



Decline in Beer Consumption Poses Challenge for Barley Farmers

Description

The burgeoning hard seltzer market and a shift towards reduced alcohol consumption have left barley farmers in a predicament.

Don Nygaard, a third-generation farmer from a secluded corner of North Dakota, used to cultivate malt barley for Rahr Malting Corporation for the production of lagers, pale ales, and IPAs.

However, this year, he failed to secure any lucrative contracts from Minnesota-based Rahr or other beer producers. Consequently, his expansive [farm](#) is now focusing on food-grade barley and wheat, both of which are currently priced at near four-year lows.

With overall beer consumption in the U.S. plummeting to its lowest levels since the 1970s, as per data from the Brewers Association, the U.S. Plains states are grappling with a significant barley surplus. Americans are imbibing less beer and patronizing fewer [craft breweries](#) that require ample malt per serving.

The surging popularity of hard seltzers and the trend towards diminished alcohol intake have resulted in a sharp decline in barley demand from beer manufacturers. Coupled with several seasons of exceptional barley harvests, this scenario has led to plummeting prices, eliminating a once profitable avenue for farmers in a challenging year where breaking even with any crop is a struggle, as highlighted by farmers, agronomists, and industry experts.

"I am concerned about the prevailing trends," Nygaard voiced. "The upcoming winter will be tough for all of us as we navigate our financial obligations."

Rahr, operating a barley procurement facility in Taft, North Dakota, did not respond to requests seeking comment.

THE GREATEST SUFFERER

Fruit-infused hard seltzers, pre-mixed cocktails, and cannabis-infused beverages have been eroding beer's market share for years. From sports events to college parties, White Claw seltzers have become nearly as commonplace as Bud Lights. White Claw markets itself in the U.S. as devoid of grains, despite containing grains like barley in certain regions.

Many popular hard seltzer brands such as Truly, High Noon, Bud Light Seltzer, and White Claw eschew barley and opt for fermented sugar, vodka, or tequila to supply alcohol content. Nonetheless, products like Vizzy and non-alcoholic beers still rely on malt barley.

"Beer is the most significant loser," emphasized Bart Watson, chief economist at the Brewers Association. "There is fierce competition from products that didn't exist half a century ago."

In contrast to major barley exporters in the European Union and Australia, the U.S. predominantly consumes the malt barley it produces.

Even in rural North Dakota, advertisements for hard seltzers are prevalent on billboards and in local bars. Major malt plants, where barley kernels are transformed into the primary ingredient for beer, are entering into fewer contracts with farmers due to dwindling brewery demand, remarked farmers and economists.

Escalating interest rates, inflated pesticide and equipment costs, in addition to dismal crop prices, have farmers apprehensive about repaying the loans that funded their crops.

“This year will be exceptionally challenging for commodity cultivation,” remarked Steve Sheffels, a fourth-generation barley and wheat farmer. “I hope to yield enough to cover my expenses.”

A SOURCE OF ANXIETY

The once-prosperous craft beer industry has contracted, with microbrewery shutdowns surpassing openings for the first time in 2023, per the Brewers Association. Craft beer demands roughly four to five times more malt than mass-produced beer, further impacting barley demand, according to Sheffels.

Kaj Peterson, the lead maltster at Maltwerks in Minnesota, disclosed a near 50% reduction in their barley acquisitions compared to five years ago owing to diminished demand from craft breweries across the state.

“Our bottom line has taken a hit,” Peterson conceded. “We are beginning to observe cutbacks from breweries—they are scaling back production. It is anxiety-inducing.”

As the rapid proliferation of breweries has decelerated, surviving establishments have had to broaden their offerings to engage customers, noted Mark Bjornstad, owner of Drekker Brewing Company in Fargo, North Dakota.

The brewery's ambience is infused with a citrus aroma emanating from the IPA on tap, which the company pairs with alcoholic smoothies and non-alcoholic beers to enhance business.

“Consumers are discerning,” he affirmed.

On top of stiff competition from alternative beverages, the beer industry grapples with another challenge: young individuals are imbibing less alcohol than previous generations.

A burgeoning “sober curious” movement, embraced by millennials and Gen Zers and fueled by social media, has led consumers to reevaluate their alcohol consumption, occasionally opting for abstinence.

