

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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POLICY

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Ukraine

Post: Kiev

MoU on Grain Exports for MY2015-16 Signed

Report Categories:

Grain and Feed

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Report Highlights:

The Minister of Agricultural Policy and Food of Ukraine and representatives of non-governmental organizations signed a non-binding Memorandum of Understanding (MoU) on grain exports for marketing year 2015/16. This is the fourth year that the MoU has been signed.

General Information:

On November 19, 2015, the 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 milling industry have signed a non-binding Memorandum of Understanding (MoU) for 2015/16 Marketing Year (MY) for grain exports.

***Post Comment:** The MoU is non-binding document that identifies the exportable volumes for major grains that are considered crucial to national food security by the Ministry of Agricultural Policy and Food of Ukraine (MAPF). The MoU dates back to year 2011 and initially was designed as an instrument of balancing public and private interests, and served as a viable alternative to the purely administrative instruments (i.e. export ban or quotas) applied in earlier years by the MAPF to ensure a sustainable grain balance inside the country.*

According to the information available to FAS Kyiv, the MoU suggests the following indicative exportable volumes for MY2015/16:

Wheat And Meslin (HS Code: 1001) – Total 16.6 million of metric tons (MMT) (*Post Comment: Approximately 60 percent of total volume of production for this MY*), including:

Milling Wheat (Ukrainian 1st-5th grade) – total 8.8 MMT, scheduled as follows:

- July – October 2015 – 4.3 MMT;
- November – December 2015 – 1.5 MMT;
- January – March 2016 – 1.5 MMT;
- April – June 2016 – 1.4 MMT.

Feed Wheat (Ukrainian 6th grade and substandard) – total 7.8 MMT

Rye (HS Code 1002) – 8 thousand MT (*Post Comment: approx. 2 percent*)

Barley (HS Code 1004) – 3.9 MMT (*Post Comment: approx. 43 percent*)

Corn (HS Code 1005) – 16 MMT (*Post Comment: approx. 70 percent*).

It should be noted that the abovementioned exportable volumes may be subject to monthly revisions based on bilateral negotiations by MAPF and the private sector parties depending upon the upcoming winter crop condition and spring crop planting.

The exportable volumes in MoU for MY2015/16 reflect the actual dynamics of production of grains: higher for wheat and lower for corn, barley and rye compared to volumes included in MoU for MY2014/15.

Based on the comparison of the exportable amounts in MoU against the actual exports for MY2014/15

(below), the conclusion could be drawn that last year the MoU had slightly binding effect on wheat exports where shipments stopped significantly below the threshold due to exporters' concerns. At the same time it had no significant impact on other grains that have easily reached and even surpassed the MoU suggested volumes.

FAS Kyiv comparison of indicative exportable amounts MoU vs actual exports for MY2014/15:

- *Wheat And Meslin (HS Code: 1001) – 12.8MMT / actual exports – 11.3 MMT;*
- *Rye (HS Code 1002) – 30 thousand MT / actual exports – 22 thousand MT;*
- *Barley (HS Code 1004) – 4.2 MMT / actual exports – 4.4 MMT;*
- *Corn (HS Code 1005) – 20.2 MMT / actual exports – 19.6 MMT.*