

# GIWA Barley Forum, 2022

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Chief Marketing and Trading Officer – CBH Group

| 25 July 2022



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# Sustainability



# Brewing industry sustainability targets

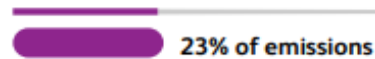
**BOORTMALT SUSTAINABILITY GOALS**

**BOORTMALT AND BASF COLLABORATE TO PROMOTE CLIMATE-SMART AGRICULTURE**

20/07/22

## HEINEKEN shares its Net Zero carbon roadmap

### Agriculture



Grains give our beers their unique taste – but they are also the source of 23% of our carbon footprint.



NEWS

### Lion launches Australia’s first zero-carbon alcohol-free beer

07 JUNE 2022  
By Jessica Mason

Lion has brewed Australia’s first carbon-neutral certified, alcohol-free beer as part of its sustainability drive.

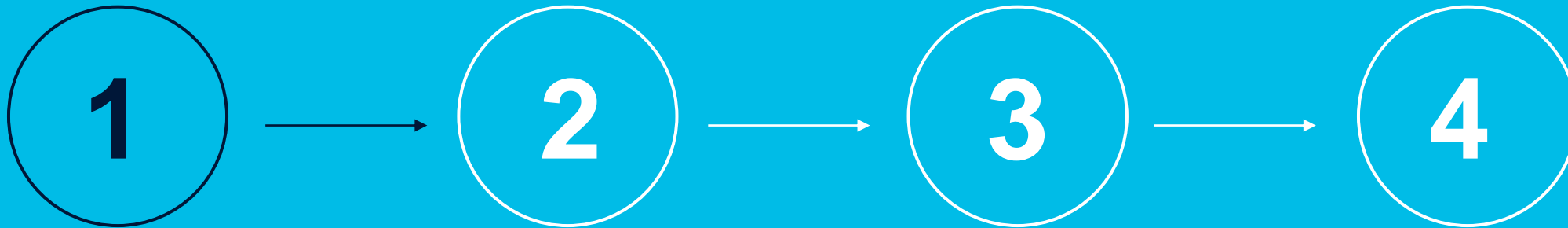


## Our Ambition to Achieve Net Zero

ABInBev

# Our Sustainability Objectives

To be leaders in the supply of sustainable grain



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**WA growers** to be leaders in the supply of sustainable grain.

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**Building the capabilities for the supply of low carbon grain.**

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**Partnering with our customers** to achieve common sustainability goals - certification.

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**Supply of ISCC PLUS accredited grain**  
Increasing the amount of shipped sustainable grain.

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# What we have been working on

## Developed markets for sustainably certified malt barley –

- Intermalt – Ongoing shipments since 2020
- Heineken, Mexico – since 2021
- Working on future market opportunities

## Biofuel trial

- 1<sup>st</sup> shipment grain ex Australia (Mar 2022)
- Sustainable barley – Vietnam
- 15% reduction in carbon emissions

## Low Carbon Grain

- Market interest
- In development – 2023/24



# Barley markets



# Geopolitical influences on grain markets

## War in Ukraine and anti-dumping in China

Ukraine: Barley Production



USDA Foreign Agricultural Service  
U.S. DEPARTMENT OF AGRICULTURE

Source: State Statistics Service of Ukraine (Rosstat for Crimea Oblast)  
Average Barley Production 2016-2020



