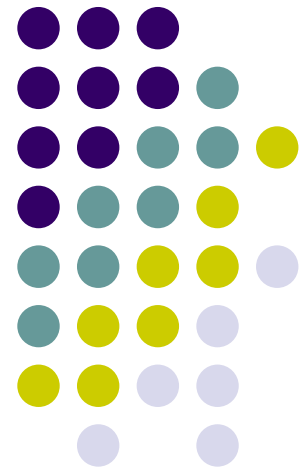
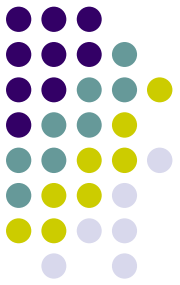


Problems of Food Market Development in Ukraine

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named after S. Z. Gzhytskyi, Ukraine

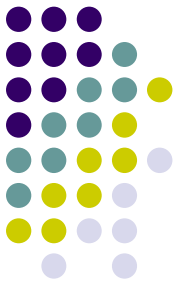




The aim of this research is

- to identify factors that affect the food market, reasons of too slow development of market relations in agriculture of Ukraine.

Natural conditions of functioning entities is one of the main factors of food market development.



Natural resources and conditions of Ukraine in general are favourable for agricultural development.

Mostly flat terrain, sufficient heat and moisture during the active growing season, large areas of fertile soils allow growing different crops in the temperate zone and developing all major areas of biotechnology and livestock raising.

However, the level of crop yields so far remains low and significantly inferior indexes than in economic-developed countries.

As a result of realized reforms the increase of agricultural lands owned by private farms is observed.

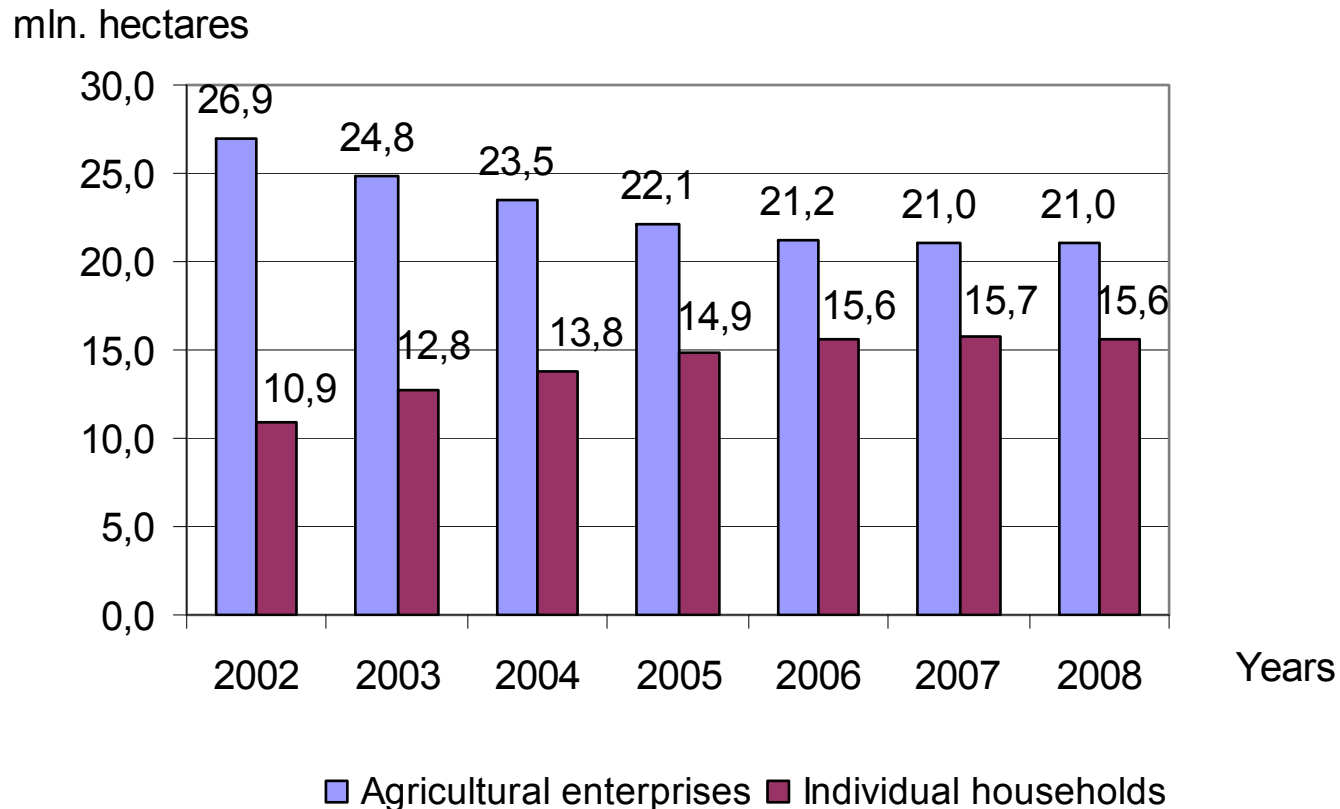
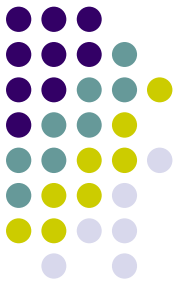


