

MODERN Brewery Age



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Interbrew/AmBev merger complete; creates new #1 brewer

AP—Belgium's Interbrew SA and Brazil's AmBev completed their planned euro9.4 billion (US\$11.4 billion) combination last week after shareholders of both companies approved the deal that creates the world's largest brewer by volume.

Interbrew shareholders unanimously approved the linkup of their family company with AmBev, whose full name is Companhia da Bebidas das Americas, creating a new company called InBev that will control about 14 percent of the global beer market.

AmBev said its shareholders also approved the union, but did not provide a vote breakdown on the margin of victory for the merger. It makes InBev the planet's largest beer producer and No. 2 by revenue behind U.S.-based Anheuser-Busch, which had sales of US\$14.1 billion in 2003.

The deal first announced in March brings together top Interbrew brands Stella Artois, Becks and Labatt's Blue with AmBev's popular Skol and Brahma beers.

"We are creating the world's num-

ber one brewery," said Interbrew chief executive John Brock, who will become the CEO of the new company.

As part of the deal, Interbrew and Ambev will operate independently in different hemispheres, maintain separate stock listings and name four directors each on a new 14-member InBev board. InBev's headquarters will be set up at the Interbrew head office in Leuven, Belgium.

Interbrew ends up with 57 percent of AmBev through a controlling compa-

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Beer Institute/NBWA study gets national play

The Beer Institute and the National Beer Wholesalers Association (NBWA), have teamed up to release the newest edition of the "Beer Industry Economic Impact" study, which reports that the U.S. beer industry generates more than 1.6 million jobs and more than \$144 billion in U.S. economic activity each year.

The study has been picked up by newspapers in several states, and there have already been a number of articles

published noting the beer industry's positive economic impact on given states.

"The benefits of the beer industry extend throughout the whole country—from the farmer in North Dakota to the brewery workers in California, Texas, New York, Wisconsin, Missouri, Colorado, Florida, and others, where the industry has a substantial economic presence," said Beer

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Sam Adams forecast low, drives stock down

The stock of The Boston Beer Co. Inc., the maker of Samuel Adams, fell last week after a disappointing earnings forecast. The company had reiterated its earnings forecast of 82 cents to 90 cents a share for the year, which is short of Wall Street's estimate of \$1 a share. After the announcement, shares of Boston Beer closed at \$23.43, down \$3.97, or 14 percent.

The brewer reported that it is developing a new television advertising

campaign for Sam Adams Light, and will increase promotional spending by \$2.5 million to \$3.5 million for 2004 over a year ago. The company said that this ad spending increase would have an impact on profits.

Prudential Equity Group on Thursday downgraded Boston Beer Co. to "neutral" from "overweight."

Analyst Jeffrey Kanter, in a research note, said higher costs are also hurting earnings of the brewer.

China holds position as top beer producer

China accounted for 17.1 percent of world beer production last year, keeping it firmly in position as the largest beer producing country in the world, analysts at Kirin Brewery Co. report.

World beer production increased two percent in 2003, reaching 147.16 million kiloliters.

China produced a total of 25.10 million kl of beer in 2003, up 7.0 percent from the previous year.

The strong performance of China reflected that country's powerful economic expansion, as well as the activities of numerous international joint ventures in modernizing China's beer industry sector.

The United States was ranked sec-

(Continued on page 3)

Mexican regulators probe beer market

AP—Mexican antitrust regulators said last week that they are investigating claims that beer suppliers are using anticompetitive practices to keep competitors out of the market.