### Safe grain export corridor:

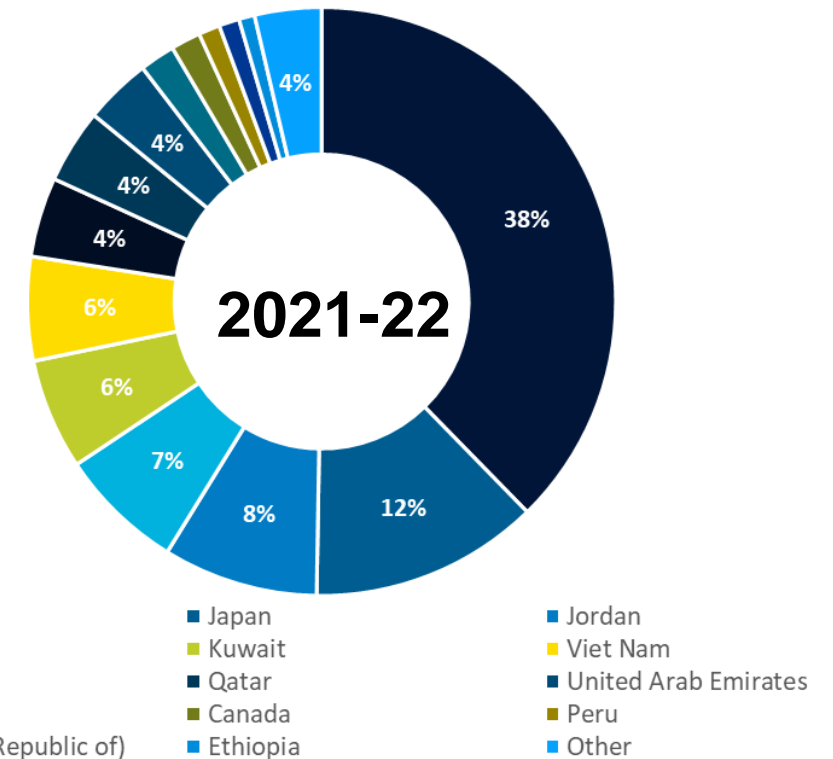
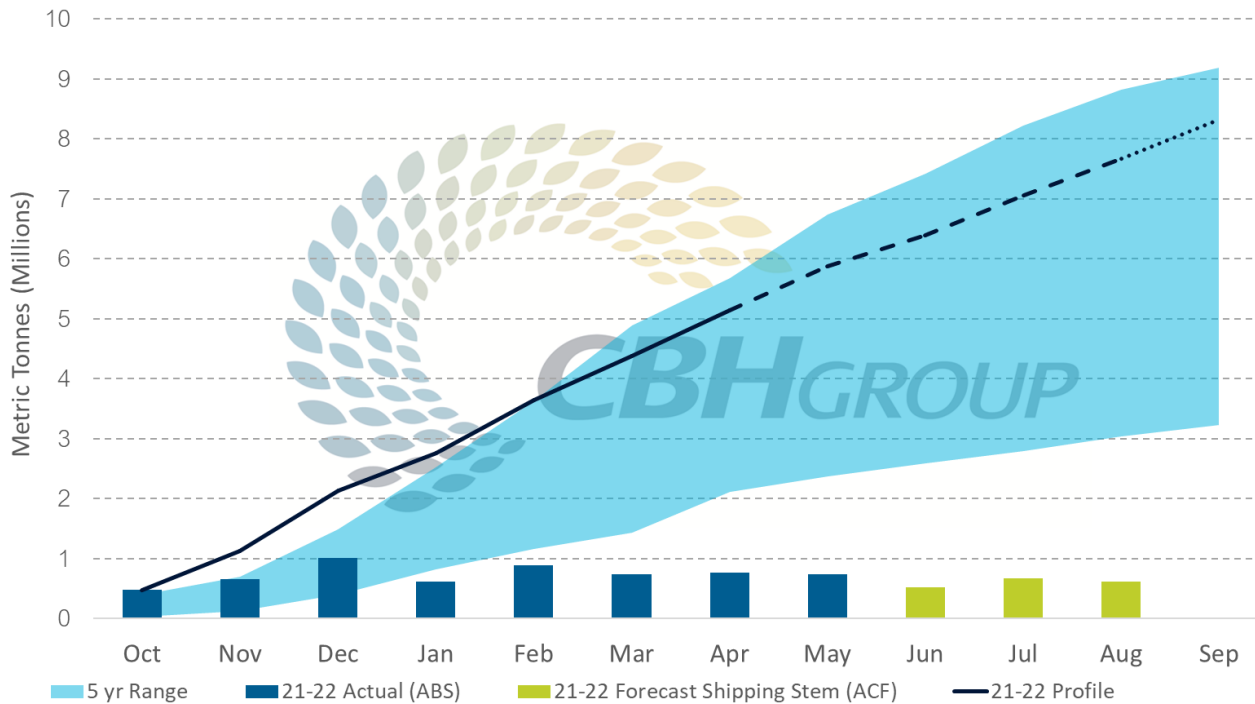
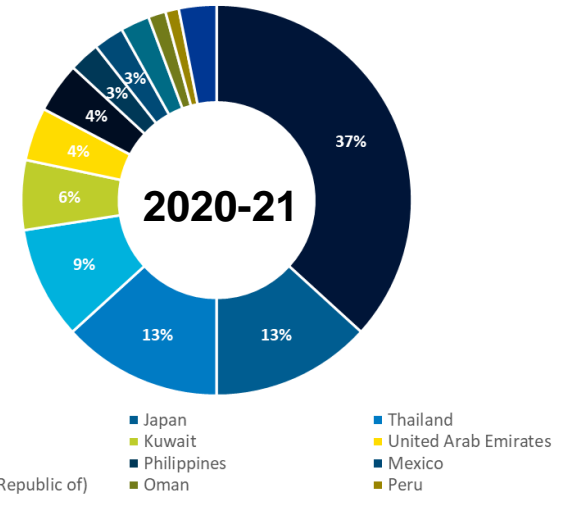
- Agreement signed - UN, Turkey, Russia & Ukraine
- Physical corridor will take time to establish
- Russia / Ukraine – need to demonstrate intent. e.g. weekend bombing of Odessa not positive

