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Ukraine Signs Sunflower Meal Protocol with China

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Report Highlights:

Ukraine and China signed a new Protocol on Sanitary and Phytosanitary Requirements for Export of Sunflower Meal on September 15, 2017. It was recently made public with accompanying guidelines by the State Service on Food Safety and Consumer Protection of Ukraine (SSFSCP). It establishes a process through which SSFSCP will collect applications from legal entities in Ukraine wishing to export sunflower meal to China. The new Protocol will likely result in around 500 thousand MT of sunflower meal exports to East and Southeast Asia, annually, as entrance to the Chinese market will also likely generate sales to other smaller buyers in the region both directly and through re-export from China. The expected growth in export to Asian markets will likely result in a decrease in Ukraine's shipments of sunflower meal to the EU and other neighboring markets.

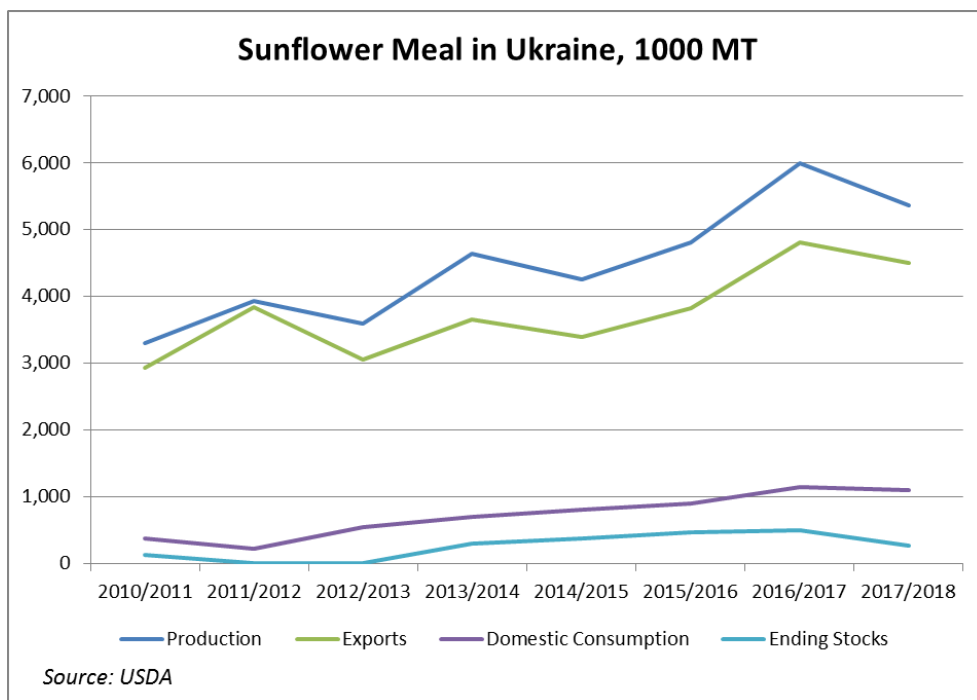
General Information:

Ukraine and China signed a new Protocol on Sanitary and Phytosanitary Requirements for Export of Sunflower Meal ([in Ukrainian](#) and [in Chinese](#)) on September 15, 2017. It was recently made public with accompanying guidelines by the State Service on Food Safety and Consumer Protection of Ukraine (SSFSCP). It establishes a process through which SSFSCP will collect applications from legal entities in Ukraine wishing to export sunflower meal to China. These applications will be submitted by SSFSCP to the General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) of China for consideration (including possible inspection and/or audit of processing facilities) with the goal of being placed on AQSIQ's list of approved facilities for import. The official list of approved facilities will be published on AQSIQ's web page. This new Protocol contains requirements for storage, packaging, labeling, quarantine, and sanitary and phytosanitary requirements for sunflower meal exported from Ukraine.