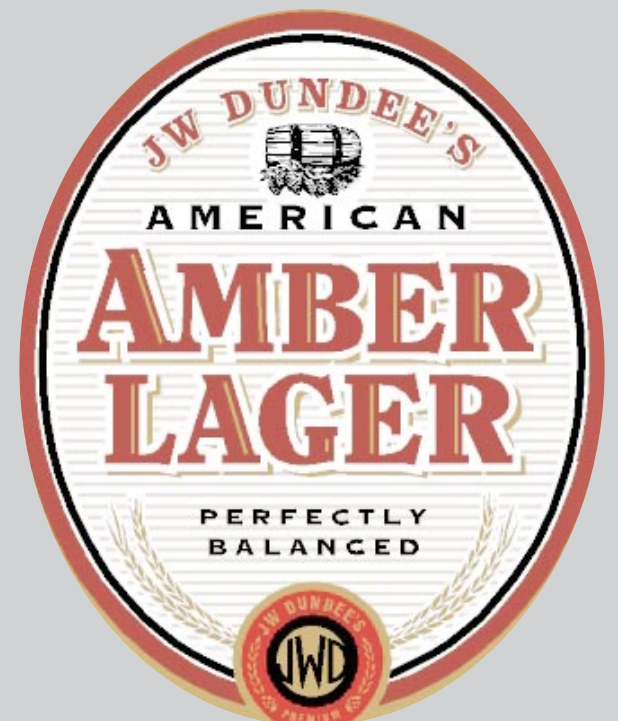
The Mexican Federal Competition Commission said it will investigate whether actions, contracts, or agree-

(Continued on page 3)

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The High Falls Brewing Co. has launched two new beers in the J.W. Dundee brand family—American Amber Lager and American Pale Ale. The two brands mark a return to all-malt brewing for the Rochester, NY, brewery (which used to operate as Genesee). "We didn't hold anything back while creating pale ale and amber lager," says Dave Schlosser, High Falls brewmaster. "For the amber, we brought in four different crystal malts, to give it a complex toasted caramel character, with just enough hoping to give it a great balance. The pale ale used Cascade, Amarillo and Tomahawk hops to give it terrific hop aroma, flavor and bitterness." Dave Boggs, High Falls v.p. of marketing, said that the brand will be supported with special J.W. Dundee's eight-pack samplers. "A key to successful new product introductions is sampling," he said. "We're convinced that once people try these new brands, they will come back for more."

The NBWA's David Rehr is profiled on NPR

David Rehr, the peripatetic president of the National Beer Wholesalers Association, was profiled during a recent broadcast of National Public Radio's morning edition.

A radio reporter accompanied Rehr as he went from reception to reception at the Republican Convention in NYC.

During the interview, Rehr spoke of his love for the obscure soft drink Tab, and said his four children helped keep him grounded.

Rehr used his access to NPR's national audience to propound the NBWA case for permanent estate tax

(Continued on page 3)

Pete Coors working to raise money for Senate bid

Republican Senate candidate Pete Coors will head to Washington, D.C. next month to help recover some the money he spent during the primary campaign.

The beer magnate loaned himself \$400,000 to help combat negative advertising supporting former U.S.

Rep. Bob Schaffer leading up to the Aug. 10 primary. Election laws only allows him to recover \$250,000 of his loan. He is also trying to raise between \$8 million and \$10 million for his campaign against the Democratic candidate, state Attorney General Ken Salazar.

PERIODICAL POSTAGE PAID



The Table Tapper is a new 116-ounce table-top beer dispenser made by Alberti Enterprises. The unit has a nine-inch diameter base, and 32-inch height. It sells for \$99, and the polycarbonate cylinder can be imprinted with a brewery or bar logo. The unit is promoted as a highly-visible alternative to pitchers. "Essentially, the Table Tapper is a clear, three-foot narrow vessel that allows bar patrons to dispense 116 ounces of beer at their own discretion," said Melissa Moore, pr agent for Table Tapper. "Its sturdy base holds a cylindrical plastic tube that is constructed of a polycarbonate mixture—the same material used in bulletproof shields—making it virtually indestructible. Patrons can serve themselves by pulling down the tap at the base of the unit." The company notes that the six-drink capacity of the unit can help free up bar and wait staff to serve other customers.

NEWSPAPER

Weekly Specialty & Import Beer Report

State regulators probe Yakima Brewing Co.

AP—Washington state regulators have accused a Yakima brewery and its two top officers of deceiving investors and breaking securities laws with a stock offering.

The Department of Financial Institutions alleged Yakima Brewing and Malting Co., its president, J. Gregory Trantum of Olympia, and its vice president, Paul C. Brown Jr. of Yakima failed to disclose key financial information to investors when they offered \$1-a-share preferred stock in the company from June 2003 to May 2004. The state's complaint said the stock offering contained omissions and misleading information, the stock was not registered for sale in the state and Trantum and Brown were not registered to sell securities in Washington.

