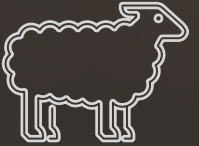
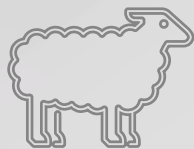


# Lamb production



Current industry landscape,  
historical performance  
and forecasts

2025



# Lamb production

Current industry landscape, historical performance and forecasts

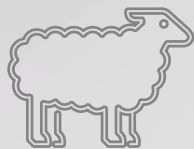
## Market environment

As of 2024, lamb production in Ukraine remains a niche segment in the structure of the meat industry, behind pork and chicken in terms of both volume and development dynamics. The lamb sector currently accounts for less than 1% of the country's total meat production.

According to the State Statistics Service, the total number of sheep in the country is approximately 1 million, indicating a slight downward trend. This is due to limited domestic demand and the absence of comprehensive government support for the industry.

However, there is also a positive dynamic in the development of niche farms that focus on either exporting or organic production. These projects are increasingly applying intensive animal husbandry techniques and working to enhance the genetic material.

Manufacturers are generally focusing more on product quality than volume when entering competitive foreign markets, which is an important factor.



# Lamb production

## Current industry landscape, historical performance and forecasts

### Infrastructure and investments

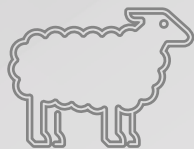
Infrastructure constraints continue to represent a significant challenge for the industry. There is a shortage of specialised slaughterhouses in Ukraine that meet the international standards, as well as enterprises with a full lamb processing cycle. There are a limited number of specialised sheep farms, and the existing ones operate in a relatively isolated format, not integrated into a single supply chain.

For this reason, attracting investment in vertical integration, i.e. the creation of enterprises that combine the cultivation, processing and export of products, is a promising area. Additional opportunities are presented through support from international donors, particularly in the field of sustainable livestock production. The growing interest of the Gulf countries in Ukrainian halal lamb deserves special attention, as it presents prospects for export expansion.

### Logistics

The logistics sector is facing significant challenges, primarily due to the hostilities that have destroyed part of the transport infrastructure, particularly in the south and east of the country. The blockade of seaports has caused significant complications, necessitating the reallocation of transport routes to western land crossings.

Exporters are taking advantage of the logistics capabilities of Poland, Romania and other EU countries. However, there is a lack of modern logistics hubs with meat cooling, storage and certification systems that meet the requirements of European and Middle Eastern markets. The development of such facilities would be a significant incentive to boost the industry.



# Lamb production

## Current industry landscape, historical performance and forecasts

### Demand in foreign markets

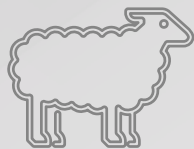
Demand in foreign markets remains stable and growing. In particular, the Middle Eastern countries such as the UAE, Saudi Arabia and Qatar are constantly looking for reliable suppliers of halal lamb. China remains a potentially attractive but extremely challenging market, primarily due to veterinary and customs barriers. The European Union is open to Ukrainian products, but has strict requirements for quality, animal welfare, traceability of the production chain and certification.

The key benefit of Ukrainian lamb in the global market is its environmental sustainability. The lamb is raised without the use of growth hormones, which enhances its appeal to premium consumers.

### Prospects

The industry's short-term outlook is positive, with potential for expansion in exports due to favourable trade conditions with the European Union and growing interest in organic products. The certification of production processes in accordance with international standards such as HACCP, ISO and Halal will require significant attention. In the medium term, the active formation of farmers' cooperatives is likely to increase the production efficiency, as well as the emergence of new players, who will attract investment to create integrated closed-cycle enterprises. With the proper governance and investment policies in place, Ukraine has the potential to become a regional exporter of lamb to the MENA and EU markets. Developing cooperation with scientific institutions in the field of sheep genetics and production standardisation could also be a strategic step forward.





# Lamb production

## Current industry landscape, historical performance and forecasts

Production (in thousands of tonnes)



+16,7%

24E

33F

Exports (in thousands of tonnes)



-13,9%

24E

33F

Price dynamics (in \$ per tonne)



+20,5%

24E

33F

### Conclusions

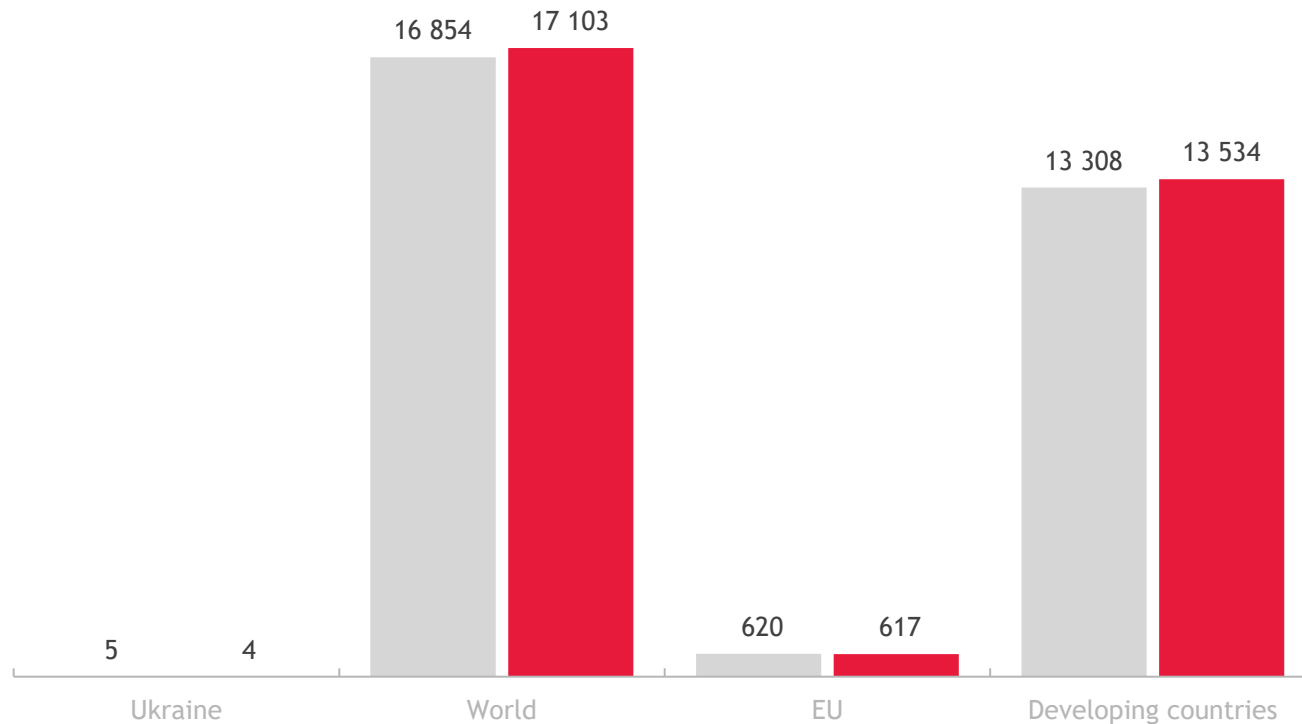
Overall, the lamb market in Ukraine can show significant untapped potential if there is comprehensive support, competent investment attraction and infrastructure development.

The industry has the prospects to transition from a secondary sector to a strategically significant domain within Ukrainian agricultural exports, capable of competing globally.

Ukraine is not capitalising on market opportunities: despite global growth in lamb production and potential exports, Ukraine is reducing its output.

