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EXPORT OPPORTUNITIES of the SUNFLOWER OILPRODUCT GROUP for UKRAINE

The food industry is not only the final stage of food production, but also an integrator for an effective functioning of the entire food complex. This is proved by a significant number of agricultural and farm enterprises, which profit not only from cultivation of agricultural products, but also from cooperation with processors. These enterprises even can process the products on their own. This process is mostly common for the private enterprises included into the fat-and-oil sector. Over the last 5 years, the fat-and-oil complex has evolved from a leading manufacturer into the world leader, which is in the first place in terms of production and export.

The fat-and-oil complex is characterized by the market structure of the industry. It is based on the foreign ownership of agricultural land for the production of raw materials, on the foreign ownership of raw materials, foreign ownership of production assets, foreign ownership of the result of processing (final products), and as a consequence –on the foreign ownership of margin accumulated in the final product, regardless of the geography of its acquisition. It makes no sense to consider the fat-and-oil complex to be a part of the national economy, since all its components are not owned by Ukraine.

According to the State Statistics Service of Ukraine, the production of the main sorts of oilseeds plants exceeded 18.32 million tons in 2017 in Ukraine.

Table 1

The results of the activity of the fat-and-oil industry of Ukraine, 2017

Indicator	production, mt	processing, mt	% processing	export, million tons
sunflower	12,236	13,2	107,9	0,037
rape	2,194	1,0	25,7	2,75
soy	3,89	0,2	9,3	2,118

Compiled with the source [1]

4.9 million tons of oilseeds (25.2% of the gross harvest) were exported valued at \$1.9 billion.

The experts note, that 34.4% of the gross harvest of rape seed was exported from the 2018 harvest in the period of July - August. The export growth during the corresponding period of 2017/18 is 155%. At such rates of export of rape seed, all rape seeds will be imported outside Ukraine until 2019 [2,3].

Ukrainian export is mainly focused on the EU, although the Asian, North African and Chinese directions are developing intensively in recent years.

Table 2

Geography of Ukrainian export of oil crop

Indicator	number	%
sunflower		
EU	28,9	77,5
Turkey	2,0	5,2
Iraq	0,86	2,3
Georgia	0,8	2,1
Lebanon	0,8	2,0
India	0,7	1,9
others	3,3	9,0
Total Export	37,3	18576 mln \$
rape		
EU	17,3	81,7

Pakistan	184,0	8,7
United Arab Emirates	52,5	2,5
Bangladesh	66,0	3,1
Israel	35,5	1,7
Iran	23,5	1,1
others	25,3	1,1
Total Export	2118,0	876,0 mln \$
soy		
EU	820,0	29,8
Turkey	745,13	27,0
Iran	339,5	12,3
Belarus	285,9	10,4
Egypt	271,0	9,9
Lebanon	160,23	5,8
others	134,3	4,8
Total Export	2,8	1031,7 mln \$

Compiled with the source [4,5]

Ukrainian sunflower oil is exported to 124 countries. Domestic production of oil-based products is growing slowly because of the export of raw materials: compared to the last year, production of margarine products makes up 5.3% in 2017/18. Soybean oil production has increased by 22.7%, rapeseed oil - by 22% *Table 3*

**Production of fat-and-oil products and export of oil
(without oil mills)**

Indicator	2017/18 MY	2016/17 MY	(thousand tons) %
sunflower oil unrefined (without oil mills)	4611	5340	86,4
soybean oil	196,8	160,4	122,7
rapeseed oil	81,48	66	122
refined sunflower oil	674,5	695,4	96,9
margarine products	226	214,6	105,3
mayonnaise and sauces	114,7	126,8	90,5
export of sunflower oil	5340,8	5843	91,4
soybean oil exports	191,1	177,1	108
rapeseed oil export	61	69,6	87,6

Compiled with the source [5]

As we can see, the production of processed products tends to decrease when the demand for soybean and soybean oil increases.

A modern enterprise should take into account the demand of the domestic market for the products of the fat-and-oil industry while working out an export strategy.

It is necessary to take into account the main trends of consumer-countries while planning the export to the following marketing year. In this case, Ukrainian processors should not only pay attention to the EU zone, but also use the purchasing capacity of the Asian region, in particular of China. Since animal husbandry is developing rapidly in China, sunflower meal is actively used for fattening. Since 2015, the work has been actively carried out because Chinese inspectors and operators inspect Ukrainian oil processing enterprises. As a result, a list of 24 sunflower meal producers eligible for export to China was approved and published. However, the demand is only growing and China even plans to revise the stringency of the requirements for phyto-sanitary certificates for these products.

The potential of some export directions is increasing due to Canada-Turkey free trade agreement. It is necessary to pay attention to these directions.

Having taken into account the above mentioned trends of the development of the market of oil and oilseeds in Ukraine, the following things should be noted: there is a synchronous growth of exports and the growth of production, respectively; sunflower oil makes up 76-78% of export; the geography of exports is expanding constantly; the markets of Europe, Asia and the middle East are the most promising and capacious; despite fluctuations, the drop in export prices for sunflower oil and the cost of raw materials remain unchanged; competition in the domestic market is characterized by the use of administrative and political resources.

For Ukraine today, the main ones are: diversification of production, product quality and the search for new markets. But the solution of these problems is impossible without taking into account global trends and the prospects for their future development. The main factors that will affect prices in subsequent years are China, India and trade barriers. One of the most promising markets for sunflower oil today is India, where consumption increases every year with population growth.

Sunflower oil, and Ukraine trading in raw oil, should be included in the premium segment - this is a top priority for the national producer. For the Ukrainian manufacturer, this means the need for product branding.

In the market of processing oilseeds protein flour is gaining increasing popularity, which is used for feeding in animal husbandry. The researchers are faced with the task of studying the possibility of increasing the amount of protein in sunflower flour, since this expands the possibilities of increasing the export of meal.

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