

Problems and prospects for export development of domestic organic production for the European Union Market

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Abstract – The paper presents general export trends of Ukrainian organic products to the European market. The advantages of Ukraine as an exporter of organic agricultural products are described. The list of permits and certificates for import of Ukrainian products from the countries of the European Union is given.

Key words: export, organic products, trade, international standards, certification, agriculture

I. Introduction

The modern stage of Ukrainian economy development is integration into the world economy. At the moment, Ukraine is a member of many international organizations, both political and economic, in particular the Council of Europe, UN, CIS, GUAM, IMF and others. The main form of international economic relations is foreign trade. Foreign trade relations are very important for the development of the Ukrainian economy [1].

II. The main material

According to the State Statistics Service of Ukraine, the volume of export of goods amounted to 36361711.2 thousand US dol., imports – 39249797.2 thousand US dol. in 2016. Leading export-oriented industries in Ukraine are metallurgy, engineering, agriculture, and the chemical industry. Among the imported industries, oil products, machine-building pharmaceuticals predominate [2].

According to the State Statistics Service of Ukraine, one of the largest countries to which Ukrainian food products are exported are: Egypt, India, Italy, Germany and Turkey [3].

Consequently, in order to increase the efficiency of trade with foreign countries, it is necessary to introduce measures aimed at integrating the Ukrainian economy into the world economy.

Recently, exports of organic products began to grow rapidly in Ukraine. Ukraine is one of the largest states in Europe with a favorable geographic location, therefore, it has a great potential for the development of organic production. European countries regard Ukraine as an important strategic partner in supplying organic products to replace raw materials from China, because the advantageous geographical location of Ukraine makes it possible to deliver both by road and rail, as well as by sea [4].

Among the sectors of Ukraine, the largest export of agricultural products is organic (cereals, sugar, honey, etc.). Since agriculture is one of the main and most

widespread activities of humanity, various social and social values, history and culture have been reflected in the principles of agriculture.

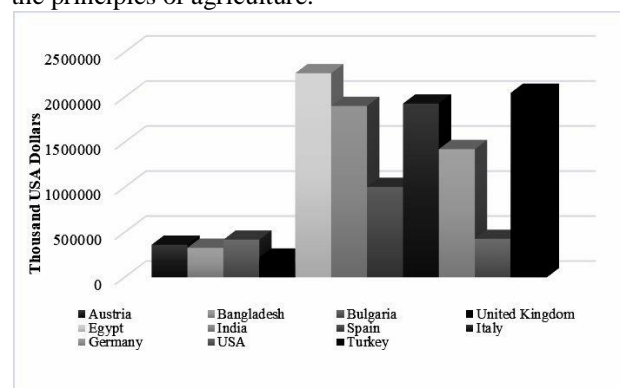


Fig. 1. The volumes and structure of food exports from Ukraine as of January 1, 2016

These principles are a major factor in the development of organic agriculture and include the various ways in which people care for their production and processing of food products. These principles became the basis for the development of organic agriculture. Their goal is also to stimulate organic movement, regulate the development of various standards and programs. Organic farming is based on the following principles:

- the principle of health;
- the principle of ecology;
- the principle of justice;
- the principle of care;

For the effective functioning of agriculture, these principles should be used as a whole [5].

The interest of foreign buyers in organic products from Ukraine is increasing year after year. For example, the US is ready to negotiate the supply of Ukrainian organic wheat, since in Ukraine the land is not so polluted and suitable for growing organic produce. In 2016, Ukraine exported grain crops worth 8 billion Euros. Now the largest importer of organic products from Ukraine is Germany, especially for legume crops in Europe. With great potential for organic agricultural production, Ukraine has made significant progress in the development of its own production of organic products [6].

TABLE 1

THE DYNAMICS OF AGRICULTURAL LAND AND THE NUMBER OF ORGANIC FARMS IN UKRAINE DURING 2013-2016

	2013	2014	2015	2016
Area, he.	393400	400764	410550	421200
Number of farms	175	182	210	390

According to the table, it is clear that the area of agricultural land intended for organic production, as well as the number of organic enterprises continues to grow every year. It is also necessary to pay attention to the number of organic farms in 2016, which is equal to 390 enterprises, which is almost twice as high than the previous year. In recent years, there has been a tendency to fill its own domestic markets with its own organic produce.

But for entering Ukrainian organic products to market and could be exported to the EU and the world, it has to undergo a long and difficult procedure for obtaining licenses, certificates and permits, and it must meet all the requirements and quality standards. First of all, this product should be authorized, the company must be certified by a controlling body with international accreditation. After the contract is signed, the importer must obtain an import permit, which serves as an official document for import of products, and each batch of organic products must be accompanied by an export certificate that allows the customs to clear the products as organic. In Ukraine, organic products must be certified in accordance with the criteria set by organizations such as the Global Environment Marking Network (GEN) and the International Federation of Organic Agricultural Movements (IFOAM) for the production of organic products. The IFOAM Federation, in 1980, developed the first standards for the production of organic products, and subsequently began to use its own "IFOAM Accreditation Criteria" to evaluate certification bodies. Now these basic standards and accreditation criteria, after a long improvement, are known as "international ISO standards" in the world. Therefore, to confirm the environmental friendliness of its product in accordance with the requirements of the international standard ISO 14024. Also, for import of organic products in the EU, they use an inspection certificate in accordance with Commission Regulation (EC). Although it should be noted that, like the Ukrainian government, it stimulates all operations related to export and production of organic products, and the European Union helps to develop organic goods trade, for example, by simplifying import regimes in the EU [7-9].

A significant advantage of organic products exports is that organic products are rather expensive compared to inorganic ones, so the export of such products can bring huge profits to enterprises and the state. Also, advantages can be attributed to the gradual development of organic agriculture, developing its own certification system of goods. The entry into the market for organic products exports establishes economic links between enterprises and countries of the world, increases the competitiveness of producers in the domestic and foreign markets. Access to the export market for organic products is accompanied by a variety of quality standards that guarantee the consumer healthy and high-quality products, and product recognition in many countries around the world [10].

Disadvantages in the organic products market are unstable price policies, this is not the market that can guarantee a stable price. In addition, we must be constantly prepared for any inspections. Ukrainian producers of organic products also have a much larger list of analyzes than European producers.

Conclusion

So, in order to improve the economy and develop foreign trade, Ukraine concludes more and more political and economic agreements with different countries of the world. Lately, these agreements also apply to the export

of organic products. Due to its advantageous geographical location and fertile land, Ukraine is considered an important partner in supplying organic products. Ukraine also has to adhere to the principles of agriculture for the effective development of agricultural production. Although the organic products market has its disadvantages in the form of volatile prices and complicated permitting procedures, but both Ukraine and the European Union are striving to stimulate more and more the production and export of organic products, because in recent times, consumers are focusing more and more on organic produce.

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