

STAREA ACTUALĂ ȘI PROBLEMELE DEZVOLTĂRII SECTORULUI AGRO-ALIMENTAR AL UCRAINEI

*Natalia DOBRYANSKAIA, dr., prof. univ., catedra
Teorie economică și economia afacerilor
Vasilii POPOVICI, dr., prof. univ., decanul facultății
Economie, Universitatea Agrară de Stat din Odesa*

În acest articol este relatată starea actuală și problemele din sectorul agro-alimentar. De asemenea, sunt analizate dinamica producției și consumul de lapte în Ucraina. Totodată, sunt stabilite motivele de bază ale nivelului scăzut al consumului de lapte.

Cuvinte cheie: sectorul agro-alimentar, produse lactate, producerea și consumul de lapte, eficiență.

Introduction. Stock rising is the most important sector of the livestock.

Products of this industry are perishable; the delayed sales of milk are associated with large losses. And perhaps the reason is that milk production is unprofitable.

The reasons for this situation in the livestock sector are several. First, during the reform years the growth of electricity price, agricultural machinery, lubricants, technological equipment for livestock farms, feed and feed additives significantly outpaced the growth in prices for agricultural products. Secondly, processing and trading companies established a monopoly on the purchase price, while the selling price did not provide compensation for the cost of production. Thirdly, a sharp reduction in state support and increased cost of credit resources have resulted in the destruction of the productive capacity of livestock, the transition to the primitive technologies with rising costs of labor and production costs. Fourth, the lack of funds from farms drastically reduced the realization of breeding stock and the impact of breeding enterprises on commodity production. As a result, many households do not perform a qualitative repair of the herds, and the high-value genetic potential of livestock is sold for meat. Fifth, uncontrolled food imports had a negative impact not only on the domestic producers, but also on the market saturation, determining the price situation on it. The reason for that is also an imperfect national customs policy.

Analysis of the research. Problems of development of competitive agro-food sector are present in the works of such Ukrainian scientists as M.I. Malik, P.T. Sabluk, I.F. Miller, V.I. Mesel - Veselyak, M.V. Zosi - Kior and other scientists. But there are many unresolved issues of the industry development and its re-creation.

The purpose of this paper is to identify ways to increase the scope of agro-food production in Ukraine in general and the development of measures to support the development of the industry.

The results of research. Milk production in Ukraine is constantly increasing, but consumption remains one of the lowest in Europe.

CURRENT STATUS AND DEVELOPMENT PROBLEMS OF UKRAINIAN AGRO-FOOD SECTOR

*Natalia DOBRYANSKAIA, PhD, Associate Professor,
chair of economic theory and business economy
Vasilii POPOVICI, PhD, Associate Professor, dean of
the Economic faculty, Odessa Agrarian State University*

There is observed the current state and problems of the agro-food sector. The dynamics of production and consumption of milk in Ukraine are analyzed. The basic reasons for the low level of consumption of milk are established.

Keywords: agro-food sector, dairy farming, production and consumption of milk, efficiency.

JEL Classification: Q10, Q12

Despite the lack of benefits and reduction of livestock, milk production in Ukraine is growing. But the Ukrainians consume it a little - one and a half times less than, for example, the Russians. There is an issue in the interference of high prices for dairy products and stereotypes about their low quality.

In 2012, production of all kinds of milk has increased in the Ukraine. Thus, in January - April 2012 the volume of production increased by 2.8% year -to-year. Tetra Pak experts claim that milk production increases due to the decline in the share of holdings of the private sector and increasing the share of farms, where the efficiency is higher.

