

OUTLOOK ON THE MARKET OF GRAINS AND OILSEEDS IN AGRICULTURAL EXPORTS POLITICS OF UKRAINE

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In the article the author analyzed the situation with the state of the export policy of Ukraine, in particular in the context of the export of grain and oilseeds. The analysis showed that, indeed, the production of plant origin constitutes a significant share of the national export. However, further research has shown that Ukraine is gradually losing its position as a world grain exporter in international markets. The main causes of this phenomenon are revealed and the main ways out of this situation are formed.

Keywords: export, grain crops, oilseeds, economic security, food security, demand, supply, domestic market, foreign market, protectionism, non-tariff methods, quota, traders.

Formulation of the problem in general. The agricultural sector of Ukraine with one of its basic components, crop, is the backbone of the national economy, creates the foundations to preserve the food sovereignty of the state and within certain limits its economic security. In addition to providing a stable population quality, safe, affordable food, the agricultural sector in Ukraine certainly is capable of important contribution to solving the problem of world hunger.

Further integration into the world economic space, strengthening the processes of globalization, trade liberalization need to adapt to new and constantly changing conditions, respectively — further improvement of agrarian policy of Ukraine.

Ukrainian agricultural sector with a production capacity that far exceeds domestic demand, is a link that can drive the development of the national economy and the key to its effective integration in the world economic environment, in particular on the basis of export of agricultural products, especially plant products. On the one hand, so Ukraine supports in solving the world food problem, the other — pursues its strategy of integration into the world economy in the context of globalization. The strategy of the agricultural sector of Ukraine should be aimed at creating an effective social state directed economy that can satisfy the needs of the domestic market and a leading position on the world market for agricultural products and foodstuffs. Since significant weight has crop production of grains and oilseeds, it is an interest in study of the market situation, exports of these crops which farmers cultivated in Ukraine. That is why this study is important.

Analysis of recent research and publications indicates that the problem of the export potential of agricultural sector of Ukraine is given focus on trends in the works of a number of scientists. Among them should be mentioned such as Havrilyuk O. [3], Hubenko V. [4], Kavetsky I. [5], Krylova N. [6], Yukhimenko V. [9], Zhuk M. [10] and others. They focus on the relationship of structural and export priority in Ukraine's economy, realization of export potential of AIC of Ukraine in a globalizing world economy, methodological approaches to structuring export potential.

Remaining part of the problem. Requires further research outlook on the market of grains and oilseeds in Ukraine export policy in the agricultural sector as its important components.

The main goal of research is analyzing the importance of exports of grains and oilseeds for the economy of Ukraine, the situation with the export of these crops and the main problems in this policy and solutions.

The main results of the research. The level of integration into the system of world economy depends largely on quantitative and qualitative characteristics of its exports. The availability of fertile land and favorable climatic conditions coupled with the reform of property relations in agriculture creates conditions for further development of Ukraine as a supplier to world markets of grain and its products, oil and sunflower seeds.

The development of foreign trade, including increasing exports on the world market, increase or at least maintain its share of world trade are essential for the functioning of the national economy of any state. The strategic importance of foreign trade for Ukraine due to the fact that modernization of the economy, attracting massive foreign investment, new technologies are possible only if the formation of a stable country that is open to the outside world economic system, organic inclusion of Ukraine in the global division of labor.

Despite a long and deep economic crisis, Ukraine has significant export potential, including potential international specialization in agriculture. It owns more than 25% of the most fertile black soil of the world, has favorable climatic conditions. Completion of the reform of property relations in the countryside, technical re-equipment will help to increase production of agricultural products. Major food industry today significantly upgraded and manufacture products that satisfy international quality standards.

According to State Statistics Committee of Ukraine, in the export structure of our country one of the main places ranks export of plant products, including cereals and seeds and oleaginous fruits (table 1). It is therefore of interest to study the market situation with export of these products.

