

STATE OF DAIRY PRODUCTION DEVELOPMENT IN UKRAINE

BUTYLO R.I.,
postgraduate student of Economics AF

Supervisor:
Dem'yanenko S.I.,
Professor, Doctor of Economics
State Higher Educational Institution «Kyiv National Economic University»? Kyiv, Ukraine

The main results of the development of dairy cattle breeding in Ukraine for 22 years are: production does not cover the physiological needs of the population, the number of cows has decreased by almost three times, most of the milk is produced by households and it has a low quality and price of purchase. It requires large highly mechanized support of dairy complexes.

The need for food is the basic human need. However, the current state of the world economy shows that it is needed in different countries. In addition, the uneven development of the countries and their population's solvency, the development of globalization and competition resulted in deep crisis in the development of agricultural production in many countries, effected Ukraine. Especially difficult cases of production of almost all animal products are situated in Ukraine and dairy — in particular.

Dairy branch occupies an important place in the structure of the food industry of most countries in general and Ukraine in particular. It plays one of the main roles in solving global food problem. In fact, milk is one of the main basic food (which has a characteristic feature – easy absorption by an organism) is an important part of a healthy diet. [1]

The analysis of researches and articles.

A lot of national scientist (S.I. Berezivskyy, V.I. Boyko, M.M. Il'chuk, O.M. Shpyl'chak) and foreign scientists (V.I.Virtanen, Shokoufeh Hassani, C. Cosentino, Ufina Galmessa, Richard Kersbergen, Gary Anderson, George Criner) made a contribution in researches about dairy sector. Therefore a lot of problems are not solved yet.

Results. Dairy cattle of Ukraine produces enough milk for actual consumption (which is quite low due to lack of purchasing power of the population), but not enough to enforce the physiological norms for the consumption of milk for one person (Table 1). Thus, since 2000 fund of consumption of milk in Ukraine reduced by 4.35% to 9363 tons, and per capita – increased to 204,9 kg or 2.91%. This situation should be associated with the reduction of the country's population.

According to the regional departments of statistics of 2011, the lowest quantity of the milk was consumed in Sumy and Kirovograd Regions as 15.6 and 15.8 kg of milk and milk products per capita in month. And the greatest consumption of milk and milk products was observed in Sevastopol (24.6 kg / person / month) and Ivano-Frankivsk region (24.0 kg / person / month).

1. Balance of milk in Ukraine 2000-2011, tons *

Indicators	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Production	12658	13444	14142	13661	13710	13714	13287	12262	11761	11610	11249	11086
Change in stock at year-end	-394	-338	315	-106	-360	27	174	-72	-78	230	-11	-9
Import	50	100	59	74	80	112	150	199	234	455	273	257
Total resources	13102	13882	13886	13841	14150	13799	13263	12533	12073	11835	11533	11352
Export	1100	1900	925	1145	2126	1901	950	939	1140	919	956	964
Spent on food	2203	1990	2092	1863	1296	1270	1326	1141	1038	1126	1099	1020
Losses	10	5	10	6	3	3	7	5	5	10	8	5
Consumption fund	9789	9987	10859	10827	10725	10625	10980	10448	9890	9780	9470	9363
per capita, kg	199,1	205,2	225,3	226,4	226	225,6	234,7	224,6	213,8	212,4	206,4	204,9

* According to the State Statistics Service of Ukraine [1]

Why do we have such situation? Let's look at the analysis of the industry. So, for 22 years of independence, the number of cows in the country declined by nearly in three times – from 8 378.2 thousand units to 2 560.7 thousand units (Fig. 1). This situation is associated with a low income of the field of cattle-breeding both dairy and meat in the 90s of the last century.