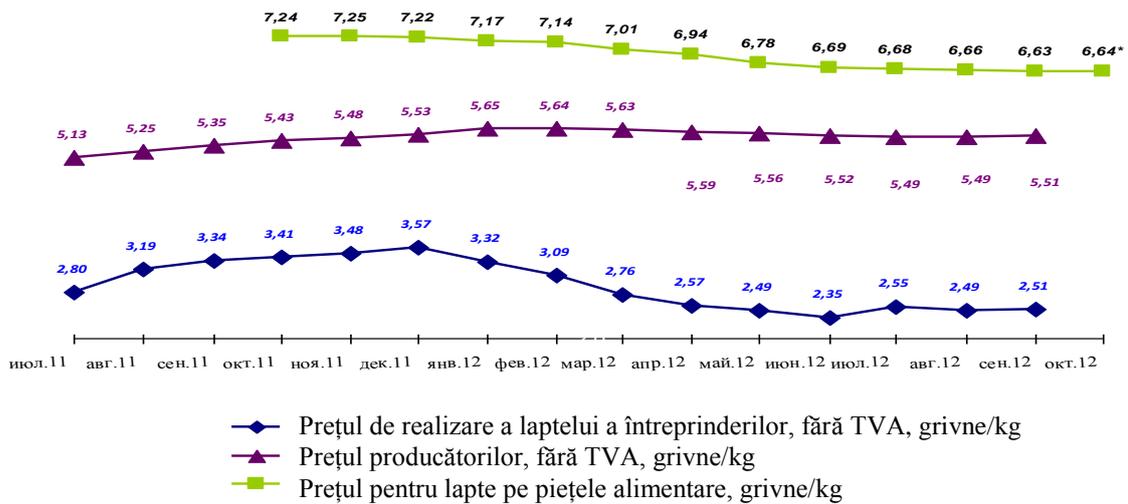
With the growth of milk production in Ukraine the number of livestock continues to decline (for January-April 2012 by 1.2%, to 2,624 thousands). Milk prices that are set for private households may be significantly lower than for agricultural enterprises. In addition, the profitability of milk production declined after the abolition of subsidies in 2011.

Growth of milk production in the country was mainly provided by agricultural enterprises: in January - April, an increase in them was about 14.7%, whereas in the households there was a decline of 0.8%.

Investors are investing today in large scale production facilities with the expectation that a cow will get not 3, but already 5.5-6 tons of milk per year. In Ukraine there is finally an understanding that there should be received the output of qualitative products with which you can go not only to domestic but also on international markets.

Profitability of milk production in 2011 declined from an average of 27% to 17%. But the collapse of the purchase prices this year forces manufacturers to operate at a loss. There can be said a lot about the attractiveness of the business if the purchase price of milk was 4.5-5 UAH per liter (2012 - 3.1-2.6 UAH per liter).

Prices of dairy companies in September 2012 amounted to 5.51 UAH/kg, or 3.0% more than in September 2011, as can be seen from Figure 1.



* situation on 30.10.2012

Fig 1. Dynamics of prices for milk in Ukraine

The average selling price of milk by agricultural enterprises in September 2012 was 2.51 UAH/kg (excluding VAT), which is 24.9% less than in the corresponding

period of the last year.

Compared to August of this year, the price of the milk by agricultural enterprises in September rose by 0.8%.

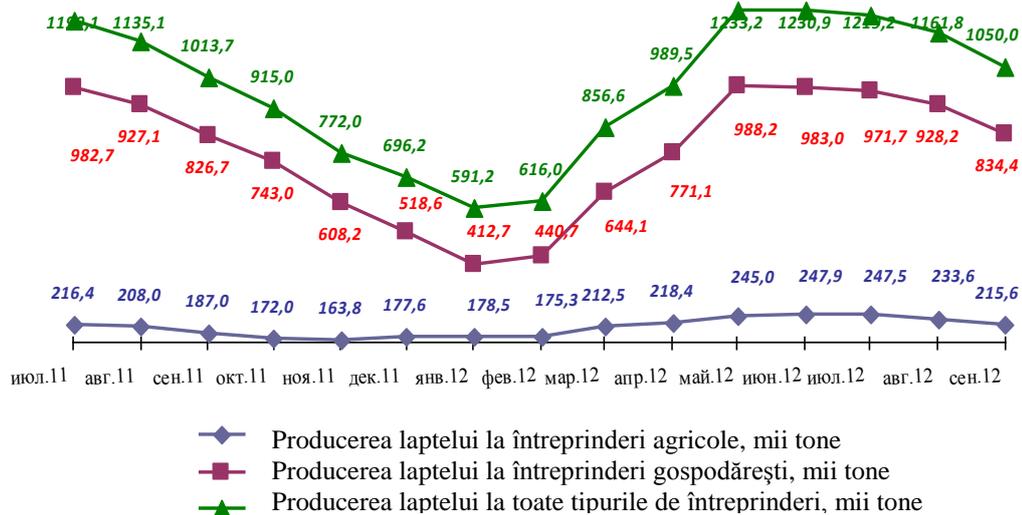


Fig. 2. Dynamics of milk production in Ukraine

As Figure 2 shows, in January - September 2012, all categories of farms produced 8,948.4 thousand tons of milk, which is by 2.6% more than in January - September 2011.

