Country Report Organic 2020

UKRAINE

Report on the status of organic agriculture and industry in Ukraine.

Gefördert durch

Bundesministerium für Ernährung und Landwirtschaft

BÖLN
Bundesprogramm Ökologischer Landbau und andere Formen nachhaltiger Landwirtschaft

aufgrund eines Beschlusses des Deutschen Bundestages

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Content

Facts and Figures

Country

Figure 1: Map Ukraine

603.550 km²
Land area (the second largest country in Europe; 2.7 % of the area of the former USSR)

44,0 Mio.
Population (2019) (excluding Crimea)*

16,2 Mio.
Number of employees (2016) (excluding Crimea)

8,7*
Unemployment rate (2019)

3.592*
GDP per capita USD (2019)

10,2 %
Share of agricultural, forestry and fishing industry as a percentage of GDP (2017)

Hrywnia (UAH)
Currency

Source: Germany Trade & Invest: Wirtschaftsdaten kompakt (11.2019), Auswärtiges Amt (03.2020)

* Estimate/forecast

Trade relations with the EU

Foreign trade of the EU and Germany with Ukraine (in million €)

	EU imports			EU exports			EU trade balance		
	2016	2017	2018	2016	2017	2018	2016	2017	2018
Total trade	13.2	16.7	18.0	16.5	20.2	22.1	3.3	3.5	4.1
Incl. agricultural products & foodstuff	4.007	5.438		1.563	1.837		-2.444	-3.602	

	German imports			German exports			German trade balance		
	2016	2017	2018	2016	2017	2018	2016	2017	2018
Total trade	1.791	2.240	2.650	3.604	4.392	4.524	1.813	2.153	1.874
Incl. agricultural products & foodstuff	329	488	718	266	303	321	-63	-185	-397

Most important import and export goods in the agricultural sector (1.000 €)

Import from Ukraine	EU			D		
	2016	2017	2018	2016	2017	2018
Corn	1.114.382	1.468.998		52.556	31.104	129.240
Oil fruits	531.023	971.494		96.939	254.456	346.081
Vegetable oils and fats	1.081.070	1.410.451		42.863	43.359	49.487
Milk and milk products (excluding butter & cheese)	26.297	39.873		4.901	8.193	9.723
Meat and meat products	67.248	113.681		30.250	32.213	43.401
Processed and canned fruits	60.063	66.369		9.520	9.401	9.174
Fish and fish products	11.123	20.809		6.269	8.912	4.422
Wheat	182.345	211.781		5.830	5.370	5.414

Export to Ukraine	EU			D		
	2016	2017	2018	2016	2017	2018
Coffee	111.498	124.780		47.205	51.246	41.917
Meat and meat products	80.443	109.516		20.915	23.319	27.677
Cocoa and cocoa products	123.714	150.136		21.879	25.402	30.786
Raw tobacco and tobacco products	96.136	116.078		21.608	24.762	29.125
Oil fruits	143.261	155.041		14.754	21.433	14.414
Bran, by-products, feedstuff	97.274	107.057		9.373	10.155	13.524
Seeds and planting material (excluding oilseeds)	35.240	37.075		13.256	15.728	16.229
Baked goods	54.073	74.496		6.048	6.416	8.771
Spirits	69.030	86.424		11.297	16.715	17.205
Vegetable oils and fats	32.268	30.794		1.368	1.222	1.540

Figure 2: BMEL Referat 723 (02.2020) (EU 2018er Zahlen können nicht zur Verfügung gestellt werden)

Climate & soil

Ukraine has a temperate continental climate with rainfall between 350 mm in the south and 700 mm in the north of the country. The high-yield black soils in the south suffer from a lack of precipitation. The dry spring and autumn in particular cause problems when sowing. Around 60 % of the arable land in Ukraine is black soil, the best of which lies within the belt around the Black Sea coast. It is precisely this area that has annual rainfall of only 350-500 mm. The best areas with sufficient rainfall and fertile soil are therefore to the west and south-west as well as east and north-east of Kyiv in the Oblasts Zhytomyr, Khmilnytskyi, Ternopil, Vinnytsia, Cherkasy, Poltava, Dnipro and Kharkiv. In the far north, on the border with Belarus, the soils are sometimes heavily podsolized and poor in nutrients.

Agriculture

42,7 million hectares
land (2016)

32,5 million hectares
arable land (2016)

~ 48.000
farms (2015)

Source: UKR stat, 2016; report La-1, Kyiv

Production of important agric. products (2017 / mio. t)**

Grain and Legumes	**61,9**
Fruits and berries	**2,1**
Meat production (slaughter weight)	**2,3**
Sugar beet	**14,9**
Sunflowers	**12,2**
Potatoes	**22,2**
Vegetables	**9,3**
Milk	**10,3**
Rapeseed	**2,2**
Eggs (billion pieces)	**15,6**

Source: UKR Stat, 2017
** Excluding Crimea and Sevastopol and parts of the ATO zone

Summary

It can be stated that the macroeconomic parameters of Ukraine have been stable for several years and that GDP growth (apart from a corona-related collapse in 2020) has been recorded.[1] (↳)

The inflation rate has fallen and is stable now, the purchasing power of the population is growing, but the population development is still negative. In rural areas, it is still very common to grow vegetables, potatoes and fruit and, in some cases, to keep animals for the (large) family. Wild picking of berries and mushrooms, fishing and hunting and food canning are just as widespread. This is naturally reflected in the shopping behavior of the rural population. The demand for certified organic products in rural areas is correspondingly low. In addition, there are certainly also the low income level and the relatively very expensive organic products.

1 https://de.statista.com/statistik/daten/studie/232395/umfrage/bruttoinlandsprodukt-bip-pro-kopf-in-der-ukraine/
Publication October 2020, accessed November 2020

The Organic Sector in Ukraine

Figure 3: Wheat field (Kharkiv, Ukraine)

History

As in other countries, there were individual pioneers of organic farming in Ukraine in the 20th century, especially in Poltava region since the 1970s. After the declaration of independence in the course of the dissolution of the Soviet Union and with support above all from Switzerland (Swiss Development Cooperation – SDC and Research Institute of Organic Agriculture – FibL), institutional structures such as the Association BIOLan were also established in the 2000s. Similar to other associations, this was set up with its own requirements, some of which go beyond the EU Organic Regulation, and supplemented with an advisory network. Due to a close spatial and personal connection to the State Agricultural College in Illintsi, further training on organic farming was also carried out. Unfortunately, this association is no longer active today after the termination of the support of international donors.