#### Dynamics of production (in thousands of tonnes)

2023 | 2024

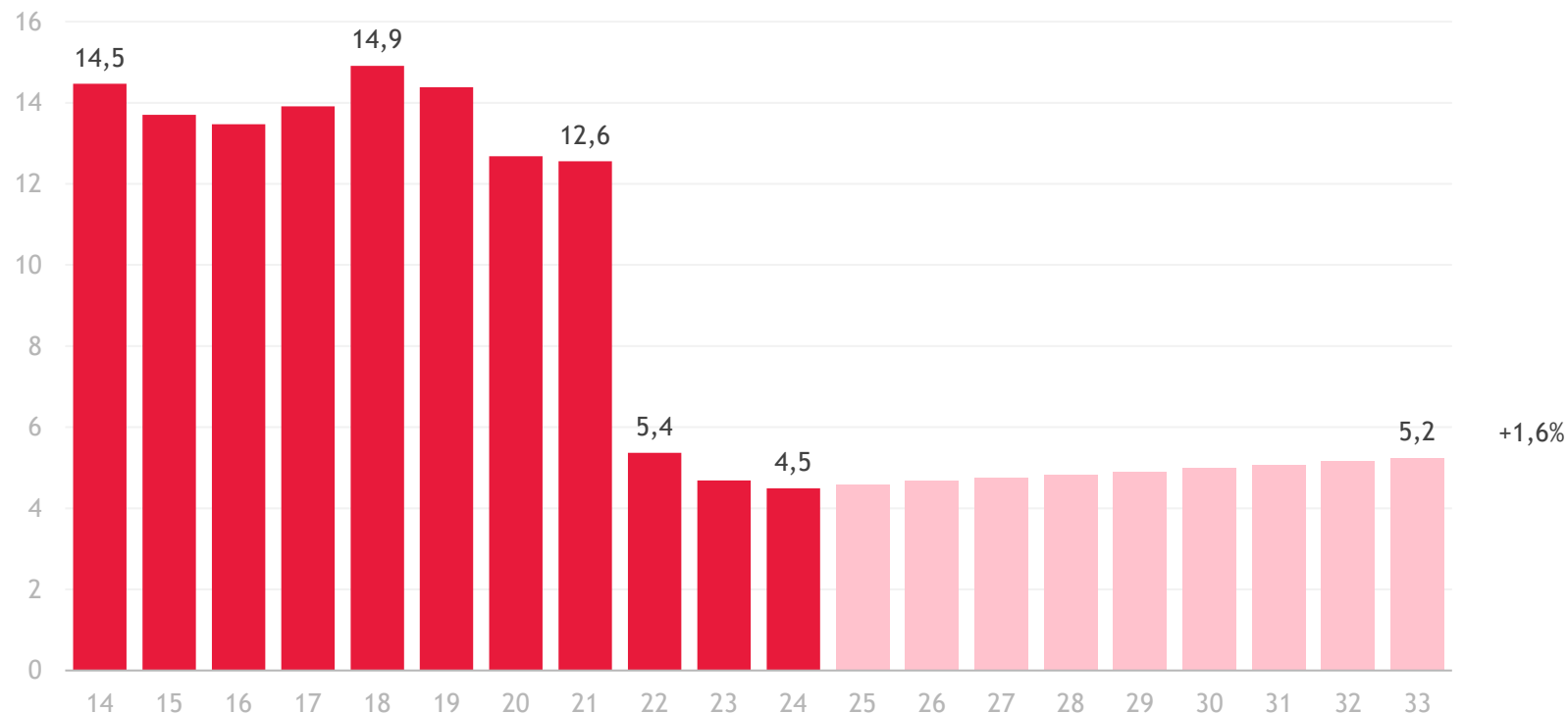


- ▶ **Ukraine** demonstrates **critically low** volumes of lamb production: in 2023, only 5 thousand tonnes of lamb were produced, and in **2024**, the **production dropped to 4 thousand tonnes**. This is indicative of the current state of stagnation within the sector and a lack of incentives to develop the industry in the country.
- ▶ In **2024**, **global** lamb production reached **17 103 thousand tonnes**, a **+1.5% increase** from 16 854 thousand tonnes in 2023. This figure indicates a steady demand for lamb on a global scale.
- ▶ In **developing countries**, production **volumes increased** from 13 308 to 13 534 thousand tonnes (+1.7%), which indicates active support for livestock production and a steady increase in protein consumption in the population's diet.
- ▶ A slight **decrease** in **production** in the **European Union** from 620 thousand tonnes in 2023 to 617 thousand tonnes in 2024 may indicate structural changes in meat consumption or a policy of decarbonisation and reduction of livestock production.

The lamb production of Ukraine is in the process of recovering from a critical decline: although modest growth is expected, the industry requires support to ensure long-term sustainability.

Dynamics of production in Ukraine (in thousands of tonnes)

CAGR  
(24-33)