Figure 1. Agricultural land used by different types of producers in Ukraine

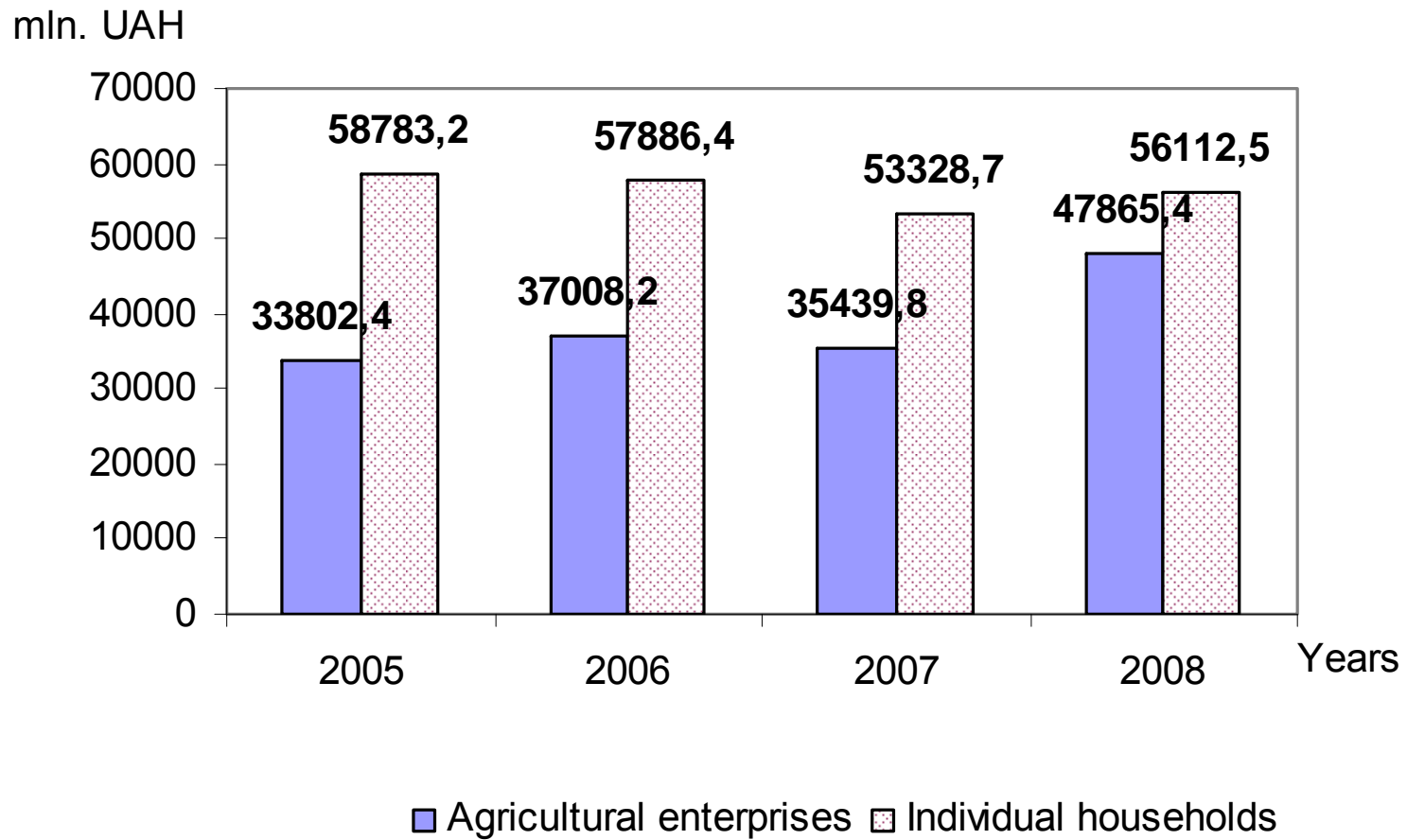
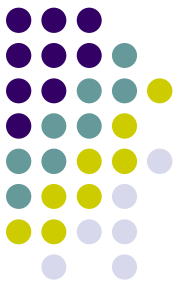
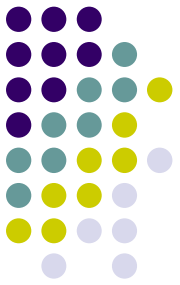


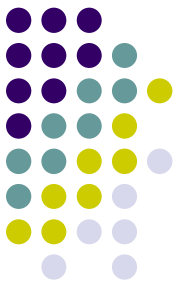
Figure 2. Gross agricultural output in Ukraine

Individual households can be characterized as follows:



- land is an essential means of their livelihood;
- as a rule, members of these households live in rural areas;
- household's members usually have another jobs (including in schools, factories, trading network, etc.).

The comparative major contribution of private farms to total volume of agricultural output is caused by a number of factors.



- First of them is high level of unemployment and significant excess of labouring rural areas.
- The second factor is the higher level of animal productivity and crop yields in individual households than in large-scale farms.

