



UKRAINIAN ORGANIC SECTOR ANALYSIS

**8 months since the full-scale war
in Ukraine**

October 2022

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About this publication

The objective of this analysis is to describe the current situation of the organic sector in Ukraine as of October 2022. The situation is reviewed in two stages: before the full-scale Russian invasion of Ukraine on February 24, 2022; and as of October 2022, eight months later. This analysis aims to provide all interested parties with a better understanding of the current situation in the Ukrainian organic sector and the changes that have occurred since the full-scale war.

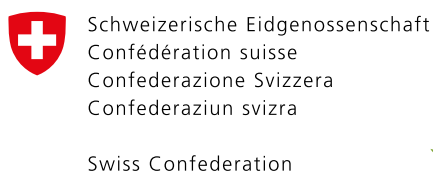
Authors

The Ukrainian Organic Sector Analysis is conducted by the State Institution Entrepreneurship and Export Promotion Office (Ukraine), state project Diia.Business in cooperation with the Ukrainian Stakeholder Platform “Organic Initiative” based on the data of the certification body “Organic Standard”, materials of the web portal OrganicInfo.ua, EU Commission, as well as the results of the surveys conducted by the authors.



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Introduction from the authors



**ENTREPRENEURSHIP
AND EXPORT
PROMOTION OFFICE**
STATE INSTITUTION

Andrii Remizov

Director of the State Institution

“Entrepreneurship and Export Promotion Office”

In recent years, Ukraine has consolidated its position as a world leader in the supply of organic products to the EU as well as an important player for other international organic markets and has taken an important place in ensuring a sustainable food system and food security in the world.

The full-scale war that Russia started against Ukraine in 2022 caused colossal losses to the organic sector, however, it did not prevent Ukraine from maintaining its leadership position in the export of organic products. Thus, despite the temporary occupation of one-third of the organic land, hostilities, and problems with logistics, during the 8 months of 2022, Ukraine exported 24% more organic products compared to the same period in 2021.

Despite the increase in export volumes in 2022, Ukrainian organic producers need support in entering foreign markets. The task of the Entrepreneurship and Export Promotion Office with local and international partners is to help them in this. Together with the team, we work on the development and promotion of the organic sector of Ukraine: from increasing the level of competence of organic producers to presenting the export potential of Ukraine on the international arena and strengthening the image of Ukraine as a reliable supplier of organic products with high added value.

And finally, at the beginning of 2021, the Government of Ukraine approved the National Economic Strategy, one of the strategic points of which is to increase the export of organic products to \$1 billion by 2030. The team of the Entrepreneurship and Export Promotion Office does not plan to deviate from the goals, set before the full-scale Russian invasion, and, together with partners, will continue to actively support and develop the organic sector of Ukraine.

Introduction from the authors

The logo for the Organic Initiative, featuring the words "ORGANIC INITIATIVE" in white, uppercase letters on a solid green square background.

ORGANIC
INITIATIVE

Olena Deineko

Coordinator of the Ukrainian
Stakeholder Platform “Organic Initiative”



The uniqueness of the situation in the organic sector of Ukraine today, 8 months after the beginning of the Russia's full-scale invasion of Ukraine, is that despite all the tragedy and sometimes horrific consequences of the full-scale war for operators of the organic market, there are positive trends – the market is alive and moving forward.

It is extremely difficult to make forecasts regarding the development of the sector during the changing situation during the martial law in Ukraine, the consequences of which adjust the plans of market players every day. But in this document, you will see the most complete picture and analysis of the situation before the start of the active phase of the full-scale war, as well as the main trends and results for the sector after it began.

A careful analysis of the results of research and surveys conducted in recent months, evaluation of the situation as a whole, and at the same time a review of individual cases of market operators in this document allowed the authors to make reasonable predictions regarding the need for certain activities in various directions of the organic sector of Ukraine.

Introduction from the development partner



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Confederation

Federal Department of Economic Affairs,
Education and Research EAER
State Secretariat for Economic Affairs SECO

Silvan Hungerbühler

Program Manager, Organic Focal Point,
Trade Promotion Division,
State Secretariat for Economic Affairs (SECO,
Switzerland)

Ukraine is one of the largest European suppliers of certified organic products to the EU, according to data from the EU. Most organic cereals, such as wheat or corn consumed in Europe, are imported from Ukraine. Moreover, Ukraine is a major grower of organic oilseeds and oilcake and a significant producer of organic medicinal herbs, aromatic plants and honey. Switzerland is proud to be part of this story, as it has been supporting the Ukrainian agricultural sector through technical support for the last twenty years. This support is focused on development of organic agriculture, access to finance for farmers, food safety and building agricultural business association with the strengthened service provision for their member base consisting of small and medium enterprises.

The full-scale war in Ukraine impacts organic food and feed crops, both at the European and global levels. Ukrainian organic farmers specifically are currently facing a series of grave challenges. They are suffering from higher costs for input and logistics. Their land and infrastructure are partly occupied. This obviously has negative implications for people and the local economy.

Despite the difficult circumstances, as per July 2022, 70% organic operators continue their business with production and processing fully or partially. Ukrainian exporters have managed to shift their modes of transport together with importing partners. As a consequence, Ukraine has been able to export almost the same amount of organic products to EU and Switzerland over the first eight months of 2022 as for the same period in 2021. Given the extremely difficult circumstances, this is an excellent result which reflects the admirable efforts made by the people in the sector in Ukraine and their partners abroad.

The present publication provides insights into the current status for organic agriculture in Ukraine and includes a description of the situation before the start of the full-scale war on February 24. It is based on analysis carried out by the Ukrainian State Institution “Entrepreneurship and Export Promotion Office” and Stakeholder Platform “Organic Initiative” as recently as October 2022 in partnership with the two Swiss-funded programs QFTP and OT4D. The analysis is based on quantitative data from the main sector actors, strategic partners of QFTP and OT4D, and own qualitative surveys.

1. Situation before February 24, 2022

Overview

Thanks to the country's size, favourable geographical location, proximity to international buyers, widespread fertile black soils, and diverse climate zones, Ukraine has been gradually becoming a European centre of organic production. Ukraine is a global supplier of agricultural products and occupies an important place in ensuring a sustainable food system and food security worldwide. Ukraine is among the top 5 suppliers of organic products to the European Union (EU); in particular, in 2021, Ukraine ranked 5th overall and 1st among non-tropical countries by volume of organic products imported to the EU according to the report of the European Commission 2021¹. Ukraine's image as a reliable exporter of organic products has been steadily improving.

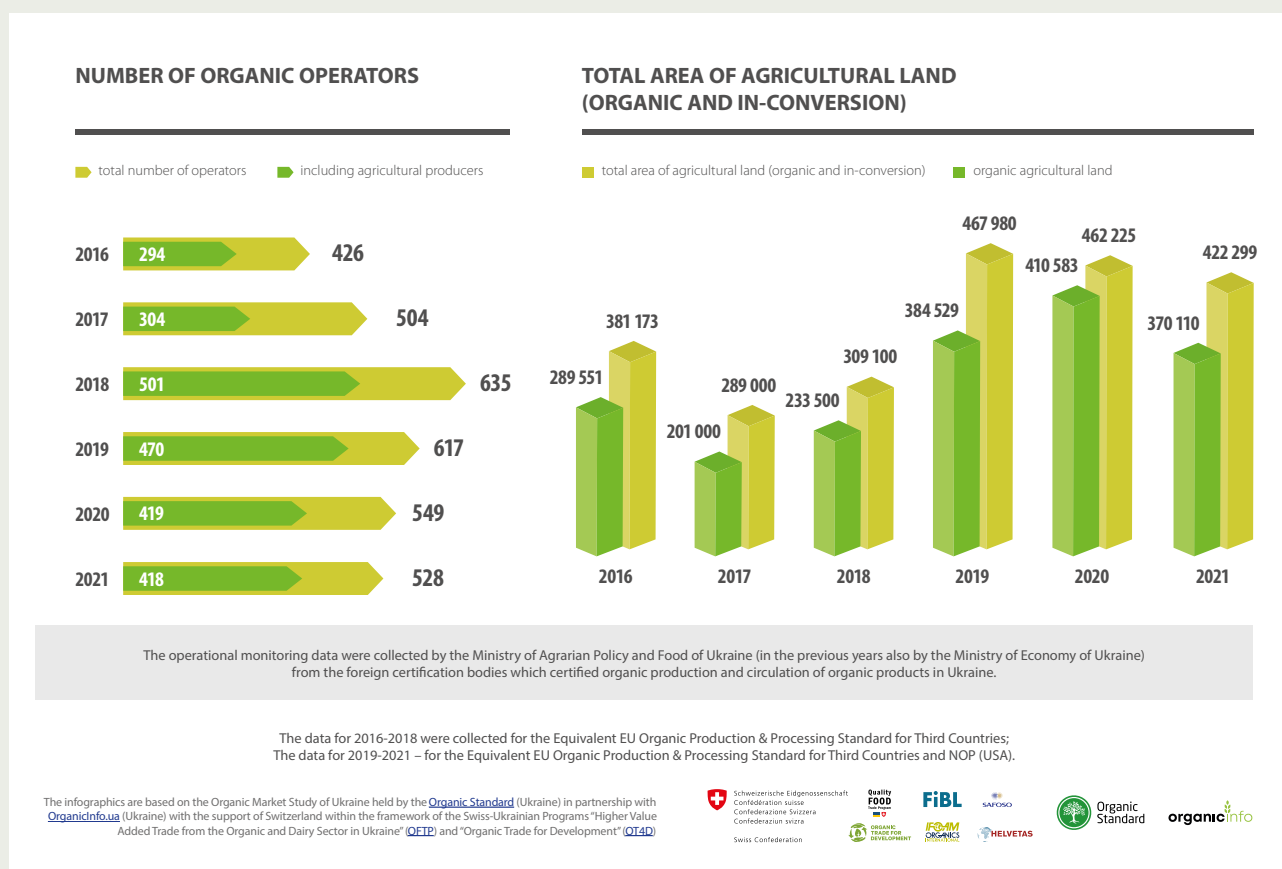
Most organic operators in Ukraine are certified according to the EU organic standard. In addition, Ukrainian organic operators are often also certified according to the United States (U.S.) National Organic Program (NOP), Canada Organic Regime (COR), Bio Suisse (Switzerland), Naturland and Bioland (Germany), and some also by JAS (Japan), and KRAV (Sweden).

