

Analyst's Insight: The first piece of the UK planting picture

The Early Bird Survey (EBS) 2015 has provided the first snapshot of potential areas for the 2016 UK harvest. Looking at cropping changes on individual farms as a proxy for the change in UK planted areas, the EBS has generally been in good agreement with the final Defra crop areas. This is despite the lower sample size of the EBS and the fact that it can only gather a view on spring planting intentions, rather than actual areas.

However, just how similar are these initial estimates compared with final Defra figures and does this vary depending on the type of crop?

Figure 1 plots the percentage difference between the first harvest area estimate provided by the EBS for a given year and the final Defra estimate. The green bars represent the average change over the five years shown.

Some of the observations from Figure 1 are:

- The smallest average percentage difference in the EBS and final Defra area estimates is for rapeseed, followed by wheat. Winter/spring barley and oats have shown the largest average percentage difference.
- The EBS estimate of the winter barley area tends to be higher than the final Defra estimate, whereas, the EBS spring barley and oats area estimates tend to be lower.
- Over the past five years, the two largest percentage differences in area estimates were for oats.

Given that the EBS estimate of spring barley is based on planting intentions, it is not surprising that it has shown the largest average difference with

the final Defra estimates over the past five seasons. Furthermore, the lower absolute area sown to oats in the UK compared with the other crops shown, means that in percentage terms, oat estimates will show relatively larger differences. On the other hand, the larger absolute area is sown to wheat, which means that variations in the EBS and Defra estimates are likely to be smaller in percentage terms.

Looking ahead to harvest 2016, the trends shown in Figure 1 may be used as a rough guide, on a purely theoretical basis, to see how final Defra estimates for this season could shape up. However, on a practical level, weather conditions both over the winter and spring, as well as weed and pest control will have a big bearing over spring cropping and whether crops planted in the winter remain in the ground.

The results of the AHDB Winter Planting Survey (covering England and Wales) will provide further insight into the 2016 harvest area in March 2016.

Amandeep Kaur Purewal

In this issue...

Tough competition from the UK's wheat export rivals this season

World exportable grain supplies are at a record level this season, making wheat export markets highly competitive for all.

2016 OSR area down 14% according to Early Bird Survey

Early GB planting intentions for the 2016 harvest suggest a static total wheat area.

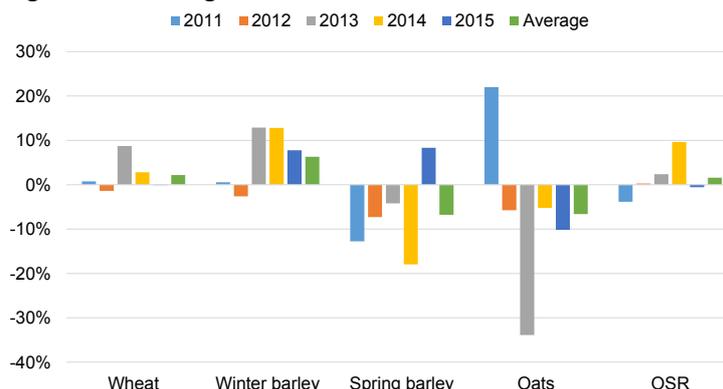
How concentrated are the world's grain supplies?

Global grains supplies are less concentrated than 15 years ago, with North America losing global share in both wheat and maize exports.

UK barley and the niche feed grain battle

UK barley will have to compete with global barley and sorghum for feed grain demand if it is to win export business to China.

Figure 1 Percentage difference between EBS estimate and final Defra area



Source: The Andersons Centre, AHDB, Defra

Tough competition from the UK's wheat export rivals this season

World exportable grain supplies are at a record level this season, making wheat export markets highly competitive for all. While sterling remains weak against the US dollar, other exporters' currencies continue to be weaker, creating further pressure for UK wheat exports this season.

Arthur Marshall, arthur.marshall@ahdb.org.uk,
02476 478956
Anna Lockwood, anna.lockwood@ahdb.org.uk,
02476 478698
12 November 2015

Introduction

Following on from our [previous export outlook article](#), which looked at potential UK wheat export destinations in 2015/16, in this article, we focus on the UK's main rivals for the wheat export market this season.

Figure 1 shows how forecast exports for the main exporters in 2015/16 compare to 2014/15.

