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Approved by:

James Higgiston, Agricultural Counselor

U.S. Embassy

Prepared by:

Dmitri Prikhodko, Agricultural Specialist

Report Highlights:

Ukraine is expected to have its best grain harvest since 1994. As a result, Ukraine will resume wheat exports in MY 2001/2002 while imports of wheat will decrease significantly and be limited to high quality durum wheat and barley.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
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Table of Content

Table of Content	2
Section I. Situation and Outlook.	2
Executive Summary	2
Production	2
Agricultural Inputs.	2
Consumption	3
Exports	4
Prices	4
Section II. Statistical Tables	5
Wheat, PSD Table	5
Wheat, Import Trade Matrix	6
Wheat, Export Trade Matrix	6
Wheat, Prices Table	7
Barley, PSD Table	7
Barley, Export Trade Matrix	8
Barley, Import Trade Matrix	8
Barley, Prices Table	9
Corn PSD Table	9
Corn, Export Trade Matrix	10
Corn, Import Trade Matrix	10
Corn, Prices Table	11
Rye PSD Table	11
Oats PSD Table	12
Rice, PSD Table	13
Rice, Import Matrix	13

Section I. Situation and Outlook.

Executive Summary

Ukraine's grain and pulse production (wheat, barley, corn, rye, oats, feed peas, buckwheat, millet and rice) will reach an estimated 29.8 MMT in 2001 and will be the largest harvest since 1994, mostly due to increased winter wheat planted area and low winter kill. This should enable Ukraine to export approximately 4 MMT of grain, including 3 MMT of wheat in MY 2001/2002. Lower than expected grain prices will encourage increased consumption both for food and feed use. Higher production and lower prices will result in larger ending stocks and possible government intervention on the market to support prices.

Production

Wheat. Ukraine will have a much better wheat crop in 2001 compared with the previous year. According to official statistics, winter wheat area planted in Fall 2000 increased by 7.3 million hectares (MHA) from 6.7 MHA planted during Fall 1999. Assuming low winter kill and the fact that farmers will utilize some winter wheat for green fodder, we expect approximately 6.5 MHA of wheat will be harvested in 2001.

Winter Crop Conditions. Recent precipitation along with melting snow improved soil moisture in early March. Soil moisture is considered to be 20-30% below normal only in Southern Ukraine (Odessa, Mykolaiv, Kherson Oblasts and Crimea), while the rest of the country should have sufficient moisture at the beginning of March. Winter crop conditions (chiefly winter wheat) have improved slightly since January and are considered better than in 2000. At the beginning of March, winter crop conditions were assessed as follows: 58% was in good condition compared with 56% in January 2001 and 44% in March 2000; 30% was in satisfactory condition (32% in January 2001 and 28% in March 2000) and 12% was in poor condition (12% in January 2001 and 28% in March 2000).

Barley and corn production is expected lower in 2001 due to increased winter wheat planted area and low winter kill for wheat thus less re-sowing other crops. Farmers in Ukraine have historically re-sown with barley in Spring. It is expected that barley production in 2001 will be lower than previous year and will approximate the level of 1999 assuming normal weather conditions.

According to official data, spring sowing has already started in Crimea, Odessa and Mykolayiv Oblasts in southern Ukraine. Farmers planted 33 thousand hectares (THA) of spring crops, mostly barley, as of March 5. Spring field work in Central and Northern Ukraine is expected to begin around March 10-20.

The supply of **Agricultural Inputs** has, in general, improved in 2001 due to the increase in farmers' operating capital as a result of high wheat prices in the domestic market in 2000 as well as renewed interest by the banking sector in lending funds to producers.

Seeds. According to the official sources, farmers have sufficient supplies of seeds to complete seeding of barley, oats, feed peas, buckwheat, millet and other spring grains. Official sources indicate that farmers have only about 40% of seed corn necessary for planting. Still, the quality of the available corn seeds is questionable as farmers in Ukraine have continued to use open pollinated corn varieties.

Fuel. It is expected that farmers will have less concerns with fuel supplies in 2001 compared to the previous year. According to the State Statistics Committee, farmers had 68% more diesel fuel as of February 1, 2001 compared to the same date last year. There is no fuel deficit in the market right now because the GOU ensured that diesel fuel and gas will be imported into Ukraine tax and duty free during February 1 - October 1, 2001.

