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|  | e - NEWS |
| *November 24, 2004* | |

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**1. Pernod-Ricard Says Ready to Grow by Acquisitions**

November 24, 2004

PARIS (AFX) - Patrick Ricard, chief executive of Pernod-Ricard SA, said the group is ready to grow by acquisitions, saying he is not satisfied with the company's position as the world's third-largest drinks group in terms of sales.

'Buying small, local brands is something that works very well for us. Buying larger companies is also something we can do,' Ricard said in an interview with French daily La Tribune.

'Everything can have an interest,' including a tie-up with Allied Domecq (LSE: ALLD.L - news - msgs) , he added. 'We have always said that we are ready to do everything,' but the group will not pursue hostile bids.

The company will also examine potential buys in the US, where the company has only a 5 pct market share.

However, Ricard said he is not looking to invest in the California wine market, 'which is expensive,' but he noted that Pernod-Ricard is still absent from the US tequila market.

The company also has weak positions for high-end vodka and the general liquors markets, Ricard said.

With regards to Asia, Ricard said sales in region could represent 40 pct of group sales in 20 years, compared with 23 pct currently.

He confirmed the group's target of 8-10 pct organic growth in operating profit for its core wine and spirits operations this year, and said profits will also grow on a reported basis, despite the heavy penalty from the dollar's weakness against the euro.

About 70-75 pct of the company's exposure to the dollar is hedged via swap positions, Ricard said.



**2. Chivas to Shut Two Scots Sites Amid Job Fears**

Iain Dey – City Editor

November 24, 2004

WHISKY giant Chivas Brothers is closing two of its Scottish sites as part of a cost-cutting exercise, leaving almost 100 jobs hanging in the balance.

The manufacturer of The Glenlivet, Aberlour and Chivas Regal - which recently lost out in the bidding war for Glenmorangie - has told staff that it intends to shut down its bottling plant in Kilwinning and a distribution depot at Linwood next year.

The move comes in spite of global growth in whisky consumption and a 14% jump in sales of the flagship Chivas brand in the first nine months of the year.

A spokeswoman for the company said: "Chivas Brothers is proposing to close its Kilwinning bottling and Linwood distribution plants and transfer the work to the company’s other facilities at Paisley and Newbridge."

She added: "This restructuring is essential for the current and future needs of our customers and to support the continuing growth in our business."

Chivas is part of the French global drinks giant Pernod Ricard. The group pulled out of the £300m bidding war for Glenmorangie at the last minute, allowing luxury goods group Louis Vuitton Moët Hennessy to win the brand - the last quoted whisky specialist.

Industry sources have claimed that part of the reason Pernod walked away was that the group would not give assurances over the future for the staff at Glenmorangie’s bottling plant in Broxburn.

Scotland’s whisky industry has huge amounts of spare capacity in its bottling plants. The newest, most efficient production lines can churn out a staggering 600 bottles per minute.

Industry sources claim that if all Scotland’s bottling plants were running at full speed for 24 hours a day, overcapacity would stand at close to 50%.

The last sales data from the Scotch Whisky Association showed that total export sales rose 2% to £982m in the first six months of 2004, boosted by strong growth in China. Malts and premium blends such as Chivas Regal continue to show the strongest growth.

But because whisky has to mature for at least three years - or as long as 25 years in the case of some malts - it is difficult for the industry to gauge future capacity requirements.

Chivas has also recently relaunched Glenlivet in an effort to up the stakes against other super-brands in the malt whisky sector - such as Glenmorangie, Glenfiddich and Macallan. Although global sales of Glenlivet edged 5% higher in the first half of the year, the US market showed signs of slowdown.

The global relaunch is unusual for Chivas, which usually targets brands to local markets. Although the group’s 100 Pipers brand is now virtually extinct in Scotland, it is one of the fastest growing blended whisky brands in Spain and number one in Thailand. Its Aberlour malt, an also-ran in the UK, has recently overtaken Glenfiddich as the number one malt in France - the world’s biggest malt whisky market.

The spokeswoman for Chivas Brothers insisted that the group would be able to offer alternative work to the "vast majority" of the 93 employees affected.

But trade union leaders insist this is not a viable alternative for much of the workforce and are meeting the company this week in an attempt to reverse the decision.

A spokesman for the Transport & General Workers Union said: "The announcement of the closure of Chivas plants was received with both concern and disappointment by the union. The Kilwinning plant in particular is a major local employer which contributes around £6m to the local economy so its loss would be keenly felt."

Chairman and chief executive Christian Porta took over the helm 12 months ago, claiming he intended to turn Chivas Brothers into the world’s leading premium Scotch whisky group, which means having to overtake Diageo, the world’s biggest drinks group.

