



Brewers Association Export Development Program ISSUES REVIEW

New Quality Control Guide Released

For the past year and a half, the EDP has worked on a new guide to educate distributors and others in the beer trade on practices that can optimize the quality of craft beer once it ships out of the brewery. That guide was finalized earlier this year and officially launched at an EDP seminar and reception during the Great American Beer Festival.

The guide was originally drafted for the EDP by Gary Spedding of Brewing and Distilling Analytical Services. Additional contributions came from select brewery representatives that formed an informal quality control subcommittee. Special thanks go to everyone that contributed to the piece. The “QC guide” as it is being called has already received positive reviews. Brewers and importers/distributors that attended the seminar at GABF remarked that it was very well done with content that is appropriately non-technical. This should make it more usable for distributors among their staff and their accounts. The ultimate objective is to increase awareness among the trade about the perishable nature of craft beer and the steps that can be taken by everyone that handles the product to ensure consumers have a favorable experience. Copies of the QC guide are being shipped free of charge to distributors the EDP works with around the world. Over the next year the guide is likely also to be translated into foreign languages for use in specific target markets. A Portuguese version for use in Brazil will be produced first. EDP members interested in receiving a copy of the QC guide should contact Mark Snyder at mark@brewersassociation.org.



Brazil Trade Mission Results

In June, the EDP participated in the Brasil Brau trade show and conference in Sao Paolo. Steve Grossman (Sierra Nevada), Phin DeMink (Southern Tier), Dick Cantwell (Elysian), Doug Odell (Odell), and Eric Rosenberg (Bryant Christie Inc.) attended the conference as EDP representatives. The visit was very beneficial. For the first time, BA representatives spoke at the conference on topics including U.S. hop varieties, sustainability, innovation, and BA history.

The presentations were all well attended with 50 – 150 people in attendance for each. As such the BA had a prominent role at the conference, which reinforced its position as a leading global authority for craft beer. The BA's educational outreach went far beyond these presentations however. BA representatives conducted two craft beer tastings with local sommelier associations. The tastings covered different U.S. craft beer styles, production practices, care and handling, exports, hop varieties and usage and more. 80 people attended the ABS presentation and approximately 40 attended the Doemens/SENAC version.

736 Pearl Street
Boulder, Colorado
80302 USA
303.447.0816
BrewersAssociation.org

NOVEMBER 2013

INSIDE THIS ISSUE

- New Quality Control Guide Released
- Brazil Trade Mission Results
- EDP Showcases at European Beer Festivals
- Drinktec Visit Highlighted by Beer Dinner
- Andreas Fält Enthroned as Honorary Knight of the Brewer's Mashstaff
- EDP Members Benefit from Participation at New York Fancy Food Show
- Mexican Market May Open for American Craft Beer
- 2014 EDP Funding Update and Activity Plans
- BA Receives Clean EDP Audit

Care and handling for craft beer was also emphasized during media interviews. The BA retained a PR company to generate media interest in the BA's visit to Brau. The agency produced a steady stream of journalists wanting interviews with the BA group. Interview topics generally focused on the Brazilian market for imported craft beers and steps that U.S. breweries take to ensure their products are fresh when consumed. Following the trip, thirty-three articles (print and online) featured American craft beer or the BA, including fourteen articles in gastronomy or business/trade journals.

The trip also had a promotional objective. BA representatives visited a number of bars and restaurants that feature U.S. craft beers and where promotions were being held. It provided an opportunity to assess the market. Consumers do not shy away from paying \$8-12 per bottle for imported specialty beers. Despite high prices (due to Brazil's tax structure), imported beers are very expensive. But consumers are willing to pay the higher prices in exchange for a better product. The country's largest retail chain Pao de Acucar is looking to emphasize specialty beers in many of its stores and has recently added some U.S. brands.

There remains opportunity for growth in Brazil. Many leading import companies are still looking to add new brands to their portfolio as there is a sense that the craft beer movement in Brazil is just now gaining traction.

EDP Showcases at European Beer Festivals

For many years the Great British Beer Festival and Stockholm Beer and Whisky Festival have been mainstays in the annual EDP calendar. This year, the EDP added one more European festival to its list. In August, the EDP had a booth at the Berlin Bierfestival. Mark Snyder (BA Export Program Manager) and Andreas Fält (American Craft Beer Ambassador) attended the event along with a number of brewery representatives. This marked the EDP's first promotional activity in Germany which appears to be a burgeoning market for imported craft beers despite the country's rich brewing history and local breweries. During the festival, Andreas and Sylvia Kopp (Journalist and Beer Sommelier) hosted a tasting of American craft beers for the trade and media. Separate from this tasting, EDP representatives were able to interact with consumers over the course of the festival. There is definite excitement about American craft beer in Germany and a growing number of German small breweries focusing on "American" style products.

