



# The Barley Bulletin

Volume 16: April-June 2015

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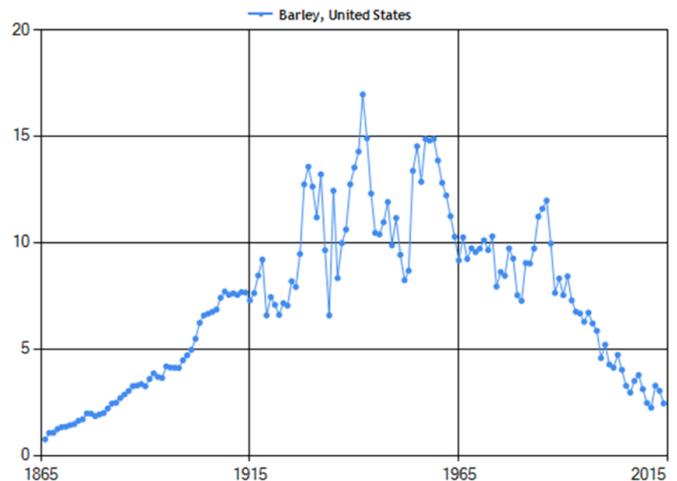
### Keeping Barley Relevant – Doyle Lentz, Chair



Barley production in the United States has undergone an unprecedented transformation from a commodity crop to a specialty crop. Feed barley utilization in livestock is at minimal levels, and malting barley has essentially become a specialty crop produced under contract for the malting and brewing industry. Barley is no longer produced as a commodity, but rather it is procured as an ingredient. As indicated in the following graph, barley acreage peaked at approximately 17 million acres in the mid-1940's (shortly after World War II), but has declined to approximately 3 million acres today.

The North Dakota Barley Council continues to implement projects that assist in keeping barley relevant at the production, processing, and marketing levels. We work closely with buyers to positively influence contract program development. We develop education to assist the malting and brewing industry in understanding the complexity of barley production and crop enterprise selection.

Barley is the only crop that must be delivered in a “living state” (i. e. it must germinate to make malt). Barley production in the U. S. has likely plateaued, and keeping barley relevant will continue to require communication, outreach, technical research, and market intelligence. The Barley Council continues to develop and refine its efforts in each of these areas.



**U. S. Barley Acres Harvested (in Millions of Acres), 1866 – 2014 (Source: USDA-ERS)**

### New Crop Insurance Product for Malting Barley in 2016

USDA Risk Management Association (RMA) announced the deployment of malt barley endorsement (MBE) insurance for crop year 2016. MBE replaces the current malt barley price and quality endorsement (MBPQE) insurance product. MBE will be offered nationwide in all counties in which crop insurance is currently available for malting barley. MBE was developed by Watts and Associates Inc. in Billings, MT (a private insurance developer). The North Dakota Barley Council was the submitter of this new product.

MBE is unique in that it utilizes actual malting industry buyer experience (i. e. grower settlement data) to develop insurance premium rates. Malting barley is insured as malting barley (and thus is no longer insured as feed barley with “dollar per bushel add-on pricing” to attempt reflection of a malt barley price).

Essentially the new MBE insures a producer’s malting barley like “Combo” with prices established in accordance with the malting contract under the terms of the MBE. MBE allows optional, basic, and enterprise units with additional quality protection for production that does not meet the quality specifications of the malting barley contract or special provisions (except planting seed).

USDA-RMA Approved Insurance Providers (AIP’s) will receive an update on the mechanics of MBE in July 2015. Training packages will then be deployed to crop insurance agents. Growers can learn about the new MBE insurance product by contacting their crop insurance agent.

## Craft Brewers Conference

North Dakota Barley Council vice chairman Greg Kessel attended the Craft Brewers Conference in Portland, Oregon, April 14 – 17, 2015. “We have three primary reasons for attending this conference”, states Kessel. “First, we need to develop relationships with businesses in the craft brewing industry. Second, we need to review and understand trends in the craft brewing industry. Finally, we need to understand how grower organizations will need to work with craft brewers.”



The craft brewing industry in the U. S. continues to expand, with reports indicating craft beers could be 20% of beer sales volume by the year 2020 (source: Brewers Association). Craft brewers continue to seek relationships with barley producers as part of an overall ingredient sourcing and marketing component for a given craft brew. While craft brewers use 100% barley malt in their brewing operations, individual craft brewers require relatively small amounts of malt in comparison with the large volume brewers. This provides a challenge in determine how growers fit into the craft brewing industry.