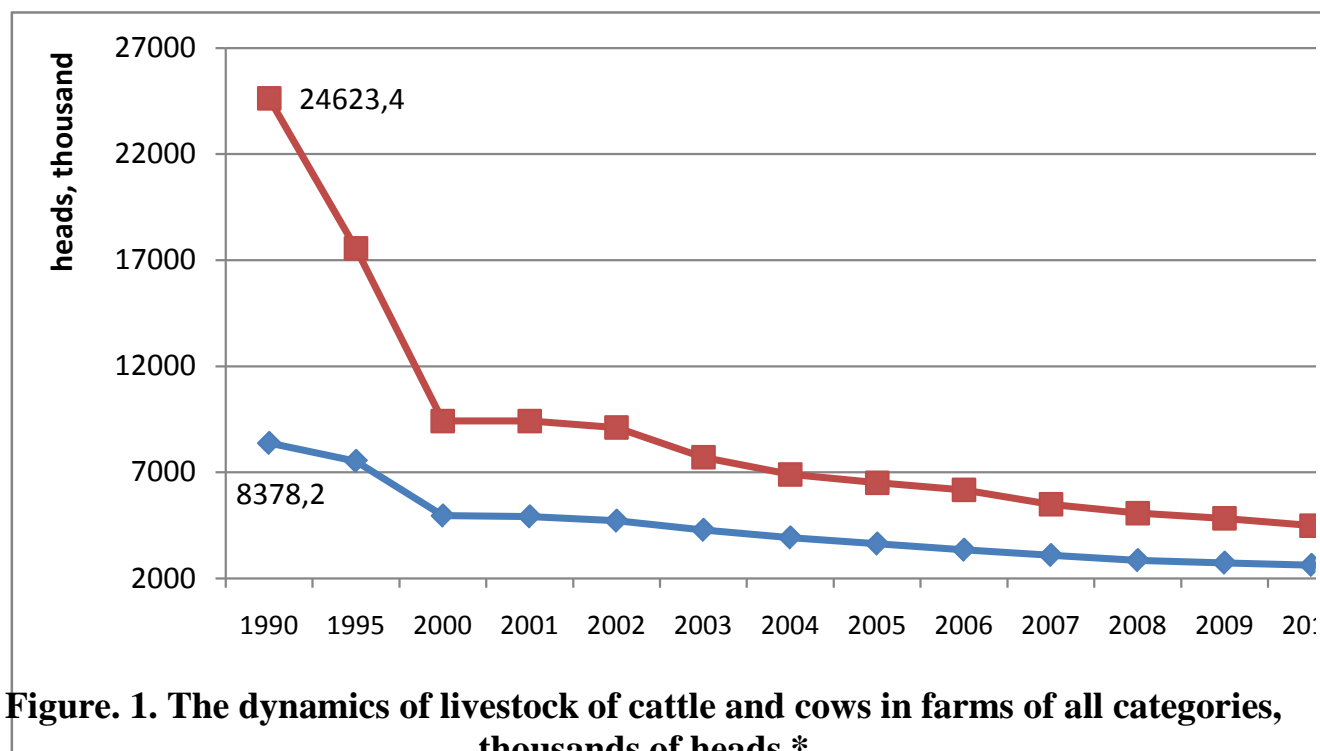


Figure. 1. The dynamics of livestock of cattle and cows in farms of all categories, thousands of heads *

* According to the State Statistics Service of Ukraine [3,4]

The density of livestock of cows in 2012 in Ukraine is 6.16 heads per 100 hectares of agricultural land, which is in 0.83% less than in 2011 and in 71.53% less — than in 1990.

Concerning milk production, there was a steady tendency to decrease of gross yields for a long time, which changed in 2012. 11 388.6 tones of milk in farms of all categories was produced last year (Fig. 2). This indicator is on 2.73% higher than in previous year (2011), however, the Ukrainian dairy market has a chronic problem – about 80% of milk is produced by the farms of population. This milk has low quality and high bacterial infestation. That is why Ukraine cannot export their dairy products to the EU, because our milk does not meet European standards for quality.

