



Brewers Association Export Development Program ISSUES REVIEW

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EDP Receives Additional 2011 USDA Funding

Earlier this month the BA received word that its allocation of USDA Market Access Program funds for 2011 had increased by \$15,624, bringing the BA's total MAP allocation for the year to \$408,895. When the BA originally received its 2011 allocation back in the fourth quarter of 2010, USDA had not awarded the full annual MAP budget. Eight million dollars was withheld from initial allocations in the event that amount was needed to cover other costs. The BA's recent supplemental allocation represents its share of the remaining budget. The funds provide added flexibility to the BA this year and will likely go towards costs associated with the BA's participation in the Fancy Food show this summer in Washington, DC.

US Craft Beer has Significant Presence during Vancouver Craft Beer Week



The Brewers Association participated in the 2011 Vancouver Craft Beer Week (VCBW) by hosting its own tasting of American craft beers and a beer-paired dinner for invited trade and media. Both activities were successful in promoting American craft beer in Vancouver and raising awareness of the quality and diversity of products offered by America's craft breweries.

The tasting (called Brewery Creek Beer Festival) was held on May 13 at the Beatty Street Drill Hall in downtown Vancouver. Nineteen EDP member breweries participated in the event, showing up to four different brands per brewery. A similar tasting featuring British Columbian craft beers was held at the same location the following night. Both were new additions this year to the VCBW schedule. Eric Rosenberg (Bryant Christie Inc.) and Mark Snyder (Brewers Association) attended on behalf of the EDP. Industry representatives from Elysian Brewing Company, Lagunitas Brewing Company, Deschutes Brewery, Hopworks Urban Brewery, and North Coast Brewing Company also traveled to the market to represent their companies at the tasting and other events organized by their respective importers during the week.

The US tasting sold out in advance with over 750 tickets sold at \$30 each. Each ticket came with 3 tokens redeemable for beer. Additional tokens were sold on site in packages of 5 or 10. Revenues from the evening will be split evenly between the BA and the organizers for VCBW.

The consumer reception to this festival was very encouraging. British Columbia is a growing market for US craft beer exports, which is easy to understand based on the enthusiasm of tasting attendees. With this in mind, the BA hopes to make this an annual part of VCBW with the Drill Hall providing a perfect venue.

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The Drill Hall is home to the oldest military unit in Vancouver. Its location provided easy access with public transportation and the interior space accommodated the breweries, food vendors, and a full house.

The following night, the BA hosted a five course dinner for 40 trade and media guests at the Shebeen Whiskey House in Vancouver's Gastown area. The dinner was co-hosted by Beerthirst and AFIC, two import companies handling a majority of American craft beers in the province. Beerthirst and AFIC contributed the beer for the dinner while the EDP covered venue costs. Despite late notice for the event, attendance was full. The menu featured:

- Cured sockeye salmon canapé without a set beer pairing
- Romaine and grilled bread salad paired with Elysian Immortal IPA
- Caramelized onion and gruyere tart paired with Hopworks Cascadia Dark Ale
- Braised short ribs paired with Deschutes Black Butte Porter
- Dark chocolate and cherry bar paired with North Coast Old Rasputin

Shebeen Whiskey House is part of a group of restaurants owned by Sean Heather. Later this year, another restaurant will be added to the group, with the anticipated opening of Bitter. Beer will serve as the focus at Bitter. As such, the BA's partnership with Sean Heather and the Shebeen this year could lead to further opportunities for beer-paired events in Vancouver going forward.

SIAL Trade Show and Seminars Reinforce US Craft Beer Presence in China

Bob Pease (Brewers Association) and Josh Weiner (Bryant Christie Inc.) recently completed their visit to China where they oversaw the EDP's booth at the SIAL trade show in Shanghai and two EDP craft beer seminars in Shanghai and Beijing. Bill Covaleski (Victory Brewing Company) also traveled over for the events. SIAL is one of the largest food and beverage trade shows in China. The EDP featured beer in two locations of the show. The Brewers Association purchased space within the American Pavilion of the show in an ideal corner location. In addition, the EDP took ownership of one corner of the Dxccl space in the Chinese area. Dxccl is the leading importer of American craft beer to China, representing a number of brands, including for draught beer which has only recently been added to the distribution mix. The dual locations maximized the BA's opportunity to showcase American craft beer for visiting trade and media. Traffic was reportedly very good with a number of distributors from other cities in China visiting the booths and inquiring as to how they could obtain American craft beers.

