

# WORLD BEAT

NEWS AND ANALYSIS FROM A GLOBAL PERSPECTIVE



LATIN AMERICA

## Crafts on the Rise

*There is a thriving craft beer culture in Argentina and Chile, but it is challenged by consolidation, competition and limited distribution.* By Heather Landi

**W**hen Kevin Szot first visited Chile more than 20 years ago, he noticed that the beer market was dominated by national brands, like Cristal brewed by mega brewer Compañías Cervecerías Unidas (CCU). When Szot moved to Santiago with his family five years ago, Chileans had grown a taste for gourmet food and drink, but there was still a lack of diversity in the beer market. He started the Szot Microbrewery in Santiago with the aim of brewing what he calls “boutique” beers to satisfy this thirst for something different. Szot says he is not alone in this endeavor as he estimates that there are now around 50 microbreweries throughout Chile, even more considering “backyard businesses.”

“Everyone who can bottle a beer at home is pasting labels on them and trying to sell them,” Szot says via e-mail.

There is a similar movement afoot in Argentina, as small breweries with names like El Bolson, Otro Mundo and Antares have popped up around the country in the past five to 10 years to challenge national brands like Quilmes (now owned by Anheuser-Busch InBev). It is estimated craft beer makes up less than 1 percent of the total beer market in Chile and Argentina, compared to 6 percent in the US.

Charlie Papazian, president of the



Colorado-based Brewers Association, compares the market to the early days of the craft beer movement in the US.

“When I visited five years ago, it seemed the beginning of a movement. Their community was just beginning to coalesce. They are clearly educating beer drinkers one person at a time. Both recognize that they live in wine country and that it will take education and a lot of samples for people to understand what they have to offer,” he says.

Marcelo Cerndan, brewer master of Otro Mundo, a San Carlos, Argentina-based brewery started in 2004, says the Argentinean microbrew movement

began in 1998 and has grown very slowly. “We expect during the next years this market will boost. The biggest microbreweries found the way to grow up in this complex market and this will make the difference. However, the situation will not change for the small microbreweries. New players will appear in this segment at the same rate some others will disappear,” he says via e-mail.

Even large brewers have gotten into the market, albeit through acquisitions. Kuntsmann is considered the craft beer market leader in Chile, yet it is 50 percent owned by CCU. Earlier this year, Chilean winery Concha Y Toro purchased a 40 percent stake in another thriving craft brewer, Kross Brewery.

Szot says he sees a troubling trend where established craft brewers are getting more commercial and are eventually bought up by CCU. “The question here is what will the Chilean beer scene be like in five years? A thriving business like you find in the States, or everyone small having gone bust or bought by the big breweries?” he says.

In the meantime, some brewers are content to operate on a smaller scale.

“People like us because we are small, in comparison to the big industrial groups. We are like David fighting against Goliath and that is appealing to our consumers,” Cerndan says. **BW**