

# USA

## **Corona Virus Impact**

Yakima County now has reported more than 3,066 cases of COVID-19 with 87 deaths (83 had underlying health conditions). Food processing facilities are reporting more cases (primarily meat packing and apple warehouses), with some apple warehouses experiencing worker strikes for “hazard pay” and other concessions. Currently 49% of reported cases in Yakima County are Hispanic/Latino. With the high levels of reported infections in Yakima County, most restrictions are still in place with limited changes including construction and medical procedures, provided proper training and protections are in place. The Willamette Valley of Oregon is also seeing a higher number of infections than other areas of the state. Many of Idaho’s restrictions are being lifted, with pubs and restaurants opening (with social distancing implemented).

In total WA has now reported nearly 20,000 cases with just over 1,000 deaths; OR has reported nearly 4,000 cases with 148 deaths, and ID has reported 2,626 cases with 79 deaths. The US has reported 1,637,456 cases with 97,669 deaths. Many areas reopened recreational areas (beaches, parks, etc.) during the Memorial Holiday weekend, so spikes in cases may be seen over the next few days).

Adverse impacts on brewpubs and taprooms continue to be reported. There is also discussion regarding potential warehouse overcrowding due to slower movement of contracted hops to breweries. Labor availability on farms appears to be adequate, but growers have commented that there seems to be little loyalty, and workers will leave to work at another farm for small additional compensation. Competition is high, and there are concerns for adequate harvest labor.

## **Acreage development**

Outside of the Pacific Northwest many areas have seen a loss of small growers (less than 2 ha), as local craft brewers have lost on-premise sales. Michigan, the #4 state in the US for hop production, expects acreage to be reduced this year.

The USDA National Agriculture Statistics Service is currently conducting the hop acreage survey, with data to be released on June 30.

## **2020 overall crop progress**

Weather and crop development have been good in all locations, with Oregon reporting a more “normal” cool and wet spring after a few years of higher spring temperatures, so slower early crop development there.

## **Sold percentages for 2020**

Several merchants requested voluntary efforts by growers to reduce production this year. Some acreage has been idled, and some growers will reduce production on certain fields by fewer strings per hill. Acreage in these categories has not yet been quantified. More data should be available on June 30. I do not have specific data on sold percentages.

## **Financial incentives for agriculture**

The USDA recently announced the Coronavirus Food Assistance Program that will provide benefits for producers of crops that experienced losses between January and April 2020 due to a reduction in market prices of 5% or more, or physical crop loss. Hops were excluded from this program along with many other contracted crops (such as potatoes).

## Germany

### **Corona Virus Impact**

The coronavirus situation has further stabilized in Germany. The healthcare system was never in danger of collapsing so far. Therefore, restrictions are being loosened gradually. Restaurants, cafes etc. will be reopened this week. Restrictions on major events will probably be maintained the longest. However, there is hope that travel restrictions will be loosened in many European countries mid-June.

The development is good, but the authorities will react immediately with new restrictions if there is a rapid increase in regional infections. This is the case if more than 50 new infections per 100,000 inhabitants are registered within the last 7 days in a district or district-free town.

Actual figures DE: May 25<sup>th</sup>/178.570 (all)/ +289 (today) / 8.257 (deaths; all);

Beer business in Germany suffered quite a lot, keg beer went down to almost zero for two months.

Annual beer production in Germany might decrease by 10-15% compared to 2019 (our guess).

Labour availability on farms was an issue at the beginning of covid19 pandemic, but could be managed successfully. All spring works are completed without any delay or problems.

### **Acreage development**

We expect the total hop acreage to increase by around 250 hectares this year. Most of it will be Herkules. Official figures will be available within the next two or three weeks.

### **2020 overall crop progress**

Despite the fact that temperatures were comparatively low and precipitation was below-average, the hops' development is on an average level.

Generally, moisture deficit in soil is very high.

