



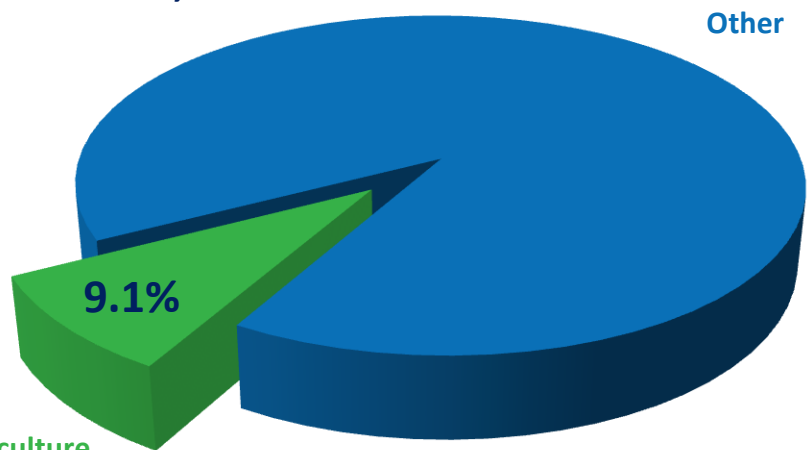
Ukrainian**Agribusiness**Club

# Agribusiness in Ukraine: risks and prospects after EU- Association Agreement

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*Ukrainian Agribusiness Club Association*

