

**INTERVIEW WITH
MR. JACOBO OLALLA MARAÑÓN
GENERAL DIRECTOR "CERVECEROS DE ESPAÑA"
*Report on the European brewing sector for distribution with the Daily
Telegraph***

Ever since the Beer Brewers Association of Spain was founded in 1922, "Cerveceros de España" (Brewers of Spain) represents the main business groups in the brewing sector. Could you make a general introduction about your primary activities to the 2.1 million Daily Telegraph readers?

Cerveceros de España's sphere of action covers everything that has an influence on the sector or the product's collective interest and defence; and the taking of positions in common. Therefore, it goes from intermediation with national, regional and European public authorities to many other activities. We are the voice of Cerveceros de España in Europe, the only voice, in truth, in fiscal, environmental, packaging and legislative matters, in the freedom of commercial communication about our products, and so forth. Another sphere in which we work from the sector's point of view is that of social responsibility, since we are collectively carrying out a far-reaching effort to prevent cases of abuse or inadequate consumption of beer. That is to say, we work on everything that holds a global interest, not just on that of one brand in particular. I can also mention what we do not do, for example, any work for any product in relation to commercialisation, sales, labour or in the negotiation of collective agreements.

What type of educational and informative initiatives have been carried out to promote moderate, responsible consumption?

In countries like Spain, beer drinking habits are healthy and sensible. It is also true that our responsibility in cases of excessive or abusive consumption is very limited, but nevertheless, we accept our part of the responsibility. With our campaigns by the whole sector, and the support of the brands of beer produced or sold in Spain, we want to minimize even

further any excessive consumption. Our job is, above all, to defend and reinforce traditional consumer habits; most of the time when a Spaniard wants to drink a beer, it is for its flavour or refreshing quality, and furthermore, it is generally in a restaurant or in a bar. Here we drink the traditional "caña", similar to the English pint but with an average size of 20cc, and we drink it with friends or family. Beer drinking is not mainly at night or at the weekend, but rather before a meal and almost always accompanied with something to eat.

In that regard, when the Spanish consumer drinks beer, knowing that it has the lowest alcohol level, some 4 or 5 degrees, against the 12 or 13 of wine or the 40 of spirits, it is not for the alcohol but rather to enjoy its features. Proof of that is the growing success of the production and consumption of non-alcoholic beers. We are Europe's, and probably the world's leader in the consumption and production of non-alcoholic beer, which shows, without a doubt, that alcohol is not the reason for its consumption. Non-alcoholic beer is a superb alternative for the beer drinker who does not want or cannot drink alcohol, for instance, when it is necessary to drive. This is related to our responsible consumption campaign "la carretera te pide SIN" (the road asks to have one WITHOUT)

This campaign is very interesting. How would you assess the impact of these initiatives that have been carried out, in this case with the collaboration of The Department of Transport, in the effort to increase public awareness that alcohol and driving are incompatible?

Firstly, we are very satisfied because it was a pioneer campaign. It was the first campaign that Commissionaire Loyola de Palacio signed in Dublin in 2004 when she was vice-president of the European Commission. That is, from the very beginning, we were the first association with the first campaign to be validated. We sent our consumers a very clear message with no room for any doubt: alcohol and driving are incompatible. Additionally, the advantage of these campaigns with the Department of Transport and with the multitude of allies that we have, such as Spanish driving schools or driving clubs, is that they are filled with tremendous credibility because we, the brewers, are the ones who provide this information about our product, the ones who say that alcohol and driving are incompatible. It would be very easy to say that an adult who drinks a beer with a meal would not be above the legal alcohol limit, but we do not want to give the wrong idea. In addition to promoting a positive alternative, if the consumer is going to drive and opts to have a beer, it should be non-alcoholic; we have a social commitment in our commercial communication through our Code for Self-regulation. We transmit the message of zero alcohol if a person is going to drive, and what is more, we impose limitations on our own commercial liberty

by not sponsoring any event related to the world of motor racing, or publishing any advertisements in motor racing magazines or news sections. Thus, not only do we make non-alcoholic beer, but we have also made a commitment to the traffic authorities to promote it even more.

Over the last few years the brewing sector has undergone a consolidation period and some brands have been purchased by international breweries such as INBev or SAB Miller. What are some of the main factors behind this international consolidation?