Figure 1 Global wheat exporters

2014/15			2015/16		
Country	Rank	Share of total exports	Country	Rank	Share of total exports
EU	1	22%	EU	1	21%
Canada	2	15%	Russia	2 ↑ 2	15%
United States	3	14%	United States	3	14%
Russia	4	14%	Australia	4 ↑ 1	12%
Australia	5	10%	Canada	4 ↓ 2	12%
Ukraine	6	7%	Ukraine	6	9%
Kazakhstan	7	3%	Kazakhstan	7	4%
Argentina	8	3%	Argentina	8	3%
Turkey	9	2%	Turkey	9 ↑ 4	2%
India	10	2%	Uruguay	10	1%

Source: USDA

Total global wheat supplies in 2015/16 are forecast to reach a record level, following increased production and a substantial stocks carry-over. Furthermore, total global wheat trade is expected to be down year-on-year.

UK exports have been sluggish so far this season but most major exporters are in the same boat – the sheer weight of global supplies is making export markets especially competitive this season.

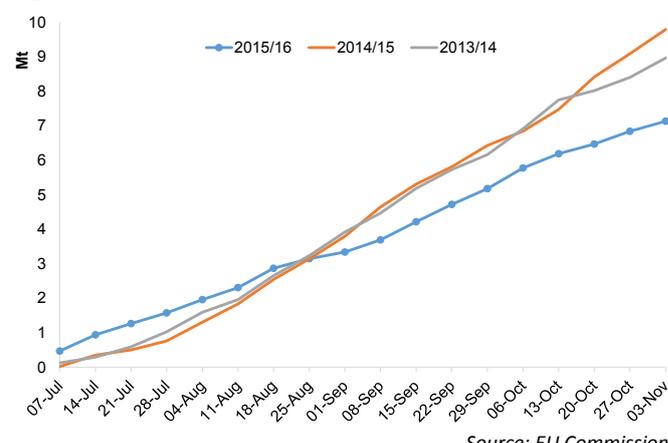
EU

[Milling quality across the EU is much improved this season](#) compared with 2014/15 and production is expected to reach record levels by Strategie Grains and the International Grains Council (IGC). However, according to Strategie Grains, the year-on-year increase is a result of higher production in only a few countries – principally France (up 2.7Mt) and the Baltics (Estonia, Latvia and Lithuania combined up 2.1Mt).

Despite strong supplies, export pace of the EU is lagging – something that the 28 country block hasn't

had to worry about for a number of years. By the week ending 3 November, the cumulative amount of EU soft wheat export licences granted was 7.1Mt, behind the 9.8Mt granted by the same point in time last year (see figure 2). This illustrates the sheer competitive nature of the global market this year.

Figure 2 Cumulative EU export licenses



Source: EU Commission

In contrast to the broader EU situation, French wheat exports outside of the EU are performing well year-on-year, but are more than offset by the decline in trade with other member states.

In a recent tender, Egyptian state buyer, GASC, bought 120Kt and 60Kt from France and Romania respectively and surprisingly, 60Kt from Poland. Furthermore, in the latest tender, GASC purchased 60Kt of French wheat alongside 60Kt of Russian wheat.

Unfortunately, the UK is suffering from both poor trade progress to both EU and non-EU countries and indeed was a net importer of wheat for the first quarter (Jul-Sep) of 2015/16). In July-October 2014, the UK had exported around 135Kt of wheat to North Africa plus 26Kt to the US. This season, non-EU export licenses issued to the UK were less than 6Kt by end-October, indicating a far more restricted non-EU export campaign to date.

All of this does beg the question: “what do the French do to access the global market that the UK doesn't? – or is it purely a currency thing?”

US

At 23.1Mt, US wheat exports in 2015/16 are forecast to be the lowest since 1971/72. Furthermore, the US export campaign this season has been sluggish, with export commitments of 12.8Mt (55% of total forecast) as of 29 October, compared with 15.4Mt (66% of total) by the same point in time last year.

Fortunes have been mixed for US wheat classes, with [quality issues for winter wheat potentially limiting supplies, though spring wheat quality has proven very good](#). Export commitments of all main US wheat grades are down year-on-year, even winter wheat sales to Brazil, usually a major customer. This may be due to poor price competitiveness of US wheat (allowing other

Continued....

origins to compete even into the US's backyard) and/or the slightly poorer quality of US winter wheat this year.