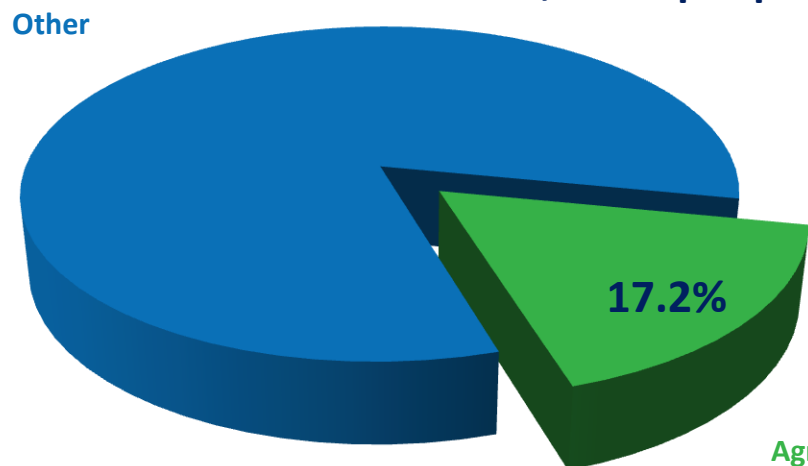
# Ukrainian agribusiness in 2013

GDP – 1454,9 bln UAH total



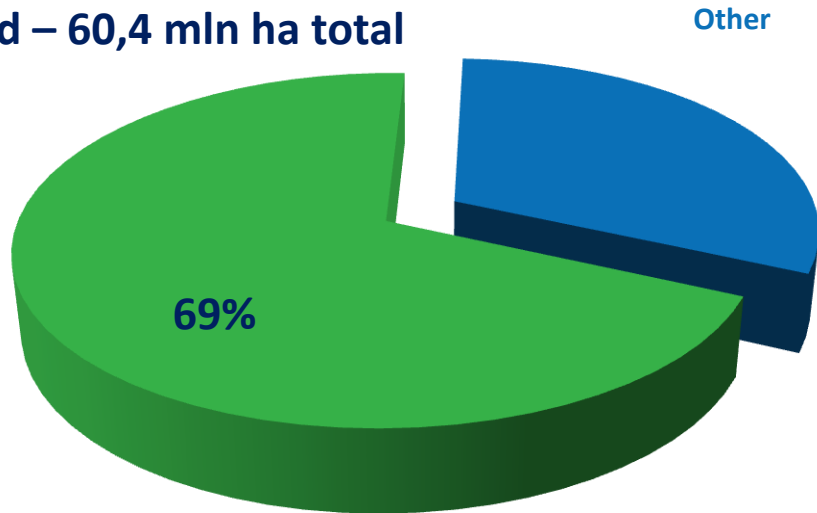
Agriculture

Labor – 20,4 mln people total



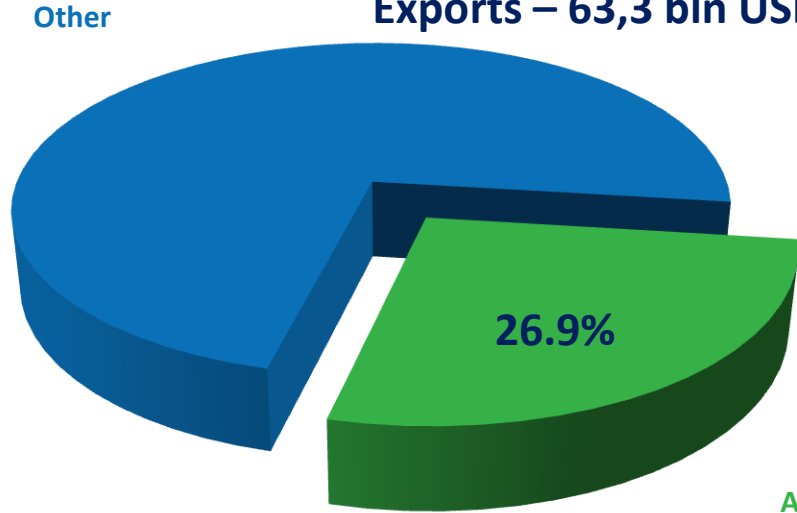
Agriculture

Land – 60,4 mln ha total



Agriculture

Exports – 63,3 bln USD total



Agriculture

Source: SSSU, UCAB



# *Distribution of land by type of land users (as of 01.01.2013)*

Type of land users	Amount of cultivated lands, ha
<b>Agricultural enterprises/legal entities (total of lands being owned and used including agroholdings and agricultural enterprises) incl.</b>	17,003,000
<b>Non-state agricultural enterprises</b>	15,936,500
<b>State agricultural enterprises</b>	1,064,900
<b>Citizens who were granted the right of land ownership and use incl.</b>	19,600,800
<b>Family farms (also a type of legal entity but included into this section because the right of land ownership and use is granted to individual members of the farmer's family and the farmer oneself who are obviously citizens)</b>	4,016,300
<b>Land for agricultural commodity production</b>	9,091,100
<b>Subsistence farms</b>	3,469,700
<b>Lands for construction and maintenance of residential homes and commercial buildings (household plots)</b>	1,376,000
<b>Lands for gardening</b>	182,100
<b>Lands for horticulture</b>	196,500
<b>Land for haying and cattle grazing</b>	1,261,900
<b>Reserve lands and lands not granted for ownership and permanent use within settlements (which are not provided for temporary use)</b>	4,340,500
<b>Total lands</b>	<b>41,625,800</b>

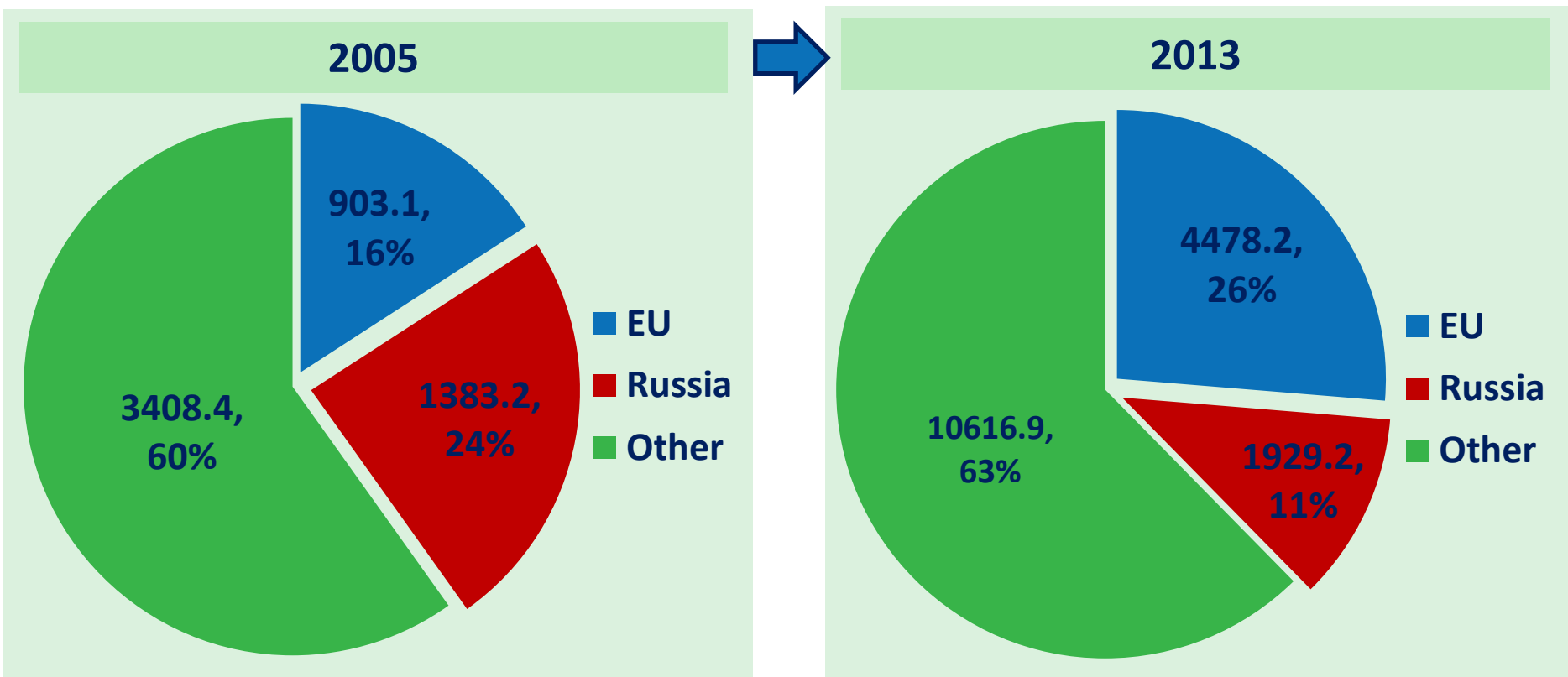
Source: State Agency for Land Resources of Ukraine



