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| *www.IowaABD.com* | *Lynn M. Walding, Administrator* |

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| *July 22, 2005* |

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**1. Police Bar Checks Go Down**

By Jim Butts *— The Daily Iowan*

[July 21, 2005](http://www.dailyiowan.com/main.cfm/include/displayIssueArticles/issue_date/20050721.html)

During the 2004-05 school year, Iowa City police checked downtown bars for underage drinkers approximately 600 fewer times than during the previous academic year, police said on Wednesday.

The bar sweeps dropped by more than a third compared with the previous year.

From Aug. 1, 2004, to May 31, police made approximately 1,100 bar checks, said Sgt. Doug Hart, the public-information officer. During the same time period the year before, police did approximately 1,700 checks.

Those numbers correspond to a similar drop in the number of arrests made for possession of alcohol under the legal age, according to a UI report made public last week.

The report from the Office of Student Services shows the number of students charged with PAULA dropped by nearly 50 percent, from 1,470 to 780 over the past school year.

Hart said the drop in the number of bar checks didn't necessarily represent an orchestrated cutback in police enforcement.

"I don't think there's anything to hang your hat on for that blatant of correlation," he said.

Such factors as increased calls for police services and different levels of police staffing might account for the change in the number of checks, he said, adding that he couldn't think of any significant change in police staff levels over the last year.

Last summer, the state temporarily revoked the liquor licenses of numerous downtown bars, including the Airliner, Fitzpatrick's, and the Union, for serving alcohol to minors on three or more occasions.

The State Alcohol and Beverage Division had a backlog of cases this time last year, agency administrator Lynn Walding said earlier this month. This year, however, the state has completely caught up with Iowa City violations, partly because the police are doing fewer compliance checks for alcohol servers, he said.

Leah Cohen, a co-chairwoman of the Iowa City Alcohol Advisory Board and the owner of Bo-James, 118 E. Washington St., said in addition to fewer checks, last year's rash of bar closings helped scare bar workers into fighting underage drinking.

"Plain and simple, I think owners and bar managers decided they needed to shape up their staff, and that's made a big difference," she said.

The board has noticed that bars not cited for serving minors are the same establishments that took a free state program that trains servers on fighting excessive and underage drinking, Cohen said. The advisory board is also "in the early stages" of considering making that free training mandatory for all downtown bar employees.

**2. Another Shot at Labeling Alcohol**

By Cindy Skrzycki – *Washington Post*

July 19, 2005

For more than 30 years, the Center for Science in the Public Interest has been trying to get federal regulators to require ingredient labeling on alcoholic beverages.

The group basically got nowhere, despite one try at a rule that was rescinded several times and a couple of lawsuits. So CSPI and the National Consumers League tried again in December 2003, petitioning the Alcohol and Tobacco Tax and Trade Bureau , which is part of the Treasury Department . A Harvard University scientist also filed a petition, asking for disclosure of ingredients that might cause allergies.

This time, the consumer groups had something of a strange ally: Diageo , the world's largest distiller. After the petition was filed, it began a campaign for voluntary labeling on beer, wine and spirits -- and has put such information in ads, on the Internet and in promotional pieces.

Consumer advocates, who want mandatory, standardized labeling, are worried that their effort to inform consumers about calories and alcoholic content could be co-opted into a slick marketing campaign. They fear that the distilled spirits industry will try to sell more hard liquor by touting its low-carb profile and its potency compared with other alcoholic beverages.

"Alcohol is not a food. It can't meet dietary needs. It's a social lubricant and an intoxicant," said George A. Hacker , director of CSPI's Alcohol Policies Project. "That's why we are so concerned about the nutrition label on bottles. Information on calories is quite important. But carbs are subject to being used for marketing purposes."

"We felt it was the right thing and something consumers wanted," said Guy Smith , executive vice president of Diageo North America , which owns brands such as Guinness, Smirnoff, Baileys and Beaulieu Vineyard wine. Smith said the company polled a group of consumers and found that 83 percent supported knowing how much alcohol there is in a standard serving.

Competitors think the labeling initiative is meant to give distilled spirits more marketing muscle, especially since consumption of hard liquor has been increasing over the past few years, as young drinkers "trade up" and indulge in fancy cocktails.

Current labeling rules are a patchwork of antiquated federal requirements, each different for beer, wine and spirits. For example, beer does not have to list alcohol content, but wine and distilled spirits with more than 14 percent alcohol do. There is no requirement for ingredient or nutrition labeling, though there are agency guidelines that govern "lite" and other dietary claims. The only consistent notice on all alcoholic beverages is a health warning. There is no standard serving size that tells consumers how many drinks are in a bottle.

