

COMITÉ INTERNATIONAL DE LA CULTURE DU HOUBLON
INTERNATIONAL HOP GROWERS' CONVENTION - INTERNATIONALES HOPFENBAUBÜRO
www.ihgc.org

To whom it may concern

March 26, 2024

SUBJECT: Application of new MRL standards on legally treated products

Dear Ladies and Gentlemen,

the International Hop Growers' Convention (IHGC) is the association of hop growing countries, hop marketers, and hop processing companies of the world. For over two decades, the IHGC has worked to promote harmonization of trade standards, including pesticide Maximum Residue Levels (MRLs), between hop producing countries and their export markets.

The European Union and the United States, together, grow over 90% of the world's hops and provide high quality products for consumers worldwide. The US and EU hop industries have invested heavily in the improvement of production practices that are more sustainable. Both industries closely monitor pesticide MRL changes in the European Union and around the world to ensure that their products are compliant with the applicable MRL in their export markets.

Recent MRL changes in the European Union, however, have posed an unprecedented challenge for EU growers and foreign exporters to the EU to comply with newly established MRLs. This challenge is due to the effective date of newly restricted MRLs and the nature of hop products, which can be stored for several years after production in the form of hop pellets or hop extract. Recent EU MRL changes have failed to include language that would address products that were treated and compliant with the MRL at time of production or importation but remain in the channels of trade when the new, more restrictive MRL becomes effective. The lack of a provision to address such scenario creates regulatory uncertainty and poses an existential risk to the hop industry.

Without a channels of trade provision in regulatory changes to the MRL, the application of the new MRL will have a *de facto* retroactive effective date, which can be years in the case of hop products, creating an unpredictable business environment for hop growers, hop traders, and the brewing industry that relies on hop supply.

Such challenge can be seen in the recent MRL changes for bifenazate and etoxazole. The hop MRLs for these substances were recently restricted. Hop products produced or imported into the EU in the last crop year did not face MRL compliance challenges as hop growers proactively stopped using these substances once the MRL was proposed to be restricted. However, products from previous crop years that are currently in storage and were treated with these substances when the MRL was in place and before such change was notified to the World Trade Organization (WTO), will incur total loss. We estimate losses over \$100 million Euros from these two changes alone.

Further alarming is the proposed non-renewal of approval of dimethomorph, a widely used fungicide to address downy mildew on hops. It is estimated that 90% of all German hops have been treated with dimethomorph in 2022, with similar numbers expected for the 2023 crop. While the loss of such an important tool for EU hop growers is worrisome, EU growers have proactively decided not to use this substance in the 2024 crop to avoid any future MRL concerns. A future dimethomorph MRL change that does not take into consideration products previously treated with this substance will pose an existential threat to the European hop industry. Estimated losses of 300 - 500 million euros in Germany alone raise the need for a coordinated effort between the world hop industry and European authorities to address the need for a channels of trade policy in the context of the EU MRL policy. Not only for dimethomorph, but for all MRL changes.

For this reason, the IHGC requests the utmost attention to this issue and supports the national hop grower and hop industry associations' efforts in seeking a satisfactory solution to this threat to the hop industry.

Please do not hesitate to contact us if you have any questions.

Yours sincerely,



Leslie Roy
President of the International Hop Growers' Convention