



Beer Keg Theft Worsens

July 5, 2007 - The brewing industry is pushing for legislation that would require scrap metal recyclers to ask for identification and proof of ownership from would-be sellers of stolen kegs.

The Beer Institute noticed the problem in the past few years as it saw more brewers reporting missing kegs, resulting in an industry-wide loss of up to \$50 million a year, said Jeff Becker, president of the Beer Institute.

"It really got people's attention because that's a significant flow of our kegs that we'll never see again," Becker said. "We know some of it's very innocent but some of it's not."

The theft problem is twofold, he said. Some average keg-buying customers opt to forgo their deposits, which can sometimes range from \$10 to \$30, because they can cover that expense, and then some, if they sell to scrap dealers.

He could not say how much kegs go for, because prices change locally. But given prices metal trading prices in the past year, a keg could fetch from \$15 to \$55 or more at scrap yards.

But he said thieves know metal prices are on the rise and are on the prowl for kegs. They often find empty kegs unsecured in alleys and anywhere else restaurants, bars or distributors might store them and sell them at scrap yards.

While only about 12 percent of the nation's beer is sold in kegs each year, it costs brewers as much as \$150 to replace each keg, so the thefts have a big impact. In the past few years, breweries have collectively lost about 300,000 kegs a year, Becker said, out of an estimated 10.7 million in circulation.

Craft brewers are anxious to solve the theft problem because as much as 40 percent of their business is tied up in keg sales, triple the industry average, said Ken Grossman, founder and owner of Sierra Nevada Brewing Co.

His company expects to lose at least 3 percent of its kegs each year and often must wait months for replacements because it orders in smaller batches.

Metal prices are high across the world now, partially because of increased demand caused by a spike in construction in growing economies, said Chuck Carr, spokesman for the Institute of Scrap Recycling Industries Inc., a trade group whose members run about 3,000 facilities in the U.S.

The Beer Institute supports legislation in states that require; for example, scrap metal buyers to ask for identification from would-be sellers of kegs, among other items. Ten states so far this year have passed such laws, including Colorado, Indiana, Kansas and Virginia.