

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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**Date:** 3/9/2010

**GAIN Report Number:** UP1007

## Ukraine

### Sugar Annual

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**Report Highlights:**

Sugar beet production is expected to increase in the 2010/2011 marketing year. In MY 2009/2010, compared to the previous year, sugar beet harvested area decreased by 15%, and sugar beet production dropped by over 25%. Sugar production decreased by 19% in the 2009/2010 marketing year, due to lower sugar beet supply. Ukraine imports raw and refined sugar to cover the sugar deficit on the domestic market in the 2009/2010 marketing year.

## **Executive Summary:**

According to the State Statistics Committee of Ukraine, sugar beet production decreased by 25% to 10.0 million tons in MY 2009/2010, due to lower planted area and average yield. Based on State Statistics Committee data, sugar beet harvested area decreased from 377,200 ha in 2008 to 319,500 ha in 2009. Sugar beet average yield decreased to 31.4 tons per ha in the 2009/2010 marketing year, due to less favorable weather conditions and lower input application, as the financial crisis and the following credit crunch hit some agricultural producers. However, sugar beet average yield was relatively high (compared to previous seasons), thanks to the impact of large agricultural companies that have their own sugar processing capabilities.

Average profit margin from growing sugar beet increased to 23.4% in 2009, compared to 7.4% in 2008, because of higher sugar beet price. Average sugar beet price increased by 88% to UAH 414 per ton (about \$51 per ton). We expect sugar beet planted area to increase in the 2010/2011 marketing year. However, Ukrainian farmers still consider growing sugar beet as less profitable than growing major grains and oilseeds, due to limited competition among sugar beet buyers. We do not expect any significant improvements in average yields, as low credit availability is likely to continue, resulting in low input application and less advanced technologies for the 2010/2011 crop.

Sugar production decreased by 19% in the 2009/2010 marketing year. We expect beet sugar production to increase by 23% in the 2010/2011 marketing year, due to higher availability of sugar beets. Sugar consumption is expected to decrease by 7% in the 2009/2010 marketing year, due to both lower domestic supply and lower demand from the food processing industry, particularly because of the financial turmoil, resulted in lower disposable income of the Ukrainian population.

Ukraine started distributing a tariff rate quota (TRQ) for raw cane sugar (267,800 tons in 2010) with tariff rate set at 2% of customs value. The TRQ was opened upon WTO accession in 2008. Raw cane sugar imported outside the TRQ faces a 50% customs value import duty. However, TRQ for 2009 was not utilized in full due to both imperfect procedures and administration of cane sugar quota distribution.

A decrease in sugar beet production is to some extent attributed to lower and less predictable state support of sugar beet growing in 2009. State subsidies that are usually paid to sugar beet growers were envisaged in the state budget for 2009, but were not paid, because (according to Deputy Minister of Agrarian Policy) “there was no money in the budget”. We expect the GOU will continue facing problems with the budget and financing programs aimed at encouraging farmers to grow sugar beet in 2010, which will keep sugar beet production at low levels implying a need to import raw or refined sugar to cover the sugar deficit on the domestic market.

## **Sugar Beet**

### **Production**

In the 2009/2010 marketing year, sugar beet harvested area decreased by over 15%. Sugar beet growing was not profitable

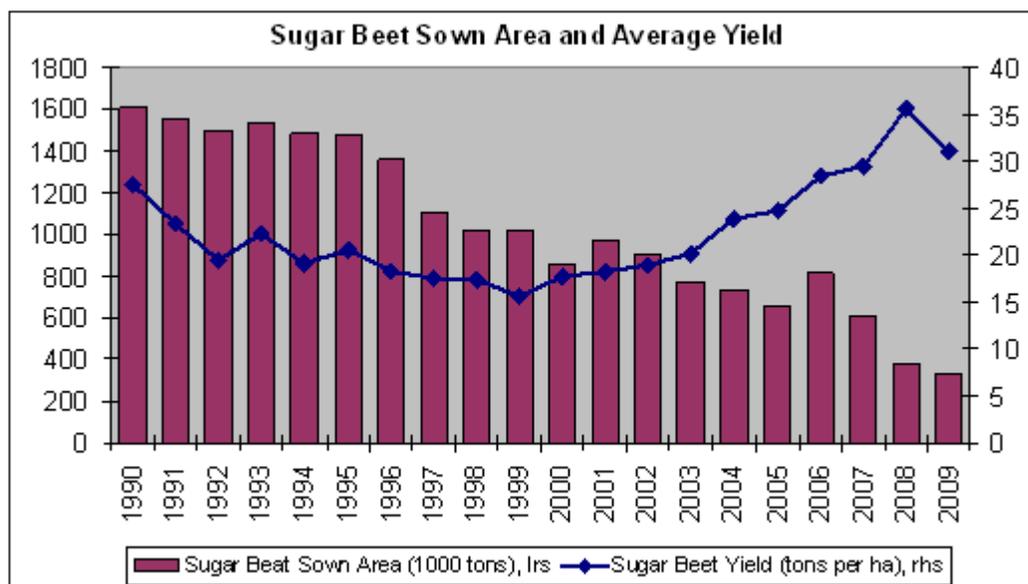
in 2007 and was less profitable than growing other major crops in 2008. The profit margin for sugar beet growing is usually lower compared to the profit margins from growing major grains and oilseeds. It discourages farmers from growing sugar beets. High per ha cost of production is another reason why farmers decreased sugar beet area in 2009.

