# A comparison of the Dutch and Ukrainian Agro sectors

## *Vision: By 2050, Ukraine will be Europe's largest food supplier*

Ukraine is already the 4th food supplier to the EU, while The Netherlands are the biggest importer of Ukrainian agricultural produce. We believe that in the coming years Ukraine will continue to unlock it's agricultural potential and develops itself as a mayor food supplier to the EU.

1. Through the implementation of the Association Agreement/ DCFTA, Ukraine will bring its legislation into line with that of the EU and will approximate the EU sanitary and phytosanitary (SPS) standards, most notably on topics such as food and feed safety, animal health and welfare and plant health.

2. With the approximation of EU legislation in sight, we expect that the trade relations between The Netherlands and Ukraine will further intensify in the coming years, because their agriculture sectors are complementary to each other. At the embassy, we therefore continue to promote and facilitate trade in the existing priority sectors (agro-food and starting materials), while at the same time keeping an eye on the emergence of new sectors (eg vegetable proteins, organic).

3. Sustainable agriculture practices are deeply rooted in the Dutch agriculture policy[1]. Therefore, the Dutch embassy aims to take a pioneering role in the promotion of sustainable and responsible production by the trading partners involved in the production process and by stimulating Dutch demand for sustainable products. we will focus on facilitating an open dialogue with Dutch and Ukrainian companies, in particular importers and animal feed / food producers, so that sustainable and responsible production becomes a joint effort.

4. The Netherlands is closely following the developments on Land reform, as this could create additional opportunities for Dutch farmers/ investors.

## *2020: The agri-food system and the challenges of COVID-19 (Ukraine)*

The coronavirus pandemic (COVID-19) has altered the normal functioning of the agri-food system, both in terms of activities (production, processing, distribution, food trade and consumption) and outcomes, particularly regarding food security and social welfare. There are also other phenomena generated by COVID-19 that affect the country, including the following:

i. decline in economic activity of its main trading partners and its associated effects;
ii. fall in the prices of primary products;
iii. disruption of global value chains;
iv. lower demand for tourism services; and
v. intensified risk aversion and worsening global financial conditions (FAO and ECLAC, 2020).

The course of the COVID-19 pandemic has shown changes in the consumption patterns of the population. Consumers have tended to prefer less nutritious, less fresh and less expensive diets. A significant decrease in household income could explain this decision, as well as the mobility restrictions imposed to prevent the spread of coronavirus and the disruption of traditional channels, limiting access to fresh and nutritious products and, consequently, to healthy eating the cost of a healthy diet today exceeds the international poverty line. Healthy diets could be up to five times more expensive than one that only meets one person's calorie requirements.

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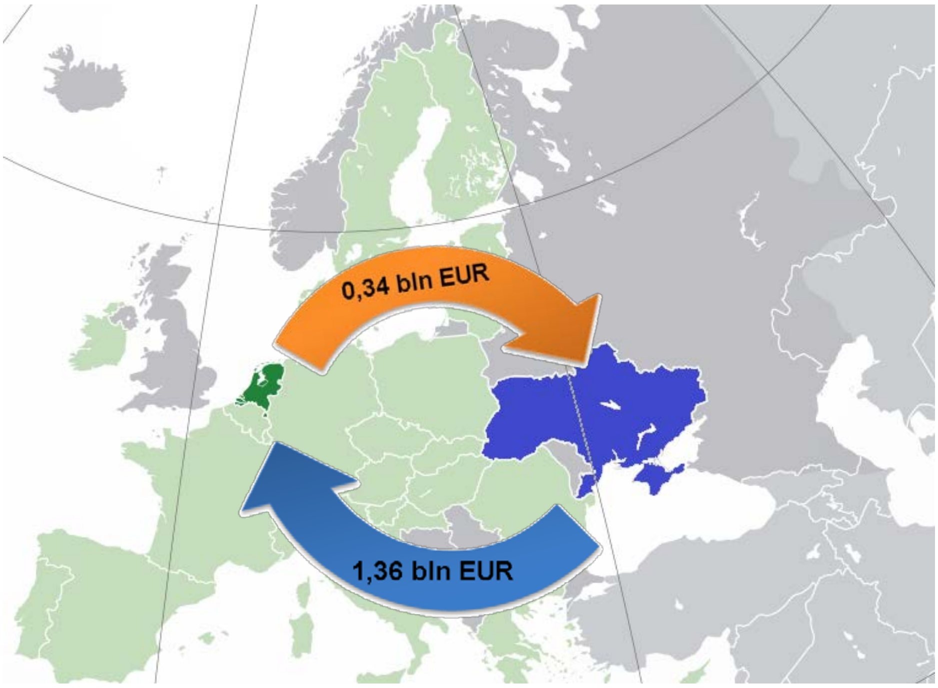
[1] https://www.rijksoverheid.nl/ministeries/ministerie-van-landbouw-natuur-en-voedselkwaliteit/visie-lnv

## *Key facts*

| ***NL goods*** | ***UA goods*** |
|---|---|
| Agro Export from NL to UA : 342,4 mln EUR (28% of total export of the goods 1,2 bln)[2] | Agro export from UA to NL: 1,36 bln EUR (65% of total 2,1 bln)[3] |
| More diverse: 143 HS. 8 larger product groups with 25% of "others" | More homogeneous: 81 HS positions. 5 large product with 2% of "others" |
| Mostly process products with added value | Raw products with primary processing |
| More Goods of Not NL origin, re-export | UA origin |
| Fresh products supplies peaks off-season | Fresh products supplies peaks in season |
| The planting material is 9% of agro trade | UA niche products with high export potential (honey, berries etc) is less than 2% of agro trade |




[2] Source: WUR
[3] Source: WUR

## *Section 1: trade in the agriculture sector*

The Netherlands has strong focus on sustainable agriculture and food systems and EU Green Deal Policy, however the country source from Ukraine a lot of raw materials (f.e. NL in net importer of grain). To stay within the “sustainable” priorities the Netherlands is interested in improving the production techniques in Ukraine and to make them also more sustainable.

