

V. V. YEVTUSHENKO

Candidate of Technical Sciences, Associate Professor,
Acting Head of the Department of Commodity Science,
Standardization and Certification
Kherson National Technical University
ORCID: 0000-0002-8720-5804

O. O. SEMENCHENKO

Candidate of Technical Sciences, Associate Professor,
Senior Lecturer at the Department of Commodity Science,
Standardization and Certification
Kherson National Technical University
ORCID: 0000-0002-1251-2711

Y. O. KALINSKY

Candidate of Technical Sciences, Associate Professor,
Associate Professor at the Department of Commodity Science,
Standardization and Certification
Kherson National Technical University
ORCID: 0000-0002-2605-8759

V. M. BEZPALCHENKO

Candidate of Chemical Sciences, Associate Professor,
Associate Professor at the Department of General Educational Humanities
and Natural Sciences
Kherson National Technical University
ORCID: 0000-0002-1355-7938

MARKET OF PRODUCTS OF THE FEED INDUSTRY IN TODAY'S CONDITIONS

*The article is devoted to the study of the state and prospects for the development of the feed industry market in Ukraine. The main reasons for the unstable activity of subjects of compound feed production, such as the high sensitivity of the market to changes in the grain industry, the limitation of the available raw material base, the lack of high-tech production in the necessary volumes, the constant increase in costs for the production of compound feed products, the insufficient development of the market infrastructure, the lack of sufficient solvent demand. The war in Ukraine affected the demand for compound feed products, production, sales, and logistics. The article provides statistical data of the Ukrainian market in 2022–2023 on the volume of compound feed production and the prices of compound feed components, namely grain and oil crops. Considering the export problems in Ukraine, raw materials are competitive in price policy. This situation is favorable for the Ukrainian production of compound feed, which, in turn, allows to increase the production of animal husbandry products. State influence in the direction of vertical integration makes it possible to control the beginning of the production chain, primarily grain producers to ensure the sale of agricultural products, protection from price fluctuations in raw materials markets, and flexible response to consumer requests. **State stimulation of research and innovation**, such as providing financial support and incentives for research in the field of compound fodder production, will contribute to the development of new technologies, improvement of feed quality, and increased competitiveness. To date, compound feed producers have overcome infrastructure challenges associated with the loss of logistics chains, damaged businesses, and demonstrated positive development trends and sustainable economic performance.*

Key words: compound feed industry, production, commodity market.

В. В. ЄВТУШЕНКО

кандидат технічних наук, доцент,
в.о. завідувача кафедри товарознавства, стандартизації та сертифікації
Херсонський національний технічний університет
ORCID: 0000-0002-8720-5804

О. О. СЕМЕНЧЕНКО

кандидат технічних наук, доцент,
старший викладач кафедри товарознавства, стандартизації та сертифікації
Херсонський національний технічний університет
ORCID: 0000-0002-1251-2711

Є. О. КАЛІНСЬКИЙ

кандидат технічних наук, доцент,
доцент кафедри товарознавства, стандартизації та сертифікації
Херсонський національний технічний університет
ORCID: 0000-0002-2605-8759

В. М. БЕЗПАЛЬЧЕНКО

кандидат хімічних наук, доцент,
доцент кафедри загальноосвітніх гуманітарних та природничих дисциплін
Херсонський національний технічний університет
ORCID: 0000-0002-1355-7938

