

U.S. Market Analysis – Impact to Alberta Barley from Potential Tariffs.

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Alberta's Barley Landscape:

- Alberta accounts for about 50 per cent of Canada's barley.
- Around 66 per cent of Canadian barley remains in-country while Alberta retains around 80 per cent due to its large livestock sector.
- Over the 5 years, Alberta barley exports have averaged \$355 million annually, with the U.S. purchasing \$40 million and nearly 100,000 metric tonnes.
 - Most exported barley is used for malt, with a smaller portion going to feed.
- As the U.S. produces only 3.1 million metric tonnes compared to Canada's 8.1 million metric tonnes, America benefits from Canadian supply to support their beer and livestock sectors.

Impact to Malt Barley and Beer:

- The U.S. is Canada's export market for malt barley, importing 57 per cent of exports, valued at \$307.2 million.
- Canada exports \$131 million worth of beer to the U.S., with tariffs possibly reducing demand from local maltsters and weaken Canada's share of the U.S.' beer market.
- 93 per cent of beer consumed in Alberta consists of domestically processed brands. However, tariffs on packaging material like aluminum could raise production costs and increase the cost of beer – affecting local breweries.

Livestock Market Connections and Feed Demand:

- Alberta's live cattle and beef exports to the U.S. totals approximately \$4 billion, with 75 per cent of exports destined to the U.S.
 - With current U.S. herd sizes are insufficient to meet local beef demand, Canadian cattle plays a key role in stabilizing supply.
- The cattle market is quite interconnected, with American ranchers sending cattle to Canada for finishing. However, due to Canada's limited processing capacity, most cattle are harvested south of the border.
- Current Canadian herd sizes are the lowest since 1988. Tariffs could slow herd growth reducing feed demand for barley.
- When barley prices rise, Canadian feedlots import U.S. corn. Tariffs may limit corn imports, providing potential support demand for domestic barley.
- The U.S. is Alberta's largest pork export destination, consisting of \$140.5 million in sales and a 40 per cent market share.

Key Takeaway: U.S. tariffs could disrupt Alberta's barley, livestock, and beer trade, affecting both barley demand and pricing. While risks exist, existing local markets present a key buffer for barley growers. Any disruption will impact both countries meat and beer industries