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| *November 19, 2004* |

1. [Nascar Spins the Bottle](#First)

2. [Vodka Giant Sparks Sale Rumour](#Second)

3. [Diageo Link Threatens £300m Glenmorangie Bid](#Third)

4. [State Board Keeping an Eye on Alcohol Vaporizing Machines](#Fourth)

5. [State Board Keeping an Eye on Alcohol Vaporizing Machines](#Fifth)

6. [Blowing Money - and Breath - Into a Drunk Contest](#Sixth)

7. [Budweiser Survives Threat To Using Its Name in Europe](#Seventh)

**1. Nascar Spins the Bottle**

By Chris

November 12, 2004

**Race circuit’s decision to accept liquor company’s sponsorships riles brewers more than MADD.**

NEW YORK (CNN/Money) - Tougher times for auto racing teams chasing sponsorship dollars are driving Nascar to hard liquor.

And that could lead to a major headache for the sport's traditional beer sponsors.

This week, the racing circuit announced it will allow teams to accept sponsorship deals from hard liquor advertisers. Spirits company [Diageo](http://money.cnn.com/quote/quote.html?shownav=true&symb=DEO) ([Research](http://cnnfn.multexinvestor.com/Reports.aspx?ticker=DEO)), which had approached Nascar more than a year ago about a sponsorship, will sponsor a car for its Crown Royal whisky next season.



What's more, Diageo may not be alone when the green flag drops at Daytona in February. Jack Daniels and Jim Beam are already in discussions as well, according to Zak Brown, a motor sports agent who helped negotiate the Diageo deal.

You might think that concern about sending mixed messages about drinking and driving kept Nascar from accepting hard liquor deals before now. You'd be wrong.

Instead, the greatest worry appears to have been about how the idea would sit with Nascar's current beer sponsors.

In fact, one of the most prickly statements about the change in policy didn't come from Mothers Against Drunk Driving or any anti-drinking public interest group, but from Anheuser-Busch.

"We believe the public views beer and hard liquor very differently. This is reflected in the way government and policy leaders have treated the two products since Prohibition," said a statement from John Kaestner, vice president of consumer affairs for the world's largest brewer, and the nation's largest sports advertiser.

"In 2002, hard liquor attempted to begin advertising on network television. Due to public and governmental concerns, NBC rescinded its decision to accept such ads," the statement continued. "We expect that Nascar will be closely monitoring the public acceptance of this new sponsorship."

Even with a clear advertising advantage, beer has seen its share of the U.S. alcohol market slipping, with liquor posting more than twice the consumption growth rate as beer over the last decade, according to Adams Beverage Group, a market research firm.

The brewers are obviously concerned about anything that could open the door to more competition.

Since beermakers already provide about 10 to 15 percent of Nascar's sponsorship dollars, inviting their competitors had to be done carefully. Nascar spokesman Jim Hunter said that Nascar officials had several meeting with beer companies in advance of the change, although he wouldn't give details of those talks.

The race circuit also consulted with its TV partners -- Fox, NBC and Turner Broadcasting -- which pay $400 million a year in rights fees to Nascar. Hunter said that the networks were understanding of the change.

"Everyone knows, sponsorships drive this sport," said Hunter. "There's a difference between a car going around with a name on it and a 30-second commercial."

Still, one of the public interest groups that want to end alcohol advertising in U.S. sports contends that even without liquor commercials airing on the race broadcasts, this decision is a blow for their efforts.

"It's an end run around the voluntary bans that the networks respect," said George Hacker, director of the Alcohol Policies Project at the Center for Science in the Public Interest. "This will be the equivalent of a branded liquor bottle racing around the track."

Hacker claims that liquor companies created malt beverages like Smirnoff Ice in part as way of advertising their brands on network television. Smirnoff Ice also has been a Nascar sponsor since 2003.

"These sponsorships will be just another way to blur that line against liquor ads," he said. "Our concern about liquor advertising is not based on any belief that liquor is any worse than beer. It's that this is creating a situation where you could dramatically increase alcohol advertising that is highly accessible to young people."

Hunter conceded it was the difficulty of some teams finding a prime sponsor that prompted the change in policy, especially since there were liquor companies just waiting for the chance to sponsor cars.

That's what concerns the critics -- the prospect that competition will lead to even more alcohol promotion. "The brewers have lost a monopoly in a sport, and so they seem destined to have to compete more aggressively with the liquor companies," Hacker said.

Brown, the dealmaker, estimates that a prime sponsor can cost about $15 million to $18 million a year for a top car, down to about $9 million to $13 million for a back-of-the-pack team. He said that Diageo's Crown Royal deal will be one of the top 10 sponsorship deals.