Year	Profit Margin of Sugar Beet Growing, %
2000	6.1
2001	1.5
2002	-8.6
2003	6.2
2004	-0.8
2005	4.8
2006	11.1
2007	-11.1
2008	7.4
2009*	23.4

Source: State Statistics Committee of Ukraine,

\* - preliminary estimate

In 2009, estimated profit for sugar beet growing increased to 23.4%, thanks to an increase in sugar price. However, Ukrainian farmers are unlikely to increase sugar beet planted area dramatically for the 2010/2011 crop.

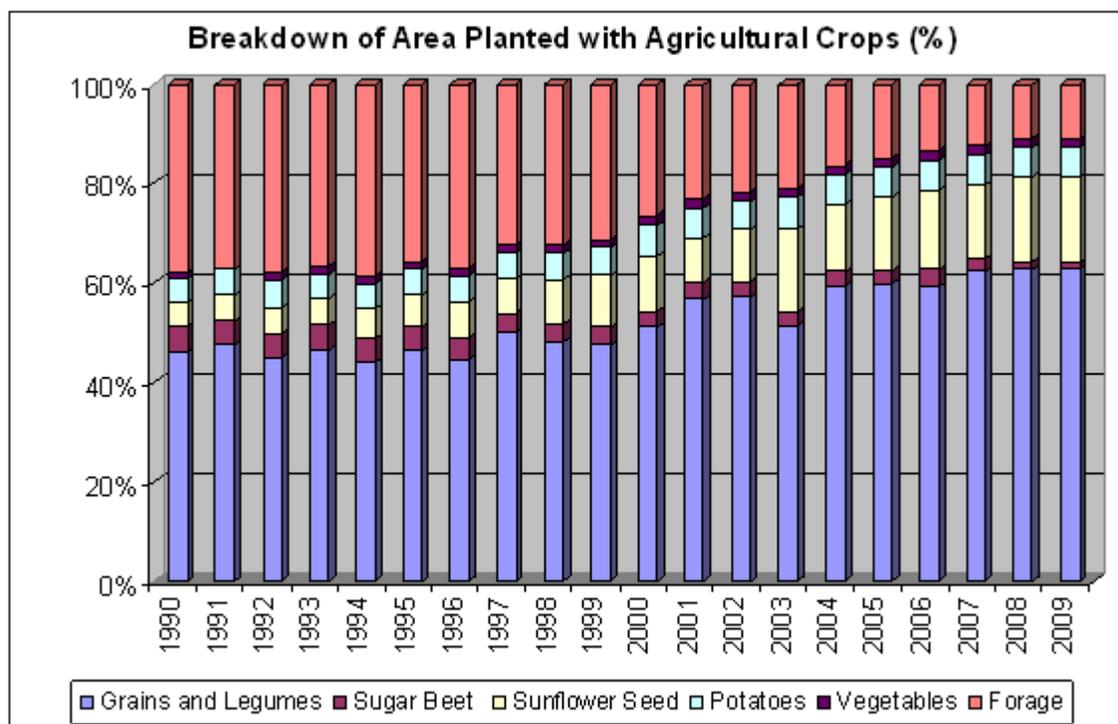


Source: State Statistics Committee of Ukraine

The reduction in average sugar beet yield was caused by worse weather conditions (61% of sugar beet crops faced drought this year) and decreased input application by some companies due to lower credit availability.

Both the Ministry of Agrarian Policy of Ukraine and National Association “UkrSugar” forecast area sown with sugar beets for the 2010/2011 crop at about 450 thousand ha compared to 327.6 thousand ha sown for the 2009/2010 crop. Based on the information from local authorities, Ukrainian farmers planned to plant 380 thousand ha with sugar beet.

FAS-Kyiv expects sugar beet sown area to increase to 420,000 ha, including 410,000 of area to be harvested. It should also be noted that the area of winter crops planted for the 2010/2011 harvest is relatively large, and the total area planted with spring crops is not expected to be very large in 2010, especially considering the current credit crunch and farmers' switching to the most profitable crops amid current financial hardship.



Source: State Statistics Committee of Ukraine

The share of sugar beets in the total area planted with agricultural crops in Ukraine is decreasing. Sugar beets are sown by both agricultural enterprises (farms) and private households. Only 9% of sugar beets were harvested from household plots in 2009, compared to 17% in 2008.

For sugar beets grown by agricultural enterprises, the average yield was 15% higher than the average yield of sugar beets grown by private households. A large portion of total sugar beet area planted by agricultural enterprises is the area sown by very large vertically integrated companies that have their own sugar beet processing capability and the large land banks that may exceed 100,000 ha.

Development of these large integrated companies is one of the drivers for the sugar beet average yield increase observed in recent years. Some of these companies were expected to face financial difficulties in the 2009/2010 marketing year, due to the financial turmoil and the credit crunch, resulting in suspending of expansion plans or even downsizing. However, an increase in sugar prices helped most of these companies to stay afloat.