Together with other European countries, Ukraine strives to reach a higher share of organic production in the nearest future. On March 3, 2021, the Cabinet of Ministers of Ukraine (CMU) approved the Resolution on The National Economic Strategy until 2030, which officially set the goal to increase organic area up to 3% of total agricultural land in Ukraine and to increase exports of organic products up to \$1 billion by 2030². Furthermore, the goal to develop organic production in Ukraine under the Sustainable Development Goals (SDGs) was set in the first Voluntary National Review of the Sustainable Development Goals in Ukraine³. The development dynamics of the organic production are shown in Figure 1.

¹ https://agriculture.ec.europa.eu/system/files/2022-09/agri-market-brief-19-organic-imports_en.pdf

² <https://organicinfo.ua/en/news/3percent-under-organic-production-2030/>

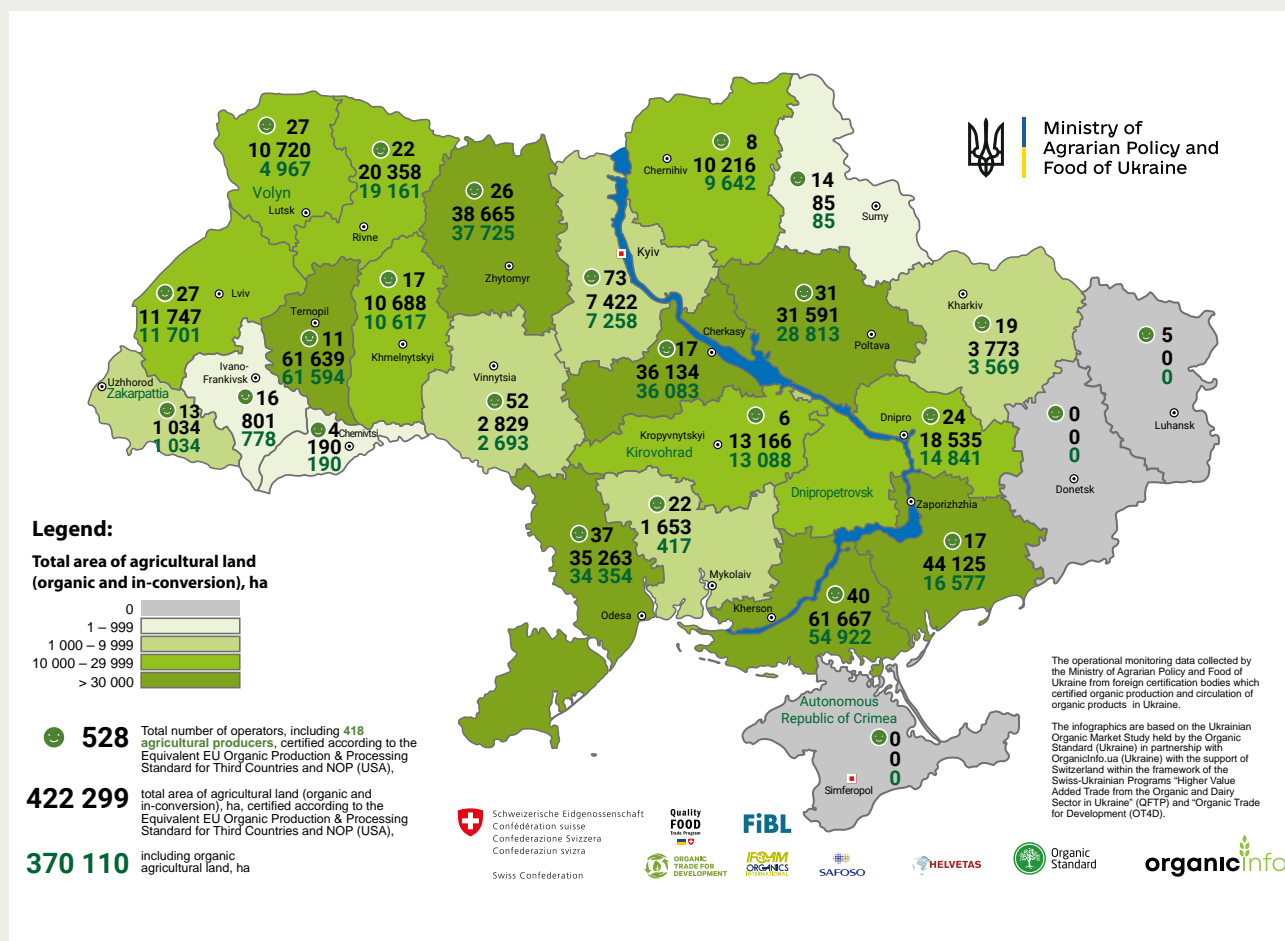
³ https://sustainabledevelopment.un.org/content/documents/26295VNR_2020_Ukraine_Report.pdf

Figure 1.**Organic production in Ukraine, 2016-2021**

According to the latest operational monitoring data which the Ministry of Agrarian Policy and Food of Ukraine (MAPF) collected from certification bodies that certified organic production and circulation of organic products in Ukraine (EU Regulation and NOP) as of the end of 2021, the total area of organic and in-conversion agricultural lands in Ukraine was 422,299 hectares (including organic agricultural area 370,110 hectares). Organic agricultural land remains 1% of the total agricultural area in the country. The number of organic operators in 2021 was 528, slightly decreased compared with the previous year (549 in 2020), with 418 agricultural producers among them (419 in 2020). These operators include producers, processing companies, importers, and exporters of organic products (see Figure 2). Altogether, the quantitative development of organic agriculture in Ukraine has been consolidated since 2016, and products and organic integrity improved during the consolidation process.

Figure 2.

Organic map of Ukraine, as of December 31, 2021



A significant landmark for Ukrainian organic legislation occurred in 2021, when amendments to the Law of Ukraine #2496-VIII “On the Main Principles and Requirements for Organic Production, Circulation and Labelling of Organic Products” (the Law) came into force. Together with the Law, adopted on July 10, 2018, this is the legal foundation of organic production, circulation, and labelling of organic products in Ukraine⁴. A major contribution to the development of the legislative framework for the organic sector of Ukraine was made by the specialists of the MAPF and the State Service of Ukraine on Food Safety and Consumer Protection with the support of the Ukrainian organic stakeholders and international projects. Even though all bylaws were adopted, the organic legislation of Ukraine has not yet been fully implemented and still requires certain amendments and adaptation to the new EU organic legislation.

⁴<https://zakon.rada.gov.ua/rada/show/en/2496-19#Text>

The Ukrainian organic sector has been very active all these years and implemented many different activities to promote organic agriculture, facilitate organic trade, establish an organic regulatory framework, etc⁵. Ukrainian organic stakeholders and policymakers conducted many conferences, field days, and workshops, the Ukrainian National Pavilion at the Biofach, etc. It should be highlighted that in this period, the process of capacity development among individuals, business support organizations (BSOs), and authorities became more and more visible. As a positive result of this process, the sector is still or even more vivid despite the Russia's full-scale war against Ukraine, which is illustrated not least through the fact that 250 participants from Ukraine and other countries took part in the online conference "Organic Day in Ukraine 2022" on September 23, 2022.

Production and domestic market

Ukraine's organic domestic market has been growing slowly but steadily, despite different challenging economic circumstances.

According to analytical data of the non-governmental organization (NGO) Organic Ukraine, the number of organic processors increased by 33%, from 86 in 2019 to 114 in 2020, and producers with organic products ready for consumption increased by 7%, from 60 in 2019 to 64 in 2020⁶. Furthermore, the Ukrainian organic market was replenished by almost 100 organic products with higher added value⁷. In 2021, a significant number of them appeared for the first time on the domestic market, e.g., honey, amaranth, dried sublimated fruits, various canned vegetable products, baking mixes, apple chips, and dried fruit bars. The largest sales channels for organic products are supermarkets in different, mostly big, cities all over Ukraine, not only in the capital Kyiv.

Even though Ukrainians consume much less organic products (less than 1 euro per capita) than residents of EU countries and Switzerland, the interest in more natural and healthy foods has been growing.

In April 2020, the Ukrainian stakeholder platform Organic Initiative was established to support higher value-added trade development in Ukraine with one strong voice and joint efforts⁸.

⁵https://organicinfo.ua/en/events/?date_filter=all

⁶http://op.organicukraine.org.ua/files/Conference_2020_small.pdf

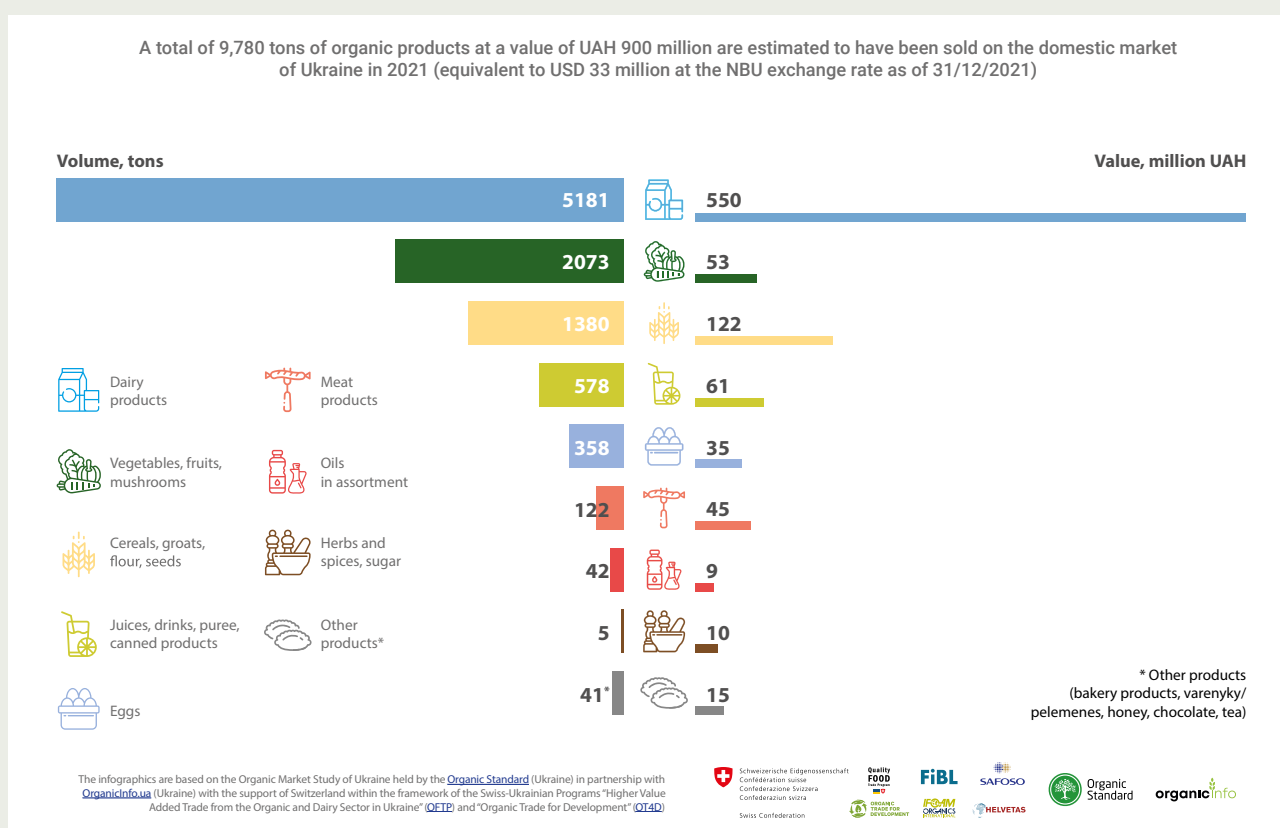
⁷<https://organicinfo.ua/en/news/new-products-and-brands-of-2021/>