# Foreign-economic relations development

## Foreign trade oriented mainly on post-soviet countries

The shares of agricultural exports to EU, Russia and other countries, mln USD



Source: SSSU, UCAB



# Main agricultural products to export

## TOP-10 exported products to the EU in 2013

	Value, mln euro
Corn	1453.0
Rapeseed	678.0
Oilcake and other solid residues	385.3
Crude sunflower-seed oil	385.2
Soybeans	319.6
Vegetable products	60.0
Fresh or dried walnuts	45.4
Grain sorghum	32.2
Crude soya-bean oil	31.4
Natural honey	30.3

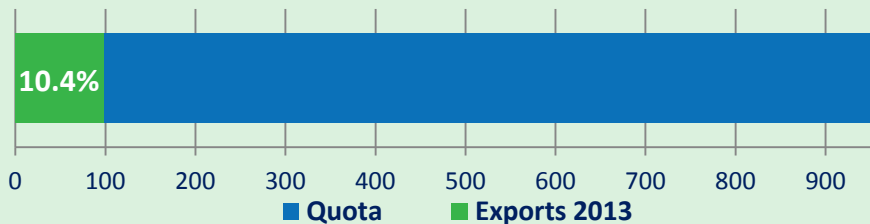
Source: Eurostat



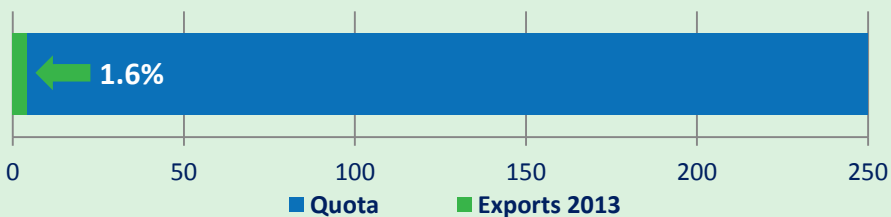
# Main quotas filling

## Cereals

**Wheat** (quota – 950 thousand tons/year)



**Barley** (quota – 250 thousand tons/year)



**Corn** (quota – 400 thousand tons/year)



Source: SSSU

## Other

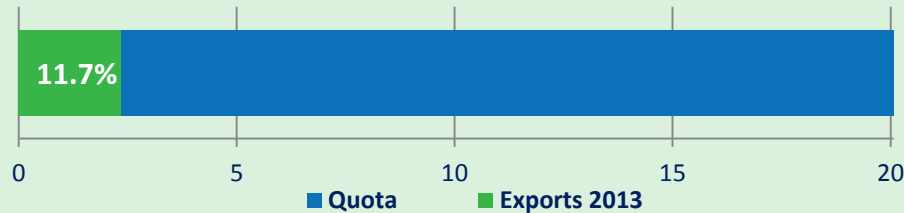
**Honey** (quota – 5 thousand tons/year)



**Garlic**

Quota: 5 tons/year  
Exports 2013: **0 tons**  
*Association of Garlic Producers of Ukraine have expressed an interest in working on Ukrainian exports to the EU*

