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The Black Sea: from the largest grain importer to the top world exporter

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Olga Voskovtsova

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Moscow, 2020

SovEcon Profile

- SovEcon is the oldest Black Sea research firm focused on grains and oilseeds markets. The company was established in 1991.
- SovEcon's clients include the majority of the principal trading and farming companies, financial institutions, ag inputs suppliers, food companies, state and intergovernmental institutions.

The Sizov Report on the Black Sea Grain Market

Everything you need to know about the Black Sea

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WHY SOVIET BREADBASKET IS NEVER FULL

April 22, 1980

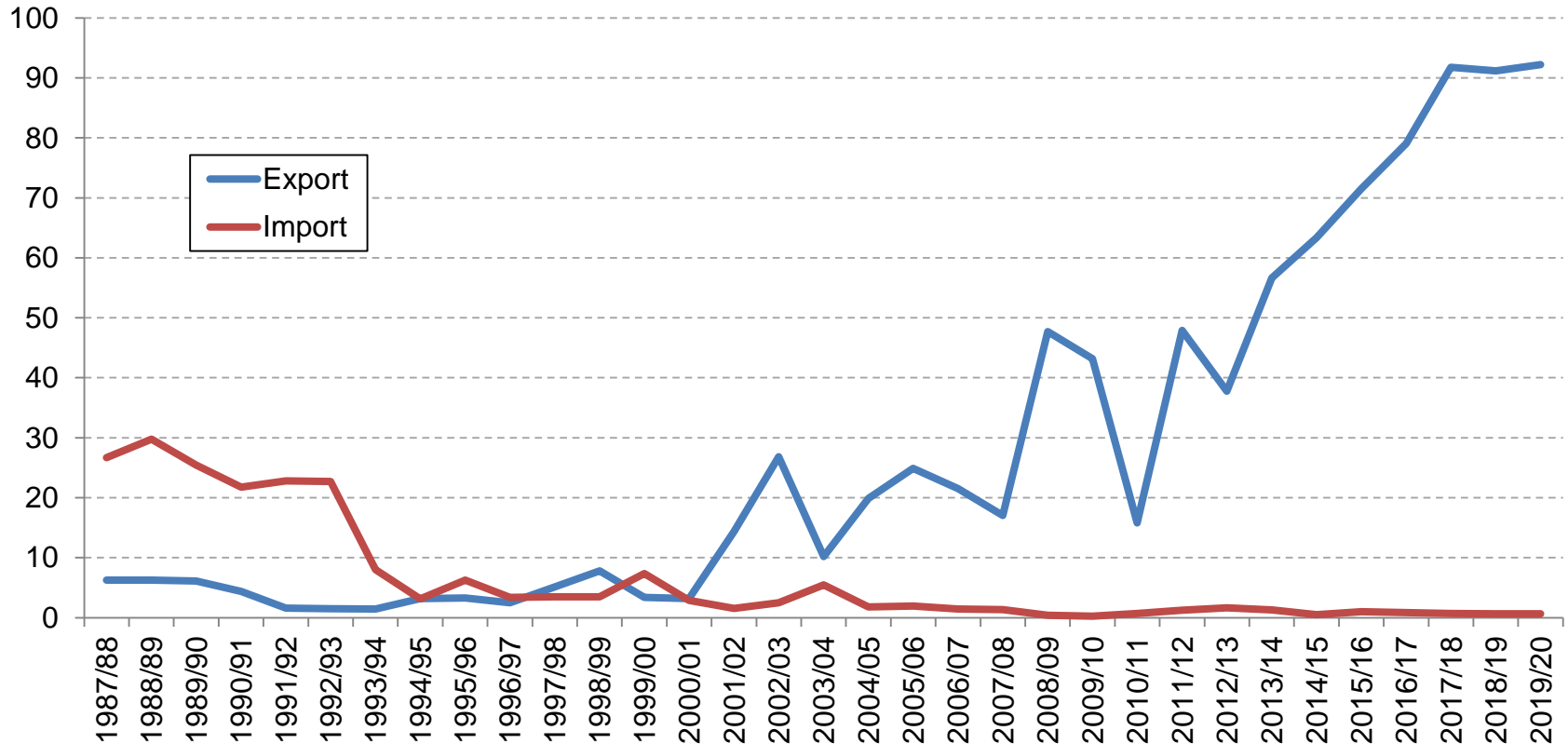
By Richard Critchfield, Special to the Christian Science Monitor, Richard Critchfield has spent more than a decade tracking village and farm developments throughout the third world. Here is his personal view of the sluggish Soviet food machine.

WASHINGTON

Why can't the Soviet Union feed itself? Just over 300 million acres planted in grain isn't enough for 260 million Russians.

Yet 110 million Japanese grow enough rice on 7.5 million acres; 660 million Indians manage on 350 million acres; the Chinese, pushing a billion, haven't increased food imports proportionately in 10 years; and Americans, with about 390 million acres, feed themselves and a good many of the third world's cities, too.