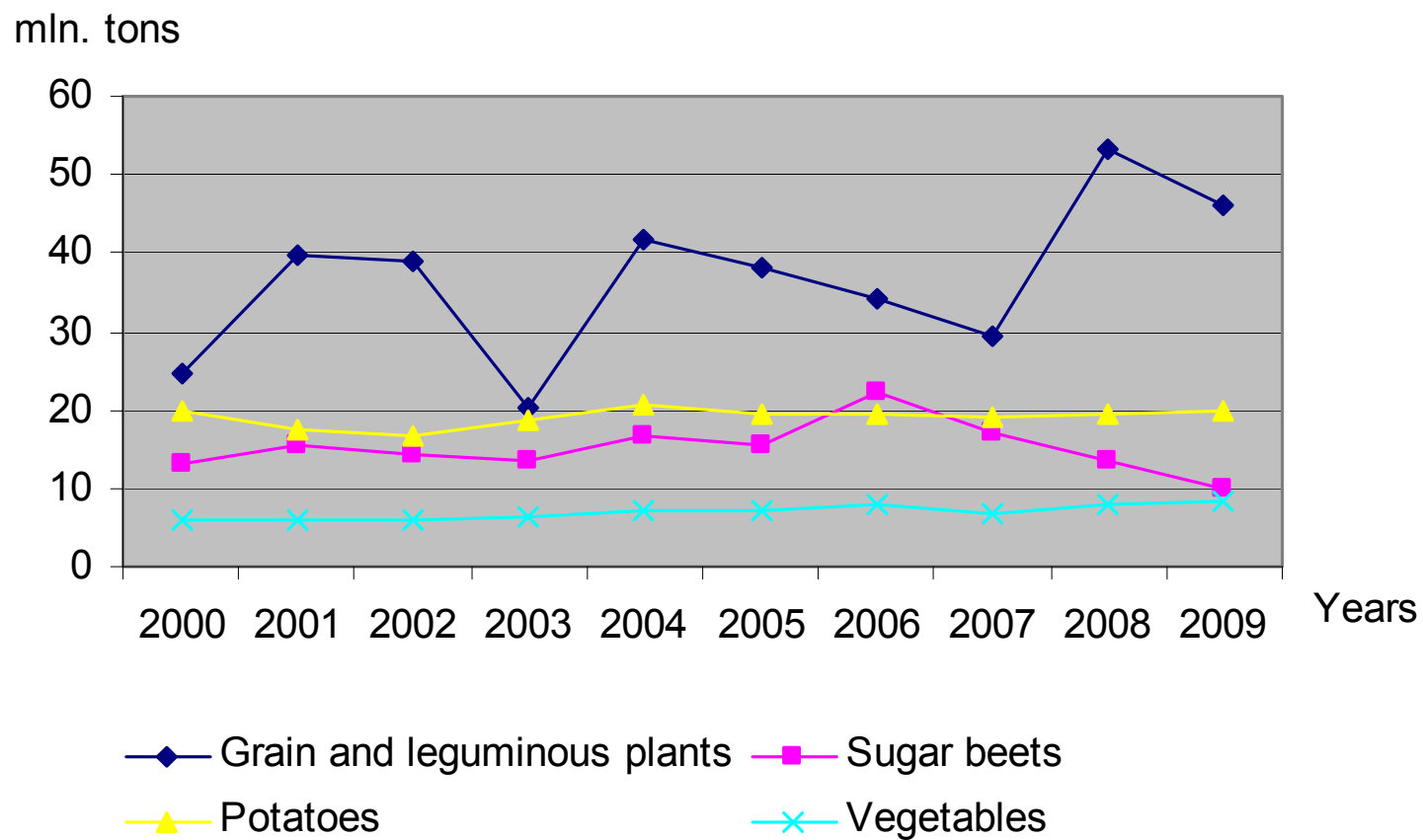


Figure 3. Gross agricultural products yields of Ukraine

