

POSITION STATEMENT

Milling industry usage and assurance of imported milling wheat

02 February 2023

Overview

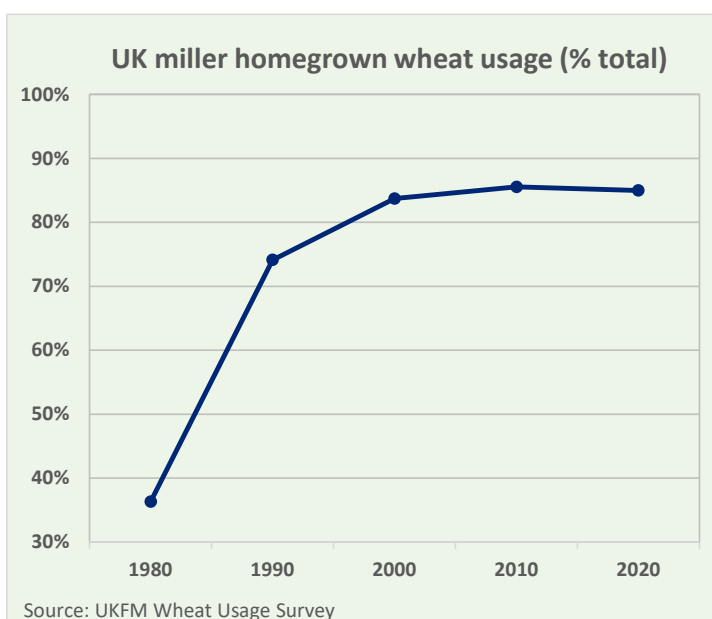
All domestic wheat used by UK millers is assured under the Red Tractor Combinable Crops or the Scottish Quality Crops (SQC) scheme, which sets out standards growers must meet in terms of good farming practice, storage, and food safety, as well as environmental protection. Whilst the majority of wheat used by the UK flour milling industry is homegrown, imported wheats are used for their specific functionalities. Some farmers have expressed concerns that the requirements of the Red Tractor scheme are putting them at a competitive disadvantage, facilitating this use of imported wheat. From a flour milling perspective we do not think this is credible as these wheats are not imported on the basis of price, and evidence suggests assurance requirements in competing origins used by UK millers are equivalent to those of Red Tractor. Furthermore, the testing requirements needed for imported grain are a clear demonstration of the value of Red Tractor to growers.

Why millers use imported wheat

Millers use imported wheat for reasons of quality and provenance, not price. Wheat imported by UK millers is generally more expensive than UK wheat because of the high protein content and shipping costs. At 19 January 2023, AHDB was quoting a delivered price of UK bread wheat of £290.50/tonne (Northamptonshire, nearby). In the same week, high protein German and Canadian wheat were quoted at £376.00/tonne and £400.00/tonne respectively. Millers therefore try to maximise use of homegrown wheat provided the right quality is available.

French wheats are imported for reasons of provenance and specific milling characteristics. Canadian wheat used by millers is typically Canadian Western Red Spring (CWRS), notable for its high protein content and strong gluten. For some flours requiring a high protein strength to maintain dough structure, these wheats are a crucial element alongside lower protein UK wheat. The German wheat used by UK millers is typically 'E' grade, with a high protein content and strong gluten, this grade of wheat is known for consistent quality across a bulk and across seasons. German E wheats are used to smooth out variation in protein quality and quantity from available homegrown wheats, as well as substitute for UK high protein wheats in seasons of poor availability.

Having said that, significant advances in wheat protein content and quality achieved by plant breeders led to a significant increase in the proportion of homegrown wheat used by UK flour millers, from only 35% in the 1970s to 80-85% in recent years, depending on the season. Of the 15% of our wheat demand that is met with imported grain, the majority comes from Canada (typically 10%), with approximately 5% from Germany and a small proportion from France (<1%).



The assurance of imported milling wheat

Imports are not assured specifically under Red Tractor standards, but by other means within different systems. This year, UK Flour Millers representatives visited German wheat farms and export facilities to better understand the standards to which their milling wheats were grown.

In Germany the vast majority of Red Tractor standards (including record keeping requirements) are covered by equivalent German and EU regulation. These requirements are inspected during cross-compliance audits managed by regional (*Länder*) authorities. Although not every standard is covered, there are areas in which German regulations go beyond Red Tractor requirements, for example in relation to the quantity of nitrogen fertiliser applications and associated recordkeeping. Unlike Red Tractor, the audits are unannounced and poorer performers are audited more frequently, with all farms audited at least once every three years. Compliance failures result in heavy fines (up to 100% of single farm payments) and strict improvement notices. In addition to this rigorous system, grain merchants and coops are GMP+ assured and require an annual inspection of farm grain stores and driers to ensure they are of a good standard and free from vermin infestation. Some merchants and coops have additional requirements that go beyond those of GMP+, for example in relation to biosolid application windows. These additional requirements are checked during the annual GMP+ inspection, which is also unannounced.

Although German wheat is not imported for reasons of price, it could be considered a competitor as it can directly substitute for UK milling wheat in most grists (the blend of wheats used to produce a flour). As such, it is reassuring that the standards to which German milling is grown are at least equivalent to those of Red Tractor. On the other hand, Canadian wheat is imported for unique quality characteristics that cannot be met by varieties grown in the UK, and our research confirms the standards, record keeping and auditing requirements to which these wheats are grown cannot be considered equivalent to Red Tractor. This is understood by the milling industry, hence the rigorous checks imported Canadian wheat must pass. In addition to checks on the technical qualities, a sample is taken from each lot of 200 tonnes and tested for a suite of agrochemical residues, mycotoxins and other potential contaminants (using reference methods, not rapid test kits) at the seller's expense. These testing requirements demonstrate the value of Red Tractor, as compliance with the standards gives millers the confidence that these tests are not required of homegrown milling wheat, saving the significant cost these tests incur.

What requirements would unassured UK wheat need to meet for millers?

UK millers unanimously require homegrown wheat to be assured under Red Tractor or SQC schemes. These schemes are simple, well-understood and have excellent compliance rates. Unlike the legal requirements applying in competing origins, the standards are developed with significant farmer input, giving confidence that the scheme is appropriate and reflect modern farm practice. If a farmer wishes to sell unassured grain to a UK flour mill, they would need to provide agrochemical and mycotoxin test results for at least every 200t of grain drawn from the same bulk, at their own expense. A representative from the milling business or merchant would also be needed to supervise the loading and sampling, again at the seller's expense. At this moment in time, millers within UKFM membership do not consider this an efficient means of procuring wheat and instead require assurance under either Red Tractor or Scottish Quality Crops. If a competing assurance scheme were to be established, UKFM members would require standards to be as stringent as those within the existing schemes.