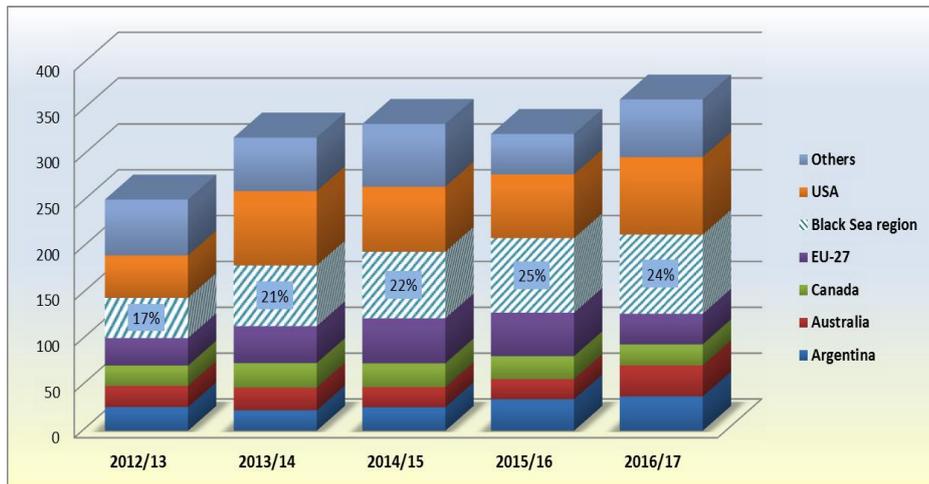


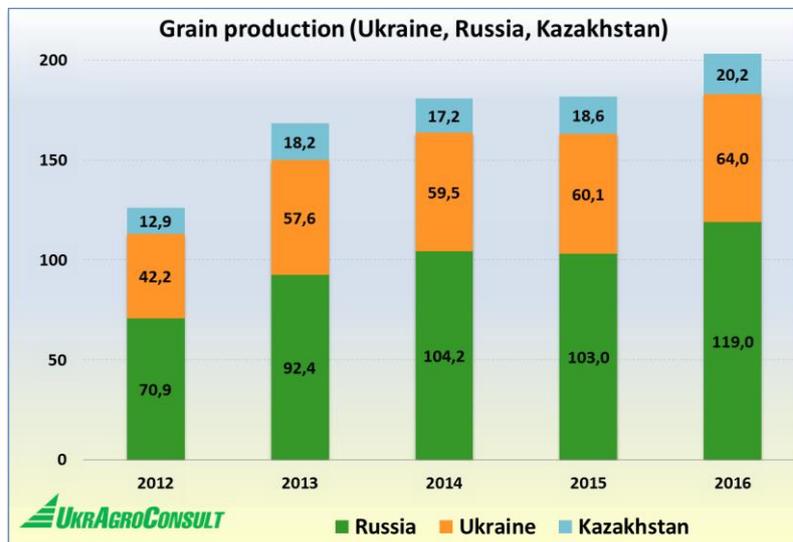
### ***Triumph of the Black Sea region: for how long?***

The Black Sea region has been enhancing its presence in the world grain market since as early as the late 1990's. However, the region's role became particularly noticeable over the last few years. The Black Sea share in global exports holds at over 20% since 2013/14, making it possible to safely call this a triumph of the Black Sea region on the world grain floor. Moreover, the global grain trade upturn is in many respects promoted by the Black Sea region, especially in the past marketing year of 2016/17.

### ***Black Sea share in the global grain exports***



What reasons are behind that vast build-up of exportable surpluses? Over the previous four years, the Black Sea region has increased grain production to 200 MMT that is 10% of the world's output of the three staple crops. The greatest contribution was made by Russia, but the Ukrainian and Kazakh harvests hit record highs, too.



In turn, the rise in production was achieved through a steady increase in yields of all cereals. In the early 2000's, the five-year average yield was 2.4 MT/ha. At the same time, the key end market was the Near East. Then the yield went up to 2.8 MT/ha and the consequent grain surpluses were shipped to North African countries. The last five years saw the fastest surge in yields, to a five-year average of 3.8 MT/ha, and the range of end markets was added with South-East Asia.

