Alcohol industry influence in alcohol control policy in Vietnam: A case study of a ‘perfect storm’

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Abstract

Objectives

This paper analyses influences in the policy process leading up to the passing of alcohol control legislation in Vietnam in 2019. The global alcohol industry now relies for growth on emerging markets in middle-income countries, such as Vietnam, a large, rapidly industrialising country with a youthful population and emerging middle class. The role of the industry in the policy process is compared with that of public health interests.

Methods

Participant observation, analysis of drafts of alcohol legislation, letters and media coverage were supplemented by data from Vietnamese informants.

Findings

The alcohol legislation was negotiated in the context of active engagement from the global alcohol industry and much less input from global and regional public health interests. The global alcohol industry established a partnership relationship with politicians over several years using corporate social responsibility and engaged in direct lobbying over the content of the legislation. Trade and investment agreements provided a supportive environment. In contrast regional and global public health resource was very limited and lacked the support of a normative global policy to counter the economic imperatives. Proposals made by the health sector for cost effective alcohol policy were watered down considerably.

Conclusions

This Vietnamese case study illustrates a failed attempt by the health sector to put in place comprehensive alcohol control legislation. The inadequate legislation leaves the Vietnamese people vulnerable to further increase in alcohol related harm.

Panel

An emerging research literature over the past decade has documented industry influence in policy development. Many previous published case studies of the influence of vested interests on alcohol policy are from high income countries and many relate to specific elements of industry practices: eg: response to research\(^1\) or specific elements of policy eg Minimum Unit Price\(^2\) or taxation\(^3\) and advertising\(^4\) and many have relied on media coverage as source data.

This Vietnamese case study adds significantly to previous research because it provides an in-depth analysis in a LMIC which epitomises many of the positive contextual aspects of an emerging alcohol market for the global alcohol industry. It documents response to an attempt by the health sector to enact comprehensive alcohol control legislation. It is innovative in its use of a new framework\(^5\) to analyse the data which are drawn from a range of sources. This case study illustrates the extent of corporate lobbying and influence in a way not commonly documented in high income countries.
Introduction

A marketing opportunity for transnational alcohol corporations

Vietnam is a large, rapidly industrialising country with a government open to privatising the economy, a youthful population, emerging middle class, and low prevalence of drinking among women and younger people. This presented a major opportunity for expansion by the alcohol industry.

Commercial beer production was initially under state control in the Socialist Republic of Vietnam. However, in the context of reforms introduced to transition to a market economy transnational alcohol corporations (TNACs) participated in the privatisation of production. Joint ventures, beginning in 2006, were followed by gradual investment. By 2018 around 90 percent of Vietnam’s market was controlled by the top four breweries including Sabeco (controlled by Thai Bev), Habeco (controlled by government), Heineken, and Hue Brewery (owned by Carlsberg), while new players including AB InBev shared the remaining 10 percent.

Marketing is essential for expansion of commercial alcohol brands; prior to the development of the legislation marketing of beer was not regulated and it was widely promoted. Wine and spirits were subject to some legal controls, however, there was extensive marketing at point of sale, sponsorships, product placement and social media.

Since 1990 per capita consumption of alcohol in Vietnam increased by 90%, the largest observed increase in any large country over the time period. Beer sales increased by 43% from 2012 to 2017. Projections are that, failing the implementation of effective alcohol control policy, consumption of commercial alcohol will increase further.

Policy developments

Health officials in Vietnam were well aware of the consequences of an expanding alcohol market and the need for new legislation. A 2005 report highlighting increasing alcohol harms including hospitalisation, traffic crash, social harms and public disorder recommended a minimum purchase age of 19 years and a ban on all forms of marketing of beer and other alcohol.

Responses to the health sector’s interest in legislation came from the global vested interests and, to a lesser extent, public health. In 2009 the Western Pacific Regional Office of WHO funded a WHO Collaborating Centre to carry out a project on ‘Sustainable Alcohol Policy’ in four Mekong countries including Vietnam. A workshop held in Hanoi in November 2009, in collaboration with the Institute for Strategy and Health Policy (ISHP) of the Ministry of Heath provided technical input on the most effective policy to be included in legislation. However, before this initial public health workshop took place the transnational alcohol corporations had commenced a long-term influence campaign.

1 The author is Director of this WHO CC
In 2008 Vietnam had attended a multi-stakeholder ‘Asia-Pacific Alcohol Forum’; this was hosted by the TNAC’s global public relations organisation, International Center for Alcohol Policies (ICAP). ICAP, in collaboration with Diageo then co-hosted a workshop with ISHP in 2009. The key messages were, first and foremost, the industry must be partners in the development of alcohol policy; Diageo described the industry as ‘a key stakeholder’. ICAP’s representatives recommended an emphasis on personal responsibility. The ICAP team were the same personnel as those who travelled around the continent of Africa (another important market for expansion) promoting a model industry-friendly alcohol policy. Brett Brivens, an ICAP employee, returned to Hanoi several times, worked with local companies and participated in several workshops (personal communication Nguyen Phuong Nam). ICAP also employed a local country manager who had previously worked with the Global Road Safety Partnership.

