



Foreign Agricultural Service

**GAIN Report**

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## **Ukraine**

## **Oilseeds and Products**

## **Sunflower Update**

# **1998**

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### **Report Highlights:**

**Ukraine sunflower seed production is lower than even estimated during harvesting. Drought conditions in the Eastern Ukraine were far more damaging than earlier reports indicated. The production decrease will result in reduced domestic sunflower seed crush and exports.**

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Includes PSD changes: Yes  
Includes Trade Matrix: No  
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## EXECUTIVE SUMMARY

Sunflower seed output in Ukraine in 1998 is below harvest expectations. The current estimate of sunflower seed and oil production is at 2.3 million and 560,000 tons, respectively.

This level of domestic seed production will still be sufficient to cover domestic oil needs, but sunflower seed oil exports are going to be lower. Sunflower seed exports are now projected down 100,000 tons to 900,000 tons this marketing year. The Government of Ukraine (GOU) continues to take actions to limit exports in an effort to assure supplies for local oilseed crushing operations.

## PRODUCTION

With some 2.3 million hectares of sunflower seed harvested this year, yields were at the level of only 1.0 ton per hectare. This can only be compared with the disastrous year of 1996, when the crop yield was as low as 1.05 tons per hectare. Despite mostly favorable weather conditions during harvesting, it was drought conditions in Ukraine's eastern regions which had been far more damaging to sunflower than earlier expected. Low moisture content of the crop this year, however, will create good conditions for storage; therefore, the waste factor is expected to decrease by an additional 50,000 tons from the previous year.

Lower sunflower seed output means less seed available to local crushers. It is estimated currently that Ukrainian oil crushing factories could process 1.3 million tons of sunflower seed from the 1998 crop. Many factories, however, are already experiencing problems in procuring seeds in the domestic market because of the low prices and delayed payments which they are suggesting to producers.

If the projected seed volume would be delivered for local processing, Ukraine would produce 560,000 tons of sunflower oil. Human consumption, as the major utilization source of sunflower oil, has been stable; therefore, lower oil production will be reflected in reduced exports. The estimate of industrial oil consumption is also down because of the general slow down of the economy in Ukraine.

## TRADE

Domestic sunflower seed and oil trade is characterized by the domination of small and mid-sized traders. Since an average delivery by a producer can rarely exceed 300-500 tons, small traders play an important role in accumulating larger amounts of seed and oil. Export operations are conducted by approximately ten large traders, including international ones.

Reduced sunflower seed and oil production will also decrease Ukraine's ability to export these commodities. Sunflower seed exports are projected down 100,000 tons down to 900,000 tons during MY 1998/99.

GOU actions still target agricultural commodities, including sunflower seeds, as payment to the Pension and Chernobyl Funds. Many traders have indicated that local authorities introduced trade barriers in order to collect payment on these old debts. Sunflower seeds accumulated by GOU institutions will be directed for domestic processing in the GOU's old crushing plants.

PSD Table						
Country:	Ukraine					
Commodity:	Sunflowerseed					
		1996		1997		1998
	Old	New	Old	New	Old	New
Market Year Begin		10/1996		10/1997		10/1998
Area Planted	1900	2090	2200	2065	0	2350
Area Harvested	2114	2025	2200	2000	2300	2300
Beginning Stocks	50	170	0	0	0	0
Production	2100	2123	2300	2300	2700	2300
MY Imports	10	15	10	15	0	15
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	2160	2308	2310	2315	2700	2315
MY Exports	900	660	400	900	400	900
MY Exp. to the EC	725	0	100	0	100	0
Crush Dom. Consumption	1175	1525	1840	1100	2200	1290
Food Use Dom. Consump.	0	25	0	25	0	25
Feed Waste Dom.Consum.	85	98	70	290	100	100
Total Dom. Consumption	1260	1648	1910	1415	2300	1415
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	2160	2308	2310	2315	2700	2315
Calendar Year Imports	10	0	10	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	838	0	400	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

PSD Table						
Country:	Ukraine					
Commodity:	Sunflower oil					
		1996		1997		1998
	Old	New	Old	New	Old	New
Market Year Begin		10/1996		10/1997		10/1998
Crush	1175	1525	1840	1100	2200	1290
Extr. Rate	0.44	0.45	0.41	0.43	0.41	0.43
Beginning Stocks	150	11	30	8	34	3
Production	517	686	754	475	902	560
MY Imports	0	30	0	100	0	50
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	667	727	784	583	936	613
MY Exports	147	220	200	120	200	160
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	64	0	60	0	50
Food Use Dom. Consump.	490	435	550	400	736	400
Feed Waste Dom. Consum.	0	0	0	0	0	0
Total Dom. Consumption	490	499	550	460	736	450
Ending Stocks	30	8	34	3	0	3
TOTAL DISTRIBUTION	667	727	784	583	936	613
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	135	0	200	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0