“Craft brewers have a different business model than the large volume brewers,” states Kessel. “As growers, we need to understand where we fit in working with the craft brewers.” Future considerations for relationship development may include utilization of a grower organization exhibit booth at the trade show of the craft brewers conference, thus providing for more in-depth grower interaction.

## Barley Acreage and Production Update

The June 30, 2015 USDA-NASS Acreage Report indicated 900,000 acres of barley were planted in North Dakota in 2015 (unchanged from the March 31, 2015 planting intentions report). Nationally, barley acres increased 15% from 2014 to 2015.

### Area Planted to Barley (in Acres). Sources: USDA-NASS

Area Planted (Acres)									Percent Change From 2014 to 2015
STATE	2009	2010	2011	2012	2013	2014	2015		
Arizona	48,000	45,000	65,000	48,000	75,000	36,000	20,000		-44%
California	90,000	110,000	100,000	120,000	95,000	80,000	70,000		-13%
Colorado	78,000	64,000	66,000	58,000	63,000	57,000	65,000		14%
Delaware	28,000	20,000	35,000	38,000	43,000	41,000	37,000		-10%
Idaho	530,000	490,000	520,000	610,000	650,000	560,000	610,000		9%
Kansas	14,000	10,000	9,000	10,000	17,000	16,000	15,000		-6%
Maine	16,000	16,000	16,000	17,000	20,000	13,000	15,000		15%
Maryland	55,000	45,000	50,000	60,000	75,000	70,000	55,000		-21%
Michigan	13,000	11,000	10,000	11,000	10,000	8,000	12,000		50%
Minnesota	95,000	85,000	70,000	115,000	90,000	75,000	100,000		33%
Montana	870,000	760,000	700,000	900,000	990,000	920,000	1,010,000		10%
New York	12,000	12,000	10,000	10,000	11,000	12,000	13,000		8%
North Carolina	23,000	20,000	22,000	23,000	19,000	20,000	20,000		0%
North Dakota	1,210,000	720,000	400,000	1,060,000	760,000	620,000	900,000		45%
Oregon	40,000	45,000	38,000	56,000	63,000	40,000	65,000		63%
Pennsylvania	60,000	60,000	65,000	65,000	75,000	70,000	65,000		-7%
South Dakota	48,000	35,000	25,000	34,000	37,000	28,000	40,000		43%
Utah	40,000	39,000	35,000	44,000	40,000	32,000	30,000		-6%
Virginia	67,000	75,000	90,000	65,000	72,000	56,000	47,000		-16%
Washington	105,000	90,000	125,000	185,000	205,000	115,000	115,000		0%
Wisconsin	45,000	45,000	33,000	33,000	33,000	26,000	24,000		-8%
Wyoming	80,000	75,000	75,000	75,000	85,000	80,000	85,000		6%
United States:	3,567,000	2,872,000	2,559,000	3,637,000	3,528,000	2,975,000	3,413,000		15%
North Dakota as % of U. S.	33.92%	25.07%	15.63%	29.14%	21.54%	20.84%	26.37%		

The table summarizes area planted to barley over the past seven years.

### 2015 North Dakota State FFA Convention



Grain Production Placement Proficiency Award sponsored by: North Dakota Barley Council & CF Industries  
Michael Hutton-sponsor, Bradley Heidlebaugh-Rugby; Winner, Cole Ketterling-Wishek; Michael Poppen-Wahpeton; Steve Edwardson-sponsor

## Future Farmers of America State Convention

North Dakota Barley Council Executive Administrator Steven Edwardson represented the Barley Council at the North Dakota state FFA convention on June 3, 2015 in Fargo. The Barley Council supports the Grain Production Proficiency award.

Bradley Heidlebaugh of the Rugby FFA chapter was the winner of the 2015 grain production proficiency award.

## **Constellation Brands Incorporated Evaluates Malt Barley Contracting Program in North Dakota**



Constellation Brands (headquartered in Victor, New York) is an international beverage company that markets many popular spirits, beer, and wine. Representatives from the Mexico City office of Constellation are evaluating implementation of a malt barley contracting program in North Dakota. The company will be exporting Corona Extra from Mexico to markets in the U. S.

“Constellation is seeking to diversify its source of raw materials by contracting malting barley in the northern plains” states Greg Kessel, vice chairman of the board of directors of the North Dakota Barley Council. “We are working with Constellation to assist them in refining their grower contract, select production regions, and thus implement a long term malting barley contracting program that is mutually beneficial.”

Constellation plans to purchase small quantities of malting barley from North Dakota in 2015, 2016, and 2017, thus allowing them to evaluate quality and manage logistics for export from North Dakota to Mexico.

