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*Demand for US Malting Barley Strong.*

World demand for malting barley is strong and that rings true in the United States as well. US brewers produce about 200 million barrels of beer annually or about 15% of the total world output (source: The Beer Institute). Only China produces more beer. To make this beer, the US industry consumes over 127 million bushels of barley malt (source: US Department of Treasury/Alcohol and Tobacco Tax and Trade Bureau). While beer production has remained steady since 1995, the total amount of malt used has declined slightly. This is due to the greater demand for low calorie beers which are produced with less malted barley. "Most of the malting barley used by US brewers is produced here in the US" according to Scott Heisel, Vice President and Technical Director of the American Malting Barley Association, Inc.

According to the US Commerce Department, US imports of malting barley have declined in recent years. For example, over 25 million bushels or approximately 18 percent of the domestic requirements were imported in 1995. Yet in 2005, the US was a net exporter of malting barley (4 million bushels), and in 2006, net imports were only 3.6 million bushels, or less than 3% of domestic malt production. This means that US brewers continue to rely on domestic barley producers for the vast majority of their needs. The selection rate of US barley for malting purposes can be estimated from USDA/National Agricultural Statistics Service prices growers receive for feed and malting barley. Malting barley accounted for 48% of the annual barley sales in 1996, but this increased to 71% in 2005.

As world barley supplies tighten, the domestic brewing industry will continue to rely on US producers for their barley needs. The capacity to process barley into malt has shifted somewhat to the west in the US, but has not greatly diminished. The US still has over three times the malting capacity of Canada which relies on both domestic consumption as well as a large export market for its malt. Malting barley and malt flow back and forth between the US and Canada. The same or similar varieties are grown in both countries. The Canadian crop from 1997-2005 averaged nearly twice the size of the US, but in each of those years, more barley was selected for malting in the US than in Canada. Again, the US industry relies on US growers for its supplies of malting barley.