The Association "Organic Federation of Ukraine", a member-based interest group based in Kyiv, is still active. In line with the increasing demand for organic products, especially in the European market, and a growing shortage of organic raw materials in the EU, interest in the EU organic-certified agriculture in Ukraine increased and the area and number of farms as well. Among other reasons, this led to the founding of another association based in Kyiv in 2015 – "Organic Ukraine". More information on this and other actors can be found in Chapter Organizations.

National legal frame

The law on organic farming passed in the Ukrainian parliament in 2011 was not very detailed and had the character of a declaration of intent. In particular, there were no detailed provisions on implementation and state control.

In the course of the Association Agreement between Ukraine and the European Union, extensive legislative adjustments are now being made and there is a completely new version of the law on organic farming. This was drawn up with the involvement of national stakeholders and the support of the EU, Germany and Switzerland and was finally passed by the Parliament in August 2019. It is closely based on the European Basic Regulation 834/2007 and the Implementing Regulation 889/2008. Some parts of the Implementing Regulation are still being worked on. State control is ensured and extensive training is provided through international projects. A state register of companies certified according to national standards as well as EU-certified companies is also being set up.[2] (↳)/[3] (↳)

The current status of Ukrainian legislation is published on a monthly basis on the website of the project "German-Ukrainian Agricultural Policy Dialogue" (APD, funded by the BMEL). (↳)

E.g. for August 2019: No. 09/2019 on organic legislation. This status can be downloaded as a PDF in Ukrainian and German language.

Part of the law is also the state organic seal.

Figure 4: State organic seal of Ukraine

Figure 5:Report of Valentyna Zayets, Ministry for Development of Economy, Trade and Agriculture of Ukraine at BioFach 2020

In addition to promoting the national organic market through labeling and monitoring, the aim of the national law is to create more visibility, transparency and trust in Ukrainian organic products. In the medium to long term, this means that inclusion in the so-called third country list of countries with a standard complementary to the European organic directive can be aimed for.

National support system

In the meantime, subsidies for organic farming are also being launched within the framework of state agricultural subsidies. However, these are implemented at the regional government level (oblast level), but not in all regions. These are essentially subsidies as control cost subsidies and aid for conversion to organic farming.

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2 http://coa-ukraine.com/de/aktuelle-nachrichten/82-training-implementierung-des-gesetzes-der-ukraine-ber-organische-produktion-nr-2496-viii-leitfaden-f-r-die-anwendung-von-iso-iec-17065-f-r-die-organischen-kontrollstellen

3 http://coa-ukraine.com/de/aktuelle-nachrichten/89-der-2-runde-tisch-f-r-kontrollstellen-in-n-rnberg-deutschland-biofach-2021

Organizations

In addition to Associations “Organic Federation Ukraine” and “Organic Ukraine” already mentioned in Chapter B.1, there are a number of other organizations at the national level. In the overview below, the most relevant are listed with contact details and a brief description of the activities.

Organic Ukraine

— Olena Berezovska
— +38 098 171 75 77
— info@organicukraine.org.ua

Membership organization of organic producers. Public organization that aims to conduct activities in the organic sector; Provides advice on certification, agricultural production and marketing in the field of organic farming; Organization of business trips for members of the organization; Publication of printed materials: brochures, booklets; Participation in legislative initiatives; Organizer of various training and initiative platforms: Organic Booster - Training for organic production; Communication platform: The EatOrganicInUkraine project is an online database of Ukrainian organic producers; Organic Ukraine Business Hub (business platform); Participation in BIOFACH exhibitions; Has regional offices: North, West, Center.

www.organicukraine.org.ua

Organic Federation of Ukraine (OFU)

— Eugene Milovanov
— +38 044 425 55 25
— ofu@organic.com.ua

Membership organization. Information platform for the organic sector; Participation in the international activities of the organic movement; The initiator, organizer and co-organizer of events on the organic ovement; Provides advice on organic farming; Online magazine Organic.ua"; Publications and books on organic farming; Support for producers of organic products in their participation in international events on "organic farming"; Participation in legislative initiatives.

www.organic.com.ua

Organic Standard

— Sergey Galashevskyi
— +38 044 200 62 16
— office@organicstandard.com.ua

Today the only Ukrainian certification body of organic products founded in 2007), which carries out inspections and certification in the country and abroad (Belarus, Kazakhstan); Provides various services, such trainings, seminars, conferences; Initiator, organizer and co-organizer of events on the organic movement; Participation in legislative initiatives.

www.organicstandard.ua

Green Dossier

— Kataryna Shor
— +380 44 222 7762
— greendossier@gmail.com

Information platform. Cooperation with non-governmental rganizations, companies, mass media and state institutions in the ofields of organic farming, sustainable lifestyle, green economy, ecotourism. Co-organizer of organic movement events. Participation in legislative initiatives.

www.dossier.org.ua

Organic Business School

— Lena Deineko
— +380 50 944 12 42
— info@organicbusiness.ua

A platform for conducting business trainings and consulting to create an organic business. Trainings and seminars - for entrepreneurs and farmers who produce or sell certified organic products. Cooperation with grant programs for training farmers. Organic sector research.

www.organicbusiness.ua

Biodynamic Association of Ukraine

— Ivan Boyko
— info@biodynamics.org.ua

Brings together farmers, scientists and consumers around biodynamic farming methods; Provides information on biodynamic agriculture and buils up a network; Conducting training courses and seminars; Translation and publication of literature on biodynamic agriculture.

www.biodynamics.org.ua

NGO
Permaculture of Ukraine

— Anastasiya Volkova
— +38 067 967 87 93
— perma.ukraine@gmail.com

Conducts training courses and seminars; Translation and publication of specialized books; Creating a network of permaculture centers; Permaculture design; Training and practice of new types of land management; Promotion of methods to improve soils and increase biodiversity.

www.permaculture.in.ua

Ukrainian Organic Cluster

— Maria Makhnovets
— +38 (095) 837-44-55
— info@organiccluster.com.ua

Platform for sharing experiences of organic business: production, export, exchange of contacts, standards. Conducting workshops and events on organic export, development of the organic markets globally. Market research. Conducting business meetings with partners from other countries.

www.organiccluster.com.ua

NGO **Institute of Organic Production**

— Alexey Kachkovsky
— +38 050 344 42 65
— akachkovskiy@ukr.net

Conducting trainings for organic producers. Seminars on the basis of industrial enterprises. Participation in legislative initiatives. A free platform for sharing experiences between manufacturers.

