

FINANCIAL ISSUES OF UKRAINIAN POULTRY MEAT EXPORT DUMPING TO THE EUROPEAN UNION COUNTRIES

ФІНАНСОВІ ПИТАННЯ ДЕМПІНГУ ЕКСПОРТУ УКРАЇНСЬКОГО ПТАШИНОГО М'ЯСА ДО КРАЇН ЄВРОПЕЙСЬКОГО СОЮЗУ

Among segments of the market of agricultural products and food, a special place is taken by meat and meat products market, which is traditionally among the most complex in terms of self-regulation and mechanisms of influence on it, including the levers of government intervention. The objective of the article is to analyze the market conditions of poultry market in Ukraine and determine the financial problems of dumping Ukrainian exports poultry meat to the markets of member countries of the European Union. The article deals with the issue of the possibility and expediency of meat and meat products export to the European Union countries. The current state of poultry meat and meat products consumption by the population of Ukraine and the EU has been researched. The main financial consequences of dumping have been defined.

Key words: dumping, export, import, financial issues, market, price.

Серед сегментів ринку сільськогосподарської сировини і продовольства особливе місце займає ринок м'яса і м'ясопродуктів, який традиційно відноситься до найбільш складних як із точки зору саморегулювання, так і механізмів впливу на нього, у тому числі державних важелів втручання. У статті проведено аналіз кон'юнктури ринку м'яса

птиці в Україні, розглянуто питання можливості та доцільності експорту м'яса та м'ясних продуктів з України до країн Європейського Союзу. Досліджено сучасний стан споживання населенням України та ЄС м'яса птиці та м'ясопродуктів. Визначено основні фінансові наслідки використання демпінгу.

Ключові слова: демпінг, експорт, імпорт, фінансові проблеми, ринок, ціна.

Среди сегментов рынка сельскохозяйственного сырья и продовольствия особое место занимает рынок мяса и мясопродуктов, который традиционно относится к наиболее сложным как с точки зрения саморегулирования, так и механизмов воздействия на него, в том числе государственных рычагов вмешательства. В статье проведен анализ рынка мяса птицы в Украине, рассмотрены вопросы возможности и целесообразности экспорта мяса и мясных продуктов из Украины в страны Европейского Союза. Исследовано современное состояние потребления населением Украины и ЕС мяса птицы и мясопродуктов. Определены основные финансовые последствия использования демпинга.

Ключевые слова: демпинг, экспорт, импорт, финансовые проблемы, рынок, цена.

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Problem statement. The process of liberalization of the world trade depends on the extent to which the government is prepared to allow competition in the national market between goods of domestic production and goods from other countries. The price paid by the state for the access to other markets, is the competition with foreign goods in its domestic market.

The means to move goods to foreign markets rather than trade restrictions are being more widely used in the competition on the world market. One of these tools is dumping. [1].

Analysis of recent research and publications.

The problem of regulation of agricultural markets in general and its individual components, including the context of impact of external economic factors, exports and imports is a leader in the works of many local scholars, including V.G. Andriichuk, O.M. Borodina, I.V. Burakovsyi, Y.B. Bazyliuk, V.I. Vlasov, V.P. Halushko, V.M. Heyets, A.D. Dibrova, M.M. Ilchuk S.M. Kvasha, I.I. Lukinov, T.O. Ostashko, B.Y. Panasiuk, S.I. Pyrozhkov, A.I. Sukhorukov, A.S. Filipchenko, G.V. Cherevko, O.M. Shpychak and others.

The purpose of the article. The objective of the article is to analyze the market conditions of poultry market in Ukraine and determine the financial problems of dumping Ukrainian exports poultry meat to the markets of member countries of the European Union.

The main text. Dumping means selling goods abroad at a price below its «normal price» that causes

or threatens to cause financial loss to an industry, formed on the territory of the importing country, or which significantly delays the formation of such. The entioned «normal price» is the price of the like product, for which it is implemented in the country of production (export) in the normal development of trade transactions.

