

Overview of Oils and Fats

Ukraine produces some 10.2 million tonnes of oil-seeds annually, made up of sunflowerseeds (64percent), rapeseeds (28 percent) and soybean (8 percent). The total installed crushing capacity is currently estimated at approximately 8.5 million tonnes, and is expected to increase to 10 million tonnes in 2010, according to the Ministry of Agrarian Policy of Ukraine. During 2008, Ukraine crushed and exported nearly 5.4 million tonnes and 2.7 million tonnes of oil-seeds, respectively.

Sunflower is the major oil being produced, constituting nearly 85% of the total oils and fats output. The country produced about 2.3 million tonnes of sunflower oil in 2008. The local crushing plants in Ukraine are also capable of producing some rapeseed and soybean oils.

Ukraine produced far more sunflower oil than needed for its domestic oil requirement. During 2008, nearly 1.3 million tonnes of sunflower oil were exported. The major importers of Ukraine's sunflower oil are mainly EU, Turkey, Iran and Algeria. The lower sunflower oil exports during 2008 was attributed to the dispute over allegedly contaminated sunflower seed oil supplied to the EU. Some small amounts rapeseed oil are also being exported. These are mainly to Lithuania and Poland.

Although a net exporter of vegetable oil, Ukraine also imports some vegetable oils mainly for certain application. In 2008, Ukraine imported 500,000 tonnes of vegetable oil. Of this, about 80% comprise of palm oil, while the balance is made up of lauric oils (coconut and palm kernel oil) and tallow.

	2008	Jan-Oct 09
Imports of Palm Oil from Malaysia (tonnes)		
RBD Palm Olein	290,215	267,127
RBD Palm Oil	122,207	114,688
RBD Palm Stearin	55,864	67,218
CPO	14,000	25,960
Others	1,669	12,641
Total	483,955	487,634

*Note: Palm oil import data differ from data from MPOB. Data from MPOB include volumes destined to our countries including Russia via Ukraine.

Source: MPOB

Statistics

	2000	2002	2004	2006	2008
Production of Oils and Fats ('000 tonnes)					
Sunflower	957	970	1,341	2,082	1,952
Rapeseed	29	24	12	33	86
Soybean	6	15	27	68	89
Others	227	214	229	236	202
Total	1,219	1,223	1,609	2,419	2,329

	2000	2002	2004	2006	2008
Imports of Oils & Fats ('000 tonnes)					
Palm oil	25	114	130	185	413
Palm kernel	3	5	10	15	62
Others	11	25	26	20	25
Total	39	144	166	220	500

	2000	2002	2004	2006	2008
Domestic Requirement of Oils & Fats ('000 tonnes)					
Sunflower	419	410	428	423	485
Palm oil	36	99	134	189	223
Lard	76	72	69	83	68
Soybean	5	16	22	56	73
Others	167	165	162	191	261
Total	703	762	815	942	1,110

Sunflower Oil Exports ('000 tonnes)					
	2004	2005	2006	2007	2008
EU25	328	379	714	883	499
Turkey	31	74	147	62	182
Others	511	402	768	980	666
Total	869	855	1,629	1,925	1,347

Palm Oil Imports ('000 tonnes)					
	2004	2005	2006	2007	2008
Malaysia	57	105	80	58	173
Indonesia	51	92	87	258	231
Others	23	7	17	25	10
Total	130	204	185	341	413

Source: Oil World

UKRAINE

OILS & FATS BRIEF PROFILE

DECEMBER 2009

Palm oil and palm kernel oil are imported mainly to fulfill the necessary product requirements in the industrial applications. The growth of palm oil imports into the country is also facilitated by the zero import duty for MFN countries which include Malaysia and Indonesia. Most of the palm oil is sourced from Malaysia and Indonesia, while a small amount is imported via Netherlands, Turkey and Singapore.

In 2008, Ukraine imported around 173,000 MT directly from Malaysia, as recorded by Oil World. MPOB data recorded a total of 483,955 tonnes, which include re-export volumes to neighboring countries, including some 173,000 tonnes destined for Russia. Palm oil which is more competitive than its locally produced sunflower oil were imported to meet its domestic requirement and for certain applications, i.e. mainly consumed in margarine and mayonnaise production. The plants in Ukraine preferred to use palm oil for margarine and mayonnaise production due to the lower price vis-à-vis sunflower oil. From Jan-Oct 2009, a total of 487,634 tonnes were recorded as exports to Ukraine. These products mainly comprised of RBD palm olein (55 percent) and RBD palm oil (24 percent). Other palm oil products imported include cooking oil and hydrogenated palm products.

