



Brewers Association Export Development Program ISSUES REVIEW

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2014 EDP Allocation

A large portion of the EDP budget comes from export assistance grants made available through the United States Department of Agriculture (USDA). The largest of these grants is the Market Access Program (MAP), which is offered on an annual basis. USDA typically awards MAP grants in advance of the calendar year in which the funds may be used. However, due to the delayed passage of the new Farm Bill, USDA was only able to finalize 2014 MAP allocations in March. The BA was awarded \$600,895 in MAP funding for EDP activities. This is the largest allocation that the EDP has ever received from USDA, and represents a 32% increase from 2013. Increased funding is a major accomplishment. It demonstrates that USDA supports the industry and understands the importance of the EDP.

Update on Activities Planned for 2014

Based on the additional grant funding that the EDP will receive from USDA in 2014, the EDP has updated its calendar. The latest plans include:

Competitions

- Australian International Beer Awards
- Brussels Beer Challenge
- European Beer Star
- Stockholm Beer & Whisky Festival and Competition

Events Promoting American Craft Beer

- Great British Beer Festival (August)
- Stockholm Beer & Whisky Festival – Brewers Association Stand (Sept/Oct)
- Great Canadian Beer Festival (September)
- Retail Promotions Through Government Stores in British Columbia (September but as yet unconfirmed)

Educational Outreach

- Mexico trade mission in association with the U.S. Agricultural Trade Office in Mexico City
- Translation of the Best Practices Guide to Quality Craft Beer into Chinese and Spanish
- American Craft Beer Ambassador to Europe activities including seminars and tastings for trade and media

The above list of activities is in addition to others already completed this year including events in Germany, Spain, and China. Other activities may also be considered as the year progresses. EDP activities are only available to members. If you are receiving this newsletter and are not a member of the EDP but would like to learn more, please contact Mark Snyder at mark@brewersassociation.org.

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New EDP Committee Members

Ryan Glenn (Ballast Point) and Jim Mills (Caldera) have joined the EDP Committee. They join Heather Douglas (Shipyard), Ron Jeffries (Jolly Pumpkin), Adam Lambert (Dogfish Head), Fred Mendes (Boston Beer), John Green (Founders) David Thibodeau (Ska), and Eric Wallace (Left Hand), as brewery members who oversee the activities of the program.

American Craft Beer Sales Rise 49.6% in 2013

According to the annual EDP industry survey, 58 breweries exported 282,526 barrels of craft beer in 2013. The value of these exports totaled approximately \$73.6 million. Compared with 2012, this represents an increase of 49.4%. Increases were seen in most markets that American craft brewers ship to.

Canada remains both the top market for American craft beer and one of the fastest-growing. In 2013, exports rose 92.9% to 131,511 barrels. Growth was also strong in Sweden and the United Kingdom, which are the second- and third-largest export markets. In total, shipments to Western Europe rose 45.5% to 81,751 barrels. Similarly, sales grew rapidly in emerging markets for American craft beer, including in the Asia Pacific region (up 73.8% to 44,228 barrels) and Brazil (up 12.3% to 5,157 barrels).

Beyond the survey data, the BA's interaction with foreign importers, distributors, retailers, and on premise trade suggests that demand for American craft beer is growing. 14% of those registered to attend the 2014 Craft Brewers Conference came from outside the U.S. In addition, many companies abroad have heard the EDP's message about proper care and handling practices, and are establishing cold chain infrastructure. The total amount of beer exported in 2013 is impressive, but the EDP is even more excited that the foundations are being set for quality assurance and sustainable growth for the foreseeable future. There remains work to be done but the BA's messages on quality control are being heard.

The EDP Works to Combat the Grey Market

As American craft beer becomes more popular overseas, the EDP recognizes the risk that the sale of beer through grey market channels will increase. Beers imported through these channels compete directly with products imported legitimately by a brewery's designated representative. Moreover, beers shipped through the grey market are often not stored and handled properly, which can lead to negative consumer experiences. Grey market sales threaten the reputation of American craft beer and jeopardize future export opportunities for all American craft brewers.

