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Ukraine

Grain and Feed

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Report Highlights:

Ukrainian grain production in 2000 will be even lower than the disastrous 1996 year harvest and the lowest since the beginning of the 1940s. It is expected that Ukraine will produce only 22.8 MMT of grain this year due to decreased plantings, reduced utilization of mineral fertilizers and plant protection chemicals and the poor weather conditions in the Spring. Ukraine is expected to import approximately 500 TMT of milling wheat to satisfy domestic needs in MY 2000/2001 which may create export opportunities for U.S. suppliers. Feed grain exports will decrease in MY 2000/2001 to 1.2 million MT, including approximately 500 TMT of feed-quality wheat, due to the reductions in livestock inventories and an inability of the domestic livestock and poultry industries to purchase commodities.

Includes PSD changes: Yes
Includes Trade Matrix: No
Unscheduled Report
Warsaw [PL1], UP

Executive Summary

The production estimates for Ukrainian grains and pulses have been lowered to 22.8 MMT. This will be the lowest harvest since the beginning of the 1940s, and even lower than grain output during the 1996 and 1999 droughts, when only 24.6 MMT were harvested. It is expected that Ukraine will import approximately 500 TMT of milling wheat in MY 2000/2001 and that high domestic prices may create export opportunities for U.S. wheat suppliers. Grain consumption in MY 2000/2001 will continue the decline which started in MY 1993/1994. Decreased livestock and poultry inventories and the inability of Ukrainian producers to purchase commodities will contribute to declining grain consumption. Ukraine will reduce grain exports but will still continue to sell approximately 1.2 million of grain, mostly feed wheat, barley and corn to South Korea, Belarus and Saudi Arabia.

Production

As of August 8th, Ukrainian farmers had harvested 16.4 MMT of all grains and pulses from 8.2 million hectares. On average, grain yields have been 9 percent lower than last year.

It is expected that wheat production in 2000 will be lower compared with 1999 due to a reduction in winter wheat harvested area. Farmers planted 6.7 million hectares of wheat (MHA), including 6.4 MHA of winter wheat for the 2000 harvest compared with 7 MHA for all wheat, including 6.7 MHA of winter wheat planted for the 1999 crop. The 2000 wheat harvested area is expected to be lower than in 1999 when similar weather conditions prevailed, and will be approximately 5.6 MHA. The major reason for the reduced output includes deteriorating farm machinery, declining utilization of fertilizers and plant protection chemicals and extremely poor weather conditions.

Late spring frosts in southern and eastern Ukraine, extremely dry weather in April-May, and hurricane-force winds in Western Ukraine in late June - beginning July contributed to a poor harvest. Rainy weather during the harvest in July also reduced the crop quality. It is expected that the percentage of milling-quality wheat will be lower than in 1999. Officials at the Ministry of Agricultural Policy indicated that 280 thousand hectares of wheat or eight percent of the total harvested area had not been threshed as of August 8, 2000.

Barley production is expected higher based on higher planted area. According to official statistics, the area planted with spring and winter barley was 4 MHA, including 3.67 MHA of spring barley. Ukrainian farmers have already harvested 1.5 MHA of barley with average yields of 1.72 MT per hectare or 23 percent lower than the average yields from last year. However, average barley yields in 2000 are expected to be lower than the previous year.

Corn production in 2000 is expected to decrease due to reduced area. It is forecast that only 850 THA of corn will be harvested from 1350 THA of planted area. The remaining area will be utilized for silage.

The production of rye and oats in 2000 is also expected to be lower based on the most recent harvest results. Farmers harvested 89 TMT of oats from 61 THA as of August 8, 2000. Average oat yields have been 18 percent lower than at the same date in 1999. Rye yields have been somewhat lower, and rye output will not exceed 900 TMT.

Consumption

Total grain consumption in MY 2000/2001 will be lower than last year due to decreased production as well as reduced livestock and poultry inventories. Feed wheat utilization in MY 2000/2001 has been increased based on lower crop quality. Corn and oat consumption, at the same time, are estimated lower based on lower production. Feed grain imports will be insignificant due to the lack of resources.

Milling wheat consumption will decrease slightly in MY 2000/2001 compared with the previous year unless the government facilitates milling wheat imports. However, in all probability, the Ukrainian government will continue to limit any increase in bread prices by establishing maximum retail prices and by limiting the rate of return for bakeries.

