



IHGC Executive Committee Meeting Minutes

*Video call by the IHGC President
March 30, 2020*

AGENDA

1. Opening of the meeting and delegates' quorum
2. Approval of the meeting minutes from February 27, 2020
3. Economic Committee – merchants report and county updates
4. Committee on Regulatory Harmonization – updated report
5. Next IHGC video meeting
6. Sundries

Point 1

The Executive Committee meeting had been initiated by the IHGC president and vice-presidents as a video conference. President Leslie Roy took care for the video connection and called a virtual convention for March 30, 2020. He proposed the agenda, which was adopted and announced recording the audio for the meeting. In addition, delegates were reminded to respect the [Compliance rules](#).

A quorum for formal IHGC decisions was constituted, since 16 of 34 (at that time) IHGC member representatives proved their presence on the meeting (see Participants). That was more than one third of all members, as required by the Constitution of the IHGC. The delegates representing the IHGC country member hop associations (7 of 20) and hop industry companies (9 of 14) are listed below:

Argentina:	<i>absent</i>	Joh. Barth & Sohn:	<i>Peter Hintermeier</i>
Australia:	<i>absent</i>	Hopsteiner:	<i>Pascal Piroué</i>
Austria:	<i>absent</i>	German Hop Ind. Assoc.:	<i>Korbinian Meier</i>
Belgium:	<i>absent</i>	CZ Union Hop M&P:	<i>Zdeněk Rosa</i>
Canada:	<i>absent</i>	Hopsteiner Spain S.A.:	<i>José A. Magadán</i>
Czech rep.:	<i>Zdeněk Rosa</i>	Yakima Chief - Hops:	<i>Ryan Hopkins</i>
France:	<i>Francis Heitz</i>	Assoc. for Dev. of Hop Agr.:	<i>Leslie A. Roy</i>
FR Germany:	<i>Adi Schapfl</i>	Brewers Supply Group:	<i>absent</i>
New Zealand:	<i>absent</i>	Charles Faram & Co. Ltd:	<i>absent</i>
Poland:	<i>absent</i>	Powisle s.j.:	<i>absent</i>
PR China	<i>absent</i>	Inbarco:	<i>Pascal Piroué</i>
R South Africa:	<i>absent</i>	Hmezad exim:	<i>absent</i>
Romania:	<i>absent</i>	HVG Germany:	<i>Erich Lehmailr</i>
Russia:	<i>absent</i>	Xinjiang Sapporo Hop:	<i>absent</i>
Slovakia:	<i>absent</i>		
Slovenia:	<i>Martin Pavlovič</i>		
Spain:	<i>José A. Magadán</i>		
U. K.:	<i>Alison Capper</i>		
Ukraine:	<i>absent</i>		
USA:	<i>Ann E. George</i>		

Point 2

The [Executive Committee minutes](#) from the meeting in SC de Bariloche, Argentina on February 27, 2020, had been published on the website. Contact delegates have been updated with meeting contents within the IHGC newsletter 03/2020. Documents' links and meeting materials have thus been available to stakeholders. A correction on the notes from the meeting in Argentina – the meeting date of November 7, 2020 should read November 9, 2020. With this correction, the minutes from the meeting in Argentina were approved.

Point 3

Peter Hintermeier provided a written forecasted [Market report](#) (2 p.) with the following general trends:

- ✓ *Beer output figures are falling worldwide – where China's top 5 breweries report a 45% drop in the 1st quarter 2020 and the US Craft beer output is in free fall, as well.*
- ✓ *The collapse of beer consumption will impact the demand for hops, leading to a production surplus.*
- ✓ *A significant surplus of aroma hops for the craft brewing sector will come onto the market. In Europe, likewise, this will result in a demand shortfall in the craft brewing sector.*
- ✓ *The lack of Eastern European seasonal workers will certainly affect early work in the German growing region, since larger operations will be especially affected by the worker shortage.*

It was estimated to face reductions in world hop acres/production. US aroma hops have the potential to be used as alpha hops. This will result in the surplus situation spilling over into the high alpha market, which in turn will especially impact German hop production. Overall, this would lead to overproduction even in the high-alpha sector.