Brown said he could not comment, but reported that a company lawyer was working on a response.

A company lawyer has requested a hearing, said Martin Cordell, chief of enforcement for the department's securities division.

If the state's allegations are proven,

the company and its officers could face maximum fines of \$10,000.

The stock offering came as the brewery said it needed to raise capital to continue marketing and increase production of a new beer, Grant's Mandarin Hefeweizen. The state said Yakima Brewing at that point was facing substantial cash flow problems and falling behind on payments to suppliers, problems not disclosed to investors.

About 500 investors from 12 states bought the preferred stock between November 2003 and last May, raising about \$500,000.

The state also alleged Trantum and Brown failed to disclose information about company principals, related party transactions and current company financial statements.

Yakima Brewing & Malting Co. was founded in Yakima by the late Bert Grant in 1982. It was sold to Stimson Lane Vineyards in 1995, and then to Florida-based Black Bear Brewing in 2001. Brown and Trantum are officers of Black Bear Brewing.

Briess joins Organic Trade Association

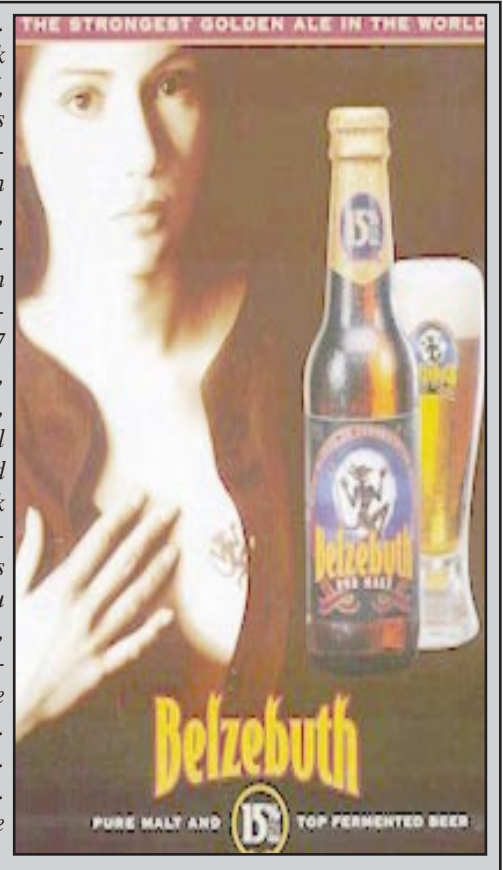
Briess Malt & Ingredients Company, of Chilton, WI, a division of Briess Industries Inc., has joined the Organic Trade Association.

According to the company, all Briess manufacturing facilities have been certified to produce organic malts, malt extracts and other value-added grain ingredients since 1990.

"Certified organic base and specialty malts produced by Briess are used by microbreweries to brew many styles of organic specialty beers in response to growing consumer interest," says Bernadette Wasdovitch, Marketing Manager. "Briess certified organic ingredients are also supplied to food and beverage manufacturers for the production of organic or natural energy and nutrition bars, baked goods, cereal, dairy products, confectionery, pet foods and more."

Wasdovitch says that Brad Rush, Briess Malting's Manager of Quality, Health, Safety and Environmental, will continue to oversee the company's organic program.

D & V International Inc. has announced that Oak Beverage of Blauvelt, NY, has been chosen as its Metro area beer distributor. D & V, based in Palm Beach Gardens, FL, is an importer of specialty beers from Belgium and France. The specialty beer line features 27 ales including wheat, blond, brown, triple, strong golden ale as well as Glemish red ale and traditional Lambics. Oak Beverages will be distributing ten of D & V's beers including Val-Dieu Brown, Nostradamus, Belzebuth (sell sheet pictured at right) Duchesse de Bourgogne, St. Bernardus Tripel, St. Bernardus Prior, St. Bernardus Abt, Binchoise Reserve, and Saxo.



Stone brews up anniversary mild (?)