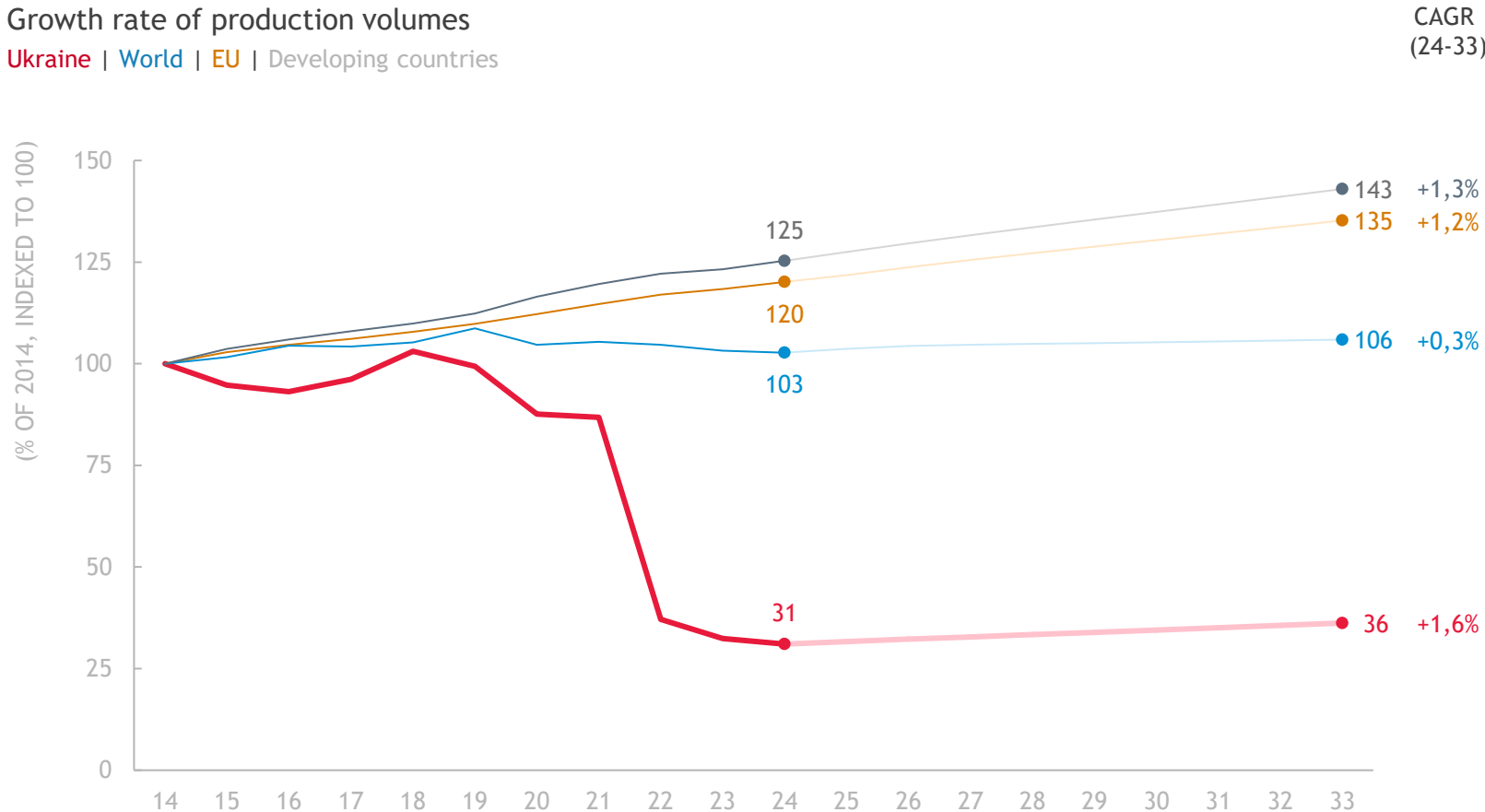


- ▶ In the period **from 2021 to 2024**, lamb production in Ukraine fell sharply, from 12.6 thousand tonnes to 4.5 thousand tonnes. This decline may be due to logistical difficulties, a decrease in livestock numbers, or lower domestic demand.
- ▶ Starting **in 2024**, production **demonstrates moderate growth**, with the potential to reach 5.2 thousand tonnes in 2033. This indicates the potential stabilisation of the industry after the deep crisis.
- ▶ The expected compound annual growth rate **CAGR** in 2024-2033 is **+1.6%**, which is a positive signal for producers, but still insufficient for a full recovery to pre-war levels.

The lamb production of Ukraine **has fallen by more than two-thirds** since 2014, leaving it far behind the global and regional trends, and projected growth requires investment and strategic support.

### Growth rate of production volumes

Ukraine | World | EU | Developing countries



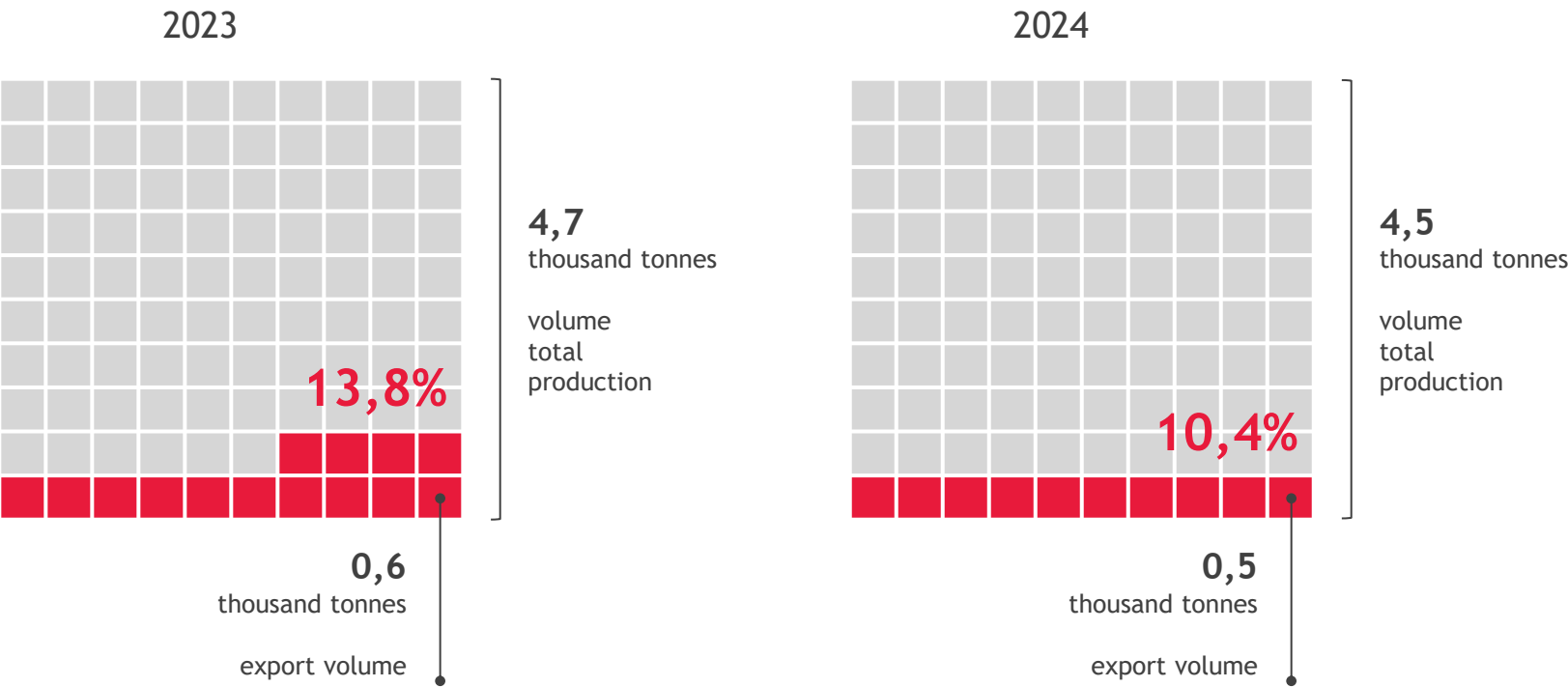
- ▶ Until 2021, lamb production in Ukraine ranged from 12.6 to 14.9 thousand tonnes. However, in 2022-2023, the volume decreased by more than 2 times, to 5.4 and 4.5 thousand tonnes respectively.
- ▶ In terms of indices, the **level of lamb production in Ukraine in 2023 was only 31% of the baseline**, indicating a structural degradation of the sector.
- ▶ While the **global market demonstrates steady growth**, Ukraine is experiencing a decline. This means losing ground in the global market and reducing competitiveness.
- ▶ The sector is developing most rapidly in **developing countries**. They are the main driver of growth in the global lamb production structure.



In 2024, the share of exports in total lamb production in Ukraine decreased, indicating a decline in external demand and the necessity to develop the industry's export strategy.

Export volumes and share in total production (in thousands of tonnes; %)

