



# Prospects and challenges for the supply of malt from Europe to South East Asia

Dr David Griggs, Crisp Malt, UK

# Brief introduction to Crisp Malt

- Established in 1870 in Norfolk, UK
- 3 maltings in England, 2 in Scotland, 1 in Germany and 1 in Poland
- Producing 440 000 tonnes of malt/year
  - 252 000 tonnes in UK
  - 110 000 tonnes in Germany
  - 80 000 tonnes in Poland
- Majority of barley used is sourced locally through direct farmer contract groups
- Supplier to global brewing and distilling industries
- Significant exports to Asia

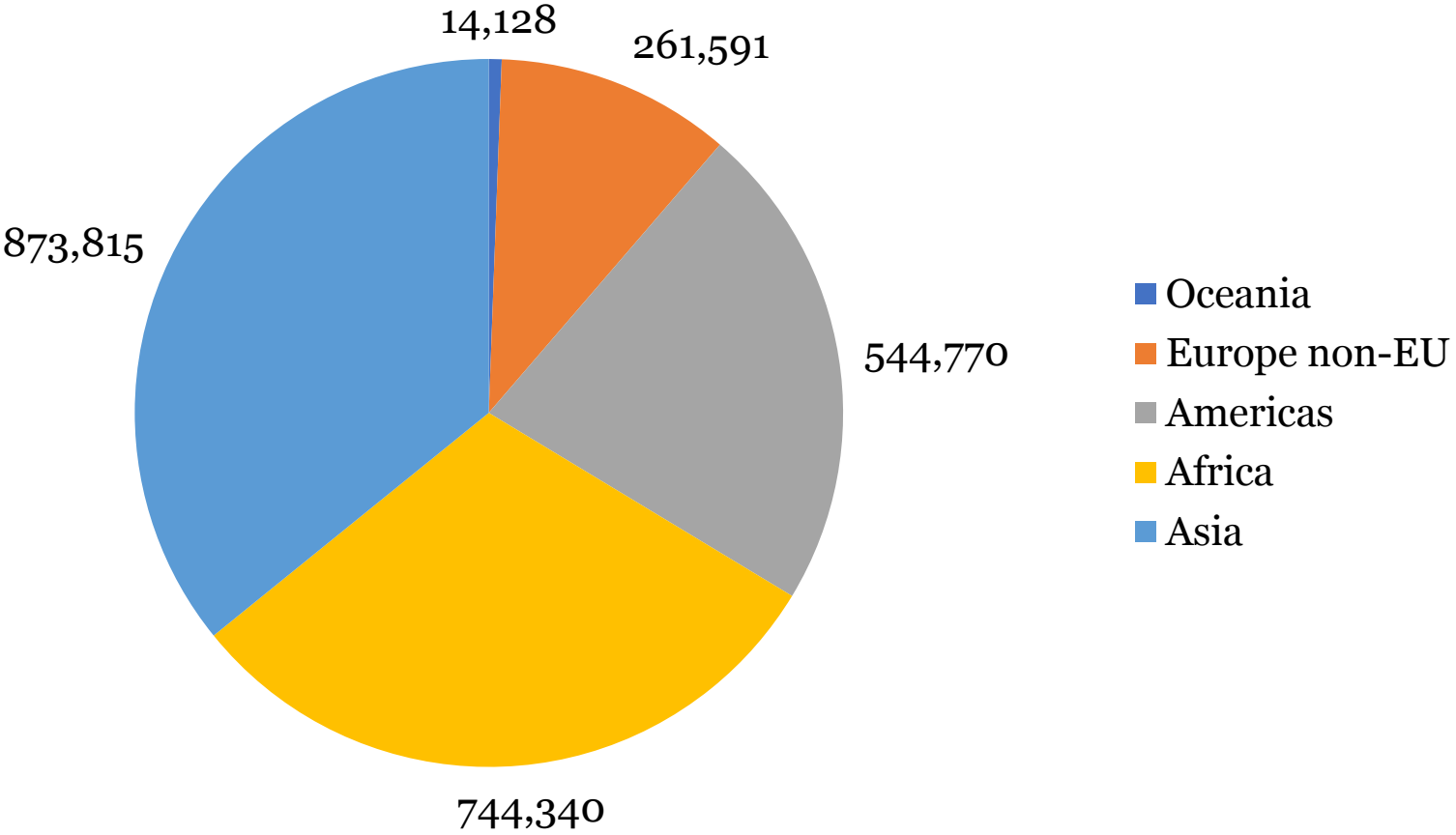


# The European (EU) malting industry

- Accounts for 42% of world malt production and 60% of world malt trade
- Around 9.5 million tonnes of annual production with major producers being
  - Germany
  - France
  - UK
- Approximately 150 malting plants in operation
- Top three global malting companies by tonnage are headquartered in Europe
  - Boortmalt
  - Malteries Soufflet
  - Malteurop Groupe



