



Eurointegration 2.0

INSIDE UKRAINE'S POULTRY INDUSTRY VOLUME 1: STRENGTHS AND BOTTLENECKS

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DISCLAIMER

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CHAPTER I: EXTREME CONCENTRATION, STRATEGIC ROLE OF HOUSEHOLD PRODUCERS, UNPRECEDENTED WAR LOSSES, REMARKABLE RECOVERY AND MARKET REORIENTATION

HIGHLIGHTS

- **Dominance of poultry in livestock:** Poultry accounts for **59% of Ukraine's total livestock live weight** in 2024
- **Enterprise concentration at the extreme: The top five poultry meat producers control 71% of the market, with one company (MHP) alone holding 53%:**
 - **Competitive feed grain supply** – Ukraine's strong domestic grain base ensures cheap and stable access to feed, with large holdings producing up to 6 million tons of **compound feed**, most of which is consumed internally.
 - **Vertical integration** – Major enterprises control the full cycle (from feed to processing and distribution), reducing costs and enabling consistent quality.
 - **Economies of scale** – Large-scale operations lowered average production costs significantly and allowed reinvestment into further expansion
- **Specialization by enterprise type:** Large Ukrainian enterprises typically **produce either meat or eggs, rarely both**. Even within top producers, specialization is strict.
- **Geographic concentration of industrial poultry:** Over **80% of enterprise poultry meat production is concentrated in just three oblasts (Vinnytska, Cherkaska, Dnipropetrovska)**. This level of spatial concentration increases vulnerability to regional shocks.
- **Exceptionally low production costs:** Production costs in Ukraine are estimated at **67 eurocents per kg of live chicken weight**, compared to 82 eurocents in the EU (Poland 79, UK 87).
- **High role of households in eggs:** In 2024, **households produced nearly half (48%) of all eggs**, while only 9% of poultry meat. Such a large household contribution is atypical compared to EU, where egg production is almost entirely commercial.
- **Strategic role of household poultry in wartime food security:** Small-scale household poultry acted as a **"safety net"** during supply disruptions, helping rural families maintain protein access despite market collapse — a function rarely highlighted in developed economies.
- **Consumption levels:**
 - Poultry meat consumption in Ukraine (27 kg per capita, 2023) **exceeds the EU average (24.2 kg)** but is still slightly below the USA (30.9 kg).
 - Egg consumption (16.1 kg per capita) is **higher than both EU (13.6 kg) and USA (15.9 kg)**.

- **Trade pivot due to war:** Before 2022, poultry was mostly exported via sea to the Middle East; by 2023–2024, **89–98% of exports shifted to road transport** into the EU due to blocked ports.
- **Egg export market flip:** Ukraine's egg exports flipped almost completely — in 2014 dominated by the Middle East, but by 2024, **69% went to the EU and UK**, showing a radical geographic reorientation.
- **Impact of war on production:** Around **13 million birds lost in the first two years of the war**, including the catastrophic loss of **4 million laying hens in Chornobaivka** when power outages disabled automated feeding. This scale of war-related agricultural loss is unique globally.
- **Rapid recovery despite war:** By late 2023, **commercial poultry meat output had returned to 98% of pre-war levels**, while enterprise egg production recovered by 2024 — showing resilience rarely documented in conflict-affected agricultural sectors.
- **Environmental practices gap:** Large enterprises adopt EU-style waste management (biogas, recycling), but **small/household producers largely lack environmental controls**, leading to significant manure and wastewater risks. The dual structure is more pronounced than in EU/USA

I.1 RELEVANCE AND GROWTH FACTORS

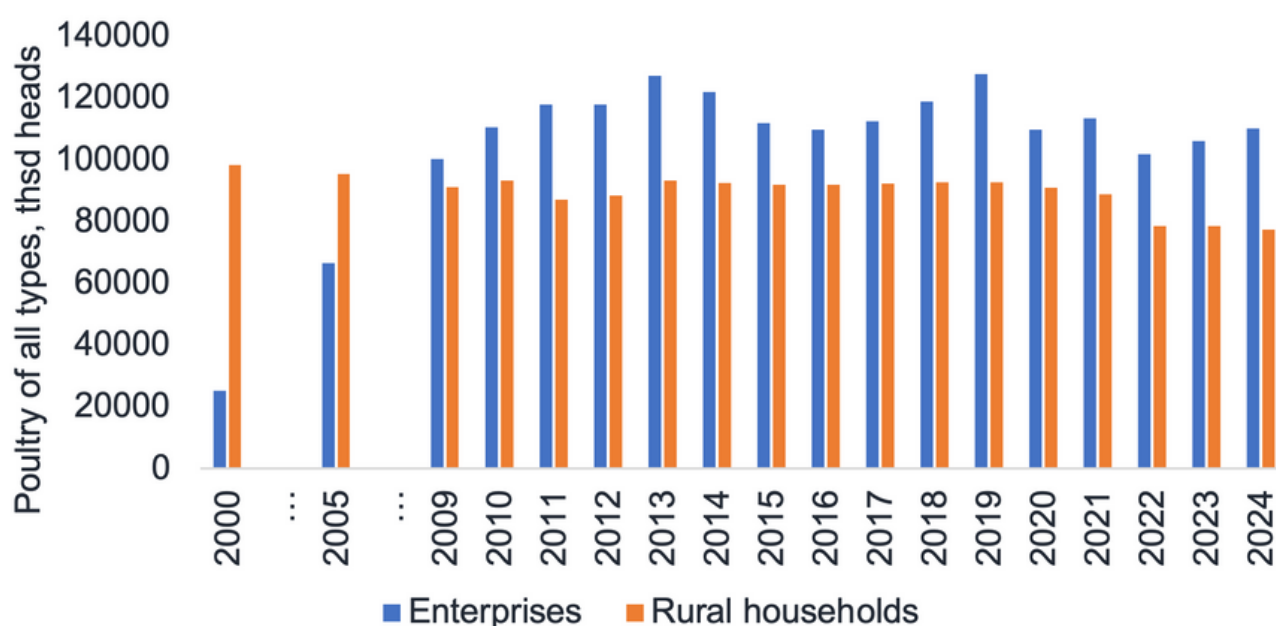
*Ukraine is among the largest producers of poultry meat and eggs in Europe ranking second in egg production and fifth in poultry meat. Ukraine's poultry sector is the largest of the livestock industry, accounting for **59% of live weight output in 2024**, with chicken as the primary poultry type produced. Since the 2000s, commercial enterprises have expanded through technology adoption, vertical integration, and economies of scale, enabling low production costs and export growth. Competitive feed grain supply and strong domestic demand have been key drivers, with per capita poultry meat consumption increasing fivefold since 2000. **The sector contributes about 0.7% to national GDP**, reflecting its economic significance despite crop production's dominance in agriculture.*

Poultry production is the largest part of Ukrainian livestock sector in terms of live weight. Poultry of all types accounts for 59% of agricultural animals live weight production in 2024, according to SSSU data¹. It includes both poultry meat and poultry egg production, with chicken being the main poultry type raised. In the 2000s-2010s, poultry sector has undergone a transformation, characterized by increase in role of commercial enterprises, as

¹ <https://www.ukrstat.gov.ua/operativ/operativ2022/sg/vpt/vpt2024.xls>

it is seen on the Figure below. Their growth was associated with adoption of modern technologies and practices, leading to higher productivity (average live weight increased from 2.3 kg in 2013 to 2.5 kg in 2023²), and increased participation in international trade (exports of poultry meat grew from 175 to 524 thousand tons in 2014-2024³). As of 2024, there have been 183 million heads of poultry in Ukraine, 57% of which have been kept by the enterprises, and the rest in the households. Of the total poultry stock, 93% were chicken, while ducks, geese, and turkeys amounted to 4.6%, 1.6%, and 0.7%, respectively. Given the low number of alternative poultry types kept in Ukraine, this report will focus on chicken specifically.

Figure 1. Number of live poultry in enterprises and households.



Source: SSSU

The following major drivers have underpinned the growth of Ukraine's commercial poultry sector:

- **Competitive feed grain supply:** Ukraine's strong feed industry, led by agricultural holdings producing up to 6 million tons of compound feed, over 80 % of which is consumed internally, ensures stable, cost-effective feed supply, allowing for increased competitiveness.⁴ According to van Horne (2018)⁵, the average production cost per kilogram of live chicken weight in EU was 82 eurocents in 2017, ranging from 79 eurocents in Poland to 87 in the UK. In contrast, Ukraine's cost was significantly lower, estimated at 67 eurocents per kilogram.

² SSSU

³ UN Comtrade

⁴ Voronetska, I. S., Kravchuk, O. O., Petrychenko, I. I., Sprynchuk, N. A., & Korniychuk, H. V. (2020). Efficiency of the domestic feed market activity in Ukraine. *Feeds and Feed Production*, (90), 191-204. <https://doi.org/10.31073/kormovyrobnytstvo202090-17>

⁵ https://www.avec-poultry.eu/wp-content/uploads/2018/12/WUR-report-2018-116-Competitiveness-EU-poultry-meat-PvanHorne_def.pdf

- **Vertical integration combined with economy of scale** allowed emerging holdings in the 2000s to significantly reduce their production costs, and, thus, accumulate financial resources for further investments in production development. As of 2009, holdings achieved average costs of 5.78 UAH/kg of live weight, which at the time was 32% than non-holding producers.⁶
- **Strong domestic demand:** rising domestic demand over the past two decades has been a core growth driver. Per capita poultry consumption climbed from 4.4 kg in 2000 to 22.9 kg in 2022, with the highest growth rate occurring between 2005-2010 (FAOSTAT). Between 2005–2010 alone, poultry consumption surged almost 70%, while beef consumption fell 24%, making poultry the primary beneficiary of a broader dietary shift.⁷

As of 2022, production of poultry meat and eggs combined amounted to 40% of the total livestock production value. Contribution to the agricultural GDP is smaller, due to dominant role of crop production, at 9%, as of 2022.⁸ According to the calculations based on World Bank and SSSU data, poultry sector contributed approximately 0.7% to the total Ukrainian GDP, as of 2022.

According to the SSSU, poultry meat production amounted to 1.4 million tons in carcass weight, as of 2024. Given the domestic consumption estimated at 920 thousand tons⁹, Ukraine is fully self-sufficient in poultry meat. Eggs production reached 661 thousand tons¹⁰ in 2024, according to SSSU data. While there is no reliable recent data on eggs total domestic consumption, it is safe to assume that Ukraine is self-sufficient in eggs as well, given the substantial export amounts. These production amounts make Ukraine the second-largest eggs producer and fifth-largest poultry meat producer in Europe, according to the FAOSTAT data.

I.2 TYPES OF PRODUCERS

Commercial producers

*In 2024, **62% of Ukraine's chickens were kept by commercial enterprises**, with production dominated by a few large vertically integrated companies. **Thirty major farms controlled 83% of enterprise poultry**, and the **top five meat producers held 71% of market share**, led by **MHP at 53%**. Meat and egg production is specialized and geographically concentrated, enabling efficiencies but increasing exposure to regional risks.*

⁶ <https://www.fao.org/4/i3532e/i3532e.pdf>

⁷ <https://www.fao.org/4/i3532e/i3532e.pdf>

⁸ SSSU data

⁹ https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=Poultry%20and%20Products%20Annual_Kyiv_Ukraine_UP2024-0015

¹⁰ Conversion rate at 1 egg = 57 grams

Both eggs and poultry production are split between the commercial producers (enterprises and family farms) and the household producers. As of 2024, enterprises kept approx. 110 million heads of chicken (62%), and households accounted for the remaining 78 million heads (38%), as per SSSU data.

The sector of commercial poultry enterprises is highly consolidated. Out of the **227 registered enterprises involved in poultry farming in 2023**, about 30 operate at a large scale (SSSU, 2023). These **30 enterprises, each managing flocks exceeding 500,000 heads**, collectively control approximately 83% of the total poultry kept by enterprises. Such concentration is a product of strategic investment patterns favoring vertical integration. Leading enterprises such as Myronivsky Hliboproduct (MHP), Agro-Oven, and Avesterra Group are examples of this model. According to data from the Poultry Producers Association, five largest producers accounted for about 71% of poultry meat production as of 2025, with the leading producer having 53% of the market share¹¹.

Major poultry enterprises are typically specialized, producing either poultry meat or eggs, rarely combining both broiler and layer hens farming. Among the 5 largest poultry meat producers (MHP, Dniprovskiy, Agro-Oven, Avesterra Group, Gubyn), no one is engaged in eggs production. On the other hand, none of the leading egg producers (Avangardco, Ovostar Union, Inter Edinstvo) produces poultry meat, except for by-product of egg production – spent laying hens. Approach to handling them differs among producers, for example, Ovostar Union sells them alive to third parties¹², while Avangardco slaughters spent laying hens and sells meat to processors and packers¹³.

