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GAIN Report

Global Agricultural Information Network

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MY2017/18 Exportable Wheat Volumes Set by MoU on Grain Exports

Report Categories:

Trade Policy Monitoring

Approved By:

Dwight Wilder, Agricultural Attaché

Prepared By:

Denys Sobolev, Agricultural Specialist

Report Highlights:

The Ministry of Agricultural Policy and Food of Ukraine (MAPF) and representatives of local non-governmental organizations signed an Addendum to the Memorandum of Understanding (MoU) on grain exports for marketing year 2017/18, specifying targeted exportable volumes for wheat. The MoU is a non-binding document that sets the exportable volumes for major grains that are considered crucial to national food security by MAPF. This is the sixth year that the MoU has been signed.

General Information:

On October 19, 2017, the First Deputy Minister of Agricultural Policy and Food of Ukraine and representatives of a number of private sector organizations representing interests of the farming community, grain traders, and the milling industry signed an Addendum to the Memorandum of Understanding (MoU) for the 2017/18 Marketing Year (MY) specifying exportable volumes.

The MoU is a non-binding document that identifies the targeted exportable volumes for major grains that are considered crucial to national food security by MAPF. The MoU dates back to 2011 and was initially designed as an instrument of balancing public and private interests, and served as a viable alternative to the less favorable administrative instruments (i.e. export bans or quotas) applied in earlier years by the MAPF to ensure an adequate grain balance inside the country.

It should be noted that the MoU expires on July 1, 2018. MY2017/18 under the MoU covers July 2017-June 2018. According to the MoU's text available to FAS Kyiv, it is almost identical to the version signed in 2016. However the new MoU envisages exportable volumes for wheat (both milling and feed) only, while the previous MoUs included the whole spectrum of grains (please refer to [GAIN Report UP1545](#) for more details).

The MoU suggests the following indicative exportable volumes for MY2017/18:

Wheat And Meslin (HS Code: 1001) – Total 16.5 million of metric tons (MMT) (*Post Comment: This volume is approximately 64 percent of the total volume of production for this MY, as reported by MAPF, and similar to USDA's official estimate at the time of this report*), including:

- Milling Wheat (Ukrainian 1st-5th grade) – total 10.7 MMT
- Feed Wheat (Ukrainian 6th grade and substandard) – total 5.8 MMT

It should be noted that the exportable volume for feed wheat may be subject to revision in January 2018, based on bilateral negotiations by MAPF and the private sector parties depending upon actual export volumes.

Based on a comparison of the exportable amounts in the MoU for MY2016/17 against the actual export numbers (below), it can be concluded that last year's MoU had no actual limiting effect for grain exports.

Exportable amounts in the MoU for MY2016/17 vs actual exports for the same MY (July 2016- June 2017), as reported by the State Fiscal Service of Ukraine:

- *Wheat And Meslin (HS Code: 1001) – 16.5 million of metric tons (MMT) / actual exports – 17.5 MMT;*
- *Barley (HS Code 1004) – 5.6 MMT / actual exports – 5.3 MMT;*
- *Rye (HS Code 1002) – 1 thousand MT / actual exports – 11.6 thousand MT.*