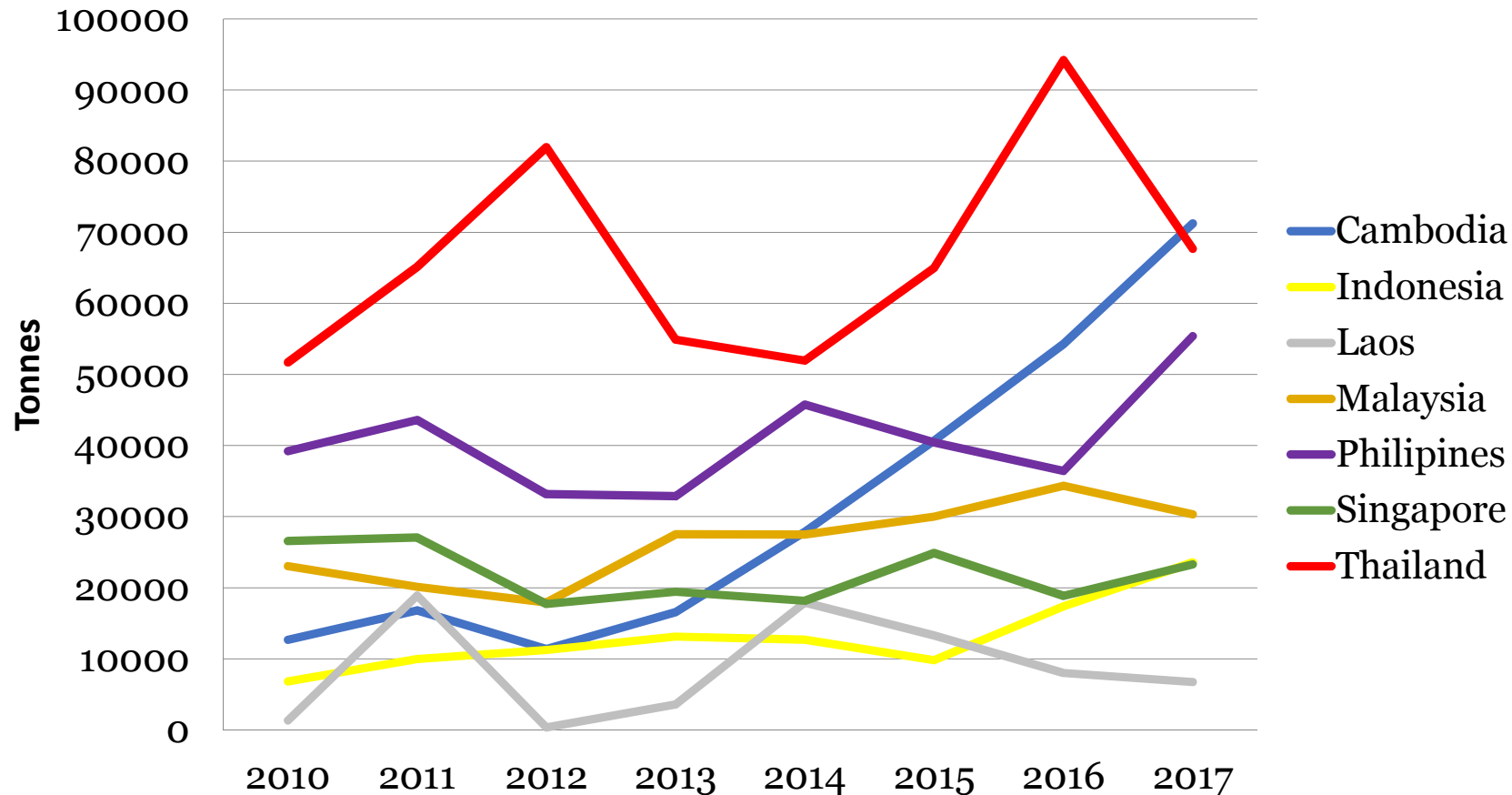
# Destination of EU malt exports 2017 (tonnes)