Fertilizers. Despite the improved availability of credit to the agricultural producers, Ukrainian farmers continue to experience tight mineral fertilizer supplies in 2001. Prices for ammonium nitrate fertilizers increased from \$95/MT in November 2000 to \$115/MT in February 2001. These higher prices continue to stimulate exports rather than domestic sales. It has been estimated that Ukrainian farmers will need about 660 TMT - 1 MMT of all types mineral fertilizers (active matter) to grow 30-35 MMT of grains this year. The minimum requirements for spring application have been estimated at 250-350 TMT (@30-40 kilograms per hectare in active matter equivalent); however, farmers had only 135 TMT of mineral fertilizers at their disposal as of February 12, 2000. Bad debt of the Ukrainian farmers and their limited ability to pre-pay for fertilizers have been the major reasons for the domestic fertilizer producers to export their products. Currently, mineral fertilizers are the second largest export item for Ukraine after iron and metals. In February of 2001, the GOU instructed domestic producers of mineral fertilizers to delay export shipment in order to avoid the deficit in the domestic market. This may hopefully improve the supply situation for mineral fertilizers.

Plant Protection Chemicals. The supply of plant protection chemicals, especially herbicides, is also believed to be better this year. Foreign suppliers, however, indicated significant problems with the mandatory certification of their products in Ukraine due to the reorganization of the Ministry of Ecology of Ukraine. This will delay imports of the chemicals and may have a negative impact on crops, particularly with the significant presence of weeds in the fields due to warm winter. According to official data, farmers had 20-25% of required plant protection chemicals at their disposal as of February 16, 2001.

Consumption

Consumption of wheat and rye will increase due to higher production and lower prices. Barley consumption in MY 2001/2002 is estimated higher due to lower exports. Corn consumption in MY 2001/2002 will be maintained at the level of current marketing year despite lower projected production and due to a drawdown in stocks. The overall feed grains utilization is also expected to improve mostly as a result of better availability of feed wheat in MY 2001/2002 compared to MY 2000/2001. Domestic consumption of corn is estimated at the same level as in MY 2000/2001. The increase in domestic consumption will be restrained higher demand from Romania and other European Countries for non-GMO type Ukrainian corn. So far, Ukraine has not allowed the usage of GMO plant varieties.

Imports

Imports of wheat are expected to decrease significantly in MY 2001/2002 since higher production will ensure supply needs for domestic millers and bread producers. Ukraine will most likely continue to import small quantities of high quality wheat from Kazakhstan in MY 2001/2002. Imports of barley in MY 2001/2002 will continue to remain low and will be limited only to high quality barley that for malt production in Ukraine.

Ukraine will remain a net importer of rice in 2001. It is expected that rice imports will remain at the 2000 levels. There is some insignificant domestic rice production in Crimea and Kherson Oblast which does not meet demand. U.S. rice imports to Ukraine may continue to decline in 2001 due to stiff competition and notable

presence of rice from other countries (Egypt, Spain, Viet Nam, India, China, Thailand). Some rice is marketed with U.S. flags or logos. U.S. rice prices cannot compete with rice from developing countries. The current import duty on all rice imported to Ukraine (HS Heading 1006) is 10%, but not less than EURO 0.03 per 1 kilogram. The GOU will probably increase the import duty on semi-milled, milled, polished, consumer packaged rice in 2001 up to 20%, but not less than EURO 0.06, while the import duty on rough rice for further processing will remain unchanged to encourage domestic processing and packaging.

Exports

Ukraine should resume active wheat exports in MY 2001/2002 since December of 1999 (MY 1999/2000). Exports of feed wheat may partially replace barley exports. Ukraine will continue to supply wheat and barley in MY 2001/2002 not only to the traditional markets in the Former Soviet Union (mostly Belarus and Russian Federation), but is expected to resume exports to South Korea, Saudi Arabia, Syria, Lebanon, Jordan and North African Countries. The outlook for Ukraine's barley exports in MY 2001/2002 should be lower due to lower production. Saudi Arabia is the main market for Ukrainian barley.

Underdeveloped inland grain storage, handling and transportation systems will continue to be the major constraints to increase Ukrainian grain exports. According to the grain representatives, the costs of grain handling, cleaning and drying increased approximately 10% up to \$4.95 per MT during CY 2000 making Ukraine's grain less competitive in international markets. The cost of railway transportation almost doubled compared with MY 1998/1999, when Ukraine was exporting grain intensively. These cost increases will most likely be passed to farmers like in MY 1998/1999 and will result in lower prices paid to farmers.