Methods

This paper presents a descriptive analysis of the alcohol policy development process including response from commercial interests, culminating in alcohol legislation passed by the National Assembly in 2019.

Participant observation in workshops and meetings in country was supplemented with access to translations of draft alcohol legislation, letters to members of the National Assembly and English language media coverage. Vietnamese informants provided data and reviewed drafts of the paper.

The framework of corporate practices and mechanisms identified by Madureira Lima and Galea informed the analysis of the activities of the vested interest groups.

Findings

In 2012 a draft alcohol control bill was introduced and was expected to be presented to the National Assembly in 2016. However, in 2016 a requirement for policy impact assessment was introduced delaying the alcohol legislation. In the same year, a notable champion for alcohol policy, Dr Nguyen Van Tien, Vice Chair of the National Assembly Social Affairs Committee, retired and several previous champions for alcohol control policy had a change of heart and spoke in support of industry positions (pers. comm. Johan Bengtsson). In 2017 the National Assembly agreed to put an alcohol bill on the timetable for 2018. In April 2018 the bill, which was drafted by the Vietnam Ministry of Health, with some assistance from WHO, was put out for public consultation including among all responsible ministries and organisations.

This initial draft legislation (Version 1) included several cost-effective policies in line with WHO recommendations. These included establishing trading hours and increases in excise tax. Some advertising of beer was allowed, however, it included content restrictions, a time restriction on TV advertising, a ban on alcohol sponsorship and a ban on promotion in the social media. A key element in Version 1 was establishing a Health Promotion Agency with a tax based on a gradually increasing percentage of sales to fund prevention activities.
The Vietnamese legislation went through six published drafts. Version 1 was open for public comment and five subsequent versions were revised by the responsible government bodies and then considered by the National Assembly’s Standing Committee. Version 6 was finally approved by the National Assembly in June 2019. The drafts show a trend towards exclusion of cost-effective policy. Version 2 saw the removal of trading hour restrictions and a ban on selling beer via internet. Restrictions on marketing, were weakened. An (ultimately unsuccessful) attempt was made to change the name of the law to refer to ‘alcohol abuse’ rather than ‘alcohol related harms’. Version 3 excluded the use of excise tax to fund a Health Promotion Agency (but reintroduced the ban on internet sales of beer). Version 4 removed the ban on selling beverages above 15% via the internet. Version 5 permitted the sale of all alcohol via the internet, removed the restriction on using company names and logos as part of sponsorships and removed restrictions on alcohol being provided as part of promotions and competitions. Version 6, the final legislation added zero tolerance and increased penalties for drink driving.

**Input to legislation by vested interests**

The vested interests in the policy process reflected the globalised nature of the alcohol industry. This included TNACs (Heineken, Diageo, Pernod Ricard and ABInBev); the European Chamber of Commerce (Eurocham), representing large exporters of wines and spirits; and the Vietnamese Alliance for Responsible Drinking (VARD), established in 2015 as a partner of the International Alliance for Responsible Drinking (IARD) (which by then had replaced ICAP as the major global industry PR body); and the Asia Pacific International Wine and Spirit Alliance (APIWSA) representing the big global players in wine and spirits.

**Establishing partnership/expertise**

Delays in initiation of the legislation allowed for several years of active engagement between vested interests and government. Criticism of the draft bills were framed within a partnership model: a letter from Heineken stated their support for government’s objectives to ‘reduce abuse’ …‘because abuse ‘threatens our sustainable business’. However, they also advocated numerous changes to the draft bill including: allowing marketing of beer in outdoor media, sports, drama, movies and the internet and selling beer from automatic vending machines and via the internet. Heineken also recommended alcohol branding of sponsorship would be allowed in the media; however, health warning labels and setting trading hours would not.16 Business interests, including the director of foreign affairs for Heineken, were presented in the media as experts on alcohol policy: ‘Vietnam’s overnight alcohol ban proposal unfeasible: experts’.17

The closeness of the relationship between vested interests and the polity was illustrated by comments from the Vice Chairman of the National Assembly on APIWSA CSR activities who said: ‘this is a basis for the Vietnamese National Assembly to study mechanisms and policies on wine, beer and alcohol drinks’.18

Public-private partnerships were a key element in partnership building. Throughout the ten years leading up to and during the negotiation of the legislation the TNACs
and trade organisations partnered with the high-level government committee, the National Traffic Safety Agency (NTSA). Many workshops were held showcasing industry involvement in educational activities and drink driving campaigns and were covered in the media. For example, a workshop co-hosted by the National Traffic Safety Committee with APIWSA and Pernod Ricard, held in 2018, was reported on in the central organ of the Communist Party, Nhan Dan, including comments made by the Deputy Head of the National Traffic Safety Committee’s Office applauding the work on drink driving by APIWSA.

