



Brewers Association Export Development Program ISSUES REVIEW

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USDA Awards EDP Additional Grant Funding

The United States Department of Agriculture (USDA) has awarded the EDP a \$45,000 export assistance grant through its Emerging Markets Program. Funding may be used to conduct research on the Mexican beer market and prepare a study for EDP members. The BA conducted a similar study in 2008. However, the Mexican market has developed significantly since that time, which has necessitated an update of the study.

This grant can be used through June 2015 and supplements funding that the EDP receives through USDA's Market Access Program (MAP). MAP awards for 2015 have not yet been announced, but the BA expects that its allocation will be similar to 2014 (\$600,895).

EDP Participates in Mexican Trade Mission

In June, Mark Snyder joined representatives from nine breweries for a craft beer trade mission organized by USDA's Agricultural Trade Office (ATO) in Mexico City. The trade mission was designed to educate breweries about export opportunities in Mexico and introduce them to key retailers, buyers, and distributors. Over the course of three days, participants visited 10 on- and off-premise craft beer retailers and met with over a dozen importers and distributors.

Mexico is a promising market for American craft brewers, but there are significant issues with grey market imports and storage and handling practices. In his discussions with the Mexican trade, participating breweries, and staff at ATO Mexico City, Mark raised these issues, the importance of cold chain shipping, and the threat that the grey market poses to the reputation of American craft beer. He also distributed the BA's *Best Practices Guide for Quality Craft Beer*. Moving forward, new opportunities in the market will depend on the Mexican trade's ability to deliver a fresh, legitimately-imported product consistently to consumers.

EDP Expands Craft Beer Awareness in China

Following its participation in the Shanghai International Beer Festival (SIBF) earlier this year, the EDP sponsored a booth at the Sinan Mansions Beer Festival in Shanghai on May 31-June 1. Eric Rosenberg attended on behalf of the EDP. This was the first time the BA participated in the Sinan Mansions festival, which has been held annually since 2011.

In contrast to the SIBF, the Sinan Mansions festival focuses on craft beer and draws expats and locals who are knowledgeable about craft beer. Attendance was solid on the first day, but dropped considerably on the second day due to rain. Visitors to the BA booth had the opportunity to try 49 beers from 14 EDP members. These were the same beers that were available at the SIBF, as the EDP controlled costs by combining shipments for the two festivals. While in Shanghai, Eric also met with local importers to discuss their interest and ability to import American craft beer. One of these meetings resulted in a trade lead.

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In September, ATO Guangzhou requested the EDP's support for an American craft beer seminar and tasting organized by USDA. The event attracted over 100 attendees, including importers, distributors, on-premise retailers, media, and government officials. The BA's in-market representative (M.Z. Marketing Communications) attended and reported that the Guangzhou craft beer market is growing but is significantly less developed than in Shanghai. The EDP also reviewed and contributed to one presenter's slides, allowing it to tailor a message about the quality and diversity of products offered by the US craft beer industry, US craft beer culture, and proper care and handling practices.

This year's slate of activities in China required a significant expansion of resources allocated to the market. The EDP will closely examine the impact of activities and member interest in deciding which activities to continue in 2015.

Great British Beer Festival Highlighted by Beer Lunch

The Great British Beer Festival (GBBF), which is typically held in August, remains one of the signature events that the EDP participates in annually. It provides the opportunity to reach over 50,000 attendees in the third-largest export market for American craft beer. In addition, since Andreas Fält (the EDP's Craft Beer Ambassador to Europe) lives in the United Kingdom, the EDP is able to set up a range of side events targeting trade and media.

The BA's stand at the GBBF was again situated in the "Bières Sans Frontières – USA and Rest of World" section. According to Andreas Fält, who represented the BA at the festival, the stand was constantly busy and one of the most popular throughout the five-day event. A record 38 EDP members shipped beers and had their products promoted by the BA.

This year's side events included (1) a showcase of canned American craft beer at the British Beer Writers Guild pre-GBBF Event at the Oyster Shed, (2) a BA tap & can takeover at the Rake specialty beer bar, and (3) a food and beer pairing lunch for trade and media at the Michelin-starred French restaurant Club Gascon. The Club Gascon lunch was perhaps the most successful side event that the BA has ever held during the GBBF. In addition to Andreas, four brewers attended and helped provide the attendees with insights on American craft beer. The menu, which was created by Chef Pascal Aussignac and BA Culinary Consultant Adam Dulye, highlighted the complimentary flavor characteristics of craft beer with fine food.

The success of the lunch is evidenced by the significant media coverage that it resulted in (see "European Media Expands Coverage of American Craft Beer" below). Overall, the trade and media that attended came away with a much greater understanding of American craft beer and how it complements beer.

