumers and national institutions. This paper explores developments in the world's beer industry.

Just as was the case with shipbuilding, textiles and electronics, beer production moved to Asia. In the 1930s Japan rose as a major beer producer, offering for instance tough competition to Dutch brewers in the Dutch Indies. In the last decade China replaced the USA as the world's largest beer producer. China also became the largest consumer of beer. Does this mean that the role of consumers is decisive in the spread of the beer industry? And what determines the demand for beer? Beer is a fast moving consumption good. It is often argued that beer is also a typical local product that is consumed in the neighbourhood of the brewery, because of consumers' preference for the local taste of their beer. Nonetheless, some beers have succeeded in becoming global brands. The beer industry is characterized by both large and small scale breweries, by high tech and low tech breweries and by diversified as well as focused companies.

This paper highlights the developments in the world's beer industry and addresses the questions why Asia became such an important beer producer and what role multinational companies played in the geographical shift of beer brewing. To understand these developments the paper looks at national production figures as well as the experiences of one individual company, the Dutch international brewer Heineken. This company started brewing in Asia as early as the 1930s. From then on, it moved to many other countries through a mix of exports, licensing and foreign investment. In the process, the Heineken brand was built into one of the globally recognised brands. Heineken's interests in the different world regions ebbed and flowed. The company had high hopes for its activities in the 1950s, but became more reluctant to invest further in the 1960s, though it certainly did not leave the region. With the opening of China after 1979 they showed a renewed interest in the whole region as well as in China itself. From the start Heineken worked with partners and therefore the story of their activities abroad is also a story of local entrepreneurship. Ultimately, shifts in industries are shaped by individual firms. New firms arrive, some disappear and others transform themselves. What can we learn about shifting industries from the perspective of one particular company and its competitive position in the world's brewing industry?