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Annual Report

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Report Highlights:

Ukrainian oilseeds production in 2000 is expected to be lower due to a decrease in area under sunflower cultivation, in response to the introduction of a 23% sunflower seed export duty and decreased financing. Sunseed exports are projected to decrease dramatically in MY 1999/00 compared with the previous year and will continue to decrease in MY 2000/01 as a result of the duty. Ukraine will still cover increased domestic demand in vegetable oils by expanding rapeseed processing. Protein meal exports will increase in MY 1999/00 despite severe compound feed shortages in Ukraine. The lack of available financing for oilseed crushing plants, as well as for livestock and poultry facilities will remain the major limiting factor for U.S. soybeans and soybean meal exports to Ukraine.

Includes PSD changes: Yes

Includes Trade Matrix: Yes

Annual Report

Warsaw [PL1], UP

Executive Summary	1
TOTAL OILSEEDS	2
Production	2
Consumption	3
Trade	3
Stocks	4
Policy	4
Import Duties on Basic Oilseeds (except seeds for sowing)	4
Marketing	4
Sunflower seed PSD Table	5
Sunflowerseed Import Trade Matrix	6
Sunflowerseed Export Trade Matrix	6
Rapeseed PSD Table	7
Rapeseed Import Trade Matrix	8
Rapeseed Export Trade Matrix	8
Soybean PSD Table	9
Soybean Import Trade Matrix	10
Soybean Export Trade Matrix	10
TOTAL MEALS	11
Production	11
Consumption	11
Trade	11
Policy/Marketing	11
Sunflower seed Meal PSD Table	12
Sunflower Seed Meal Export Trade Matrix	13
Rapeseed Meal PSD Table	14
Soybean Meal PSD Table	15
Soybean Meal Import Trade Matrix	16
Soybean Meal Export Trade Matrix	16
TOTAL OILS	17
Production	17
Consumption	17
Trade	18
Stocks	18
Policy	19
Sunflower seed Oil PSD Table	20
Sunflowerseed Oil Import Trade Matrix	21
Sunflowerseed Oil Export Trade Matrix	22
Rapeseed Oil PSD Table	23
Rapeseed Oil Import Trade Matrix	24
Rapeseed Oil Export Trade Matrix	24
Soybean Oil PSD Table	25
Soybean Oil Import Trade Matrix	26
Soybean Oil Export Trade Matrix	26

Executive Summary

Area under sunflower cultivation in 2000 is expected to decrease as a result of a 23 percent oilseed export duty introduced in September 1999. Traders who have in the past provided agricultural inputs to the farmers will significantly reduce financing in response to decreased profitability of sunflower seed exports. Rapeseed's increased production is expected to more than double in 2000 and reach 320 TMT; however, sunflower will remain the major oilseed crop contributing an estimated 85 percent of the total 2000 oilseed production.

Overall, oilseeds exports in MY1999/00 and in MY 2000/01 are expected to decline and remain low until 2002, the year when a 23 percent export duty will be lifted, according to the legislation. Sunflower seed exports in MY 1999/00 are projected to decrease dramatically compared with MY 1998/99 and continue to decrease in MY 2000/01. Rapeseed exports, not affected by the duty, should increase unlike like flax, sunflower and other oilseeds.

Oilseed processing has already attracted some foreign investment which has facilitated an increase in the total crushing capacity of the industry. Total crushing capacity; however, will not be fully utilized due to the lack of financing and high import duties on all oilseeds except soybeans. Imports of soybeans in MY 2000/01 are expected to increase because of the high domestic interest in soybean processing and a zero import duty, although the level is not expected to exceed 20 TMT.

Domestic protein meal consumption and exports will increase in MY 1999/00 reflecting increased crushing and in order to meet favorable foreign demand. Overall protein meal domestic consumption is expected to increase in MY 2000/01 due to the projected increased rapeseed and imported soybean meal utilization. Both domestic sunflower meal production and exports are expected to decrease in MY 2000/01 reflecting a projected decrease in crop availability. Soybean meal will have the best prospects for imports because of a zero import duty.

Sunflower oil will remain the major vegetable oil for the consumers in Ukraine, although, the share of rapeseed oil in increasing domestic vegetable oil consumption is projected to grow from an estimated 5% in MY 1999/00 to 13% in MY 2000/01. Ukraine will cover the domestic needs in vegetable oil but will continue to import olive, palm and other oils that are not produced in Ukraine.

TOTAL OILSEEDS

Production

Area under sunflower seed cultivation in CY 2000 will be reduced as a result of the introduction of a 23% oilseeds export duty. The duty was introduced on September 10th, 1999 by the Law # 1033-XIV and will be in effect until July 1, 2002. In addition, the Ministry of Agro-Industrial Complex of Ukraine has repeatedly accused farmers of depleting soils by increasing area under sunflower cultivation and not practicing sound crop rotation. Ministry officials believe optimal sunflower area in Ukraine should not exceed 1.6-1.7 MHA. However, despite this, area will probably exceed 2 million hectares in 2000. Ukrainian oilseed production in MY 2000/01 will be lower than in MY 1999/00 due primarily to significantly decreased area under sunflower cultivation.

