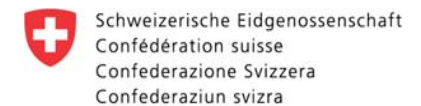




# What international markets expect from Ukrainian organic suppliers

Martin Lichtenhahn ([martin.lichtenhahn@fibl.org](mailto:martin.lichtenhahn@fibl.org))

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## Content

- › The current market situation for organic products
- › What European buyers are looking for in Ukraine
- › The Swiss Organic Market Development Project

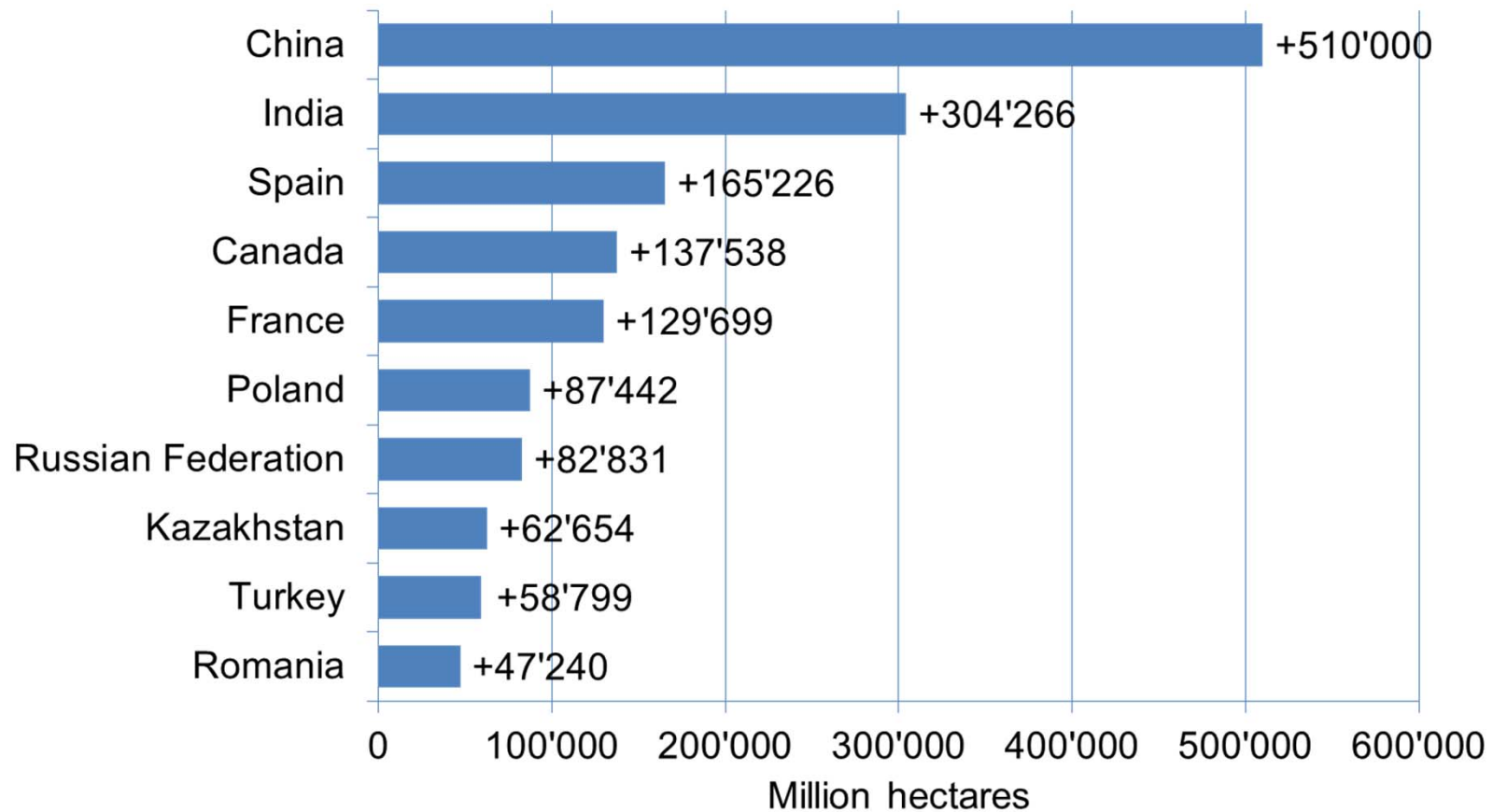


## Markets for organic products are still growing

- › European markets by 4 to 10% per year
- › US market by 9% per year
- › In Europe and the US the organic market is growing faster than the certified area of organic land
- › In these countries there is a rising gap between domestic demand and supply
- › Countries such as China, India, Canada, Russia, Kazakhstan and Romania are responding to this opportunity
- › This is also a big chance for Ukrainian organic producers

