



Brewers Association Export Development Program ISSUES REVIEW

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Brewers Association EDP Receives Increase in MAP Funding

In July, the BA finally received word of its full allocation of USDA Market Access Program (MAP) funds for the 2008 calendar year. The BA received **\$322,454**. This allocation represents a 75% increase in funding from last year's award of \$184,000. In addition, the BA received \$65,000 in funds from the USDA's Emerging Markets Program bringing the total of federal grant funds to the BA's Export Development Program (EDP) to \$387,454 for the year. USDA indicated that the increase in funding was a result of the success that the EDP has had in its first few years at generating exports of US craft beer and a reward for the program's good administration by BA staff and Bryant Christie Inc.

This funding announcement was delayed considerably by US Farm Bill negotiations. Typically, the BA knows its allocation for an upcoming fiscal year well in advance. Nevertheless, the news was worth the wait. The increased budget will permit the BA to maintain all core activities while adding some new projects to the EDP going forward.

Brewers Association Also Receives FSMIP Grant

Continuing the good news, in August the BA was notified that it had been awarded a **\$30,500** grant from USDA's Federal State Marketing Improvement Program (FSMIP) to develop a draught beer quality manual.

The BA was informed of this program by Bryant Christie Inc. (BCI) and worked with BCI and the Colorado Department of Agriculture on an application in February. The program funds research and marketing projects that could lead to improved distribution and sales opportunities for US agriculture. Domestic and international projects are welcomed. While the BA's project is primarily an effort targeting the domestic market, it could have international applications as importers are likely to begin carrying draught beer as international sales and awareness of US craft beers grow.

With a total program budget of only \$1.3 million, FSMIP is a very competitive grant. This year, the BA had one of 25 projects that received funding out of 65 applicants. With these grant funds, the BA will be able to complete the draught beer quality manual while providing educational seminars during various industry events over the next year. A website for these standards is also in the works.

U.S. Craft Beers Continue Making Gains in Scandinavia

The BA's success in Scandinavia continued this year with new listings throughout the region. In Sweden, as part of the Systembolaget's temporary launch program, Hercules Double IPA from *Great Divide Brewing Co.* and Rye Bock from *Left Hand Brewing Company* will launch in August. In September, the retail monopoly will introduce Old Stock Ale from *North Coast Brewing Company* and *Left Hand's* Oktoberfest. November will see the introduction of two beers from *Stone Brewing Company* – Old Guardian Barley Wine and Double Bastard Ale – along with *Great Divide's* Oak Aged Yeti and *Left Hand's* Twin Sisters Double IPA. To close out 2008, in December Systembolaget will launch two more *Stone* beers including their Vertical Epic 070707 and Imperial Russian Stout.

The U.S. industry was also awarded permanent listings in the region. In August, Red Seal Ale from *North Coast* will launch on a permanent basis in Finland's alcohol retail monopoly, and in Sweden that company's Brother Thelonius will begin a permanent listing in October 2008. In Norway, Red Seal Ale is set for a per-

AUGUST 2008

INSIDE THIS ISSUE:

- **Brewers Association EDP Receives Increase in MAP Funding**
- **Brewers Association Also Receives FSMIP Grant**
- **U.S. Craft Beers Continue Making Gains in Scandinavia**
- **EDP Funds US Craft Beer Presence at Great British Beer Festival**
- **US Craft Beers a Hit at Berlin Embassy Opening**
- **Stockholm Beer and Whisky Festival, European Beer Star and Salone Updates**
- **BA EDP Sails Through USDA Compliance Audit**
- **GABF Seminar/Reception Plans**
- **EDP Steering Committee Meeting**

manent launch in January 2009. Also in Norway, the alcohol monopoly Vinmonopolet has selected Snake Dog IPA from Flying Dog Breweries for placement in 200 stores. U.S. Craft Beer brands are even gaining exposure beyond Scandinavia. The Tallink ferry system which provides service between Sweden and the Baltic states began serving Red Seal Ale in June 2008.

In 2007, U.S. craft beer exports to Sweden surpassed \$1.5 million dollars, making that country the largest single export market for the industry. That year, exports to Norway, Finland and the Baltic states barely registered. In 2008, the BA anticipates a significant increase in exports to this region in light of all of these new listings.

EDP Funds US Craft Beer Presence at Great British Beer Festival

For the first time in its four-year existence, the EDP funded a US craft beer presence at the Great British Beer Festival (GBBF). While many American breweries have participated in the GBBF in the past, this year the EDP covered the cost of shipping samples from EDP members to the event for display and pouring at the Bières Sans Frontières (Beers Without Borders) stand. Samples from 17 breweries were shipped as part of this activity.

The BA was also listed as a sponsor for the USA/Rest of World section of the show and through that sponsorship was able to display banners and promotional material for US craft breweries. The BA also worked with an in-country public relations contact to generate coverage for the US presence in British trade publications.

US craft beer samples were sold at the event for \$5 - \$6 per 12 ounce bottle. According to Doug Odell (Odell Brewing Company) who attended the GBBF on his own expense and poured at the USA section, each day's allocation of samples sold through. The reception for these beers by the British trade and consumers was reportedly very strong. Should the BA continue to receive increased MAP funds it will be possible to consider a larger presence at the event next year.



US Craft Beers a Hit at Berlin Embassy Opening

On Friday, July 4th the U.S. government opened its new Embassy on the famed Pariser Platz in Berlin, Germany. The Embassy's traditional July 4th celebration and barbeque marked the occasion and American craft beer was displayed prominently during the festivities. The U.S. Agricultural Attaché to Germany, Bobby Richey solicited the participation of the Brewers Association and its members. The BA ended up sponsoring the event and shipped samples from 13 different EDP members, totaling nearly 50 different brands. The beers were made available to the 4,500 guests in attendance, including Germany's Chancellor Angela Merkel and former President George H. W. Bush. The BA was pleased with this opportunity to deepen its partnership with the U.S. Department of Agriculture while gaining additional exposure in Europe for American craft beer.