Source: Malteurs de France, Annual Compendium 2018



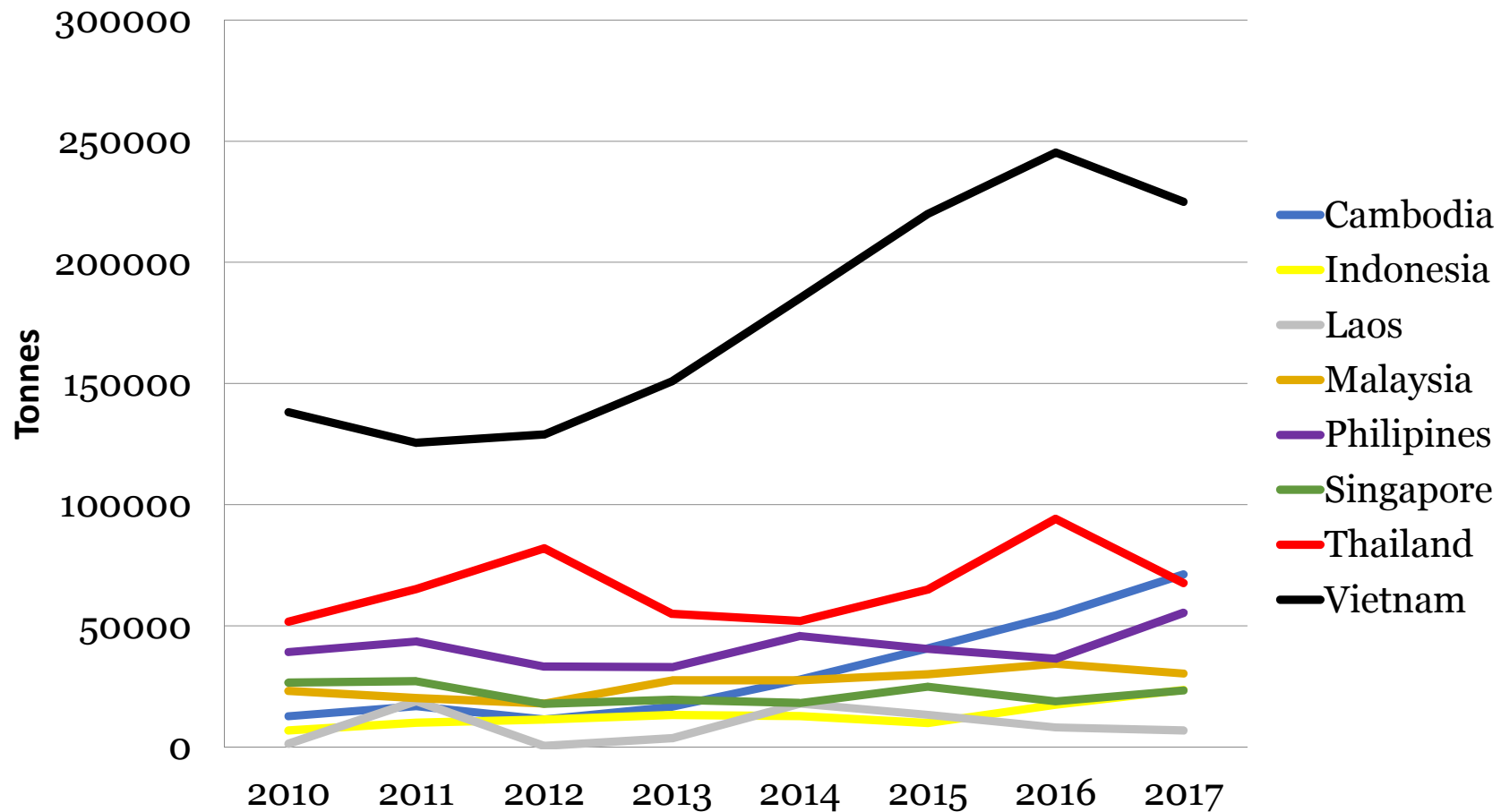
# SE Asia is key export destination for EU malt



