



Brewers Association Export Development Program ISSUES REVIEW

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Philippines and Sweden Covered at GABF

This year at the Great American Beer Festival, the BA's Export Development Program (EDP) offered presentations on the Philippines and on Sweden during the annual Friday afternoon EDP session. Jim Araneta from Philippine-based Global Beer Exchange and Dan Ihrelius from Sweden's Systembolaget spoke to members about the performance of US craft beers in their markets and about opportunities for future growth.

The Global Beer Exchange began importing US craft beers earlier this year. The company currently works only with Ballast Point, Rogue, Gordon Biersch and Flying Dog. However in a short period of time Global Beer Exchange has succeeded in placing these brands in some of Manila's top on-premise accounts. The beers have gained a following despite their high price in the market. According to Jim, this is because imported US craft beers are perceived as trendy and prestigious products among young, affluent consumers. Though the market is currently small, Mr. Araneta has seen solid growth in sales and expects the market to develop gradually over the coming years. If you would like to speak with Jim directly about opportunities for your products in the Philippines, please contact jim.araneta@globalbeerexchange.com.ph.

The BA also took advantage of Dan Ihrelius' attendance as a judge at GABF to update EDP members on developments for US craft beers in Sweden. Mr. Ihrelius is Beer Purchaser for the country's retail monopoly Systembolaget. Though Mr. Ihrelius spoke at the CBC in Seattle, his market has developed substantially for US craft beer since then. Specifically, Sweden has grown into the largest export market for US craft beers due in large part to Mr. Ihrelius' interest in the category and consumer demand. Overall, in 2008 Systembolaget will have launched over 40 different US craft beer brands and the category continues to perform well. Sales for the US beer category in general were up 19.2% for year-to-date 2008 compared to the previous year. In terms of styles strong ales (> 6% alcohol) are showing some of the biggest sales increases. Seasonal beers are also performing very well, lending support to the Systembolaget's approach of numerous limited volume launches of a wide variety of beers throughout the year.

Importantly, Systembolaget plans more US craft beer launches in 2009. A product call for a US wheat beer to launch in April 2009 closed in October but a separate call for a US strong ale is still to come. This will be for a permanent listing in Systembolaget starting October 2009. To respond to Systembolaget product calls, EDP members need to work through a European importer. To obtain a list of European importers, please contact Mark Snyder at mark@brewersassociation.org.

Copies of both presentations given at GABF will be made available on the BA's EDP website.

US Craft Beer Presence at Stockholm Beer and Whisky Festival Grows

The BA participated in the Stockholm Beer and Whisky Festival (October 2008) for the fourth year in a row. And this year, US craft beers had their largest presence yet. In addition to the BA-funded Oliver Twist booth, US craft beers were on display at the booths of other importers including Wicked Wine (Sierra Nevada and Flying Dog), Galatea (Samuel Adams, Anchor, Ommegang) and Brewery International. This was a reflection of how the market for US craft beers has grown in Sweden.

Interest in US brands remains strong as evidenced by the retail sales statistics provided in the previous article. But this was also clear during three consecutive full houses for seminars offered by Bob Pease about US

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craft beer. Each seminar featured six beers paired with different cheeses. The seminars offered background information on the growth of the US craft beer industry, details on the EDP and specifics about the sampled products. While reaction to the different beers was mixed, attendees universally recognized the quality and innovation coming out of the US brewing industry.

Unfortunately, this recognition did not seem to translate to the judges for the SBWF awards. US breweries came away with six awards this year, the industry's lowest total ever. The winners and the categories in which they won are included:

- Gold** – Goose Island India Pale Ale – Ale 4.8% - 5.9%
- Bronze** – Uinta Wildfire Extra Pale Ale - Ale 4.8% - 5.9%
- Gold** – Caldera IPA – Strong Beer 6% - 7.9%
- Silver** – Avery IPA - Strong Beer 6% - 7.9%
- Bronze** – Saranac Black Forest Lager – Dark Lager Maximum 5.9% Alcohol
- Silver** – Flying Dog Snake Dog IPA-Ale 4.8%-5.9%

These companies should be particularly proud of their achievement. The SBWF saw its largest number of entries yet and with limited style categories used, the competition was fierce. Fortunately, there appears to be recognition that these limited style categories are insufficient. It is likely that additional categories will be included next year.

2008 European Beer Star Winners Announced

The Brewers Association Export Development Program (EDP), now in its fifth successful year is designed to promote US Craft Beers in targeted global markets through trade missions, shows and competitions such as the 2008 European Beer Star competition.

