

Agricultural Products in the International Market

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Abstract – Authors shown the basic direction of agricultural product in the international market. The result of research is the strategic priorities of the raw orientation of Ukrainian exports shows its sensitivity to fluctuations in prices in the world market.

Keywords – agricultural production, international market, market analysis, price politics, organic sector, sustainable development.

I. Introduction

Unfortunately, Ukraine's entry into the world economy was very painful. The unstable Ukrainian economy has become involved in international trade from the position of an outsider. Our country is an exporter of mostly semi-finished products, which, unlike the countries of Central Europe, does not benefit.

Today, the issue of studying the problems of ensuring the sustainability of the agrarian sector is studied quite actively, but some aspects of the problem highlighted are still understudied. The problem of sustainable and complex development of the agrarian sector is the most acute pronounced in rural regions of the country where this form of territorial organization of population and production is prevailing [7]. Fortunately, Ukraine follows the global trend “local+organic” and has already success stories of Ukrainian exporters with products having organic status and regional identity [6].

II. The main research material

The dynamics of the development of foreign trade of Ukraine's and liberalization of foreign trade (since 1994) provided the prerequisites for increasing the volume of export of goods and services. If you compare exports of Ukraine, in the last two years (2016-2017) the increase in exports was significant (against a background of lower domestic consumption and of real GDP). More effective is the restoration of lost cooperative ties and the study of new markets, including with former partners in agricultural sector [1].

Despite the long and deep crisis, Ukraine retains the prerequisites for creating a competitive environment in the economy and strengthening its positions in international

markets – it is rich natural resources, as well as an advantageous geographical position, and a skilled and relatively cheap labor force, as well as the potential of the military-industrial complex, a high level of technological development, science and an effective education system.

According to the state enterprise “State Information and Analytical Monitoring Centre of External Commodity Markets”, a priority direction for Ukraine in the structure of the export commodity turnover is CIS countries. Ukraine exports to CIS countries about 36% of goods. Ukraine supplies 10% less produce to EU countries. Among the leading importers of Ukrainian products are also the Middle and Far East. They buy, respectively, 18% and 8% of products that are exported [7].

Over the past three years, the volume of foreign trade turnover, unfortunately, is declining. The structure of both exports and imports is deteriorating. Export of products of individual industries is often inefficient or simply superfluous. The raw orientation of Ukrainian exports shows its sensitivity to fluctuations in prices in the world market.

For the data of 2016, the total exports of goods from Ukraine amounted to about 70%, the remaining 30% – is the services. The trend of the last 5 years is a reduction in the proceeds from the export of goods with a simultaneous reduction in exports of agro-industrial products. Despite this, the overall negative trend, exports are declining faster than agrarian, while in 2016 exports of agricultural products were observed. A similar trend was observed in 2017. In the first half of 2017, agricultural exports totaled \$ 8,7 billion. The US, which is 28,7% more than in the same period in 2016 [2]. Against the background of a decrease in total export earnings, the share of agricultural products increases. Over the past 5 years, the share of agricultural production in the structure of Ukraine's export revenues has grown from 26% in 2012 to 42% in 2016. In the first half of 2017, the share of agricultural products in the structure of Ukraine's exports is 42,2%. Still worth noting is that the basis of agricultural exports is still the export of raw materials – wheat, corn, barley and soybeans. In January-June 2017, the total share of crop production in the structure of Ukraine's agricultural exports was 49,3%.

The main market for Ukrainian agricultural products is the Asian market, which slightly reduced the share in the structure of Ukrainian exports. The main countries-partners from Asia were countries such as India, Iran and Turkey. On the second place are the member countries of the European Union, with 28,1%, where the main partners are Spain, the Netherlands and Italy. The top three countries are closed by the countries of Africa, which increased their share by 4,4%. The main partners from Africa are Egypt, Morocco, Libya and Tunisia. In the first half of 2017, one of the biggest partner countries for Ukraine was India, it was to this country that we managed to increase agricultural exports, by +414,1 million US dollars to 1 034,6 million US dollars, mainly due to increased supplies sunflower oil and dried legumes. The top three also includes Turkey +212,3 million US dollars to \$484,6 million USA, which is one of the biggest

consumers of soybeans and sunflower meal. Also significantly increased shipments to Thailand (+208,3 million US dollars) to 587,5 million dollars USA), which are one with the main buyers of meat, poultry and corn. In the first half of 2017, shipments to China declined sharply (-221 million US dollars to 433.8 million US dollars), the main role in the reduction of supplies was played by the decrease in purchases of corn by China. It is also possible to trace the tendency to reduce the supply of agricultural products to Indonesia (-76 million US dollars to 52,3 million US dollars).

For the last years Ukraine has become a major supplier of organic products for the Western European market. More than 80% of total export of Ukrainian organic agricultural production nowadays is supplied to Western Europe. The two main organic export value chains from Ukraine are agricultural commodities (i.e. cereals, oil crops, pulses) and wild collection products (i.e. berries, mushrooms, nuts, herbs). In 2016 the biggest organic export volumes were achieved with raw materials including wheat, spelt, corn, millet, barley, oat, rye, soybean, lupine, flax, sunflower, rapeseed as well as some niche products as mustard, blueberry and walnuts. Export volumes of semi-processed and processed products are increasing fast, relating mainly to organically certified hulled millet, hulled spelt, flakes, birch sap. More and more Ukrainian operators intend to sell abroad not only raw materials but organic final products, what generates involvement of additional labor force, especially in rural areas, more added value remains in Ukraine and contributes to poverty reduction in the country as well as development of new value chains and green economy. In 2016 only clients of the leading certification body Organic Standard exported from Ukraine abroad 164,8 thousand tons of organic products, the value of which was more than 45 million euro, including 157,6 thousand tons to EU countries. Organic exporters from Ukraine benefit from the Association Agreement signed in June 2014 between the EU and Ukraine, which has reduced the trade barriers for Ukrainian exporters. Since January 2016 the EU and Ukraine have started applying the Deep and Comprehensive Free Trade Area (DCFTA) which forms part of the Association Agreement. At the same time Ukrainian exporters suffer from the new EU import rules applied to Ukraine since January 2016 and prolonged for 2017. The main importers of Ukrainian organic products are Germany, Switzerland, the Netherlands, Italy, Poland, UK, Austria, France, Belgium and Hungary. In addition Ukrainian producers are already exporting to the U.S., Canada, Australia and some Asian countries. So we can proudly state that Ukrainian organic sector is going global [6].

Analyzing the concept authors Kozlovskiy S., Grynyuk R., Baltremus O., Ivashchenko A. [7], increasing the sustainability of the agricultural sectors development is

not possible without a agrarian reforms. Administrative and organizational measures should include the formation in of the elements of market infrastructure of the region, control of their work, licensing of agricultural activities, development and improvement of rural territories, veterinary and quarantine control, as well as control of farming and preservation of national agricultural land fund.

Conclusion

It can be concluded that Ukrainian agricultural products are sold less and less on the international market, although it is still in high demand. We believe that Ukraine's accession to the EU is changing the situation with Ukrainian exports for the better. Organic stakeholders including active organic producers, processors, traders and retailers improve the collaboration among themselves and together with the policy makers aim at organic market development in Ukraine.

Ukrainian organic sector is growing rapidly both as for the quantity of its operators and as for the quality of its products. Taking into account the common aspiration of the business, government and all other stakeholders to make Ukraine the global organic hub there is no doubt that Ukraine is and will be source of high quality organic products and strong partner in organicbusiness for international market [6].

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