



Statement on the situation in the Ukrainian organic sector after 5 months of the russia's full-fledged invasion (based on the survey of organic business, July 2022)

Undoubtedly, agriculture remains one of the important sectors of the economy as Ukraine has been an important global supplier of agricultural and food products for many years.

Direct losses as a result of occupation and direct hits, sea ports blockade, destruction of infrastructure facilities and supply chains, significant increase in the prices of fertilizers, fuel and logistics – this is not an exhaustive list of problems that agricultural producers have faced in these 5 months.

Despite all the difficulties Ukrainian organic agricultural producers were able to complete the spring sowing campaign and start harvesting.

It is important that organic production remains one of the priorities of agricultural production in Ukraine both for producers and the government.

According to the survey of organic businessⁱ (conducted by the Organic Initiativeⁱⁱ and Organic Ukraine NGO) about **70% of organic operators** continue organic production and processing fully or partially.

On the national level Ukraine also remains committed to development of 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 adaptation to and mitigation of climate change, which was mentioned at the International Ukraine Recovery Conference (URC 2022), which was held on 4-5 July 2022 in Lugano (Switzerland).

Ukraine has new conditions for further export development.

In June Ukraine was granted the status of a candidate for EU membership, which expands the opportunities for cooperation with the EU countries. In addition, the EU made the decision to abolish import tariffs and duties on Ukrainian goods exported to the EU for one year. The European Commission has developed the plan to facilitate export of agricultural products from Ukraine.

Similar decisions on abolishing import tariffs and duties on Ukrainian agricultural products have also been made by other countries, for example, the UK, Canada, and Australia. Thus, Ukrainian organic producers have a great opportunity to increase organic export, export of processed products, find new markets and new customers and partners.

This is important as for many years Ukraine has remained a reliable supplier of organic products and among TOP 5 organic suppliers to the EU. Based on 2020 results, Ukraine ranked 4th among 123 countries by the volume of organic products imported to the EU, with the share of 7.8%.

Despite sea ports blockade, logistical problems and limitation for export of some product categories, Ukrainian organic exporters have good indicators for the first half of 2022, which is the result of great work under difficult conditions.

Ukraine remains an active player on the international market and a reliable organic supplier, looking for different export opportunities.

Instead, the situation on the domestic market is different. According to the mentioned survey, over 60% of producers will have problems with profitability or even expect bankruptcy by the end of the year. The overall safety situation (74%), access to financial resources (72%), and destroyed infrastructure (65%) have had the most significant impact on the production processes, with the most negative effect of the lack of fuel and lubricants (79%).

Access to financial resources and fuel and lubricants remains among the biggest threats for the next sowing season 2022/2023.

The domestic market is mostly affected by the low purchasing power and reduced demand for organic products, including due to displacement of a significant number of people to other regions of Ukraine and abroad, disrupted supply chains due to destroyed infrastructure and closing of some retail chains.

On the domestic market organic producers require support with sales in new realities, i.e. shortening supply chains, reducing the cost of production, and finding new customers.

In April the Grant Program “Support of organic sector in Ukraine”, initiated by the Organic Initiative, was launchedⁱⁱⁱ. During Stage 1, thanks to the donors and partners’ contributions, we were able to support over 100 Ukrainian organic micro, small and medium enterprises for the total amount of EUR 180,000 (financial and non-financial assistance). Stage 2 of the Program will soon be announced, for which about EUR 150,000 has already been raised. Unfortunately, this amount and effort are still not enough to support the organic sector in Ukraine.

We call the world to join the support of Ukrainian organic producers!

We remain committed to the EU Green Deal and are confident that organic production is one of the flagship initiatives in transition to sustainable agriculture.