BTU-CENTER

— Viktor Bolokhovsky
— +38 096 155 89 89
— info@btu-center.com

Manufacturer of biological products. Conducting training seminars for farmers. Co-organizer of a number of organic events.

www.btu-center.prom.ua

Private Enterprise
Agroecology

— Glib Vitaliyovich Lukyanenko
— +38 095 810 08 00
— lukyanenkogleb@gmail.com

Organic producer. Training base for production technology. Conducting trainings for organic producers: Ukraine, Kazakhstan, Moldova. Seminars on the basis of industrial enterprises. Publication of own newspaper "Agro-Eco". The company is an associate member of the National Academy of Agrarian Sciences of Ukraine.

www.agroecology.in.ua

Donau Soja Association
(Ukraine, Russia, Belarus)

— Oksana Prosolenko
— +38 096 004 40 03
— ukraine@donausoja.org

Association. Support for farmers growing organic soybeans. Translation and publication of technology for growing organic soybeans. Preparation of materials for students on the technology of growing organic soybeans. Co-organizer of a number of events in the organic direction.

www.donausoja.org

Ekoterra

— Cholovska Natali
— +38 050 430 76 23
— ecoterralviv@gmail.com

Lviv city public organization: training of farmers, organization of organic fairs in Lviv, publishing of literature, work with mass media in the Western region, work with children in out-of-school and school establishments. Initiator of various areas of organic activity in the Lviv region.

www.ecoterra.lviv.ua

Natur Boutique

— Anastasia Le Khak
— +38 068 340 44 42
— admin@natur-boutique.ua

Chain of ecological shops in Kyiv. Conducting seminars and promotional events for environmental products, participation in television shows and programs on organic production, conducting eco tours to organic farms.

www.natur-boutique.ua

In addition to these organizations, there are other international stakeholders active in Ukraine or in the import of products from Ukraine to Germany and the European Union.

The **Import Promotion Desk** (**IPD**) (↳) is a state-funded institution based in Bonn and Berlin for the promotion of trade relations, in particular between developing and transition countries. Ukraine has also been in the country portfolio for a few years already.

The **German Chamber of Commerce** (**AHK**) (↳) has an office in Kyiv. The German-Ukrainian Chamber of Commerce is in the same building as two of the three cooperation projects of the **Federal Ministry of Food and Agriculture** (**BMEL**) (↳), the activities and contacts of which are listed in Chapter Donor Support. The AHK's contact person is Mr. Andreas Markus.

Control Bodies

For companies certified according to the North American organic standard NOP there is an online database with search and filter functions, so that e.g. all companies can be listed with the corresponding control body for Ukraine. (↳)

Since there can be companies certified according to NOP only, not all Ukrainian companies with EU organic certification will automatically appear on this list.

In Germany there is a similar online database for German companies only. The certification bodies offer a possibility on their own websites to find companies they have certified: e.g. (↳)

Unfortunately, this makes searching for and checking the current status of a Ukrainian organic farm cumbersome and time-consuming.

A list of the currently approved certification bodies in "third countries" can be found in Annex IV of the EU law. (↳)

There, it is listed in a table for each certification body, for which area in which countries under which certification body code there is an approval. A total of 17 certification bodies are currently registered for Ukraine. However, it can be assumed that not all of them are active in Ukraine. The majority of the current 501 companies are certified by the Ukrainian certification body **"Organic Standard" (UA-BIO-108)** (↳) based in Kyiv.

This (and so far the only purely Ukrainian) certification body was founded with support from Switzerland **(SDC)** as part of the FibL project to promote organic farming. The managing director Mr. Serhii Halashevskyi has been there from the very beginning. This certification body lists all certificates of participating companies for Ukraine in the following database (↳).

Current information on additional requirements for the import of organic products into the European Union can also be downloaded from the website of the European Commission (↳).

There are still certain requirements for organic food that is to be exported to the EU from Russia, Kazakhstan, Moldova and Ukraine. More information can be found in Chapter Risks.

Info

Import Promotion Desk (IPD)

www.importpromotiondesk.com/en/countries/ukraine/

German Chamber of Commerce (AHK)

- Andreas Markus
- alexander.markus@ukraine.ahk.de

www.ukraine.ahk.de/dienstleistungen/export-helpdesk

Federal Ministry of Food and Agriculture (BMEL)

www.bmel.de/DE/themen/internationales/internationale-beziehungen/internationale-beziehungen_node.html

Organic Standard (UA-BIO-108)

- Sergey Galashevskyi
- +38 044 200 62 16
- office@organicstandard.com.ua

www.organicstandard.ua

Research

At the moment, organic agriculture is mainly studied at two Ukrainian universities. And to a lesser extent some variety trials are conducted.

At **Bila Tserkva National Agrarian University**, south of Kyiv, there has been a master's degree in organic farming since 2017. Under support of COA project, this university concluded its own cooperation agreement with the University of Applied Sciences (HTW) in Dresden in 2017/18. Until April 2020, Prof. Knut Schmidtke was head of the course for organic farming and vice-rector for research and development. He is currently on leave to work at the Research Institute of Organic Agriculture (FibL) in Switzerland and continues to be actively involved in COA project in Ukraine. The contact person in Bila Tserkva is Mr. Mykola Hrabovskyi, Head of the Department of Technology in Plant Breeding and Plant Protection.

Figure 7: Field day for harrow use in Zhytomyr region with Prof. Schmidtke, HTW Dresden 2017

Figure 6: Field day in Zhytomyr region to weed determination with Prof. Schmidtke, HTW Dresden 2017

The **National Agroecological University** in Zhytomyr (Polissia National University), approx. 150 km west of Kyiv, was a direct cooperation partner of COA project in the years 2016 – 2019, as the institute for the promotion of organic farming called “Polissia Organic” was launched. Polissia is the name of the region. It was decided to integrate topics of organic farming and animal husbandry into the regular study program in Zhytomyr. The contact person is Mr. Mykola Kravchuk, assistant professor of the Department of General Ecology.