"There is a long history behind this," said Art Resnick , spokesman for the alcohol and tobacco bureau. "We received two petitions and several inquiries. We decided it was time to revisit comprehensive labeling in general."

In April, the agency issued an advance notice of proposed rulemaking, asking for comments by the end of June on a wide variety of labeling issues. The industry asked that the comment period be extended to September, and the agency agreed.

Diageo is not waiting for the final word. The company said it would voluntarily post nutritional information and alcohol content on its bottles, but the agency has not given it the approval it needs to do so. So Diageo uses the Internet and advertising to publish alcohol content, serving size, nutrients, carbs and calories.

For example, Diageo's Crown Royal Web site has a label with information on nutrition, alcohol content and standard serving size. The company has run newspaper ads that include serving facts and take jabs at the agency for dragging its feet.

It encourages customers to go to a Web site called KnowYourDrink.com, which urges them to write regulators to support more disclosure. Diageo also has printed a public relations piece in the shape of a Seagram's whiskey bottle.

Hacker worries that alcoholic beverage companies will use nutritional ads to persuade drinkers that alcohol is a healthful alternative when it comes to measuring fat and calories -- that liquor companies could advertise a rum and Diet Coke as a diet drink.

The distilled spirits industry also has been working to change how consumers think of gin, vodka and whiskey, typically viewed as "hard" liquor that can be more intoxicating than beer or wine. To combat that image, it has been pushing the idea of "equivalency," that drinks with certain contents are equal in effect.

In other words, 12 ounces of beer, 5 ounces of wine and 1.5 ounces of 80-proof spirits have the same alcoholic content -- so why not a Manhattan instead of a beer? One idea being explored is having a logo on the label with beer, wine and shot glasses separated by equal signs.

"It's dangerous for people not to know that they are all the same," said Gary Galanis , spokesman for Diageo.

This notion infuriates the Beer Institute . Its position is that such comparisons dangerously mislead consumers because hard liquor is mixed according to recipes that call for much more than 1.5 ounces per drink. "You don't want consumers to think three beers are the same as three martinis," said Jeff Becker , president of the Beer Institute. "They aren't even close."

Spirits' competitors say a drinker's weight, the length of time to down a drink and other factors work against equivalency.

Becker said that beer-makers support telling consumers how many carbs and calories are in beer (as they now do in light beers) but that they prefer to use "alcohol by volume" to express what percentage of beer is alcohol.

The Wine Institute is similarly wary. In comments to the agency, the vintners said "wine is not beer is not spirits" because wine is a more moderate, mealtime beverage whose alcohol absorption is slowed by food consumption.

Mark Beran, who makes wine in Colorado from fruit and honey, told regulators that the cost of ingredient labeling would kill small producers. More important, he said, is that too much information can ruin a good thing. "It kills the moment, if you will," he said.

3. Diageo Presents 2nd Annual Golden Bar Awards on Ellis Island

*PR Newswire*July 20, 2005

Achievements of Spirits, Wine and Beer Distributors Celebrated

NORWALK, Conn., July 20 /PRNewswire-FirstCall/ -- Spirits, beer and wine distributors from across the country embarked on a journey from Manhattan to Ellis Island on Thursday evening for the Second Annual Golden Bar Awards, the beverage alcohol industry's equivalent of the Academy Awards.

Diageo, the world's leading spirits, beer and wine company, honored its distributors for their outstanding performance in the marketplace as well as for the roles they play in their communities.

The Diageo Golden Bar Awards took place on historic Ellis Island, which served as a gateway to American soil many years ago -- a fitting location given the rich history shared by distributors and Diageo brands alike. Diageo awarded 27 statuettes made of 24 carat gold to distributors. Each Golden Bar Award weighs eight pounds, stands more than a foot tall and is produced by R.S. Owens, the company that created the Oscar®, presented by the Academy of Motion Picture Arts and Sciences.

Ivan Menezes, President and CEO of Diageo North America, recognized distributors for delivering remarkable volume and sales growth. He thanked all of Diageo's distributors, saying "Without your consummate professionalism, ability to forge new and profitable relationships, and many other accomplishments in bringing the Diageo family of brands to market, we simply would not be the best in the business. On behalf of all our brands, I thank you."

The evening's festivities concluded with an awe-inspiring fireworks display in New York Harbor that illuminated the night sky and the nearby Statue of Liberty.

This year's Golden Bar awards went to the distributors whose passion for the business and enterprising spirit set the standard for the industry over the past year. Below are the categories and winners for the 2005 Golden Bar Awards.  For list of winners click on link below.