### Ukraine

- Significant reduction in hectares planted
- Significant area barley production area under Russian control
- July / Aug traditional peak shipping months in Black Sea

# Current markets: 2021/22 barley exports

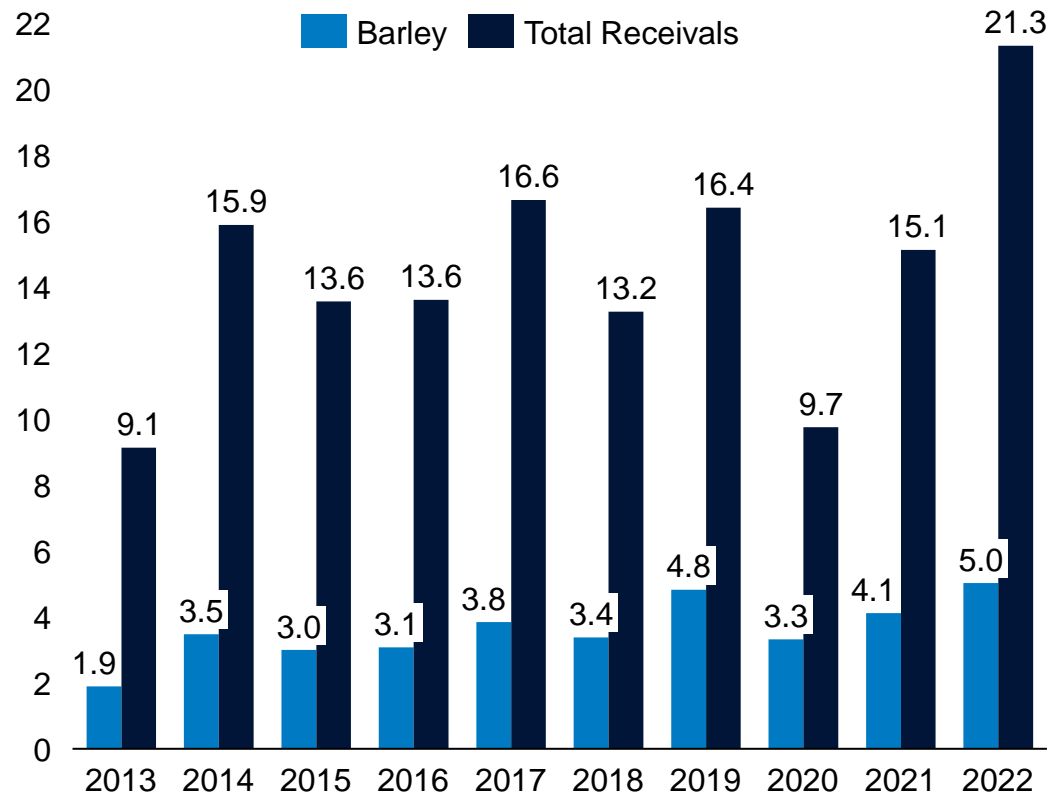
- Year to date Australian exports 5.86 mmt (1 Oct 21 – 31 May 22)
- Forecast exports for 2021-22 season are 8.3mmt
- Saudi Arabia at 38%, followed by Japan at 12%
- Other notable destinations are Ethiopia, Canada and Peru