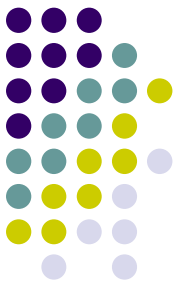
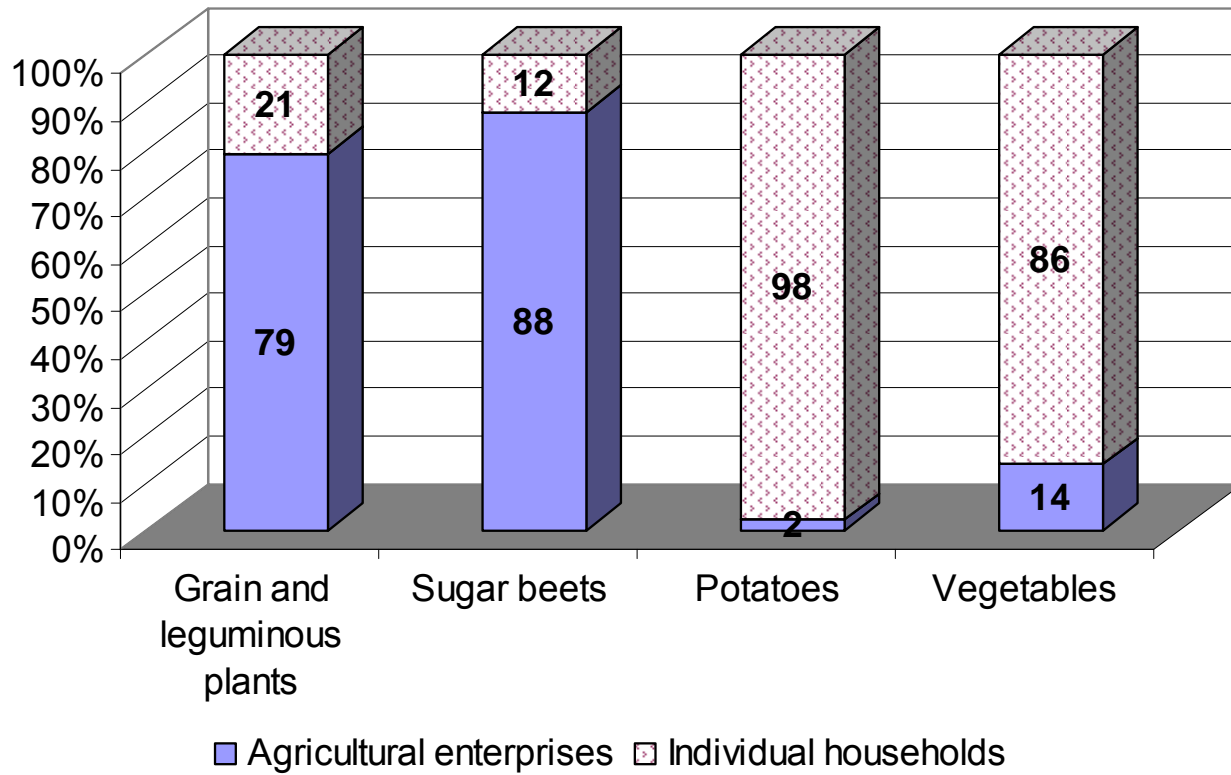
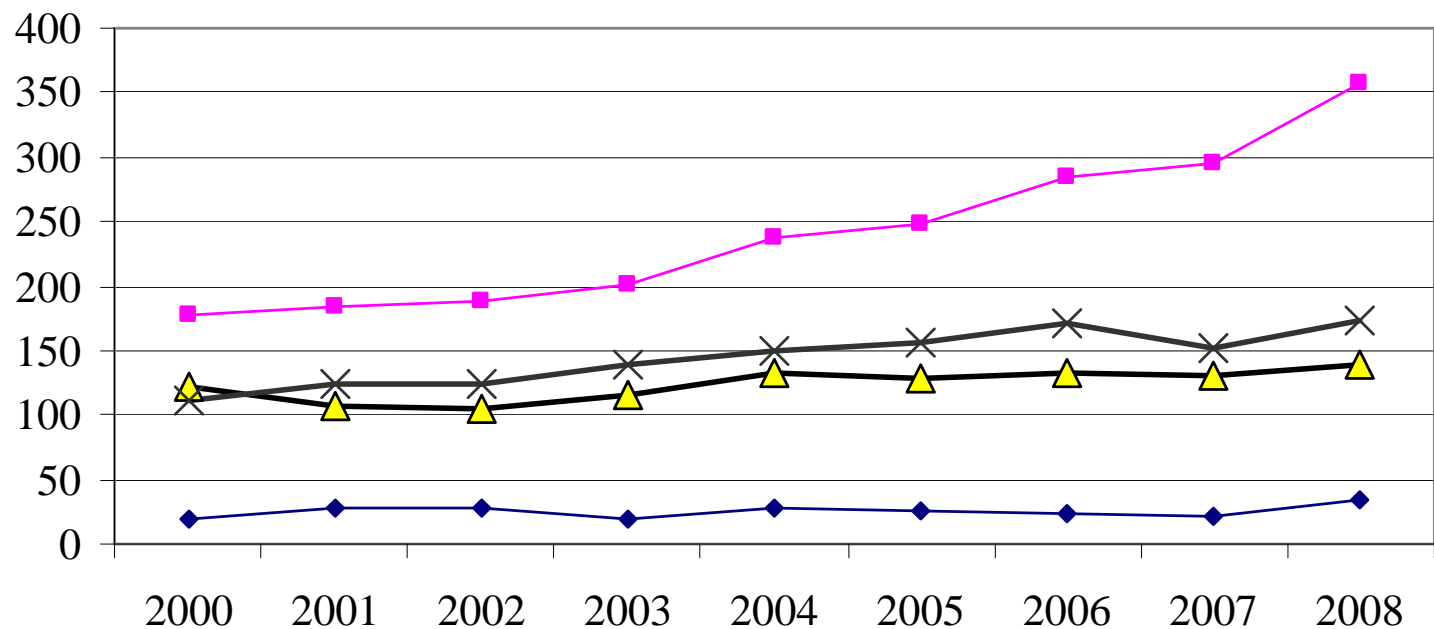