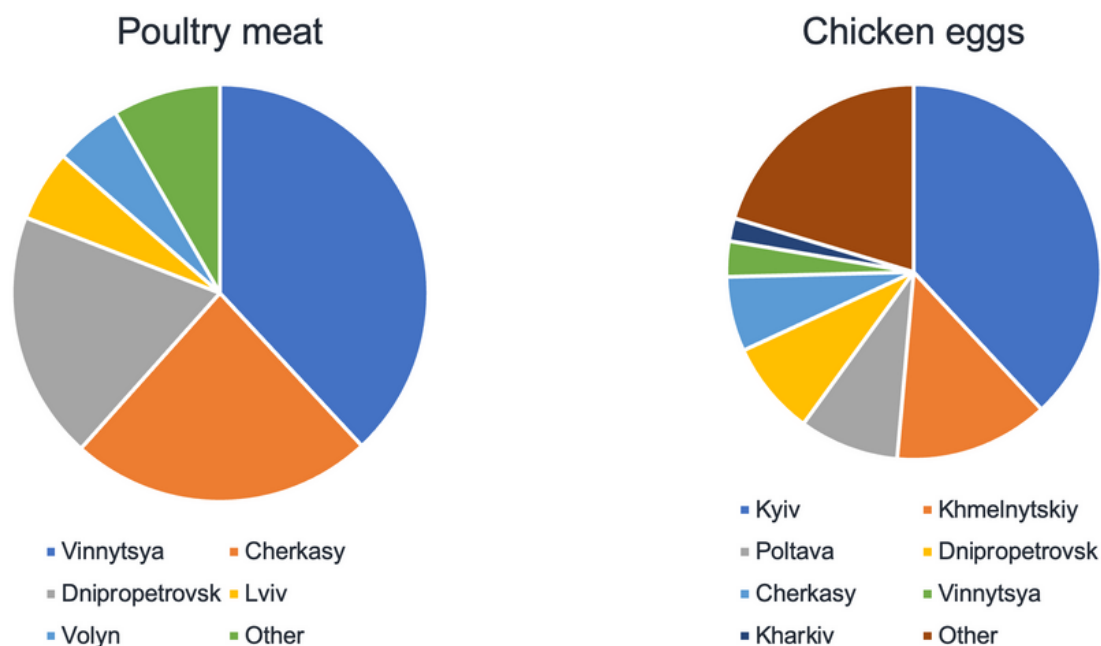
Production among these enterprises is geographically concentrated. As Figure below shows, commercial poultry production is concentrated in Vinnytska, Cherkaska, and Dnipropetrovska oblasts. As of 2023, they accounted for 38%, 24%, and 19% of the poultry slaughter weight, respectively. Other 21 oblasts combined accounted for the remaining 19% of slaughter weight. Chicken eggs production by enterprises is slightly less concentrated, as compared to poultry meat. However, it is still far from being evenly distributed, with Kyivska, Khmelnytska, Poltavska, Dnipropetrovska, and Cherkaska oblasts being dominant on the market. Such geographic concentrations enable scale efficiencies by allowing producers to develop **integrated localized feed-to-processing infrastructure**, and benefit from economies of scale in logistics and labor. On the other hand, it increases vulnerability to local region-specific shocks, primarily power outages, potential logistical bottlenecks, and availability of labor force in the area.

¹¹ <https://agroportal.ua/news/zhivotnovodstvo/top-10-naybilshih-virobnikov-kuryatini-v-ukrajini>

¹² <https://avangardco.ua/nasha-dijalnist/cikl-virobnictva/?print=%27%20%7C%20type%20%25SystemRoot%25%5C%5Cwin.ini%20%7C%20%27>

¹³ <https://latifundist.com/kompanii/331-ovostar-yunion>

Figure 2. Geographic structure of poultry meat and eggs production in enterprises, 2023



Source: SSSU

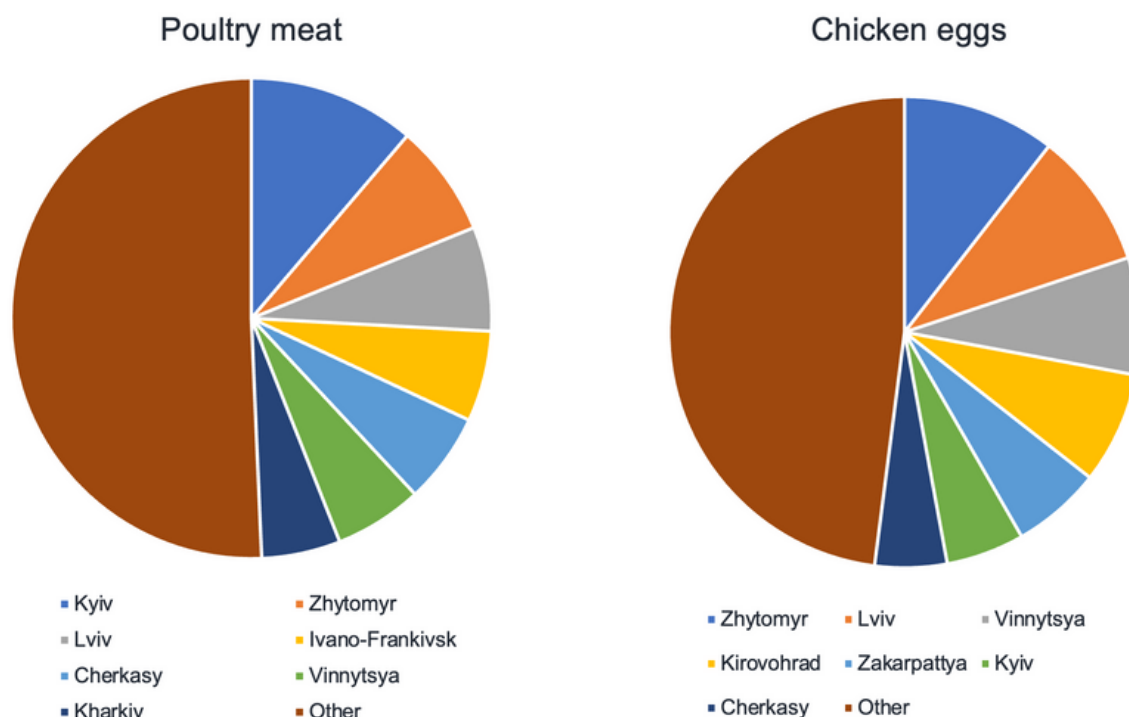
Household producers

In 2024, households produced 48% of Ukraine's eggs but only 9% of poultry meat. Production is small-scale, decentralized, and relatively evenly spread across regions, unlike the commercial sector.

In turn, household producers play an important role in Ukrainian poultry egg production and retain a smaller role in poultry meat production. As of 2024, households produced 48% (5531 million) of the total national eggs production and only 9% (130 thsd tons in carcass weight) of the total national poultry meat production.

Household poultry production is highly decentralized and characterized by small flock sizes. According to the FAO (2022) survey, in 2022 approximately 46% of rural households in western Ukraine, 52% in central regions, and 37% in eastern oblasts engaged in poultry keeping. In contrast to commercial production, household poultry farming spreads across the country relatively evenly. Leading regions in household poultry meat production are Kyiv, Zhytomyr and Lviv oblasts, with shares in production equal to 11%, 8%, and 7%, respectively. Similarly, eggs production is not geographically concentrated, with Zhytomyr, Lviv, and Vinnitsya oblasts leading the production (10%, 9%, 8%, respectively).

Figure 3. Geographic structure of poultry meat and eggs production in households, 2023



Source: SSSU

I.3 DOMESTIC CONSUMPTION AND FOOD SECURITY

*Poultry meat dominates Ukraine's meat consumption, rising from 12% of total meat consumed in 2000 to over **56% in 2022, driven by lower than for other meats prices and reliable supply**. Per capita poultry consumption reached 27 kg in 2023, exceeding the EU average, while eggs consumption at 16.1 kg per year is higher than both EU and USA. Demand for poultry is projected to grow 16% by 2033, largely replacing beef as the main protein source. The sector has strategic food security value, with **household poultry production serving as an additional safety net during supply disruptions, particularly in wartime**.*

Poultry meat has become the most consumed type of meat in Ukraine over the past two decades, both in absolute and relative terms. In 2000, poultry accounted for only 12% of total meat consumption; by 2022, this share had increased to over 56% (SSSU). This shift was driven by a combination of factors. First, chicken meat remains cheaper than beef or pork, making it accessible to lower-income households. Secondly, the expansion of industrial-scale production ensured year-round supply of reliable quality poultry meat in retail chains. As of 2023, per capita poultry meat consumption in Ukraine reached approximately 27 kg per year,

according to the data of the Ministry of Agrarian Policy and Food.¹⁴ It is higher than the 2023 EU average of 24.2 kg per year¹⁵, but lower than the USA level of 30.9 kg per year¹⁶. This level of consumption yields protein intake of roughly 20 g per day¹⁷, which corresponds to roughly one-half to one-third of the WHO recommended daily protein intake.¹⁸

Poultry eggs similarly play an important role in the Ukrainian diet. Eggs are not only an important direct food source but are also used extensively in processed foods and household cooking. Average per capita egg consumption stands around 16.1 kg per year, as of 2022, according to the estimates by FAOSTAT. This is above the corresponding USA and EU estimates of 15.9 and 13.6 kg per year, respectively.

Future demand for poultry meat is projected to increase, following the global trend. According to projections by KSE, per capita consumption of poultry meat is expected to continue growing and is projected to reach 32.3 kg per year by 2033 (an increase of 15.9%, as compared to the value of 2023), thus replacing beef as the main source of dietary protein.¹⁹ Primary reason for it is lower price and healthier combination of protein and fat, as compared to other meats.²⁰

Besides that, the strategic importance of the sector for local food security was highlighted in the wartime when supply chains for other types of meat were disrupted. **Household poultry production provides a safety net for rural communities. With relatively low input costs and quick production cycles subsistence poultry production helps rural families to maintain basic food security even in periods of income shocks or physical isolation.**

I.4 INTERNATIONAL TRADE

Ukraine's poultry exports have grown steadily over the past decade, driven by cost advantages, modernized production technology, and EU market access under the DCFTA. Poultry meat exports increased from 175 to 524 thsd tons in 2014–2024, while egg exports, after a 2019–2022 drop, rebounded in 2023–2024. War-related port blockades shifted exports from sea to road transport, triggering a major pivot to the EU, which in 2024 now

¹⁴ <https://skilky-skilky.info/zamist-svynyny-ukraintsi-zbilshyly-spozhyvannia-kuriatyny-ta-ialovychyny-na-1-2-kh/>

¹⁵ EU Agricultural Outlook 2024–2035 https://agriculture.ec.europa.eu/document/download/48b04248-de6c-4608-bbcf-f2c9e0ed9d2b_en?filename=agricultural-outlook-2024-report_en.pdf

¹⁶ USDA Food Availability (Per Capita) Data System <https://www.ers.usda.gov/data-products/food-availability-per-capita-data-system>

¹⁷ Calculated at average 27g/100g protein content in poultry meat, according to Connolly G, Campbell WW. Poultry Consumption and Human Cardiometabolic Health-Related Outcomes: A Narrative Review. *Nutrients*. 2023 Aug 11;15(16):3550. doi: 10.3390/nu15163550

¹⁸ WHO. Protein and Amino Acid Requirements in Human Nutrition. WHO Technical Report Series, 2002. https://iris.who.int/bitstream/handle/10665/43411/WHO_TRS_935_eng.pdf p. 125

¹⁹ Agricultural Outlook Ukraine 2024–2033 <https://kse.ua/wp-content/uploads/2024/04/UA-Outlook-2024-2033-Report-1.pdf>

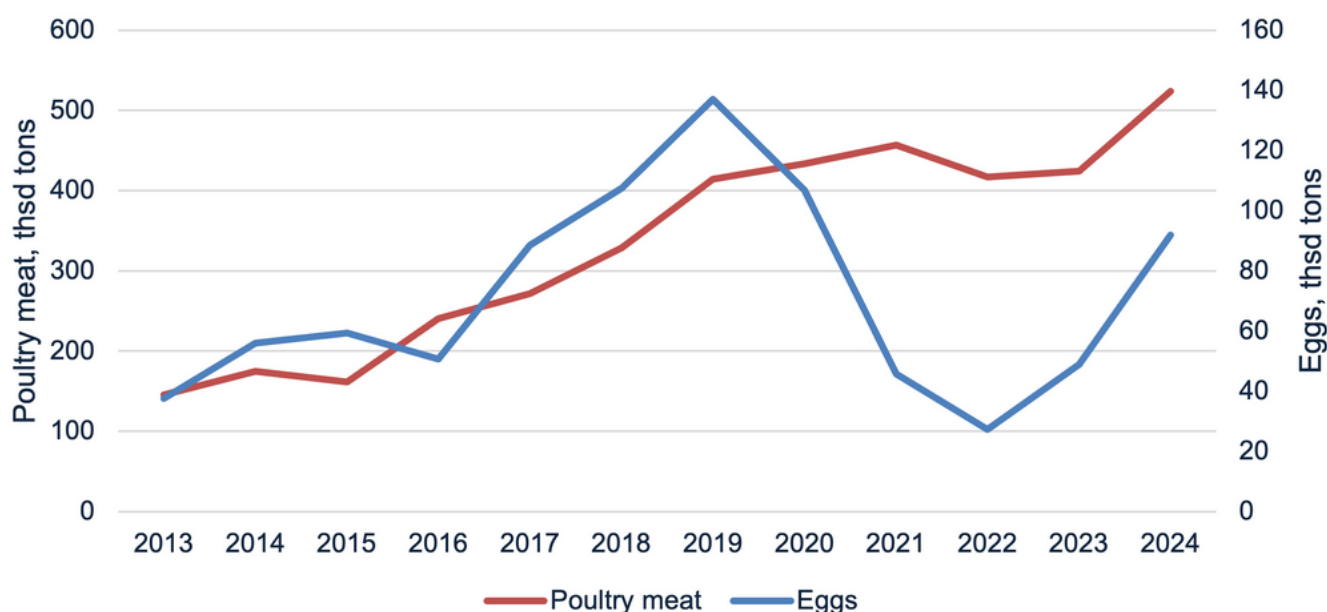
²⁰ OECD-FAO Agricultural Outlook 2024–2033

takes over 57% and 64% of meat and egg exports. Imports remain small, not exceeding 10% of export volumes of respective commodities, with main origin countries being Poland (meat) and the Netherlands (eggs).

