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**The Pressure of New Innovations on Transnational
Cartels and Trade Organisations.**

**The Tin Can and the Increased Competition between the Swedish
and Danish Brewing Industries since the 1950's**

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Introduction

In the following working paper, I will discuss the new opportunities that followed the institutional changes after the WW2. To be more precise, my aim is to create a better understanding of how and why new innovations and innovation systems threatened the stability of national and international cartel agreements and distribution systems. I shall focus on the market integration between the Danish and the Swedish brewing industry during the 1950's until the mid 1970's, and how a new innovation – the tin can – challenged the market stability and opened up alternative means for both production and distribution of beverages across the borders.

In the aftermath of the war, a new institutional framework concerning cartelisation and increased competition was established in most parts of Western Europe as well as in the Nordic countries.¹ The old corporate system, characterised by strong national cartels was threatened by de-regulations and a more liberal legislation, whose main purpose was to increase competition and to rationalise the structure of the economy. In theory, the new institutional framework should create more competitive and efficient companies that in the end would lead to increased competition and raise the industrial output and productivity. In the perspective of Alfred Chandler, the development that followed the de-cartelisation was often characterised by the formation of managerial controlled hierarchical combines, which in most sectors replaced the old family controlled enterprises.² However, the new legislative framework also opened up new possibilities for innovators and entrepreneurs who saw new opportunities in a deregulated market. These opportunities, as Schumpeter so rightly stressed, could mean the introductions of new utilities and means of production, but also new markets which were opened up and new organisational patterns that threatened the old structure, for example an old monopoly situation.³

The changes in the Swedish market structure after the war paved way for new domestic breweries to compete with the bigger combines for greater market shares. But it also had consequences for the trade between Denmark and Sweden. In this context, the changes in the retail trade sector and distribution systems are the most important factors which can explain the increased Danish presence on the Swedish market. Furthermore, it challenged the corporate nature of the Nordic brewing industries, since each country's trade association had a long history of cooperation in business organisations and cartels.

¹ Harding, C. & Joshua, J. 2003, p. 102ff.

² Chandler, A.D. 1980, p. 38f.

³ Schumpeter, J.A. 1968, p. 66.

Context

During the interwar years, the Nordic brewing industry was organised in national trade associations and cartels. This organisational structure developed at the beginning of the 20th century and two years before the First World War, the Danish, Norwegian and Swedish trade associations founded the Nordic brewing industry cooperation. The study will be directed to the changes in the institutional framework as well as the importance of entrepreneurs who carried innovations such as the introduction of beer bottled in tin cans and new distribution systems. The institutional changes in the 1950's concerning legislation to increase competition and the structural changes that followed, are the most important factors which can explain the abolishment of the Swedish brewing cartel. It also seems quiet clear that after the demise of the cartel, foreign breweries, such as the Danish, no longer had any organisational obstacles in competing with the Swedish actors, as the formal agreements between the two countries trade associations no longer existed.

There were changes in the institutional framework (especially the competition laws) in both countries, but the outcome was different. As late as 1993, the OECD criticised the Danish system for its inability to control trusts and price regulation. While the Swedish brewing industry (or at least the big actor Pripps Brewery) concentrated their effort trying to secure its home market, the biggest combines in Denmark Carlsberg and Tuborg (DfB) could expand throughout the world.⁴

The Nordic Cooperation

The Nordic brewing industry cooperation was established in 1911. It consisted of the trade associations from Denmark, Norway and Sweden and was formalised as the Scandinavian Brewing Convention. By the time the Finnish trade organisation was invited to become a full time member in the mid 1950's, the conventions were replaced by meetings with each association's chairman.⁵ There is no evidence that the Convention stated any formal multilateral or bilateral cartel agreements, to prove this we need further investigations. During the interwar years it seems like the high transport costs and the fact that the national distribution systems consisted of returnable bottles were the main obstacles preventing any major cross-border competition. The restricting alcohol policy and the liquor-ratio book system in all countries except Denmark were also great barriers preventing any serious market integration.⁶

⁴ Iversen, M. J. 2004, p. 3ff. For further discussions on the subject, see: Boje, P. & Kallestrup, M. 2004 and Sandberg, P. 2006.

⁵ Nordenfelt, B. 1960, p. 260.

⁶ Schramm-Nielsen, J, Lawrence, P. & Sivesind, K.H. 2004, p. 54ff.