Export | Domestic consumption

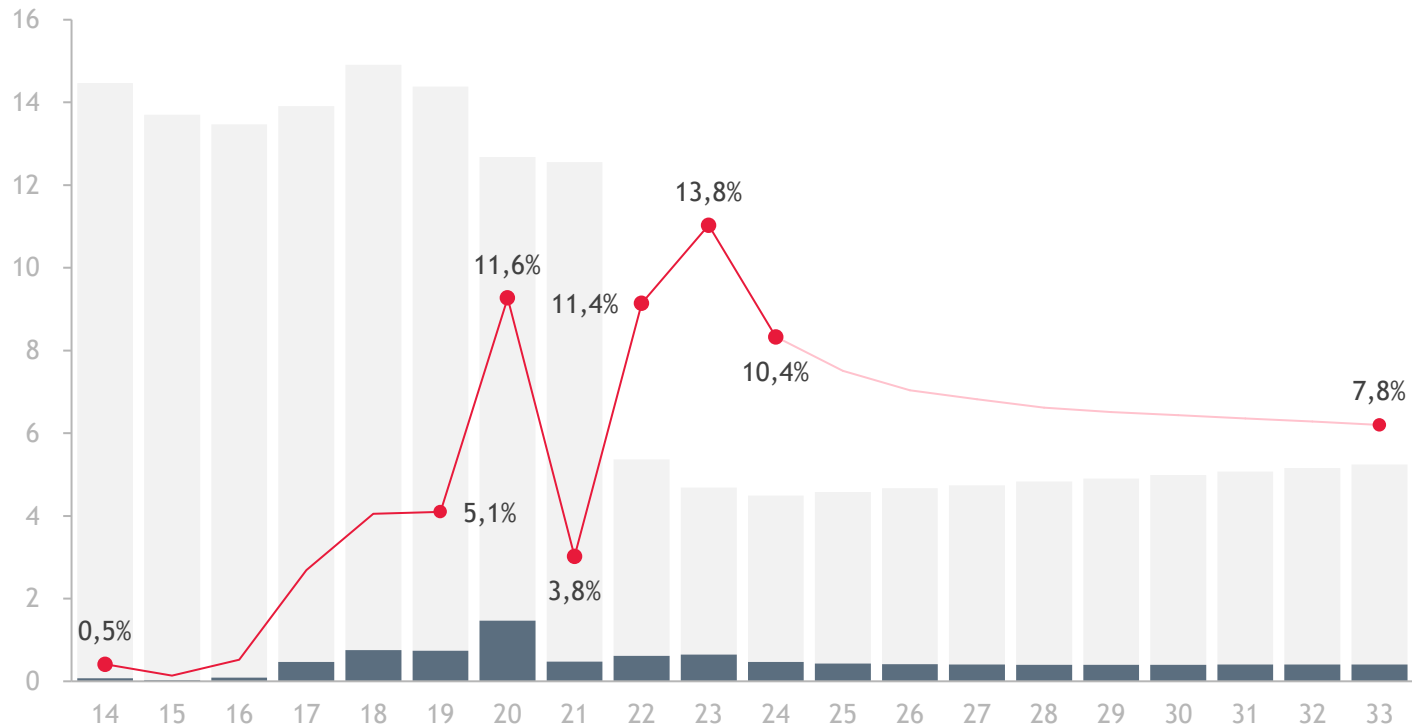


- ▶ In 2023, 0.6 thousand tonnes of lamb were exported, which was 13.8% of the total production (4.7 thousand tonnes). In 2024, the share of exports decreased to 10.4% due to a decline in exports to 0.5 thousand tonnes against a total production of 4.5 thousand tonnes. This indicates a decrease in the industry's export potential.
- ▶ Even with the overall decline, exports account for more than 10% of the industry's total output, making them critical to producers' profitability and the agricultural sector's foreign trade balance.
- ▶ In order to maintain or expand their positions in foreign markets, Ukrainian producers need export support programmes, certification of products for new markets, and government assistance in expanding trade agreements.

Exports of Ukrainian lamb have shown a downward trend in the production structure, remaining unstable and vulnerable to domestic volumes and global demand.

Export volumes and share in total production (in thousands of tonnes; %)

Share of exports | Exports | Total production



CAGR  
(24-33)

- ▶ From 2014 to 2021, lamb exports fluctuated, with a peak in 2020 (1.500 tonnes). The share of exports was unstable, ranging from 0.2% to 11.6%. This indicates the industry's sensitivity to foreign economic conditions, as well as the lack of a stable export channel.
- ▶ The figure of 13.8% was the highest on record, although production volumes remained low (4.7 thousand tonnes). This situation indicates that demand for Ukrainian lamb on foreign markets was strong in 2023, despite limited supply.
- ▶ In the medium term (2024-2033), exports are forecast to remain relatively stable, with the volume remaining at 0.4 thousand tonnes and the share of exports at 7.8 - 8.0%. This indicates a limited but constant presence of Ukraine in the lamb export markets.

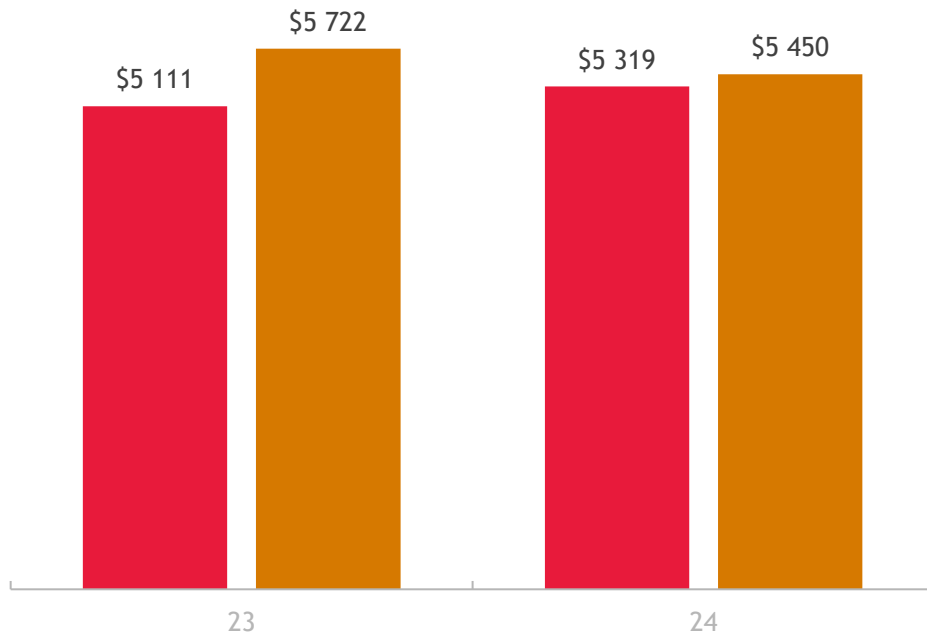
+1,6%

-1,4%

Ukrainian lamb prices are rapidly approaching global levels, narrowing the gap and increasing competitiveness, however, this may increase price pressure on domestic consumers.

Cost of products on the Ukrainian and global markets (in \$ per tonne)