Source: Malteurs de France, Annual Compendium 2018



# SE Asia is key export destination for EU malt



Source: Malteurs de France, Annual Compendium 2018



# Supply Chain Benefits

- Internal barley market, surplus producers
- Availability of 2-row and 6-row malting barley, winter and spring sown varieties
- Royalty funded competitive plant breeding industry maintains new variety pipeline
- Established national testing programmes ensure only high quality new varieties introduced
- Assurance schemes provide confidence in crop production techniques and grain handling
- Merchants/co-operative's provide supply chain facilitation
- Delivering broad range of malt types from Pilsner to Ale and beyond to speciality malts

# Benefits of proximity to export ports

- Top EU export ports in terms of TEU
  1. Rotterdam (NL)
  2. Hamburg (DE)
  3. Antwerp( BE)
  4. Bremen (DE)
  5. Valencia (ES)
  6. Felixstowe (UK)



TEU - twenty-foot equivalent unit



# Container Shipment vs Bulk Vessel Shipment



- Benefits of containerised shipment
  - Sealed liner bag limits risk of contamination
  - Gentle handling at fill and discharge minimises breakage and dust generation
  - Regular sailings provide for provision of frequent deliveries, smoothing logistics
  - Cost/tonne port-to-port often comparable to maltings to port haulage costs

# Geopolitical risk

## Closure of the Suez Canal



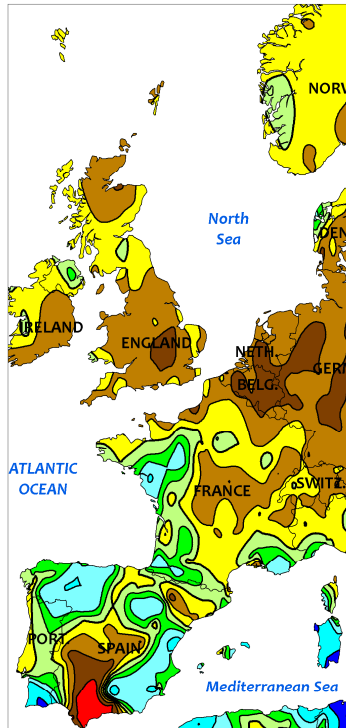
# Economic Risks

- Regional barley pricing influenced by global events
- Fluctuations in energy costs
- Freight rate changes