Stone Brewing Co. of San Marcos, CA, has announced the release of Stone 8th Anniversary Ale. The brand contains 7.8% alcohol by volume, and 55 IBUS. It will be sold in 22-ounce bottles and with some limited draft availability. "This year's 8th anniversary is, like all previous Stone Anniversary Ales, an adaptation of a previous Stone Brewing Company release," said Stone head brewer Lee Chase. "This year we set out to make a "Anniversary-ized" version of Lee's Mild, a limited release beer from 1999. For this beer we used some of the same malts that we had used in the Lee's Mild, added more hops, less water (to bring the alcohol content up), and found a tasty balance of toasty/roastiness from the malt and a subtle (by Stone standards!) hop presence. To add further complexity, Oak was employed to round out the character and give the beer a bit of vanilla/bourbon influence from the wood!" Chase described the beer as medium Brown, with a light brown head, and an aroma of "roasted/toasted maltiness, dark chocolate, coffee, with ever-so-slight cola-like notes." He said the flavor is balanced. "Up front, the roasted malts give coffee, toasted, and bitter chocolate flavor," he said, "followed by hop bitterness, and, in the long finish, the oak makes its appearance. The late aftertaste is delicious to savor with the roast/bitterness/oak all lingering around for a while."

Stella Artois contest will name best U.S. barkeeps

Eight bartenders from across the U.S., who have already claimed regional titles for their Belgian beer pouring skills, will meet in New Haven, CT, on September 15 to vie for the national Stella Artois Draught Master title.

A panel of draught experts and industry journalists will judge the contestants on more than 30 criteria. The national winner will go on to represent the U.S. and compete against bartenders from around the globe in the Stella Artois World Draught Master competitions in Belgium in October.

New CD-ROM aims to assist brewers in lab

The American Society of Brewing Chemists has announced the release of a new CD-ROM edition of ASBC Methods of Analysis.

According to the Association, the new CD offers more than 200 traditional brewing analytical methods, along with 19 new methods.

According to the ASBC, the CD-ROM's new full-text search option and menu-driven short cuts "will make research fast and easy."

The disc includes preparation and set-up information, instructions, precautions and references, along with 60 built-in conversion calculators.

For information, contact the ASBC, tel: 800-328-7560. On-line at www.asbcnet.org.

Redhook celebrates Eighth Anniversary

The Redhook Brewery will be celebrating its eighth year of brewing in New England on Saturday, September 18th with its 8th annual Redhookfest-6 bands over 8 hours-on the grounds of the Redhook Brewery in Portsmouth, New Hampshire.

Redhookfest gates open at noon and will feature the legendary band Toots and the Maytals. Toots, a venerable Reggae artist who wrote 1968 hit single "Do the Reggae" with his band the Maytals, is credited with giving the "Reggae" genre its name.

Pittsburgh has high hopes for new bottles

AP—How much would you pay for a bottle of beer that stays cold for nearly an hour longer?

Pittsburgh Brewing Co., maker of Iron City Beer, is asking an additional \$1 per case.

The brewery has partnered with Alcoa Inc. to produce aluminum bottles that keep beer colder for as much as 50 minutes longer, Alcoa officials said. About 20,000 cases of the new aluminum bottle beer are en route to as many as 28 states and should be on shelves this week, Alcoa and Pittsburgh Brewing announced Tuesday.

The bottles have three times the aluminum of a typical beer can. That gives them superior insulation, said Alcoa spokesman Kevin Lowery.

It's not the first time Alcoa has teamed up with the local brewery to

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Interbrew/AmBev merger clinched; Inbev will be worlds' largest brewer

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ny, Braco. In return, AmBev gets the Canadian Labatt operation and the American brand Rolling Rock.

In the U.S., the former Labatt U.S.A. will be entirely "re-engineered" according to a statement by the companies. Simon Thorpe, president and CEO of Labatt U.S.A. since 2003, will retain those titles as head of the new InBev U.S.A. Tom Cardella, an old Labatt U.S.A. hand and current president and CEO of Beck's North America, will serve as InBev U.S.A.'s vice president of sales.

"The new InBev U.S.A. has been built for growth from the ground up," said Thorpe. "Our organizational structure has been simplified to ensure complete focus on delivering the world's best beer, and our growth objectives are backed by unprecedented investment."

