



INITIAL MARKET SURVEY

Main Agrifood Exports from Ukraine to Africa

Wheat, Barley, Corn, Sunflower Oil

This project has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement no 101000751



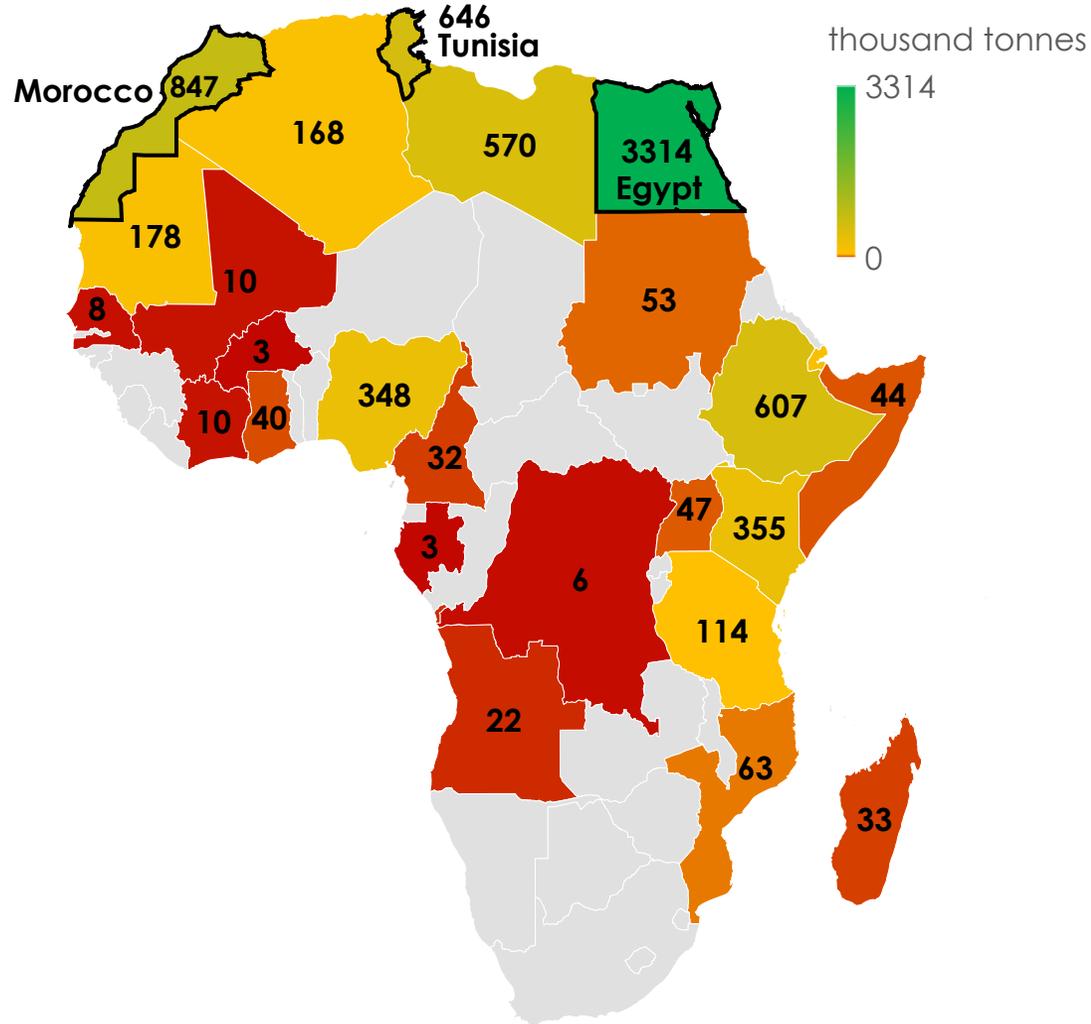


WHEAT

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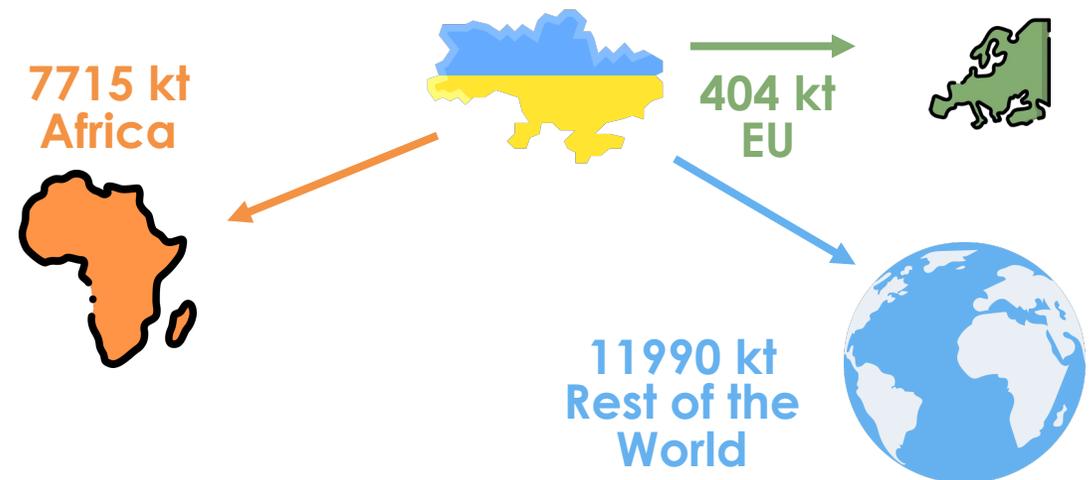
Imports of wheat from Ukraine (2021)



Wheat is a key cereal consumed by both the food and feed. However, despite the fact that many countries around the world have their own production, in most it does not cover all annual needs. Therefore, these countries are dependent on imports, and the African continent is the most eloquent confirmation. According to the USDA, in the 2021-22 season, Africa imports 55.7 millions tonnes - North Africa 29.0 million tonnes and Sub-Saharan Africa 26.7 million tonnes of this volume. For comparison, rest of the world imports 145 million tonnes: Asia and Oceania together import 98 million tonnes, North and South America 29 million tonnes and Europe 18 million tonnes.

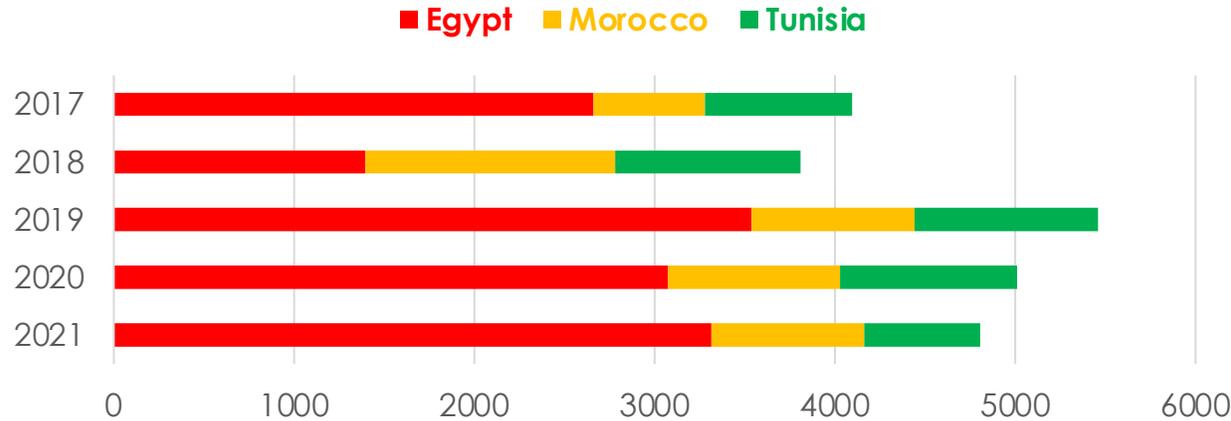
As there are many net exporters in the world market (USDA estimates 69 countries), it is not surprising that Ukraine does not account for a significant share of imports from most African countries. However, the loss of Ukraine's export potential affects world prices and therefore threatens food security. Food aid from rich countries might bring a temporary reprieve but also change respective market shares at Ukraine's expense.