Imports

Ukraine needs to import up to 500 TMT of milling wheat in MY 2000/2001 to satisfy domestic demand and to avoid significant increases in bread prices. However, wheat imports will not occur unless the Government of Ukraine (GOU) provides an incentive such as the establishment of a duty-free import quota. Following the critically low 1999 grain output, in December 1999 the GOU lowered import duties on milling wheat to 0.01 % from the existing EUR 40 per ton and introduced a 1.48 MMT quota for milling wheat. The quota is effective through September 1, 2000. Importers must receive permission from the appropriate local State Administration in order to import under this quota. Importers also must pay a 20% VAT under the quota. At this time, the Government has not indicated whether the existing quota will be extended in MY 2000/2001.

Ukraine imported 347 TMT of milling wheat in MY 1999/2000 within quota, mostly from Hungary, Slovakia and Kazakhstan. Wheat imports grew steadily at the beginning of January 2000 and peaked in June (136 TMT) with the average CIF prices declared by the importers at USD 127.86

The estimate for barley imports in MY 2000/2001 has been increased based on import trends in MY 1999/2000. According to available data, Ukraine did not import barley in MY 1999/2000 prior to February 2000. Barley imports in March-June 2000 totaled only 12 TMT. High CIF prices for imported barley ranging from USD 130-150 per metric ton indicate that Ukraine imported mostly malting barley from the neighboring countries. Ukraine will likely only import some additional malting barley this year.

Corn imports in MY 2000/2001 are expected to revert to 1998 levels. Ukraine imported 63 TMT of corn during January-June 2000 mostly from Hungary. It was announced by the GOU that all imported corn would be used for industrial processing into starch and gluten.

Exports

Ukrainian grain exports are expected to decrease in anticipation of lower availability of corn and rye. Grain exports will decrease in MY 2000/2001 but Ukraine will remain a net grain exporter. It is expected that Ukraine will continue to export about 500 TMT of feed quality wheat and barley mostly to South Korea, Belarus and Saudi Arabia.

According to official statistics, exports of wheat decreased to 1.9 MMT and wheat flour to 30 TMT in MY

1999/2000. Barley exports from July 1999 - June 2000 were 774 TMT based on available monthly trade data, although, the overall MY 1999/2000 exports were lower than the previous year.

Estimates of rye and oat exports in MY 1999/2000 have been increased based on official trade data. Corn exports in October 1999-June 2000 were only 52 TMT.

Statistical Tables

| PSD Table | | | | | | |
|------------------------|---------|---------|-------------|---------|--------------------|---------|
| Country | Ukraine | | | | | |
| Commodity | Wheat | | | | (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 Harvested | 5638 | 5641 | 5900 | 5931 | 5600 | 5600 |
| Beginning Stocks | 4000 | 2038 | 1500 | 570 | 800 | 757 |
| Production | 14937 | 14937 | 13500 | 13585 | 12000 | 12000 |
| TOTAL Mkt. Yr. Imports | 78 | 5 | 300 | 347 | 100 | 500 |
| Jul-Jun Imports | 78 | 5 | 300 | 347 | 100 | 500 |
| Jul-Jun Import U.S. | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL SUPPLY | 19015 | 16980 | 15300 | 14502 | 12900 | 13257 |
| TOTAL Mkt. Yr. Exports | 4543 | 4360 | 2000 | 1945 | 500 | 500 |
| Jul-Jun Exports | 4543 | 4360 | 2000 | 1945 | 500 | 500 |
| Feed Dom. Consumption | 3000 | 3900 | 2300 | 3000 | 2000 | 2900 |
| TOTAL Dom. Consumption | 12972 | 12050 | 12500 | 11800 | 12000 | 11900 |
| Ending Stocks | 1500 | 570 | 800 | 757 | 400 | 857 |
| TOTAL DISTRIBUTION | 19015 | 16980 | 15300 | 14502 | 12900 | 13257 |

| | | | | | | |
|------------------------|---------|---------|-------------|---------|--------------------|---------|
| PSD Table | | | | | | |
| Country | Ukraine | | | | | |
| Commodity | Barley | | | | (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 Harvested | 3567 | 3567 | 3473 | 3475 | 3350 | 3600 |
| Beginning Stocks | 1400 | 800 | 750 | 375 | 900 | 388 |
| Production | 5882 | 5870 | 6400 | 6425 | 5500 | 5900 |
| TOTAL Mkt. Yr. Imports | 0 | 0 | 50 | 12 | 100 | 20 |
| Oct-Sep Imports | 0 | 0 | 50 | 12 | 100 | 20 |
| Oct-Sep Import U.S. | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL SUPPLY | 7282 | 6670 | 7200 | 6812 | 6500 | 6308 |
| TOTAL Mkt. Yr. Exports | 975 | 795 | 600 | 774 | 500 | 500 |
| Oct-Sep Exports | 972 | 857 | 600 | 774 | 500 | 500 |
| Feed Dom. Consumption | 3900 | 3900 | 4000 | 4000 | 4000 | 4000 |
| TOTAL Dom. Consumption | 5557 | 5500 | 5700 | 5650 | 5700 | 5500 |
| Ending Stocks | 750 | 375 | 900 | 388 | 300 | 308 |
| TOTAL DISTRIBUTION | 7282 | 6670 | 7200 | 6812 | 6500 | 6308 |

