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DAIRY PRODUCTS IN UKRAINE

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MINISTRY OF AGRICULTURE
OF THE CZECH REPUBLIC



Brief characteristic of the country

- Area: 603 628 km²
- Population: 45 millions
- Gross domestic product: 119 bil. U.S. dollars
 - thereof agriculture: 1231,45 million U.S. dollars
- Inflation rate: 11.03 percent from 2010 until 2018
- Currency + exchange rate: UAH
- 1 USD = 27.2, 1 EUR = 31,40 UAH
- 1 CZK = 1,22
- Agri and food production: With 41.5 million hectares of agricultural land covering 70 percent of the country, agriculture is Ukraine's largest export industry and generates 12 percent of GDP
- Labor force - by occupation: agriculture: 5.8%
- industry: 26.5%
- services: 67.8%:

The total land area of Ukraine is 60 million hectares and about 42 million hectares belong to the agricultural land with the gardens, cultivated land, vineyards and pastures.

Ukraine owned 32 million hectares of black soil before the beginning of the war actions in 2014. 32 million hectares made the third part of the Europe's arable lands.



Current Situation with raw milk

- In the first two months of 2021, milk production decreased by almost 5 % compared to the corresponding period last year - only 1.06 million tons of milk was produced.

Local producer producing only 54 % of raw milk.

There are 2 types of milk producers in Ukraine: Enterprises and local households

- Imports of dairy products to Ukraine are mainly European. TOP-5 countries from which milk comes to Ukraine:

Poland - \$ 52.8 million,

Germany - \$ 15.6 million,

France - \$ 7.9 million,

The Netherlands - \$ 3.4 million,

Belarus - \$ 2.7 million

- The TOP-5 importers of dairy products during January-May remained unchanged, some changes took place only lower in the ranking. Thus, the Czech Republic obtains to eighth place, displacing Portugal, and Greece entered the TOP-10.

- TOP-5 producers:

1 - LLC "LUSTDORF" Share of exports by product group - 30.74%.

2 - Government Ent "LACTALIS-UKRAINE" Share of exports by product group - 24.29 %.

3 - LLC "FOOD DEVELOPMENT" Share of exports by product group - 16.56%.

4 - PJSC "VMZ" ROSHEN "Share of exports by product group - 10.25%.

5 - LLC "SANDORA" Share of exports by product group - 6.05%.

- Most popular products: Kefir, milk, fermented milk, cottage cheese, sour cream, cheese, cream, milk powder.
- Products always count for middle class, huge present of domestic milk and milk products, as usually price is higher 2 times, than milk from shop.





Main type of Dairy products imported in Ukraine

- 90 thousand tons of dairy products were imported to Ukraine, of which 47 thousand tons of cheese. In milk equivalent, this is 1 million tons of raw milk, it is 30 % of milk produced in Ukraine for domestic consumption. Thus, dairy products worth \$ 300 million were imported to Ukraine. It is raise 149,3 %.
- Due to latest forecasts about import of dairy products for 2022:
 - Raise of import part for 710-715 Thousand tons
 - Decrease animal number in households
 - Enlarging of dairy farms
 - Decreasing price of raw milk on local market
- Local farmers are disappointed with import growth
- Creating law restrictions of free of charge import
- Investigation about importing companies

Trade barriers in Ukraine



- Existing contracts,
- lack of space on the shelves,
- availability of offers with low prices and appropriate product quality,
- short shelf life of some products and lack of marketing component of importing companies,
- end-user awareness of foreign products,
- low buying possibilities,
- unfair packaging raw milk,
- contra fact products,
- milk products unofficially supplied through border.

Best sellers for UA market:

- Raw milk,
- pasteurized milk,
- butter,
- yogurts with different tastes,
- creams in different packing,
- cheese, ice-creams soft.
- milk powder for consumption,

In current situation most selling country for Ukraine is Poland because of support of import activities and creating preferences, that local farmer doesn't have.

