

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Oilseeds and Products Update

Report Categories:

Oilseeds and Products

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Report Highlights:

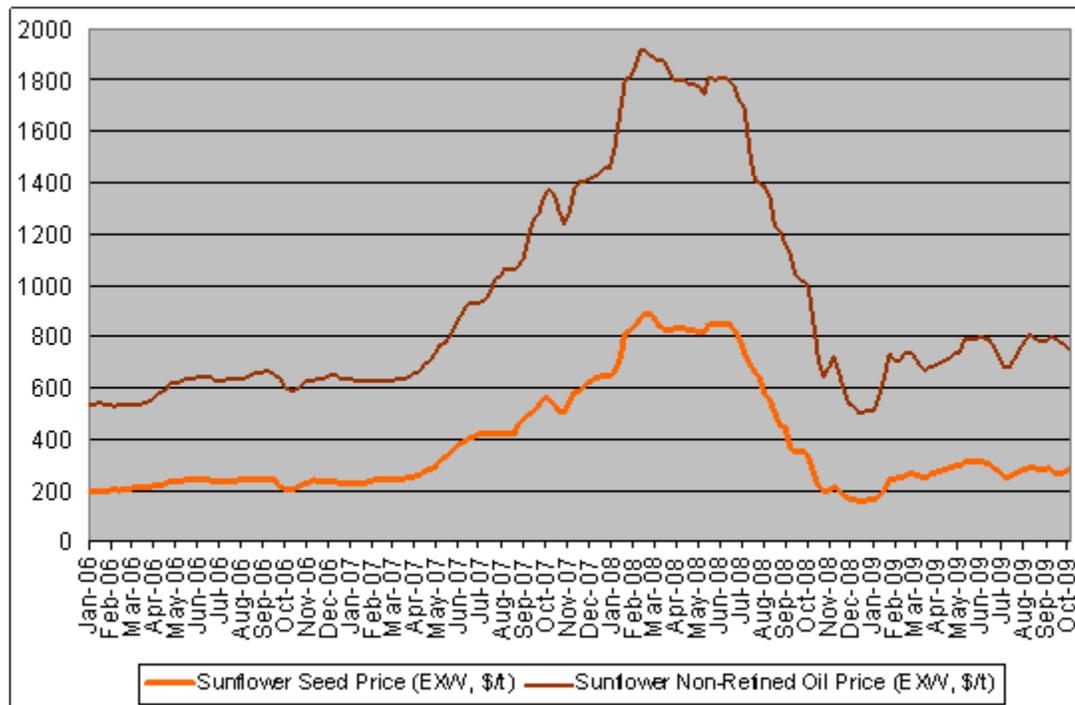
Harvesting of sunflower seed is coming to completion, bringing to Ukrainian farmers another good crop. In MY 2008/2009, sunflower seed oil exports hit the record level of 2.1 million tons. Sunflower oil production and exports are expected to stay high in the 2009/2008 marketing year, due to decreased supply. HACCP was introduced in all enterprises that produce vegetable oils for exports. Lower rapeseed production is expected to result in lower exports and domestic consumption.

Production:

The Ministry of Agrarian Policy of Ukraine (MAPU) reports that as of October 14 Ukrainian agricultural companies and farmers had already harvested 5.5 million tons of sunflower seed from 3.6 million ha, or 86% of the forecasted area, with average yield estimated at 1.54 tons per ha. Soybean has been harvested from 454.9 thousand ha, 71% of the forecasted area, with average yields estimated at 1.62 tons per ha, resulting in a total crop of 736.7 thousand tons to date.

Based on preliminary data from the State Statistics Committee (as of September 1), production of rapeseed in Ukraine totaled 1.9 million tons, harvested from 1.0 million ha with average yield of 1.87 tons per ha. That figure also includes 53 thousand tons of spring rapeseed (colza) with average yield of 1.35 tons per ha.

The association that unites the largest oilseed market players “UkrOliyaProm” estimates total oilseed production at 9 million tons in the 2009/2010 marketing year, including 6.1 million tons of sunflower seed, 1.89 million tons of rapeseed and 950 thousand tons of soybean. According to the source, In MY 2009/2010, sunflower seed harvested area totaled 4.16 million ha, rapeseed harvested area 1.4 million ha, and soybean harvested area 600 thousand ha, bringing the total oilseeds area to 6 million ha.