While Ukraine's poultry meat exports have demonstrated a steady growth over the past 10 years, eggs export have experienced a rapid drop in 2019-2022 but returned to upward trend since 2023. The observed was accelerated by major investments into production modernization, certification to meet international hygiene and veterinary standards, and the signing of the Deep and Comprehensive Free Trade Area (DCFTA) agreement with the European Union in 2016 (Antimonopoly Committee, 2019)²¹. Additionally, in 2024, Paul-Henri Lava of the European Association of Poultry Producers (AVEC) noted that Ukraine's **poultry production costs were still 30–40% lower than the EU average.**²² **Ukraine's cost advantage was boosted by the drop in domestic feed grain prices at the beginning of the full-scale invasion, along with currency depreciation** boosted the competitiveness of Ukrainian poultry export. However, it also existed previously, and was largely attributed to the rise of large-scale, vertically integrated enterprises with in-house feed production.

As seen on the Figure below, over the 2014-2024 period, Ukraine's value of poultry meat (HS 0207) exports increased from 175 to 524 thsd. tons. Meanwhile, over this 10-year period chicken eggs (HS 0407) exports have grown from 56 to 91 thsd tons, with a peak in 2019 with 137 thsd tons. (UN Comtrade) Total value of exports in 2024 amounted to 962.7 million USD for poultry meat and 74.5 million USD for chicken eggs.

Figure 4. Quantity of exported poultry eggs and meat, Ukraine, 2004-2024



Source: UN Comtrade

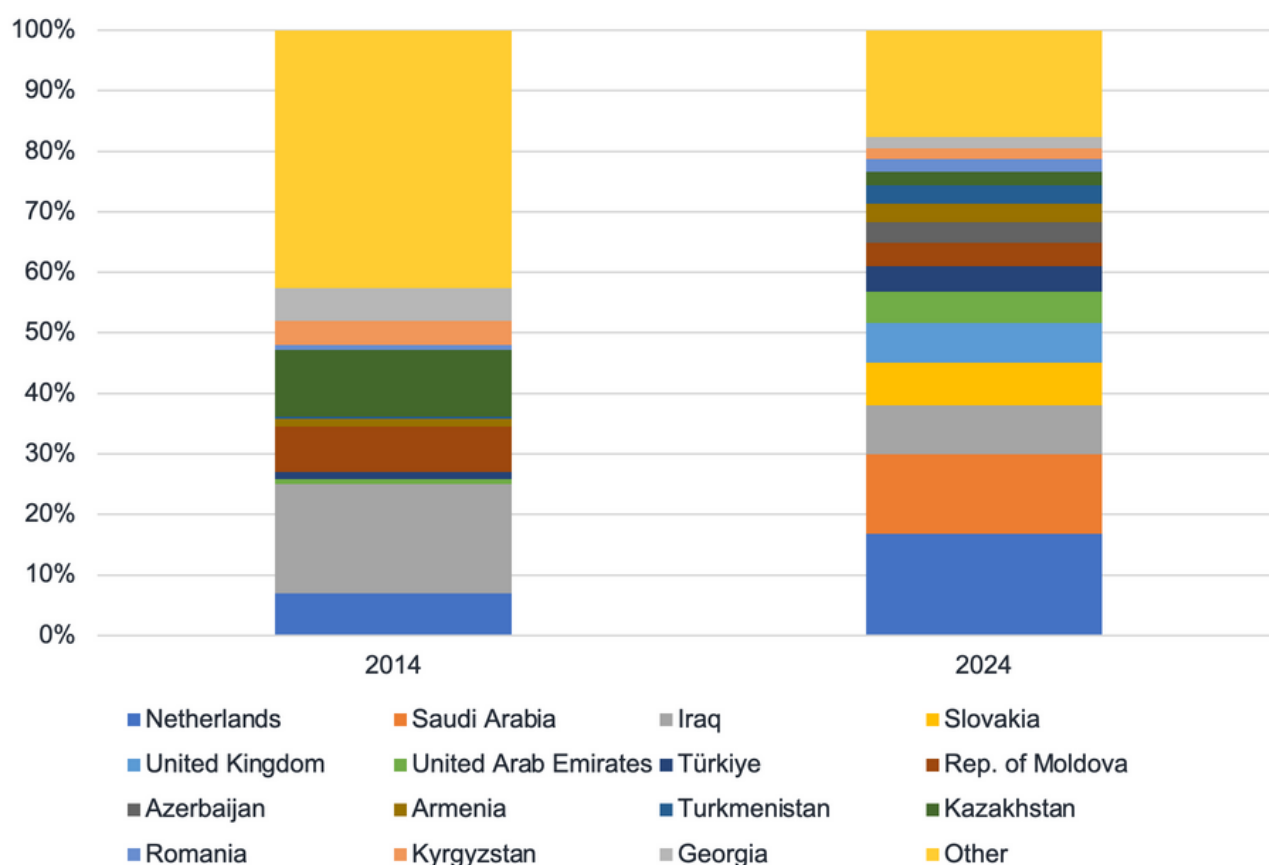
²¹ <https://amcu.gov.ua/storage/app/sites/1/%20%D0%BA%D1%83%D1%80%D1%8F%D1%82%D0%B8%D0%BD%D0%B0.pdf>

²² <https://agroportal.ua/publishing/biznes-sprashivaet/utrimati-rinok-chi-zmozhe-ukrajina-y-nadali-eksportuvati-kuryatynu-do-yes>

Over the past decade, poultry meat export volumes have shifted significantly from Eastern Europe and Central Asia towards the European Union and the Middle East. As of 2024, more than 70% of poultry exports were directed toward EU countries and the United Kingdom. Key importing countries include the Netherlands (16.8%), Saudi Arabia (13.2%), Iraq (8.0%), Slovakia (7.1%), UK (6.6%) and the United Arab Emirates (5.2%). Primary factors, which fueled the change of geographic export structure were asynchronous trade measures implemented by EU in 2022 and the disruption of logistics routes.

Export to the Netherlands primarily consists of frozen boneless cuts (45%) and fresh or chilled breasts (28%) with the remaining being “65% chickens” (plucked and drawn, without heads, feet, necks, hearts, livers and gizzards) and fresh or chilled boneless cuts (6% and 12%, respectively). Exports to Slovakia almost entirely consists of fresh or chilled breasts (78%) and fresh or frozen boneless cuts (4% and 6%, respectively). As of other key importers, UAE and Saudi Arabia import predominantly frozen poultry, not cut in pieces (74% and 69% of their imports from Ukraine, respectively), with the rest being frozen cuts and offal. Export to Iraq is split in half between not cut and cut poultry meat (both frozen, 49% and 51%, respectively). Export to UK mostly consists of frozen cuts (79%).

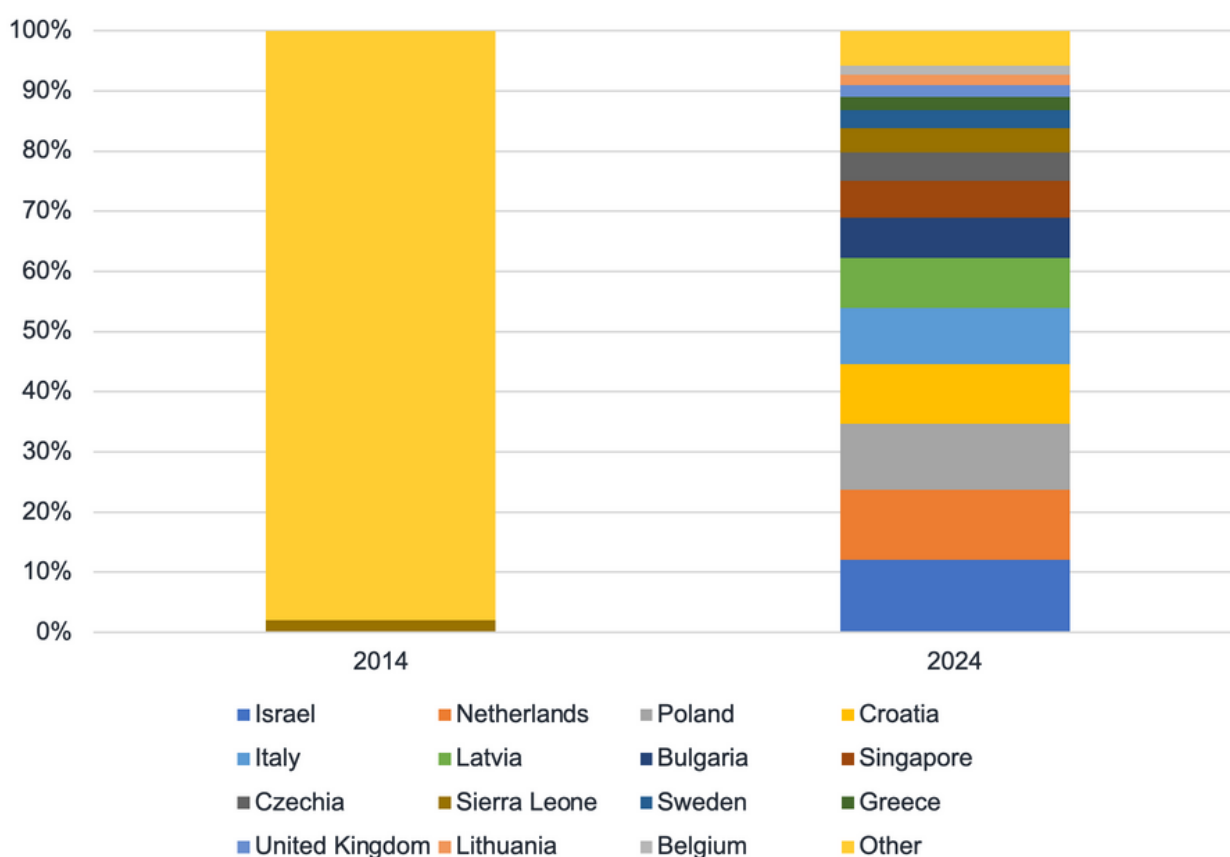
Figure 5. Geographic structure of poultry meat export in 2014 and 2024



Source: UN Comtrade

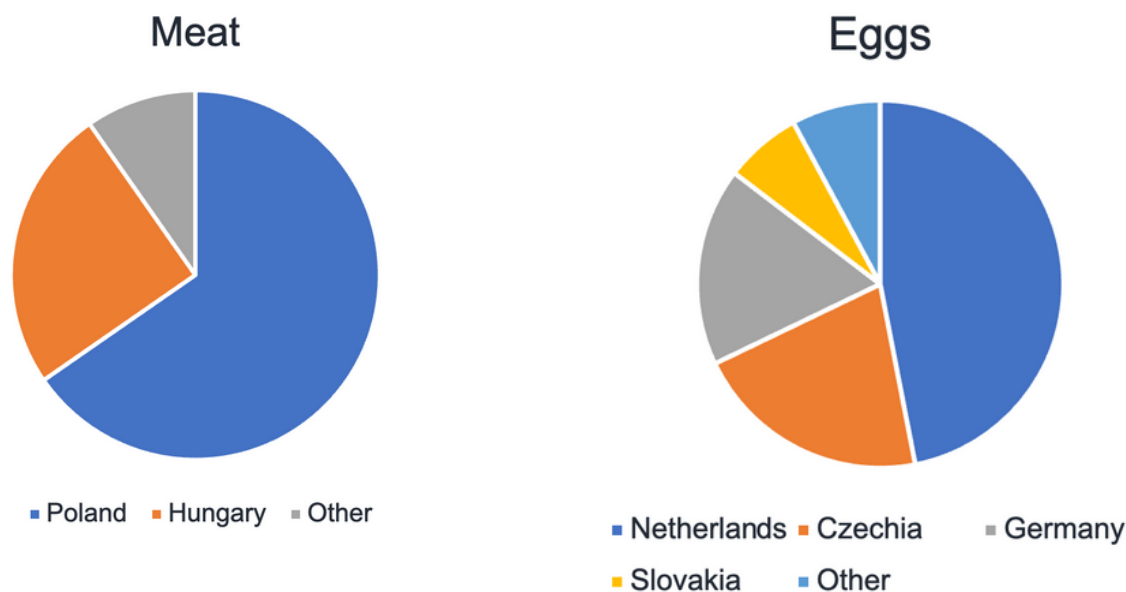
The geographic structure of egg exports has changed even more dramatically since 2022 for the same reasons. None of the 2024 export destinations, except for Sierra-Leone, constituted a significant share in 2014. In 2014, main export destinations were Middle Eastern states (Iraq, UAE and Syria – 54.6%, 18.2%, and 7.3%, respectively) and China (4.2%). As of 2024, approx. 69% of chicken eggs exports were directed toward EU countries and the United Kingdom. Key importing countries include Israel (12.0%), Netherlands (11.7%), Poland (11.0%), Croatia (9.9%), Italy (9.3%), and Latvia (8.4%).

Figure 6. Geographic structure of chicken eggs export



Source: UN Comtrade

In 2024, import of poultry meat to Ukraine was 44.9 thousand tons, which corresponds to 8.6% of the export volume. Similarly, import of eggs to Ukraine is also low – 8.7 thousand tons, 9.5% of the export volume. As seen on Figure below, main origin countries for poultry meat are Poland (65%) and Hungary (25%). For poultry eggs, the main exporters are Netherlands (47%), Czechia (21%), Germany (18%), and Slovakia (7%). According to Eurostat data, as of 2024, Polish import consisted of frozen boneless cuts (57%) and frozen “65% chickens” (41%). As no CN8-level data is available for Hungary, it is only known that all poultry meat export to Ukraine consisted of frozen chicken meat, cut in pieces (HS 020714).

Figure 7. Geographic structure of Ukrainian poultry meat and eggs import, 2024.