Business for those companies already exporting to China is reportedly increasing now that firmer distribution arrangements are in place.



In addition to its trade show presence, the EDP hosted seminars in Shanghai and Beijing. Approximately 100 trade and media contacts attended each seminar, the largest numbers yet for these activities. Bob Pease and Bill Covaleski both spoke on topics ranging from the history of the American craft beer industry, current trends, exports, quality control, and food and beer pairing. Larger attendance at these seminars was likely due in part to trade advertisements taken out by the EDP in *Drink Magazine Asia*. While in China, BA representatives were also introduced to staff from another new homebrewing/craft beer publication *Hops* that is gaining popularity. The two new publications are indicative of how the market is evolving for specialty beers to the benefit of future imports from the US.

While SIAL and the two seminars were the focus for EDP activity in China in 2011, the EDP earlier supported promotions that were arranged by local USDA offices. In Guangzhou, the EDP sponsored a St. Patrick's Day promotion with the China World Hotel. The promotion featured American food and craft beers and the China World Hotel added US craft beers to its menu as a result. Similarly, the EDP sponsored a series of USDA-arranged restaurant promotions in Zhejiang, a coastal city north of Shanghai. Similar promotions last year helped generate new distribution for American craft beer in that city.

EDP Contributes to Craft Beer Education in Brazil

From April 24 – May 1, Bob Pease and Eric Rosenberg traveled to Brazil for trade and media receptions in Sao Paulo and Rio de Janeiro, and for multiple craft beer seminars for culinary, sommelier, and cicerone students. These activities were funded by an Emerging Markets Program grant the BA received in 2010 specifically for market development in Brazil.

Sao Paulo has a growing craft beer scene. An increasing number of craft breweries (over 200) now operate in Brazil. Many of these look to service the increasing number of independent beer bars catering to Brazil's growing middle class in Sao Paulo and Rio. The BA visited a number of those establishments during the week and held events at three of them. In Sao Paulo, American craft beer trade receptions were held at FrangO (generally considered Sao Paulo's best beer bar) and at the Emporio Alto de Pinheiros (specialty beer retail shop and café). In Rio, a similar event was held at BeerJack, an independent bar focused exclusively on craft beer.

Another sign of growing trade and consumer awareness of craft beer in Brazil is the popularity of cicerone and beer training classes at universities and trade schools. There are now multiple technical brewing schools operating in Brazil, including Doemens, and a number of culinary and sommelier schools offering periodic courses on beer. In an effort to increase craft beer knowledge and educate future hospitality decision makers about American craft beer, Bob Pease led seminars at three separate institutions. In Sao Paulo, seminars were given for students at two campuses of Universidade Anhembis-Morumbi. This is a large culinary school that regularly incorporates training on wine into its annual program, but that has not previously offered training on beer. Between 40-50 students attended each seminar at which the BA discussed the American craft beer industry in general and tasted six different beers/styles. The BA also hosted a seminar at the Associação Brasileira de Sommeliers. Kathia Zanatta, a graduate of Doemens in Germany has begun offering beer sommelier courses through this association. The BA was invited to lead a seminar on US craft beers for Kathia's students. Over 70 people attended and there is interest in expanding the relationship with the BA for this type of education going forward.

In Rio, a similar seminar was given to students at the Universidade Estacio de Sa. Approximately 40 students attended. The level of engagement by the students at each seminar varied but in general the attendees were eager to learn about beer and showed genuine interest and appreciation for craft beer. Seminars such as these to culinary and sommelier students appear to be a good way for the BA EDP to influence future decision-makers and to help slowly develop beer awareness in new markets. Most of the school expressed openness to the idea of working with the BA to design more regular beer training courses for their students.

While in Brazil, BA representatives also met with US Department of Agriculture personnel at the US Consulate in Sao Paulo. The chief topic of conversation was a new Brazilian government regulation concerning the laboratory analysis certificate that is required for imports of beer to the country. While the certificate has always been required, previously Brazil's Ministry of Agriculture accepted analyses completed by the exporting brewery. Within the past year, the regulation changed and now certificates must be issued by a laboratory duly recognized for beer analysis by the regulating authority of the exporting country and by Brazil's Ministry of Agriculture. Unfortunately, there are only four such laboratories in the United States, only two of which are independent. The list of labs with TTB-approved beer chemists can be found at <http://www.ttb.gov/ssd/pdf/cert-list-may11-beer.pdf>. The BA met with US Consulate officials to ask for assistance in gaining more definitive information on the laboratory analysis requirements for imported beer and to assist with an effort the BA intends to undertake to increase the number of labs certified for completing the paperwork required by Brazil. To this end, Mark Snyder emailed EDP members earlier this month to determine brewery interest in having their in-house labs certified in the event they wish to export to Brazil in the future. If you missed that email, or would like to pursue certification, please contact Mark Snyder at mark@brewersassociation.org.