Chivas has sold two of its dormant distilleries in recent years - Edradour, near Pitlochry, and one of its smaller Speyside operations.



**3. Former Alderman Tries for Liquor License Again**

By Tom Saul – *Quad City Times*

November 18, 2004

DAVENPORT, IA -- A former Davenport alderman will seek once more an outdoor liquor license for a new bar and restaurant on West River Drive.

Two weeks after the City Council voted to deny a similar request, Bob Tappendorf filed a request Wednesday for a new hearing on an outdoor license for Blueport Junction, which is under construction at 6605 W. River Drive. He also has filed an appeal with the Iowa Alcoholic Beverages Division contesting the council’s original decision.

On Nov. 3, the council agreed to grant an indoor liquor license for the 4,000-square-foot bar and restaurant, but it voted 6-4 to deny a permit for outdoor service.

“I’m hopeful they will reconsider,” said Tappendorf, a former 1st Ward alderman. “We just want to be given a chance. We’re not asking for anything special. We just want to be able to operate a business on property that is zoned commercial and be treated fairly.”

Licenses for the new business were opposed by nearby homeowners who say it would contribute to traffic accidents, cause noise and disturb the peace and quiet of the neighborhood. Many were strongly opposed to the outdoor permit due to the possibility of loud music and other noise late into the night.

Debbie Hughes, who is among the neighbors opposing the license, said many still do not want the tavern in the area and are keeping an eye on developments regarding it. Hughes said she will be at a Nov. 29 City Council Committee of the Whole meeting when aldermen are expected to take up the outdoor license issue again.

Stephanie White also lives nearby and said she favors opening the tavern. “We need development out here, and it’s coming, so we would like to be able to choose what comes in. The Tappendorfs are west-enders and they run another longtime business here and they deserve the city’s help,” she added.

Alderman Roxanna Moritz, 1st Ward, said she sent letters to those who have voiced concerns about the tavern. The mailing let them know a new outdoor license application has been filed and when it will go before the council.

City rules allow an applicant to make as many requests for a liquor license as they want, she said. Even without the outdoor service license, Tappendorf still could host outdoor events by applying to the city for special event permits.

“He would have to do it every time he has an event, but he could still have them,” she said. “I can see why people are opposed to the outdoor license. No one wants to hear a band playing until 2 a.m. every weekend. When he came before us, he wasn’t very clear on how often that would happen.”



**4. Is There a Second Chance on Tap?**  
By Peter Rugg - *Muscatine Journal*

November 19, 2004

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MUSCATINE, Iowa - Herky's Tap will have to face a state hearing to keep its liquor license after a divided Muscatine City Council denied a request to renew the bar's license.  
  
Teresa Blanchard, Herky's owner, along with a group of supporters, asked the Council to reconsider its denial of Herky's liquor license during the Council's Thursday night meeting. The Council denied the license renewal in September after a celebration at Herky's resulted in charges of indecent exposure, bootlegging and other miscellaneous criminal activity.  
  
On Thursday, the Council denied the request with a 3-2 vote. Council members Anne Lesnet and Osama Shihadeh voted for the renewal.  
  
Blanchard's appeal now is in the hands of state officials. There will be a formal hearing on Dec. 9 with the Iowa Alcoholic Beverages Division in Ankeny. The agency can either uphold or reverse the Council's decision.  
  
The business remains open pending the appeal.

Blanchard begged Council members to give the bar another chance and asked them not to overlook Herky's charitable work.  
  
"We are not just a bar. We provide charitable organizations with a meeting place, and we donate to them and support them," she said. "I am truly regretful for the event that happened in August, and if you give us another chance, I will run this business in a way that will make this city proud."  
  
Blanchard also presented the Council with a petition signed by 758 Herky's supporters asking the Council to renew the license.  
  
Shihadeh agreed that Herky's had contributed to the community.  
  
"I think they've done a lot of good things," he said. "I think for businesses in Muscatine, it would be nice to see a negative turned into a positive."

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Councilman Scott Day said he denied the request because it was in the state's hands.  
  
"I don't think we need to act as a renewal authority," he said. "This is a matter that should be decided by the state."



**5. Brown-Forman to Control Finlandia Vodka**

*Associated Press*

November 22, 2004

LOUISVILLE, Ky. - Brown-Forman Corp., the liquor company behind the Southern Comfort and Jack Daniel's Tennessee whiskey brands, announced Monday it will assume sole ownership of Finlandia Vodka by acquiring the remaining 20 percent share in the brand held by Altia Corp., a Finnish wine and spirits company.

The deal with the Finnish company is worth about $61 million based on Monday's exchange rate, Brown-Forman spokesman Phil Lynch said. Closing is expected by year's end, he said.

