

Malting Barley in the BioFuel Age

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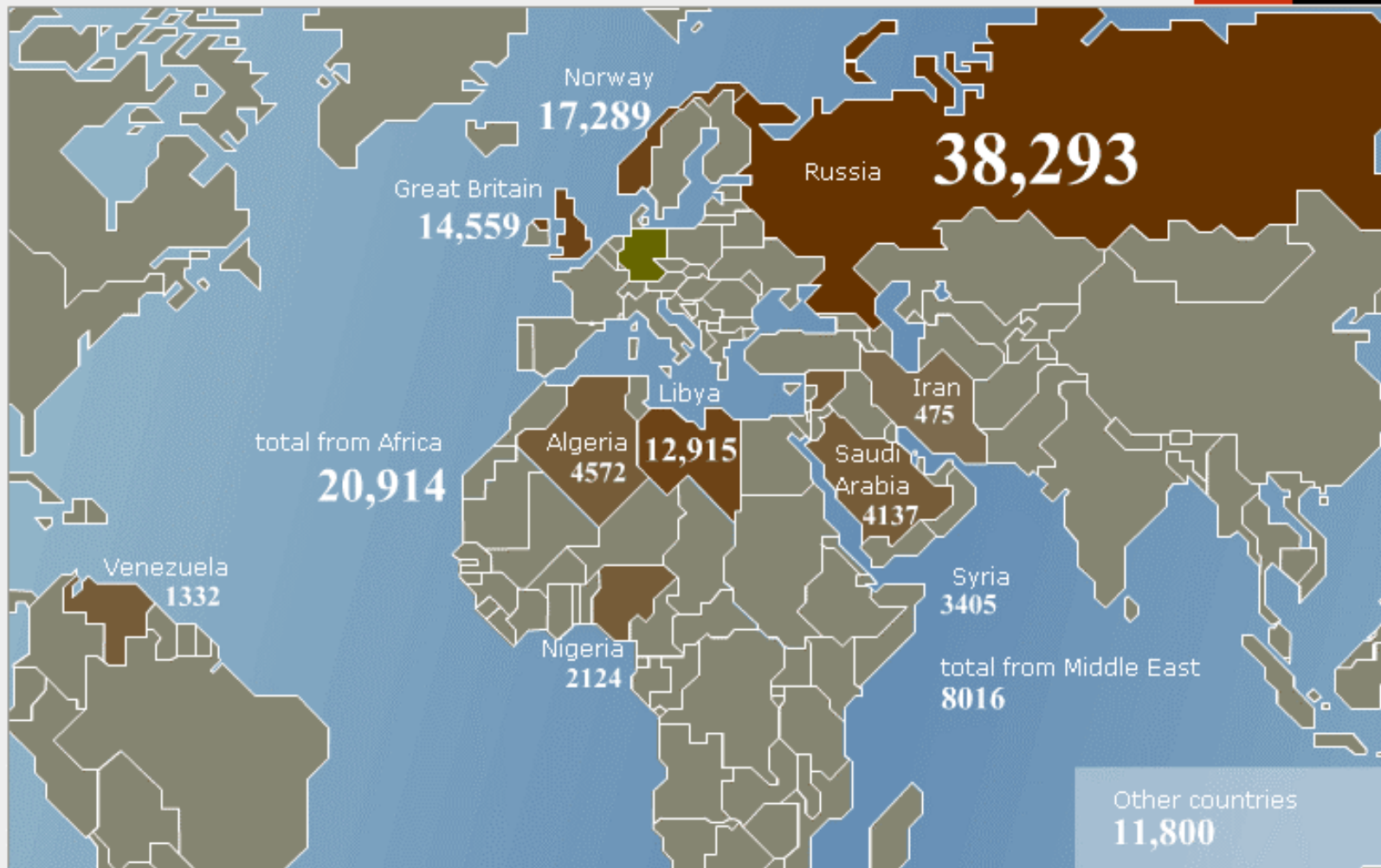
Bio Fuels

