The Ukraine accounts for 11.8% of the world’s wheat market and has long been known as the “breadbasket of Europe.” However, the potential outbreak of conflict between Russia and the Ukraine has implications for Ukraine’s wheat trade with all nations, including South Korea.
The Ukraine is the 2nd largest exporter of wheat to South Korea, supplying 340,699 metric tons in 2021. Wheat imports to the latter accounted for 43.8% of trade between the two countries in 2018, but decreased to 16.5% of their trade in 2020. This is likely due to the ‘Fostering Act for Korean Wheat Industry,’ providing financial aid and development to incentivize farmers to produce wheat to meet rising consumer demand.

However, local farmers are not as inclined as projected to produce the wheat, while the poor weather over the 2020-2021 growing season caused production to decrease by 19%. Domestic demand, however, grew by 12% in the same time period, displaying South Korea’s need to import more wheat in the upcoming year. Reports from the United States Department of Agriculture estimate that wheat imports will need to increase by 10% to accommodate the gap between domestic production and domestic demand.

In recent years, consumption of wheat has been rising, while consumption of rice is falling, giving South Korea a stake in the Ukraine through the wheat trade. Despite a decrease in wheat imports from 2018 to 2020, domestic conditions make it necessary for South Korea to increase its imports in the wheat market. A decrease in imports caused by Russia-Ukraine tensions in Eastern Europe will likely lead to a wheat shortage relative to demand in South Korea, if its other wheat trading partners are unable to make up the deficit.
Julia Fadanelli is a Research Assistant at the Korea Economic Institute of America and an undergraduate at the Ford School of Public Policy at the University of Michigan. The views expressed here are the author's alone.

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Return to the Peninsula