Export of wheat from Ukraine in 2021



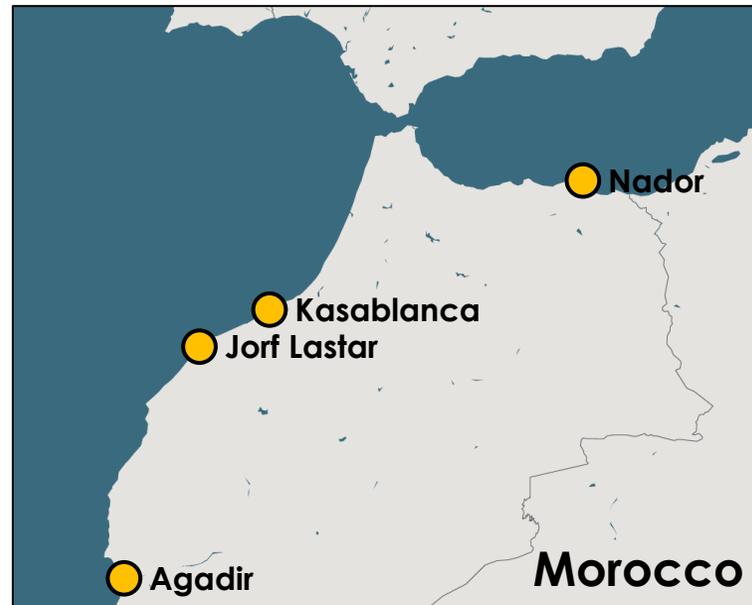
Sources: Customs Statistics of Ukraine, USDA

Top 3 importers of Ukrainian wheat (thousand tonnes)



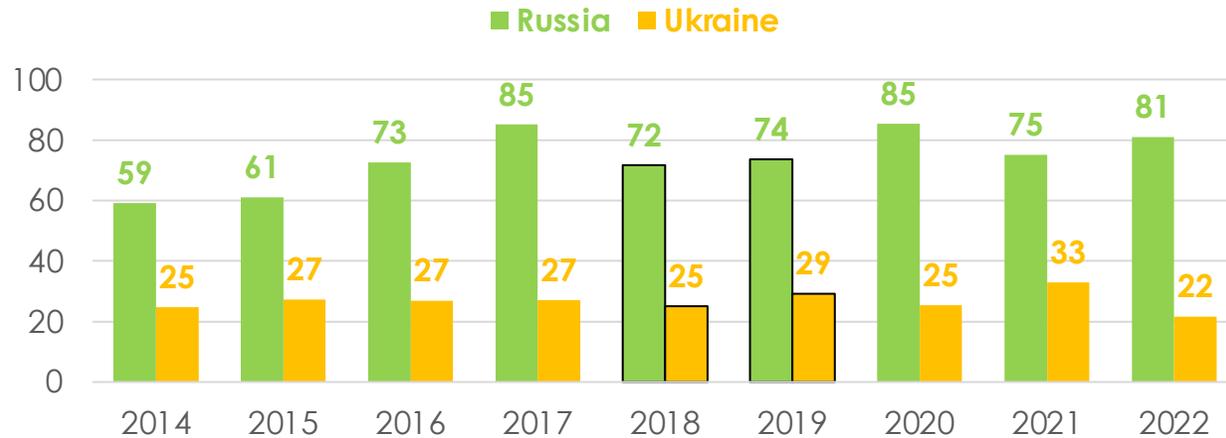
The war caught Ukrainian wheat in the second half of the season (July-June), when exports remained low. First due to government restrictions and then due to logistics problems, only 128 k tonnes of wheat crossed the Ukrainian border from the beginning of the war until June 16. Therefore, we expect that exports of the 2021-22 season instead of 23.0 will be 18.6 million tonnes.

Key African importers have had to deal with supply disruptions by purchasing from other origins at much higher prices. North Africa is now harvesting their own wheat, and this will ease the situation. Significant problems only in Morocco - due to the drought in the country is expected to drop yields to 0.9 t/ha compared to last year's 2.6 t/ha.

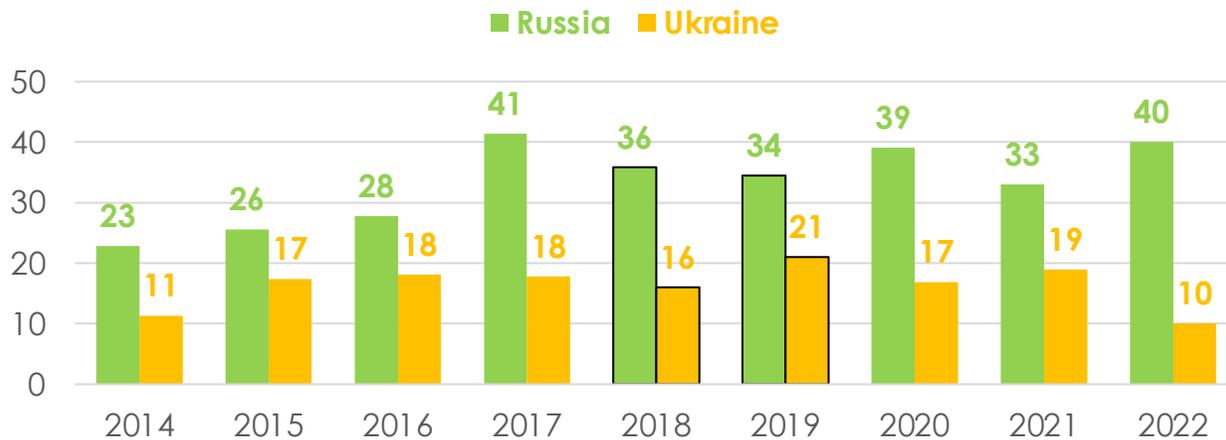


Sources: Customs Statistics of Ukraine, USDA

Wheat production (million tonnes)



Wheat exports (million tonnes)



Export statistics show that in the 2018 season, exports of Ukrainian wheat to Egypt fell sharply and increased to Morocco. The following year, exports to Egypt increased, and Morocco returned to normal. Why did this happen?

1) *Foremost, an answer is in harvest in Ukraine and competitors.* Ukraine in 2018 harvested 25 million tonnes - the lowest figure since 2014. Instead, from 2016 to 2018, Russia harvested 3 record harvests (73, 85 and 72 million tonnes, respectively). This even led to some shortages of storage capacity (forcing to sell more actively). As a result, these factors allowed Russia to gain a foothold in nearby markets, affecting Ukraine, Romania and other neighbouring wheat exporters.

2) *Qualitative indicators.* In 2018, Ukraine had problems with the condition of the harvest - in June the weather was extremely hot, and in the second half of July (in the midst of the harvest) heavy rains began. As a result, the harvest was delayed, the grain began to germinate, and diseases spread such as fusarium, smut, etc. Egypt (especially the General Authority For Supply Commodities GASC) had strict quality requirements, and given the large Russian harvest, Ukraine's competition in this market has suffered.

However, in general, the world needed wheat, so there was simply a redistribution of market shares. In 2018, Ukraine showed very strong exports to long-distance destinations, in particular to Indonesia (updated the record), the Philippines (twice as much as ever), and in Africa, Morocco became such a destination. Sometimes during summer in Morocco Ukrainian wheat was \$15/t cheaper than French wheat. In 2019, Ukraine harvested a record crop at that time and comeback to its traditional export destinations.

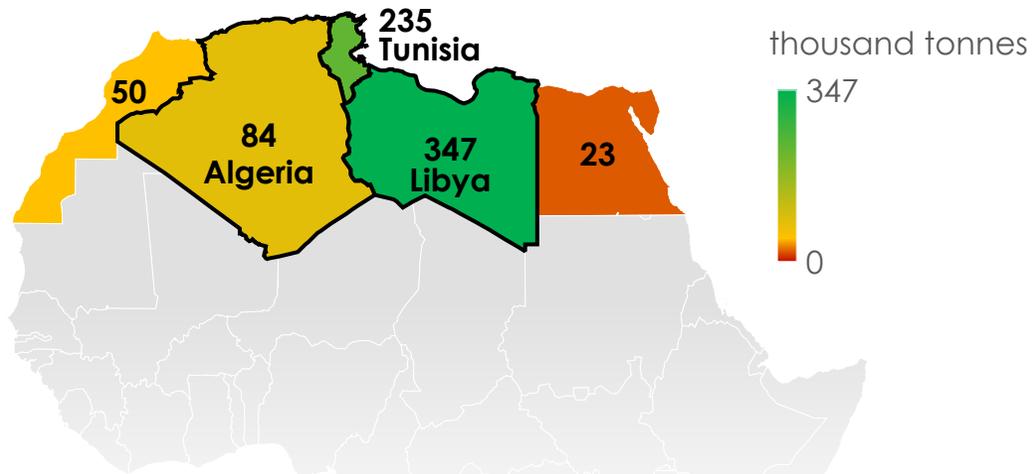


BARLEY

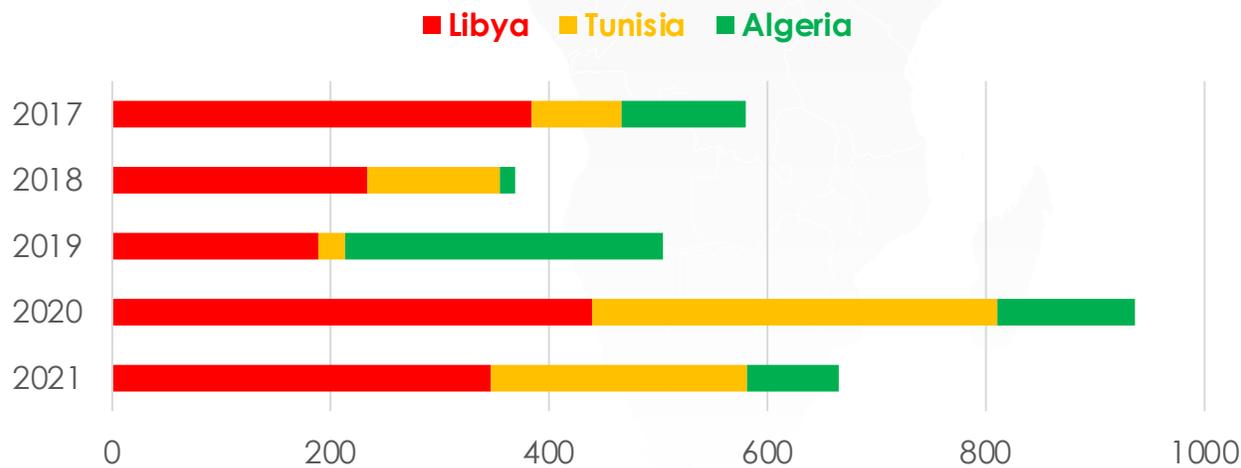
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Imports of barley from Ukraine (2021)



Top 3 importers of Ukrainian barley (thousand tonnes)



Ukraine produces 8-10 million tonnes of barley, of which 4-6 million tonnes are exported. That's enough, to be among the top 5 world exporters, after the EU, Australia (in crop years), competing with Russia for 3-4 place. However, such small volumes of world trade mean a very narrow circle of consumers. Ukraine mainly exports barley to Saudi Arabia and China, with Africa (mainly North of the Sahara) accounting for up to 25%.