Sustainable agriculture practices are deeply rooted in the Dutch agriculture policy. Therefore, the Dutch embassy aims to take a pioneering role in the promotion of sustainable and responsible production by the trading partners involved in the production process and by stimulating Dutch demand for sustainable products. we will focus on facilitating an open dialogue with Dutch and Ukrainian companies, in particular importers and animal feed / food producers, so that sustainable and responsible production becomes a joint effort.

Although the NL is the 2nd largest exporter of agro products in the world this is not the goal, especially in the global pandemic reality. Instead of trade in food the NL government is switching in trading in production means, technologies, innovations and knowledge. In the agrifood sector there is an increasing in  trade in planting materials and seeds, instead of trade of fresh fruit and vegetables. The trade of processed food is being substituted with the trade of food processing equipment and machinery, etc.

#### Key insights

- The DCFTA has a positive impact on the bilateral trade for non-agro and agro products;
- Dutch export to Ukraine comprices mostly of non-agro goods however it is important to understand that agro machinery and food processing equipment is non-agro goods.

### 1.1 World Trade of Agro products

#### Key insights

- Dutch TOP export products reflect the traditionally developed agro subsectors: TOP sector Horticulture and Planting materials and AgroFood (dairy, meat and food processing);
- Dutch TOP imports proves that NL is a trading nation mainly importing raw materials for the feed production of the Dutch animal husbandry sector. Also fresh logistics is an important industry for NL.
- Due to its favourable geographical location, global trade contacts, well developed transport infrastructure and high-tech horticulture is a global trader of fruit and vegetables.

#### Key facts

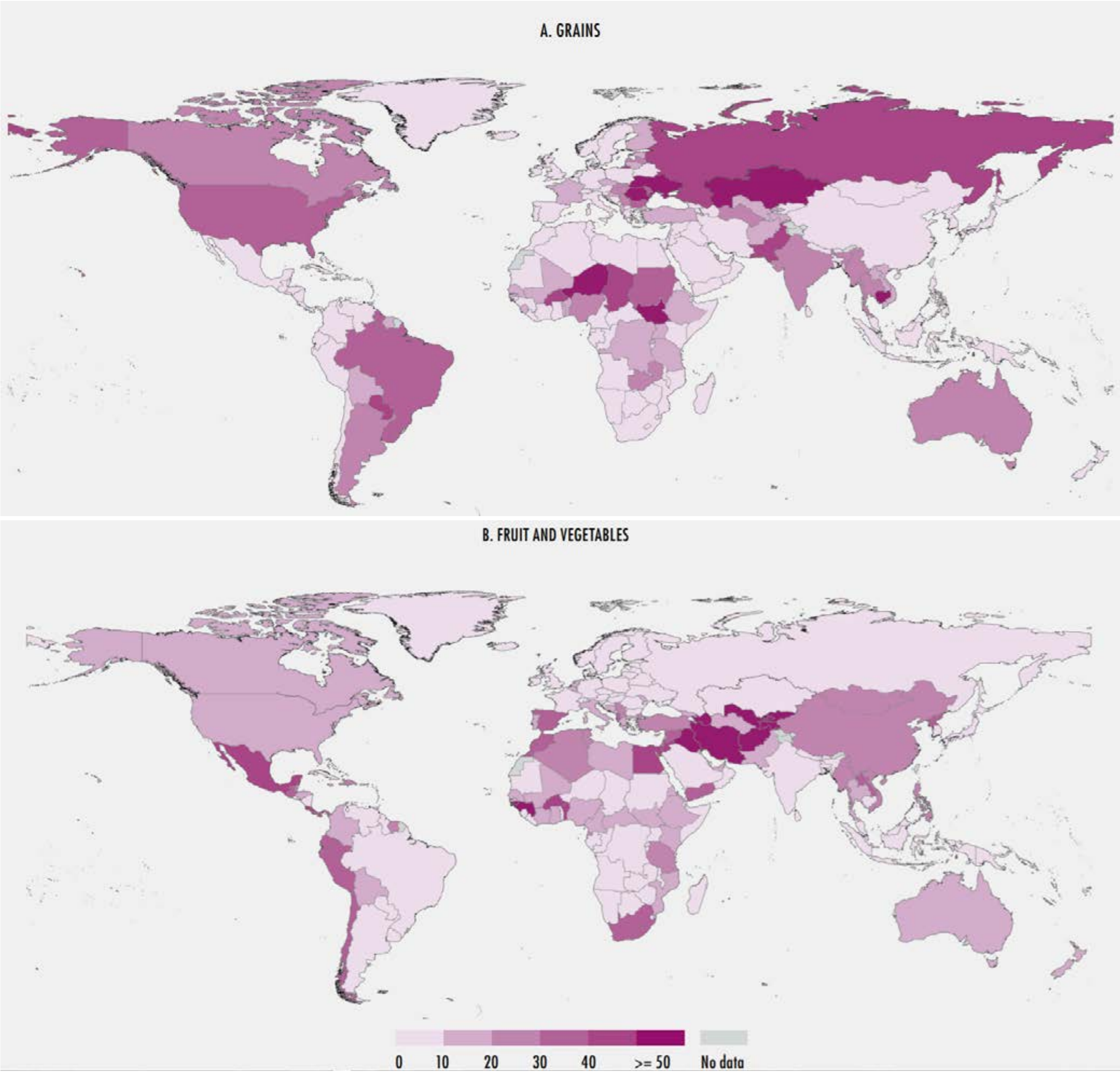
**Food world exports, 2018 (USD million)**

| COUNTRY | FOOD EXCLUDING FISH | | | | | | | | FISH | ALL FOOD |
|---|---|---|---|---|---|---|---|---|---|---|
| | FRUIT AND VEGETABLES | CEREALS AND PREPARATIONS | MEAT AND MEAT PREPARATIONS | BEVERAGES | FATS AND OILS (EXCLUDING BUTTER) | DAIRY PRODUCTS AND EGGS | SUGAR AND HONEY | OTHER FOOD | | |
| Netherlands | 23 182 | 6 523 | 11 129 | 5 479 | 4 207 | 9 962 | 1 889 | 15 655 | 5 523 | 83 547 |
| Ukraine | 1 429 | 7 627 | 656 | 226 | 4 492 | 383 | 465 | 1 504 | 37 | 16 819 |

