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Ukraine



Ukraine increased domestic poultry production in 2010

According to the Chairman of the Board of Directors of the Association “Union of Poultry Producers of Ukraine” (UPPU), Alexander Bakumenko, in 2010 Ukraine increased domestic production of poultry by 9 percent up to 965,000 MT.

According to A. Bakumenko, today per capita consumption of poultry in Ukraine is 24 kilograms.

A. Bakumenko said that in 2010 poultry imports made up 150,000 MT. As for the export volumes, he said, the data would be published later.

According to the Head of UPPU, Association plans to expand exports of poultry meat in 2011.

He said that they are now actively working to get access to foreign markets and added that Ukrainian poultry companies had successfully passed European Union inspections.

Ukrainian poultry producers are negotiating to get access to the market of the Asian countries.

A. Bakumenko pointed out that poultry exports in the world account for nearly 8 million MT, 3 million MT of which are exported by America and Brazil. These countries are the major exporters and work virtually on all markets of the world. However, he believes that Ukrainian poultry producers do compete with them on price and quality. The only thing they are weak at is that Ukrainian embassies “do not work much” abroad.

In addition, Ukrainian poultry producers are planning to increase poultry supplies to Russia starting this year.

Sources: *Apk-Inform Information Agency* (www.apk-inform.com); *ProAgro Information Agency* (www.proagro.com.ua)
Translated by: *usapeec.kz*

Myronivsky Hliboproduct hopes to start poultry exports to the EU in 2011



According to MHP's Head of Investor Relations, Anastasiya Sobotyuk, Myronivsky Hliboproduct (MHP), the largest Ukrainian poultry producer, expects to receive European Commission approval for meat exports to the European Union later this year. She said that the company currently exports most of its poultry products to East European and Middle Eastern markets.

A. Sobotyuk also informed that MHP, a leading agriculture group focused on grain and potato growing as well as on poultry production, expects that in 2012 the Ukrainian Government will carry out the planned land reform in order to allow purchases of large plots of land, exceeding 3 hectares.

MHP is currently leasing its arable land from "thousands of individual small land owners". The London-listed MHP may also consider a secondary public offering on the Warsaw Stock Exchange. The company, however, doesn't foresee the need for a debt issuance on foreign markets "at least until 2015," Sobotyuk added.

Meanwhile, in 2010 MHP increased production of poultry meat by 26 percent - up to 360,000 MT vs. 285,000 MT produced in 2009. In addition, the amount of meat processing in 2010 made up 33,000 MT, that is an increase of 30-35 percent compared to the year 2009.

USAPEEC CAEE note:

The EU inspectors have audited Ukrainian poultry producing plants, including those belonging to MHP, several times already: in June 2009, and May, October and December 2010.

European Commission has concluded that in general Ukraine's quality control production standards for poultry and eggs destined to EU markets broadly meet the bloc's standards.

Source: *Feedinfo New Service* (www.feedinfo.com)
Edited by: *usapeec.kz*

Domestically produced meats cost higher than imported ones



According to official statistics, in Ukraine food prices increased by 11 percent in 2010, however, in fact the growth made up 30-100 percent. As a result Ukrainian consumers are reducing their expenses, and therefore, sales are falling.

Especially this concerns agricultural products. Such factors as expensive petrol and forage create a precedent when even bulk meat sales of Ukrainian products become more expensive than imported ones.

Now retail prices for chilled meat of Polish or Argentine production do not exceed USD 6.3 per kilogram. Offal meat is sold at USD 4.4-5 per kilogram. Ukrainian farmers state that with the introduction of new tax legislation and due to constant growth of costs, soon it will be impossible to compete with foreign producers, and nobody will be engaged in production of agricultural products as it will become unprofitable. And this happens despite the fact that the Ukrainian lands are the most fertile in the world.

Analysts believe that the destruction of agriculture in Ukraine is a long, but well-defined process.

Taking into account the growing global food crisis, Ukraine is becoming very attractive for foreign investors who understand that now land is a profitable investment. And such oil barons as Qatar, Saudi Arabia, which have only deserts at their disposal, would be very glad to acquire fertile lands and they are ready to pay big sums for Ukrainian lands. Analysts believe that Government officials favor such developments because they want to fill their wallets.