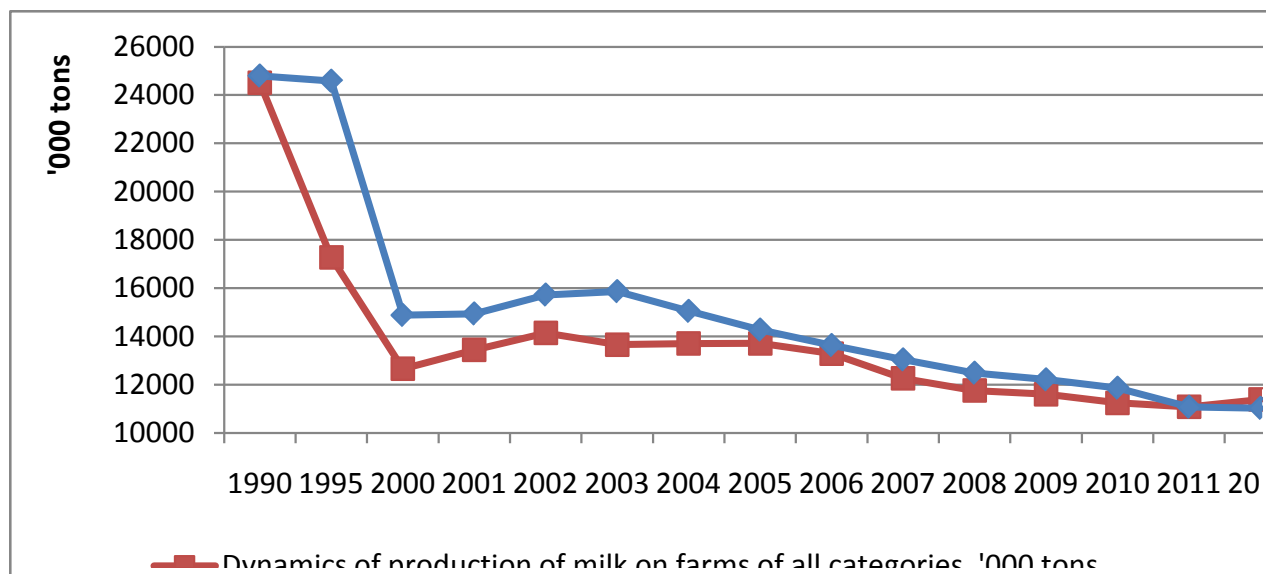


Figure 2. Production of milk and density of livestock of cows in all categories of farms in Ukraine in 1990-2012 *

* According to the State Statistics Service of Ukraine [3,4]

Positive changes in milk production should be associated with the increase in technological efficiency of milk (cow productivity growth) (Fig. 3). The average annual productivity of cows in farms of all categories was 4447.5 kg in 2012, which is almost twice more than in 1990.

However, this level of average annual yield is much lower than indices of countries-leaders in dairy sphere (for example, the U.S., Canada, New Zealand and Israel).

However, not only productivity determines the efficiency of the dairy business. It is necessary to pay attention to the price situation and profitability of branch (Fig. 4).

For example, milk was sold for 3 041.6 UAH / t in 2011. At the beginning of 2013 extra-class milk on average was bought for 4,30-4,40 UAH / kg, and milk of first grade – at 4.00 UAH / kg. However, the share of such milk supply is very low and it is produced by large enterprises that use modern high technologies of manufacture of industrial type. Shallow manufacturers produce milk in the bulk mass of much worse quality characteristics and also with significant fluctuations. This greatly complicates work of processing plants, which in this case are trying to

compensate such inconvenience to themselves through the price they pay for their raw materials.