These large integrated sugar companies, their contractors and other sugar beet producers will continue to economize on input use and agricultural technologies applied. Thus, we forecast average yield of sugar beet at about 31.0 tons per ha, which is still above than 5-year average yield of 29.9 tons per ha. This forecast is conservative in order to incorporate all

weather risks to the estimate.

## Consumption

Sugar beets are not directly used for alcohol production in Ukraine. Sugar beet is utilized only for sugar production and changes are in line with sugar beet total supply. Thus, we slightly revised sugar beet use for sugar production in the 2008/2009 marketing year based on statistical data on sugar beet production.

## Sugar Beets PSD Table

	2009 Revised			2010 Estimate			2011
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	Post Estimate New
<b>Market Year Begin</b>		09/2008	09/2008		09/2009	09/2009	09/201-
Area Planted	390	390	610	370	370	328	420
Area Harvested	370	370	577	360	360	320	410
Production	9,000	9,000	13,438	10,800	10,800	10,021	12,710
Total Supply	9,000	9,000	13,438	10,800	10,800	10,021	12,710
Utilization for Sugar	9,000	9,000	13,438	10,800	10,800	10,021	12,710
Utilization for Alcohol	0	0	0	0	0	0	0
Total Distribution	9,000	9,000	13,438	10,800	10,800	10,021	12,710

## Trade

Ukraine did not import sugar beets in the 2007/2008 and 2008/2009 marketing years. We do not expect significant imports of sugar beets in both 2009/2010 and 2010/2011 marketing years. However, sugar beet imports are possible, considering a significant decrease in domestic sugar beet production.

## Sugar Beet Imports (HS121291), MT

Country	Sep 06 – Aug 07	Sep 06 – Aug 07	Sep 07 – Aug 08	Sep 08 – Aug 09
Belarus	14,778	0	0	0
Poland	5,278	0	0	0
Lithuania	15,750	0	0	0
Total	35,806	0	0	0

Source: State Customs Committee of Ukraine

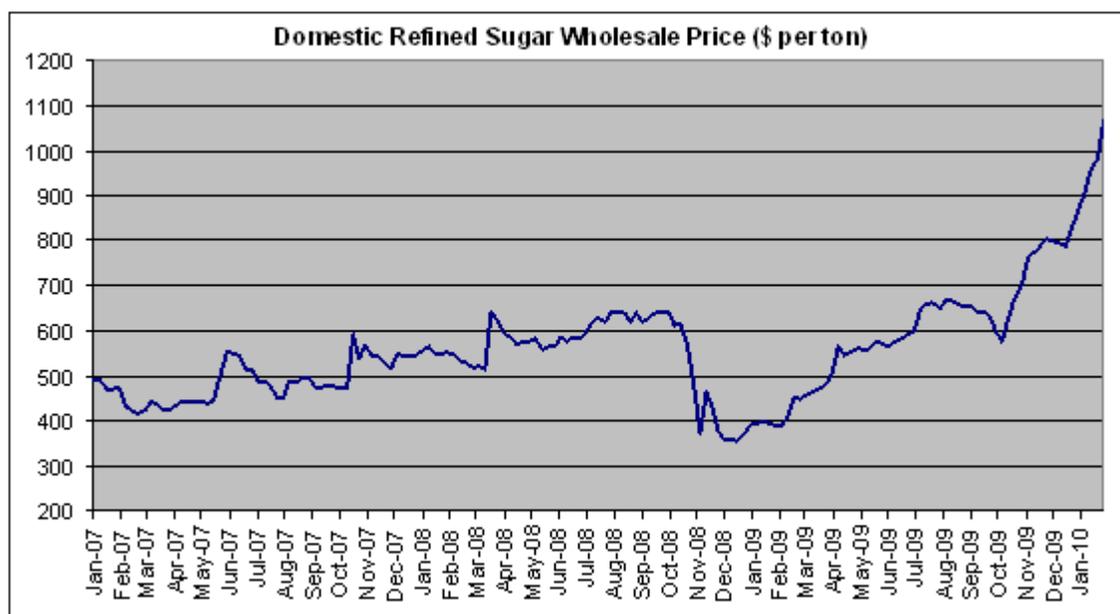
## Sugar

### Production

Beet sugar production decreased by 18% in MY 2008/2009, due to lower supply of sugar beet. According to National Association “UkrSugar”, sugar plants produced 1.27 million tons of beet sugar in the 2009/2010 marketing year, which is approximately 1.38 million tons in raw value. Thus, we revised beet sugar production in MY 2009/2010. We expect beet sugar production to increase by 23% in the 2010/2011 marketing year in line with changes in sugar beet production.

The Ministry of Agrarian Policy has not yet distributed a production quota for sugar for the 2010/2011 marketing year (1,864,000 tons). In MY 2009/2010, 70 sugar plants have received share in sugar production quota, but only 55 of them were in operation. 70 sugar plants operated in the 2008/2009 marketing year (from 104 sugar plants that had share in production quota) and 110 sugar plants operated in the 2007/2008 marketing year (from 119 that had share in production quota). It is expected that some sugar plants that stopped operations in the 2009/2010 season may return to processing beets in the 2010/2011 marketing year.

