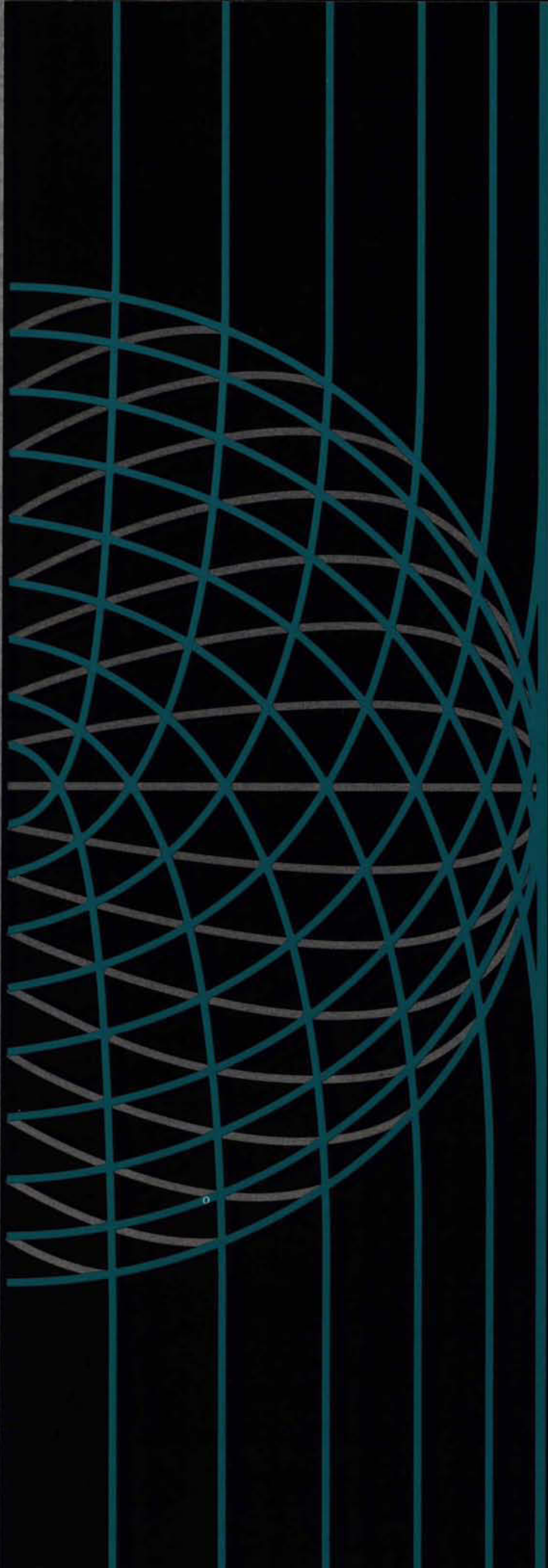


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Canada

1990-1991

MALTING**FOREWORD**INDUSTRY, SCIENCE AND
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In a rapidly changing global trade environment, the international competitiveness of Canadian industry is the key to growth and prosperity. Promoting improved performance by Canadian firms in the global marketplace is a central element of the mandates of Industry, Science and Technology Canada and International Trade Canada. This Industry Profile is one of a series of papers in which Industry, Science and Technology Canada assesses, in a summary form, the current competitiveness of Canada's industrial sectors, taking into account technological, human resource and other critical factors. Industry, Science and Technology Canada and International Trade Canada assess the most recent changes in access to markets, including the implications of the Canada-U.S. Free Trade Agreement. Industry participants were consulted in the preparation of the profiles.

Ensuring that Canada remains prosperous over the next decade and into the next century is a challenge that affects us all. These profiles are intended to be informative and to serve as a basis for discussion of industrial prospects, strategic directions and the need for new approaches. This 1990-1991 series represents an updating and revision of the series published in 1988-1989. The Government will continue to update the series on a regular basis.

