

## **Institute of Horticulture of NAAS Perspectives of export of fruits from Ukraine**

**Goal.** To substantiate prospects of export of fruits from Ukraine and possibilities of diversification of external sales channels. **Methods.** Monographic, balance, constructive-calculation, correlation-regression analysis, etc. **Results** The analysis of the structure, export trends and its place in world commodity circulation has been analyzed. **Conclusions** In the future, the growth of fruit exports is expected due to the expansion of apples and walnuts, the establishment of international trade relations between commodity producers and the organization of regular sales channels on the world market.

*Key words:* market, fruits, export, production, demand, supply.

In Ukraine, the soil-climatic conditions are favorable for the cultivation of fruits both for the maintenance of the domestic market and for the successful conduct of foreign trade. In the former USSR, Ukraine was considered to be the republic with the most developed industrial gardens, where about 35% of fruits were produced, and it was ineptly called "farmer". However, in the period of the decline of the industry (1990 - 1999) and its formation (from 2000 to the present), the needs of the population remained insufficiently satisfied - by 20 - 74%. In 2000 - 2013, export deliveries in production made only 4 - 10%. It should be noted that the world market is almost already formed, therefore the promotion of domestic fruits and the consolidation of positions requires substantial efforts for individual enterprises and the industry as a whole. The development of domestic trade in domestic fetuses is constrained by the ineffective functioning of the domestic market of these products, in particular the lack of a stable supply, competitive standard fruit lots, and organized infrastructure. Given this particular attention deserves the study of the development of the gardening industry and foreign trade in fruits.

The problems of the development of the field of gardening, the formation of the general offer of fruits and berries, and the efficiency of the channels of implementation are attached to the works of L.O. Barabash, O.Yu. Ermakova, T.A. Markina, VA Rul'ev, GM Satina, L.P. Simirenko, D.F. Chukhna, O.M. Shestopala, PG Shitta, AI Shumeyka, V.V. Yurchyshyn and other scholars. However, due to changes in the financial support of the industry, requirements for the quality of products, conditions and partners in trade are in need of in-depth studies of the structure and trends of fruit exportation from Ukraine and individual countries, as well as in determining the prospects of domestic fruit exports and potential buyer countries.

The purpose of the research is to substantiate the prospects of export of fruits from Ukraine and the possibility of diversification of external sales channels.

**Research methodology.** The studies were guided by methodological approaches to the study of food market conditions [6]. The basis of the research was a dialectical method of knowledge of market processes and a systematic approach to studying the problems that arise during the movement of fruits from commodity producers to consumers.

**Research results.** With the accession of Ukraine to the WTO, there were prospects for improving foreign trade relations and entering the world market. According to the classical understanding, the export of products increases with the increase of domestic production, remains constant or decreases if it is directed by other channels of sales. The following situation is observed in the fruit market: with an increase in production by 1.4 times in 2013 compared with 2009, their export deliveries shrank by 1.6 times (Fig. 1). The decrease was mainly due to a reduction in the export of apples by 5.4 times (Table 1).

On average, in 2009 - 2013 their share in the structure amounted to 50.4% (45.2 thousand tons). Note that for a long time (2009 - 2013) there is a tendency towards an increase in the import of apples from Poland, which is their main importer in Ukraine (87 - 97%), their exports to Russia are increasing and vice versa (Fig. 2). Much of the Polish apples imported into Ukraine are re-exported to Russia. This is explained by the fact that Polish apples are cheaper than domestic and have corresponding qualitative parameters. In addition, they are imported in large batches, have appropriate packaging, which is of increased interest in

the purchase of their supermarkets. Expansion of domestic apples production by 5 - 18% in 2009 - 2013 did not significantly affect the formation of fruit export volumes.

Russia is a promising consumer of Ukrainian fruits as a neighboring country, and also because most of its territory is considered to be unfavorable to their cultivation under climatic conditions. Domestic fruits can be competitive in the Russian market in the presence of standard production lots of high quality and lower prices. However, given the significant state financial support of the producers of fruits of other countries, say Poland (state subsidies for gardening depending on the configuration of the territory and the type of trees are provided in the amount of 1075-1755 euros per hectare), it is still difficult to achieve this [2].