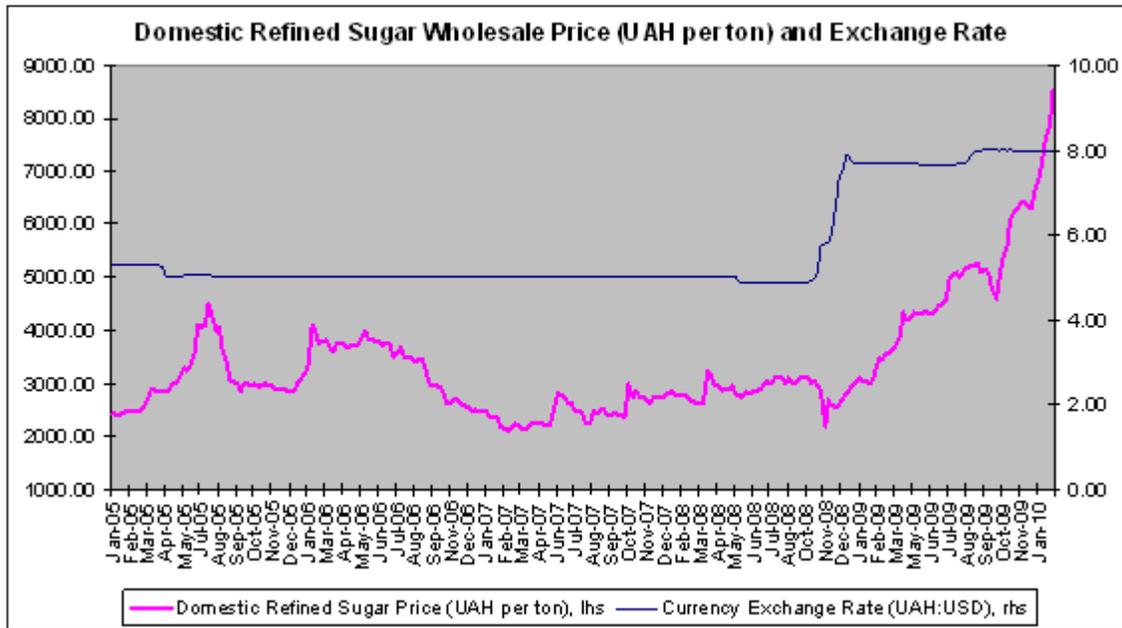
In MY 2009/2010, the volumes of refined sugar produced from imported raw sugar were taken into consideration for allocating production quota for sugar. The quotas for processing raw cane sugar were distributed by the Ministry of Agrarian Policy among sugar plants proportionally to their shares in the production of beet sugar.



Source: National Association "UkrSugar", FAS-Kyiv calculations

Domestic prices of refined sugar dropped in the beginning of the 2008/2009 marketing year, mostly due to a rapid devaluation of the Ukrainian currency. However, sugar prices started growing before long, as the market became aware of the need to import raw or refined sugar in MY 2008/2009 and MY 2009/2010 due to lower sugar beet planted area and expected crop.

Sugar is considered a staple product in Ukraine, and the Government of Ukraine usually closely monitors retail sugar prices trying to intervene when it considers them to be too high. The regulation of the sugar market has currently been under intense scrutiny, partially due to Presidential elections in Ukraine held in January 2010.



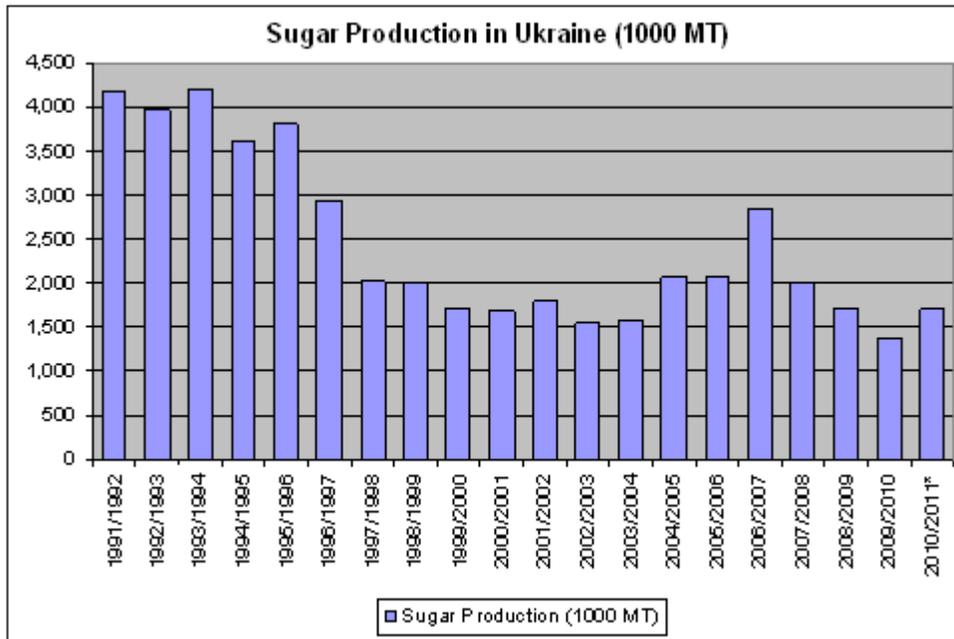
Source: “UkrSugar” for price and the National Bank of Ukraine for exchange rate