If the domestic price of the goods is not mentioned, the normal price is determined either on the basis of the highest prices for similar goods intended for export to a third country or calculated as the sum of production costs with the addition of moderate amounts of costs of sales and profits. This approach to calculating the normal price takes into account natural and acquired competitive advantages of the exporter of goods (cost of energy production, location, availability of independent sources of raw materials and cheap labor, advanced technology, etc.).

As a rule, those are dumping who have the financial strength or covered state protectionism and through these «pros» they want to conquer new markets. The US were acting like this at one time, as well as Japan after World War II, they won outlying markets for their products using dumping [2].

Nowadays Ukraine is often accused in it. Therefore, our government must either admit that it makes unfair competition or prove that the notion of anti-dumping is used unfairly against it, and there is a

substitution of concepts and an attempt to protect themselves from competitive Ukrainian goods.

Export of Ukrainian agricultural products to the EU remains a painful process, restricted by high tariffs and quotas. Currently, the situation with agricultural products does not satisfy the Ukrainian side, as the EU is not eager to weaken protectionist measures in its market. Judging the situation from the other side, we can confidently call the EU to be far from ideal trade-economic standard of life, when the policy plays an important role in the economy [6].

The European Union is one of the world's largest producers of poultry meat and a net exporter of poultry products. In 2012, the EU-27 produced about 12.4 mln tons, which allowed to export 1.3 mln tons of products.

The leading EU country in the broiler meat production is France. It is followed by the United Kingdom, Germany and Poland. These four countries provided half of the annual production of poultry in the EU in 2012. But despite the large production volumes (104% of domestic consumption) and exports, the EU is open to imports. This is a mandatory rule of WTO members.

The main part of chicken imports in the EU is supplied by Brazil (70%) and Thailand (20%). These countries supplied mainly fillets and other products with high added value, including semi-finished and finished products. The average cost of imported meat and products in the EU is € 2,65 per 1 kg.

The most expensive wholesale price of chicken at the end of 2012 was recorded in Finland – € 261 per 100 kg. The lowest wholesale price is in Poland – € 130 per 100 kg. The average index of wholesale prices throughout the EU is between Spain and the Netherlands. Table 1 also contains data on Ukraine (the average wholesale price of chilled carcasses with the VAT in December 2012). Of course, that does not include import duties, the VAT and logistics costs.

Four of the largest producers of broiler meat in the EU are in the opposite «corners» of the price rating. Thus, Poland and Britain have the lowest wholesale prices, while France and Germany, despite surplus production are in the ranks of countries with the highest prices. It is difficult to explain the high cost, as Britain and Poland, for example, depend on imported feed, but they can afford to have the lowest cost producers. France and Germany, which mainly meet their own needs for fodder grain, contrast with too high wholesale prices for broiler meat. Therefore, we cannot accurately predict how an increase in broiler meat exports from Ukraine, including the European Union, will affect the domestic Ukrainian price.

Overall, even with the customs duties, taxes and logistics costs Ukraine is competitive in the EU market.

To increase production and export volumes of export, Ukrainian producers who have already obtained permission to supply broiler meat in the EU

Table 1

Wholesale prices for broiler meat in the EU 27 + Ukraine

EUROPEAN UNION + UKRAINE	WHOLESALE PRICE, €/T	PRICE INCREASE FOR 2012
Poland	1 309	7,40%
Britain	1 493	7,20%
Lithuania	1 568	-0,40%
Belgium	1 748	3,90%
Hungary	1 759	22,00%
Portugal	1 767	7,50%
Ireland	1 800	0,00%
Bulgaria	1 803	27,80%
Latvia	1 838	4,40%
Romania	1 866	21,50%
Spain	1 894	4,50%
Netherlands	1 951	7,00%
UKRAINE	1 969	5,70%
Austria	1 986	3,60%
Czech Republic	1 991	17,90%
Slovakia	2 006	10,70%
Greece	2 097	0,80%
Slovenia	2 197	4,90%
Malta	2 208	9,30%
France	2 300	2,20%
Italy	2 365	10,10%
Denmark	2 463	1,30%
Sweden	2 515	11,10%
Germany	2 541	0,30%
Cyprus	2 573	3,80%
Finland	2 610	4,10%
EU, ON THE AVERAGE	1 930	5,50%

should exert maximum effort, although a lot depends on the development strategy for the EU market. For example, assuming a B2C segment, it is necessary to focus on acquisitions in the European market of meat processors and marketing policy, but not on reducing production costs in Ukraine as for the B2B segment. Of course, to reach the EU market, not only money but also time should be invested [5].