Ukraine is essentially a liquid oil consuming country. Sunflower oil is the dominant oil being consumed in Ukraine. It is estimated that that total consumption of oils and fats is about 1.1 million tonnes annually. Present per capita consumption is estimated at about 24 kg. Margarine production is estimated at about 313,400 tonnes in 2008, accounting for about 22 percent of the output from CIS and 3 percent of total world margarine output. There are more than about 30 margarine producers in Ukraine, according to UkrOliya (Ukrainian Oil Association). The major producers are Zaporozhye Fat and Oil Work, Odessa Fat & Oil Work, Kharkiv Oils & fats, Kiev Margarine and Lvov Fat Works.

Oilseeds Policy

Ukraine became a member of the World Trade Organization (WTO) on May 16, 2008. With the accession into WTO, Ukraine agreed to conform with WTO Rules in applying its export licensing requirements and other export regulating measures. The WTO Agreement on Agriculture limits the use of export restrictions. Its export duties on its oilseeds, i.e. export duty for sunflowerseed was decreased from 17% to 14% in 2008 and are subject to a 1% percent point decrease each year until reaching a total of 10%. Thus, export duty for sunflowerseeds has decreased to 13% since January 1, 2009.

Upon accession, Ukraine reduced most of its agricultural import duties to negotiated levels as follows:

COUNTRY AT A GLANCE



Basic Statistics

Area: 603,550 km²

Capital: Kyiv (Kiev)

Major cities: Kharkiv, Dnipropetrovsk, Odessa

Ports: Feodosiya, Kerch, Kherson, Mariupol', Mykolayiv, Odessa, Yuzhnyy

Population: 45,700,395 (Jul 2009 est)

Urban population: 68% of total population

Population Growth: -0.632% (2009 est)

GDP: US\$ 179.7 billion (2008 est)

GDP per capita (PPP): US\$ 7,400 (2008 est)

GDP Real Growth: 2.7% (2008 est)

Total Exports: US\$ 67.72 billion (2008 est)

Commodities: Ferrous and nonferrous metals, fuel and petroleum products, chemicals, machinery and transport equipment, food products

Total Imports: US\$ 84.65 billion (2008 est)

Commodities: Energy, machinery and equipment, chemicals

Currency: hryvnia (UAH)

Exchange Rate: UAH 7.966 per US\$1 (28 Dec '09)

Source: World Factbook ; www.finance.yahoo.com

Import Tariff on Major Imported Oils and Fats

HS Code	Description	Applied Rates (%)
150710	Crude soya-bean oil, whether or not degummed	7.5
150790	Soya-bean oil and its fractions, whether or not refined (excl. chemically modified and crude)	7.5
151110	Crude palm oil	0.0
151190	Palm oil and its fractions, whether or not refined (excl. chemically modified and crude)	0.0
151311	Crude coconut oil	0.0
151319	Coconut oil and its fractions, whether or not refined, but not chemically modified (excl. crude)	0.0
151321	Crude palm kernel and babassu oil	0.0
151329	Palm kernel and babassu oil and their fractions, whether or not refined, but not chemically modified (excl. crude)	0.0
151610	Animal fats and oils and their fractions, partly or wholly hydrogenated, inter-esterified, re-esterified or elaidinized, whether or not refined, but not further prepared	15.0
151620	Vegetable fats and oils and their fractions, partly or wholly hydrogenated, inter-esterified, re-esterified or elaidinized, whether or not refined, but not further prepared	7.6
151710	Margarine (excl. liquid)	10.0
151790	Edible mixtures or preparations of animal or vegetable fats or oils and edible fractions of different fats or oils (excl. fats, oils and their fractions, partly or wholly hydrogenated, inter-esterified, re-esterified or elaidinized, whether or not refined, but not further prepared, mixtures of olive oils and their fractions, and solid margarine)	9.3

Source: WTO — <http://tariffdata.wto.org/>

References:

1. Malaysian Palm Oil Board (MPOB)
2. Malaysian Palm Oil Council (MPOC)
3. Oil World
4. USDA/FAS