Thorpe said this "unprecedented investment" will be focused on three brands—Stella Artois, Beck's and Bass Ale.

In addition, InBev U.S.A. may introduce Brahma, AmBev's top Brazilian brand, into the U.S. "We think Brahma has the potential to be one of the next great crossover brands for American beer drinkers," he said.

Thorpe said sales v.p. Cardella would lead a redesigned and focused sales organization, and spoke of a "new approach to local markets." In addition, the company will shift its sales organization from a four to a five division model.

At the Labatt U.S.A. offices in Norwalk, CT, this week, employees were being interviewed for new posts

in the revamped organization. Some layoffs are possible, sources indicate.

Interbrew and AmBev have resisted calling the deal a takeover or merger, even though analysts said AmBev—Latin America's dominant brewer and the world's fifth biggest—is technically ceding control to Interbrew.

InBev's Americas group will now focus on building a stronger foothold in the United States and increasing its Latin American market share, said Milton Seligman, the company's director of corporate relations in Sao Paulo.

"The only countries where we don't have a presence are Colombia and Guyana," he said. "Now we'll have a strong presence in the Canadian market, which will serve as an entry point into the North American market."

Asked about the prospect of building up the company through more acquisitions in the Americas, Seligman said the company is looking "at all markets and all countries with equal interest, with an eye on opportunities that may emerge."

Brock said the overall goal of InBev would be to increase its profit margin from the current 25 percent to 30 percent.

"We think we can reach that 30 percent target over the next few years," he said in a statement, adding InBev's new beer lineup puts the company in good position to compete with Anheuser-Busch and Heineken.

Interbrew, one of the world's oldest beer companies, is run by three families and grew to include operations in 21 countries and now sells 200 brands. AmBev recently expanded into the

Caribbean and sells two-thirds of the beer in Brazil's 8 billion liter (2.1 billion gallon) market, the world's fourth largest.

Previ, Brazil's largest pension fund, said it voted against the merger and would again ask Brazilian securities regulators to examine the deal to determine whether it hurt minority shareholders.

The fund, managed by state-run Banco do Brasil, said it lost about 600 million reais (US\$200 million, euro165 million) when its nonvoting AmBev shares plunged after the deal was announced. Under Brazilian securities laws, voting shares reap the bulk of premiums from mergers. Previ lost a bid last week for an investigation.

The headquarters for InBev will be in Leuven, Belgium, with AmBev's Americas headquarters based in Sao Paulo, Brazil.

Interbrew, was the world's third largest brewer with sales in over 140 countries, and AmBev, the world's fifth largest brewer. InBev achieved, on a 2003 consolidated pro forma basis, a net turnover of ?9,287 million (USD 10,521 million) and an EBITDA of ?2,287 million (USD 2,591 million). InBev estimates that the combined group can generate a pre-tax total of 280 million of annual synergies, through a combination of cost savings and commercial synergies.

The creation of InBev forms the No.1 brewer in the world by volume with a global market share of 13% (on a pro forma basis for the year ended December 31, 2003). The company says it will hold a No. 1 or No. 2 position in over 20 key markets.

BI/NBWA economic activity study gets play in local media

(Continued from page 1)

Institute President Jeff Becker. "The U.S. Department of Labor found their wages to be among the highest of 350 industries surveyed."

"The Labor Day holiday is a time when many will reflect on their successes, livelihoods and ability to support their families," said NBWA President David Rehr. "The beer industry is proud to play an integral role in helping America's working class celebrate this important holiday and will continue to be a major contributor to the growth of our nation's

economy for years to come."

Rehr said the positive contributions of the industry extend to more than extra economic output for the country, but also to state and federal tax revenue, estimated at \$27.6 billion, generated by the industry and its consumers.

"In addition to the economic contributions of the industry, beer distributors and brewers are also a positive force within communities to promote responsible consumption of their products by those of legal drinking age," Rehr noted. "The industry sponsors thousands of education and awareness programs to help stop drunk driving

and fight illegal underage drinking."

Becker and Rehr said that these educational efforts, "along with those of parents, teachers, teens and community leaders, have contributed to the steady decline in illegal underage drinking over the past two decades. The success of these activities is reflected in national studies that show significant reductions in underage drinking."