As of February 24, Ukraine had already exported 5.7 million tonnes of barley with an export potential of 6.0 million tonnes, so the effects of closed ports were not so significant. Therefore, most countries (including African) have experienced negative effects, but in general prices have risen not least due to support for corn and wheat markets.

Export of barley from Ukraine in 2021



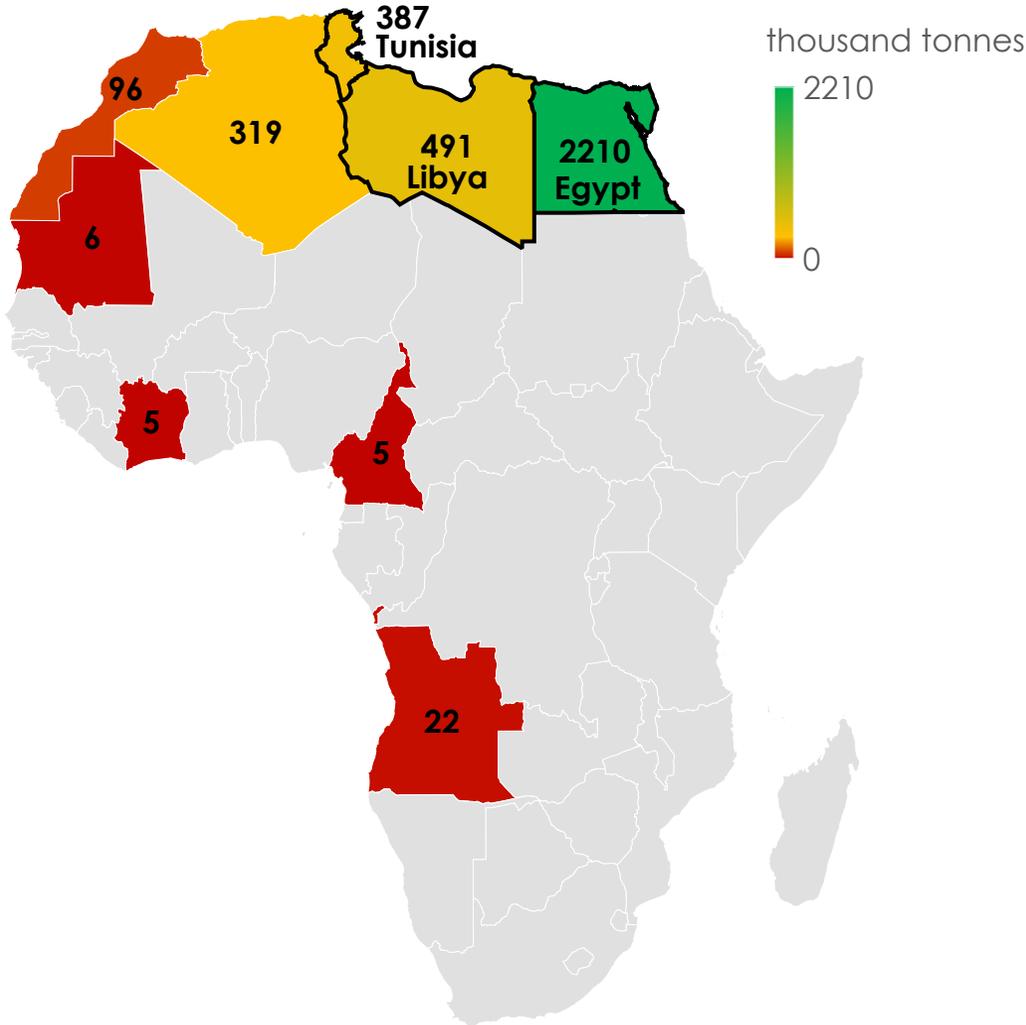
Sources: Customs Statistics of Ukraine, USDA



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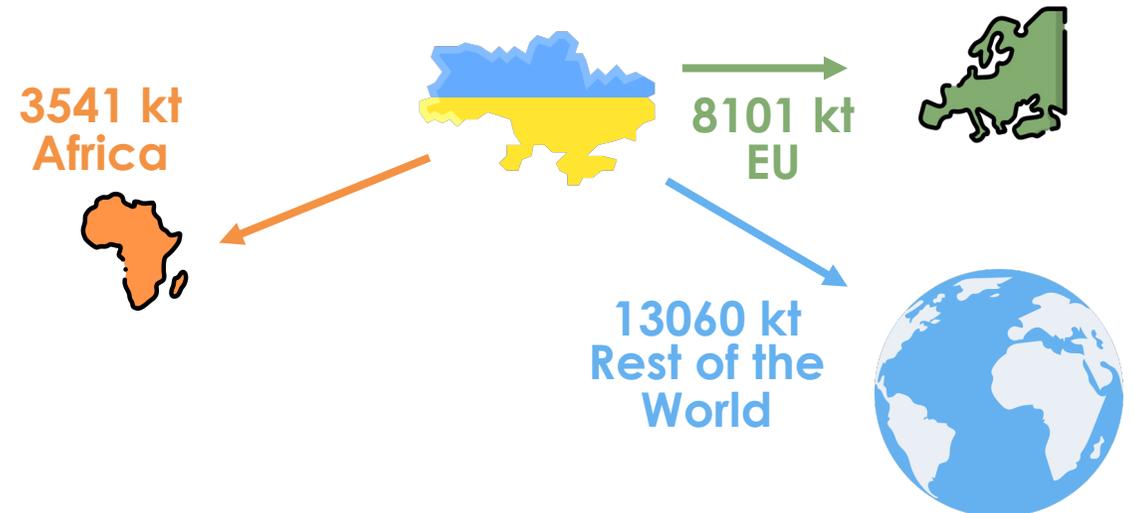


Imports of corn from Ukraine (2021)



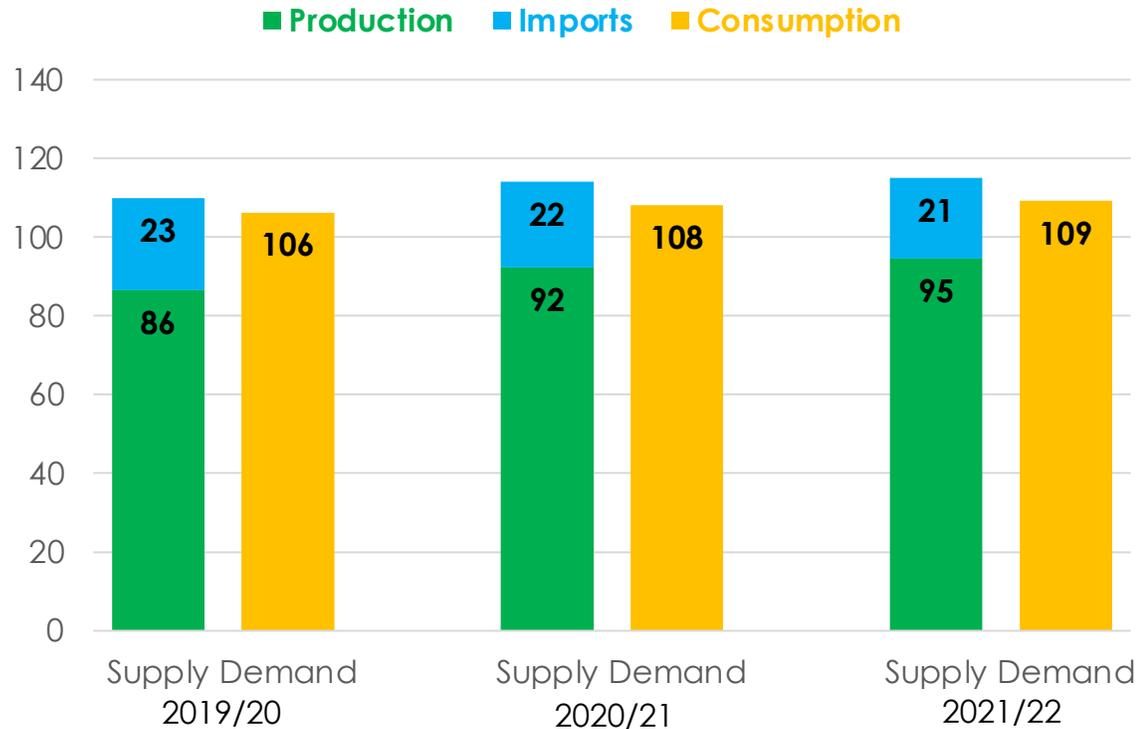
Of the world's total imports, Africa accounts for about 11%. The same share in the EU. Due to its geographical proximity (meaning lower losses on logistics), Ukraine has an active presence in the Mediterranean region and successfully competes at the EU (Spain, Italy, the Netherlands, etc.) and North Africa markets. The rest of the corn goes mainly to East Asia (China, South Korea) and the Middle East (Iran, Turkey). Ukraine grows to export specifically feed corn. The loss of maritime traffic due to the Russian invasion greatly affected Ukraine's export opportunities. However, corn is most in demand among cereals. And the fact that the next harvest in the Northern Hemisphere will be in the fall, supports the demand from European buyers. Since February 24, more than 2.2 million tonnes of corn have crossed the border of Ukraine and exports will continue.