Together with the authority of agricultural technical schools **“Agroosvita” (NMC)** and **Organic Federation of Ukraine (OFU)**, a digital knowledge and information platform was set up with the support of **COA** project. The aim is to make information about organic farming and relevant stakeholders available, as well as to provide a digital learning platform for training teachers and students/trainees. (↳)

Info

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National Agroecological University
(Polissia National University)

— Mykola Kravchuk
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— ekosoil@ukr.net

Figure 8: Stakeholders of the organic sector of Ukraine at BioFach 2020

Donor support

Since the Association Agreement between Ukraine and the European Union came into force, the support for Ukraine from international donors has been intensified.

In addition to the EU, but also the United States of America (USA), there are a large number of countries that, with small and large budgets, support and accompany Ukraine on its way to a closer economic and political partnership based on the Western standards and values.

The **German Ministry of Food and Agriculture** (**BMEL**) maintains a large number of activities to promote knowledge transfer and exchange of experience in the agricultural sector worldwide, as well as in Ukraine. The activities and thus the number of projects with and in Ukraine were intensified after 2014, so that four projects are currently being implemented there (↳).

In addition to general information on the country, specific pages on each cooperation project can also be viewed and accessed via this website.

Each project can also be accessed via its own homepage. These are structured in German and Ukrainian, some are also in English, and in addition to general information they also have a download area for publications.

In Chapter National Support System, links to the projects "German-Ukrainian Cooperation on Organic Agriculture" (COA) and **"German-Ukrainian Agricultural Policy Dialogue" (APD)** have already been noted.

(**APD**) (↳) is a project format that has been carried out in various countries for many years. It has no special focus on organic agriculture, but is considered and processed in coordination with the other projects on a case-by-case basis through the use of experts and (co)organization of events.

The **project Agritrade** (↳) works primarily with Ukrainian associations and companies to provide information and clarification on import and export issues. This is done in close coordination with the Ukrainian Ministry. As part of a business-to-business approach (B2B) there is also the option of accompanying business contacts with German companies.

The BMEL cooperation project for **cooperation in organic farming (COA)** (↳) has been in implementation since 2016.

In Phase II, which began in September 2020, the focus is on strengthening professional skills and institutional structures in organic farming in Ukraine. For this purpose, the cooperation with government agencies for further training as mentioned in Chapter National Support System, as well as cooperation with technical schools and universities for professional qualification will be intensified.

This collaboration with stakeholders in vocational education and training began in collaboration with the universities in Zhytomyr and Bila Tserkva as well as the Scientific Center for Education and Training Agroosvita (NMC) (see also Chapter Research).

This takes place in close coordination with another BMEL cooperation project **"Promotion of agricultural education in Ukraine"** (**FABU**) (↳). This project focuses on vocational training at agricultural colleges, is based in the Agroosvita (NMC) building in Kyiv and works closely with 4 colleges to test and introduce experiences of the German "dual training system" in Ukraine. The digital platform **Organic Platform** (↳) located at NMC also provides information on other projects by international donors, such as the project to improve quality and export opportunities in the organic milk sector, which FibL is implementing in cooperation with **SAFOSO** and is financed by the Swiss development aid **SDC** (↳)well as information and links to Ukrainian associations and NGOs in Ukrainian: **Ukrainian Organic Cluster** (↳), **Federation of Organic Movement of Ukraine** (↳), **Organic Ukraine** (↳), **Green Dossier „Information Center"** (↳).

In addition to these donor structures and projects, other countries are regularly supporting smaller-scale activities related to organic farming.

An example is the Canadian-funded project for small and medium-sized businesses with a focus on fruit and vegetable production, primarily in southern Ukraine. Within this extensive project with a large target group, environmentally friendly cultivation techniques and organic cultivation as well as certification are offered (↳).

Info

German Ministry of Food and Agriculture (BMEL)

— Projekte in der Ukraine

www.bmel-kooperationsprogramm.de/projekte/ukraine/

German-Ukrainian Agricultural Policy Dialogue (APD)

www.apd-ukraine.de/de/uber-das-projekt

Project Agritrade

www.agritrade-ukraine.com/de/pro-proekt

Cooperation in Organic Agriculture (COA)

www.coa-ukraine.com

Promotion of agricultural education in Ukraine (FABU)

www.agrarausbildung-ukraine.net

Organic Platform

www.organic-platform.org

— Project „Quality Food Trade Program"

www.organic-platform.org/proekt-quality-food-trade-program/

— Ukrainian Organic Cluster

www.organic-platform.org/gs-organichnyj-klaster/

— Federation of Organic Movement of Ukraine

www.organic-platform.org/federacziya-organichnogo-ruhu-ukrayiny-2/

— Organic Ukraine

www.organic-platform.org/gs-rganichna-ukrayina/

— Green Dossier „Information Center"

www.organic-platform.org/informaczijnyj-czentr-zelene-dosye/

Ukraine Horticulture Business Development Project (UHBDP)

www.uhbdp.org/en/what-is-uhbdp

Organic Crop and Livestock Production and Trade

Certified area

As already explained in Chapter History, the organic cultivation area in Ukraine is currently 309,000 ha (2018) or approx. 0.7% of the usable agricultural area. This includes an area of around 75,000 ha in conversion (FibL/IFOAM 2020).

However, the cultivation area in the organic sector has not increased significantly since 2010. In 2010 the NGO Organic Federation estimated around 275,000 ha, which were farmed organically by around 140 farms. In the FibL / IFOAM report “World of Organic Agriculture” 2020 for 2018, 309,100 ha were registered with 501 registered farms[5]. The website ”organicinfo.ua” (↳) publishes besides other information on the organic sector in Ukraine figures for year 2019. These figures aggregate EU-Organic and NOP certified hectares. They have been established with the help of Ukrainian authorities (see also map to the right). For 2016, FibL/IFOAM identified 381,173 hectares of organic land in Ukraine. Further information can be found in Chapters Control Bodies and Risks.