Total oilseed production in MY 1999/00 is estimated higher compared with MY 1998/99 due to significantly increased sown area for sunflower, rapeseed and soybeans. Oilseed production in Ukraine will continue to be dominated by sunflower seed. This increased crop production, in addition to restrictive export duties should permit greater utilization of existing Ukrainian crushing capacities in 1999/00 as sunflower seed production in 1999 has been the highest since 1995.

Sunflower seed sown area in CY 1999 has increased an estimated 78 per cent since 1991 while average yields have decreased some 38 per cent during the same period. Decreasing productivity is due to reductions in the use of mineral fertilizers and plant protection chemicals. Sunflower seed remains among the few profitable commodities produced and traded in Ukraine. This has encouraged farmers in Odessa, Kirovograd, Mykolaiyv, Dnipropetrovsk, Zaporizhya and Donetsk Oblasts to grow sunflower at the expense of grains and corn.

Increased sunflower seed exports in MY 97/98 and 98/99 and financial limitations in the domestic oilseed industry forced the processors and farmers to emphasize rapeseed production. Currently, rapeseed is one of the most profitable crops for farmers in Western Ukraine. Planted rapeseed area more than tripled in 1999 compared with the previous year, of which 269,000 hectares was spring rapeseed and 62,200 hectares winter rape planted in Fall 1998. Considerable frost damage in Spring 1999 worsened by severe weed infestation and low fertilizer use reduced rapeseed harvested by 40 percent compared with sown area.

Official 1999 statistics for winter crops planting indicates that farmers more than doubled winter rapeseed area to 137,000 hectares compared with the previous year. Increasing rapeseed production is projected to partially compensate for decreasing sunflower seed production in MY 2000/01. According to the GOU officials, the total area sown with rapeseed in 2000 may reach 350,000 hectares and increase up to half a million hectares by 2003.

West European companies are active in selling seeds and equipment for rapeseed cultivation in Ukraine. The Ukrainian-German Joint Venture *Railyn* began a three-year rapeseed development program which will include multiplication of imported rapeseed varieties, rapeseed growing, financing and processing in eight Ukrainian Oblasts. The French Federation of Oil Crops, *Prolea*, with a support from the Government of France announced plans to fund a 5,000 hectare operation to multiply French rapeseed varieties in Invano-Frankivsk Oblast, Western Ukraine and to start rapeseed processing.

Soybean production is still not significant in Ukraine and is concentrated on irrigated lands in Southern Ukraine. Kherson Oblast is the major producing area which contributed 55 % of total Ukrainian soybean production.

Consumption

Total oilseed consumption/utilization in MY 2000/01 is projected to decrease slightly compared with the revised MY 1999/00 level mostly due to expected decrease in sunflower seed crushing. Total oilseed consumption in MY 99/00 has been revised because of the introduction of an oilseed export duty introduced in September 1999 which limited sunflower seed export opportunities and forced the traders to process seeds domestically.

Ukrainian oilseed processing capacity will expand in MY 1999/00. It is expected that *Cargill Enterprises, Inc.* will begin operation in its \$50 million oilseed crushing factory in Donetsk Oblast in late January 2000. The annual crushing capacity of this factory is estimated 300 TMT. Cargill is currently purchasing sunflower seed for crushing and plans to process 140 TMT of sunflower seed from the 1999 harvest.

Swedish *Doliya* Oil Processing Plant started operation in April of 1999 in Kherson Oblast. The plant has an estimated annual crushing capacity of 100 TMT of oilseeds. The company also has investments in ketchup, tomato paste, and processed vegetable production facilities in Ukraine.

Trade

Ukraine resumed exports of sunflower seeds in 1996 after a two year ban on oilseed exports was lifted by the Ukrainian Government. The ban was introduced in 1994 in order to accumulate state-owned stocks and to ensure domestic vegetable oil supply (Cabinet of Ministers of Ukraine Resolution # 718 dated October 18, 1994). There were no export limitations between 1996 and 1999.

Sunflower seed has been exported to the European Union, Turkey and other countries with excess crushing capacities. Overall oilseeds exports are expected to decrease twice MY 1999/00 compared with the MY 1998/99 and continue to decrease in MY 2000/01. The government does not intend to lift the duty despite pressure from the IMF and domestic sunflower seed traders. Rapeseed exports in MY 2000/01 are projected higher than the revised MY 1999/00. The major markets for Ukrainian rapeseed are Turkey, Poland, Lithuania and other neighboring counties.

Ukraine has never produced enough soybeans to cover domestic processing and livestock industries demands. Soybeans have the best prospects for imports among all other oilseeds due to a zero duty on imports. There are three large-scale crushing plants that are the most suitable for soybean processing along with some smaller plants. The most desirable time for importing soybeans to Ukraine is the March-June period when processors have finished crushing sunflowers and before they begin to process rapeseed. Soybean imports will likely remain low in MY 1999/00 due primarily to the lack financing while MY 2000/01 soybean import are projected at a higher level based on the interests of some oilseed crushers to process soybeans in Ukraine. Estimates of soybean imports in MY 1998/99 have been reduced based on lower officially reported import numbers.

Stocks

Overall oilseeds stocks in MY 2000/01 are projected to decrease compared with the revised level of MY 1999/00 because oilseed processors are expected to increase direct purchases of sunflower seed from farmers. Increased ending stocks for MY 1999/00 can be explained by increased on-farm storage. Farmers are hesitant to deliver oilseeds to the processors due to often low prices and unfavorable payment conditions. This encourages on-farm crushing and storage. Farmers are also increasing on-farm storage to avoid exposing their crop to the tax authorities who have collected sunflower seed as a payment for the previously supplied inputs by the government.