There were reports that there had been a low demand and delayed or no payments coming out of different areas as breweries have been closing due to the lack of customers from the various lockdowns. It is unclear what the brewers hop needs will be for 2020 at this time but China is expected to recover by the 2nd quarter 2020 so that might help.

In addition, member country representatives were encouraged to report on issues such as (i) corona virus story impacts, (ii) hop acreage updates & seasonal labor impacts and (iii) impact to brewers.

Germany - *The German government implemented strong restrictions. Schools, restaurants, bars and cultural institutions are closed. Public as well as private events are prohibited. Only most vital sectors are active: groceries, pharmacies, banks, post offices and healthcare services. Many companies that are not in the manufacturing sector have started to work from home offices. Restrictions will last at least until the 19 April.*

Germany expects to have a slight increase of Hercules acreage – about 200 hectares. They assume the first works to be done in spring on time. From the end of April onwards, there will be a lot of work on the hop fields as the training of the hops will start. The German hop growing regions need

10,000 to 15,000 people to help with these works. For the time being, they did not know don't know whether the seasonal workers (from Poland and Romania) would be allowed to come to Germany by then or whether German workers (family members, students, short-time working people) would have to train the hops.

The German brewing industry is expected to suffer quite a bit, but there aren't any (official) predictions available yet. The keg beer business (around 20% of German beer) is down to almost zero; some specialty breweries are losing a majority of their business. Some breweries are selling much more bottled beer than normal, but a part of it is just because of hoarding. The export business of German breweries (Italy, China etc.) will go down remarkably."

USA - "President Trump announced national restrictions would remain in place through at least April 30. Many states have implemented more stringent restrictions. In Washington there are no gatherings of more than 10 individuals, and all but "critical infrastructure" businesses have a shut down or "stay at home". Brew pubs and restaurants may only conduct business for "take out" food and beverage. Schools and universities are closed. Devastating economically. President Trump signed a \$2.2 trillion economic support package into law on March 27. See also the [Centers for Disease Control website with interesting US data.](#)

Nationally HGA is using a conservative (high) acreage reduction estimate of 15%. One merchant has confirmed they are implementing a 7-10% reduction of their contracted acreage. RF and YCH have had conversations with their customers regarding the current situation. Items discussed include reduction of contracts, move volumes forward and in some cases, with the customers worried about supply, take delivery on all their product at once. Some reductions are variety-specific and up to 25%. So far, there have not been any issues with labor supply.

In recent days the HGA learned there will be provisions to allow foreign guest workers to arrive to assist with this year's farm production. Nationally the foreign guest worker program provides 20% of the agricultural labor force. With many other industries laying off their workers, HGA hopes labor supplies for hop production will be adequate this year."

At this time, USA has no clear idea on how the shutdown has affected country beer consumption so they have no idea about the brewers and merchants' needs. It is unclear how long the effects of the shutdown will last.

Czech Republic - is facing very tight national measures already for the last 2,5 weeks but the measures are being also amended on daily bases – all schools are closed, all events, all pubs, all shops except food supplier, pharmacy, and few others, all services. There is a complete travel ban out and, in the country, citizens must stay at home or just travel to work, there are strict hygiene levels. Many people from administration work from home. CZ hop processing and deliveries are still running so most of the employees as well as managers are at work but with very strict company measures. CZ government came with all kinds of measures to help the small businesses, relieving taxes, providing payments (probably still insufficient), extending periods for loan repayments, etc.

The works in the hop fields have started. The big issue were seasonal workers which the growers get normally from countries abroad (Romania, Bulgaria, Slovakia, Ukraine) and these currently

cannot enter the country. However, since many factories in the region and in the whole country stopped their production it seems that there are enough workers (both foreign citizens with a work permit and Czechs) available for the operations needed. The farms also take all kinds of measures for health security - special measures for transport, accommodation, working in groups, food, etc.

Very hard impact due to pub/restaurants/sports/events being closed as Czech Republic still traditionally serves approx. 35-40 % of beer as tapped beer in kegs. Most of brewers either slowed down or stopped production as they had plenty of beers ready for spring and Easter. The brewers stopped filling kegs completely and are trying to use bottles and cans as much as possible. A decrease in total sales is estimated at about 30%. The biggest impact is on small and craft brewers (there are over 450 in the Czech Republic) that traditionally rely on tap rooms/pubs/restaurants. They lost most the sales channels and are trying to find some alternative ways such as home deliveries of beer, sales of bottles (however most of them do not have sufficient capacity of bottling lines or established sales channels for bottles or cans).