Prices

The Ukrainian farmers have enjoyed prices, that have exceeded world market prices since January 2000. High tariffs have discouraged imports and limited supplies. The GOU allowed some milling wheat imports in MY 1999/2000 using a 0.5 MMT tariff-rate quota. In MY 2000/2001, the GOU has allowed wheat imports mostly using free trade agreements. It is expected that prices paid to the farmers for wheat in MY 2001/2002 may fall 20-25% compared with MY 2000/2001 due to larger supplies. Domestic wheat prices will be lower than international prices in MY 2001/2002.

The GOU created a legal framework to use a floor ("pledge") pricing system in 2000; however, this system has not been utilized by the farmers because the GOU announced very low floor prices for grain in anticipation of high domestic prices. The floor price for milling quality wheat (announced on July 21, 2000) was only UAH 420 (US\$76), or at least 35-40% lower than prevailing market prices at that time. It is not clear whether the GOU will intervene on the grain market in MY 2001/2002 to prevent a possible sharp decrease in wheat prices. The Agricultural Budget for 2001 does not include any expenditures to procure grain from the market in 2001.

Section II. Statistical Tables

Wheat, PSD Table

PSD Table						
Country	Ukraine					
Commodity	Wheat				(1000 HA)(1000 MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		07/1999		07/2000		07/2001
Area Harvested	5931	5931	5200	5200	0	6500
Beginning Stocks	1500	570	1000	792	450	492
Production	13585	13585	10200	10200	0	17000
TOTAL Mkt. Yr. Imports	450	446	1000	700	0	10
Jul-Jun Imports	450	446	1000	700	0	10
Jul-Jun Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	15535	14601	12200	11692	450	17502
TOTAL Mkt. Yr. Exports	1945	2009	300	300	0	3000
Jul-Jun Exports	1945	2009	300	300	0	3000
Feed Dom. Consumption	2200	3000	950	3000	0	5000
TOTAL Dom. Consumption	12590	11800	11450	10900	0	13500
Ending Stocks	1000	792	450	492	0	1002
TOTAL DISTRIBUTION	15535	14601	12200	11692	0	17502

Wheat, Import Trade Matrix

Time period	Jan-Dec.	Units:	1 MT
Imports for:	1999		2000
U.S.	0	U.S.	5422
Others		Others	
Yugoslavia	1099	Turkey	194163
Russian Federation	103	Kazakhstan	182757
Hungary	79	Hungary	95655
Czech Republic	41	Czech Republic	68197
Romania	1	Bulgaria	23977
		Russian Fed.	23289
		Yugoslavia	21316
		Croatia	20388
		Switzerland	12452
		Germany	9426
Total for Others	1323	Total for Others	651620
Others not Listed	0	Others not Listed	16352
Grand Total	1323	Grand Total	673394

Wheat, Export Trade Matrix

Time period	Jan.-Dec.	Units:	1 MT
Exports for:	1999		2000
U.S.	67942	U.S.	
Others		Others	
Belarus	671046	Belarus	41363
Israel	497329	Israel	37408
Turkey	419195	Netherlands	26649
Korea, Rep. of	346077	Armenia	18068
Hungary	328318	Georgia, Rep. of	14165
Great Britain	274019	France	12132
Bermuda Islands	247158	Turkey	11954
Morocco	181110	Slovakia	9478
Switzerland	156764	Switzerland	6632
Georgia	137032	Albania	4588
Total for Others	3258048	Total for Others	182437
Others not Listed	1199727	Others not Listed	18721
Grand Total	4525717	Grand Total	201158

Wheat, Prices Table

Prices in	USD	per uom	1 MT
Year	1999	2000	% Change
Jan	61.5	108	75.61%
Feb	62.5	128.5	105.60%
Mar	61.4	149.6	143.65%
Apr	66.4	157.8	137.65%
May	75.8	163.4	115.57%
Jun	88.6	170.3	92.21%
Jul	71.5	136.1	90.35%
Aug	70.1	140.9	101.00%
Sep	75	139.5	86.00%
Oct	81.2	144.5	77.96%
Nov	87.4	144.8	65.68%
Dec	94.4	145.8	54.45%