Policy

Ukraine has maintained high import tariffs to protect its domestic market from imported sunflower seed and rapeseed despite the underutilization of local crushing capacity. The policy favors soybeans allowing duty free imports.

Import Duties on Basic Oilseeds (except seeds for sowing)

Ukrainian HS #	Description	Import Duty for the MFN countries including the U.S.
1201	Soybeans, Whether or Not Broken	0
12021	Peanuts (Ground-nuts), Not Roasted or Otherwise Cooked, in Shell (in packages less than 10 kilograms)	5 %, but not less than EUR 0.05 per 1 kilogram
12022	Peanuts (Ground-nuts) Not Roasted or Otherwise Cooked, Shelled, Whether or Not Broken, for Use as Oil Stock or In Further Industrial Processing (in packages more than 10 kilograms)	0
1203	Copra	5%, but not less than EUR 0.03 per kilogram
1204	Flaxseed (Linseed), Whether or Not Broken	5%, but not less than EUR 0.03 per kilogram
1205	Rape or Colza Seeds, Whether or Not Broken	5%, but not less than EUR 0.02 per kilogram
1206	Sunflower Seeds, Whether or Not Broken	50%, but not less than EUR 0.5 per kilogram
1207	Palm Nuts and Kernels, Other Oilseeds	30%, but not less than EUR 0.3 per kilogram

Marketing

Sunflower seed traders may supply up to 95-100 % of seeds, fuel, fertilizers and chemicals during the season to the farmers on barter terms in return for a share of the new crop. Barter and tooling deals (a trader receives a portion of oil and meal from the seeds delivered for processing) dominate the Ukrainian oilseeds industry. The crushers leave 13-20% of oilseeds delivered for crushing as a payment for the processing. After the oilseeds have been processed, the traders sell in the domestic market or export their share of oil and meal. It has been estimated by the industry that 80% of sunflower seed are processed on a tooling basis. In 1998, farmers sold only 70 TMT tons of sunflower seed directly to processing plants for money.

A potential barrier to U.S. soybean exports is the absence of a biotechnology regulatory framework. Ukraine has not yet adopted the Law on the State Policy in the Area of Biotechnology which would establish more transparent procedures for imports of G MO crops into Ukraine. This legislation is expected to be proposed by the Cabinet of Ministers of Ukraine to the Parliament during January-March 2000 and unlikely will be approved before the end of this year. According to the draft legislation, importers of GMO materials for further processing will have to have it tested and approved by the Ministry of Health for food safety compliance.

Sunflower seed PSD Table

PSD Table						
Country	Ukraine					
Commodity	Oilseed, Sunflowerseed			(1000 HA)(1000 MT)		
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		09/1998		09/1999		09/2000
Area Planted	2450	2516	2900	2860	0	2200
Area Harvested	2400	2400	2800	2780	0	2150
Beginning Stocks	8	8	10	10	19	57
Production	2266	2266	2700	2720	0	2100
MY Imports	3	2	3	2	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	2	0	2	0	0
TOTAL SUPPLY	2277	2276	2713	2732	19	2157
MY Exports	871	876	500	450	0	200
MY Exp. to the EC	100	520	0	220	0	100
Crush Dom. Consumption	1290	1300	2090	2100	0	1840
Food Use Dom. Consump.	25	25	25	25	0	20
Feed,Seed,Waste Dm.Cn.	81	65	79	100	0	70
TOTAL Dom. Consumption	1396	1390	2194	2225	0	1930
Ending Stocks	10	10	19	57	0	27
TOTAL DISTRIBUTION	2277	2276	2713	2732	0	2157
Calendar Year Imports	3	2	3	1	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	875	908	500	500	0	200
Calndr Yr Exp. to U.S.	0	4	0	0	0	0

Sunflowerseed Import Trade Matrix

(MT; Time period Jan-Dec.; Partial period Jan.-June)

Imports for:	1997	1998	1998	1999
	Full	Full	Partial	Partial
U.S.	136	58	1	0
Others				
Russia	1162	0	0	134
Moldova	357	462	352	82
France	274	604	562	220
Yugoslavia	169	33	13	4
Turkey	42	26	26	112
Hungary	30	92	32	19
Spain	8	378	257	99
Germany	3	10	10	0
Total for Others	2045	1605	1252	670
Others not Listed	16	37	36	16
Grand Total	2197	1700	1289	686

Source: State Statistics Committee of Ukraine based on information of the State Customs Service of Ukraine

Sunflowerseed Export Trade Matrix

(MT; Time period Jan-Dec.; Partial period Jan.-June)

Exports for:	1997	1998	1998	1999
	Full	Full	Partial	Partial
U.S.	36508	3819	3720	0
Others				
Netherlands	180787	150874	33913	23286
Turkey	151238	155237	71434	67819
Belgium	137333	81161	22860	0
Spain	112571	108709	41594	49643
Italy	86823	73549	21218	30505
France	73906	126685	21832	8261
Morocco	64286	42469	23145	35775
Great Britain	38530	20318	3725	7662
Portugal	50112	26285	11903	24005
Switzerland	18242	12502	9727	16422
Total for Others	913828	797789	261351	263378
Others not Listed	123984	106712	36306	52753
Grand Total	1074320	908320	301377	316131