Table 1 — The share of plant products (particularly grains and seeds and oleaginous fruits) in exports of Ukraine [2]

Product name	The share of exports, %					
	2012	2013	2014	2015	2016	2017 (Jan-Feb)
Vegetable products in particular:	13,4	14,0	16,2	20,9	22,3	21,8
grain crops	10,2	10,1	12,1	15,9	16,7	16,1
seeds and oleaginous fruits	2,5	3,2	3,1	3,9	4,2	4,6

Calculate the average rate or rate of growth of specific weight products as the geometric mean by formula:

$$\bar{K} = \sqrt[n-1]{K_1 * K_2 * \dots * K_{n-1}} = \sqrt[n-1]{\frac{y_n}{y_o}} \quad (1)$$

• for plant products in general:

$$\bar{K} = \sqrt[4]{\frac{22,3}{13,4}} = 1,13 \text{ (or increase on 13% in average during analyzed period)} \quad (2)$$

• for cereals:

$$\bar{K} = \sqrt[4]{\frac{16,7}{10,2}} = \text{(or increase on 13% in average during analyzed period)} \quad (3)$$

• for oilseeds:

$$\bar{K} = \sqrt[4]{\frac{4,2}{2,5}} = 1,14 \text{ (or increase on 14% in average during analyzed period)} \quad (4)$$

Apparently, analysis and calculations confirmed that indeed vegetable products (including grains and seeds and oleaginous fruits) represent a significant share of national exports, which also increased over the years in the period. It is therefore an urgent interest in further investigation of the

situation with the prices of these crops and sales in foreign markets.

Let's conduct analysis of Ukraine's export policy in recent years in terms of grains and crops of oleaginous fruits according to State Statistics Committee of Ukraine (table 2).

Table 2 — The volume of export of grains and oilseeds by Ukraine [2]

Product name	Export, thousand dollars USA					
	2012	2013	2014	2015	2016	2017 (Jan-Feb)
Grain crops	6999871,0	6371325,6	6544127,6	6057490,0	6075394,4	1008780,1
Seeds and oleaginous fruits	1753973,5	2048059,7	1687715,3	1475455,6	1535025,5	286749,7

Let's calculate the average rate or rate of growth as the geometric mean by formula (1):

$$\bar{K} = \sqrt[4]{\frac{6075394,4}{6999871,0}} = 0,97 \text{ (or decrease on 3% in average for analyzed period)} \quad (5)$$

• for oilseeds:

$$\bar{K} = \sqrt[4]{\frac{1535025,5}{1753973,5}} = 0,97 \text{ (or decrease on 3% in average for analyzed period)} \quad (6)$$

As you can see, the calculations showed that Ukraine is gradually losing slightly on the foreign markets of analyzed cultures.

Consumption and demand for grain in the world are increasing annually. In turn, the increase in consumption is explained due to the increased population of the planet. According to the forecast of the UN Department, in 2017 the number of people on the planet will be 7.5 billion pers., leading to increased demand for the grain market [8].

The leading countries in the export of wheat in the world are the US, EU, Canada. Ukraine, unfortunately, is gradually losing its leading position. The relatively slow pace of exports of Ukrainian

wheat on the EU market is due to a lack of new quotas for duty-free export and procurement of member states of wheat on the domestic market of the EU.

It is necessary to emphasize that the production of these goods has the specificity as performed seasonally in the 3rd and 4th quarter. As a result — Ukraine's GDP depends on seasonal fluctuations of crop production. However, even with an annual increase in production and export of grain, Ukraine is gradually losing ground of leading exporter. Here there are reasons and methods of non-tariff restrictions (quotas) and external protectionism by states in the market and embargo.

Farmers also in the absence of adequate facilities for storing grain have to sell it to grain traders at a low price.

Increased exports could also occur due to increased yields culture. The potential of production of crops is used by only 42%. The yield of wheat in Ukraine is about 2 times lower than in EU countries. One of the main reasons — lack of moisture.

Implementation of AIC significant export potential of our country will depend on the effectiveness of current ongoing economic reforms in the country. As a result of inefficient state regulation of relations in the field of agribusiness (including the regulation of agricultural exports), Ukraine suffers from serious losses in global markets. It has lost the position of European leader in sugar beet production and its sales on markets in the CIS countries; and is losing foreign markets of

grain, markets of sunflower seeds [7].