The two companies have jointly owned Finlandia since 2000.

Brown-Forman, based in Louisville, acquired a 45 percent share of the vodka brand in 2000 and another 35 percent in 2002.

**Altia had an option in the latter deal to require Brown-Forman to acquire its remaining interest in Finlandia, which it exercised.**

Altia will continue to produce the premium vodka as exclusive supplier of Finlandia to Brown-Forman.

Finlandia is sold in more than 100 countries. Last year, the brand's worldwide sales totaled 1.6 million cases, with U.S. sales of about 330,000 cases, Lynch said. The brand's largest market is in Europe, where about 900,000 cases sold in 2003.

"Premium vodka continues to be an exciting and competitive segment for our industry, and we believe the brand has excellent opportunities for profitable growth," said Paul Varga, CEO of Brown-Forman Beverages.

Brown-Forman has marketed and sold Finlandia for Altia in the United States since 1996. After acquiring a majority interest in 2003, Brown-Forman assumed distribution and marketing responsibilities for the brand in most global markets as well.

Brown-Forman's Class B shares rose 65 cents to close at $47.95 Monday on the New York Stock Exchange (news - web sites).



**6. Plan Would Make it Illegal for Teenagers to be Drunk (Missouri)**

By Matt Franck - *Post-Dispatch Jefferson City Bureau*

November 22, 2004

 JEFFERSON CITY - Parents could be prosecuted for turning a blind eye to high school drinking parties and drunken teens could lose their drivers licenses under a plan likely to gain favor in the Legislature next year.

The proposal by a special House and Senate committee seeks to eliminate what many regard as loopholes in the state's underage drinking laws.

For example, while it is currently illegal for minors to buy, seek to buy or possess alcohol, it's not illegal for them to be intoxicated. Under the committee's plan, youth could be charged solely for being drunk - regardless of whether they were in possession of alcohol at the time.

The plan would create more ways for adults to run afoul of underage-drinking laws as well. As it is, adults can be charged for helping minors obtain alcohol. The proposal would make it a misdemeanor for adults to knowingly allow teens to drink on their property, even if the adult did not buy the alcohol.

Sen. Michael Gibbons, R-Kirkwood, cited a recent teen drinking party in his own neighborhood as an example of the kind of activity he'd like to prevent. He said the law needs to spell out specific sanctions to parents who tacitly allow parties to take place.

Gibbons is the chairman of the Joint Interim Committee to Study the Effects of Underage Drinking, which was charged last year with passing along legislative suggestions for the session that begins in January. Gibbons predicted that committee's work should clear the way for both the House and Senate to act on the matter next year.

Angela Hirsch, executive director of Missouri chapter of Mothers Against Drunk Driving, said that while the proposal isn't perfect, it at least would eliminate many of the weaknesses of state law as it concerns underage drinking.

"It's an excellent step in the right direction," she said.

But Hirsch and others were disappointed that the committee did not support increased alcohol taxes in order to pay for enhanced anti-drinking programs for youth. Currently, Missouri's alcohol taxes are among the lowest in the nation.

Rather than seeking to increase taxes, the plan calls for the Legislature to continue to study how much more spending is needed, but offers no concrete plan on how to pay for extra services.

The committee's recommendations were compiled following hearings throughout the state on underage drinking. The committee concluded drinking by minors has actually declined in recent years, but research suggests youth are drinking at a younger age and are more likely to engage in binge drinking.

The proposal seeks new ways of sanctioning teens for drinking. For example, teens could lose their drivers license for anywhere from a month to a year for possessing alcohol.

The plan also would require school districts to adopt policies that penalize students for drinking both on and off campus. Several committee members said they'd prefer plans that would prohibit underage drinkers from participating in sports and other extracurricular activities.

Other proposals favored by the committee include higher penalties for producers of fake identification cards and more training to help bars and restaurants fight underage drinking.

In seeking to toughen drinking laws, however, several members of the committee said they do not want to ban parents from serving alcohol to their teens at the dinner table. Current Missouri law gives parents that discretion without facing criminal penalties.

Rep. Bob Johnson, R-Lee's Summit, said parents should be trusted to know when it's appropriate for their children to be introduced to a glass of wine at a holiday meal.

"If that's your Thanksgiving family tradition, that's your decision," he said.



7. Are Coin-op Breathalyzers Accurate?

*Realbeer.com*

November 23, 2004

**Iowa television stations find machines in bars delivery mixed results**

Checks conducted by Iowa television stations call to question the accuracy of coin-operated machines used in bars to measure blood alcohol - or at least their accuracy compared to official breathalyzers.

KWWL, Channel 7, enlisted the help of a news intern, and a local parole and his breathalyzer to see the "Counselor Alcohol Breath Chek" machines measured against equipment used by law officers.