Export of corn from Ukraine in 2021

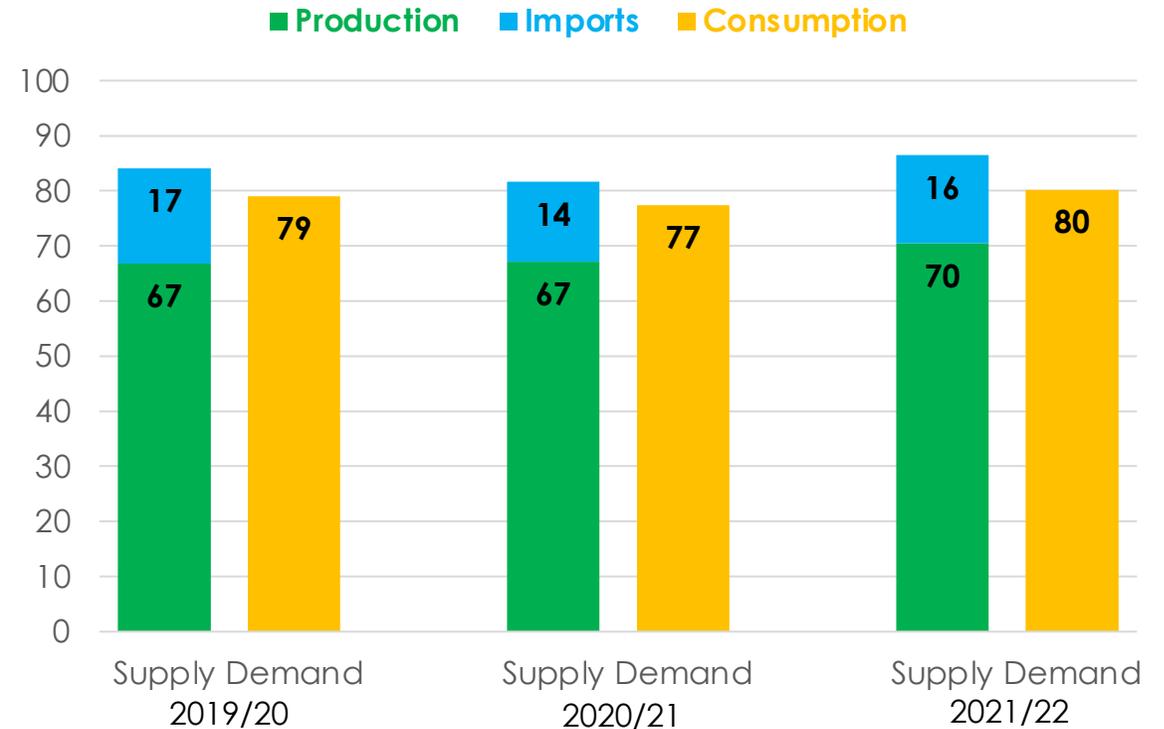


Sources: Customs Statistics of Ukraine, USDA

Corn in Africa (mln tonnes)



Corn in EU-27 (mln tonnes)

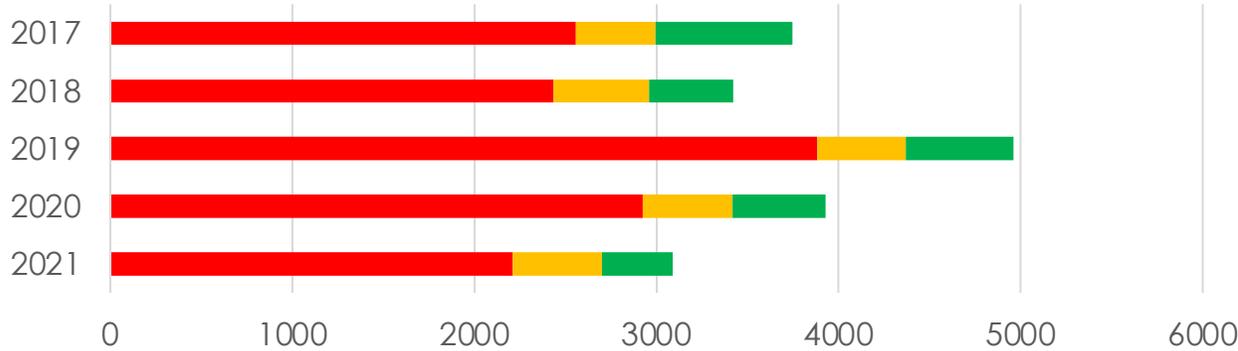


The directions of corn exports are dictated by the demand of importing countries, as well as competition between exporters. Another important factor is that the EU needs non-GMO corn, which Ukraine can offer. At the same time, other key exporters (USA, Brazil and Argentina) are virtually absent from this market. So it is not surprising that Ukrainian corn covers a significant part of European demand. As for Africa, the geography of exports perfectly demonstrates the importance of freight rates in commodity trade flow.

Also, due to distance, Ukraine exports to North Africa. This region produces a total of about 6-8 million tonnes of corn, with a demand of 25-27 million tonnes. Therefore, Ukraine covers part of this demand - the rest is transported in large quantities from Argentina and Brazil. However, sub-Saharan Africa production and consumption is more balanced, and because of the distance, these areas are easier to cover from South America.

Top 3 importers of Ukrainian corn (thousand tonnes)

■ Egypt ■ Libya ■ Tunisia



Prior to the full-scale war in Ukraine, there was a significant problem with the sale of corn for export. Due to the record harvest (40 million tonnes), it was difficult to find enough global demand. In addition, producers kept the crop, hoping for rising prices. Therefore, as of February 24, 19.4 million tonnes were exported and 16.1 million tonnes more had to be sold by the fall. However, with the beginning of the Russian invasion, exports became possible only by land border by rail and road crossings (+ river transport), which are not at all ready for such huge volumes. Therefore, despite the fact that corn remains a key exported crop, we expect that the total export for the season (October-September) will be 24.5 million tonnes - 10 million tonnes will remain unsold.