Figure 4. Structure of crop production by the type of producers in Ukraine in 2008

100 kg/ 1 hectar



—◆— Grain and leguminous plants —■— Sugar beets —▲— Potatoes —×— Vegetables

Figure 5. Crop capacity of agricultural products in Ukraine

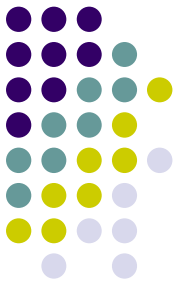


Table 1. Crop capacity of some agricultural products in Ukraine and European countries, centner (100 kg) per 1 hectare

Name of products	Ukraine	Poland	Slovakia	Austria	Germany	France
Grain and leguminous plants	34,6	41,7	40,6	49,3	78,1	74,5
Sugar beets	356,2	543	565	702,3	666	937
Potatoes	138,7	198,5	184,7	325,3	443	437,9

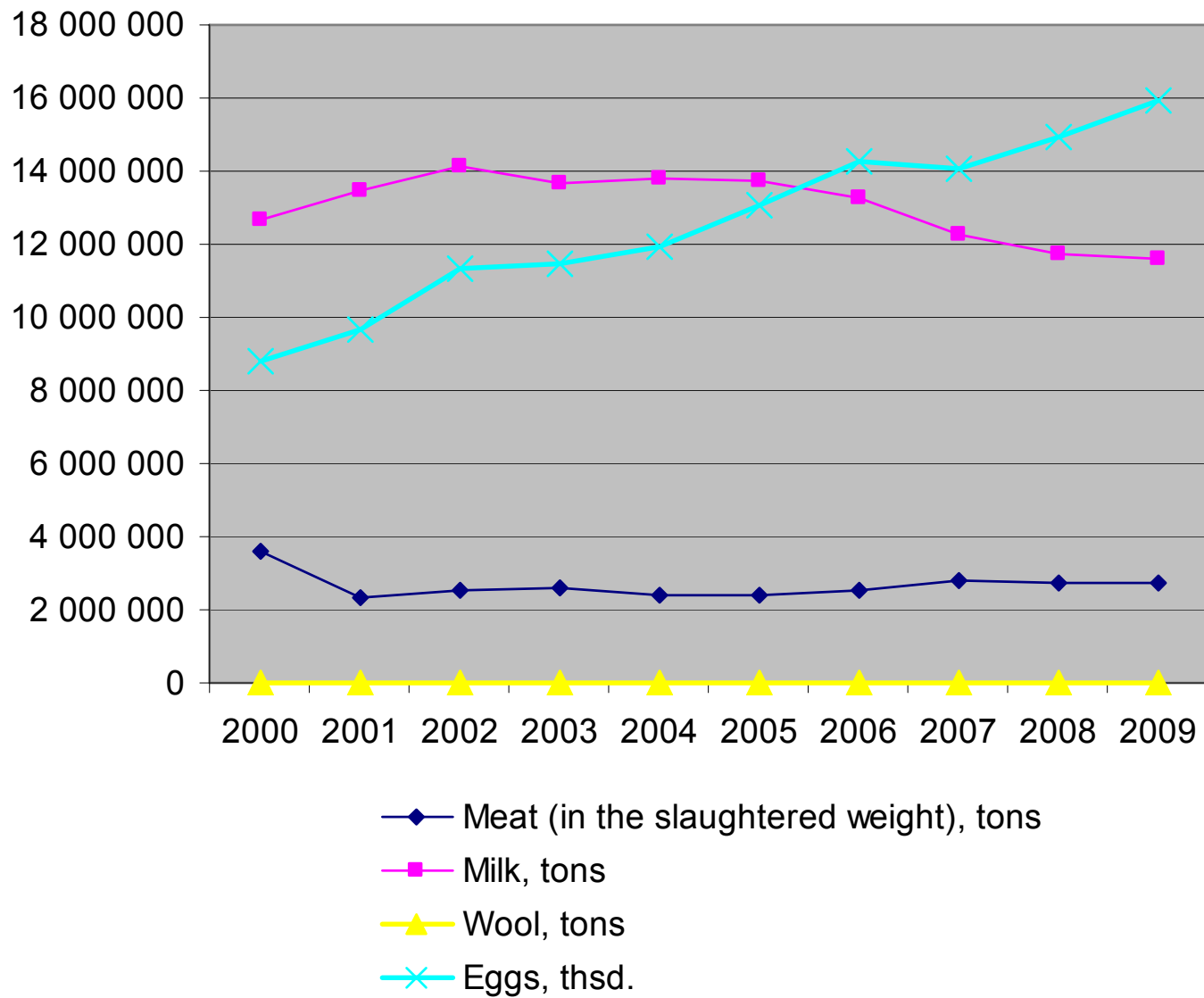


Figure 6. Volume of livestock production in Ukraine

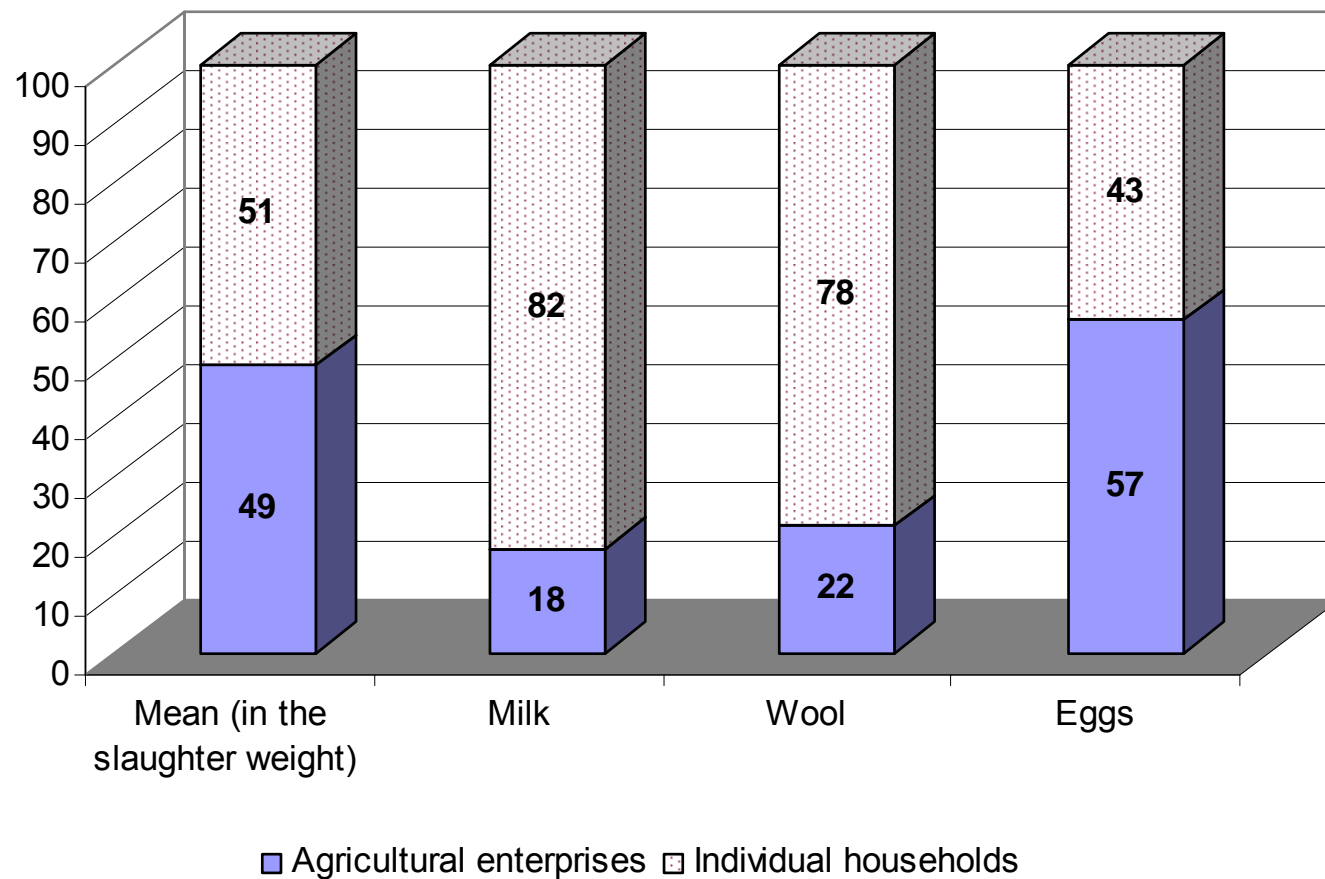


Figure 7. Shares of separate producer in total output of livestock products in Ukraine, %