**Sugar** (quota – 20.07 thousand tons/year)



Source: Eurostat



# Main quotas filling

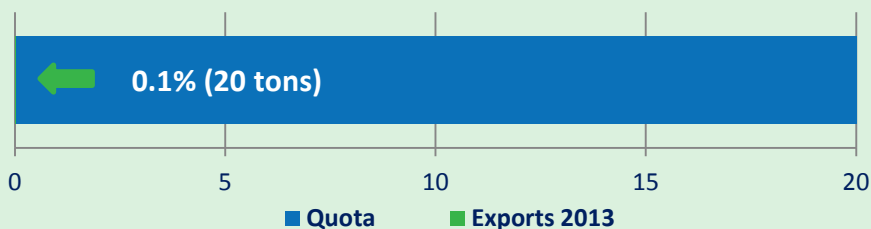
## Meat

### Beef

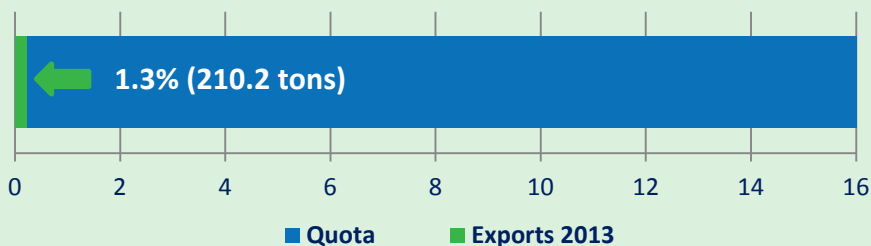
Quota  
12 thousand tons/year

Exports 2013  
**0 tons**

### Pork (quota – 20 + 20 thousand tons/year)



### Poultry (quota – 16 + 20 thousand tons/year)



## Other products

### Mutton

Quota  
1.5 thousand tons/year

Exports 2013  
**0 tons**

*The share of mutton production in the structure of meat production was 0.8% (18.7 thsd. tons) only in 2013*

### Milk

Quota  
8 thousand tons/year

Exports 2013  
**0 tons**

*There are only 3 factories in Ukraine that have 80% of readiness for the export to the EU*

### Eggs

Quota  
1.5 + 3 thousand tons/year

Exports 2013  
**0 tons**

*Ukrainian producers of eggs would be able to export to the EU in closest 1-2 months*

Source: Eurostat



# SWOT-analysis

<b>Strengths</b>	<b>Weaknesses</b>
<b>Strong agricultural potential</b>	<b>Incoordination of authority actions</b>
<b>Good geographical location</b>	<b>Corruption</b>   <b>Infrastructure</b>   <b>Legal background</b>
<b>Large amount of fertile soil</b>	<b>Big share of households in production of some goods (e.g. vegetables)</b>
<b>Large market with more than 45,5 mln people</b>	<b>Strong dependence on prices of inputs</b>
<b>Opportunities</b>	<b>Threats</b>
<b>Assets overtaking for further development of ag. branch and reprocessing</b>	<b>New authority could change the direction of the ag. policy</b>
<b>Improvement of production technologies</b>	<b>Most of Ukrainian ag. products would not be able to compete with EU ones by price/quality combination</b>
<b>Developing of strong apolitical foreign-economic relations</b>	





# *Problems to solve in short term period*

## **Finance**

- There are no free financial resources in banks;
- 25-27% of interest rate in UAH, 15-17% in USD/EUR.

**Lack of knowledge among the producers**

**Normalization of land lease rights registration**

**Leave excising tax policy without review**

**Deregulation of agribusiness**

## **Harmonization of Ukrainian and European standards**

- 64% of standards are harmonized in agricultural branch
- 40% - in food production



**0.34-0,5 bln EUR**

**annual economy on  
custom duties**

**Ukrainian consumers will  
receive wider assortment  
of goods**

**Up to 10-15%**

**year to year increase  
of trade potential**

**Quality of food will increase**

**Increase of production = increase  
of Ukrainian budget income**

**Ukrainian companies are willing to fill some quotas during  
2014 (e.g. poultry, eggs, wheat, barley, garlic, etc.)**



## *FTA risks*

**Ukrainian goods could be uncompetitive concerning European ones**

**Pretty high expenses on production modernization**

**Decreasing of volumes of some goods production (e.g. milk, meat, etc.)**

**Decreasing of labor forces quantity in agrisector due to new technologies implementation**

**Decreasing of production volumes in small and medium enterprises**

**Decreasing of perspectives for reprocessing capacities building**



# Who will receive benefits from FTA during 2014?

## Exporters of...

- **Wheat**
- **Barley**
- **Poultry and eggs**
- **Cigarettes**
- **Confectionery?**





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**Thank you for attention!**