Sources: Customs Statistics of Ukraine, USDA

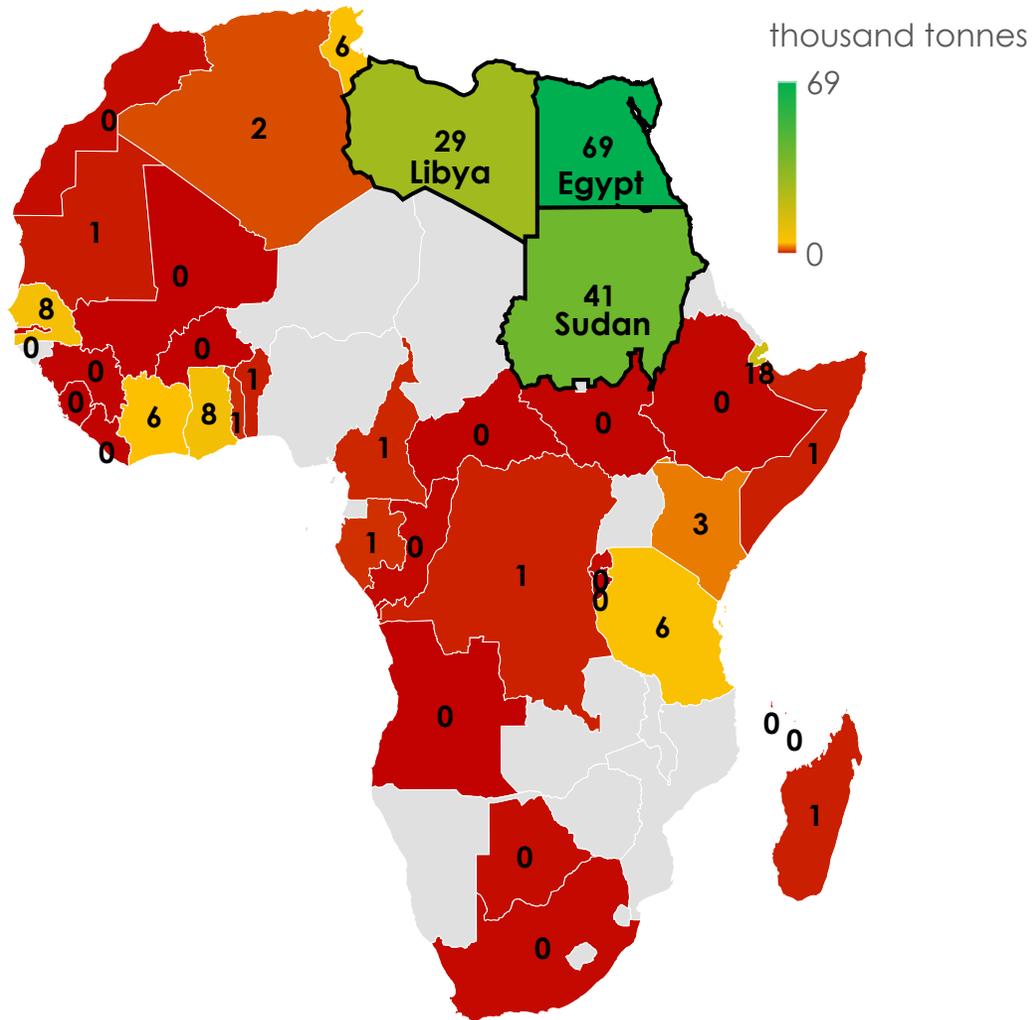


SUNFLOWER OIL

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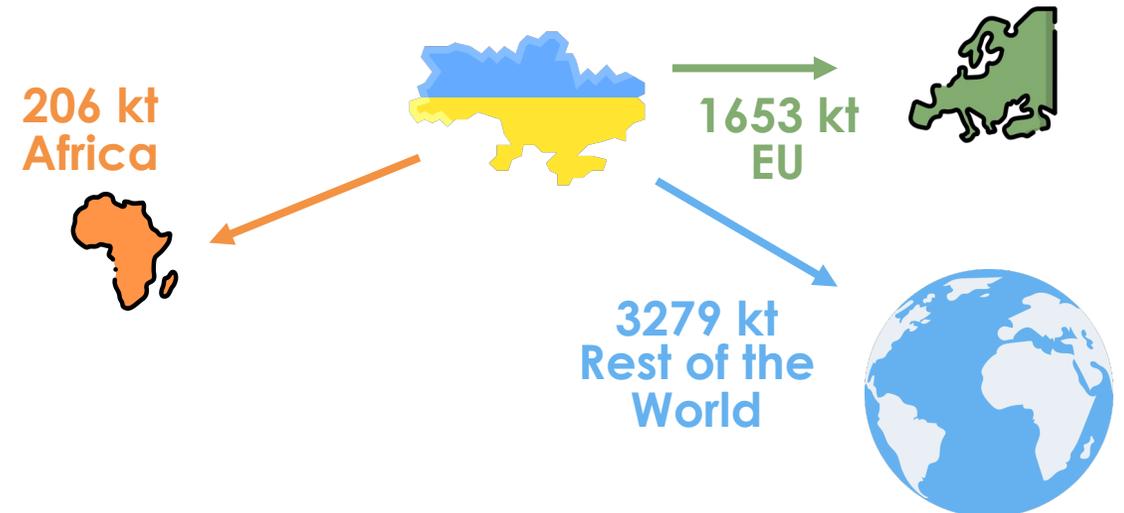


Imports of sunflower oil from Ukraine (2021)



Ukraine is a world leader in sunflower cultivation and export of sunflower oil. A few years ago, every second ton of oil exported worldwide was of Ukrainian origin. In recent years, Russia has begun to catch up with Ukraine, so Ukraine's share of world exports has fallen to 40%. However, this is an extremely large part of the market, so it is not surprising that almost every African country that imports sunflower oil buys it including in Ukraine. However, for Ukraine itself, Africa is not a key market - except for a few African countries, most purchase very small volumes, measured by several ships a year. At the same time, although Ukraine has lost its export potential due to blocked ports, it still has limited opportunities to export oil to EU countries. Since February 24, almost 500 thousand tonnes of sunflower oil and 700 thousand tonnes (unusually high tonnage) of seeds have crossed the border.

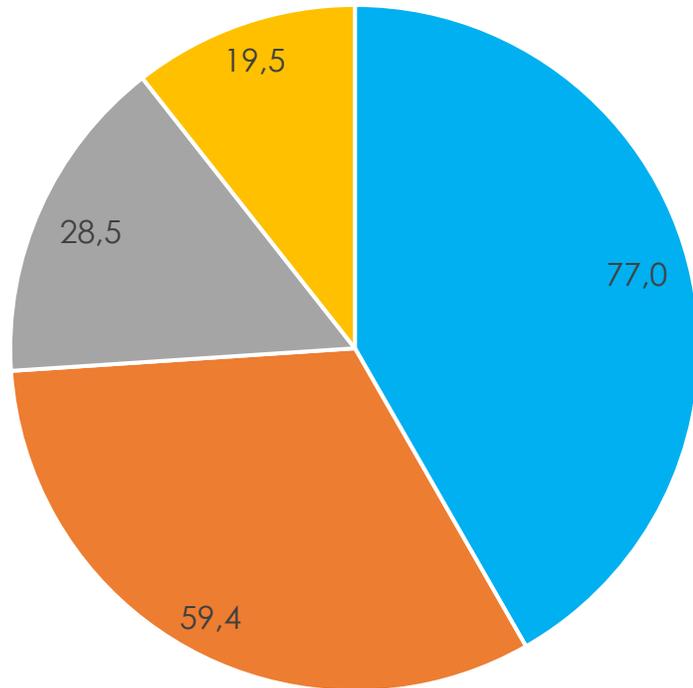
Export of sunflower oil from Ukraine in 2021



Sources: Customs Statistics of Ukraine, USDA

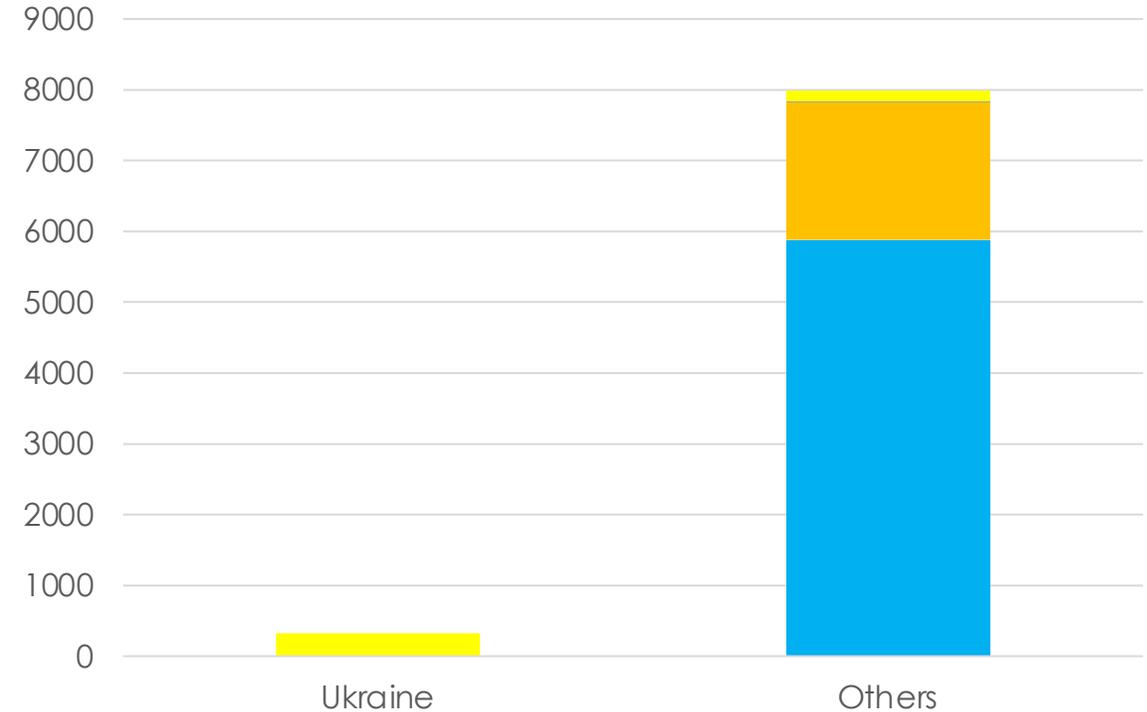
Top vegoils world production in 2021(Mt)

■ Palm oil ■ Soybean oil ■ Rapeseed oil ■ Sunflower oil



Vegoils export to Africa (kt)

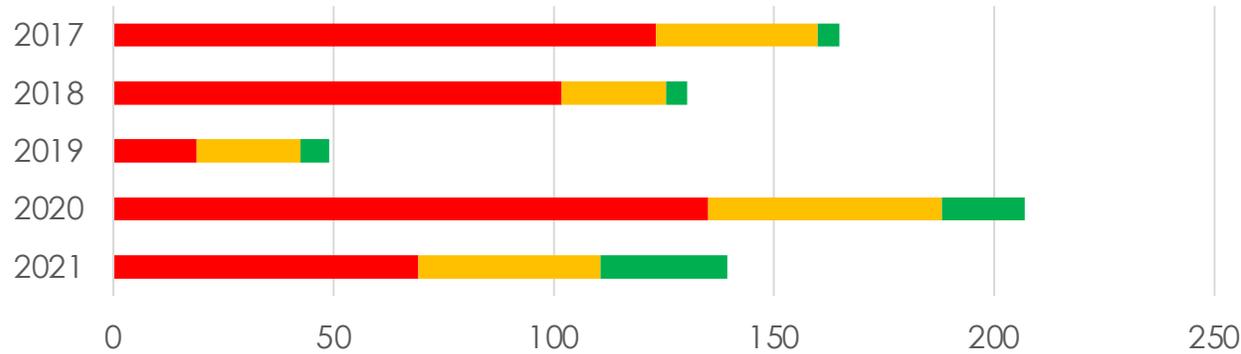
■ Palm oil ■ Soybean oil ■ Rapeseed oil ■ Sunflower oil



Foremost, it should be noted that among all the key oils that are produced and actively traded in the world, both for food and technical needs (for example, in the production of biodiesel) the palm oil is in lead. Sunflower oil ranks fourth after soybean and rapeseed. In most seasons, sunflower oil is the most expensive of these, and palm oil is the cheapest. These factors (quantity and affordability) determine the demand for vegetable oils and their geographical diversification. In Africa, sunflower oil is in very little demand compared to palm and soybean. At the same time, demand in the EU is more balanced and, in addition, EU countries are reducing palm oil imports (for the production of which forests of Malaysia and Indonesia are often cut down).

