

Ukraine is one of the ten largest producers of sugar beet and sugar as a finished good

In 2020/21 year, Ukraine was ranked 35th among world exporters of white sugar ([link](#)).

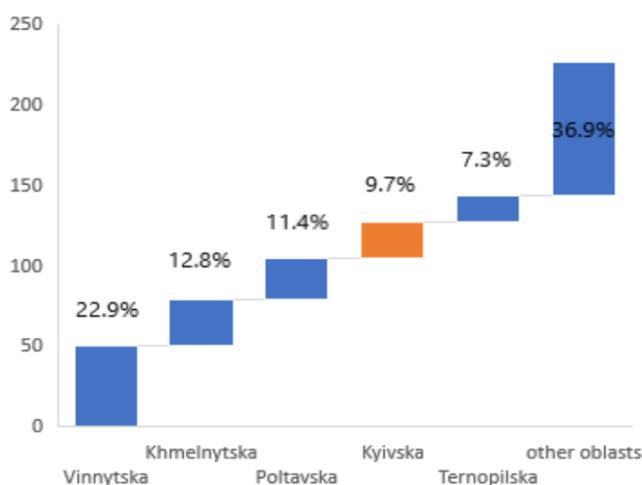
Over the past 10 years, Ukraine has expanded the geography of its sugar sales by increasing the number of buyer countries from 7 to 26 ([link](#)).

According to the analysis of the State Customs Service of Ukraine, in 2021 sugar exports amounted to 25.5 thousand tons (in 2020 - 150,6 thousand tons) in the sum of \$ 13.8 million, and since the beginning of the 2021/22 - 23.3 thousand tons. The export volumes had decreased because the prices were uncompetitive compare to the foreign market. In addition, the domestic production of sugar was not sufficient to meet the local demand, which forced the country to import raw sugar for refinement. ([link](#)).

In 2021, the harvested area of sugar beet was 226.6 thousand hectares, yielding 47 thousand tons / hectares, while the gross harvest was 10,62 million tons ([link](#)). In 2022, according to forecasts, Ukraine's gross harvest is expected to be 7.9% less than in 2021 ([link](#)).

In 2021, Vinnytska, Khmelnytska and Poltavska oblasts became the leading in the production and the most powerful in terms of processing of sugar beet regions, with the production of over 1 million tons on more than 25 thousand ha of sugar beet crop areas in each of these oblasts (Figure 1) ([link](#)).

Figure 1. Oblasts with the greatest sugar beet crop areas in 2021 (left axis - thsd ha / % of total sugar beet crop areas in Ukraine. Highlighted are conflict-affected oblasts.



40% of the world's sugar is made from sugar beets

The Scientific and Practical Center of sugar beet production predicts that at least 71% of agricultural land will be sown in total in Ukraine in 2022, 62.6 thousand ha less than last year ([link](#)).

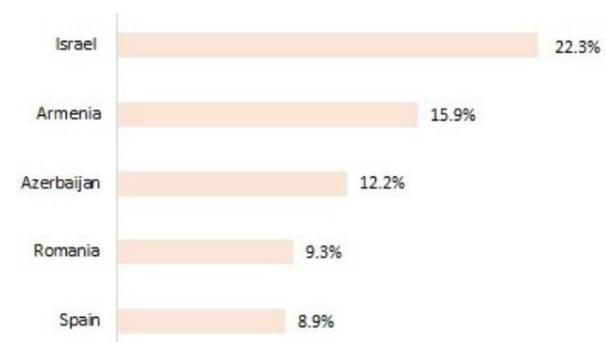
In May, the distribution of sugar beet sown by oblast was: Zhytomyrska - 28%, Vinnytska - 61%, Lvivska - 81%, Ternopijska - 88%, Khmelnytska - 95%, Rivnenska - 97%, Poltavska - 100%. Already was sown 175.4 thousand hectares (84% of the forecast) of sugar beets, in 2021, the sown surface was in line with the forecasts ([link](#)).

The role of sugar production in Ukraine for foreign and domestic markets

Annually Ukraine produces 1.6-2 million tons of sugar, domestic consumption is approximately 70%, thus 0.2-0.6 million tons remain for export ([link](#)). Of note, in 2020 sugar consumption per capita in Ukraine in urban areas was 30 kg / year, in rural areas - 34.8 kg / year ([link](#)).

The main importers of Ukrainian sugar are Israel, Armenia, Azerbaijan, Romania, Spain (Figure 2) ([link](#)). Also in the top ten importers countries are Uganda, Tajikistan, Bulgaria, Italy and the Republic of Moldova ([link](#)).

Figure 2. Top 5 importers of Ukrainian sugar 2020-2021



Sugar imports amounted to 13% of total production in 2021. The largest exporters of sugar to Ukraine were: Brazil (73.0%), Poland (17.2%), Belgium (2.8%) ([link](#)).

Sugar beet processing capacity is declining every year, in 2020 there were 33 operating plants, and in 2021 - only 29. According to experts, the number of plants will

continue to decline. This is due to market consolidation as 70% of sugar was produced by only 5 companies in 2020 and the escalation of the conflict (24% of sugar factories are located in the conflict-affected area).