**Food world imports, 2018 (USD million)**

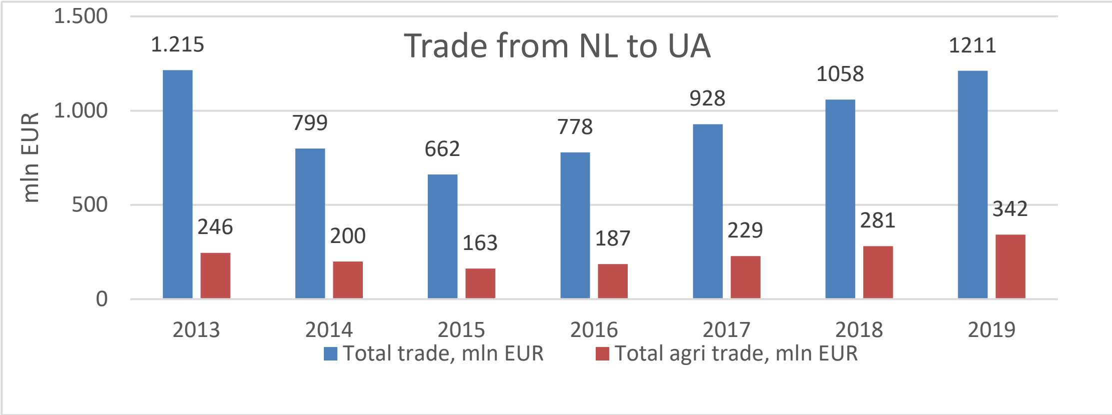
| COUNTRY | FOOD EXCLUDING FISH | | | | | | | | FISH | ALL FOOD |
|---|---|---|---|---|---|---|---|---|---|---|
| | CEREALS AND PREPARATIONS | FRUIT AND VEGETABLES | MEAT AND MEAT PREPARATIONS | FATS AND OILS (EXCLUDING BUTTER) | DAIRY PRODUCTS AND EGGS | SUGAR AND HONEY | BEVERAGES | OTHER FOOD | | |
| Netherlands | 6 608 | 17 052 | 6 094 | 4 684 | 4 787 | 1 150 | 3 677 | 12 905 | 4 404 | 61 362 |
| Ukraine | 366 | 795 | 149 | 290 | 106 | 65 | 489 | 1 333 | 629 | 4 223 |

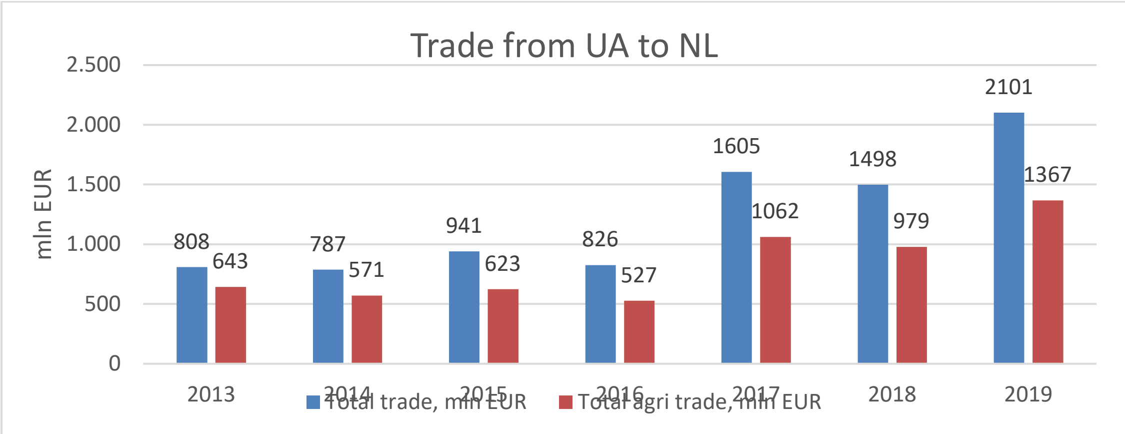
**Figures a and b: total agri-food exports, average 2016-2018**