⁸<https://organicinitiative.org.ua/en/>

According to the study “Awareness and perception of organic products in Ukraine”, conducted by the research agency MZ Hub at the request of the Organic Initiative platform of key Ukrainian organic stakeholders, in late 2020, 78% of consumers in Ukraine declared they were ready to buy organic products⁹. But there was still not enough information that could lead consumers to conscious choices in favour of organic products, nor sufficient awareness of organic products. Thus, the Organic Initiative launched the first promotional organic campaign targeting consumers in Ukraine. The first stage was launched online at the end of May 2021 and had over 9 million views. Promotional videos, banners, and a website were developed for the campaign¹⁰.

According to the results of the Organic Market Study of Ukraine conducted by the Organic Standard in partnership with OrganicInfo.ua, a total of 9,780 tons of organic products at a value of UAH 900 million are estimated to have been sold on the domestic market in 2021, equivalent to \$33 million at the National Bank of Ukraine (NBU) exchange rate as of December 31, 2021 (see Figure 3).

Figure 3.
Domestic organic market in Ukraine, as of December 31, 2021



⁹<https://organicinitiative.org.ua/wp-content/uploads/2022/09/MZ-Hub-Organic-Initiative-Report-EN-12.11.2020.pdf>

¹⁰<https://about.organicinfo.ua/>

Since the beginning of conducting an organic market study in Ukraine (2016), the top three product categories sold on the Ukrainian domestic market have remained the same: “dairy products” are always #1, followed by “vegetables, fruits, and mushrooms” and “cereals, groats, flour, and seeds.”

In 2021, the Organic Initiative undertook the implementation of a pilot project on introducing organic food in public school and kindergarten canteens as a part of the School Food Reform initiated by the First Lady of Ukraine Olena Zelenska. This is a completely new approach for Ukraine to developing the domestic organic market and providing access to organic products for a wider population in the country.

From year to year, the Ukrainian organic service providers in cooperation with each other, under the patronage of state and regional authorities organize numerous annual events to promote organic agriculture in the domestic market, usually supported by international development partners. Thus, the Organic Ukraine NGO hosted the “Organic Ukraine Regional Forums”, which engaged all 24 Oblast State Administrations to the event organization in 2020 and 2021. For the 5th time, the International Congress Organic Ukraine¹¹ and the 7th Organic Processing and Trade Conference¹² were co-organized by Organic Ukraine, Organic Standard and Information Center “Green Dossier” in 2021. The Organic Federation of Ukraine organizes a specialized exhibition “ORGANIC”¹³ within the framework of the International Agroindustrial Exhibition “AGRO” which is always accompanied by a special Organic Conference¹⁴. All-Ukrainian Organic Products Fair was organized for the 11th time in Kyiv by the Organic Federation of Ukraine. Lviv Municipal Public Organization Ecoterra organized the 12th Organic & Natural Fair in Lviv this year. The list of the events organized by organic service providers in the domestic market of Ukraine is not exhaustive; information about all organic events organized in Ukraine is available at the informational web portal www.organicinfo.ua/en/events/.

Export market

Over the past few years, Ukraine has become the most important supplier of organic products from non-tropical countries to Western markets. According to the latest EU organic import report, in 2021, Ukraine exported 189,200 tons

¹¹<https://organicukraine.org.ua/congress/2021/en/>

¹²<https://op.organicukraine.org.ua/en>

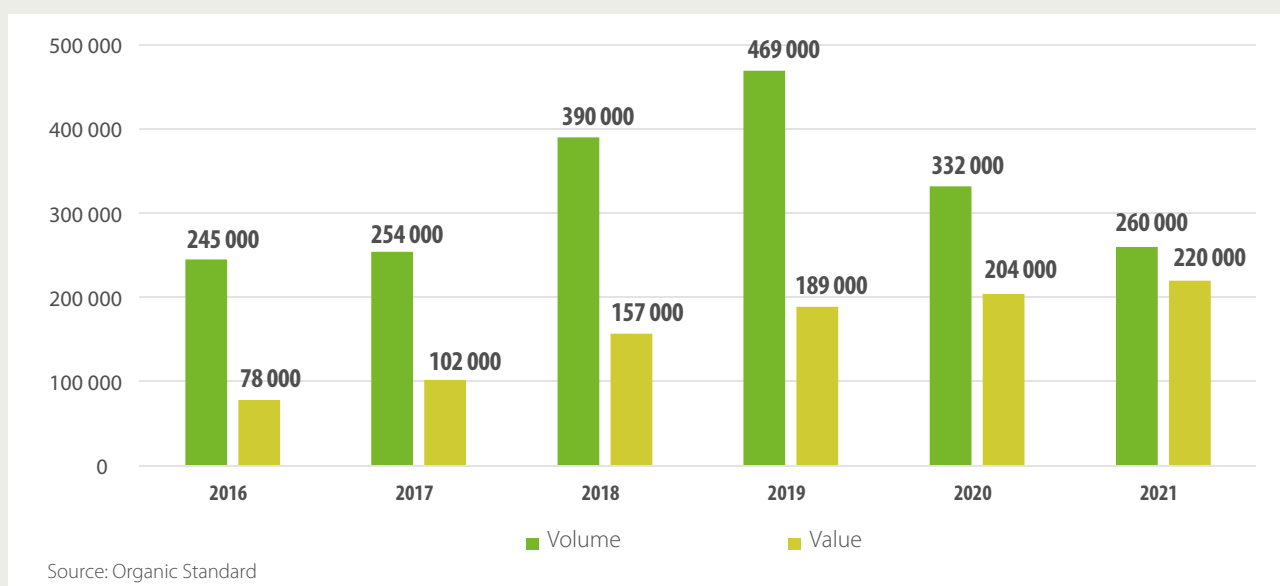
¹³<https://organic.com.ua/08-11-cherwnya-uspishno-vidbulasya-vystavka-organic-2021/>

¹⁴<https://organic.com.ua/organik-znannya-dosvid-rezultat-2/>

of organic agri-food products to the EU¹⁵. Ukraine used to be rather a 'Volume leader-importer' to EU countries, but it has not yet been in the top 10 of 'Value added leader-importer.' Nevertheless, it motivated Ukrainian exporters to work more on adding higher value, thus more organic semi-processed and processed products appeared in Ukraine's export portfolio over the last years, such as organic sunflower oil, frozen berries, and apple juice¹⁶. A larger share of higher-added value products partially explains why the value of the exported organic products from Ukraine increased in 2020-2021 despite the volume decrease. In 2020, out of the \$204 million of total exported organic goods, \$77.5 million (61,400 tons) corresponds to higher value-added products, according to the Organic Standard (see Figure 4).

Figure 4.

Development of organic exports from Ukraine by volume and value, 2016-2021



Even though there were certain advantages of the European Free Trade Association (EFTA) and free trade agreements with the EU, United Kingdom (UK), and Canada, Ukrainian exporters suffered from export restrictions due to prolonging additional control measures for importing organic products from Ukraine to the EU countries since 2015 until 2022.

Ukraine remains one of the top five organic importing countries to the EU and has different organic products in its portfolio (see Figure 5).

¹⁵https://agriculture.ec.europa.eu/system/files/2022-09/agri-market-brief-19-organic-imports_en.pdf

¹⁶According to Organic Standard

Figure 5.

Organic import volumes from Ukraine to the EU, by product category (thousand tons), 2020-2021

| | 2020 Imports | 2021 Imports | Change (%) | Share (% , 2021) |
|--|--------------|--------------|--------------|------------------|
| Cereals, other than wheat and rice | 82.9 | 89.5 | 8.1 | 47.3 |
| Fruit, fresh or dried, excl. citrus & tropical fruit | 15.5 | 20.1 | 29.8 | 10.6 |
| Soyabeans | 27.7 | 17.2 | -40.0 | 9.1 |
| Oilseeds, other than soyabeans | 19.3 | 16.7 | -13.7 | 8.8 |
| Oilcakes | 7.4 | 13.2 | 78.1 | 6.9 |
| Wheat | 39.3 | 11.2 | -71.4 | 5.9 |
| Vegetable oils other than palm & olive oils | 5.8 | 5.6 | -2.1 | 3.0 |
| Flours and other products of the milling industry | 4.6 | 4.5 | -0.6 | 2.4 |
| Total | 217.2 | 189.2 | -12.9 | 100.0 |
| Share of selected products in Total (%) | 94 | 94 | | |

Source: Traces

Starting in 2019, the State Institution Entrepreneurship and Export Promotion Office (EEPO) has begun to support the organic export market of Ukraine by contributing to the capacity development of the Ukrainian organic exporters, promoting the Ukrainian organic sector and contributing to a positive image of Ukraine as a reliable supplier of organic produce abroad.

In close cooperation with key organic stakeholders, including the Organic Initiative, a series of export promotional activities¹⁷ were organized, among them – a large-scale online matchmaking and informational event the Ukrainian Organic Export Days 2021. For the first time in Ukraine, a “Catalogue of the Ukrainian Organic Exporters” was elaborated and widely promoted¹⁸. The first Ukrainian collective stand was organized within the Middle East Organic and Natural Product Expo 2021 in Dubai, United Arab Emirates (UAE), which featured seven Ukrainian companies that produce higher-value-added organic products¹⁹.

