

Are closures and wage cuts coming?

Teamsters worried about foreign buyout of Anheuser-Busch

By KEVIN MADDEN
The St. Louis Labor Tribune
and Press Associates

ST. LOUIS — The Teamsters Union — which represents 7,000 workers at St. Louis-based Anheuser-Busch's 12 breweries nationwide — fear a buyout by Belgian brewer InBev will take the company deep into debt, resulting in layoffs and an erosion of working conditions.

“(InBev’s) management techniques are partly borrowed from corporations such as Wal-Mart.”

A deal to buy Anheuser-Busch — maker of Budweiser beer — for \$52 billion was approved by its board in mid-July, after they first rejected the offer and lobbied some congressmen to help block it.

The board's reversal upset the Teamsters.

Anheuser-Busch-produced beers make up 46 percent of all U.S. beer consumption. If a takeover is successful, the merged companies are expected to control about 25 percent of the world beer market.

Teamsters are telling workers to expect possible layoffs, wage cuts, higher worker health care costs, inferior health benefits, and decreases in future pensions if the deal goes through.

Almost 1,000 of the 7,000 Teamsters' members work at the corporation's flagship St. Louis brewery as bottlers, brewers, oilers, security guards and Clydesdale horse drivers and handlers, said Teamsters Local 6 President Bob Gartner.

But it isn't the only union facing the InBev takeover.

Other union employees at the St. Louis complex are represented by the Machinists, the Electrical Workers, Painters, Carpenters, Sheet Metal Workers, the Iron Workers and Plumbers and Fitters unions, Gartner said.

In addition, building trades workers employed by outside contractors work on projects at the brewery.

InBev said it would maintain all Busch breweries, predicted no significant job losses, and expected little or

no impact on union jobs.

But the Teamsters are skeptical. “After closely studying InBev's corporate history and buyout offer,” the Teamsters are concerned with safeguarding “the unique legacy of Anheuser-Busch, a proud union company and American icon, built by generations of Teamster workers,” said Vice President

Jack Cipriani, director of its Brewery and Soft Drink Workers Conference. Cipriani said the union assigned a team of experts to examine the proposed takeover.

After the deal was announced, Cipriani asked to meet InBev's CEO to get an explanation of the huge debt InBev would take on and how it would be paid for without layoffs, closures, and cuts in pay and benefits.

The consensus on Wall Street is that InBev is offering an exorbitantly high price for A-B, which would put it under heavy pressure to service the debt by selling assets and slashing costs. Speculation already abounds that the first thing to go will be the company's other divisions, which are not directly beer-producing, such as its Entertainment Division, theme parks, and can manufacturing plant.

“If the pattern InBev management has followed overseas is any clue, labor costs will likely be one of the first places it will seek to make cuts,” the Teamsters said.

One analyst told MarketWatch that “InBev is run by a bunch of machete-wielding investment bankers who go around and cut costs wherever they can.”

The Teamsters say such an approach “could leave the new owners with a ‘demoralized work force and tarnished brands.’ ”

The union also says that Anheuser-Busch retirees could be unprotected in the takeover. Workers' current retiree health care protections are worth thousands of dollars per year. If InBev needs to service billions in loans, re-

tiree health care could be a cost-cutting target.

“Consumers and the public see Budweiser as the last of the great American beers,” the Teamsters Union said. The Wall Street Journal calls Anheuser-Busch “a potent symbol of Americana.”

“But it's more than patriotism that gives people pause about the InBev buyout. Workers don't always fare well when outside conglomerates buy breweries,” the Teamsters warned.

The union pointed to the buyout of Miller Brewing's U.S. operations by South Africa Breweries.

“Since then, SAB has demanded hikes in workers' health care costs, elimination of overtime after eight hours, elimination of seniority rules

and drastic cuts in staffing levels. At the three Teamster-represented Miller breweries, we successfully fought back those demands during contract negotiations. But those demands were implemented at the non-Teamster breweries. We don't want that to happen at Anheuser,” the union noted. InBev has adopted the management style of its Brazilian subsidiary, AmBev, of extensive cost-cutting and incentive-based employee compensation, the Teamsters noted.

“It operates under a system that stresses raising efficiency and cutting costs — including labor costs,” the union said. “The company's management techniques are partly borrowed from corporations such as Wal-Mart.”

The Teamsters said InBev laid off

hundreds of workers in plants in Europe and Canada, and has rocky relations with employees and unions there.

“Belgian workers struck over attempts to force longer work hours, close breweries and lay off hundreds. When workers at its Newfoundland Labatt plant struck, InBev hired an outside security force.”

InBev closed Labatt's Toronto brewery, wiping out 265 jobs.

Roger Van Vlasselaer, national coordinator of the largest InBev union in Belgium, says InBev is pushing workers harder and harder: “They practice a brutal form of capitalism where only profit counts and everything else is disposable,” he says.

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