Michael H. Wilson
Minister of Industry, Science and Technology
and Minister for International Trade

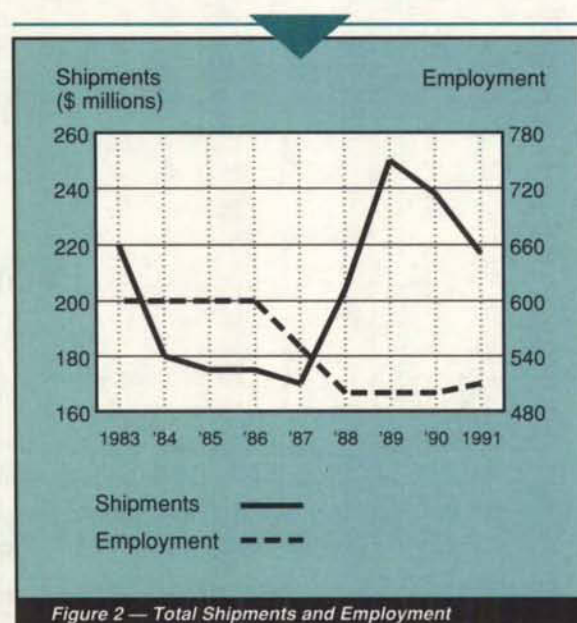
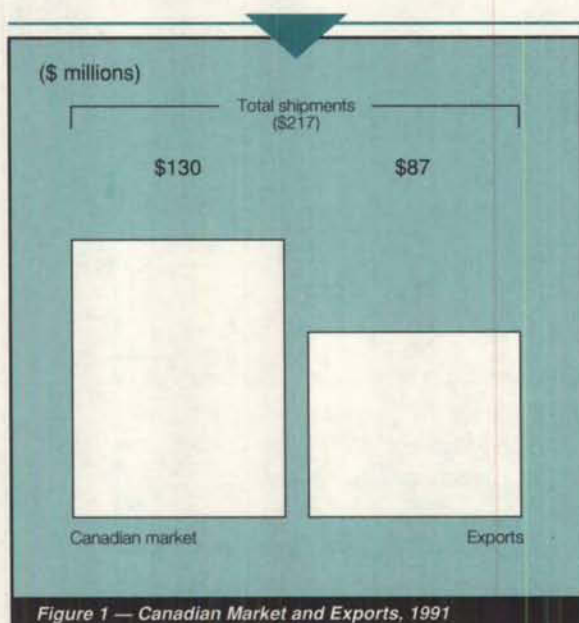
Structure and Performance**Structure**

The malting industry comprises firms primarily engaged in the conversion of whole-grain barley into malt. Malt is produced from selected premium-quality barley that has been cleaned, steeped, germinated and dried to effect biochemical changes within the grain. Malt is the basic raw material used in brewing beer and in distilling as well as in various food and confectionery industries.

Malt production is a fairly small industry in Canada, as it is in most countries. Total industry shipments in 1991 were valued at an estimated \$217 million (Figure 1). Exports amounted to \$87 million the same year. Imports tend to be specialty malts not made in Canada and are negligible. Total employment until recently has been declining in the industry and is not likely to grow much beyond 500 people.

In 1991, approximately 538 000 tonnes of malt were produced in Canada. About 290 000 tonnes of this total were used domestically and the remainder were exported. In that year, virtually all Canadian malt for domestic use was purchased by the brewing industry. Distilling and food processing firms account for a maximum of 10 000 tonnes annually, although distiller requirements fluctuate significantly from year to year. Export markets for malt include the Pacific Rim (primarily Japan) and, to a much lesser extent, the United States, the Caribbean area and South America.

There are five malting plants in Canada, three of which are owned by the largest firm, Canada Malting. A public company, Canada Malting has plants in Calgary, Thunder Bay and Montreal, which collectively represent between 65 and 70 percent of total industry capacity. This firm has also acquired substantial malting operations in the United States and the United Kingdom. With eight plants in three



countries having a total capacity exceeding 800 000 tonnes, Canada Malting is now considered to be one of the largest maltsters in the world. Dominion Malting and Prairie Malt each own and operate a single plant in Manitoba and Saskatchewan, respectively.

