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4. The importance of export of Ukrainian confectionary products

Kristina Udvorgeli

National University of Food Technologies

Introduction: This article aims at assessing the importance of export of confectionary products for food industry income and state budget of Ukraine in general.

Resources and methods: The assessment of the importance of export of confectionary products for food industry and state budget of Ukraine was based on data of State Statistics Service of Ukraine and the work of A. Mamochka on features of the external economic activity of baking and confectionery businesses in Ukraine. For the assessment of export of confectionary products was used traditional analyze for researching the food industry of Ukraine and case-study for analyzing the situation of confectionary sector.

Results : Export of food processing industry makes up almost a quarter of total country exports. Production of cheese, confectionary, vodka, and beer has a significant part in export operations. Food industry is the third principal choice for Foreign direct investment (FDI) in Ukraine (after financial sector and metallurgical production). The total production of confectionery products is approximately 3% of GDP.

The confectionary sector is one of the most stable sectors of the food industry in Ukraine. It is characterized by steady growth and a relatively low level of sensitivity to economic downturns.

Confectionery products do not refer to essential commodities, that is why their demand is dependent on consumers income. The issue of increasing exports of domestic products of the food industry becomes relevant due to limited purchasing power of the population of Ukraine.

Almost half of Ukraine's confectionary products is exported. In 2011, exports of confectionery products totaled 438.8 thousand tons and didn't change significantly in 2012. However, export is limited due to bans established by the CIS Customs Union countries (Belarus, Kazakhstan, and Russia) via protective duties. It can have negative influence on export dynamics of confectionary sector if producers do not find new markets. The European markets remain closed until a free trade agreement with the EU is signed. Ukrainian entrepreneurs are not ready to pay high customs (35-48%). There is also a problem in difference in standards and certification of production [1].

Traditionally, the key export markets are Russia, Kazakhstan, Azerbaijan, Turkmenistan, Kyrgyzstan, Moldova, Georgia, Belarus and Latvia, while the main suppliers of sweet products to Ukraine are Lithuania, Russia, Poland, Italy, the Netherlands and Germany. The European Union and the Russian Federation markets have the greatest potential for increasing sales of Ukrainian confectionary products. And still Ukrainian confectionery sector is very dependent on export. Some Ukrainian enterprises open their own factories abroad to increase their profits.

The total production of confectionery industry is more than 1 million tons per year. In recent years, the dynamics of export exceed its import, evidenced by the growth of a surplus of export-import operations with confectionery products [3]. Hence it is possible to increase export of confectionery to \$ 2.5-3 billion, which can help reducing devaluation pressure on the currency, increasing tax revenues significantly and employment by 2% [2].

Conclusions: The confectionary sector is one of the most intensive and advanced sectors within the food industry. It is resistant to economic downturns and confectionery products continue to enjoy steady demand. Since the volume of domestic consumption of

confectionary products is sustainable in the medium term, and domestic demand for confectionary products is almost entirely met by national producers, increasing production is possible through increasing exports. This fact is very important for increasing enterprises income and GDP .

References

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Scientific supervisor: Galina Cherednichenko