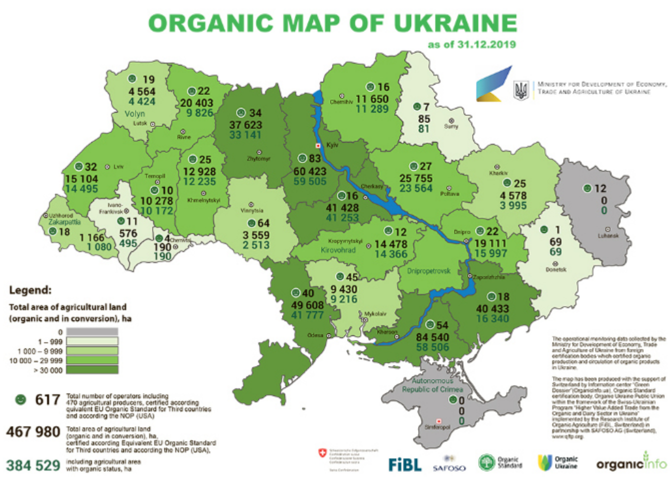

Figure 9: organicinfo | Organic map of Ukraine | 2019

Organic production

In 2018, 501 organic farms with EU organic certification are known (BMEL 2020). These mainly produce grain, maize and oilseeds (wheat, grain maize, soy), fruit and berries (also wild-harvested). Some farms also have EU organic certified animal husbandry and there are also a few aquaculture farms. With a known organically certified cultivation area of 309,100 ha, this means an average size of a farm is approx. 617 ha. However, arable farms are usually much larger or they are outsourced organic farm units that are ultimately under the management of large agricultural holdings.

Since the Ministry for Development of Economy, Trade and Agriculture of Ukraine also records EU-certified farms via the national organic standard, the data in the World of Organic Report 2020 is already based on the information from the Ukrainian Ministry.

4 (FibL/IFOAM 2020)

5 http://www.fibl.org/fileadmin/documents/shop/5011-organic-world-2020.pdf (Abrufdatum November 2020)

Export of organic raw materials

A very high export quota of 90% is reported for organic raw materials, including 83% export to the EU and 13% to North America with a total volume of 157 million USD in 2019 (BMEL 2020).

The project "AgriTrade" has drawn up a guide for Ukrainian companies on issues relating to exports from Ukraine to the EU. This is available in Ukrainian only and can be accessed on the project website (↳).

A study on trade flows between Ukraine and Germany in the product groups: fruit, vegetables, nuts and organic products can also be accessed via this website (↳).

Since there are currently no reliable data available from Ukrainian agencies for the export of organic products, only the data from the European Commission on the import of organic products can be used as a basis for the time being (↳).

In the market report for 2019 (↳), Ukraine is named first for imports of grain (excluding rice) from non-EU countries, ahead of Turkey and Kazakhstan. Overall, however, these imports from third countries into the EU declined from 2018 to 2019 (8.3% grain without wheat and rice and 15.7% wheat).

In terms of volume-based imports in tons, Ukraine ranks second behind China in 2019 with a share of around 10% of the total volume.

In addition to grain, oil seeds (2nd position), press cakes (3rd position), fruits and fruit juices (3rd and 4th position) and soya (4th position) play an important role. Ukrainian imports of grain, press cakes and soy increased significantly in some cases, they remained more or less the same for oilseeds and fruits, and they fell for fruit juices.

Product categories of imports of organic food by export country (2019/mill. t)

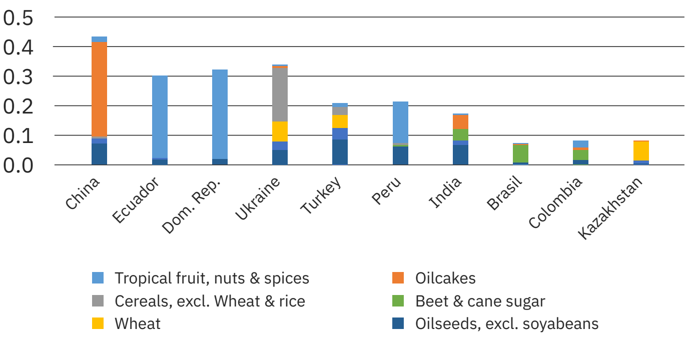

Figure 10: EU Agricultural MarketBriefsNo 17|June2020

EU imports volumes for organic fruits and vegetables by country (2019/mill. t)

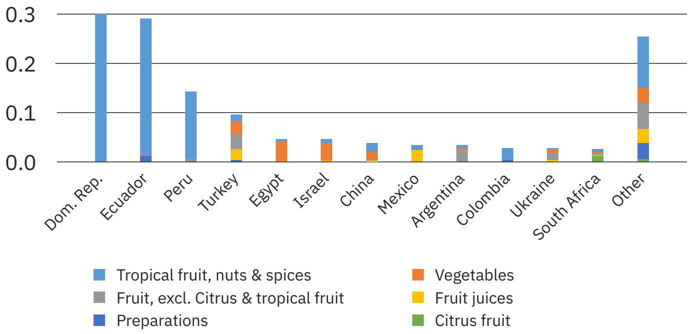

Figure 11: EU Agricultural MarketBriefsNo 17|June2020

Import volumes of organic products from permanent crops by export country (2019/thous. t)

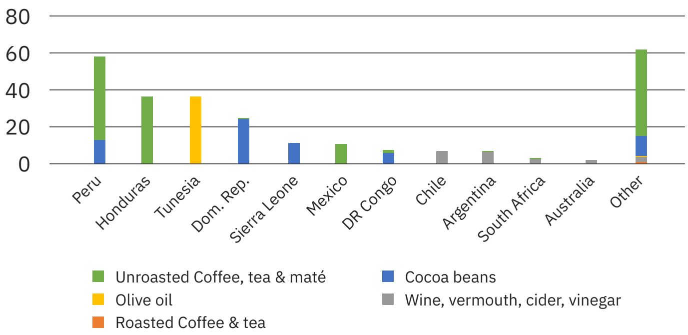

Figure 12: EU Agricultural MarketBriefsNo 17|June2020

Import volumes of organic fruits, fresh or dried except citrus and trop. fruits by export country (2018/2019/thous. t)

	2018 Imports	2019 Imports	Change (%)	2019 Share (%)
Turkey	30.1	30.8	2.4	23.0
Argentina	30.3	23.1	-23.5	17.3
Ukraine	13.0	14.7	13.1	11.0
New Zealand	16.8	14.1	-16.3	10.5
Serbia	13.1	10.4	-20.8	7.7
Chile	14.5	9.6	-34.1	7.1
Morocco	5.1	5.5	6.9	4.1
Total	**146.1**	**133.7**	**-8.5**	**100.0**
Share of selected countries in the total volume in (%)	84	81		

