

The long and winding road

The 2009 barley outlook in Europe

When Munton's opened its new intake facilities at Bridlington, the Editor of this magazine introduced me to someone with the words: "...and Alan has been writing the UK Crop Report for many years...it is always pessimistic." I have to admit to feeling shocked at this statement! Is this true or am I just misunderstood?

by Alan Ridealgh

I have contemplated this for weeks before putting pen to paper again for this year! Of course, I would argue that I only reflect reality, being neither pessimistic nor optimistic. In truth, I am by nature an optimist in which case that makes my pessimistic articles even more so, if the reader feels depressed after reading my words penned in optimistic ink!

As in life as a whole, there is usually more than one way to look at any situation. From one perspective, all can be rosy while from another one can see creeping darkness. And that, I suppose, illustrates the extremes of the grain and especially malting barley supply world. If I take the first view and apply it to the availability of malting barley, I have to say that the 2009 crop is fantastic and there is lots of it! There, Mr Editor! Optimism!

Ah, but life is not as simple as this perspective would suggest. We now need to step back a little, broaden the vista and analyse again the scene before our eyes. If we only care to take one year at a time, then wonderful, but the moment our vision widens to include even an element of sustainability, I am sorry to say it is difficult not to wonder on our collective ability to seriously screw things up. Short term gain for long term pain!



Wonderful quality crops!



Above: Is barley on the road to nowhere?

Right: Why grow barley when you can grow wheat?

"The assumption of a plentiful supply of cheap agricultural commodities is no longer tenable. The food chain's first priority is to secure its raw materials. In the new era that the global food industry has entered, both farm businesses and their food chain customers will have to think more strategically about their relationships and be prepared to embrace change," said Siôn Roberts, Chief Executive, EEFP – English Farming and Food Partnership – at a recent conference.

EEFP is a specialist agri-food business consultancy working across the whole supply chain. It was, in fact, instrumental in helping Munton's create and fund a supply chain business with two farmer-owned companies as partners. I am grateful to Openfield, one of the partners in Munton's Malt Supply Chain Ltd, for the following excerpt from Hansard reporting on a Commons debate in 1938; "Mr W Roberts asked the Minister of Agriculture whether in view of the increasing profits made by brewers and distillers – no



mention of maltsters or merchants! – such buyers of malting barley will now be required to pay a guaranteed price which would cover the cost of production of British malting barley?"

The Minister, Mr W.S. Morrison replied; "The Barley Conference to which I referred in my statement of 9th December has been invited to consider what measures might be adopted to prevent a recurrence of the price situation that has developed this season. The



Can crops get better than this?

Hon. Member will, I am sure, recognise that it would be undesirable that I should in any way prejudge the outcome of their deliberations by expressing an opinion upon any particular proposal such as that which he suggests.

Mr Roberts then asked however, if this would be one of the proposals before the conference and the minister confirmed that indeed a very similar one will be put before the conference.

1938 to 2009. Nothing changes. The pessimist would argue that as the market has see-sawed every year with short term concentration based on supply only for so long, it will never change. There is probably a physical law that prevents otherwise sensible people finding a way to set up sustainable supply chains, maybe $S=A \times C$

Where S = sustainability, A = availability and C is a constant derived from co-operation and incorporating cost and future investment but is insoluble if no one tries.

I really struggle to understand the lack of a sustainable supply chain in many aspects of making barley supply. Surely it is in everyone's best interests to prevent the shortages of 2007 whilst at the same time reducing the huge wastage that occurs now – of tonnes, of time and of money. The reason for this inability to protect the future is, I suppose, fear of the present. Farmers always want to do better than their neighbours and the market; brewers likewise wish to buy their malt at the bottom of the market or at least to have a better price than their main competitors.

It doesn't have to be like this! It only takes acceptance of each piece of the chain's costs, linked with a focused desire to work on



No food miles here.

