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MARKET OF ORNAMENTAL PLANTS OF UKRAINE IN CONDITIONS OF ECONOMIC CRISIS

The purpose. To study features of the market of ornamental plants of Ukraine in conditions of economic crisis of 2014 – 2015. **Methods.** Problem-and-analytical and statistical; directive and account materials of official bodies in branch of ornamental plant growing are studied. **Results.** It is fixed that because of crisis volumes of expenditures for purchase of imported ornamental products decreased almost for 90%, while volumes of purchase of products in documentary mass — only for 33 – 40%. That testifies to purchase of low-cost goods of prognosticated low quality. Own production in money supply remained more stable. **Conclusions.** Analysis of dynamics of the market of ornamental plants, in particular redistribution of assortment and its cost testifies to positive trends of the further development of the market.

Key words: ornamental plants, assortment, trade channels, import, own production, market.

Formulation of the problem.. World export volume of only flower crops was at the beginning of our century about 20 billion € per year (1), almost half of which were from the Netherlands (2); in the structure of the agricultural production ornamental plants traditionally occupied a prominent position. For example, the total production of ornamental plants in the US was during this period around 58 billion dollars per year (3); in Canada this segment is the most important agricultural sector, 40% of total production and exports of these products reached 340 million Canadian dollars (4). In Ukraine production of ornamental plants for many years under authority of the Ministry of Housing, was utilitarian and not the market. In our previous publication (5) covered stages of the relatively new segment of agriculture – production of ornamental plants - in the first

decade of our century; it was marked brisk development of new ornamental nursery crops, growth in their production, corresponding growth in the young market of ornamental plants, taking into account the increasing imports. The processes regarding the sustainable development of this segment suffered due to the economic crisis of 2014-2015 years. Logical losses, but estimate their size and after effect requires separate consideration is critical for predicting future scenarios.

Purpose of the article - market analysis of ornamental plants in Ukraine, it changes under the economic crisis and assessment of possible further development.

Research methods. Problem's – analytical and syntetical methods , statistical analyzes on the subject of research (6).

Results and discussion. Over the past 15 years in Ukraine has developed market of ornamental plants (7), which provide products for domestic and foreign manufacturers, and its distribution is through garden centers, supermarkets, specialized firms and shops, and street vendors (Table 1).

Table 1. The distribution of ornamental plants for sale institutions, %

Sale institutions	Cut flowers	Pot flowers	Perennial ornamental plants	Ornamental trees and shrubs
<i>Specialized stores</i>	38	40	20	10
<i>Supermarkets</i>	5	5	5	5
<i>Garden centers</i>	8	10	45	80
<i>The market and street trading</i>	49	45	30	5

According the dates, the smallest share of the sale of plants as related products accounted for supermarkets, 80% of the trees and shrubs are sold in garden centers, there too - 45% of perennial herbaceous plants, specialized stores focused on cultures of potted and cut flowers ; the last half is sold through street trading.

Before the crisis of 2014-2015 years the Ukrainian market of ornamental plants increased almost tenfold, to about \$ 150 million, and tended to a gradual decline in the share of imports (from 87% to 43%) on aphids corresponding increase in domestic product. The next economic crisis, which was accompanied by a sharp jump of foreign currencies and falling GDP on domestic production affected only small, its volume at constant prices of 2010 declined by only 4% (Table 2). In the structure of production there was a redistribution: increasing of proportion of cut flowers, roses in their structure took almost 98%; instead this decreased on 3 times the proportion of decorative tubers and bulbs, 2.5 times - planting flower crops, on 36% - potted plants and 23% - of ornamental trees and shrubs.

Table 2. The production of ornamental plants by Ukrainian agricultural enterprises, thousand UAH.