Grain exports and imports, Russia and Ukraine, mln t

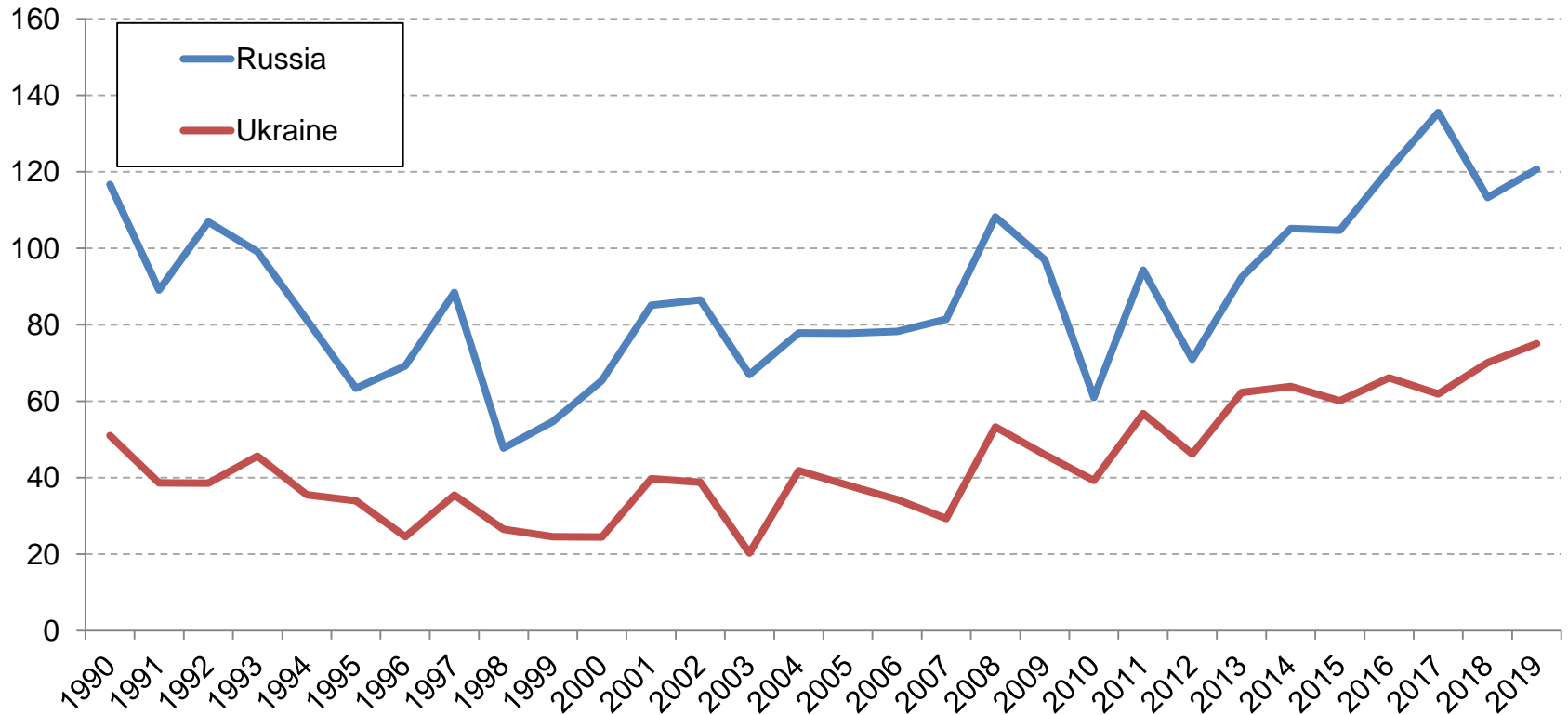


Source: Federal Custom Services of Russia and Ukraine, Sovecon, USDA

From planned economy to capitalism

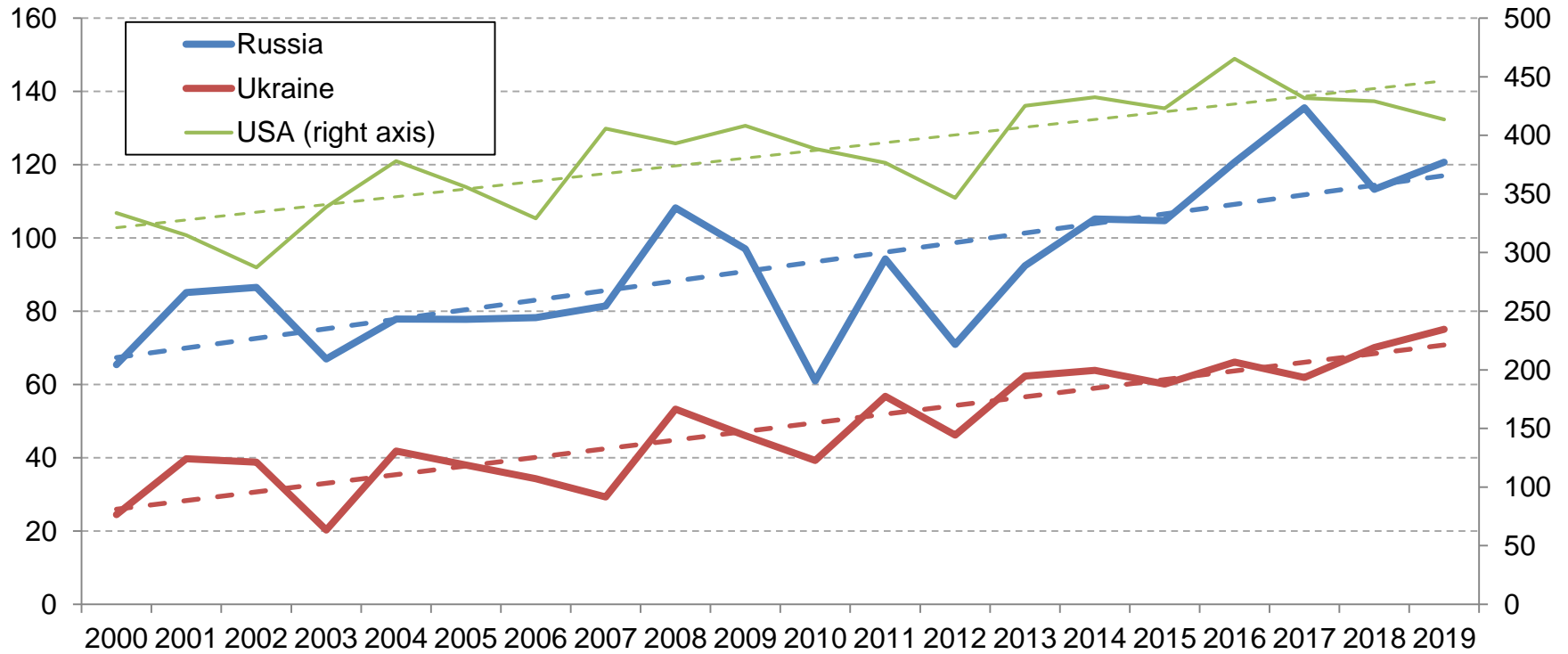


Total grain production, mln t



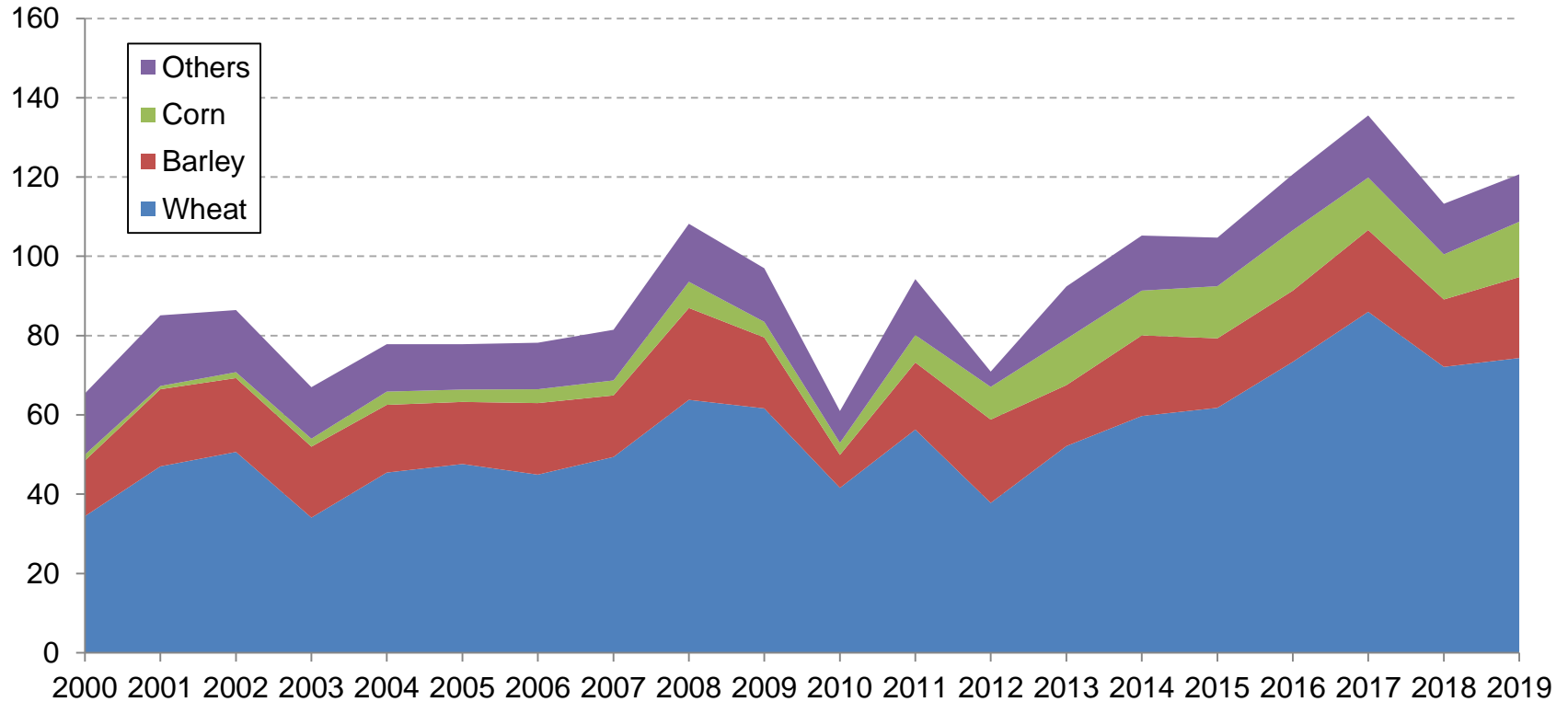
Source: Rosstat, Ukrstat, USDA

Total grain production, mln t



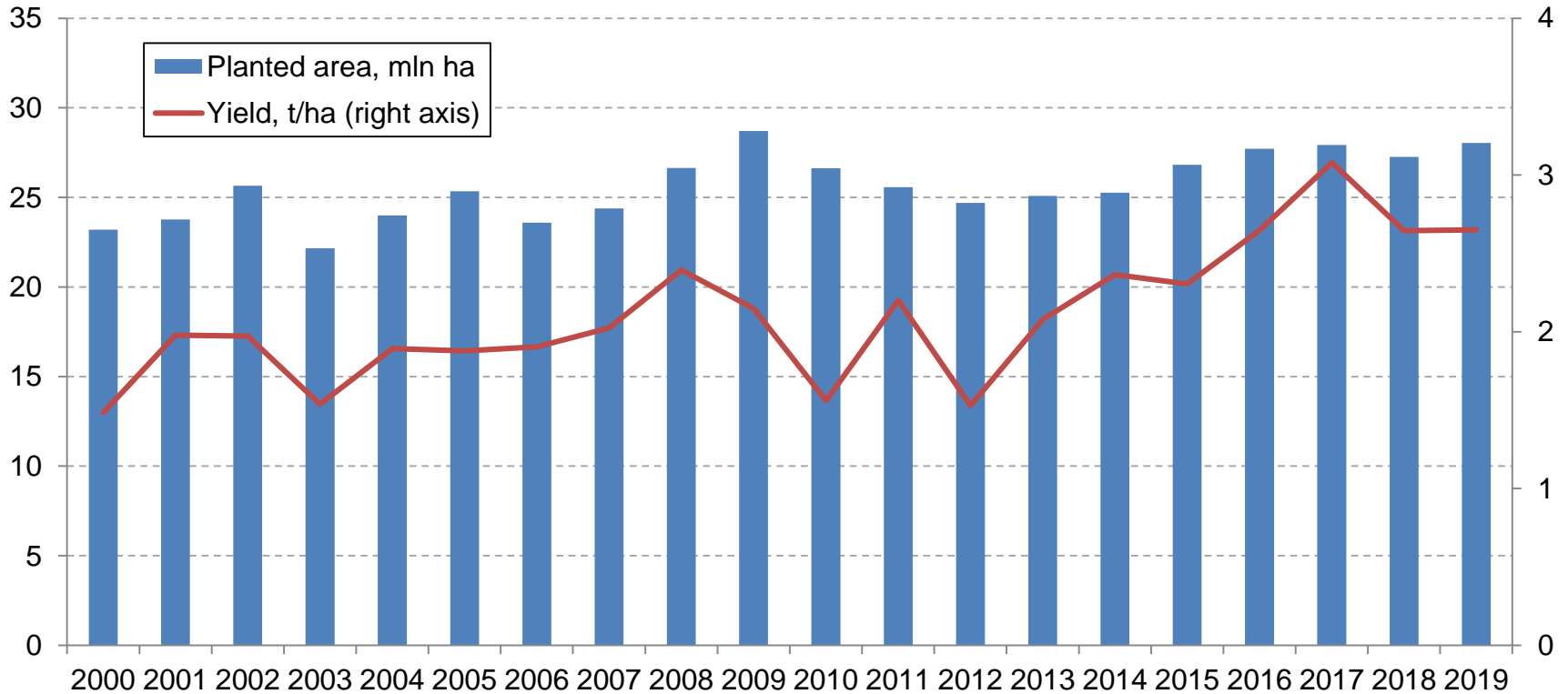
Source: Rosstat, Ukrstat, USDA

Grain production by major crops in Russia, mln t



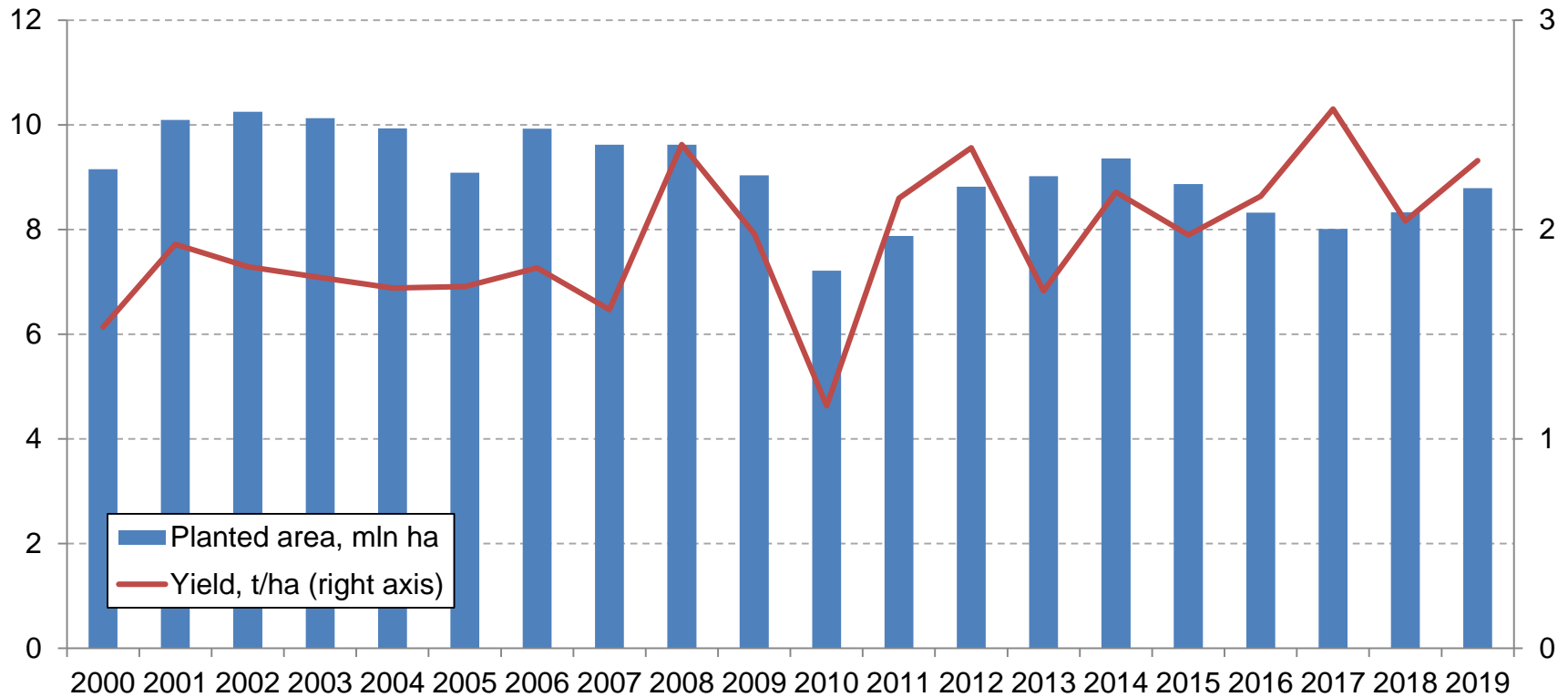
Source: Rosstat

Wheat area and yield in Russia



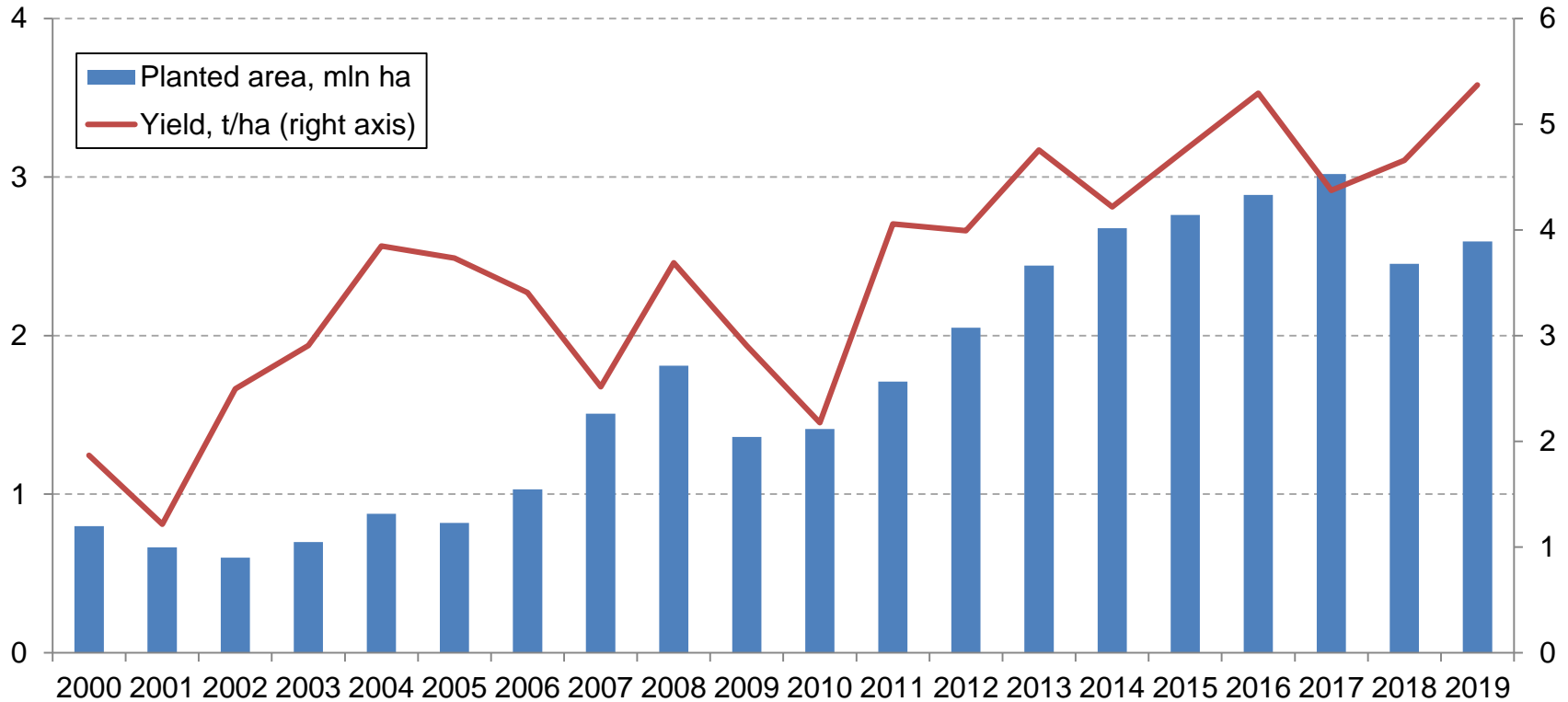
