

Joh. Barth & Sohn

HOPFEN seit 1794

Cable Address
BARTH SOHN NUERNBERG
 Hop Farm Barthhof-Hallertau
 Telephone 508 62

NUERNBERG, August 1st 1949
 P. O. B. 331

Hop Report 1948/1949.

A drastic reform of the German currency and the continued separation of the Western and Eastern Zones were dominating factors during 1948.

Currency Reform.

On June 20th 1948, cash assets were devaluated at the rate of 1:10. Only half of the remaining balances, however, became available in new currency while the other half was blocked for the time being. All those who had not been able to hoard goods saw their fortunes wiped out. Stocks which had been withheld from markets during the preceding time now appeared for sale and found eager purchasers. Appearances seemed to point to renewed inflationary tendencies. As an additional deflationary measure, therefore, 70% of the blocked second half of the new currency were annulled, 20% only were paid out and the rest of 10% remained blocked for an undetermined period. Thus the real devaluation amounts to 93½% of all cash assets.

Economical situation.

Economy is hampered by severe restrictions of credit. There are already more than 1,2 million out of work in the Western Zones. It remains to be seen whether an improvement in credit possibilities will result in an upward trend. Trade and industry are dependent upon expensive short term credits. The staggering burden of taxes precludes any possibility of restoring funds destroyed by the currency reform.

Production of beer.

The prohibition of brewing having been lifted, the production of "near beer" of 1,7% of specific gravity was allowed by VELF (Verwaltung für Ernährung, Landwirtschaft und Forsten, Frankfurt/Main) on May 4th 1948. This "near beer" was rationed at 50 Gramms of bread for 1½ Liter. After currency reform sales of this beverage collapsed, especially as hoarded stocks of wine and spirits appeared and were preferred by the consumer.

On September 29th 1948, VELF allowed production of two types of beer of only 2% and 4½—5½% specific gravity respectively. Military Government had consented to a production of a beer of 8%, but there were only 150.000 tons of barley for distribution, corresponding to not more than about 10 million hl of beer of 8%. Only as late as the 17th Febr. 1949 VELF gave permission for this latter type of beer.

Output of beer.

Output of beer in the Bizone was as follows:

Land	Fiscal Year 1947/1948 April 1 st to March 31 st		Fiscal Year 1948/1949 April 1 st to March 31 st
	beer only hl	similar beverages hl	beer only hl
Schleswig-Holstein	86.387	60.073	126.946
Hamburg	306.922	329.517	330.898
Niedersachsen	410.974	609.691	511.805
Nordrhein-Westfalen	297.845	3.228.201	1.607.073
Bremen	10.670	171.155	139.140
Hessen	139.211	1.041.673	488.751
Wurttemberg-Baden	1.334.878	57.215	970.327
Bayern	7.940.908	26.621	5.314.949
Total	10.527.795	5.524.146	9.489.889

Production of similar beverages continued in 1948 only during April (433.789 hl), May (456.274 hl) and June (422.773 hl) totalling 1.312.836 hl, and terminated with the currency reform (20.6.1948).

Excise taxes on beer.

Substituting taxes drastically increased by order No. 28 of Military Government in May 1946, the following excise tariff came into force on September 30th 1949: Near Beer (up to 2% specific gravity) DM 8.— / DM 9.— per hl, Small Beer ($4\frac{1}{2}$ — $5\frac{1}{2}$ %) DM 16.— / DM 18.— per hl, Lagerbeer (7—8%) DM 20.— / DM 22.50 per hl.

Malt scarce.

Beer types under 12% of specific gravity meet consumer resistance. It is to be hoped that the breweries will be able to meet public demand in the near future. Purchases of malt are a constant problem for the breweries and constitute a heavy financial burden. Usage of corn and other substitutes for malt was allowed in the Bizone by Verwaltung für Finanzen, Bad Homburg, on February 17th 1949. In Bavaria, however, the zealously guarded mandate that no substitutes may be used in the brewing of beer, traditional for hundreds of years, is still unbroken.

French Zone.