Canada

Canada's wheat exports overtook US levels for the first time last season at over 24Mt, but are forecast to dip to 19Mt in 2015/16 due to lower production. There have been no major quality concerns, keeping Canadian exports at the very high-quality end of global markets – so the country is unlikely to compete directly with most UK wheat exports.

Russia

The Russian wheat export campaign got off to a [slow start this season](#) – by 7 October, the Agriculture Ministry reported grain exports were down nearly 19% year-on-year at 8.4Mt, despite the USDA forecasting record total exports in 2015/16 of 23.5Mt, a 3% increase year on year.

The [tax on wheat exports](#), despite [being recently reduced](#), has continued to cause uncertainty and hesitation for exporters as the risk of currency fluctuations is still present.

Nonetheless, the third largest wheat harvest in post-Soviet Russia is likely to need exporting at some point. Exporters may well be waiting to see if there will be further policy changes, but the longer they wait, the longer competitively priced Russian wheat could be available on the market.

Ukraine

The proportion of Ukrainian milling wheat is estimated at around 55% of the total wheat crop, which is very similar to last season. However, APK Inform estimate that only 40% of the crop is graded 1-3 ($\geq 11.5\%$ protein), the smallest proportion in at least five years as farmers have cut back on inputs. Either way, the level of both feed and milling wheat exports this year presents strong competition for the UK.

Ukrainian wheat exports to South Asia have grown in recent seasons, with almost half heading to the region so far in 2015/16. These countries are major importers of feed grains as well as some milling wheat and were important destinations for UK wheat in 2014/15 ([read more here](#)). Closer to home, Strategie Grains report that Ukrainian feed wheat is proving to be price competitive into the EU, even outside of the zero-tariff quota. The issues with the French maize crop are widely expected to open up more EU feed demand for wheat – but **if UK feed wheat wants to take advantage of this, it needs to work harder against Ukrainian supplies entering the EU even with a tariff applied.**

Currency – a key factor

The US dollar (USD) is one of the main currencies of trade around the world and thus, is the benchmark for global exporters to compare domestic currencies against. For key exporters, a stronger US dollar can

increase their own competitiveness. Alternatively, if the US dollar is particularly weak, it can limit others' export opportunities. However, the relative strength or weakness of other exporters' currencies against each other is an important factor also to be considered.

Figure 3 US dollar strength against key currencies

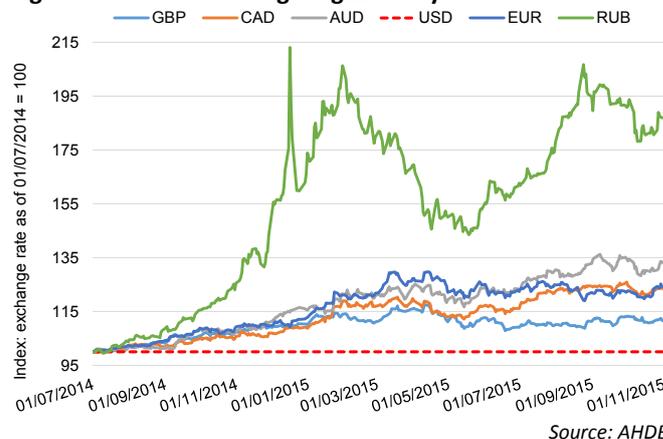


Figure 3 illustrates the relative competitiveness of domestic currencies against the US dollar. Apart from the Russian rouble (RUB), the Australian dollar (AUD) has become the most competitive since July 2014, with the Canadian dollar (CAD) also becoming increasingly competitive in recent months.

It is impossible to ignore the volatility of the rouble. By mid-December 2014, the rouble had lost over half its value against the US dollar in six months, but this was fairly short lived. Although the relative strength of the US dollar gave Russian wheat more opportunity in the global market, this was offset to some extent by the Russian export tax and associated risk to exporters.

Since the middle of October, the euro has gained competitiveness over the US dollar, settling at \$1=€0.9205 on 6 November. This is the weakest the euro has been against the US dollar since mid-July. Not only does this make wheat prices in euros more competitive on the global export market, but it also means that any short-term support for US prices is likely to be capped by the strength of the US currency, unless we see a changing trend.

Sterling remains one of the strongest currencies relative to the US dollar compared with the currencies of other key exporters, even though it has weakened against the dollar itself. This makes UK exports in the global market more challenging.

