

UKRAINIAN PRODUCTS: PROBLEMS AND PERSPECTIVES

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The question of food products and food industry in general will always be actual. Because food industry has always been one of the most important sectors, especially in Ukraine. It includes over 40 different industries (brewery, bakery, confectionery, dairy, fish etc.). Food industry has an annual turnover of \$ 19.496 million (in 2011), making up 15% of total industrial output. It generates direct employment for 13% of working population [3].

The studies of Balabanova H., Berezin P., Sabluk P., Shebanin V. were directed to solve the problems of products development and export.

Export of food industry makes up almost a quarter of total country exports. This is the highest level among neighboring countries. Industry import is 10% of total imports, which is similar to the share of food import in total imports of the Eurozone. The question of Ukraine and the European Union has become very actual in food industry. As Ukraine moves towards the free trade zone with the EU– high competitiveness of domestic products in this context promises to open new perspectives for food and processing industry and the economy as a whole. But in recent years the events are slowly killing the food industry and the export. That is why the problem of Ukrainian products is more than actual [3].

In 2012, Ukraine faced the first problem — the prohibition of the importation of Ukrainian cheese to the Russian Federation (this event is well-known as «Cheese war»). The reason for this war was the statement about the poor quality of Ukrainian cheese production, delivered by the chief sanitary doctor of the RF Gennady Onishchenko. In addition, Russia explained its action by the high level of imports of palm oil to Ukraine (although large amounts of this product was re-exported from Ukraine to the RF). «Cheese war» confirmed the high quality of Ukrainian cheese production. However, the loss of cheese producers was around \$ 300 million. Later on assistant secretary of the consumer rights in Russia decided to restrict imports of dairy products in Ukraine. At the same time, Russia banned Ukrainian pork, potatoes and also plant products. [1].

In July 2013 Russian customs officers began a sudden and unexplained inspection of all vehicles that were transporting Ukrainian products. This resulted the huge queue of trucks with goods, which had to stand on the border for a long time. In the morning of August 15 there were about 1000 trucks only on one of the control points [1].

Ukrainian political scientist, political strategist, analyst, director of the Institute of Global Strategies Vadim Karasev said: «The reasons for such action is the commitment of Ukraine to sign Association Agreement and free trade with the European Union».

The German Government called on Russia to respect the right of Ukraine to have close relations with the European Union. But the Russian Federation started the other war– «Chocolate war». The Russian sanitary service introduced a ban on the supply of Roshen products. Most analysts were inclined to think that «Chocolate War», as well as other trade and economic confrontation between Russia and Ukraine, caused by the reluctance of Ukraine to join the Customs Union.

According to Ukrainian experts, some Ukrainian producers through trade confrontation between Ukraine and Russia shifted to other markets [1].

The other problem of Ukrainian products is the problem of export to the European countries. As a former Soviet republic with many Russian speakers, Ukraine has obvious and important links to the east. Unfortunately for Ukraine's pro-European contingent, it turns out that the products which Ukraine currently exports to Russia are much more strategic for its growth prospects than those it exports to Western Europe. Russia buys not only food products, but also a diverse range of complex products from Ukraine (for example, steam turbines), for instance– while Western Europe buys relatively simple ones, such as honey.

In 2012, Ukraine's total export amounted to \$ 72.5 billion, the export to Russia was \$ 17.76 billion and the export to Italy (Ukraine's biggest export market in Western

Europe) was only about \$ 2.8 billion. In blunt terms, Europe simply doesn't want what Ukraine manufactures [3].

We think Ukraine can begin to solve the problem of export by agricultural development. Ukraine has an enormous potential for the development of agricultural productivity. This is mainly due to favorable natural conditions for agriculture: fertile soil, dominated by black dirt and a very favorable climate on the most of the country's territory. Nikolay Prisyazhnyuk, former Minister of Agricultural and Food Policy of Ukraine, has recently announced that the value of Ukraine's exports of agricultural products in 2013 amounted to \$ 18.2 billion, with an increase of \$ 5 billion (38.4%). The Ukrainian government plans to support a strong growth in processed food products export to the European Union, the Middle East and Asia countries [2].

In our opinion, to diversify and enjoy better prospects for the future, Ukraine has to promote not only its agricultural but also industrial growth. Ukraine must focus on the market of Europe and develop its food industry according to the European standards.

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