

Ukraine: Country Report

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Introduction

The rapid and sustained growth of the international organic trade represents a good opportunity for Ukraine to improve the economic situation of the population in the rural areas and develop the organic sector in Ukraine. During the last years the potential for organic products from Ukraine has not only awakened international buyers, but also stimulated domestic market growth. Ukraine with its 46 million citizens has considerable potential for organic production, processing, trade, and consumption. Currently the assortment of organic products is still very poor. Traders are therefore prompted to import organic products. Ukraine produces mainly organic raw materials for export and the domestic market.

Production Statistics

Currently no official statistics on organic farming exist, and it is currently not possible to provide a complete picture based on certifier information. Available data are based on a mix of estimates, certifiers, and company data.

The following organic products are certified in Ukraine: cereals/grain crops, leguminous crops, oil crops, vegetables, watermelons, melons, pumpkins, fruits, berries, grapes, essential oil plants, meat, milk, mushrooms, nuts, and honey. Processed products that are certified include: grains, flakes, jams, syrups, juices, oil, flour, and canned vegetables.

Organic stakeholders in Ukraine

The Ukrainian organic movement is represented by a number of stakeholders: the only Ukrainian certification body "Organic Standard," the association of organic production stakeholders "BIOlan Ukraine," the Organic Federation of Ukraine, the association of producers of organic products "Pure Flora," the textile supplier "Organic Era," the information center "Green Dossier" as well as other organisations. Organic producers, processors, traders, and shops play an important role in pushing forward organic market growth in Ukraine. The majority of organic stakeholders actively participate in the working group on the organic law draft of the Ministry of Agricultural Policy of Ukraine.

Several international donors support the organic sector, including the Swiss State Secretariat of Economic Affairs SECO (see box for project description) and the Swiss Agency for Development and Cooperation (SDC). To promote knowledge transfer and awareness, the above mentioned donors organise trainings, seminars, conferences, round tables, press conferences, press tours, fairs of organic products, promotion campaigns, among other events. The organic sector in Ukraine is furthermore supported by various international donors from Canada (CIDA), Germany (GTZ) and Netherlands (Ministry of Agriculture and Environment). Multinational donors such as the United Nations Environment Programme

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(UNEP) and the International Finance Cooperation (IFC) have announced their interest to support organic production in the country.

Policy dialogue and legal framework

Despite considerable work of organic stakeholders, the organic law in Ukraine has not yet been approved by the parliament.

In October 2010, the Ministry of Agricultural Policy of Ukraine announced the support of organic production development as one of the priority areas of the Ukrainian agri-industrial sector for attracting international technical assistance.

The Ukrainian government and central state authorities are now waiting for the organic law to come into force to regulate and control the organic sector in Ukraine. Some Ukrainian regional and district administrations promote organic production and organic producers; some of them have approved regional programs for the development of organic agriculture.

Organic certification and standards in Ukraine

Food quality certification in Ukraine is under the control of state companies, they are accredited by the National Accreditation Agency of Ukraine. There are 17 private certification bodies¹ working in Ukraine, one of them is Ukrainian owned (the certification body Organic Standard), the others are foreign.

The most popular standard among organic operators in Ukraine is the European Council Regulation (EC) 834/2007. It is used for export access and also for the domestic market. Also important for organic production certification in Ukraine are the private Bio Suisse standards, the Japanese Agricultural Standards (JAS), the US National Organic Program (NOP) and the BIOlan Standards. The BIOlan Standards is the private standard of organic farming and labelling of the association of the organic production stakeholders "BIOlan Ukraine." It is mostly used by organic producers and processors for marketing organic products domestically.

Domestic market

There is a growing interest and demand for organic products, demonstrated for instance by the fact that in 2010 a leading Ukrainian organic processor announced a hundred percent growth of their organic product sales compared with 2009.

Nevertheless, not all producers sell their products on the organic export and/or domestic market. The reasons are related to the lack of quality and that some producers think that once products are certified organic, the quality is not crucial for selling on the market. Furthermore, it is a fact that there is a lack of well-trained marketing specialists and organic agriculture consultants, and that companies are struggling with the implementation of experts' advice.