Contacts for communication:

Olena Deineko, Coordinator: +48 573 816 280 (Poland),
+380 050 944 1242 (Ukraine), +380 067 103 9694 (WhatsApp, Viber,
Telegram), e-mail: coordinator@organicinitiative.org.ua

Kateryna Shor, Grant Program administration, Information Centre “Green Dossier”: +380 67 440 5937 (WhatsApp, Viber, Telegram, Signal),
+49 16 091 468 987 e-mail: kateryna.shor@dossier.org.ua

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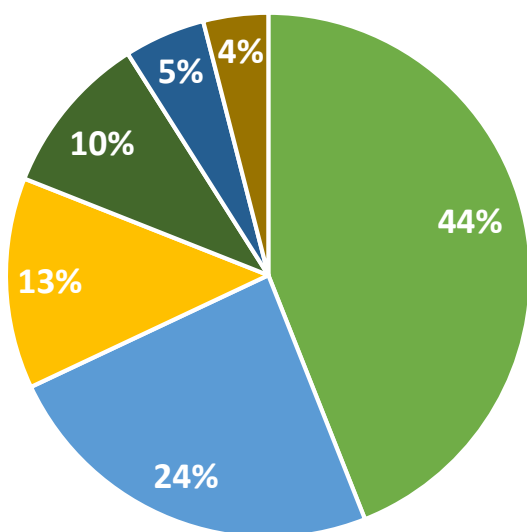


ⁱ The survey of Ukrainian organic business was conducted from 6 to 15 July 2022 by the Organic Initiative and Organic Ukraine NGO to analyse the current situation in the sector as of the 5th month of the Russia’s full-fledged invasion of Ukraine, as well as the market operators’ plans for the new marketing season. Over 80 organic SMEs from 20 oblasts of Ukraine took part in the survey, i.e. organic producers and processors that work on the domestic market and small exporters.

ⁱⁱ The Organic Initiative is a platform of key Ukrainian organic stakeholders, established in April 2020, which aims to contribute to organic sector development in Ukraine and promote organic trade on the domestic and international markets. More about the Organic Initiative, its activities and support of the organic sector in Ukraine <https://organicinitiative.org.ua/en>.

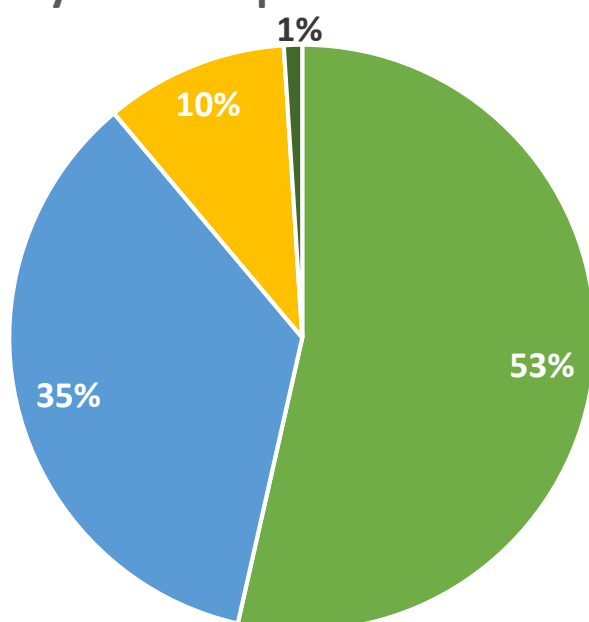
ⁱⁱⁱ More about the Grant Program “Support of the organic sector in Ukraine” <https://www.dossier.org.ua/en/projects/organic-sector-support>.

What is the situation on your farm/enterprise now?