Later in August, the EDP hosted its usual stand at the Great British Beer Festival and organized a number of side events for the trade and media. Side events included a beer dinner at Benares, a renowned Indian restaurant in London's Mayfair district, and a trade reception at Bodeans's BBQ in Soho. Bodean's is a chain of American-inspired barbecue restaurants in London which have been strong partners to the American craft beer industry. These events help keep the BA and the American craft beer industry favorably positioned in the competitive UK beer market and continue to generate interest in American craft beers among importers. A number of U.S. brands have been launched in the UK since these events in August.

In September and October, the EDP was back in Sweden hosting a booth and craft beer seminars at the Stockholm Beer and Whisky Festival. This event has been one of the longest running activities in the EDP calendar and has helped establish Sweden as a leading export market for American craft beer. One of the reasons to return annually is the opportunity to meet with buyers from Systembolaget, the country's alcohol retail monopoly. The beer buyer for Systembolaget changed this year following the departure of the previous buyer to the private sector. Andreas Fält used the opportunity of his visit to Sweden to meet the new buyer and discuss Systembolaget's launch plan for 2014. American craft beers will again be a focus of targeted launches next year. Many of these will be one-time listings for limited volume orders. Those listings allow Systembolaget to rotate through special products and give consumers a steady stream of new brands to try. But there will also be a larger listing for an American IPA for launch in June 2014. The full 2014 Systembolaget launch plan will come out in November 2013 and will be made available on the EDP website. Breweries should work through their European importers to reply to Systembolaget's tenders. Breweries without representation in Sweden but with an interest in gaining distribution there should contact Mark Snyder for more information.

Drinktec Visit Highlighted by Beer Dinner

In September, the BA participated in the Drinktec trade show, which is held every four years in Munich. Drinktec is considered one of the largest trade shows in the world focused on the beverage industry. It is not exclusive to the beer or beverage alcohol sector by any means but beer and beer ingredients take up a number of pavilions at the show. The Hop Growers of America and trade associations representing hop growers from other countries all had booths at the show as did the major hop merchant companies. The BA was given space within the U.S. International Pavilion as a way to draw attention to the World Beer Cup and other events.

The booth itself was not that helpful in advancing the interests of the EDP. Traffic by the booth was light since the BA's location was not near the main pavilions featuring brewing ingredients. But attendance at Drinktec still proved valuable for other events organized throughout the week.

During Drinktec the BA jointly hosted a seminar on craft brewing and U.S. hops with the Hop Growers of America. Matt Brynildson (Firestone Walker) led the seminar. He was joined by Bob Pease (Brewers Association COO), and Chuck Skypeck (Technical Brewing Projects Manager). Ann George (Hop Growers of America) provided an introduction and overview of the U.S. hop industry. The seminar was well attended with nearly 100 guests (primarily small brewers and brewing students). Fourteen American craft beers were tasted during the seminar. Each beer was selected by Matt to feature the innovative products coming out of the U.S. craft beer industry and their abundant use of U.S. hop varieties.

The BA and HGA also jointly hosted a trade and media beer dinner held at Munich's iconic Restaurant 181 in the Olympic plaza. Restaurant 181 is one of the award winning restaurants of renowned chef Otto Koch. Forty guests attended the dinner including influential media members, beer sommeliers, brewers, and friends of the industry. The dinner featured five courses with each course paired with two different American craft beers. The beer pairings were selected by Adam Dulye, culinary consultant to the Brewers Association. Similar to the seminar beer selections each beer used in the dinner was chosen in order to showcase American hop varieties.

The dinner has since been the subject of at least six articles and blog postings and still more press coverage is expected.

One esteemed guest at the Restaurant 181 dinner was Consul General William Moeller from the U.S. Consulate in Munich. Consul General Moeller, his wife, and Randall Meredith from the Consulate all attended to support the marketing efforts of the BA and HGA. In return, the entire BA delegation was invited one night earlier to a reception at the Consul General's residence where they had an opportunity to further relations with these influential government contacts.



Bob Pease, Ann George (Hop Growers of America), Consul General William Moeller, and Guests at Restaurant 181



Geoff Larson, Otto Koch, and Rick Chapman at Restaurant 181

Andreas Fält Enthroned as Honorary Knight of the Brewer's Mashstaff

On October 31, 2013 the EDP's American Craft Beer Ambassador to Europe, Andreas Fält was enthroned as an Honorary Knight of the Brewer's Mashstaff. The Knighthood of the Brewer's Mashstaff is a descendant of the Belgian Brewer's Guild, one of the oldest secular professional associations in the world. Each year the guild selects honorary knights (those who contribute their services to the brewing industry) and knights by rights (those who are closely related to the brewing industry by birth, alliance, or profession). Andreas was recognized for his work as a judge at the Brussels Beer Challenge though his broader and long-term work with the BA EDP and as a judge for numerous other international beer competitions likely also helped gain attention. This is a tremendous honor and will only strengthen Andreas' position as an educator and promoter for the American craft beer industry.