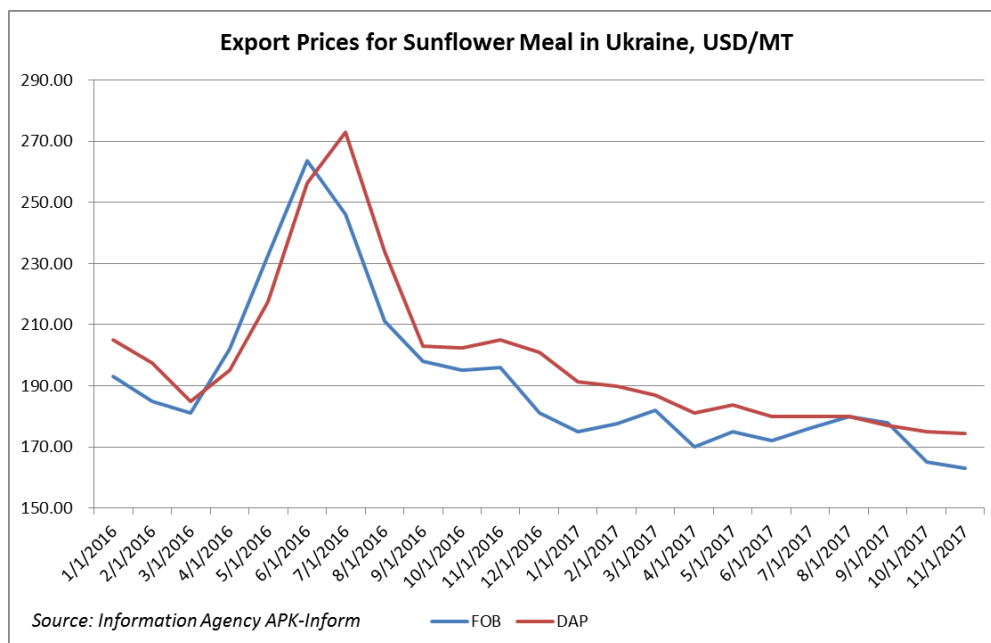
Post projects implementation of this Protocol will result in around 500 thousand MT of sunflower meal exports to East and Southeast Asia, annually, as entrance to the Chinese market will also likely generate sales to other smaller buyers in the region both directly and through re-export from China. The expected growth in exports to Asian markets will likely result in a decrease in Ukraine's shipments of sunflower meal to the EU and other neighboring markets.

Sunflower seed production and processing is a growing sector of the Ukrainian economy that has attracted significant investment in recent years. That investment is expected to result in increasing volumes of production and exports of sunflower oil and meal. For more details about oilseed production in Ukraine please refer to our annual [GAIN Report UP1706](#).

Ukraine crushes nearly 100 percent of its sunflower seed production into oil domestically. The growth in production and oil processing, in turn, results in higher volumes of sunflower meal. That meal must either be exported or consumed domestically as animal feed. Domestic poultry production in Ukraine is currently stable, while other animal production is stable or decreasing (for more information please refer to [GAIN Report UP1720](#)). In recent years, the stable domestic consumption of sunflower meal has resulted in a trend of growing export volumes, varying between 4 to 4.5 million metric tons (MMT), annually (please refer to the graph below).



Currently, Ukraine exports over half its sunflower meal shipments to the EU, with smaller amounts going to neighboring countries Belarus and Turkey (please refer to Annex section about exports). These markets have traditionally offered a cost-efficient option for domestic exporters due to lower logistics costs. However, sliding prices (please refer to the graph below) and a small number of buyers in the region have pushed Ukrainian exporters to seek new markets.



Historically, Asian markets were at the periphery of Ukrainian exporters' attention. However, in MY2015/16, small-scale volumes of sunflower meal started flowing to the markets of India, Vietnam, Bangladesh and South Korea; and in MY2016/17 they grew significantly to those regions – by nearly 90 percent over the previous MY (please refer to the Annex below for more details). Adding China to its list of buyers will undoubtedly result in increased Ukrainian exports to the Asia region, both through direct sales as well as the likely re-export of smaller batches to some local consumers in the region.