### **Northern Crops Council**

North Dakota Barley Council Vice Chairman Greg Kessel was elected as vice chair of the Northern Crops Council (NCC) at the June 2015 meeting of NCC at the Northern Crops Institute. The North Dakota Barley Council has a permanent seat on the NCC, which is the governing board of the Northern Crops Institute. NCI provides technical assistance in food product development for domestic and international customers, and provides educational short courses in procurement of numerous agricultural commodities.

### **U. S. Grains Council**

North Dakota Barley Council director Mark Seastrand attended the U. S. Grains Council board of directors meeting in June 2015 in Louisville, Kentucky. Mark serves as the barley sector director on the USGC board. USGC focuses on developing export markets for corn, sorghum, and barley. “The shift from barley as a commodity to barley as an ingredient has resulted in a shift in how we approach export market development,” states Seastrand. “Colombia, Mexico, and the Latin American region hold the best near term potential for exports of both malting barley and malt. At USGC, we are working with our customers to help them understand the benefits of sourcing U. S. barley. We are building long term relationships that will assist our customers in developing supply arrangements that benefit U. S. barley producers.”

## **National Barley Growers Association Summer Meeting**

The National Barley Growers Association met in Chicago, Illinois on June 9 and 10, 2015. NBGA stakeholders supported implementation of a new revenue structure that will increase funding for NBGA, and will allow industry representatives to have a seat on the board of directors. “NBGA needed to expand its revenue base to facilitate keeping barley relevant in national issues that impact barley producers”, states NBGA president Doyle Lentz. “Beer taxation and sustainability are just two of a number of issues in which growers, maltsters, and brewers need to be working together more closely.”



NBGA stakeholders received updates on numerous topics, including: 1) an update on the new malt barley crop insurance product that will be deployed in 2016; 2) the status of federal trade legislation, namely the Trans-Pacific Partnership and the Trans-Atlantic Trade and Investment Partnership; and 3) the impact of sustainability on barley producers, maltsters, and brewers. NBGA stakeholders also toured Goose Island Brewery (which is owned by AB-InBev).

Sustainability is an issue in which NBGA will continue to monitor and engage. Consumers are requesting information on how food and beverages are produced, and whether or not the production systems utilized are sustainable. Retailers such as Wal-Mart are working to determine the efficiency of many crop production systems on a global basis, and the subsequent impact of these production systems on water, fertilizer, and petroleum requirements. Barley producers, maltsters, and brewers will need to collaborate to prevent misuse of information while simultaneously implementing a positive influence on sustainability programs. NBGA is a member of Field to Market, a sustainability program inclusive of growers, processors, and related stakeholders in many crops. To learn more about trends in sustainability, visit the Field to Market web site at <https://www.fieldtomarket.org>.

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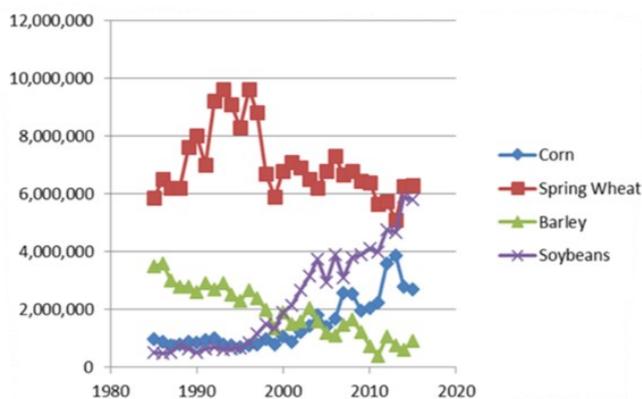


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**Acreeage Trends:** Barley acreage in North Dakota continues to exhibit variability. Barley acres increased 45% from 2014 to 2015. The following chart summarizes planted acreage trends for barley, spring wheat, corn, and soybeans in North Dakota from 1985 to 2015.

**Trends in Area Planted to Barley and Competing Crops in North Dakota (Acres – USDA-NASS, 1985-2015)**



**NORTH DAKOTA BARLEY COUNCIL DIRECTORS & STAFF**

- Doyle Lentz: District IV, Chairman, Rolla, ND.
- Greg Kessel: District V, Vice Chairman, Belfield, ND.
- Mark Seastrand: District II, Director, Sheyenne, ND.
- Gary Beck: District I, Director, Munich, ND.
- James McCullough: District III, Director, Regan, ND.
- Steven Edwardson, Executive Administrator.
- Lori Buckhouse, Administrative Assistant.

**Calendar of Events**

December 9-10, 2015: Prairie Grains Conference, Grand Forks, ND.