The Danish and Swedish Market Development

In 1946 the Swedish brewery association *Svenska Bryggareföreningen* (SBF) and the Danish counterpart *Bryggeriforeningen* (BF) had a meeting in Sweden. During the negotiations both parties formally agreed on paper that the distribution of beer on each others home markets should be restricted to Corps Diplomatique only. A fixed minimum price on duty free ship's provision was also agreed upon. In case of any special needs for Danish or Swedish brewery to export limited quantities of beer, it should be approved by both countries trade associations.⁷ These bilateral cartel agreements were effective as long as Swedish beer stronger than 3.2 weigh per cent of alcohol was prohibited. When the Swedish alcohol policy became more liberalised in 1955 and the so called "strong beer" (class III) was introduced for sale through the government controlled retailer *Systembolaget*, the first step to increased competition and market integration was taken.⁸ Another important factor was the demise of the Swedish cartel *Bryggeriidkareförbundet* (a subsidiary SBF) in January 1956, which had the effect that the majority of the local or regional monopolies had no possibilities to survive.⁹ But there was still a major obstacle for foreign breweries to enter the Swedish market, especially the restriction to distribute beer stronger than 3.2 per cent alcohol to the private retail trade sector. The consequence was that foreign breweries had to produce a special quality compatible for the Swedish market. Furthermore, the private retail trade sector (mainly grocery stores) still had close connections with the local breweries, since they had monopoly on the wholesale distribution.

At the same time as the Swedish beverage market was liberalised, the Danish breweries, especially Carlsberg and Tuborg, launched an attack on foreign markets, focusing on Great Britain, Belgium and not at least Sweden. While the Danish local breweries concentrated their efforts on the home market, Carlsberg and Tuborg could expand throughout the world at the same time as they maintained their strong position at home (80 percent of the domestic market between them). As the export expanded there was no significant growth in import. Two factors have been put forward to explain this limited foreign competition. The Danish consumers were extremely loyal to local brands, but the most important factor was the high costs to enter the Danish market, since the domestic breweries had their own distribution system and there was no wholesale dealers trying to compete with the wholesale monopoly.¹⁰ It is also important to stress the long-lived limited competition in the Danish brewing industry:

⁷ Pripps Bryggerier, Pripp & Lyckholms archive, agreement between Bryggeriforeningen och Svenska Bryggareföreningen 1946, bilaga till direktionsprotokoll Dp 719, A3 BA:58, C76:1, GLA.

⁸ Sandberg, P. 2006, p. 212f.

⁹ Sandberg, P. 2006, p. 77ff.

¹⁰ Boje, P. & Johansen, H.C. 1998, p. 70.

“In May 1987 the monopoly authorities published a detailed investigation of the brewery industry concluding that the price agreements and the distribution system limited competition and caused a high degree of concentration on the market.”¹¹

The situation for the Swedish breweries was in many ways the opposite of the Danish development during the 1950's and 1960's. The demise of the cartel and the changes in both the retail trade structure and the wholesale sector led to a dual development process. Even though the cartel formally had ceased to exist, the restricted rules of competition were informally maintained. In the end, this path-dependent behaviour paved way for the two biggest combines consolidation; Pripp & Lyckholm (P & L) in Göteborg and Stockholms Förenade Bryggerier (StB). They were able to expand without hardly any competition from the breweries who still managed to survive as local independent companies. Contrary to Carlsberg and Tuborg, the Swedish breweries didn't put any serious effort to expand outside their Swedish home market, since they were occupied strengthening their position on the home market. When both parties concerned had reached their maximum market position in their geographically well defined home market the competition increased, but only for a short while. In late 1963 StB and P & L merged, and together they formed *Pripps*, a combine with a 60 per cent market share. Besides the benefits in production and distribution of scale, one of the main reasons that the merger took place was that a stronger combine had a better chance to expand on foreign markets. This was said to be a necessity since the EFTA agreement in 1960 had opened up the market for free trade between the member states and increased cross-border competition.¹²

The Opening of the Swedish Beverage market

Since the abolishment of the cartel in 1956, the major combines in Sweden had strengthened their positions. At the same time it is important to notice that a few relatively small breweries, who were never organised by the cartel, entered the market. Three of these were co-operative companies, but the most important one was a small independent brewery called *Tingsryds Bryggeri AB*, situated in the southeast of Sweden. Together with the largest package industry company – *Plåtmanufaktur AB* (PLM, later Rexam) – Tingsryd manage to expand their market share during the early 60's. The reason that has been put forward to explain this situation is that they had no connections with the old cartel, but also that both PLM and Tingsryd understood the needs of the retail trade sector and the cooperation with the major whole-trade companies.¹³ Furthermore, they

¹¹ Iversen, M. J. 2004, p. 10.

