



IHGC Executive Committee Meeting Minutes

*Video call by the IHGC President
April 19, 2021*

AGENDA

1. Opening and delegates' quorum
2. Approval of the minutes from the previous video-call on February 22, 2021
3. Spoken comments on hop industry situation in member countries
4. IHGC membership (current situation and prospects)
5. Future activities and meetings
6. Sundries

Point 1

The IHGC president and vice-presidents initiated the Executive Committee meeting as a video-call on April 19, 2021. President Leslie Roy proposed the agenda, which was adopted and all meetings delegates were reminded to respect the Compliance rules ([link](#)).

A quorum for formal IHGC decisions was constituted, since again 20 of 34 (at that time) IHGC member representatives proved their active (audio/video) or passive (audio) presence on the meeting. Delegates representing the IHGC country member hop associations (9 of 20) and hop industry companies (11 of 14) are listed below:

AR: Andrés S. Leibrecht, **BE:** Joris Cambie, **CA:** Raymond Bredenhof, **CZ:** Michal Kovařík, **DE:** Adi Schapfl, **ES:** Pascal Piroué, **GB:** Christopher Daws, **SI:** Jernej Ribič, **US:** Ann E. George.

Assoc.Dev. Hop Agr: Leslie A. Roy, **BarthHaas:** Peter Hintermeier, **Charles Faram & CO:** Paul M. Corbett, **CZ Union Hop Merchants & Proc.:** Zdeněk Rosa, **German Hop Ind. Assoc.:** Korbinian Meier, **Hmezad exim:** Mihael Vitko, **Hopsteiner:** Joachim Gehde, **Hopsteiner Spain:** Pascal Piroué, **HVG Germany:** Dr. Johann Pichlmaier, **Inbarco:** Andreas Waldinger, **Yakima Chief Hops:** Steve Carpenter.

Point 2

The Executive Committee minutes from the previous video-call ([link](#)) had been published on the website. Meeting materials have thus been available to members and stakeholders. No comments or supplementary claims had been submitted, so the minutes were adopted unanimously.

Point 3

The chairman of the Economic Commission Mr. **Zdeňek Rosa** presented a report together with a short presentation on commission activities within the last 5 years. The 16 meetings of EC were held and usually it was possible to prepare a report based on 12 country reports (out of 20 member countries). The most active members sending the data on each of last 16 occasions were Belgium, Czech Republic, Germany, Poland, Slovenia and USA. UK, Spain, Romania, France and Austria followed these countries.

Countries that have been less active include Argentina, Australia, New Zealand, Japan and Russia with very few reports from Canada, RSA and Serbia. In case of Canada there is now a new active contact for one of the larger growers that took part in the meeting. The last group are countries, which have sent not, sent any data for the last 5 years - Ukraine and China. For these countries as well as for countries that are reporting less frequently the IHGC is using most recent available data from merchants' reports. It is also the future interest to have if possible full data on world hop acreage and production.

The chairman further presented changes in the reports that have been made in the last year. (i) Increasing space to allow for more entries of varieties, (ii) introduction of organic acreage data summary, (iii) graphs for acreage and production development of the member countries as well as IHGC in total, (iv) in the complete IHGC table comparison between current year and last 5 and 10-year periods. The members are encouraged to contact the chairperson of the Economic Commission with suggestions to further improvements or changes of the current reporting. During the meeting countries, representatives reported in brief about national hop situations. It was mentioned that it would be possible to leave out the unsold stock information.

The chairperson motivated all members to submit for the meetings if possible full set of data including not only acreage and production but also variety information, alpha information, contact information and past price levels. Even though we reduced the space for comments with the main table, we still encourage the countries to use it as well. He also thanked Mr. Michal Kovařík for his work with the data.

After country reports, Mr. **Peter Hintermeier** contributed with his comments: "In 2020 around 122,400 t and 12,700 t of alpha were harvested worldwide, corresponding to an average harvest. Because of the Corona pandemic, world beer output in 2020 fell by 8-9% extrapolated from the figures available to date. However, craft beer output fell by 15-17%. Because craft beer uses much higher hop inputs than mainstream beer, alpha demand declined more than beer output in percentage terms.

Global alpha demand for brewing year 2020 has decreased by about 10-11%. We expect that world beer sales might not recover until 2023 at the earliest. This means that alpha demand for the current brewing year 2021 will also be at a low level.

From the good average, hop supplies of the 2019 and 2020 harvests, the combination with declining demand results in surpluses in the brewing years 2020 and 2021. The alpha surplus in brewing year 2020 is in the range of 2,100 to 2,500 tons of alpha-acids. This corresponds to about 20% of a normal harvest. We must therefore assume that inventories will rise.

On the sales side, the surplus situation manifests in delayed call-offs of ordered goods, although this is only very moderate now. However, we expect customer call-offs to be increasingly delayed. The surplus situation also reflects in requests from customers to restructure contracts, i.e. generally to defer partial quantities or entire contracts to later years or to cancel contracts completely.

On the purchasing side, we see that there are currently no contract offers to hop growers. This is not yet a problem because the contract quotas are still at a very high level, at least in Germany.

Despite all the difficulties caused by the pandemic measures, hop processors managed to produce at full capacity under the strictest safety precautions. They managed to secure the supply of hop products. The supply chains to customers were intact. However, since a few weeks there were container shortages. These make it increasingly difficult to supply customers on time.

Regarding the worldwide acreage, we still see an increase this year and such a development would be at odds with the current market situation. To counteract cumulative surpluses, supply would have to be reduced for critical varieties and variety groups. The grubbed acreage should not be

replanted with alternative varieties. The acreage with the remaining varieties should not be expanded.”

In an upcoming discussion about the global supply and demand situation, Mr. **Pascal Piroué** stated that “Since a number of years, the regular IHGC market reports - prepared by the hop merchants - repeatedly pointed out the oversupply situation. There were also always clear indications which variety groups were mostly affected. It was clearly stated that the global hop acreage needed to adapt to the lower demand situation. Looking at the tendency of the acreage for 2021, this seems not to be the case, so the stocks will continue to increase.

The large fluctuations of some European harvests, being affected by the hot and dry weather conditions have masked this trend of oversupply, which occurred not only due to the pandemic, but which started as per Hopsteiner’s guidelines already in crop 2016.”

Point 4

The secretary general reported in brief the membership status of the IHGC. Among 34 formal members (hop growers organizations and hop merchants companies), the four of them (Canada, Ukraine, both members from PR China ([link](#))) still not returned the signed document “*Commitment declaration on antitrust-compliant behavior*” – that is linked to the Compliance Rules of the IHGC ([link](#)). In addition, these members also have not responded on the fee invoices. We officially reminded these members again to fulfill the member obligations. Their status will be discussed again on the next meeting.

Point 5

The next video-meeting of the Executive Committee will be called by the president in June, 2021. More details will follow.

Point 6

Mr. Otmar Weingarten explained the lobbying activity to European Parliament (ENVI Committee) and their request for support in the coming consideration during the plenary session – linked to the Insecticide based on “*flonicamid*”. He stimulated IHGC as well as EU growing countries to draft similar explanation letters to EU Parliament members and national authorities. IHGC letter will be posted on the website.

The secretary general presented a request of the Russian magazine for beer and brewing (www.realbrew.ru) to publish the IHGC variety list 2020 drafted by its STC. The Executive Committee members agreed for the document to be published in that magazine.

IHGC General Secretary
Dr. Martin Pavlovič