- Supply security more than environmental
 - Over 50% of US oil imports from unfriendly or unstable countries:
 - Saudi Arabia = 1.445 Million barrels/day
 - Venezuela = 1.15 Million barrels/day
 - Nigeria = 1 Million barrels/day
 - Iraq = 540,000 barrels/day



Germany's crude oil imports in thousands of tons (2005)

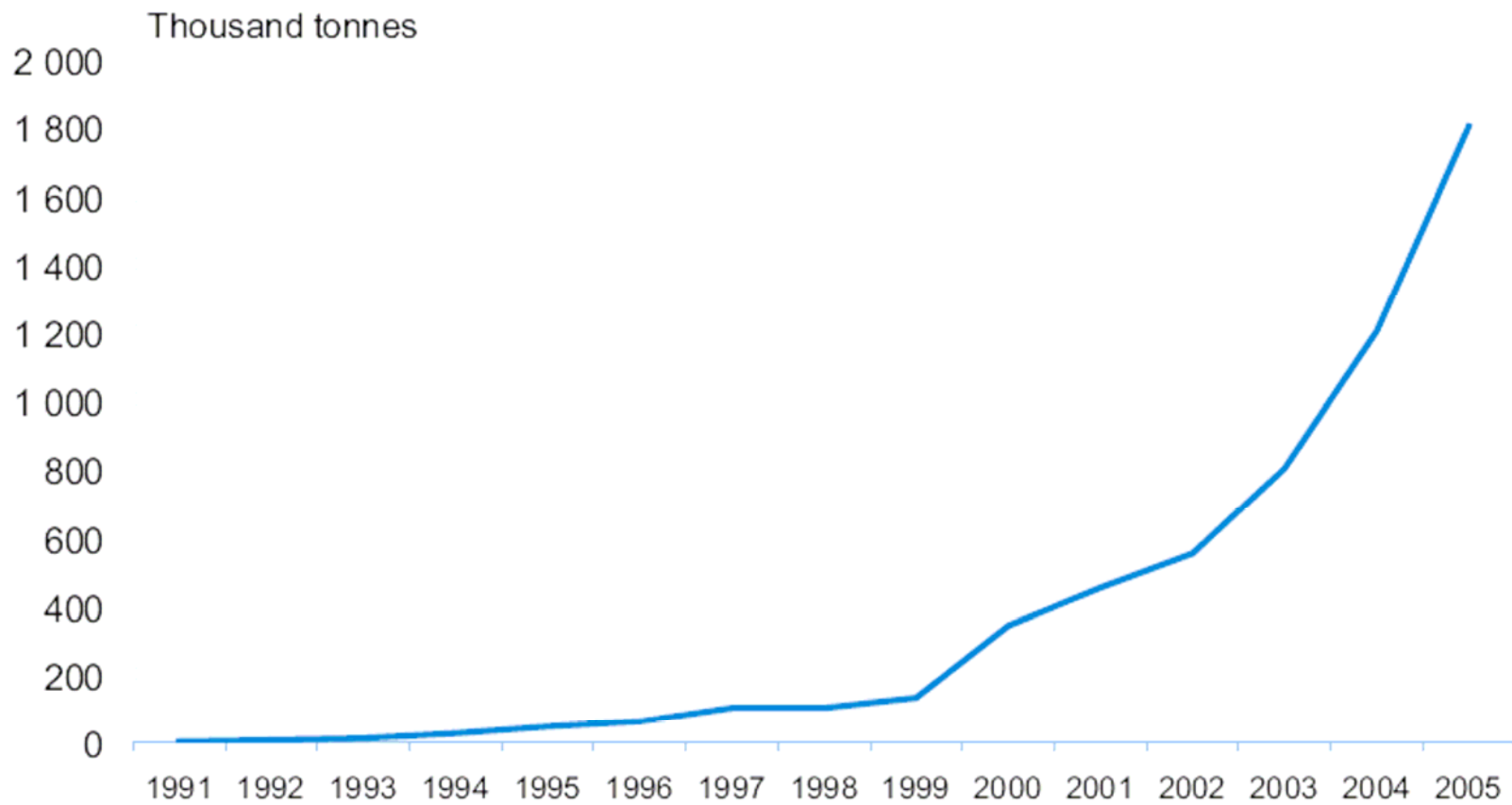
SPIEGEL ONLINE



Source: Federal Economics Ministry, August 2006



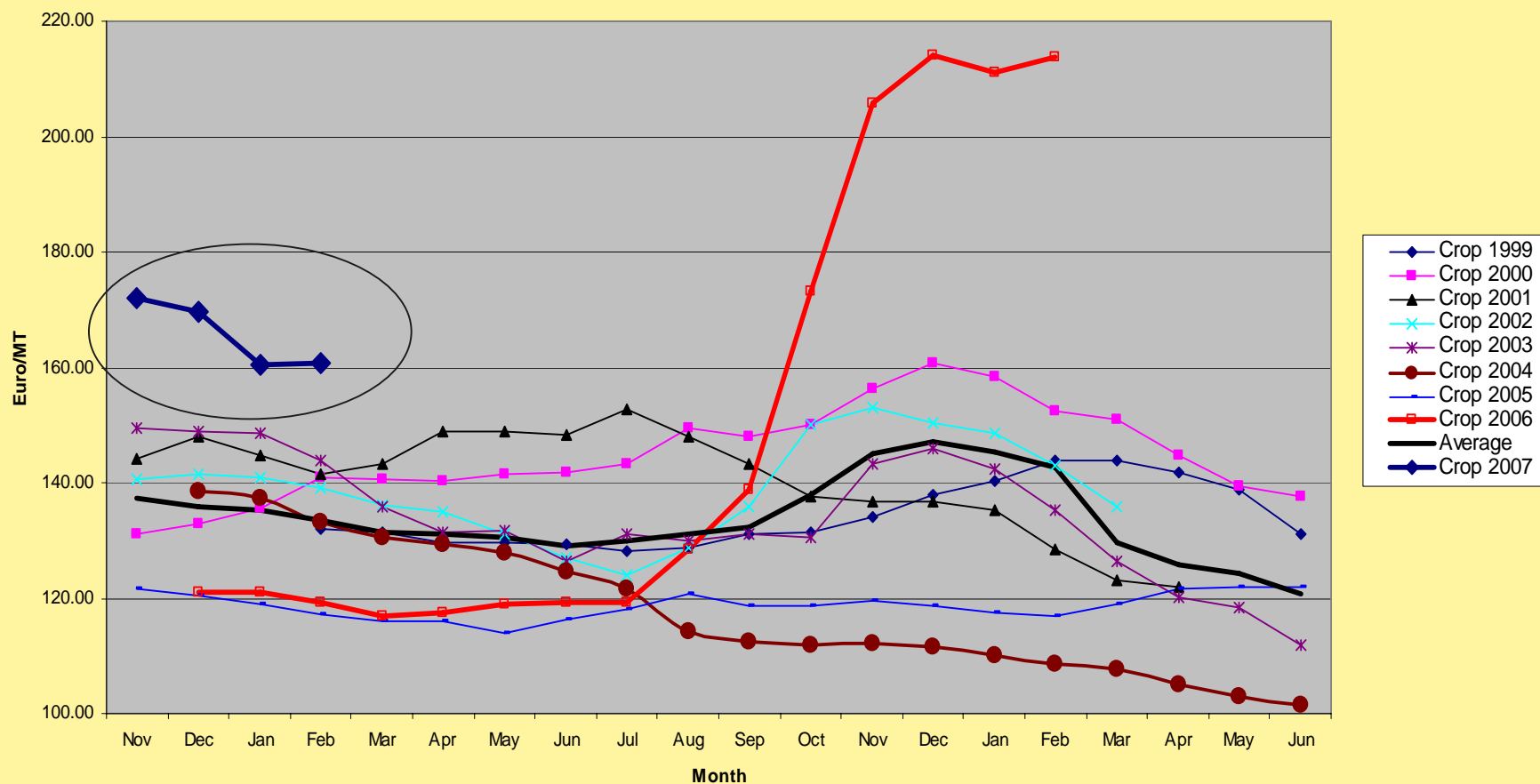
Biodiesel turnover in Germany



Source: Union zur Förderung von Öl- und Proteinpflanzen e.V.