Ukrainian organic products available on the shelves of stores are for instance: grains/cereals, flakes, jams, syrups, juice, dried fruits, pork, milk, honey, and oils. A lot of

¹ Certification bodies working in Ukraine are: Organic Standard (headquartered in Ukraine), Institute for Marketecology (IMO, Switzerland), ETKO (Turkey), Control Union (Netherlands), Lacon (Germany), ABCert (Germany), EcoCert (France), BCS Oko-Garantie (Germany), Austria Bio Garantie (Austria), ICEA (Italy), Ceres (Germany), SuoleSalute (Italy), Biokontroll (Hungary), SGS (Switzerland), Hungaria Oko Garancia (Hungary), Ekogwarancja PTRE (Moldova), Biocert Malopolska (Romania).

organic products are imported to Ukraine: baby food, tea, coffee, sugar, spices, fruits, vegetables, pasta, chocolates, oils, cosmetics, wines, and beer among other products.

The main distribution channels of organic products in Ukraine as of 2010 are small specialized shops in big cities like Kyiv, Lviv, Donetsk, Kirovograd, Dnipropetrovsk, Ivano-Frankivsk, and Kolomyia. The number of cities where organic products are available is increasing. Internet shops that need minimum investment are increasingly playing an important role in meeting demand. Supermarket chains are also in the position to start playing a more active role in the organic trade.

A lot of organic producers work closely with partners from Switzerland, Germany, the Netherlands or Poland in production, trade or investment issues.

There are not enough processing and storage facilities, or wholesale structures that would be interested in organic products.

Export

A lot of Ukrainian organic producers are export-oriented. The main export market for Ukraine is the European Union. Ukrainian organic products are also exported to the U.S., Canada, and Japan. A major challenge in 2010 was the quota system on cereals implemented by Ukrainian government.

Research

There is currently almost no research on organic farming in Ukraine, even though some researchers are now becoming interested in the topic. There is a need for foreign scientific work and research to be adapted to Ukrainian conditions (for instance organic production, varieties, and permitted inputs).

Education and capacity building

Agrarian colleges and institutes follow the traditional system of agricultural education. However, some pioneers like the Illintsi Agrarian State College have included organic modules in their curricula. The biggest Ukrainian agrarian university – the National University of Life and Environmental Sciences of Ukraine – has included some organic subjects into its program as well.

Competent consultants on organic production and processing are in demand in Ukraine. Further development of the organic sector in Ukraine depends on availability of well-trained people. Foreign experts consult some organic farms in Ukraine and provide know-how to organic stakeholders.

Study tours organised for Ukrainian organic stakeholders and producers by institutions in Switzerland, the Netherlands, Poland, Germany, among other countries are very important for the development of organic agriculture in Ukraine.

Needs of Ukrainian organic sector

There are a number of issues challenging the Ukrainian organic sector that need to be tackled. Some of these include:

- Protection of the term “organic”;
- Raising public awareness about organic via state info channels (state TV, radio, publishing, etc.);

- Support for organic farmers (e.g., subsidies, access to credit, etc.);
- Consultancy on organic production and capacity building;
- Development of the domestic and export markets;
- Finalization of the work on the organic law in Ukraine;
- Locally adapted research;
- Adaption of international know-how for Ukrainian conditions;
- Investments into organic agriculture;
- Establishment of an organic action plan for Ukraine;
- More cooperation among organic stakeholders;
- Healthy competition among Ukrainian organic producers, processors, and retailers;
- Local internationally accredited and recognized laboratories;
- Elaboration of organic production technologies for crop production, animal husbandry, and others.

Conclusion

Ukraine has a strong potential to develop organic agriculture in the country using local forces and foreign donors' contributions and expertise. Both domestic and export markets have possibilities to get quality organic products for consumption from Ukraine.

FiBL-SECO project "Organic Certification and Market development in Ukraine"

Since 2006, the Research Institute of Organic Agriculture (FiBL, Switzerland) is managing the project "Organic Certification and Market Development in Ukraine," which is financed by the Swiss State Secretariat of Economic Affairs (SECO). The overall goal of the project is to contribute to the growth of the Ukrainian organic sector and its integration into the global market for organic food. The project has three components: certification services, market development, and policy dialogue. Due to permanent contacts with key organic stakeholders in Ukraine, FiBL is successfully bringing the organic network closer together. Several market related activities became joint organic events among stakeholders. Organic stakeholders are growing professionally, and during 2010 the organic movement in Ukraine moved forward considerably. FiBL facilitates better cooperation among organic stakeholders, organic operators, and business-oriented people in Ukraine and disseminates information from Ukraine and abroad.