Source: State Statistics Committee of Ukraine based on information of the State Customs Service of Ukraine

Rapeseed PSD Table

PSD Table						
Country	Ukraine					
Commodity	Oilseed, Rapeseed				(1000 HA)(1000 MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		07/1998		07/1999		07/2000
Area Planted	92	96	230	331	0	400
Area Harvested	90	90	225	200	0	350
Beginning Stocks	0	1	3	3	4	14
Production	67	67	225	145	0	320
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	67	68	228	148	4	334
MY Exports	35	25	40	25	0	40
MY Exp. to the EC	0	6	0	0	0	0
Crush Dom. Consumption	27	35	175	100	0	260
Food Use Dom. Consump.	2	0	0	0	0	0
Feed,Seed,Waste Dm.Cn.	0	5	9	9	0	20
TOTAL Dom. Consumption	29	40	184	109	0	280
Ending Stocks	3	3	4	14	0	14
TOTAL DISTRIBUTION	67	68	228	148	0	334
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	27	0	25	0	40
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Rapeseed Import Trade Matrix

(MT; Time period Jan-Dec.; Partial period Jan.-June)

Imports for:	1997	1998	1998	1999
	Full	Full	Partial	Partial
U.S.	0	0	0	0
Others				
Germany	61	208	142	34
Canada	25	0	0	0
Lithuania	15	0	0	25
France	0	21	20	15
Russia	0	8	6	373
Moldova	0	107	0	0
Denmark	0	2	2	20
Total for Others	101	346	170	467
Others not Listed	4	11	0	3
Grand Total	105	357	170	470

Source: State Statistics Committee of Ukraine based on information of the State Customs Service of Ukraine

Rapeseed Export Trade Matrix

(MT; Time period Jan-Dec.; Partial period Jan.-June)

Exports for:	1997	1998	1998	1999
	Full	Full	Partial	Partial
U.S.	0	1	0	0
Others				
Poland	9730	9763	2561	302
Netherlands	6204	0	0	0
Italy	2758	0	0	0
Lithuania	1983	4150	210	111
Israel	665	2631	1242	1240
Germany	521	791	171	118
Hungary	167	0	0	0
Russia	16	439	100	21
Turkey	0	7730	0	1253
Total for Others	22044	25504	4284	3045
Others not Listed	9	1069	1	164
Grand Total	22053	26574	4285	3209

Source: State Statistics Committee of Ukraine based on information of the State Customs Service of Ukraine

Soybean PSD Table

PSD Table						
Country	Ukraine					
Commodity	Oilseed, Soybean			(1000 HA)(1000 MT)		
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Area Planted	22	32	22	35	0	40
Area Harvested	20	31	20	34	0	38
Beginning Stocks	0	0	0	0	0	1
Production	20	36	20	38	0	38
MY Imports	20	6	20	5	0	20
MY Imp. from U.S.	0	5	0	2	0	5
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	40	42	40	43	0	59
MY Exports	0	7	0	5	0	12
MY Exp. to the EC	0	2	0	1	0	0
Crush Dom. Consumption	35	30	35	32	0	40
Food Use Dom. Consump.	0	0	0	0	0	0
Feed,Seed,Waste Dm.Cn.	5	5	5	5	0	6
TOTAL Dom. Consumption	40	35	40	37	0	46
Ending Stocks	0	0	0	1	0	1
TOTAL DISTRIBUTION	40	42	40	43	0	59
Calendar Year Imports	0	6	0	5	0	20
Calendar Yr Imp. U.S.	0	5	0	2	0	5
Calendar Year Exports	0	7	0	5	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Soybean Import Trade Matrix

(MT; Time period Jan-Dec.; Partial period Jan.-June)

Imports for:	1997	1998	1998	1999
	Full	Full	Partial	Partial
U.S.	5034	4906	4905	21
Others				
Turkey	118	348	44	0
Hungary	32	25	5	20
Belgium	19	42	42	0
Netherlands	0	75	38	0
Yugoslavia	0	107	0	133
France	0	0	0	50
Moldova	0	0	0	68
Total for Others	169	597	129	271
Others not Listed	14	61	9	0
Grand Total	5217	5564	5043	292

Source: State Statistics Committee of Ukraine based on information of the State Customs Service of Ukraine

Soybean Export Trade Matrix

(MT; Time period Jan-Dec.; Partial period Jan.-June)

Exports for:	1997	1998	1998	1999
	Full	Full	Partial	Partial
U.S.	0	0	0	0
Others				
Greece	1014	0	0	0
Hungary	185	306	181	0
Lithuania	10	572	0	0
Turkey	0	3304	405	0
Poland	0	74	74	0
Spain	0	2200	0	0
Yugoslavia	0	0	0	797
Total for Others	1209	6456	660	797
Others not Listed	93	353	6	19
Grand Total	1302	6809	666	816

Source: State Statistics Committee of Ukraine based on information of the State Customs Service of Ukraine

TOTAL MEALS

Production

A projected decrease in sunflower seed crushing in MY 2000/01 will result in lower protein meal output. Increased rapeseed meal production in MY 2000/01 will neither compensate the quantity of decreased sunflower meal output or its quality. Increased domestic crushing in MY 1999/00 will result in higher protein meal output. It is estimated that sunflower meal production in MY 1999/00 will increase an estimated 61% compared with MY 1998/99 and it will remain the major domestically produced protein component for compound livestock and poultry feeds in Ukraine.