**2. Vodka Giant Sparks Sale Rumour**

Helen Dunne *- Mail on Sunday*

 November 14, 2004

SWEDISH drinks giant Vin & Sprit Group, maker of Absolut Vodka and one of the world's ten largest drinks companies, has scheduled a presentation for City analysts, leading to speculation that it may be planning to raise funds in the UK by selling shares.

The group, which has produced more than a billion bottles of Absolut since 1979, is owned by the Swedish government, but there have been rumours that it may look to sell off part of its holding.

The presentation at London's Waldorf Hotel will also be made to V&S Group's bankers. It is thought that chief executive Bengt Baron, an Olympic swimming gold medal winner, will attend.

A company spokeswoman described the presentation as 'nothing special' and claimed it was something that the company did 'every so often'.

She added: 'It is for bankers and people that we have relationships with.'

V&S Group, which markets its brands in 125 countries, enjoyed total sales worth nine billion Swedish kroner (£730m) last year.

Absolut is the third-biggest international spirits brand, after Bacardi rum and Smirnoff vodka.

Last year, the Swedish government appointed five international investment banks and four local advisers to help it manage state companies and assets worth about 400bn Swedish kroner (£32.6bn).

More than 30 banks pitched for the two-year contracts to give the government advice on restructurings and possible sell-offs.

Sweden's government also owns 100% of power company Vattenfall, 46% of telecom company TeliaSonera and significant stakes in Nordea bank and airline SAS.

There is a long history of state involvement in the alcohol industry in Sweden as part of an attempt to curb consumption.

V&S Group recently announced a 24% fall in operating profits to 950m Swedish kronur for the nine months ending September.

The decline was blamed on the weaker American dollar, and the company said that discounting that effect, net sales would have increased by about 265 million Swedish kroner.

3. Diageo Link Threatens £300m Glenmorangie Bid

By Douglas Friedli- *Scotland on Sunday*

November 14, 2004

FRENCH luxury goods maker Louis Vuitton’s £300m bid for Glenmorangie may be derailed by its link with Diageo, a top competition lawyer has warned.

The Office of Fair Trading last week called for comments on the acquisition, which would see the disappearance of Scotland’s last quoted whisky distiller.

One senior legal figure said the OFT was likely to look closely at a 34% stake in Louis Vuitton’s drinks arm, Moet Hennessy, held by Diageo, the world’s biggest drinks group.

He said: "I think Diageo’s share could be problematic. Because of its sheer size, Diageo is known to the OFT. Its position in Scotch whisky is huge.

"A 34% share gives Diageo the right to block some proposals. It effectively gives the company a 34% share in Glenmorangie. The OFT will examine the ownership structure and will have to decide whether that will result in a lessening of competition in the marketplace."

If the OFT objects to the deal it could pass it on to the Competition Commission, which has the power to block it or to make recommendations on how Diageo, Louis Vuitton and Glenmorangie should behave.

Diageo is the top Scotch whisky company, with a list of brands which includes Bell’s, Johnnie Walker and a range of single malts.

The London group’s role in the deal has been played down in the UK, but reports in the US have portrayed the takeover as a joint acquisition by Diageo and Louis Vuitton.

Glenmorangie, the UK’s biggest malt whisky brand, would be a considerable feather in Diageo’s cap. Its best-selling malt is Cardhu, which cannot grow much faster because of distillery capacity constraints.

Last year Diageo attempted to increase the quantity of Cardhu it could produce by diluting the single malt with whisky from other distilleries. It backed down after objections from the rest of the whisky industry, led by Glenfiddich producer William Grant & Sons.

The Office of Fair Trading has given interested parties until November 19 to comment on the proposed deal.

The OFT typically examines deals involving a turnover of more than £70m and market share of more than 25%.

Glenmorangie’s last annual turnover was £68.8m in the year to March 2004, but could top £70m this year. Diageo’s share of the UK spirits market is estimated to be 28%.

**4. State Board Keeping an Eye on Alcohol Vaporizing Machines**
By Nancy Hicks - *Lincoln Journal Star*

November 14, 2004

Talk about inhaling a drink.

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A machine that allows people to breathe in a boozy mist and get high without the muss and fuss of swallowing is coming to the United States.

Inhaling alcohol mist is touted by promoters as a low-cal, low-carb and no-hangover way to consume alcohol because it enters the body through the lungs, not the stomach.

And the Nebraska Liquor Control Commission wants to be ready for this trend, which is just now appearing on the East Coast, said Hobert Rupe, executive director of the commission.

In a letter to the Legislature, the board is recommending state law be tightened to make certain aerosol alcohol is regulated, just as liquid alcohol is now regulated.