**Issue framing/attention deflection: personal responsibility**

One aspect of CSR common globally is to promote education with a ‘drinking responsibly’ message, a framing which deflects attention away from industry practices, such as marketing and supply. However, such campaigns have considerable marketing potential in contexts with relatively low consumption among the young as they normalise alcohol use among the young and reinforce its role in western culture. In workshops held in co-operation with Ho Chi Minh City Youth Union as part of ABInBev’s campaign: Smart Drinking Goals. University students were told: “Beer and other alcoholic drinks are part of social etiquette in Vietnam and around the world.”

The alcohol industry protested against the proposed Health Promotion Agency as it would prevent them carrying out such CSR activities: *Draft law to prevent alcohol firms’ social responsibility programmes*, an example of CSR being used to avoid formalisation of measures into statutory regulation.

**Shaping the knowledge environment, control over research process**

Funding of research by the industry serves a number of CSR functions. In LMICs a preferred research topic is non-commercial alcohol which provides competition to the commercial brands. IARD funded Vietnamese researchers to survey informal alcohol use in 2014/15 and the paper emphasised the need for policy to address informal alcohol.

** Manufacture of doubt/ Inaccurate information**

Industry denied the causal relationship between alcohol and cancer referring to the Vietnamese Ministry of Health statement as ‘controversial’ and claiming “according to a scientific report 2018 of World Cancer Research Fund, only breast cancer is related to alcohol drinking but at low risk level”. This paper goes on to state alcohol is “not harmful to health but even good for health”.

The campaign to prevent establishment of a Health Promotion Agency also manufactured doubt regarding its likely effectiveness. In a letter from Heineken to the National Assembly members it was claimed a small number of countries had established this approach but ‘almost all .. have been abolished … or shown no clear effectiveness’. Heineken and the European Chamber of Commerce alleged wrong doing and ineffectiveness on the part of Thailand’s health promotion agency, Thai Health, which had been held up as a valuable model for Vietnam and had co-funded, with WHO, capacity building activities in the region.
Funding/donating

The full extent of donations is not known. Diageo received media coverage for a donation of 108 used computers to schools in Ninh Thuan Province. Heineken has tied its support for a drink driving campaign to expenditure on marketing its products; the company promised to earmark at least 10 per cent of its media spend on persuading Vietnamese consumers not to drink and drive.

Anecdotally it was said the red envelopes, traditionally given, containing funds to cover meeting expenses, contained more than usual at industry hosted workshops attended by journalists and policy makers.

After the proposal to introduce trading hours had been rejected, National Assembly members were asked in a media conference if interest groups had influenced the draft legislation, given reports some lawmakers had travelled abroad at the invitation of the alcohol companies. While denying influence the deputy head of the Committee on Social Affairs stated only “a few, if any, joined the businesses survey trips.”

Direct lobbying

Many letters were sent to National Assembly committees, local delegates and representatives of the National Assembly outlining concerns and recommendations for changes in the legislation. For example, the Eurocham letter to the Foreign Affairs Committee, which objected to the proposed ban on internet sale of alcohol, health warnings and the ban on branding of sponsored events was supported by letters from six European wine and spirits companies who wrote directly to Provincial Senator delegates to the National Assembly.

Support from trade and investment agreements

Many of the arguments made by the industry against the legislation were aligned with Vietnam’s aspirations as an economy open to transnational corporations and committed to economic development. Reference to Vietnam’s membership of trade treaties was used to justify and support industry friendly policies by both politicians and industry. In arguing against the Health Promotion Agency in favour of CSR Heineken referred to the Vietnam EU free trade agreement: “In fact, beer producing enterprises are doing effectively ‘corporate social responsibilities … in line with Vietnam’s commitment in Vietnam – EU Free Trade Agreement’.” Heineken also claimed restrictions on advertising were in contradiction to the country’s APEC commitments. References to trade agreements were also made by politicians when rejecting control of trading hours.

Economic benefits from the alcohol and advertising industries were a major theme. Speaking at a WHO/Ministry of health workshop shortly before the legislation was passed the Vice Chairman of the Social Affairs Committee, acknowledged adverse health and social consequences but said economic interests were also important and the alcohol industry brought taxes and employment. Relying on business to promote responsible drinking was also justified as an economic saving.