Sugar plants are under threat in Kyivska, Kharkivska and Chernihivska oblasts with a capacity of 14.0; 5.4 and 2.8 thousand tons / day respectively ([link](#)).

Impact of the conflict on sugar beet production and international trade

As part of the food program "Sugar beet - the choice of smart" in wartime, agricultural producers will increase the area under sugar beet with the support of "Ukrprominvest-Agro". Domestic sugar is not subject to existing energy risks. Sugar factories are universal and able to work not only on gas, but also on alternative fuels: coal, pellets, and granular pulp ([link](#)).

Predicted 35% harvest loss of beet in Ukraine 2022 according to the Statistics Service

As 21,6% of croplands in general are currently in conflict-affected areas, there are concerns that sowings may be interrupted by military actions, and that soil may be affected by pollutants emanating from explosive materials. In general, all agricultural industry is experiencing difficulties this growing season due to limited access and availability of critical agricultural inputs including fuel, seeds and fertilizers, as well as disruption of logistics, and infrastructure damage ([link](#)).

Plant pests (gray and common beet weevil) damaged 2-6% of beets planted in 2022 in Vinnytska, Volynska and Poltavska oblasts ([link](#)). The situation may worsen due to a shortage of plant protection products in Ukraine ([link](#)).

Sugar beet seed production in Ukraine is at risk. It was produced by two companies in Ukraine, whose sown areas and production are in Kyivska and Odeska oblasts ([link](#)).

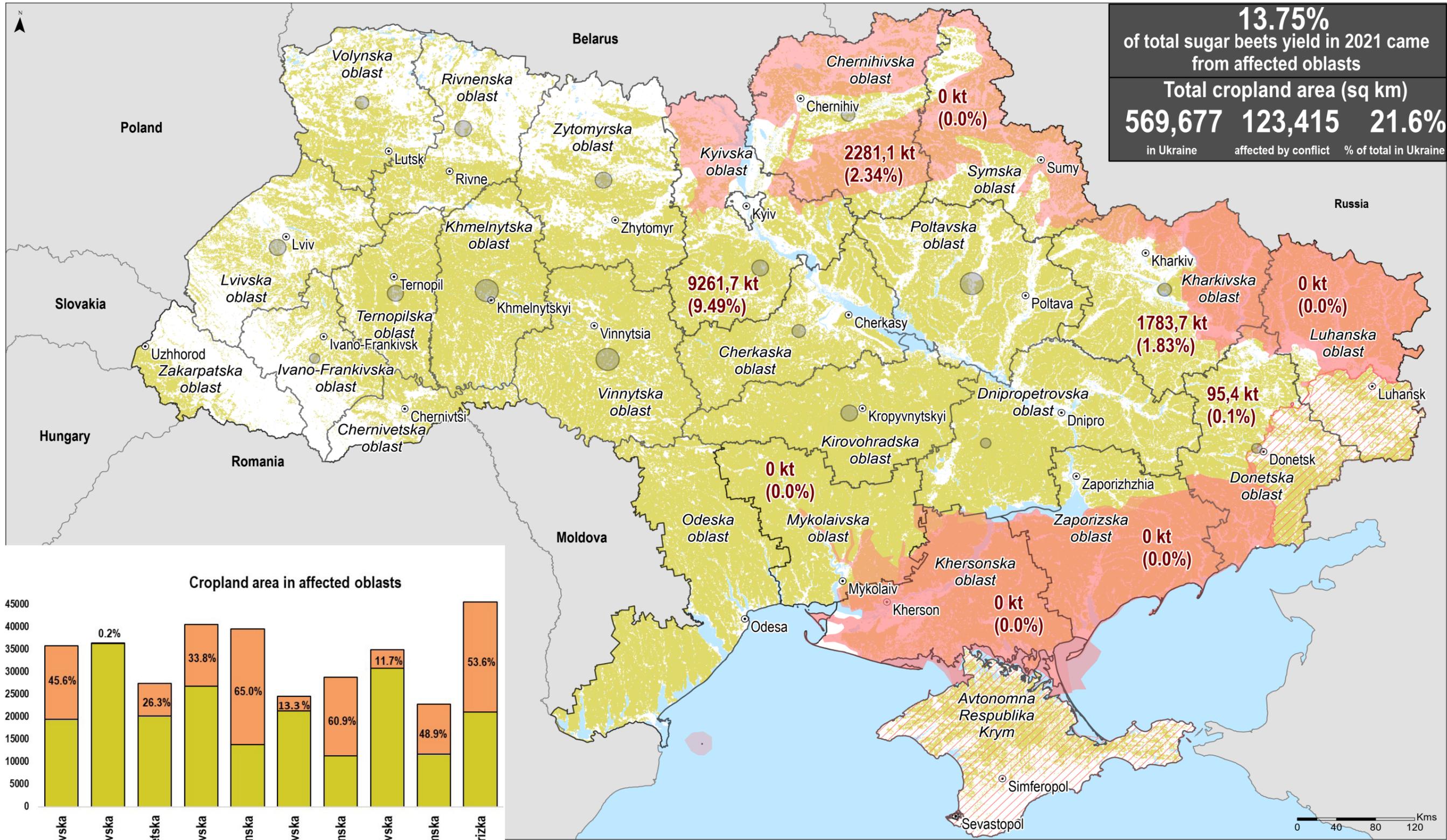
FAO sugar price index increased by more than 3%