Source: Ukragroconsult, Ltd

Note: Domestic milling wheat prices, EXW paid by millers

Barley, PSD Table

PSD Table						
Country	Ukraine					
Commodity	Barley				(1000 HA)(1000 MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		07/1999		07/2000		07/2001
Area Harvested	3475	3475	3700	3685	0	3200
Beginning Stocks	750	375	750	388	900	778
Production	6425	6425	6900	6870	0	6400
TOTAL Mkt. Yr. Imports	25	12	50	20	0	10
Oct-Sep Imports	25	12	50	20	0	10
Oct-Sep Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	7200	6812	7700	7278	900	7188
TOTAL Mkt. Yr. Exports	775	774	700	1000	0	700
Oct-Sep Exports	775	774	700	1000	0	700
Feed Dom. Consumption	4000	4000	4300	4300	0	4500
TOTAL Dom. Consumption	5675	5650	6100	5500	0	5800
Ending Stocks	750	388	900	778	0	688
TOTAL DISTRIBUTION	7200	6812	7700	7278	0	7188

Barley, Export Trade Matrix

Time period	Jan.-Dec.	Units:	1 MT
Exports for:	1999		2000
U.S.		U.S.	30335
Others		Others	
Israel	332985	Syria	173695
Saudi Arabia	116300	Cyprus	124151
Belarus	94785	Saudi Arabia	98984
Hungary	90184	Switzerland	85902
Syria	75461	Israel	54340
Cyprus	63750	Belarus	53588
Algeria	41345	Iraq	49481
Great Britain	40322	Romania	43551
Malta	39230	Algeria	35369
Switzerland	35320	Lebanon	22970
Total for Others	929682	Total for Others	742031
Others not Listed	135572	Others not Listed	92340
Grand Total	1065254	Grand Total	864706

Barley, Import Trade Matrix

Time period	Jan.-Dec.	Units:	1 MT
Imports for:	1999		2000
U.S.		U.S.	
Others		Others	
Czech Republic	100	Denmark	13090
Denmark	20	Sweden	6108
France	6	France	3054
Russian Federation	1	Poland	232
Hungary	1	Czech Republic	138
		Finland	100
		Germany	95
		Moldova	85
		Russian Federation	22
Total for Others	128		22924
Others not Listed	0		0
Grand Total	128		22924

Barley, Prices Table

Prices in	USD	per uom	
Year	1999	2000	% Change
Jan	59.29	83	39.99%
Feb	61.74	90	45.77%
Mar	66.19	91	37.48%
Apr	67.23	91	35.36%
May	74.34	91	22.41%
Jun	74.95	98.2	31.02%
Jul	75.9	103.12	35.86%
Aug	77.66	104.25	34.24%
Sep	75.99	96.8	27.39%
Oct	76	96	26.32%
Nov	75.5	100.25	32.78%
Dec	77	104.75	36.04%

Note: Export FOB prices

Corn PSD Table

PSD Table						
Country	Ukraine					
Commodity	Corn				(1000 HA)(1000 MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		07/1999		07/2000		07/2001
Area Harvested	689	689	1300	1279	0	1000
Beginning Stocks	500	482	343	229	1353	839
Production	1737	1737	3800	3800	0	2800
TOTAL Mkt. Yr. Imports	82	70	30	10	0	20
Oct-Sep Imports	85	70	30	10	0	20
Oct-Sep Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	2319	2289	4173	4039	1353	3659
TOTAL Mkt. Yr. Exports	57	60	600	600	0	300
Oct-Sep Exports	55	60	600	600	0	300
Feed Dom. Consumption	1400	1400	1700	1900	0	1900
TOTAL Dom. Consumption	1919	2000	2220	2600	0	2600
Ending Stocks	343	229	1353	839	0	759
TOTAL DISTRIBUTION	2319	2289	4173	4039	0	3659

Corn, Export Trade Matrix

Time period	Jan.-Dec.	Units:	1 MT
Exports for:	1999		2000
U.S.		U.S.	
Others		Others	
Israel	88984	Belarus	134555
Belarus	54336	Russian Federation	14595
Portugal	35670	Romania	3758
Algeria	25645	Cyprus	2950
Lebanon	23297	Lithuania	2023
Russian Federation	21208	Netherlands	1753
Poland	12527	Armenia	1625
Turkey	12208	Latvia	1116
Lithuania	7072	Estonia	192
Syria	5032	Poland	40
Total for Others	285979	Total for Others	162607
Others not Listed	18862	Others not Listed	610
Grand Total	304841	Grand Total	163217