Source: UN Comtrade

The war has significantly impacted logistics and export capacities. Before the full-scale invasion, majority of poultry products were exported through the sea routes. According to the State Customs Service of Ukraine (SCSU) data, as of 2021, 69% of poultry meat and 91% of poultry eggs have been exported by sea, with primary destinations being the Middle Eastern countries. After the beginning of the full-scale invasion, all the exports had to be re-oriented or transited due to port blockades at the beginning of the war. Even after the Grain Deal and state guarantees for damages to vessels were established, export of poultry by sea did not recover to the pre-war level, in contrast to bulk commodities. There were two primary reasons for this. Firstly, the absence of state guarantees for containers (including refrigerated ones) has led to the inability of container owners to insure against the war caused damage or destruction. Secondly, the available sea ports lack infrastructure for parking and maintenance of refrigerated containers.²³ Thus, even in 2023-2024, sea export of poultry meat and eggs remained restricted, as refrigerators still abstain from entering the ports in Odesa region.²⁴ As of 2023, 89% of poultry meat and 98% of poultry eggs have been exported by road transport. Consequently, inability to export through sea, accompanied by quota-free trade regime with the EU in 2022-2025 caused a rapid pivot towards European Market. EU shares in Ukrainian export increased from 29% to 57% for poultry meat and from 22% to 64% for poultry eggs.²⁵ However, even though exporters were forced to quickly adapt to the new routes and markets, the growth of production and export persisted in 2022-2024.

²³ <https://uaexport.org/2023/07/07/kontejnerni-perevezennya-abo-yak-zbilshiti-obsyagi-agrarnogo-eksportu/>

²⁴ [https://ucab.ua/ua/pres_sluzhba/novosti/utrimati_rinok_chi_zmozhe_ukraina_y_nadali_eksportuvati_kuryatinu_do_es#:~:text=2023%20року%20близько%2041%25%20\(173,Туреччини%20\(9%2C%25\).](https://ucab.ua/ua/pres_sluzhba/novosti/utrimati_rinok_chi_zmozhe_ukraina_y_nadali_eksportuvati_kuryatinu_do_es#:~:text=2023%20року%20близько%2041%25%20(173,Туреччини%20(9%2C%25).)

²⁵ <https://bi.customs.gov.ua/uk/trade/dimensions>

I.5 WAR DAMAGE AND RECOVERY PATHWAYS

*The 2022 full-scale invasion caused major losses in Ukraine's poultry sector through destruction of farms, infrastructure, and energy supply, with around **13 million birds lost in the first two years of the war. Power outages sharply increased costs and hit small producers and hatcheries hardest, while household producers suffered greater declines due to displacement, market loss, and reduced access to feed and veterinary care.** Poultry numbers in households fell from 91.9 million in 2020 to 78.6 million in 2022. Recovery has been uneven, faster in western and central regions, but slow in the east and south due to persistent risks. **By late 2023, commercial meat output returned to 98% of pre-war levels, while enterprise egg production reached the pre-war levels only in late 2024.***

Beside the port blockades, the full-scale invasion of Ukraine by Russia in February 2022 caused severe disruptions across all sectors of the economy, and poultry production was no exception. The impacts on the poultry sector can be categorized into several major areas.

Military actions, occupations, shelling led to the physical destruction of poultry farms, slaughterhouses, hatcheries, feed storage facilities, and critical energy infrastructure in affected areas, leading to both direct and indirect damages, resulting from producers' inability to provide basic care to poultry. One of the most catastrophic losses occurred in Chornobaivka, where approximately 4 million laying hens were destroyed during the occupation March-April 2022 (USDA, 2022) due to long-term power outage, which disabled the operation of automated feeding system, highlighting critical reliance of poultry producers on energy supply and the need for back-up systems. This incident alone caused significant disruptions in the supply of eggs across Ukraine. According to estimates by KSE, during the first two years of the war, military actions have led to loss of roughly 13 million heads of poultry, including direct damage and forced slaughter (Neyter et al., 2024).

A critical indirect consequence of the war was the frequent and prolonged power outages across much of Ukraine. Poultry production is highly dependent on stable energy supply, especially for: incubator, ventilation and heating of poultry housing, automated equipment, slaughter, and cold storage facilities.

Power shortages increased production costs sharply, as enterprises had to rely on diesel generators and other back-up power systems. Small and medium producers, and especially hatcheries, were particularly vulnerable, as backup energy systems were either unavailable or financially unsustainable. Veterinary service provision also deteriorated, especially in rural front-line adjacent areas, due to people displacement. It is a particularly pressing issue in household poultry production, as access to veterinary services was poor even before the full-

scale invasion. The main factor limiting it was the general lack of veterinary practitioners, as the profession is not seen as attractive for young people, who make decisions about their education. Additionally, existing veterinary specialists on the market prefer to work with cattle and swine or pet animals, due to higher incomes in this sector, as compared to poultry care.

Household producers were hit harder than commercial enterprises. Many rural households had to abandon poultry farming altogether due to forced displacement, direct damage to their poultry housing and equipment, loss of local markets due to displacement and reduced purchasing power, reduced access to feed or veterinary care.

The number of poultry kept by households dropped from 91.9 million in 2020 to 78.6 million in 2022 (SSSU, 2023). This data is confirmed by the FAO survey, which uncovered the broader trend in the livestock sector. It was found that 41% of surveyed rural households engaged in livestock production (58% of which kept poultry) reported a reduction in herd size in 2023 compared to the previous year.

Recovery trajectories differed significantly by region. In western and central regions poultry production resumed relatively quickly. In eastern and southern regions (Kharkiv, Mykolaiv, Zaporizhzhia, Dnipropetrovsk, Kherson region), recovery is slower and more limited due to ongoing security risks and destroyed infrastructure.

By the end of 2023, commercial poultry meat production in Ukraine had reached 98% of 2021 levels, while egg production at enterprises recovered to pre-war levels only by late 2024 (Poultry Union of Ukraine, 2024).

I.6 ENVIRONMENTAL IMPACTS

Poultry sector creates environmental risks related to improper manure management and water use, accompanied by substantial amounts of energy consumption, which contributes to growing GHG emissions.

While poultry production is often considered more resource-efficient than beef or pork production, the sector still carries significant environmental impacts that are gaining increasing attention in the context of Ukraine's EU accession process and broader global sustainability trends.

The main environmental concern of the poultry meat and eggs production is manure management. Large-scale poultry farms generate substantial quantities of manure, which, if

not properly managed, can cause water pollution, ammonia emissions, and soil contamination. Other minor environmental concerns include:

- **Energy use:** substantial amounts of energy is required for heating and ventilation in poultry housing, feed processing, transportation, and slaughter operations. Although energy intensity per unit of output is relatively low compared to other livestock sectors, it remains a significant operational cost and source of GHG emissions.
- **Water use:** poultry farming requires water for bird consumption, cleaning, and processing activities. This is closely tied to proper manure management, as improper wastewater utilization can cause localized water pollution.

Environmental management practices vary significantly across producers. Large integrated enterprises often implement waste management systems, biogas production from poultry manure, energy-saving technologies, and water recycling initiatives. This is driven both by cost considerations and by the need to meet export market requirements. At the same time, small and medium enterprises, as well as household producers, typically lack sufficient resources or incentives to implement proper environmental practices.

CHAPTER II: FROM VERTICALLY INTEGRATED GIANTS TO VILLAGE FLOCKS: UNCOVERING UKRAINE'S POULTRY PARADOX

HIGHLIGHTS

■ Structural Dualism

- Ukraine's poultry sector is marked by an **extreme dualism**: a small group of highly industrialized, vertically integrated enterprises coexists with millions of **low-tech household producers**, while **family farms play only a negligible role (2.5%)** – a structural feature uncommon in Europe or the US.

■ Scale and Concentration of Enterprises

- Just **30 large enterprises (out of 1,787 registered)** dominate the industry, collectively controlling **83% of poultry in enterprises**, with one firm (MHP) holding a market share that would be considered unusually high by international standards.

■ Certification and Export Readiness

- Widespread adoption of **HACCP and ISO 22000** by export-oriented enterprises demonstrates an unusually high level of international certification compliance for a country under war stress.
- The **dual certification system** is distinctive: EU market access requires "euro numbers" under TRACES, while exports to Muslim-majority countries rely on **recognized halal certification**, now a standard practice for Ukraine's leading exporters.

■ Household Producers' Unusual Role

- **Households supply nearly half of Ukraine's eggs (47.7%),** and maintain over 40% of the poultry population — a share of informal production far above that found in most other countries.
- Households often keep **tiny flocks of 10–150 birds.**
- Poultry keeping was often the **first agricultural activity resumed after wartime displacement,** demonstrating a resilience and strategic food security role.

■ Inputs and Services – Unique Bottlenecks

- **Feed:** Medium farms consider investing in feed plants once flocks exceed **100,000 birds,** with a short **2.5–3 year payback.**
- **Breeding stock:** Smallholders rely on **informal peer networks and postal delivery** of chicks across regions — a highly unusual sourcing practice compared to the standardized supply chains in most countries.
- **Veterinary services:** Households frequently avoid contacting the State Service (SSUFSCP) to prevent forced culling, instead relying on **self-diagnosis and over-the-counter antibiotics,** raising unique biosecurity and antimicrobial resistance concerns.

■ Informal Market Orientation

- Household poultry production in Ukraine remains almost entirely **outside formal markets,** relying on **personal networks, open-air markets, and word-of-mouth sales,** with consumers explicitly valuing perceived “naturalness” over certification.

The Ukrainian poultry sector is characterized by a clear structural dualism, combining a small number of highly industrialized commercial enterprises with a large mass of household producers. As of January 1, 2024, the total poultry population in Ukraine was approximately 185 million heads (SSSU, 2023). Of this, enterprises kept about 106 million heads (57.5%), and households accounted for the remaining 79 million heads (42.5%). This division reflects differences in investment capacity, technological advancement, access to formal markets, and compliance with food safety and veterinary regulations. The role of family farms remains minimal in poultry production. In 2023, family farms kept only around 2.5% of all poultry, equivalent to roughly 4.7 million heads (SSSU, 2023).

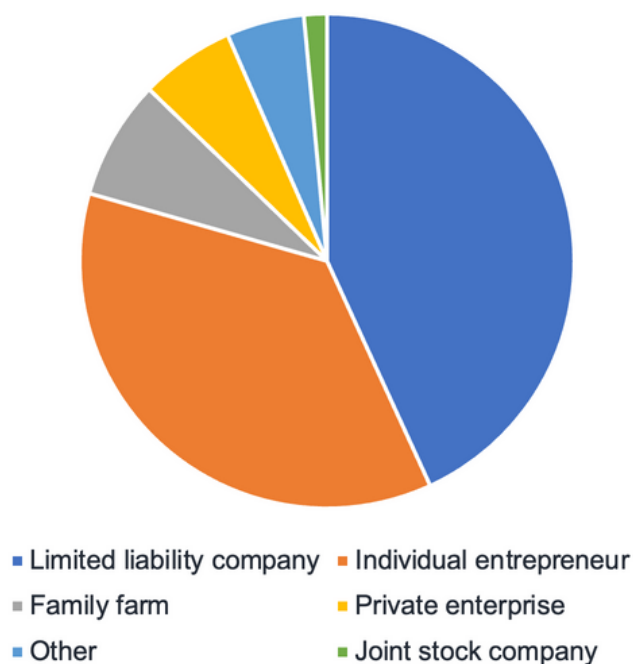
II. 1 COMMERCIAL ENTERPRISES: LEGAL FORMS, CERTIFICATION AND TECHNOLOGY

According to the data from EDRPOU, obtained from YouControl²⁶, as of Q1 2025, there have been 1787 enterprises in Ukraine for whom poultry breeding is the main business activity

26 <https://youcontrol.market/en/>

(KVED 01.47. Together with the enterprises for which 01.47 is the secondary activity, the total quantity of enterprises which may potentially be engaged in poultry production is 19462). In terms of legal forms, the majority of the KVED 01.47 producers consists of LLCs (Limited liability companies), 43%, and individual entrepreneurs («Фізична особа підприємець» - ФОП, FOP), 36%. Of legal entities, which submitted the financial reports to the State Statistics Service in 2024, 10% fell under the “large and medium enterprises” category, 59% – small enterprises, and 31% were considered microenterprises.

Figure 8. Legal forms of commercial poultry enterprises (KVED 01.47)



Source: YouControl

The sector of commercial poultry enterprises is highly consolidated. According to the SSSU data, out of the 227 registered enterprises (excluding individual entrepreneurs), who were actively engaged in poultry farming in 2023, only about 30 operate at a large scale. These 30 enterprises, each managing flocks exceeding 500000 heads, collectively control approximately 83% of the total poultry kept by enterprises (SSSU, 2023) (as mentioned in Chapter I of this report).

Such concentration is a product of strategic investment patterns favoring vertical integration. Leading enterprises such as Myronivsky Hliboproduct (MHP), Agro-Oven, and Volodymyr-Volynska Poultry Farm are examples of this model. According to internal industry data cited by the Antimonopoly Committee of Ukraine (2019), five largest producers accounted for about 75% of poultry meat production as of 2017 (as mentioned in Chapter I of this report), and concentration has intensified since then due to the bankruptcy and market exit of a major competitor Agromars.

Commercial poultry enterprises in Ukraine are characterized by adoption of modern, intensive production technologies comparable to those used in other major poultry-producing countries.