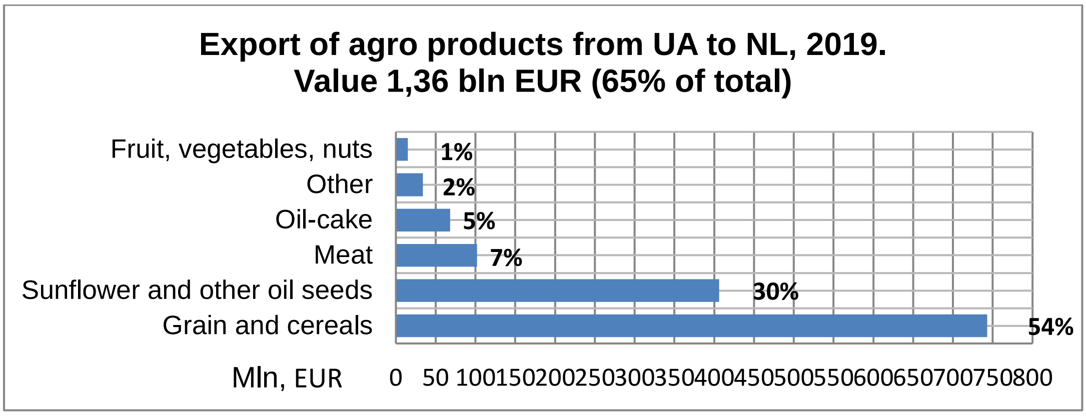

Source http://www.fao.org/3/cb0665en/CB0665EN.pdf

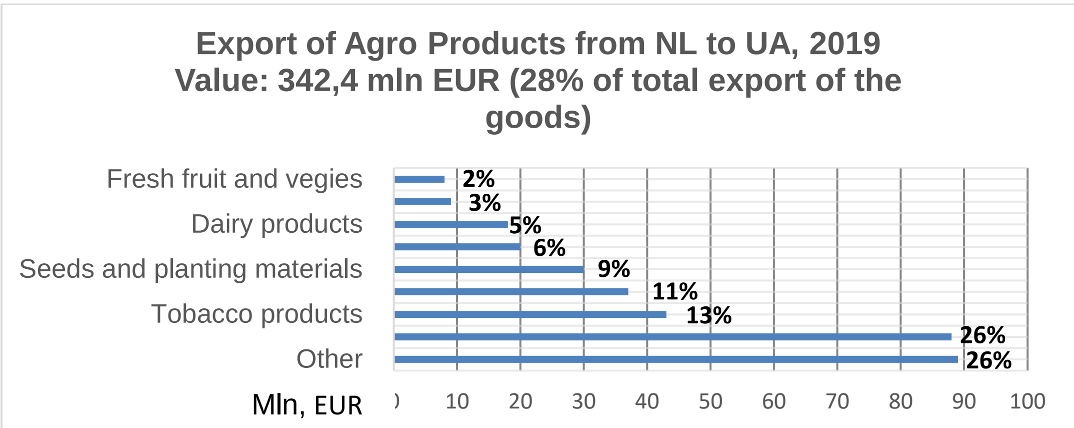
## 1.2 Bilateral trade volumes




## 1.3 Bilateral trade products[4]




[4] Source: http://www.fao.org/3/cb1329en/CB1329EN.pdf
FAO statistics year book NL http://faostat.fao.org/static/syb/syb_150.pdf
FAO statistics year book UA http://faostat.fao.org/static/syb/syb_230.pdf

## *Section 2: NL and UA, key agrifood capacities (2018)*

### KEY INSIGHTS

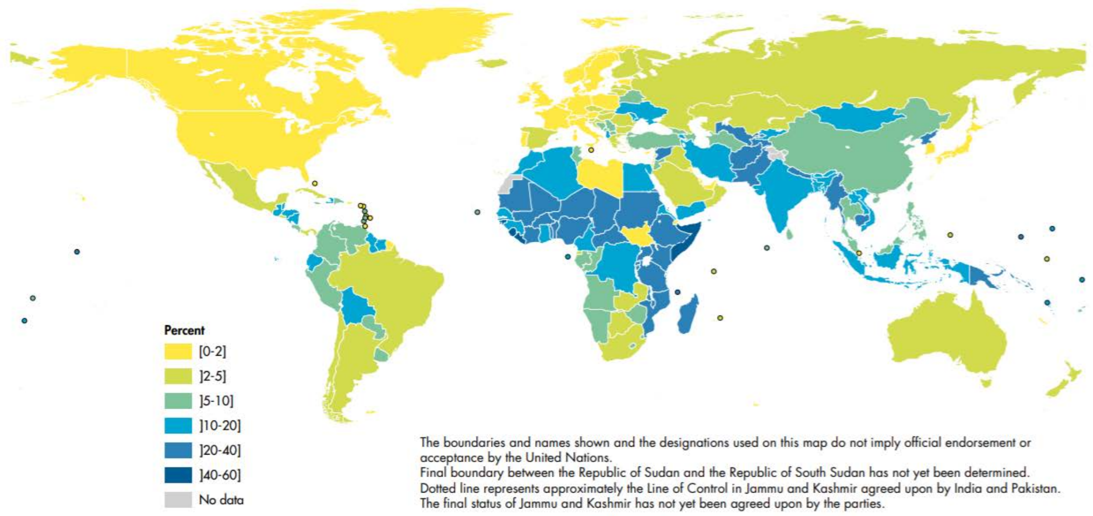
- Contrary to The Netherlands, Ukraine is a producer of primary agro products (12,4% of GDP). Agricultural products are also 48% of total export of Ukraine.
- The preservation of nature and biodiversity is becoming increasingly important to The Netherlands. There are plans to increase the area under forests (10,6%), while decreasing the agricultural land.
- Employment rates in the agriculture shows a different level of productivity (much higher in The Netherlands) and the high technological level of agro production in The Netherlands. From another side it demonstrates the importance of agriculture for the society.

### KEY FACTS

| | | |
|---|---|---|
| **Agricultural land by use (thousand ha)** | NL 1 059.0, | UA 33 751.0 |
| **Share of forest area in total land area** | NL 10,6%; | UA 16,7% |
| **Employment in agriculture (people)** | NL 180 000 (2%), | UA 2 642 000 (14,5%) |

**Share of agriculture, forestry and fishing value added in total GDP (USD 2015 prices)**

2018: NL – 1,6%, UA – 12,4%




## 2.1 THE ROLE OF AGRICULTURE IN THE CLIMATE AGENDA

### KEY INSIGHTS

- UA agriculture occupies although 32 times more area compared to NL produces only 2 times more emissions than in the NL. In other words the Dutch agriculture is **16 times** more emission intensive than Ukrainian;
- In view of this the nitrogen crisis is more actual for The Netherlands then for Ukraine. And Ukraine can use The Netherlands as an example on how to avoid climate mistakes on the way of development of agro sector.