Source: Rosstat

Barley area and yield in Russia



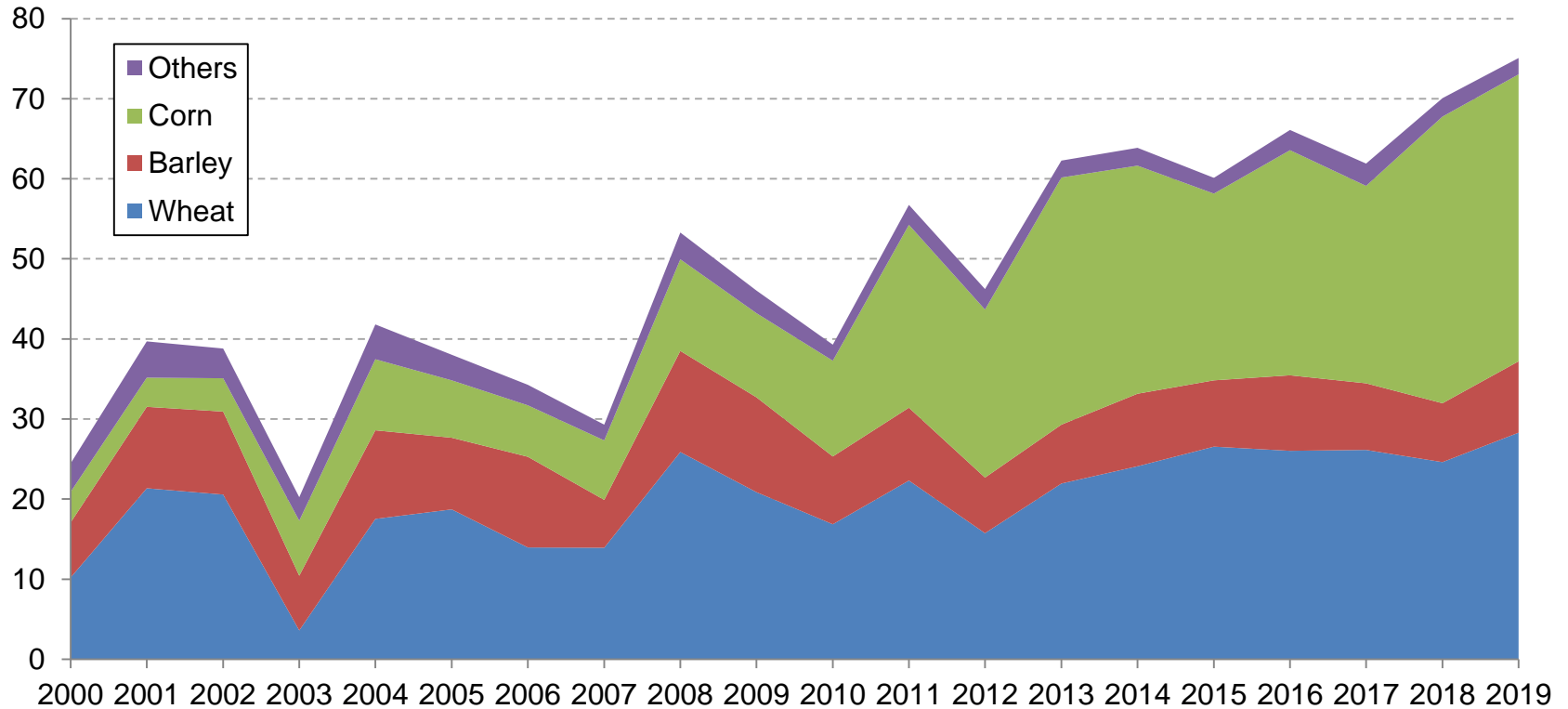
Source: Rosstat

Corn area and yield in Russia



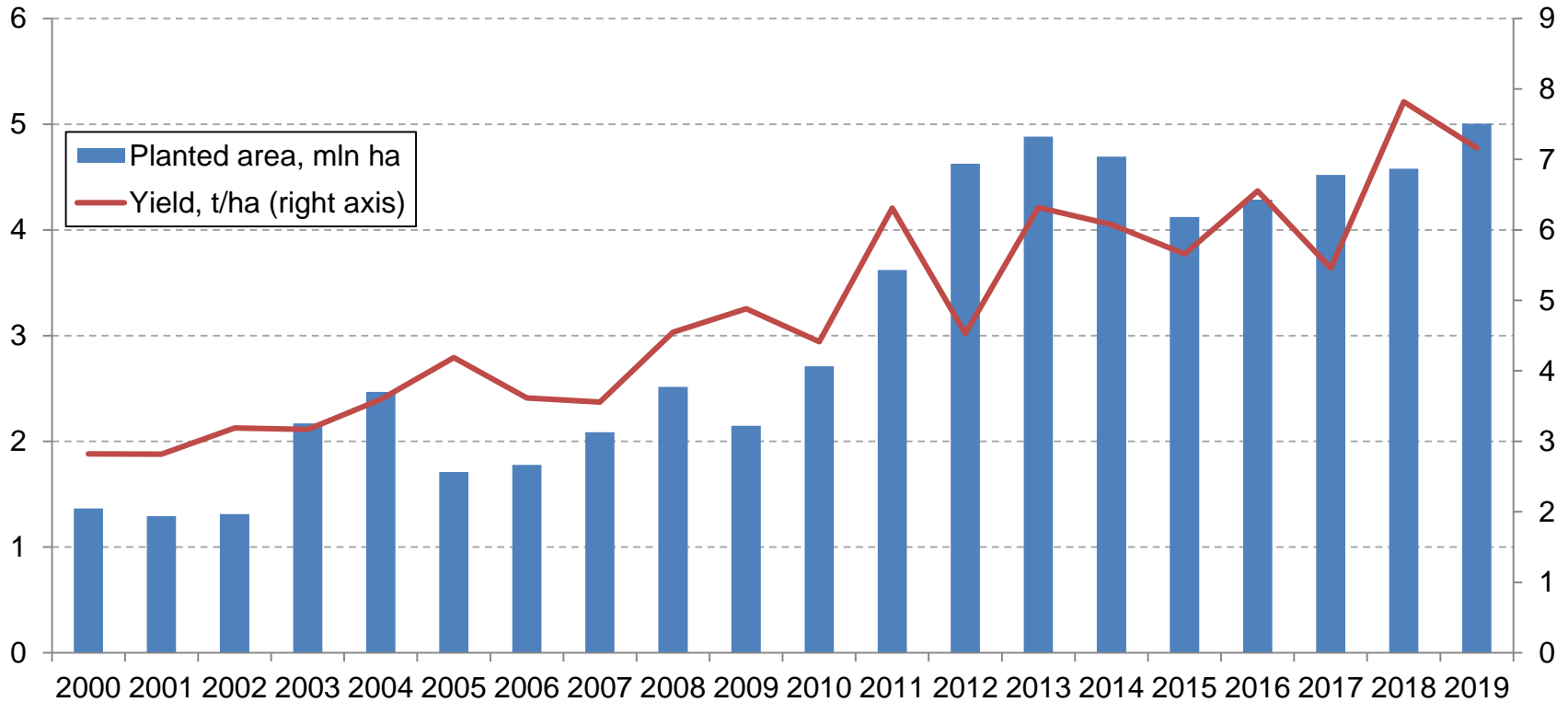
Source: Rosstat

Grain production by major crops in Ukraine, mln t



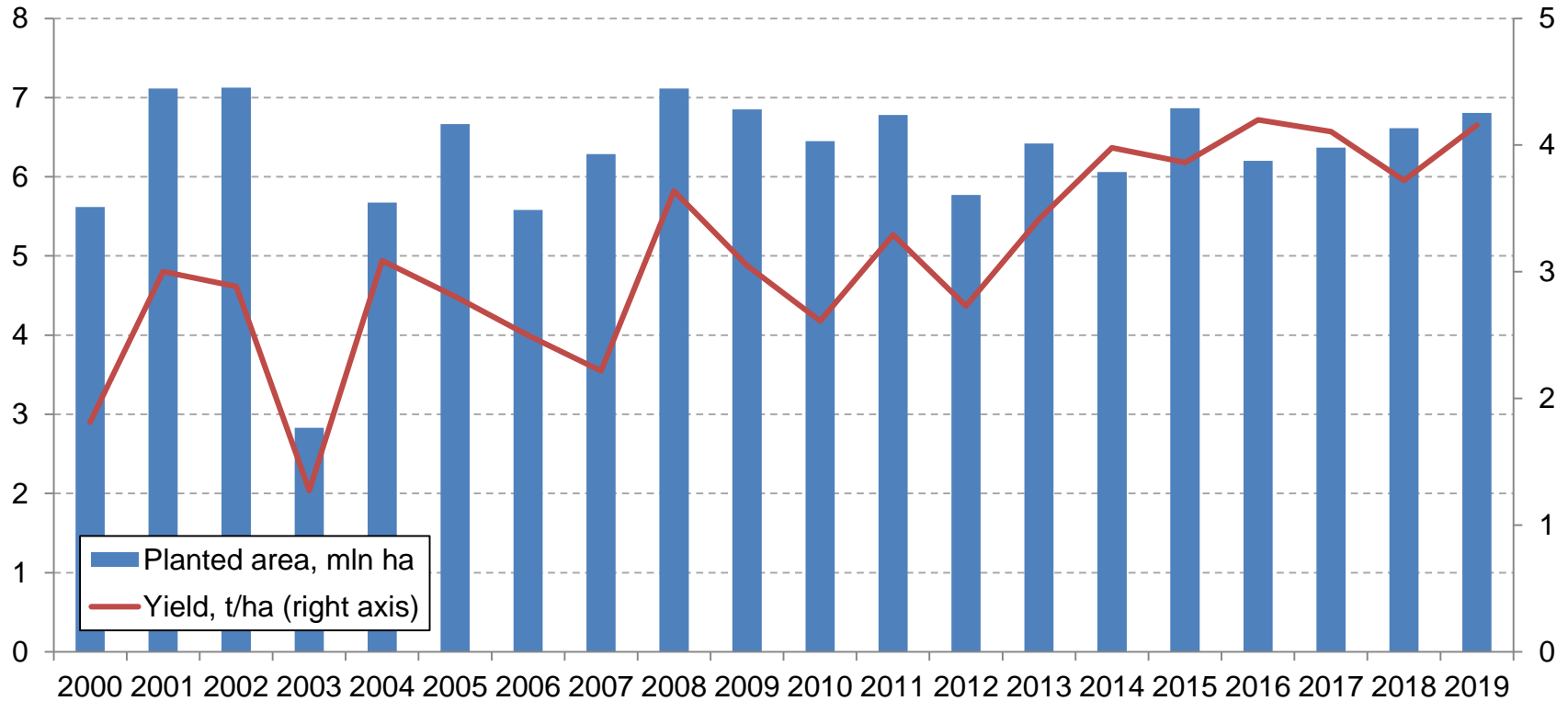
Source: Ukrstat

Corn area and yield in Ukraine



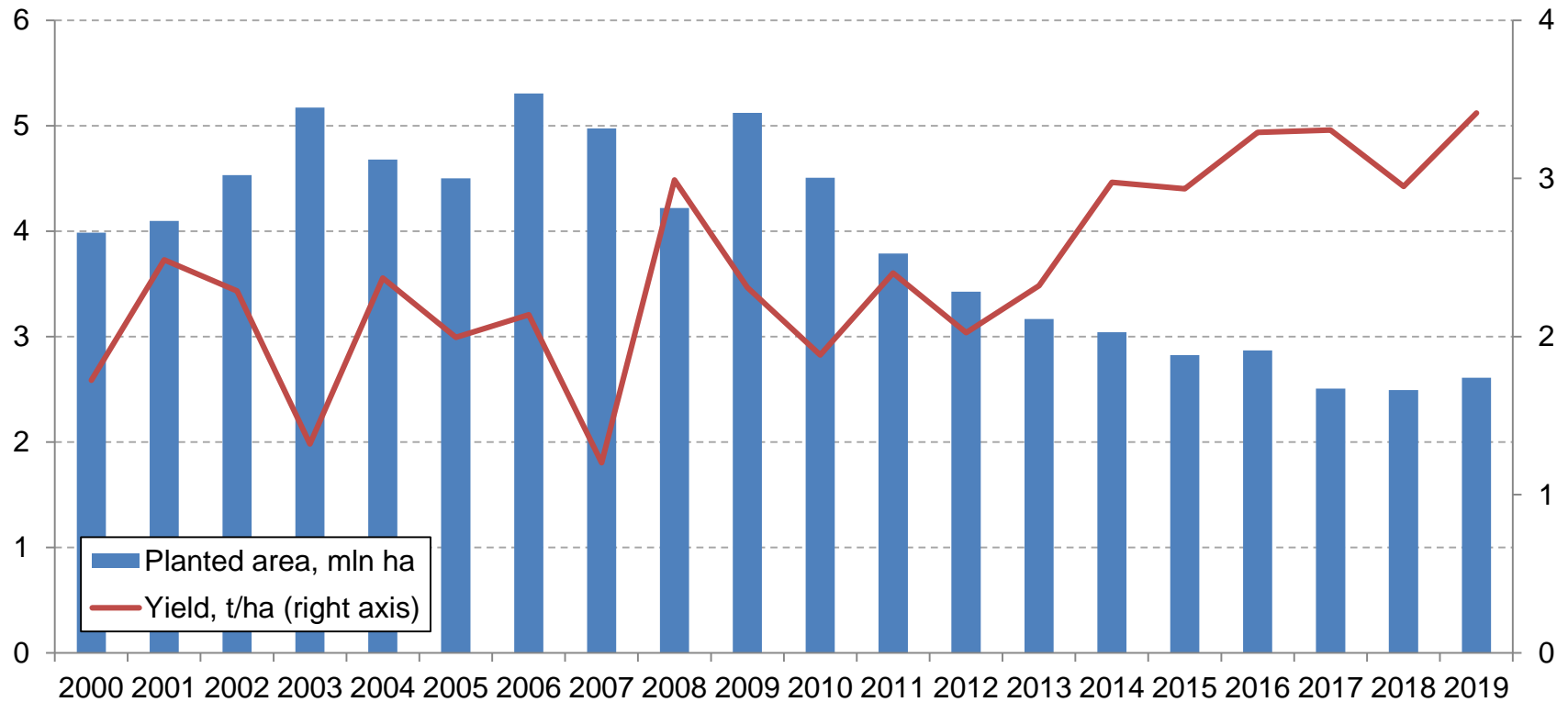
Source: Ukrstat

Wheat area and yield in Ukraine



Source: Ukrstat

Barley area and yield in Ukraine



Source: Ukrstat

Russian wheat yield in 2019 by major producing regions, t/ha



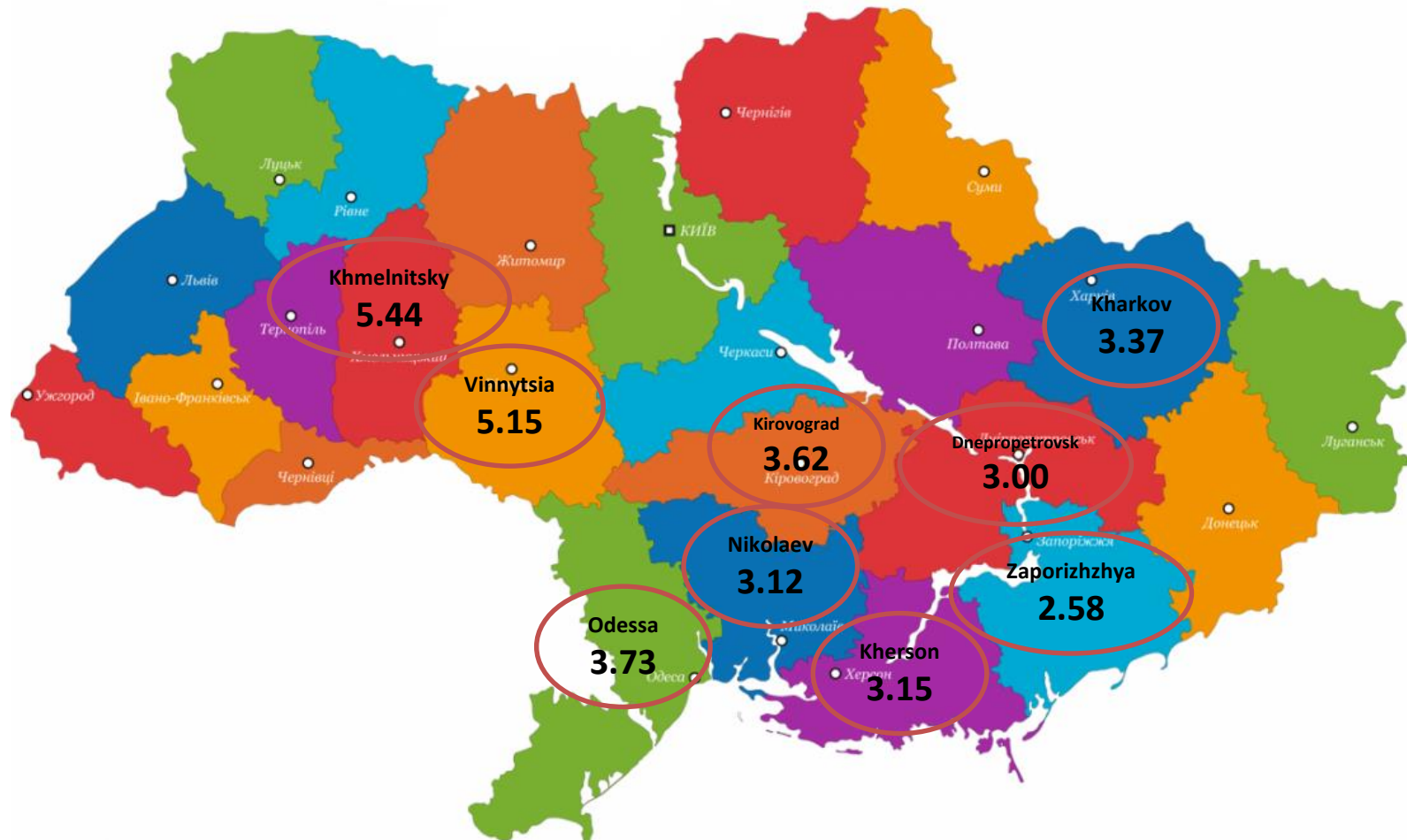
Source: Rosstat