Malt was apportioned to the breweries of this zone on the basis of a total production of 1,6 millions of hl of beer of 8%. These breweries have purchased abt. 2000 Ztr. of hops from the centers of production located in the French zone. The Landeswirtschaftsministerium, Tübingen, originally had prohibited exports of hops to safeguard home supplies. Smaller usage than anticipated allowed to lift this restriction in January 1949.

Since April 11th 1949, the export system valid in the Bizone is in use in the French Zone as well with the exception of small regional changes.

Russian Zone.

Production of the brewing industry has been set at abt. 12 millions of hl, but it is doubtful whether this quantity will be attained. Excises on beer together with those on alcohol account for a considerable part of the taxes in the east zone.

Malt is available in sufficient quantity, but hops are almost completely lacking as exemplified by the average hopping rates:

Top fermented beer $4 - 4\frac{1}{2}\%$ = 50 gr./hl	Lagerbeer $8 - 8\frac{1}{2}\%$ = 75 gr./hl
Lagerbeer 12% = 120 gr./hl	Extra Beer $14 - 16\%$ = 150 gr./hl

Not more than abt. 14.000 Ztr. of hops have been delivered to the Russian Zone from the Bizone since 1945 and these have been supplemented only by abt. 2500 Ztr. of quite old hops from Czechoslovakia, imported in 1948. Small quantities of hops have further been made available by private deals of compensation.

There do not seem to be good chances for plans to reorganize the production of hops in the Russian Zone which had ceased long ago as unprofitable for lack of quality.

Crop 1947.

Total exports of Bavarian hops crop 1947 amounted to 61.082 Ztr. Of the remaining hops, 9.800 Ztr. were apportioned to German breweries, 1.200 Ztr. to breweries exporting beer and 1.000 Ztr. for pharmaceutical purposes, for which there is now no demand anymore.

Crop 1947 had been under strict control until August 1948 and all stocks of hops were in possession of the DHVG (Deutsche Hopfen-Verkehrsgesellschaft) exclusively. The trade had practically no stocks at all and therefore was especially hard hit by the currency reform. In August 1948 control was finally lifted by VELF for the remaining stocks of crop 1947 amounting to abt. 7.000 Ztr.

Growth of crop 1948 in Germany.

The year 1948 was marked by long periods of rainfall and cold weather in contrast to the extensively sunny drought year of 1947. The mild winter of 1947/1948 was followed by a dry and mostly cool spring. Plants had generally wintered well and only damages originating from preceding year's drought showed up in some parts, when the hops were uncovered and cut as usual in April. Signs of Downy Mildew appeared as early as May 1948, so that spraying was done in the Hallertau already at this time. Damage by grubworms and wireworms was negligible. Weather during June, July and August was generally rainy with temperatures ranging from cool to cold. There was a lack of warm, humid nights which are so favorable for the development of the plants. Early blooming began in the middle of July. The set of blossoms was not as full as desirable in consequence of the lack of sunshine. The general aspect of the crop was unequal. Picking was somewhat delayed but favored by weather and as an aftermath to the currency reform there was no shortage of labor.

Quality of crop 1948.

The hops of crop 1948 could not attain the very good content of lupulin as in 1947 because of wet and cold weather during the principal months of vegetation. Regarding color, however, crop 1947 was surpassed by crop 1948.

Acreage and production abroad 1948.

Acreages and production of crop 1948 can only be given approximatively for most of the countries of production: Argentine 290 ha = 2.000 Ztr., Australia 22.000 Ztr., Belgium 452 ha = 13.045 Ztr., Canada 720 ha = 15.613 Ztr., England 9.166 ha = 301.000 Ztr., France 910 ha = 17.000 Ztr., Yugoslavia 18.000 Ztr., New Zealand 9.000 Ztr., Poland 4.200 Ztr. Spain 1.500 Ztr., South Africa 121 ha = 2900 Ztr., Sweden 160 Ztr., Czechoslovakia 8.900 ha = 97.233 Ztr. (Saaz 77.003), USA 16.424 ha = 456.300 Ztr.

Marketing order in Germany, crop 1948.

