

## Rising barley prices don't translate to higher profits for producers and brewers

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OKOTOKS WESTERN WHEEL

Rising prices and uncertainty over this year's barley crop could send beer prices higher; however, brewers say it won't add up to increased profits and farmers don't expect it to boost their bottom line.

Dwayne Dubois, Big Rock Brewery chief financial officer, said he believes recent reports of rising beer prices due to higher barley costs is being overblown.

He said most large brewers have contracts with suppliers that protect them from swings in the grain market.

"In our business, we're pretty much locked in for the balance of the year, so we don't anticipate that whatever happens in the crop is going to have a direct impact on our beer prices this year," he said.

Dubois said the brewery is in more of a wait-and-see mode to figure out how to respond.

"We don't see anything happening

this year, obviously because we've locked in, but we'll look at it with our supplier over the next year and see what happens to the crop this summer," he said.

Whatever happens, Dubois said any increase cannot be blamed on farmers.

He said brewing ingredients, of which barley is only one, make up 15 per cent of the final cost of a bottle of beer.

"Even if the price of barley did go up, it's a relatively small cost in the big picture," he said.

According to the Brewers Association of Canada, taxes make up 51 per cent of beer prices. As a result, he said an increase in taxes would have a larger impact on beer prices than a rise in barley prices.

"An increase in sin tax would likely be felt much harder by the consumer," he said.

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## Bad weather impacts global barley supply

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If crop prices do increase, Alberta Barley

Commission CEO Mike Leslie said it's not likely to occur until next year.

"There's sort of a year delay," he said. "If we have a crop failure this year then there will be an issue."

Prices have been rising after poor weather in growing areas around the world impacted crops, lowering the global supply of barley.

"We just had a bad year last year," said Leslie.

According to the Alberta Barley Commission, the predicted high for the price of barley this year is \$7.34 per bushel. It's an increase of more than \$3 from 2010, but only \$2 from 2009. Rising transportation costs will likely have a bigger impact than crop prices, he added.

As well, Leslie said farmers won't get much from higher beer prices and they don't get much to begin with. He said the return to the farmer averages out to 0.62

cents per bottle.

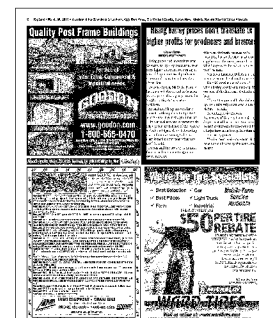
Ultimately, he said barley prices are being used as an excuse from brewers looking to charge more for beer.

Okotoks-area farmer Mike Imler said the Canadian Wheat Board adds another factor to the equation. He said he has

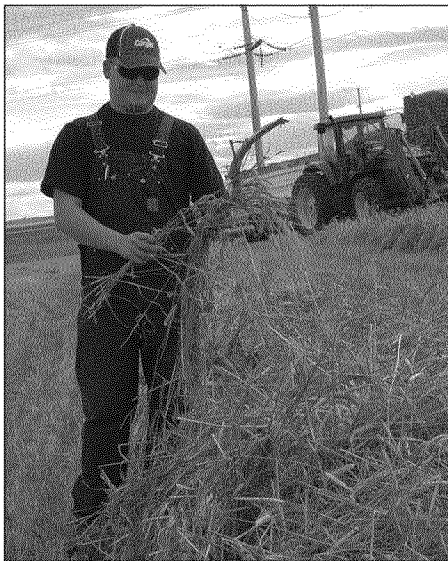
to sell malt barley to the board and his return is based on prices set by the board not the brewers.

No matter what happens, Imler said farmers don't get much back from higher beer prices.

"The farmer can't control the price of beer," he said.



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**OKOTOKS WESTERN WHEEL FILE PHOTO**  
**Okotoks area farmer Mike Imler said farmers won't get much from rising beer prices due to higher barley prices.**