What are the prospects for further promotion of Black Sea grain? Evidently, in the coming years the main gain in consumption will be demonstrated by Asia. By 2025, this continent will expand its use of wheat and corn by 70 MMT to 775 MMT.

Africa is also expected to boost grain consumption substantially. Remarkably, this will concern Sub Sahara rather than North Africa – a traditional destination for Black Sea grain. The use of wheat and corn in this region is expected to reach 100 MMT.

### Expected increase in consumption by 2025

MMT/%	<div style="display: flex; justify-content: space-around; align-items: center;"> <span style="margin-right: 10px;">↓</span> <span style="margin-left: 10px;">↓</span> </div>				
	Europe (EU-28)	Asia	Africa	incl. North Africa	incl. Sub-Saharan
Wheat	1/1%	37/10%	12.8/19%	6/13%	6.8/31%
Corn	5.4/7%	34/10%	19.9/26%	3.4/15%	16.5/30%
Soybean	0.9/6%	33/26%	0.6/12%	0.4/10%	0.2/18%
Protein meals	1.8/4%	42/28%	2/19%	1/4%	1/30%
Vegetable oils	-0.9/-4%	28/29%	5/34%	0.9/23%	4.1/39%
Sugar	-1.2/-6%	21/27%	6/35%	1.8/26%	4.3/41%
Meat	-0.2/0%	22/19%	4.4/30%	0.8/18%	3.6/35%
Dairy prod.	1.6/3%	68/32%	9/26%	1.7/22%	7.3/28%

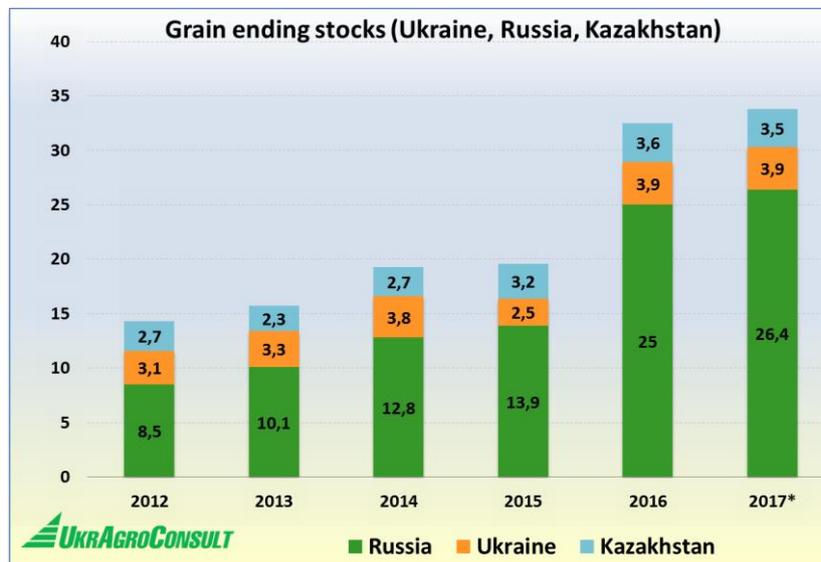
Source: OECD

Grain exports from the region are expected to exceed 86 MMT in 2016/17, i.e. to hit an all-time high. The key grain export destinations for Ukraine include the EU, India, Egypt and Saudi Arabia. Those for Russia are Egypt, Turkey and Bangladesh, while Kazakhstan exports its grain chiefly to Uzbekistan, Tajikistan and Afghanistan. In particular, the record was set owing to devaluation. However, this driver is not so significant in 2017 as it was, for instance, in 2014.

#### What are the prospects for 2017?

According to the first rough estimates, the harvest in the region will decrease but not considerably. In case of return to the trend yields, 61 MMT will likely be harvested in Ukraine, 113 MMT in Russia and about 9 MMT in Kazakhstan. However, it is not ruled out that last year's highs will be hit once again.

Based on the current situation and crop forecasts, Black Sea grain exports can be expected at the 2016/17 level. Some drop in shipments from Ukraine and Kazakhstan will be offset by exports from Russia, which will face the need to market its high carryovers.



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