

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Report Highlights:

Production of beef will continue its 20 year stagnation trend, while production of pork is expected to rebound after a slight drop in 2011, boosted by internal demand and cheap feeds. A partial ban by Russia on Ukraine's cheese exports may further hurt the dairy industry. Publication of official 2011 production statistics allowed for an animal number and meat production PSD tables update.

New numbers do not lead to a 2011 production trend revision or 2012 forecast change. Suppositions made in the Annual Livestock GAIN report remain applicable for the current report as well.

Data included in this report is not official USDA Data. Official USDA data is available at <http://www.fas.usda.gov/psd>

Executive Summary

Despite a decrease in pork production in 2011, production in 2012 is expected to grow. The industry will be building stocks in response to cheap feeds and attractive pork prices. In early 2012, pork price levels exceeded those in 2010 and 2011. Significant money was put into pork production by both domestic and foreign strategic investors. This sets a foundation for long-term production growth. Increased imports of high-quality animals from Germany indirectly confirm this trend. The industry faces unsatisfied domestic demand, but export markets are limited to neighboring Russia.

Production of beef will continue to show no signs of recovery. The number of dairy animals, which constitute the vast majority of beef production is decreasing and will remain on a downward trend in 2012. The number can decrease even more in response to a partial cheese export ban introduced by the Russian authorities in early February 2012. The ban led to a milk price drop, and a corresponding animal number decrease is expected in central and eastern Ukraine. Increased animal slaughter may lead to a short term beef production spike.

Investments for industrial milk production made in 2011 will not lead to a significant animal number increase. It likely to be offset by the corresponding drop in the household sector. Beef exports will remain limited mostly to neighboring Russia, where Ukraine has some trade regime advantages.

Most of the factors outlined in the [Livestock and Product Annual GAIN Report](#) will continue to affect production and trade. In the production section below some new external factors impacting production and trade are analyzed.

Production

Publication of official production data for 2011 by the State Statistics Service of Ukraine allowed for a PSD table numbers review. The 2010 numbers were already in compliance, so none of them were changed. Livestock and swine production indicators for 2011 remained almost unchanged. Trade in live pigs happened to be higher than expected. This trade growth (mostly import of high-quality pigs from Germany) indirectly supports a suggested trend for increased pig production in 2012 despite some decline in 2011.

African Swine Fever (ASF) cases registered in Eastern Europe this far had no impact on Ukrainian pork production. Ukraine introduced an import ban on Russian (in 2011) and Belorussian (in March 2012) pork and live pigs. Imports of these products were insignificant and had little impact on trade. So far Ukraine claims no officially confirmed AFS cases on its territory, although there were cases registered in close proximity to the border on Russian Federation side. Any possible AFS introduction could stop foreign trade in pork and have a negative production impact in affected areas. Being a net pork importer, Ukraine will not suffer very significant losses from trade stoppage. The production impact may vary widely depending on outbreak size.

Another new factor impacting livestock number and beef production forecasts is the introduction of cheese import restrictions by Russian Federation in February of 2012. During February, Russia's Rosselkhoznadzor announced two separate bans (the first for three companies, and a subsequent action against four suppliers) that impacted major Ukrainian cheese production facilities. Justification for the first ban was use of palm oil in Ukrainian cheese. This argument was publicly opposed by the Ukrainian government and producers. Justification for the second ban was the inability of Ukrainians producers to match the provisions listed in the Russia's technical regulations. According to industry sources, the import ban impacted well over 50 percent of Ukrainian cheese exports and covered the biggest and most technologically advanced facilities in central and eastern Ukraine.

Russia's partial import ban led to a significant milk price decrease in impacted regions, although there have been reports about milk price decreases in other regions as well. Inefficient milk producers (mostly small industrial farms and households) are likely to respond by increased slaughter. In this way, the cattle number in 2012 is expected to further decrease despite some stabilization observed in late 2011.

Trade

On February 8, 2012 the Minister of Agricultural Policy of Ukraine Mr. Mykola Prysiashnyuk met with Deputy Head of Rosselkhoznadzor Dr. Nepoklonov in an attempt to open the Russian market for Ukrainians meat products. The Ukrainian mass media reported that an agreement was reached.

Despite the formal agreement, Ukrainian exports to the Custom Union Countries will remain to be highly vulnerable, as has happened recently to Ukrainian dairy exports to Russia. Ukrainian mass media carefully monitored the situation, saying that the restriction was political in nature.