Annex

Sunflowerseed Meal Exports from Ukraine by Destination, MY, 1000 MT (HS 230630)

Destination	MY 2014/15 (Sept 14-Aug 15)		MY 2015/16 (Sept 15-Aug 16)		MY 2016/17 (Sept 16-Aug 17)		% Change MY 2016/17 to 2015/16
	Quantity	% Share	Quantity	% Share	Quantity	% Share	
World	3,394.0	100.00	3,817.3	100.00	4,807.2	100.00	25.93
EU-28	2,120.9	62.49	2,118.4	55.49	2,701.5	56.20	27.53
Middle East	479.9	14.14	628.9	16.47	617.2	12.84	- 1.85
Eurasian Economic Union	528.1	15.56	510.1	13.36	546.3	11.36	7.10
South Asia	7.0	0.21	218.0	5.71	419.5	8.73	92.44
Africa	227.2	6.69	259.7	6.80	363.2	7.56	39.83
East & Southeast Asia	24.8	0.73	77.2	2.02	144.2	3.00	86.79
France	642.1	18.92	567.4	14.86	644.7	13.41	13.63
Belarus	527.5	15.54	508.5	13.32	545.6	11.35	7.30
Spain	285.3	8.41	280.0	7.33	482.3	10.03	72.26
Italy	225.1	6.63	277.0	7.26	437.8	9.11	58.02
Poland	459.3	13.53	387.5	10.15	428.6	8.92	10.62
Turkey	285.5	8.41	363.3	9.52	374.0	7.78	2.96
Netherlands	144.7	4.26	239.7	6.28	343.6	7.15	43.36
Morocco	168.6	4.97	204.3	5.35	269.0	5.60	31.67
India	7.0	0.21	146.4	3.83	264.4	5.50	80.64
Israel	189.8	5.59	176.7	4.63	158.1	3.29	- 10.54
Pakistan	0.0	0.00	64.9	1.70	144.5	3.01	122.69
Thailand	9.6	0.28	58.8	1.54	91.9	1.91	56.40
Belgium	46.2	1.36	45.4	1.19	85.8	1.78	88.96
United Kingdom	146.2	4.31	133.4	3.49	83.6	1.74	- 37.35
Saudi Arabia	0.0	0.00	82.5	2.16	82.5	1.72	0.00
Egypt	57.5	1.70	52.2	1.37	72.1	1.50	38.16
Lithuania	58.6	1.73	61.4	1.61	41.7	0.87	- 32.08
Cyprus	21.7	0.64	14.7	0.38	40.9	0.85	179.08
Germany	2.0	0.06	31.1	0.82	35.7	0.74	14.73
Vietnam	7.5	0.22	8.8	0.23	31.7	0.66	257.85
Denmark	47.7	1.40	32.7	0.86	26.4	0.55	- 19.27
Greece	0.0	0.00	19.6	0.51	17.5	0.36	- 10.97
Algeria	0.0	0.00	0.0	0.00	15.8	0.33	0.00
Myanmar	0.0	0.00	4.4	0.12	14.1	0.29	217.33
Malaysia	6.3	0.19	7.0	0.18	11.5	0.24	65.25
Portugal	0.0	0.00	3.1	0.08	10.0	0.21	224.68
Bangladesh	0.0	0.00	6.6	0.17	9.2	0.19	40.11
Switzerland	0.0	0.00	2.0	0.05	9.2	0.19	357.71
Korea South	0.4	0.01	1.8	0.05	8.2	0.17	361.10
Czech Republic	18.7	0.55	9.0	0.24	7.2	0.15	- 20.39
Tunisia	0.0	0.00	3.2	0.08	6.1	0.13	88.32
Latvia	18.9	0.56	3.0	0.08	3.3	0.07	8.58
Other	17.5	0.5	20.9	0.5	10.2	0.2	-51.21

Source: State Fiscal Service of Ukraine