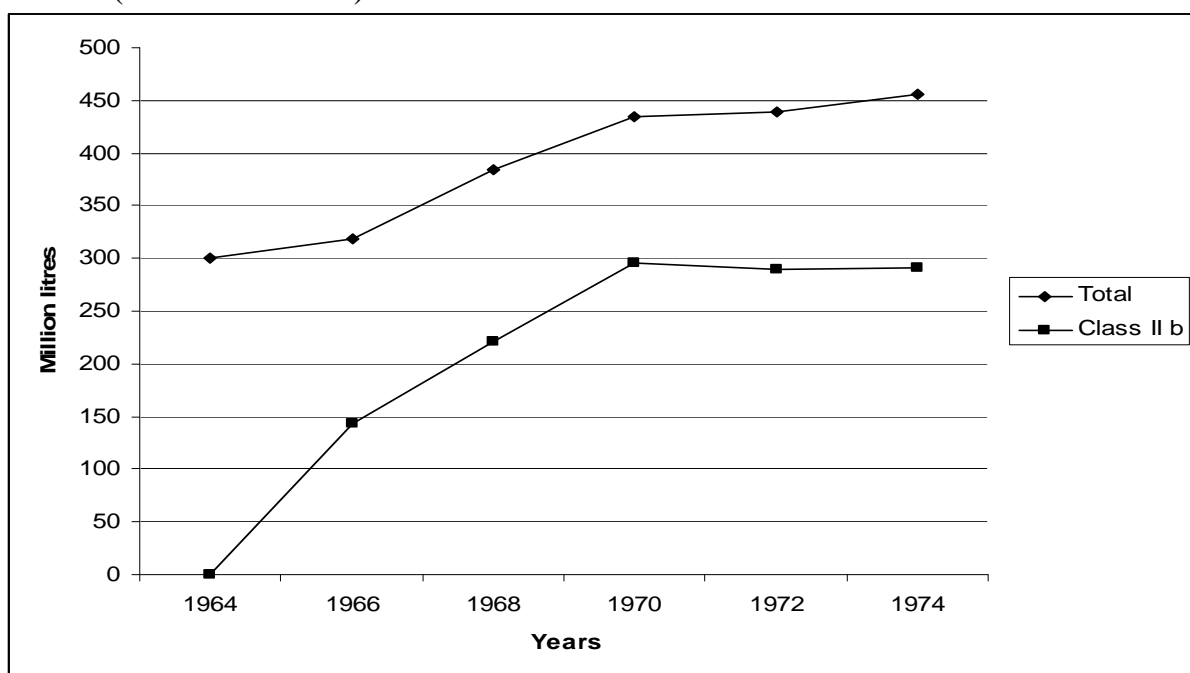
¹² Sandberg, P. 2006, p. 133ff.

¹³ Sandberg, P. 2006, p. 218ff.

developed a common strategy to introduce the tin can to the major grocery stores (the so called supermarkets).¹⁴ This was a serious threat to the returnable-bottle system, which had been the common distribution system for the last seventy five years and a way for the cartel to control the market.¹⁵

Even though Pripps became the leading actor on the Swedish market, there were still a few domestic breweries that threatened their position. This “threat” was never considered from Pripps point of view. The most serious competition came from abroad, mainly from the Danish breweries Carlsberg and Tuborg. One of the main reasons for this situation was the introduction of a medium strong beer (class IIb) in 1965. This beer was compatible with the European premium-beer standard and was permitted to be distributed and sold through the private retail sector. The success that the tin can enjoyed in the distribution system (wholesalers and supermarkets) paved way for foreign breweries to enter the Swedish market by greater force than before.

Figure 1. Total sales of dutiable beer and the share of class IIb in Sweden 1964 – 1974 (in million litres)



Source: Svensk Bryggeritidskrift 1965, p. 443, SIND 1976:6, p. 42.

Since the class IIb beer was distributed and sold through private retailers, the increase in sales meant that the system of returnable bottles became more inefficient, especially since the market shares for domestic independent wholesalers got bigger after 1965. It was the independent breweries that started

¹⁴ The tin can was introduced 1955 in Sweden, when StB introduced Tree Town export beer for sale on foreign markets and through the Swedish retail monopoly Systembolaget. (Boken om burken. 1980, p. 8.)

¹⁵ Sandberg, P. 2006, p. 218ff.

to cooperate with the wholesalers since they were the ones with limited distribution facilities to reach a nation wide distribution.¹⁶

Table 1. Swedish and Danish import and export of dutiable beer 1955 – 74 (annual average in million litres)

Year	Import/Denmark	Import/Sweden	Export/Denmark	Export/Sweden
1955-59	0	1,7	59,6	1,4
1960-64	0,2	4,6	73,0	1,2
1965-69	2,2	31,6	112,6	1,2
1970-74	3,0	32,4	204,1	2,8

Source: Statens Offentliga Statistik, Statistiska Centralbyrån (Sweden) and Boje, P. & Johansen, C. H. 1998, p. 71.