Russian wheat yield in 2018 by major producing regions, t/ha



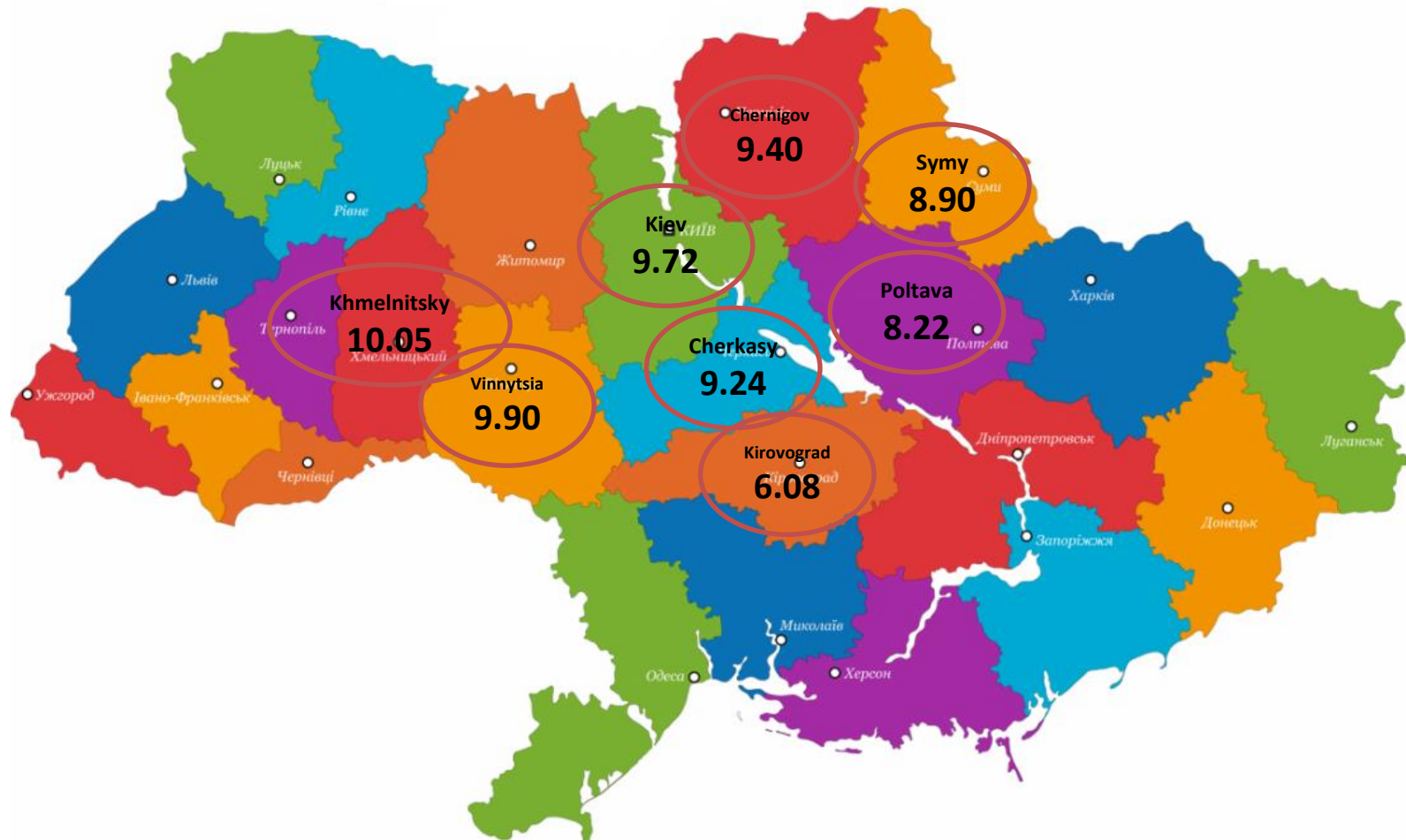
Source: Rosstat

Ukrainian wheat yield in 2018 by major producing regions, t/ha

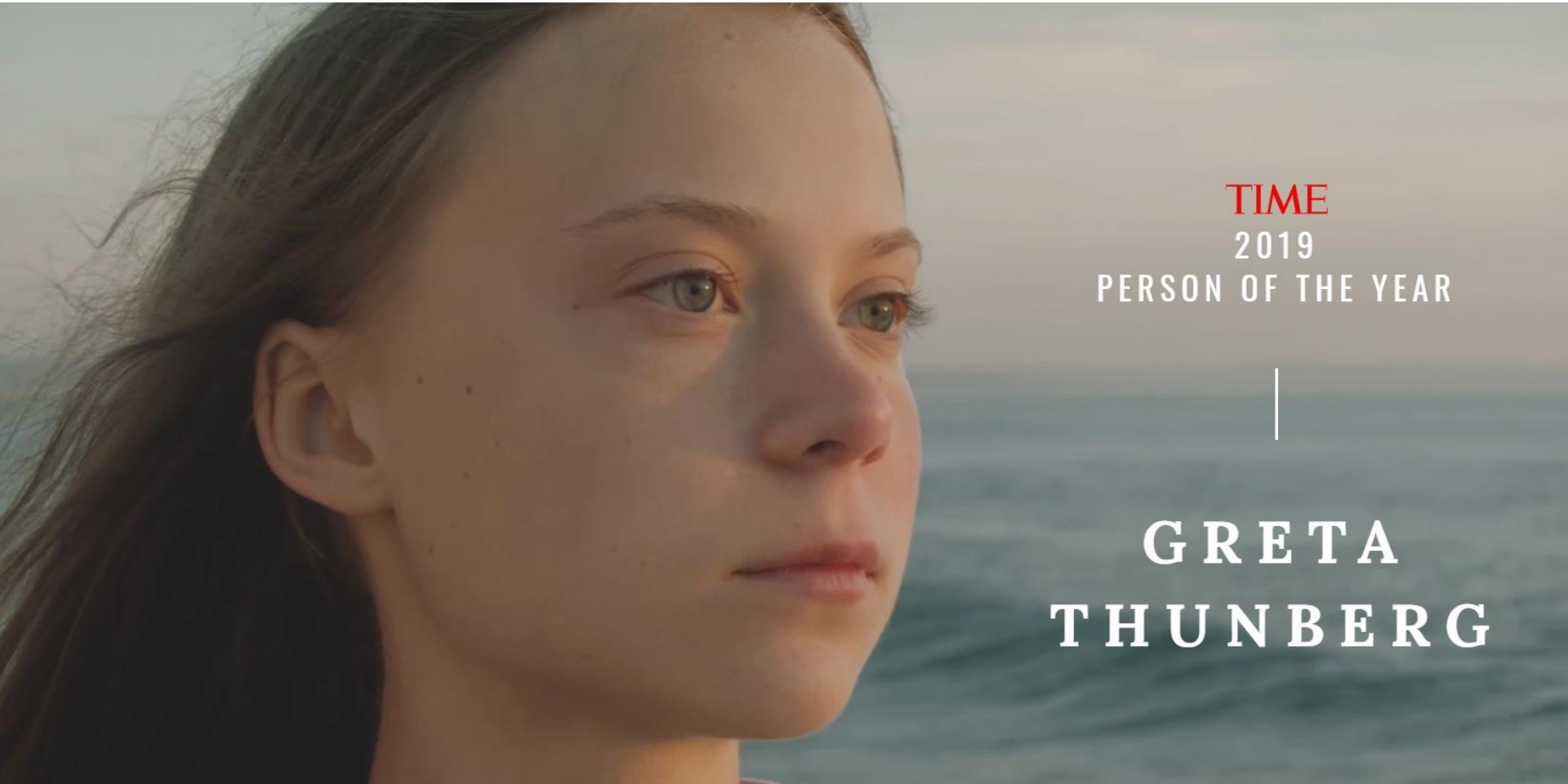


Source: Ukrstat

Ukrainian corn yield in 2018 by major producing regions, t/ha



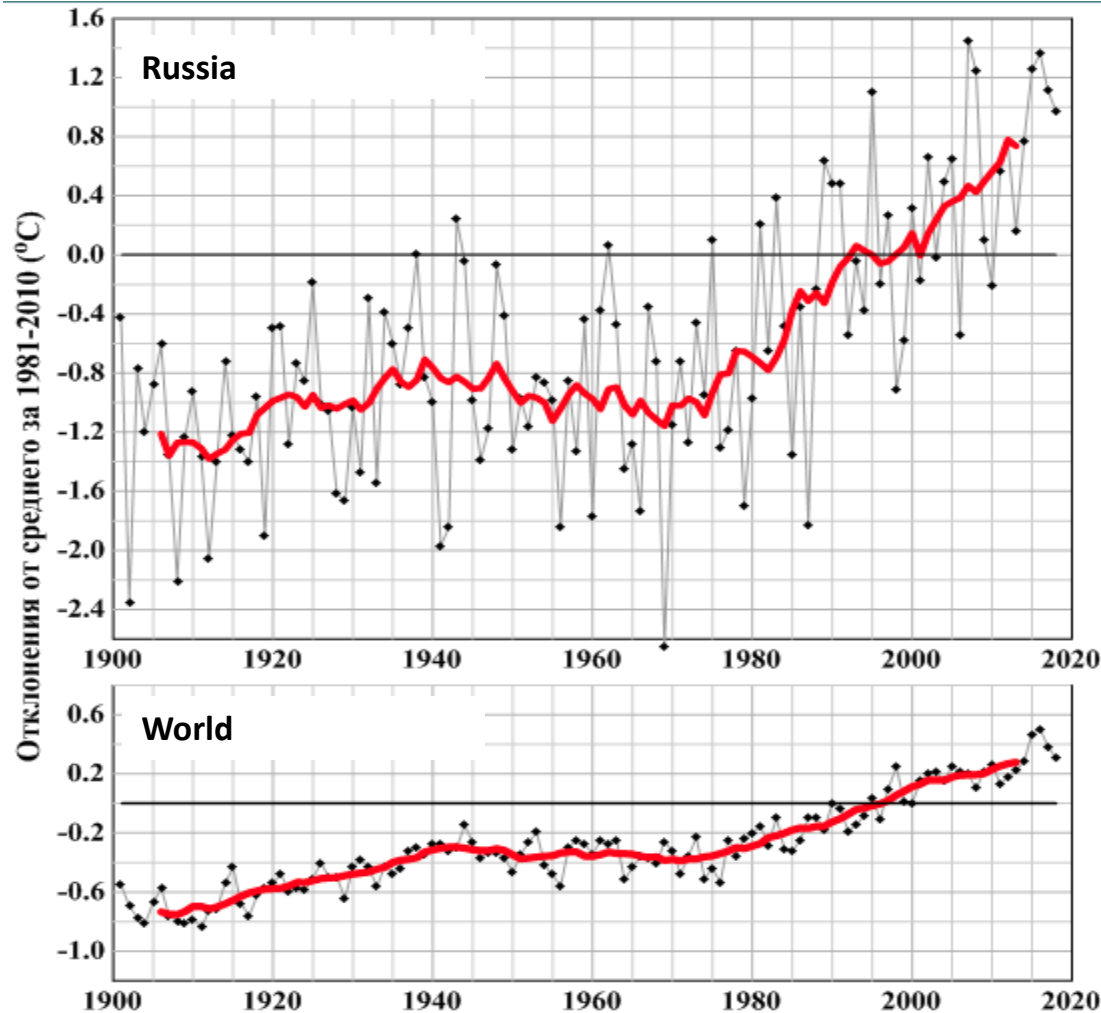
Source: Ukrstat



TIME
2019
PERSON OF THE YEAR

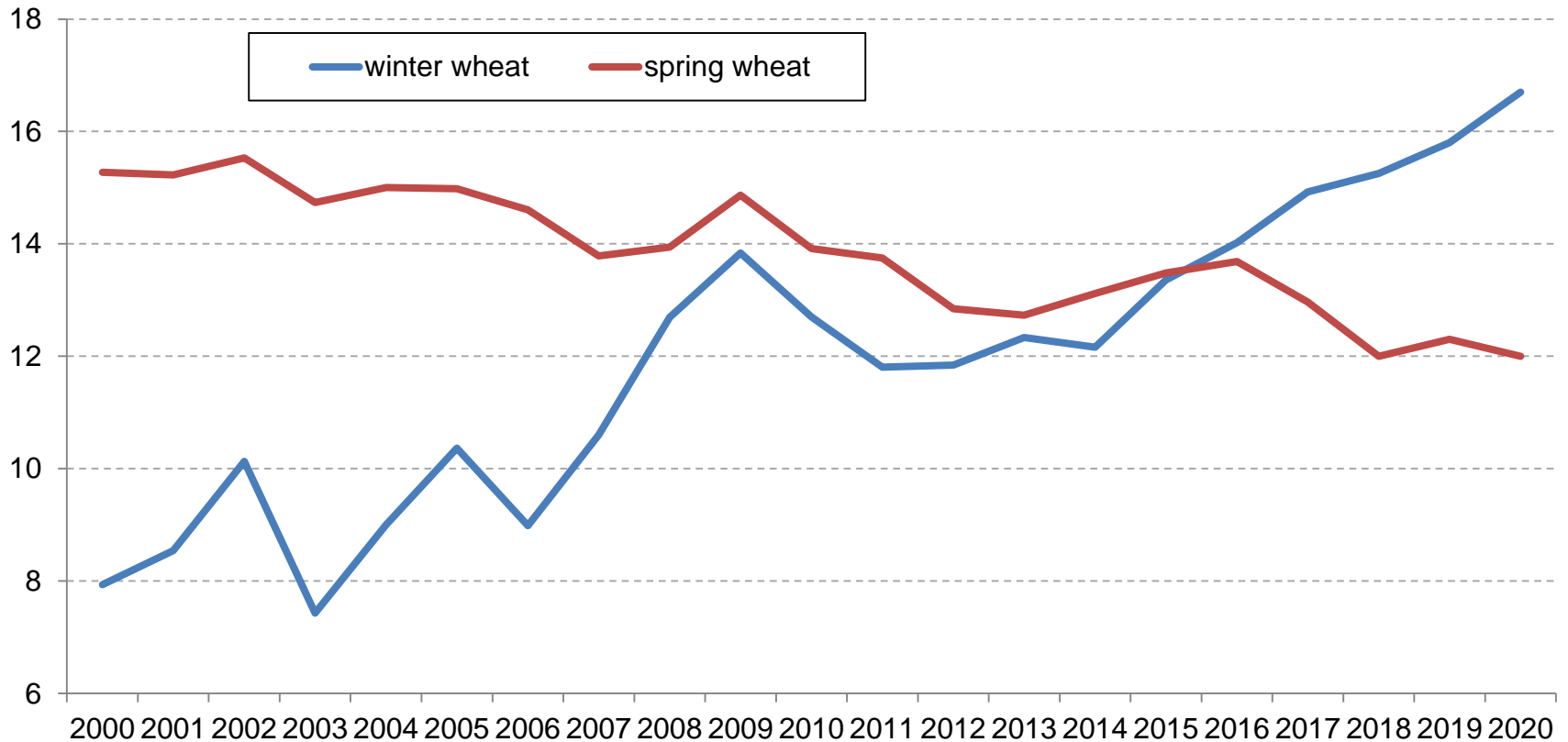
|
**GRETA
THUNBERG**

Annual temperatures departure from 1961-1990 average



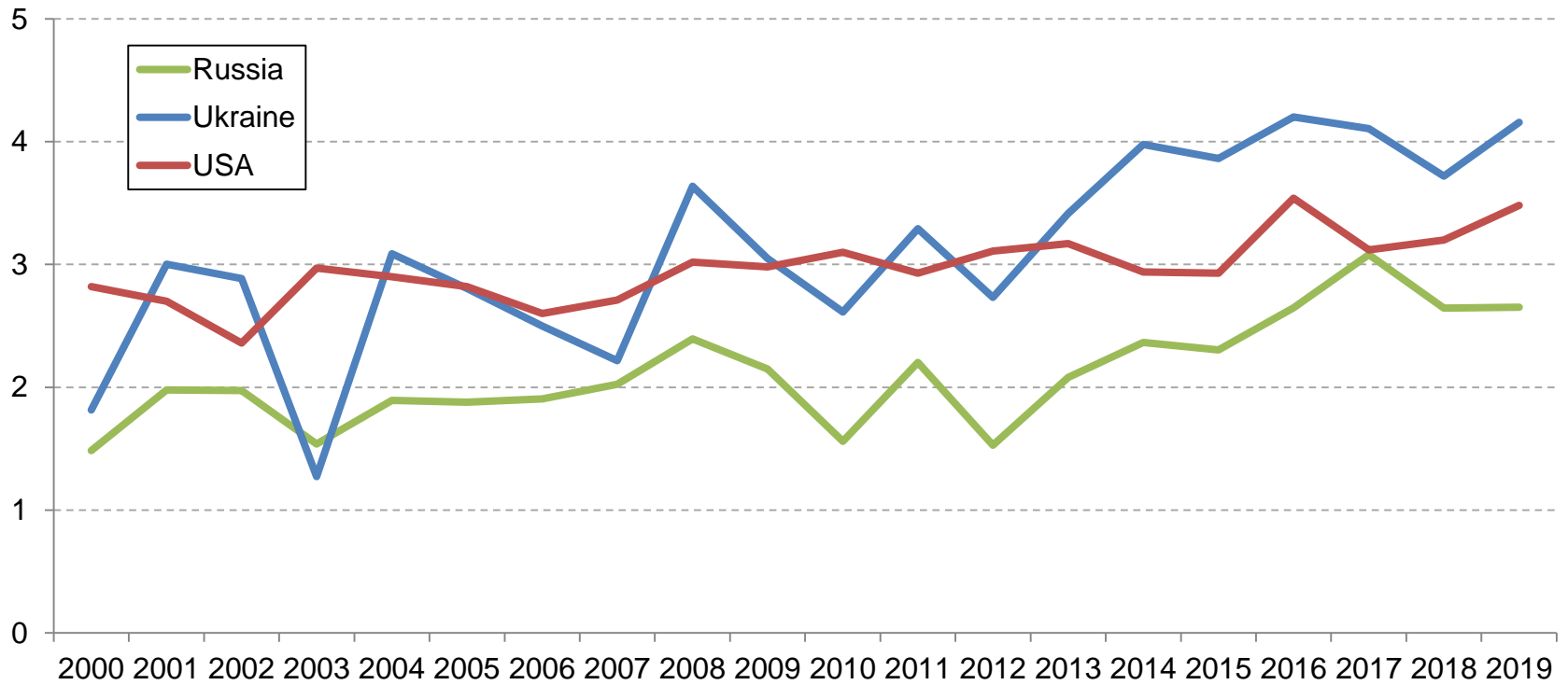
Source: Institute of Global Climate and Ecology of Roshydromet and the Russian Academy of Sciences