Typical features of enterprise production systems include, as reported by major producers²⁷:

- climate-controlled poultry houses with automated feeding, watering, and ventilation systems;
- use of specialized broiler and laying hens breeds (Cornish and Plymouth rock crosses (Cobb 500, Ross 308) for meat production, and Leghorn crosses for egg production²⁸), often imported or bred under contract programs;
- standardized feed rations, often using own-produced feed due to vertical integration;
- biosecurity protocols, including controlled access, disinfection barriers, and disease monitoring;
- centralized veterinary supervision and preventative health programs;
- automated egg collection and sorting²⁹.

The technological level of leading enterprises is driven primarily by the requirements of both domestic retail networks and international buyers. Compliance with international standards, such as HACCP (Hazard Analysis and Critical Control Points) and ISO 22000 food safety systems, is widespread among export-oriented enterprises (Antimonopoly Committee of Ukraine, 2019).

Large commercial enterprises sell their produce primarily through formalized, organized sales channels. According to the Antimonopoly Committee of Ukraine (2019), large commercial poultry enterprises in Ukraine primarily sell their products through formal and structured distribution channels. On the domestic market, the bulk of poultry meat is sold **under long-term contracts with major national and regional retail chains, food processors, and wholesale distributors. These enterprises are typically responsible for their own logistics and cold-chain operations**, enabling them to ensure consistent supply and standardized product quality to supermarket networks and food service providers. **This high degree of integration also allows them to supply pre-packaged, branded products directly to shelves, further consolidating their market position.**

Poultry meat and eggs are exported to multiple destinations, main of which are the European Union, the United Kingdom, and the Middle East (primarily the Arabian Peninsula countries). Export to the EU is subject to strict compliance with veterinary and food safety standards. Only enterprises, which are approved and **registered under EU regulations** (TRACES,

²⁷ <https://mhp.com.ua/uk/pro-kompaniiu>; <https://mhp.com.ua/uk/pro-kompaniiu/laboratornij-centr>; <https://www.agrooven.com.ua/poultry>; <https://avesterra.com.ua/vyroshhuvannya-kurochky/> .

²⁸ Кириченко Г. Технологія виробництва продукції птахівництва. Електронний посібник. https://vukladach.pp.ua/MyWeb/manual/twarunnuztvo/texnol_vurobn_prod_ptaxivnuctva/2/2_1.htm%D1%8F%D0%B9%D1%86%D0%B5%D0%B2%D0%BE%D0%B3%D0%BE

²⁹ <https://ovostar.ua/ua/pro-kompaniyu/pro-nas/>

commonly referred to as “єврономера”) are authorized to export to EU member states.³⁰ These establishments must appear on the official list of approved third-country establishments published by the European Commission's Directorate-General for Health and Food Safety.³¹ They are subject to regular inspections by Ukrainian competent authorities and, in some cases, by EU auditors, to confirm ongoing compliance with the EU's hygiene package and traceability requirements.³²

Similarly, halal certification is an important prerequisite for Ukrainian poultry products export to Muslim markets, particularly in Saudi Arabia, the United Arab Emirates, and Central Asia. While it is typically not legally required, it is often mandatory from the perspective of importers. Several organizations in Ukraine offer halal certification, the main of which is the Halal Certification Center and Halal Global Ukraine, and the Alraid Halal Certification Center are among the most recognized certifiers. These bodies are accredited by institutions such as the Emirates International Accreditation Center (EIAC), ensuring that certification issued in Ukraine is accepted in Arabian Peninsula markets. Among Ukraine's leading poultry exporters, **halal certification is now standard practice for accessing these regions, and it is increasingly used as a marketing asset to signal quality and compliance.**

The technical requirements for halal certification are centered on the method of slaughter and the integrity of the processing chain. Poultry must be slaughtered in a manner that ensures full blood drainage, and carcasses must be handled and processed in facilities that prevent any cross-contamination with non-halal products, which includes dedicated slaughter points, knives, and storage areas. For modern poultry enterprises operating under export hygiene protocols, meeting halal criteria is generally not difficult, though it may require adjustments in operational routines or infrastructure.³³ As of 2024, the quantity of halal poultry meat produced in Ukraine could be estimated to be at least 200 thousand tons, according to data on exports to muslim-majority countries.

II.2 ZOOMING IN ON HOUSEHOLD PRODUCERS

HIGHLIGHTS

- **Exceptional role in egg supply** – Unlike in most countries, nearly **half of Ukraine's eggs (47.7 percent)** still come from households, making them structurally indispensable to the national food system.

³⁰ <https://dpss.gov.ua/storage/app/sites/12/uploaded-files/traces-nt-neobkhidna-informatsiya-dlya-stvorenniya-koristuvachem-sertifikata-na-vvezennya-import-v-sistemi-tnt.pdf>

³¹ <https://webgate.ec.europa.eu/tracesnt/directory/listing/establishment/publication/index#!/search>

³² <https://dpss.gov.ua/news/shcho-neobhidno-znati-ukrayinskim-eksporteram-tovariv-na-rinok-yes-rozyasnennya-vid-yevropejskih-ekspertiv?v=5ed14fea3628f>

³³ <https://halal.ua/eng#certification>

- **Large share of national flock outside industry** – Over 40 percent of all poultry in Ukraine is kept by households, a scale of informal production that is atypical in Europe or North America.
- **Ultra-small-scale flocks** – Household flocks are typically just 10 to 150 birds.
- **Resilience through war** – Poultry keeping was often the **first agricultural activity resumed by displaced families**, underlining its low entry cost and rapid production cycle.
- **Informal, trust-based markets** – Sales remain almost entirely outside formal retail chains, relying instead on **local markets and personal networks**, where trust and perceptions of “naturalness” matter more than compliance or certification.
- **Barrier to modernization** – The combination of **chronic rural poverty, fear of credit, and lack of technical knowledge** makes household poultry a distinctively low-tech subsector, even as commercial farms modernize rapidly.

Household producers form the foundation of poultry egg production in Ukraine and retain an important, though small, role in poultry meat production, according to the SSSU data. As of 2024, rural households kept approximately 78 million heads of poultry, accounting for 41.3% of the national poultry population (SSSU, 2025). While households contributed only about 9% of the country's total poultry meat production, they were responsible for over 47.7% of egg production, producing 5.72 billion eggs (SSSU, 2025).

Under the Mercy Corps Ukraine Agricultural Support Program (UASP), 9 focus group discussions with household producers were conducted in Chernihiv, Kharkiv, and Mykolaiv regions. These focus group discussions were a part of the Market System Analysis of household poultry production conducted by the KSE Agrocenter for Mercy Corps. UASP is a program aimed to help the affected local families and those who were forced to displace due to the war to recover their agricultural activities and overcome the consequences of the war as well as farmers and businesses closely related to agriculture. It is currently implemented in Dnipropetrovsk, Donetsk, Zaporizhzhia, Kirovohrad, Mykolaiv, Poltava, Sumy, Kharkiv, Kherson, and Chernihiv regions. The program targets four main categories of market actors across several sub-sectors in agriculture: household-level subsistence farmers, small farming businesses, medium farming enterprises, and agriculture service providers.

From these focus groups, it was found that typical flock sizes in households vary from 10 to 150 heads, depending on household resources, available space, and desire to engage in commercial activities. In many cases, households keep a mix of poultry species (ducks, geese, turkeys), although chickens dominate. Household poultry production is predominantly subsistence or semi-subsistence oriented. Most households prioritize: meat and eggs for own household needs and occasional sales of surplus production.

- The technological level of household poultry farming varies significantly, depending on the household's financial resources, access to information, and generational practices, but in general, it is far behind the technological advancements level achieved by the commercial producers.
- While the use of commercially produced compound feed is common, the households often continue traditional feeding practices based on grain mixtures and vegetable scraps, as it was revealed in the phone interviews with household producers, conducted under Mercy Corps UASP.
- Housing conditions are typically basic. Poultry is often kept in repurposed barns or garages without or with minimal temperature control, ventilation systems, or systematic sanitation measures.
- Breeds include both local dual-purpose breeds and some modern broiler crosses. However, genetic quality of the breeding material is often insufficient.
- Veterinary care is usually minimal or absent due to lack of skilled veterinary specialists in the rural areas.

Previously mentioned focus group discussions conducted under Mercy Corps UASP highlight that **lack of financial resources is the primary constraint to technological upgrades in household poultry production**. It stems from low incomes level in rural areas (both salaries and pension payments), fear of credit, and lack of awareness about financing options and available support programs. Another factor that holds back the upgrades is **limited technical knowledge about modern poultry farming technologies and approaches**.

Sales by household poultry producers are typically informal and localized. Products are sold at local open-air markets, directly from households to neighbors and acquaintances, or occasionally through local online groups. Thus, word-of-mouth networks play a critical role in connecting sellers and buyers. Consumers purchasing from household producers often value perceived naturalness of products, as opposed to “chemically polluted” commercially produced, as well as freshness and trust to local producers.

Legal registration and formal market entry (e.g., through the direct supply to large retail chains) are virtually nonexistent among household producers due to **lack of sanitary/phytosanitary requirements compliances, inability to provide the consistent supply quantity and quality**.

Beyond market participation, household poultry production plays critical socio-economic roles:

- Food security: poultry provides households with reliable access to meat and eggs, decreasing reliance on external food supply.

- Income diversification: even small, irregular sales of eggs or meat offer relatively essential cash income, particularly for pensioners and other low-income vulnerable households (e.g., IDPs, female-led).
- Cultural importance and tradition: raising livestock and cultivating land is deeply embedded in rural traditions, often passed down through generations.

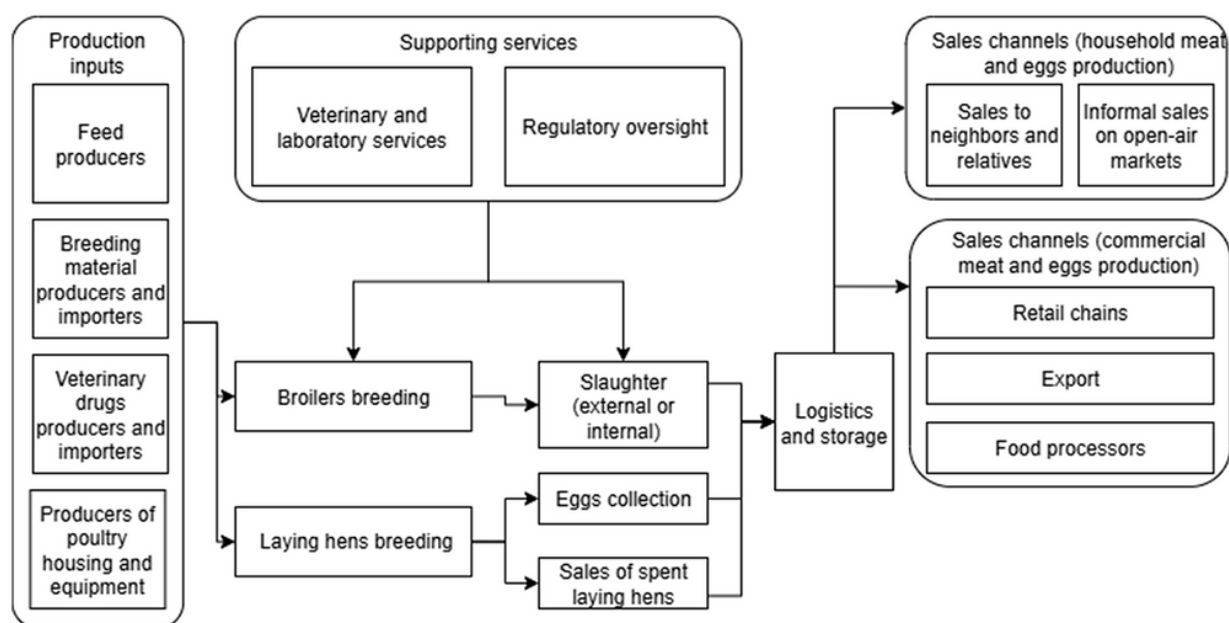
Data from FAO (2022) survey indicates that in areas closer to the frontlines or heavily affected by displacement, poultry keeping rates declined by up to 38% due to loss of flocks, insecurity, and migration. Nevertheless, in stable regions, household poultry production remains resilient and continues to function as an informal social safety net. Interviews (under Mercy Corps UASP) with households from war-affected areas in **Mykolaiv oblast confirmed that among the first agricultural activities resumed after resettlement was poultry keeping, due to the low input costs and short production cycles.**

II.3 INPUT SUPPLIERS AND SERVICE PROVIDERS

The functioning and development of poultry production in Ukraine depends heavily on suppliers of feed, breeding material, veterinary medicines, and advisory or extension services.

The functioning of poultry sector in Ukraine depends heavily on the additional market actors, such as the upstream suppliers of inputs, providers of services and the downstream channels for outputs. The general structure of poultry breeding in Ukraine for various end purposes is presented in Figure below.

Figure 9. Supply chain map for poultry breeding



The inputs and services required for both household and commercial producers of poultry meat and eggs are similar in their essence, but the difference occurs in the characteristics of these suppliers. While commercial producers often operate integrated input supply systems or have direct contracts with specialized suppliers, households often rely on store-bought inputs or similar household-level producers of breeding material and self-milled feed. Thus, their ability to access affordable, reliable, high-quality inputs is limited, resulting in decreased productivity and potentially negative effects on animal health and the capacity to comply with food safety and sanitary standards.

FEED SUPPLY

HIGHLIGHTS

- **Feed dominates costs** – Feed accounts for **up to 70 percent** of total production costs, making it the most critical factor in poultry profitability across all scales.
- **Integration creates resilience** – Large integrated producers secure stability and cost control by operating their own feed mills, while small and medium farms are exposed to market volatility and quality risks.
- Medium and small farms depend on compound feed producers but face problems of **rising grain prices, low transparency in formulation, and delivery constraints**.
- **Scale matters** – Medium farms typically consider building their own feed plants once flocks exceed **100,000 birds**, with a relatively short **2.5–3 year payback period**.
- **Households face nutritional gaps** – Reliance on homegrown grains, scraps, and improvised mixes makes household feeding practices inconsistent, often reducing productivity and raising disease risk.
- **Feed quality is a systemic issue** – Smallholders lack the means to test or verify feed quality, leaving them vulnerable to **adulterated or low-quality products** and dependent on trust in suppliers.