Milk production by agricultural enterprises in January - September 2012 amounted to 1974.3 thousand tons, which is by 13.4% more than in the corresponding period of 2011.

In terms of consumption of dairy products, Ukraine is on one of the lowest places among European countries. On average, one Ukrainian consumes about 34 liters of milk per year (not counting other dairy products), which is almost four times less than in Finland, and 1.5 times less than in Russian Federation.

Ukrainians consume little milk and dairy products. At present, the level of consumption of these products in Ukraine is lower than is recommended by about 30%.

According to international recommendations, an adult should consume about 700 ml of milk and milk products per day.

In subsequent years, the trend even intensifies. During the years 2011-2014 the consumption will increase from 275 million liters to 300.2 million liters, in annual terms - by 2.9%, forecasted the experts from Tetra Pak. The main driver is the growing demand by people in developing countries with low incomes (2-8 USD per day). An increasing demand is expected in Asia, Africa and Latin America - here the consumption will increase from 70 billion liters in 2011 to almost 80 billion liters in 2014. Mostly (+20.8%) will increase the consumption of dairy products in the Asia-Pacific region. In Eastern Europe, the market will grow by only 0.6%, and in Western Europe - will stagnate (-0.3%).

As for the most popular dairy products, the following categories most actively grew in 2008-2011: flavored milk (+4.5% per year), milk for children and adolescents (+9.5%) and milk drinks (+12.5%). In 2011-2014 there is expected to be continued the strong growth in these segments, but the most powerful figures may show yoghurt (increase by 4.7% per year) and low-fat cream (an increase of 4.5%).

The Ministry of Agrarian Policy and Food of Ukraine predicts an increase in milk production this year by 3-4% - up to 11,5-11,7 million tons.

In all categories of farms, the total milk production increased in 19 regions, and significantly - in the farms of Poltava (11.7%), Kharkiv (9.7%), Cherkasy (by 7.1%), Rivne (6%) and Ternopil (5.6%) regions.

The average milk yield per cow for the first quarter in agrarian enterprises is about 1050 kg, which is 16% more than in the corresponding period of 2011. So, high milk production in the I quarter of households were in Kiev (1372 kg), Cherkassy (1284 kg), Poltava (1208 kg), Kherson (1,153 kg), Kharkov (1149 kg), and Vinnitsa regions (1,124 kg) and in the Crimea (1113 kg).

A segment of milk and dairy products in Ukraine occupies one third of the total food market in the country. Such significant volumes make the sector under observation by both the food industry operators, and from the government agencies that are taking measures to regulate the market.

According to a survey conducted by the company Research & Branding Group in April 2012 (collection of information was made by means of personal interviews in 24 regions of Ukraine and Crimea by a quota sample representative for the adult population by place of residence, gender and age), 75% of Ukrainians buy dairy products at least once a month or more. According to the study, in most of cases, Ukrainians buy milk 1 time biweekly (30.8%) or 2-3 times per week (29.3%). Sour cream and yogurt - once a week (33.1% and 23.8%, respectively), granular cheese, cottage cheese every fifth person buys 1-2 times a month. At the same time, fermented baked milk, yogurt, cheese curds and glazed are not included in the list of the first consumer products - they are bought much less by the Ukrainians. Thus most of the Ukrainians - more than half of the population - in the last month did not buy curds, coated cheese (68%), yogurt (56.8%) and fermented baked milk (55.7%). Among the food products of almost every second Ukrainian in the last month there were not present cheese and cottage cheese, and a third of the citizens did not use a significant health milk product like kefir.

The competitive environment is so dense that the level of consumption of certain TM does not exceed 8.8% (based on survey of research company Research & Branding Group). TM leaders whose products are bought most often are: TM "President", "Dobrynia", "Happy Milkman", "Dobryana", "Buttermilk", "Zlagoda", "Galicina".