As showed in Table 1, the import of dutiable beer to Sweden rose rapidly after the introduction of class IIb in 1965. The largest share came from Denmark, but the import from both Netherlands and Great Britain was substantial. In 1960, half the quantity of foreign beer sold in Sweden was Danish.¹⁷ Ten years later, 71.5 per cent came from Denmark, 14.5 per cent from Netherlands and 6.0 per cent from Great Britain. However, in 1975 the share of the Danish import had rose to 90.1 per cent, with a volume close to 40 million litres. At the same time the import from Netherland and Great Britain had gone down to a very low level, and the only substantial challenge apart from Demark came from Finland.¹⁸

The Negotiations

During the interwar years, the Nordic cooperation was formalised through the Scandinavian Brewing Convention and each country's trade association. It is not clear why the bilateral negotiations between the Danish and the Swedish trade associations started in 1946, but it seems possible that the slow but steady growth of the international market after the war can explain the needs to arrange cartel agreements. Whatever reason, the two major Danish breweries Carlsberg and Tuborg had a home market share exceeding 70 percent during the interwar years. This position was maintained after the merger and the establishment of *De Forenede Bryggerier* (The United Breweries) in 1970.¹⁹ The Danish Brewers association was the formal organiser of national cartel agreements and minimum prices on beer were maintained until 1988. Furthermore, Carlsberg and Tuborg had a profit-sharing agreement before the merger, which had non-competitive

¹⁶ Pris- och kartellfrågor 1972: 6-7, p. 82.

¹⁷ Pripps Bryggerier, Pripp & Lyckholms archive, bilaga till direktionsprotokoll Dp 934, SBF statistik 14/4 1960, A3 BA:95, C76:1, GLA.

¹⁸ SIND 1976:6, p. 45. Until 1971, the majority of the import from Netherlands came from Heineken. When the Dutch combine signed a licensing deal with the expanding Swedish brewery Falcon Breweries, the import figures fell dramatically (Sandberg, P. 2006, p. 247).

¹⁹ Boje, P. & Johansen, H.C. 1989, p. 263. Boje, P. & Johansen, H.C. 1998, p. 70.

effects.²⁰ These factors gave an internal non-competitive structure to the Danish brewing industry, a structure that the Swedish counterpart lost when the cartel was abolished in 1956. Up until the merger between P & L and StB in 1963, there was no brewery in Sweden with a market share exceeding 40 percent. When Pripps was established, the company took over the old cartels function as chief negotiator with their counterparts in Denmark. As we will see later on, this was an impossible task for the home market oriented company.

The Failure of the Swedish Beer Export

It is problematic to investigate the Swedish breweries activities on foreign markets. The main reason being that such a market hardly existed! As showed above in Table 1, the export from Sweden was at a very low level. Before 1955 it was close to nothing.

Just after the Second World War, the three largest combines, StB (Stockholm), P & L (Göteborg) and Malmö Förenade Bryggerier (MfB), started to discuss the possibilities to create a common export company. An informal agreement was settled in Göteborg on November 1945 when the idea of a sales company was introduced. The main purpose was to avoid competition on foreign markets and to limit the marketing costs, which should be split between the three breweries. All parties concerned should as far as possible standardise the quality and the bottles. The largest shareholder was planned to be StB (45 percent), followed by MfB (30 percent) and P & L (25 percent). The Headquarter would be located in Göteborg, the main port of Sweden were most of the largest shipping companies operated.²¹ In 1948 the company was established as *Swedish Beer Export Co Aktiebolag* (SwB).²²

In 1949, a common trademark was created. The brand *Tree Towns* (soon to be known as “TT”) was meant to be an export only premium quality beer.²³ As shown in Table 1 above, there were negative growths by absolute means up until 1970. As said before, it’s interesting to note that one of the main reasons that the merger took place was that a stronger combine could have a better chance to expand on foreign markets. After the merger between P & L and MfB in 1961, both P & L and StB were aware of the importance of a more aggressive export strategy, and a closer cooperation between the two companies could have opened up for a joint venture on foreign markets.²⁴ What happened was the complete opposite and the so called “war of beer” during 1961 – 1963

²⁰ Boje, P. & Johansen, H.C. 1998, p. 72.

²¹ Pripps Bryggerier, Pripp & Lyckholms archive, the creation of Swedish Beer Export Co 29/11 1945, bilaga till direktionsprotokoll Dp 719, A3 BA:58, C76:1, GLA.

