Current state and determination of prospects for the development of organic production in Ukraine

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We are working on research work carried out at the expense of the general fund of the state budget of Ukraine "Legal provision of food security and rational land use in the implementation of organic production on the path to European integration"
Ukraine now ranks 20th in the world and 12th in Europe in the area of land occupied by organic agriculture.

Over the past 5 years, organic production has increased by 90%, the area of organic agricultural land has increased from 260 thousand hectares to 468 thousand hectares and is 1.1% of the total area of agricultural land in Ukraine.

**In 2020**

- there were 722 organic market operators, of which 544 are certified organic producers.
- in total, 7,850 tons of organic products of own production worth about UAH 709 million were sold on the domestic market. (equivalent to USD 25.1 million at the NBU exchange rate as of December 31, 2020).
- exports of organic products from Ukraine amounted to 204 million US dollars.
- Ukraine ranked 4th among the largest countries exporting organic products to the EU
Today the following are actively functioning:

- project "German-Ukrainian cooperation in the field of organic farming"
- EU project "Support to the implementation of agricultural and food policy in Ukraine"
- Swiss-Ukrainian program "Development of trade with higher added value in the organic and dairy sectors of Ukraine"
Ukraine as an agrarian country has great potential for the development of organic agriculture. A wave of interest in Ukrainian land is already rising, including from foreign investors, who are attracted by the unique ratio of the following favorable conditions for the development of organic agriculture:

- anthropogenic pollution is not continuous throughout Ukraine. There is still a share of lands is relatively "clean", the level of pollution of which is much lower than in Western Europe;
- Ukraine has the highest employment in Europe in agricultural production (18% of workers), as well as relatively low wages, which can be attributed to the competitive advantages of the newly created industry;
- export attractiveness due to the proximity to the European Union market;
- the possibility of expanding the domestic market, as the actual area of organic agricultural land is not inferior in size to most European countries, and domestic consumption of organic products per capita lags far behind the European average;
- the possibility of accumulation of large tracts of land by concluding agreements on land (lease, emphyteusis, joint activities);
- low level of land rent payments.
Legal support of organic production

- Law of Ukraine "On the basic principles and requirements for organic production, circulation and labeling of organic products" dated 07.10.2018
- Resolution of the Cabinet of Ministers "On approval of the Procedure (detailed rules) of organic production and circulation of organic products" dated 23.10.2019
- Resolution of the Cabinet of Ministers of Ukraine "On approval of the Procedure for maintaining the State Register of operators engaged in production in accordance with the legislation in the field of organic production, circulation and labeling of organic products, State Register of certification bodies in the field of organic production and circulation of organic products, State Register of Organic Seeds and planting material" dated 12.02.2020
- Resolution of the Cabinet of Ministers of Ukraine "On approval of the Procedure for certification of organic production and / or circulation of organic products and amendments to the resolution of the Cabinet of Ministers of Ukraine of October 23, 2019 № 970" dated 21.10.2020
- Order of the Ministry of Economy "Procedure for maintaining the list of foreign certification bodies, which determines the procedure for making, refusal to add foreign certification bodies to the List of foreign certification bodies and making changes to it" dated 26.05.2020
- Order of the Ministry of Agrarian Policy "Procedure for confirming the special knowledge of the inspector for organic production and / or circulation of organic products in the field of organic production" dated 19.03.2019
- Order of the Ministry of Agrarian Policy "On approval of the state logo for organic products" dated 02.22.2019
- Order of the Ministry of Economy "List of substances (ingredients, components) that are allowed to be used in the process of organic production and which are allowed for use in the maximum permissible quantities" dated 09.06.2020
- Order of the Ministry of Economy "Procedure for consideration of appeals against decisions of certification bodies" dated 17.06.2020
However, despite the significant prospects for the expansion of this area, the domestic market has a number of obstacles that hinder the development of organic agriculture, respectively, they can be grouped into three major groups:

- socio-psychological;
- institutional and legal;
- financial and economic.

Socio-psychological are divided into external and internal. The external ones include:

(a) low incomes;
(b) existing stereotypes of human behavior and the existing culture of consumption of goods and services;
(c) insufficient public awareness of the properties of organic products and their difference from traditional products.

The internal ones include:

(a) research, education and consulting on organic production in Ukraine are at an early stage;
(b) the lack of a sufficient number of qualified specialists in the field of organic production.
Institutional and legal are also can be divided into external and internal.

External ones include:
(a) imperfection of the existing regulatory framework governing the activities of organic operators;
(b) incomplete land reform and no transparent market for agricultural land;
(c) the lack of a single certification system for producers of organic agricultural products;
(d) a small number of elements of internal infrastructure (associations, unions);
(e) difficulties in selling organic products on the domestic market due to the lack of processing and marketing enterprises.

The internal one includes low level of cooperation of regional and local councils, research institutes and universities on organic production with organizations and state institutions at the state and local levels.

Financial and economic can also be divided into external and internal.

The external ones include:
(a) poorly developed domestic market of organic vegetables and fruits, livestock products;
(b) a wide range of agricultural products grown according to the traditional scheme, as opposed to organic;
(c) the lack of public financial support during the conversion period and the provision of benefits or subsidies to organic operators.

As internal should be considered:
(a) lack of sufficient marketing research for organic markets;
(b) financial losses due to a decrease in output;
(c) financial costs associated with the need to purchase special machinery and equipment;
(d) the conversion period may last up to 3 years, which is a kind of risk for the organic producer and additional costs.
In Ukraine sufficient attention is paid to the implementation of the concept of environmentally friendly production, due to the country's intentions to obtain the status of a member of the European Union, whose legislation is characterized by strict regulation of production and circulation of organic food. At the same time, the level of state support for the development of organic agriculture should guarantee its profitability and competitiveness in both domestic and foreign agricultural markets. But despite this circumstance, the financing of the support of the agro-industrial complex is still in poor conditions in Ukraine.
Thank you!