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PRESS RELEASE

Returns for Maltsters and Growers to Improve as Market Balance is Restored

According to MAGB (Maltsters Association of Great Britain) Chairman David Wilkes the UK has a window of opportunity to establish a sustainable supply of malt for the future. However, growers, maltsters and brewers need to work together to ensure that this happens. Delivering his Chairman's statement at the MAGB annual lunch today, Mr. Wilkes explained the major changes to the industry which have led to a much more balanced market.

He reviewed the changes in the market which have seen the UK lead the way in reducing malting capacity, followed by a number of other countries both in the EU and North America. The unfortunate collapse of a leading European malting company has also contributed to a tightening in malt supply. In addition to the reduction in capacity, the market has recently been affected by crop failures in Northern and Eastern Europe and the current drought in Australia, resulting in a shortage of malting barley. Some malting plants are unlikely to be able to produce at full capacity in 2007 due to a lack of malting barley.

"Not surprisingly raw material security is now at the top of the agenda for many malt buyers," he said, "We will increasingly see a greater focus on longer-term supply security throughout the whole supply chain. This should bring with it better returns for both maltsters and growers which will put the industry on a sustainable footing for the future."

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He went on to explain that the MAGB's Cereals Committee had recently issued a call to growers to continue to plant malting barley, together with an assurance that maltsters would ensure that the farmers received an attractive price.

As well as reducing capacity the UK industry has also actively promoted its malt worldwide through the Assured UK Malt (AUKM) scheme. Established in 2003, this scheme leads the world in providing brand protection for brewers and distillers who use malt produced under it. Activities undertaken to ensure a growing awareness of the benefits of AUKM include newsletters and a Japanese version of the website.

David Wilkes concluded: "There can be no doubt that the industry continues to live in challenging times. However, recent events and the proactive approach taken by UK maltsters have presented us with an excellent opportunity to benefit from our strong market position. Now is the time to consolidate our achievements, and to work with all those involved to ensure that UK malt is recognised as the premium product in the world market for malt. By working together with growers, and brewers and distillers, UK maltsters can ensure that a sustainable supply chain is built for the future, delivering security and profitability to all those involved."

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Note to Editors

MAGB represents all aspects of the malting industry including brewer and distiller maltsters who produce malt for their own use as well as those companies which produce malt to sell in the UK and abroad. Its 14 members represent 98 per cent of the malt produced in the UK each year. The MAGB's purpose is to promote and safeguard the UK malting industry, so enabling it to fulfil its world-wide potential. For more information visit the MAGB website at **www.ukmalt.com**

The Assured UK Malt scheme was launched in 2003 and covers key areas of production including food safety, quality and traceability. It is the leading scheme of its type in the world and integrates with farm assurance schemes to provide brand protection all along the production chain. More information can be obtained from **www.assureduk malt .com**

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