Thanks to organic stakeholders' active engagement in export promotion activities, encouraging policymakers to contribute to organic market development, and Ukraine's constant presence at key organic trade fairs,

¹⁷https://export.gov.ua/612-ne_sirovinoiu_iedinoiu_vnesok_ofisu_z_rozvitku_pidprimnitstva_ta_eksportu_u_prosuvannia_organichogo_sektoru_ukraini

¹⁸https://imp.export.gov.ua/news/3531-catalogue_of_ukrainian_organic_exporters

¹⁹<https://organicandnatural.com/>; https://epo.org.ua/downloads/Dubai_catalogue.pdf

as well as building trustworthy international partnerships on business levels, Ukraine remains in last year in top 5 of the organic exporters to the EU countries.

The development of the Ukrainian organic sector has been also supported by different countries within international programs/ projects of technical support. The organic sector (directly or indirectly) has benefitted for the past few years from:

- Swiss-Ukrainian Program “Higher Value Added Trade from the Organic and Dairy Sector in Ukraine” (QFTP) implemented by the Research Institute of Organic Agriculture (FiBL) in partnership with SAFOSO AG and supported by Switzerland;
- Organic Trade 4 Development in Eastern Europe (OT4D) supported by the Swiss State Secretariat of Economic Affairs (SECO) implemented by the IFOAM – Organics International in consortium with HELVETAS Swiss Intercooperation and Research Institute of Organic Agriculture (FiBL) and supported by Switzerland;
- Project “German-Ukrainian Cooperation in Organic Agriculture” (COA) – Phase II, implemented by AFC Consultants International /IAK Agrar Consulting GmbH and funded by the German Federal Ministry of Food and Agriculture (BMEL);
- EU Project Association4U – “Support for the Implementation of the EU-Ukraine Association Agreement Phase II” implemented by the Corporate & Public Management Consulting International OU;
- Project “Eastern Partnership – Ready2Trade”: an EU4Business initiative implemented by the International Trade Center (ITC) and funded by the EU Commission;
- Import Promotion Desk (IPD) implemented by the Federation of German Wholesale, Foreign Trade and Services (BDG), sequa gGmbH and funded by the German Federal Ministry for Economic Cooperation and Development;
- EU4SmallFarms project (Institutional Policy Reform for Smallholder Agriculture, IPRSA);
- UNDP project “Supporting Green Recovery in Ukraine”;
- USAID AGRO (USAID Agriculture and Rural Development Support) and USAID CEP (USAID Competitive Economy Program);
- Project “Strengthening Micro- Small and Medium-Sized Enterprises Business Membership Organizations” – Phase II, implemented by

the United Nations Development Program (UNDP) and supported by Switzerland;

- Swiss-Ukrainian Project “Decentralization for Improved Democratic Education” (DECIDE) implemented by the Consortium of the NGO DOCCU and Zurich University of Teacher Education (PH Zurich) and supported by Switzerland;
- Canada-Ukraine Trade & Investment Support Project (CUTIS Project), funded by the Global Affairs Canada;
- Ukraine Horticulture Business Development Project (UHBDP) (2014 – 2021), implemented by MEDA Ukraine (Mennonite Economic Development Associates) and funded by the Global Affairs Canada (GAC).

Switzerland has been supporting organic market development in Ukraine for 20 years within the Swiss technical assistance projects (SECO and SDC). Thanks to the Swiss support Ukraine has managed to establish a committed organic stakeholder network with its own Organic Standard control body, Ukrainian organic web portal OrganicInfo²⁰, organic national policy dialogue, and agreed on the joint vision for Ukrainian organic sector development through Organic Initiative.

2. Situation as of October 2022 (8 months after the beginning of the full-scale war in Ukraine)

Overview

Since the beginning of Russia's full-scale invasion of Ukraine on February 24, the Ukrainian organic sector, and the entire agrarian industry, has been suffering from Russian aggression. Problems include occupied land; mined fields; destroyed farms, warehouses, and infrastructure; lack of fuel and vehicles; and domestic demand that has nosedived. After the Northern regions and some districts in the Southern regions were liberated, organic operators started to resume their activities there, and some of them relocated their businesses to other regions. Organic producers in other regions did not stop their activities or stopped for a very short time.

It is worth mentioning that at the beginning of 2022, the Ministry held

²⁰<https://organicinfo.ua/en/>

the qualification exams for inspectors of certification bodies, which made it possible to start submitting accreditation applications for certification bodies in Ukraine²¹. Thirty-one candidates passed the exam. Two organic certification bodies applied for accreditation at the beginning of 2022, but this process was postponed for several months, in May, the consideration of accreditation documents resumed. This is an important step for starting the implementation of the organic legislation of Ukraine in full measure.

The EU decision to abolish import tariffs and duties on Ukrainian goods exported to the EU was very important for facilitating organic export from Ukraine, and the status of a candidate for EU membership strengthens Ukraine's position²². Moreover, for the first time since 2015, Ukraine has been excluded from the list of countries to which additional official controls on organic products imported to the EU apply²³. This significantly simplifies the process of organic export, as it helps to reduce the cost of additional inspection, sampling, and analysis, and, respectively, time for export, and the opportunity to export new products and increase the exported volumes.

In May 2022, the MAPF's official working group on organic agriculture resumed its work and has focused on revising the organic legislation and adapting it to the new organic Regulation (EU) of the European Parliament and the Council 2018/848 on organic production and labelling of organic products, which has been applied since January 1, 2022.

Under the current conditions, adopting the amendments to the transitional provisions of the Law was critical, and the Ukrainian parliament finally adopted them in May 2022. These amendments provided for extending the sales of organic products with foreign certificates by Ukrainian operators for two more years (until July 1, 2024), creating opportunities for Ukrainian producers that produce organic products under international standards to receive state support (if available), the possibility to reduce the conversion period while transiting to the Ukrainian organic standards for organic operators if they are certified by the same certification body.

The EU Commission adopted Delegated Regulation (EU) 2022/1450 as of 27 June 2022, supplementing Regulation (EU) 2018/848 of the European Parliament and of the Council as regards the use of non-organic protein feed

²¹<https://www.me.gov.ua/News/Detail?lang=uk-UA&id=e701b42b-38dd-4fae-b1b3-888698c89da2&title=VUkrainiPershi22-KandidatiUspishnoZdaliKvalifikatsiiniilspitNaInspektoraZOrganichnogoVirobnitstva>

²²https://www.eeas.europa.eu/delegations/ukraine/eu-commissions-recommendations-ukraines-eu-candidate-status_en?s=232

²³https://agriculture.ec.europa.eu/farming/organic-farming/trade_en

for the production of organic livestock due to Russia's invasion of Ukraine²⁴. The MAPF sent official letters to the EU Commission, EU Delegation in Ukraine and EU Member States with information about organic in Ukraine and with a request for cooperation and joint discussion and with a request to not apply such derogation, which could negatively influence both Ukrainian organic exporters and EU organic importers. Organic sector stakeholders and international projects appeal with the messages to other EU institutions and organizations. This started a new era of organic policy dialog and lobbying for Ukrainian organic sector interests that was never observed before. For the first time, the MAPF initiated direct communication to support Ukrainian organic business with the EU Commission, EU Delegation in Ukraine, and the EU Member States. Number of meetings on this issue took place in the Germany, Netherlands, Poland and other EU members states and European Commission.

Ukraine remains committed to developing organic agriculture as one of the priority areas in the mid-term 'green' transformation of agriculture. In particular, organic production may play an important role in adapting to and mitigating climate change, which was mentioned at the International Ukraine Recovery Conference, held on July 4-5, 2022, in Lugano, Switzerland²⁵. The Ukrainian topic was discussed at the European Organic Congress, Biofach, and Organics Europe Youth Event 2022.

Following the path of European integration and implementing the European Green Deal, Ukraine and EU countries celebrated Organic Day on September 23²⁶. More than 250 participants from 16 countries (e.g. Ukraine, Switzerland, the UK, UAE, France, Germany, Italy, the Netherlands, Denmark) joined the online conference "Organic Day in Ukraine", organized by the MAPF, EEPO, and Organic Initiative²⁷. Through this event, Ukraine demonstrated one more time its strong commitment to developing organic agriculture in Europe and its integration into the European organic movement. Ukraine has its place on the Organic Map of Europe²⁸. At the event, the First Deputy Minister of Agrarian Policy and Food of Ukraine Taras Vysotskyi mentioned that it is

²⁴<https://webgate.ec.europa.eu/regdel/#/delegatedActs/1925?lang=en>

²⁵<https://www.eda.admin.ch/eda/en/fdfa/fdfa/aktuell/dossiers/alle-dossiers/urc2022-lugano.html>

²⁶<https://minagro.gov.ua/en/events/online-conference-organic-day-ukraine;>
<https://minagro.gov.ua/en/news/ukraine-and-eu-together-celebrate-organic-day>

²⁷<https://organicinfo.ua/en/events/organic-day-2022/>

²⁸<https://www.organicseurope.bio/get-involved/european-organic-day/>

planned to officially designate September 23 as Organic Day in Ukraine, like the one celebrated in the EU.

Production and domestic market

Agricultural producers have faced many problems in these past eight months, including but not limited to uncountable losses from the Russian occupation, destruction of infrastructure facilities and supply chains, seaport blockades, and a significant increase in the prices of fertilizers, fuel, and logistics. But despite all the difficulties, Ukrainian organic agricultural producers were able to complete the spring sowing campaign and harvesting, and continue exporting thanks to a strong commitment to organic agriculture, responsibility for people (their clients/partners, employees, rural area citizens), and their businesses.

During the first month of Russia's full-scale invasion, parts in the north, east, and south of Ukraine were occupied, including many organic production fields, storage and processing facilities. As of March 2022, almost one-third of organic agricultural land remained occupied²⁹. The oblasts (regions) that are close to the Russian Federation and Belarusian borders and Southern Ukraine suffered the most. A significant share of organic agricultural land was located on the battlefield or occupied, such as Kyiv, Sumy, Kherson, Zaporizhzhia, Kharkiv, Chernihiv oblasts³⁰.

Since the beginning of the full-scale war, about 120,000 hectares of certified organic land were lost, especially in Kherson and Zaporizhzhia oblasts. The results of the Organic Ukraine NGO survey of Ukrainian organic businesses, conducted in mid-March 2022, showed that 30% of Ukrainian organic operators had to suspend their business activities and 70% required financial support³¹. About 50 companies responded to this survey. Small- and medium-sized producers struggled the most to afford certification, pay taxes and salaries, and buy inputs permitted for use in organic agriculture. Many of them also experienced complete or partial loss of their businesses, destroyed batches of organic products, equipment, and machinery (see Figure 6); damaged infrastructure and organic fields, disrupted supply chains and logistical problems (see Figure 7); lack of labour forces due to male staff mobilization and female staff being fled.