Ukraine | World

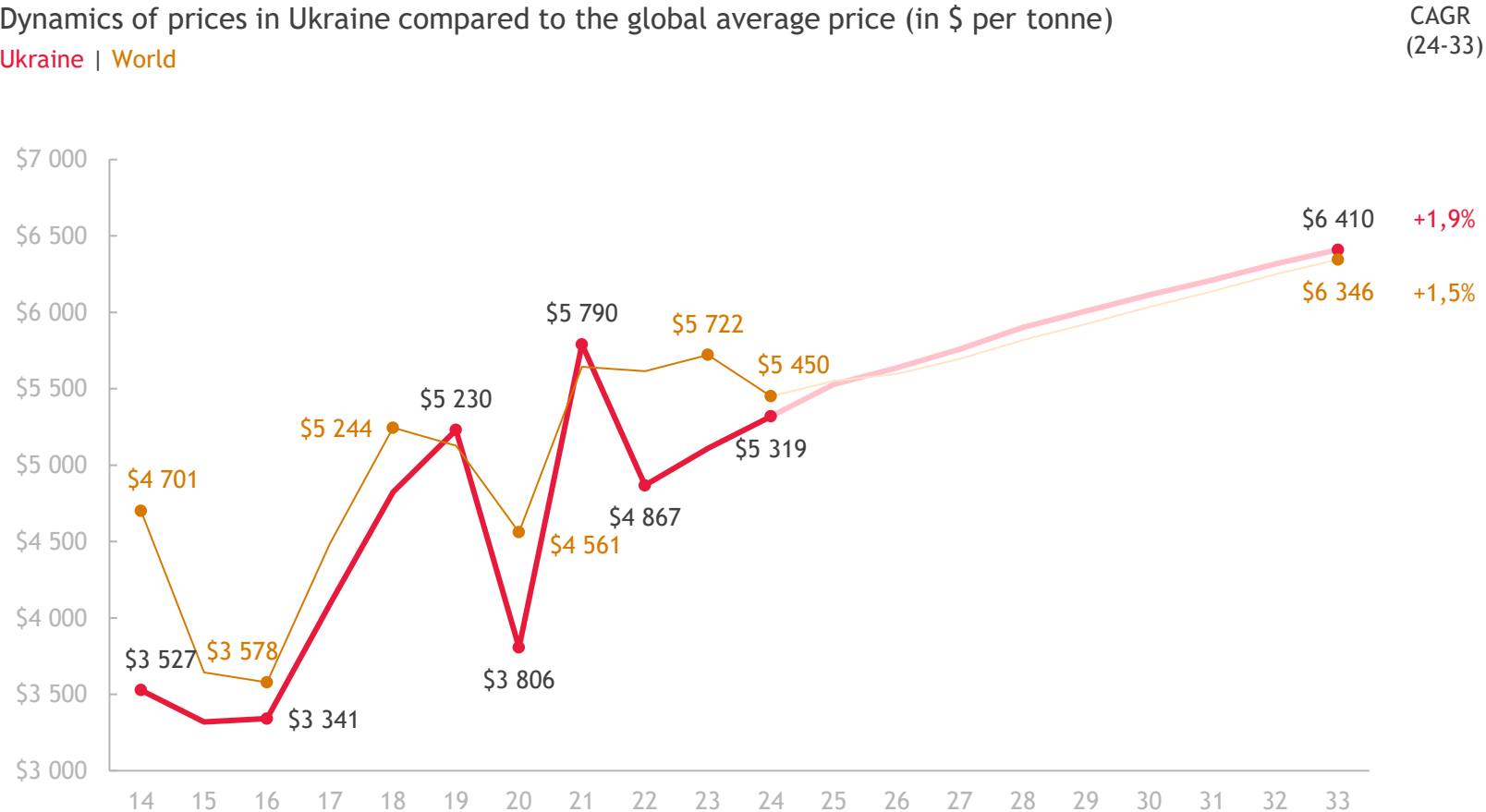


- ▶ In 2023, the price of Ukrainian lamb was \$5,111 per tonne, which is \$611 less than the global average (\$5,722). In 2024, this gap narrowed to \$131 – \$5,319 compared to \$5,450, respectively. This trend indicates the growing competitiveness of Ukrainian products on the global market.
- ▶ As Ukrainian prices approach global prices, barriers to the integration of Ukrainian producers into international trade chains are reduced, while at the same time indicating the gradual overcoming of internal constraints in quality, logistics and certification.
- ▶ Although price increases are positive for producers, they potentially carry the risk of reducing product availability for domestic consumers, especially given the overall decline in production volumes.

Ukrainian lamb is demonstrating faster price growth, approaching global levels that opens up export prospects and reflects the increase in the cost of domestic production.

Dynamics of prices in Ukraine compared to the global average price (in \$ per tonne)

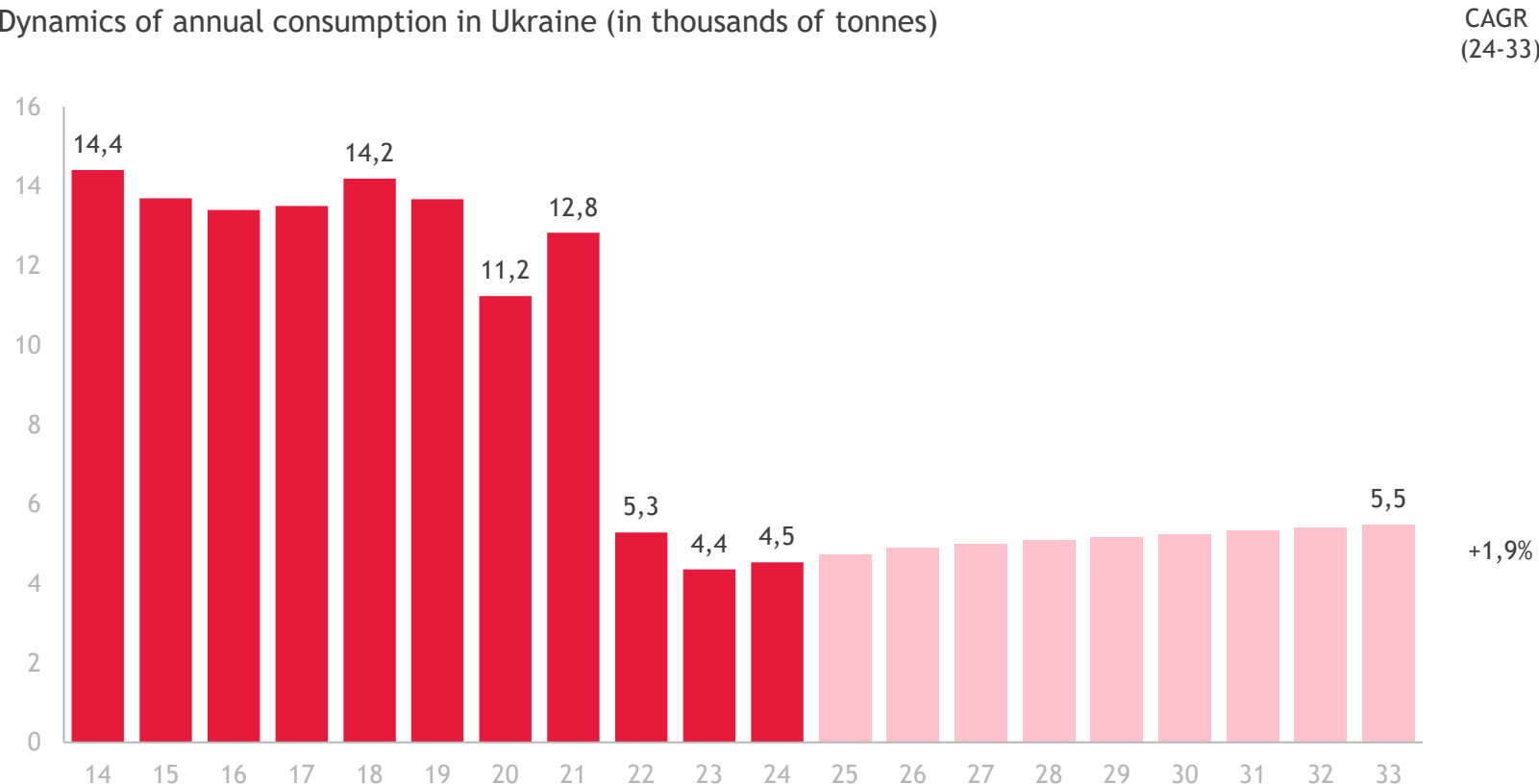
Ukraine | World



- ▶ In 2014, the price of Ukrainian lamb was \$3,527 per tonne, which was significantly lower than the global price of \$4,701. The difference of more than \$1,100 indicated a technological and qualitative lag.
- ▶ In 2021, there was a sharp increase in the price of lamb to \$5,790, which allowed it to temporarily exceed the global average. This increase is likely due to the devaluation of the hryvnia, rising production costs and limited supply.
- ▶ After peaking in 2021, the Ukrainian price fell to \$4,867 in 2022, but then stabilised at \$5,319 in 2024. The global price remained higher — \$5,450 per tonne.
- ▶ By 2033, the price of lamb in Ukraine, according to forecasts, will reach \$6,410 per tonne, which is almost in line with global indicators (\$6,346 per tonne). This indicates a gradual integration into global market conditions.

