



Brewers Association Export Development Program ISSUES REVIEW

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BA Attends SIAL China

From May 10 – 12, the Brewers Association (BA) participated in the SIAL China trade show in Shanghai. This marked the BA's first visit to China and first Export Development Program (EDP) activity within Asia. In addition to a booth at the show, the BA held a beer and food paired dinner for trade and media at the Finestre restaurant on Shanghai's famous Bund. These efforts were all designed to support US craft beer brands that recently gained entry to the Shanghai market through American Craft Beer Partners, an import company specializing in China market development for US craft beers.

In three short years, the BA's export development efforts in China have achieved outstanding results. From a market research study in year one, the BA's efforts have resulted in nearly \$60,000 in exports this year from five US craft breweries and distribution to eight establishments in Shanghai. A substantial increase in exports to this market is anticipated as demand for US craft beers in Shanghai and elsewhere in China far outpaces supply. Major retail chains such as Carrefour and Lian Hua are even now expressing interest in adding brands introduced to the market.

The trade show and dinner certainly helped support these efforts. During the trade show, the BA, along with representatives from American Craft Beer Partners, **Rogue Ales** and **FX Matt** poured samples for hundreds of interested importers and distributors from throughout the country. After the event, additional samples were sent to a few specific traders seriously looking to add US craft beers to their portfolios. The BA and American Craft Beer Partners continue to follow up on these leads.

The BA's dinner was co-sponsored by the US Department of Agriculture's Agricultural Trade Office in Shanghai and by Taylor Shellfish Farms, a leading Washington State supplier of farmed shellfish. Taylor provided clams, mussels, geoduck and oysters for the dinner, which were paired with an assortment of US craft beers. The dinner attracted over 70 guests including importers, distributors, and media. A small review of the dinner was already published in the *Shanghai Daily*, the city's leading English-language newspaper. Additional media coverage of the event and the EDP have appeared in *That's Shanghai* magazine. The BA continues to monitor for other press mentions.



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As an additional outcome of the event, the BA established solid relations with USDA officials in China that are key to future grant requests for that market. The BA recently submitted a request for nearly \$70,000 in funds for China for next year. USDA officials also educated the BA on the importance of trademark registration in China, even for companies not yet doing business in that market. There are many resources available to BA members wishing to register their marks. For more information on the China trip, future plans in this market, trademark registration or other issues, please contact Bob Pease, BA Vice President at bob@brewersassociation.org or Eric Rosenberg, EDP Coordinator at ericr@bryantchristie.com.

US Craft Beer Sales in Europe Set to Surge

US craft beers are set to significantly expand their footprint in Europe this year thanks to the EDP and the efforts of Bier & Co. (the Netherlands), James Clay & Sons (United Kingdom), and Jörgen Hasselqvist (Sweden) among others. Bier & Co. and James Clay & Sons have been working with the BA to identify partners for mixed container exports to Europe. Bier & Co. is furthest along having already purchased four containers this year alone. Those beers are now being sold in the Netherlands, Ireland, the UK, Germany, Italy, Greece, and Switzerland. Interestingly, the beer is almost entirely sold prior to arrival, evidence of the strong and pent up demand for US craft beers throughout Europe.

James Clay & Sons is also close to finalizing plans for mixed containers of US brands directly into the UK. It is anticipated that a broader range of brands will be available in the UK before the end of the year.

Last but certainly not least are the EDP's successes in Sweden. With assistance from Jörgen Hasselqvist, the BA has cultivated good relations with Dan Ihrelius, head buyer for Systembolaget. This has resulted in new listings for US brands within Systembolaget and growing interest among the on-premise trade throughout Scandinavia. Earlier this year **Left Hand Brewing Company's** Milk Stout won a Systembolaget tender for the porter/stout category. The brand received guaranteed distribution for at least one year through 200 Systembolaget stores throughout Sweden with small orders of other Left Hand beers rounding out the offerings. Congratulations are in order to Left Hand for their victory and to Jörgen for his tireless efforts to promote US craft beers.

As a result of all of these developments in the first six months of 2007, the BA anticipates significant new sales and export growth in the second half and on into next year.

US Brewers Take Gold Down Under

US craft breweries were among the top award winners at this year's Australian International Beer Awards (AIBA). In total, US craft breweries won 55 medals including 9 gold medals, 24 silver medals and 22 bronze medals. But the highest accolades were reserved for **Deschutes Brewing Company** (Oregon) and **Sprecher Brewing Company** (Wisconsin). Both companies took recognition as the 2007 highest gold medal winners by class — Deschutes for their Black Butte Porter and Obsidian Stout and Sprecher for their Sprecher Imperial Stout. Further, Deschutes took home two coveted trophies including the International Malting Company Trophy for Champion Large International Brewery and the Veolia Environmental Services Trophy for Champion Stout. Breweries will be presented their medals during an awards ceremony at the 2008 Craft Brewers Conference in San Diego.

Results from this year's AIBA represent a significant achievement for the EDP. For the first time, the BA used a portion of its EDP grant funds to offset the cost of US craft breweries wishing to participate in the Australian International Beer Awards. The BA funded up to three entries per brewery and covered the cost of shipment to Australia. Over twenty US craft breweries entered the competition, enabling the US industry to have far greater representation than ever before. Overall, the AIBA received 941 entries from 39 countries.

For a complete list of award winners at the AIBA, please visit the AIBA site at www.beerawards.com/results.asp. The BA intends to continue funding US entries to this and other brewing competitions. To take part, please contact Mark Snyder (BA) at mark@brewersassociation.org.