A new marketing order was issued by VELF on Aug. 6th 1948. On this basis the Bavarian Ministry of Food on August 18th, 1948, issued detailed general instructions as well as special instructions regarding exports.

Free purchasing of hops by the competent trade was provided for the first time since 1944. Special precautions were taken to ensure the availability of hops for exports in so far as all lots not intended for exports should be held at disposal for allotments in case of necessity. This provision, however, was to remain without effect, as an earlier instruction by VELF on July 5th 1948 had changed submittance of hops to control from mandatory to facultative, so that farmers were entitled to free disposal of their hops.

**Acreage and yield
crop 1947 and
1948.**

	1947		1948	
	ha	Ztr.	ha	Ztr.
Hallertau	3.850	77.300	3.940	70.000
Spalt	695	2.810	694	9.000
Hersbruck	312	4.000	331	4.500
Jura	45	470	38	500
BAVARIA	4.902	84.580	5.003	84.000
Baden and RHW	93	1.700	93	1.900
US-ZONE	4.995	86.280	5.096	85.900
Tettngang	336	4.839	334	3.568
Wurttemberg	58	600	58	900
Palatinate	10	111	10	135
GERMANY	5.399	91.830	5.498	90.503

**Quotations
for export.**

Quotations to resellers were issued by Military Government on August 26th 1948 as follows: Spalt hops \$ 115.—, Hallertau \$ 108.—, Hersbruck \$ 105.— per 50 kilos net, f. o. r. German border or fob German seaport, packing excluded, payment against irrevocable letter of credit, quotations to breweries plus 7%. Burlap for ballots \$ 4.10, heavy bales \$ 10.50, drums \$ 18.— each. Quantity discount 1% for contracts of 50 tons or more.

Control of exports.

Contracts for export had to be registered with the LEA (Landesernährungsamt Bayern, Referat Getränke, München) followed by examination by the AHK (Staatliches Außenhandelskontor Bayern) and final approval by JEIA (Joint Export Import Agency).

Generally, exporters contacted their friends abroad as soon as prices were issued, but a staggering impression of demand for exports was created in Munich on the 27th August 1948. An excessive number of contracts providing an option on hops without any effective obligation for the buyer abroad was registered. The original quota of 60.000 Ztr. for exports was exhausted within a few hours and contracts submitted later could not be approved. An increase of the quota to 90.000 Ztr. brought only small relief in this situation.

**Purchase from
first hands 1948.**

This question now became of pressing importance. Opening day was set by the LEA on September 13th 1948 and postponed at the last moment to September 20th. There are doubts whether this postponement really delayed the beginning of purchases everywhere throughout the centers of production.

Originally, purchases were allowed for exports only. All hops not purchased for exports had to be held at the disposal of the authorities for export purposes except 3.276 Ztr. apportioned to breweries habitually acquiring their hops from first hands.

**Quotations
to farmers
for 1948 hops.**

By order of the Price Control Board of August 24th 1948, a ceiling of DM 260.— per 50 kg was fixed. Quality premiums were allowed for hops for export purposes only and set at DM 100.— per 50 kg for I. quality, DM 80.— for II. quality and DM 60.— for III. quality. On September 17th however, it was decided that granting of these premiums were admissible for those hops as well which for some reason could not be exported later on. Modified purchases for exports or home consumption thus became impossible.

**Development of
prices unchecked.**

Rumors that the crop would not be up to earlier estimates increased the desire on all parts to obtain cover for contracts signed. Manipulators had reason to expect certain profits. Purchases from first hand at fixed prices were possible only during the first few days. After this prices were boosted up to and over the limits of fixed sales prices. Hops were held back for higher prices and in part as a precaution against losses from the new currency as well. There were numerous exporters not covered for their contracts.

**Development
of exports.**

Shipments against payment in hard currency were not delayed. Scarcity of Dollars was notable in many countries where letters of credit, licences for import and dollar remittances were hard to obtain. Deliveries were notably delayed in many cases and contracts had to be cancelled in some instances.