Top 3 importers of Ukrainian sunflower oil (kt)

■ Egypt ■ Sudan ■ Libya



Exports of sunflower oil are cyclical and depend not only on the processing capacity in Ukraine, but also on the seasonality of demand from key importers (India and China). The decline is closer to summer, when the quantity of available seeds decreases and in mid-summer the plants often go to scheduled repairs, preparing for the start of next season. However, as of February 24, Ukraine still needed to sell a significant amount of oil. The ports shutdown lead to limited export opportunities, and the only positive is that the EU is a significant market for Ukraine. In addition, some EU countries have their own processing facilities. Therefore, the demand remains high even now, not only for sunflower oil, but also for seeds (which are imported to Europe by local processors).



Sources: Customs Statistics of Ukraine, USDA

ANNEX

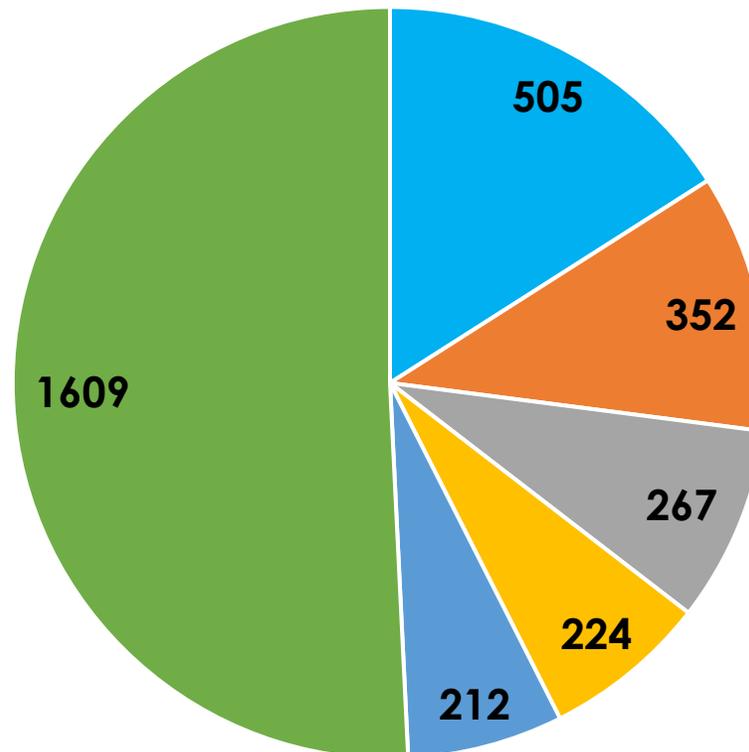


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Traders' Market Shares, 3-Year (2019-2021) average wheat exports to Egypt (kt)

■ Louis Dreyfus ■ Nibulon ■ Kernel ■ Sierentz Global Merchants ■ Cargill ■ Others

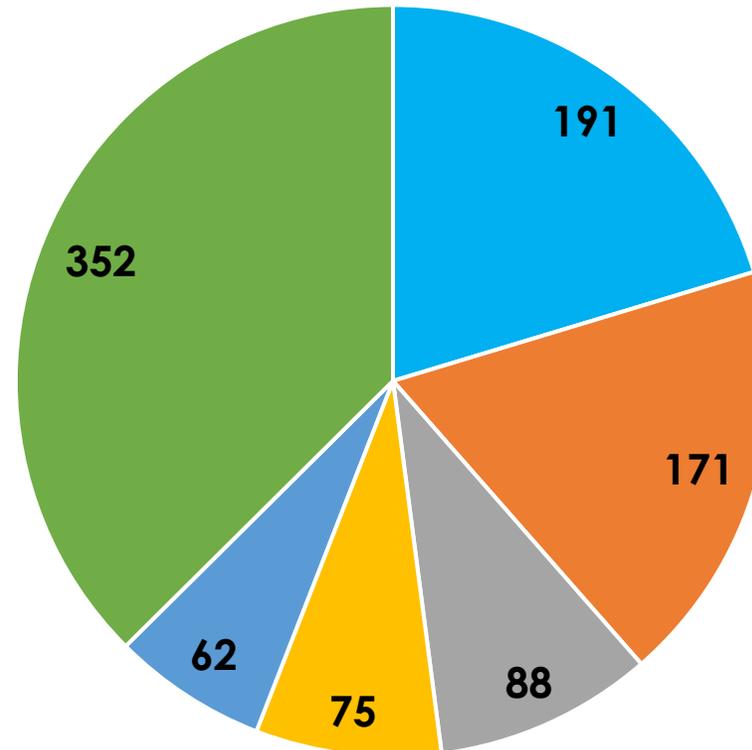


For Ukrainian wheat, Egypt is the largest importing country. Indonesia moved Egypt from the top spot only a few times - mostly when competition from Australia weakened and in the Mediterranean prices were very high due to the size of the harvest. In the absence of Ukraine's availability, the EU and Russia will have to cover Egypt's wheat needs. As a result of fewer exporters competing for sales markets, the strategically important grain will experience price support.

Sources: Customs Statistics of Ukraine

Traders' Market Shares, 3-Year (2019-2021) average wheat exports to Morocco (kt)

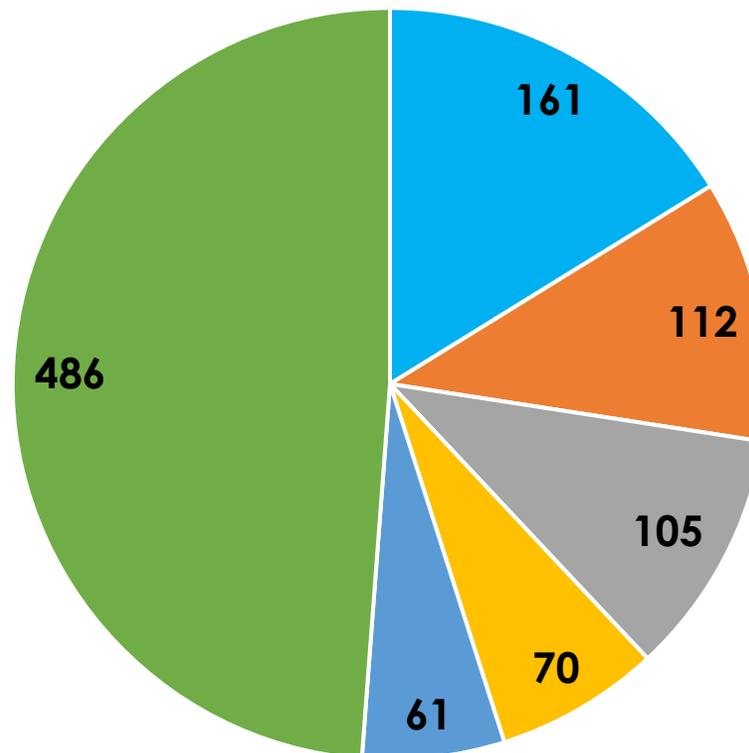
■ Cargill ■ Bunge ■ Cofco ■ Viterra (Glencore) ■ CHS ■ Others



Morocco is firmly in the top five key areas of Ukrainian wheat exports. Depending on the season, Ukraine accounts for 10% to 25% of Morocco's imports.

Traders' Market Shares, 3-Year (2019-2021) average wheat exports to Tunisia (kt)

■ Cofco ■ Louis Dreyfus ■ Orsett ■ Nibulon ■ Viterra (Glencore) ■ Others



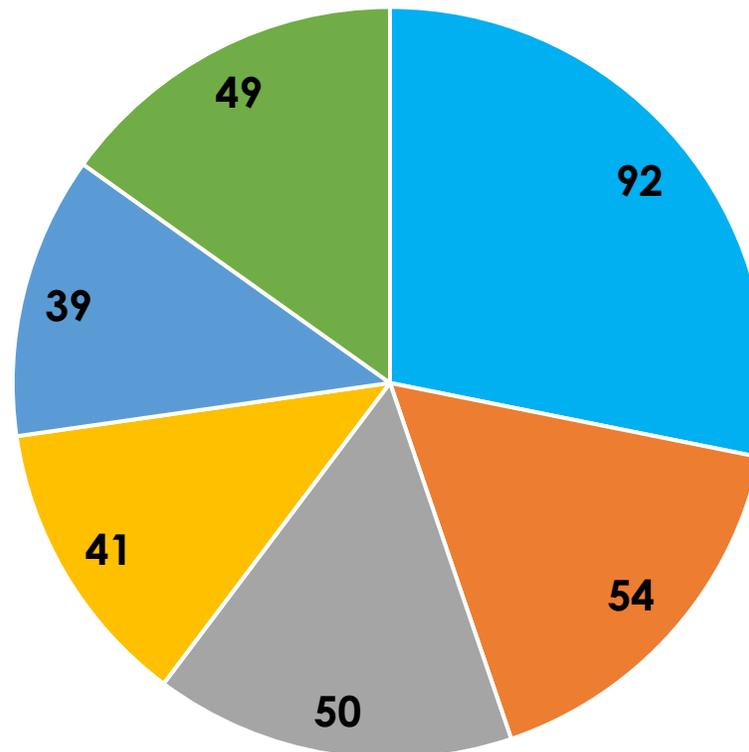
Tunisia is a very important market for Ukraine. Although this country is not in the top 5 destinations in terms of exports, almost every year Ukraine supplies Tunisia with 1 million tonnes of wheat - more than half of import demand (which is around 1.9 million tonnes).