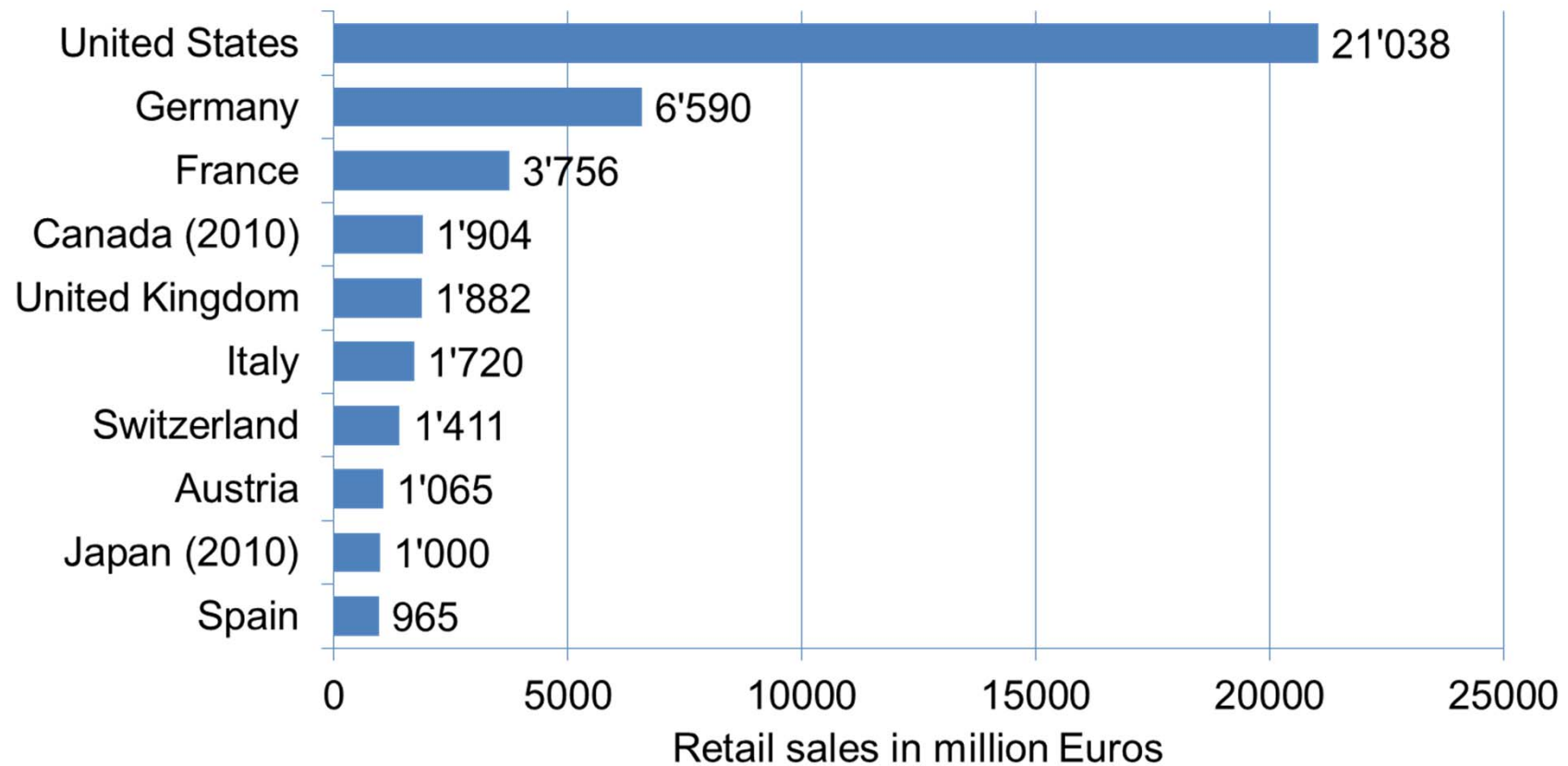


## Growth in organic land 2010-2011 – showing Ukraine's main competitors



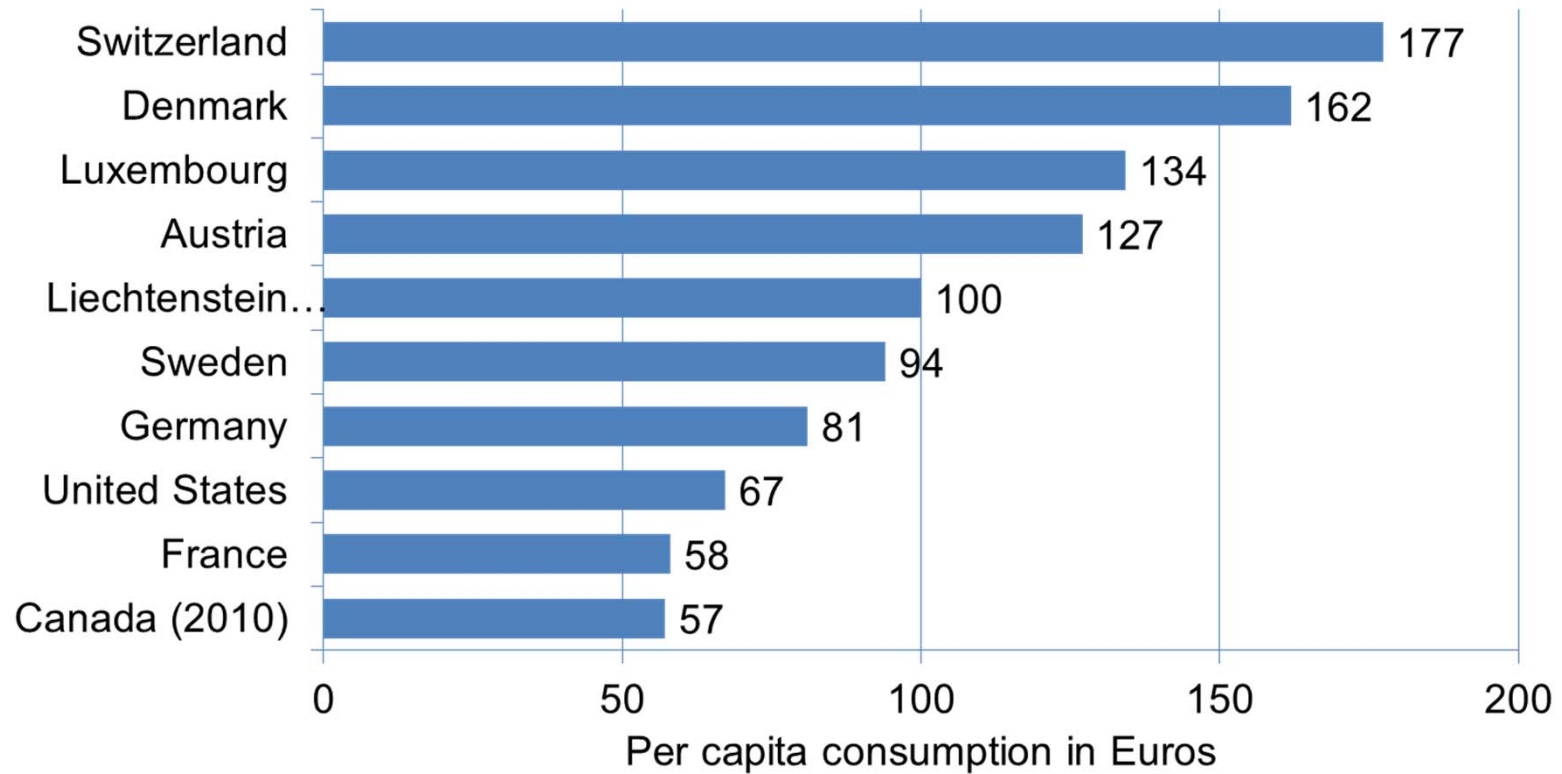


## The countries with the largest domestic markets for organic food 2011





## The countries with the largest per capita domestic consumption of organic food 2011





## Food scandals and fraud with organic products boost the demand for transparency and traceability in product sourcing

- › European buyers try to reduce the dependency from overseas countries (such as China) and try to source their organic products in Europe
- › Need for reliable product suppliers
- › Personal contact between supplier and buyer are important
- › Transparent and traceable supply chains are preferred
- › Buyers prefer to avoid intermediates



## What are the needs and demand of buyers? Market survey

- › Biofach 2013 Nuremberg
- › 12 International buyers from Germany, Switzerland, the Netherlands and France
- › Discussion about the products they might buy from Ukraine





## Products in demand 1

- › Top interest demand per year > 10'000 tons
  - › Milling wheat
  - › Corn / Maize
  - › Soy bean → mainly for fodder but also food soy for Tofu
  - › Sunflower
  