Area under winter and spring wheat in Russia, mln ha



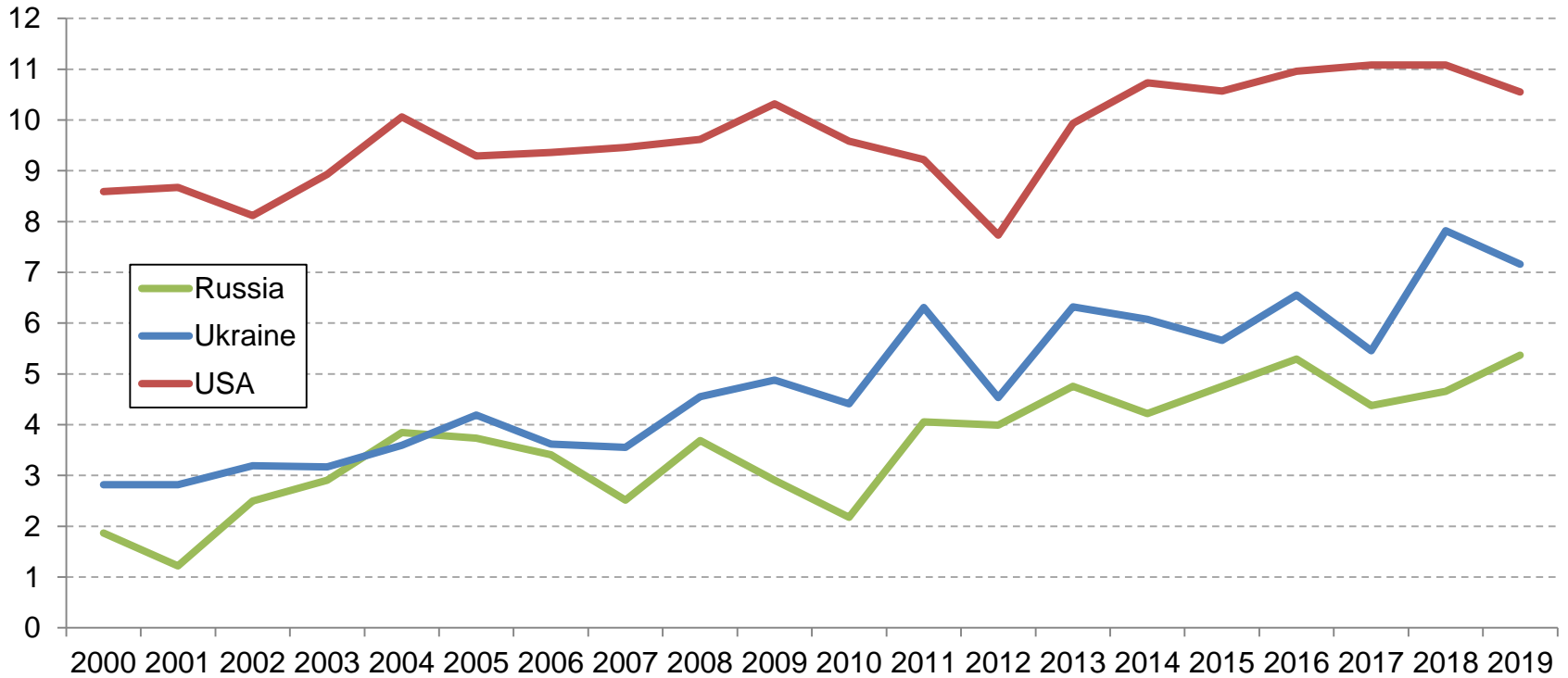
Source: Rosstat, Sovecon

Wheat yield, mt/ha



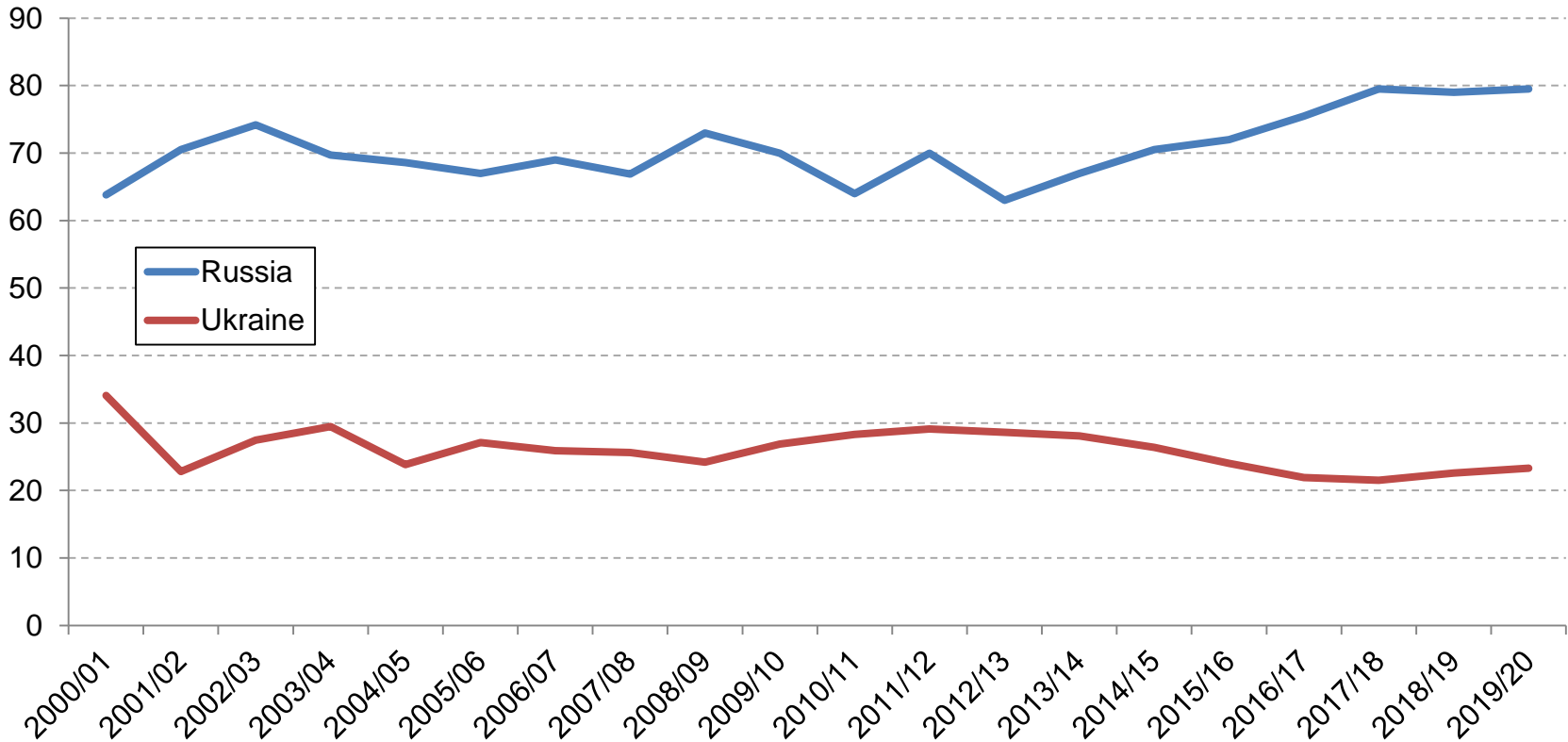
Source: Rosstat, Ukrstat, USDA, Sovecon

Corn yield, mt/ha



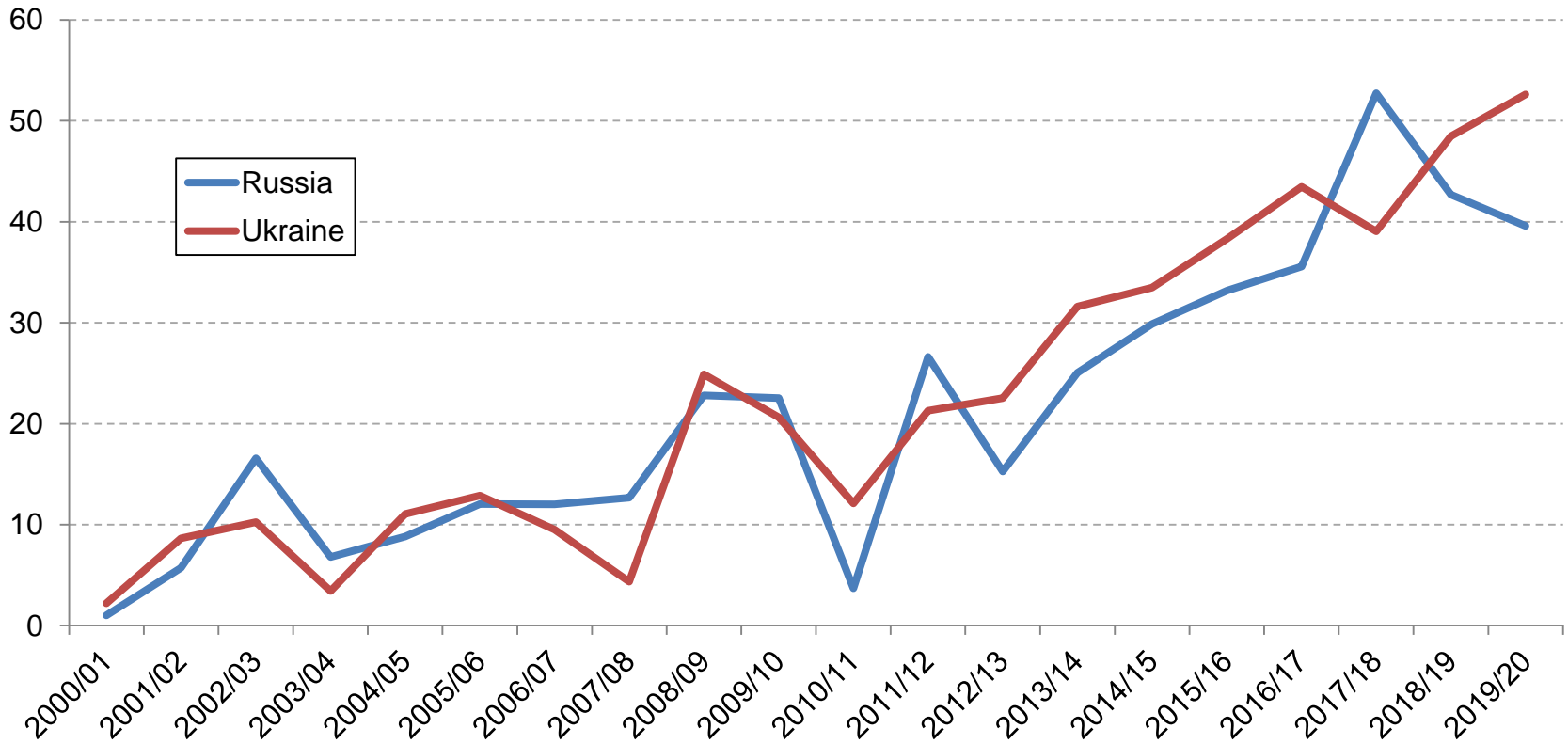
Source: Rosstat, Ukrstat, USDA, Sovecon

Domestic grain consumption, mln t



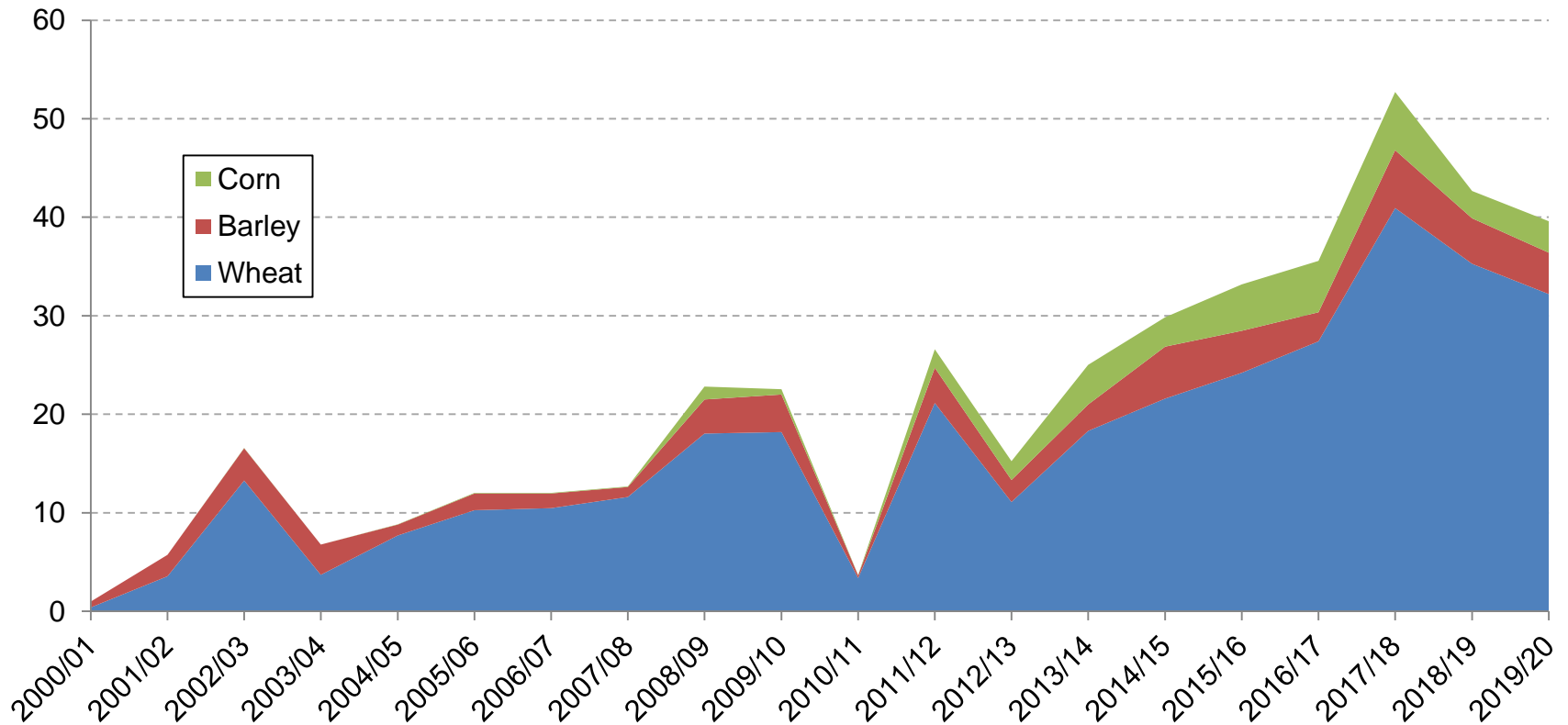
Source: Sovecon, Rosstat, Ukrstat

Exports of major grain crops (wheat, barley, corn), mln t



Source: Federal Custom Services of Russia and Ukraine, USDA

Exports by major grain crops, mln t Russia



Source: Federal Custom Service of Russia, Sovecon

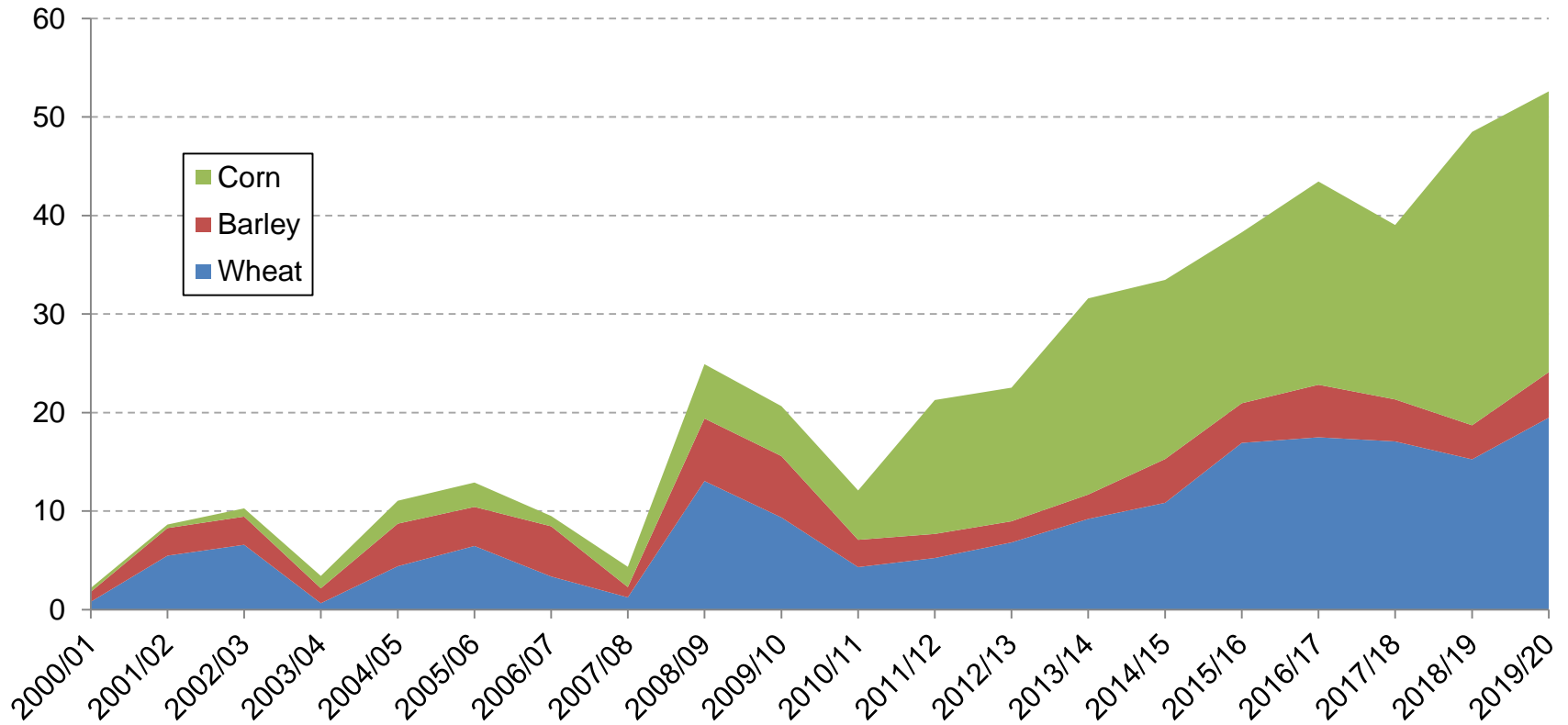
THE WALL STREET JOURNAL



Struggling U.S. Farmers Worry About a Resurgent Russia

Russian wheat exports are booming despite a crushing price slump, as the country's farmers finally emerge from decades of neglect

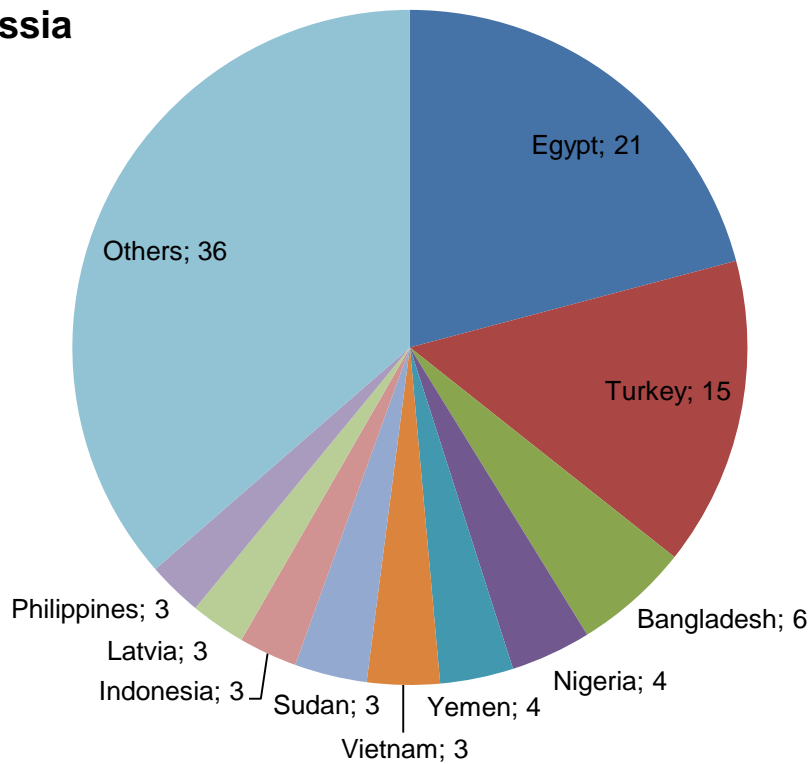
Exports by major grain crops, mln t Ukraine



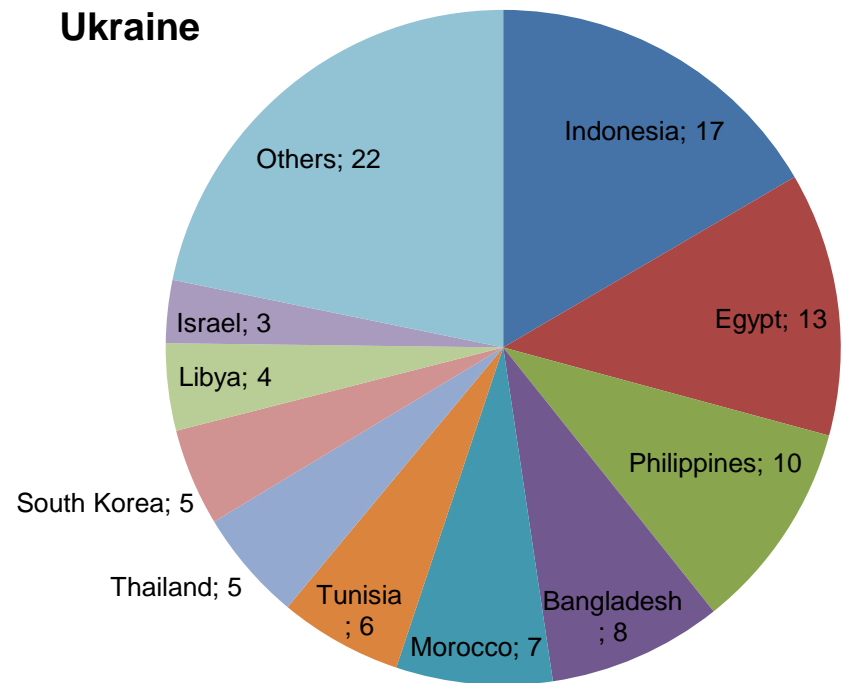
Source: Federal Custom Service of Russia, Sovecon, USDA

Wheat export by major destinations from Russia and Ukraine in 2018/19, %

Russia

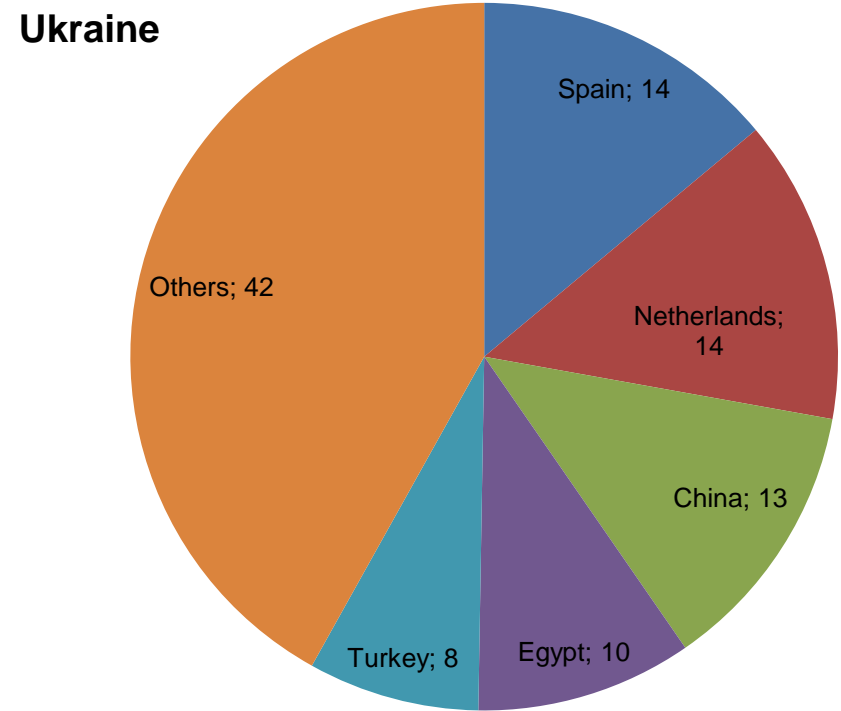
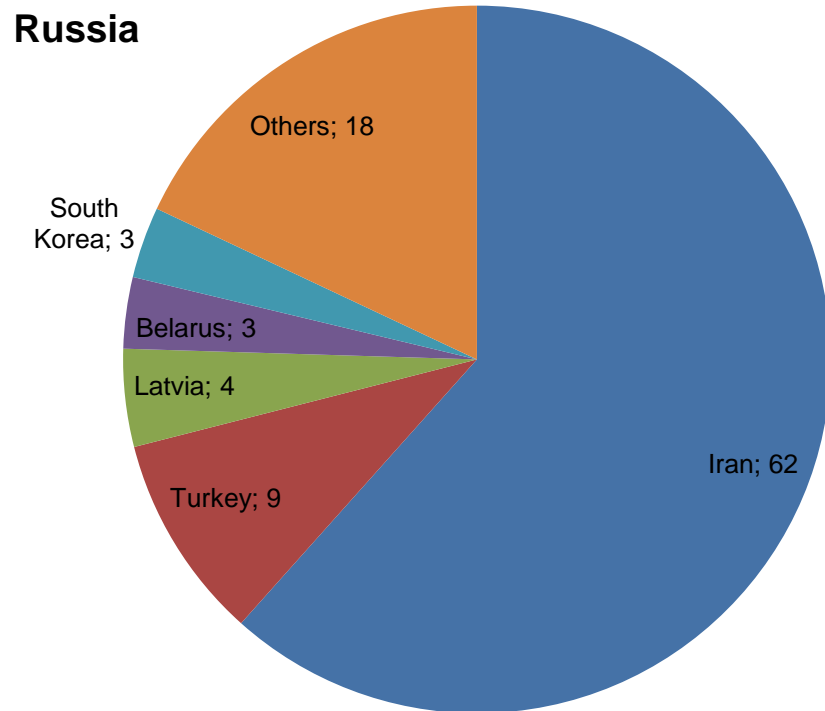


Ukraine



Source: Federal Custom Services of Russia and Ukraine, Sovecon

Corn export by major destinations from Russia and Ukraine in 2018/19, %



Source: Federal Custom Services of Russia and Ukraine, Sovecon

Major wheat export destinations in 2018/19

Countries	Russia		Countries	Ukraine		Countries	USA	
	mln t	%		mln t	%		mln t	%
Total	35.3	100.0	Total	15.5	100.0	Total	24.2	100.0
Egypt	7.4	20.9	Indonesia	2.6	16.6	Philippines	3.0	12.6
Turkey	5.2	14.8	Egypt	2.0	12.6	Mexico	3.0	12.5
Bangladesh	2.0	5.5	Philippines	1.6	10.1	Japan	2.7	11.1
Nigeria	1.4	3.9	Bangladesh	1.3	8.4	Nigeria	1.6	6.5
Yemen	1.2	3.5	Morocco	1.2	7.5	Indonesia	1.4	5.7
Vietnam	1.2	3.5	Tunisia	0.9	5.9	South Korea	1.4	5.6
Sudan	1.2	3.5	Thailand	0.8	5.3	Taiwan	1.2	4.8
Indonesia	1.0	2.8	South Korea	0.7	4.7	Egypt	0.8	3.4
Latvia	0.9	2.6	Libya	0.6	4.2	Thailand	0.7	3.1
Philippines	0.9	2.6	Israel	0.5	3.0	Iraq	0.6	2.4
Others	12.8	36.4	Others	3.4	21.8	Others	7.8	32.4

Source: Federal Custom Services of Russia and Ukraine, Sovecon, USDA

Major corn export destinations in 2018/19

Countries	Ukraine		Countries	USA	
	mln t	%		mln t	%
Total	30.4	100.0	Total	49.2	100.0
Spain	4.2	13.9	Mexico	15.5	31.4
Netherlands	4.2	13.9	Japan	12.6	25.7
China	3.8	12.6	Colombia	4.7	9.5
Egypt	3.0	9.9	South Korea	3.7	7.5
Turkey	2.4	7.8	Peru	2.0	4.0
Germany	1.8	5.9	Taiwan	1.9	3.8
Italy	1.7	5.6	Guatemala	1.2	2.5
Israel	1.1	3.7	Saudi Arabia	0.9	1.9
United Kingdom	0.8	2.8	Costa Rica	0.9	1.8
Iran	0.8	2.6	Salvador	0.7	1.5
Portugal	0.8	2.5	Canada	0.7	1.4
Algeria	0.7	2.4	Dominican Republic	0.6	1.3
Belgium	0.7	2.4	Honduras	0.6	1.2
Ireland	0.6	2.1	Egypt	0.5	1.1
Libya	0.5	1.7	Panama	0.5	1.0
Tunisia	0.5	1.6	Nicaragua	0.3	0.6
Denmark	0.4	1.4	Jamaica	0.3	0.6
Lithuania	0.4	1.4	China	0.3	0.5
South Korea	0.3	1.1	Israel	0.2	0.3
Lebanon	0.3	1.1	Morocco	0.2	0.3
Others	1.1	3.7	Others	1.0	2.0

