

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Ukraine

**Post:** Kiev

### Livestock and Products Update

**Report Categories:**

Livestock and Products

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#### Report Highlights:

High red meat prices and a strong Ukrainian currency led to meat import growth to historically high levels in 2012. Domestic production of pork contracted somewhat. Beef production stabilized after two decades of decline, driven mostly by a stable and high milk price. Ukraine continued to import pork, and export limited amounts of red meat mostly to Russia and Kazakhstan, via special trade status. Total red meat production is expected to be slightly under the 2012 numbers in 2013. There is evidence of significant investments into the pork industry. Trade will remain strong given the strong and stable currency.

**Data included in this report is not official USDA Data. Official USDA data is available at <http://www.fas.usda.gov/psd>**

## **Executive Summary**

After a stabilization of animal numbers in 2012 some growth is expected in 2013 for both livestock and pigs. Production of pork will contract insignificantly, as production lags animal numbers, while imports from Brazil, Poland and Germany are expected to continue. Domestic prices remain high and demand for pork remains very strong in early 2013.

Production of beef stabilized, too, with animal numbers showing one percent growth for the first time since Ukraine's independence in 1991. Thus, a 21-year old downward production trend ended, changed by an attractive milk price in recent years (as beef in Ukraine comes from dairy and dual purpose animals). Investments for industrial milk production made in 2010-13 will lead to some animal number increases. It likely to be partially offset by a corresponding drop in the number of animals in the household sector. Beef exports will remain limited mostly to neighboring Russia, where Ukraine has some trade regime advantages.

Per capita income grew by 14.1 percent in 2012, despite zero GDP growth and a notable industrial production decrease. Most of the growth is attributed to massive social programs launched prior to the 2012 parliamentary elections. Ukrainian currency remained very strong in 2012, encouraging imports.

Data in the PSD table were updated to reflect official production statistics for 2012 and preliminary foreign trade statistics. The animal number forecast for 2013 is somewhat increased to reflect industry expansion plans. Meat production in 2013 is slightly lowered due to low production base in 2012. Most of the factors outlined in the [Livestock and Product Annual GAIN Report](#) will continue to affect production and trade.

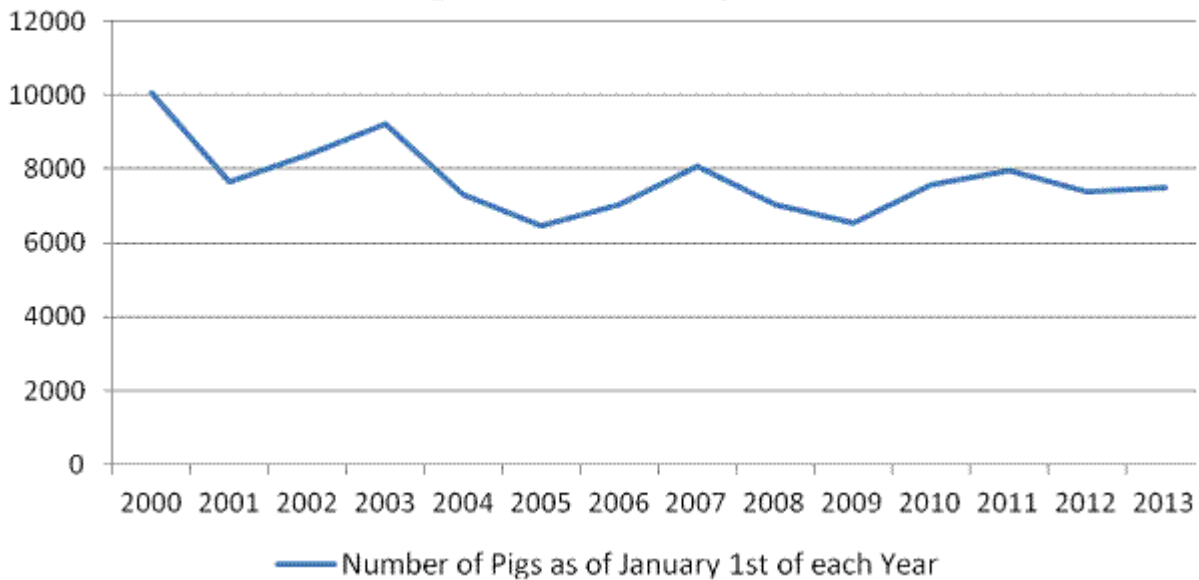
## **Section I. Narrative**

### **Production**

#### Swine

The number of pigs in Ukraine follows a clear four year cycle. This includes production in both backyard and industrial farms. The production decrease recorded in 2011 followed the pattern. In the first half of 2012, the number of pigs started to rise, exceeding the 2011 number by year end as expected. In 2013 the growth will continue with the number of animals exceeding the 2012 number by 3-4 percent.