# WA production trends

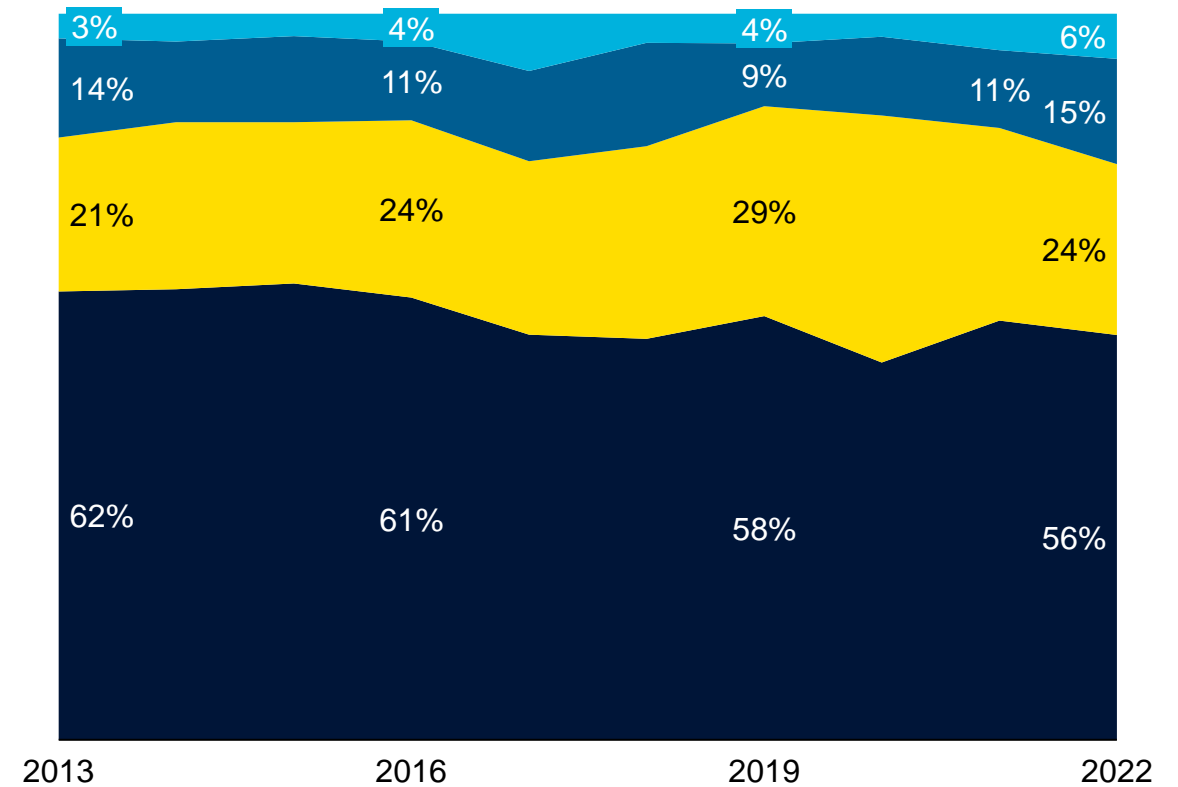
## Total Receivals and Barley Growth



10 year average: 3.6mt