²² Pripps Bryggerier, Pripp & Lyckholms archive, agreement concerning the creation of a joint company, November 1948, bilaga till direktionsprotokoll Dp 782, A3 BA:33, C76:1, GLA.

²³ Pripps Bryggerier, Pripp & Lyckholms archive, correspondence between StB and P & L 8/3 1949, bilaga till direktionsprotokoll Dp 795, A3 BA:64, C76:1, GLA.

²⁴ Carlsberg Sverige, Stockholms Bryggeriers archive, PM 30/5 1961, F3 B:1, CfN.

effectively put an end to all great plans for time being. SwB was close to collapse, and it wasn't until the negotiations concerning the merger in mid 1963 that the question became important again.²⁵

The only substantial effort to create a stronger position outside Sweden took place when Pripps became part of *SKOL – International*, a sales and marketing cooperation between European and North American breweries, where the two main actors were *Allied Breweries Ltd* (UK) and *John Labatt Ltd* (Can). A brewery in Mallorca, where P & L had a minor interest since 1962, became a sub-division in 1969. None of these engagements became successful, and Pripps abolished them in 1973. Pripps also tried to get a position on the Danish market when they bought the majority of the shares in *Ceres Bryggerier AS* in the late 1960's. It was hardly an offensive export strategy, and the only positive outcome was that Pripps had a stronger position in negotiations with the Danish main brewery *De Forenede Bryggerier* (Carlsberg/Tuborg, DfB) in the mid 1970's.²⁶

By this time, Pripps had developed into a diversified multi-divisional hierarchical company, and the top management wanted to sell a majority of the company's shares either to the Danes or to the Swedish government. In the end, it was the Swedish government that bought the majority of Pripps brewing division, though discussions with DfB continued. Pripps, which had taken over the roll as negotiator with the Danish brewing industry concerning the import to Sweden, had only one triumph card left – the ownership of Ceres Brewery in Aarhus, Denmark. The outcome of the negotiations was a licensing deal, which gave Pripps the exclusive rights to the strongest Danish brands – Carlsberg and Tuborg.²⁷

The Importance of the Tin Can

It is about time that the importance of the tin can is put forward. The tin can is in this context understood as a disruptive innovation. C. M. Christensen, as Schumpeter before him, stressed the importance to analyse the function of new innovations, both technical, organisational and as combinations of production of commodities and market structures. Schumpeter explained a combination or “new combination”: “To produce other things or the same thing by different method, means to combine these materials and forces differently.”²⁸ Christensen chooses to discuss these combinations as a “... value network – the context within which a firm identifies and responds to customers' needs [and] solves problems ...”²⁹ The most important factor in this context is the role of innovations (and entrepreneurs for that matter) when a new combination or a

²⁵ Sandberg, P. 2006, p. 150ff.

²⁶ Sandberg, P. 2006, p. 278ff.

²⁷ Sandberg, P. 2006, p. 324ff.

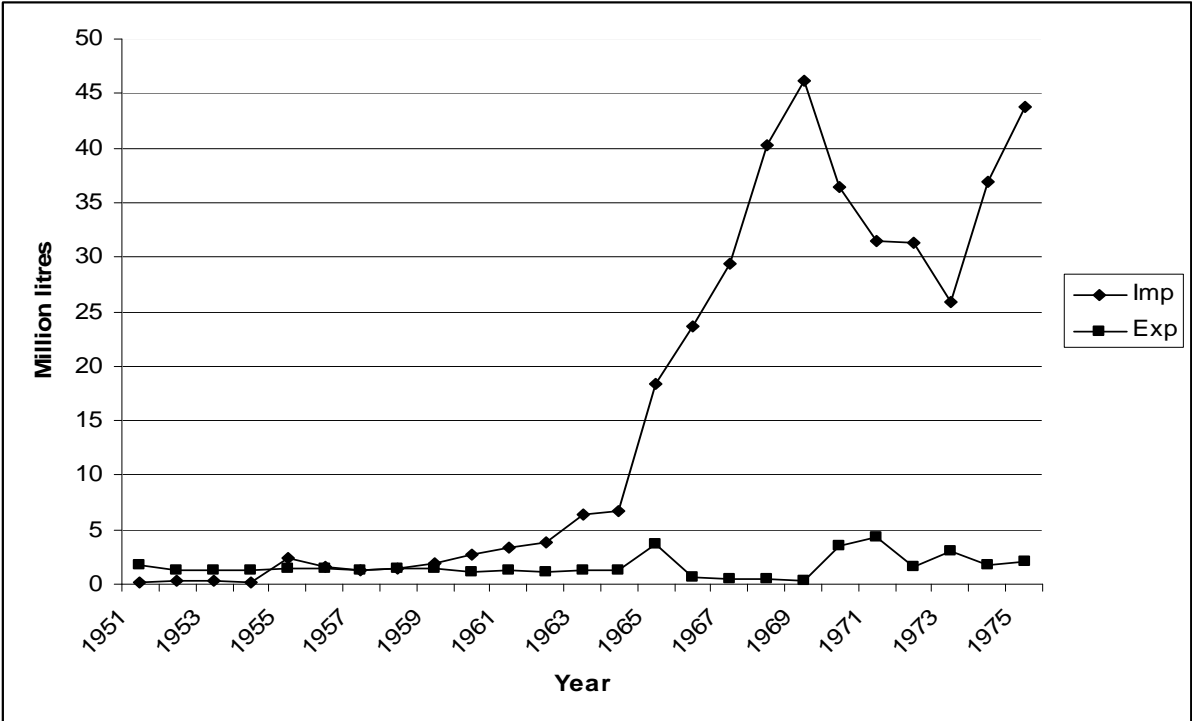
²⁸ Schumpeter, J. A. 1968, p. 66.