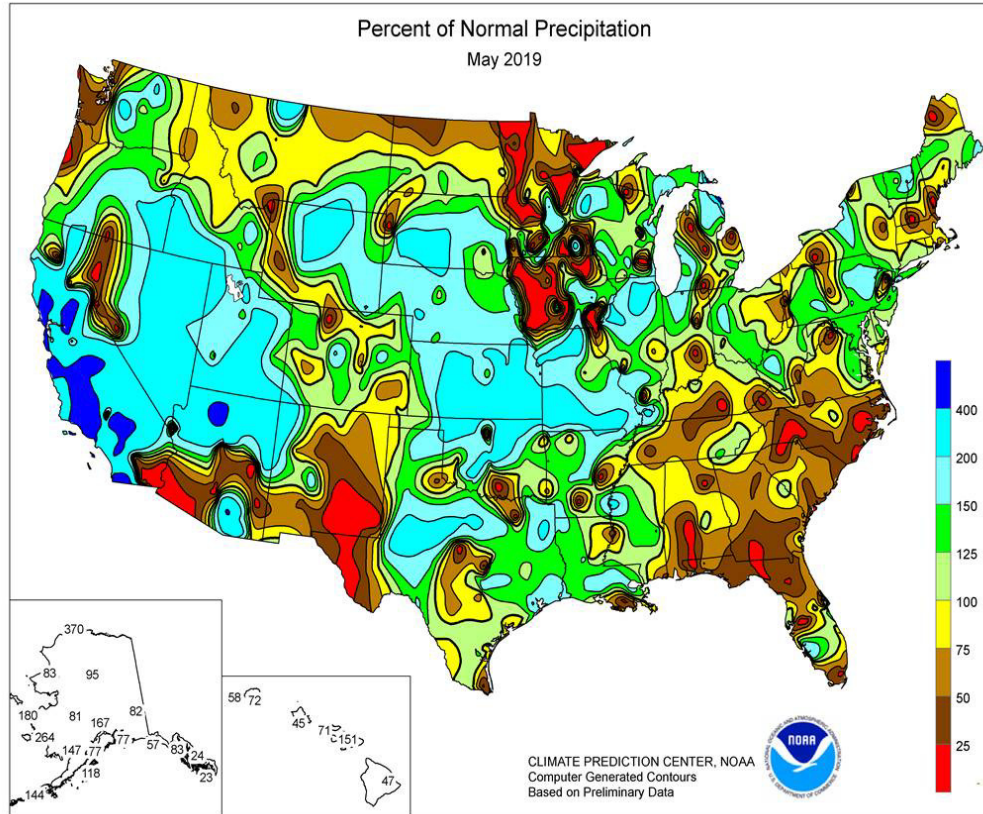


# Environmental risks – changing climate?

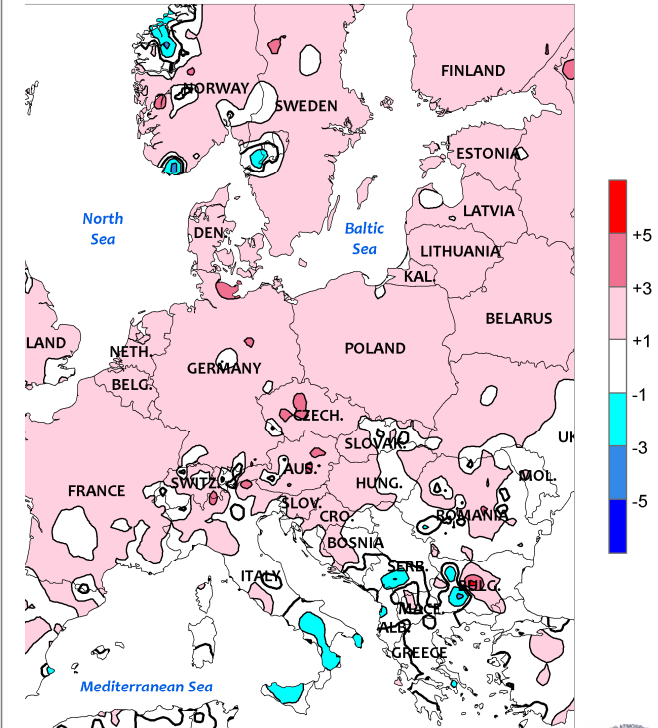
EUF  
Percent of Normal  
June 1, 2018 -



Percent of Normal Precipitation  
May 2019

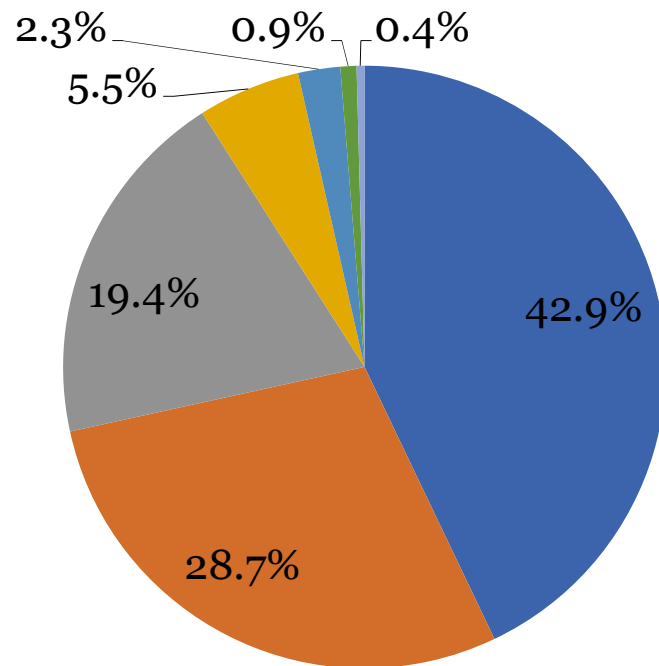


EUROPE  
Temperature Anomaly (°C)  
December 2018 - February 2019



# Global Malting Barley Crop

World Cereal Production 2018/19



Total production of barley approximately 141 million tonnes

Malting barley accounts for around 20% of barley crop

This is equivalent to approximately 31 million tonnes or 1.2% of world cereal production

■ Maize ■ Wheat ■ Rice ■ Barley ■ Sorghum ■ Oats ■ Rye



## In Summary

- Growth of beer consumption in South East Asia continues to provide European maltsters with good export opportunities
- The nature of the supply chain allows European maltsters to select the right barley and produce high quality malt delivered to meet the exacting requirements of export customers
- Challenges ahead include political risks, responding to a changing climate and ensuring the continued production of malting barley





**Thank you for your attention**

Dr David Griggs, Crisp Malt, UK