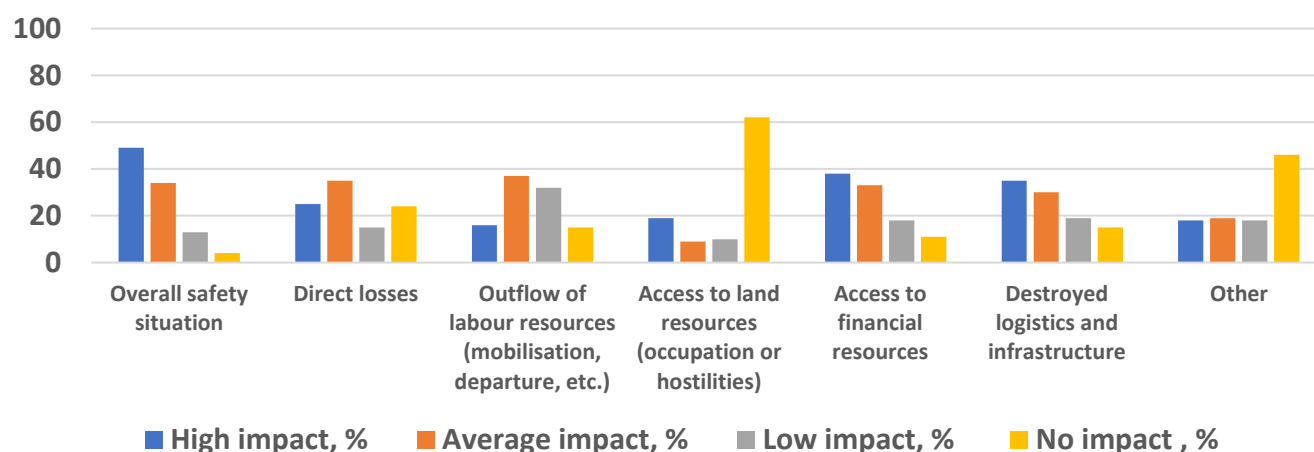
- Production has not been suspended
- Production has been partially suspended, production is ongoing
- The enterprise (land, production facilities, etc.) has been affected as a result of occupation, direct hits, production has been resumed
- Production has been suspended due to other reasons, production has been resumed or planned to
- The enterprise (land, production facilities, etc.) has been affected as a result of occupation or direct hits, production is suspended
- The enterprise (land, production facilities, etc.) is occupied

What is your forecast for the financial situation of your enterprise as of the end of the current year?

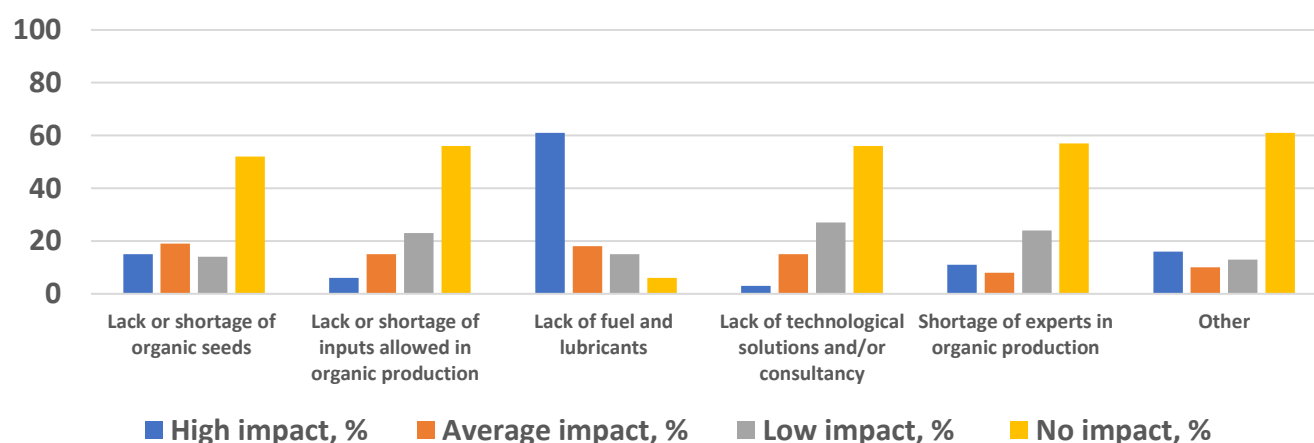


- We will have problems with profitability
- The overall situation is stable, we expect small profit
- The situation is bad, bankruptcy is possible
- Our business is developing rapidly, we expect profit

What has influenced your business the most in these five months?



Which problems have you faced in organic production during the full-fledged invasion?



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