**Cultivation of hops
1949.**

Farmers are now once more interested in the cultivation of hops which after the currency reform provided them with urgently needed cash. Acreages are being increased in spite of the high cost of all materials. This increase in the Bavarian districts of production amounts to abt. 450 ha but the new gardens will yield not earlier than in 1950.

Total German hop exports.

Exports	Crop 1947.	Crop 1948
U.S.A.	28.765 Ztr.	20.210 Ztr.
Belgium	14.960 "	11.750 "
Netherlands	3.345 "	3.882 "
Luxemburg	451 "	534 "
Denmark	5.148 "	8.561 "
Switzerland	3.248 "	2.449 "
Austria	— "	4.179 "
France	— "	4.761 "
French Colonies	1.200 "	626 "
Norway	383 "	1.605 "
England	390 "	243 "
Italy	1.053 "	1.813 "
Sweden	982 "	—
Finland	273 "	—
Other European countries (Sweden, Finland, Bulgaria, Roumania, Greece, Hungary)	—	1.522 "
South America	696 "	—
Far East	108 "	—
Other Countries	80 "	—
Brazil, South Africa, East Africa, Indonesia, Chile, Canada, Siam	—	1.741 "
Total Exports	61.082 Ztr.	63.876 Ztr.

Growth of crop 1949.

The winter of 1948/1949 was mild with scant precipitation. Hops wintered well. Spring cultivation was favored by dry and warm weather. A period of wet and cool weather in May and June retarded growth and made for an unequal stand of the crop. Early uncovered gardens are farther advanced in growth than late uncovered ones. The plant has reached the height of the trellises and is developing numerous laterals. Bloom might be richer. Soaking rains fell in the Hallertau during the last fortnight and beneficent rains were received in the Hersbruck district whilst Spalt and Tettwang are still waiting for badly needed precipitation if these districts are to attain last year's tonnage.

Insects and diseases are within normal limits. Control work is much more accentuated than in former years and generally the gardens are exceptionally well tended. Fertilization has had very special attention, which makes for higher yields per hectar in 1949. In general, the German crop shows a healthy aspect and vigorous growth.

Foreign trade 1949.

Commercial treaties have been concluded during the last months between the Bizone and various countries. These short term treaties, however, often contained only insufficient provisions regarding the demand for Bavarian hops from these countries which is detrimental to the interests of our exports. Hop acreage has been considerably increased in the German centers of production so that crops of greater tonnage may be expected in coming years. This is another reason for preferred attention to demand for Bavarian hops in those countries, which have been important markets for our hops.

Trend of prices in coming years will probably be in favor of consumers, as the increase in acreage will result in bigger crops beginning in 1950.

Crop 1948 is completely sold out and supplies of yearlings and olds either in breweries or in the market have dwindled considerably. Stocks in brewers hands in Germany are small and it is believed that the demand for 1949 hops will be great on account of the higher usage of hops for beer of 12%.

US hop market.

The new hop marketing agreement went into effect on July 2nd 1949 and will govern the US market this year. Its effects may exercise a certain influence upon the development of European hop markets. The acreage of Oregon has been reduced by about 3.000 acres.

German Market control 1949.

Measures are being discussed between authorities and interested organisations. Up to now there are no final results as to control of the German crop 1949, however, there is general agreement that the new crop shall be handled as free from restrictions as possible.

There are some unsettled questions connected with the export of hops. Quotations in US-Dollars will probably again be issued by JEIA. These quotations on the other hand will have considerable influence upon the purchasing price paid to farmers.

It is yet too early to predict the coming prices. In general, however, it seems that trends are now favoring the consumer. This might be an incentive to increased orders for our hops aside from the fact that there is no substitute for the mild bitter of German hops.

Joh. Barth & Sohn.

1 kg (Kilo) = 1000 g (Gramm) = 2,2046 lbs.	1 Liter = 0,2642 gallons
1 Ztr. (Zentner) = 50 kg = 110.23 lbs.	1 hl (Hektoliter) = 100 Liter = 26,42 gallons = 0,85 bbs.
1 ha (Hektar) = 2,47 acres.	