Top 10 Russian grain exporters in 2018/19, mln t

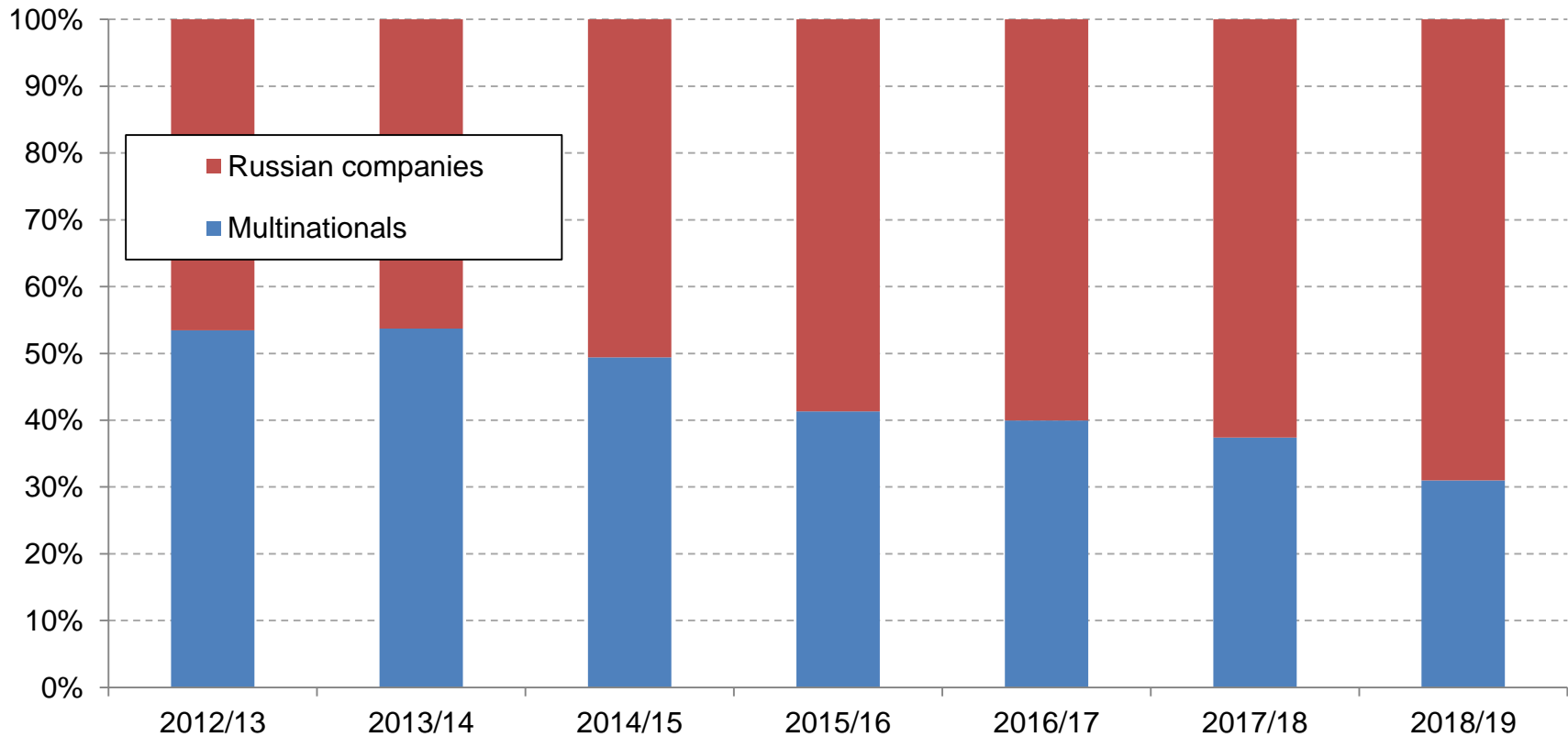
	Total	40.89	100%
1	TD RIF	7.03	17.2
2	Glencore	3.57	8.7
3	Aston	3.57	8.7
4	Cargill	2.36	5.8
5	Zerno-Trade	1.76	4.3
6	MiroGroup Resources	1.39	3.4
7	Louis Dreyfus	1.19	2.9
8	Yug Rusi	1.07	2.6
9	Steppe Agroholding	1.06	2.6
10	Artis-Agro Export	0.90	2.2
	Others	17.00	41.6

Top 10 Ukrainian grain exporters in 2018/19, mln t

	Total	49.74	100%
1	Kernel	6.07	12.2
2	Nibulon	5.11	10.3
3	Cofco Agri	4.62	9.3
4	Cargill	3.97	8.0
5	ADM	3.96	8.0
6	Bunge	3.29	6.6
7	Louis Dreyfus	3.15	6.3
8	Glencore	2.64	5.3
9	AP Group	2.14	4.3
10	Sierentz	2.07	4.2
	Others	12.72	25.6