5 year average: 4.1mt

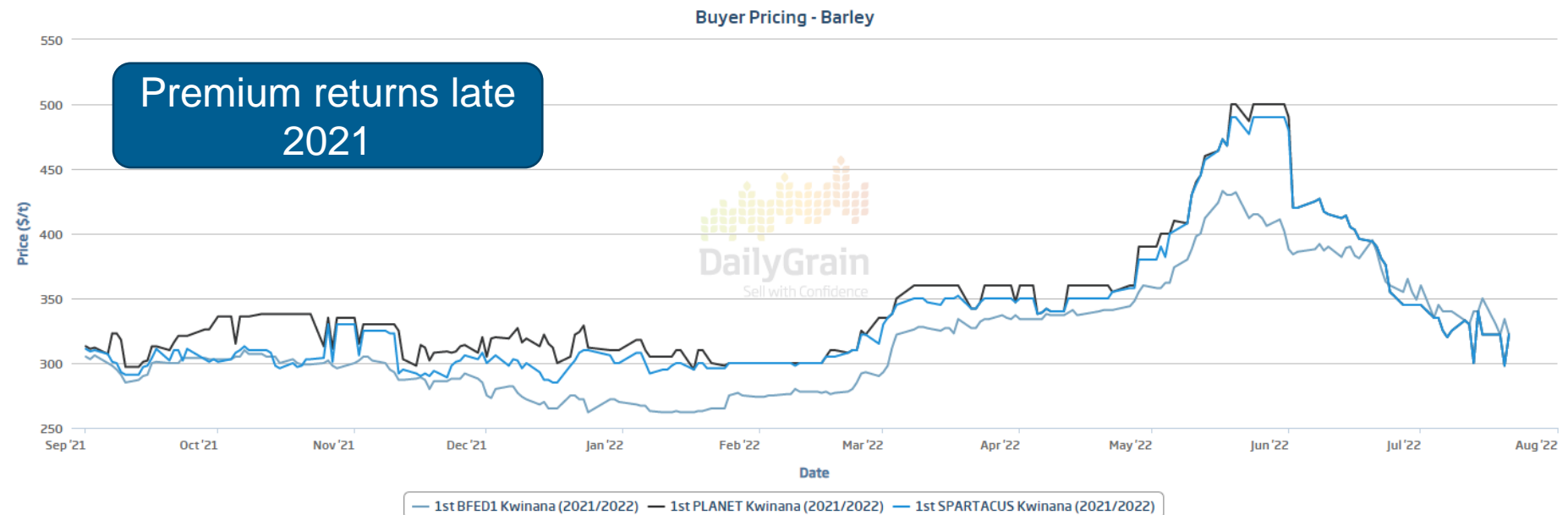
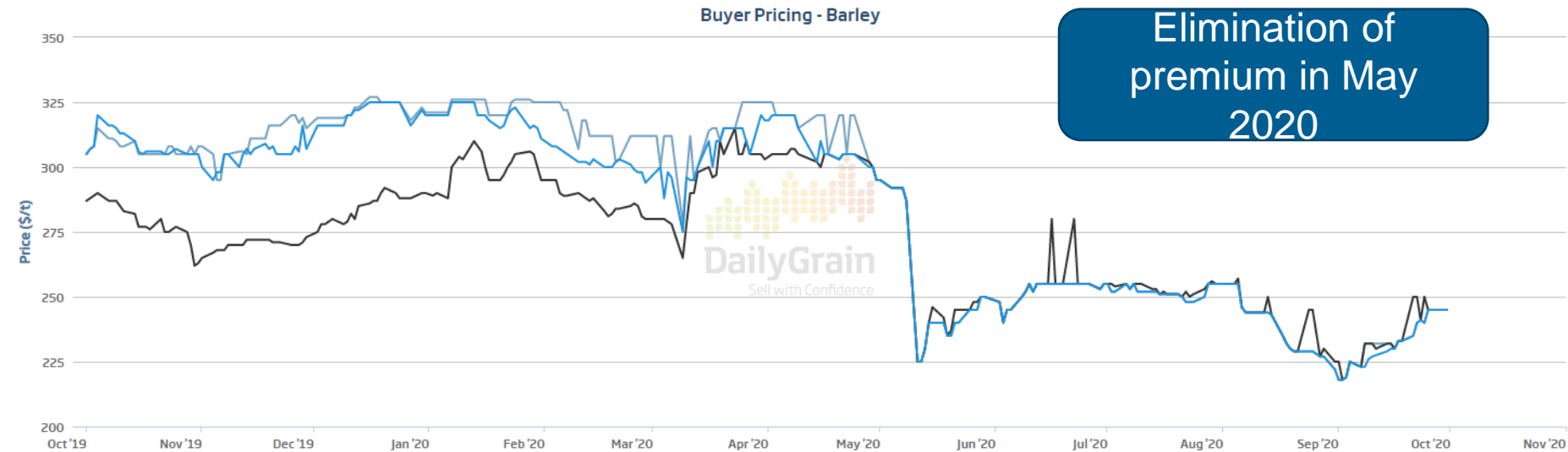
## WA 10 Year Commodity Mix