EDP's 10th Anniversary at the Stockholm Beer & Whiskey Festival

The Stockholm Beer & Whiskey Festival is another of the EDP's signature annual events—this year marked its 10th anniversary of participating. Bob Pease, Eric Rosenberg, Adam Dulye, and Andreas Fält represented the EDP. As in previous years, the BA sponsored a booth at the festival and entered beers from 38 members into the competition. The following breweries won awards::

- Ballast Point Brewing Company, Sculpin IPA (Gold, Bottled Modern IPA)
- Ballast Point Brewing Company, Sea Monster (Silver, Bottled Imperial Porter and Imperial Stout)
- Boulder Beer Company, Shake Chocolate Porter (Bronze, Non-Category Bottled Beers)
- Coronado Brewing Company, Coronado Idiot IPA (Bronze, Bottled Modern Double IPA and Barley Wine)
- Coronado Brewing Company, Coronado Idiot IPA (Bronze, Draught Modern Double IPA and Barley Wine)
- Dogfish Head Brewery, Palo Santo Marron (Gold, Bottled Modern Double IPA and Barley Wine)



Brewers Association CEO Bob Pease and US Ambassador to Sweden Mark Brzezinski deliver opening remarks to guests at the Brewers Association American Craft Beer and Food lunch in Stockholm.

- Lagunitas Brewing Company, Lagunitas Brown Shugga (Silver, Draught Modern Double IPA and Barley Wine)
- Lagunitas Brewing Company, Lagunitas Little Sumpin Extra (Silver, Bottled Modern Double IPA and Barley Wine)
- Oskar Blues Brewery, Mama's Little Yella Pils (Bronze, Bottled International Light Lager)

During the two weekends of the festival, Andreas also conducted tastings with Scandinavian importers and held master classes on American craft beer. The popularity of these classes was impressive. Andreas was originally scheduled to hold three, but after they sold out a fourth was added. In total, 127 people attended the classes.

EDP representatives also met with three major importers from Sweden and buyers from Systembolaget, Sweden's alcohol import and retail monopoly. The Systembolaget buyers provided an overview of the performance of American craft beer and indicated continued interest in adding other U.S. brands to their annual assortment. They noted that their 2015 launch plan, which is available on the BA website at <http://www.brewersassociation.org/business-tools/exporting-beer/resources/>, includes plans to expand their U.S. portfolio. The EDP will share Systembolaget tenders with its members as it receives them.

Finally, the EDP held a successful food and beer pairing dinner for trade and media at Gondolen restaurant. As with the Club Gascon lunch discussed above, Adam Dulye collaborated with the Gondolen chef to create the menu.

Over 50 guests attended, including key media and trade contacts and buyers from Systembolaget. The U.S. Ambassador to Sweden, Mark Brzezinski, provided introductory remarks. In addition, four brewers attended and helped represent the EDP.

The EDP's visit again confirmed the popularity of American craft beer in Sweden. The market is already the second-largest, accounting for 15.5% of exports in 2013. Distribution opportunities and demand are clearly increasing, suggesting that growth will continue over the medium-term.



Brewers Association Culinary Consultant Adam Dulye in action.



Stephen Houck of Stone Brewing, Arlo Grammatica of Ska Brewing, US Ambassador Mark Brzezinski, Brewers Association CEO Bob Pease, Rick Chapman of Coronado Brewing and Ryan Hilliard of Hilliard's Brewing enjoy a moment during the Brewers Association American Craft Beer & Food lunch in Stockholm.

European Media Expands Coverage of American Craft Beer

The EDP has retained Lotte Peplow (Peplow PR) on an ongoing basis to assist with generating media exposure for American craft beer in the United Kingdom and other key European markets. Her role is designed to complement the technical expertise of Andreas Fält. Lotte was selected due to her extensive media contacts and success working with the EDP on certain UK projects in the past.

Thanks in part to Lotte's efforts, the EDP has seen a significant increase in European media coverage on American craft beer recently. Most notably, Lotte played a key role in getting influential members of the media to attend food and beer pairing lunches at Club Gascon in London and Gondolen. Media coverage from the Club Gascon lunch reached 1.2 million readers and viewers, and included:

OUTLET	AUTHOR	TITLE
Great British Chefs	Ella Timney	<i><u>Brewers Association Lunch at Club Gascon</u></i>
Hotel F&B	Morag Lyall	<i><u>A Pint of the Good Stuff</u></i>
Jaime Oliver Drinks Tube	Tim Anderson	<i><u>American Craft Beer & French Food Pairing</u></i>
London Loves Business	Pete Brown	<i><u>Why Beer (and NOT Wine) Goes with Everything</u></i>

OUTLET	AUTHOR	TITLE
Matching Food & Wine	Fiona Beckett	<i><u>Does Craft Beer Suit Posh Food?</u></i>
Pub & Bar	Tristan O'Hana	<i><u>Craft Beer Exports on the Rise</u></i>
Stockpot	Sheila Eggleston	Entente Cordiale
The Caterer	Lisa Jenkins	<i><u>US Craft Beer Takeover at Club Gascon</u></i>

Meanwhile, the Gondolen lunch has already generated the three media articles below, and more are expected.