The current wholesale price of beet sugar in Ukraine is UAH 8,300-8,500 per ton (~USD 1,050 per ton). Retail prices for sugar are estimated at UAH 10-12 per kg (~USD 1.25-1.50). On January 25, 2010, the Ministry of Economy of Ukraine issued an Order to the State Inspection for Price Control to conduct an investigation whether an increase in prices of staple products, including sugar, is justified.

The State Inspection for Price Control will inspect producers, wholesalers and retailers, and if the companies are not able to provide reasons for a significant price increase, they will be fined. Internal price setting policies will also be checked on whether the companies informed local authorities of their plans to increase prices. According to the Ukrainian legislation, for some staple products there is a regulation that stipulates notifying local authorities of plans to increase prices on a monthly basis. If companies do not fulfill this requirement, they will be fined.

The Antimonopoly Committee of Ukraine is also involved in regulating prices of sugar on the domestic market. It is mostly focused on producers and wholesalers. Based on the media, the Committee is currently working on the case of sugar market players.

However, considering domestic market balance (i.e. need to import raw or refined sugar to Ukraine in 2009/2010 and 2010/2011 marketing years), domestic prices for sugar are unlikely to decrease in the near term. Domestic prices will follow world prices and will depend on sugar imports, including raw cane sugar imports conducted based on tariff rate quota.



Source: State Statistics Committee, \* - FAS/Kyiv forecast

**Sugar PSD Table, in 1,000 tons**

	2009 Revised			2010 Estimate			2011 Forecast
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	Post Estimate New
<b>Market Year Begin</b>		10/2008	10/2008		10/2009	10/2009	10/20010
Beginning Stocks	580	580	580	250	250	231	136
Beet Sugar Production	1,710	1,710	1,710	1,625	1,400	1,380	1,700
Cane Sugar Production	0	0	0	0	0	0	0
Total Sugar Production	1,710	1,710	1,710	1,625	1,400	1,380	1,700
Raw Imports	75	75	14	1,625	250	230	220
Refined Imp.(Raw Val)	25	25	64	75	140	250	120
Total Imports	100	100	78	200	390	480	360
Total Supply	2,390	2,390	2,368	275	2,040	2,051	2,156
Raw Exports	0	0	0	0	0	0	0
Refined Exp.(Raw Val)	40	40	37	50	10	5	5
Total Exports	40	40	37	50	10	5	5
Human Dom. Consumption	2,100	2,100	2,100	1,900	1,950	1,950	2,000
Other Disappearance	0	0	0	0	0	0	0
Total Use	2,100	2,100	2,100	1,950	1,950	1,950	2,000
Ending Stocks	250	250	231	200	80	136	191
Total Distribution	2,390	2,390	2,368	2,150	2,040	2,040	2,156

## Consumption

We expect sugar consumption to increase by 3% in the 2010/2011 marketing year, bouncing back from an expected decrease of 7% in the 2009/2010 marketing year. In the current marketing season, demand from the food processing sector is expected to decrease, due to the impact of the economic crisis (including lower disposable incomes, leading to lower consumption of some expensive food products). Ukrainians continue to consume sugar, primarily refined sugar, and often use sugar for home canning. There was an increase in sugar demand for home canning in the previous seasons, but we expect that it will drop in the 2009/2010 marketing year due to very high sugar prices.

## Trade

### Exports

The estimate of sugar exports in the 2008/2009 marketing year has been adjusted to coincide with State Customs Committee data. Ukraine exported about 37 thousand tons of sugar in the beginning of MY 2008/2009 (raw value), thanks to the devalued Ukrainian currency that made it profitable to sell Ukrainian refined sugar abroad. We do not expect that exports of Ukrainian sugar will remain so high in the 2010/2011 marketing year, as domestic prices adjusted to the world prices.

#### Exports of Refined Sugar from Ukraine (HS 170199), 1,000 MT (in raw value)

Country	Oct 04 - Sep 05	Oct 05 - Sep 06	Oct 06 - Sep 07	Oct 07 - Sep 08	Oct 08 - Sep 09
Kyrgyzstan	0	0	5	0	19
Uzbekistan	3	0	0	0	4
Moldova	36	1	0	0	4
Russia	0	0	0	0	3
Tajikistan	0	0	0	0	3
Kazakhstan	0	15	1	0	1
Georgia	1	5	0	0	1
Lithuania	0	0	0	0	1
Other Not Listed	14	10	0	0	1
TOTAL	55	31	7	1	37

Source: State Customs Committee of Ukraine, FAS Kyiv calculations

### Imports

We expect total imports of sugar (both raw and refined) to increase to 480 thousand tons in the 2009/2010 marketing year. The industry estimates sugar deficit on the domestic market at 400-500 thousand tons in MY 2009/2010. In marketing year 2010/2011, we forecast sugar imports to decrease to 360,000 tons, including 220,000 tons of raw sugar and 120,000 tons of refined sugar. Cane sugar TRQ for 2009 was not utilized in full, as only 64 thousand tons of raw cane sugar was imported within TRQ by two companies in 2009. Eight companies received licenses to import cane sugar under TRQ in 2009 with a total amount of 184 thousand tons. The quota was distributed too late, and some importers were not able to supply sugar by the end of the calendar year, and licenses expired.

