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**STRATEGY
for the development of export of agricultural products, food**

**and processed food products of Ukraine for the period up to 2026**

**I. General part**

During the last decade, the agro-industrial complex has become one of the key sectors of the national economy, in 2017 creating 17 percent of Gross Domestic Product of the country.

Despite the crisis situation triggered by external aggression, the agro-industrial complex has remained one of the engines of support and growth of the national economy, demonstrating annual positive growth in production. Over the past five years, the volume of agricultural production in Ukraine has increased by more than 15 percent.

The importance of agriculture for the Ukrainian economy is becoming more prominent in the context of foreign trade. Between 2010 and 2017, the share of agricultural products in the total of exports grew from 21 percent in 2010 to 44 percent in 2017.

Agricultural export has invariably been the largest export category since 2013. In 2017, its share was almost twice as high as in the second largest export category (ferrous and non-ferrous metals).

The net positive balance of foreign trade in agricultural products in 2017 reached 13.5 billion USD, exceeding its previous record, set in 2016, of more than 2 billion USD.

While maintaining high rates of agricultural production growth however, the agro-industrial sector has significant additional unrealized potential for increasing exports of value-added products. Its further development (conditional upon the stable provision of national food security) is not only able to secure Ukrainian status as a reliable supplier of quality food on the world market, but also to become a powerful driver of economic development and welfare.

The main challenges for the further development of the agro-industrial sector of Ukraine in the context of increasing the export of agricultural products, food and processed food products are:

* adaptation to changing agroclimatic conditions;
* stimulation of supply (by increasing production) in the context of limited domestic demand;
* the need to ensure the safety of products (sanitary and phytosanitary measures, development of the system of state control);
* transformation of the structure of exports increasing the share of processed food products;
* the need to facilitate access to foreign markets for domestic exporters;
* the need to diversify the commodity positions of exports of agricultural products, food and processed food products (including organic products).

The state of the world food market and Food and Agriculture Organization of the United Nations (FAO) strategic research also signal the urgent need to increase production and trade in food to meet the growing demand in the world.

A key factor in the growth of world food demand will continue to be an increase of the population of the planet. According to the latest report of the UN Population Fund in 2017, the Earth's population was 7.55 billion people. Of these, 6.3 billion people live in Asia and Africa, including 1 billion people in the least developed countries of Africa.

Over the next decades (the coming 10-20 years), natural growth in food demand will occur in the world. In view of the unresolved problems of poverty and the significant income differentiation (the main population growth will reach Africa by 2050, with Asian countries taking the second place), the main part will be represented by the demand for the simplest and most affordable food products.

An additional factor contributing to the growth in world food demand is the increase in average life expectancy. In recent years, this indicator has increased by three years - from 67 to 70 years. Moreover, the largest increase was observed in the countries of Africa, where in the 2000s the average life expectancy increased by six years.

That is why at the UN Summit on Sustainable Development in 2015, resolution of the problems of poverty and hunger were the first United Nations General Assembly goals approved by the United Nations General Assembly (UN General Assembly Resolution № A/RES/70/1 of October 21, 2015).

At the same time, the population growth, incomes and accelerated urbanization are factors that stimulate not only an increased demand for food, but also lead to changes in human food preferences towards increasing consumption of resource-intensive products of animal origin and processed food products.

Aware of Ukrainian role in ensuring global food security, the Strategy is closely linked to the expansion of Ukrainian participation in the achievement of the United Nations Sustainable Development Goals, in particular to overcome hunger, achieve food security, improve diet and promote sustainable agriculture, while implementing its powerful production and export potential.

**ІІ. Objective of the Strategy**

The main objective of the Strategy is to ensure Ukrainian active presence on the world food market, taking into account growing external demand and the presence of unrealized export potential of the industry, subject to strict compliance with the requirements for ensuring food security of the country.

In this regard, the main objectives of the Strategy are:

The increase of the competitiveness of products and the expansion of commodity nomenclature of export;

The diversification of target markets and support and the development of existing markets;

The promotion of the Ukrainian brand and the provision of information and analytical support for the export of agricultural products, food and processed food products.

**ІІІ. Main directions of the Strategy implementation**

The main directions of the Strategy implementation are:

introduction of tools for assessing export potential of main types of agricultural products, food and processed food products;

strengthening of the interaction of the Ministry of Agrarian Policy with industry associations on priorities for the development of trade relations of Ukraine in the field of agriculture, food and processing;

introduction of agricultural product quality policy in the areas of product standards, production requirements and quality schemes in accordance with the Association Agreement between Ukraine on the one hand, and the European Union, the European Atomic Energy Community and their Member States on the other hand;

improvement of sanitary and phytosanitary measures in the field of product safety;

improvement of legal, organizational and economic conditions for the implementation of international trade in agricultural products, food and processed food products.

stimulating the use of innovative approaches and technological solutions in the food production and processing;

harmonization of national legislation with European requirements concerning the origin of aquatic bioresources;

introduction of tools for assessing the potential attractiveness of foreign markets for agricultural, food and processed food products;

support for domestic exporters of agricultural products, food and processed food products taking into account Ukrainian international commitments to the WTO;

strengthening the institutional capacity to represent and protect the interests of domestic producers and exporters in world markets, taking into account best practices;

the initiation of trade missions, negotiations on improving the conditions for access to the markets of countries and regions;

introduction of a set of measures aimed at promoting the products of agriculture, food and processing industry to external markets and developing the image of Ukraine as a reliable and quality supplier of food;

provision of information support to agricultural producers and processors by providing access to operational information on demand in foreign markets, conditions and procedures for access to them, in particular regulatory, customs procedures, standards and technical regulations;

raising awareness of producers about market trends, consumer preferences, technologies of production, cultivation, storage, processing and transportation of food products which are unfamiliar to the Ukrainian market, but are popular and in demand on other markets.

**ІV. Financial support for the Strategy implementation**

The funding of the Strategy is planned to be carried out at the expense of the state budget within the budget allocations of the Ministry of Agrarian Policy for the relevant year, international technical assistance and other sources not prohibited by law.

The amount of financing, logistical and labour resources necessary for the Strategy implementation is determined annually, taking into account the possibilities of the State Budget.

**VI. Expected results**

Implementation of the Strategy will provide:

formation of an effective system of tools for assessing export potential and potential attractiveness of markets for the main types of agricultural products, food and processed food products;

establishment of constant interaction of the Ministry of Agrarian Policy with industry associations on the priorities of development of trade relations of Ukraine in the field of agriculture, food and processing;

the appropriate level of support for domestic exporters of agricultural products, food and processed food products both in the country and abroad;

harmonization of domestic legislation in the sphere of sanitary and phytosanitary measures with European norms, standards and rules;

the change in the ratio between raw materials, products of primary processing and finished products in the total volume of exported agricultural products, food and processed products from 55/34/11 to 39/40/21 by the end of 2026;

by the end of 2026, opening of access to the markets of the 28 EU countries, Turkey, China, India, Egypt, Saudi Arabia, the United Arab Emirates, the United States, Israel, Belarus, Georgia, Moldova, Japan, Indonesia, Thailand, Bangladesh, Lebanon, Philippines, Nigeria and Switzerland in accordance with the approved plan for the implementation of trade missions to the above-mentioned countries;

an increase by 17 percent of exports of agricultural products, food and processed food products during the period of implementation of the Strategy.

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