Let's comment on the situation on the grain market (table 3, table 4). As for the export market of Ukraine, prices remain stable. But against the background of a significant reduction in world wheat prices, we see price declines in demand on the world trade arena on Ukrainian origin wheat. In addition, the market operators have noted reduced activity of importers in this segment, which also puts pressure on prices. However, given the low supply on the domestic market, we capture stable purchase prices for domestic wheat. In the corn segment it is an opposite situation — prices in the export market are not yet integrated into the world changes, but because of sufficient supply in the domestic market from producers, traders can afford to lower purchasing prices.

Table 3 — The situation on the grain market [source: Phoenix-Agro] [1]

31.03.2017	Price	Within weeks of the month
WORLD PRICES, USD / T		
Corn (CBOT)	143,4	+3,2
Corn (EuroNext)	184,9	-0,7
Wheat (EuroNext)	176,6	-3,6
EXPORT PRICES FOB, UKRAINE, USD / T (SUPPLY)		
Wheat	185-191	0
Feed wheat	175-178	0
Barley	168-171	0
Corn	168-172	0
DOMESTIC PRICES CPT-PORT, UAH / T		
Wheat	5200—5400	0
Feed wheat	4850—5150	0
Barley	4600—4850	+50
Corn	4800—5100	0
DOMESTIC PRICES OF PROCESSORS, UAH / T		
Wheat	4600 —5400	0
Feed wheat	4000—4700	0
Barley	3700—4400	0
Corn	4000—4500	-100

Table 4 — Focus of grain market [source: Phoenix-Agro] [1]

DEMAND:	
▼	Reduced demand for wheat on the international market
▲	High domestic demand
SUPPLY:	
▼	Adequate supply of corn in the domestic market
SHIPMENT IN PORTS:	
▲	Wheat: 190.8 th. Tons
▲	Barley: 53.6 th. Tons
▲	Corn: 495.6 th. Tons
FIELD:	
▼	As of March 31 in all regions of Ukraine sowed 1.2 million hectares of early grain and leguminous cultures, 51% of the amounts planned for these crops 2,402 thousand Ha
In particular, in terms of crops sown:	
•	spring wheat — 76 thousand Ha, or 40% of the forecast (190 thousand Ha);
•	spring barley — 819 thousand Ha or 47% of the forecast (1728 thousand Ha);
•	oats — 80 thousand Ha, or 39% of the forecast (208 thousand Ha)
•	▲ positive outlook ▼ negative outlook ■ stable outlook

Let's comment on the situation on the oil market (table 5, table 6). According to world

tendencies price of sunflower oil in Ukraine also suffered a decline in the export market and the domestic one. Given that we see lower purchase prices for raw materials — sunflower seeds. However, market operators have reported that some major processors who need urgent replenishment of raw materials continue to buy oilseed prices in the region of 11,000 USD / t CPT-enterprise.

The domestic market of sunflower meal under

the pressure of two factors:

- demand lower prices in the export market is happening against the background of falling prices of soy complex;

- saturation of the domestic market.

Thus, we see a decrease in selling prices of sunflower meal in the domestic market, which in the last week of the month was USD 100-150 per tonne.

Table 5 — The market of oil [source: Phoenix-Agro] [1]

31.03.2017	Price	Within weeks of the month
WORLD PRICES, USD / T		
Soy (CBOT)	347,6	-10,9
EXPORT PRICES FOB, UKRAINE, USD / T (SUPPLY)		
Sunflower oil	725—740	-10
Rape	405—410	-5
Soy	385—395	0
DOMESTIC PRICES CPT-PORT UAH / T		
Sunflower oil	21650—21700	0
Rape	12000—12200	-100
Soy	11600—12500	-100
DOMESTIC PRICES OF PROCESSORS, UAH / T		
Sunflower oil	10400—11000	0
Rape	11400—12000	0
Soy	11300—12000	0

Table 6 — Focus oilseeds market [source: Phoenix-Agro] [1]

