



# American Malting Barley Association, Inc.

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## **Potential for Increased US Malting Barley Acreage**

Several factors could lead to a trend in not only greater barley acreage in the US, but also an increase in the geographic distribution of malting barley production. Rising world beer production, a growing domestic craft beer industry, and local sourcing of ingredients all contribute to potential changes in the production of malting barley.

Barley has historically been an important rotational crop in the northern plains, intermountain regions, and upper Midwest in the United States. Changes in federal farm programs, a rise in world demand for oilseed crops, alternative crop options and other factors have led to a decline in barley acreage over the past 25 years. In regions where significant amounts of both feed and malting barley were grown, the area seeded to malting barley varieties fell at a much slower rate than the area planted to feed varieties. Comparing the most recent 5-year period (2008-2012), to the 1988-1992 average seeded area in the states of Idaho and Montana, all planted barley fell by 44.5% while two-row malting varieties only declined by 16.8%. The slower decline of malting varieties results from the steady demand for high quality malting barley by the domestic malting and brewing industries. It has come about in part, through increases in the direct contracting of barley production by industry.

The 33.5% increase in global beer production in the last ten years results in an expanded export market potential for US malt and malting barley. While much of the increase is in Asia, there is a significant increase in beer production in Mexico and other countries in the Americas that are better positioned for importing US barley products. Free trade agreements recently implemented with some countries in these regions further enhance opportunities for US barley.

Changes in domestic brewing markets have also increased the demand for US barley malt. The growth of all malt beers has been in the double digits in recent years and this trend is not slowing. Brewers Association Technical Brewing Projects Coordinator Chris Swersey says that “The average all-malt craft brand is brewed with around 65 pounds of malt per barrel, roughly 3.5 times more malted barley per barrel than typical adjunct beers. So while craft brewers produced 5.7% of US beer in 2011, they consumed a disproportionately high 17.9% of the malt used by the brewing industry. Continued robust craft volume growth will require that the makeup and volume of the US barley supply will have to change significantly in the next 10-15 years.” Large and small brewers alike have seen an increase in the sales of their all malt brands. Another change that could impact the geographic distribution of malting barley arises from the “buy local” trend in sourcing food. Many brewers have expressed an interest in sourcing some of their raw materials locally and a few have begun to contract their malting barley regionally. Locally sourcing has led to small malting operations being built to process the barley, and to legislation in New York and Maryland promoting beer produced with barley grown in state.

There are a number of reasons to expect that US barley acreage has hit a low and could rise as global, domestic and regional demand for malting barley climbs.

Gains in acreage will require continued investment in malting barley research and variety development to keep barley competitive with other crops which are receiving substantial private sector investment, including development of GM varieties. The American Malting Barley Association, which represents US malting and brewing companies, funds barley research at state universities and USDA-ARS and works to ensure adequate state and federal funding.