- › Medium interest demand per year >2'000 tons
  - › Durum wheat
  - › Spelt wheat
  - › Pea
  - › Lupine
  - › Horse bean
  - › Canola / rape seed



## Products in demand 2

- › Low interest demand per year < 2'000 tons
  - › Barley
  - › Triticale
  - › Rye
  - › Oat
  - › Buckwheat
  - › Millet
  - › Mustard
  - › Flax seed



## Range of products: the market for organic arable crops exists!

- › The 12 buyers are looking for products from approximately
  - › 40'000 ha of arable land
  
- › Demand of main crops per year:
  - › 25'000 tons milling wheat
  - › 20'000 tons soy bean (feed and food)
  - › 20'000 tons maize
  - › 12'000 tons feed legumes: pea, lupine, horse bean
  - › 10'000 tons sunflower



## Quality

- › European markets insist on high quality
  - › Example
    - Minimal Technical requirements for organic milling wheat
  
    - › Gluten content > 26 / 28%
    - › Protein content 14% Falling number 280
    - › Hectolitre weight approx. 75-77%
    - › Extensogramm 60 – 80 cm<sup>2</sup>
    - › Corn bug / Eurygaster sp. !!
    - › Many organic farms especially in the northern part of Ukraine have difficulties reaching these values



## Quality: contamination

- › GMO: maize/corn and soy bean

Limit of contamination: 0.1%

A summary of measures to avoid GMO contamination

- › GMO free seeds! organic seed multiplication; GMO tests of seeds bought in the market
- › Respecting waiting periods in new fields where GM crops were previously grown
- › Spatial separation in the field from GM crops
- › Product handling (harvest, cleaning, storage, loading, transport etc.)  
100% separated from any non-organic operation
- › Delivery to the buyer as directly as possible from the field to the silo of the buyer in Western Europe
- › Insects, fungi



## Quality: contamination

- › Residues
  - › Free from chemical residues from agrochemicals (pesticides etc.)!
  - › persistent chemicals (e.g. Chlorinated hydrocarbons (CHC), Dieldrin and DDT) remaining in the soil from previous use can contaminate organic produce, especially e.g. pumpkins.
  - › The use of Glyphosate in Round-up Ready crops (GM soy and maize):
    - › Drift of sprayed products from neighbouring fields!
    - › The risk of contamination from soils where Round-up has been used before (i.e. on GM crops) has still not been clarified



## Quality: contamination

- › Preventive measure against contamination with GMO crops or chemical residues:
  - › Direct delivery from the organic farm without passing through any intermediate cleaning, loading etc. installations
    - › and
  - › using only new or well cleaned transport/ packaging / unit / container



## Quality

- › Conditioning
  - › cleaning
  - › calibrating
  - › simple processing, e.g. hulling of millet, spelt, etc.
  - › Packaging
  
- › According to the buyer's specification
  
- › Need for the necessary technical equipment at the farm for fulfilling the requirements of the buyer





## Supply scheme

- › The buyers have a high interest in developing long-term, reliable relations with their suppliers in Ukraine!
- › Many buyers and even their clients want to know the supplier in Ukraine personally
- › The buyers want to get the products as directly as possible from the supplying farm – without intermediates
- › Direct product supply chain



## Direct supply chain I





## Direct supply chain II

- › Advantages
  - › Direct and personal contact between the supplier and the buyer
  - › Good supplier–buyer relation binds buyers to suppliers!
  - › No intermediaries
  - › Traceability and transparency ensured for both sides  comparative advantage
  
- › Challenges
  - › Supplier must have access to all the necessary equipment
  - › Supplier must be able to handle this kind of contract and all logistic and administrative procedures
  - › Service providers offer support to facilitate the direct supply chain



## How the SECO project can help

- › Technical support improving production techniques
  - › Trainings
  - › technical brochures
  - › study tours
  
- › Support to facilitate the direct supply chain from the farm to the silo of the foreign buyers
  - › training and supporting the Ukrainian experts who can provide you with the necessary services for direct supply
  
- › Matchmaking with foreign buyers:
  - › we bring potential buyers to your farms
  - › we support you in building-up trade contacts with buyers



## Mastertitelformat bearbeiten

- › There is a demand for organic arable crop products from Ukraine
- › The current challenges are:
  - › allocating
    - › the agreed quantities
    - › in the right quality
    - › at the right moment
- › This is a big opportunity for organic arable crop farms in Ukraine
- › There is a good potential for professional farming companies and local experts
- › The Swiss Organic Market Development Project supports you in this process!