Consumption

Domestic protein meal consumption in MY 2000/01 will increase compared with MY 1999/00 despite the decrease in sunflower seed meal output due to the projected increase in rapeseed and imported soybean meal utilization. Despite increased output and shortages of protein meals in the domestic market, it is expected that domestic consumption will increase to 453 TMT in MY 1999/00 compared with 373 TMT consumed in MY 1998/99. The Ukrainian compound feed industry can not afford premium prices for high protein feeds because of the collapse of collective livestock and poultry producers who have been the major buyers. In addition, the emerging private sector has limited financial resources to finance purchases. As a result, protein meal has been exported instead. The growing private poultry sector will be the major consumer of increased domestic protein meal consumption in the future. Increasing private sector pork production, however; will not create significant demand for protein meals because of the relatively low average hog inventories per household (from one to five pigs). Private sector farms in Ukraine have historically preferred grains and potatoes produced on the farm to high-protein combined feeds. This tendency will remain in the future until larger commercial hog operations revive and create commercial demand for the protein meals.

Trade

Ukrainian exports of sunflower and rapeseed meal will increase in MY 1999/00 but are projected to decrease in MY 2000/01. Sunflower seed meal export estimates for MY 1999/00 have been increased due to higher demand from the European Union, Belarus, Lithuania, Turkey and other countries in the region. It has been estimated that virtually all sunflower seed meal produced in October-November of 1999 was exported. Exports will continue at a higher rate than in the past because many traders have switched to less regulated sunflower seed meal trade since the introduction on an oilseed export duty. Traders and processors prefer to export and receive payment immediately, rather than become involved in barter transactions with domestic compound feed producers.

Policy/Marketing

Soybean flour and meals (HS # 12081) imports have the best prospects in Ukraine because of a zero import duty on these products from the MFN countries including the United States. Other protein meals are subject to a 30 percent import duty with the major limitation that it should not be less than EUR 0.3 per 1 kilogram. No other protein meal imports have been registered in Ukraine. A zero import duty on soybeans, however, may be canceled if the Ukrainian oilseed processors succeed in their attempts to maintain a zero import duty for soybeans only. The oilseed processors' lobby is pushing to abolish the zero duty on imported soybean meal in order to support the domestic crushing industry.

It is expected that soybean meal imports will slightly increase in MY 99/00 but remain low due to the limited ability of the compound feed industry to pay for imported soybean meal. Therefore, smaller deliveries of 2-3 TMT are far more compatible in the Ukrainian market providing a logistical advantage to EU suppliers. Poultry producers might be targeted as the potential buyers because most produce their own compound feeds from purchased ingredients.

The major competitors for the U.S. soybean meal in Ukraine are Argentina, Brazil and the European Union. A number of producers in Ukraine have raised concerns over the quality of imported Latin American soybean meal. However, for the most of them, lower prices are still the determining factor when they are purchasing. Due to the lack of financing, soybean meal imports are not projected to increase in MY 2000/01 from the MY 1999/00 level.

Sunflowerseed Meal PSD Table

PSD Table						
Country	Ukraine					
Commodity	Meal, Sunflowerseed				(1000 MT)(PERCENT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Crush	0	0	0	0	0	0
Extr. Rate, 999.9999	0.403101	0.4	0.4	0.4	0	0.396739
Beginning Stocks	0	0	0	0	0	0
Production	520	520	836	840	0	730
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	520	520	836	840	0	730
MY Exports	75	200	280	470	0	400
MY Exp. to the EC	0	25	0	30	0	20
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom. Consum	445	320	556	370	0	330
TOTAL Dom. Consumption	445	320	556	370	0	330
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	520	520	836	840	0	730
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	75	192	0	500	0	370
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Sunflower Seed Meal Export Trade Matrix

(MY; Time period Jan-Dec.; Partial period Jan.-June)

Exports for:	1997	1998	1998	1999
	Full	Full	Partial	Partial
U.S.	749	0	0	0
Others				
Switzerland	48700	54014	21343	12223
Lithuania	39476	29563	17479	9597
Belarus	39192	47971	23929	40072
Italy	31617	14127	6105	6803
Israel	18177	13695	2691	23104
Denmark	8258	3022	1870	0
Estonia	6199	6677	1511	2566
Latvia	3549	4564	1296	3530
Turkey	1876	2381	0	13132
Syria	0	0	0	4614
Total for Others	197044	176014	76224	115641
Others not Listed	5685	15800		3931
Grand Total	203478	191814	76224	119572

Source: State Statistics Committee of Ukraine based on information of the State Customs Service of Ukraine

Rapeseed Meal PSD Table

PSD Table						
Country	Ukraine					
Commodity	Meal, Rapeseed				(1000 MT)(PERCENT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Crush	0	0	0	0	0	0
Extr. Rate, 999.9999	0.518519	0.514286	0.525714	0.5	0	0.5
Beginning Stocks	0	0	0	0	0	0
Production	14	18	92	50	0	130
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	14	18	92	50	0	130
MY Exports	0	3	0	10	0	20
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consum.	0	0	0	0	0	0
Feed Waste Dom. Consum	14	15	92	40	0	110
TOTAL Dom. Consumption	14	15	92	40	0	110
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	14	18	92	50	0	130
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	2	0	11	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Soybean Meal PSD Table