Canada Malting and Dominion Malting, the two oldest firms, have had long-standing relationships with Canada's major breweries. Canada Malting has as its two major shareholders Labatt Breweries and Molson Breweries, while Dominion Malting was the chief supplier to Carling O'Keefe prior to the merger of Molson and Carling O'Keefe in 1989. Both of these malting firms supply large portions of their annual production to these two breweries. Dominion Malting is an affiliate of Archer Daniels Midland (ADM), whose headquarters are in Decatur, Illinois. ADM has extensive assets in various grain-processing industries, including malting, animal feed manufacturing and flour milling. Prairie Malt, which is owned jointly by the Saskatchewan Wheat Pool and Schreier Malting of Sheboygan, Wisconsin, exports about 70 percent of its production.

Production takes place in fairly large, capital-intensive facilities. The cost of malting barley generally makes up at least 60 to 65 percent of the product's final selling price to the domestic brewing industry. Processing costs make up another 20 to 25 percent, while fixed costs, transportation and profits account for the remainder.

Performance

In the 10 years up to 1983, the industry enjoyed a period of fairly steady expansion. The total shipments of Canadian

malt rose from about 460 000 tonnes in the early 1970s to 588 000 tonnes in 1983. Demand from Canadian breweries continued to grow after 1975, albeit at a slower rate, levelling off at 327 000 tonnes in 1983. Declining distillery needs during this decade were more than offset by a growing export demand, which increased from about 150 000 tonnes in the early 1970s to some 257 000 tonnes by 1983.

Buoyant market conditions generated significant new industry investment as two new plants came on stream in 1978 and 1980: the first was Prairie Malt in Biggar, Saskatchewan, and the second was established by Canada Malting in Montreal. Others were also modernized and expanded during that period. By 1983, eight plants were in operation, six of which were operated by Canada Malting.

The 1980s was a decade of uneven growth and significant change in the malt industry (Figure 2). By the early 1980s, market demand in most Western economies, including Canada's, had matured as a result of slow population growth and static consumption of alcoholic beverages. The economies of virtually all the developing countries, which account for the large majority of the world's malt imports, suffered during the global 1981–1982 recession. Developing countries began to face balance-of-payment problems and foreign-currency shortages, which made sales to these markets not only less predictable but also less profitable. In addition, European Community (EC) production and exports were growing rapidly in competition with those of traditional suppliers such as Canada and Australia.

During the peak period for Canadian malt exports in 1982 and 1983, the two largest markets — Japan and the



United States — accounted for 65 percent of exports, with the developing world and Western Europe absorbing the rest. Export sales had fallen to 162 000 tonnes by 1985 and fell even further the following year to 140 000 tonnes, with Japan and the United States accounting for 85 percent of sales. During both 1985 and 1986, export sales to countries other than Japan and the United States, primarily developing countries, fell to around 15 percent or about 20 000 tonnes.

Declining export markets, lack of domestic market growth, low returns on invested capital and the location of older plants on expensive real estate in Toronto and Winnipeg prompted some restructuring during the 1980s. Canada Malting closed three plants between 1985 and 1987. In 1988, the company announced improvements and modest expansions at its remaining plants in Montreal, Thunder Bay and Calgary. Subsequently, very substantial changes were announced for the Calgary plant to make it one of the most efficient and largest in North America by 1992. Dominion Malting and Prairie Malt have also undertaken expansions to their facilities, bringing industrial capacity to about 550 000 tonnes by 1990 and to an anticipated 600 000 tonnes by 1992, once the work at the Calgary plant has been completed.