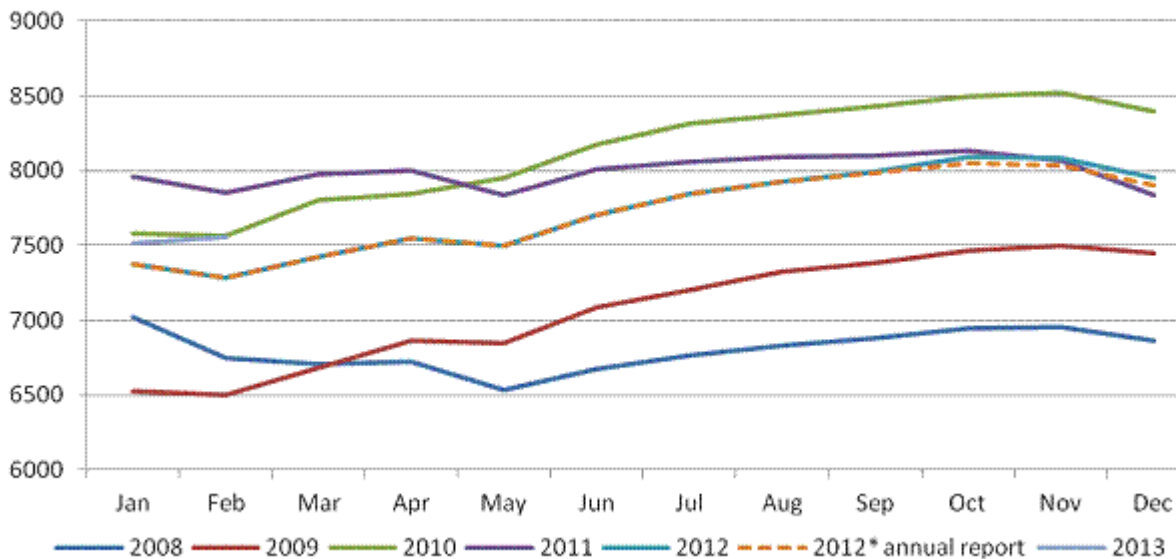
### Number of Pigs as of January 1st of each Year



Source: State Statistics Service of Ukraine

Similarly to the 2012 Annual Report, the 2013 new forecast envisages further production increases assuming the current high domestic and world pork price due to feed price growth. Similar to 2012, pork imports are not expected to undermine production significantly.

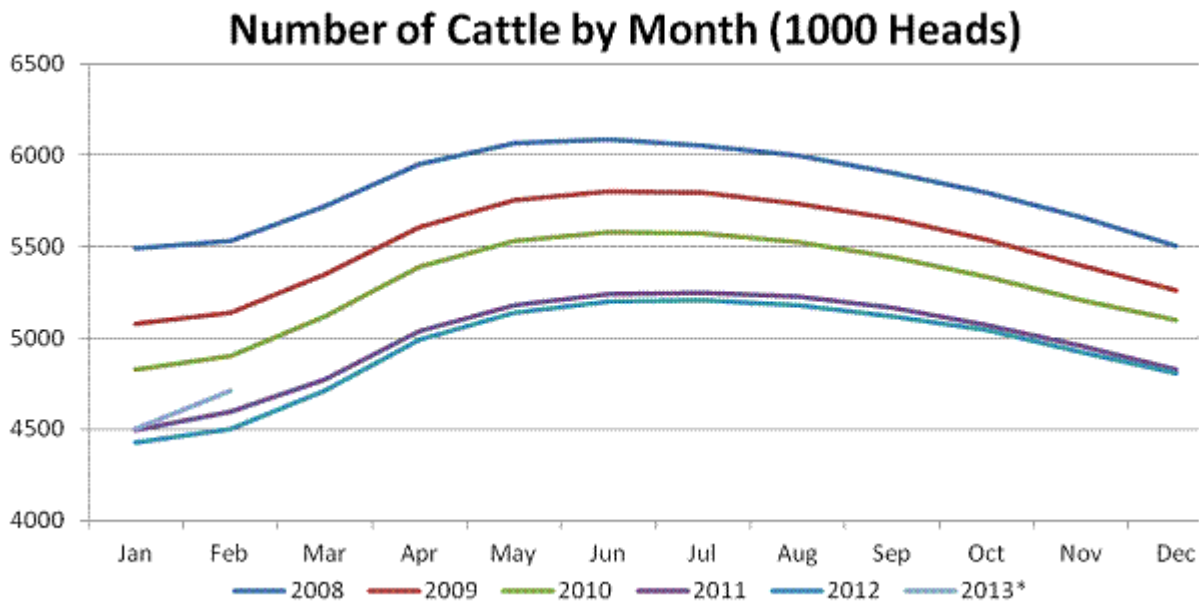
### Number of Pigs on Farms of All Types, by Month