Other Canola Barley Wheat



# Malting barley premiums



- Elimination of malt premiums with the loss of China demand – May 2020
- Supply / Demand in balance with global shortage (Canadian drought) malt premiums returned - late 2021
- Without China malt premiums will be driven by global supply in balances or specific domestic shortages

# Global Malt Capacity

Size of markets in global regions

**\*\*NEW MALTING CAPACITY\*\***

BRAZIL	240,000 (2023)
MEXICO	120,000 (2023)

**SOUTH AMERICA**

ARGENTINA	875,000
BRAZIL	700,000
CHILE	100,000
COLOMBIA	274,000
ECUADOR	34,000
PERU	97,000
URUGUAY	395,000
<b>TOTAL</b>	<b>2,474,000</b>

**AFRICA**

ETHIOPIA	172,000
EGYPT	24,000
KENYA	55,000
MOROCCO	10,000
SOUTH AFRICA	310,000
UGANDA	15,000
ZAMBIA	15,000
ZIMBABWE	45,000
<b>TOTAL</b>	<b>646,000</b>

**ASIA**

CHINA	4,090,000
INDIA	641,000
JAPAN	69,000
KOREA	69,000
VIETNAM	150,000

**AUSTRALIA**

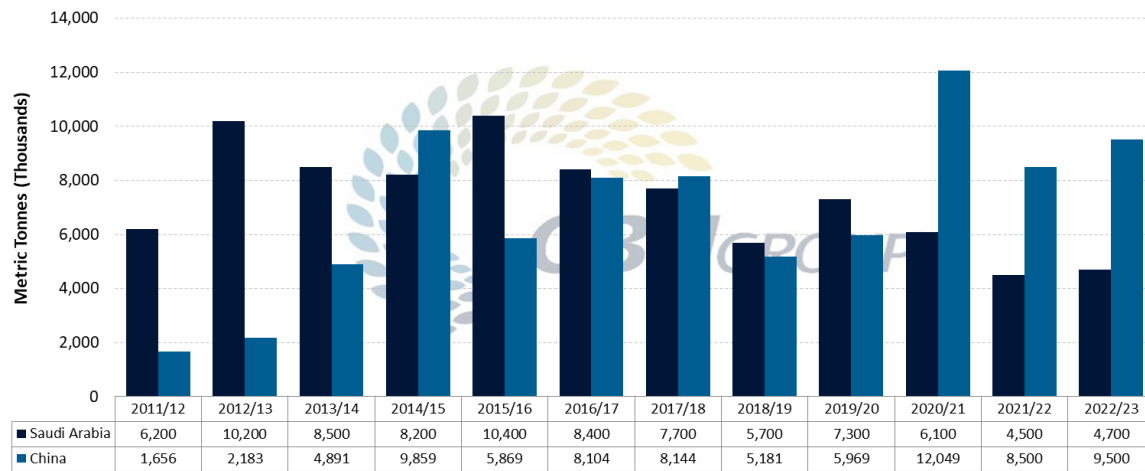
Australia	1,100,000
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# Chinese and Saudi feed markets

## Major feed markets under transition

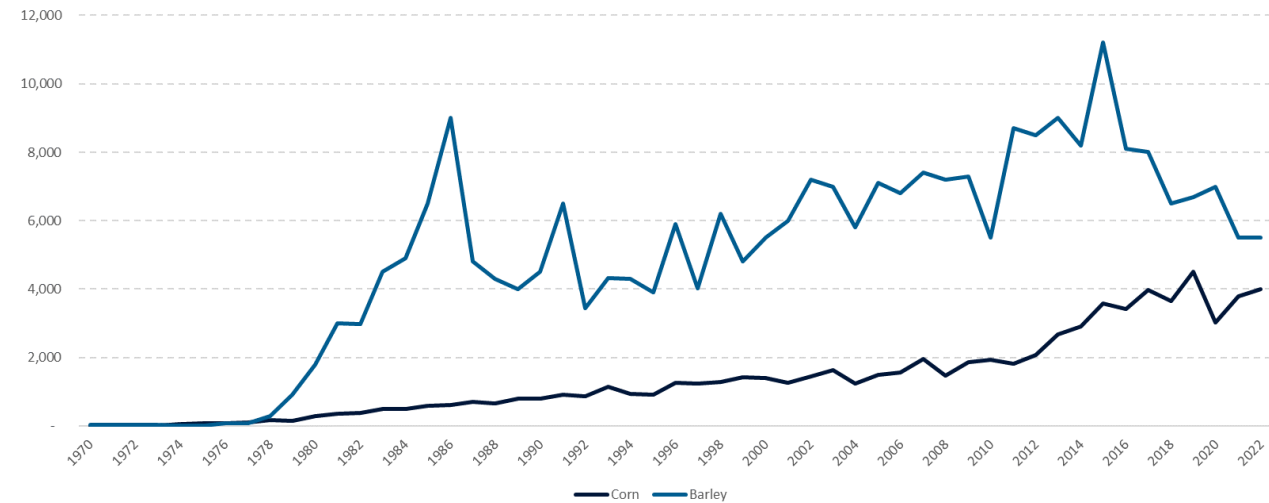
China and Saudi Arabia Imports and Share of World Barley Trade



### China

- Largest importer of barley
- Malting demand - circa 4 million tonnes (inelastic)
- Feed barley demand - elastic and sensitive to alternative feed prices