²⁹<https://organicinitiative.org.ua/en/news/statement-on-the-situation-in-the-ukrainian-organic-sector/>

³⁰<https://fakty.com.ua/en/ukraine/20221031-karta-bojovyh-dij-v-ukrayini/>

³¹<https://organicinfo.ua/en/news/organic-appeal/>

Figure 6.

Ukrharchopromcomplex LLC's processing plant destroyed by a russian missile attack (left); Family Garden LLC's damaged tractor with stolen wheels (right)



Photo credit: Ukrharchopromcomplex LLC



Photo credit: Family Garden LLC

Figure 7.

A rocket in Yahidky AMC's organic blueberry fields (left); Destroyed bridge in Chernihiv Oblast, which completely blocked Ethnoproduct PrJSC from delivering its products (right)



Photo credit: Yahidky AMC



Photo credit: Ethnoproduct PrJSC

During the first months of the full-scale war, many retail chains suspended their operations and blocked payments for products that had already been shipped. Many organic producers started to supply their products to the Ukrainian army, territorial defence units, and internally displaced persons (IDPs) from the very beginning, and many have decreased their retail prices. Meanwhile, most producers that were not under occupation conducted their spring field work, although with certain delays and changes. Certainly, the lack of fuel and lubricants became a significant challenge for everyone, and sometimes changes had to be made to crop rotation or new niche projects had to be abandoned.

Nevertheless, the Ukrainian organic sector stakeholders could receive emergency financial support to keep their organic businesses through two grant programs: “Support for Organic Sector of Ukraine” initiated by the Ukrainian Stakeholder Platform Organic Initiative (2 phases, supported by QFTP, OT4D and other partners); and “Support for Emergency Aid Ukraine Organic Farming” initiated by the COA project in partnership with the Future Foundation for Agriculture.

After February 24, Organic Initiative continued its joint work for Ukraine’s organic sector, focusing on two main areas: saving Ukraine’s organic sector and facilitating organic export from Ukraine. Thus, based on the results of the above-mentioned survey and understanding of market operators’ urgent needs, Organic Initiative launched the grant program “Support for the Organic Sector in Ukraine³²”. The grant program’s purpose is to support organic producers to overcome the current situation and preserve and strengthen the organic sector’s capacity in the mid- and long-term. According to the results of the grant program’s (two phases³³), about 120 organic market operators received support for a total amount of about \$350,000 to cover costs for organic certification, purchasing organic food products from organic producers (with further distribution among IDPs, vulnerable populations, etc.), purchasing inputs, further development of the marketing activities at the domestic market, purchasing equipment, etc. A significant proportion of this support was provided by OT4D and QFTP programs.

³²<https://organicinitiative.org.ua/en/special-project/organic-sector-support/>

³³<https://organicinfo.ua/en/news/organic-support-1phase/>;
<https://organicinfo.ua/en/news/grant-program-2phase-results/>

Within the fundraising campaign of the Future Foundation for Agriculture “Support for Emergency Aid Ukraine Organic Farming” 170 enterprises were supported, among them organic producers and organizations of the organic sector in total €560,000³⁴.

A few grant recipients' cases are showed below.

Box 1: Case of Ethnoproduct PrJC

The small village Yasenivka in Chernihiv Oblast, home to the Ethnoproduct PrJC organic dairy farm*, was surrounded by russian troops from the first day of the full-scale war because of the close proximity to russia and belarus. While the region was occupied, there was no external supply of food, medicine, or fuel (see Figure 8). During the occupation, the company gave most of its milk to the local population free of charge. Some village residents said that the milk saved them from starvation. The organic dairy processing unit in Kyiv Oblast did not work because it was not possible to deliver organic milk from the farm for processing due to the ruined bridges and damaged roads, and the location of the processing facilities was next to the battle line in Kyiv Oblast, so it was impossible and unsafe for workers to go to work. At the beginning of April, Chernihiv Oblast was liberated by the Ukrainian Armed Forces, which allowed the Ethnoproduct farm employees to get back to work. The company provided some IDPs from occupied regions with a workplace at the farm. The processing factory has not resumed work, but Andrii Nikolaiuk, the company's general director, remains positive and expects that processing will start again soon, and their branded organic dairy products will again appear on the shelves of Ukrainian supermarkets (see Figure 8). The company adheres to organic farming principles and fulfils requirements for organic production, but as for now, most of its organic milk is sold at conventional prices, and only a small percentage at the organic premium price. Although the company is not able to ensure the supply of its processed organic products to supermarket chains, it is working on a contractual basis and its retail partners are quite supportive and do not issue fines. At the same time, the organic company still expects the debts of some retailers to be paid.

* <https://www.ethnoproduct.com/en/p/about.html>

³⁴<http://coa-ukraine.com/en/news/267-support-organic-eng>

Figure 8.

Ethnoproduct's lean organic cows, the result of lack of feed and medicine during russian occupation, April 2022 (left); Andrii Nikolaiuk, Ethnoproduct PrJSC General Director (right)

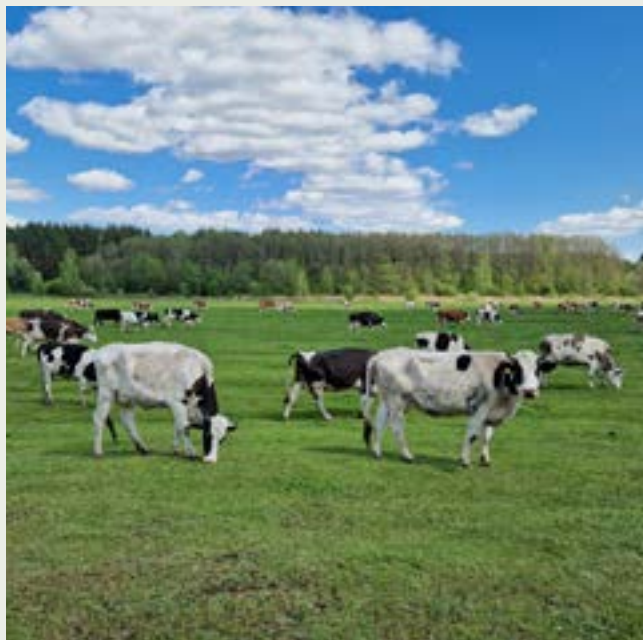


Photo credit: Ethnoproduct PrJSC

In order to find out what needs of Ukrainian business during the full-scale war are, the Center for innovation development, the EEPO, Diia.Business project together with Advanter Group conducted a survey on the current state of Ukrainian businesses (not only organic) as of June 2022³⁵. A total of 877 business owners and CEOs participated in the survey. Furthermore, the Organic Initiative and NGO Organic Ukraine conducted a second survey of Ukrainian organic businesses³⁶ in July 2022 to analyse the current situation in the organic sector as of the fifth month of Russia's full-scale invasion of Ukraine, as well as market operators' plans for the new marketing season. Over 80 organic small- and medium-sized enterprises (SMEs) from 20 oblasts took part in the survey, i.e., organic producers and processors that work on the domestic market and small exporters. According to the survey results, as of July 2022, about 70% of operators fully or partially continued organic production and processing (see Figure 9)³⁷.

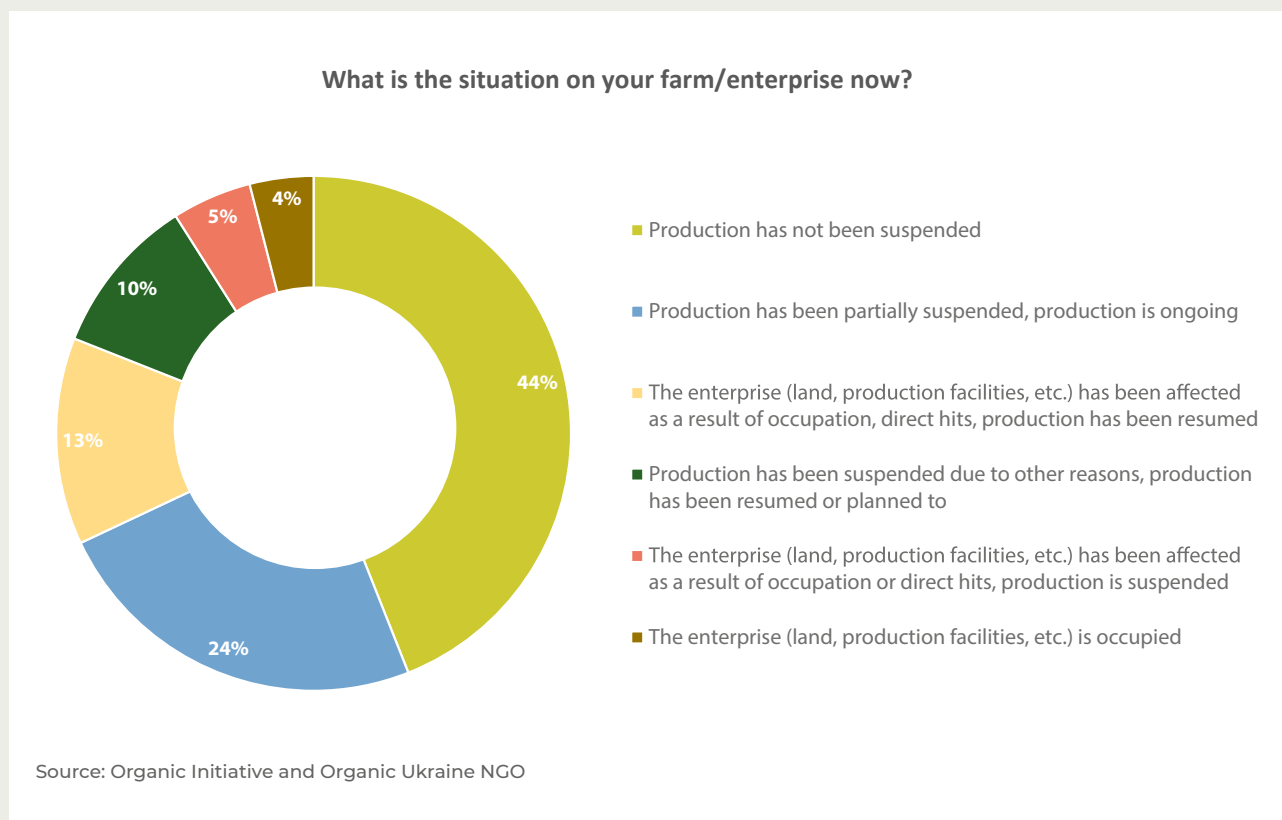
³⁵<https://business.diia.gov.ua/en/cases/novini/stan-ta-potrebi-biznesu-v-umovah-vijni-rezultati-opituvanna>

³⁶https://organicinitiative.org.ua/wp-content/uploads/2022/07/Graphics-Organic-Market-Survey_EN.pdf

³⁷<https://organicinfo.ua/en/news/statement-july2022/>

Figure 9.