Nowadays poultry meat production today is one of the most attractive areas for investment in livestock in Ukraine. This is due to lack of quality meat products and significant growth potential of the market in Ukraine. Thus, in the past few years investments of more than 1.5 billion USD were attracted with the projects of the cultivation and processing of poultry meat in Ukraine.

Since 2013 Ukraine has strengthened the tendency to increase the production and consumption of meat and reduce imports. Specific meat consumption in 2013 exceeded 57 kg per person, while in 2000 this indicator did not exceed 33 kg. Currently, 45% of meat consumed in the country accounted for poultry meat. The increase in poultry and pigs, as well as

stabilization of the decrease in the number of cattle in Ukraine and even a slight increase in its first time in the last 10 years will allow Ukraine significantly increase the performance and exports of some kinds of meat. Thus, the production of meat in carcass weight in 2013 reached 2.6 million tons, which is 62% more than in 2004. This, in turn, led to a decline in the share of imports of meat and sausage products into Ukraine.

In November 2015, Ukraine exported poultry meat for 18.1 million dollars and imported for 3.7 million. This was reported by the State Fiscal Service of Ukraine. In general, for 11 months the export of chicken meat and by-products amounted to 150 thousand tons, and in monetary terms it amounted to 211.5 million dollars.

Iraq remains the largest consumer (25.7%) – for 54.4 million dollars. Also, the Netherlands (16.6%) – 35.2 million dollars and Germany (7.5%) – 15.9 million (at the same time it purchased 26.35% of chicken imported for 8.9 million) [7].

«As of February 1, 2016 the right to use quotas benefited importers of poultry meat – by 100%, and importers of pork – 278 tons or 2.8%» [4].

Over the past six years, the export of Ukrainian goods fell to 25.82% (comparing 2015 to 2010). However, this trend is not evident in export relations with Europe, where the volume remained stable around the same level. This points to the necessity of Ukrainian goods to be present on European markets.

Despite the fall of Ukraine's exports, domestic manufacturers continue to build relationships with various meat markets, leading to constant growth of goods exports of meat kinds.

However, it is important to think about the pricing of products exported, because it affects the profits of exporters and competitiveness of products. Too high prices lead to low demand for this product, and too low – to anti-dumping actions of the country to which it is imported.

Negative consequences of dumping:

1. Smaller performance of the company – production at low prices is effective only for a small period of time, mainly at the entry to the market to obtain a certain percentage of demand in the competition.

2. When using dumping, the company sets itself against the professional community. Based on international markets, it is important to remember that a successful business requires the presence and links with other manufacturers.

3. The consumer can form a negative attitude to the product. After all, most buyers believe that price talks about product quality, that is why a lower price for the like product is nothing like a negative advertising of the own products.

4. The anti-dumping regulation. Relevant authorities and the service must respond to such events as too low prices.

5. Quotas. With quotas the prices should be carefully set to lead to income and selling of all the planned volume of goods.

Conclusions. Thus, European markets where it is possible to sell poultry meat are undoubtedly attractive, logical and the nearest to Ukrainian producers in the context of recent political, economic and military events. However, it is essential to remember that at the same time the EU has demanding markets. It is necessary for domestic producers to plan the policy entry to these markets.

One option for gaining competitiveness of Ukrainian poultry by the producer is dumping prices, ie, they must be lower than prices for the same product from other manufacturers. However, this is a practical way only at the initial stage, after pulling a number of negative consequences that may result in the loss of profit, falling profitability or even loss of production. Among the most common adverse effects with which can face the poultry meat producer are the following:

- reduction of revenues, that is, reduction of profits and possible losses that make it impossible to expand production and the introduction of new technologies, leading to disability or bankruptcy;

- aggravation of relations with other poultry meat market participants that further blocks the distribution of its products through negative-minded probable future partners;

- low price is a «tag» on a psychological level for the consumer that the product is of low quality, a certain deviation from the standards expires consumption etc.;

- the countries which accept imported goods can set high anti-dumping tariffs / taxes that make the goods become more expensive, and thus lose some demand and the producer can lose the profit;

- the trade based on quotas could lead to incomplete «throwing» of meat on the identified markets and thus lose income.

