

# Best Beer Practices & the Japanese Export Market

Andrew M. Balmuth – Nagano Trading Co., Ltd, Japan  
Atsumi Kobayashi – Dependable Global Express, USA



Exporting beer should be thought of as an extension of your current distribution strategy...

## Basic Questions regarding distribution of your beer:

- When evaluating potential distributors, what has more importance - Total CE's, Quality Control, Knowledge of Craft Beer or other?
- What is your current market support for local and out of state distributors and how is this determined?
- What is your due diligence process for quality control with local and out of state distributors? Do they differ?
- Have you physically inspected the keeping conditions of your beer at your distributors warehouse?
- Do you require reefer? If so all year round or only seasonally?
- Do you handle the logistics or allow the distributor to arrange transport to their market?
- When you taste beer outside of your local market do you adjust your expectations?

## Basic Questions About Exporting

- What are your fears for exporting beer?
- What happens to your beer after it leaves?
- How do you know if it's being shipped cold?
- When approached by a potential importer, what are your criteria for assessment?
- What are your expectations for selling your beers abroad?
- Why export your beer?

## What sells your beer is it marketing, taste or both ?

Japan is a brand conscious society that places a premium on quality and design. An importer must make attention to detail and quality a priority in order to break into the market.

Do you agree with the following statement?

**Craft Beer = Consumer Driven Marketing**

## Basic importer/distributor requirements:

- Knowledge of craft beer or a willingness to learn.
- Storage conditions. What is the warehouse conditions of the importer? Cold storage means fresh beer.
- Delivery to the customer. How is your beer brought to the customer?
- Keeping conditions at a customers location can negatively impact your Quality Control.

Be knowledgeable about export and the basic conditions of the markets you are sending beer:

- Production dates
- UPC codes
- Packing lists
- Changes to packaging
- Backing out excise tax
- Compliant pallets
- Keeping order pick-up dates & container schedule
- Brewing certifications and analysis requirements

## Production dates

- What type of date stamping do you use?
- Date stamping can be a make or break for export
- Reality of beer in market vs. perception, issuance of a 1 year best before date despite 60-90 day window, from arrival to consumption

## UPC Codes

- Need to provide the data on the Mother carton, tray, and individual bottle.

## Packing lists

- Dimensions & Weight of cases, kegs and total pallet weight
- Piece count per pallet
- Accurate Item Breakdown if mixed specialty items

## Backing out excise tax

- When exporting to a foreign country the excise tax can be backed out.
- For a brewery that produces less than 60,000bbls, the tax is 61 cents per 12oz case or 27.1 cents per gallon.
- For breweries larger than 60,000bbls per year the tax increases to \$18 per barrel, increasing your drawback to 58 cents per gallon.
- The drawback process is straightforward. It uses the BOE-501 form, TTB Brewers Operations Report and TTB Drawback on Exported Beer Form.

## Compliant Pallets - ISPM 15

(Int'l Standards for Phytosanitary Measures No 15)

Heat Treated pallet



Plastic Pallet



## Understand what is needed by your export market customer / the importer:

Too often brewers lack the attention needed to understand the requests on an importer. This is especially true with regard to completion dates and international shipping.

Your importer requires the following documents to clear Japan Customs :

- General Brewing statement of process on your brewery letter head for all the beers your produce from A to Z. This is a basic statement of process and can be very general.
- For each beer you export your importer will also require a certificate of analysis for each beer you ship. This includes but is not limited to OG, AV, AW, a full list of ingredients, percentages of malt.

## General Process of Production

Production Process for XYZ Brewing Co. Beers  
2222 Hop Parkway  
Long Beach, CA 90808  
Made in the U.S.A.

INGREDIENTS: Water, Malt, Hops, and Yeast

### INGREDIENTS NOTE:

Water is purified municipal water. Malt is grain, which has been specially prepared for use in brewing. Barley Malt is the primary grain used to make beer. The mashing process creates enzymatic changes within the barley kernel, making it suitable for brewing and making the starch of the barley kernel into a form that is convertible to a fermentable sugar. The hops are a very pungent flavoring agent. We use hops grown specifically for brewing in Washington and Oregon in the United States, and in various areas of Europe.