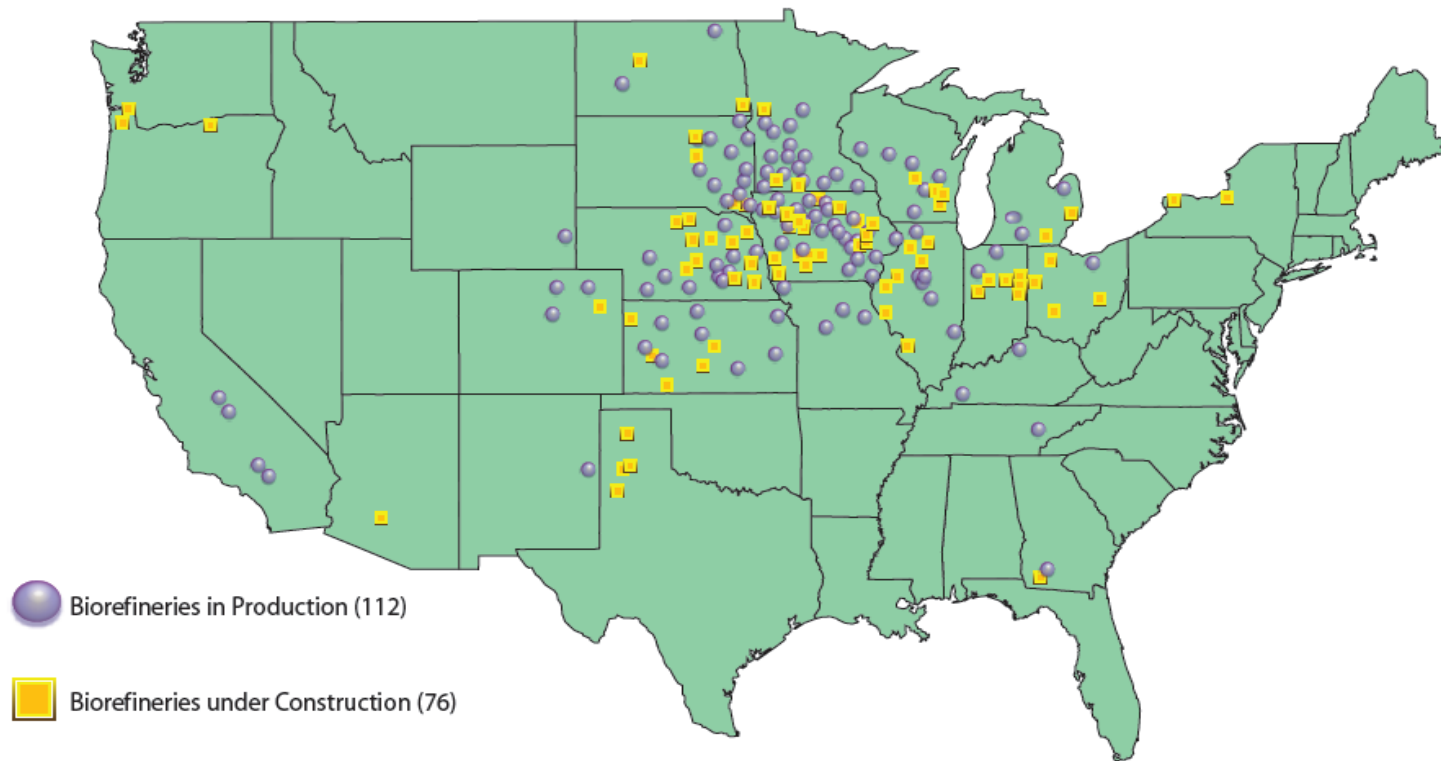


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