OUTLET	AUTHOR	TITLE
c/oHops.se	Pelle Stridh	<i><u>Amerikansk öl gillar svensk mat – på restaurang Gondolen</u></i>
HumleOchMalt	Fredrik Johansen	<i><u>Lunch med Brewers Association på Gondolen i Stockholm</u></i>
Portersteken	Johan Lenner	<i><u>Sjurätters öllunch med utsikt och hisnande kombos</u></i>

With media coverage on American craft beer increasing, the EDP's events in Europe are much more effective at educating trade and consumers. This should ultimately lead to additional sales and distribution opportunities for EDP members.

Promotions in British Columbia Drive Export Success

In September, the EDP undertook in-market promotional activities in Canada for the first time since 2012. At the beginning of the month, the BA sponsored a U.S. pavilion at the Great Canadian Beer Festival (GCBF) in Victoria. EDP representatives, Canadian agents, and two U.S. brewers attended and poured the 42 beers that were shipped by EDP members. The U.S. pavilion was extremely busy throughout the two-day event, even though the festival was held in Victoria, which is a relatively small city.

To support its booth presence, the EDP also partnered with the British Columbia Liquor Distribution Branch (BCLDB) on an American craft beer promotion in BCLDB stores. The promotion included displays of eight products in 30 stores, and sample tastings in 10 of those stores. In accordance with BCLDB rules, this promotion was limited to products that are already sold in stores. However, the EDP hopes that the promotion will lead to more listings for American brewers. Results suggest that the promotion was successful. Sales growth in stores with displays was 19% more rapid than sales growth in all stores.

Canada remains the top export market for American craft beer, and these activities were a solid way of reentering the market. Whether the EDP continues these activities in 2015 depends on member interest and other available opportunities. Unlike the other big markets for American craft beer, Canada lacks an established, nationwide festival that it can participate in annually. GCBF attracted a solid crowd, but did not generate the media exposure that the EDP had hoped for this year. With respect to BCLDB promotions, the EDP will need to see whether distribution opportunities for all members increase or if there are other tangible benefits to ongoing EDP support.

Canada Announces Consultations on Standards of Identity for Beer

The Government of Canada has announced its intention to modernize standards of identity for beer, and is taking input from stakeholders through November 17. The proposed changes include (1) a new definition that covers all beer styles, (2) limits on the amount of sugar in beer, and (3) adjustments to how carbohydrate matter and flavors can be used in producing beer. These requirements differ from U.S. standards in certain ways, so the BA is reviewing the proposal to determine how it will impact American craft brewers. The BA will raise concerns with the Canadian authorities as appropriate. USDA has published a report on the new standards [*here*](#).

EDP Session Held at the Great American Beer Festival

The EDP session at this year's Great American Beer Festival included presentations on the Japanese and Mexican beer markets, as well as a networking reception for importers and brewers to meet and socialize. Albert Kuwano Bakonyvari from AQ Bevolution delivered the presentation on Japan. His remarks focused on the increasing interest in American craft beer and opportunities to expand distribution in the market further. Meanwhile, Jaime Andreu Galván from Primus Cervezas delivered the presentation on Mexico. As a craft brewer and importer, Jaime spoke about the challenges and opportunities he sees in Mexico's small but growing craft beer market. He also discussed regulatory requirements at length. Albert's and Jaime's presentations are available to EDP members through the BA website at <http://www.brewersassociation.org/business-tools/exporting-beer/resources/>.



Export Development Program Manager Mark Snyder welcomes international importers and Brewers Association member brewers to the Export Development Program seminars during Great American Beer Festival.



Jamie Andreu Galvan of Primus Cervezas (Mexico) and Albert Kuwano Bakonyvari of AQ Bevolution (Japan) answer questions during the Export Development Program seminars during Great American Beer Festival.

Next Up – European Beer Star, Brau Beviale, Brussels Beer Challenge

The EDP has covered the cost of a consolidated shipment and entry fees for its members to participate in two competitions—the European Beer Star Awards and the Brussels Beer Challenge. These events are recognized across the brewing community as among the most competitive and well-regarded. In total, 56 EDP members submitted 295 beers to the European Beer Star Awards. Judging took place in October, but the winners will not be announced until November 12, at an awards ceremony at Brau Beviale. Meanwhile, 33 EDP members submitted 148 beers to the Brussels Beer Challenge. Judging will take place on October 31-November 2.

The BA will have representatives attending Brau Beviale in Germany to receive European Beer Star awards for those breweries not in attendance. Additionally, the BA is likely again to partner with the Hop Growers of America on craft beer and U.S. hop seminars offered annually. Seminar plans are still being finalized but Matt Brynildson, Firestone Walker, is scheduled to lead the seminars on behalf of the Hop Growers of America.

BA Receives Clean EDP Audit

As a recipient of funding from export assistance grant programs, the EDP is subject to regular audits by USDA's Office of Compliance, Security, and Emergency Planning. The most recent audit took place in July and covered the period July 1, 2013-June 30, 2014. Nearly \$500,000 in grant expenditures were reviewed and found to comply fully with USDA rules and regulations. In addition, USDA determined that the BA met its reporting and financial contribution requirements. This was an expected result but a positive one nevertheless. A clean audit is important and factors into future USDA grant allocation decisions.