DEMAND:	
▼	falling world prices for soya beans
▼	falling world prices for vegetable oil
▼	reduced demand for Ukrainian soybean
SUPPLY:	
■	sufficient supply of sunflower seeds
SHIPMENT IN PORTS:	
■	Rapeseed: 9,5 thousand t
▲	Soybeans: 35.2 th. Tons
▲	sunflower oil, 124.9 th tons
FIELD:	
■	As of March 31 stairs winter rape Square received 882 thousand Ha (sown 899 thousand Ha)
▲	positive outlook
▼	negative outlook
■	stable outlook

Thus, we see that the main causes of destabilization of export crops is decline in world prices, reducing the activity of importers in this segment, the intensification of protectionist policies of importing countries to protect domestic producers, domestic market saturation in many cases. Consideration of these factors will plan an export policy more adequately.

Conclusions and recommendations for further research. The study proved that the export crop production is a significant proportion of exports of Ukraine, in particular on items such as cereals and oilseeds. But there is some reduction in this segment on the international market of the above

reasons.

Ukrainian exporters lack the financial resources to develop new markets. In addition there are also difficulties in fulfilling the requirements for standardization and quality, complicated procedures of crossing borders of other states. Exporters often spend significant resources to gather information about new markets, development of distribution channels and so on. Further recommendations relating to the proposals of the government that in order to improve export competitiveness exporters must provide tax and financial incentives (export credits and guarantees on them, a return of duty, free goods placement in customs warehouses, etc.).

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Махнуша С.М. Обзор рынка зерновых и масличных культур в аграрной экспортной политике Украины

В статье автором проанализирована ситуация с состоянием экспортной политики Украины, в частности в разрезе экспорта зерновых и масличных культур. Анализ показал, что действительно продукция растительного происхождения составляет существенную долю национального экспорта. Однако дальнейшее исследование показало, что Украина постепенно утрачивает позиции мирового экспортёра зерна на международных рынках. Раскрыты основные причины этого явления и сформированы основные пути выхода из сложившейся ситуации.

Ключевые слова: экспорт, зерновые культуры, масличные культуры, экономическая безопасность, продовольственная безопасность, спрос, предложение, внутренний рынок, внешний рынок, протекционизм, нетарифные методы, квота, трейдеры

Махнуша С.М. Огляд ринку зернових і олійних культур в аграрній експортній політиці України

У статті автором проаналізовано ситуацію зі станом експортної політики України, зокрема в розрізі експорту зернових і олійних культур. Аналіз показав, що дійсно продукція рослинного походження становить істотну частку національного експорту. Однак подальше дослідження показало, що Україна поступово втрачає позиції світового експортера зерна на міжнародних ринках. Розкрито основні причини цього явища і сформовані основні шляхи виходу з ситуації, що склалася.

Ключові слова: експорт, зернові культури, олійні культури, економічна безпека, продовольча безпека, попит, пропозиція, внутрішній ринок, зовнішній ринок, протекціонізм, нетарифні методи, квота, трейдери

Аграрний сектор України з його однією з базових складових, рослинництвом, є системоутворюючим в національній економіці, формує засади збереження суверенності держави – продовольчу та у визначених межах економічну безпеку. Окрім стабільного забезпечення населення країни якісним, безпечним, доступним продовольством, аграрний сектор України безперечно спроможний на вагомий внесок у вирішення світової проблеми голоду.

Український аграрний сектор з потенціалом виробництва, що значно перевищує потреби внутрішнього ринку, є ланкою, що може стати локомотивом розвитку національної економіки та запорукою її ефективною інтеграції в світовий економічний простір, зокрема на засадах експорту аграрної продукції, передусім продукції рослинництва.

У статті автором проаналізовано ситуацію зі станом експортної політики України, зокрема в розрізі експорту зернових і олійних культур. Аналіз показав, що дійсно продукція рослинного походження становить істотну частку національного експорту. Однак подальше дослідження показало, що Україна поступово втрачає позиції світового експортера зерна на міжнародних ринках. Розкрито основні причини цього явища і сформовані основні шляхи виходу з ситуації, що склалася.

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