Additionally in 1991, construction began on a new Alberta-based plant with a planned capacity of 120 000 tonnes. This plant is to be operated by a new member of the industry, Westcan Malting. The first stage of the plant is expected to become operational in 1992, adding further industry capacity.

Net earnings have varied widely, from less than 7 percent in the mid-1980s to around 15 percent on invested capital towards the end of the decade. They have traditionally been cyclical and dependent on the fluctuating prices for malting barley. Prices, volumes and quality of barley vary substantially from year to year, depending on the weather and growing conditions in Canada as well as in other major barley-producing areas such as Australia, the United States and the EC. New investment of between \$80 million and \$100 million has been or will be funnelled by the industry into Canadian-based facilities between 1987 and 1992.

During the late 1980s, the flat demand for alcoholic beverages in most developed countries brought brewers and distillers to the realization that the only viable route to achieving expansion or greater economies of scale was through mergers or acquisitions, which often reflected an international character. In the Canadian context, this was seen in the 1987 sale of Carling O'Keefe to the Australian multinational Elders IXL and in the subsequent merger of Molson and Carling O'Keefe two years later, which reduced the number of major breweries in Canada from three to two.

Similarly, Canadian malting companies established international connections with foreign maltsters in order to maintain a market presence among their much larger corporate

customers. In 1988, Canada Malting purchased Great Western Malting, which has plants in Idaho, Washington and California. The acquisition gave Canada Malting a stake in serving the brewing industry in the western United States, a market that includes Anheuser-Busch, Miller, Heileman and a number of local brewers. The Great Western Malting plants are also well-positioned to export to Pacific Rim locations.

In 1989, Canada Malting purchased Hugh Baird and Sons in the United Kingdom; Hugh Baird is a major malt company, having one plant in England and another in Scotland. This acquisition gives Canada Malting a position in the distilling malt business and in producing specially roasted malts needed to achieve the wide range of distinctive colours and flavours found in U.K. beers. It also opens an entrance into the EC market.

In 1989, the government of Saskatchewan sold Prairie Malt to the Saskatchewan Wheat Pool and Schreier Malting of Sheboygan, Wisconsin. A year later, the controlling shares of Dominion Malting were sold to ADM. From the point of view of ADM and Schreier Malting, the relatively strong financial base of these two Canadian companies and the opportunity to obtain a stake in a fairly solid, if somewhat slow-growing, Canadian industry made Prairie Malt and Dominion Malting attractive investments. These ownership changes also provide present and future sources of capital to bring about additional operating improvements.

The industry is operating at a slightly lower but much more efficient level of production than in the early 1980s. An upturn in the export market was fuelled by Japan's increased consumption of beer (due to the popularity of dry beers) since 1987 and the return of the Soviet Union to the market with heavy purchases in 1989, following virtually no Soviet imports at all in 1987 and 1988. These factors, combined with poorer barley production in the EC in 1988, placed the expanded and more efficient Canadian malt industry in a position to rebuild its export volumes.

Export sales nearly doubled from 140 000 tonnes in 1986 to 248 000 tonnes in 1991. Although total export sales have increased, this rate of growth may not be sustainable and is heavily dependent on developments in the Japanese market. Canadian maltsters shipped a record 192 000 tonnes to Japan in 1991 but only 15 000 tonnes to the United States and 41 000 tonnes to developing countries.

Strengths and Weaknesses

Structural Factors

The industry is linked with and is highly dependent on developments in the brewing industry, which is the major user of malt. The level of Canadian beer sales in domestic and export markets is a key performance factor, since



domestic brewers represent the largest and most stable market of the Canadian malt industry.

Canada's balance of trade in beer is important to the malt industry's performance. If the brewery industry is not able to perform strongly in both domestic and export markets, the malt industry's sales are directly affected. Each million hectolitres of beer exported generates a demand for an additional 13 400 tonnes of malt, while each million hectolitres imported generates a loss in domestic demand of comparable magnitude. The Canadian brewery industry does enjoy a significant positive balance of trade in beer, but its position is eroding. In 1982, the value of exports was 10 times that of imports. By 1989 however, the proportion had slipped to less than three times the value of imports, where it has remained.