The Beer Industry Economic Impact study, including a state-by-state and local breakdown of the industry's economic contributions, is available at www.beerservesamerica.org.

Harbin Brewery Group is suing SABMiller for \$7 million

China's Harbin Brewery Group, which spurned an SABMiller buyout deal to link up with Anheuser-Busch earlier this year, has decided to add insult to injury by suing SABMiller for \$7 million.

The South African newspaper *Business Day* reported that Harbin was suing SABMiller over guarantees involving a company formed by Harbin and SABMiller last year, as well as a \$7 million loan that SABMiller made to six Harbin direc-

tors, which was later in default.

SABMiller and Anheuser-Busch had battled over ownership of Harbin, but the company eventually chose to sell to Anheuser-Busch.

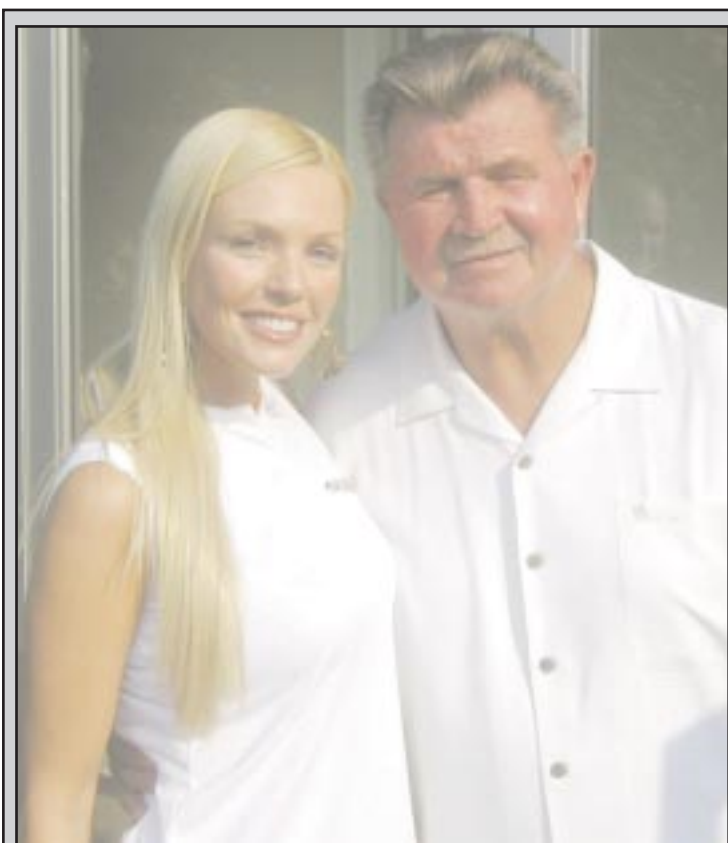
Harbin alleges SABMiller did not fulfill its obligations under the two companies existing relationships.

On June 1, Anheuser-Busch offered about \$720 million for the outstanding shares of Harbin. The company also boosted its stake in Harbin, paying \$49.8 million May 31 for an additional

7 percent stake. As of Aug. 18, A-B held 99.91 percent of Harbin's shares, and will take the brewer private.

SAB initially sought to fight the Harbin/A-B deal, but backed off when Harbin management and local government officials sided with A-B.

In China, A-B also owns a stake in Tsingtao, China's largest brewer; a 29 percent stake in Harbin Brewery Group; and owns 98 percent of the Budweiser Wuhan International Brewing Co., in Wuhan, China.



St. Pauli Girl Berglind Icey recently joined with football coaching legend Mike Ditka at the Coach's recent charity golf outing in Chicago. The St. Pauli Girl spokesmodel is traveling the U.S. to promote the St. Pauli Girl brand.

NBWA's Rehr gets national exposure on NPR

(Continued from page 1)

repeal, and the excise tax roll-back.

Rehr was characterized in the piece as a committed Republican, and a Bush "Pioneer," who had raised \$100,000 for the Bush campaign.

But Rehr said he has become more pragmatic about the pace of political change in recent years, and he noted that NBWA had recently hired a Democratic lobbyist.

