

Ukraine to press Russia in the Turkish vegoil market

Sunoi trade persists to be a topical issue for the Black Sea countries in MY 2016/17, when they face a task to process and sell a bumper sunseed crop. UkrAgroConsult already wrote before that end markets had been redistributed over the last three seasons between the key competitors, i.e. Ukraine and Russia. The current marketing year continues showing previously set trends.

Ukraine remains the undoubted leader among sunoi suppliers to India, which shows greater interest in the Ukrainian product in MY 2016/17 than a year ago. Its purchases in the first six months of the current season were up almost 42% year-on-year at over 960 KMT.

Competition in the EC market can be considered a closed issue now: Russian shipments to this direction are at a minimum level, whereas the commodity flow from Ukraine is steady and reached 650-660 KMT in this period of time.

China imports Russian sunoi rather moderately (60-65 KMT). Simultaneously, annual deliveries of the Ukrainian product to China have neared 300 KMT over the last two seasons (September-February). Competition for the Chinese market is quite likely to unfold very soon.

Egypt restored its role both in Ukrainian and Russian sunoi exports in MY 2016/17. Deliveries from Ukraine and Russia to Egypt increased 147.5% and 121.3%, respectively. The matter is very important to Russia, taking into account that Egypt is a major sunoi buyer. Reviewing the Egyptian destination, it can be said that it features healthy competition between the Black Sea exporters.

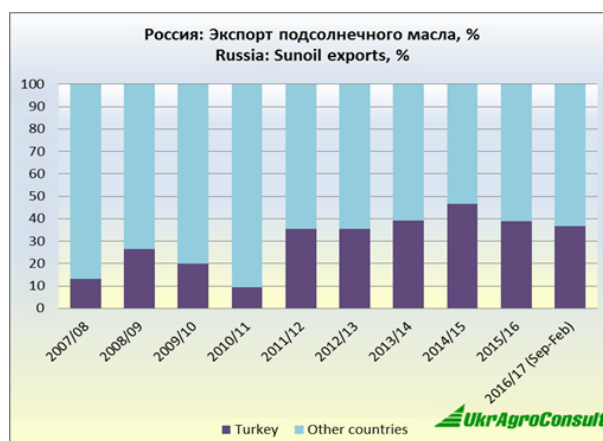
**Ukraine: Sunoi exports by destination,
September-February, KMT**

Country	2013/14	2014/15	2015/16	2016/17	2016/17-2015/16
India	655	835	682	966	41.6%
EU	197	315	668	654	-2.1%
China	229	191	291	294	1.0%
Turkey	44	116	99	70	-29.3%
Egypt	197	91	40	99	147.5%
Total	1797	2013	2196	2679	22.0%

**Russia: Sunoi exports by destination,
September-February, KMT**

Country	2013/14	2014/15	2015/16	2016/17	2016/17-2015/16
CIS	130	149	126	154	22.2%
EU	68	18	9	8	-11.1%
China	0	10	64	59	-7.8%
Turkey	340	316	309	330	6.8%
Egypt	212	79	61	135	121.3%
Total	848	659	643	897	39.5%

The intersection of the two nations' interests in the sunoi trade with Turkey seems to have been basically solved now as Ukraine has yielded this niche to Russia following diversification and switch of end markets. However, the situation in this market may change in the light of the latest developments in the Russian-Turkish trade relations. For Russia, which has shipped roughly 40% of its total sunoi exports to Turkey over recent seasons, the imposed import duty will actually mean loss of this market.



Noteworthy, Russia's sunoi export market already responded to the reported Turkish plans last week. Shipments are actually stopped in the Russian ports. In addition, this caused a pause in domestic purchases of the feedstock. Although Russian exporters still hope that the issue will be settled, they understand the need of switching to alternative end markets immediately to avoid grave financial losses.

In turn, Turkey is not a key destination market for Ukrainian exports: sometimes in the past it purchased more than 300 KMT a season from Ukraine, but this volume has fallen to 170-180 KMT now. Turkey absorbed 10-12% of total exports ten years ago, but its share has dropped to 3-4% since then.



Will Ukraine manage to occupy again its niche in the Turkish sunoil market? This will in many respects depend on the Turks' decision either to pay a higher price for the quality Ukrainian product or to switch to other vegoils. The time will show...

Svetlana Kupreeva
Oilseeds market analyst
UkrAgroConsult