The industry has ready access to its main raw material, as Western Canada is a major producer and exporter of malting barley. Although weather conditions cause fluctuations in the quality and quantity available, the industry can normally count on the availability of premium malting barley. The industry also requires adequate supplies of competitively priced natural gas, and this is readily available to Prairie plants. Traditionally, the administered price of six-row barley has usually been higher than that paid for this key input by competitors in the U.S. market although two-row barleys are more similarly priced in the two countries.

Export market demand for Canadian malting barley also is generally good. Climatic considerations preclude all countries with breweries from attaining self-sufficiency in malting barley. Canada produces excellent malting barley and, as world malting capacity grows, importing countries have the option of importing malting barley rather than malt.

The U.S. industry is constrained from being a major malt exporter by its large domestic market, which requires such great quantities of malting barley that only limited amounts are available for export. U.S. maltsters produce more than 2.25 million tonnes of malt for domestic use. U.S. farmers also tend to grow what have traditionally been the high-yielding, white aleurone, six-row barley varieties required in the domestic market and less of the two-row varieties required by the export market. Apart from some limited specialty purposes, Canadian blue aleurone six-row barley varieties are not acceptable to brewers in the U.S. market.

More two-row barleys are grown in Canada than in the United States, and Canada exports more of both malting barley and malt than the United States. Canadian price spreads between the six-row and the two-row varieties are smaller than those in the United States. Competitive pricing and a greater supply of two-row varieties enables Canadian

maltsters to benefit from incremental export sales to the United States, primarily of two-row malts. These are normally valued at between \$5 million and \$10 million annually.

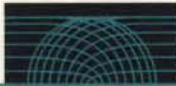
The industry faces a number of transportation constraints. Plants in the Prairie provinces are a long way from the large central Canadian market and, in the case of exports, far from all-season, ocean-shipping terminals. Container availability and handling costs represent an additional constraint for export shipments. As a result, the inland transportation and handling component in delivering Canadian exports is greater than the comparable delivery costs facing EC and Australian maltsters. Transportation costs to many Latin American and African destinations are not competitive with those of other major malting regions in the southern hemisphere.

The federal *Western Grain Transportation Act* (WGTA) helps to offset some of the rail transportation costs to port. Its provisions are also available to assist unprocessed malting barley exports. Thus both Canadian malting barley and Canadian malt are eligible for the WGTA rates.

In addition to transportation considerations, the Canadian industry must deal with a regulatory environment that tends to be more rigorous than that facing U.S. competitors. At the provincial level, malting companies are required to maintain noise and particle emission levels within acceptable standards. At the municipal level, malting companies in some locations face special site requirements such as those regarding the disposal of large volumes of waste water.

The technology employed in malting has reached a fairly mature level on a global basis. On a plant-by-plant basis, Canadian malting technology and the scale of operation of individual Canadian plants compare favourably with those of competing exporting countries. North American plants are fewer in number but significantly larger and generally more efficient than their European counterparts.

Corporate vertical integration of brewing and malting has an impact on domestic sales patterns in both Canada and the United States. Major American breweries such as Coors operate their own malting facilities. Anheuser-Busch, Genesee, Stroh and Miller also have some malting facilities. Such organizations, which produce malt for some or all of their own breweries, account for an estimated 25 to 30 percent of U.S. malt output. Although the population of the western United States has grown in recent years, resulting in a concomitant increase in the market for beer, this shift in demand is being met with some new malthouse construction by Anheuser-Busch in the Pacific Northwest. Since malt is a freight-sensitive commodity, the proximity of the large, well-developed U.S. malt industry to U.S. breweries gives it some advantage in its own domestic market, with limited opportunity for Canadian export sales.