²⁹ Christensen, C. M. 2003, p. 36.

value network is created. Christensen emphasizes the disruptive innovations, the ones that is commercialised by trial and error by new companies, but in the end is taken over by the established firms.³⁰ The history and development of the tin can on the Swedish and Danish market can be understood by this model.

The use of tin cans for bottling and distribution of beer was first introduced in Sweden in the mid 1950's. As discussed above, it was PLM who took the first step and commercialised the system, but the brewing industry didn't show any interest to begin with. When, in the late 1950's, PLM did find a companion (Tingsryds Brewery) they launched a big campaign to introduce the idea to the department stores, the ones that had developed a "super market system". By the turn of the decade a combination between PLM, Tingsryd, some important retail and wholesale traders had emerged to support the tin can as part of a new distribution system. It became a success, and Tingsryd took substantial market shares during the process. It didn't take long before the major brewery combine Pripps accepted and supported the new non-returnable package system and became an important shareholder in PLM. Another outcome of the creation of the new combine was that some of the smaller and medium sized breweries manage to expand as the distribution partly was taken over by wholesale agents. By the time the medium strong beer (class IIb) was introduced in 1965, the new combine or value network was in place.³¹

Figure 2. Import and Export of Beer in Sweden 1951 – 1975. Million litres



Source: SOS Handel/utrikeshandel 1951 – 1975.

³⁰ Christensen, C. M. 2003, p. 49ff.

³¹ Sandberg, p. 2006, pp. 193ff, 197, 219, 291f.

The comparative statistics in Table 1 shows that the import growth of beer to Sweden was dramatic after 1965, and in Figure 3 above the point is made even clearer – the growth in import conjunct very clearly with the introduction of class IIb. For the exporters, it was important to use non-returnable bottles or (as in most cases) tin can, since they weren't part of the national deposit system. As a consequence, all beer that was imported to Sweden by the mid sixties was non returnable tin cans or bottles.³² This fact is important to keep in mind because it meant that countries that did not accept a non-returnable bottling and had a “closed” distribution system had a protectionist advantage. The Danish wholesale monopoly and the law against tin cans is probably the most important factor that explains the extremely low import figures during the period, not the consumers loyalty to local brands as mentioned before. The Danish breweries had accepted a minimum of domestic distribution of tin cans long before the law was implemented in 1981.³³

As shown in Table 1 above, the import of beer to Denmark was as low as 3 million litres a year in the first half of the 1970's. Between 1975 – 1979 the annual average fell by about fifty percent and during the period 1980 – 1984 it was as low as 200 000 litres a year. It rose again and by the mid 90's, when the annual import was in average 2.7 million litres. If we compare these figures with the Danish export during the same period, the difference is dramatic. In the period of 1960 – 1964, the annual average was 73 million litres. Thirty years later, 1990 – 1994, it had risen to 256 million litres per year.³⁴ The statistics for Sweden for the period after 1975 is not compatible, since Pripps made a licensing deal with DfB and the distribution of class IIb beer was prohibited by law in 1977. This had a very negative effect on the whole industry, especially the small and medium sized breweries.

The Commission of the EEC, EU and the EEC Court of Justice had a very negative opinion concerning the Danish law against tin cans which they saw as an obstacle for free trade. The Danes on the other hand used environmental factors as a defence for the restrictions. However, by 2002 the Danish government complied and the law was abolished the same year.³⁵ The effects are visible in Figure 3 below.