Concluding comments

The sheer weight of global supplies will make export competition especially strong for the UK this year, although many major exporters face the same challenge. The EU is once again forecast to be the largest global wheat exporter, with quality much improved from last year. As would be expected, Black Sea countries have been aggressive sellers so far this season, competing even into EU markets. However, US wheat has also found it difficult to reach the export markets in its own backyard.

Continued....

The strengthening of the US dollar has favoured most other major exporters, but to a lesser extent, the UK. Added to the ample supplies in most exporting regions, this will make export markets especially competitive for the UK this season.

Furthermore, the UK will not just be competing with wheat exports from its export rivals. The global feed grain market is dominated by maize, so global maize production and prices will also be a key competitor for UK feed wheat exports. The next thing to watch from this perspective is the South American maize growing season.

Key Points

- Exportable supplies are ample in most major exporters this season
- This has made it difficult for the UK to compete outside of the EU so far this season, but even within the EU there is stiff competition from Ukraine
- Sterling remains relatively strong against most major exporters' currencies apart from the US dollar

2016 OSR area down 14% according to Early Bird Survey

Early GB planting intentions for the 2016 harvest suggest a static total wheat area. Spring barley and pulses are expected to rise in area from the 2015 harvest, with a decline in oilseed rape and winter barley projected.

Joe Scarratt and Graham Redman, The Andersons Centre
01664 503200

17 November 2015

Introduction

The AICC / Andersons Early-Bird Survey (EBS) is undertaken each autumn to assess national cropping intentions. The survey is undertaken by the Association of Independent Crop Consultants (AICC) and The Andersons Centre. A team of 34 agronomists took part in the survey to gather data from 267,000 ha of arable land across all regions of Great Britain to establish cropping changes on individual farms as a representation for the national change in cropping. In previous years, the survey has been an accurate forecast of actual harvested areas.

Methodology

The survey is based on measuring cropping change from the harvest just completed to the current growing season and plans for spring drilling. Each farm is individually selected as those with no net change to their arable area, or where there is change, it can be reconciled within the rotation. In other words, because the survey measures the percentage change of each crop, the total crop area has to remain unchanged overall. Using the results from DEFRA's UK June Survey, it is then possible to forecast crop areas for harvest 2016.

Results

The results from the EBS are shown in Figure 1 and have been extrapolated onto the data from the provisional UK June Survey to produce forecasted crop areas for the 2016 harvest.

Autumn drilling conditions have been excellent in most parts of the UK, allowing the majority of planned winter plantings before rain towards the end of October. Typically, under these conditions, the UK tends to see a high proportion of autumn cropping. However, as was the case last year, the greater focus on spring cropping appears to be continuing, most likely due to agronomic challenges.

The **wheat area is forecast to remain relatively static at 1.83M hectares**. This includes spring wheat, which anecdotally is reported to be rising within the total wheat area. The forecast wheat area for 2016 equates to an area 2% below the past five year average.

The winter barley area is expected to decline marginally by 4%, whilst the area of spring barley is anticipated to continue its increase with the 2016 area forecast to be up 10% at 727 thousand hectares. This would be the highest area of spring barley since 2009 aside from 2013, which was driven by poor weather conditions in autumn 2012.

Despite excellent drilling conditions this autumn, the main reason for the increase in spring barley is likely to be the gradual shift towards more spring cropping in an attempt to manage the grass weed burden. New high yielding winter barley varieties continue to deliver good results, which in many cases offer a competitive margin in the rotation. However, the reliance on only pre-emergence chemistry for blackgrass control may be encouraging some towards spring alternatives.

The area of **oats** in 2013, 2014 and 2015 has been high, above historical averages. The area for 2016 is projected to increase by 13% on 2015 to 148 thousand hectares. A substantial shift away from oilseed rape may explain some of the increase, although only anecdotally. Crops of smaller area had a lesser area coverage in the survey so these results will be subject to greater uncertainty.

Figure 1 Early Bird Survey (EBS) estimates of UK crop areas for harvest 2016

Thousand Hectares	DEFRA June Survey 2015	EBS forecast harvest 2016	Change
All Wheat	1,833	1,825	0%
Winter Barley	442	424	-4%
Spring Barley	658	727	10%
Oats	131	148	13%
Other Cereals	36	63	75%
OSR	654	565	-14%
Other Oilseeds	18	21	16%
Pulses	211	242	15%
Arable Fallow	193	197	2%
Other Crops on Arable Land *	344	364	6%
Total	4,520	4,532	

* S. Beet, potatoes, maize, vegetables, roots, other stock feed

Source: Defra / The Andersons Centre

The **oilseed rape area is showing a sizable decline of 14%**, which equates to a projected oilseed rape area for 2016 of 565 thousand hectares. If confirmed, this would be 19% below the five year average and the lowest area of oilseed rape since 2009.

