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MOFCOM approves InBev, AB merger

China's Ministry of Commerce (MOFCOM) yesterday gave the nod for Belgium brewer Inbev's $52 billion takeover of Anheuser-Busch Cos Inc (AB), but said the two parties are not allowed to increase their ownership stakes in domestic beer companies without approval from the ministry.

This is the first acquisition deal that has passed MOFCOM's review under China's Anti-Monopoly Law since it took effect in August, a ministry spokesperson said.

MOFCOM concluded that the tie-up of the two companies would not restrict competition in the domestic beer market.

However, to maintain a competitive environment, the ministry also instructed that without its approval, AB could not raise its 27 percent share in Tsingtao Beer and Inbev could not increase its 28.56 percent share in Zhujiang Brewery Group.

Also, the two parties are not allowed to acquire shares in CR Snow or Beijing Yanjing Brewery, two of the largest domestic brewers, the statement said.

The conditional approval of the acquisition deal is aimed at upholding fair competition in China's beer market and to protect major domestic brands, said Huang Qiong, a research analyst with Euromonitor International.

Currently, Inbev and AB jointly have a 13 percent share of China's beer market, according to the market research firm.

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