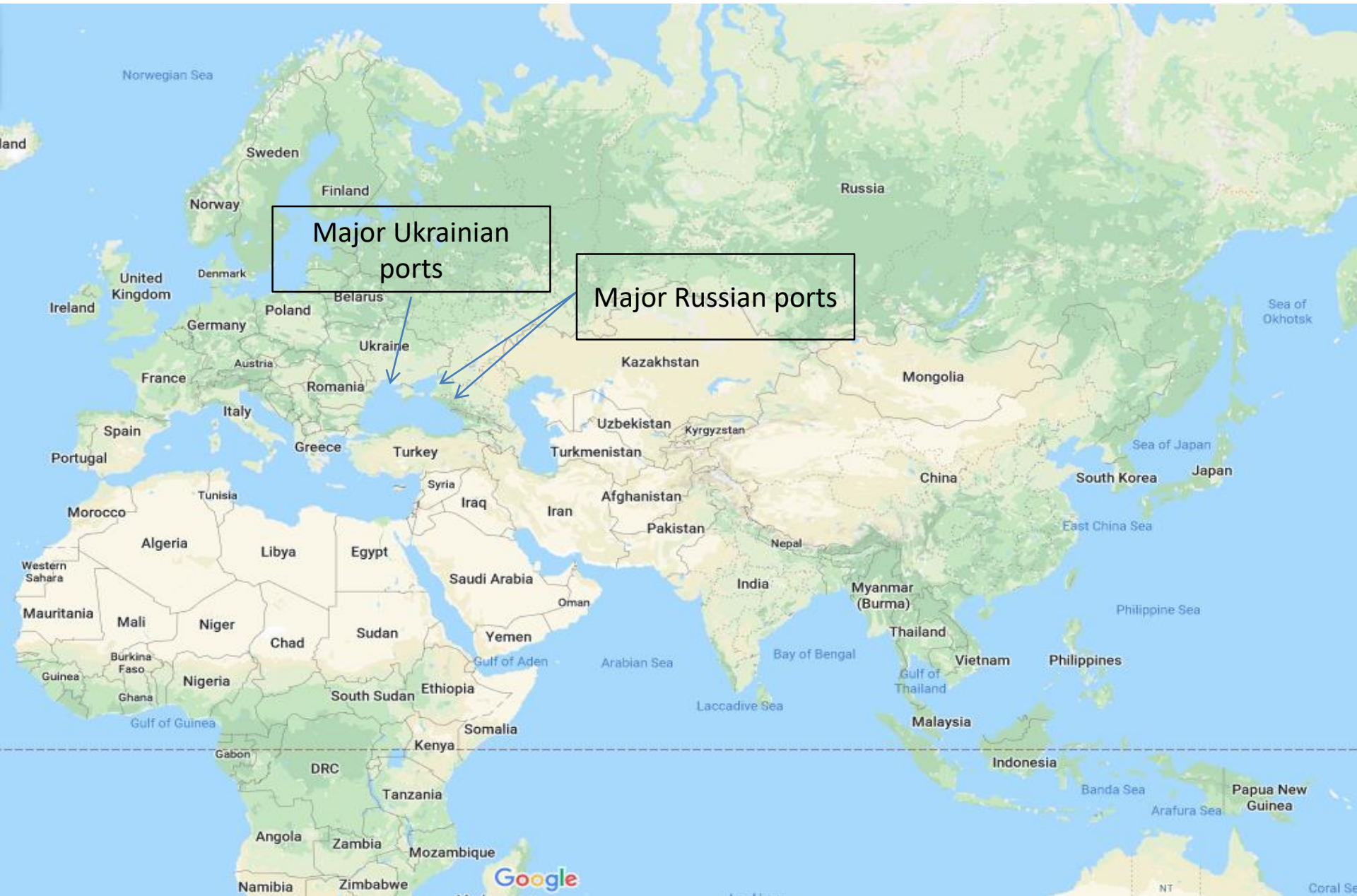
Source: Stark Shipping

Share of multinationals and local traders in Russian grain exports, %

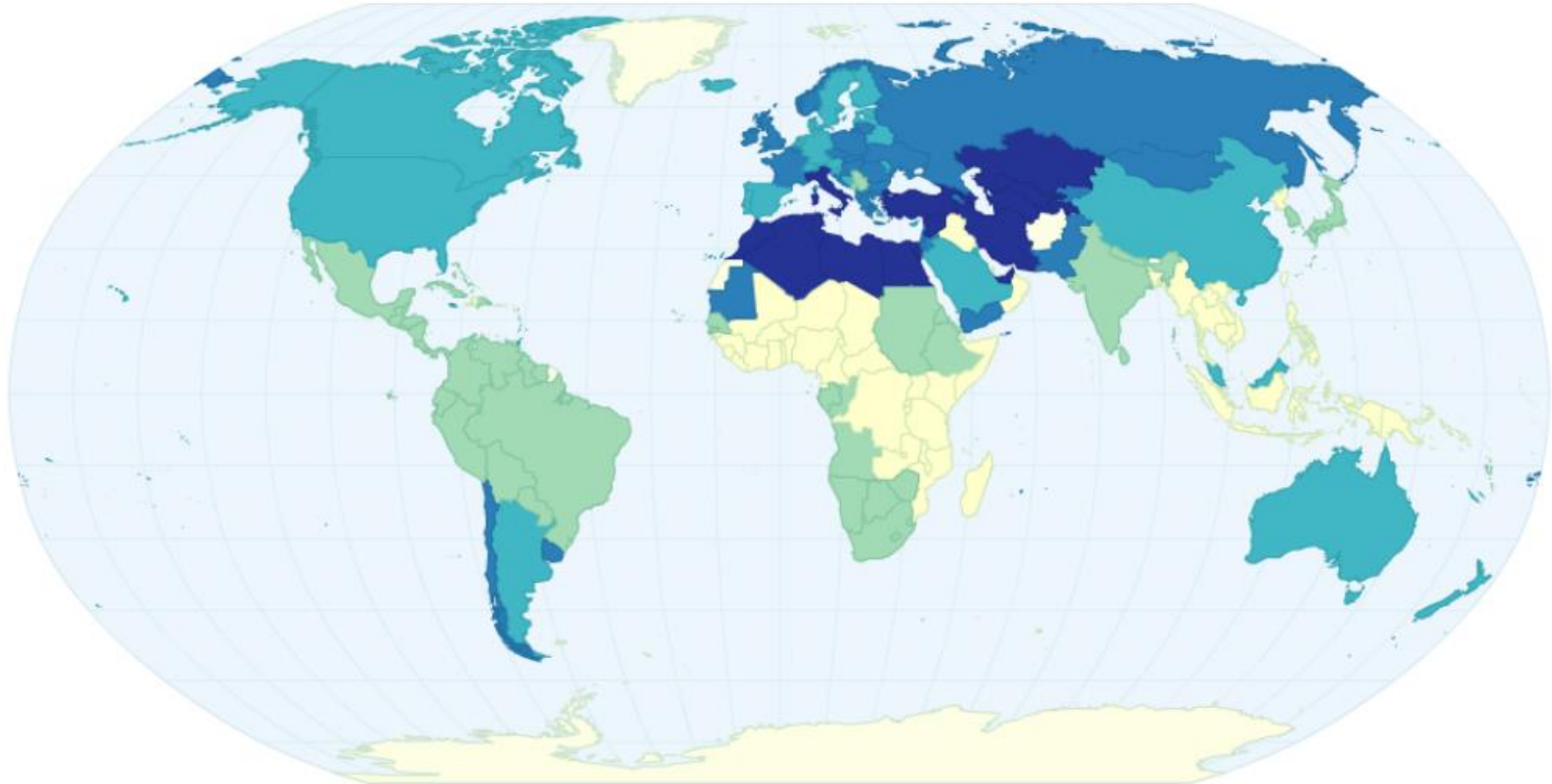


Source: Sovecon

Main Export terminals

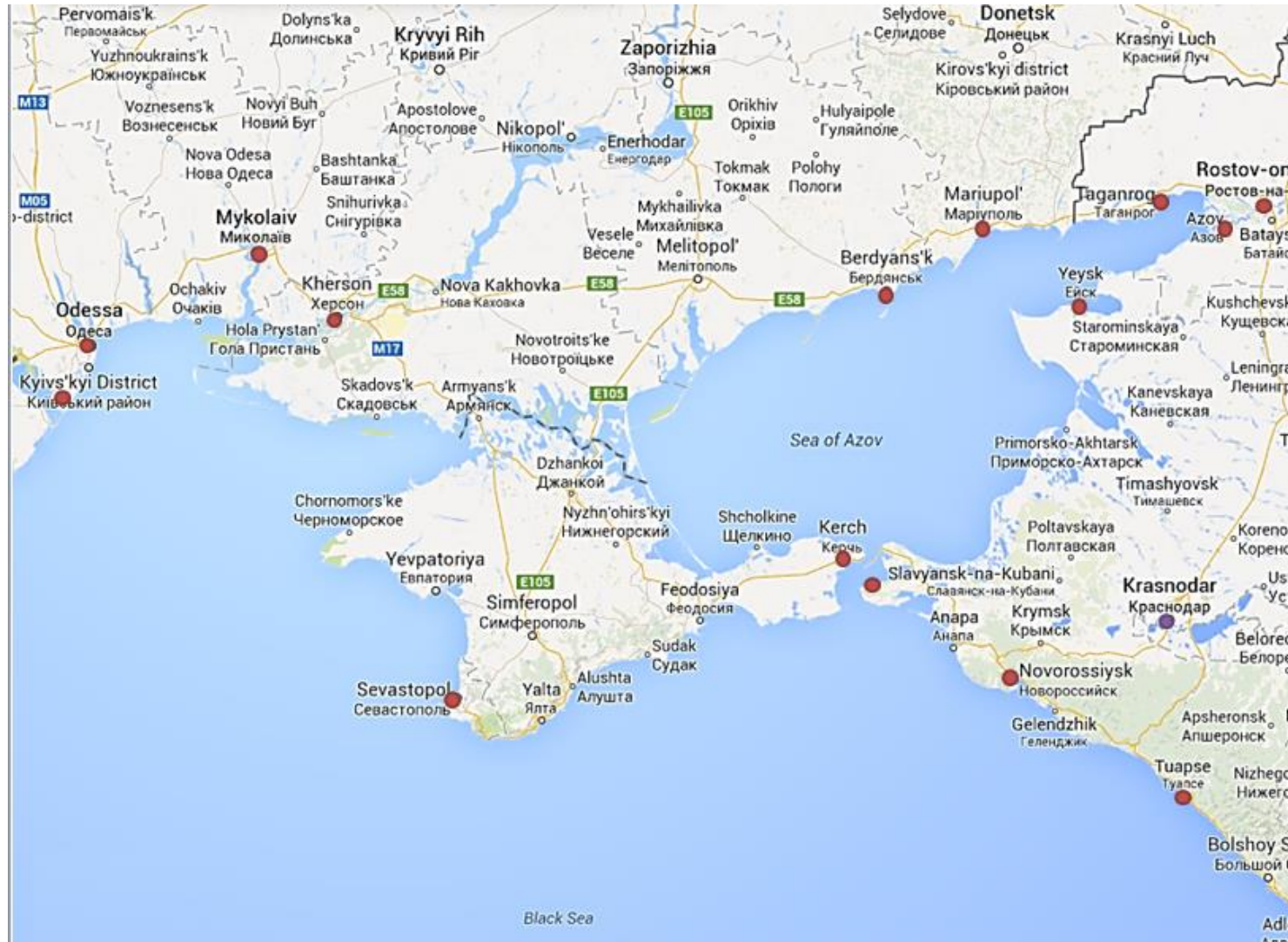


Per Capita Wheat Consumption



Source: Chartsbin

Main Black Sea and Azov sea ports

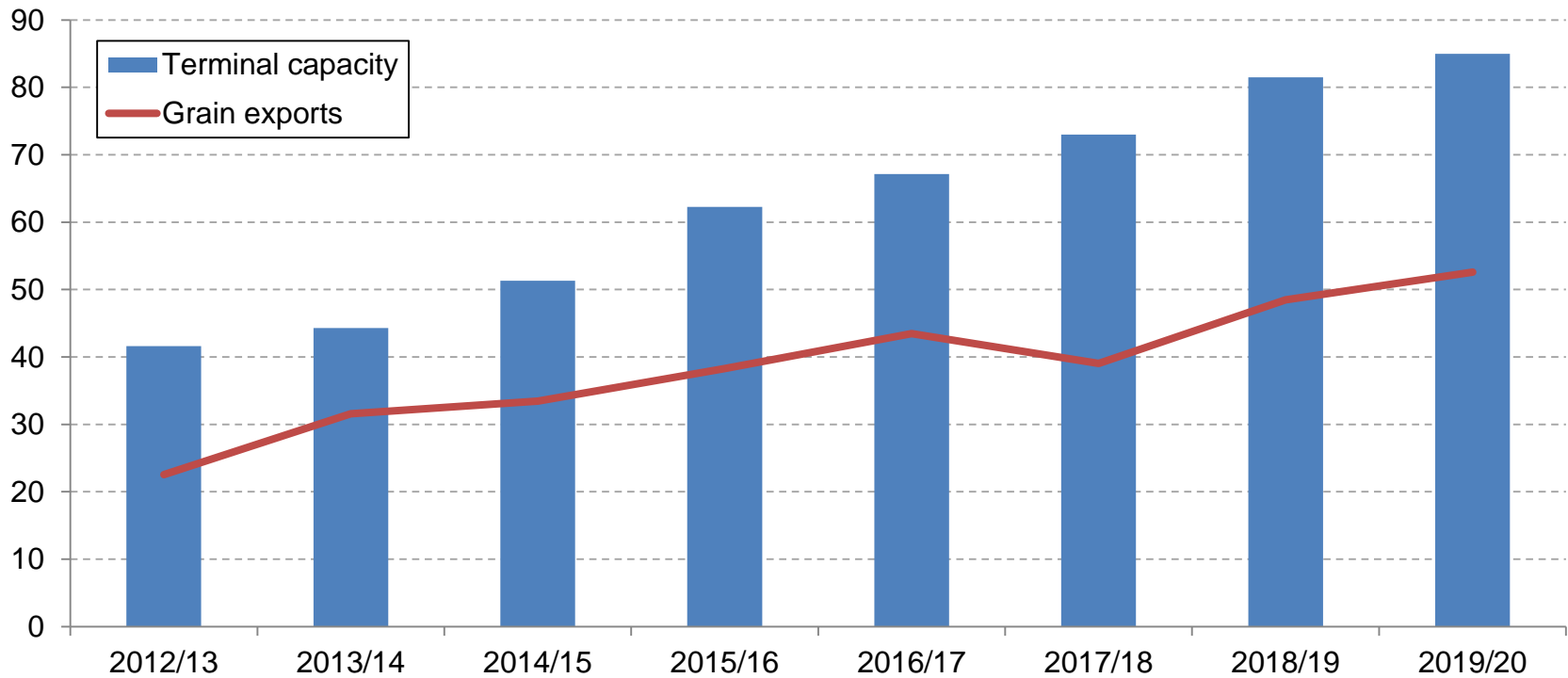


Transshipment of grain near port Kavkaz



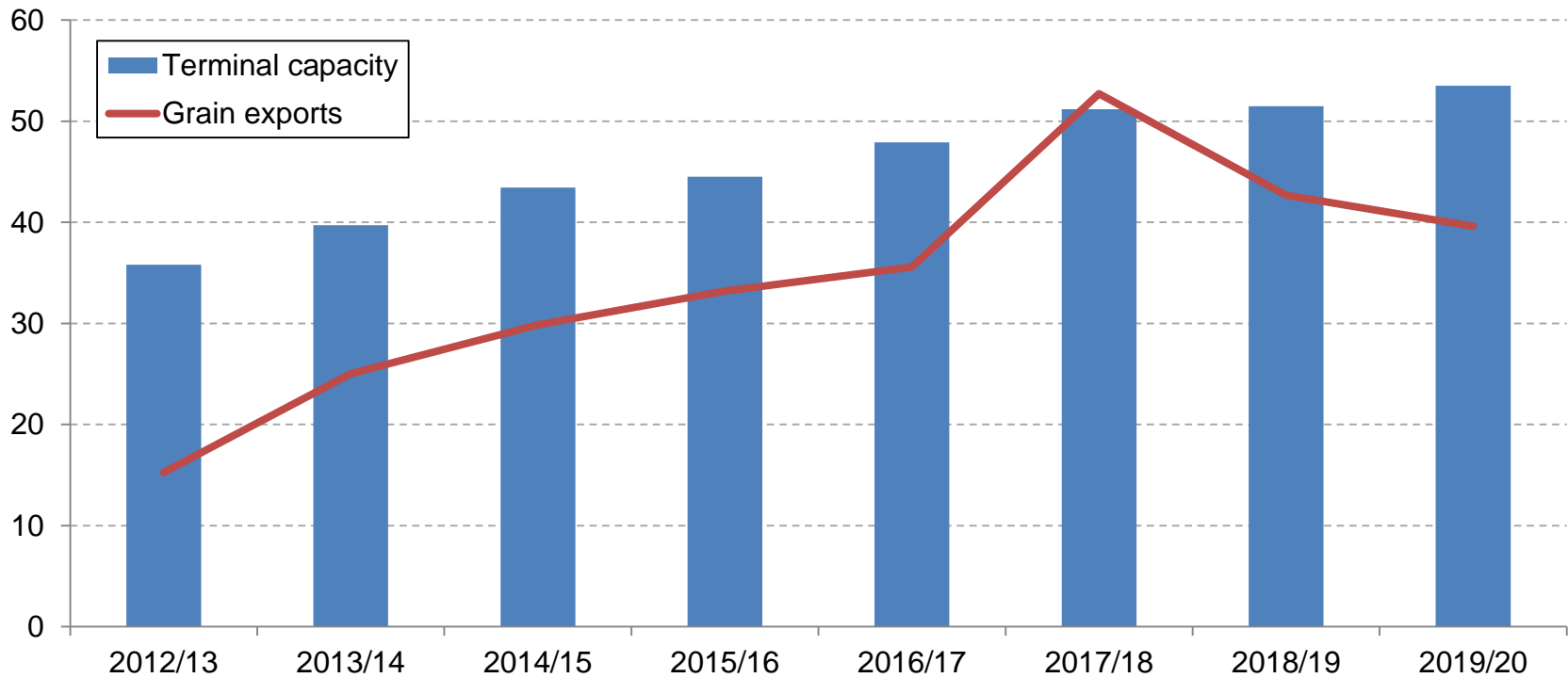
Source: volgaship.com

Terminal capacity and grain exports, mln t Ukraine



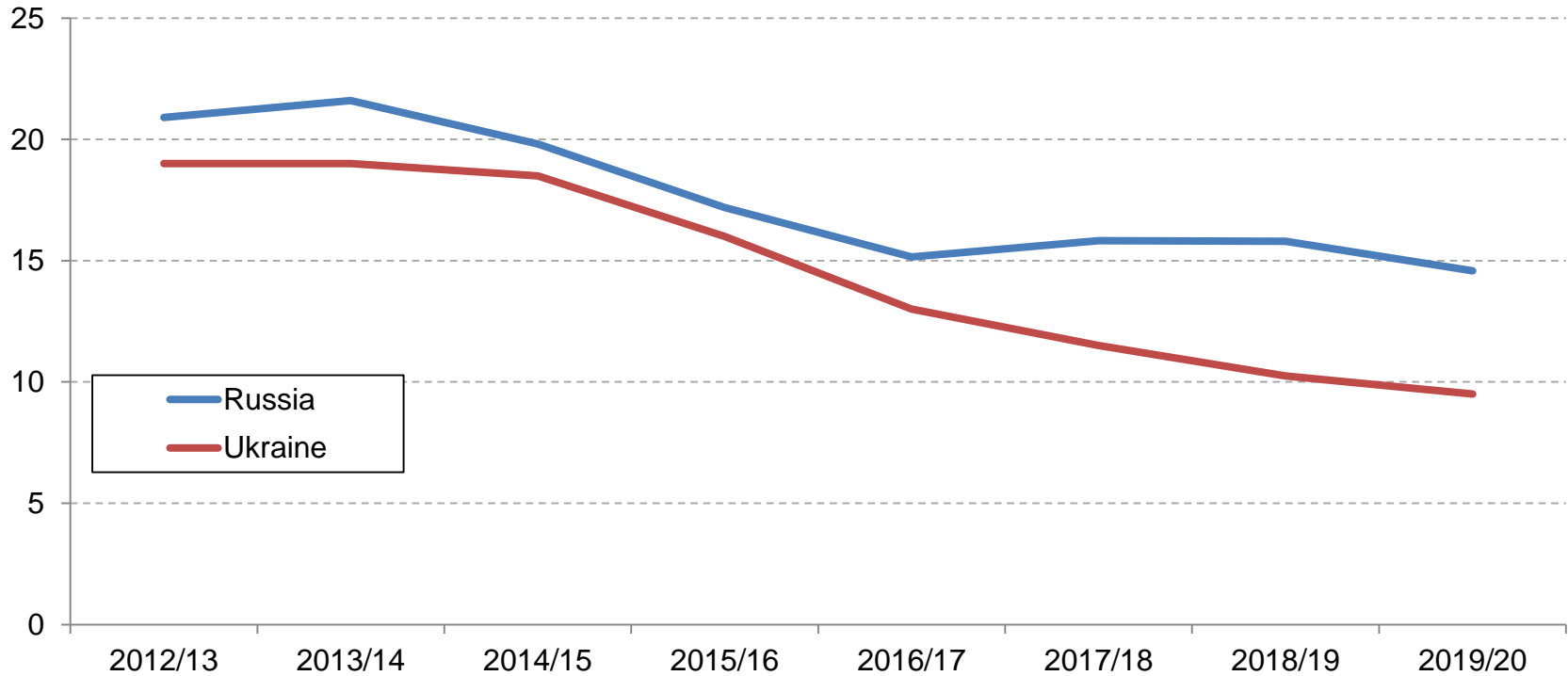
Source: Administration of Seaports of Ukraine, Federal Custom Service, Sovecon

Terminal capacity and grain exports, mln t Russia



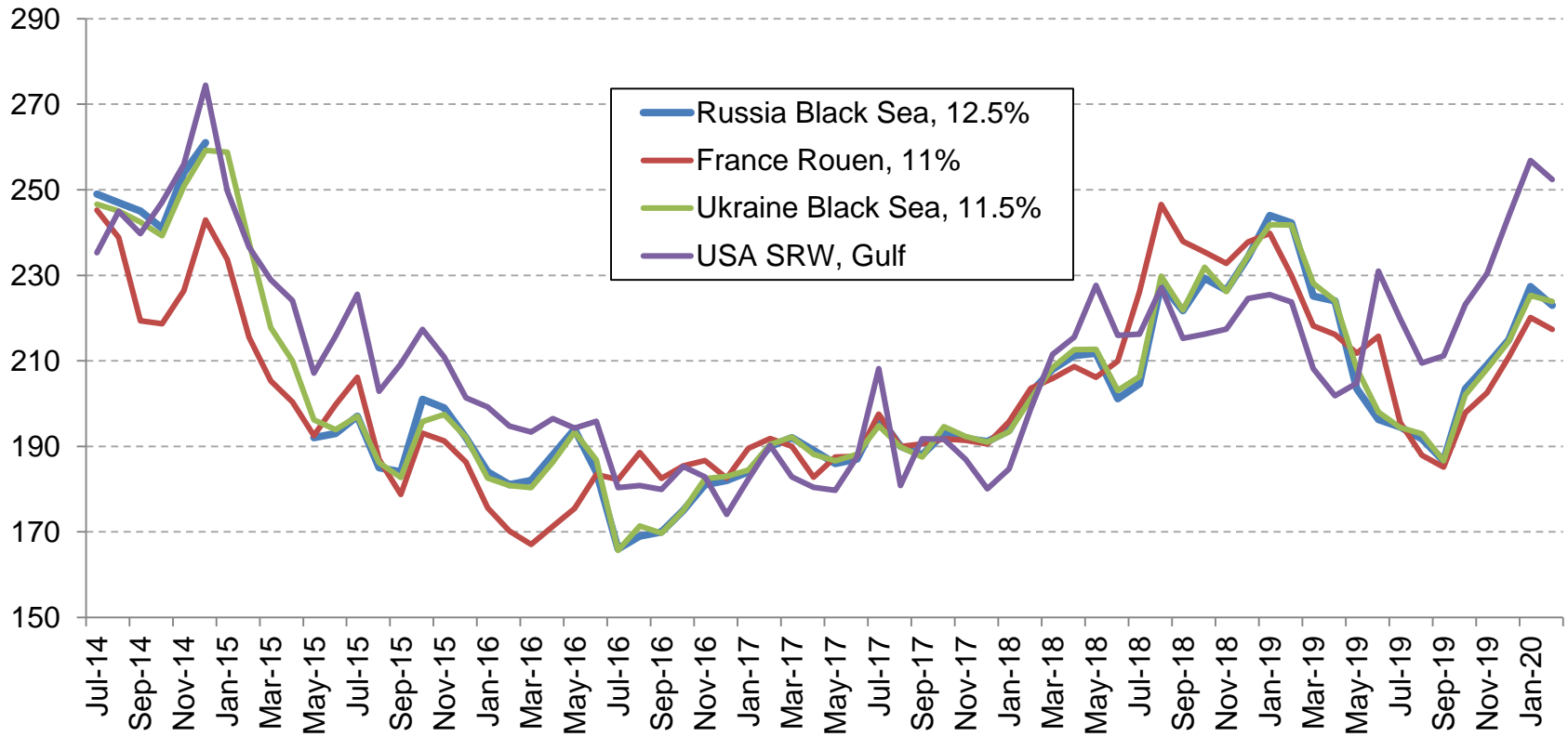
Source: Morcenter, Federal Custom Service, Sovecon