Whilst many had expected a reduction in oilseed rape area, this decline may be more significant than expectations given that the area had already declined by 3% from 2014 to 2015. Pest challenges remain and many contributors, particularly in the South East, had written off large areas of the crop already. However, the extent of the reduction is slightly surprising given that the price prospects for alternative break crops (pulses) have crashed since spring 2015.

Pulses saw a significant increase in area last year, and are yet again forecast to increase in area from 2015 to 2016 by as much as 15%, up to 242 thousand hectares. If correct, this would be the largest area of pulses since 2004. Whilst the agronomic benefits of pulses are favourable, a significant increase is slightly surprising given that changes in the economic prospects for peas and beans have reduced their attractiveness considerably compared to autumn 2015. Clearly, the contribution of pulses towards a farm's Ecological Focus Area (EFA) requirement under Greening is an important consideration for many.

Fallow land is seen increasing marginally, by 2%, to 197 thousand hectares. Despite some Entry Level Stewardship agreements ending, it is not surprising that the area has increased marginally. Where agreements have ended, this could normally encourage cropping of previously fallowed margins/field corners etc. However, with poor current market prospects and the

requirement for EFA's under Greening, there will be less desire to drill every acre when often these areas are marginal. Some contributors also reported the use of fallow as a blackgrass management tool on the worst affected fields.

The area of other crops on arable land (potatoes, sugar beet, vegetables and forage crops) is forecast to be higher, up by 6% to 364 thousand hectares. Contributors reported an increasing amount of maize and temporary grass on arable land. The additional maize is mainly destined for anaerobic digestion plants, as well as grass in many cases. More livestock areas reported an increase in the area of grass, which is not surprising given the relative profitability of cereals and the benefits of controlling grass weeds / building soil organic matter.

Closing Comment

The survey carries a track record of very accurate figures. Nonetheless, the survey only represents a snapshot at a given point in time and therefore, should be interpreted carefully. The reliability of the estimates for larger crops is greater, as are estimates for the winter crops as they are based on actual plantings, compared with planting intentions for spring crops.

Using the forecasts for harvest 2016 we can expect to see the wheat area remain similar to 2015, whilst spring barley and pulses gain considerable area, mainly at the expense of oilseed rape and to a lesser extent, winter barley.

Key Points

- Wheat area expected to remain similar to 2015
- Significant increase in spring barley and pulse areas forecast
- Oilseed rape area reduces significantly again

How concentrated are the world's grain supplies?

Global grains supplies are less concentrated than 15 years ago, with North America losing global share in both wheat and maize exports. Wheat exports are now fairly evenly distributed between North America, the FSU and EU. For maize, the US still dominates but has lost share to South America, and to a lesser extent the FSU.

Katherine Jack, Market Specialists team
Katherine.Jack@ahdb.org.uk, 02476 478805
 19 November 2015

Introduction

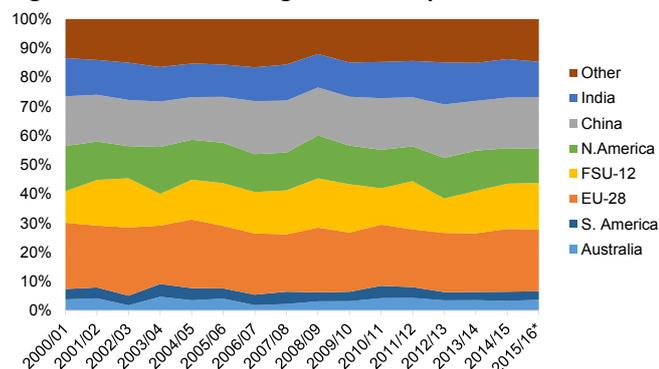
Imports and exports connect countries' grain prices to the global market, with changing conditions for key players in the market affecting the global price. Several key regions supply the majority of the grain supplies for export, and so looking at how much supplies are concentrated in these regions gives important context to market news. For example, a weather event affecting the US maize crop (which makes up over a third of global production) would have much more influence on global market prices than a weather event affecting crops in the EU (6% of global production).

