



USDA Foreign Agricultural Service

# GAIN Report

Global Agriculture Information Network

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## United Kingdom

### Grain and Feed

### UK cereal crop down 9 percent

**2007**

**Approved by:**

Debra Henke

U.S. Mission to the EU

**Prepared by:**

Steve R. Knight

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**Report Highlights:**

The UK Government has released provisional estimates of the 2007 UK cereals harvest. Wheat production is put at just 13.4 MMT and that for barley at 5.1 MMT. These are down 9 and 2 percent, respectively, on 2006 production levels and are below most previous trade estimates. The year-on-year falls are thought to be due to the unusual weather conditions experienced by the UK over the summer, which saw flooding in some parts of England and reduced sunshine hours over much of the country. The reduced crop and high cereal prices have put a strong focus on the animal feed sector. Most market commentators are suggesting that the availability, or otherwise, of reasonably priced alternate feedstock will now be a determinate factor for the UK cereal balance this season.

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Includes PSD Changes: No  
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On October 11, 2007 the UK Government's Department for Environment, Food & Rural Affairs (Defra) released provisional estimates of the 2007 cereal production harvest. At 19.35 MMT, it is 7 percent lower than the 2006 harvest of 20.82 MMT. The most notable drop is for wheat, which at 13.36 MMT is 9 percent down on the previous year's crop of 14.74 MMT.

Defra puts the wheat planted area for the 2007 harvest at 1.819 million hectares, just 1 percent down on the previous season. It is the average yield, at 7.3 tons per hectare, 9 percent down on the 8 tons per hectare recorded in both 2005 and 2006, that pulls the production down to 13.36 MMT.

For barley, Defra estimates the winter barley area for the 2007 harvest was 2 percent down on 2006 at 378 million hectares. Like wheat, according to Defra, winter barley yields fell dramatically in 2007 and at 6.2 tons per hectare were 8 percent down on the previous season. Together this meant a 10 percent decline in the winter wheat crop to just 2.34 MMT. Spring barley was more of a success story. The 3 percent increase in area, to 507 million hectares, and a near traditional yield of 5.5 tons per hectare, saw the spring barley harvest rise 7 percent to 2.81 MMT. This has redeemed the total barley harvest such that it has fallen just 2 percent on 2006 to 5.15 MMT.

While some grain traders in the UK had been anticipating the UK wheat crop would be put at around 13.0 to 13.5 MMT, others were continuing to work on a range of 13.5 to 14.0 MMT. Indeed, while the UK did suffer heavy summer rains and localized flooding, it had previously been thought that the main arable areas had escaped the worst of the damage. If Defra's provisional estimates prove correct, it will be clear that this damage was more widespread than previously thought and that the crop has also suffered from the reduced sunlight hours recorded this summer.

With an official production number now in circulation, industry talk is focusing on the remainder of the cereal balances. The UK Government will release its first set of balances for the 2007/8 marketing year in early November. In the meantime, the main subject of discussion in the trade is the availability, or otherwise, of reasonably priced alternate feedstock. While to the casual observer, the tight supply situation might suggest little or no exportable wheat and barley surplus, the high cereal prices mean that farmers will be increasingly looking to find alternative feed sources. As such, the UK could still be a player on the cereal export market this season.