In 2013, in the structure of fruit exports, the largest share was occupied by nuts - 65.4%; apples, pears and quinoa - only 23.1% versus 37-69% in previous years; Apricots, cherries, sweet cherries, peaches, plums - 9.7% (Table 1). It should be noted that export deliveries of walnuts are formed at the expense of households that are their main producers (99.9%). In 2013, the value of exports of fruit decreased by 1.5 times compared to 2009, mainly due to their reduction by 2.1 times, with the increase in crop yield in Ukraine, grain prices decreased by 13.5% (2, 6 UAH / kg), nuts - 3.3% (19.6 UAH / kg).

In 2013, the main buyers of fruits in Ukraine were: apples - Russia (10.6 thousand tons, or 97.3%), walnuts - Russia, Romania, France, Iraq, Iran, Turkey (20.1 thousand tons, or 63.6%). Obviously, Russia is the leader in purchasing Ukrainian fruits. Given the events taking place in eastern Ukraine and the overall economic situation, it is necessary to diversify external sales channels in order to avoid future economic risks.

It is expected that with the growth of domestic production, the export deliveries of fruits in 2020 will amount to 292 thousand tons and will be formed predominantly at the expense of apples and walnuts [3, 4]. The geography of fruit sales will change for the benefit of European countries. In particular, apples are in high demand in Germany, the United Kingdom, Spain, which are EU members [7 - 9]. On the average in 2007 – 2011, these countries imported fruit 638, 476 and 242 thousand tons, Given the formation of a Deep and comprehensive free trade area (DCFTA) with the EU in the long term they can be beneficial partners for Ukraine in foreign trade of the fruits. Among the most exposed among countries, the greatest effect for the domestic governmental producers will give the cooperation with Germany, which geographically self-contained accommodates - in the near future, and sales prices of apples are higher. The main competitors in the foreign trade activities of Ukraine is China, which exports 1034,6 thousand tons of apples (12.5% of world exports), Italy — 976,1 (11.8 per cent), USA — 833,2 (10%), France — 726,6 (8.7 per cent), Poland — 532,1 thousand tons (6.4 percent). Together, these countries form 50% of export deliveries of apples at \$ 3.9 billion. This represents 54% of the total value of world trade.

To characterize the level of competitiveness of domestic fruits in the world market the place of Ukraine in world exports of fruits (tab. 2).

During 2007 – 2011, Ukraine's share in the global turnover of the fruit was only 0,12 – 0,40%. The main place in the structure - round occupied Greek nuts — 6,22 – 11.04 per cent. In the last 3 years indicators have improved significantly: in exports of domestic fruits increased 2 – 3 times, and their share in global turnover is 1.5 – 2 times. On the domestic and world markets SPO - Stargates significant price difference in fruits (tab. 3). Export prices of domestic fruits practical for all types significantly below world, say, for apples — 2 – 3 times. And only in 2007 the price of walnuts PE - residual world 29%. This situation is due to poor marketing policy of Ukrainian producers. Prices on domestic export deliveries of fruits can also underestimate the commercial structures, which purchase their main share in agricultural enterprises (up to 50%) at rather low wholesale prices - 2 - 3.5 thousand UAH per 1 ton. In the absence of efficient storage technologies, agricultural enterprises are trying to realize a significant amount of fruit quickly and with minimal loss of production.

## **Conclusions**

In the future, it is anticipated that fruit exports will increase due to the expansion of apple production by agricultural enterprises, in particular, household products and walnuts of the households, the establishment of international trade relations between commodity producers and the organization of regular sales channels on the world market. In the context of the EU-EU Partnership with the EU, priority is given to the partnership in foreign trade with Germany, the United Kingdom and Spain. However, in this direction Ukraine has strong

competitors in the global fruit market - China, Italy, the USA, France and the neighboring country of Poland. Domestic fruits are more competitive on the world market, and prices for them practically in all types are 2-3 times lower than in the world. However, this is primarily due to the very low level of purchasing prices in agricultural enterprises due to insufficient development of the sphere of storage and processing of fruits, and the inefficient use of logistics in marketing strategies.

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