Demand for lamb in Ukraine is growing again: after falling threefold in 2022-2023, consumption is expected to grow steadily by +1.9% annually until 2033.

Dynamics of annual consumption in Ukraine (in thousands of tonnes)

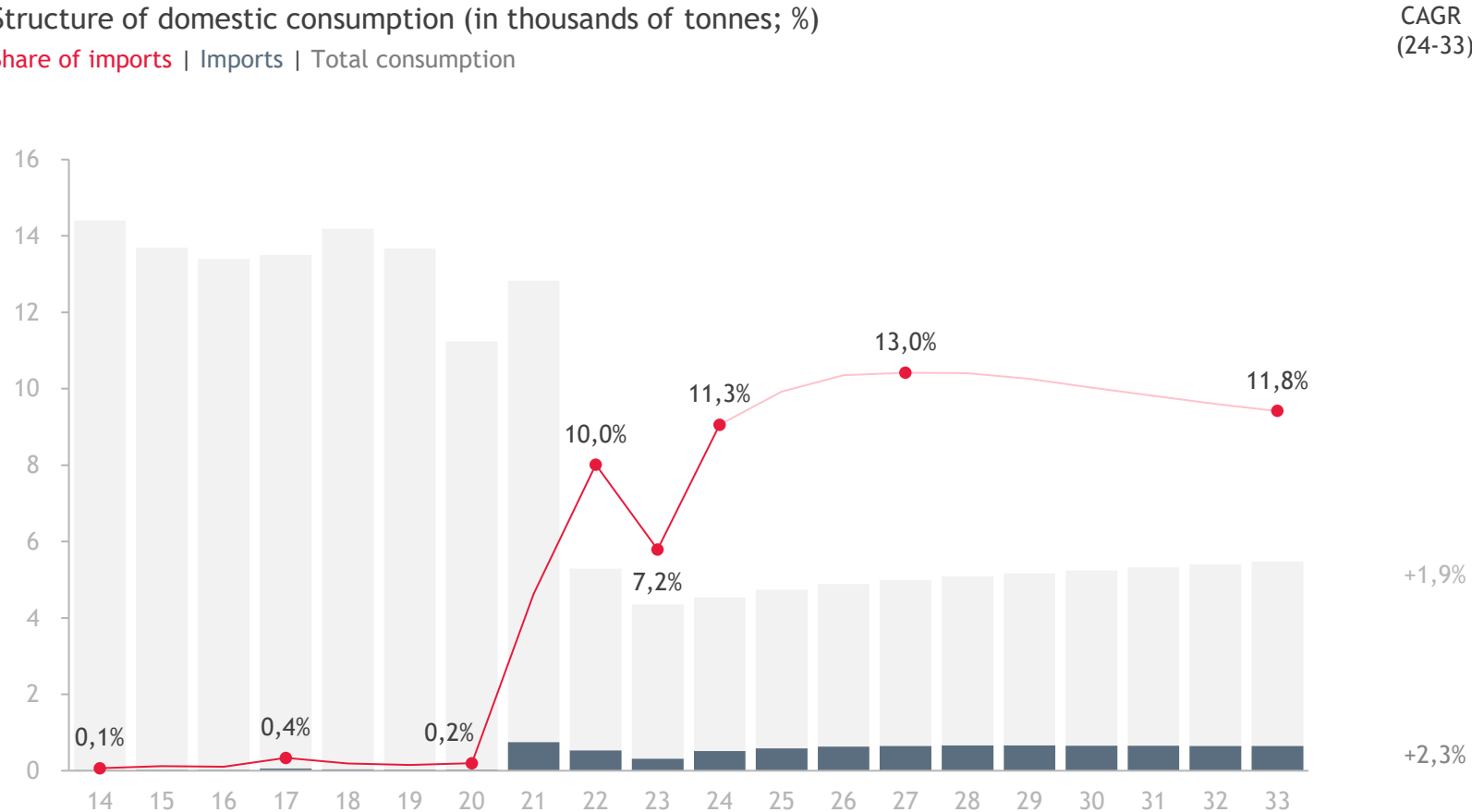


- ▶ In 2014, lamb consumption in Ukraine reached 14.4 thousand tonnes. Subsequently, there was a gradual decline with slight fluctuations – to 11.2 thousand tonnes in 2020, and in 2022, there was a sharp drop to 5.3 thousand tonnes, indicating a crisis stage in the market.
- ▶ In 2023, the figure fell to 4.4 thousand tonnes, and in 2024, it recovered slightly to 4.5 thousand tonnes.
- ▶ The period between 2024 and 2033 shows positive dynamics: the forecast growth is from 4.5 thousand tonnes to 5.5 thousand tonnes with an average annual growth rate (CAGR) of +1.9%. This indicates a gradual recovery in demand for lamb in the context of market stabilisation and a possible increase in the population's purchasing power.

Lamb imports are growing faster than domestic consumption: Ukraine is increasingly dependent on foreign suppliers, with imports exceeding 11% and still growing.

Structure of domestic consumption (in thousands of tonnes; %)