РИНОК ПРОДУКЦІЇ КОМБІКОРМОВОЇ ПРОМИСЛОВОСТІ В УМОВАХ СЬОГОДЕННЯ

Стаття присвячена дослідженню стану та перспективам розвитку ринку комбікормової промисловості в Україні. Розкриті основні причини нестабільної діяльності суб'єктів комбікормового виробництва, такі як висока чутливість ринку до змін у зерновій галузі, обмеженість доступної сировинної бази, відсутність у необхідних обсягах високотехнологічних виробництв, постійне зростання витрат на виробництво комбікормової продукції, недостатня розвиненість ринкової інфраструктури, відсутність достатнього платоспроможного попиту. Війна в Україні вплинула на попит комбікормових виробів, виробництво, збут, логістику. В статті наведено статистичні дані ринку України у 2022–2023 роках про обсяги виробництва комбікормів та ціни на складові комбікормів, а саме зернові та олійні культури. Враховуючи проблеми з експортом в Україні, сировина в ціновій політиці є конкурентоспроможна. Така ситуація є сприятливою для українського виробництва комбікормів, що, в свою чергу, дозволяє нарощувати виробництво продукції тваринництва. Державний вплив у напрямку вертикальної інтеграції дає змогу контролювати початок виробничого ланцюга, в першу чергу виробників зернових культур для забезпечення збуту сільськогосподарської продукції, захисту від коливання цін на сировинних ринках та гнучкої реакції на запити споживачів. Державне стимулювання досліджень та інновацій таких як надання фінансової підтримки та стимулів для досліджень у галузі комбікормового виробництва буде сприятиме розвитку нових технологій, покращенню якості кормів та підвищенню конкурентоспроможності. На даний час виробники комбікормів впоралися з викликами в інфраструктурі, які пов'язані із втратою логістичних ланцюгів, пошкодженими підприємствами та продемонстрували позитивні тенденції розвитку та стійкі економічні показники.

Ключові слова: комбікормова промисловість, виробництво, товарний ринок.

Formulation of the problem

Food security is one of the important elements of the country's economic and national security. In turn, providing the population with food products is the main element of food security. The compound feed industry occupies a special place in the modern conditions of the development of the agro-industrial complex of the state, as it is an intermediate link in the production chain: supply of raw materials – processing – consumption and providing the population with products of the livestock industry. Research of the market of products of the compound feed industry is relevant, because this branch combines the development of plant and animal husbandry and affects the provision of food to the population. One of the problems of the modern market of products of the compound feed industry is the lack of awareness about them and, as a result, products of poor quality entering the market.

Analysis of recent research and publications

Basyurkina N. Y., Sharapanyuk L. V. have recently been engaged in researching the market for the products of the compound feed industry. In their works, they analyzed the dynamics of compound feed production and the relationship between the number of livestock and the volume of compound feed production [1]. Zozulyov O. V. and Vyshnytska S. V. in their work [2] highlight the importance of developing the national production of compound feed and additives, which

will make it possible to ensure independence from imports, increase competitiveness and improve product quality. However, the works do not sufficiently analyze the factors that influence the development and functioning of the market for commodity products of the compound feed industry in modern conditions and the prospects for its development.

Formulation of the purpose of the research

The purpose of the study is to analyze the factors that influence the development of the market for products of the compound feed industry and the prospects for development in today's conditions.

Presentation of the main research material

Prospects for the development of the product market of the compound feed industry, like any other product market, are characterized by the following factors:

- demand;
- offers;
- competition;
- influence of the state on the development of the industry;
- infrastructure.

The demand for these products is formed by certain groups of consumers, in particular, farms; livestock complexes that are part of agricultural holdings and the population. At the current stage, poultry farming has become the largest consumer of the compound feed market in Ukraine. Chicken has long been predominant in the meat diet of Ukrainians due to its lowest price compared to other types of meat – beef, pork, turkey. The production of products of the combined feed market in Ukraine for poultry is growing steadily, while the segment of goods for feeding cattle is shrinking along with the decrease in livestock. In general, according to the results of 2023, the growth of the combined feed market capacity in Ukraine was expected at the level of 20.5% compared to the year before, to approximately 7.36 million tons in natural terms [3].

Along with the fact that the commodity market of compound feed develops, a certain amount of offers is needed. Ukrainian compound feed plants that were not subjected to occupation have already almost resumed their work at the pre-war level, but there are also those that could not maintain their position during the war and lost production capacity. However, it is currently difficult for enterprises to fully carry out their activities, since the constant increase in the exchange rate of foreign currency and the increase in energy prices have a significant impact on the final cost of production.

As Ukraine began to resume exports and other global players adjusted their acreage to meet global needs, the price of major grain and oil crops began to decline. In December 2023 world prices for cereals, which are the main ingredients for animal feed, decreased by 43% compared to March 2022 and by 29% compared to December 2022; oil crops by 29% and 23%, respectively. In December 2023, grain prices on the Ukrainian market decreased by 23% on average compared to December of the previous year [4]. Such a drop in prices is due to the blockade of the export of Ukrainian products.