Ornamental plants	2013	2014	2015
Flower seedlings	48040	37532	37166
Tubers, bulbs etc.	1896	252	601
Perennial flower seedlings	13673	14301	5372
Trees and shrubs	16796	13451	12912
Potted flowers	41396	28099	26581
Cut flowers	320933	353289	343222
-roses	311186	347151	338006
-carnations	9	57	0
-other flowers	9738	6081	5216
Total	442734	446924	425854

Possible factor of these changes may be relevant changes in the structure of import of ornamental plants, that was conducted more detail in the interval 2013 - 2015 years (Table 3). Note that some statistics on ornamental trees and shrubs in Ukraine are not available, but define them indirectly and with a certain tolerance can be. During this period, imports of

plants by commodity group 06 (live trees and other plants, bulbs and other parts of plants, cut flowers, etc.) except for trees and shrubs with edible fruits, seedlings of grape and mushroom mycelium were respectively \$127 899 - 59 162 - 14 590 thousand. Except the data of table 2, a rough imports of ornamental trees and shrubs is \$ 26052 - 12600 - 3529 thousand. It should be noted, that these position consists from finished products and plants material in container P9, which for example Italian producers are selling by 1.1-1.3 €. Thus, imports of ornamental trees and shrubs for 3 years decreased in money equivalent to 7 times, while in flower production it fell in 89.1%. At the same time, the share purchase of tubers in the resting stage in monetary terms doubled, rose bushes – increase three times, while the share of cut flowers fell from 72.4 to 59%. So our company engaged in import of ornamental plants in the crisis shifted to reduce purchases of finished products, giving preference to the start material for its cultivation (bulbs, tubers, rose bushes); this trend can be an important factor in the recovery of domestic production. And more important is information provided in the table on the quality of purchased plants. If the cost of purchasing bulbs and tubers in the resting stage decreased by 77%, in the mass of acquired less than 40% by average purchase price per unit of product: it fell from 0.2 to 0.98 dollars. Even more sensitive data concerning this product in the flowering stage - the cost of purchasing dropped ten times, and acquired weight - only 33%, with a corresponding fall in the average unit price of 6.5 to 0.92 dollars. This trend is analogical by import of bush roses (purchasing costs decreased threefold, commodity supply - by 40%, unit price - twice) and cut flowers. Purchase the latest in quantitative terms declined by 62%, while roses was purchased less than 4.5 times, and their average unit price has changed from \$ 0.55 to 0.12 . Instead, the share of imported cheaper flowers - carnations and chrysanthemums - increased significantly. Thus, the main trend behavior of domestic firms - importers of ornamental plants in the crisis was the shift in purchasing start products of manufacturing (rose

bushes, tubers and bulbs in a resting stage) more cheaper production of cut flowers, with an overall significant reduction in the unit price by likely the low quality and innovation in the market.

Table 3.

Ukraine's import of flowering plants

Product	2013		2014		2015	
	pieces	\$	pieces	\$	pieces	\$
Tubers, bulbs in rest	48846		25355		29140	2250
	9765,8		4408,9			
- hyacinths	1740,9		1140		820	
- daffodils	375,9		198,5		100	
- tulips	2020		1048,8		1240	
- gladiolus	343,9		121,3		88,8	
	40985,8		19014,5		24530	
	5318		2109,4		1770	
	4099,2		4159,9		2550	
	727,7		355,5		123	
Tubers, bulbs flowering	1163		1278,1	4381	1128	1040
	10909,9		thousand kg		thousand kg	
	thousand kg					
Rhododendrons, azaleas	910,6		383,4			98
Roses shrubs	2190,9		1451,4		1485	
	2239,7		1526,6		700,5	
Flowering plants for greenhouse	1614,9		1456,2		922	
	4261,6		2291,7		547,6	
	thousand kg		thousand kg		thousand kg	
Cut flowers	148851	73759	102012		57430	6430
-roses	67907,3		33570,9		14990	
-carnation	37734,5		36013		1820	
-chrysanthemum	49257,4		14711,0		24330	
- orchids	11323,7		41436,2		1680	
	31091,5		5755,9		17670	
	11891,9		23978,7		1680	
	585,2		7918,3		261,4	
	2029,5		379,2		93	
			531,7			
Total	101846,6		46562,5		11066,1	

Search for markets with cheap products of ornamental plants should lead our company in China, where the party with long stem rose from 500 units sell by 0,15- 0,17 dollar, but it has not happened, perhaps because of high transport costs; this is evidenced by the following table 4.