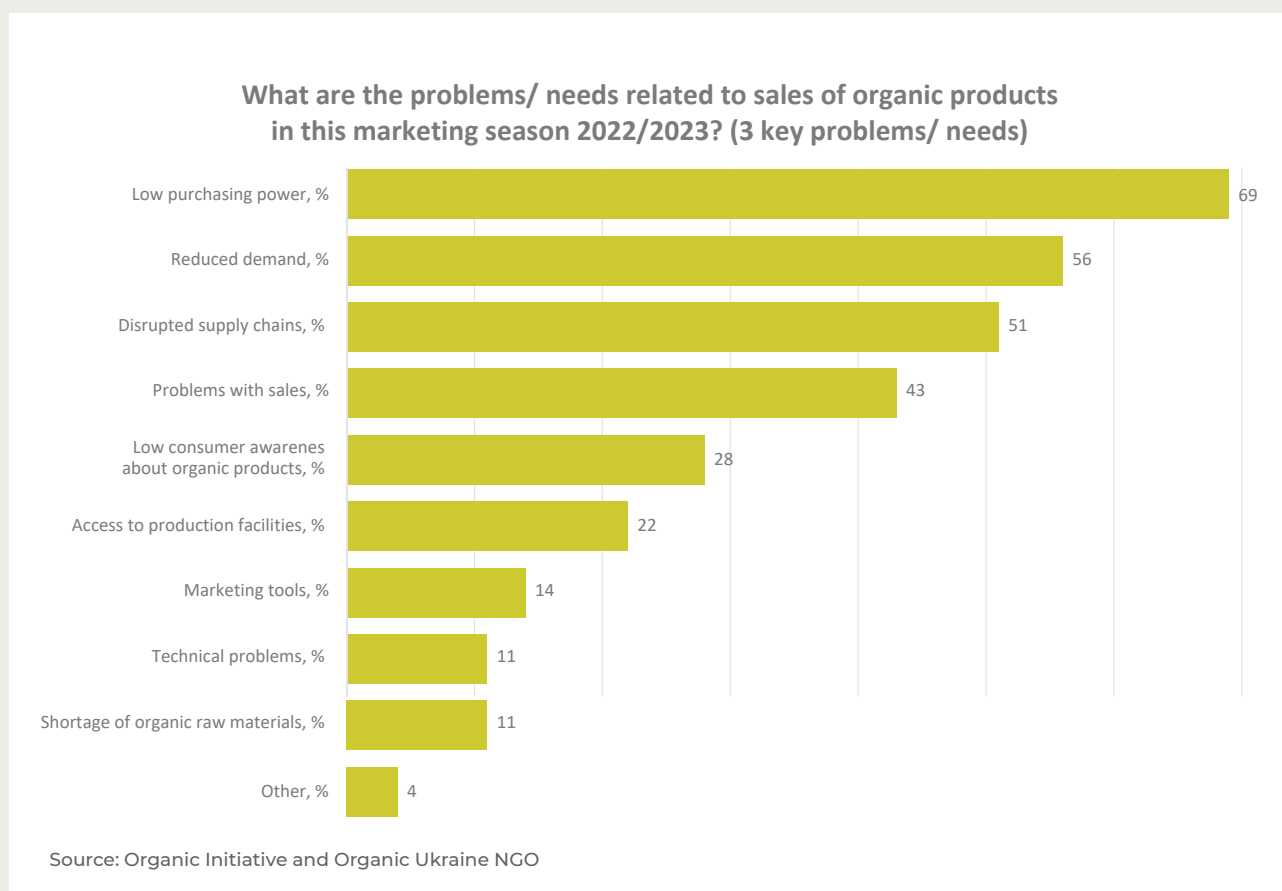
Organic Initiative survey: current status of farm/enterprise (July 2022)



According to the surveyed producers, the domestic market will be mostly affected in the new marketing season by the low purchasing power due to a dramatic decrease in income and, correspondingly, reduced demand for organic products, including due to displacement of a significant number of Ukrainians to other regions of Ukraine and abroad, and supply chain disruption due to destroyed infrastructure (see Figure 10). Also, demand in the domestic market was affected by the closure of some retail chains and a certain trend in changing target markets. It should be noted that the domestic organic market was underdeveloped and required support even before the full-scale war, and new conditions exacerbate the crisis and reduce organic producers' competitiveness.

Figure 10.

Organic Initiative survey: problems/needs related to organic product sales in marketing season 2022/2023 (July 2022)



Box 2: Case of Natur Boutique

Victoria Le Khak, owner of family eco-certified hotels Maison Blanche* and Natur Boutique** specialty shop of organic and natural products, which started working on the Ukrainian organic market in 2008, shared that their on-site store in Kyiv did not work for the first 2-3 weeks of the full-scale invasion, but then the online store gradually resumed operations. The first deliveries of organic products were made in mid-April, and later, the on-site store opened for customers for a few hours a day, and now operates on a regular schedule. The demand for organic products decreased tremendously as many of the customers, loyal organic consumers with sufficient income and understanding of what organic is, had to flee from the country. However, while many Ukrainians have already returned to Ukraine, the demand for organic products has not returned to the same level as before. The product

range has also decreased, many organic suppliers still do not work, while some of the others offer their products for speciality shops at a higher purchase price than for supermarket chains, which is not acceptable for Natur Boutique. The staff who stayed in Ukraine and work on-site now are paid more than before the full-scale invasion due to the increased cost of living in the country, and those who work remotely from abroad, on the contrary, earn less. Unfortunately, one of three Maison Blanche hotels in Kyiv Oblast, which housed a Natur Boutique speciality shop and an organic restaurant, was destroyed by a missile strike*** on February 28 (see Figure 11). It will be difficult to restore the entire hotel, but the owner is planning to do as much as their budget can afford and needs external support.

* <https://maison-blanche.com.ua/en/>

** <https://natur-boutique.ua/en>

***<https://agroelita.info/orhanichnyy-ryteyl-realnyy-stan-ta-perspektyvy-rozvytku-pid-chas-viyny/>

Figure 11.

Eco-hotel Maison Blanche, with a Natur Boutique organic and natural products shop, before and after a russian missile strike; Berezivka, Kyiv oblast



Photo credit: Maison Blanche/ Natur Boutique

Much attention from national and international media is paid to the Ukrainian organic sector in Ukraine³⁸. For example, the leading Ukrainian TV channel ICTV congratulated Ukraine on Organic Day in a report on Ukrainian organic producers and their resilience towards difficult war conditions for work and life, and aired a motivating summary from the First Deputy Minister Taras Vysotskyi³⁹.

Despite the full-scale war and the negative factors related to it, new operators joined Ukraine's organic market in 2022 and more organic processed products appeared, such as fruit pastille, ready-made quick meals, essential oils, and nectarine juice (see Figure 12).

Figure 12.

New organic products at the Ukrainian market (summer 2022)



Photo credit: Brancho Ukraine LLC



Photo credit: Terra Ltd



Photo credit: Danube agrarian Ltd



Photo credit: Danube agrarian Ltd

Export market

Despite the full-scale war and threats in the country, Ukraine continues to make a significant contribution to global food security: the 2022 sowing

³⁸QFTP public relations monitoring, <https://qftp.org/en/organic-component/#tab-id-2>

³⁹<https://www.youtube.com/watch?v=DG968VNWWas&list=PLHSSC6VzRB5IgQ0VV4-k2lcpNkg3LIFqD&index=24>

campaign was carried out, alternative logistics routes to supply Ukrainian agricultural products abroad were developed, and the European Commission abolished tariffs and quotas on Ukrainian exports and suspended additional official controls on organic products originating from Ukraine applied in 2015-2021. Other countries have also made similar decisions to abolish import tariffs and duties on Ukrainian agricultural products, for example, the UK, Canada, and Australia. Thus, Ukrainian organic producers have a great opportunity to increase organic export in general, and organic feed and processed products in particular, and find new markets, customers, and partners. Developing the organic market remains one of the priorities of Ukraine's agricultural policy.

On May 3, the CMU made an important decision for the organic sector upon the request of the Organic Initiative and organic importers by amending the list of goods subject to export licensing and quotas in 2022⁴⁰. In particular, millet was moved to this list from export ban list, which opened the door to exporting organic millet. Ukraine is one of the biggest suppliers of organic millet to the EU market, and the first deliveries of organic millet to the U.S. market were made last year under an equivalence agreement⁴¹.

The EEPO and Organic Initiative have taken the lead in facilitating Ukrainian organic export through constant lobbying at the policy level and in the international arena, as well as addressing the urgent needs of organic exporters.

In order to demonstrate the readiness of Ukrainian exporters of organic produce to continue international trade, the EEPO, Organic Initiative and Organic Standard within the Swiss support (QFTP and OT4D) elaborated the Catalogue of Ukrainian Organic Exporters, which includes almost 100 profiles of companies with a wide range of organic products ready for export⁴².

Organic producers have found ways to export their products and, according to the Organic Standard's preliminary assessment based on Traces data, were able to export to EU countries and Switzerland almost the same amount over the first eight months of 2022 as in all of 2021 (see Figure 13)⁴³. According to the [analysis of the Organic Standard based on the data from EU database Traces](#), Ukraine was able to export to the EU countries over the first 8 months of 2022 more than for the same period in 2021 (see Figure 14). Local experts

⁴⁰<https://zakon.rada.gov.ua/laws/show/1424-2021-%D0%BF#n42>

⁴¹<https://organicinfo.ua/en/news/us-canada-equivalence-agreement-works-for-ukrainian-organic-exporters/>

⁴²https://imp.export.gov.ua/news/3924-the_catalogue_of_ukrainian_organic_exporters_2022

⁴³Traces is the European Commission's online platform for sanitary and phytosanitary certification required for importing animals, animal products, food and feed of non-animal origin and plants into the EU, and the intra-EU trade and EU exports of animals and certain animal products.

Figure 13.