Source: State Statistics Service of Ukraine

Cattle

The animal number forecast for 2012 made in the Annual Livestock and Products Report was on target and is not revised. The forecast for 2013 is corrected upward due to unexpectedly strong industry growth in the first two months of 2013. As noted the industry growth situation is new to Ukraine, so the recovery speed is difficult to forecast.

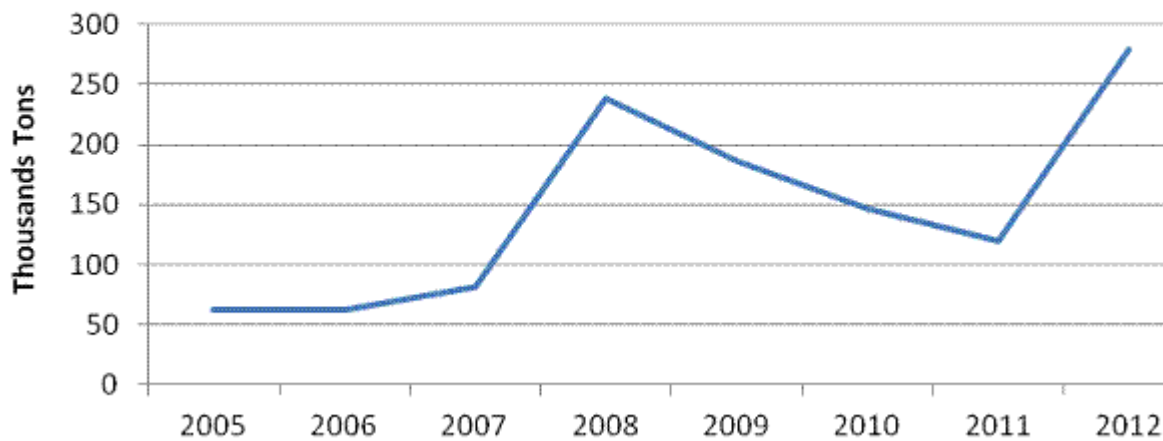


Source: State Statistics Service of Ukraine

**Trade**

Imports of pork to Ukraine reached an all time high level, but remain highly unstable. These imports were inspired by stable and growing consumer incomes, stable currency and slight decrease in domestic pork production in 2012.

## Ukraine's Pork Import in CWE



Source: State Customs Service of Ukraine preliminary statistics

According to unofficial customs statistics, 2013 started with strong imports exceeding even record-high 2012 numbers. The GOU publicly expressed concern over growing pork imports, but no actions limiting import have been taken so far. However there is evidence that some actions can be taken. According to the press, in early February Ukraine decided to check pork imports from Brazil for presence of ractopamine. This statement was released after Deputy Minister of Ag. Ivan Bisiyuk's meeting with his Russian Rosselkhoznadzor colleague Sergei Dankvert. According to Dr. Bisiyuk, Ukraine put the same "no ractopamine" requirements as Russia did. Both services expressed concerns over possible inflow of U.S. pork to the Ukrainian market after Russia's ractopamine ban.

The updated PSD table envisages increased pork imports to Ukraine in 2013. This forecast reflects current policies in place, but the probability of their change is rather high.

Another factor that can negatively impact trade is stability of Ukrainian's currency. The GOU recognizes the devaluation risks, and the 2013 state budget is based on a 8.4 UAH/USD average exchange rate, vs. the current 8.1 UAH/USD.

Trade in beef will remain insignificant due to high beef prices in comparison to other proteins. Ukraine will remain a market for high-quality chilled U.S. beef (70 tons of exports in 2012). No significant change in this market is expected in 2013.

Export markets for Ukrainian red meat continue to be limited mostly to Custom Union (CU) countries (Russia and Kazakhstan) with Russia being responsible for 86 percent of beef and a 97 percent share of pork. Severe dependence on a market with potentially changing regulations makes this market very unstable for Ukrainian beef and pork producers. However Ukraine remains a net importer of red meat and export volumes can easily be accommodated domestically. The only reason for Ukrainian exports to Russia is the attractive price, which follows from the restrictions imposed by the GOR for the rest of the world.