The procedure for raw sugar distribution is rather complicated, as the quota should be distributed among both companies and countries, and the latter should be based on the mechanism described in Ukraine's WTO accession arrangements.

**Imports of Raw Cane Sugar into Ukraine (HS 170111), 1,000 MT**

Country	Oct 04 -Sep 05	Oct 05 -Sep 06	Oct 06 -Sep 07	Oct 07- Sep 08	Oct 08- Sep 09
Brazil	159	26	7	4	14
El Salvador	0	12	0	0	0
France	0	0	0	0	0
Germany	0	0	0	0	0
Guatemala	0	1	0	0	0
Mauritius	0	0	0	0	0
Netherlands	0	0	0	0	0
Russia	0	0	0	0	0
United Kingdom	0	0	0	0	0
<b>TOTAL</b>	<b>159</b>	<b>39</b>	<b>7</b>	<b>4</b>	<b>14</b>

Source: State Customs Committee of Ukraine

According to the Resolution of the Government of Ukraine #1125 “On the Use of Sugar Produced from Raw Cane Sugar Imported to Ukraine under Tariff Rate Quota” (December 27, 2008), the Ministry of Agrarian Policy distributes quota for production of sugar from imported raw cane sugar among sugar plants in proportion to their share in total production of beet sugar under production quota “A”. Based on information from the site of the Ministry of Economy of Ukraine ([http://www.me.gov.ua/control/uk/publish/article?art\\_id=139215&cat\\_id=38231](http://www.me.gov.ua/control/uk/publish/article?art_id=139215&cat_id=38231), in Ukrainian) referring to the consultations with experts from the European Commission under the WTO, the procedure for distributing TRQ in Ukraine “makes it impossible to import raw cane sugar into the Ukrainian territory without approval from the Ministry of Agrarian Policy, UkrSugar, or sugar producers and subjects of foreign economic activities that are related to them on the basis of contractual arrangements”. In 2009, sugar plants agreed with the GOU not to increase domestic sugar prices, as long as the TRQ is distributed only among them.

In addition, there were some other technical barriers to import cane sugar under TRQ. One of the documents required to be presented by an applicant to get a license was a certificate of origin. It means that to get a license you need to buy and load cane sugar, while you do not know whether you get any share in the quota. Moreover, many countries do not issue these certificates needed to get a license. The Ministry of Economy has already changed the procedure for issuing cane sugar import licenses to address this problem; the new procedure came into effect on March 10, 2010.

The Government of Ukraine previously adopted the procedures of TRQ import distribution for 2009 and 2010. According to these procedures, 260 tons from the TRQ is allocated for Paraguay, and the rest is distributed in the following way. In 2009, 80% of the remaining TRQ was supposed to be distributed among countries that exported raw sugar to Ukraine in the previous year proportionally to their share of the global Ukrainian raw sugar imports in 2001, 2003 and 2004, when tariff rate quotas were applied; and 20% was expected to be distributed evenly among the countries that planned to export raw sugar to Ukraine, but had not export it to Ukraine in the previous year.

**Imports of Refined Sugar into Ukraine (HS 170199), 1,000 MT (in raw value)**

Country	Oct 04 - Sep 05	Oct 05 - Sep 06	Oct 06 - Sep 07	Oct 07- Sep 08	Oct 08- Sep 09
Belarus	0	0	5	71	63
Denmark	0	1	1	1	0
Poland	12	1	0	0	0

The USA	9	0	0	0	0
Kazakhstan	14	33	4	0	0
Lithuania	26	0	0	0	0
Other Not Listed	1	0	0	0	0
TOTAL	61	35	10	72	64