“
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UK BARLEY – 2005 to 2009

UK WINTER CROP	2005	2006	2007	2008	2009
AREA – thousand hectares					
England	321	322	319	346	347
Rest of UK	63	66	84	71	57
United Kingdom	384	388	393	416	404
PRODUCTION – thousand tonnes					
England	2064	2124	1897	2294	2160
Rest of UK	451	484	451	508	406
United Kingdom	2505	2608	2338	2802	2566
YIELD – tonnes per hectare					
England	6.4	6.6	5.9	6.6	6.2
Rest of UK	7.2	7.4	7.0	7.2	7.2
United Kingdom	6.5	6.7	6.1	6.7	6.4
UK SPRING CROP	2005	2006	2007	2008	2009
AREA – thousand hectares					
England	274	243	258	319	424
Rest of UK	279	251	257	297	327
United Kingdom	553	494	515	616	751
PRODUCTION – thousand tonnes					
England	1478	1227	1315	1734	2347
Rest of UK	1514	1404	1426	1607	1833
United Kingdom	2990	2631	2741	3341	4180
YIELD – tonnes per hectare					
England	5.4	5.1	5.1	5.4	5.5
Rest of UK	5.4	5.6	5.6	5.4	5.6
United Kingdom	5.4	5.3	5.3	5.4	5.6

AREAS OF MAIN CROPS AND MANAGED GRASS IN THE UK ('000 ha)

GROWING SEASON:	2003/4	2004/5	2005/6	2006/7	2007/8
Wheat	1990	1867	1836	1830	2080
Barley	1007	938	881	898	1032
Total Cereals	3130	2919	2864	2865	3274
Potatoes	148	137	140	140	144
Sugar Beet	154	148	130	126	120
Oilseeds	528	564	604	687	614
Peas/beans (dry)	242	239	221	161	148
Other crops (excl. Grass)	387	429	446	441	439
Industrial crops on set-aside	60	77	0	0	0
Grass <5 yrs old	1246	1193	1137	1176	1141
Grass, 5 yrs old >	5620	5711	5967	5866	6036
Total UK area	11515	11417	11521	11580	11916
Set-aside (total) + fallow	888	899	883	606	196

Source: Delta

WORLD CROP PRODUCTION

	Production (million tonnes)			Area (million hectares)		
	2009/10**	2008/9*	2007/8	2009/10**	2008/9*	2007/8
WORLD TOTAL GRAIN (inc Rice)***						
USA	413.9	400.6	412.0	57.8	60.7	61.6
Canada	46.9	55.8	47.9	15.2	16.4	16.0
Argentina	28.4	25.6	45.6	6.4	7.9	10.9
Australia	34.7	32.5	23.5	20.3	20.1	18.9
China	412.5	420.0	399.3	66.7	85.9	84.8
India	204.6	216.7	213.1	98.6	90.7	99.5
Russia	93.4	103.3	78.9	45.7	43.9	41.1
Ukraine	42.8	50.4	27.2	14.5	14.5	12.7
EU-27	294.0	313.6	268.9	68.7	60.4	55.9
Total	2194.3	2228.9	2120.0	694.6	694.8	690.7
WORLD BARLEY (Jul/Jun)***						
USA	5.0	5.2	4.6	1.3	1.5	1.4
Canada	9.2	11.8	11.0	3.0	3.5	4.0
Australia	7.9	6.8	5.9	4.5	4.5	4.4
Russia	17.4	23.2	15.2	9.3	9.6	9.8
Ukraine	11.9	12.5	5.9	4.9	4.2	4.1
EU-27	62.3	65.4	47.5	14.0	14.5	13.7
Total	147.2	153.9	133.0	56.8	56.2	57.3

Sources: USDA, Stats Canada, ABARE, other trade sources

* Estimate, ** Forecast, *** as USDA



Slow recovery.

reducing those costs together to reduce inefficiency. Farmers need to cover their costs of seed, fertilizer, wages, chemicals, land, machinery etc and have enough to re-invest. Malsters need to cover their costs of manufacturing, of bank interest and again, crucially, have enough margin to continue to invest. Brewers need to have the most appropriate raw materials for their process – and not just focused on price, but performance throughout the brewing process too. I am sure if it was possible to plot over the last 30 years the average barley price and the average malt price and compare them with the cost of growing malting barley and making malt, there would be in balance; but from year to year the swing can be massive and very painful. It doesn't have to happen!

Back to the harvest!