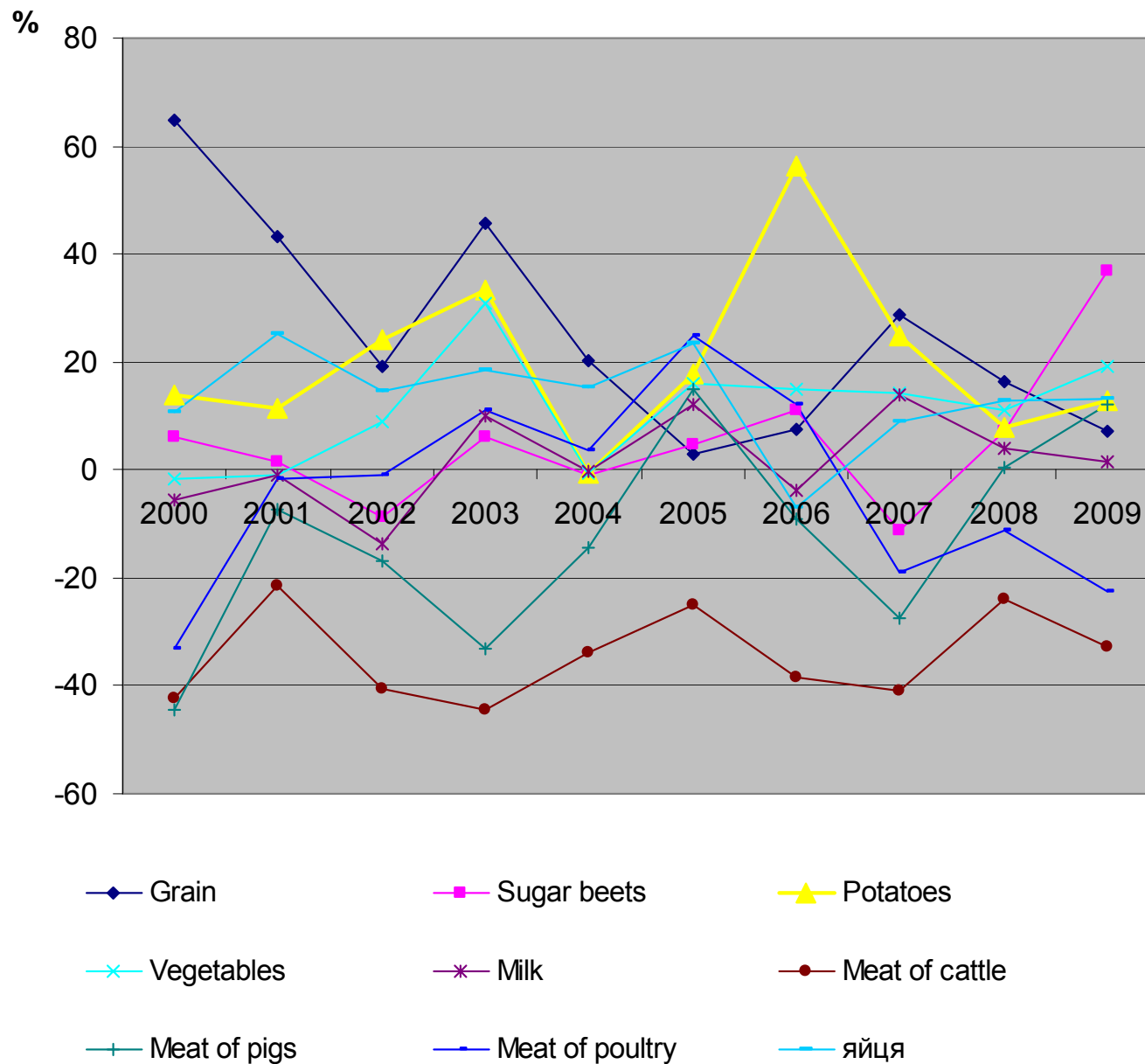


Figure 8. The profitability of agricultural production in Ukraine

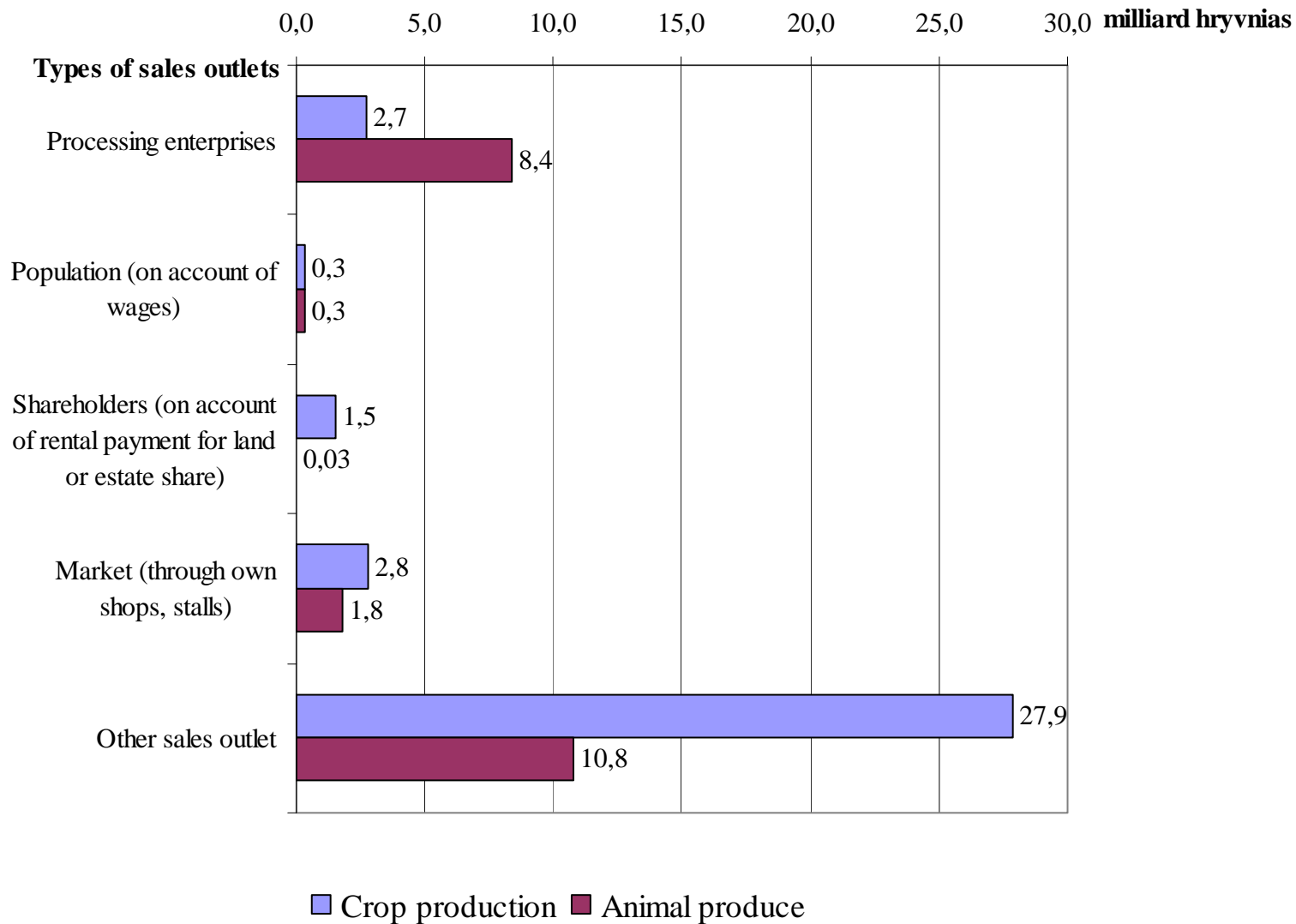
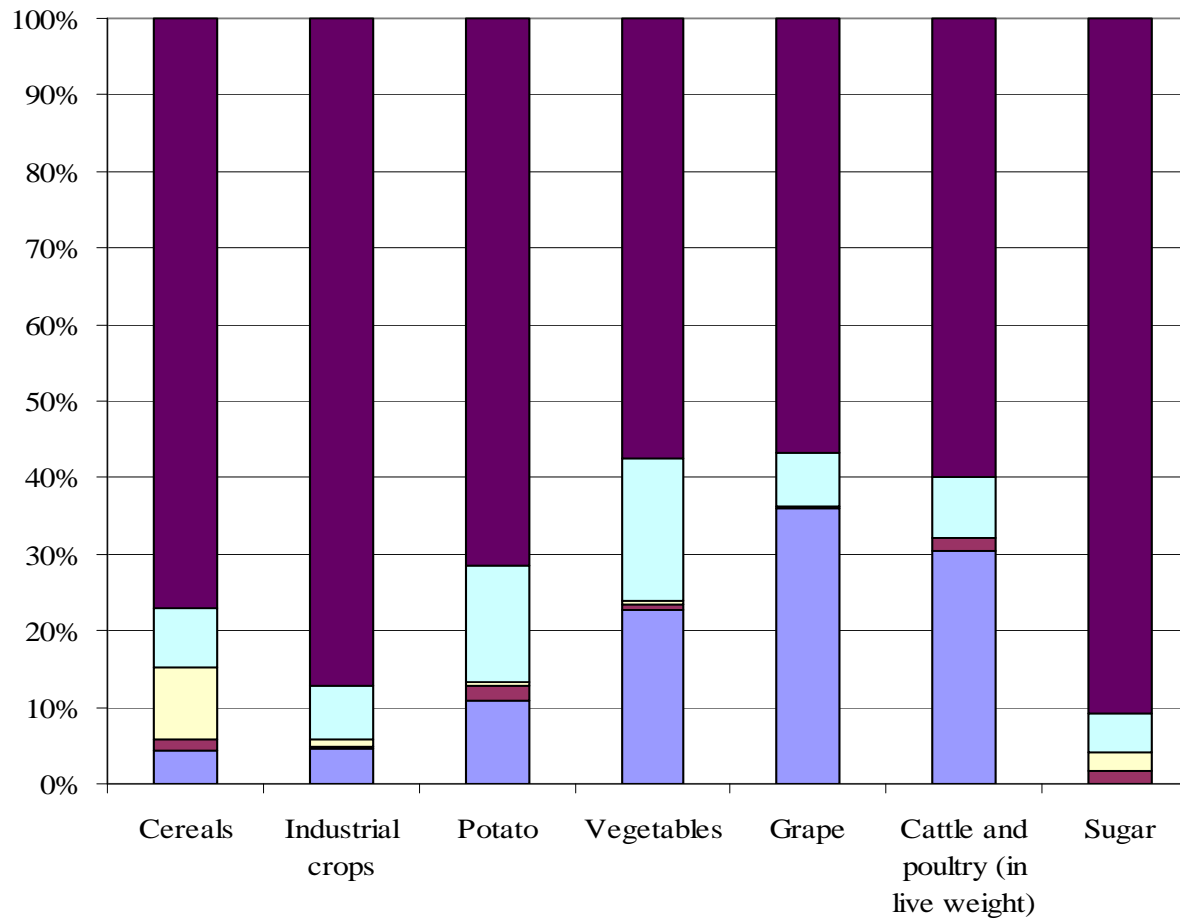


Figure 9. The value of agricultural products sold by different types of sales outlets in 2008

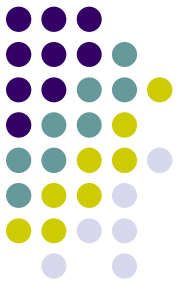
Share of sales



Agricultural products

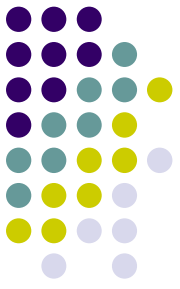
- Other sales outlet
- Market (through own shops, stalls)
- Shareholders (on account of rental payment for land or estate share)
- Population (on account of wages)
- Processing enterprises

Figure 10. The structure of sales of agricultural products sold through different types of sales outlets in 2008



Considerable problem of agricultural producers is lack of wholesale agricultural markets where small-scale enterprises could sell their products.