Trade-Related Factors

World markets for barley and malt have become increasingly affected by government intervention. In the EC, customs tariffs on malt and malting barley have been replaced by an import levy system. High variable import levies, high export restitutions (export subsidies) and other significant incentives available to EC farmers under the Common Agricultural Policy to increase barley production have had a devastating effect on Canadian malt exports. The EC has become not only self-sufficient but also a major world supplier of malt, providing more than 60 percent of world malt exports, rising to nearly 90 percent when shipments among EC countries are included.

In response to these EC initiatives, which have made that region a prominent world supplier not only of malt but also of other grains like wheat, recent U.S. farm legislation and export policies have focused on making U.S. grain more attractive on international grain markets. Malt has been eligible and has received export subsidy assistance under the U.S. Export Enhancement Program since 1987.

The existing relatively low tariffs on malt and malting barley are not significant barriers to trade in North America. The Canadian tariff on malt from countries having Most Favoured Nation (MFN) status with Canada is 0.73 cents per kilogram, compared with \$2.30 per tonne for malting barley. Canadian tariffs on these same items coming from the United States under the Canada-U.S. Free Trade Agreement (FTA) as of 1 January 1992 are 0.40 cents per kilogram for malt and \$1.38 per tonne for malting barley. Under the FTA, which came into force on 1 January 1989, both Canadian and U.S. customs duties on these products are being eliminated in 10 annual, equal steps, making them duty-free by 1 January 1998.

The U.S. tariff on malt from MFN countries is 0.66 cents U.S. per kilogram, compared with 0.23 cents U.S. per kilogram for malting barley. U.S. tariffs on these same items coming from Canada under the FTA are 0.30 cents U.S. and 0.10 cents U.S. per kilogram, respectively, effective 1 January 1992.

In the case of Japan, total malt imports can be stipulated by a Cabinet order, with no customs tariffs on those imports. Beyond the quota limit, the tariff is 25 yen¹ per kilogram. Since the purpose of the Japanese quota is to protect domestic malting barley production, which is fairly small, large volumes of malt are still imported. Canadian malt has a good reputation in Japan, so the quota and the tariff structure have not been significant factors in hindering Canadian shipments.

Canadian federal legislation requires import licences for both malting barley and malt. These licences are generally

granted for only minor amounts of specialty malts not available from Canadian sources.

The FTA could eventually require Canada to eliminate the import licences on both U.S. malting barley and malt. This action would occur at some future point if there is concurrence that the level of government support programs in the United States for barley or malt is equal to or less than the level of government support for these same commodities in Canada. Canada, however, reserves the right to require end-use certificates for malting barley in order to maintain its quality grading system for grains.

Under the FTA, Canada has agreed to eliminate WGTA subsidies on products shipped to the United States through Western Canadian ports. Malt shipments to the United States in transit to third countries are not affected. At the present time, the operation of the WGTA is under study as part of the Agriculture Policy Review sponsored by Agriculture Canada.

Technological Factors

Plants are becoming more and more capital-intensive with the installation of newer equipment designed to reduce labour, to be more flexible and to handle larger volumes of grain at one time. Large plants are becoming the norm as plant designers and owners attempt to achieve optimum scale economies.

Highly specialized malt plant technology is available to the Canadian industry but must be imported from European or U.S. sources. Since the capital cost of a state-of-the-art malt plant is extremely high, significant new investment is hard to justify in static demand conditions, particularly in the highly cyclical agricultural commodity markets and uncertain export markets. With only a few exceptions, given the mature condition and small size of the industry, firms have limited their capital investments to incremental improvements involving modernization or expansion of existing facilities over an extended period of time rather than construct large new plants. Much of this incremental investment has been undertaken to improve efficiency and protect existing market share in a static market over the longer term.