PSD Table						
Country	Ukraine					
Commodity	Meal, Soybean					
					(1000 MT)(PERCENT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Crush	0	0	0	0	0	0
Extr. Rate, 999.9999	0.8	0.8	0.8	0.78125	0	0.8
Beginning Stocks	4	0	4	0	4	0
Production	28	24	28	25	0	32
MY Imports	115	15	140	20	0	20
MY Imp. from U.S.	55	0	55	5	0	0
MY Imp. from the EC	0	3	0	3	0	0
TOTAL SUPPLY	147	39	172	45	4	52
MY Exports	0	1	0	1	0	2
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consum.	0	0	0	0	0	0
Feed Waste Dom. Consum	143	38	168	44	0	50
TOTAL Dom. Consumption	143	38	168	44	0	50
Ending Stocks	4	0	4	0	0	0
TOTAL DISTRIBUTION	147	39	172	45	0	52
Calendar Year Imports	0	15	0	20	0	20
Calendar Yr Imp. U.S.	0	0	0	5	0	0
Calendar Year Exports	0	1	0	1	0	3
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Soybean Meal Import Trade Matrix

(MT; Time period Jan-Dec.; Partial period Jan.-June)

Imports for:	1997	1998	1998	1999
	Full	Full	Partial	Partial
U.S.	32780	0	0	1212
Others				
Hungary	154	501	160	242
Israel	86	310	187	7
Turkey	51	0	0	0
Argentina	0	5429	1241	0
Brasil	0	5560	1089	1330
Netherlands	47	2194	106	10
Ireland	0	496	283	0
Total for Others	338	14490	3066	1589
Others not Listed	54	102	15	3
Grand Total	33172	14592	3081	2804

Source: State Statistics Committee of Ukraine based on information of the State Customs Service of Ukraine

Soybean Meal Export Trade Matrix

(MT; Time period Jan-Dec.; Partial period Jan.-June)

Exports for:	1997	1998	1998	1999
	Full	Full	Partial	Partial
U.S.	0	0	0	0
Others				
Hungary	9599	753	0	589
Slovak Republic	7190	0	0	0
Belarus	8170	0	0	0
Moldova	1920	6	6	0
Russia	783	0	0	0
Lithuania	698	0	0	0
Total for Others	26879	759	6	589
Others not Listed	1961	0	0	0
Grand Total	28840	759	6	589

Source: State Statistics Committee of Ukraine based on information of the State Customs Service of Ukraine

TOTAL OILS

Production

Despite the projected decrease in oilseed crushing in MY 2000/01, domestic vegetable oil production is expected to remain at approximately the same level due to higher rapeseed oil yields. It is projected that the share of rapeseed oil in the total Ukrainian vegetable oil production may increase from an estimated 5 percent in MY 1999/00 to 13 percent in MY 2000/01. The Ukrainian vegetable oil production estimates for MY 1999/00 have been increased based on higher oilseed production, limited sunflower seed export opportunities resulting in increased oilseed crushing.

According to the Ukrainian Oilseed Processors Association, there are 28 large industrial plants specializing in the production of vegetable oil and fats. There are 17 plants that are capable of crushing, including 13 solvent extraction and four press plants. The industry also includes six margarine plants and eight enterprises which produce soap from by-products received during processing. It is estimated that total oilseed crushing capacity in Ukraine will increase 18 percent and reach 2.90 million tons per year in MY 1999/00 due to new foreign investments. The total crushing capacity is not projected to increase in MY 2000/01. Potential crushing capacity will remain far above domestic oilseed production and will likely force the least efficient factories to seek new investment.

In 1997, it was estimated that large plants which are the members of Ukrainian Oilseeds Processors Association were responsible for 80% of all Ukrainian vegetable oil production. The remaining 20% is produced by small facilities with low capacity and output. The number of small and on-farm crushing facilities increased in CY1998, however according to the industry sources, the share of vegetable oil production by small enterprises decreased to 12% with the remaining being produced by large scale enterprises. Almost all oilseed processors have been privatized. Dnipropetrovsk Oil Crushing Plant is practically the only existing factory that was able to attract foreign investments (*Cereol*). The U.S. company, *Raelin* has considered investments in the Chernovtsi Oil Extracting Factory. Other foreign investors prefer to build green field facilities rather than to invest in ones that have had poor management and low profitability.

Vegetable oil production is seasonal. In CY 1998, 27% of vegetable oil was produced in January - March and 52% in October-December. Oilseed processors experience severe shortages of raw materials during the interim period.

The volume of other vegetable oil production and consumption in Ukraine is not significant. According to official statistics, in CY 1997 Ukraine produced 800 MT of corn oil, 500 tons of castor oil.

Consumption

Ukrainian vegetable oil consumption is almost entirely attributed to food consumption. Per capita vegetable oil consumption decreased from 11.6 kilograms in 1990 to 8.2 kilograms in CY 1998 due to decreasing purchasing power of the population. Vegetable oil consumption is now expected to increase in MY 1999/00 and MY 2000/01 which will be attributed mostly to vegetable oil containing products consumption increase. While sunflower oil consumption is expected to decrease in MY 2000/01, rapeseed oil consumption will increase. Soybean oil consumption was estimated lower to adjust lower imports and will be negligible.