### KEY FACTS

**Primary crops commodities harvested area by type, 2018 (thousand ha)**

| COUNTRY | CEREALS | OIL CROPS | FRUIT | ROOTS AND TUBERS | VEGETABLES | SUGAR CROPS | OTHER | TOTAL |
|---|---|---|---|---|---|---|---|---|
| Netherlands | 161 | 5 | 21 | 165 | 93 | 85 | 9 | 540 |
| Ukraine | 14 242 | 9 087 | 292 | 1 320 | 445 | 275 | 575 | 26 235 |

**Area under organic agriculture (thousand ha)** 2018: NL 64.0 (3,5%); UA 309.1 (0,7%)

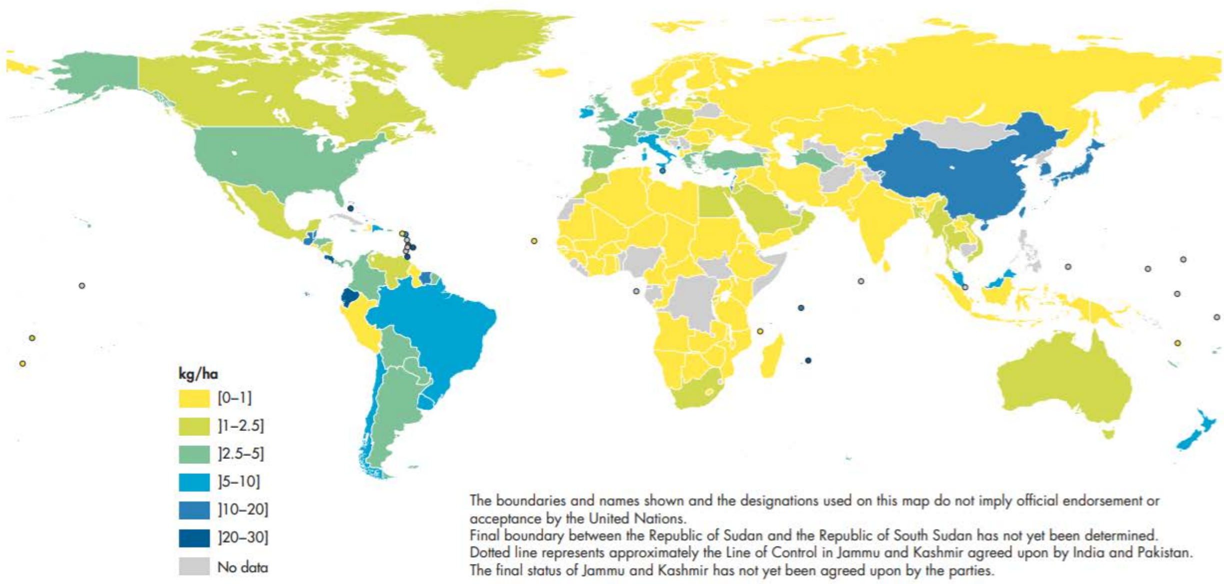
**Greenhouse gas emissions due to agriculture and related land use, 2017 (million tonnes co2 eq)**

| COUNTRY | COMPONENT | | | GREENHOUSE GAS | | | TOTAL |
|---|---|---|---|---|---|---|---|
| | CROPS AND LIVESTOCK | NET FOREST CONVERSION | PEATLAND DEGRADATION | $CO_2$ | $N_2O$ | $CH_4$ | |
| Netherlands | 17.9 | 0.0 | 1.9 | 2.0 | 7.5 | 10.4 | 19.9 |
| Ukraine | 29.1 | 1.4 | 11.8 | 12.9 | 20.0 | 9.4 | 42.4 |

**Emissions intensity of agricultural commodities, 2017 (kg co2 eq per kg)**

| COUNTRY | LIVESTOCK PRIMARY | | | | LIVESTOCK PROCESSED AND CROPS | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | MEAT, CATTLE | MEAT, SHEEP | MEAT, PIG | MEAT, CHICKEN | MILK, WHOLE FRESH SHEEP | RICE, PADDY | MILK, WHOLE FRESH COW | EGGS, HEN, IN SHELL | CEREALS EXCLUDING RICE |
| Netherlands | 9.8 | 18.3 | 2.1 | 0.2 | | | 0.4 | 0.6 | 0.2 |
| Ukraine | 8.0 | 15.8 | 1.7 | 0.3 | 5.4 | 19.2 | 0.6 | 1.3 | 0.2 |

MAP 10. **PESTICIDE USE PER CROPLAND AREA (2018)**




Source: FAOSTAT
https://doi.org/10.4060/cb1521en-map10

## 2.2 THE NETHERLANDS AND UKRAINE, PURCHASING POWER PARITY

### KEY INSIGHTS

- The food price inflation and fact, that Ukrainian households spend 42% of their income for food shows that to premium segments of food (NL export) is not very affordable for the majority of the Ukrainian population. Locally produced food is of top demand. Therefore we see more potential in the supplies of materials, equipment and machinery for food industry as a potentially growing sector.

