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PRESS RELEASE: BRITISH HOP INFLATION 2022

British hop growers are reaching out to the brewing industry to discuss the very significant inflation they are facing in their input costs due to the global rises in energy and fertiliser costs. Another core component for Hop growers is the impact of inflation in wage costs.

The board of the British Hop Association commissioned John Pelham of Andersons Midlands, the farm consultants, to identify the single year inflation facing growers for the production of the 2022 Hop crop. This work has also looked closely at what this means for the overall cost of production in 2022.

The two most significant costs in hop production are labour (for crop husbandry and harvest) and fuel for hop drying.

The National Living Wage was introduced in April 2016. Between 2016-2021 the aggregate wage rate increase was 37%, although for most growers the figure was higher, as both labour availability and quality have declined as a consequence of the UK's departure from the European Union.

For 2022 growers are faced with:

- a minimum 15% increase in wage costs
- approaching 100% increase in fuel costs
- significant increases in the cost of fertilisers, spray chemicals, string and other inputs

John Pelham met with a group of hop growers, including representatives of each of the three main British hop grower groups, on 11th May to review their hop costings information. That work produced the following findings:

- The increase in the costs of British hop production between the 2021 and 2022 crop years is **£1.11/kg**
- Based on Andersons Midlands experience of risk for growers, their professional opinion would be that a surplus equivalent to 10% of turnover would be appropriate to allow for both risk and grower profit.
- For the 2022 crop this is equivalent to a **gross grower (farmgate) price of £11.91 per kilogramme.**

British Hop growers continue to feel the effects of the Covid pandemic which closed pubs for over 10 months, had a drastic effect on cask beer sales and resulted in growers being asked to grow only half a crop of hops despite legally binding contracts for their whole acreage. Hop growers worked with hop merchants and brewers to reduce the burden of surplus hops on their customers but at a high cost to their farm businesses – all lost money and many built significant debts. In 2022 many do not have contracts for their full acreage and significantly less hops are being grown than in 2019 before the pandemic.

It is therefore imperative that brewers, hop merchants and hop traders are open to discussions to re-negotiate upwards their contracted and uncontracted hop prices to absorb the huge inflationary pressures faced by growers.

British Hop Association

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Chris Daws, Chairman of the British Hop Association and English Hops Ltd said “the work was undertaken by a broad range of large and small growers from both Kent and the West Midlands. The inflationary increases are stark and it is imperative that growers are able to re-negotiate the prices for their 2022 crop contracts”.

Mark Andrews, Chairman of Wealden Hops Ltd commented “we all knew that costs were rising very fast. Everything from hop string to fuel, fertiliser and wage costs have risen by either double digit or triple digit inflation since last year – I have never seen anything like these cost increases in a lifetime of growing hops”.

Richard Phillips, Chairman of Charles Faram Farms was keen to point out “growers have worked very hard in the last two years during Covid to protect their customers from having to purchase unwanted hops. Now is the time that we need those same customers to pay a fair price for British Hops. After all, many brewers are paying £20-30/kg for imported hops which often travel from the other side of the world. British Hops are highly affordable and cut carbon emissions due to the low distance they have travelled.”

The British hop Association is seeking the full support of Brewers, Hop merchants and Hop traders to ensure that all growers are able to achieve a fair price for their hops that covers the cost of production in 2022 without which growers will be unable to survive.

Note to editors:

The British Hop Association was formed by British Hop Growers in 1996 to ensure that the industry had a coordinated approach to its activities and in particular the research and development of new hop varieties through its subsidiary Wye Hops. In 1998 there were 13 commercially grown British hop varieties, today there are 31. Given that it can take 10 years to develop a new hop variety, that’s quite an achievement.

The British Hop Association, formerly known as The National Hop Association, is a limited company, with three Directors from each of the 3 Growers Groups sitting on its Board. The Growers Groups are: English Hops Ltd, Charles Faram Farms Ltd, Wealden Hops Ltd. The British Hop Association is the forum by which growers make representations to the UK Government, the EC, international & national industry committees.

For a full list of British Hop varieties: <http://www.britishhops.org.uk/british-hop-varieties/>

To visit a farm during the British Hop harvest in September each year or for more information: Ali Capper, British Hop Association: alicapper@mac.com

Andersons Midlands operates throughout the Midlands and southern England from offices at Leicester, Hereford and Salisbury. We provide business advice to a wide range of farmers, growers and those in food and agribusiness. They pride themselves on being independent, impartial and approachable. John Pelham is their Horticulture specialist. <http://www.andersonsmidlands.co.uk>

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