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GAIN Report

Global Agricultural Information Network

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Report Highlights:

The harvest season in Ukraine is going well so far with about eighty percent of wheat and barley area harvested about a week ahead of the usual schedule due to the drier weather and resulting shorter growing season. Domestic market prices for major grains including corn have been declining on the news of a good crop. Exports of wheat and barley have already started in the new Marketing Year 2013/14 with about 110,600 MT and 398,200 MT exported, respectively.

General Information:

The harvest of wheat, barley, and rye is going well in Ukraine (see Table 1). By the time of this report writing, the main crop producing regions in the South, East, and Central parts of Ukraine have already completed harvesting these crops with yield figures on average much better than in the previous season. The crop areas in the south of the country have suffered some drought in the mid and late growing season which led to a slight reduction in yields that would have otherwise been above the five-year average due to the very favorable winter and spring conditions. So far the industry experts estimate that about 70 percent of the harvest wheat is of milling quality which is better than usual for Ukraine and could mean better revenues for farmers.

Table 1. Production of Grains in Ukraine, as of July 22, 2012 *

Crop	Area Harvested, 1000 ha	Production, 1000 MT	Yield, MT/ha	Percent Harvest Complete, %
Barley	2528.0	5561.0	2.2	77.0
Rye	138.0	341.0	2.5	48.0
Wheat	5298.0	17221.0	3.3	80.0

Source: Ministry of Agrarian Policy and Food of Ukraine

** - Preliminary harvest data*

Overall agricultural crop planted area in Ukraine has not changed much compared to 2012 (see Table 2). However, improved winter crop conditions in 2013 resulted in more winter wheat being available for harvesting this season. Also, there were some shifts in the crop planted areas between 2012 and 2013 growing seasons. Wheat, corn, and rapeseed areas increased in 2013, while the rest of the crop areas have somewhat declined.

There was another increase in corn area in 2013 that brought the figure up to almost five million hectares (mln ha). A significant reduction in sugar beet area was observed mainly as a result of a continuously declining domestic sugar prices resulting from overproduction in the previous seasons and a lack of open export markets for the Ukrainian sweet white product. Another crop that has given up area to corn and some other economically attractive crops was buckwheat. This crop in general is not high in profitability but remains a staple food for the country so the farmers keep planting it while also supporting the honey producers who favor this crop as buckwheat honey is quite popular in Ukraine.

Table 2. Area Planted Under Agricultural Crops in Ukraine for Harvest 2013, Reported as of July 1

Crop	Area Planted, 1,000 ha				Change, 2013 to 2012	
	2013	%	2012	%	Area, 1,000 ha	%
Wheat (spring and winter crop)	6,691.9	23.1	5,771.7	20.8	920.2	115.9
Barley (spring and winter crop)	3,377.9	12.0	3,425.3	12.3	-47.4	98.6
Corn	4,913.3	17.5	4,625.4	16.6	287.9	106.2
Rye	285.7	1.0	302.8	1.1	-17.1	94.4
Oats	256.9	0.9	309.7	1.1	-52.8	83.0
Sorghum	150.6	0.5	171.8	0.6	-21.2	87.7
Buckwheat	191.4	0.7	300.4	1.1	-109.0	63.7
Other grains and legumes	405.3	1.4	541.4	1.9	-136.1	74.9
Sub-total grains and legumes	16,273.0	57.9	15,448.5	55.6	824.5	105.3
Sugar Beets	292.6	1.0	458.4	1.6	-165.8	63.8
Sunflower	4,833.9	17.2	5,194.1	18.7	-360.2	93.1
Soybeans	1,366.1	4.9	1,476.4	5.3	-110.3	92.5
Rapeseed (adjusted for winterkill)	1,019.7	3.6	566.0	2.0	453.7	180.2
Other crops (fodder, vegetables, etc.)	4,329.7	15.4	4,839.9	17.4	-510.2	89.5
Total	28,115.0	100.0	27,801.3	100.0	313.7	101.1

Source: State Statistics Committee of Ukraine

The new Marketing Year (MY) 2013/14 has started off with declining prices for the major grains. The Minister of Agrarian Policy and Food of Ukraine has been quoted saying that the Government intends to do all they can to support producers and not let the grain prices continue declining. One of the measures considered by the state officials is reduction of the transportation costs for crop movement from the fields to the inland storage and to the export ports. The experts estimate that logistics costs for wheat in Ukraine amount to about \$ 70, or one-third of its average June-July domestic market price. This is several times higher than that of Ukraine's immediate neighbors and competitors in the Black Sea region.

The Agrarian Fund has already purchased just over one million metric tons (MMT) of wheat for the State Reserve. Also, State Food and Grain Corporation has been forward contracting corn purchases for delivery during the harvest season in the fall.

Market operators report some difficulties with transportation of grain and oilseeds inland mainly of administrative nature.

According to the Ministry of Agrarian Policy and Food, by the end of the MY 2012/13 (July 1, 2012 – June 30, 2013), Ukraine has exported 6.8 MMT of wheat and 2.1 MMT of barley. In addition, there were about 13.5 MMT of corn exported between October 2012 and July 2013. The Ministry estimates that Ukraine would export about 14.8 MMT corn total by the end of September 2013.

As of July 24, 2013 the officials also reported exports in the new MY 2013/14 starting July 1, at

about 110,600 MT for wheat and 398,200 MT for barley. There were also about 235,200 MT of corn exported to this date in July.