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Ukraine

Grain and Feed

July Grain and Feed Update

2001

Approved by:
James Higgiston, Agricultural Counselor
U.S. Embassy, Warsaw
Prepared by:
Dmitri Prikhodko, Agricultural Specialist
Michael Strohschein, Intern

Report Highlights:
Prospects for Ukraine's 2001 grain crop continue to improve due to unusually favorable weather conditions. Ukrainian grain imports will significantly decrease while exports of both feed and milling wheat will increase in MY 2001/2002.

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

Executive summary

Ukraine is expected to harvest 32.5 million tons of grains and pulses (wheat, barley, corn, rye, oats, buckwheat, millet, rice, peas) in 2001, or at least 30% more than previous year. Higher grain output will lower domestic prices while at the same time stimulate increased consumption and exports. Imports of wheat, barley and corn will decrease in MY 2001/2002 and be limited to cross-border trade.

Ukraine will export wheat in MY 2001/2002; however exports are still forecast to be less than the record high in MY1998/1999. Due to expected lower quality, Ukraine will export mostly lower quality feed wheat, barley and corn.

Production

Winter grains

A number of factors have led to the improved crop situation compared to a year ago. First, there was been adequate soil moisture from Fall 2000 as well as Spring 2001 along with unusually favorable wintering conditions that led to low winter kill. Second, there was slightly improved mineral fertilizer and plant protection chemicals' application. Average wheat yields in 2001 are forecast slightly lower than in 1997, when the country experienced similar weather conditions. Despite the fact that application of mineral fertilizers increased in Fall of 2000 and Spring 2001, the levels continue to be far lower than application during the Soviet times.

Farms that were created out of collective agricultural enterprises (limited liability companies, private leasing enterprises) will continue to be the major grain producers in Ukraine. There has been a noticeable increase in winter grains area (mostly winter wheat and rye) compared to previous years. During the recent trips to Kharkiv (Eastern Ukraine) and Odessa (Southern Ukraine), Embassy officers observed numerous fields. The majority of private individual households that received land shares from the old collective farms, and most recently land titles from the Government of Ukraine (GOU), still lack equipment and operational capital to farm and, as a result, prefer to lease their land to others. Some farmers who were encouraged by high grain prices, decided to plant grains, in addition to potatoes and vegetables.

Wheat quality in 2001 will be low with the share of milling quality wheat not exceeding 30%. The major reason for the low quality, according to farmers, is the mineral fertilizer application. Many farmers admitted that they doubled mineral fertilizer application for the 2001 crop compared with the two previous years; however, nitrogen application often did not exceed 100 kilograms (usually urea) per hectare. The application of phosphorous and potassium fertilizers has been rare.

Barley

According to official information, the seeding of spring crops (spring barley, corn, buckwheat) was optimally completed in 2001 with nearly 90% of intended plantings finished by May 8. Ukrainian farmers have historically re-sown damaged winter wheat and rye with barley. The estimate for harvested area for barley in 2001 has been increased. Findings from the field trips also confirm official spring grain planting reports. In 1999 and 2000, farmers increased spring barley acreage due to higher winter kill. This year, spring barley area was maintained because of economic reasons. Farmers planted fields that had been left fallow for two-three years. The estimate for barley production has been increased based on both higher area and yields. Even though it is clear that barley fields (compared with wheat) are seldom treated with fertilizers or plant protection chemicals, favorable whether conditions provide the grounds for higher yields expectations.

Corn

Farmers planted approximately 1.2 million hectares (MHA) with corn intended for grain. This is in addition to corn reported for green chop and silage. The estimate of corn harvested area is lower at 1 MHA because farmers usually harvest the worse fields for silage.

Consumption

Wheat and other grain consumption will increase as prices decline in MY 2001/2002. Human grain consumption will increase but will be constrained by low-quality wheat in 2001. The government has tried to maintain higher bread consumption over the past years by fixing prices. Local governments will continue to regulate bread prices and subsidize bakeries in MY 2001/2002 in an attempt to ensure bread consumption. It is not clear; however, whether the local governments will decrease subsidies in MY 2001/2002 compared with the current year or will maintain the sale level of subsides to assure that the bread is affordable.