<http://biz.yahoo.com/prnews/050720/nyw142.html?.v=45>

***NOTE: Glazer’s of Iowa was a winner in the Spirits division for the Spirits Excellence Award – Smirnoff.***

**4. Wine Gains Momentum as Americans' Favorite Adult Beverage Special Analysis Shows Different Shifts in Drinking Preferences by Age**

By Lydia Saad – *Gallup News Service*

July 18, 2005

PRINCETON, NJ -- For the first time in Gallup's measurement of Americans' drinking preferences, there is a statistical tie between wine and beer as the alcoholic beverage adult drinkers say they drink most often. As recently as last year, beer edged out wine as Americans' standard drink. Today, 39% of drinkers in the United States say they drink wine most often, while 36% say they usually drink beer. This is according to Gallup's annual Consumption Habits poll, conducted July 7-10, 2005.

Overall, 63% of Americans say they drink alcohol, which is consistent with the rate of drinking recorded for most of the six decades Gallup has asked this question. The major exception is the period from 1976 through 1981, when 69%-71% said they drank alcohol.

Most of the latest change in Americans' preference for type of drink is seen in the percentage naming wine, up six points from 33% in 2004. This is the first significant shift in wine preferences recorded in the last eight years.

When Gallup asked Americans about their drinking preferences in 1992, beer was the runaway leader, with 47% naming it; just 27% named wine. Liquor has consistently ranked third, with between 18% and 24% naming it as their preferred drink.

Given the overall trends, one might assume that beer drinkers have merely switched over to wine. But a close review of the data suggests a more complicated pattern of changes in alcohol consumption since 1992. With one demographic group, beer drinking is giving way to liquor, while among another, beer is losing ground to wine; with still another, the preference for liquor is declining while wine is gaining.

The net result is a decrease in the percentage of drinkers naming beer as their standard drink (from 47% in 1992 to 36% today) and a commensurate increase in wine drinkers (from 27% to 39%), with no change in those preferring liquor (21%).

**5. AMA Applauded for Promoting Healthy Lifestyle for Kids**

Mary Rettig & Jody Brown - *AgapePress*

July 14, 2005

(AgapePress) - The American Medical Association is taking on violent video games and underage drinking. The chair of the ethics commission for the Christian Medical & Dental Associations says he basically agrees with the AMA.

A measure adopted by the AMA in June calls for more appropriate labeling of video games so that only adults would be able to purchase violent games. Dr. Robert Scheidt says the AMA wants to influence the video game industry to be more honest about what is in their products. The CMDA spokesman says today's ratings system is not good enough -- that ratings are misleading and are being imposed by people who are really just out to make money.

"I think the ratings can vary from state to state and place to place. It would be nice to have uniform ratings," Scheidt says. "It would also be nice to have the ratings by content -- that is, is the problem here sexual, or is it violence, or is it drinking, or is it language? And finally, [I think] it would be ... of value -- and this is what the AMA is saying -- to rate by age."

Another measure adopted by the AMA urges the organization to lobby for higher alcohol taxes and for those taxes to be based on the level of alcoholic content instead of fluid volume. An AMA committee stated that, according to evidence, increased taxes lead to "lower alcohol consumption rates among adults and youth, fewer binge-drinking episodes, and lower traffic fatality rates."

Scheidt is not convinced of that. He says the AMA's desire to raise taxes on alcohol based on content will probably not make much difference. Most Americans, he feels, seem to have no problem with alcohol -- so changing opinions is not likely. But he believes the AMA's efforts point out a critical failure in American society: parental involvement.

"Parents are not monitoring their children. Parents are not controlling where their children are, what they are watching, who they are associating with," he says. "And consequently, with this failure, somebody has to step into the breach or our culture is going to fragment."

Scheidt contends both the video game and alcohol industries know their products can be destructive. And with the AMA stepping up, he is hopeful some of those bad influences can be prevented.

**6. Reducing Alcohol Ads Kids See Won’t Cost Industry Adult Market**

Press Release: *Center on Alcohol Marketing and Youth*

July 15, 2005

WASHINGTON, DC – The alcohol industry can do a better job shielding America’s underage youth from alcohol ads and still direct its advertising to young, legal-age drinkers, according to a white paper released by the Center on Alcohol Marketing and Youth (CAMY) at Georgetown University.

CAMY’s analysis shows that a new standard for the placement of alcohol ads could lead to overall lower advertising costs without reducing the advertising reaching the often-cited 21-to-34-year-old and 21-to-24-year-old demographics markets for the industry. Currently, the alcohol industry trade associations have standards directing their members not to place product ads where the underage audience is greater than 30 percent.