Saudi Arabia Barley v Corn Imports

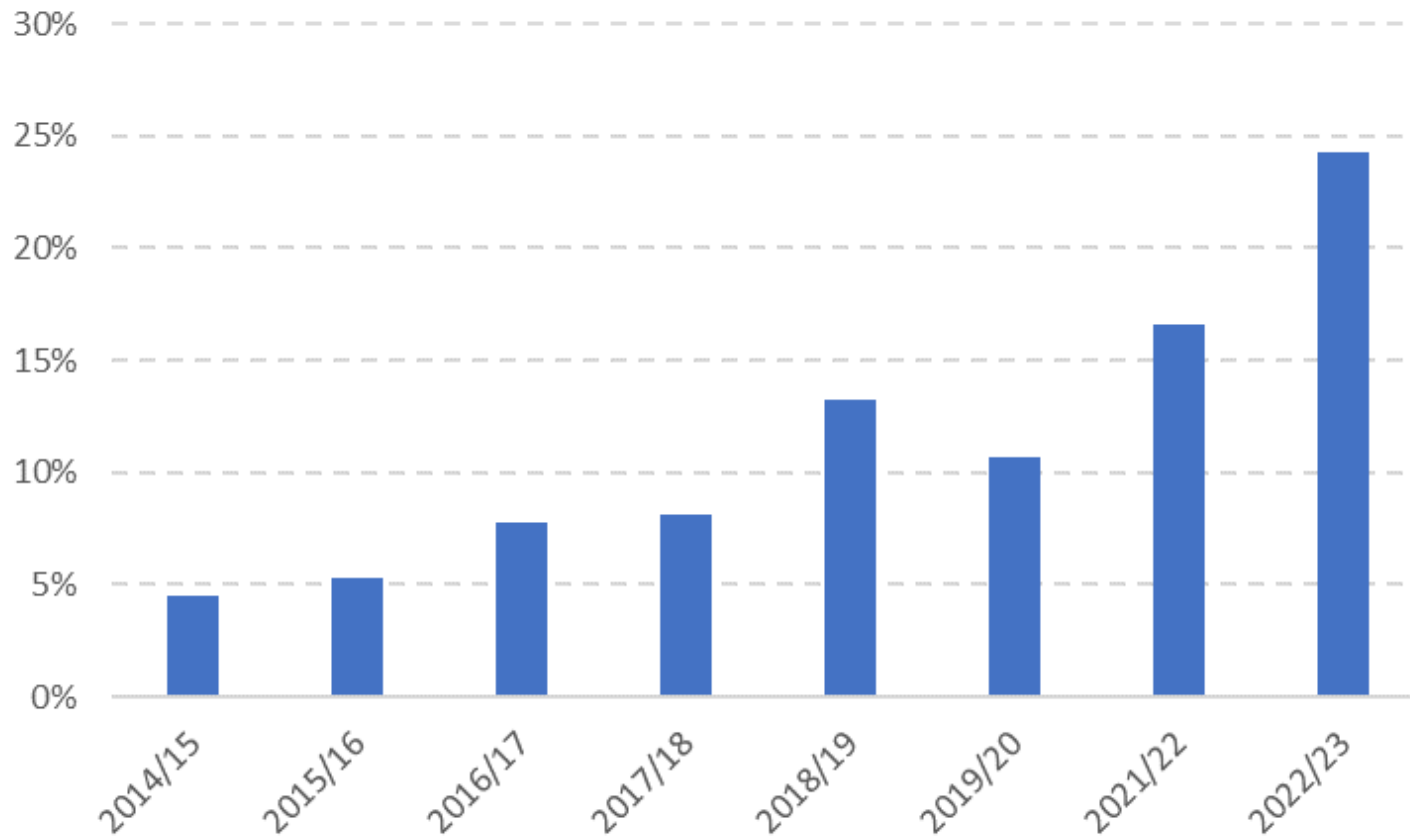


### Saudi Arabia

- Market deregulation
- Increase investment in compound feeds
- Feed barley demand decreasing / Corn increasing

# Case Study: Feed varieties grown in Esperance zone

Should we be breeding and growing high yielding feed varieties?



- Since 2014/15 significant increase in area sown to 'feed' varieties
- Rosalind third biggest variety by area planted at 18% total barley area
- Feed varieties include all varieties not segregated as malting (or food) barley in the Esperance port zone in the year of production

# Thank You

# Questions

| 25 July 2022

