

Press Release

Poor hop harvest in 2022 Alpha clause is used to ensure fair distribution

Nuremberg, January 9, 2023. 2022 was a historically bad year for Germany's hop producers: The exceptionally hot and dry summer affected the hops badly. According to the German hop growers' association, crop volume amounted to 34,406 metric tons and was thus 28 percent down year on year. Yields of alpha acid, which is the most important hop compound and is responsible for the bitterness in beer, were even worse.

Faced with climate change and the prospect of increasingly frequent extreme summers, the hop industry sought a way to enable particularly low crop volumes to be distributed equally and fairly among all customers. After the experiences of 2003, a year with almost as poor a harvest as in 2022, a solution was found in the form of the so-called alpha clause.

The question then was "What do we do when crop volume is too low to meet all the contractual obligations for the season", in particular when the alpha content of one variety diverges significantly from the long-term average. In talks between the hop industry association and the German brewers' association a formula was found for adapting volumes and prices in such difficult times. This formula had to be used again in 2022.

"The alpha clause is a way of distributing the available hop volume fairly among all the breweries with forward contracts", explains Thomas Raiser, member of the management team of leading hop service provider BarthHaas. It is by no means intended to shift the economic risk of poor yields and low alpha content to the customers, Raiser adds. In order to clarify exactly how the alpha clause is applied, BarthHaas has released a video in which the principle is explained and illustrated using sample calculations.

For those who are interested, the video can be viewed here:

https://www.youtube.com/watch?v=olkj_wGF4RM&t=32s

Photograph: Thomas Raiser, member of the BarthHaas management team, explains the alpha clause.

Please note the photo credit: BarthHaas/Screenshot

About BarthHaas

BarthHaas is one of the world's leading suppliers of hop products and hop-related services. The family-owned company specialises in the creative and efficient use of hops and hop products. As visionaries, instigators and implementers of ideas, BarthHaas has been shaping the market surrounding a unique raw material for over 225 years.

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