Corn, Import Trade Matrix

Time period	Jan.-Dec.	Units:	1 MT
Imports for:	1999		2000
U.S.	0	U.S.	79
Others		Others	
Hungary	19875	Hungary	83078
Moldova	1706	Moldova	8258
Germany	415	France	403
France	100	Austria	79
Russian Federation	47	Luxembourg	30
Austria	42	Germany	207
Italy	11	Bulgaria	20
Belgium	5	Yugoslavia	49
Canada	2	Israel	14
Total for Others	22203	Total for Others	92138
Others not Listed	1	Others not Listed	0

Grand Total	22204	Grand Total	92217
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Corn, Prices Table

Prices in	USD	per uom	1 MT
Year	1999	2000	% Change
Jan	na	75.8	
Feb	44.9	93.4	108.02%
Mar	46	113.1	145.87%
Apr	44.5	127.3	186.07%
May	45.5	130.5	186.81%
Jun	45.6	129.7	184.43%
Jul	44.7	na	-100.00%
Aug	40.7	na	-100.00%
Sep	43.1	73.5	70.53%
Oct	58.6	79.5	35.67%
Nov	61.2	80.7	31.86%
Dec	59.9	80	33.56%

Source: Ukragroconsult, Ltd

Note: Domestic corn prices, EXW paid by millers

Rye PSD Table

PSD Table						
Country	Ukraine					
Commodity	Rye				(1000 HA)(1000 MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		07/1999		07/2000		07/2001
Area Harvested	623	623	650	637	0	800
Beginning Stocks	200	101	100	53	150	64
Production	919	919	1000	966	0	1500
TOTAL Mkt. Yr. Imports	4	4	0	5	0	0
Oct-Sep Imports	15	4	0	5	0	0
Oct-Sep Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	1123	1024	1100	1024	150	1564
TOTAL Mkt. Yr. Exports	171	171	100	30	0	150
Oct-Sep Exports	73	171	100	30	0	150
Feed Dom. Consumption	50	50	50	20	0	50
TOTAL Dom. Consumption	852	800	850	930	0	1300
Ending Stocks	100	53	150	64	0	114
TOTAL DISTRIBUTION	1123	1024	1100	1024	0	1564

Oats PSD Table

PSD Table						
Country	Ukraine					
Commodity	Oats				(1000 HA)(1000 MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		07/1999		07/2000		07/2001
Area Harvested	530	529	525	481	0	500
Beginning Stocks	45	47	77	60	77	70
Production	760	759	900	880	0	900
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	805	806	977	940	77	970
TOTAL Mkt. Yr. Exports	0	26	0	30	0	30
Oct-Sep Exports	0	20	0	30	0	30
Feed Dom. Consumption	630	600	830	700	0	720
TOTAL Dom. Consumption	728	720	900	840	0	860
Ending Stocks	77	60	77	70	0	80
TOTAL DISTRIBUTION	805	806	977	940	0	970

Rice, PSD Table

PSD Table						
Country	Ukraine					
Commodity	Rice, Milled				(1000 HA)(1000 MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Area Harvested	22	20	22	0	0	0
Beginning Stocks	0	1	0	1	0	1
Milled Production	47	43	60	59	0	55
Rough Production	72	66	92	91	0	85
MILLING RATE (.9999)	6500	6500	6500	6500	0	6500
TOTAL Imports	45	40	35	64	0	65
Jan-Dec Imports	45	40	35	64	0	0
Jan-Dec Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	92	84	95	124	0	121
TOTAL Exports	0	0	0	0	0	0
Jan-Dec Exports	0	0	0	0	0	0
TOTAL Dom. Consumption	92	83	95	123	0	120
Ending Stocks	0	1	0	1	0	1
TOTAL DISTRIBUTION	92	84	95	124	0	121

Rice, Import Matrix

Time period	Jan-Dec.	Units:	1 MT
Imports for:	1999		2000
U.S.	2515	U.S.	328
Others		Others	
Vietnam	27794	Vietnam	23904
India	24256	China	9318
Egypt	3098	Thailand	6784
Spain	2821	India	6690
China	2257	Russian Fed.	5325
Italy	900	Pakistan	4525
Russian Fed.	774	Egypt	1661
Pakistan	750	Switzerland	1485
Poland	714	United Kingdom	1189
Turkey	421	Spain	879
Total for Others	63785	Total for Others	61760

Others not Listed	1018	Others not Listed	2131
Grand Total	67318	Grand Total	64219