Slovenia - A life speed has also downshifted dramatically within last two weeks. All public life activities have been canceled and the government implemented strong restrictions according to the EU instructions. Most of companies and public institutions staff (included all education levels) are obliged to work from home areas. Only most necessary public companies keep working as before.

The reduction of hop acreage in Slovenia connected to the Citrus bark cracking viroid (CBCVd issue) will be about 145 ha (10%) – where 29 hop farms out of 120 are being affected by this lethal viroid. In 2019 the Slovenian institute of hop research and brewing (IHPS) in Žalec had drafted the viroid eradication program for those growers, where the national Ministry of agriculture, forestry and food financially supported activities on the infected hop fields – repaying those growers their opportunity costs. More details about hop acreage 2020 will be available in mid-May.

Some hop farms took care for the seasonal workers from Romania on time. However, for about a half of the required workers (300-400) it is still not clear if they would be allowed to enter the country. The Hop association of Slovenia is making efforts to negotiate with governmental officers to find a solution – or to face alternatives with local workers.

United Kingdom – is one week into their lockdown, all schools, universities, bars, restaurants, shops are closed (essential travel and purchases only). UK is paying workers to stay at home with loans available to the citizens. Workers and self-employed are being paid 80% of wages to stay at home. There are business rate and tax suspensions and business loans available. Retail sales have increased a bit at this point but is expected to go back down once panic buying has subsided.

Farms and emergency type services continue to operate. UK will have stable hop acres in 2020 with no plans to increase acreage at this time. Growers are also only growing to fulfill their contracts – with no spot hops. Only 10% of the seasonal agriculture workforce had arrived at that point. Hop growers are a bit better off than other growers and can use the local workforce where needed. Hop stringing is underway. There is a local recruitment for hop training - university students, etc.

Impact to brewers in UK is estimated by modelled figures to 50% on trade (pubs), 50% off trade (retail). Some retail trade will increase. Impact on on-trade sales will depend on how long lockdown lasts. If pubs are closed until the end of June the impact could be c. 25% lost sales overall. If pubs are closed until September the impact could be c. 30% lost sales overall.

Spain – *Tourism has been significantly reduced due to the COVID-19 event. Both East and summer activities have been closed. The brewers' position is unknown but the large brewers are still operating along with agriculture. With the lack of tourists, restaurants and breweries, etc. have been negatively impacted.*

France – *is in complete shutdown. Some businesses will go bankrupt. About 40 hectares will be replanted so the hops will be babies in 2020 and production will be low.*

Point 4

Prior to the meeting, Ann George – in chair of the Committee on Regulatory Harmonization - had made available the Bryant Christie team's report »Update on MRL Harmonization Situation for Hops« with the following issues: European Union, South Korea, China, Codex and Captan MRL in the EU. There was also the General Update on COVID-19 and Agriculture Trade. In addition, Otmar Weingarten - the IHGC official voice for pesticide issues at EU level reminded again about activities after [the Global Hop Summit](#) – as underlined under point 3 of the [previous meeting minutes](#).

Point 5

Good information is needed. Thus, the IHGC group decided to meet again in 3 weeks. All are in support of sharing as much information as possible with each other. So the next video convention call by the IHGC President will be on Tuesday, **April 21, 2020** at 7:00 PDT (4:00 PM in EU).

Issues for a debate? What will it take to keep beer flowing during this crisis? How will this affect deliveries of supplies such as chemicals, etc.? What will be the impact on the hop industry if the supplies are interrupted? No grower can be forced to reduce/idle acreage. However, are growers getting accurate information to make decisions? We should support the mentioned message *KEEP THE BEER FLOWING* and thus exchange ideas on what is happening in individual countries to support the pub/brewing sector.

Point 6

The **IHGC** may produce a letter of support to countries requesting it so they can submit it to their government for possible help.

IHGC General Secretary
Dr. Martin Pavlovič