Low-income consumer and their limited purchasing power are the limiting factor of food market development.



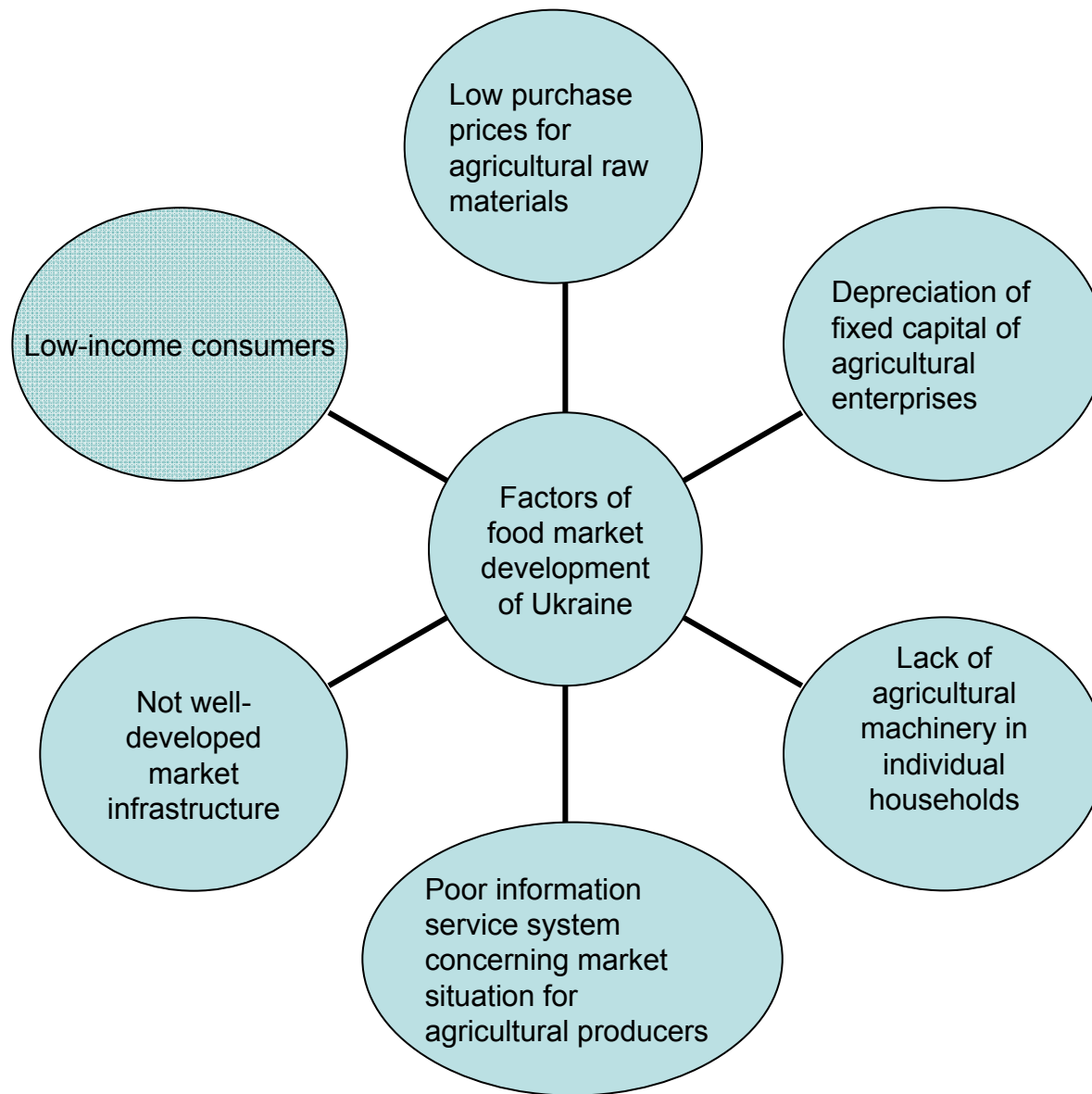
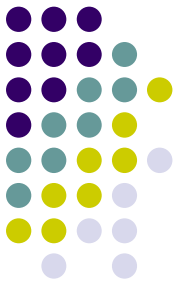
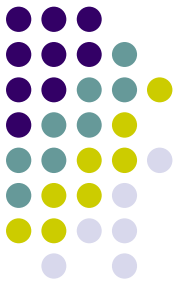
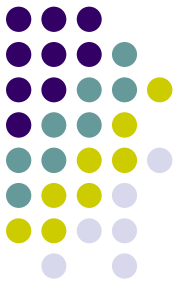


Figure 11. Limiting factors of forming and development of food market in Ukraine

CONCLUSIONS



- With favourable natural and climatic conditions, Ukraine's inefficient use of agricultural potential is evidenced by low rates of productivity of agricultural crops.
- A significant decline in profitability of main products of agriculture can be considered threatening in terms of food security. Therefore, there is no investment for the development of this sector.
- Lack of procurement centres of agricultural products produced in individual households leads to excessive reduction of purchase prices. But prices of distribution are in 2-4 times higher.
- The disadvantages of the food market can be attributed primarily:
 - low level market infrastructure development, namely lack of wholesale trade;
 - lack of marketing activities of enterprises and the relevant specialized agencies;
 - low-income consumers.



**Thank you
for your attention!**