Stockholm Beer and Whisky Festival, European Beer Star and Salone Updates

A number of European events are next on the list for EDP participation. These include the BA's annual booth sponsorship at the Stockholm Beer and Whisky Festival, the submission of EDP members' beers to the European Beer Star Competition, and the bi-annual Salone del Gusto show in Turin, Italy. Announcements and beer sample requests have been sent out on all of these events.

The Stockholm Beer and Whisky Festival takes place over two weekends, September 18-20 and September 25-27. The BA sponsors an American craft beer booth at the show each year and BA officials attend annually to conduct beer school classes and to meet with head purchasers for Sweden's alcohol monopoly, Systembolaget. Bob Pease (BA) and Eric Rosenberg (BCI) will attend the second weekend this year.

Annual participation at this event has resulted in significant new business for EDP members. See related story for the latest in new listing in Scandinavia.

A separate announcement also went out recently to register EDP members for the European Beer Star Competition. This is an annual competition conducted in association with the Brau Beviere trade show in Germany. Last year EDP members won a number of medals at this competi-

tion. This year, the BA will cover up to three entries per member and the cost of shipping samples to Germany. Each entry would otherwise cost breweries approximately \$250 per brand. If you have not already done so, please contact Mark Snyder at mark@brewersassociation.org or at 303-447-0816 ext 137 to register for this event.

On October 23-27, Charlie Papazian will lead another delegation of EDP members to Italy for the bi-annual Salone del Gusto. The Salone del Gusto is largely a consumer-oriented event that attracts over 170,000 consumers. With more U.S. craft beer brands now in circulation in Europe, participation in this event will provide some good exposure for brands already in Europe while introducing booth visitors to a wide array of other beers. There are currently 24 EDP members registered to participate.

BA EDP Sails Through USDA Compliance Audit

As a recipient of USDA grant funds, the BA is subject to regular compliance audits from USDA officials. The most recent audit, the BA's second, took place at the Bryant Christie Inc. offices in Seattle in early June. At that time, one and a half year's worth of BA EDP expenditures were reviewed to ensure compliance with grant program regulations. The BA is pleased to report that there were no findings from that audit, a second consecutive clean report. The BA's audit performance factors into its standing with USDA grant program administrators and can impact future funding levels.

GABF Seminar/Reception Plans

The BA again intends to host an EDP seminar and reception on Friday October 10 from 2:00-4:00 pm during the Great American Beer Festival. While admittedly, the convention center presents a challenging venue for a small group seminar and reception, the GABF represents one of the very few opportunities for most EDP members to assemble for an export program.

This year, the BA has planned for discussion covering Denmark and the Philippines. Denmark's leading beer journalist Soren Frank of the daily journal *Berlingske Tidende* (the oldest Danish newspaper still operating) will attend the GABF at the BA's invitation. Mr. Frank has been asked to discuss his observations on the craft beer movement in Denmark and his perceptions of American craft beers and their opportunities in Europe. He will be assisted as needed by Anders Kissmeyer of Nørrebro Bryghus who is accompanying Mr. Frank on this trip.

Jim Araneta of the Global Beer Exchange, an importer that has begun carrying American craft beer in the Philippines has been asked to speak about that market and the performance of U.S. brands that he carries there. Mr. Araneta attended the BA's trade dinner in Tokyo earlier this year. The Philippines has not been covered previously in a BA seminar.

Dan Ihrelius, head beer purchaser for Sweden's Systembolaget plans to attend the GABF again this year. Mr. Ihrelius spoke at the CBC in Seattle and has attended the GABF once before. His visits provide an unparalleled opportunity for EDP members to hear about U.S. craft beer exports to the industry's largest export market and about the Systembolaget's plans for the category going forward.

Please let Mark Snyder (BA) know if you or someone from your brewery will be available to participate in this EDP session at the GABF.

EDP Steering Committee Meeting

The BA's EDP subcommittee met by conference call on July 15 to discuss upcoming event plans, the EDP grant and financial structure, subscription fees, and a variety of other topics. Of note, during that meeting a decision was made to add a fourth tier to the EDP's fee structure. Breweries producing under 1,000 barrels will now be charged a \$500 annual fee as opposed to the three tier fee structure in place for larger companies. The subcommittee will also work on a marketing piece that outlines the broader benefits of the EDP to the U.S. craft beer industry as a whole. Subcommittee members discussed that many BA member breweries still perceive the EDP as narrowly benefitting only breweries that are in a position to export. The subcommittee wishes to correct this misconception by informing interested members about the program's broader benefits in media and government relations, merchandising opportunities for BA products and services, domestic sales opportunities through NRA or Fancy Food show participation, the development of new promotional and educational materials, and even the promotion of beer tourism to the United States.

Subcommittee members participating on the call included Kim Jordan (New Belgium), Eric Wallace (Left Hand), Adam Lambert and Sam Calagione (Dogfish Head), Brett Joyce (Rogue), Fred Mendes (Boston Beer), Eric Warner (formerly of Flying Dog), Bob Pease and Mark Snyder (BA), and Eric Rosenberg (BCI). The EDP is a subcommittee of the BA's Market Development/Public Affairs committee. If you are an EDP subscriber and interested in participating in the subcommittee, please contact Mark Snyder (BA) at (303) 447-0816 ext. 137.