"We definitely want to stay ahead of this," Commission Chairman Bob Logsdon of Lincoln said.

In fact, he said, commissioners may consider banning it.

The equipment for making Alcohol With Out Liquid, first available in the United Kingdom, has been described as resembling a slightly futuristic asthma inhaler hooked to an oxygen generator.

A shot of alcohol is mixed with oxygen to produce a mist. Rather than tip a glass, customers hold the vaporizers to their mouths and breathe in the oxygen-alcohol mist.

The equipment costs about $3,500, and breathing in a shot of booze takes about 20 minutes, according to the AWOL Web site.

Rupe hasn't heard of anyone in Nebraska interested in using the equipment yet. And several Lincoln bar managers said AWOL isn't on local lips. But at least one bar in Iowa considered the equipment, and several Denver club owners told the Denver Post that Spirit Partners Inc.  — U.S. distributors of AWOL — is aggressively marketing the device. Spirit Partners could not be reached for comment.

Machines have been used in New York, and regulators in other states are trying to figure out where AWOL fits into the regulatory schemes, Rupe said.

AWOL's debut in New York was alcohol-free, according to news stories. A Manhattan bar used fruit juice after a state liquor agent decided the establishment might lose its license if the machine dispensed liquor because of a regulation requiring booze be stored in original bottles.

AWOL is likely legal in Iowa, though so far no bar has offered it, said Lynn Walding, administrator of the Iowa Alcoholic Beverages Division. But bars are not allowed to serve patrons to the point of intoxication — whether the alcohol is liquid or mist, he said.

The invention doesn't rate high on Walding's priority list.

"It's not worth a patron's breath or their money"

The Nebraska commission may look at banning AWOL, Logsdon said.

"We definitely don't want it in this state, because you know who it would appeal to," Logsdon said, referring to younger drinkers wanting to get drunk quickly.

Ban is also the key word for Project Extra Mile, a statewide underage drinking prevention coalition.

The commission should take "a leadership role and provide direction" to keep it out of the state, said executive director Diane Riibe.

"Their charge is to protect the health, safety and well-being of citizens," Riibe said.

Mothers Against Drunk Driving also has concerns about AWOL, said Simera Reynolds, executive director of the Nebraska chapter. MADD is typically not against the sale of alcoholic beverages, she said.

But this is different. There is concern about potential harm because the alcohol and other chemicals don't go through the filtering of the stomach, intestines and kidney, she said.

"This is not a beverage. There is no social enjoyment," she said. "This distorts the social intent of an alcoholic beverage and turns it into a drug concept."



**5. Breath-Testers Popping up in Local Bars**

By J.K. Perry *- The Daily Iowan*

November 17, 2004

It's show time. Blow steadily for six seconds - 6, 5, 4, 3, 2, 1. Remember, friends don't let their friends drive drunk.

Stroll into some local drinking establishments, and you might hear this prompt emanating from a nearby coin-operated breath-testing device. The distributor and bar officials say the machine, dubbed "The Counselor Alcohol Breath Chek," can help curb drunk driving and serves as a form of entertainment.

"[The machine] is kind of an amusement game for everyone in the bar, or it could keep people from getting an OWI," said the distributor, UI student Scott Steffes. "It's focused on responsible drinking more than anything."

In Iowa City, Steffes has installed machines at the Union Bar, 121 E. College St., 808 Restaurant and Nightclub, 121 Iowa Ave., and RT Grunts, 826 S. Clinton St., and he has several in Cedar Rapids. He is working to expand to several other locations.

To operate the approximately 1-foot-square device, patrons insert four quarters and are then prompted by the machine to blow steadily for six seconds through a straw inserted into the "bullseye." Next, users are asked - in a series of three tests - to push a randomly selected button to test reaction time.

The person's blood alcohol content is then displayed with a corresponding level of caution based on the concentration and reflexes: alert, moderate, or warning - do not drive.

Jeff Maynes, the Union's general manager, said the machines are popular; groups often gather around to test themselves.

"I think their point is to see how drunk they are," Maynes said. But he specified that the machine "makes some difference because I know not everybody walks."

However, Stepping Up Project coordinator Jim Clayton said the device "establishes an arbitrary level of compliance" and that it probably isn't of any value. He said legal drinkers could face an OWI conviction even if their blood alcohol content falls below the legal limit of .08.

A disclaimer on the machine notes: "In a non-supervised test, the manufacturer, the owner of this machine, and of these premises cannot warrant or ensure the accuracy of your reading."

The colorful contraption's entertainment value is also questionable, Clayton said.

"[Bar owners] are presenting it as a benefit to drink to a threshold," he said. If patrons are under the legal limit, they can be induced to imbibe a few more drinks to reach .08, he said.