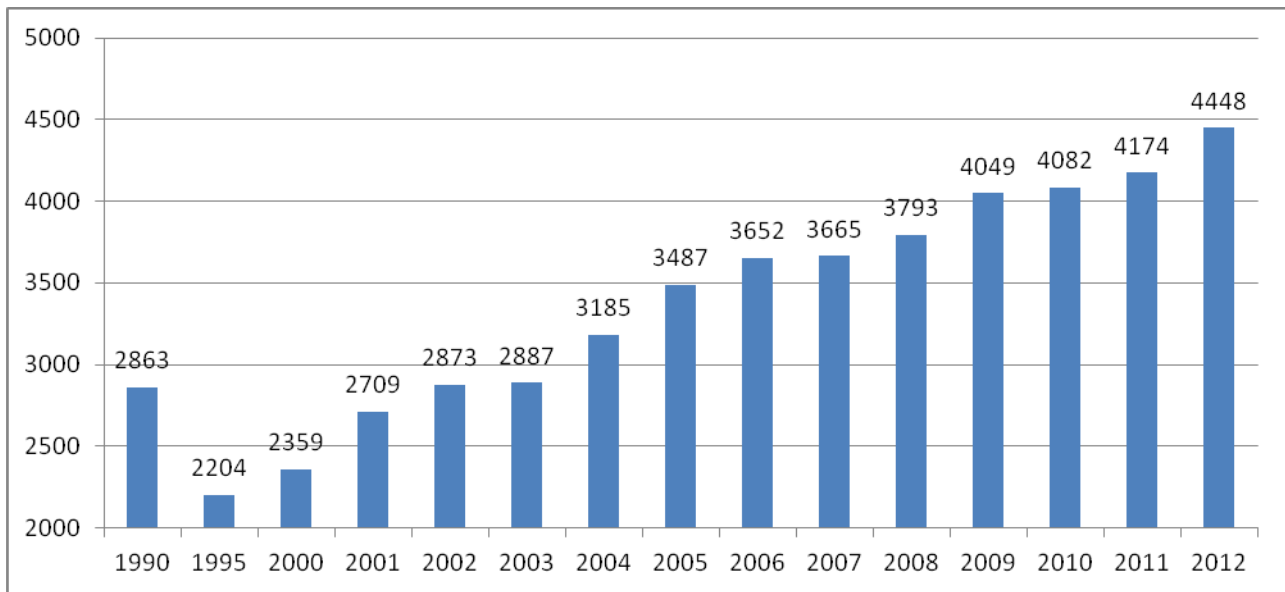


Figure. 3. The average yield per cow in farms of all categories kg *

* According to the State Statistics Service of Ukraine

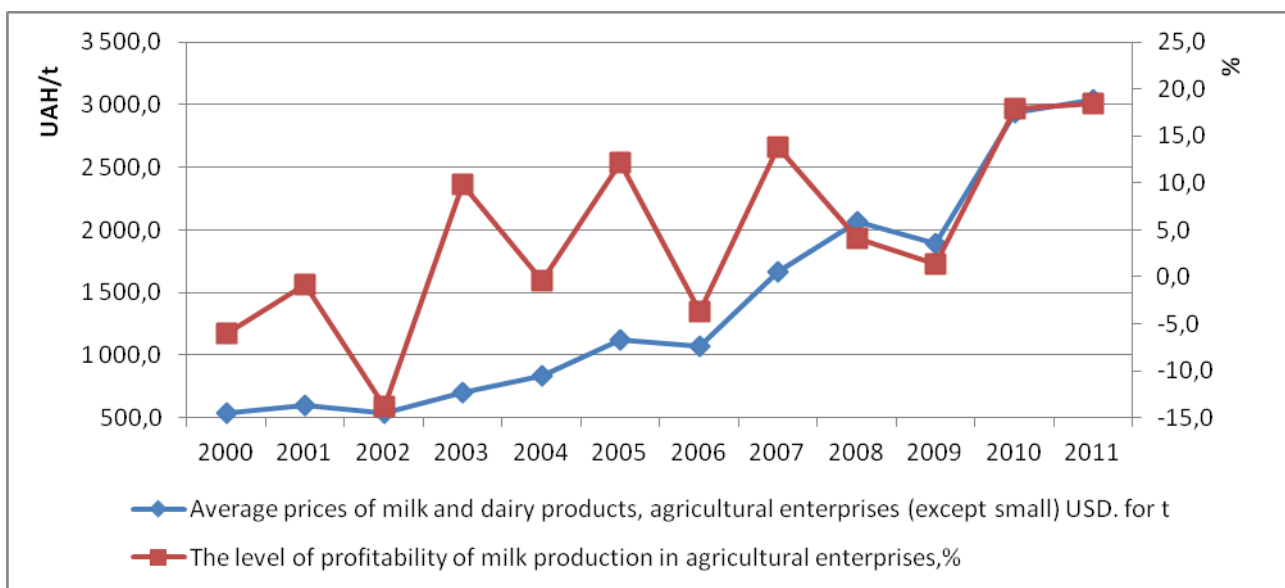


Figure. 4. Average price of milk and milk products and the profitability of milk production in agricultural enterprises *

* According to the State Statistics Service of Ukraine [3,4]

Production of milk at agricultural enterprises has been profitable over the past five years, with the tendency to increase from 2009. Since 2000 this index undergone significant changes and often had negative values.

Conclusions. In general, it should be noted that dairy farming in Ukraine over the last twenty years has accumulated a lot of significant related problems that are need to be solved. However, there are positive aspects: the productivity of cows and profitability of production are increasing and from 2012 – also general milk production.

However, there are significant problems in ensuring quality and its stability. Small producers (mostly individual country farms), can not solve this need. Therefore, emphasis should be placed on supporting the development of large highly mechanized dairy complexes with highly significant livestock cows using all elements of modern industrial technologies. These farms can produce many standardized products with high quality.

In this case, it will be a low cost, which in combination with a high price for high-quality raw materials will increase profitability, and as a consequence – the commercial attractiveness of the industry. As a result, will be improved satisfaction of interests of both producers of raw materials and its processors, and people in general.

REFERENCES

1. Balances and consumption of basic foodstuffs population of Ukraine. – Electronic Resource. – [Access]: http://www.ukrstat.gov.ua/druk/katalog/kat_u/2012/08_2012/zb_spog_2011.zip
2. Protasova LM Analysis of milk and milk products in Ukraine / L.M.Protasova. – Electronic Resource. – [Access]: http://www.nbu.gov.ua/Portal/soc_gum/ptmbo/2010_1/24.pdf.
3. Agriculture of Ukraine. – Electronic Resource. – [Access]: http://www.ukrstat.gov.ua/druk/katalog/kat_u/2012/09_2012/zb_sg_2011.zip
4. Animal Ukraine. – Electronic Resource. – [Access]: http://www.ukrstat.gov.ua/druk/katalog/kat_u/2013/sb/zb_tvar_2012.zip