Transshipment fees in deep sea ports, \$/mt



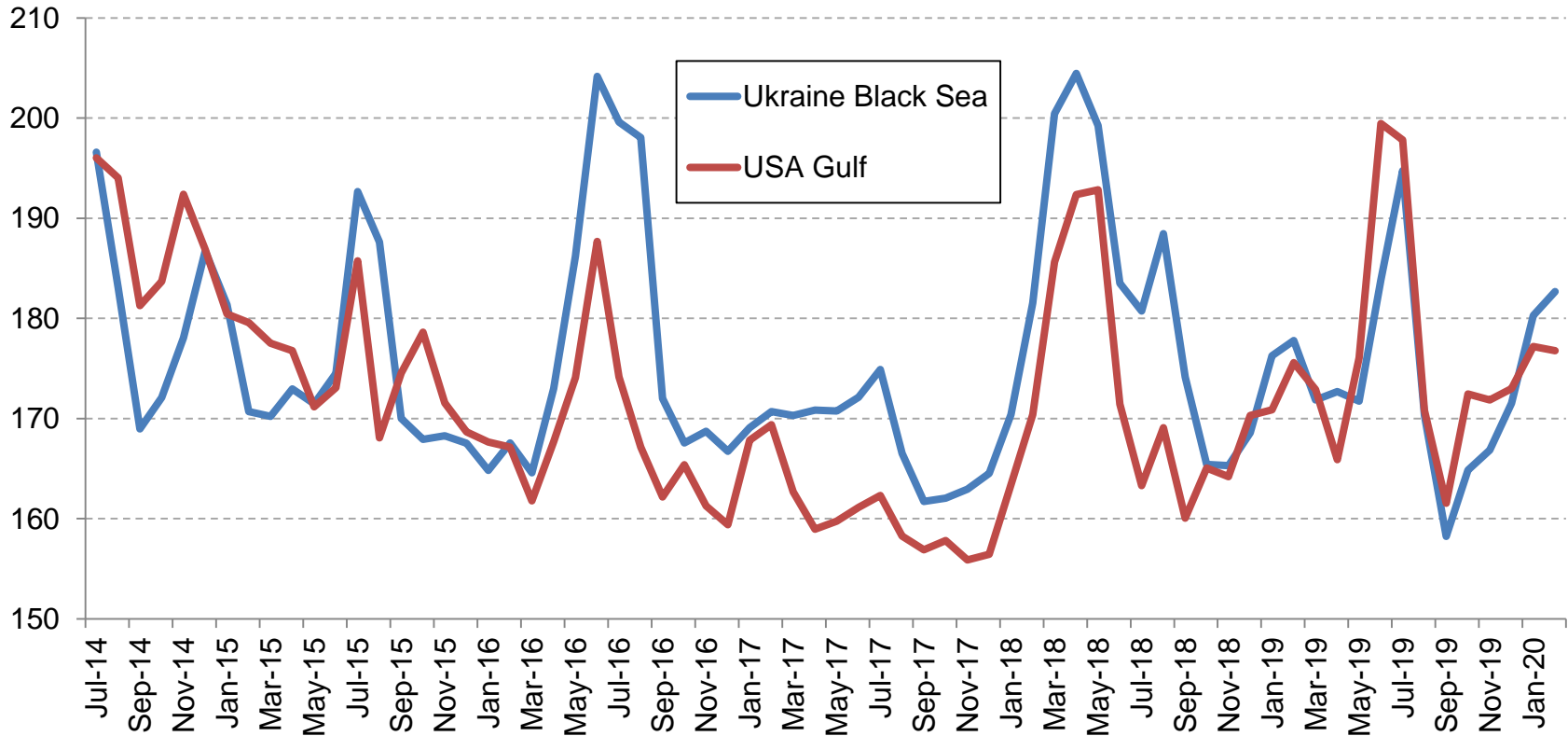
Source: Open sources, Sovecon

World wheat prices, FOB, \$/mt



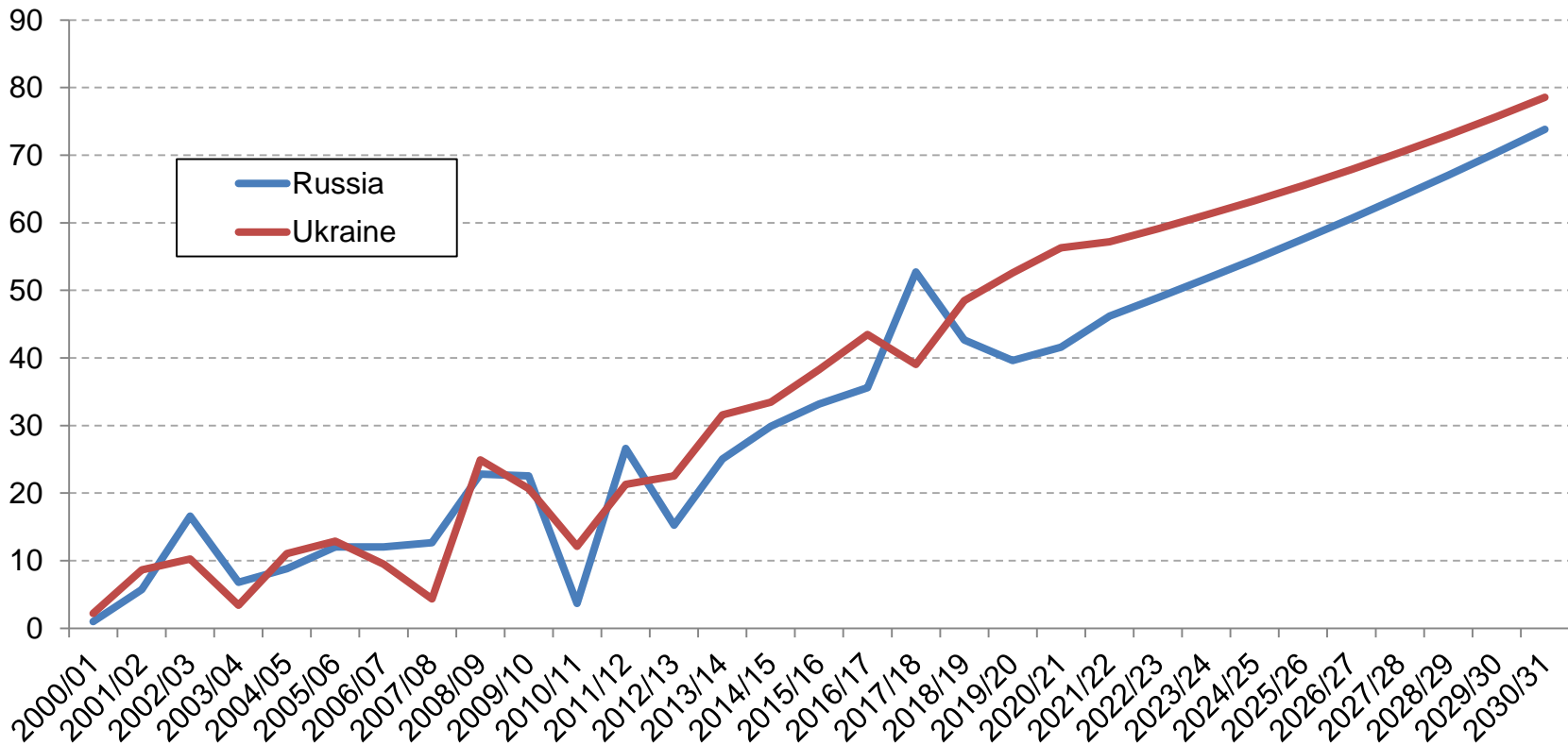
Source: IGC, Sovecon

World corn prices, FOB, \$/mt



Source: IGC, Sovecon

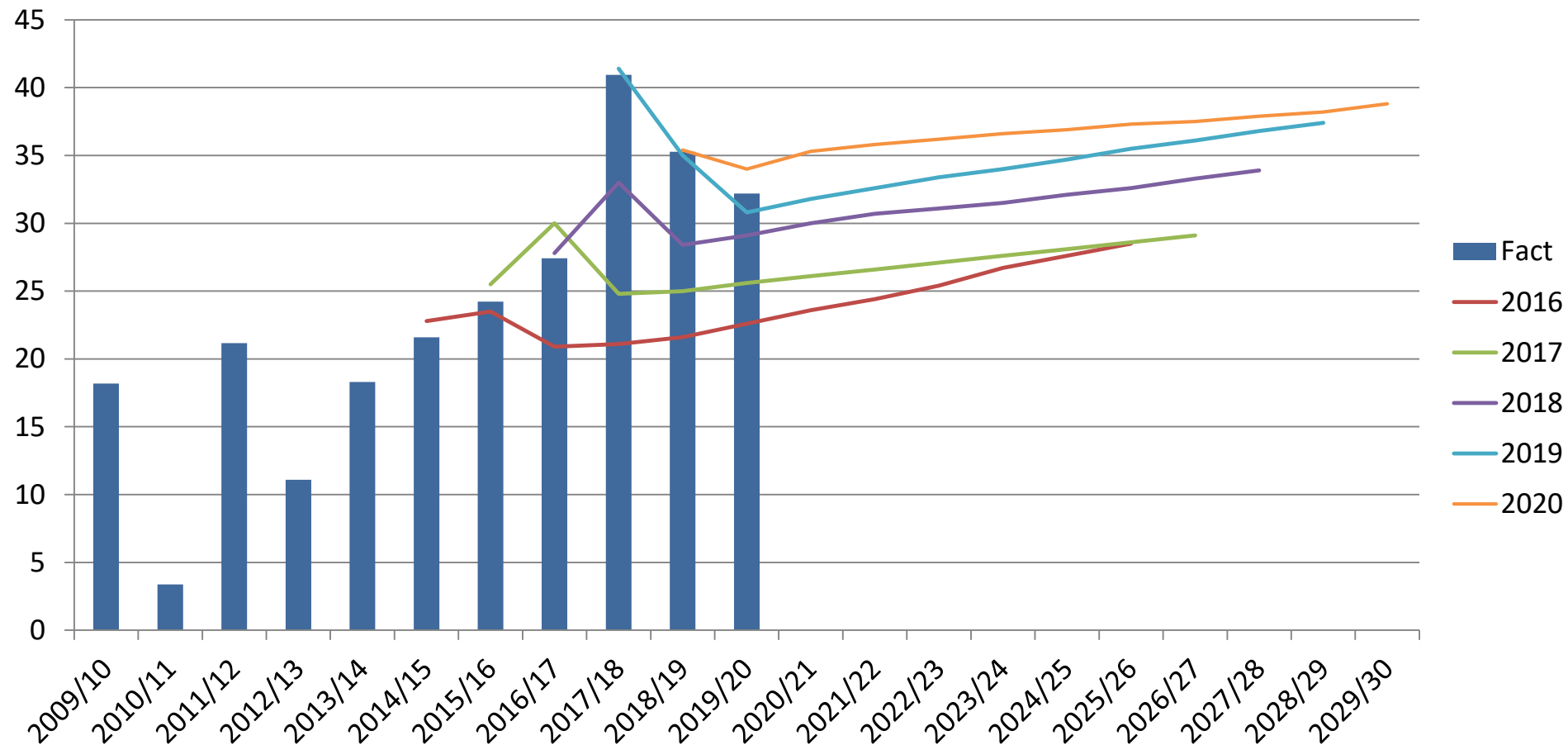
Russia and Ukraine grain exports are expected to grow further, by 5-7% annually on average, mln t



Source: Rosstat, Ukrstat, Sovecon

Many long-term projections looks too conservative

USDA's long term Russian wheat export forecast and actual exports, MMT





UPDATE 2—RUSSIAN MINISTRY SEEKS TO LIMIT GRAIN EXPORTS AT 20 MLN T IN JAN–JUNE

1/14/2020

- * The ministry's proposal is yet to be approved by the government
- * The quota would add to potential trade risks - analysts, traders
- * But risks for actual Jan-June exports are small - analysts
- * Russia's Jan-June grain exports won't reach 20 mln T- analysts (Changes source of information, adds agriculture ministry's comment, market reaction)

By Polina Devitt

MOSCOW, Jan 14 (Reuters) - Russia's agriculture ministry is looking to set a non-tariff quota for grain exports of 20 million tonnes in January-June, it said in a statement on Tuesday, adding the quota would be scrapped later in the most active part of season for trading.

This follows comments last month by the ministry that Russia, the world's largest wheat exporter, was looking for a new way to restrict grain exports at the level of its exportable surplus under "certain market conditions".

The agriculture ministry's draft, which is yet to be reviewed by the government, sees the quota at 20 million tonnes of grain, which Russia can export without damaging domestic market in Jan. 1-June 30, 2020, the ministry said.

U.S. CARGILL CONFIRMS PLANS TO BUY SHARES IN UKRAINIAN M.V. CARGO

© 9 SEPTEMBER, 2019

U.S. Cargill Inc., a large private company on the global agricultural market and food production, in the coming two months plans to complete preparations for acquisition of shares in M.V. Cargo, which on September 6, 2019 officially launched the Neptune new grain terminal at the Yuzhny port with an annual capacity of 5 million tonnes, Cargill Vice President Roger Janson has said. “Then we move on to acquisition,” he said at a press conference. Janson said that the contract with M.V. Cargo does not contain time framework regarding the acquisition of the shares.

As reported, Cargill, the Ukrainian Sea Ports Authority and M.V. Cargo LLC (Vizirka village, Lyman district, Odesa region), created by the co-founders of the largest Ukrainian private stevedore TIS Andriy Stavnitser and his older brother Yehor Hrebennikov, in August 2015 signed a tripartite memorandum of intent to implement an investment project in the Yuzhny seaport.

In February 2016, Cargill entered into an agreement with M.V. Cargo to invest \$100 million in the construction of a grain terminal and the subsequent acquisition of a 51% stake in M.V. Cargo.

WORLD NEWS NOVEMBER 13, 2019 / 3:49 PM / 3 MONTHS AGO

Ukrainian lawmakers vote to lift ban on sale of farmland by 2020

Pavel Polityuk

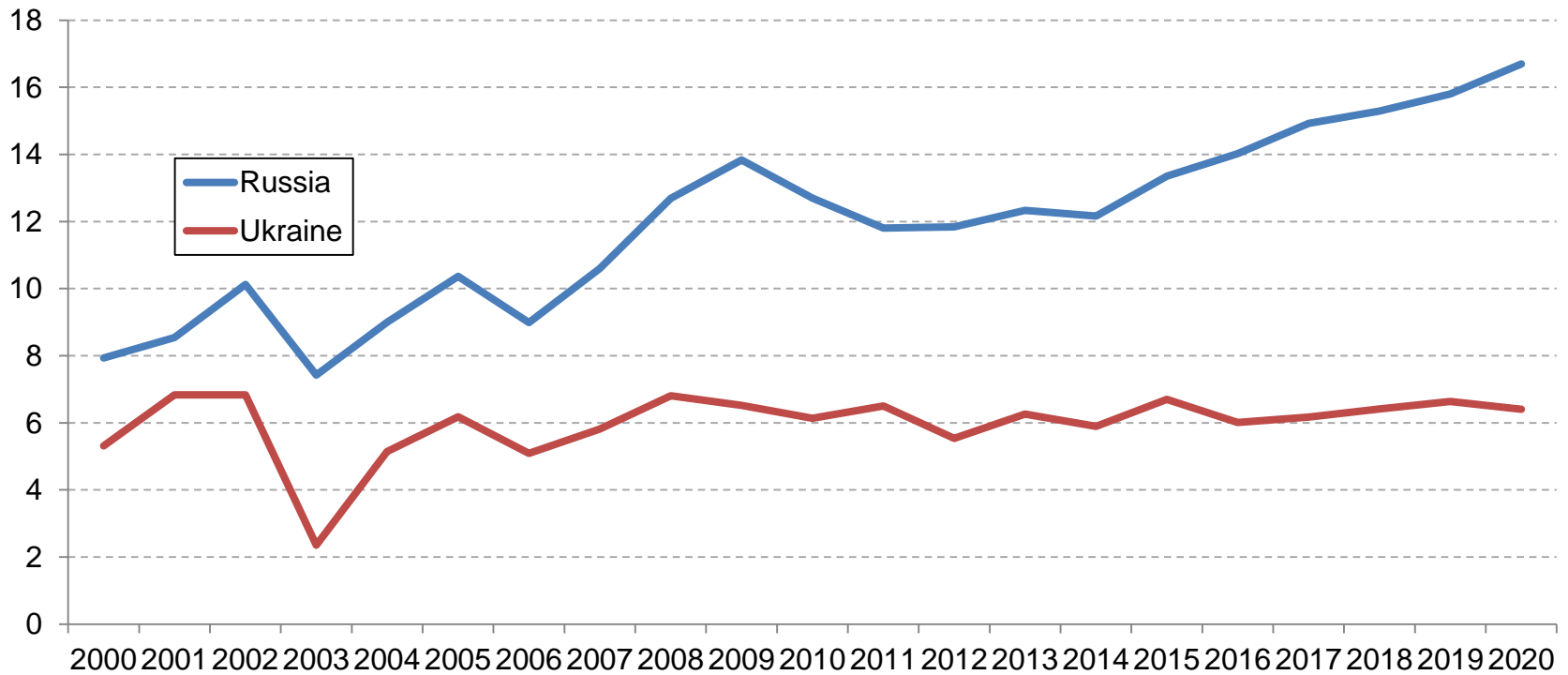
3 MIN READ



KIEV (Reuters) - Ukrainian lawmakers voted on Wednesday to remove a ban on the sale of farmland for the first time in nearly two decades, a move supported by the country's foreign backers that risks a political backlash.



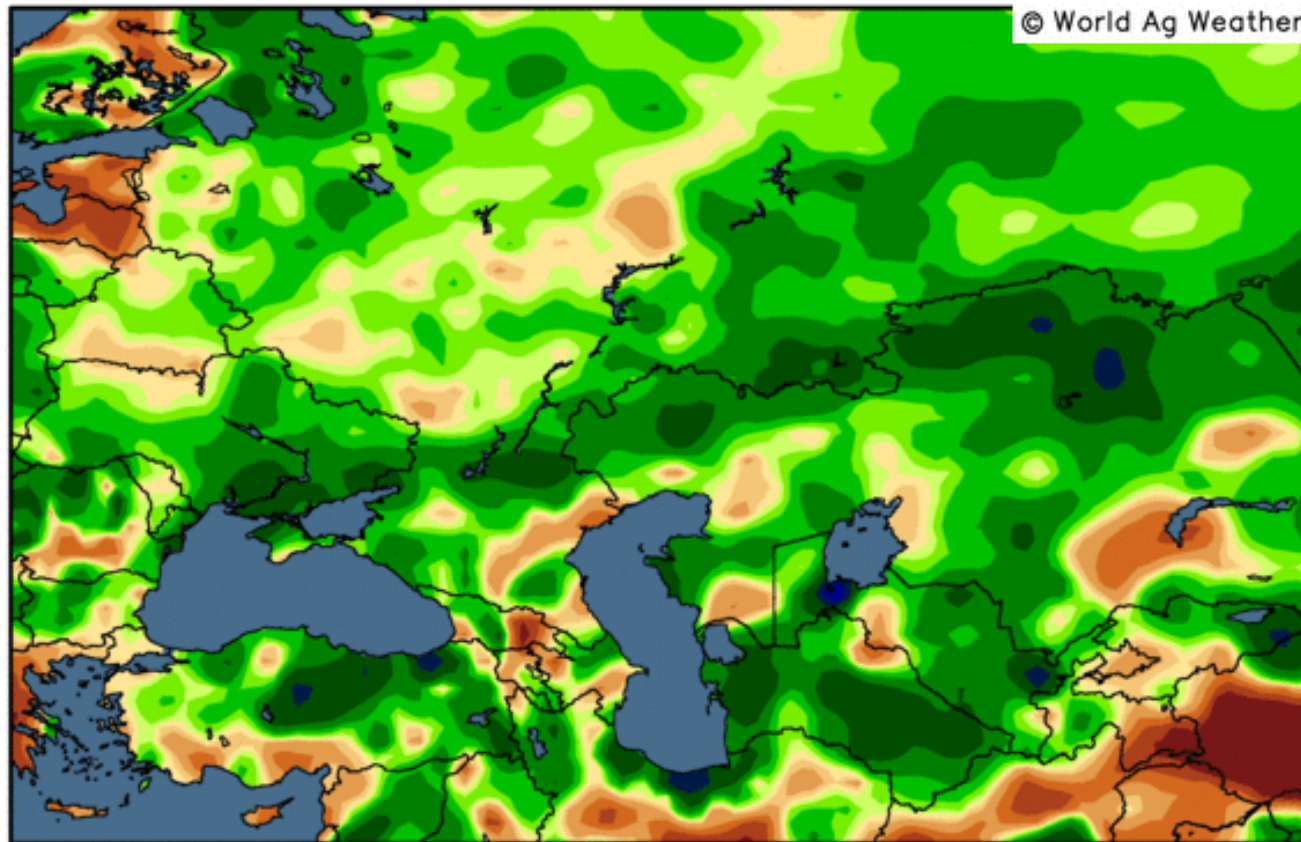
Area under winter wheat, mln ha



Source: Rosstat, Ukrstat, Sovecon

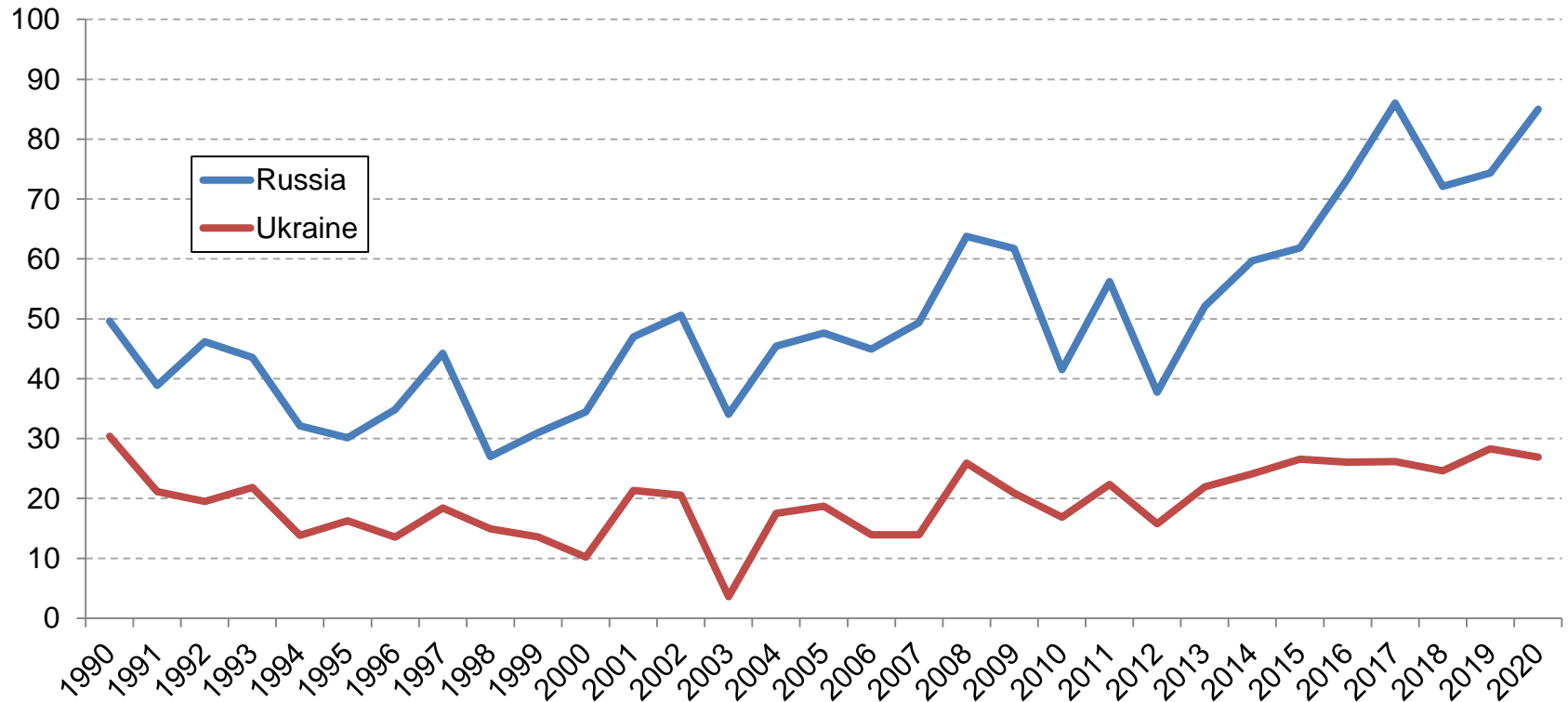
30-day Precipitation Analysis

Percent of normal through 16 Feb 2020



Map updates daily by approximately 19:00 UTC

Wheat production 2020 first estimates, mln t



Source: Rosstat, Ukrstat, Sovecon

The Sizov Report on the Black Sea Grain Market

Everything you need to know about the Black Sea

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