"The needed reform is for the alcohol industry to place its ads where the percentage of youth ages 12 to 20 in the audience is 15 percent or less," said Jim O'Hara, CAMY's executive director. "It's simple math. A 15 percent threshold matches up with the percentage of 12- to 20-year-olds in the general population and eliminates the concern that underage youth are overexposed to alcohol ads."

"It maintains the alcohol industry's right to advertise to adult drinkers over 21. In fact, a 15 percent threshold produces more efficient advertising being delivered to those who can legally buy alcohol products."

The current 30 percent standard reflects the percentage of all persons under 21 in the United States, but, according to the CAMY white paper, by including children ages two to 11, it concentrates youth ad exposure on the 12-to-20-year-old population, those teenagers most likely to drink.

The CAMY analysis, "Striking a Balance: Protecting Youth from Overexposure to Alcohol Ads and Allowing Alcohol Companies to Reach the Adult Market," also found:

* In the first seven months of 2004 as the alcohol industry's current 30 percent threshold went into effect, the magazine advertising of 73 brands exposed more youth (ages 12 to 20) than adults age 21 and over on a per capita basis. On national television during the first 10 months of 2004, six brands exposed youth to more advertising than adults on a per capita basis.
* The 30 percent cap, based on ages two to 20, fails the test of proportionality and fails to reduce underage youth overexposure to alcohol advertising because: 1) it allows for twice as many underage youth, ages 12 to 20, in the advertising audience as in the population; and 2) it allows a high concentration of alcohol advertising to reach the ages-12-to-20 audience. (Two-thirds of the television alcohol advertising reaching the two-to-20-year-old audience is actually concentrated on 12- to 20-year-olds although they make up less than 50 percent of that age group.) This cap also fails to take into account that the standard databases for measuring magazine and radio audiences do not include children under 12 years old.
* Using a 15 percent cap, alcohol advertisers can more efficiently deliver alcohol advertising to the legal-age audience than with the current 30 percent cap. In conducting a television advertising reallocation exercise using the 15 percent cap, CAMY found exposure for underage youth, ages 12 to 20, dropped by an average of 19.6 percent when the exercise was done for a target audience of 21- to 34-year-olds, and by 17.3 percent when done for a target audience of 21- to 24-year-olds. In both cases, reduction in young adult exposure was minimal. At the same time, the average cost per young adult reached for the alcohol industry was reduced by 7.9 percent when the target market was 21- to 34-year-olds and by 6.0 percent for 21- to 24-year-olds. In both analyses, a full 79 percent of all national television programming would remain available for alcohol advertising, including The Super Bowl, The Academy Awards, The Grammy Awards and The Howard Stern Show.

CAMY commissioned the law firm Axinn, Veltrop & Harkrider, LLP and the media research firm Virtual Media Resources, Inc. to produce the white paper.

To download a copy of the report, visit [http://camy.org/research/striking](http://camy.org/research/striking/)

**7. Student Group Urges County to Adopt Keg Registration Ordinance**

By Nick Hytrek, staff writer – *Sioux City Journal*

July 20, 2005

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Sioux City high school students have asked Woodbury County to do what the Iowa Legislature hasn't.

Efforts to pass a beer keg registration bill have stalled in Des Moines. So the Sioux City Mayor's Youth Commission hopes Woodbury County will follow in the steps of a handful of other Iowa counties and pass a local ordinance requiring keg buyers to register when buying the large beer containers.

"What we're looking at since we're hitting a dead end at the state is more counties (passing ordinances)," said Carolyn Goodwin, a West High counselor and youth commission adviser, told the Woodbury County Board of Supervisors Tuesday.

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Keg registration backers hope that the measure would reduce underage drinking because police who break up keg parties with underage drinkers would be able to trace the keg back to the legal-age buyer. Opponents don't like the idea of the extra costs associated with increased paperwork.

A keg registration bill was introduced in the Iowa House this spring, but never made it to the floor for debate. Keokuk, Poweshiek and Palo Alto counties have passed ordinances, and Polk County is considering one. Nationwide, 31 states have some type of registration law.

"The more counties that do this, the more the pressure mounts on the state to enact it," Goodwin said.

County board members agreed to study the issue.

"Personally, I'm in favor of this, but we have to bring some other players in on this. There is a lot more to this to consider than meets the eye," board chairman George Boykin said.