Rehr said the NBWA PAC had raised \$1.5 million, and said it would all be spent during this election.

Rehr came off as a savvy political operator, networking avidly at various receptions, and staying on message.

Oddly, Mr. Rehr also took the opportunity to deliver a long valentine to the fading glories of Tab, a diet cola first introduced by Coca-Cola in 1963.

Mr. Rehr, one of a dwindling number of consumers for the peculiar-tasting beverage, recalled sampling Tab for the first time in the mid-1970s. He told NPR that he had been hooked on Tab ever since.

At one point, Mr. Rehr mentioned his desire to take a five minute break from the pressures of the Republican convention to—yes—drink a Tab.

Rehr closed the interview by saying he felt "blessed that they have Tab in New York."

Mexican regulators probe beer market

(Continued from page 1)

ments are blocking competitors' access to vendors or pushing them out of the market.

Mexico's beer market is dominated by two brewers, Fomento Economico Mexicano SA, or Femsa, and Grupo Modelo SA.

Femsa, whose main brands include Sol, Tecate and Dos Equis, recently signed an agreement to distribute Coors brands in Mexico and another for Dutch brewer Heineken to distribute Femsa brands in the United States.

Modelo, which makes leading U.S. import Corona, among others, is a

partner of Anheuser-Busch Cos. Inc.

Deutsche-Ixe analysts said in a research note Wednesday they suspect the plaintiff, which the CFC didn't identify, is a foreign brewer with limited presence in Mexico since earlier complaints by a local competitor were unsuccessful.

Aside from helping small retailers with the licensing requirements, brewers also provide signs or refrigerators for small outlets such as corner stores in exchange for exclusivity.

Mexico has the world's eighth-largest beer market and the CFC said its probe will cover the entire country.

China remains world's top beer market

(Continued from page 1)

ond, with output of 23.08 million kl, or 15.7 percent of the world output. But its annual output represents a 1.6 percent fall from that in 2002.

Germany ranked third with an output of 10.53 million kl, down 2.1 percent, followed by Brazil with 8.52 million kl, down 2.3 percent, and Russia

with 7.57 million kl, up 7.8 percent.

Mexico was 6th, with 6.64 kl of production, up 3.4%.

Japan was at seventh place with 6.53 million kl, including output of "happoshu" low-malt beer. This number was down 6.5 percent "due to the relatively cool summer as well as a tax increase for happoshu, Kirin said.

MARKETPLACE

CALENDAR

Send updates by fax (203) 852-8175 or via e-mail to Pete@breweryage.com

BREWERS EVENTS

August 20-23—Hop Harvest Festival. MBAA Districts Philadelphia, Western New York, and New England. Tours of hop barns and “oests.” Info: Rich Wagner, Zymrgst@aol.com.

Sept 6-10—China Brew & Beverage 2004. China International Exhibition Center, Beijing. www.china-brew.com.

September 26-28—InterBev. Orlando Convention Center, Orlando, FL. Contact: 877-853-4587.

September 30-October 2—Great American Beer Festival, Colorado Convention Center, Denver, CO.

October 18-30—MBAA Brewing & Malting Science Course. University of Wisconsin, Madison, WI. For info, see www.mbaa.com.

October 21-22—Midwest Technical Conference, sponsored by MBAA District Milwaukee. Moosejaw Brewing Co., Lake, WI.

November 10-12—Brau Beviiale 2004. European Trade Fair for the brewing industry. E-mail: besucherinfo@nuernbergmesse.de.

November 13-16, 2004—Brewers' Association of America Annual Conference. Hotel Monteleone, New Orleans, Louisiana. Check the web at www.brewersadvocate.org.

May 14-19, 2005—EBC-European Brewing Congress. Prague, Czech Republic. secretariat@ebc-nl.com.

September 10-11, 2005—Fourth World Beer & Drinks Forum, Munich, Germany. Information available at www.ruoss.com/wbdf/ewbdf.html or from events@ruoss.com.

WHOLESALE EVENTS

September 12-15—National Beer Wholesalers Association (NBWA) 67th Annual Convention. San Diego, CA. Contact: 800-300-6417.