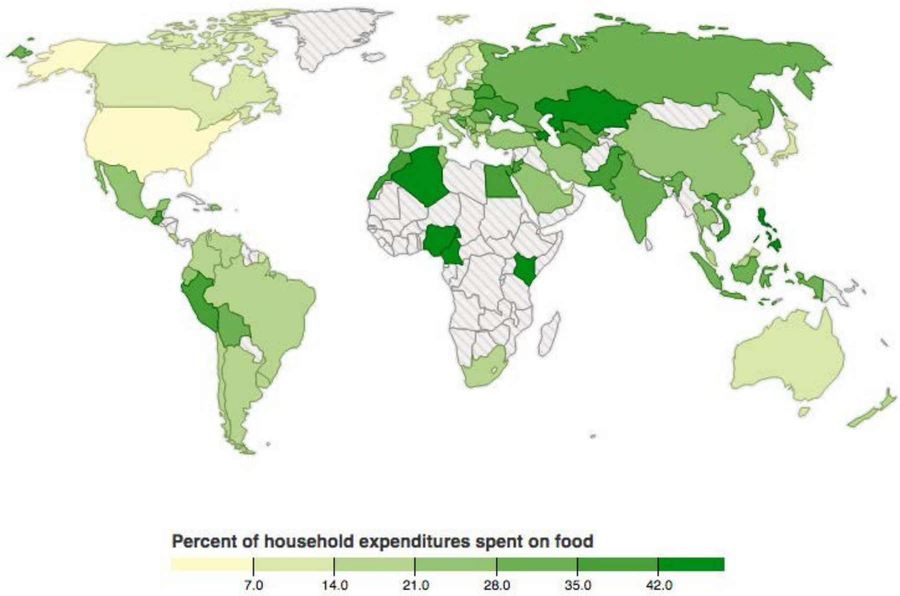
### KEY FACTS

**The Big Mac Index** https://www.bigmacindexconverter.com/

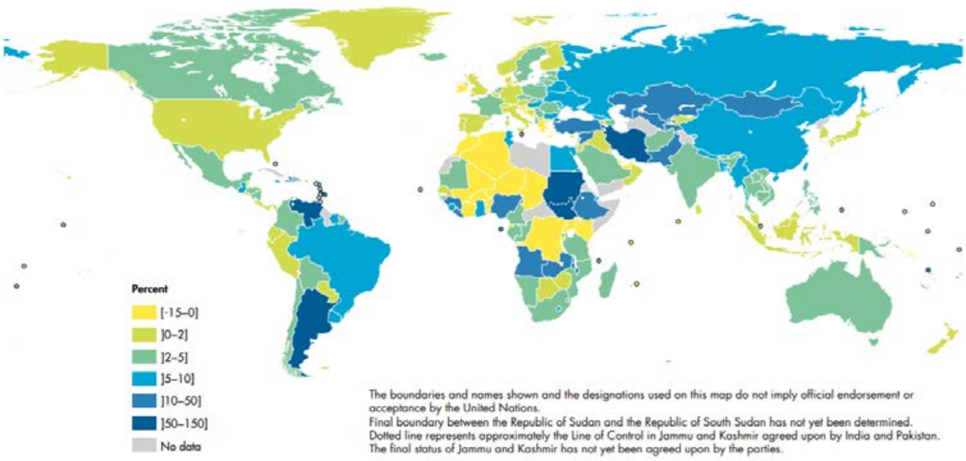
1 EUR (Euro area) has a purchasing power of **0,94 EUR** in the Netherlands and **2,95 EUR** in Ukraine.

**Household Income Spent on Food (%), 2018[5]**

Ukraine is in top 10 countries which spend the most of household income for food 42% (857 USD per person) (following Nigeria, Keniya, Philippines etc). while EU (the Netherlands) spend  up to 15% (2620 USD per person)




MAP 23. **FOOD PRICE INFLATION (2019 AVERAGE)**




## 2.3 The Netherlands and Ukraine, costs of production of agro products

### Key insights

- The production price for the open field and animal products is almost the same in The Netherlands and in Ukraine. Therefore for Ukrainian products it is difficult to compete with the Dutch products on local and global markets. Ukrainian producers expect to reduce their production costs by purchasing and applying Dutch technologies;
- The global COVID-19 pandemic has a negative impact on global trade and encourages local production and consumption.

### Key facts

[5] Source: US Ministry of Agriculture

**Producers' price in NL and UA 2019, USD (***NL data is limited)*

| ***USD per ton*** | ***NL*** | ***UA*** |
|---|---|---|
| | | |
| Wheat | 189,5 | 157,7 |
| Rapeseed | 415,7 | 370,5 |
| Sugar beet | 30,9 | 29.2 |
| Onions, dry | 300,8 | 217,4 |
| Cucumbers and gherkins | 718.3 | 868.4 |
| Strawberries | 4332.7 | 1119.1 |
| Potatoes | 222,3 | 211,8 |
| Tomatoes | 794,4 | 122,5 |
| Pears | 545 | 408,5 |
| Apples | 684,3 | 182,9 |
| Meat live weight, pig | 1433.4 | 1441.9 |
| Meat live weight, chicken | 916,5 | 1147,2 |
| Milk, whole fresh cow | 376,5 | 317,2 |

## *Annex 3: International comparison, key indicators*

- **The Big Mac Index** https://www.bigmacindexconverter.com/

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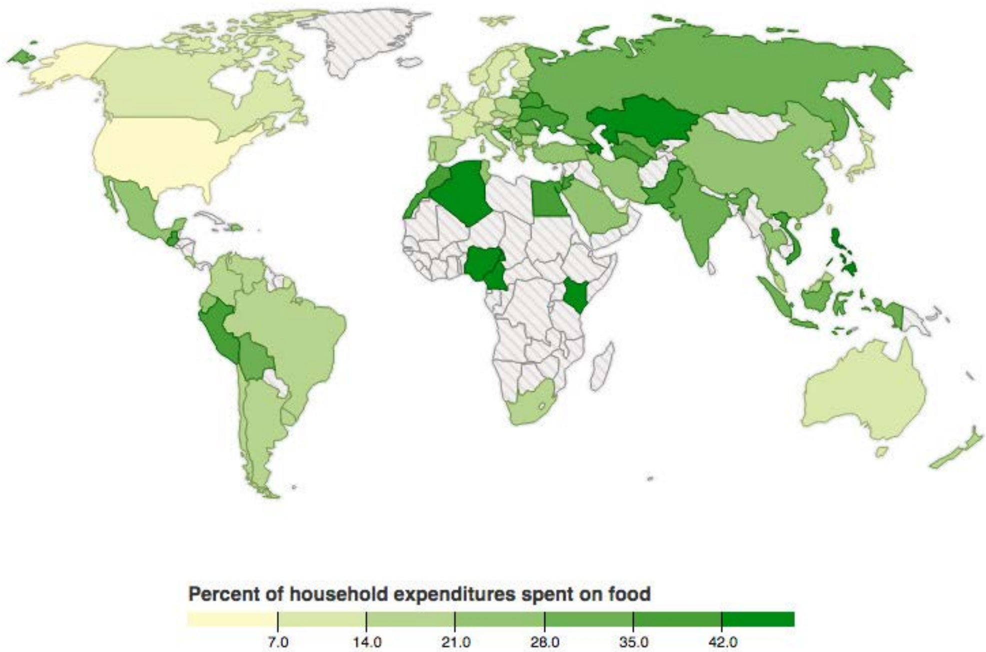