### PRODUCTION PROCESS:

- STEP 1: The process begins in our brew house. The main mash consists of barley malt and water. The mashing procedure involves heating and stirring the grain material in a water solution, at various temperatures intended to convert the starch to sugar which will later be collected.
- STEP 2: Following mashing off at a temperature of approximately 165°F, the mash is sent to a lauter tun, which separates the sweet liquid extract from the solid grain. The liquid extract passes through a slotted screen at the bottom of the lauter tun, and is then sent to the brew kettle. The sugar solution is called wort.
- STEP 3: The wort is then boiled in our wort kettle for about 1 hour. Hops are added during the kettle boiling phase. Kettle boiling extracts the bitterness and flavor from the hops, sterilizes the wort, and stabilizes protein and protein material from the grain.
- STEP 4: The next step is fermentation, which takes about one week. The wort is cooled and yeast is added. The yeast converts the sweet sugar extract into alcohol and carbon dioxide.
- STEP 5: At the end of fermentation, the liquid now called beer, is aged in the fermentation tanks at near freezing temperatures. Carbonation is achieved by sealing the tank towards the end of the fermentation and allowing the pressure to build, carbonating the beer naturally. This process requires approximately 9-7 days aging time.
- STEP 6: After aging, the beer is filtered, and pumped to a bright beer tank for packaging. The beer is then pumped to a filler or a keg line. Clean and freshly rinsed bottles are fed to the bottle filler, filled and immediately capped. Kegs are fed into an automatic keg filler, are cleaned and then are filled with beer.
- STEP 7: The bottles are then fed into packing machines and sent to the warehouse to prepare for shipment. The kegs are sent directly to the warehouse to prepare for shipment.

Sincerely,  
Head Brewer/Production Manager  
XYZ BREWING CO.

## Sample Manufactures Certificate of Analysis

EDP Brewing Company  
Manufacturers Certification  
SUPER DUPER Double IPA  
Package: 22 oz, 12oz & Kegs

Original Gravity (calculated P)	21.0 P
Alcohol % by volume	10.0 %
Alcohol % by weight	8.0 %
Apparent Extract, (P)	2.0 P
Real Extract, (P)	5.4 P
Color (SRM)	7.0
pH	4.5

The above are average analysis determinations and individual packages and/or shipments may vary slightly from the values given.

SUPER DUPER Double IPA is brewed from the following:

Hops  
100% Malted barley  
Municipal water that has been filtered and pasteurized for microbiological stability  
A pure culture of yeast, *Saccharomyces cerevisiae*, is used for fermentation

The ingredients and processing techniques used in producing this beer meet the United States Food and Drug Administration requirements and are suitable for human consumption. When stored under normal conditions for malt beverage, this beer will have a 12 month shelf life.

Sincerely,  
Mr. Do A. Fullchug  
President  
EDP Brewing Company  
San Diego, CA USA



## The importance of team work!

DGX is a Full Service Logistics Company  
with offices around the world.  
We work a plan and arrange pick up and delivery  
from the brewery and make the bookings for  
international trade  
Manage shipping documentation  
and much more....

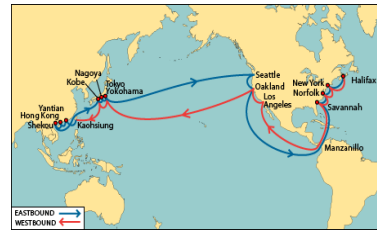




## Ocean Carriers

The image displays a grid of logos for major ocean carriers. The logos include: HANJIN SHIPPING, HMM (HANJIN MARINE SERVICE), K LINE (KORYU LINE), Hapag-Lloyd, NYK (NIPPON YAMEN KAISEN), MAERSK LINE, MOL (Mitsui O.S. Lines), OOCL (Orient Overseas Container Line), PIL (Pacific International Line), ANL (Australia New Zealand Line), CMA CGM (Compagnie Maritime Universelle), ZIM (ZIM Integrated Shipping Services), USF (United States Freight), MSC (Mediterranean Shipping Company), CSAV (Compañía Sudamericana de Vapores), and The Dreyfus Companies.

From USA to Japan...  
 average transit time from Long Beach, CA is  
 12 days and 30 days from Port of NY/NJ



It's not how much, it's how...

Understand an Importers business  
 plan for your beer and also be  
 sensitive to the barriers in a foreign  
 market.