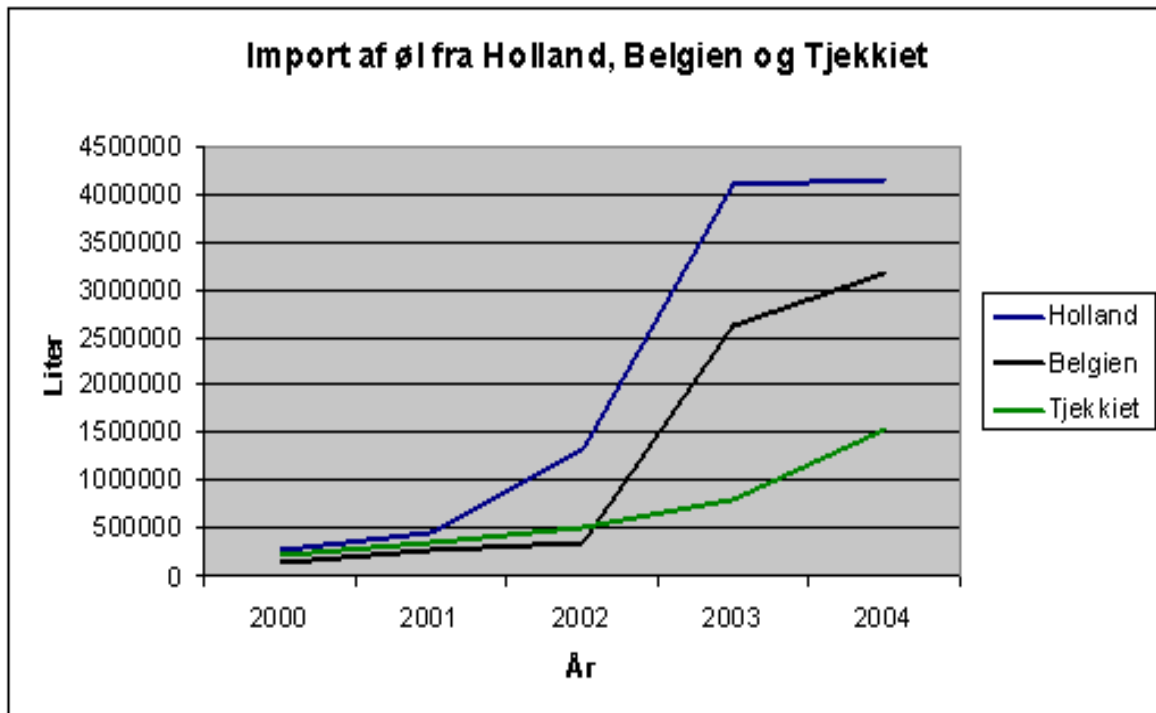
³² *Svensk Bryggeritidskrift* 1966, p 238.

³³ Affärsdata: www.ad.se.ezproxy.ub.gu.se/aa/aa.php?zbwsession=0000892244 (20070523). Article by TT 19840111).

³⁴ Boje, P. & Christensen, C. H. 1998, s. 71.

³⁵ Affärsdata: www.ad.se.ezproxy.ub.gu.se/aa/aa.php?zbwsession=0000892244 (20070523). Articles by TT 1984-01-11 and 1998-10-05.

Figure 3. The Danish imports of beer from Netherlands, Belgium and Czech Republic 2000 – 2004 (litres).



Source. Danmarks statistik. www.dst.dk/OmDS/BagTal/Arkiv/12-04-05. (2007 05 22).

By the year 2000, the total beer import to Denmark was 700 000 litres, in 2004 it reached a level of 8.9 million litres. The main competition came from Germany, UK, Holland, Belgium and the Czech Republic.³⁶ The Danish consumers did not change their behaviour dramatically. The import of beer had risen, but not as much as expected – the local brands still hold their positions.³⁷ After the mid 1970's, Carlsberg had grown to become one of the worlds leading brewery combines. At the same time, Pripps went through many changes in ownership and management, factors that can explain the weak performance on the domestic market as well as their absence on the international market. By the turn of the millennium, Carlsberg bought Pripps and it became a division of Carlsberg.

Conclusion

The development of the Swedish and the Danish brewing industry after the Second World War clearly shows the importance of institutional changes, changes that paved way for new combinations in production, wholesale and the retail trade sector. In Sweden, the demise of the cartel opened up for structural changes, and by the mid 1960's a combine with over 50 percent market share had been created. It is important to notice that Pripps (or P & L, StB and MfB

³⁶ Danmarks statistik. www.dst.dk/OmDS/BagTal/Arkiv/12-04-05-fremgang-for-udlandsk-ol.aspx (2007-01-10).

