DIGITALIZATION IN ORGANIC TRADE IN UKRAINE AS A KEY TO IMPROVE TRANSPARENCY AND INTEGRITY

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ORGANIC SECTOR IN UKRAINE

• about 426 organic operators, from them - 294 are producers*;
• 285 551 ha of certified organic land; 91 622 ha under conversion*;
• 550 thous. ha of wild crops (recorded at the end of 2016**)
• Consumption of organic products in Ukraine has risen up to 29,4 Mio. EUR in 2017**.
• 17 organic certification bodies, accredited to certify in Ukraine
• about 1% of the total agricultural land is certified as organic

**Source: Ukrainian Organic Federation, 2016
MAIN DESTINATIONS FOR UKRAINIAN ORGANIC PRODUCTS

Canada
USA
United Kingdom
Germany
Switzerland
Italy
The Netherlands
Poland
Austria

$55 MILLION
estimated export
of organic products
+ 10 Mio. USD in 2017

TOP ORGANIC EXPORT PRODUCTS
- Grains
- Pulses
- Oilseeds
- Vegetable oils
- Wild collection
- Processed products

Source: Organic Federation of Ukraine, MAPF

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CHALLENGES: COMPLEX ORGANIC SUPPLY CHAINS FROM UKRAINE THAT ARE NOT EASY TO TRACE

1 Farmer
- Production oriented
- Smaller organic volumes
- Linked to UA trader
- Storage near the field
- Payment 100% in advance
- EXW purchases in domestic currency
- Sells to UA trader
- Interested to go independent

Number of UA Farmers

UA Trader
- Producer farm visits
- Covering costs for Organic Certification
- Sponsorship
- Big volumes storage
- Consignments differentiation
- Variety of goods to offer
- Package
- Export
- Logistics

Number of EU Traders
- UA trader visits
- Import
- Big volumes storage
- Package
- Selling at EU market
- Re-distribution between traders

1 Trader

2 Trader

3 Trader

EU Processor
- With or without import license
- Constant purchases
- Planned production for year
- In time deliveries
- Long-term contracts
- Big volumes
- Feed production

EU final feed buyer
- Small volumes
- Feeding animals

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(1) Tracking and Identification of all consignments of imported food and feed

The Competent Authorities shall track and identify all consignments of food and feed defined above. Moreover, as set out in the first subparagraph of Article 84 of Regulation 889/2008, the importer shall in due time inform the control body or control authority of each consignment to be imported into the European Union.

(2) Complete documentation check at point of entry

The complete documentation of these consignments shall be verified systematically:

- a. Certificate of inspection
- b. Documents of custom declaration
- c. Transport documents
- d. Operators and product traceability: verification of names, addresses and valid certification of all operators in the trade flow

(3) Sampling and analysing for presence of pesticide residues each incoming consignment at point of entry

At least 1 representative sample shall be taken of each of these consignments at the point of entry in the EU. Sampling shall be done by using the methods as described in Commission Regulation (EU) No 691/2013 on the sampling methods to be used for official control of feed.

These samples shall be analysed for the presence of pesticide residues in an accredited laboratory.
Number of reported OFIS cases in the EU between 2010 - 2016

Source: FBL Switzerland, Assessment of irregularities in organic imports from Ukraine to the EU in 2016, notified in OFIS (05.01.2018)

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In 2016, most irregularities were notified by Italy, The Netherlands and Germany.

About 30% of all notification were related to products originating from Third Countries.

In the case that where EU-origin was reported at first hand, it was later found out that the product originated from a Third Country.

Figure 3: Allocation of detected irregularities, notified in OFIS in 2016; Source: EU commission, 2017

Source: FIBL Switzerland, Assessment of irregularities in organic imports from Ukraine to the EU in 2016, notified in OFIS (05.01.2018)
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OFIS cases from Third Country imports in 2016 most frequently originated in China, Turkey, Egypt, Ukraine and India (see Figure 4).

Figure 4: Number of irregularity cases by notified country in 2016. Source: EU commission, 2017.

Source: FIBL Switzerland, Assessment of irregularities in organic imports from Ukraine to the EU in 2016, notified in OFIS (05.01.2018)

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Mostly wheat, sunflower seeds or cake, barley and rapeseed were the concerned crops in the notified OFIS cases.

Likely root causes of Ukrainian OFIS cases in 2016

- Contamination in storage or during transport: 14
- Commingling with conventional products in production, storage or transport: 4
- Spray drift from neighbouring conventional farms: 3
- Other reason, namely: Suspicious certificates: 2
- Application of prohibited substances by certified operators during production, storage or transport: 2
- Use of seeds, treated with unauthorised substances: 0
- Spray drift from aerial sprayings: 0
- Persistent (heritage) chemicals in the soil, e.g. DDT: 0

Figure 9. Likely root causes of 25 OFIS cases in Ukraine in 2016 (n= 4 CBs)

Source: FIBL Switzerland, Assessment of irregularities in organic imports from Ukraine to the EU in 2016, notified in OFIS (05.01.2018)

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B2B marketplace of organic products

Agroportex.bio

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Choosing a niche in Ukraine

#Price x1.5  #Export 80%
#Revenue 46 mln €  #Market Potential x10
#Traceability  #Global Trend

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Market of producers

World
> 2.7 mio producers
$405.000.000

EU
> 373 th producers
(13.68 %)
$56.000.000

Ukraine
> 300 producers
(0.01 %)
$45.000

https://shop.fibl.org/CHen/mwdownloads/download/link/id/1093/?ref=1

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The decision is already "in hand"

“compliance”  →  market monitoring
“traceability”  →  PUSH notifications
“marketing”  →  direct requests
“targeting”  →  answer in 2 clicks
“rating”  →  saving time & money

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### Table 1: Comparison between Agroportex.bio and other online trading platforms working at Ukrainian market

<table>
<thead>
<tr>
<th>Features</th>
<th>Platforms</th>
<th>Example: UBER model</th>
<th>Germany</th>
<th>Ukraine</th>
<th>Ukraine</th>
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<td>Conditions of usage</td>
<td>%</td>
<td>User fee +% from the deal</td>
<td>User fee</td>
<td>User fee</td>
<td>User fee +% from difference at auction</td>
</tr>
</tbody>
</table>

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How does it work?
How does it work?
How does it work?
First month of life

App downloads: ~200
- Apple: 68%
- Android: 32%

Registration requests: 57% users

Finishing the compliance:
- 13% users with 80 products
- 22% wheat
- 75% packaging

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Official webpage: https://agroportex.bio/En/

Video intro: https://www.youtube.com/watch?v=nOekYQh9GHI

Video demo: https://www.youtube.com/watch?v=uv8sP12NkBU

PDF presentation: https://drive.google.com/open?id=1csABiP9X-bbXZQ_Uby9_fOsOZHFi0xaw

Leaflet ENG: https://drive.google.com/open?id=154q3tewDZsk3fXFa9AnbaFnJXUk6wWxU


THANK YOU!

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FOR COMMENTS OR QUESTIONS:

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