Public Health Input
Public health advocacy to support the Ministry of Health’s efforts came primarily from the country and regional office of WHO and from a few international agencies. Several meetings were held by WHO Western Pacific regional office (with support from Thai Health) which brought two or three Vietnamese personnel to regional meetings. The WHO country office provided support throughout the process but much of their effort was provided close to the final decision on the legislation. A Questions and Answers document was published in 2019\textsuperscript{40} and an overseas adviser was invited to speak at a meeting with politicians. Thai experts, supported by Thai Health, visited to share alcohol control experiences at a meeting with politicians and the technical group drafting the law. Local branches of the international NGOs Healthbridge and NCD Alliance were active in the debate and Vn NCDA, supported by The IOGT-NTO Movement, Sweden, sent letters to politicians and reached out to international NGOs, the Global Alcohol Policy Alliance and Movendi, which wrote letters to support evidence-based policy. The Vietnamese health sector also spoke out strongly against the weakness of the draft legislation.\textsuperscript{41}

Vietnam participated, in the International Alcohol Control (IAC) study,\textsuperscript{42} which provided some information used in the policy debate.\textsuperscript{43} Two studies which provided evidence on harm and inequitable effects of alcohol harm\textsuperscript{44,45} were disseminated to inform politicians.\textsuperscript{10,46} Some estimates were made of the cost of traffic injury and alcohol attributable cancer but generally data on the economic costs of alcohol harm and likely impact of control policy on employment\textsuperscript{47} were not available to rebut commonly presented industry arguments and nor were there any philanthropically funded initiatives comparable to those supporting tobacco control.

**Discussion**

This case study of Vietnamese policy development demonstrates a marked imbalance between the TNACs’ resources and their long-term engagement in countries targeted for market expansion, compared with resources available to promote alcohol control. Heineken, Diageo, Pernod Ricard and ABInBev, with a combined annual global revenue of approximately US$93.5 billion, were all active in Vietnam, as were IARD, Eurocham and APIWSA. Their campaigns reflected the importance of Vietnam for market expansion and as a model for other Mekong emerging markets. The resources available to support health interests were very much smaller and regional and international input was irregular and insufficient. The Ministry of Health officials worked hard and enlisted informal support from international scientists and NGOs but there was no equivalent to the long term relationship so crucial to successful lobbying which the industry built with the members of the National Assembly, or the well-resourced public-private partnerships. The industry succeeded in keeping conflict mostly latent by the long term development of a ‘partnership’ framing, applauding government efforts and providing a cohesive and consistent ideology which undermined acceptance of the evidence based policies.

The trade treaties and other international agreements which supported the Vietnam government’s commitment to transition from a socialist to a market economy were
frequently referred to by both industry interests and politicians; the chilling effect of trade treaties was demonstrated in this context. In contrast there was no reference in media or from politicians of any global normative statements on alcohol policy. The non-binding WHO Global strategy on reducing harmful use of alcohol, in place during the policy process, had no visibility and no apparent impact. This is in line with findings from trade treaty negotiations in which the binding health treaty, the Framework Convention on Tobacco Control (FCTC), played an important normative role in trade discussions about tobacco and the Global strategy on alcohol was largely invisible.

This case study of Vietnam exemplifies industry efforts to shape alcohol policy to prevent any threat to their sales and profits. Industry profits rely on heavy drinking and effective policy reduces heavy drinking. Acceptance that it is legitimate for alcohol businesses to lobby, without acknowledgment of extent of the conflict of interest between industry interests and population wellbeing, left politicians open to conscious or unconscious bias in favour of industry arguments. Unlike the global response to the conflict of interest of the tobacco industry, where Clause 5.3 of the FCTC specifically requires governments to prevent industry influence on policy development, there was no equivalent protection for the development of alcohol control policy.

Asia remains a major focus for the TNACs. The same pattern of engagement is visible in other potential growth markets such as Cambodia and Myanmar. The TNACs are well underway with building the long-term relationships which will serve their interests and the global governance environment has remained unsupportive to regulation to protect their populations.

**Conclusion**

This case study illustrates industry influence resulting in much less effective alcohol control policy than that originally proposed by the government health sector. The industry developed a long-term close engagement with policy makers and used CSR, including public-private partnerships. In direct lobbying the industry manufactured doubt and framed arguments to deflect attention away from their practices. The input from global transnational corporations and related organisations with huge resource; the supportive economic agreements, reference to which was used to chill the uptake of effective policy; the absence of any global health treaty providing a normative position and protection against industry influence, and the lack of adequate and timely public health resource all contributed to a failure to protect the Vietnamese population from continued expansion of the alcohol market with consequent increases in alcohol harm.

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