Figure 13: EU Agricultural MarketBriefsNo 17|June2020

Import volumes of organic soybeans by export country (2018 & 2019/thous. t)

	2018 Imports	2019 Imports	Change (%)	2019 Share (%)
Togo	19.7	42.3	115.0	32.1
China	23.5	28.2	20.3	21.4
India	20.5	21.6	5.4	16.3
Ukraine	13.3	17.1	29.0	13.0
Kazakhstan	4.0	7.4	86.1	5.6
Uganda	9.8	2.3	-76.7	1.7
Turkey	6.1	0.0	-100.0	0.0
Total	**105.9**	**132.1**	**24.8**	**100.0**
Share of selected countries in the total volume in (%)	91	90		

Figure 14: EU Agricultural MarketBriefsNo 17|June2020

Import volumes of organic fruit juices by export country (2018 & 2019/thous. t)

	2018 Imports	2019 Imports	Change (%)	2019 Share (%)
Turkey	22.9	21.9	-4.8	25.3
Mexico	19.1	21.6	13.2	25.0
Marocco	5.7	6.4	11.9	7.4
Ukraine	5.9	4.5	-24.8	5.2
China	5.8	2.3	-59.9	2.7
Total	**89.0**	**86.5**	**-2.8**	**100.0**
Share of selected countries in the total volume in (%)	67	66		

Figure 15: EU Agricultural MarketBriefsNo 17|June2020

If one compares these figures with the organic cultivation area determined for 2018, it must be assumed that there must have been a significant expansion in arable organic production from 2018 to 2019/20. However, as long as there is no reliable and timely collection and publication of the data from the Ukrainian side, there remains an uncertainty and a lack of clarity. As it is the case almost everywhere in the organic control process, there is also a lack of reliable mass balancing based on weather and vegetation data (harvest forecast). See more on this in Chapter Risks.

Import of organic inputs

Since Ukrainian agricultural raw materials in organic quality are produced mainly for export and still little further processing for export, there is no (known to us) import of EU organic raw materials. This could only happen occasionally in a niche market and in the border area of the Western Ukraine. In the vast majority of cases, however, it will work the other way round, namely that organic raw materials from Ukraine are exported to neighbouring Poland or the Czech Republic for processing (see also Chapter D Export of Organic Products).

Info

Organicinfo

— NGO Green Dossier operates the website with information on the organic sector in Ukraine

www.organicinfo.ua/en

Project AgriTrade

— Guide for Ukrainian companies

www.agritrade-ukraine.com/de/nasha-diyalnist/nashi-publikatsiji

— Study on trade flows

www.agritrade-ukraine.com/de/nasha-diyalnist/nashi-publikatsiji

European Commission

— Study on the import of organic products

www.ec.europa.eu/info/food-farming-fisheries/farming/facts-and-figures/performance-agricultural-policy/studies-and-reports/market-analyses-and-briefs_en

— Market report for 2019

www.ec.europa.eu/info/sites/info/files/food-farming-fisheries/farming/documents/market-brief-organic-imports-june2020_en.pdf

Organic Processing and Food Manufacturing and Trade

Organic products

The range of organic products made in Ukraine has definitely increased in recent years. The majority of them are intended for the domestic market, due to the presence at international trade fairs (in 2020 Ukrainian associations and producers were represented with 2 exhibition stands) and the activities of international cooperation the visibility of these products has been also improved.

The range of products on offer is also named in the BMEL Country Report, but the export dimension is still seen as low: "In addition, processed organic products such as sunflower oil and sunflower meal, cereal flakes, flour, apple concentrate, nuts, millet grains, honey and birch sap are exported. Organic milk products and, to a lesser extent, organic meat products are also made available for the domestic market.

The proportion of partially and further processed export products, which also have the potential to generate higher added value directly in Ukraine, is still low".[6]

Export of organic products

As noted in the previous chapter, the volume of processed products in export is still low. Exact figures are not available.

In the case of monoproducts with a simple (pre) processing level such as drying or freezing fruits, berries and mushrooms (also wild-collection) as well as fruit juice concentrate, there are now more companies, especially in Western Ukraine and often in cooperation with Polish companies. The organic associations Organic Federation (OFU) and Organic Ukraine (OU) as well as Ms. Olena Deineko, Organic Business School, are mentioned here as contacts for information on individual producers and processors. The certification body "Organic Standard" can also provide information on companies with inspection contracts.

Import of organic inputs

Compared to the situation 10 years ago when the Country Report was first drawn up, the situation regarding the import of organic products has not fundamentally changed. Furthermore, it is still the urban population, and those in Kyiv, who demand organic products.

Nevertheless, the variety of products and the number of providers has increased. EU-certified products are even seen in petrol station shops. The large national and international supermarket chains have listed organic products and smaller specialized suppliers such as GoodWine and Natur-Boutique are still in business.

In a way, the situation and the offer are similar to the picture in Germany 40 years ago, perhaps with the difference that in Germany people with lower incomes also helped to develop the market out of conviction, while in Ukraine it is people with higher incomes who contribute to a greater extent. High-priced products for a healthy lifestyle and cosmetics with a high quality are definitely in demand from this class of buyers.

Since no logistics and shop structure has (yet) been developed specifically for natural food in Ukraine, German companies in the organic segment interested in entering the Ukrainian market are well advised to use the usual trade fairs and structures (e.g. ANUGA and Chamber of Commerce) to help buyers of the big supermarket chains. These actors are further described in Chapter E.