That statement would have to be analysed, but what is true is that the Spanish brewing sector, due to its energy and the special character of its consumers, has attracted foreign investment. This is very positive because, on the one hand, it has enabled traditional beer companies that needed an injection of liquidity and optimism to rise up again. On the other hand, it has allowed us to consolidate a situation in our sector where there are very successful beers that are 100% Spanish and have 100% Spanish capital. There are others that have attracted the investment of multinationals. This coexistence is clearly at a nearly perfect level, between national and international brands that, without a doubt, have mobilised the sector. Additionally, beer consumers in Spain generally drink brands produced in Spain. Money has no nationality, what matters are the raw materials, employment, consumption and the importance our sector has in the economy.

What perspectives does the Spanish brewing sector have for growth?

The Spanish brewing sector is a mature one. It underwent significant growth as a result of the modernisation of Spanish society in the 60s and 70s, and the change from rural to urban culture. Yet, at the same time it is mature, it is also an innovative sector that is continuously offering consumers added value products that are new. Perhaps the clearest examples are non-alcoholic beer or beer with lemon.

In 2007 Spanish exports were eleventh in relation to the United Kingdom. Currently, 50% of the United Kingdom's market share comes from imported beer. What perspectives does Spanish beer have in the coming years in this market?

The United Kingdom is a country with a long beer tradition and consumers know and appreciate what good beer is and what the different types are. For the Spanish brewing sector this market is particularly attractive because so many British tourists come to Spain to enjoy our climate and culture, tourists who definitively feel attracted to the Spanish way of life. Often, when they come here, they taste Spanish brands of beer in a

pleasant setting, like them, and so, when they return to their country, they want to taste Spanish beer again. That is why I believe the UK market is very attractive and has great growth possibilities for Spanish brands.

What are the keys to maximising the Spanish brewing sector's ability to compete and to facilitating its internationalisation?

I believe there is greater knowledge of our products' culture. Traditionally, Spain, like other Mediterranean countries, was thought to be a wine producer. It is true that Spain has a long and deeply rooted tradition in wine producing. Wine is our brother product, both are fermented beverages, and it is also true that both have been extremely important in the history of humanity, It is known that beer arose in Mesopotamia and had a great surge in Ancient Egypt as well, and it later entered Europe via the Mediterranean. Perhaps it is less known that the most ancient remains of beer from the year 3,000 BC were found in Spain, in Catalonia. That shows that beer has been a part of our culture from ancient times. Additionally, Spain is a cereal producing country, a major barley producer, which is the essential raw material for brewing. It is true that this tradition was lost upon occasion, but arose again with the arrival of Emperor Charles I of Spain and V of Germany, and has continued strong until the present.

How would you define the Spanish beer sector's contribution to the country's economy in terms of the creation of direct and indirect jobs?

According to a very interesting study of all Europe that a consultant company prepared, in the chapter on Spain they stress that the beer industry provides around 220,000 direct and indirect jobs. In agriculture, the total production of hops goes to beer-making as well to capsule manufacturing for medicine.

The sector it most influences is that of hotels and restaurants. As you know, there are many small establishments in Spain, more than 300,000, where beer and coffee account for 70% of their sales. In global terms, we understand that the share representing brewing in the GDP is more than 0.5%.

What healthful benefits does beer provide as part of the Mediterranean diet?

There is a long national and international scientific bibliography that proves moderate consumption of small amounts of alcohol has positive effects on health because it is a vasodilator, is good for your cardiovascular system,

and prevents heart attacks. Both beer and wine come from natural fermentation which is healthy. The cereal and hops in beer provide certain nutrients, vitamins and anti-oxidants. This is found especially in beer, including non-alcoholic beer. This is true to the extent that non-alcoholic beer has been presented as a healthy, optimal alternative for pregnant women. Recently an investigation was carried out in the UK by Dr. Powell which demonstrated that moderate beer consumption by healthy adults can also prevent osteoporosis due to its siliceous content.

We clearly state that, in addition to the scientific information that researchers and health professionals can provide, beer is a natural drink that can be part of a healthful and balanced diet. A cold beer is the best accompaniment to a snack or a meal. U.S. President Thomas Jefferson said that: "beer is proof that God exists and wants us to be happy". I believe that is an absolute truth. Having said that, we must always remember that, although it only contains on average 4 or 5 degrees of alcohol, consumption must always be moderate and responsible.

What are you most proud of in your long professional career and above all, now that you are General Director of Cerveceros de España?

The day I began in the brewing sector was deeply satisfying for me. I worked nine years and was Director of the Spanish Confederation of Animal Feed Compounds that transformed cereals (barley) for animal consumption. For me, a long-time beer lover, it was a source of pride to then work in a sector that also transformed cereals but for human pleasure. Representing such a globally popular, esteemed, natural and well-known product as beer, and the dynamic and hard working Spanish brewing sector is a daily challenge and pleasure.