Feed quality wheat and coarse grains will be plentiful in MY 2001/2002 and lower prices should stimulate livestock and poultry production. In addition, the government subsidies to stimulate sales of livestock with higher weight (not less than 350 kilograms for head of cattle) will increase feed grain utilization. Feed conversion rates; however, are expected to remain at the previous year's level due to the low level of investment in the compound feed industry. Farmers will continue to feed grain on farm without processing. It is also expected that wheat will become the major feed grain again as opposed to barley.

Trade

Imports of grain will decrease drastically in MY 2001/2002. Ukraine has been importing milling quality wheat from Kazakhstan, Turkey, Hungary. Ukraine will not import significant quantities of durum wheat due to limited demand for pasta products in large cities. This demand has been met by the importation of the ready made pasta products from Italy, Central European Countries as opposed to domestic processing of imported durum wheat.

Overall grain exports (mostly feed wheat, barley and corn) in MY 2001/2002 will increase up to 4.8 MMT with feed wheat accounting for 70% of all exports. The estimate for wheat exports has been increased in anticipation of higher production. Ukraine will continue to export mostly lower quality feed wheat to Belarus, South Korea, Syria, Algeria and countries in the Mediterranean region. Milling-wheat exports may account for approximately 8-11% of all wheat exports in MY 2001/2002.

Wheat import estimates for MY 2000/2001 have been decreased. Ukraine imported only 390 TMT of wheat during July 2000–March 2001 period according to official statistics. The estimate for wheat exports for the current marketing year was decreased because Ukraine exported only 78 TMT through March 2001. The estimate for corn exports has been increased as exports continued at a higher pace in January-March 2001. Ukraine has already exported 325 TMT of corn during October 2000-March 2001.

References:

1. GAIN Report #UP1003. Ukraine Grain Annual Report 2001;
2. GAIN Report #UP 0008. Livestock and Products Annual Report

Wheat PSD Table

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	7000	7000
Beginning Stocks	1500	570	1000	792	450	442
Production	13585	13585	10200	10200	16000	19000
TOTAL Mkt. Yr. Imports	450	446	800	700	100	10
Jul-Jun Imports	450	446	800	700	100	10
Jul-Jun Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	15535	14601	12000	11692	16550	19452
TOTAL Mkt. Yr. Exports	1945	2009	300	150	2000	3500
Jul-Jun Exports	1945	2009	300	150	2000	3500
Feed Dom. Consumption	2200	3000	750	3000	2000	7000
TOTAL Dom. Consumption	12590	11800	11250	11100	12550	14500
Ending Stocks	1000	792	450	442	2000	1452
TOTAL DISTRIBUTION	15535	14601	12000	11692	16550	19452

Barley PSD Table

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	3200	3300
Beginning Stocks	750	375	750	386	800	776
Production	6425	6425	6900	6870	6000	6700
TOTAL Mkt. Yr. Imports	25	12	50	20	10	10
Oct-Sep Imports	25	12	50	20	10	10
Oct-Sep Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	7200	6812	7700	7276	6810	7486
TOTAL Mkt. Yr. Exports	775	776	1000	1000	500	800
Oct-Sep Exports	775	788	800	800	500	800
Feed Dom. Consumption	4000	4000	4100	4300	4000	4700
TOTAL Dom. Consumption	5675	5650	5900	5500	5800	6000
Ending Stocks	750	386	800	776	510	686
TOTAL DISTRIBUTION	7200	6812	7700	7276	6810	7486

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	1000	1000
Beginning Stocks	500	482	343	233	1453	743
Production	1737	1737	3800	3800	2800	3000
TOTAL Mkt. Yr. Imports	82	70	30	10	30	10
Oct-Sep Imports	85	70	30	10	30	10
Oct-Sep Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	2319	2289	4173	4043	4283	3753
TOTAL Mkt. Yr. Exports	57	56	300	400	200	300
Oct-Sep Exports	55	52	300	400	200	300
Feed Dom. Consumption	1400	1400	1900	2000	2200	2200
TOTAL Dom. Consumption	1919	2000	2420	2900	2720	2800
Ending Stocks	343	233	1453	743	1363	653
TOTAL DISTRIBUTION	2319	2289	4173	4043	4283	3753