Conditions in Ukraine:

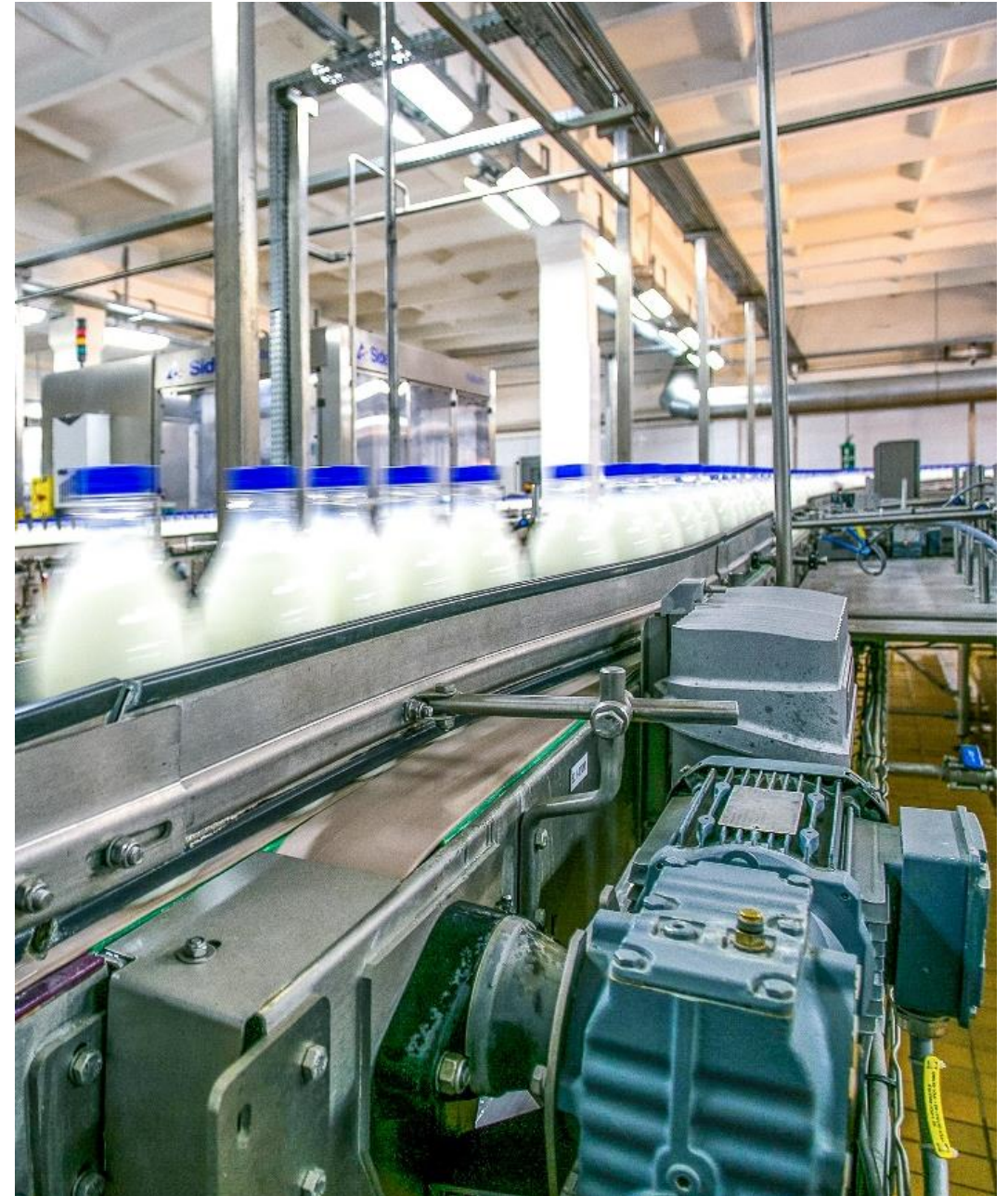
0% custom for EU origin

No Government support

0 subsidies for producers

Huge veterinarian barriers for new products

Certification barrier for new products





Advices for Czech companies

- Marketing research of offered CZ companies products
- Consider 30 days after payment, usually for big chains
- Permission for delivery, certification new product
- Local lobby of farmers interest
- Small volume of first orders
- Communication between CZ and Ukraine



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THANK YOU!

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