This article looks at the concentration of world wheat and maize supplies over the last 15 years, with a particular focus on export supplies.

Wheat

Wheat production is fairly evenly distributed, with the five largest producing regions accounting for similar proportions (Figure 1). South America and Australia also account for notable proportions, around 3-4% of global production each.

Figure 1 Distribution of global wheat production



*forecast Source: USDA

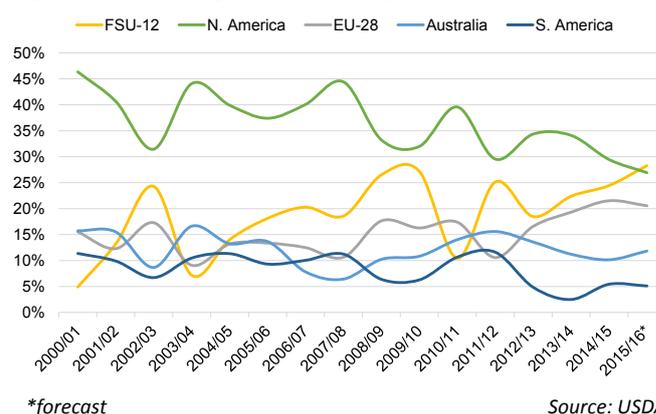
Total global wheat production has increased by nearly 150Mt since 2000/01, to a forecast 733Mt in 2015/16. Interestingly, this growth has been relatively uniform throughout all the regions. As a result, while there are fluctuations year-on-year, the distribution of production has remained similar.

Global trade in wheat has also grown and is forecast at 161Mt in 2015/16, up 59Mt compared with 15 years ago, but slightly down from the 2013/14 record of

166Mt. Although wheat production is fairly evenly distributed, the distribution of exports is increasingly more varied.

Fifteen years ago there was one dominant exporting region, now there are three (Figure 2). North America (principally the US and Canada) is the largest exporting region, but has been gradually losing ground – particularly to Former Soviet Union countries (FSU) and the EU.

Figure 2 Share of global wheat exports



*forecast

Source: USDA

After setbacks in 2010/11 following a poor harvest and export restrictions, the FSU's market share of exports has expanded again. **This season, the share of global exports from the FSU is predicted to slightly exceed pre-2010 levels.** If these forecasts are realised, the FSU would provide a larger share of global exports (28%) than North America for the first time.

Together, North America, the FSU and the EU consistently supply about 70% of the world's wheat exports. However, South America (mainly Argentina) and Australia play an important part in buffering supplies. In years when the Northern Hemisphere harvests do not go as well, the Southern Hemisphere is usually there to top up supplies midway through the Northern Hemisphere's marketing season – accounting for up to 27% of global exports in these years.

In terms of stocks, it is worth noting that China holds the largest portion of global stocks by a single region or country. **Around 30% of global wheat stocks were held in China for most of the last 15 years**, a figure that has increased slightly in the last few years and is predicted to reach 39% in 2015/16. Given the growing disparity between major forecasters about the levels of stock held in China, this increases the uncertainty of headline global stock forecasts.

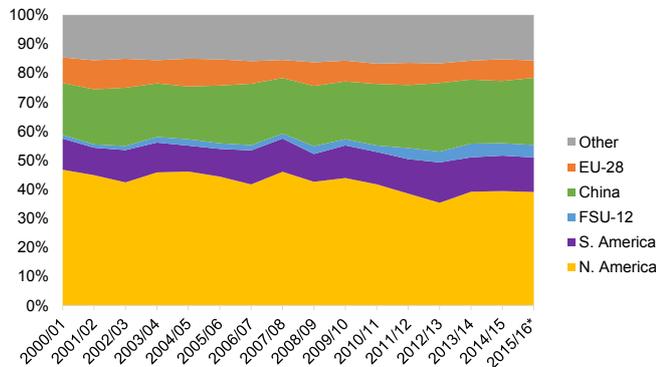
Maize

In contrast to wheat, global maize production is primarily dominated by North America (mainly the US), followed by China (Figure 3). However, there has been a decline in the proportion of maize grown in North America, decreasing from 47% of global output in 2000/01 to 39% in 2015/16. Global production has substantially increased (by 380Mt) over the past 15 years. A closer look at Figure

Continued....