Feed is the largest cost component in poultry production across all scales. For commercial operations, feed accounts for up to 70% of total production costs (SSSU, 2024). Integrated producers such as MHP operate their own compound feed plants, ensuring full control over nutritional composition, ingredient sourcing, and supply continuity.³⁴ Small and medium commercial farms typically purchase feed from compound feed producers. However, rising grain prices, limited formulation transparency, and delivery constraints affect feed quality and cost-effectiveness, as per interview with such producer Ukrainske Zerno LLC (conducted under Mercy Corps UASP). As per comment of Mykola Demchak, medium commercial producers typically consider production of their own feed when their herd exceeds 100 thsd heads. Typical payback period for feed processing plant investment on a poultry farm is 2.5–3 years.³⁵

³⁴ <https://mhp.com.ua/uk/pro-kompaniiu>

³⁵ <https://latifundist.com/interview/829-yakshcho-u-sviti-ye-golod-i-rinki-de-treba-yizha--tam-nashe-mistse--mikola-demchak>

Household producers rely on a combination of homegrown grains, kitchen scraps, and small quantities of bagged premixes or starter feeds, often purchased at local markets or stores. During the interviews with rural households (conducted under Mercy Corps UASP), some use improvised feed mixes based on availability, rather than proper nutritional planning with purchased compound feed. Focus group discussions in Chernihiv, Kharkiv, and Mykolaiv regions in 2025 revealed that many households discontinue feed purchases during economic hardship and revert entirely to own-produced feed, which can significantly affect productivity due to improper mixing or unbalanced nutrients quantities. Feed quality is a recurring concern among small producers. Unbranded or adulterated feed products may result in underperformance and increased diseases risk. However, without access to laboratory services or professional advice, most smallholders are unable to verify feed quality.

BREEDING MATERIAL

HIGHLIGHTS

- **Quality genetics drive productivity** – Large enterprises secure imported high-performance crosses, while smallholders rely on local hatcheries and informal networks, leading to major productivity gaps.
- **Informal supply chains dominate households** – Trust and peer recommendations often outweigh proximity, with chicks delivered across regions by postal or private transport.
- **Productivity gap is stark** – Specialized crosses produce **30–40 percent more eggs** and grow **2–3 times faster** than dual-purpose breeds, but remain out of reach for most households.
- **Weak regulation adds risks** – Lack of health records and quality assurance at small hatcheries contributes to **higher mortality rates and poor feed efficiency**, limiting household poultry performance.

Access to quality breeding stock is one of key determinants of productivity in both meat and egg production. Large enterprises typically work with imported high-performance broiler and layer crosses, either operating their own breeding facilities and incubators or through contractual arrangements with international suppliers. Small and medium producers often purchase day-old chicks or hatching eggs from small private hatcheries. Availability of day-old chicks and hatching eggs varies depending on the area. Household and small commercial producers do not always rely on local hatcheries for their supply. During focus group discussions conducted in Mykolaiv, Kharkiv, and Chernihiv oblasts, participants reported that in order to obtain more reliable or higher-quality breeding material, they often turn to suppliers located in neighboring or even remote regions. For example, one household in Chernihiv mentioned that they routinely purchase chicks from Vinnytsia oblast, while participants in Mykolaiv referred to relying on specific trusted suppliers from central Ukraine. This practice is enabled by informal peer networks, personal recommendations, and delivery

via postal or private transport services. These patterns suggests that access to quality breeding material is not fully localized and that producer trust and perceived chick quality frequently outweigh geographic proximity.

Another major distinction between the commercial and household producers lays in the use of specialized poultry. A poultry breed is a group of birds within a species that share distinct, heritable and a “cross” refers to the offspring produced by mating birds from several different breeds or lines, typically to combine desirable traits like faster growth or improved disease resistance. Commercial producers rely of crosses for higher productivity, while households typically have limited access to high-quality crosses due financial constraints and lower technological level of their suppliers, thus typically relying on regular laying hens breeds and dual-purpose (meat-egg) breeds. The only exception is broiler crosses, which are also used by households. Use of specialized crosses allows to achieve higher productivity in both meat and egg production. Such that, Leghorn and Rhode Island chicken breeds can achieve productivity of 240-260 and 230-240 eggs per 72-week life cycle, respectively, while specialized crosses (Lohmann classic, Hisex, Isa) are able to produce up to 316 eggs over the same period.³⁶ Similarly, the two most common broiler crosses Cobb 500 and Ross 308 are able to reach 2.8 and 2.5 kg of body weight over the 6 weeks, resulting in average weekly weight gain of 460 and 420 grams per week, respectively.³⁷ It is significantly faster than dual-purpose breeds (e.g., New Hampshire, Lohmann brown), which typically reach 1 kg of bodyweight by the end of second month.³⁸

The lack of formal performance data or health status records for many locally sold chicks poses risks. Mortality rates are often high, and poor genetic performance limits feed conversion efficiency and egg-laying capacity. Some donor projects (e.g., FAO livelihoods support programs) include provision of improved breeding material. Evaluations from these programs suggest that introducing productive crosses can significantly increase household output, but success depends on concurrent feed and veterinary support (FAO, 2024).

VETERINARY SERVICES

HIGHLIGHTS

- **Veterinary gap between large and small producers** – While industrial farms maintain in-house veterinary services, smallholders and households face inconsistent, costly, and poorly **specialized support**, especially in remote areas. ____

³⁶ Кириченко Г. Технологія виробництва продукції птахівництва. Електронний посібник. https://vukladach.pp.ua/MyWeb/manual/twarunnuztvo/texno_l_vurobn_prod_ptaxivnuctva/2/2_1.htm%D1%8F%D0%B9%D1%86%D0%B5%D0%B2%D0%BE%D0%B3%D0%BE

³⁷ Hassan, F., Atallah, S., & Reda, R. (2021). Comparison of performance, meat quality, and profitability of Cobb, Hubbard, and Ross broiler strains. *European Poultry Science*, 85, 1–13. doi:10.1399/eps.2021.332

³⁸ <https://zemliak.com/reityngy/1267-top-15-porid-m-yaso-yayechnih-kurey>

- **Underdiagnosis and self-treatment at households** – Diseases are often identified by **visual observation and personal experience**, with households relying on over-the-counter antibiotics and anti-coccidials instead of professional diagnostics.
- **High disease risks at households** – The most common issues include **respiratory infections (Newcastle, bronchitis), bacterial infections (colibacillosis, salmonellosis), and coccidiosis**, with outbreaks often causing sudden chick mortality.
- **Weak institutional coverage** – The State Service (SSUFSCP) has limited rural presence; households frequently avoid reporting to it to prevent forced culling, turning instead to informal or private veterinarians when available.

Veterinary care is another critical bottleneck, especially for non-industrial producers. Large enterprises typically maintain in-house veterinary services, ensuring regular disease monitoring, vaccination, and rapid outbreak response. In turn, small producers and households often rely on local veterinary practitioners or state veterinary stations. However, the availability of such services is inconsistent, and there are gaps in both affordability and specialization. This issue is more pressing in more remote areas, further from populated centers, due to high commute costs, which should be covered by clients. Focus group discussions, conducted under Mercy Corps UASP revealed that in many cases, poultry diseases are underdiagnosed and underreported due to both negligence and unavailability of required services, complicating efforts to manage sector-wide biosecurity risks.

Among household and small-scale poultry producers, the most commonly reported diseases include respiratory infections (Newcastle disease, bronchitis), bacterial infections (colibacillosis and salmonellosis), and parasitic diseases, primarily coccidiosis. Focus group participants in Kharkiv and Mykolaiv oblasts specifically mentioned sudden chick mortality, diarrhea, and swelling of the head or neck as frequent symptoms observed during outbreaks. In most cases, disease identification is based on visual signs and personal experience rather than veterinary diagnostics, which contributes to both underreporting and mistreatment. Treatment practices among households are often improvised without any consultations with veterinaries. Many rely on commonly available over-the-counter medications, including broad-spectrum antibiotics (enrofloxacin or tylosin) and anti-coccidial agents (amprolium). This unauthorized use of medications poses risks of increased antimicrobial resistance, poor treatment outcomes, and avoidable losses.

Institutionally, epizootic oversight in Ukraine is carried out by the State Service of Ukraine on Food Safety and Consumer Protection (SSUFSCP), which is formally responsible for monitoring disease outbreaks, conducting laboratory testing, and conducting disease prevention measures (such as forced slaughter of infected flocks). However, the service has a limited field presence in rural areas. In practice, households often hold back from contacting the SSUFSCP or its laboratories in case of disease outbreaks due to either remote

location of the latter or with the intention to avoid the slaughter of infected flocks. Instead, in severe cases private veterinary practitioners or clinics are contacted, if such service is available and affordable to get a consultation.

CHAPTER III. THE ARCHITECTURE OF POULTRY SECTOR OVERSIGHT IN UKRAINE

HIGHLIGHTS

- **Institutional reorganization (2025):** The Ministry of Agrarian Policy and the Ministry of Environmental Protection were dissolved, and their functions merged into the **new Ministry of Economy, Environment and Agriculture**, consolidating nearly all agro-industrial responsibilities under a single executive structure.
- **Central regulatory body:** The **State Service of Ukraine for Food Safety and Consumer Protection** remains the core specialized agency for veterinary medicine, food safety, animal health, and sanitary oversight, with direct responsibility for poultry meat and egg safety, feed control, and disease prevention.
- **Local-level implementation:** Regional and district state (or military) administrations (RSA/OVA, RDA/RVA) implement livestock and poultry policy locally, with specialized **departments of agro-industrial development and veterinary services** ensuring execution of state programs.
- **Territorial inspection network:** The Food Safety Service operates through **a broad network of regional and district offices** (established by Cabinet of Ministers resolution in 2015), carrying out farm inspections, slaughterhouse monitoring, market controls, and veterinary-sanitary oversight on the ground.
- **Comprehensive regulatory framework:** Poultry farming is governed by detailed legal acts covering **breeding standards, product quality, food safety, and veterinary rules**, including:
 - Breeding and selection instructions (2019) for productivity and genetic improvement.
 - Veterinary and sanitary rules (2001) for poultry processing and egg quality examination.
 - National standards (DSTU 5028:2008 for chicken eggs, DSTU 4656:2006 for quail eggs) harmonized with EU practices.
- **Disease control regulations:** Ukraine has a suite of **mandatory veterinary instructions** for avian influenza, Newcastle disease, salmonellosis, listeriosis, and avian tuberculosis, prescribing prevention, quarantine, culling, and disinfection measures to protect animal and public health and preserve export access.

III. 1 STRUCTURAL CHANGES IN STATE MANAGEMENT OF THE AGRICULTURAL SECTOR

The Ukrainian agro-industrial complex has recently undergone a significant reorganization of its management bodies. In July 2025, the Ministry of Agrarian Policy and Food of Ukraine (Ministry of Agrarian Policy) and the Ministry of Environmental Protection and Natural Resources were liquidated. All their functions, property and obligations were transferred to the newly formed Ministry of Economy, Environment and Agriculture of Ukraine³⁹. This unified agency is designed to formulate and implement state agrarian policy, policy in the field of agriculture, food security, protection of rights to plant varieties, seeds and nurseries, livestock breeding, crop production, development of rural areas, horticulture, viticulture, winemaking, hop growing, and is also responsible for the food and processing industry – that is, all key areas of agro-industrial production within a single executive structure.

The State Service of Ukraine for Food Safety and Consumer Protection (State Service of Ukraine for Food Safety and Consumer Protection) remains the main specialized body that directly implements state policy in the field of veterinary medicine and sanitary control over products of animal origin⁴⁰. The Service is a central body of executive power, the activities of which are directed and coordinated by the Cabinet of Ministers of Ukraine. The sphere of responsibility of the State Service of Ukraine for Food Safety and Consumer Protection directly covers control over the entire chain of production of livestock products, in particular: state veterinary and sanitary supervision over the health and well-being of animals; control of the safety of food products (poultry meat, eggs and products of their processing) and feed; control of the quality and safety of inedible products of animal origin; implementation of anti-epizootic measures and prevention of the spread of poultry diseases; supervision over compliance with sanitary measures at poultry farms, farms, etc. The service's tasks also include maintaining a system for identifying and registering animals (including poultry that is subject to registration) and controlling breeding in livestock farming.

Regional State (Military) Administrations (RSA/OVA) and district state (military) administrations (RDA/RVA) play an important role in the practical implementation of livestock policy on the ground. According to the Law of Ukraine “On Local State Administrations”, the powers of local state administrations include resolving issues of industrial and agricultural development in the relevant territory. This means that regional and district administrations ensure the implementation of state agrarian policy, livestock support programs, measures to develop poultry farming and egg production in their territories. Specialized departments or administrations (in particular, departments of agro-industrial development, veterinary medicine departments, etc.) have been created in the structures of regional state administrations/OVAs, which are responsible for the agricultural sector and coordinate the

³⁹ <https://zakon.rada.gov.ua/laws/show/903-2025-п#Text>

⁴⁰ <https://zakon.rada.gov.ua/laws/show/667-2015-%D0%BF#Text>

activities of lower levels. These units operate on the basis of standard regulations and are accountable to both local leadership and the sectoral ministry in terms of the implementation of state programs.