EDP Members Benefit from Participation at New York Fancy Food Show

From June 30-July 2, the EDP hosted a booth at the National Association for the Specialty Food Trade's Fancy Food exhibition in New York City. This was the second time that the EDP participated in the East coast version of this show (the EDP has had a presence at the West coast show in San Francisco three other times) but the first time in New York. For the past two years the show was held in Washington, DC while the New York venue was remodeled.

The 2013 New York Fancy Food Show set a record for exhibitors (1,500) and visitors (over 24,000) from around the world. It afforded an opportunity for U.S. breweries to generate exposure for their products to domestic and international buyers and media. Unfortunately, the EDP's presence was smaller than anticipated. Only seven breweries took part. This was down from the 10-12 breweries that have participated in prior Fancy Food shows. The venue remains a good one for American craft breweries and for the BA. The EDP will consider the show again in 2014, but only if more breweries participate.

Mexican Market May Open for American Craft Beer

In 2014 the EDP is considering a trade mission to Mexico to explore that market further for exports of American craft beer. The country's proximity to the U.S. and popularity as a travel destination for Americans makes it attractive for exports of many U.S. products. The EDP funded a research study of the craft beer market in Mexico in 2007. At the time, and until this year, the market did not appear to hold strong prospects for American craft beer exports because access to market was restricted by Mexico's big brewers. Grupo Modelo and FEMSA have for many years been allowed to lock bars, restaurants and grocery stores into exclusive contracts (tied houses) that prevented new entrants from gaining distribution. But this system may be changing. In July, Mexico's Federal Competition Commission ruled in favor of a lawsuit brought by SAB Miller and two Mexican microbreweries. The suit requires Grupo Modelo and FEMSA to cease certain monopoly practices and to limit exclusivity contracts. The ruling is intended to open the beer market to more competition.

An update on this case and changes to Mexico's beer market are available in a [report](#) filed by USDA staff in Mexico City. EDP representatives held a teleconference call recently with USDA personnel in Mexico City to discuss the market and opportunities they believe will be available for American craft breweries there. As a result of the conversation, the developments with Mexico's beer laws, and interest from EDP members, the EDP is considering a trade mission to Mexico in 2014 to re-evaluate the market.

2014 EDP Funding Update and Activity Plans

The EDP is funded primarily by export assistance grants made available on a calendar year basis through the United States Department of Agriculture's Foreign Agricultural Service. The EDP's allocation of funds from USDA has grown steadily since the EDP began in 2004. The annual budget is now about \$500,000.

The USDA programs that fund the EDP are contained in the U.S. Farm Bill. Funding for the Farm Bill lapsed earlier this year. Without a continuing resolution to fund the federal government in 2014, or a new negotiated Farm Bill, there could be an interruption in EDP activities. For now, this appears unlikely as Congress is working on a longer-term budget agreement and on a new Farm Bill. Movement on both is expected before the end of the year. Nevertheless, EDP members should be aware that early-year activities could be affected if there is a lapse in funding for the EDP. Mark Snyder will notify members if there is any change to planned activities based on the funding situation. Meantime, members are encouraged to affirm their support for USDA's market development programs if given the opportunity to meet with Members of Congress.

As for the 2014 EDP calendar, initial plans include:

Competitions

- Australian International Beer Awards
- Brussels Beer Challenge
- European Beer Star (Germany)
- Stockholm Beer & Whisky Festival

Events Promoting American Craft Beer

- Great British Beer Festival (August)
- Stockholm Beer & Whisky Festival – Brewers Association Stand (Sept/Oct)
- Barcelona Beer Festival (April)
- Japan beer tasting or market promotion (TBD)
- Hong Kong/China/Southeast Asia festival or show

Educational Outreach

- Seminars at the Craft Brewers Conference in Denver
- Mexico trade mission

More activities will likely be added and the list above could be adjusted when the EDP ultimately receives its funding allocation. If you are receiving this newsletter and are not a member of the EDP but would like to learn more, please contact Mark Snyder.

BA Receives Clean EDP Audit

With USDA grants serving as a foundation of the annual EDP budget, the BA is subject to regular audits by USDA's Office of Compliance, Security, and Emergency Planning. The most recent accounting and compliance audit took place in July. Over \$1,000,000 in grant expenditures covering more than two years was reviewed and there were no findings. EDP activities were found to be in compliance with the rules and regulations of these USDA programs and the BA has met its other obligations for reporting and for financial contributions. This was an expected result but a positive one nevertheless. Future funding for EDP's grant requests hinges in part on how the BA performs in these compliance audits.