6 (BMEL 2020)

The Organic Market in Ukraine

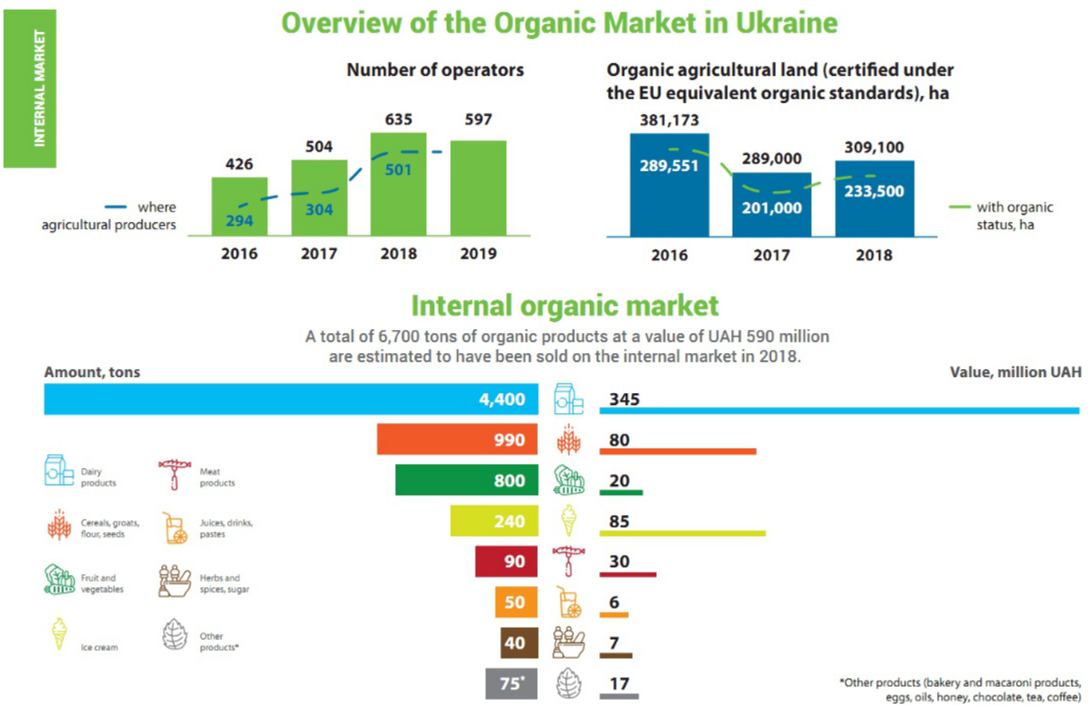

Figure 16: organicinfo | Overview of the Organic Market in Ukraine

Market size and trends

As already explained in Chapters C and D, there are no reliable figures on organic products in the market in Ukraine, so that an assessment remains subjective and has to be based on the perceptions and observations of individual stakeholders.

The efforts made in recent years to educate and inform the urban population in particular, but also among agricultural producers and training centres, as well as the national organic standard that has now been adopted with the establishment of a control structure and a national organic seal, reinforce the general trend towards healthier nutrition and sustainability. This is also having a positive effect on the market for organic products in Ukraine. Of course, this is primarily an urban phenomenon, depending on purchasing power and, in Ukraine, also shaped by the need for trustworthy brands and quality labels. For this target group, imported products with corresponding characteristics have an advantage over food produced in the country as long as there is no trust in the Ukrainian organic seal. This will not change soon, but is a medium to long-term task for everyone involved.

Sales channels and actors

Direct sales

This marketing method is still not widespread. This form of direct marketing can be found somewhat more frequently in Western Ukraine in connection with an association of regional producers and processors and joint marketing via (small) shops and markets.

Specialised retail and catering

For several years, Goodwine and Natur-Boutique with a large variety of organic products have been operating with branches in and outside Kyiv.

Online shops
Online shops are quite common and are offered by retailers as well as supermarkets.

Regional products and also of ecological origin can now also be found in the gastronomy in the trendy areas of the metropolises, without already playing a significant role.

Wholesale and importers
Wholesalers specializing in organic products are not known at the time of this report. Companies interested in exporting organic products from Germany to Ukraine are advised to initiate trade relationships through the usual conventional trading partners and the relevant chambers of foreign trade as well as when visiting trade fairs.

Supermarket chains
The larger chains that operate nationwide are ATB, Silpo, Auchan, Metro, Billa and Globus. Silpo already appeared in 2010 as the chain with an organic range, others later. Overall, a development similar to that in Western Europe can be observed with an increase in the organic range at an overall lower level. The proportion of smaller retail shops in Ukraine is still higher than e.g. in Germany[7], see also (↳).

Ukrainian products and brands

In addition to the brands and products listed in the Country Report (EkoConnect 2011), some more have now been added. The focus is still on cereals and fruits, but there are also some brands based on processing animal products, i.e. meat and sausage products and dairy products including ice cream. The latter products are primarily for the domestic market, but also for neighbouring countries in Eastern Europe, as some of the brands there are still known from Soviet times and have a certain reputation. The dairy and ice cream factory Rud in Zhytomyr has therefore also launched an organic ice cream line.

The lack of awareness and consumer confidence in Ukrainian brands is a major reason for the difficulty in successfully entering the EU market, despite the advantages in unit cost.

A license or commissioned production for foreign brands could be interesting for buyers from the EU as well as brand manufacturers in the Ukraine.

A list of individual companies should be dispensed with at this point, as the number is higher now and disrespect of those not mentioned should be avoided. We therefore refer again to the associations and interest groups listed in Chapter B.

Foreign products and brands

As already mentioned foreign branded products have a good reputation and are popular because of their high quality and for image reasons. In the organic segment, in addition to high-priced food and luxury foods, cosmetics and food for kids are particularly popular. In addition to the aforementioned retailers Goodwine and Natur-Boutique, there is also the online shop Bioukraine with a large number of German organic products from various brands.

Info

Specialised retail and catering

- Goodwine

www.goodwine.com.ua

- Natur-Boutique

www.natur-boutique.ua/en

Online-Shop

- Bioukraine

www.bioukraine.com.ua

Report

- Country Report EkoConnect 2011

www.ekoconnect.org/de/14-L%C3%A4nder-Studie.html

7 https://ukraine-nachrichten.de/marktforscher-einzelhandelsketten-lidl-oder-aldi-k%C3%B6nnen-ukraine-kommen-wenn-einen-aktiven-retailer-schlucken_4632 (Abrufdatum November 2020)

Opportunities

Opportunities for trade

The greatest potential in the trade of organic products is still in the area of raw materials, produced in Ukraine and exported to the EU area, but also to North America and now to Asia as well. Due to the favourable production conditions and the proximity to the EU countries, this will remain so for a long time and will certainly become easier and safer even after the hurdles have been overcome.

The production of food, starting with “simple” products with only one (mono-product) or fewer ingredients, is interesting in perspective. For employment and added value in the rural areas of Ukraine as well as for retailers and brands in Germany and the EU, it pays to carefully and persistently develop trade relationships in this direction.