But they do not understand that by such actions they are destroying agriculture of Ukraine. And the only way out is to develop the legislation in a form which is beneficial for domestic producers. Or else prices for meat and other products will be uncompetitive.

Source: Kazakh-Zerno Information Agency (www.kazakh-zerno.kz); Translated by: usapeec.kz

In Q1 of 2011 selling prices for poultry meat may increase by 7-14 percent



According to the Chairman of the Board of Directors of the Association “Union of Poultry Producers of Ukraine”,

A. Bakumenko, in Q1 of 2011 selling prices for poultry meat will increase by 7-14 percent and will reach UAH 16 (USD 2). He said that selling prices should amount to UAH 16 (USD 2) per kilogram so that profits of poultry plants could make up at least 5-7 percent.

According to the Head of Association, in January 2011 selling price for poultry meat has dropped three times and now makes up UAH 14-15 (USD 1.8-1.9) per kilogram, which is below cost price.

A. Bakumenko also pointed out that all the components of cost price have risen – fodder, gas, fuel and if companies continue to work under such conditions (to work at loss), they will have to reduce volumes of poultry production. He believes that reduction of selling prices for poultry meat is caused by low purchasing power of consumers.

*Source: ProAgro Information Agency (www.proagro.com.ua)
Translated by: usapeec.kz*

The negotiations on free trade zone creation between the EU and Ukraine will be finished in summer 2011

According to the press service of the Government of Ukraine, the European Union intends to complete the talks on free trade zone creation (FTZ) with Ukraine by the summer 2011.

“The negotiations reached a higher level”, the Prime Minister of Ukraine Nikolay Azarov noted.

“Ukraine authorities will do everything possible to accelerate the negotiation procedures regarding conclusion of Association agreement with the EU and creation of FTZ as well”, the First Vice Prime Minister, Minister of Economic Development and Trade of Ukraine, Andrey Klyuyev said at a meeting with European Commissioner for Enlargement and European Neighbourhood Policy, Stefan Fule.

A. Klyuev expressed the hope that negotiation process will be finished this year. He also noted that Ukraine will sign the agreement on visa-free regime.

S. Fule praised the overall activeness of the negotiation process between Ukraine and the EU. He pointed out that in the process of intensive negotiations “many problematic issues are removed”.

Participants of the meeting discussed the basic mechanisms to accelerate the negotiation process and association of large-scale internal social and economic reforms in Ukraine with the process of adaptation of Ukrainian legislation to the EU standards. In particular, they talked about the additional capabilities of the expert assessment of new law bills, that are now being prepared by the Ukrainian authorities. A. Klyuev and S. Fule also discussed mechanisms to increase the efficiency of financial and technical assistance to Ukraine in the EU integration process.

Source: Apk-Inform Information Agency (www.apk-inform.com); Translated by: usapeec.kz

Ukraine and WTO. Any benefits for Ukraine?

According to Ukrainian Public Deputy Ksenia Lapina, Ukrainian business does not feel benefits from membership in the World Trade Organization (WTO).

She noted that the debates on whether it is beneficial or not for Ukraine to join the WTO have never stopped during all years of Ukraine’s membership.

“Perhaps the reason for this is that during all these years, Ukraine has not taken all the opportunities, advantages offered by membership in the World Trade Organization. Probably big businesses, which decide external issues on their own, have benefited in some way. But overall Ukrainian businesses haven’t seen any benefits and that country is a member of WTO for several years already”, she added.

According to her, after joining the WTO it was expected that legislative changes and executive decisions would become more predictable, and therefore, contribute to greater stability of the Ukrainian legislation. “However, this didn’t happen. As for example we’ve observed totally unexpected events with the grain export quotas, and other executive decisions”, she noted.

Ukraine became the 152th member of WTO on May 16, 2008.

*Source: MDOOffice News Service
(www.mdoffice.com.ua)
Translated by: usapeec.kz*

Cargill massive grain investment

Cargill has announced plans to invest USD 7 million in Ukraine to construct a new animal feed mill. The feed mill, which will be built in Kutsovka, marks the company’s entry into the animal nutrition market in Ukraine.