The characteristics of malting barley largely determine the nature and quality of the beer produced. The starch-converting and germinating qualities of malting barley also greatly affect production costs for both malt and beer production. Improving malting barley varieties using the latest biotechnologies can advance the quality of brewery products. Through the latest plant-breeding techniques, variety improvements are under way to increase the natural shelf life of beer, eliminate chill haze and improve the malting characteristics while trying to

¹As of February 1992, one yen equalled C\$0.009266.



develop superior agronomics. Research has resulted in the development of improved varieties of barley. Evaluation of experimental malting barley varieties is an integral part of the research efforts on which Canadian maltsters and brewers collaborate. Plant breeding and development work on varieties of malting barley are areas in which Canada has been recognized as a leader.

Evolving Environment

The future of the Canadian malting industry will continue to be shaped by developments in the brewing industry and the continued ability of that industry to compete in domestic and export markets. These developments will be strongly linked to changes in consumer tastes (i.e., competition with other beverages), demographics and social views towards consumption of alcoholic beverages. Another contributing factor is changes in brewing production techniques, including the use of more adjuncts (substitution of malt with other commodities such as corn or artificial enzymes, which are becoming more commonplace in brewing and distilling processes).

The outlook in the Canadian market, as in many developed countries, is one of static consumption of alcoholic beverages. The future success of foreign brands of beer not containing Canadian malt will also be a factor. Growth prospects for Canadian-based maltsters, as well as those in Australia and the EC, lie in the export market. After two or three years of strong growth, driven largely by Japanese consumer interest in dry beers, that market can be expected to stabilize at current levels of demand for the next two years. Over the longer run, demand should continue to increase at 1 to 2 percent a year, as per-capita beer consumption in Japan is still considerably lower than that in other developed countries. This may not be sufficient to absorb all the production scheduled to come on stream without creating some potential excess capacity by the mid-1990s.

The extent to which world markets improve and agricultural policy conflicts between the EC and the United States are resolved will have a major bearing on future industry investment. Increased export sales will depend largely upon the ability of developing countries to improve their living standards sufficiently to permit sustained consumption of non-essentials such as beer. Debt loads in developing countries have an impact on the capability of brewers to import essential inputs such as malt.

The presence of a well-developed U.S. malt industry and transportation cost factors will continue to limit Canadian participation in that market. Even if import licensing is eventually eliminated and the Canadian market becomes less regulated,

two-way traffic should not be significant, at least in the short run. A strong Canadian industry, limited barley supplies, product differentiation and higher transportation costs would be major constraints for U.S. maltsters.

A more integrated North American malt market does seem to be slowly evolving. As a result of major acquisitions, some Canadian and U.S. firms can be expected to co-operate in serving regional and export markets to the extent that transportation costs permit. In addition, the development and production in Canada of new malting barley varieties that may be used in either country (particularly six-row varieties acceptable to U.S. brewers) could also facilitate future trade particularly in malting barley.

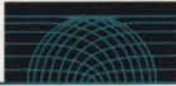
The prospect of eventually eliminating import licences under the FTA could result in some further narrowing of malting barley prices between Canadian and U.S. domestic markets. Such a narrowing is expected to discourage two-way trade in such freight-sensitive commodities as malt or malting barley. In the short term, however, different malting barley varieties used in the two countries and corporate linkages between malting and brewing interests would militate against changes in cross-border sales patterns.

Competitiveness Assessment

The malt industry operates in a regulated environment and enjoys a strong position in the domestic market. It is expected to continue to have limited success in export markets. The availability of quality malting barley, cost-efficient plants and competent management will enable Canadian firms to retain their share of traditional North American and offshore markets. The industry has experienced some significant new investment, which places it in a more competitive position than that existing in the mid-1980s. However, strong competition from other barley-producing regions with well-developed malt industries in the EC, Australia and the United States limits Canadian prospects for increasing export market share, which has historically been around 5 to 10 percent of total world exports.

The FTA is not expected to have a major impact on the Canadian malt industry. Even if import licensing is eventually eliminated, the impact of the FTA will be largely neutral. The large, well-developed malt industries in both countries can be expected to continue serving their domestic markets for the foreseeable future.