Share of imports | Imports | Total consumption



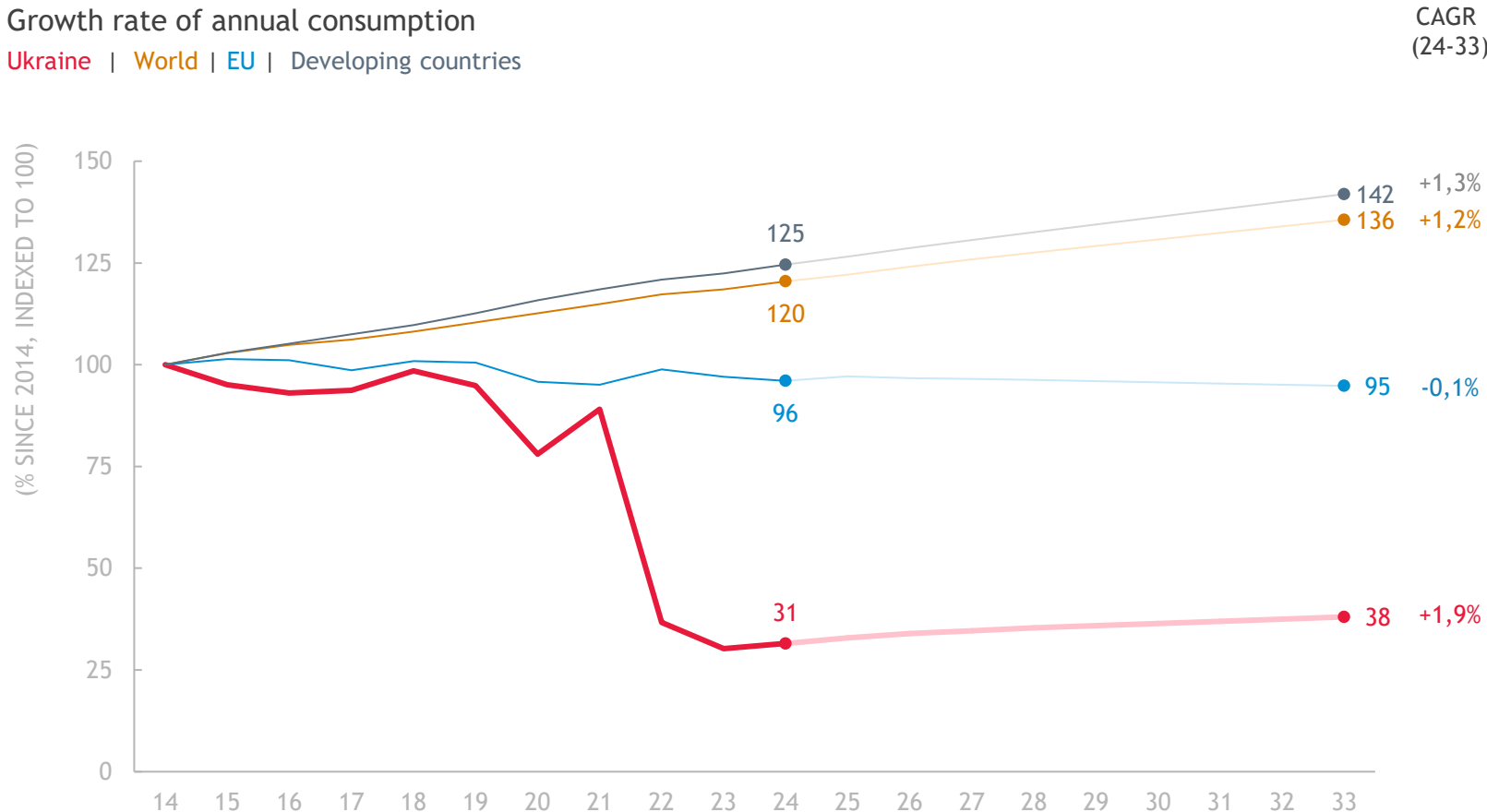
- ▶ Between 2014 and 2020, imports accounted for less than 0.5% of domestic consumption of lamb. However, there has been a sharp increase since 2021: from 0.2% in 2020 to 10% in 2022, indicating the inability of domestic production to meet domestic demand.
- ▶ According to forecasts, the highest share of imports, – 13%, – can be expected in 2027. After that, there will be a slight decline to 11.8% by 2033, but imports will still play an important role in supplying the market.
- ▶ The share of imports is growing faster than total consumption: +2.3% CAGR versus +1.9%. This indicates potential competition between imported products and local products and the need for state support for producers.



Despite the previous decline, lamb consumption in Ukraine is showing the highest growth rates in the world: +1.9% CAGR in 2024-2033 amid a global recovery in demand.

### Growth rate of annual consumption

Ukraine | World | EU | Developing countries

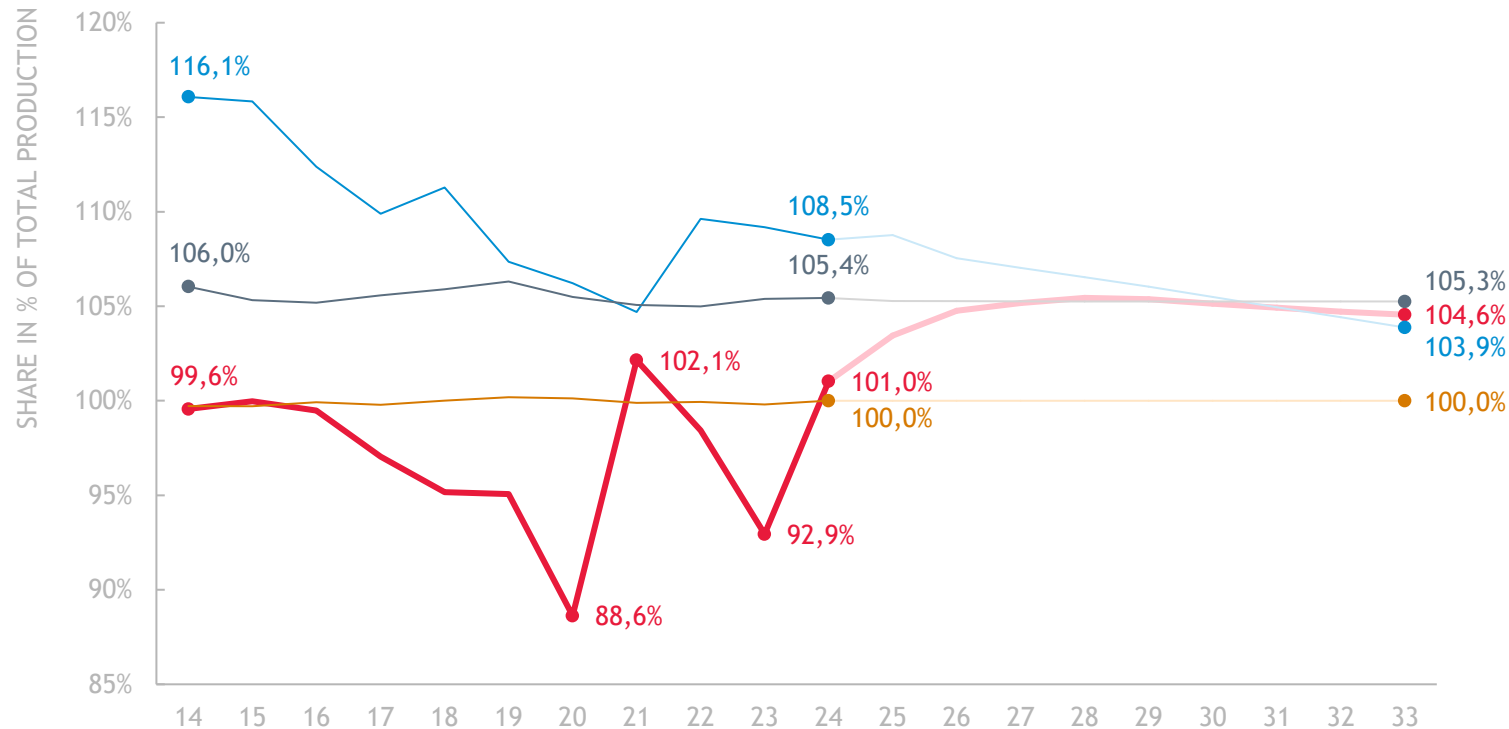


- ▶ In 2022, the annual consumption index fell to 31% compared to 2014, which is the deepest decline among all regions considered. This trend indicates structural problems in the domestic market, in particular a decline in household purchasing power, a reduction in supply and competition from other types of meat.
- ▶ From 2024, annual consumption is expected to grow from 31% to 38% in 2033. The average annual growth rate (CAGR) in 2024-2033 is +1.9%, which is the highest among the countries and regions analysed.
- ▶ In developing countries, the growth rate of lamb consumption is high at +1.3% CAGR. The consumption growth index relative to 2014 levels is expected to increase to 142% in 2033, indicating stronger demand driven by demographic and economic growth.

Ukraine has achieved a complete balance between lamb consumption and production: as of 2024, consumption has stabilised at 101% that corresponds to the global consumption structure.