Favorable Reviews for the BA's CBC Export Track

For the third year in a row, the BA offered an export track of seminars at the annual Craft Brewers Conference (CBC). Four seminars were sponsored by the EDP including discussions on the availability of "branded" grant funds for individual breweries, trademark registration

in the US and international markets, the Mexican market for US craft beers, and the export experiences of US craft brewers active in international markets.

The BA continues to receive praise for the content of seminars offered in the EDP track. In Austin, one brewery owner remarked that he attends every EDP seminar because they consistently offer educational value and fresh perspectives on the industry. Another brewery representative thanked BA staff for introducing Susan Anthony from the US Patent and Trademark Office to the craft beer community. She found Susan's presentation on trademark regulations and procedures extremely beneficial for any company regardless export intentions.

Copies of all of the presentations given in Austin are available on the BA's EDP website at www.beertown.org/craftbrewing/edp.html. We also encourage EDP members to contact the BA if you have suggestions for future seminar topics.

BA Completes Mexico Market Research Using USDA Funds

In May, the BA completed a market research study of the Mexican market for US craft beers. That study was funded by a \$30,000 grant from the United States Department of Agriculture's Emerging Markets Program. A copy of the final report, prepared by Grupo PM, and a list of trade contacts interviewed for the study has been distributed by the BA and are available by request from Mark Snyder.

Mexico appears to offer a small, yet growing market for premium imported craft beers but also presents a challenging market in light of exclusivity agreements between distributors and Mexico's large domestic breweries. Despite this, there are independent distributors and retail and on-premise buyers that are eager to introduce new products. Beer consumption per capita has grown by over 30% in the last ten years and eight percent of consumers regularly purchase what they consider to be "expensive imported beers." Imports, in fact, are the fastest growing segment of the market and are expected to have 4% market share in the future.

A presentation on this research was given at this year's CBC in Austin. Interestingly, a few Mexican craft breweries (BA members) attended the presentation and acknowledged growth in demand for premium craft beers. At this point, the BA does not have plans for in-country promotional efforts targeting Mexico but the BA encourages companies interested in Mexico to review the study and contact the BA for more information. A copy of the Mexican research is available on the BA's EDP page at the following link: <http://www.beertown.org/EDP/BA>

BA EDP Approached by Cannes International Film Festival

In May, Bob Pease, BA Vice President was approached by the organizers of the American Pavilion at the Cannes International Film Festival to supply US craft beers for the event. This would have entitled the BA to be listed as a sponsor for the pavilion at no additional cost. Unfortunately, the BA was given only one week's notice to act on this opportunity, which prevented consideration of any sample shipment from the US. However, the BA extended the offer to EDP subscribers with beer already in Europe. Similarly the short timeline prevented any company from participating this year. Nevertheless, the BA indicated significant interest in supplying samples next year and intends to follow up with the pavilion's organizers towards the end of the year.

Next Up – European Beer Star Competition, GABF, and SBWF

Plans are under way for remaining activities on the 2007 EDP calendar. Following on the success of US entries to AIBA (related story), the BA will cover the cost of entering US brands to the European Beer Star Competition. Entries from the US will be consolidated by the BA this summer and shipped to Germany for arrival in mid-to-late September. The cost per entry is 150 Euros, but the BA will cover the cost of two entries per brewery plus shipping for all EDP subscribers.

The BA is also considering another export seminar at the Great American Beer Festival. Feedback was positive from last year's seminar with presentations from Bier & Co., James Clay & Sons and American Craft Beer Partners. This year the BA is likely to bring additional trade contacts from China and is considering outreach to new markets. Input is most welcome and helps ensure the program continues to meet the interests/needs of EDP subscribers.

In September (27-29), the BA will again participate in the Stockholm Beer and Whisky Festival. As in past years, the BA's participation will include a US craft beer booth at the show and the entry of three US brands per brewery into the Festival's awards competition. US craft beers annually perform well in this competition, which has contributed to heightened interest in US beers in the market.

Information about all of these upcoming events will be sent by email this summer. If you have questions or wish to provide input on the GABF program, please contact Mark Snyder. We look forward to hearing from you.

Increased USDA Funds Requested for 2008

In May, the BA submitted its annual proposal to USDA for grant funds for export promotion, requesting \$350,000 from the Market Access Program and \$67,000 from the Emerging Markets Program. These requests represent sizable increases from the amounts received to date from both programs. Presently, the BA receives approximately \$220,000 combined.

An increase in funds is justified for the BA based on the success of the EDP the last two years. Based on BA export surveys, US craft beer exports have increased nearly 40% since the EDP's inception while USDA grant funds have increased only 13%.

The BA will not receive word of its allocation until September.

EDP Steering Committee Meeting

In early June, the BA's export program steering committee met by teleconference to discuss recent activities and plans for the remainder of the year. The BA received excellent input from committee members on the development of an EDP information packet to help market the program and generate new subscribers. The packet is now being developed and will contain an activity plan for the next twelve months, a description of program benefits, background on EDP successes and details on membership costs. The packet will be mailed to current subscribers and an electronic recruitment piece will be sent to the BA's full membership.

The BA continues to encourage members to provide input regarding the EDP program, markets and activities of interest. The EDP committee is chaired by Jack Joyce (Rogue) and includes Bruce Forsley (Shipyard), Fred Mendes (Boston Beer), Eric Warner (Flying Dog), Eric Wallace (Left Hand), Sam Calagione (Dogfish Head), Dan Gordon (Gordon Biersch), Ken Grossman (Sierra Nevada), and Mattson Davies (Kona). If you are interested in participating in EDP Committee meetings, please contact Mark Snyder (BA) at (303) 447-0816 ext. 137.