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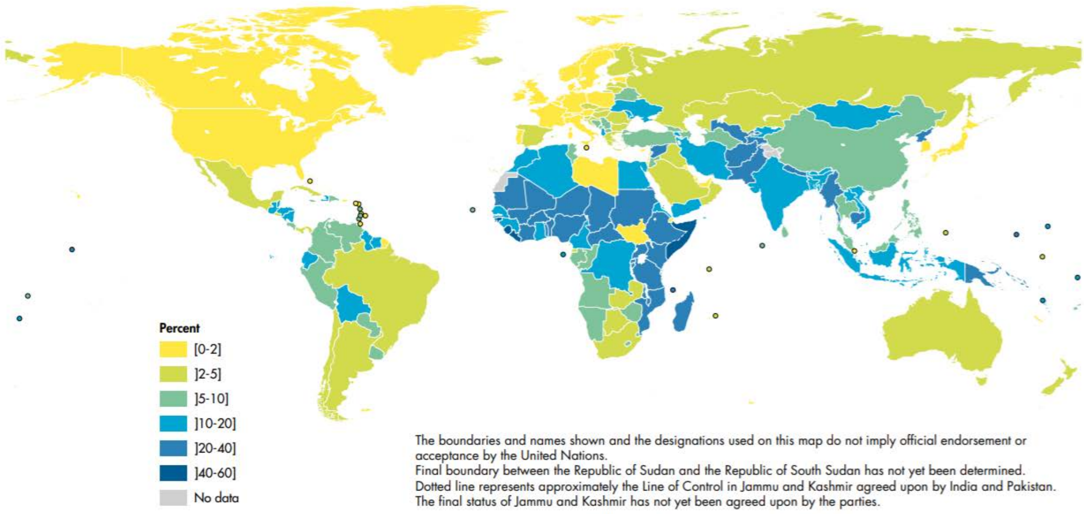
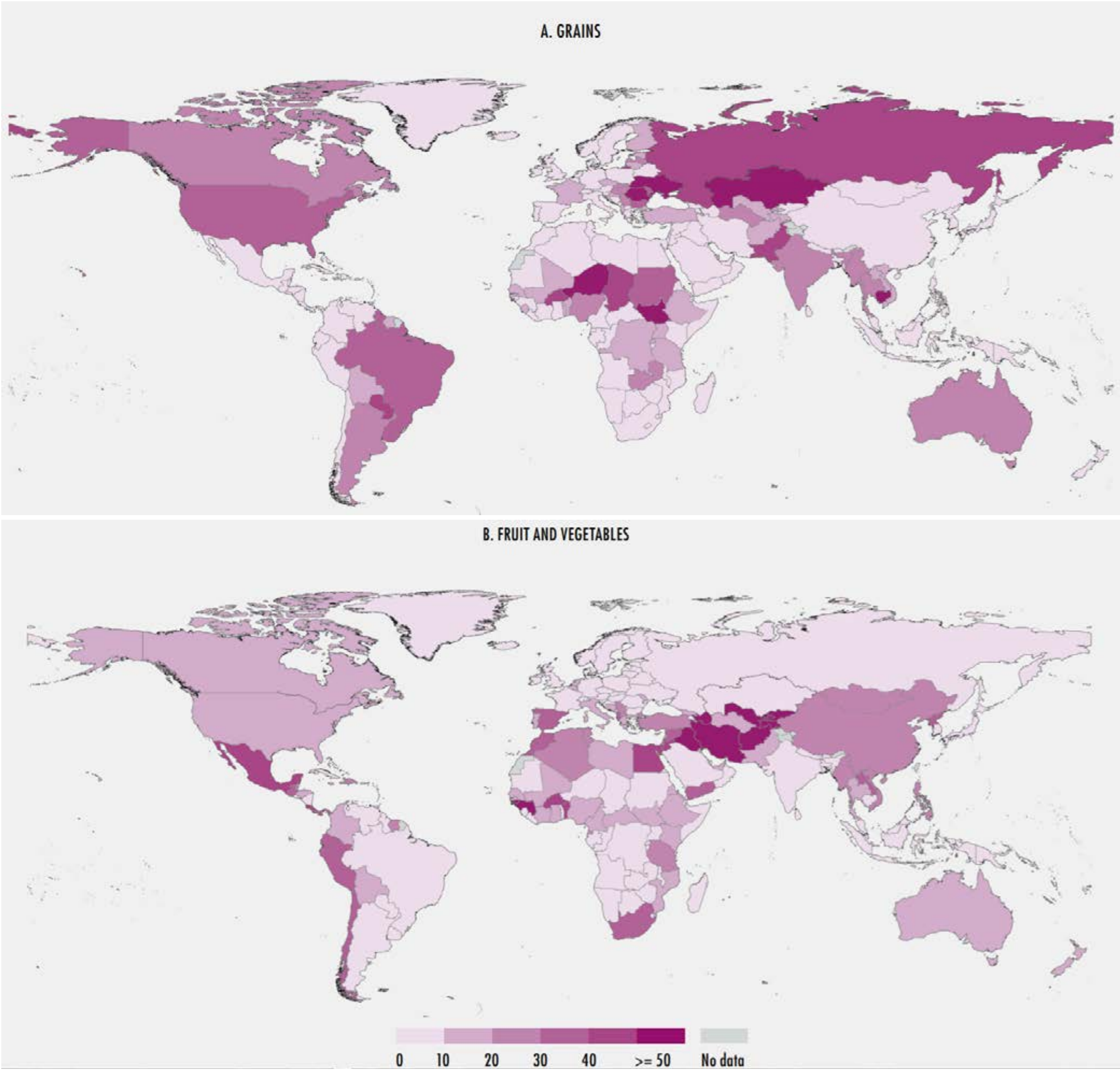
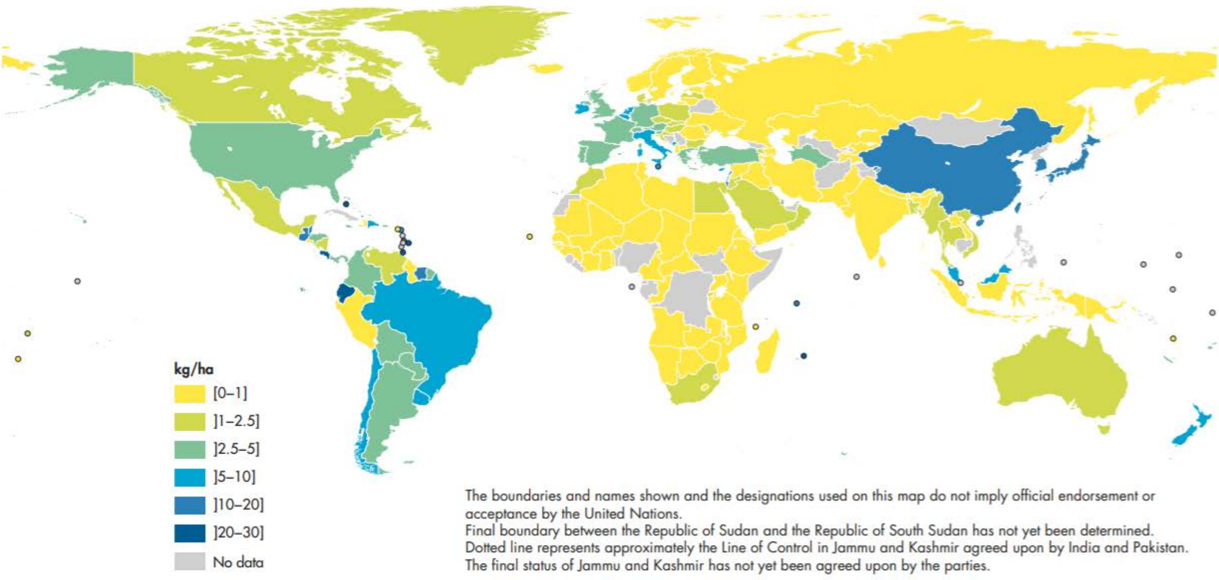



