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TRENDS IN THE DEVELOPMENT OF THE DAIRY MARKET IN UKRAINE

Abstract. *The article analyzes the development trends of the dairy market in Ukraine. It is established that the dairy market of Ukraine is rapidly reducing exports and rapidly increasing the volume of imported products. The analysis of the state and dynamics of the milk market in Ukraine showed that the further development of the dairy industry depends on a number of internal and external factors.*

Keywords: *dairy industry; export; import; dairy products.*

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ТЕНДЕНЦІЇ РОЗВИТКУ РИНКУ МОЛОКОПЕРЕРОБНОЇ ГАЛУЗІ В УКРАЇНИ

Анотація. *У статті проведено аналіз тенденцій розвитку ринку молокопереробної галузі в Україні. Встановлено, що молочний ринок України швидкими темпами скорочує обсяги експорту та швидко нарощує обсяги імпортової продукції. Проведений аналіз стану і динаміка розвитку ринку молока в Україні, показав, що подальший розвиток молокопереробної галузі залежить від низки внутрішніх та зовнішніх чинників.*

Ключові слова: *молокопереробна галузь; експорт; імпорт; молочна продукція.*

Problem statement. The dairy industry plays an important role in the food industry of many countries. Given the fact that dairy products are indispensable human food, trends and prospects for its development do not lose their relevance. In addition, the export competitiveness of the dairy sector on the world market is a decisive factor for Ukraine's economy in the global marketing environment.

According to the FAO [1], world milk production in 2019 reached 852 million tons, which shows a positive trend (+ 1.4%) compared to 2018. This trend is mainly due to increased production in India, Pakistan, Brazil, the European Union and Russia. Ukraine is also one of the key countries exporting dairy products in the northern hemisphere. At the same time, the statistics for 2020, unfortunately, show a disappointing trend of declining export volumes by 4.1% compared to 2019 (table 1).

Table 1

Dynamics of export volumes of dairy products for 2019–2020 of the key exporting countries of the northern hemisphere

	Key exporting countries of the northern hemisphere			
	Years, thousand tons		± until 2019	
	2019 p	2020	%	thousand tons
EU-28	133,276	135,577	1,70%	2,301
USA	82,786	84,37	1,90%	1,584
Ukraine	8,367	8,024	-4,10%	-343
Belarus	6,217	6,538	5,20%	321
TOTAL	230,646	234,508	1,70%	+ 3,862

According to the Organization for Economic Co-operation and Development (OECD), the dairy sector will remain one of the fastest growing. Thus, the study of trends in the market of the dairy industry in Ukraine becomes relevant.

A review of recent papers and unresolved part of problem. The problem of studying the efficiency of the agricultural sector is widely cover in the works of famous Ukrainian

researchers (G. Andriychuk, I. Arkhipenko, P. Haidutsky, O. Popko, A. Ponomarenko, V. Mesel-Veselyak, O. Pimenova, P. Sabluk, G. Filyuk, etc.) [4, 5]. Much less attention is paid to the analysis of the level of competition in agricultural markets. Some aspects of this question are revealed in the works of I. Gutorova, Y. Palkin, Y. Ulyanchenko, I. Yatsiv, and others.

Research objective is to study trends in the dairy market in Ukraine.

Statement of basic materials. The analysis of export and import of dairy products in Ukraine showed a significant reduction in the number of exports in almost all categories and an increase in the volume of imported products in the domestic Ukrainian market. Thus, in 2020, compared to 2019, exports of whole milk powder decreased by half, and exports of butter fell by 42.5%. Among all categories of analyzed dairy products, only condensed milk and milk powder with fat had a slight upward trend. Among the main importers for Ukraine are Moldova, Kazakhstan, Georgia, Kyrgyzstan and Turkmenistan (Table 2).