3 shows that **North America's decreasing share of production is generally due to output in other regions, e.g. China and South America, growing at a comparatively faster rate.**

Figure 3 Distribution of global maize production

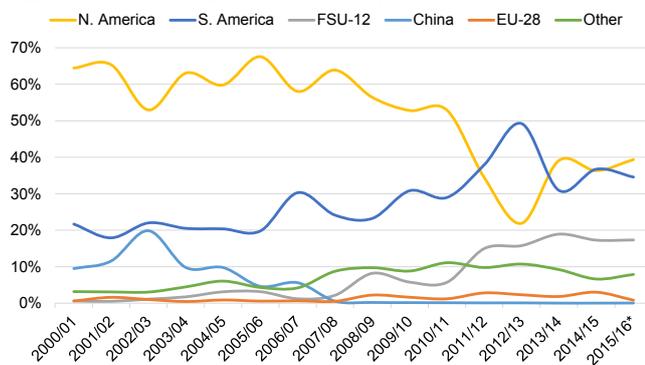


*forecast

Source: USDA

As with wheat, maize exports are less evenly distributed than production but the difference is even more exaggerated. At the beginning of the century the US supplied around 65% of global maize exports, with the next largest supplier, South America, only supplying 18-22%. However, in the intervening years, **South America saw strong growth in its exports and has been gaining market share from North America (Figure 4).** The USDA predictions for 2015/16 are that 39% of exports will be from North America and 35% from South America.

Figure 4 Share of global maize exports



*forecast

Source: USDA

As Figure 4 shows, the **FSU's share of global maize exports has also increased** from just 0.6% in 2000/01 to 17% in 2015/16, with most of the growth witnessed

since 2007/08. Initially the growth was driven by Ukraine but more recently, Russia has also started to increase its exports. In contrast, China was supplying around 10% of global maize exports in the early 2000's, but subsequently this has dropped to virtually no exports, coinciding with when exports from the FSU started to grow.

The **distribution of global maize stocks has seen some fluctuation** since the turn of the century. In recent years, similar to wheat, China has held an increasing proportion of global maize stocks. From 2000-2005, China's share in global stocks lost ground to North America, declining from 58% to 28%. After 2004/05, however, China's share of global maize stocks has increased, while North America's share has decreased. Over the past four years, China has accounted for over 40% of global maize stocks, the highest for any country.

Concluding comments

Global wheat output remains fairly evenly distributed with all key producing regions showing growth. Furthermore, global wheat exports are less dominated by North America, with the FSU and EU now supplying similar proportions. However, this dilution of the global exports share does bring some challenges in terms of transparency, as the flow of information on crop conditions, exports and production is more limited outside the US.

Maize supplies are more concentrated than those for wheat, but much less so than in the early 2000's. The rise of the South American producers offers the potential for greater stability, though weather events can and will still occur. There are suggestions that this trend may continue as maize production grows in the FSU.

Key Points

- Wheat export supplies are now fairly evenly distributed between North America, the FSU and the EU
- North America has dominated maize production and exports – but has lost ground to other countries
- South America is a growing source of maize
- The FSU is one to watch as it has been increasing its share in both wheat and maize exports

UK barley and the niche feed grain battle

UK barley will have to compete with global barley and sorghum for feed grain demand if it is to win export business to China. This article looks at the 2015/16 outlook for these crops.

Millie Askew, Market Specialists team
Millie.Askew@ahdb.org.uk, 02476 478968
 24 November 2015

Introduction

Over recent years barley and sorghum have become increasingly popular as livestock and poultry feed ingredients in China. In 2013, China turned to these alternative feed ingredients due to their affordability against maize. In an effort to decrease state stockpiles of maize, before the stockpiling policy is due to be scrapped next year, China may reduce imports of alternative feed

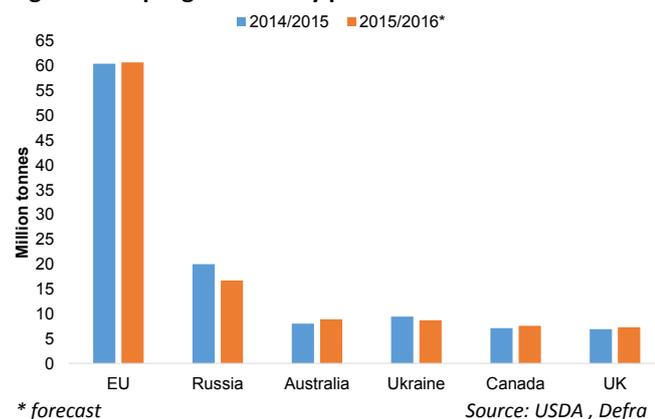
ingredients in 2015/16. The UK has recently signed a trade deal that will allow UK barley to be exported to China, but how much impact would a reduction in Chinese imports have on UK barley?

