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Russia and Ukraine Vie for Title of Top Grain Exporter

Both are forecast to export almost 50 million metric tons this year.

By bne IntelliNews

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A fertile band of black earth runs through the southern regions of both Russia and Ukraine. **Pixabay**

The race is on between Ukraine and Russia for the title of "world's biggest grain exporter" and the two rivals are running neck and neck.

Agriculture is a key sector for both countries and has become a main source of foreign exchange revenues in recent years — especially for Ukraine. The band of "*chernozem,*" or black earth, runs through the southern regions of the two, and is home to some of the most fertile fields in the world. And both countries have invested heavily in the sector.

Ukraine's Agriculture Ministry reported that with a few months of the current agricultural marketing year still to go, the country is on course to match last year's bumper harvest of 70 million metric tons of grain and has already exported 44.4 million from total export forecasts

for this year of 50.4 million.

That means Ukraine has already exported more grain this year than Russia exported in all of last year. Russia has been the biggest exporter of grain for the last three years in a row thanks to a record set of harvests, and crescendoed in 2017 when it produced an all-time-high harvest of 135 million metric tons — even beating all Soviet-era records.

Russia now earns more from its grain exports than it does from selling arms, and the state has poured money into farming to boost productivity. The Russian agriculture ministry's official forecast for 2019 is for a harvest of 118 million metric ton and exports of between 42 million and 46 million metric tonnes.

There is a little confusion over the Russian grain forecast as the U.S. Department of Agriculture (USDA) has a slightly lower forecast of 115 million metric tons, but it doesn't include Russia's newly acquired farmland in Crimea.

For Ukraine, grain exports are even more important. While Russia is running a record trade surplus, Ukraine's trade deficit reached $1.5 billion in January-March, increasing 13 percent year-on-year. In the first quarter of 2019, goods exports rose by 7.4 percent year-on-year to $12.3 billion. Meanwhile, goods imports rose 7.9 percent year-on-year to $13.7 billion. However, the pain was eased as the agricultural sector remained the major contributor to export growth. In particular, grain exports surged 52 percent in the first quarter and finished food product exports picked up by 18.3 percent.

It's going to be a very close-run race for the crown. Last year, Russia exported a total of 43 million tonnes and will lose the title to Ukraine if both countries hit their top targets. However, independent forecasters say the race is even closer than it looks at first glance. Ukragroconsult.com analyst Sergey Feofilov told bne IntelliNews that he thinks Russia will bring in even more than the official forecast and export 49 million metric tons, but that even though Ukraine will miss its official harvest goal, it will still pip Russia to the post with 49.2 million metric tons of exports.

But it doesn't really matter who actually wins the race as both countries are earning some $20 billion a year from grain exports at a time when both could do with the money.

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