The mill has the capacity to produce, mix and pellet approximately 50,000 MT of bagged and bulk animal feeds per year. It is anticipated that the facility will be operational by the end of 2011. The new facility is expected to employ up to 40 full-time positions.

“By entering the animal nutrition market in Ukraine, we are expanding Cargill’s existing network of animal feed plants globally in order to meet the growing demands of the livestock industry,” says Dan Burke, Head of Cargill’s animal nutrition business in Europe. “In recent years, we have seen a significant increase in meat consumption and meat production in Eastern Europe. This investment will enable us to leverage our global expertise, technology and knowledge to support the growth of this renewed livestock sector in Ukraine.”

Once operational, the mill will distribute feed, under the Purina brand, to local dairy, swine and poultry livestock farmers through a dealer network. Cargill expects this network will be made up of over 100 dealers in three years’ time. While the mill is being built, Cargill intends to explore opportunities to help meet current local demand for animal feed.

Cargill has been based in Ukraine since 1991, and it has a significant presence mainly in the food and agricultural sectors, including grain and oilseeds origination and processing. With over 700 Ukraine-based employees, Cargill is one of the leading foreign investors in Ukraine. “With significant operations on the ground, we plan to draw on synergies from our established grain and oilseed business and to leverage valuable contacts and existing relationships built up by our long-term commitment to Ukraine,” says Malcolm Sayer, General Manager of Cargill’s animal nutrition business in Ukraine. “We are fortunate to have received strong ongoing support from both the agricultural community and government and we believe we have a meaningful role to play in this sector and, in the process, help raise rural GDP and support local farmers’ incomes.”

*Source: Meat Trade News Daily
(http://meatradenewsdaily.co.uk)*

Another Ukrainian poultry producing enterprise has been approved to export to Russia

On December 30, 2010 Rosselkhoznadzor (Russian VPSS) included into its list of enterprises that are eligible to supply their animal products to Russia, another 11 Ukrainian enterprises. LLC Complex Agromars, one of the largest poultry producers of Ukraine, is also included into the list.

USAPEEC CAEE note:

Thus, as of today, three Ukrainian enterprises are approved to export to Russia. Two of them belong to Myronivsky Hliboproduct.

According to Ukrainian Statistics Agency, during January-November 2010 Ukraine has exported to Russia about 95 MT of poultry worth USD 199,300.

*Source: MDOOffice News Service
(www.mdoffice.com.ua); Translated by: usapeec.kz*

Ukraine poultry import/export statistics*
Period: January-November 2010**

Partner Country	Import		Export	
	Value	Quantity	Value	Quantity
World	168,852.5	148,394.8	36,810.8	29,181.3
<i>America:</i>				
United States	103,647.1	88,233.0	---	---
Brazil	29.6	26.0	---	---
<i>Europe:</i>				
Belgium	13,335.2	12,215.7	---	---
England	6,981.8	6,460.5	1.3	0.2
Germany	13,696.6	11,718.9	6.8	1.2
Hungary	5,742.9	7,690.8	---	---
Italy	3,639.7	2,497.7	---	---
Netherlands	8,693.2	8,383.3	0.5	0.1
Poland	9,305.2	8,274.0	---	---
<i>CIS:</i>				
Armenia	---	---	1,082.5	708.6
Kazakhstan	231.2	113.2	21,635.0	14,255.2
Kyrgyzstan	---	---	633.0	422.2
Moldova	---	---	4,648.8	2,276.1
Russia	359.0	227.9	199.3	95.0
<i>Asia:</i>				
China			618.2	956.7
HongKong	---	---	1,510.5	2,286.2
Iraq	---	---	796.0	524.0
Georgia	---	---	1,881.8	1,124.4
Vietnam	---	---	3,150.9	6,070.1
<i>Other countries</i>	3,191.0	2,553.8	646.2	461.3
Value Unit: Thousands of USD; Volume Unit: MT				
* Source: State Statistics Committee of Ukraine.				
** Share of U.S. in total volume of poultry imports into Ukraine during January-November 2010 made up 60 percent.				