| | | | | | | |
|------------------------|---------|---------|-------------|---------|--------------------|---------|
| PSD Table | | | | | | |
| Country | Ukraine | | | | | |
| Commodity | Corn | | | | (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 Harvested | 910 | 910 | 700 | 689 | 1000 | 850 |
| Beginning Stocks | 1350 | 1109 | 500 | 482 | 206 | 229 |
| Production | 2301 | 2301 | 1700 | 1737 | 2500 | 2100 |
| TOTAL Mkt. Yr. Imports | 37 | 15 | 6 | 70 | 10 | 20 |
| Oct-Sep Imports | 37 | 15 | 18 | 70 | 10 | 20 |
| Oct-Sep Import U.S. | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL SUPPLY | 3688 | 3425 | 2206 | 2289 | 2716 | 2349 |
| TOTAL Mkt. Yr. Exports | 365 | 343 | 100 | 60 | 200 | 50 |
| Oct-Sep Exports | 365 | 343 | 100 | 60 | 200 | 50 |
| Feed Dom. Consumption | 1300 | 1400 | 1400 | 1400 | 1600 | 1400 |
| TOTAL Dom. Consumption | 2823 | 2600 | 1900 | 2000 | 2100 | 2000 |
| Ending Stocks | 500 | 482 | 206 | 229 | 416 | 299 |
| TOTAL DISTRIBUTION | 3688 | 3425 | 2206 | 2289 | 2716 | 2349 |

| PSD Table | | | | | | |
|------------------------|---------|---------|-------------|---------|--------------------|---------|
| Country | Ukraine | | | | | |
| Commodity | Rye | | | | (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 Harvested | 696 | 702 | 623 | 623 | 600 | 600 |
| Beginning Stocks | 400 | 128 | 200 | 101 | 100 | 53 |
| Production | 1139 | 1140 | 900 | 919 | 1000 | 900 |
| TOTAL Mkt. Yr. Imports | 0 | 1 | 0 | 4 | 0 | 5 |
| Oct-Sep Imports | 0 | 1 | 0 | 4 | 0 | 5 |
| Oct-Sep Import U.S. | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL SUPPLY | 1539 | 1269 | 1100 | 1024 | 1100 | 958 |
| TOTAL Mkt. Yr. Exports | 278 | 118 | 150 | 171 | 100 | 50 |
| Oct-Sep Exports | 278 | 118 | 100 | 171 | 100 | 50 |
| Feed Dom. Consumption | 50 | 100 | 50 | 50 | 50 | 20 |
| TOTAL Dom. Consumption | 1061 | 1050 | 850 | 800 | 850 | 850 |
| Ending Stocks | 200 | 101 | 100 | 53 | 150 | 58 |
| TOTAL DISTRIBUTION | 1539 | 1269 | 1100 | 1024 | 1100 | 958 |

| PSD Table | | | | | | |
|------------------------|---------|---------|-------------|---------|--------------------|---------|
| Country | Ukraine | | | | | |
| Commodity | Oats | | | | (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 Harvested | 549 | 549 | 530 | 529 | 500 | 500 |
| Beginning Stocks | 157 | 63 | 45 | 47 | 77 | 60 |
| Production | 778 | 741 | 760 | 759 | 700 | 680 |
| TOTAL Mkt. Yr. Imports | 0 | 0 | 0 | 0 | 0 | 0 |
| Oct-Sep Imports | 0 | 0 | 0 | 0 | 0 | 0 |
| Oct-Sep Import U.S. | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL SUPPLY | 935 | 804 | 805 | 806 | 777 | 740 |
| TOTAL Mkt. Yr. Exports | 0 | 37 | 0 | 26 | 0 | 10 |
| Oct-Sep Exports | 0 | 37 | 0 | 20 | 0 | 10 |
| Feed Dom. Consumption | 775 | 600 | 630 | 600 | 630 | 590 |
| TOTAL Dom. Consumption | 890 | 720 | 728 | 720 | 700 | 680 |
| Ending Stocks | 45 | 47 | 77 | 60 | 77 | 50 |
| TOTAL DISTRIBUTION | 935 | 804 | 805 | 806 | 777 | 740 |