In the longer run, the ability of the Canadian brewery industry and foreign users of Canadian malt to maintain their positions in their respective domestic and export markets is a major consideration affecting the Canadian malt industry.



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Food Products Branch
Industry, Science and Technology Canada
Attention: Malting
235 Queen Street
OTTAWA, Ontario
K1A 0H5
Tel.: (613) 954-2942
Fax: (613) 941-3776



PRINCIPAL STATISTICS^a

	1983	1984	1985	1986	1987	1988	1989	1990	1991
Establishments	8	8	7	6	5	5	5	5	5
Employment	600	600	600	600	550	500	500	500	510
Shipments (\$ millions)	220	180	175	175	170	204	250	238	217
(thousands of tonnes)	588	501	479	457	469	481	504	518	538

^aData on establishments, employment and value of shipments are ISTC estimates. Because of confidentiality restraints, Statistics Canada combines data on these measures for the malt and malt flour industry (SIC 1094) with those for other food products industries not elsewhere classified (SIC 1099). For the combined statistics, see *Food Industries*, Statistics Canada Catalogue No. 32-250, annual (SIC 1098). Data on volume of shipments are supplied by Agriculture Division, Statistics Canada.

TRADE STATISTICS^a

	1983	1984	1985	1986	1987	1988 ^b	1989 ^b	1990 ^b	1991 ^b
Exports (\$ millions)	95	50	40	35	45	57	85	88	87
(thousands of tonnes)	257	180	162	140	165	177	204	218	248
Canadian market									
(\$ millions)	125	130	135	140	125	147	165	150	130
(thousands of tonnes)	331	321	317	317	304	304	300	300	290
Exports									
(% of shipments, value basis)	43	28	23	20	26	28	34	37	40
(% of shipments, volume basis)	44	36	34	31	35	37	40	42	46

^aData for export values from 1982 to 1987 are ISTC estimates. For other years, see *Exports by Commodity*, Statistics Canada Catalogue No. 65-004, monthly. Data for export volumes are supplied by Agriculture Division, Statistics Canada. All other data are ISTC estimates.

^bIt is important to note that data for 1988 and after are based on the Harmonized Commodity Description and Coding System (HS). Prior to 1988, the shipments, exports and imports data were classified using the Industrial Commodity Classification (ICC), the Export Commodity Classification (XCC) and the Canadian International Trade Classification (CITC), respectively. Although the data are shown as a continuous historical series, users are reminded that HS and previous classifications are not fully compatible. Therefore, changes in the levels in 1988 and after reflect not only changes in shipment, export and import trends, but also changes in the classification systems. It is impossible to assess with any degree of precision the respective contribution of each of these two factors to the total reported changes in these levels.

REGIONAL DISTRIBUTION^a (average over the period 1988 to 1990)

	Atlantic	Quebec	Ontario	Prairies	British Columbia
Establishments (% of total)	—	20	20	60	—
Employment (% of total)	—	10	15	75	—
Shipments (% of total)	—	10	15	75	—

^aISTC estimates.



MAJOR FIRMS

Name	Country of ownership	Location of major plants
Canada Malting Co. Limited	Canada	Calgary, Alberta Thunder Bay, Ontario Montreal, Quebec
Dominion Malting Limited	United States/Japan ^a	Winnipeg, Manitoba
Prairie Malt Limited	Canada/United States	Biggar, Saskatchewan
Westcan Malting Ltd. ^b	Canada/United States	Alix, Alberta

^aJapanese interests own a small percentage of Dominion Malting shares.

^bWestcan Malting is a new firm with a single plant expected to come into production in 1992.

SECTORAL STUDIES AND INITIATIVES

The following study is available from Industry, Science and Technology Canada (see address on page 7).

The Canadian Malt Industry

This document, compiled in September 1990, provides an outline of the evolution and development of the Canadian malting industry including the factors that affect its performance in both the domestic and foreign markets.

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