This year, there were 65 international beer judges tasting a total of 688 beers from 32 countries. At 57%, the majority of beers still come from Germany; but, as in previous years, the percentage of foreign beers rose again this year. In addition to breweries from Europe, Australia and North America, there were also beers from Peru, Brazil, El Salvador, Namibia, Thailand, Laos, Chile and Colombia.

Brewers Association Export Development Program subscribers took gold, silver, and bronze medals at the 2008 European Beer Star competition! There were 24 EDP members who participated and submitted beers for the competition. Among those, the following US craft beers were selected as winners:

<u>Brewery</u>	<u>Beer</u>	<u>Category</u>	<u>Award</u>
Alaskan Brewing Co	Alaskan Amber	Düsseldorf-Style Altbier	Bronze
Anderson Valley Brewing Co	Winter Solstice Seasonal Ale	Herb and Spice beer	Bronze
Avery Brewing Co	Out of Bounds Stout	Dry Stout	Bronze
Boston Beer Co	Boston Ale	Düsseldorf-Style Altbier	Silver
	Honey Porter	Specialty Honey Beer	Silver
	Cream Stout	Sweet Stout (Cream Stout)	Bronze
Brewery Ommegang	Ommegang Abbey Ale	Belgian-Style Dubbel	Bronze
Deschutes Brewery	Mirror Pond Pale Ale	English-Style Ale	Gold
	Bachelor ESB	English-Style Golden Bitter	Silver
	Abyss	Imperial Stout	Silver
Firestone Walker Brewery	Oaktoberfest	Bavarian-Style Märzen	Bronze
	Union Jack IPA	English-Style India Pale Ale	Gold
	Honey Blonde	Specialty Honey Beer	Bronze
Flying Dog Brewery	Gonzo Imperial Porter	Porter	Silver
FX Matt Brewing Co	Saranac Pale Ale	English-Style Ale	Bronze
Great Divide Brewing Co	Hades	Belgian-Style Ale	Silver
Left Hand Brewing Co	Left Hand Milk Stout	Sweet Stout (Cream Stout)	Gold
Rogue Ales Brewery	Shakespeare Stout	Dry Stout	Silver
	Smoked Ale	Smoked Beer	Silver
	Shipyard Brewing Co	Shipyard Pumpkinhead Ale	Herb and Spice beer
Steamworks Brewing Co	Conductor Imperial IPA	English-Style India Pale Ale	Silver
Stone Brewing Co	Stone Pale Ale	English-Style Ale	Silver
Victory Brewing Co	Victory Storm King Stout	Imperial Stout	Bronze

Export Trade Lead - Sweden

While in Sweden, Bob Pease and Eric Rosenberg met with representatives from Galatea, one of Scandinavia's largest specialty beer importers. Galatea already handles US craft beers including brands from Boston Beer Company, Anchor Brewing Company, and Brewery Ommegang. However, Galatea indicated that it is looking to add another one to three US craft beer brands to its portfolio. This is particularly of interest in light of the Systembolaget's intention to announce more product calls for US craft beers in 2009 including the strong ale permanent listing scheduled for next Fall (see first article).

Galatea is independently owned and operated with a sales force of nine and total staff of 60. The company has its own temperature controlled storage facilities and has established strong partnerships that enable sales to other markets including Denmark, Norway, Finland, the Baltics, Ireland, Germany, Iceland, and Russia. Galatea services all distribution channels in these countries and is already handling bottle and draught beer from the United States. The Brewers Association has a copy of Galatea's latest company presentation (powerpoint) and would be pleased to pass it along to interested EDP breweries looking for representation in Europe. To obtain a copy of this presentation, please email mark@brewersassociation.org. Alternatively, EDP members are free to contact Galatea directly. Our contact there is Marc Eysermans and he can be reached at marc@galatea.se.

EDP Delegation Visits Salone Del Gusto

Charlie Papazian and Nancy Johnson led a delegation of EDP members to the Salone del Gusto fair in Turin, Italy from October 23-27. The Salone del Gusto is held every two years and provides an opportunity for the BA to showcase the artisanal quality of US craft beers while reinforcing the image of the US craft beer industry as innovative, quality-focused, and diverse. This year, Charlie and Nancy were joined by representatives from eight breweries. In total, 21 breweries participated by sending beer for the event.

During the show itself, US craft beers were featured in a variety of seminars in tastings. Charlie gave presentations in five separate beer workshops, one of which was entirely focused on American beer and hops. Another focused on new innovations from the American brewing industry and a third compared innovative American and Italian craft beers. US craft beers were also included in a pilsner tasting and in a tribute to Michael Jackson.

