

SABMiller, AB InBev to increase South African hops production and export

The AB InBev Hops Network workshop taking place in George - one of only four locations in the Southern Hemisphere where hops have been successfully cultivated since 1935 - aims to introduce the South African varieties to the AB InBev craft industry and innovation department. The global business combination of SABMiller and Anheuser-Busch (AB InBev) is set to unlock South Africa's agricultural export potential by utilising unique South African hop varieties to become a net exporter by 2021.



CT Johansson via [Wikimedia Commons](#)

The expansion plan means that South African-bred hop varieties would be increasingly used in beers around the world and particularly in craft beers, which although they consist of just two percent of the world's beers, use 20% of the hops produced.

Bringing the brewing world to South Africa

"We are bringing the brewing world to South Africa because of the huge potential of South African grown hops. These interesting and special hops are unique because these varieties cannot be grown anywhere else," said Willy Buholzer, AB InBev Hops director. "We hope they will be equally as excited about the quality and potential of these locally-bred varieties as we are, and want to use them in their beers globally."

AB InBev Africa's agricultural development vision for South Africa is to increase hops produced by around 150 tonnes to 1,000 tonnes per year, of which more than 250 tonnes will be for the export market.

Most of the world's hop production occurs in Europe and America, near the 48th parallel north. However, in George at 34 degrees South, hops breeders have bred specialist varieties that flourish with the warmer winter climate and shorter summer days. The South African Breweries Hops Farm (SABHF) hops breeding programme has successfully introduced six commercial varieties, with yields comparable to the rest of the world.

With 424 hectares of hops growing in the Southern Cape, SABHF and contracted private growers currently harvest less than one percent of the world's total produce - up to 855 tonnes each year. Of this, around 735 tonnes is for SAB and the local craft industry and 120 tonnes is exported into Africa, primarily for SAB beers.

AB InBev has committed to continue supplying hops and malt to the craft industry and supplies the local market with more than 20 tonnes of hops annually.



ANHEUSER-BUSCH INBEV GLOBAL BREWERS LOVE OUR UNIQUE SOUTH AFRICAN HOP VARIETIES

Hops add bitterness and aroma to beer and has for thousands of years



“South African grown hops have huge potential because they are unique - with powerful fruity aroma and flavor, which cannot be grown anywhere else,”

says Willy Buholzer, AB InBev Hops Director.



SAB HOPS FARM (SABHF)

INCREASE HOPS PRODUCE
(BY ± 150 TONNES)

FROM **850** TONNES PER ANNUM
TO **1000** TONNES PER ANNUM

250 tonnes will be for the EXPORT MARKET

INCREASE SAB HOPS FARM (TOTAL LAND) (BY ± 100 HECTARES)

SABHF **37%** ±300 TONNES per annum
= 148 hectares
OR
Private farmers **63%** ±500 TONNES per annum
= 255 hectares

To 500 hectares
(to meet the growing demand)

THE END RESULT

ECONOMIC CONTRIBUTION:



TAXABLE REVENUE
CONTRIBUTION
PER ANNUM

FROM **R99** MILLION
Decrease hop imports by 46%



TO **R130** MILLION
Increase hop exports by 86%

All hops requirements for Castle Lager and Castle Lite will be provided through South African production



SABHF VARIETY HOPS



Ten years ago hops were mainly about bitterness, but the trend over the past few years is using hops for fruity aromas and flavours. The SA varieties have powerful aroma and flavours of citrus, berries and fruitiness.

1970s

Southern Brewer
– introduced as
a hop primarily
used for bittering

1980s & 1990s

Introduction of three commercial varieties
Southern Star
Southern Promise
Southern Dawn } known as the SABHF
'Power Hop' varieties

2012

Introduction of three commercial varieties
Southern Aroma
African Queen
Southern Passion } used by micro and
craft brewers

IT TAKES **7** TO **11** YEARS TO CULTIVATE A NEW HOPS VARIETY

All hops breeding is done naturally by crossing varieties.
No genetically modified organisms are used.



Unleashing the potential of local hops

“Our strategy is, firstly, to ensure local hops are used in local beers, such as Castle and Castle Lite, and secondly, to unleash the potential of these special varieties to be used by our brewers around the world,” Buholzer said.

“Hops add bitterness and aroma to beer and have been used for thousands of years. Ten years ago hops were mainly about bitterness, but the trend over the past few years is using hops for fruity aromas and flavours. The South African varieties have powerful aromas and flavours of citrus, berries, and fruitiness but anything is possible. New flavours have started to emerge - spice, chocolate, and vanilla. Everything wild and extreme and unusual is looked for.”

Southern Brewer was the first locally-produced hop variety, with three more commercial varieties added in the 1980s and

1990s, known as the SABHF Power Hop varieties. In the last five years, SABHF has launched three new aroma and flavour hop varieties, namely Southern Aroma, African Queen and Southern Passion, and has increased to 24 hectares under cultivation for crop 2017. “We are hoping to expand this to about 100 hectares bringing the industry to a total of 500 hectares as demand grows,” said Lauren Steytler, GM of SAB’s Hops Farms.

All hops breeding is done naturally by crossing varieties and no genetically modified organisms are used. The South African growing season is from mid-October until March when the month-long harvest takes place.

Strengthening the South African agricultural landscape

As part of AB InBev’s public interest commitments, the company has undertaken to invest R610-million into strengthening the South African agricultural landscape. “We will support small-holder farmers by financing 800 new emerging farmers and 20 new commercial farmers to produce hops, barley, and maize with the strategic intent to create 2,600 additional jobs in the agricultural supply chain.

“AB InBev will use our global experience to help enhance agriculture and enterprise development in South Africa, building on SAB’s current programmes to promote black entrepreneurs and enterprise development, with a particular focus on agriculture and agro-processing,” said John Rogers, AB InBev Africa director of raw material procurement and agricultural development.

Hops are a labour-intensive crop which is costly to set up and grow but SAB has plans to aid emerging farmers across these barriers to entry.

In support of its public interest commitments, SAB is increasing investments in research and development, offering incentivised pricing structures and preferential loans for emerging farmers, as well as long-term contracts of up to 10 years to purchase their hops. The commitment will also support other enterprise development initiatives including farmer training and business incubation and the localisation of agricultural inputs into the production of beer.

Through a fund and loan from SABHF, a 20-hectare hop farm was purchased which will be managed by a black female entrepreneur. Through the delivery of key performance indicators and once the loan has been repaid, the farm will be 100% owned by the entrepreneur. “Jobs and inclusive growth are central concerns to the local economy. AB InBev is excited about the growth opportunities and role that South Africa will play in the business, as we continue to make important contributions to the economy and society,” said Rogers.

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