Vegetable oil is almost entirely used for food consumption of which 25% is consumed in the form of margarine, mayonnaise and other products produced from oil. There are six large margarine factories that produce margarine for further processing in confectionary and bakery industries (in blocks), consumer packaged margarine and mixes and confectionary fats. Margarine production declined from 289 TMT in CY 1990 to 85 TMT in CY 1997 and then increased to 96 TMT in CY 1998. Production of margarine increased even higher in 1999. It has been estimated by Ukrainian Oilseeds Processors Association that production of margarine in January-October of 1999 increased 30 percent compared with the same period last year. Domestic production and consumption of margarine is expected to increase in MY 2000/01 as it is projected that consumers will continue to switch from butter to less expansive vegetable fats and mixes.

A significant increase has also been recorded in mayonnaise production. According to the industry sources, mayonnaise production increased from 16 TMT in January-October 1998 to 19 TMT during the same period in 1999. It is expected that mayonnaise consumption will continue to increase in MY 00/01.

The major portion of rapeseed and soybean oils produced in Ukraine goes into further processing because customers prefer sunflower oil for cooking and direct consumption. Soybean oil in Ukraine would not compete with sunflower oil in retail trade but it can compete in margarine and mayonnaise production.

Trade

Exports of vegetable oil have increased more than two times over the last six years and are projected higher in MY 1999/00 due to increased domestic production strong demand from the foreign buyers. Sunflower and rapeseed oil exports are; however, projected to decrease in MY 2000/01 due to lower production and growing domestic demand. Exports of sunflower oil at the beginning of the 1990s were mostly to the FSU countries. Ukraine has successfully diversified its export market and exports crude sunflower oil now through Illichivsk and Mykolaiyv Black Sea terminals to Turkey and Mediterranean Basin countries. In addition, oil is transported by rail to Russia, Belarus, Hungary and Lithuania. Ukraine also significantly increased exports of refined and bottled oil. Soybean oil exports are not expected to exceed 1 TMT in MY 1999/00 and in MY 2000/01.

Imports of sunflower, rapeseed and soybean oil are not expected in MY 2000/01 due to sufficient domestic production and high import tariffs. Ukraine will continue to import olive, palm and coconut oils that are not produced in Ukraine. According to available information, palm oil imports during January-November 1999 were 24 TMT and saw a 14 % increase compared with the same period in 1998.

Stocks

The estimate of MY 1999/00 carry over stocks of sunflower oil has been reduced to 22 TMT due to more active domestic and export sales. Ending stocks for MY 2000/01 are projected to decrease due to lower production and higher consumption levels. The stocks will be distributed between the traders, processors and the farmers who received oil as payment from crushers.

Policy

The Ukrainian Government does not subsidize vegetable oil production. GOU policy is aimed at decreasing the number of barter contracts between producers and traders. Loans worth UAH 240 million (US\$ 53 million) were provided by the National Bank of Ukraine and some commercial banks to finance oilseed purchases by processors to avoid the need for further barter transactions.

The Ukrainian market has also been protected with high import duties that vary from 30% for soybean, peanut, olive and rapeseed oils to 50% for sunflower and corn oils. The import duty is zero for palm, coconut and castor oils.

Decreased domestic vegetable oil production in MY 98/99 forced the introduction of a temporary zero-duty import quotas for crude sunflower and soybean oils. The quotas for 100,000 tons of crude sunflower oil (Ukrainian HS # 151211910) and 20,000 metric tons of crude soybean oil (Ukrainian HS # 150710900) were effective through October 1, 1999. According to the industry sources, not more than one third of this quota was utilized. This quota has not been continued in MY 1999/00.

Sunflower seed Oil PSD Table

PSD Table						
Country	Ukraine					
Commodity	Oil, Sunflower seed					
	(1000 MT)(PERCENT)					
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Crush	10	10	5	5	0	5
Extr. Rate, 999.9999	53	53	167.2	168	0	152
Beginning Stocks	9	9	7	7	32	22
Production	530	530	836	840	0	760
MY Imports	10	30	10	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	549	569	853	847	32	782
MY Exports	200	205	300	300	0	260
MY Exp. to the EC	0	10	0	30	0	20
Industrial Dom. Consum	10	10	5	5	0	5
Food Use Dom. Consump.	332	345	506	510	0	500
Feed Waste Dom. Consum	0	2	10	10	0	7
TOTAL Dom. Consumption	342	357	521	525	0	512
Ending Stocks	7	7	32	22	0	10
TOTAL DISTRIBUTION	549	569	853	847	0	782
Calendar Year Imports	50	19	0	10	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	120	198	0	300	0	260
Calndr Yr Exp. to U.S.	0	5	0	0	0	0

Sunflowerseed Oil Import Trade Matrix

(MT; Time period Jan-Dec.; Partial period Jan.-June)

Imports for:	1997	1998	1998	1999
	Full	Full	Partial	Partial
U.S.	11	500	1	0
Others				
Hungary	3099	0	0	25
Moldova	1209	929	518	526
Romania	724	0	0	0
Italy	519	0	0	0
Spain	87	0	0	0
Turkey	158	13	13	0
Germany	0	53	23	25
Russia	11	67	67	18
Netherlands	20	19	13	17
Argentina	0	17907	0	0
Total for Others	5827	18988	634	611
Others not Listed	104	43	20	28
Grand Total	5942	19531	655	639