Opportunities for investment

The fertile black soils, large operating units and low wage costs with the relative proximity to the EU and Germany make Ukraine very interesting for foreign investors.

A willingness to invest requires stable and clear political and legal framework conditions as well as investment-friendly tax law.

This is currently not the case in Ukraine, especially for investments in agriculture. The land market should be mentioned as the greatest obstacle. After the end of the Soviet Union and since the independence of Ukraine, there is a difficult task of developing a private and market-based land market. While solving this Herculean task the states of the former Soviet Union took different paths. Different models were tried out because there was no previous experience or blueprints. Since all models of developing a privately organized land market have both advantages and disadvantages, there will always be disadvantages for certain groups. This is one of the reasons why there are conflicting views and proposals on this in Ukraine. A moratorium on the purchase of agricultural land, which has existed for years, leads to a confusing situation with additional constructions via lease agreements, to hidden influence and favours an informal sector.

The moratorium is expected to end in July 2021. More details can be found on the website of the **German-Ukrainian Agricultural Policy Dialogue** (**APD**) (↳).

In an interview with a German organic farmer who leases land in Ukraine and would like to invest in buildings and technology, it became clear that, especially for small and medium-sized farms, which usually create more jobs and thus make an important contribution to rural development, cannot afford a difficult environment. This was also confirmed in an interview with a Ukrainian organic farmer.

Risks

After a euphoric mood in Ukraine and a considerable optimism among European buyers and investors could be observed in the years 2014-2016, this has now cooled significantly and is seen more soberly, sometimes also frustrated. This is also reflected in the acreage in Ukraine that is certified according to EU organic guidelines (see

Info

APD

— German-Ukrainian Agricultural Policy Dialogue (APD)

www.apd-ukraine.de/de/agrarpolitische-nachrichten/1202-gesetz-zur-ffnung-des-landwirtschaftlichen-bodenmarktes-unterzeichnet

Chapters B & C). In addition to the lack of clarity in data collection in the past, the main reasons why the increase in organic area was not more dynamic can be attributed to two aspects. On the one hand, the demand for organic raw materials in Germany and other EU countries has led to a rapid increase in the area under cultivation, so that in the grain sector (e.g. spelt) a fall in prices has recently been observed. On the other hand, Ukraine, along with other countries of the former Soviet Union, made a negative impression in terms of the quality of organic products. In particular, chemical residues in press cakes, cereals, but also increased residue values in other organic products as well as deficiencies in certification bodies led to closing of a control body and stricter requirements by the responsible European authorities, which is in force for Ukraine, Kazakhstan, Moldova and Russia until end of 2020[8].

These requirements cause additional costs and delays in the supply chain. Since every batch has to be sampled regardless of its size, this affects smaller suppliers more than large ones. This has the unintended negative side effect, so that direct and transparent supply relationships between producers and German traders or processors with their own purchasing department are at a disadvantage compared to large structures that bring entire shiploads into circulation across several trading levels via several non-EU countries via Netherlands to Germany. However, these supply chains still harbour major risks as far as organic quality is concerned. A proof-free residue test for agrochemicals simply means that the legal requirements for all agricultural products have been complied with and is therefore not proof of production according to the requirements of the organic guidelines.

As a result, this has already led to withdrawal of small and medium-sized German companies from the Ukrainian organic business and switching to other countries.

Ukraine's efforts to take action against corruption certainly lead to additional bureaucratic effort, which in turn has a rather deterrent effect for smaller structures. Together with the investment climate, detailed in Chapter F, this is a significant obstacle to trade Ukrainian organic raw materials.

Together with the Ukrainian national organic standard, the establishment of a state register is in progress, in which the companies certified according to the EU Organic Regulation are also recorded.

Unfortunately, the entire field of data collection and publication in Ukraine is not yet comparable to German practices. However, as long as it is not possible to compare the import figures of the EU authorities or national agencies with the Ukrainian export figures in real-time, it is difficult to check and detect possible deviations in cases of suspected or fraudulent behaviour. Particularly in the case of shipments that are brought into the EU via several stations and countries (mostly Turkey) then via the Netherlands, a high to very high risk level must be assumed.

The system of mass balancing applied in the current organic control system is not a suitable means of reliably detecting inconsistencies and deviations in these non-transparent supply chains across several non-EU countries. On the one hand, production continues to operate with yield figures that allow a high degree of variation and, depending on the quality of the on-site inspection, are not necessarily adapted to operational and / or weather-related deviations. In the further course of the supply chain, only the last transaction certificate is checked, but not the entire supply chain is traced, except for suspicious cases or occasional spot checks.

Consistent mass balancing in the supply chain should be mandatory. However, this is not a specific Ukrainian problem, but a weakness of the EU organic control procedure, especially for imports from non-EU countries.

Conclusion

Nevertheless, it should and can be made transparent, especially with short and direct supply relationships, how much was produced and what was transported over the entire supply chain. Some organic farms in Ukraine have organized this of their own accord, record their harvest quantities using GPS and disclose this. These small and medium-sized companies deserve the trust of the stakeholders in the supply chains in the EU, as well as the additional effort. Many food processing companies now also offer a good to very good level of general requirements and standards. If they are willing to work as contractor for other brands, this is an area with potential that also ensures more employment and added value in Ukraine.

Compared to the Country Report for Ukraine (Eko-Connect 2011), a major difference today is the adoption

8 https://ec.europa.eu/info/food-farming-fisheries/farming/organic-farming/trade_de (abgerufen im Nov. 2020)

of the national organic standard with implementation regulations and state registers and supervisory authorities that are currently being established. In the medium to long term, this will lead to safer organic quality and more trust among customers in and outside Ukraine.

In the first Country Report (EkoConnect 2011), individual stakeholders were mentioned by name in many cases, but reference can now be made to the growing number of associations and representatives who also advertise Ukrainian organic products through their presence at trade fairs and make it easier to initiate business.

An increased number of projects by international donors are supporting civil society and state stakeholders in their endeavours to bring Ukraine closer to the standards and requirements of Western European countries and trading partners.

This is also the case with the BMEL's cooperation program with the organic farming cooperation project in Ukraine (UKR 20-1).

These efforts and activities deserve respect and recognition and will certainly bear fruit, even if patience and persistence are still required on the part of all those involved.

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Figures

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