Opportunities

- Entrepreneurs' access to credit is one of the preconditions for economic recovery after the shock. The Ministry of Economy of Ukraine and banks have approved a loan program "Affordable Loans 5-7-9". As of 5 May, this program has issued a total of UAH 20 billion in loans to farmers to encourage sowing of the spring crop ([link](#)).
- On 7 May 2022, the Cabinet of Ministers lifted the ban on sugar exports, which was introduced on 5 March this year ([link](#)).
- The Ministry of Agrarian Policy together with the State Emergency Service of Ukraine launched an online platform for residents to register demining assistance in newly liberated territories. As of 12 May, there were more than 400 applications for assistance in demining, covering an area of about 100 thousand hectares ([link](#)).
- On May 7, the Government of Ukraine adopted a Resolution that will provide the population of Ukraine with safe food and, as a result, maintain the country's food security under martial law. ([link](#)).
- Azerbaijan has offered material support in the form of fuel to be used to support agricultural activities the sowing campaign ([link](#)).
- Ukraine and Poland have agreed to abolish permits to travel through Polish territory for trucks that transport fuel into the country ([link](#)).
- Canada and the United Kingdom, are temporarily abolishing all duties on Ukrainian goods for 12 months ([link](#)).
- The farmers were provided with Starlink satellite internet in the areas where communication systems were interrupted. Successful sowing operations are performed using GPS and GSM equipments, for accurate and precise movement to be removed during sowing, fertilization, spraying, combining, etc ([link](#)).
- On May 9, Ukraine adopted the law on stimulating hydraulic reclamation of lands to improve agricultural activities for the southern regions of Ukraine suffering from drought. ([link](#)).

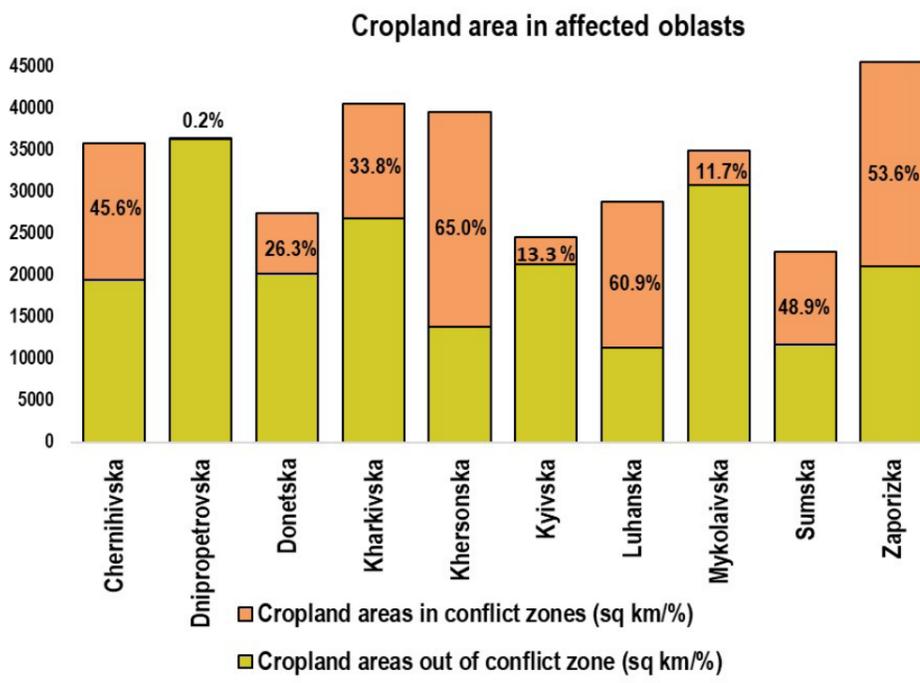
UKRAINE

Agrarian sector in proximity to conflict - 24 Feb. to 12 May 2022: sugar beet production risk



13.75%
of total sugar beets yield in 2021 came from affected oblasts

Total cropland area (sq km)
569,677 **123,415** **21.6%**
in Ukraine affected by conflict % of total in Ukraine



95,4 kt Sugar beets yields produced by conflict-affected oblast (kt)
(1.3%) Percentage of total sugar beets production in Ukraine

Sugar beet yields (kt), 2021

- <1500
- 1501 - 4000
- 4001 - 10000
- 10001 - 25000

Legend:
■ Agricultural lands
■ Water bodies
■ Conflict Areas between 24 Feb.-13 May

Data sources: Administrative boundaries & Population: OCHA; Conflict Areas: liveuamap.com; Agricultural lands: Copernicus Proba-V (2019)