Domestic Sunflower Seed and Oil Prices

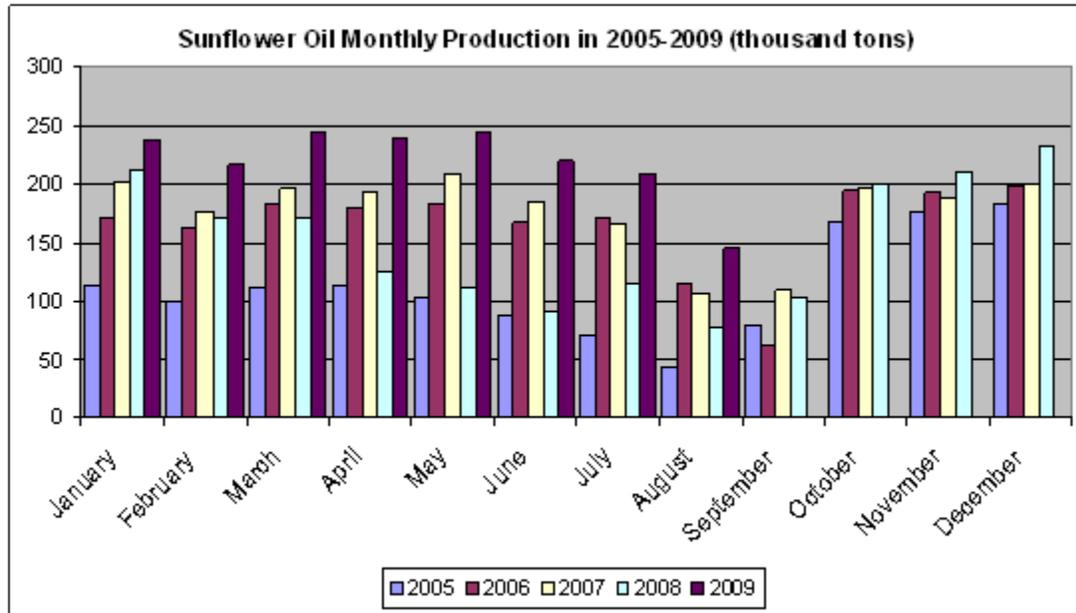
Source: Information Agency APK-Inform

As of October 14, MAPU estimated that agricultural companies and farmers planted 1,342.4 thousand ha with winter rapeseed for the 2010 crop, but crop condition is relatively poor today, due to a period of dry weather in August-September.

Consumption:

Domestic consumption of oilseed products is supported by strong demand from the domestic livestock industry, as well as export demand. Despite the financial crisis and the credit crunch, domestic poultry and swine industrial companies demonstrate growth, resulting in increased demand for protein feed (oilseed meals). Devalued local currency and decreased freight rates made export sales of oilseed products more profitable, which led to the historical record exports of sunflower oil in MY 2008/2009 (2.1 million tons, or +60% year over year). Therefore, strong domestic and external demand for oilseed products combined with abundant supply of oilseeds (6.5 million tons of sunflower seed was harvested in 2008), led to the record production of 2.6 million tons of vegetable oils in MY 2008/2009, including 2.5 million tons of sunflower oil. Total production of vegetable oils and meals is expected to decrease in the 2009/2010 marketing year, but is likely to be relatively high compared to the average.

One of the factors that contributed to the increase of oilseed products production and export sales in MY2008/2009 was the increase of domestic oilseed crushing capacities after bringing into operation two large crushing plants (“Pro-Agro” and “Creative”). The total crushing capacity is currently estimated at approximately 8.5 million tons, and the Ministry of Agrarian Policy of Ukraine expects the crushing capacities may increase further to 10 million tons in 2010, thanks to some renovations and building of new crushing facilities.