### Dynamics of annual consumption

Ukraine | World | EU | Developing countries

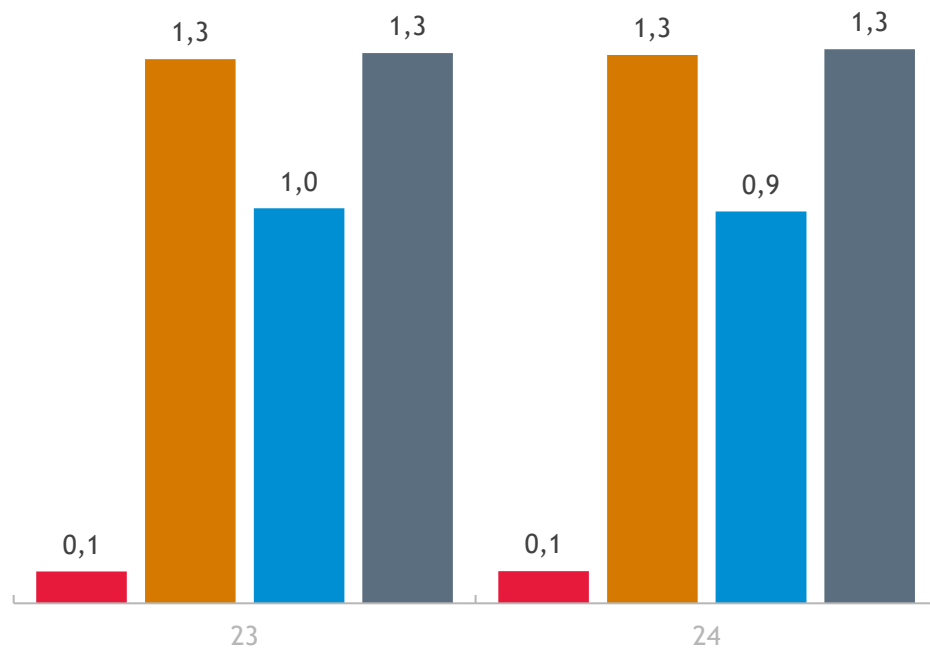


- ▶ The share of annual consumption in total production in Ukraine fluctuated between 88.6%-102.1%, indicating uneven domestic demand and relatively unstable production. In 2022, the share of domestic consumption was the lowest, at only 88.6%, pointing to significant exports or a domestic market deficit.
- ▶ Since 2024, the share has stabilised. This indicates a levelling of the market structure, with domestic production almost completely covering domestic consumption.
- ▶ In the EU, the share of domestic consumption exceeds 100% throughout the period, indicating a chronic dependence on imports. A similar situation is observed in developing countries.

Lamb consumption in Ukraine is 13 times lower than the global average: the market is still a niche market with potential for growth due to developing demand and expanding product range.

Annual consumption (in kilograms per person)

Ukraine | World | EU | Developing countries

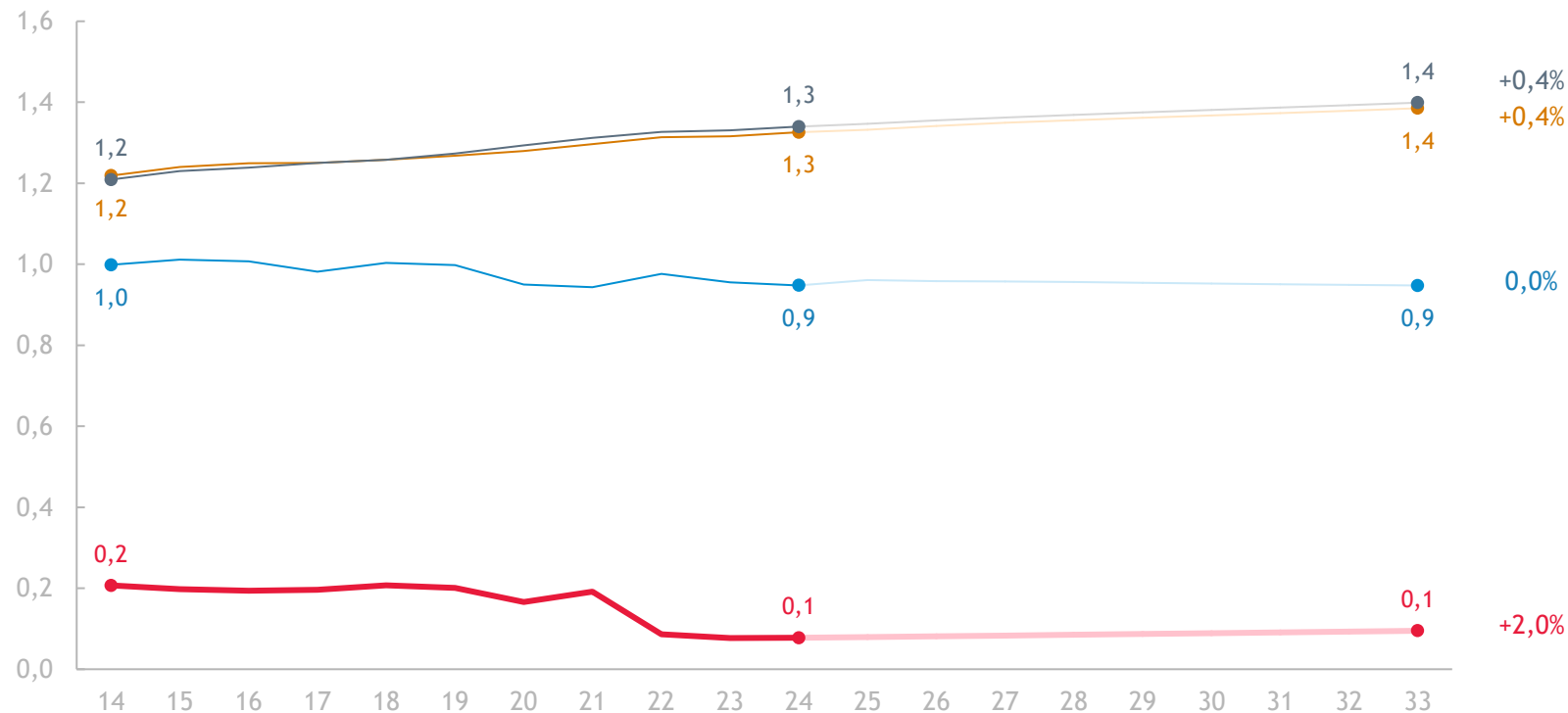


- ▶ In 2023 and 2024, annual per capita consumption of lamb in Ukraine remained consistently low at only 0.1 kilogram, which is the lowest figure among all regions represented. This indicates weak domestic demand for lamb, possibly due to price barriers, cultural preferences or limited availability.
- ▶ Markets worldwide and in developing countries showed stable consumption at 1.3 kilograms, indicating established demand and stable eating habits. This could serve as a benchmark for the development of domestic consumption in Ukraine.
- ▶ Given the low level of consumption and rising prices, Ukraine has the potential to develop niche products with added value (e.g. organic lamb or halal products) for domestic consumers.

Lamb consumption in Ukraine is consistently low: only 0.1 kilogram per person per year, and despite the predicted growth, it remains 10+ times lower than global indicators.

#### Dynamics of annual consumption (in kilograms per person)

Ukraine | World | EU | Developing countries



- ▶ In 2014, lamb consumption per capita in Ukraine was only 0.2 kilograms per year, and throughout the entire period under review, this indicator remained the lowest among all regions studied.
- ▶ Since 2023, the figure has remained at 0.1 kilogram per person per year, and although positive dynamics are expected (CAGR +2.0% until 2033), the absolute value will remain extremely low.
- ▶ For comparison, EU countries and the global average are gradually increasing, with the prospect of reaching 1.4 kilograms per person by 2033 with a CAGR of +0.4%. This indicates more stable dietary habits regarding lamb consumption.
- ▶ Despite the global trend towards increased consumption of alternative meat, the Ukrainian lamb market remains extremely passive, which may be due to the lack of available products, high prices or the unfamiliarity of this type of meat to consumers.



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