Grey market importing is difficult to police. However, the EDP attempts to monitor for illegitimate imports. Whenever the EDP learns that a U.S. wholesaler is exporting beer without knowledge of the brewery, or a foreign buyer is purchasing these exports, it contacts the wholesaler or buyer. The EDP explains why grey market exports are a serious issue and the consequences of selling and buying in the grey market. In December 2013, the EDP contacted several companies about their grey market activities. All of those contacted have reportedly ceased the practice.

Beyond directly combating the grey market, the EDP is educating domestic and foreign trade on the importance of proper handling and storage through its new publication, Best Practices Guide to Quality Craft Beer – Delivering Optimal Flavor to the Consumer. This guide is designed to provide general guidelines for distributors, shippers, publicans, sales staff, grocery stores, liquor outlets, bars, and restaurants to better deliver high-quality craft beer. Buyers overseas are already becoming familiar with the guide and recognizing the dangers of grey market imports. Electronic copies of the guide are available on the BA website [here](#).

Activities of the EDP's Craft Beer Ambassador to Europe

Andreas Fält continues to generate exposure for the EDP and American craft beer in Europe, through education and promotion activities throughout the region.

Over the last several months, Andreas has met with importers and other trade and media from across Europe, including contacts in Estonia, Germany, Norway, Scandinavia, Spain and the United Kingdom. Recently, Andreas traveled to Amsterdam to present educational seminars on American craft beer to a major European importer, local trade, and media. The seminars were well-received. Aside from increasing the exposure of American craft beer, Andreas' presentations will help the importer's new sales team understand our industry and products better. The visit also resulted in press coverage. The country's largest on-trade magazine (Entree) ran a three-page article on U.S. craft beer in its April edition. The article was a direct result of Andreas' tasting and seminar.

In addition, Andreas represented the BA at the Barcelona Beer Festival on April 11-13, 2014. At the festival, Andreas met with several importers and distributors who are interested in developing or expanding their portfolio of American craft beer. These meetings may lead to trade leads issued by the EDP. He also generated publicity for the BA by holding a master class to 104 participants on the evolution of American craft beer. Finally, Andreas met with the US Embassy to discuss plans for further engagement and activities in the market.

Moving forward, Andreas has several major speaking opportunities arranged. In July 2014, he will present master classes on American craft beer at the Imbibe Live exhibition in London. This opportunity came about because of Andreas' outreach and partnership with the Institute of Brewing & Distilling. Meanwhile, Andreas has also been invited to make presentations to brewers from around the world at Zip Brew World. This event will be held in Moscow in September 2014. The invitations to both of these events demonstrate growing interest in American craft beer in Europe. Along with Andreas' regular educational and promotional work, they provide the opportunity to meet with a wide range of trade and media at once, and disseminate the BA's message of quality American craft beer.

CBC: EDP Seminars, Awards Ceremony, and International Visitors

The EDP sponsored three presentations and a panel discussion at the Craft Brewers Conference in Denver on April 8-11, 2014. This year's presenters were Johan Ahlstedt of Systembolaget AB (Sweden), Andy Tysler of Deschutes Brewery, and Aaron Grieser of Beervana (Thailand). The panel discussion included Rick Kempen of Bier&c0, Ron Lindenbusch of Lagunitas Brewing Company, and Eric Wallace of Left Hand Brewing Company. The seminars gave EDP members an opportunity to learn about exporting to different markets and the importance of maintaining quality control. Presentations from all of the speakers are available on the EDP page of brewersassociation.org.

The EDP also held its annual awards ceremony to recognize EDP member breweries that won awards at the 2013 Australian International Beer Awards, 2013 European Beer Star, 2013 Brussels Beer Challenge, and 2013 Stockholm Beer & Whiskey Festival. EDP members saw great success at each of these competitions, winning 136 awards, 36 awards, 36 awards, and 5 awards, respectively. International competitions remain a centerpiece of the EDP and of the BA's strategy to reinforce the American craft beer industry's standing as global leaders in innovation and quality. A full listing of all winning breweries and their medals can be found on the BA's website [here](#).