Source: State Customs Committee of Ukraine, FAS Kyiv calculations

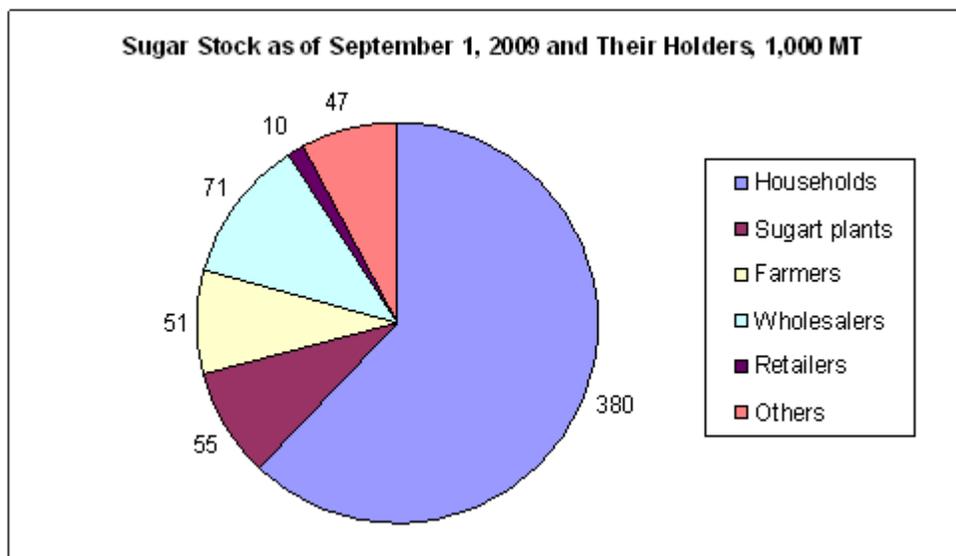
In 2010, 80% of the remaining TRQ is supposed to be distributed among countries that exported raw sugar to Ukraine in the previous year proportional to their share of Ukraine's total raw sugar imports in 2009 (i.e. their share of TRQ in 2009); and 20% is evenly allocated among the countries that plan to export raw sugar to Ukraine, although without exports to Ukraine in the previous year. The Ministry of Economy announces, by September 5, the list of countries that have not utilized their allocated quotas, and the countries are expected to inform the Ministry of Economy by September 20 if they plan to utilize them. If the country declines utilizing its allocated share in the TRQ, the newly available raw sugar imports are allocated on a first-come first-served basis. The Ministry will make public (publish on its official internet site) the information of already utilized quotas on a monthly basis. The quota will be administered on a first-come first-served basis within 3 years of accession. However, there are still debates on how to distribute the TRQ among importers, not countries in 2010.

The GOU is considering authorizing the State Reserve for duty-free imports of 100,000 tons of sugar, including cane sugar, from Belarus. If the drafted decision is adopted, the State Reserve will be able to import 100,000 tons of cane sugar without paying not only 50% import duty, but also 20% value added tax (according to the draft, the State Reserve will pay VAT, but later in 2010). It is not the first time that the GOU is considering subsidized sugar imports by state-run agencies. In 2005, the State Reserve planned, but did not import 135,000 tons of raw cane sugar from Brazil, later it was involved in subsidized imports of some other agricultural commodities.

Although Ukraine has a FTA with Belarus, cane sugar is excluded from duty-free trade. Still, beet sugar may be imported from Belarus without paying import duty. Ukraine imported 76.5 thousand tons of beet sugar from Belarus in 2009, compared to 61.3 thousand tons imported from this country in 2008. Refined sugar may be imported more promptly compared to raw cane sugar imports, but there are no reasons for imports of refined sugar to Ukraine while domestic sugar prices of sugar in Belarus are close to the prices in Ukraine.

### **Stocks**

Sugar ending stocks declined in the 2008/2009 marketing year. There is no definite information on sugar carry-over stocks. Our best estimates are based on the surveys conducted by the State Statistics Committee (SSC), while some sugar market analysts estimate beginning stocks of sugar held close to zero in MY 2009/2010. Based on statistical data, estimates of sugar stocks held by households were about 0.4 million tons, while over 0.2 million tons were held by retailers and confectionary industry (the SSC estimates total beginning stocks at 613 thousand tons in MY 2009/2010), but it should be noted that most of this sugar was not marketable.



Source: State Statistics Committee of Ukraine

According to the Ministry of Agricultural Policy, sugar stock were estimated at 1,124 thousand tons as of February 1, 2010.

#### Policy (Sugar Beets and Sugar)

Ukrainian legislation determines the production quota (A quota) for refined sugar to be sold in the domestic market and not to be exported. The production quota was established to ensure that domestic sugar beet production remains cost efficient.

Date of GOU decree	MY	Minimal sugar beet price	Minimal sugar price	Quota A* – domestic market	Quota B** – international market
12/25/2001	2002/2003	UAH 165/ \$33	UAH 2370/ \$470	1800	
12/25/2002	2003/2004	UAH 165/ \$33	UAH 2370/ \$470	1800	
02/04/2004	2004/2005	UAH 165/ \$33	UAH 2370/ \$470	1800	
12/21/2005	2005/2006	UAH 142/ \$28	UAH 2370/ \$470	1790	
02/20/2006	2006/2007	UAH 163/ \$32	UAH 2375/ \$471	1840	185
03/07/2007	2007/2008	UAH 170/ \$34	UAH 2500/ \$495	2040	
03/03/2008	2008/2009	UAH 141/ \$28	UAH 2083/ \$417	2040	
02/04/2009	2009/2010	UAH 183/\$24	UAH 2666/\$346	1984	
02/03/2010	2010/2011	UAH 292/\$37	UAH 4250/\$531	1896	

\*Quota “A” – the quota of sugar production earmarked for the domestic market by Ukrainian plants  
the quota of sugar production earmarked for export to international markets

*Source: The Cabinet of Ministers of Ukraine*

Sugar processors are allowed to decide on the quantity of sugar beet they purchase, as long as their purchases are made at prices which are not below the established minimum.