### **Sold percentages for 2020**

With a few exceptions, most of the varieties are completely sold for 2020. We expect around 43.500 tons to be sold ahead; an average crop would amount to around 46.500 tons

### **Financial incentives for agriculture**

So far there are no special incentives just for farmers. As for other sectors there is easier access to credits and some support to lower the tax burden.

As long as the contracts will be honoured, the economic impact on hop farms will be limited (mainly higher costs for labour and maybe lower prices for spot hops).

## Czech Republic

### Overall

- situation improving
- 9000 cases (315 deaths)
- outside pub and restaurants areas opened May 11, inside May 25
- all shops, etc. now open with distancing restraints
- from May 25 events up to 300 people allowed – expected to be increased to 500 by the end of June and more in summer
- schools open for graduating students, students finishing elementary schools, plus 6-10 years classes in smaller groups
- sport facilities all open from May 25
- sport events without spectators (football, etc.)

### Beer industry

- Official statement from Brewers association is minus 40 % in the 3 months March-May. This is also due to a beer export decrease (as the domestic consumption did not in my opinion go down by 40 %). The total impact could be around 20-25 % for the first half of the year. Most of the pubs are re-opening. Small brewers hit hard but there were many public actions to help them to sell the beer on stock. From the statements of the craft brewers the government programs did not help and most of them were unsuccessful in obtaining any government assistance.

### Hop industry

- Total acreage reduction by 1,13 % to 4947 ha (5004 ha in 2019).
- The availability of workers for spring works was good (many domestic and foreign people with Czech work permits from industries that closed operations (mostly car industry and suppliers) as well as gastronomical sector and service sector together with students)
- The operations were done well and in time
- The hops look good but overall, there is a large water deficit of surface as well as underground water
- All or most of the hops from crop 2020 are under contract

## Poland

- **Update on coronavirus (status for 25.05.2020)**

Total infected – 21 631, right now infected – 11 348, total deaths – 1007

- since 1<sup>st</sup> of June internal flights restarted, international flights closed until 14<sup>th</sup> of June
- all schools and universities are closed until the end of school/academic year
- small sport facilities opened for max. 16 people; big/professional sport facilities opened for max. 24 people
- controls on borders will be kept until 12<sup>th</sup> of June
- since 18<sup>th</sup> of May bars and restaurants opened with distance kept, as well as beauty salons, more people allowed in public transportation
- people travelling in business/professional purposes do not need to keep 14-days quarantine anymore
- Coronavirus impact on beer industry

In March, when the lockdown started, there was almost 5% decrease in beer sale, while craft beer sector ended up with several dozen percent of decrease. The supply of kegs in few breweries can be measured in hundreds. A lot of beer has been spoiled in the meantime by going bad.

Several actions like deliveries of beer to the houses (craft sector), sale through the Internet (craft sector), local sale beer from kegs in bottles (craft sector) have been organized by breweries. There is no straight law for selling alcohol in the Internet though. Local pubs and craft breweries have been organizing crowdfunding actions to keep them operating.

Of course, there is a visible decrease in HoReCa branch beer sale (so mostly kegs), but on the other hand there is an increase in retail sale of beer (also thanks to a lot of actions organized by supermarkets). The advertisement and media marketing, especially in the Internet, have shown big impact on society.

- **Coronavirus impact on hops industry**

There is no direct impact on hops industry by coronavirus until now. As in other countries, thanks to the limitations put on seasonal workers in terms of travelling, a lot of Polish people stayed in Poland and were able to work locally. All field works have been done in time. There is already a possibility to gain seasonal workers from abroad, but they need to be tested for coronavirus (the tests are paid by Government).

- **2020 acreage planting and growing intentions**

There are a lot of new plantations set up in Poland, of course proportional to the scale of Polish Hops Growing. Since 2019, there are around 105 ha of new plantations (app. 90 ha in bitter varieties), achieving 1762 ha. We can estimate another increase of min. 20-30 ha in 2020.

