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GAIN Report

Global Agricultural Information Network

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Grain Quota Extended to 31 March 2010

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Grain and Feed

Agriculture in the News

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Report Highlights:

The Cabinet of Ministers of Ukraine has signed a resolution extending the duration of grain export quotas until March 31, 2011. They increased quantities of wheat and corn by small amounts. Wheat allowed for export was increased to a total of 1 million metric tons. The quantity of corn was increased to 3 million tons. Decision on who will receive quotas for the additional quantities under the quota will be made by the Ministry of Economy within 7 days from the close of the application period.

General Information:

In October 2010, the Government of Ukraine (GOU) introduced grain export quotas for wheat, corn, barley, rye, and buckwheat. The original resolution [#938](#) (in Ukrainian) dated October 4, 2010 imposed export restrictions on these grains until December 31, 2011.

This week, Mr. Prysiazniuk, Minister of Agrarian Policy of Ukraine, announced that the Cabinet of Ministers has signed another resolution that extends the duration of the grain export quotas until March 31, 2011. Seed wheat, seed corn, seed rye and other hybrid seeds are excepted from grain export quotas. The official document has not yet been published on the GOU website. However, according to the draft resolution that was made available for public consideration by the Ministry of Economy earlier in the week, the quantity of grain that will be allowed for export is being increased by 500,000 and 1,000,000 metric tons for wheat and corn respectively. Thus, the total quantities of grain under the export quota in Ukraine until March 31, 2011 are as follows:

Corn – 3,000,000 metric tons

Wheat – 1,000,000 metric tons

Barley – 200,000 metric tons

Buckwheat – 1,000 metric tons

Rye – 1,000 metric tons

The Ministry of Economy of Ukraine (MEU) is responsible for distributing the quotas and issuing export licenses to the enterprises that obtain quotas for the types of grains specified. According to the latest changes to the current grain export quota legislation, MEU is to finalize the decisions on quota distribution among the applicants within 7 days from the close of the application period. Application period for export licenses for additional quantities of grains has not been announced yet. In the previous round of export quota allocation, MEU distributed 1,414,000 tons of corn, 500,000 tons of wheat, and 200,000 tons of barley.

Ukrainian analysts report very low exports from Ukraine for the current Marketing Year. Even those who were given quotas for export have been unable to move grain since the MEU has not completed documentation of quotas given out. According to State Customs data, in November 2010, Ukraine exported about 200,000 metric tons of corn, 195,000 metric tons of wheat, and almost 83,000 metric tons of barley for a total of 1.4 million tons of grains. While during the same period in 2009, Ukraine exported about 2.3 million tons of grains.

According to the official USDA projections, Ukraine is anticipated to export in this Marketing Year (MY 2010/11) – July 2010-June 2011 about 6 million metric tons of wheat, 5.5 million tons of corn, and 3.5 million tons of barley.

Table 2. Comparison of Grain Exports from Ukraine, Thousand Tons

Commodity	November 2009	November 2010	Difference
Barley	704.9	82.8	-88%
Corn	289.1	198.9	-31%
Wheat	626.7	195.0	-69%

Source: State Customs Service of Ukraine

This time the GOU did not provide any explanation or justification to such extension of the grain export quota duration. In October, 2010 when the export quota implementation decision was originally announced GOU

officials justified the quotas based on the nation's food security concerns over the current year's production and winter plantings for the next year's harvest. Managing food security from the supply side only enables consumers to buy cheap bread. No official reason was given for the extension decided in December. It is clear that the outcome of the quotas, besides making bread cheap to all, brings benefits to animal producers whose input costs for feed grains are lowered. Grain producers and traders lose the profits they could have made had they sold more grain on the international market. Agrarians may also lose some grain to inadequate storage conditions if they decide to keep the grain until spring hoping for better selling prices on the domestic market.