To implement veterinary and sanitary control and food safety measures on the ground, the State Service for Food and Consumer Protection has an extensive network of territorial bodies. By the Resolution of the Cabinet of Ministers of Ukraine dated 16.12.2015 No. 1092, the main departments of the State Service for Food and Consumer Protection in the regions and the city of Kyiv were established. Each main department in the region is headed by a head, who is appointed by the Head of the State Service for Food and Consumer Protection in agreement with the local state administration. Territorial bodies exercise the powers of the service at the district and regional levels: they conduct state veterinary control on farms and poultry farms, inspect slaughterhouses and egg processing enterprises, monitor compliance with veterinary and sanitary rules in agri-food markets, etc. The State Service for Food and Consumer Protection exercises its powers directly and through territorial bodies, that is, most inspection and control functions are performed on the ground by officials of regional and district departments.

III. 2 REGULATORY AND LEGAL REGULATION OF POULTRY FARMING (CHICKEN AND EGGS)

Poultry and egg production in Ukraine is regulated by an extensive regulatory framework covering breeding, product quality and safety standards, veterinary and sanitary requirements and disease control measures. The classification of poultry products is determined by official classifiers: according to the Ukrainian Classification of Foreign Economic Activity, live poultry (chickens, geese, turkeys, ducks, guinea fowls) belong to group 01 "Live animals", poultry meat and offal - to group 02 "Meat and edible offal", and poultry eggs - to group 04 "Milk and dairy products; poultry eggs; natural honey; food products of animal origin". In the State Classifier of Products and Services DK 016-2010, poultry (chickens, geese, turkeys, ducks, guinea fowl) is also distinguished as a separate category of livestock products, along with chicken and other eggs (including incubation eggs). The regulatory environment for chicken and egg production in Ukraine is determined by the following regulatory legal acts.

Breeding and poultry breeding. To ensure selection and genetic work in poultry farming, the order of the Ministry of Agrarian Policy of Ukraine No. 17 dated 01/22/2019 is in force ⁴¹, which approved the Instructions for breeding poultry and the Instructions for maintaining breeding records in poultry farming. Poultry breeding is a comprehensive assessment of the breeding and productive qualities of the livestock. During breeding, economically useful traits (egg production, live weight, egg quality, etc.) are determined, as well as the breeding value

⁴¹ <https://zakon.rada.gov.ua/laws/show/667-2015-%D0%BF#Text>

of the bird - its genetic characteristics that can be passed on to offspring. Based on the results of such an assessment, the best individuals are selected for further breeding, the rest can be culled. The goal is to preserve and improve the genetic indicators of the herd, increase the productivity and profitability of poultry farming. The minimum requirements for traits (laying capacity, body weight, egg weight, hatchability of young, etc.) established by the instruction provide a single standard for assessing breeding poultry. Thus, the regulatory framework in this area contributes to effective management of breeding stock and long-term selection work in the industry.

Quality and safety of poultry products. Requirements for sanitary and hygienic conditions for the production of poultry meat and egg products are established by the Veterinary and Sanitary Rules for Poultry Processing and Egg Product Production Enterprises, approved by the Order of the Chief State Inspector of Veterinary Medicine of Ukraine No. 70 dated 07.09.2001 (registered in the Ministry of Justice on 27.09.2001 under No. 849/6040). The same order approved the Rules for Veterinary and Sanitary Examination of Poultry Eggs, which regulate the requirements for egg quality control. The main purpose of these rules is to ensure high standards of product quality and safety, as well as to prevent the spread of infectious diseases through poultry products. The document defines in detail the requirements for: planning of the territory and production premises of poultry processing enterprises; water supply, ventilation, lighting and sewage systems; sanitary condition of equipment and inventory, their washing and disinfection. Separate requirements are prescribed for technological processes: acceptance of poultry for slaughter, its processing, storage of meat and offal, processing of eggs into egg powder or melange, etc. The rules also regulate the disposal of production waste and the mandatory holding of sanitary days, disinfection of premises and equipment. This is critically important for maintaining proper hygiene and biosafety at the enterprises of the industry.

The Rules for Veterinary and Sanitary Examination of Eggs establish procedures for controlling each stage of egg circulation: from production at a poultry farm to storage, transportation and sale to the end consumer. All business entities engaged in the production, storage or sale of eggs are obliged to comply with these requirements, regardless of the form of ownership. Key concepts (egg safety, state veterinary supervision, disinfection, etc.) have been defined for a unified understanding of the requirements. The Rules contain norms regarding the storage conditions of eggs of different types of poultry, temperature regimes, maximum terms of sale, the procedure for marking eggs (category designation, laying date or sorting, etc.). For products entering the markets, a requirement for mandatory veterinary and sanitary control in agri-food markets has been established. The set of these requirements is aimed at ensuring that only high-quality and safe eggs reach the consumer.

In addition to special rules, Ukraine has industry-specific quality standards. In particular, the national standard DSTU 5028:2008 "Chicken eggs for human consumption. Technical conditions" establishes technical requirements for chicken eggs for human consumption. The standard applies to chicken eggs intended for human consumption or industrial processing into food products, both for sale within Ukraine and for export (including to EU countries). DSTU 5028 defines the quality criteria for eggs: they must be of good quality, sorted by classes (quality categories A, B, etc.) and weight categories (selected, higher, first, second category, etc.), obtained under the control of the state veterinary service. The standard regulates the terms and conditions of egg storage (temperature regime, relative humidity), requirements for containers and packaging, labeling (for example, category and date designation). Quality control methods have been established - organoleptic, physicochemical, microbiological indicators, including permissible levels of contaminants. The requirements of the standard are consistent with international and European practices, which contributes to the export potential of the Ukrainian egg sector.

There is also the standard DSTU 4656:2006 "Quail eggs for food and incubation. Technical conditions", valid since 2007. It defines the requirements for **quail eggs** for both consumption and incubation. This standard contains a classification of quail eggs depending on their purpose (food or incubation) and quality. It lists the normative values of physical indicators (for example, minimum egg weight, shell thickness, egg density), organoleptic characteristics, as well as maximum permissible levels of harmful substances (toxic elements, pesticides, antibiotics, radionuclides), which is especially important in view of the safety of the product. The standard contains requirements for veterinary and sanitary conditions at enterprises producing quail eggs, for packaging (number of eggs in consumer packaging, batch labeling), transportation and storage. Compliance with these national standards is mandatory for manufacturers, as they are harmonized with current sanitary standards and ensure the competitiveness of products both in the domestic market and abroad.

Veterinary-sanitary and anti-epizootic requirements. Poultry farming is sensitive to the spread of dangerous poultry diseases, so the state has established instructions for the prevention and elimination of major infections. The Ministry of Agrarian Policy and Food has issued a number of orders in different years approving sectoral veterinary instructions.

- **Instructions for the prevention and elimination of avian influenza** (bird flu) (Order of the Ministry of Agrarian Policy No. 547 of 17.10.2011)⁴². This document defines a set of biosecurity measures and actions in the event of a suspicion or outbreak of highly pathogenic or low pathogenic avian influenza. The instructions regulate diagnostics, the introduction of quarantine zones, the destruction of infected livestock, disinfection, the procedure for resuming production after the elimination of the outbreak, etc.

⁴² <https://zakon.rada.gov.ua/laws/show/z1277-11#Text>

- **The Instruction for the Prevention and Elimination of Newcastle Disease of Poultry** (Order of the Ministry of Agrarian Policy No. 548 of October 17, 2011⁴³) defines actions for this highly contagious viral disease.
- **Instructions for the prevention and elimination of salmonellosis in poultry** (Order of the Ministry of Agrarian Policy No. 310 of 19.09.2016⁴⁴) contain measures to prevent bacterial infections of the genus *Salmonella* in poultry farms).
- **Instructions for the prevention and elimination of listeriosis in poultry** (Order of the Ministry of Agrarian Policy No. 627 of 23.10.2013⁴⁵) establish the procedure for carrying out preventive measures by veterinary medicine specialists to prevent poultry from becoming ill with listeriosis, veterinary and sanitary measures in cases of outbreaks of listeriosis in poultry farms of various forms of ownership, the procedure for intra-farm use or further sale of eggs obtained, meat products from slaughtering poultry and other poultry products in case of infection and outbreaks of listeriosis.
- **The Instruction on the Prevention and Elimination of Avian Tuberculosis** (Order of the Ministry of Agrarian Policy No. 64 of August 28, 2006⁴⁶) establishes the procedure for carrying out preventive measures to prevent tuberculosis in birds and humans, veterinary and sanitary measures in cases of disease among birds in poultry farms of various forms of ownership, including the private sector, and their recovery from tuberculosis, and the use of poultry products obtained in poultry farms that are not successful in terms of avian tuberculosis.

Each of these instructions describes in detail: clinical signs of the corresponding disease; preventive measures (vaccination, disinfection, closed housing regime, etc.); actions of the veterinary service and the farm in case of suspicion of the disease (restriction of poultry movement, sampling for laboratory research); the procedure for introducing quarantine and a list of liquidation measures in case of confirmation of the diagnosis (destruction or forced slaughter of sick and contact birds, disposal of carcasses, disinfection of premises, control of the epizootic focus until the quarantine is lifted). Such regulatory acts are aimed at preventing mass epizootics that can cause major economic losses and close export markets. Compliance with these rules is the obligation of both state services (the State Food and Consumer Service) and poultry business entities.

⁴³ <https://zakon.rada.gov.ua/laws/show/z1279-11#Text>

⁴⁴ <https://zakon.rada.gov.ua/laws/show/z1344-16#Text>

⁴⁵ <https://zakon.rada.gov.ua/laws/show/z1906-13#Text>

⁴⁶ <https://zakon.rada.gov.ua/laws/show/z1048-06#Text>

CHAPTER IV: BOTTLENECKS OF UKRAINE'S POULTRY SECTOR

Ukraine's poultry sector benefits from strong natural advantages, including affordable feed, skilled labor, and a large domestic market. Yet, producers face a series of structural and regulatory bottlenecks that constrain competitiveness and long-term development. While large enterprises often have the resources to adapt, SMEs are more exposed to systemic risks and higher transaction costs.

This chapter identifies nine key bottlenecks across the value chain – from access to veterinary medicines and slaughter services to financing and compliance with EU animal welfare standards. Together, these challenges highlight the uneven playing field between SMEs and larger, vertically integrated enterprises, shaping the sector's trajectory under Ukraine's ongoing EU integration process.

Figure 10: Key bottlenecks in Ukraine's poultry sector



Bottleneck 1: Low accessibility of quality veterinary medications

The main challenge with veterinary medication lies in the accessibility of reliable, high-quality products. At the time of publishing this report, Ukrainian legislation does not adequately regulate or monitor, for example, the compliance with the cooling standards for veterinary medications along supply chains – both at wholesale and retail levels. Overall, systematic quality control of veterinary drugs has been largely absent.

As a result, SMEs face significant risks of purchasing substandard medications. This often leads to livestock losses and increased production costs. In contrast, large poultry meat and egg producers have the financial capacity to purchase lower-risk medications, including higher-priced imports. They can also invest in cooling tanks for transportation, ensuring proper storage conditions throughout the supply chain.

Although this bottleneck creates additional challenges/expenses for both, larger producers and SME, the latter appear to be at a greater loss due to limited access to finance.

By the time of this report, the Ukrainian government was in the process of developing legislation to ensure proper cooling quality and production standards for veterinary products, particularly in the context of aligning national regulations with EU requirements as part of the EU integration process.

Bottleneck 2: Absence of compensation for culling infected animals

Large enterprises typically employ in-house veterinary staff to manage their flocks. Given the scale of their operations, routine health monitoring combined with occasional treatments makes maintaining veterinary personnel economically viable. In contrast, SMEs and household-level poultry keepers must rely on public and private veterinary services. The primary duty of a public veterinary doctor is to promptly diagnose diseases and prevent their spread, with a focus on highly contagious threats such as salmonella. Disease identification and containment follow a standardized national protocol. At the same time, the responsibility of the poultry owner is to:

- consult veterinarians about preventive treatments and vaccination schedules, and
- contact them immediately if unusual flock behavior or sudden deaths occur.

In cases of contagious disease outbreaks, veterinary protocols may require partial or complete flock culling. For large enterprises, employing in-house veterinarians provides early detection, appropriate treatment, and preventive care – critical safeguards when the loss of half a million birds without compensation would be devastating. Since there is no state compensation mechanism for culling infected flock, there is a strong disincentive for SMEs, who cannot afford and basically have no need for an in-house veterinarian, to report early warning signs to veterinary services, and even use them for consulting purposes if unusual

behavior is observed. The lack of incentives to consult a public veterinarian increases the risk of losing a flock to disease outbreaks and raises the likelihood of resorting to excessive use of affordable but lower-quality medications (see Weakness 1) as a protective measure. This creates an obstacle to entering poultry business and expanding it.

Although this bottleneck creates additional challenges/expenses for both, larger producers and SME, the latter appear to be at a greater loss.

Bottleneck 3: Low consumer demand for differentiated poultry products

In the 2000s, vertical integration combined with economies of scale enabled emerging agricultural holdings to significantly reduce production costs and accumulate financial resources for further development. By 2009, these holdings achieved average production costs of 5.78 UAH/kg of live weight – 32% lower than those of non-holding producers. This cost advantage provides large producers with several competitive benefits:

- the ability to offer lower prices to final consumers, and
- higher profit margins, which can be reinvested into further growth and acquisitions of competitors.

Therefore, for smaller and less efficient enterprises, survival on the market depends, among else, on product differentiation. Typical strategies include, among else,:

- branding through “local produce” and short supply chains,
- developing organic and free-range production to attract niche clientele, and
- offering additional services such as delivery or rural tourism.