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АНАЛІЗ ТА ПЕРСПЕКТИВИ ІННОВАЦІЙНОГО РОЗВИТКУ АГРОПРОМИСЛОВОГО СЕКТОРУ УКРАЇНИ

ANALYSIS AND PROSPECTS OF INNOVATIVE DEVELOPMENT OF AGROINDUSTRIAL SECTOR OF UKRAINE

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У статті аналізуються основні проблеми інноваційного розвитку агропромислового сектора України. З'ясовано, що еволюційний інноваційний розвиток агропромислового комплексу (АПК) є найважливішою складовою частиною процвітання та ефективності сільськогосподарського виробництва. Встановлено, що невирішеними залишаються питання організації й управління інноваційною діяльністю та інноваційним розвитком агропромислового сектора. Розглянуто негативні і позитивні фактори, що впливають на функціонування інноваційної діяльності АПК. Доведено, що організаційна, економічна, технічна та технологічна модернізація агропромислового комплексу забезпечить його конкурентоспроможність.

Ключові слова: агропромисловий комплекс, інноваційна діяльність, інноваційний розвиток, сільське господарство.

В статье анализируются основные проблемы инновационного развития агропромышленного сектора Украины. Выяснено, что эволюционное инновационное развитие агропромышленного комплекса (АПК) является важнейшей составляющей процветания и эффективности сельскохозяйственного производства. Установлено, что нерешенными остаются вопросы организа-

ции и управления инновационной деятельностью и инновационным развитием агропромышленного сектора. Рассмотрены негативные и позитивные факторы, которые влияют на функционирование инновационной деятельности АПК. Доказано, что организационная, экономическая, техническая и технологическая модернизация агропромышленного комплекса обеспечит его конкурентоспособность.

Ключевые слова: агропромышленный комплекс, инновационная деятельность, инновационное развитие, сельское хозяйство.

This article analyzes the main problems of innovative development of the agricultural sector of Ukraine. It was found that evolutionary innovative development of agroindustrial complex is an important component of the success and efficiency of agricultural production. It is set that the unsolved questions are remained in the of organization and management of innovative activity and innovative development of agroindustrial sector. Considered negative and positive factors affecting on the functioning of AIC innovative activity s. It is proved that organizational, economic, technical and technological modernisation of agroindustrial complex will provide its competitiveness.

Key words: agroindustrial complex, innovative activity, innovative development, agriculture.

Постановка проблеми. Тривалий час в економіці України спостерігалась низька інвестиційна активність щодо розбудови аграрного сектора. Сталий розвиток АПК за допомогою впровадження нових технологій передбачає формування системи економічних відносин і механізму управління, що забезпечують постійну раціональну пропорційність між факторами аграрного виробництва і необхідними темпами його розвитку з метою задоволення потреб населення у продовольстві. Окреслена проблема зумовлює актуальність даного дослідження. Україна має великий потенціал розвитку в цьому напрямі. Створення сприятливих умов для залучення інвестицій в аграрний сектор та розробка механізму реалізації цих можливостей повинні стати пріоритетним напрямом роботи органів державної влади.

Формування ефективних організаційно-економічних відносин підприємств усіх сфер агропромислового комплексу, стабільне забезпечення національного споживчого ринку товарами власного виробництва серед іншого передбачають і дослідження впливу досягнень науково-технічного прогресу на перебіг інноваційних процесів та розвитку інноваційної діяльності. Такі та пов'язані з ними аспекти залишаються й нині недостатньо дослідженими.

Аналіз останніх досліджень і публікацій. Дослідженню проблем розвитку інвестування в сільське господарство України присвячені роботи низки науковців, серед яких Л.О. Абсава, О.В. Березін, К.С. Берестовий, С.О. Гуткевич, В.В. Ковальов, М.Ю. Коденська, Г.П. Лайко, А.С. Музиченко. Методологічні аспекти регулятор-