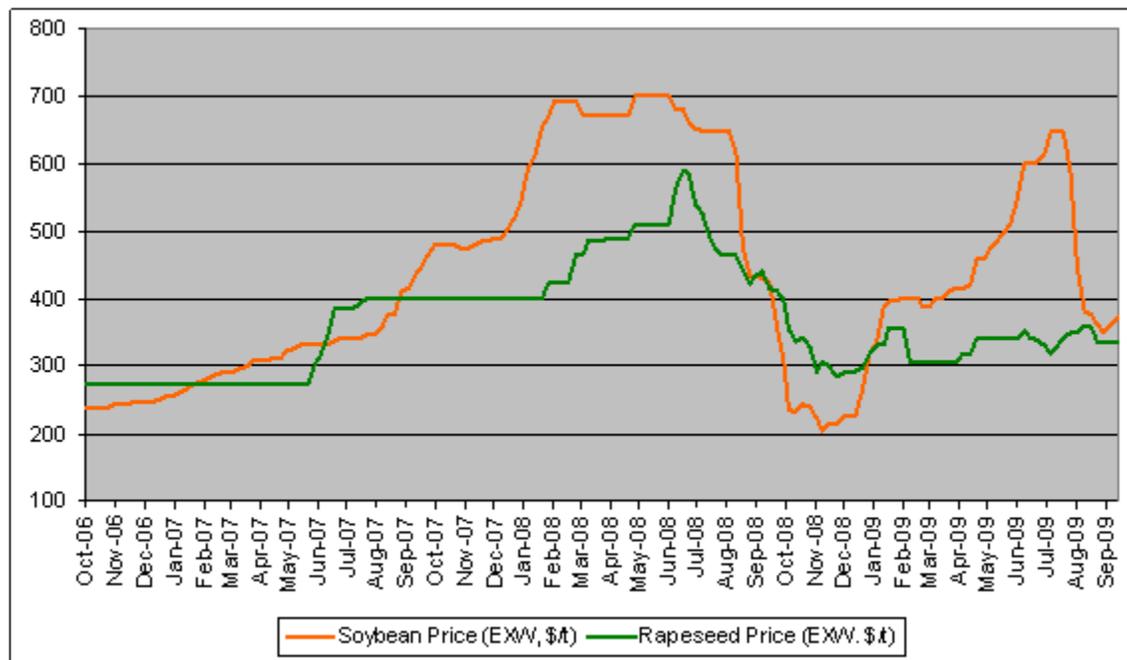


Source: State Statistics Committee of Ukraine

Based on market sources, by September 1, 2009, Hazard Analysis and Critical Control Points (HACCP) have been implemented and certified for all enterprises and terminals that have permission from the Ministry of Health to produce and export vegetable oils. Implementing of HACCP by all enterprises that export vegetable oils was conducted over the last 9 months in response to an inspection of the European Commission held in Ukraine to deal with the contamination of vegetable oils with mineral oils.

Trade:

Exports of rapeseed are expected to decrease in the 2009/2010 marketing year in response to lower production. Based on operative statistics, by October 8, 2009, 765 thousand tons of rapeseed had been exported from Ukraine, which is 40% less compared to exports by this date a year ago. In the 2009/2010 marketing year, rapeseed exports were 2.6 million tons, as domestic crushing represents only a small portion of rapeseed use. Ukraine exported 769 thousand tons of sunflower seed in the 2008/2009 marketing year, which is 10 times more compared to sunflower seed exports in the 2007/2008 marketing year. Exports of sunflower oil that totaled record 2.1 million tons in the 2008/2009 marketing year are expected to decline in the 2009/2010 marketing year due to the decrease in sunflower seed supply this year. Exports of soybean and rapeseed oils are expected to stay marginal. Exports sales of sunflower meal (99.6% of total oilseed meal exports) are also expected to decline.



Domestic Soybean and Rapeseed Prices

Source: Information Agency APK-Inform

Policy:

There have not been any policies adopted that significantly change the situation on oilseed markets. The association uniting the largest vegetable oil producers continues arguing for higher sunflower seed export duty; while farmers lobby for its further decline (the decrease of sunflower seed export duty currently set at 13% is envisaged in Ukraine's WTO accession documents). The Ministry of Agrarian Policy, the State Standards Committee, the Ministry of Health, the Ukrainian Institute for Oils and Fats and major oilseed industry professional groups are said to cooperate on the development and implementation of regulatory framework and technical regulations for the industry. Some standards have been revised and developed to include science-based indicators and to be harmonized with international standards, as well as to comply with the requirements of importers (based on the inspection of the European Commission results).

Statistical Tables

Sunflower Seed Exports from Ukraine (HS 1206), 1000 MT

Country	Sep 05- Aug 06	Sep 06- Aug 07	Sep 07- Aug 08	Sep 08- Jul 09	Aug 09*	Sep 09*
France	0	23	0	169	0	0
Pakistan	0	36	0	141	0	0
Turkey	5	17	53	128	2	0
Georgia	0	1	8	76	2	2
Spain	154	107	0	69	0	0
Netherlands	4	41	2	40	15	0
Italy	18	27	0	28	0	0
Germany	2	10	0	24	0	4
Greece	2	2	2	18	0	0
Poland	1	2	1	6	0	0
Other	34	72	11	42	0	0
TOTAL	220	336	76	748	19	7