While healthier choices and novel drink options benefit consumers, they disrupt the core of farmers' livelihoods.

“Being 67, I indulged in my fair share of beer in my youth. Now, these trendy drinks that do not necessitate malt are overshadowing traditional choices,” Nygaard reflected.

(Reported by Heather Schlitz, Edited by Caroline Stauffer and Anna Driver)



Vocabulary List:

1. **Predicament** /prɪ'dɪk.ə.mənt/ (noun): A difficult unpleasant or embarrassing situation.
2. **Dwindling** /'dwɪnd.lɪŋ/ (verb): Gradually decreasing in size amount or strength.
3. **Surge** /sɜːrdʒ/ (verb): To increase suddenly and powerfully.
4. **Ample** /'æm.pəl/ (adjective): More than enough; plentiful.
5. **Infused** /ɪn'fjuːzd/ (verb): To fill something or permeate something with a quality or element.
6. **Erode** /ɪ'roʊd/ (verb): To gradually destroy or diminish.

Comprehension Questions

Multiple Choice

1. What is impacting barley demand from beer manufacturers?
Option: Increased barley harvests
Option: Rising interest rates
Option: Diminished brewery demand
Option: Reduced equipment costs
2. Which beverage type has been eroding beer's market share for years?
Option: Wine
Option: Soft drinks
Option: Hard seltzers
Option: Coffee
3. What does White Claw market itself as in the U.S.?
Option: Barley-free
Option: Sugar-free
Option: Grain-free
Option: Malt-free
4. What has led to a sharp decline in barley demand according to the text?
Option: Increased beer consumption
Option: Reduced barley harvests
Option: Diminished alcohol intake trend



Option: Rising interest rates

5. Who remarked that the year will be exceptionally challenging for commodity cultivation?

Option: Don Nygaard

Option: Bart Watson

Option: Steve Sheffels

Option: Kaj Peterson

6. Which specific drink options have disrupted the core of farmers' livelihoods?

Option: Wine and cocktails

Option: Craft beers and IPAs

Option: Non-alcoholic beers and hard seltzers

Option: Whiskey and vodka

Answer

Multiple Choice: 1. Diminished brewery demand 2. Hard seltzers 3. Grain-free 4. Diminished alcohol intake trend 5. Steve Sheffels 6. Non-alcoholic beers and hard seltzers

Vocabulary quizzes

Multiple Choice (Select the Correct answer for each question.)

1. What is a difficult or perplexing situation called?

Option: Dwindling

Option: Surge

Option: Ample

Option: Predicament

2. What is the term for adding something into something else to make it stronger or more successful?

Option: Erode

Option: Infused

Option: Surge

Option: Predicament

3. What describes something gradually diminishing or decreasing in number?

Option: Ample

Option: Predicament

Option: Dwindling



Option: Infused

4. What term is used to refer to a sudden powerful forward or upward movement?

- Option: Surge
- Option: Ample
- Option: Predicament
- Option: Dwindling

5. What word means enough or more than enough; plentiful?

- Option: Erode
- Option: Ample
- Option: Surge
- Option: Infused

Gap-Fill (Fill in the blanks with the correct word from the vocabulary list.)

6. Over time constant exposure to water can _____ rocks and sculpt them into unique shapes.

7. The chef _____ his dishes with a blend of exotic spices to enhance the flavors.

8. Finding himself in a financial _____ he had to make some tough decisions.

9. After the announcement there was a sudden _____ in online sales.

10. The support for the project was _____ as more flaws became apparent.

Matching Sentences (Match each definition to the correct word from the vocabulary list.)

11. She found herself in a difficult situation where every choice seemed to have negative consequences.
12. The company's profits were steadily decreasing as competition grew stronger.
13. In response to the new product launch there was a massive increase in customer demand.
14. Despite the unexpected guests there was more than enough food to feed everyone at the party.
15. The artist her paintings with emotion making them come alive to the viewers.



Answer

Multiple Choice: 1. Predicament 2. Infused 3. Dwindling 4. Surge 5. Ample

Gap-Fill: 6. erode 7. infused 8. predicament 9. surge 10. dwindling

Matching sentence: 1. predicament 2. dwindling 3. surge 4. ample 5. infused

CATEGORY

1. Business - LEVEL6

Date Created

2024/09/12

Author

aimeeyoung99

ESL-NEWS.COM