However, demand for such differentiated products remains limited in Ukraine. Interest in organic and free-range products is only emerging, while rural tourism is nearly absent. This lack of consumer demand forms a significant bottleneck for SMEs attempting to differentiate themselves and gain profits.

Bottleneck 4: Limited access to finance and high transaction costs of starting and expanding poultry business

Access to finance is critical. Currently, Ukrainian SMEs face limited and often unfavorable financing opportunities, even though donor programs exist. The situation is further aggravated by the risks of loss due to the physical and economic consequences of the war. Altogether, these factors create a considerable barrier to SME competitiveness in the poultry sector.

Although this bottleneck creates additional challenges/expenses for both, larger producers and SME, the latter appear to be at a greater disadvantage.

Box 1: Starting a poultry business in Ukraine: challenges and opportunities

Key Takeaway

While capital costs for poultry production in Ukraine are broadly competitive with international benchmarks, small and medium-sized enterprises (SMEs) face relatively greater challenges compared to larger investors due to limited access to finance. For foreign and large investors, Ukraine offers cost advantages, while the regulatory environment shapes opportunities.

Infographic: Pros and cons of starting poultry business in Ukraine for SMEs and Large/Foreign investors

	Lower/ Competitive capital costs	Affordable grain and feed	Skilled labor force	Growing consumer demand	War-induced double-digit- inflation	Long approval timelines	Partially war-induced high loan rates	Limited access to finance
SMEs								
Foreign/ Large investors								

Paradox in poultry investment in Ukraine

Investment in poultry production in Ukraine demonstrates a paradox. On one hand, the country benefits from competitive advantages in land availability, feed resources, and labor costs, which position it as a natural center for poultry development. On the other hand, SMEs encounter structural barriers that complicate growth and market entry. The following analysis reviews the situation from two perspectives: that of a Ukrainian SME and that of a foreign or large investor.

SME Perspective

For smaller poultry producers in Ukraine, expanding involves systemic obstacles. Meeting sanitary and phytosanitary (SPS) standards requires significant capital investment in land, construction, and equipment. Constructing two standard poultry houses with a capacity of 25,000 birds each requires approximately 8.8 million UAH (about 220,000 EUR). Heating and ventilation systems alone account for 1.6 million UAH, while licensing, construction services, installation, site improvements, and equipment bring the total to a level comparable with international benchmarks.

For SMEs in Ukraine financing these investments is more difficult than in many other countries. Bank loan rates of 15–21% partially due to the war — even with subsidized programs at 5–7% — are challenging to sustain, particularly given the collateral requirements. Administrative procedures also extend the investment cycle: approvals and public hearings may last up to a year, and the overall period from design to operation ranges from 16 to 36 months — approximately double the time required in Romania or Brazil. These factors collectively limit SME access to the market.

The Foreign/Large Investor Perspective

From an external perspective, Ukraine's poultry sector shows considerable potential. The country combines affordable grain, skilled labor, and growing consumer demand. Capital costs for poultry housing are not higher than in the USA, France, or Poland, and in this sense, Ukraine is competitive.

The main challenges relate to the broader enabling environment. Inflation remains elevated due to the war and administrative timelines create uncertainty. Consequently, large vertically integrated holdings dominate the sector, as they are better positioned to manage risks and secure financing. For foreign investors, this often means that partnerships with larger companies represent the primary entry point into the market, while opportunities for cooperation with smaller producers remain limited.

Costs and Comparisons

While the total cost of establishing a compliant poultry farm in Ukraine is roughly **220,000 EUR**, this figure must be read in context. In France, a 1500 m² coop can cost **355,000 EUR**, in Poland around **340,000 EUR** for a 3000 m² building, and in the USA between **180,000 and 250,000 USD**. Brazil, with larger-scale operations, reports nearly **980,000 EUR** for 120,000 head capacity. Ukraine is therefore not more expensive in absolute terms.

Timelines and Investment Climate

Time to market is another differentiator. Ukrainian projects take two to three years from conception to operation, compared with 12–18 months in Romania or Brazil.

Capital Costs (see Table A)

Ukraine (reference farm: 2 × 1,500 m² coops, 25,000 heads each):

- Poultry housing: 4.1 million UAH
- Heating & ventilation: 1.6 million UAH
- Licensing & documentation: 0.45 million UAH
- Construction services: 1.6 million UAH
- Installation: 0.215 million UAH
- Site improvement: 0.36 million UAH
- Tools & equipment: 0.48 million UAH
- ➔ **Total: ~8.8 million UAH (~220,000 EUR at 2024 rates)**

International benchmarks:

- France: ~355,000 EUR (1500 m² coop).
- USA: 180,000–250,000 USD (1500 m² coop).
- Poland: ~340,000 EUR (3000 m² coop).
- Brazil: ~980,000 EUR (120,000 head capacity).

Comment: Ukraine's capital costs are aligned internationally but represent a greater burden due to limited financing opportunities.

Timelines (see Table B)

- **Ukraine:** 16–36 months (public hearings up to 1 year, plus design, approvals, construction).
- **Brazil/Romania: 12–18 months.**

Comment: Prolonged approval and construction timelines increase costs and risks, discouraging SME investment.

Investment Climate (see Table C)

- **Inflation:** 12.8% in 2023 (10-year average 15.3%).
- **Loan rates:** 15–21% (vs. 2–7% in EU/USA).
- **Subsidized loans:** 5–7% for SMEs, insufficient for large fixed costs.
- **Collateral barriers:** Lack of land titles and assets restricts access.
- **Policy gap:** No poultry-specific support programs, unlike EU/USA.

- 1. High costs** – ~220,000 EUR per farm, comparable abroad but heavier relative to Ukrainian incomes and credit conditions.
- 2. Long timelines** – 2–3 years in Ukraine vs. 1–1.5 years in peer countries.
- 3. Scale threshold** – SPS-compliant housing viable only at 2,000+ birds, excluding most households.
- 4. Finance gap** – Loan rates and collateral requirements block SME investments.
- 5. Policy gap** – Lack of tailored support entrenches the advantage of large vertically integrated holdings.

Table A: Capital Costs of Poultry Housing – Ukraine vs. International Benchmarks

Category	Ukraine (2×1500 m ² coops, 50,000 head capacity)	USA (1500 m ² coop)	France (1500 m ² coop)	Brazil (120,000 head capacity, ~7200 m ²)	Poland (3000 m ² building)	Romania (2×1680 m ² coops)
Poultry housing	4,100,000 UAH	112 EUR/m ² (hull) + 57 EUR/m ² equipment	795,000 EUR (hull & site) + 480,000 EUR equipment	4.87 mln leu (housing, utilities, equipment)	1.5 mln PLN (building + equipment)	979,481 leu (equipment) + 362,233 leu (utilities)
Heating & ventilation	1,600,000 UAH	Included in housing	Included	Included	Included	296,3007 leu (construction & installations)
Licensing & compliance	45,000 UAH	1,650–16,500 USD (permits vary by state)	25,000 EUR (for large farms)	500–3000 BRL (environmental license)	506–12,000 PLN (permits)	27,560 leu (environmental protection)
Construction services	1,600,000 UAH	Included	Included	Included	Included	Included
Installation & setting-up	215,000 UAH	Included	Included	Included	Included	162,289 leu

Site improvement	360,000 UAH	Included	Included	Included	Included	Included
Tools & additional equipment	480,000 UAH	Included	105,000 EUR (machinery)	Included	Included	113,469 leu
Total	8,805,000 UAH (~220,000 EUR)	180,000–250,000 USD	~1.5 mln EUR	4.87 mln leu (~980,000 EUR)	1.5 mln PLN (~340,000 EUR)	~4.9 mln leu (2010 prices)

Table B. Project Development Timelines

Stage	Ukraine	Brazil	Romania
Project design & approvals	16–36 months (incl. public hearings up to 1 year)	8 months (project development & procurement)	8 months
Construction & equipment installation	6–9 months	~1 year	10 months
Total time to operation	~2–3 years	~1.5 years	~1.5 years

Table C: Investment Climate Comparison

Indicator	Ukraine	France	Poland	USA	Brazil
CPI inflation (2023)	12.8% (10-yr avg 15.3%)	4.9%	11.5%	4.1%	4.6%
Investment loan rates	15–21% (subsidized 5–7% SMEs)	2–4%	5–7%	4–6%	7–9%
Working capital loans	15.7–17%	2–4%	6–8%	4–6%	8–10%

Typical collateral	Land, machinery, crop receipts	Land, assets	Land, assets	Land, assets	Land, assets
Loan-to-collateral ratio	50–70%	70–80%	70–80%	70–80%	60–70%
Specialized poultry support policies	None	Available (subsidies, ITAVI support)	Some national support	Federal/state programs	Federal programs

Bottleneck 5: Higher grain price risk exposure for SMEs

SMEs face significantly higher exposure to fluctuations in grain prices compared to large enterprises. This vulnerability stems from structural, financial, and knowledge-related limitations:

1. Limited risk management tools. Large enterprises can hedge against grain price volatility by using derivative contracts on global commodity exchanges. This enables them to stabilize feed costs and protect profit margins. In contrast, SMEs and households cannot access these instruments due to:
 - Insufficient financial resources to participate in international markets.
 - Financial illiteracy and lack of expertise, meaning they often lack professionals trained in risk management and the use of financial instruments.
2. Absence of storage infrastructure. Many SMEs and households do not own grain storage facilities. As a result:
 - They cannot stockpile grain during harvest seasons when prices are low.
 - They are forced to purchase grain continuously throughout the year, including at peak prices.
 - This creates higher cost volatility and reduces predictability in production planning.

Together, these factors expose SMEs and households to greater risks, while large enterprises are able to lower and stabilize their feed costs, further widening the competitiveness gap.

Bottleneck 6: Limited availability of slaughter oversight blocking legal market entry of micro-poultry farms

Under the Law of Ukraine “On Quality and Safety of Food Products and Food Raw Materials” (Bulletin of the Verkhovna Rada of Ukraine (VVR), 1998, No. 19, Article 98), the slaughter of

farm animals is permitted only at accredited slaughterhouses. The sole exception applies to poultry: up to five birds per day may be slaughtered outside slaughterhouses, provided the process is supervised by an accredited veterinarian both before and after slaughter. In such cases, carcasses must be either consumed within the household or sold at agri-food markets within 50 km of the slaughter site. These markets are specialized outlets where entry requires passing mandatory sanitary and safety checks.

Ukraine produces around 2,000 veterinary graduates annually, which in theory should ensure adequate oversight of small-scale slaughter. In practice, however, the availability of veterinarians in rural areas is limited. Many prefer higher-paying, more stable positions at large enterprises or pursue alternative careers outside the sector, leaving smallholders underserved.

Bottleneck 7: Limited availability of slaughter services for smaller batches

Slaughterhouses typically operate with large batch requirements that SMEs often cannot meet. According to Mercy Corps' UASP interviews, investment in a compliant poultry slaughter facility only becomes economically viable for farms raising at least 2,000 chickens. For smaller producers, such investment is not feasible. Consequently, they face restricted access to regulated slaughter services and are often pushed into operating in a grey legal zone. Larger enterprises are not faced with such problems.

Bottleneck 8: Limited access to quality incubation material

Access to quality incubation material is increasingly limited, as demand remains high for cheaper – often lower-quality – alternatives. This trend is driven by a combination of factors: limited awareness of the productivity gains from higher-quality material, insufficient understanding of the health risks associated with potentially unvaccinated flocks, and the low income levels of many buyers.

Although this bottleneck creates additional challenges/expenses for both, larger producers and SME, the latter appear to be at greater risk exposure.

Bottleneck 9: Investments and increased production costs associated with stricter EU animal welfare standards

The introduction of stricter animal welfare standards, scheduled to take effect on March 1, 2027, is expected to pose significant challenges for both, larger enterprises and SMEs. Compliance will likely require substantial additional investments in facilities and production practices. When combined with the structural constraints outlined in Weaknesses 1–8, these requirements will further raise barriers to entry and expansion, especially for SME, while simultaneously increasing the incentive for the latter to exit the sector.

CHAPTER V: CONCLUSIONS AND NEXT STAGE

Ukraine's poultry sector stands at a crossroads. On the one hand, it benefits from competitive feed resources, skilled labor, and demonstrated resilience even under conditions of war. On the other hand, the analysis in this report has highlighted nine structural bottlenecks that disproportionately affect small and medium-sized enterprises. These weaknesses—ranging from limited access to quality veterinary inputs and slaughter services to restricted financing opportunities and looming compliance costs under stricter EU welfare standards—undermine competitiveness, discourage new entrants, and risk further concentration of the industry.

The EU integration process represents both a challenge and an opportunity. On the one hand, alignment with EU regulatory frameworks will raise the bar for compliance, especially for SMEs that already struggle with resource constraints. On the other hand, the same process offers a platform to design targeted instruments that can reduce systemic risks, open access to new markets, and foster more inclusive sectoral growth.

The next stage of our work will therefore focus on designing practical instruments and support mechanisms within the EU integration framework that directly address the bottlenecks identified in this report. This will include:

- Policy and regulatory instruments to incentivize early disease reporting, improve veterinary oversight, and expand access to quality inputs.
- Financial instruments to lower transaction costs and unlock investment opportunities for SMEs.
- Market development instruments to stimulate consumer demand for differentiated poultry products and enable small producers to compete beyond cost advantages.
- Compliance support instruments to help SMEs meet the forthcoming EU animal welfare standards without being forced out of the market.

By grounding instrument design in the evidence presented here, the project aims to transform the EU integration process from a source of pressure into a lever for inclusive modernization. The outcome will be a set of concrete, actionable tools that support not only Ukraine's alignment with European standards but also the long-term resilience and competitiveness of its poultry sector.

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