International Conference “Improving Integrity of Organic Supply Chains”

THE MARKET PERSPECTIVE: CHALLENGES AND OPPORTUNITIES

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ORGANIC MAP VS CROPS PRODUCTION CLASSIFICATION BY REGIONS

ORGANIC MAP OF UKRAINE

Status
01.06.2016

C станом на
01.06.2016

Legend:
Умовні позначення:

Number of Ukrainian organic operators per regions
Кількість органічних підприємств в Україні по областях

239(162)

48

Legend:
Умовні позначення:

9.5.1.3. - The number of organic operators in the region of Ukraine - 1
9.5.1.4. - Number of Crop Production Process - 2
9.5.1.5. - Number of Input Processes for Organic Applications - 3
9.5.1.6. - The number of organic operators in the region of Ukraine - 4
9.5.1.7. - The number of crop production process - 5
9.5.1.8. - The number of input processes for organic applications - 6

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The potential is ten times greater than the current capacity. The demand is much higher than the supply.

According to the calculations of experts in organic production, the cost of organic crop is lower on USD 200-400/ha than costs while using intensive chemical technologies, most of which (55-65% of total cost), consists of energy-intensive agrochemical products. Profitability of 1 organic export oriented hectare reaches 1-1.5 thousand dollars while applying complex agricultural production conditions and comply with optimal growth technologies.

"Super foods" crops provide even higher efficiency than classic cereals and legumes. Niches of organic nuts, berries, herbs, oilseeds and grains "that has become non traditional any more", such as spelt, buckwheat, millet, lupine and oats become more and more attractive for farmers to grow.

Organic hempseeds, amaranth and quinoa, pumpkin seeds production is new to Ukrainian organic farmers but have potential to develop.

Organic horticulture, vegetables and its processing is underestimated and due to growing demand from local market and abroad has all chances to develop in the nearest years.
ORGANIC OPERATORS IN UKRAINE BY CATEGORIES OF THEIR ACTIVITIES

ORGANIC STANDARDS OF DIFFERENT COUNTRIES APPLIED IN UKRAINE

EUROPE: EU Regulations

USA: NATIONAL ORGANIC PROGRAM (NOP), USDA

CANADA: Canadian Organic Regime (COR), CFIA

JAPAN: National Organic Standards of Japan

SWITZERLAND: Private standards of Association BioSuisse, Switzerland
ORGANIC EXPORT FROM UKRAINIAN COMPANIES

(only clients of UA Organic Standard certification body)


Countries of destination:

- Germany
- The Netherlands
- United Kingdom
- Switzerland
- Austria
- Italy
- Poland
- USA
- Canada

Vessel shipments are mostly done from Kherson and Odesa region in bulk with loading capacity starting from 2500-6000 mt
USA AND CANADA ARE BIGGEST COMPETITORS OF EU IN SOURCING ORGANIC GOODS FROM UKRAINE

1. Soybeans are the second-biggest U.S. organic import, with 31230,3 mt of organic soy imported from Ukraine in 2016.
2. Canadian traders has big demand for Ukrainian organic soya and purchase organic corn for processing or further shipments to USA.
3. Ukrainian traders think organic market in US and Canada is less strict in comparison with European regulations but more complex with documentation issues.
4. Ukraine has 55 enterprises NOP certified (16.09.17) and currently offering organic goods of competitive prices to USA and Canada.
CHALLENGES: COMPLEX ORGANIC SUPPLY CHAINS FROM UKRAINE THAT ARE NOT EASY TO TRACE

1 Farmer
- Production oriented
- Small organic volumes
- Linked to UA trader
- Storage near the field
- Payment 100% in advance
- EXW purchases in domestic currency
- Sells to UA trader

2 Farmer
- Producer farm visits
- Covering costs for Organic Certification
- Sponsorship and motivation
- Big volumes storage
- Consignments differentiation
- Variety of goods to offer
- Package
- Export
- Logistics

3 Farmer

UA Trader
- UA trader visits
- Import
- Big volumes storage
- Package
- Selling at EU market
- Re-distribution between traders

Number of EU Traders
- With or without import license
- Constant purchases
- Planned production for year
- In time deliveries
- Long-term contracts
- Big volumes
- Feed production

EU Processor
- Small volumes
- Feeding animals

Number of UA Farmers

1 Trader
2 Trader
3 Trader

EU final feed buyer
OPPORTUNITIES: NEW ELECTRONIC CERTIFICATES SYSTEM INTRODUCED BY THE EU
TRACES SYSTEM

Current situation vs. TRACES

Application of ITC/TC by exporter in client portal

CB approval

ITC/TC

TRACES

CB approval

Match CB

COI

CB

Importer

Importer

Source: Control Union
The 6th of April Ukrainian 29 organic sector operators, “ready to eat” food producers and processors together with players from other supporting industries, consultants, governmental institutions and universities from 11 regions have officially united to Ukrainian Organic Cluster (UOC) in order to become stronger and competitive at local and international markets!
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