The growing conditions for the 2009 winter malting barley crop were extremely unusual – poor seed beds, cold winter with snow and heavy rain followed by a late spring and early summer drought. And then to compound all of this, the first part of harvest was in wet and unsettled weather. I had always believed that poor seed beds resulted in below average yields. I had always understood that a dry May and June gave high nitrogens. Everything about the 2009 crop screamed 'ordinary' or even 'poor'.

Well, in the end yields were maybe down on the average, but only just and not in all regions. And quality was superb! Bold, low and mid-nitrogen barley graced the combine and flew through the grain intakes, with low moistures in the areas south of the Humber, higher further north and poor in the Borders, as constant rain ruined everything. Both Pearl and Flagon were excellent with the majority of the crop exceeding 95% full barley – the "normal" is 90% – and with hardly any grain over 1.80% nitrogen. There was not enough Cassata around to comment with authority, but the feeling was that it too enjoyed a good season.

The old favourite Maris Otter produced some excellent samples particularly in Suffolk, Cambridgeshire and the South

Yorkshire too saw some lovely samples come to the market.

The market was however in general very confused and stop-go. Most malsters had little available intake space and seemed to only take in barley on pre-harvest contracts finding it impossible to pick up spot barleys on a falling market. This resulted in a further weakening of the market as some growers and merchants discounted heavily to get what little movement remained. This was made worse by the high carry-instocks of both old season's barley and malt due to the lack of pull from the breweries for malt. Very soon October became the movement month and then pretty quickly January (2010!) was mooted. And this was in the first week of August!

The spring barley crop was adding to the pressure. It looked clear that a big harvest was coming and it soon proved to be so, one of the best-yielding on record. Quality also was excellent – even on those farms where the crop was only planted because the previous autumn was too wet for wheat. This boosted the area by 20% from normal. The relatively new variety Tipple, from New Farm Crops Syngenta, leaders in the field of spring malting barley breeding, dominated the scene with some Otic, Cocktail, Westminster and new variety Quench. Tipple is one of those rare varieties; it meets the need for the highest malting quality combined with support from growers due to its impressive agronomic performance.

The combination of good yields and large area cropped resulted in a huge UK barley harvest, exceeding 6.7 million tonnes, the highest for some years. And thereby the problems began. Reduced demand, terrible movement opportunities and prices to the farmer of around £15 to £20 per tonnes below cost caused massive disappointment. It was soon clear that the area to be sown to barley for the 2010 harvest would fall away significantly. Initially, assessment of the impact of this was measured by farmers sowing intentions and seed sales of winter barley; down a minimum of 15%, mostly malting barley varieties.

2009 UK CROP QUALITY

Average grain nitrogen (% dwt)

Winter		Spring	
Cassata	1.60	Cocktail	1.67
Flagon	1.61	Quench	1.62
Pearl	1.68	Tipple	1.09

Range of barley nitrogen

ENGLAND

Winter	Spring
42% under 1.6%	50% under 1.6%
34% 1.61–1.75%	46% 1.61–1.85%
24% over 1.75%	5% over 1.85%

SCOTLAND

Spring
65% Under 1.65%
20% 1.66–1.85%
15% 1.86–1.85%

Although September and early October were unusually dry in the east of England, farmers still expressed their dissatisfaction with the malting barley world by drilling winter wheat despite seeing depressed price levels in this market too. It appears that the already large acreage sown to wheat will rise a massive 11% for harvesting in 2010, removing another 200,000 hectares from availability for spring barley sowing. In other words, removing the possibility of seeing over one million tonnes of spring barley for 2010. Indeed, it is entirely feasible that for the first time ever, at least in modern terms, the total UK barley crop could drop below 5 million tonnes.

This is where I become very optimistic! Once availability becomes so low, then the supply chain has to act; and quickly, before malting barley, globally already a minor crop becomes unimportant to UK agriculture.

The tables with this article can be read in both positive and negative ways, but to me they show some worrying trends, which point to further competition for area in the UK as the biofuel industry eventually gets going and globally the fact that we are so reliant on good harvests.

But deep down, I suspect we all know that anyway! At least I can say with certainty that the 2009 harvest in the UK, apart from a blip in Scotland, was fantastic! 🍷



Alan Ridealgh measures the crop – pessimistic or optimistic?