³⁷ Affärsdata: www.ad.se.ezproxy.ub.gu.se/aa/aa.php?zbsession=0000892244 (2007-05-23). Article in Dagens Nyheter 2003-08-25.

before them) never had any success on the international market, using all their capabilities to strengthen their position on the domestic market. During the same time, a new combination including the relatively small brewery Tingsryds Bryggeri, the package company PLM and different wholesalers and retail traders was created. One of the most important factors underlying this process was that the cartels monopoly on distribution was abolished. Another important factor was the introduction of the tin can. The only way that the independent whole traders could take part in the beer distribution was to create a non returnable system. The tin can was the solution to this problem, and by the mid 1960's a new combination was established.

The most important step concerning the liberalisation of the Swedish alcohol legislation was the introduction of a medium strong beer – class IIb. To understand the importance of this reform, we need to look at it as an organisational innovation. Together with the structural changes in distribution and packaging, the class IIb created a new system of combinations. Small and medium sized breweries entered the market by greater force than before and the growth was exceptional. The introduction of class IIb was a success, not only for the domestic breweries. It was the first time that the international brewing industry could enter the Swedish market by some scale – especially the Danish breweries Carlsberg and Tuborg (later DfB).

The history of the Danish and the Swedish brewing industry shows both similarities and differences. During the interwar years, both countries had corporate structures and the cartelisation of the brewing industry was deeply rooted. Nearly all of the breweries took part in this organisational pattern. The big differences were that the Danes had a more “liberalised” alcohol policy and they never developed legislations as strict as the Swedes. As a consequence the big breweries in Copenhagen (Carlsberg/Tuborg) had a very strong position on the domestic market by an early stage, and at the same time were building up an export strategy which paid off during the 1950's. As long as the cartel agreements between the two countries were accepted and formalised bilateral non-competitive agreements, there were no market integration at all. Obstacles such as high transport costs and closed distribution systems were also important factors which can explain the domestic monopoly situation. As soon as the Swedish alcohol legislation was liberalised and the cartel had disintegrated in the mid 1950's, the Danish breweries launched their “attack” on Sweden. But it is important to keep the introduction of class IIb in mind, a reform that was of great importance to the foreign breweries. For the first time in over fifty years, a medium strong beer was allowed to be distributed and sold through the private retail trade sector in Sweden.

The increased import to Sweden was made possible because of the demise of the cartel, the standardisation of beer (class IIb), a new combination and the fall of the breweries monopoly on distribution and the introduction of a non-returnable system. The tin can and to a lesser extent the non-returnable

bottle was the innovations that made the new distribution system work. It is no coincidence that all of the imported beer to Sweden was bottled and distributed in non-returnable package. By the mid 1970's, more than 90 per cent of the imported beer came from Denmark, which led to negotiations between DfB and Pripps. DfB had an interest in purchasing the majority of Pripps in the early 70's, but the affair fell through when it became clear that the Swedish Government had bought 60 percent of the company's shares in 1975. Instead, DfB and Pripps started negotiations about a licensing deal. In 1975, Pripps and DfB made a deal and Pripps got the exclusive rights to brew and distribute the most important of the Danish brands – Carlsberg and Tuborg – in Sweden.

The Danish case is, as we have seen, a different story and there has been different hypotheses trying to create a hypothesis why the domestic market in Denmark was as closed as it was. The import of beer to Denmark was very low during the whole period and the protectionist behaviour is the most important factor to put forward. The legislation against tin cans was an effective import barrier and made it very expensive (or impossible) to enter the Danish market. Even before the law was implemented in 1981, the brewing industry and the cartel had made agreements to avoid tin cans or other forms of non-returnable package in their distribution network, but only in Denmark. The export companies had relied on the advantage of the tin can. When the law finally was abolished in 2002, the import growth raised substantially. However, it is too early to observe any long term effects and it seems like the Danish consumers are still loyal to their domestic brands. But we do not know for how long.

Postscript

There is a need for further investigations concerning the brewing industry market integration in Denmark and Sweden (and the rest of Scandinavia for that matter). The non-competitive cartel agreements between the two countries trade associations in the aftermath of the Second World War are a fact. But because of the character of such agreements, documentation is (but not always) lost or the agreements were made under informal conditions. During my research in the Swedish archives and in the interviews I've made with key actors during the 1950's to the mid 1970's, the picture is quiet clear – there were formal and informal cartel agreement during the hole period up until at least 1975 and regular meetings took place in Marienlyst in Denmark. But for the moment I have not enough source material to discuss the matter. Hopefully I will find ways and means to continue my research in the future.

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