Comparison of Ukrainian organic export value and volumes, 2021 (12 months) and 2022 (first eight months)

2021 (12 months)

- Total organic export market of Ukraine: \$190 million, 260,000 tons
- Organic export to the EU: \$160 million, 190,000 tons
- Organic export to Switzerland: \$7.3 million, 11,000 tons

2022 (January–August preliminary data)

- Total organic export market of Ukraine: n/a
- Organic export to the EU: \$116 million, 147,000 tons
- Organic export to Switzerland: \$5 million, 11,000 tons

Source: Traces and Organic Standard

predict that the total organic export volume and value in 2022 will be higher than the previous year even though Ukrainian seaports are still blocked and therefore U.S. and Canadian destinations are unreachable for the moment.

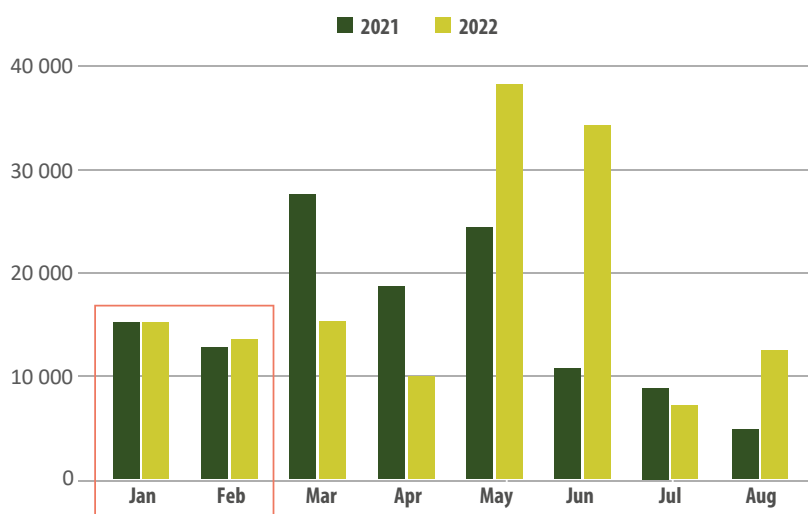
Figure 14.

Comparison of the Ukrainian organic export, 2021 and 2022 (first eight months)

Dynamics of the Ukrainian organic exports to the EU

period: 01.01 – 31.08

- ✓ Start of the year – same level of export
- ✓ First months of full-scale escalation – period of uncertainty
- ✓ Since May – adaptation to new realities and significant increase of export in 2022 compared to the same period in 2021



Source: Traces and Organic Standard

The main reason for the increase is a very nice harvest in 2021 of organic products in Ukraine. The 2021 harvest is still in the process of exporting this year. Often discussed logistic difficulties, such as seaport blockages, are not that critical for many Ukrainian organic products (apart from corn) as they could be exported in smaller quantities and by other means like railway or trucks. Nevertheless, one organic dairy producer lost their Middle East customers due to the no-fly zone over Ukraine, which was the only possible way to deliver dairy products with a short shelf-life to overseas countries (export volume was only up to 50 tons per year).

It is important to mention that according to Ukrainian exporters and their international buyers, they have managed to use all types of transportation and to increase the volume of organic exports, per each type of transportation including vessels, as they used river ports but not seaports (see Figure 15).

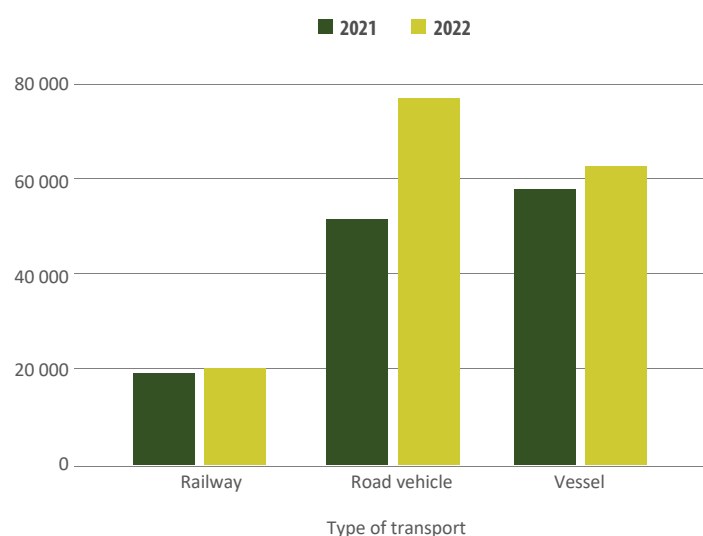
Figure 15.

Comparison of the Ukrainian organic export to the EU and Switzerland, 2021 and 2022 (first eight months)

Organic export from Ukraine to the EU & Switzerland

period: 01.01 – 31.08

| Type of transport | nett weight, MT | |
|--------------------|-----------------|----------------|
| | 2021 | 2022 |
| Railway | 19 230 | 20 200 |
| Road vehicle | 51 670 | 77 200 |
| Vessel (sea+river) | 57 940 | 62 600 |
| Total | 128 840 | 160 000 |



Source: Traces and Organic Standard

In these times, it is crucial that the international community knows and sees that Ukraine, its agricultural sector, and the organic sector in particular are operational, have a strong commitment to continue their organic production and trade, and have a positive attitude despite all the wartime difficulties. It is important for the whole country to prove that Ukrainian exporters can fulfil their contract obligations, regardless of various panicked information that is in the media about export disruptions from Ukraine, in order not to lose existing partners and to attract new ones. Therefore, on June 23, the EEPO, Organic Initiative, and other partners with Swiss support (QFTP and OT4D) held the international online event “Organic Export During the War” in order to provide existing and potential partners of Ukrainian exporters from abroad with reliable up-to-date information about the market condition and its capacities⁴⁴. At the event, foreign importers of Ukrainian organic products shared their success stories of cooperation with Ukrainian organic exporters during the full-scale war, and Ukrainian exporters were able to confirm that organic export is possible through these examples. The hot topic gained much attention: about 160 participants took part in the event, including more than 50 representatives of foreign companies from Germany, Switzerland, the Netherlands, Sweden, Austria, Belgium, Poland, and other countries.

Despite the full-scale war, the EEPO continues to open new markets for Ukrainian organic exporters. EEPO and Swedish partners are organizing a Ukrainian stall of organic exporters at the international trade fair Nordic Organic Food Fair in Sweden (November 16-17, 2022)⁴⁵.

Furthermore, regardless of the limited time for preparation, martial law, ban on men traveling abroad, and difficult logistics, Ukraine traditionally for the ninth time participated with own pavilion in the main international organic trade fair Biofach 2022 (this time it was a summer edition)⁴⁶. Special attention was paid to the Ukrainian organic sector at the event on all levels – from personal communication to the speeches delivered by the EU Commissioner for Agriculture and German Minister of Food and Agriculture during their official visit to the Ukrainian stands⁴⁷. Ukraine was represented at the Biofach by 32 Ukrainian organic companies at two stands: (1) National Pavilion of Ukraine “Organic Ukraine Business Hub”, organized by the EEPO and Organic Ukraine

⁴⁴https://imp.export.gov.ua/event/395-organic_export_during_the_war

⁴⁵https://export.gov.ua/event/472-kolektivnii_stend_na_mizhnarodnii_vistavtsi_nordic_organic_food_fair_2022

⁴⁶<https://www.biofach.de/en/info>

⁴⁷<https://organicinfo.ua/en/news/biofach-2022-attention-to-ukraine/>

in partnership with the MAPF and supported by Switzerland (QFTP and OT4D) and the United Nations Development Programme (UNDP) in Ukraine⁴⁸; and (2) Pavilion organized by the Ukrainian Berry Association, Organic Federation of Ukraine, and Biodynamics Association of Ukraine. The National Pavilion exhibitors could participate in both formats – on-site and remotely.

Ukrainian organic companies during the year were and will be also presented at Fruit Logistic exhibition (Berlin, April), Fruit Attraction (Madrid, October), SIAL (Paris, October), Nordic Organic Food Fair 2022 (Malmo, November), Food Ingredients & Health Ingredients Europe (Paris, December), Middle East Organic & Natural Products Expo (Dubai, December).

Box 3: Case of Mol'far Eko LLC

Co-exhibitor Mol'far Eko LLC*, whose organic willowherb teas (see Figure 16) and mushrooms were presented at the National Pavilion of Ukraine “Organic Ukraine Business Hub” at Biofach 2022, was contacted by new German business partner, social trading company Conflictfood GmbH**. The founder and director of the organic company Yevhenii Honcharenko is currently defending Ukrainian borders with the Armed Forces of Ukraine (see Figure 17), but thanks to the well-established work processes and harmonious teamwork, the company is already getting ready to deliver its products to Germany. Recently, the importer personally visited the tea production unit in Zakarpattia Oblast, and soon it is expected that the Ukrainian organic tea under its own brand Mol'far will be found within the Conflictfood product range (in particular, the one awarded with the Green Product Award).

* <https://molfar-tea.com/en/about-us/>

** <https://conflictfood.com/>

⁴⁸<https://minagro.gov.ua/en/events/international-organic-trade-fair-biofach-2022>

Figure 16.

Black rosebay willowherb organic tea Mol'far TM won a bronze award in the international 'Tea of the World' competition of the Agricultural Product Evaluation Agency (AVPA), France



Photo credit: Mol'far Eko LLC

Figure 17.

Yevhenii Honcharenko, founder and director of Mol'far Eko, is currently defending Ukraine in the Armed Forces



A survey conducted among exhibitors of the National Pavilion of Ukraine “Organic Ukraine Business Hub” showed that almost 100% of the respondents confirmed that their customers are able and willing to support them through trade in this critical time. Furthermore, in terms of the support needed to continue organic export relations, they indicated facilitating their participation at the key organic events, such as Biofach, to attract more customers and increase confidence in partnership with Ukrainian exporters.

Box 4: Result of qualitative interviews conducted with six importers from Western Europe (September 2022)

After the full-scale war started, Ukrainian exporters reported difficulties entering their fields (in some regions) or exporting due to challenges around the existing logistic chains. However, an analysis of export data for protein crops from the Traces EU database⁴⁹ indicated that from January 1-August 31, 2022, an even higher volume of organic protein crops from Ukraine were exported to the EU compared with the same period in 2021.

The main objective of the survey was to reveal first-hand information from importers regarding the current situation of sourcing from Ukraine during the full-scale war and get answers about how to export even larger volumes of organic protein crops. The interviews were conducted with importers from the Netherlands (1), Italy (1), Switzerland (2), and Germany (2).