October 3-6—Four-State Convention, Annual Washington, Oregon, Idaho and Montana Beer & Wine Distributors Convention. Couer d'Alene resort, Coeur d'Alene, ID.

October 4-5—The 66th Annual Associated Beer Distributors of Illinois Convention. Marriott's Lincolnshire Resort, Lincolnshire, IL.

October 6-8—New York State Beer Wholesalers Association 72nd Fall Convention, Grand Hyatt Hotel, New York, NY.

October 13-15—California Beer & Beverage Distributors 57th Annual Convention. John Ascuaga's Nugget Resort and Casino in Sparks, NV. Event Golf Tournament will be held October 13 at Red Hawk Golf Club. For information, contact: Rhonda Stevenson 800-952-8308.

Iron City has high hopes for new bottle

(Continued from page 2)

put out a new product. In 1962, the two put the first pull-tab beer cans on shelves, freeing beer drinkers of the need to carry openers with them.

“We think it’s much better than a can and as good or better than glass,” said Joe Piccirilli, vice chairman for Pittsburgh Brewing. “There’s no doubt in my mind that this has the same potential as the pull tab we did with Alcoa.”

Iron City wants to expand sales. But the aluminum bottle may be more important to Alcoa. The aluminum giant wants to win back a share of the market it lost to beer bottles—both glass and plastic, the latter of which is now common at sporting events nationwide.

About 40 percent of all beer consumed comes out of cans, 43 percent from bottles and 8 percent from the tap, according to the Beer Institute, which tracks industry trends. Bottles, however, have gained ground over the past decade.

Plastic bottles make up only half a percent of all beer sales, according to the Beer Institute. But having aluminum bottles at sporting events would introduce the product to thousands, who might buy a case for home.

Pittsburgh Brewing said it won’t drop glass bottles or cans from production.

Some people say they can taste the difference between beer in cans and bottles. Lew Bryson, an author of two books on breweries, said those complaints are psychological, since the aluminum is coated. But, he said, there may be a lingering taste when the seal of an aluminum can is broken.

The aluminum bottle could elimi-

nate that, he said.

One microbrewery based in Missoula, Mont., has been using aluminum bottles. Heineken released a limited edition aluminum bottle last year.

Aluminum bottles also have proven successful for a few breweries in Japan, but Iron City is the first company in North America to ship the bottles nationally, company officials said.

“Obviously, if we can do the same thing in the United States, we’ll have hit the mother lode,” Lowery said.

During a lunch break Tuesday, an aluminum bottled beer went over well with Brent Schooley, 27, of Pittsburgh, who said approvingly, “That’s bad!”

Alcoa and brewery officials say the biggest selling point of the bottle may be its appearance.

Bryson agreed, and said plastic bottles have also been problematic at some bottling plants because they are lighter than glass and can become jumbled.

But he said the advantages may not outweigh the price.

“It seems a bit like an answer in search of a question,” he said.

Pittsburgh Brewing said aluminum bottles cost more than twice than glass—about a nickel more per beer—but Alcoa and the brewery said the cost will come down if other beer companies follow suit.

Pittsburgh Brewing, which reports it sold about 6 million cases of beer last year, said it has opened a six-figure marketing campaign to try to make the idea stick.

“I think in the next 12 to 18 months, more people are going to get into this like we are,” said Piccirilli. “We’re not kicking the tires.”

SABMiller plans new brewery in South China

SABMiller PLC, and its joint venture partner China Resources Enterprise Ltd. say they are planning a 680 million yuan (US\$82.3 million; euro 67.3 million) brewery that will tap the affluent market in southern China. Construction will begin in November and the new brewery, to be

located in the southern city of Dongguan, not far from Hong Kong, will begin operation in early 2006, China Resources said in a statement issued Thursday.

London-based SABMiller, maker of Miller Lite, holds a 49 percent stake in China Resources Breweries.



(L. to R.) Sergio Barrios, industry and government affairs directory (west) at Heineken U.S.A. and Gabriel Abaroa, president of the Latin Recording Academy, donned green ribbons at the press conference for the 5th Annual Latin Grammy Awards. The Heineken Green Ribbons program was formed to raise money for music education programs in Hispanic communities.

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