

A record month for Ukrainian exports?

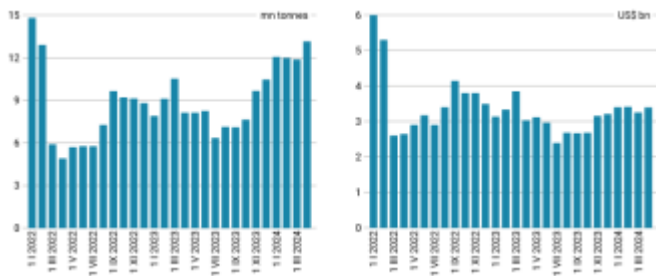
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In April, Ukraine sold 13.2 million tonnes of goods worth \$3.4 billion abroad. Exports increased by 1.3 million tonnes (10.8%) compared to March this year, and by 5 million tonnes (62%) compared to the same month of 2023. Ukraine's deputy prime minister and economy minister Yulia Svyrydenko reported that this was the best figure since February 2022 when the full-scale Russian invasion began. Foreign sales increased thanks to the opening of an alternative sea corridor from the so-called Greater Odesa ports, among other factors.

Commentary

- April's export performance is indeed slightly higher (by 250,000 tonnes) than in February 2022. However it is down 1.6 million tonnes compared to January 2022 (the last full month before the outbreak of the full-scale war: see chart). The increase can only be seen when the sales tonnage is taken into account, and not its value. Indeed, April's commodity export earnings are 36% less than in February 2022 and 43.5% less than in January that year. They are also lower than in some other months of 2022 and 2023. This is mainly due to the low prices of the main commodities Ukraine sells (primarily agricultural products) on global markets.
- The increase in the volume of goods sold was made possible primarily by the new Black Sea Corridor established in September 2023. This allows exports not only of foodstuffs, but also of other bulk commodities which were mainly sent by sea before the war. Iron ore is worth mentioning in this context. While its sales abroad before the launch of the corridor remained at the level of around 1.5 million tonnes per month, they reached 3.5 million tonnes in April this year. In addition, the efficiency of rail transport has increased: in the period from January to April 2024, the Ukrainian national rail company Ukrzaliznytsia transported 30.4 million tonnes of goods for export (including to the seaports), a figure nearly 50% higher than that for the corresponding period in 2023.
- It appears that April's export performance in terms of tonnage is close to the maximum that can be achieved under current conditions, and it will be difficult to beat in the following months. The harvests of cereals and oilseeds, which account for around half of total exports, are predicted to be smaller than last year. Moreover industrial production (and consequently foreign sales to some extent) will in the near term be adversely affected by the power cuts for businesses which have been introduced since Russian forces resumed shelling Ukrainian power stations at the end of March.

Chart. Volume and value of Ukrainian exports in the period between January 2022 and April 2024



Source: the State Customs Service of Ukraine, the Ministry of Infrastructure of Ukraine.