The intern downed his a pitcher of beer in 20 minutes, waited 10 minutes and took two tests. The "Counselor Alcohol Breath Chek" showed a blood alcohol level of .02%. Officer Sam Black's breathalyzer indicated the level was .05%.

After another pitcher of beer, the intern indicated he felt like he was over the legal limit for driving of .08%. The "Counselor Alcohol Breath Chek" read only .06%, but the official breathalyzer showed .16%.

The bar manager said she was surprised the machine's readings were so different from the breathalyzer. The person distributing the machines to the eastern Iowa bars said the machines need to be calibrated every other week, and this one was due for a checkup in one week.

KCRG-TV9 in Iowa City also visisted local bars. Matt Schilling, drinking with his friends at R.T. Grunts in Iowa City told a reporter he had several drinks over a few hours. He was surprised when he blew only .07. "I didn't think that was really that accurate," he said.

He took one more drink of beer, took the test again, and registered .11%. "I don't really know," he said. "Maybe it's not that accurate I guess. I don't really know that I'd trust it that much."



**8. Hy-Vee Considers Ban on All Empty Cans, Bottles**

By Lynn Campbell – *Register Ames Bureau*

November 24, 2004

**Customers would have to claim their 5-cent deposit at a redemption center.**

Iowa's largest grocery store chain has begun taking steps to rid its stores of empty bottles and cans that grocers have long complained are unsanitary and a risk to food safety.

Hy-Vee Food Stores spokeswoman Ruth Mitchell said Tuesday the chain's 103 Iowa supermarkets are looking at no longer accepting empty beer and soda cans, and instead having customers go to a redemption center to claim their 5-cent deposit.

"All the stores are at least looking at it," said Mitchell, who said the problem of garbage being brought into stores is worsening as the volume of cans and bottles grows. "Our hand is being forced. We must maintain the cleanliness and sanitation of our stores."

A handful of Hy-Vee stores have had a designated redemption center for quite some time, including Chariton. However, none of the new stores looking at the change, including those in Des Moines and Waterloo, have yet turned customers away.

Hy-Vee's announcement came just weeks after Fareway Stores Inc., which has more than 80 stores, began telling customers at several of its locations that it will no longer accept empty cans and bottles.

"That certainly makes it easier for stores to do it if there's a competitor doing it also," said Mitchell, who said Hy-Vee wanted the change for quite some time. "What's kept us in it up to this point is not wanting to put our customers in a difficult position."

Customers throughout Iowa have praised the state's 1978 anti-litter law, known as the "bottle bill," and have advocated for expanding it to include juice and water bottles. But grocers have long been unhappy with the law.

State law requires stores that stop taking empty beverage containers to appoint a nearby redemption center. That center must be approved by the state as being conveniently located and open at least 20 hours a week, including four hours on weekends or after 6 p.m.

As of Tuesday, redemption centers were approved in place of Fareway stores in Spencer, Algona and Le Mars, and a Hy-Vee store in Carroll, said Jeff Geerts, a program planner for the Iowa Department of Natural Resources.

Geerts said three of those redemption centers were less than a mile from the grocery store, while the fourth was just about a mile away.

Dewayne Johnson, executive director of the Iowa Recycling Association, praised Hy-Vee for getting state approval before it changes its can redemption policy. But Johnson accused Fareway of having stores that don't yet have state approval and are already turning customers away.

"Fareway is clearly violating the law," Johnson said. "It could be the beginning of the end of the bottle bill if we don't make sure there's convenient options."

Calls by The Des Moines Register to Fareway President Bob Cramer and Vice President Fred Greiner were not returned Tuesday or over a period of three days last week.

Ed Beltrame, who's with the management team of Dahl's Food Marts in the Des Moines metro area, said the chain's 11 stores don't currently have plans to stop accepting empty bottles and cans.

However, Beltrame said Dahl's shares the opinion of Fareway and Hy-Vee officials that empty bottles and cans are unsanitary and smelly. If other supermarket chains move forward with their plans, Dahl's might follow suit.

Some redemption center owners said it's money, not filth, that's driving grocery stores to stop accepting empty cans and bottles. They said the 1-cent-per-can handling fee is too little to cover costs.

But stores have the ability to raise the price of beer or soda to cover costs. Mitchell, the Hy-Vee spokeswoman, denied that it's about money. "That's not our concern," she said. "Our problem is sanitation."

Mitchell said those Hy-Vee stores that continue to take back empty cans and bottles will probably adopt stricter rules, such as requiring customers to bring the empties back clean, dry, in good shape and sorted. However, that would not be possible at 15 to 20 stores in Des Moines and Iowa City that have automatic redemption machines.