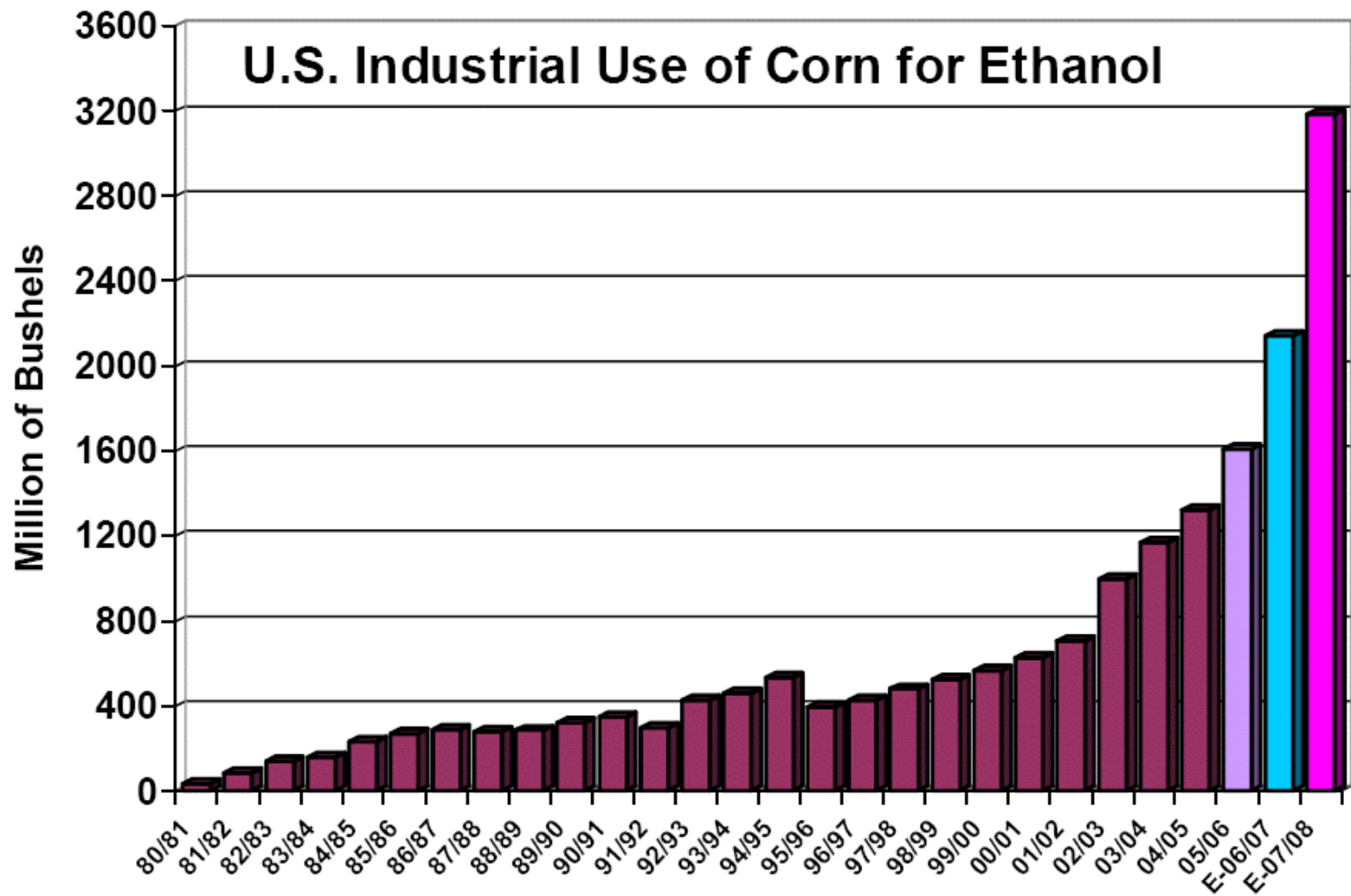