General situation with organic imports from Ukraine: After the full-scale war started in February 2022, for 1-2 months nearly all export operations stopped and only a very few lots and small volumes were imported in this period. However, from May 2022, the situation was relieved a bit and exports increased gradually again; by the end of September, the organic suppliers of the interviewed importers could sell the last lots from the 2021 harvest.

The 2022 harvest in Ukraine was assessed as excellent and there is a certain pressure to sell the goods now to finance staff salaries and the 2023 seed campaign.

Regarding financial issues, larger organic operators seemed to have fewer problems than medium and small farms, which could not draw on financial reserves. However, in many cases, importers provide pre-payments to smaller and financially less potent operators against a lower product price.

Regarding the logistics used, most organic operators from Ukraine who are not using sea vessel shipments were able to find ways to deliver to their customers abroad.

Regarding residue findings, the imported lots did not indicate an over-average high number of residue cases. However, river vessel shipments seem to be affected a bit more by residue problems compared to truck or railway logistics.

⁴⁹When analysing Traces export data from Ukraine, it always has to be considered that only direct supplies from Ukraine to EU countries are reported there. In the past, according to importer statements, large volumes of Ukrainian exports had reached EU countries not directly but via Turkey or the UAE with vessel shipments. These indirect supplies are not included as exports from Ukraine in Traces and importers believe that these volumes of vessel shipment have not been exported and finally reached EU countries in 2022.

Regarding the near future, importers are rather positive and believe that a stable supply of organic products from Ukraine with high logistic costs could be possible. Nevertheless, the trading mood is clouded as the demand in Western Europe has significantly dropped due to the economic consequences of the full-scale war and therefore new contracts with Ukrainian exporters could be based on lower volume requests.

Logistic costs: The largest parts of organic exports during the full-scale war have been delivered by truck logistics. In previous years, the average cost for trucks was €1,500 – €2,000 per truck. The price increased two or threefold over the first months of 2022 and in September 2022 is still double compared to the costs which were before the full-scale Russian invasion. Moreover, it was reported that prices of all truck logistics from Eastern Europe have increased over the last months in parallel. Aggravating the situation, some neighbouring countries have plied contingents for trucks transiting through their countries. For example, Ukrainian trucks cannot transit Poland in November and December and, hence, export activities should be finalized by the end of October.

Railway wagons have reached a comparable price level per ton as trucks as additional reloading costs have to be calculated.

Sea vessel transportation seems to be not possible after the full-scale war started, whereas river vessel transport via the Danube ports of Reni and Izmail are used regularly also for organic shipments. However, the river port terminals are used mostly by conventional traders, which led partly to the unintended commingling of products/lots with conventional ones.

Export volumes by products: When it comes to the kind of commodity, the situation seems to be different. Most products from the East or South (such as corn), which have been produced in occupied areas or used to be exported via sea vessel shipment, are negatively affected by transportation problems. Hence, the exported volumes of these products have decreased tremendously as railway wagons and trucks can only take smaller volumes.

Products from the Central or Western parts of Ukraine, which traditionally have been exported also by truck or railway logistics, are not affected in the same way. Therefore, the situation by product could be quite different.

Ukrainian organic exporters are still looking for different logistic solutions to deliver their products and the Ukrainian government is facilitating this process. Thus, the MAPF has appealed to the Mission of Ukraine to the EU with a request to provide information regarding available warehouses in Poland, Slovakia, Hungary, and Romania. Due to logistical problems related to the partial blocking of Ukrainian ports, queues at the borders, difficulties related to the procedure of booking grain trucks, high cost of road transport, etc., organic producers are considering the possibilities of developing infrastructure projects in the territories of neighbouring countries (EU members), which would diversify export risks and contribute to at least a partial solution to logistical issues.

Ukraine remains an active player in the international market and a reliable organic supplier, looking for and finding different export opportunities as well as making partnerships.

Conclusions

Despite the difficult conditions, the Ukrainian organic sector continues to operate and demonstrate its achievements: create new products and present Ukrainian organic products at international exhibitions.

It is important that at the state level, organic production remains one of the priorities for the development of the agrifood sector, work continues on the implementation of the organic legislation in Ukraine and measures to bring Ukrainian legislation closer to the EU legislation.

At the same time, in the conditions of martial law, the introduction of state support for the development of organic production, which was planned to be provided in early 2022, is not expected soon. Instead, we understand the need to support the Ukrainian organic sector in both domestic and foreign markets. It is possible to implement through systematic and effective collaboration of Ukrainian organic stakeholders and international partners.

In the domestic market, due to disrupted supply chains and the migration of a large part of the population of Ukraine to other regions and abroad, a decrease in the purchasing power of consumers, organic operators are adjusting their marketing and sales strategies, which requires additional efforts and resources.

On the export market, since almost 90% of organic products are exported from Ukraine, further support is needed to promote Ukrainian organic sector abroad.

This year the EEPO together with partners has already organized an international online conference Organic Export During the War and the National Pavilion of Ukraine at the biggest organic trade fair Biofach 2022.

In November-December 2022, the EEPO and Organic Initiative with Swiss support (QFTP and OT4D) will hold another international online conference and matchmaking event “Organic Export Days 2022 – Ukraine, Albania, Serbia”, and together with organic exporters will present Ukrainian organic products at the only international trade exhibition of the Middle East “Organic & Natural Products Expo 2022”, as well as at the Nordic Organic Food Fair 2022. Preparations are also currently underway for the participation of Ukrainian companies in the Biofach 2023 within the X National Pavilion of Ukraine.

At the same time, it is necessary to revive the policy dialogue at the international level regarding the promotion of the development of organic production and wider involvement of Ukraine in the international organic movement.

Partners



**ENTREPRENEURSHIP
AND EXPORT
PROMOTION OFFICE**

STATE INSTITUTION



Business

Entrepreneurship and Export Promotion Office (EEPO) is a state institution whose activities aimed at contributing to the development and support of small and medium enterprises, and supporting and promoting export of goods, works and services of Ukrainian producers.

Since May 2021, EEPO together with the Ministry of Digital Transformation of Ukraine is implementing a national project for the entrepreneurship and exports development Diia. Business.

The EEPO focuses on partnership development, business opportunities, investment, innovation development, regional infrastructure development, digital transformation, business education and support of SMEs, analytics and growth and development strategies, business interaction with the state, and international cooperation.

In terms of export, the EEPO provides assistance for Ukrainian entrepreneurs in the following areas:

- **Export consulting** — practical advice on foreign market access and development of export potential.
- **Export education** — opportunities to improve knowledge and skills in order to prepare your business for export.
- **Market Intelligence** — analytical materials to explore potential markets for exports: trade reviews of countries, sectoral analytics, guides and information on tariff and non-tariff restrictions.
- **Business opportunities** — measures to expand export opportunities and search for new foreign partners: trade missions, exhibitions, business forums, and matchmaking.
- **B2G platform** — creation of opportunities for the constructive dialogue between businesses, governments and experts.

Business partners search in Ukraine. EEPO will help you to find a reliable business partner in Ukraine. To order sourcing service, you need to fill out a questionnaire and specify which products is your company looking for. According to the received request and requirements, EEPO will provide you with the direct contacts of verified Ukrainian companies. If necessary, the EEPO sourcing expert can also help to establish the first communication with the selected Ukrainian company.

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ORGANIC INITIATIVE

Ukrainian Stakeholder Platform



ORGANIC
INITIATIVE

Organic Initiative is a Ukrainian stakeholder platform that unites the Ukrainian private organic stakeholders for cooperation, idea exchange, developing joint activity plan to achieve goals, addressing controversial issues, as well as contributing to raising awareness on organic. The Organic Initiative was established in April 2020.

The main goal of the Organic Initiative is to increase higher value-added trade with Ukrainian organic products on domestic and international markets.

The Organic Initiative's mission is to create a powerful platform for synergy and unite those who develop the organic sector in Ukraine.

The members of the Organic Initiative are private organic stakeholders of Ukraine, NGO activists, leading sector experts, organic service providers.

In 2022, after the start of the full-scale russian invasion of Ukraine, the Organic Initiative focused its activities on two main areas: support for the organic sector of Ukraine and facilitation of organic exports from Ukraine.

As a part of this activity, in particular, the Organic Initiative collected about \$350,000 and provided charitable support to about 120 organic operators of Ukraine within the Grant Program "Support of Organic Sector in Ukraine" in 2022.

The Organic Initiative's members are the Organic Standard LLC, Organic Ukraine NGO, International Charitable Organization "Information Center "Green Dossier", Lviv City Public Organisation "Ecoterra", Organic Business School (Deineko Olena PE), Institute of Organic Production SPU, Makhnovets Mariia PE, USAID AGRO Program.

Help Ukrainian organic operators through trade!

Support Ukrainian organic SMEs through Organic Initiative grant program!

Reinforce Ukrainian organic sector through partnership with private business and public institutions!

More about Grant Program – <https://organicinitiative.org.ua/en/special-project/organic-sector-support/>

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Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Confederation

Switzerland has been supporting the development of the organic market of Ukraine since 2002 through international programs of technical assistance



Swiss-Ukrainian program “Higher Value Added Trade from the Organic and the Dairy Sector in Ukraine” (Quality FOOD Trade Program (QFTP)) is implemented with the support of Switzerland by the Research Institute of Organic Agriculture (FiBL, Switzerland) in partnership with SAFOSO AG (Switzerland).

The overall goal of the program is to increase value added trade from the organic and dairy sectors, both domestic and export markets, by pursuing **two objectives**: (1) strengthening product quality and safety in the organic and dairy sectors, and (2) increasing trade capacity in the domestic and export markets with consumer products from the organic and dairy sectors. **Target group**: private SMEs (producers, processors, service providers) and relevant public entities in organic and dairy sectors.

Program duration: August 23, 2019 – June 30, 2023.

www.qftp.org; <https://www.facebook.com/qftp.org>



Organic Trade 4 Development in Eastern Europe (OT4D) Program is implemented with the support of Switzerland by the IFOAM – Organics International in partnership with HELVETAS Swiss Intercooperation and Research Institute of Organic Agriculture (FiBL, Switzerland).

The overall goal of the program is to increase and enhance jobs in the organic sector, particularly for youth and women, and to contribute to the multiple positive effects of organic farming in terms of economic growth, innovation and natural environment.

Program is implemented in **two directions**: (1) increasing and diversifying organic exports through partnership and (2) sustainable organic sector growth.

The program is implemented in 3 countries: Albania, Serbia and Ukraine.

Implementation period: October 1, 2019 – June 30, 2023.

www.organictrade4development.org