Finally, the EDP hosted influential media members from Brazil and China at the CBC. Guests were selected based on their potential ability to generate exposure for American craft beer. They not only participated in CBC events, but also toured local breweries and generally gained a better understanding of American craft beer. Following the CBC, the EDP is already seeing an uptick in interest for American craft beer in these large and developing markets.



The EDP Promotes American Craft Beer in China

Representatives from the BA traveled to China for the first time since 2011, to participate in the Shanghai International Beer Festival on April 18-20, 2014. The festival was attended by over 30,000 visitors, including trade, media, and consumers. Fourteen EDP member breweries participated in the festival, with 49 beers available at the BA booth. Bob Pease represented the EDP at the festival, and also served as a judge at the first-ever Shanghai International Beer Festival awards competitions. All beers that were shipped by the BA to the festival were entered into the competition. Of the 21 awards presented, EDP members won 11.

Besides the competition, the EDP updated its assessment of the market by meeting with local importers, distributors, and brewers. In addition, the BA partnered with the US Embassy in Shanghai to sponsor the Great American BBQ and Blues Promotion. This event, which involved a series of concerts by the musician Joey Gilmore, brought additional attention to American craft beer and U.S. craft beer culture.

The EDP's next event in China will be the Sinan Mansions Beer Festival on May 31-June 1, 2014. This festival focuses on craft beer, and will provide the BA with the opportunity to promote American craft beer and finalize its near-term strategy for the market.

EDP Members Participate in Braukunst Live! in Munich

The Braukunst Live! beer festival has been held annually in Munich since 2012, and is already one of the largest events in Germany that focuses on craft beer. In February 2014, for the first time, the EDP sponsored a booth at Braukunst Live! Eighteen EDP members shipped 52 different brands to the event. Two breweries had representatives attend in person.

The BA booth was one of the busiest at the festival, demonstrating the interest of German trade, media, and consumers in American craft beer. On the margins of the event, EDP representatives held seminars which discussed the history of American craft beer, the variety of styles, production practices, and proper care and handling. In addition, EDP representatives participated in a panel discussion on craft beer.

While in Munich, the EDP also had the opportunity to meet with local importers to determine their interest and ability to import American craft beer. One of these meetings resulted in a trade lead. Overall, the EDP's participation in Braukunst Live! was an important step to developing interest in Germany for American craft beer.

The EDP Sponsors U.S. Embassy Promotion in Austria

In May 2014, Bob Pease traveled to Vienna on behalf of the EDP to participate in the U.S. Embassy's Wine, Beer, and Whiskey trade show. The show was held at the residence of the U.S. Ambassador to Austria, Alexa Wesner. Ambassador Wesner hosted the event and made opening remarks on the quality of American beverages and opportunities for growth in the Austrian market. Approximately 300 Austrian trade and media professionals attended and were able to learn about American craft beer and the importance of delivering a fresh product to the consumer. Beers from the eighteen EDP members that participated in Braukunst Live! were available for tasting, as the EDP shipped samples directly from Munich. This ensured that the event was a low-cost promotional opportunity in Austria, which is a small market with growing interest in American craft beer.



Bob Pease with U.S. Ambassador to Austria, Alexa Wesner.

EDP Representative Presents at San Diego Craft Beer Workshop

In January 2014, Mark Snyder spoke at the U.S. Department of Commerce's Beer Exporters Workshop. The event was held in San Marcos, CA, and was attended by over 20 San Diego-area breweries. Mark spoke about the EDP and how it helps breweries export, the importance of proper storage and handling practices, and the recent success of American craft beer exports. He also provided all attendees with a copy of the Best Practices Guide to Quality Craft Beer.

Other presenters at the workshop included importers from Brazil and Mexico. These importers discussed market and business opportunities in their respective countries. In addition, they provided helpful guidance to attendees on the threat that grey market imports can pose to beer quality, and the need for market study and due diligence by both American brewers and their foreign partners.

The Department of Commerce noted that they have initiated a pilot project on beer exports. They expect to host similar events in the future in Denver, Los Angeles, Portland, and San Francisco, and would like the EDP to participate in future workshops.