Source: State Statistics Committee, * - preliminary estimates

Rapeseed Exports from Ukraine (HS 1205), 1000 MT

Country	Jul 04- Jun 05	Jul 05-Jun 06	Jul 06- Jun 07	Jul 07- Jun 08	July 09	Aug 09*	Sep 09*
Netherlands	5	14	101	701	0	132	61
Belgium	0	51	25	431	7	47	44
France	1	1	137	386	0	31	15
Poland	22	86	12	238	8	31	16
Germany	0	69	0	131	2	0	0
Turkey	30	64	141	127	0	11	8
Pakistan	11	26	252	99	0	0	0
Latvia	0	7	0	96	0	6	0
Hungary	94	90	12	82	0	0	0
Lithuania	0	4	0	54	7	13	18
Greece	0	0	13	49	3	0	0
Portugal	0	20	60	44	0	0	0
Italy	0	0	0	32	0	0	0
Israel	0	9	16	28	0	0	0
India	11	3	10	26	5	2	3
Spain	0	15	43	21	0	0	0
China	0	0	0	15	0	0	0
Panama	0	9	7	15	3	0	0
Bangladesh	1	2	10	15	0	0	0
UAE	0	0	49	13	0	0	122
UK	0	6	6	11	5	19	3
Other	13	11	13	23	0	2	9
TOTAL	187	486	906	2637	40	297	298

Source: State Statistics Committee, * - preliminary estimates

Sunflower Seed Oil Exports from Ukraine (HS 1512), 1000 MT

Country	Sep 05- Aug 06	Sep 06- Aug 07	Sep 07- Aug 08	Sep 08- Jul 09	Aug 09*	Sep 09*
India	0	0	0	411	17	44
Netherlands	102	188	173	134	0	0
Turkey	191	33	148	228	0	0
Russia	94	105	130	27	6	11
Italy	93	80	99	93	0	13
France	102	166	94	110	10	0
Egypt	119	186	89	195	25	37
Spain	114	161	85	85	14	5
United Kingdom	174	126	65	48	0	8
Belarus	35	50	34	41	0	5
Virgin Islands	0	0	34	0	0	0
Saudi Arabia	38	33	31	36	7	0
Greece	23	35	29	0	0	0
Poland	47	63	27	41	0	0
Syria	23	15	24	37	0	9
Portugal	6	35	23	17	7	0
Georgia	20	33	20	37	0	0
Kazakhstan	12	12	19	14	0	0
Switzerland	46	2	19	0	0	0
Romania	0	1	18	7	0	0
UAE	53	69	15	21	0	0
Iran	77	132	13	91	11	20
Croatia	15	0	12	0	0	0
Sudan	4	11	12	0	0	0
Morocco	3	6	12	7	0	0
Bulgaria	0	2	10	3	0	0
Algeria	27	130	8	99	9	4
Hungary	0	11	8	0	0	0
Malaysia	0	0	0	13	6	0
Lebanon	6	16	6	22	0	0
Uzbekistan	3	2	4	16	0	0
Other No Listed	112	203	87	117	37	28
TOTAL	1,514	1,867	1,326	1,950	149	180

Source: State Statistics Committee, * - preliminary estimates

Sunflower Seed Meal Exports from Ukraine (HS 230630), 1000 MT

Country	Sep 05- Aug 06	Sep 06- Mar 07	Sep 07- Aug 08	Sep 08- Jul 09	Aug 09*	Sep 09*
Belarus	361	354	398	356	16	12
Latvia	214	200	173	223	27	10
Poland	128	169	139	335	41	29
Israel	144	197	101	219	23	6
Morocco	94	98	100	143	14	4
Turkey	134	144	100	189	0	0
Lithuania	46	95	73	91	8	7
Italy	97	53	68	87	0	0
Greece	7	18	32	15	0	0
Azerbaijan	0	1	20	14	0	0
Spain	41	42	20	45	0	0
Belgium	0	0	0	38	5	5
Hungary	0	2	7	4	0	0
Georgia	8	1	7	6	0	0
Armenia	0	0	7	5	0	0
Netherlands	9	7	6	10	0	0
United Kingdom	8	15	6	62	0	5
Ireland	0	15	5	6	0	5
Czech Republic	3	3	2	1	0	0
Estonia	2	2	1	3	0	0
France	10	14	0	126	18	16
Denmark	18	21	0	30	5	0
Egypt	0	15	0	3	7	0
Switzerland	7	12	0	0	0	0
Other Not Listed	6	4	9	28	7	2
TOTAL	1,337	1,483	1,273	2,039	170	101

Source: State Statistics Committee, * - preliminary estimates