Global and domestic barley production forecast up for 2015/16

Global barley production for 2015/16 is forecast at 144.8Mt, 8% higher than the five year average and 3% higher than last season (USDA). Output in the EU, the biggest barley producer and exporter, is forecast to stay relatively similar to the previous season. Whereas the world’s second largest barley exporter, Australia, is forecast to produce 8.9Mt in 2015/16 despite previous weather concerns, 11% up on the year – Figure 1.

Looking at domestic barley production, the UK provisionally produced 7.28Mt for 2015/16 (Defra). This is an increase of 365Kt on the year and if confirmed, would be the largest UK barley crop since 1997. The increase in domestic barley production comes partly as a consequence of the CAP greening requirements and rotational considerations supporting the area, as well as strong yields.

Figure 1 Top 5 global barley producers and the UK



Sorghum production up by 20% since 2011

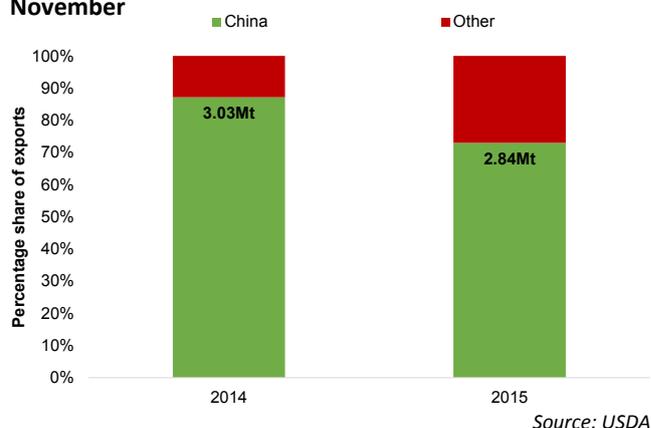
Global production of sorghum is forecast at 68.4Mt for 2015/16 by the USDA. If realised, global sorghum production would have increased by a fifth since 2011, while over the same time scale, global barley production will have increased by less than a tenth.

The world’s largest grower of sorghum is the US, which is forecast to account for nearly a quarter of world production this season. US production has increased rapidly over recent years, from 5.4Mt in 2011 to a forecast 15.1Mt in 2015. However, the future is uncertain for the continuing growth of the US crop - with El Nino ending much of the dryness that was the cause of the move to this more drought tolerable crop in the first place.

The US also dominates global trade, accounting for 74% of exports last season. Figure 2 shows US export

commitments by destination for the first few months of this season compared to last and there is a notable decline in exports of 197Kt to China. While back in the UK, sorghum is mainly used as part of cover crops for game birds.

Figure 2 US sorghum export commitments, September - November



What does this mean for UK barley?

In 2014/15, the UK exported the largest amount of barley in 15 years with 43% of UK total barley exports to non EU countries, the largest importer being Saudi Arabia.

The UK barley surplus available for free stock or exports this season is forecast at 2.7Mt, according to the AHDB Early Balance Sheet, which is 21% higher year on year. Therefore, large UK barley exports will again be required to prevent substantial stocks being carried into 2016/17.

UK barley has just broken into the Chinese feed grain market ([read more here](#)), where Australia, France and Canada are already established players. Over the last five years, exports of barley from Australia to China have increased by 82%.

UK barley will have to compete, not only with the established barley exporters but also with US sorghum, in order to win Chinese business. This is a task that could get even tougher if China does restrict imports of alternative feed grains.

Longer term, in the UK more farmers are turning towards growing barley as it can be described as a lower risk crop to grow than wheat. Strong exports, including to outside the EU, in recent years have helped support barley prices, comparative to those for wheat, and thus, the relative return from growing barley. These factors are likely to keep the total barley area relatively high and potentially production as well.

Exactly how much barley the UK exports depends partly on how competitive the UK is into markets outside the EU, such as China.