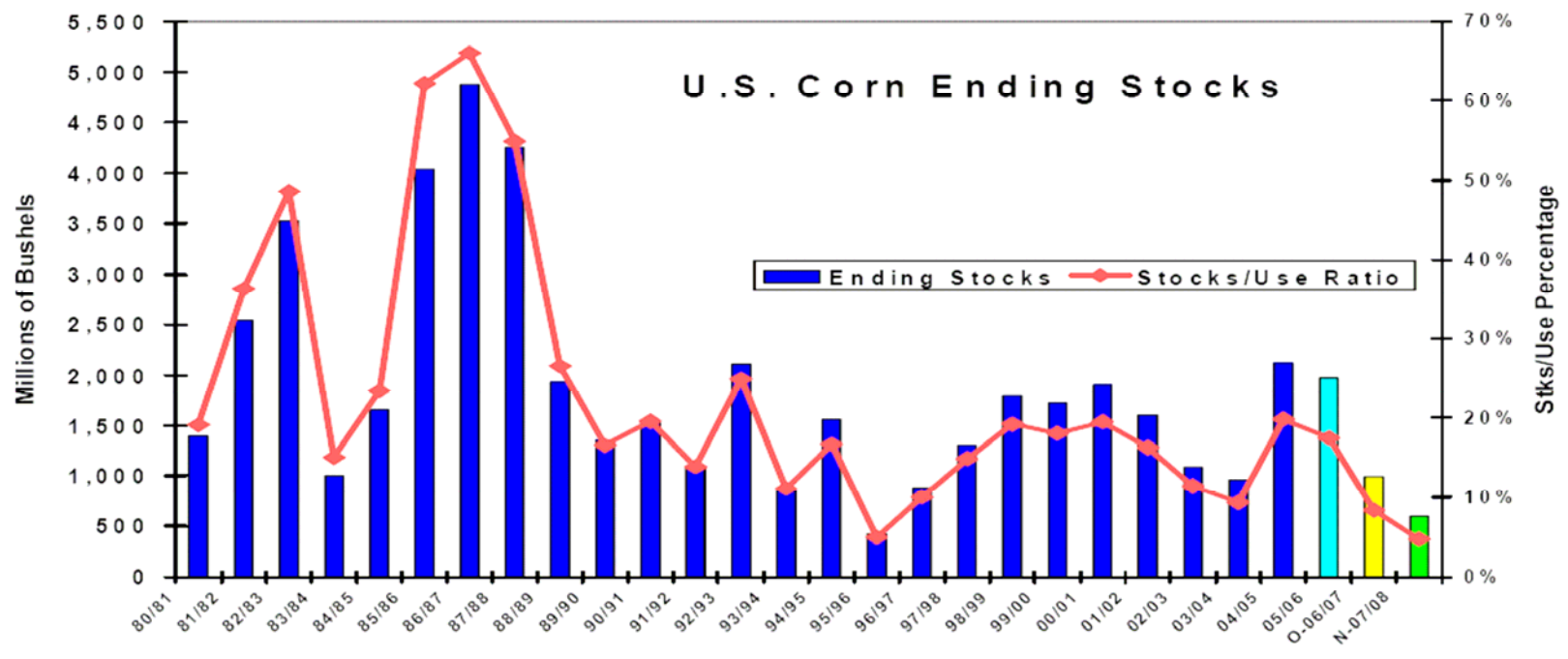


U.S. Ethanol Biorefinery Locations



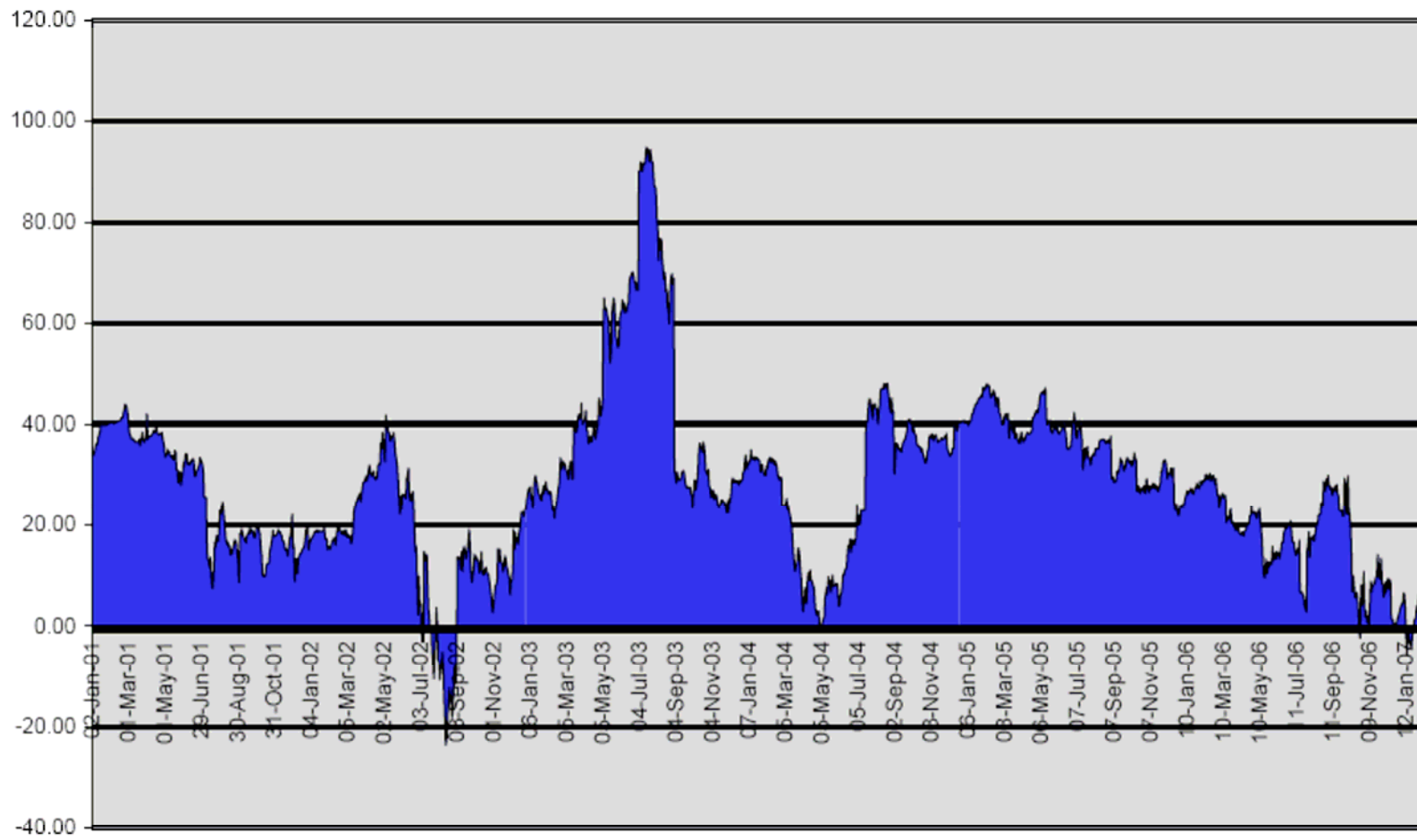
Source: Renewable Fuels Association
1.29.07







Malt Premium to Feed Calgary, AB





Malting Barley Premium

- Yield cost
 - Best malting varieties have the lowest yields.
- Quality risk
 - Agronomics
 - Weather
- Storage and Marketing risk
 - Germination
 - Missing best prices



Price Signals

- Proper price signals must influence farmer choices to be effective.
 - Choice of crop
 - Choice of variety
 - Level of fertilization
 - Quality and length of storage



What Lies Ahead?

- Can't have one size fits all
- Knowledge gap.
- Risk Management.
 - Basis over WCE futures.
 - Minimum/Maximum Price Contracts.
- Local prices arbitrage to world levels.
- Multi-Year Contracts



Change

It is not necessary to change. Survival is not mandatory.

~W. Edwards Deming