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GAIN Report

Global Agricultural Information Network

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Post: Kiev

MY2018-19 Exportable Wheat Volumes Set by MoU on Grain Exports

Report Categories:

Grain and Feed

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Report Highlights:

The Ministry of Agricultural Policy and Food of Ukraine and representatives of local non-governmental organizations signed an Addendum to the Memorandum of Understanding (MoU) on grain exports for marketing year 2018/19, specifying targeted exportable volumes for wheat. The MoU is a non-binding document that sets the exportable volumes for wheat. This is the seventh year that the MoU has been signed

General Information:

On August 10, 2018, the First Deputy Minister of Agricultural Policy and Food of Ukraine (MAPF) and representatives of a number of private sector organizations representing interests of the farming community, grain traders, milling and baking industries signed the Memorandum of Understanding (MoU) for the 2018/19 Marketing Year (MY), which contains an Addendum specifying exportable volumes.

The MoU is 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 a sustainable grain balance inside the country.

It should be noted that the MoU expires on July 1, 2019. MY2018/19 under the MoU covers July 2018-June 2019. According to the MoU's text available to FAS Kyiv, it is almost identical to the version signed in 2017 (please refer to [GAIN Report UP1728](#) for more details).

The MoU suggests total **Wheat And Meslin (HS Code: 1001) and Wheat Flour (HS Code: 1101)** indicative exportable volume for MY2018/19 at the of level of 16 million metric tons (MMT) (*Post Comment: This volume is approximately 63 percent of the estimated total volume of production and 0.5 MMT less compared to USDA's official export estimate as of August 2018*), including:

- Milling Wheat (Ukrainian 1st-5th grade) including wheat flour in grain equivalent – total 8 MMT
- Feed Wheat (Ukrainian 6th grade and substandard) – total 8 MMT

Post Comment: Please refer to the table below for quality parameters of wheat corresponding to Ukrainian 1st-6th grades according to Ukrainian standards

| Ukrainian Grade | 1 | 2 | 3 | 4 | 5 | 6 |
|--------------------------------|------|------|------|---------------|------|---------------|
| Protein , dry matter, % | 14.0 | 12.5 | 11.0 | 12.5 | 10.5 | Not Regulated |
| Gluten , %, | 28.0 | 23.0 | 18.0 | Not Regulated | | |

It should be noted that the exportable volume for feed wheat might be subject to revision in September 28, 2018 based on bilateral negotiations by MAPF and the private sector parties depending upon actual production and export volumes. It should be noted that the MoU contains provisions that exportable volumes of feed wheat would be revised taking into account the demand from animal producers and associations of animal producers should be the part of discussion.

Based on a comparison of the exportable amounts in the MoU for MY2017/18 against the actual export numbers (below), it can be concluded that last year's MoU had no actual limiting effect for grain

exports.

Post Comment: Exportable amounts for wheat and meslin (HS Code: 1001) in the MoU for MY2017/18: 16.5 MMT. Actual exports for the same MY, as reported by the MAPF – around 17.1 MMT of wheat and 413 thousand MT of wheat flour.