Processors can purchase raw cane sugar, and refine or sell sugar of cane origin, even while beet is available for purchase and the processors' production quota (A quota) has not been filled. Processors could not transfer production quotas between themselves at their own discretion. Ukraine abolished the B quota (supply of sugar outside Ukraine in accordance with international Agreements) and the C quota (sugar produced in excess of the quotas A and B and intended for sale exclusively outside of Ukraine) from the date of WTO accession. The mandatory requirement to export sugar derived from imported raw materials had also been abolished as of the date of WTO accession.

Sugar price support is provided by the minimum sale prices for domestic refined sugar of beet origin within the limits of the A quota. A sugar owner could be fined for breaking the requirement to sell domestic refined sugar of beet origin produced under the A quota below the minimum sale price. Imported refined sugar and refined sugar produced from raw sugar imported into Ukraine are sold domestically at market prices, and imported refined sugar is not subject to mandatory minimum price requirements applicable to domestic sugar.

Based on the law "On State Support of Agriculture in Ukraine", the GOU also may conduct intervention purchases and sales of agricultural and food commodities to influence (increase or decrease) prices. The Ministry of Agrarian policy set the volume of beet sugar to be purchased for interventions by state-run Agrarian Fund at 368,000 tons for the 2010/2011 marketing year, compared to 314,000 tons set for the current 2009/2010 marketing year.

Ukrainian sugar beet growers will continue to enjoy considerable tax benefits in the 2009/2010 marketing year that are the same for all agricultural producers. Current Ukrainian tax legislation allows agricultural companies to retain the 20% VAT charged on product they sell. The amount retained is accumulated to a special account and reinvested into company operations. In addition, companies, whose own agricultural production accounts for more than 75% of their gross sales, can apply to be registered as payers of a fixed agricultural tax in lieu of profit tax, land tax, water tax, municipal tax and some other taxes. This fixed tax is calculated on the basis of estimated value of land leased or owned by a tax payer.

In addition, farmers growing sugar beet were previously able to claim a direct subsidy. As the state budget is severely constrained to finance direct subsidy programs in the 2010/2011 marketing year, we expect direct subsidies, if adopted, to have almost no impact on planting decisions for the 2010/2011 crop. The GOU previously reimbursed interest rate payments on the loans contracted by agricultural producers from local commercial banks and pressured local commercial banks to extend the loans taken on by agricultural producers, including sugar beet growers, if they are not able to repay them in time. Agricultural lending in Ukraine is very limited now, and interest rates usually exceed 30%. The Government of Ukraine also subsidizes price of the natural gas consumed by sugar plants.

#### **Sugar Beet Harvested Area, Production and Average Yield by Region**

<b>Region of Ukraine</b>	<b>Harvested Area, 1000 ha</b>		<b>Production, 1000 MT</b>		<b>Average Yield, MT per ha</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
Crimea	0.0	0.0	0.0	0.0	0.0	0.0
Vinnytsya	48.5	62.1	1404.5	2236.5	28.98	36.04

Volyn	8.4	9.5	257.9	301.1	30.82	31.62
Dnipropetrovsk	1.1	1.7	38.6	43.1	34.45	24.76
Donetsk	1.0	1.3	15.3	25.4	16.02	19.90
Zhytomyr	10.5	11.2	216.0	343.4	20.53	30.77
Zakarpattya	0.0	0.0	0.0	0.0	0.00	0.00
Zaporizhzhya	0.0	0.4	0.0	7.7	0.00	18.97
Ivano-Frankivsk	0.7	2.0	18.3	54.2	25.56	26.94
Kyiv	24.7	29.8	747.8	997.5	30.24	33.46
Kirovohrad	11.8	14.1	333.6	516.5	28.22	36.53
Luhansk	0.0	0.4	0.0	5.0	0.00	13.47
Lviv	8.9	16.0	316.6	584.0	35.36	36.63
Mykolayiv	0.4	0.7	8.5	14.3	18.93	19.81
Odesa	0.0	1.3	0.0	25.0	0.00	18.47
Poltava	55.7	64.2	2077.6	2700.9	37.30	42.10
Rivne	23.9	22.5	794.2	832.9	34.60	37.10
Sumy	8.5	9.5	333.2	328.0	38.86	34.52
Ternopil	37.8	42.4	1207.3	1403.2	31.96	33.06
Kharkiv	24.1	27.9	482.3	823.9	19.19	29.55
Kherson	0.0	0.1	0.0	1.7	0.00	20.00
Khmelnysk	28.0	20.8	912.5	863.3	32.63	41.43
Cherkasy	17.7	26.1	602.7	854.0	34.10	32.68
Chernivtsi	2.8	3.2	35.5	108.9	12.89	33.76
Chernigiv	6.00	10.00	221.4	367.6	37.09	36.67
<b>TOTAL</b>	<b>319.5</b>	<b>377.2</b>	<b>10,020.8</b>	<b>13,437.7</b>	<b>31.36</b>	<b>35.62</b>

Source: State Statistics Committee of Ukraine