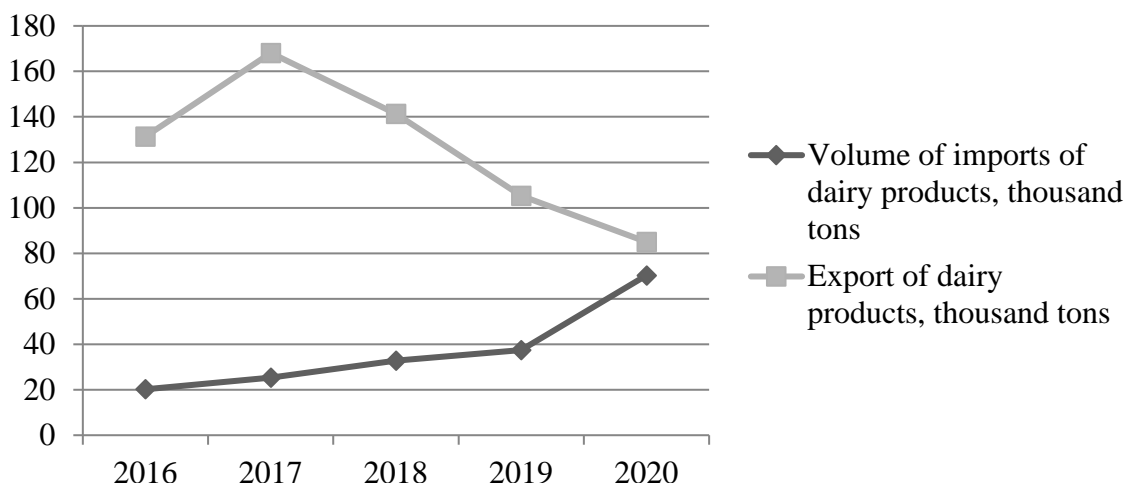
Table 2

Exports of dairy products for 2016–2020, thousand tons

EXPORT, thousand tons	TOP-5 importers	2016 year	2017 year	2018 year	2019 year	2020 year	2020 до 2019%
Milk and cream (HS 0401)	Moldova, Libya, Georgia, Philippines, Poland	11	14	21	21	16	-24,20%
Cheese (HS 0406)	Moldova, Kazakhstan, Egypt, Georgia, Azerbaijan	8,1	9,1	8,4	6	4,8	-19,50%
Condensed milk (HS 040291 + 040299)	Turkmenistan, Georgia, Armenia, Moldova, USA	16	14	8	6	6,4	6,10%
WMP (whole milk powder – HS 040221 + 040229)	China, Israel, Armenia, Kuwait, Poland	2	3,9	4,2	8,1	3,3	-58,80%
SMP (skimmed milk powder – HS 040210)	China, Bangladesh, Georgia, Armenia, Philippines	34	29	23	19	14	-23,70%
Casein (HS 350110)	Poland, Germany, the Netherlands, France, Latvia	6,2	7,1	7,8	5,2	5,1	-0,60%
Butter (HS 0405)	Azerbaijan, Moldova, Georgia, the Netherlands, Israel	12	30	30	16	9,4	-42,50%
Milk powder with fat (FFMP) (HS 190190)	Kazakhstan, Georgia, Kyrgyzstan, Moldova, Turkmenistan	42	61	39	24	26	7,50%
TOTAL		131,3	168,1	141,4	105,3	85	-19,3%

Source: built according to [2, 3].

The overall decline in dairy exports in 2020 compared to 2019 was 19.3%. In Fig. 1. It can be seen that, starting from 2017, unfortunately, there is a trend of a sharp decline in exports of the dairy industry.



Source: built according to [2, 3].

Fig. 1. The total volume of exports and imports of dairy products in the dynamics for 2016–2020

A completely different situation is observed in the trends in the volume of imported products. Imports of butter increased more than 4 times compared to 2019, mainly due to imports of products from the Netherlands, Poland, Germany, France and New Zealand. The volume of imported cheeses and condensed milk also more than doubled. The main cheese-exporting countries for Ukraine are Poland, Germany, France, the Netherlands and Italy. Condensed milk was imported from Belarus, Poland, Germany, Belgium and Switzerland. Only the volume of imports of infant formula had a slight downward trend (table 3).

Table 3

Imports of dairy products for 2016–2020, thousand tons [5,6]

IMPORTS, thousand tons	TOP-5 exporters	2016 year	2017 year	2018 year	2019 year	2020 year	2020 to 2019%
Cheese (HS 0406)	Poland, Germany, France, Netherlands, Italy	7,1	10	14	18	38	115,40%
Condensed milk (HS 040291 + 040299)	Belarus, Poland, Germany, Belgium, Switzerland	0,8	1,2	1,1	1	2,2	124,80%
Butter (HS 0405)	The Netherlands, Poland, Germany, France, New Zealand	1,1	0,8	1,1	2	9,3	368,40%
Infant formula (HS 190110)	Poland, Switzerland, Germany, Netherlands, Slovenia	5,1	5,8	6,2	5	5	-0,70%
Yogurt (HS 0403)	Poland, Belgium, Germany, Greece, France	2,6	3,6	4,9	5	8	60,90%
Milk powder with fat (FFMP) (HS 190190)	Italy, France, Germany, Poland, Great Britain	3,5	3,9	5,5	6,4	7,8	22,80%
TOTAL		20,2	25,3	32,8	37,4	70,3	87,97%

Source: [5, 6].

Such disappointing trends pose a rather large threat to Ukrainian producers in the long run. In addition, quotas within the framework of the association with the EU for the supply of dairy products should be taken into account: in particular, the quota for 2.4 thousand tons of butter, 3.6 thousand tons of milk powder, etc.

Conclusions and recommendations. Thus, the analysis of the volume of exports and imports of dairy products showed that, starting in 2018, the dairy market of Ukraine is rapidly reducing exports and rapidly increasing the volume of imported products. This trend is mainly due to the loss of markets in Russia and Belarus, which negatively affects both Ukrainian producers and the foreign trade balance. The analysis of the state and dynamics of the milk market in Ukraine showed that the further development of the dairy industry depends on a number of internal and external factors.

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