Boykin said the board needed to discuss enforcement of such an ordinance with Sheriff Glenn Parrett. County Attorney Tom Mullin also would need to be consulted, as well as board members Larry Clausen and Doug Walish, who were absent from Tuesday's meeting.

If the county proceeded with a keg registration ordinance, it would first draft the proposed ordinance, then conduct public hearings before a vote on passage. Boykin said he would place the issue back on the agenda in the near future.

**8. Alcohol Product Commercials Overwhelm 'Responsibility' Messages From 2001 to 2003; Teens Saw 779 Television Ads Promoting Alcohol, Compared to 9 Industry-Funded Ads Warning Against Underage Drinking**

*US Newswire*

July 20, 2005

WASHINGTON, July 20 /U.S. Newswire/ -- Between 2001 and 2003, American teenagers saw, on average, 779 television commercials selling alcohol, but only nine alcohol company commercials discouraging underage drinking, according to a report released today by the Center on Alcohol Marketing and Youth (CAMY) at Georgetown University.

CAMY, which is supported by grants from The Pew Charitable Trusts and the Robert Wood Johnson Foundation, compared the "responsibility" ads placed by the alcohol industry on television between 2001 and 2003 to televised alcohol product ads from the same time period. The comparison was done in terms of number, cost, placement on television programs, and audiences exposed. "Responsibility" ads have as their primary focus a message about drinking responsibly, not drinking and driving, or not drinking before the legal age of 21.

Between 2001 and 2003, 78 percent of underage youth between the ages of 12 and 20 saw television ads purchased by alcohol companies to discourage underage drinking. Yet, on average, they saw only nine of these ads over the entire three-year period.

In comparison, 91 percent of 12- to 20-year-olds saw an average of 779 product ads selling alcohol over the same time period. Alcohol company "responsibility" ads about drunk driving and safety fared slightly better than underage drinking ads, with 82 percent of youth seeing an average of 20 alcohol company ads about drinking safely or not drinking and driving.

"The alcohol industry's warnings to our kids not to drink until they are 21 are buried under an avalanche of alcohol ads that glamorize drinking," said Dr. David Jernigan, CAMY research director. "This imbalance undermines the efforts of parents and teachers to warn our children against underage drinking."

Other key findings from the report include:

-- Alcohol ads outnumbered industry "responsibility" ads by nearly 32 to 1. Between 2001 and 2003, alcohol companies placed 761,347 product ads on television, versus only 24,161 "responsibility" ads. On a year-by-year basis, the gap between product advertising and responsibility advertising widened from 2001 to 2002, then narrowed again in 2003.

-- Alcohol companies spent 27 times more on product ads than on "responsibility" ads. Over the period from 2001 to 2003, alcohol companies spent more than $2.5 billion on alcohol product ads for television and less than $92 million on television "responsibility" ads. An additional $148 million of companies' television ad dollars went to civic, corporate, and other types of community advertising-still more money than was spent on "responsibility" advertising.

-- Overall, underage youth ages 12 to 20 were 96 times more likely to see an alcohol product ad than an industry ad against underage drinking. Underage youth of this age group were also 43 times more likely to see an alcohol product ad than an alcohol company ad about safety or drinking and driving.

-- "Responsibility" advertising was uneven among companies. Four alcohol companies placed responsibility ads in all three years studied, although 31 placed product ads in all three years.

Alcohol is the number-one drug problem among youth and is responsible for more than 4,500 deaths per year of people under age 21. A federally funded national media campaign was the central recommendation of the National Research Council and Institute of Medicine's 2003 report to Congress on reducing underage drinking. Congress has appropriated some funding to an ad campaign from the Advertising Council, and legislation introduced in February would also encourage such a campaign.

"Congress has recognized that our children need to be told the truth about underage drinking," said Jim O'Hara, CAMY executive director. "Now it's time for the public health agencies to step up to the plate."

**9. Absolut Gets Green Light for Cruzan Buy**

*Just-drinks.com*

July 22, 2005

The Absolut Spirits Company (ASCI) has received the go-ahead from the US Federal Trade Commission for its acquisition of Cruzan International.

The purchase of the controlling interest from Angostura, Ltd at a price of US$28.37 per share is still conditioned upon, approval by certain state alcoholic beverage commissions and approval by company stockholders.

The deal will also see a wholly-owned subsidiary of ASCI merge with and into Cruzan International. Each issued share of Cruzan common stock will be converted into the right to receive US$28.37 in cash.

The proposed conversion price is equal to the proposed per share cash consideration to be paid to Angostura by ASCI in exchange for Angostura’s controlling interest in the Cruzan, pursuant to a previously-announced Stock Purchase Agreement between Angostura and V&S.