Libby Kiser, a RT Grunts employee, said that during a five-hour shift, approximately six people will use the machine.

"I don't think people rely on that machine," she said. "I would hope people wouldn't base their decision [to drive] on that."

**6. Blowing Money - and Breath - Into a Drunk Contest**

*By DI Editorial Board*

[November 17, 2004](http://www.dailyiowan.com/main.cfm/include/displayIssueArticles/issue_date/20041117.html)

IOWA CITY, IA -- A sign prominently displayed in a window at the Union Bar, 121 E. College St., tells pedestrians that the establishment now carries a Breathalyzer-like device for customers to use because employees there care.

Two other bars in Iowa City have also installed these coin-operated machines in hopes of preventing drunken driving and to serve as a form of entertainment for imbibing patrons. The bar owners' intentions behind implementing this equipment may very well be out of sincere concern for the safety of those who visit their businesses, but unfortunately, the likelihood remains that patrons will use these booze barometers as an excuse to drink more rather than less.

In addition to the Union, 808 Restaurant and Nightclub, 121 Iowa Ave., and RT Grunts, 826 S. Clinton St., have installed the contraptions, which are dubbed "The Counselor Alcohol Breath Chek." Individuals insert four quarters into the machine and blow into a straw for six seconds, after which a series of tests are administered to check reaction capacity. This information is used to compute the patron's blood-alcohol level, along with a warning not to drive if that level exceeds safe thresholds.

It is encouraging to see bar owners take some initiative to curb drunken driving, especially after a recent report released by the UI Office of Student Services showed that alcohol-related arrests and citations were up 17 percent over last year - ammunition that may be used by university and city officials to impose additional alcohol restrictions in Iowa City. It is therefore up to bar owners and employees to demonstrate to the public that they are making substantial efforts to reduce underage drinking and drunken driving. However, these machines are not the best way to accomplish that.

Given the party-hearty (and, dare we suggest, a tad bit rowdy) atmosphere that reigns supreme downtown, the original purpose of the breath-testing devices will be undermined. Revelers will more than likely look at these devices as an opportunity to stage competitions to see who can reach the highest level of intoxication - no doubt a title to which many students aspire - rather than as a tool to avoid drunken driving. Also, considering that the devices are located just steps away from where liquor is easily accessible, the temptation naturally exists to drink more if a patron's blood-alcohol concentration does not meet her or his expectations.

Any initiative taken on by bar owners to stop drunken driving should be met with acceptance and gratitude. For example, bars that offer free soda is a good method of promoting use of designated drivers. But the breath-testing equipment will have the reverse effect. Those who are uncertain about whether they are fit to operate a car should not take that chance in the first place. And any idea that gives already-intoxicated patrons the incentive to drink more should be met with serious skepticism. The problem with these devices is that people's only real motivation to use them is if they have been drinking, most likely heavily. That alone dictates that such individuals should not be driving, and they don't need to spend a dollar to find that out.

**7. Budweiser Survives Threat To Using Its Name in Europe**

*The Wall Street Journal*

November 18, 2004

BRUSSELS – The American brewer of Budweiser has survived a threat to using that name in Europe, after the World Trade Organization ruled that the European Union couldn't protect translated versions of local product names.

Anheuser-Busch Cos., the maker of Budweiser, and state-owned Czech rival Budejovicky Budvar have battled for years over what names their products can use in Europe. European rules had granted Budvar considerable scope to claim rights to "Budweiser" and "Bud" as translations of its own product names.

The WTO's preliminary ruling, in a case that started in 1999, appears to clear the way for Budweiser to continue selling its products under the "Budweiser" and "Bud" names, according to people familiar with the matter. The European Union, however, may decide to appeal the WTO ruling.

An Anheuser-Busch spokesman wouldn't comment on the WTO's decision because it hadn't been made public yet.

In another potential boon to U.S. companies, the WTO also opened wider access to Europe's system of protecting products named after geographic locations, such as Cheddar Cheese. The EU had required that foreign countries must offer similar protection to its products abroad if they were to be protected under the EU system.

The U.S. had argued this was unfair because the U.S. doesn't try to protect companies by geographic location, instead using registered trademarks that belong to individual companies. Although no U.S. companies have ever applied for protection under the EU's geographic protection regime, the decision would open the door for Idaho potato growers or Florida orange-juice growers, for instance, to seek protection under EU rules.

Anheuser-Busch still faces other challenges to use of the Budweiser name in Europe. Earlier this week, the European Court of Justice heard a dispute over use of the name in Finland. The court didn't reach a final ruling, referring the case back to Finland's Supreme Court for further review.