BA Joins Hop Growers of America for Craft Beer Seminar at Brau

Charlie Papazian will again attend the Brau Bevale conference and trade show in Nurnberg, Germany in November. Similar to last year, the Hop Growers of America (HGA) approached the BA and Charlie to partner on a US hop/craft beer seminar and tasting this year at Brau. The tasting will feature five beers made exclusively with US hops. EDP members were asked to suggest beers from among their portfolio that were made exclusively with US hops or had a US hop as a dominant varietal. Charlie made final selections for the tasting based on beers that demonstrate different hop characteristics while being accessible to European tastes and preferences. But all brands suggested by EDP members will be showcased and poured at the HGA trade show booth at Brau. EDP members attending Brau are encouraged to take part in the seminar and to visit the booth. Winners of the European Beer Star awards are also announced at Brau each year. This year, the BA's EDP coordinated the entry of beer from 24 breweries into the competition. This included covering the entry cost of three brands per brewery (a \$750 value) and shipping costs for sending samples to Germany. A list of EDP members that win awards at Brau this year will be included in the next *Issues Review*.

Flying Dog Wins Tesco Drink Awards

The slight dip in awards at the Stockholm Beer and Whisky Festival aside, this year has been a good one for US craft breweries from an award perspective. The Brewers Association is excited to report that Flying Dog Brewery won two categories in this year's Tesco Drink Awards. Tesco, the United Kingdom's largest retail chain has held the annual Drink Awards for the past 16 years. The competition has grown into one of the region's largest and covers beer, wine and spirits. A number of award categories are offered. These include four national awards and eight regional awards. Winners of the national categories are guaranteed placement in Tesco stores nationwide, while winners of the regional categories are guaranteed placement on a more limited (regional) scale.

Because of the guaranteed retail listings that accompany a victory, the Tesco Drink Awards have become extremely competitive. Flying Dog won two of the four national categories.

The beer will hit store shelves beginning in April 2009. Volumes and distribution details are now being finalized but because these are national listings, the exposure for Flying Dog and US craft beer in general could be tremendous. This success is certainly a product of the hard work put in by Flying Dog's European partners (Bier & Co. in the Netherlands and James Clay & Sons in the UK) and of course a testament to the quality of Flying Dog beers. But the BA believes this is also a success of the EDP through which Flying Dog gained exposure to the international marketplace and fostered relationships with European distributors.

China Craft Beer Seminars in the Works

Now that the GABF, Salone del Gusto and the Stockholm Beer and Whisky Festival are behind us, the BA EDP is working to put together craft beer seminars in Shanghai and Beijing. The BA received \$65,000 from the USDA's Emerging Markets Program to conduct these seminars this year. The seminars are scheduled to take place in December during the week of December 8. Bob Pease and Eric Rosenberg will attend the seminars which are being coordinated with assistance from American Craft Beer Partners (importers for a variety of brands in China) and with help from an in-country event management consultant. The schedule was selected to coincide with the tail end of the Food and Hotel China trade show, one of the largest restaurant, bar, and hospitality trade shows in the country. BA representatives will visit the show to determine its suitability as a venue for future market development work in China.

EDP Steering Committee Meeting - October 20, 2008

The EDP Steering Committee met by conference on October 20. Eleven people participated in the call including two new committee members, Ron Jeffries (Jolly Pumpkin) and John Cochran (Terrapin). The meeting focused on activity plans for 2009 and on the EDP's financial structure. In terms of activities, the committee expressed interest in exploring the Great Canadian Beer Festival (GCBF) or other beer trade events in Canada. Some US breweries already participate in the GCBF so adding this or other Canadian activities to the EDP slate could attract additional members to the program.

Interest was also expressed in some of the domestic US trade shows that are approved for EDP expenditure. The USDA maintains a list of domestic events that have sizable international attendance and permits recipients of USDA export assistance funds to use resources for these events. National Restaurant Association shows and Fancy Food shows are examples of approved events.

The meeting also included discussed of markets that the BA has not yet explored. Specifically, there was support for activities in Mexico and interest in funding a research study to examine the Costa Rican market (funding permitted).

On the issue of EDP finances, the BA has confirmed the addition of a fourth tier for EDP membership. Breweries producing less than 1,000 barrels will have a \$500 annual fee for EDP membership. Minutes for the October 20 meeting are available upon request from Mark Snyder at mark@brewersassociation.org.