

АГРАРНИЙ РИНОК ТА ЕКСПОРТНА ЛОГІСТИКА В УМОВАХ ВОЄННОГО ЧАСУ

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AGRICULTURAL MARKET AND EXPORT LOGISTICS IN WARTIME CONDITIONS

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The full-scale invasion of the Russian Federation into Ukraine affected the development of the economy, which suffered significant losses and destruction in general, and the agricultural sector in particular. In addition to the destruction of production and marketing infrastructure, the agricultural sector suffered losses of land and human resources. According to World Bank experts, losses in the agricultural sector during the two years of the war amounted to 31.5 billion US dollars. The biggest losses were caused by the decrease in domestic prices and the termination of export opportunities by sea transport. The number of operating enterprises in 2022 decreased by 31.4% (from 51.8 thousand to 35.6 thousand). As of October 2023, 38% of agricultural enterprises are not working, and 45% have resumed their activities by less than half. However, the agrarian sector of the economy achieved significant success in 2023 - 57.6 million tons of grain and leguminous crops, 20.7 million tons of oil crops and 11.8 million tons of sugar beets were harvested. Despite the fact that the sown area decreased by almost 10%, a record harvest of 55 t/ha was collected. Of course, the weather conditions and the feeling of responsibility for the result contributed. The production of livestock products is also being restored. Milk production by agricultural enterprises in 2023 amounted to 1.88 tons and reached the pre-war level. Losses of the herd of cows amounted to 7%. Moreover, the decrease in livestock was greater in households - 12.8%, against 1.2% in agricultural enterprises [1, p. 28-40].

The situation with the level of profitability in 2023 improved compared to 2022 due to the reduction of logistics costs (relative establishment of alternative export routes) and reduction of production costs (reduction in the price of fertilizers, fuel, etc., which had a record price peak against the background of the beginning of the war in Ukraine). In 2023, a decrease in prices for all types of grain and oil crops was observed on the world market. Therefore, this trend additionally deepened the situation with the unprofitability of Ukrainian farmers. It is worth noting that no enterprise focuses on the cultivation of one crop, therefore, in 2023, all enterprises of the agrarian sector engaged in crop production were either unprofitable or had a minimal level of profitability. In 2024, the operation of sea export routes through the ports of Odessa gives hope that products will be sold at higher prices compared to the current period due to the optimization of logistics. However, in the spring of 2024, we will most likely see a reduction in total sown areas. Crops under grain crops will decrease, and under oil crops - will grow. It was established that in 2023, 67.5 million tons of agro-industrial products of various types were exported, which is 15% higher than the same figure in 2022. At the same time, 41% of the volume was exported through the sea ports of Odessa, 35% - through the river ports of the Danube, 17% - by rail transport, 5% - by road and 2% - by ferry. In January 2024, the export of agricultural products remains at a fairly high level thanks to the operation of the sea route and, according to preliminary estimates, may be at the level of 7.7 million tons of products. The blocking of checkpoints on the western borders had a negative impact on exports. However, more expensive items are exported by road transport. Export logistics remain more expensive, compared to the pre-war period - both rail within the country and sea freight [2, p. 68-70].

In January 2024, Ukraine exported 12 million tons of products. This is only 2 million tons less than in pre-war January 2022. The Unity ship insurance program, which the government of Ukraine implements together with Marsh McLennan and a pool of insurance companies led by ASCOT, is designed to reduce the cost of insurance for the sea transportation of grain and other important food products in the territorial waters of Ukraine, which will help, in particular, to increase the volume of Ukrainian exports. The total amount of coverage under the program is \$50

million. According to estimates, the proposed insurance mechanism will make it possible to reduce the cost of grain insurance by an average of approximately 2.5 percentage points from the cost of the insurance tariff, which, in turn, will enable grain traders to save approximately UAH 100-140 per one ton of cargo, and in general, it will bring additional UAH 4 billion to agricultural producers. 2024 - the continuation of logistics chains, an increase in transit time and the number of overloads, the risks of cargo damage during transportation are increasing. For example, food or other perishable products can spoil in transit due to overtime storage or improper conditions. Given the difficulties in logistics, an increase in transit time, complication and lengthening of routes, involvement of additional feeder vessels, and transshipments are currently being considered without additional insurance payments.

Logistics is a vital system of the economy, which was fundamentally changed by armed aggression. The logistics business adapted, reoriented and began to develop new export routes through land corridors through European countries. They can be conditionally divided into two global directions: the western transport corridor to Poland, Germany and the Baltic countries and the southern transport corridor mostly to Romania. While on the western border there is a struggle with traffic jams on highways, the capacity of checkpoints, the difference in the width of the railway track and other challenges, on the southern border the situation is somewhat different, but no less interesting: it is corruption at the customs, and not only from the Ukrainian side, but and Romanian. From the beginning of the war, the state was practically helped by the associations of forwarders from Turkey, Romania, Bulgaria, Poland and Slovakia, colleagues from the Hungarian Association took an active position. The Ukrainian government is working to strengthen export logistics with air defense systems and finding new ways to export goods and services. In the following years, the export of products will grow. By 9% in 2024, 19.4% in 2025 and 20.6% in 2026. The global goal is to return the volume of exports of Ukrainian goods and services to the level of 2021 (according to the forecast of the Ministry of Economy).

So, logistics is still the key for Ukrainian export of agricultural products. The main challenges of the logistics industry are the blocking of road transport at European borders. In part, these delays are compensated by the gradual recovery of sea transportation and the uninterrupted operation of the railway. In addition, due to the lack of personnel, companies are increasingly turning to headhunting. In 2024, the state and development of logistics will be affected by: high dependence on political decisions and hopes for the lifting of the border blockade; low solvency of the population and decrease in domestic demand; insufficient amount of money from farmers; expected increase in the cost of electricity by 30-35% in June-July 2024; increase in the price of warehouse services.

References:

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