[6] Source: US Ministry of Agriculture


A. GRAINS
B. FRUIT AND VEGETABLES
0
10
20
30
40
>= 50
No data

## MAP 10. **PESTICIDE USE PER CROPLAND AREA (2018)**




The boundaries and names shown and the designations used on this map do not imply official endorsement or acceptance by the United Nations.
Final boundary between the Republic of Sudan and the Republic of South Sudan has not yet been determined.
Dotted line represents approximately the Line of Control in Jammu and Kashmir agreed upon by India and Pakistan.
The final status of Jammu and Kashmir has not yet been agreed upon by the parties.

Source: FAOSTAT
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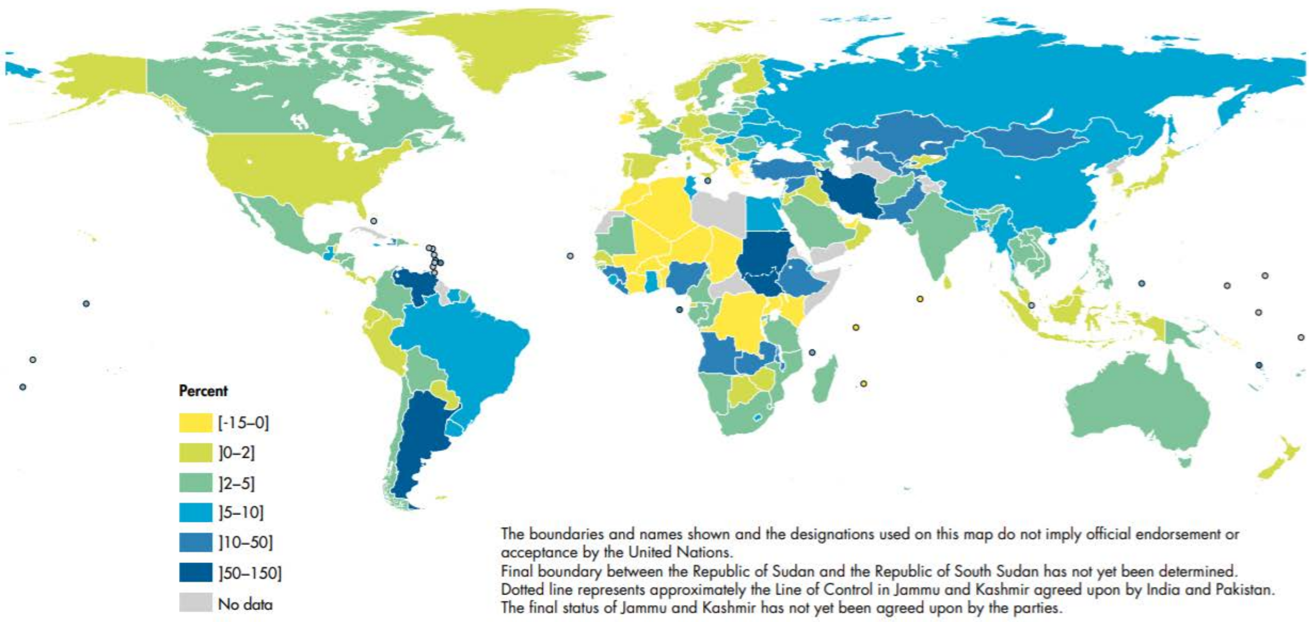


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