Since prices on the market remain low, this situation is favorable for the Ukrainian production of compound feed. For this branch of the agricultural sector, the absence of price increases is an advantage. Currently, now is the best time to increase the number of pigs, poultry of all kinds, the number of meat cattle, as well as the processing and production of milk and milk products. Considering the export problems in Ukraine, raw materials are competitive in price policy. Accordingly, we have conditions for attracting investments. For the production of compound feed, trace elements, vitamins and other feed additives are needed, which are mainly imported into Ukraine. The prices for such components have increased by 20–25% on average, their rapid growth is due to the change in logistics routes, the value of currencies, the devaluation of the hryvnia, the increase in the cost of logistics and the risks involved in importing foreign products into Ukraine as a result of hostilities. Before the full-scale war, the bulk of transportation took place through seaports in containers with subsequent overland transportation to warehouses. Currently, the situation has changed and become more complicated. And even in spite of this, the situation is as favorable as possible for the development of the market for products of the compound feed industry.

The influence of the state is important for the development of the commodity market of products of the compound feed industry. There are certain changes in this direction, in particular, the Ministry of Agrarian Policy developed the “Strategy for the Development of the Agro-Industrial Complex of Ukraine”, which provides for full vertical integration and localization and import substitution. The government is working towards the possibility of providing soft loans for fodder producers [5]. Steps in the direction of vertical integration will make it possible to control the beginning of the production chain, namely the producers of grain crops to ensure the sale of agricultural products, protection against price fluctuations in commodity markets and flexible response to consumer requests. In addition to financial support from the state, informational and infrastructural support should be organized for the development of the compound feed market.

In order for the market to develop effectively, information support for producers should be established, which includes information on demand, supply, prices, availability of raw materials and advanced technologies for the production of compound feed, their quality and safety. At the same time, the functioning of the market requires a constant movement of goods and services, labor potential and means of payment, which are provided by organizations serving market relations. Thus, for the functioning and development of the market for the products of the compound feed industry, infrastructure

that was damaged as a result of military operations on the territory of Ukraine is needed. In particular, warehouses, energy hubs, production facilities, transport and transport connections. However, compound feed producers coped with difficult conditions and demonstrated positive development trends and stable economic indicators.

Research conducted by the Pro-Consulting company indicates that the main problems of the compound feed market today can be called the cost of the product and its quality. The quality problem arose, in particular, due to high competition on the market. Since farmers and entrepreneurs mainly choose cheap feed in order to reduce the cost of meat, feed manufacturers also try to make production as cheap as possible [6].

In recent years, due to climatic conditions and problems with fertilizers in Ukraine, farmers have been collecting more and more fodder grain, which is suitable only for further processing. The best way to sell such grain is to process it into compound feed – this is a good opportunity to occupy not only the Ukrainian market, but also to enter the international export of compound feed. Also, despite the great competition on the market, there is a shortage of compound feed, because production has decreased by almost two times, while the number of livestock has decreased by only 10%. Also, according to official data, the poultry industry has almost reached its pre-war volume, so the production of compound feed for poultry is steadily growing [6].

One cannot ignore the fact that the market of compound feed in Ukraine will continue to be affected by the crisis associated with the full-scale invasion of Russia. In the future, the development of the market will depend on the support of the state, in particular, on the availability, implementation and implementation of state programs and the restoration of the established infrastructure.

Conclusions

The conducted research shows that the demand for the products of the compound feed industry exists, in particular, thanks to the recovery of the poultry industry. The offer on the compound feed market is confirmed by the increase in market capacity compared to last year. The state also takes care of the development of the compound feed market, developed the “Strategy for the Development of the Agro-Industrial Complex of Ukraine”, which provides for full vertical integration and localization and import substitution, and the possibility of providing soft loans for feed producers is being considered. As for infrastructure, compound feed producers coped with difficult conditions associated with the loss of logistics chains, damaged enterprises, etc. and demonstrated positive development trends and stable economic indicators.

Therefore, the feed market in Ukraine is gradually reviving, has positive dynamics and is prone to development with the support of the state.

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