BARLEY

Traders' Market Shares, 3-Year (2019-2021) average barley exports to Libya (kt)

■ Grainexpo ■ Louis Dreyfus ■ BKW Group ■ Profit Export ■ Kernel ■ Others

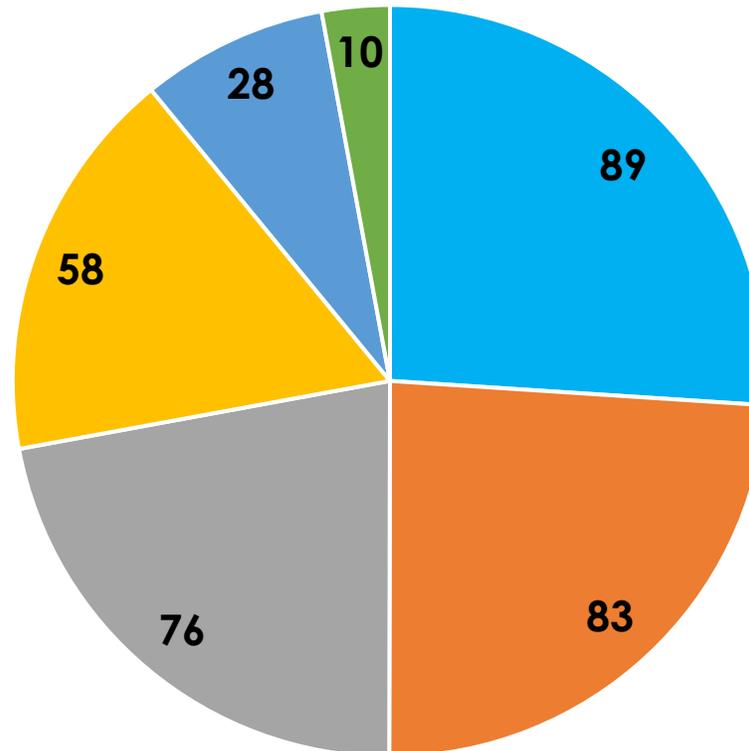


Saudi Arabia has usually been the main destination for barley exports to Ukraine. In recent years, China has moved it from the first place. At this time, Libya is a confident 2-3 place, importing 200-400 thousand tonnes annually from Ukraine. If to counting not by the calendar but the marketing year (July-June), Ukraine in the 2021-22 season, despite a full-scale Russian invasion, already exported to Libya 423 thousand tonnes of barley - more than half of Libyan total demand.

Sources: *Customs Statistics of Ukraine*

Traders' Market Shares, 3-Year (2019-2021) average barley exports to Tunisia (kt)

■ Louis Dreyfus ■ GrainCorp ■ Cofco ■ Viterra (Glencore) ■ Al Ghurair ■ Others

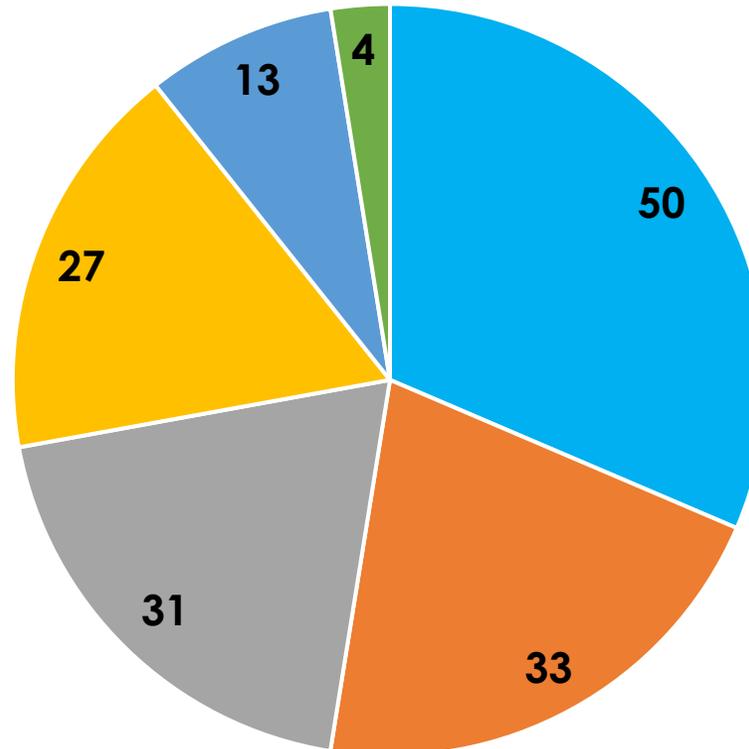


Every season, Tunisia's needs for barley imports fluctuate between 600-1000 thousand tonnes. Ukraine covers about 20% of this demand each time. According to USDA estimates, in the new season, Tunisia, with its own production of 420 thousand tonnes, will need 750 thousand tonnes of imports. Without Ukraine, fulfilling this need will be problematic.

Sources: Customs Statistics of Ukraine

Traders' Market Shares, 3-Year (2019-2021) average barley exports to Algeria (kt)

■ Louis Dreyfus ■ Viterra (Glencore) ■ Nibulon ■ Al Ghurair ■ Prometey ■ Others



In the structure of Ukraine's exports, Algeria occupies a small share - less than 5%. At the same time, for Algeria, the temporary loss of Ukrainian barley is more significant - in previous years, purchases from Ukraine amounted to 10-20% of total imports.

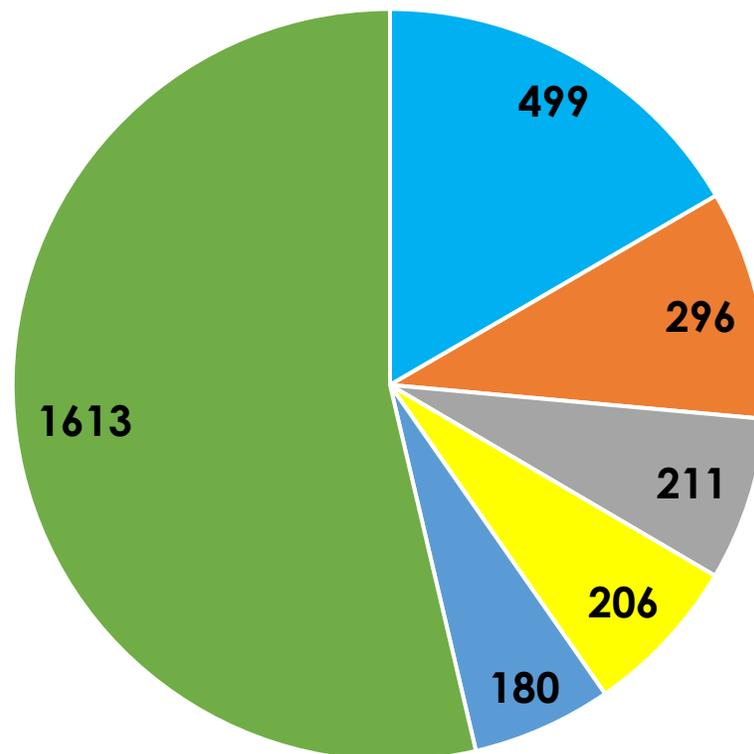


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Traders' Market Shares, 3-Year (2019-2021) average corn exports to Egypt (kt)

■ Kernel ■ ADM ■ Agroprosperis ■ Sierentz Global Merchants ■ Nibulon ■ Others

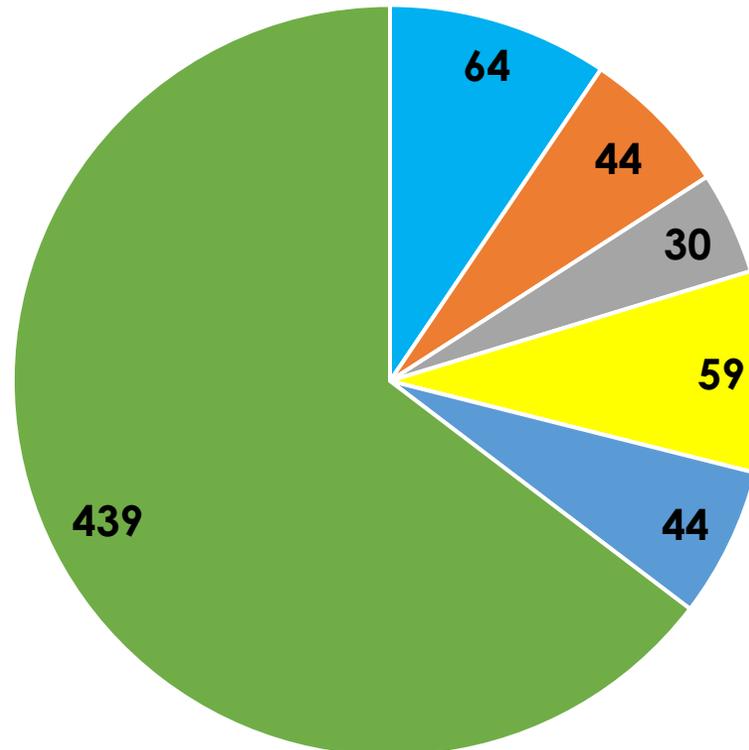


Traditionally, the largest buyers of Ukrainian corn are China and the EU. Egypt ranks third, importing 2-3 million tonnes annually. In the spring and summer of 2021, Ukraine exported more than 850 thousand tonnes of corn to Egypt. In 2022, during this period, due to the war between Ukraine and Russia, exports became inaccessible and Egypt had to look for other suppliers.