Brazil and the UK are Focus of EDP Seminars at CBC

In March, the EDP offered seminars on the Brazilian market and the mixed container trade lead system now in place to develop sales to the United Kingdom. The Brazil seminar was delivered by Gilberto Tarantino of Tarantino import (www.tarantino.net.br). His company has imported beer from three US craft breweries to Brazil and is looking for additional US suppliers. Andreas Falt from Vertical Drinks delivered the UK seminar. Vertical Drinks (www.verticaldrinks.com) is the leading importer of US craft beer into the United Kingdom. The last few years the company has begun a program of pre-selling limited volumes of American craft beers from EDP members wishing to participate in mixed container shipments. The BA assists by issuing trade leads to determine interested breweries. Vertical Drinks then communicates directly with the breweries regarding price, volume, styles, and logistics. These one-off sales have proven successful in introducing new breweries to the market and some participating breweries have secured more permanent sales positions as a result.

In addition to these two market seminars, the EDP hosted a roundtable discussion of EDP members and their exporting experiences and objectives. Jim Caruso (Flying Dog), Ron Lindenbusch (Lagunitas), Greg Koch (Stone), and Doug Odell (Odell), participated in the roundtable along with Bob Pease from the Brewers Association. The roundtable was designed to provide new-to-export breweries with information on the challenges and successes experienced by companies that have been members of the EDP for many years.

Copies of presentations given during the EDP seminars are available on the Brewers Association's EDP webpage <http://www.brewersassociation.org/pages/business-tools/export-development-program/presentation-archive>.

Next Up – Beerfest Asia, Fancy Food Summer Show, GBBF

Spring has been a busy period for EDP activity with events in Canada, Brazil, and China in addition to the CBC. Summer will not be much lighter. In June, Mark Snyder traveled to Singapore to participate in Beerfest Asia as a guest of that event. Beerfest organizers have been eager to host BA representatives to help add credibility to this growing beer trade and consumer show. Though the EDP did not sponsor a booth for American craft beer at the show this year, a number of American brands had a presence through their importer. Mark served as a guest judge for the beer competition associated with Beerfest. Mark's visit allowed the BA to gauge whether this show should receive consideration for future EDP support. It is one of the largest beer shows in Southeast Asia.

In July, the EDP will turn its attention domestically with an American craft beer pavilion at the Fancy Food summer show, which will take place July 10-12 at the Washington, DC Convention Center. The two Fancy Food shows are approved by USDA for EDP expenditure since they also attract large international buying delegations. Often USDA foreign posts will arrange for and accompany buying groups visiting these shows. In 2010, the BA participated in the Fancy Food winter show (held annually in San Francisco). This year will mark the first presence for the EDP at the Fancy Food summer show (typically held in New York). Going forward, the EDP plans to alternate between the two. Eight EDP member breweries will participate in the pavilion this year. Breweries must be members of the National Association for the Specialty Food Trade in order to participate.

In early August, the EDP will return to London for the annual Great British Beer Festival. An email notice will soon be going out to EDP members announcing the event and the collection of beer samples. Similar to previous years, the EDP will sponsor American craft beers displayed at the international Bieres Sans Frontieres bar within the show. Side events associated with the BA's participation in GBBF are also being discussed. In the past, the EDP has sponsored beer dinners for the media and trade receptions as part of its presence in London. Brewery representatives planning to travel to London for the GBBF are encouraged to notify Mark Snyder. Knowing which breweries will have representatives there in person is helpful when determining the structure for any side events that are organized.

EDP Committee to Meet June 21

The most recent meeting of the EDP committee was on June 21 at 11:00am. The group meets by teleconference. Participation on the calls is open to any current EDP member. Priority topics for this meeting included an update on the EDP's search for a contractor to assist with development of quality control materials for importers and distributors, plans for the EDP seminar to be held at this year's GABF, and information pertaining to TTB beer chemist certification. Please contact Mark Snyder by email to mark@brewersassociation.org or by phone at (303) 447-0816 ext. 137 if you would like to participate in the EDP call or have any questions about the program.