Section II Statistical Tables

Ukraine Cattle PSD Table (1,000 Head*)

Animal Numbers, Cattle Ukraine	2010		2011		2012	
	Market Year Begin: Jan 2010		Market Year Begin: Jan 2011		Market Year Begin: Jan 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Total Cattle Beg. Stks	4,827	4,827	4,494	4,494	4,320	4,471
Dairy Cows Beg. Stocks	2,737	2,737	2,631	2,631	2,560	2,589
Beef Cows Beg. Stocks	41	41	36	36	32	35
Production (Calf Crop)	2,644	2,644	2,550	2,540	2,470	2,480
Total Imports	1	1	1	3	1	3
Total Supply	7,472	7,472	7,045	7,037	6,791	6,954
Total Exports	0	0	0	4	0	4
Cow Slaughter	0	0	0	0	0	0
Calf Slaughter	0	0	0	0	0	0
Other Slaughter	2,906	2,906	2,655	2,492	2,526	2,482
Total Slaughter	2,906	2,906	2,655	2,492	2,526	2,482
Loss	72	72	70	70	65	68
Ending Inventories	4,494	4,494	4,320	4,471	4,200	4,400
Total Distribution	7,472	7,472	7,045	7,037	6,791	6,954
CY Imp. from U.S.	0	0	0	0	0	0
CY. Exp. to U.S.	0	0	0	0	0	0

**These are not USDA official numbers*

Ukraine Beef and Veal PSD Table, 1,000 CWE (1,000 Head)*

Meat, Beef and Veal Ukraine	2010		2011		2012	
	Market Year Begin: Jan 2010		Market Year Begin: Jan 2011		Market Year Begin: Jan 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Slaughter (Reference)	2,906	2,906	2,655	2,492	2,526	2,482
Beginning Stocks	15	15	15	15	15	15
Production	428	428	390	385	370	385
Intra-EU Imports	0	0	0	0	0	0
Other Imports	5	5	6	5	8	8
Total Imports	5	5	6	5	8	8
Total Supply	448	448	411	405	393	408
Intra EU Exports	0	0	0	0	0	0
Other Exports	19	19	15	18	10	10
Total Exports	19	19	15	18	10	10
Human Dom. Consumption	414	414	381	372	368	383
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	414	414	381	372	368	383
Ending Stocks	15	15	15	15	15	15
Total Distribution	448	448	411	405	393	408
CY Imp. from U.S.	0	0	0	0	0	0
CY. Exp. to U.S.	0	0	0	0	0	0

**These are not USDA official numbers*

Ukraine Swine PSD Table (1,000 Head*)

Animal Numbers, Swine Ukraine	2010		2011		2012	
	Market Year Begin: Jan 2010		Market Year Begin: Jan 2011		Market Year Begin: Jan 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Total Beginning Stocks	7,577	7,577	7,960	7,960	7,570	7,479
Sow Beginning Stocks	518	518	518	518	550	530
Production (Pig Crop)	8,176	8,176	7,800	7,820	8,200	7,980
Total Imports	90	90	60	112	60	130
Total Supply	15,843	15,843	15,820	15,892	15,830	15,589
Total Exports	1	1	0	1	0	1
Sow Slaughter	0	0	0	0	0	0
Other Slaughter	7,121	7,121	7,530	7,662	7,230	7,238
Total Slaughter	7,121	7,121	7,530	7,662	7,230	7,238
Loss	761	761	720	750	750	750
Ending Inventories	7,960	7,960	7,570	7,479	7,850	7,600
Total Distribution	15,843	15,843	15,820	15,892	15,830	15,589
CY Imp. from U.S.	0	0	0	0	0	0
CY. Exp. to U.S.	0	0	0	0	0	0

**These are not USDA official numbers*

Ukraine Pork PSD Table, 1,000 CWE (1,000 Head)*

Meat, Swine Ukraine	2010		2011		2012	
	Market Year Begin: Jan 2010		Market Year Begin: Jan 2011		Market Year Begin: Jan 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Slaughter (Reference)	7,121	7,121	7,530	7,662	7,230	7,238
Beginning Stocks	22	22	22	22	22	22
Production	631	631	650	680	640	640
Intra-EU Imports	0	0	0	0	0	0
Other Imports	146	146	90	119	100	120
Total Imports	146	146	90	119	100	120
Total Supply	799	799	762	821	762	782
Intra EU Exports	0	0	0	0	0	0
Other Exports	1	1	16	17	13	13
Total Exports	1	1	16	17	13	13
Human Dom. Consumption	776	776	724	782	727	747
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	776	776	724	782	727	747
Ending Stocks	22	22	22	22	22	22
Total Distribution	799	799	762	821	762	782
CY Imp. from U.S.	0	7	0	3	0	5
CY. Exp. to U.S.	0	0	0	0	0	0

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