Source: *State Statistics Committee of Ukraine based on information of the State Customs Service of Ukraine*

Sunflowerseed Oil Export Trade Matrix

(MT; Time period Jan-Dec.; Partial period Jan.-June)

	Full	Full	Partial	Partial
U.S.	5097	5041	1776	0
Others				
Belarus	42974	19698	12100	9581
Switzerland	28587	39626	9273	10074
Russia	26594	24325	9091	43657
Turkey	26211	12966	4454	207
Algeria	8609	7678	0	2574
Egypt	3993	7681	1954	2460
Virgin Islands	3977	3031	2718	178
Kazakhstan	3768	860	59	55
Latvia	3096	4006	767	257
Hungary	7329	15708	6144	3917
Lithuania	2612	1715	0	176
Poland	2938	2167	1826	57
Netherlands	0	8384	0	0
Great Britain	1072	7105	842	2299
Austria	2811	5520	3887	1000
Seychelles	1076	15107	5770	1650
Total for Others	165647	175577	58885	78142
Others not Listed	16313	17179	4578	1189
Grand Total	187057	197797	65239	79331

Source: State Statistics Committee of Ukraine based on information of the State Customs Service of Ukraine

Rapeseed Oil PSD Table

PSD Table						
Country	Ukraine					
Commodity	Oil, Rapeseed				(1000 MT)(PERCENT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Crush	27	35	175	100	0	260
Extr. Rate, 999.9999	0.37037	0.4	0.354286	0.45	0	0.461538
Beginning Stocks	0	0	0	0	0	0
Production	10	14	62	45	0	120
MY Imports	0	1	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	10	15	62	45	0	120
MY Exports	3	3	10	10	0	20
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	7	12	50	33	0	95
Feed Waste Dom. Consum	0	0	2	2	0	5
TOTAL Dom. Consumption	7	12	52	35	0	100
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	10	15	62	45	0	120
Calendar Year Imports	0	1	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	2	0	11	0	20
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Rapeseed Oil Import Trade Matrix

(MT; Time period Jan-Dec.; Partial period Jan.-June)

Imports for:	1997	1998	1998	1999
	Full	Full	Partial	Partial
U.S.	0	0	0	2
Others				
Germany	325	343	281	1
Belgium	91	0	0	0
Poland	65	37	37	41
Belarus	54	0	0	0
Czech Republic	31	0	0	0
Slovak Republic	0	74	56	0
Russia	0	420	420	0
Total for Others	566	874	794	42
Others not Listed	2	2	0	2
Grand Total	568	876	794	46

Source: State Statistics Committee of Ukraine based on information of the State Customs Service of Ukraine

Rapeseed Oil Export Trade Matrix

(MT; Time period Jan-Dec.; Partial period Jan.-June)

Exports for:	1997	1998	1998	1999
	Full	Full	Partial	Partial
U.S.	0	0	0	0
Others				
Netherlands	947	0	0	0
Russia	388	377	122	455
Belarus	105	73	0	0
Poland	57	0	0	0
Slovakia	15	15	15	0
Lithuania	0	1055	0	65
Malta	0	794	0	0
Moldova	0	0	0	314
Total for Others	1512	2314	137	834
Others not Listed	0	0	0	0
Grand Total	1512	2314	137	834

Source: State Statistics Committee of Ukraine based on information of the State Customs Service of Ukraine

Soybean Oil PSD Table

PSD Table						
Country	Ukraine					
Commodity	Oil, Soybean				(1000 MT)(PERCENT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Crush	0	0	0	0	0	0
Extr. Rate, 999.9999	??	??	??	??	0	??
Beginning Stocks	0	0	0	0	0	0
Production	6	5	6	5	0	7
MY Imports	40	2	40	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	2	0	3	0	0
TOTAL SUPPLY	46	7	46	5	0	7
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	46	7	46	5	0	7
Feed Waste Dom. Consum	0	0	0	0	0	0
TOTAL Dom. Consumption	46	7	46	5	0	7
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	46	7	46	5	0	7
Calendar Year Imports	0	2	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Soybean Oil Import Trade Matrix

(MT; Time period Jan-Dec.; Partial period Jan.-June)

	Full	Full	Partial	Partial
U.S.	0	306	112	36
Others				
Belgium	392	57	48	0
Greece	109	0	0	0
Russia	0	11	11	0
Netherlands	0	37	18	1
Germany	4	1999	645	332
Czech Republic	0	32	32	0
Total for Others	505	2136	754	333
Others not Listed	3	4	1	3
Grand Total	508	2446	867	372

Source: State Statistics Committee of Ukraine based on information of the State Customs Service of Ukraine

Soybean Oil Export Trade Matrix

(MT; Time period Jan-Dec.; Partial period Jan.-June)

Exports for:	1997	1998	1998	1999
	Full	Full	Partial	Partial
U.S.	0	0	0	0
Others				
Belarus	0	120	120	60
Poland	0	56	56	0
Russia	0	50	0	210
Moldova	0	0	0	234
Total for Others	0	226	176	504
Others not Listed	0	0	0	0
Grand Total	0	226	176	504

Source: State Statistics Committee of Ukraine based on information of the State Customs Service of Ukraine