In 1998, Ukraine introduced the program of state support for milk producers in the form of subsidies at the expense of the VAT refund from the sale of finished dairy products. Farms receive it on a monthly basis, and farmers - twice a

month through the milk processing enterprises. In 2010 it was decided to change this mechanism - after the entry into force of the new Tax Code, farmers began to list the VAT in the special fund of the state budget. And in 2011 the compensation allocations for the milk were no longer accorded (grants totaled 970 mln. UAH the year before).

In 2012, the Cabinet of Ministers once again addresses the problems in the milk market. In March, Prime Minister Nikolay Azarov charged the Ministry of Agrarian Policy and Food to develop a mechanism of direct mail subsidies to milk producers, as well as reduce the cost of the feed program. In April, the Minister of Agrarian Policy Nikolay Prysyazhnyuk presented a program to increase the number of cows, according to which the government has allocated a special fund of the state budget of 1.08 billion USD for subsidies for farmers that grow cattle. It is expected that this will increase the number of cows which is grown in the private sector by 30%, to 2.65 million cows.

Stimulating the growth of cows, the government does not stimulate an increase in milk production in Ukraine, the participants of the market are assured of this. Providing subsidies for the rearing of cattle may lead to the fact that in the milk market will be a situation, which at one time was observed in the sugar market. In one year, the state budget allocates funds to plant beets, and the next year due to the overproduction of sugar the state had to buy this sugar in state reserves, because due to excess production in the market and falling prices sugar mills were not in a position to pay off with the landowners.

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The main task of the government should be to promote the consumption of milk and dairy products in the country. For example, today, France and the Scandinavian countries consume over 590 kg of milk per person per year, the Baltic countries - more than 300 kg, Russia - about 250 kg. In Ukraine, the figure stands at 200 kg. In many EU countries there are made advertising campaigns to promote dairy products.

An increase in exports would be a significant boost to the market. Milk is produced in Ukraine in sufficient volume. In particular, Ukraine cannot now deliver dairy products in the EU, as it would need to pass the certification of the whole cycle of production: from the field on which there are grown food for the cows, to the finished products - milk and milk products, which are produced at dairy companies.

For the development of dairy cattle breeding in Ukraine, the state should at least partially offset the costs of manufacturers. Dairy farming requires a high level of capital expenditures. According to our estimates, the capital costs per one cow in Ukraine are 10-12 thousand USD.

Without waiting for government support, milk processing enterprises have started to invest in production. Currently, manufacturers and producers of milk have their own places, and this has pushed to create a project like "Milkiland agro", bringing together 16 cooperatives with 17 thousand members, who in 2011 produced 24 tons of milk. At Danone, for example, there is a program of supplier development, which provides partial funding for

the acquisition of either animal or plant refrigeration equipment. Due to this program, it is planned to increase the supply of milk from these farms by 25% over the next three years.

The implementation of the genetic potential of most species in our country is constrained by the poor forage. Consumption of all types of feed per conventional head of cattle is 3-4 times less than that is required under the intensive dairy farming run. Despite the decline of number of cows, food supply does not improve, but rather gets worse.

An important element in the system of support producing enterprises, processing and marketing of milk should be the promotion and regulation of procurement, wholesale and retail prices.

Each agricultural enterprise can successfully implement a plan for the production of products, if it is to have a sufficient number of productive animals.

The increase in the productivity of the animals is the base of the growth of production in terms of intensification.

The main source of replenishment of the herd is to obtain offspring from breeding stock. Unaccomplished plan

may occur due to the barrenness of cows, dead born offspring.

An important source of recruitment and reproduction of the herd is the purchase of breeding animals.

The main indicator of the intensification of milk production is the animals' productivity. Increase productivity at will allow at low costs to increase the profitability of production.

Conclusions. One of the most important ways to improve the organization of production of cattle breeding is to justify in the most rational way in terms of a particular agricultural enterprise the means to grow animals and the management of the sector. They have a decisive influence on the formation of a system of machines for the mechanization of work processes and organization of these processes, they determine the choice of form of organization of labor on farms and complexes and their economic performances.

Therefore, the combination of the aforementioned organizational - economic factors with the state support of agricultural development will enable it to produce high-quality products and competitive dairy cattle.

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