## Section II. Statistical Tables

Ukraine Cattle PSD Table (1,000 Head\*)

Animal Numbers, Cattle Ukraine	2011		2012		2013	
	Market Year Begin: Jan 2011		Market Year Begin: Jan 2012		Market Year Begin: Jan 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Total Cattle Beg. Stks	4,494	4,494	4,426	4,426	4,450	4,504
Dairy Cows Beg. Stocks	2,631	2,631	2,582	2,582	2,560	2,561
Beef Cows Beg. Stocks	36	36	35	35	34	36
Production (Calf Crop)	2,561	2,561	2,470	2,470	2,460	2,460
Total Imports	3	3	3	3	3	3
Total Supply	7,058	7,058	6,899	6,899	6,913	6,967
Total Exports	4	4	2	2	3	3
Cow Slaughter	0	0	0		0	0
Calf Slaughter	0	0	0		0	0
Other Slaughter	2,591	2,591	2,397	2,343	2,390	2,232
Total Slaughter	2,591	2,591	2,397	2,343	2,390	2,232
Loss	37	37	50	50	50	52
Ending Inventories	4,426	4,426	4,450	4,504	4,470	4,680
Total Distribution	7,058	7,058	6,899	6,899	6,913	6,967
1000 HEAD, PERCENT						

\*These are not USDA official numbers

Ukraine Beef and Veal PSD Table, 1,000 CWE (1,000 Head)\*

Meat, Beef and Veal Ukraine	2011		2012		2013	
	Market Year Begin: Jan 2011		Market Year Begin: Jan 2012		Market Year Begin: Jan 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Slaughter (Reference)	2,591	2,561	2,397	2,343	2,390	2,232
Beginning Stocks	15	15	15	15	15	15
Production	399	399	385	365	390	360
Total Imports	5	5	10	5	10	6
Total Supply	419	419	410	385	415	381
Total Exports	18	18	18	22	18	23
Human Dom. Consumption	386	386	377	348	382	343
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	386	386	377	348	382	343
Ending Stocks	15	15	15	15	15	15

<b>Total Distribution</b>	419	419	410	385	415	381
1000 HEAD, 1000 MT CWE, PERCENT, PEOPLE, KG						

\*These are not USDA official numbers

#### Ukraine Swine PSD Table (1,000 Head\*)

Animal Numbers, Swine Ukraine	2011		2012		2013	
	Market Year Begin: Jan 2011		Market Year Begin: Jan 2012		Market Year Begin: Jan 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
<b>Total Beginning Stocks</b>	7,960	7,960	7,373	7,373	7,400	7,516
<b>Sow Beginning Stocks</b>	518	518	472	472	483	480
<b>Production (Pig Crop)</b>	8,109	8,109	7,500	7,400	7,700	7,500
<b>Total Imports</b>	112	112	200	228	230	250
<b>Total Supply</b>	16,181	16,181	15,073	15,001	15,330	15,266
<b>Total Exports</b>	1	1	1	1	1	1
<b>Sow Slaughter</b>	0	0	0	0	0	0
<b>Other Slaughter</b>	8,137	8,137	7,022	6,834	7,060	6,705
<b>Total Slaughter</b>	8,137	8,137	7,022	6,834	7,060	6,705
<b>Loss</b>	670	670	650	650	700	660
<b>Ending Inventories</b>	7,373	7,373	7,400	7,516	7,569	7,900
<b>Total Distribution</b>	16,181	16,181	15,073	15,001	15,330	15,266
1000 HEAD, PERCENT						

\*These are not USDA official numbers

#### Ukraine Pork PSD Table, 1,000 CWE (1,000 Head)\*

Meat, Swine Ukraine	2011		2012		2013	
	Market Year Begin: Jan 2011		Market Year Begin: Jan 2012		Market Year Begin: Jan 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
<b>Slaughter (Reference)</b>	8,137	8,137	7,022	6,834	7,060	6,705
<b>Beginning Stocks</b>	22	22	22	22	22	22
<b>Production</b>	704	704	630	600	620	590
<b>Total Imports</b>	119	119	225	279	200	300
<b>Total Supply</b>	845	845	877	901	842	912
<b>Total Exports</b>	17	17	30	29	20	35
<b>Human Dom. Consumption</b>	806	806	825	850	800	855
<b>Other Use, Losses</b>	0	0	0	0	0	0
<b>Total Dom. Consumption</b>	806	806	825	850	800	855
<b>Ending Stocks</b>	22	22	22	22	22	22

<b>Total Distribution</b>	845	845	877	901	842	912
1000 HEAD, 1000 MT CWE, PERCENT, PEOPLE, KG						

*\*These are not USDA official numbers*