- **2020 overall crop progress**

Hops in all regions is looking good until now. There was small amount of moisture brought in February, less in March and almost nothing in April. Temperatures in April were quite low. May is a very good month for overall agri- and horticulture, bringing a lot of rain water to the fields. We can say the lack of water coming from very dry winter and quite dry spring time has been nicely top up, although we rely a lot on present rainfalls. Temperatures these days in Poland are low (around 10-15 °C), next week we are awaiting already warmer weather. Hops seems to be quite blocked by those stressful conditions.

- **sold percentages for 2020**

We do not have any official data for that, but roughly 85% is under contract.

# Slovenia

## Overall

The government in Slovenia canceled on May 15, 2020 the epidemic of infectious coronavirus, declared (by EU guidelines) on March 12. Some minor measures still remain in place – but in general, economy sector is operating with few exceptions (like organization of tourist/music events), traveling, also with public transport has been released, and guests can enjoy again hospitality of local pubs and restaurants, etc. However, an economic damage related to a 2-months (social engineering) lockdown is significant.

## Beer industry

Slovenian beer production volume in 2019 was round 1,6 mio hl, where the 105 craft breweries contributed about 2% of a national beer production. During last 2 months beer business faced to huge reduction of selling incomes. Especially, since all social events were cancelled.

## Spring works on hop fields

An absence of required foreign seasonal workers was still an issue at end of April on half of the hop farms. After discussions the administrative problem was solved between Hop growers' association and government offices. Finally, there were sufficient bus transfers of traditional Romanian seasonal workers and spring works have been completed without delay or problems. In addition, about 1,200 volunteered working hours on hop fields have been offered by various sport teams sponsored by Laško/Union Brewery as well as by Slovenian soldiers (media covered).

## Hop industry

The reporting period for hop acreage statistics 2020 in Slovenia has officially been extended till mid-June. At the moment there were round 1,500 ha of hop fields in total, with 58 ha of young hops (38 ha of Aurora). Hops are growing well and during last weeks we had several rainy days.

Hops is mostly contracted. Some merchants have recorded slight delays in shipments and recalls of hops, but they believe the situation will be stabilized – according to selling contracts.

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## UK

- Lockdown from 23<sup>rd</sup> March 2020
- Over 260,000 cases, over 37,000 deaths
- Recovery phases published on 11<sup>th</sup> May as follows:
  - Step 1: 11<sup>th</sup> May
  - Step 2: 1<sup>st</sup> June
  - Step 3: 4<sup>th</sup> July
- All of the above with 2m social distancing which will require schools to change layouts, expected queues at all retailers and all hospitality will have reduced capacity – estimated to be no more than c. 40-50% of normal.

### **Impact on Brewing Industry:**

- Pubs/restaurants closed 20<sup>th</sup> March and due to reopen from July 4<sup>th</sup> dependent on the “R number”
- The pub industry is lobbying for 1m social distancing as per WHO guidelines
- Festivals and events cancelled with no commitments on large social gatherings
- Beer industry impact:
  - 66% of beer sold in pubs
  - 70 million pints to be thrown away
  - Not expecting “normal” for at least 2-3 years

#### Of small independent breweries (April data):

- 82% drop in beer sales amongst independent breweries
- 65% of breweries have stopped brewing altogether, a further 31% saying it has slowed, 3% saying it has stayed the same, and just 1% saying it has increased
- 81% of breweries believe the Government is not doing enough to support independent breweries
- 54% breweries have not been able to access any of the existing Government assistance
- 29% of breweries considering redundancies

### **Impact on Hop Farming:**

- Labour availability ok for stringing and training
- For harvest it depends on ease/cost of international travel
- Est 2020 production: 921 ha, 32,860 ztr (2019: 958 ha, 33,918 ztr)
- Crop has progressed well through a warm Spring although lack of rain in April and May will now start to have an impact
- Before Covid-19, c. 75-80% of the UK crop was contracted with c. 20-25% being grown for the spot market. Since the end of March growers have made adjustments to reduce the crop by 23%
- Merchants and brewers are forecasting significant hop oversupply situation
- Approach made to UK Government to compensate for surplus hops in order to take them out of the market to protect the price going forward