Despite the crisis, the Dutch monopoly position in the supply to Ukraine tubers and bulbs, flower crops for greenhouse has not changed. More noticeable changes have occurred for cut flowers. The Netherlands and Africa retained its share of imports of cut flowers, however monopoly of Kenya in Africa is finished. The Americas represented Ecuador and Colombia reduced its share of imports of these products almost tripled, instead, Turkey has expanded its presence in Ukraine, due to cheaper carnations. Thus, the cost of transporting of ornamental plants now, even with their low cost, are crucial.

In special domestic sources relatively popular are arguments, that the retail price of ornamental plants is too dependent on spending not only for transportation but also for customs clearance, so that it differs from the purchase of 100-150%. If on the influence of the first factor can agree, the existing tariffs are unlikely to be decisive in retail prices of ornamental plants (8). The highest rates currently set to spray rhododendrons and azaleas (20%), flowering plants for greenhouses, other plants for open soil, including ornamental trees (15%), but even they are unlikely to significantly affect the final price of products. Even lower tariffs on cut flowers (summer, autumn - 10%, winter, spring - 5%) and bulbs and tubers (5%). It can be assumed that the increased attention of many our specialists to tariffs is likely the result of in many years non-transparent customs, which only now is gradually transformed.

Table 4.

Geography of imported flowering plants in Ukraine, in 2013 and 2015

Product	2013	2015
Bulbs, tubers in resting stage	<i>Europe – 100% including Netherlands-100%</i>	<i>Europe – 100%, Including Netherlands-100%</i>
Bulbs, tubers in flowering stage	<i>Netherlands – 99%, Asia – 1%</i>	<i>Netherlands – 100%</i>
Rhododendrons, azaleas	<i>Europe – 100%</i>	<i>Europe – 100%</i>
Roses bushes	<i>Europe – 90,1% (76% Netherlands) Asia (China) – 9,1%</i>	<i>Europe – 100%</i>
Flowering plants for greenhouse	<i>Netherlands – 100%</i>	<i>Netherlands – 100%</i>
Cut flowers	<i>Netherlands – 36,2% Asia - 11,4% (from this Turkey - 94%) Africa -4,1% (all - Kenya) America – 43,1% (from this 64% Ecuador and 36% Columbia)</i>	<i>Netherlands – 40,3% Asia – 39,3% (practically all – Turkey) Africa – 4,6 % (from this Ethiopia 55 and Kenya- 45%) America – 15,8% (from this Ecuador 65% and Columbia 35%)</i>

The imported products and domestic production summary demonstrated the potential market size of ornamental plants in Ukraine during 2013 - 2015 years (Table 5).

Table 5

The potential volume of the domestic market of ornamental plants, millions UAH.

Component of market	2013	2014	2015
<i>Domestic production</i>	442,7	446,9	425,9
<i>Including cut flowers</i>	320,9	353,3	343,2
<i>Import (for exchange rate)</i>	815,2	558,7	265,6
<i>Including cut flowers</i>	588,8	403,2	153,6
<i>Total market potential</i>	1257,9	1005,6	691,5

In 2013 the total potential volume of sales of ornamental plants was about \$ 1.3 billion, after 2 years it fell by almost half. Despite this, an important fact is that 61% of this production was domestic, while in 2013 its share was only 35%; presence in the market of cut flowers produced was even higher - 69%. As for the actual volume of sales of ornamental plants, they during the 2013-2015 were: wholesale 703 - 373 - 466 million UAH., retail sales respectively 405 - 401 - 397 million UAH. The comparison of these data with the table 5 indicate, that in the first two years much of ornamental plants was not sold at all - most likely this is primarily perennials culture. This disparity in 2015, when the financial capacity decreased both sellers and buyers, significantly leveled off, but for example the annual cost of a buyer to purchase cut flowers , have become scarce - about 12 UAH.

Conclusions.

At the beginning of our century in Ukraine gradually formed the modern market of ornamental plants, which for 15 years has twice suffered from the economic crisis. Both times, the market there was a significant redistribution of production, but if in the first case greatly increased the proportion of imported products (cut flowers), in the second case it was fallen, and in the market together with cheaper cut flowers like carnations and chrysanthemums prominent place occupied cut roses of domestic production. Thus, the second economic crisis has a positive impact on the recovery of domestic production, although its volume compared with other countries too low, because as appropriate purchasing power of the population and a number of regulatory issues.

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