Sources: *Customs Statistics of Ukraine*

Traders' Market Shares, 3-Year (2019-2021) average corn exports to Algeria (kt)

■ Al Ghurair ■ Cofco ■ Olam ■ Sierentz Global Merchants ■ Bunge ■ Others

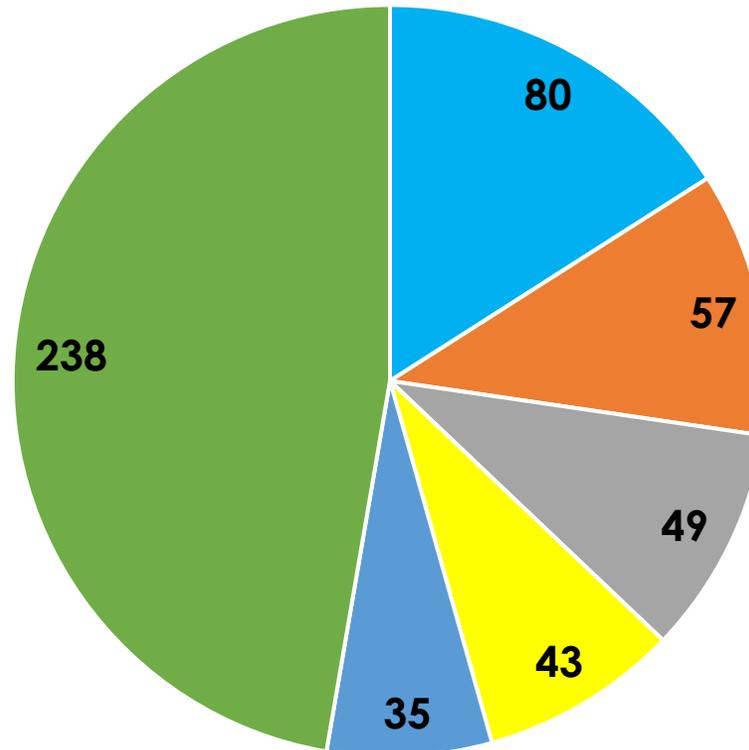


With no production of its own, Algeria imports about 4.5 million tonnes of corn each year and is completely dependent on external supplies. In recent years, Ukraine has covered a small share - except for the overactive 2020, usually exports to this country are less than 200-300 thousand tonnes. Therefore, for Algeria, the main negative effect of closed Ukrainian ports is due to rising world prices.

Sources: *Customs Statistics of Ukraine*

Traders' Market Shares, 3-Year (2019-2021) average corn exports to Libya (kt)

■ Sierentz Global Merchants ■ Cofco ■ ADM ■ CHS ■ Black Sea Commodities ■ Others



Every year Libya buys about 500 thousand tonnes of corn from Ukraine. For Ukraine, which has a total export of 20-30 million tonnes per year, this is a stable market, but not strategically important. However, for Libya itself, the loss of Ukrainian corn is very significant - the country has no own production and imports about 700 thousand tonnes of corn annually. Ukraine accounts for more than 60% of this volume.

Sources: *Customs Statistics of Ukraine*



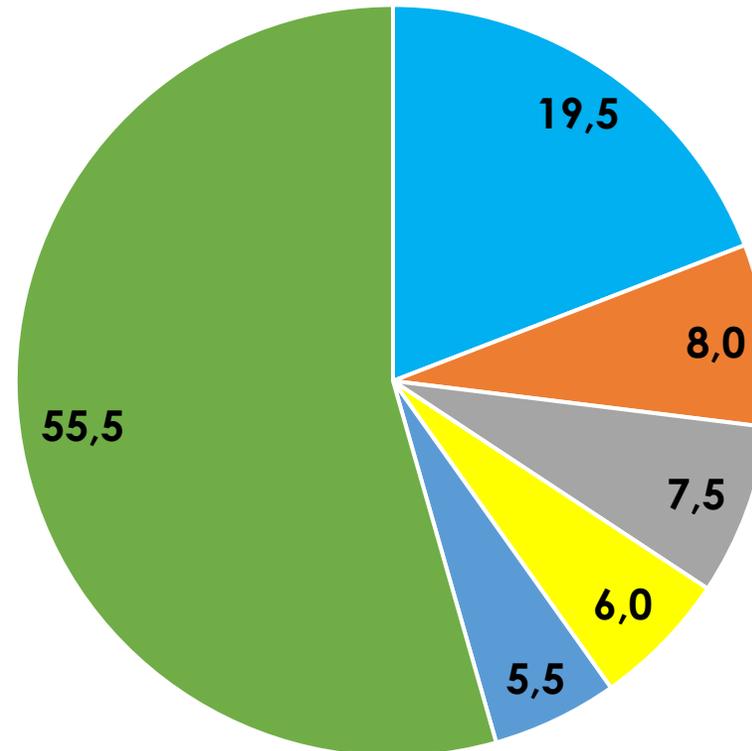
SUNFLOWER OIL

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Traders' Market Shares, 3-Year (2019-2021) average sunflower oil exports to Egypt (kt)

■ Kernel ■ Cargill ■ ADM ■ Optimusagro trade ■ Delivery Prime ■ Others

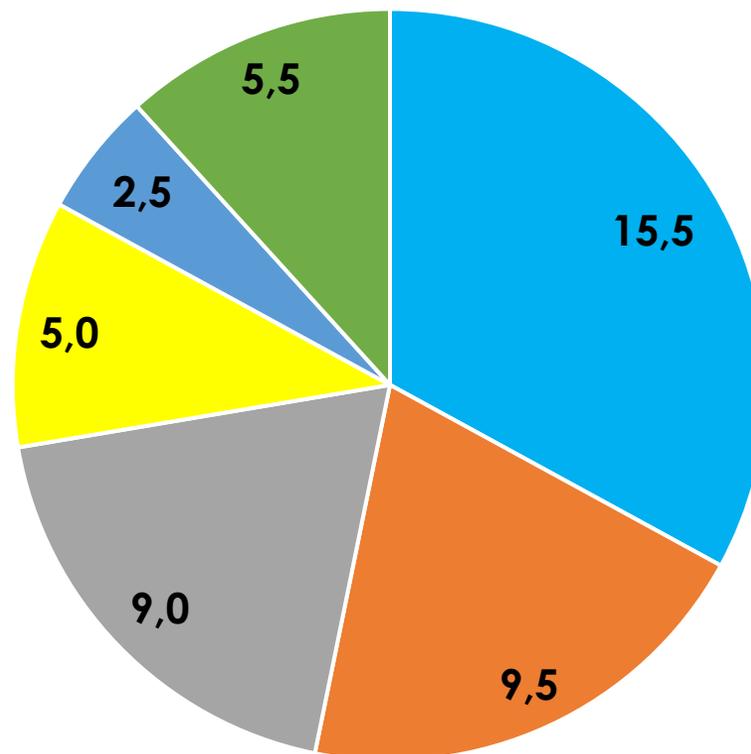


Ukraine is a world leader in the production and export of sunflower oil. Every second exported ton of sunflower oil in the world of Ukrainian origin. Therefore, the loss of access to maritime communication with the world is very much felt in importing countries. In 2020, Egypt covered 50% of its needs with oil from Ukraine - the rest was imported from Russia and other countries.

Sources: *Customs Statistics of Ukraine*

Traders' Market Shares, 3-Year (2019-2021) average sunflower oil exports to Sudan (kt)

■ ADM ■ Suntrade ■ Kernel ■ Satelit ■ Fregat ■ Others

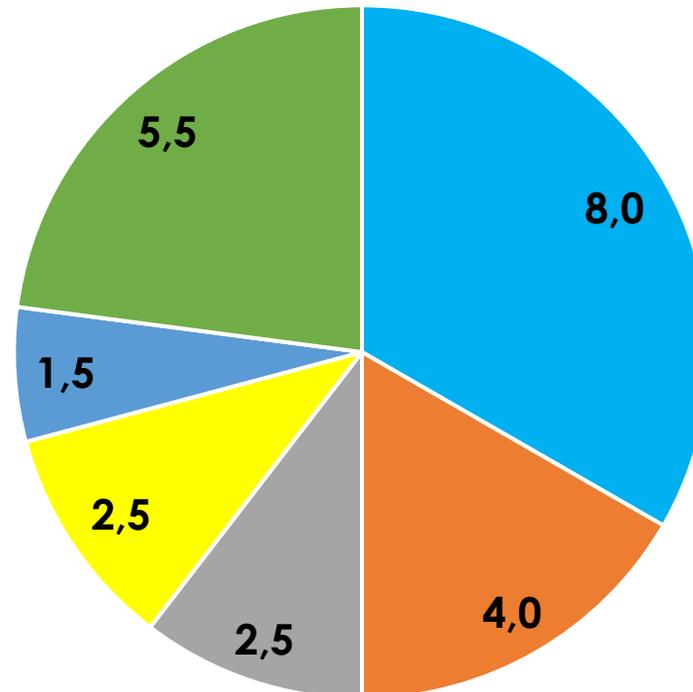


In 2020, African countries imported a total of 319 thousand tonnes of sunflower oil from Ukraine. After Egypt (135 thousand tonnes), Sudan is the second largest importer (53 thousand tonnes). For Ukraine, these are extremely small volumes. For Sudan, this is the loss of one of the key exporters, but it should be borne in mind that in most years the key exporter of sunflower oil to Sudan was Russia.

Sources: *Customs Statistics of Ukraine*

Traders' Market Shares, 3-Year (2019-2021) average sunflower oil exports to Libya (kt)

■ Oez Gradoliya ■ Gradolia refining ■ Suntrade ■ Kernel ■ Pologi Oil Extraction Plant ■ Others



For Ukrainian exporters of sunflower oil, Libya is a niche destination (less than 1% per annum). Libya is mainly targeted by small trading companies and all annual needs are covered by less than a dozen ships.