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## MONITORING OF AGRICULTURAL MARKET OF UKRAINE

### МОНІТОРИНГ СТАНУ АГРОПРОМИСЛОВОГО РИНКУ УКРАЇНИ

#### ANNOTATION

The main directions of the development strategy of the agrarian sector of Ukraine were considered. The volumes of agricultural production by regions were analyzed. The basic barriers for investments in agriculture were installed. The implementations of investment projects in agricultural sector were investigated and sources of funding were identified. Priority ways of the further development of the agro-industrial complex of Ukraine were proposed.

**Keywords:** agro-industrial complex, agricultural products, agricultural products market, export, investments, investment project.

#### АНОТАЦІЯ

Розглянуто основні напрями стратегія розвитку аграрного сектору України. Проаналізовано обсяги виробництва сільськогосподарської продукції по регіонах. Встановлено основні бар'єри для інвестицій у сільське господарство. Досліджено впровадження інвестиційних проектів у агропромисловий комплекс та визначено джерела їх фінансування. Запропоновано пріоритетні шляхи подальшого розвитку агропромислового комплексу України.

**Ключові слова:** агропромисловий комплекс, сільськогосподарська продукція, ринок агропромислової продукції, експорт, інвестиції, інвестиційний проект.

#### АННОТАЦИЯ

Рассмотрены основные направления стратегии развития аграрного сектора Украины. Проанализированы объемы производства сельскохозяйственной продукции по регионам. Установлены основные барьеры для инвестиций в сельское хозяйство. Исследовано внедрение инвестиционных проектов в агропромышленный комплекс и определены источники их финансирования. Предложены приоритетные пути дальнейшего развития агропромышленного комплекса Украины.

**Ключевые слова:** агропромышленный комплекс, сельскохозяйственная продукция, рынок агропромышленной продукции, экспорт, инвестиции, инвестиционный проект.

**Formulation of the problem.** The agricultural sector of Ukraine has significant advantages in the production of certain agricultural products for both domestic and external markets. However, the lack of clear agricultural policy in Ukraine negatively affects the competitive abilities of the domestic agricultural sector in the world. Being in constant development, agro-industrial production provides priority for main ways, such as: guaranteeing of necessary volumes of agricultural production, ensuring a decent standard of living, cultural education of consumption healthy and quality products, financing of development at properly grade. The question about standards of safety and food quality according to international standards and their harmonization with EU standards is still topical. That is why the strategic direction of development of agrarian sector of Ukraine should be realization of the principles of a sustainable economy.

#### Analysis of recent research and publications.

The problems of development of the Agro-industrial market exploring in writings: A. Antoniuk, P. Bestuzhev, S. Demyanenko, T. Zaychuk, V. Ilchuk, I. Kobouta, S. Kvasha, N. Kutarenko, A. Maslak, E. Milovanov, A. Tomaszewska and others.

**Unresolved issues.** Manufacturing potential of the agricultural sector is the socio-economic basis of the national economy development. Providing of the society with the qualitative, safe nutrition products will promote increase of the economic, ecological and energetic safety of the country. It predetermines the necessity of the further research of agro-industrial production market in Ukraine.

**Formulation of the article goals.** Research of the peculiarities and positive tendencies of the formation modern market of agro-industrial production as a priority direction of the effective economy development.

**The main material research.** The development strategy of Ukraine's agricultural sector aimed at forming effective social directed sector of state's economy that can meet the needs of the internal market and the leading position in the global agricultural market. The implementation targets of this strategy for the period until 2020 are:

- an increase in the volume of gross agricultural production 1.4 times;
- an increase in exports of agricultural products and food by 3-4% annually;
- growth of average wages of agricultural workers to the average in branches of economy;
- the increase income of small and mid-size producers in 1,8-2 times;
- the providing of the supply of agricultural products and foodstuffs domestic production in the domestic market in accordance with the requirements of food security – not lower than 90%.
- the improvement of manufacturability and the decrease of resource input production, including by reducing energy costs by 1 ton of production by 1-2% per year [5, p. 5].

According to the Ministry of Agrarian Policy and Food of Ukraine it was defined the regions of agribusiness rating by the results in 2015.

Among the regions in terms of gross agricultural production per 1 person the leaders are Poltava (30302 UAH), Kirovohrad (30204 UAH), Dni-

propetrovsk (28176 UAH), Sumy (28030 UAH), Kharkiv (27796 UAH), Cherkasy (27093 UAH), Kherson (26637 UAH), Chernihiv (26565 UAH), Zaporizhia (24960 UAH), Mykolaiv (24248 UAH) region.

In terms of average monthly salary of one staff worker in agriculture occupy key positions such regions: Ivano-Frankivsk Oblast (4358 UAH), Lviv Oblast (3934 UAH), Kiev Oblast (3727 UAH), Poltava Oblast (3366 UAH), Vinnytsia Oblast (3349 UAH), Chernihiv Oblast (3292 UAH), Khmelnytskyi Oblast (3226 UAH) [3].

Already in 2016 there is a tendency to increase the amount of agricultural production. So, in January-September period of 2016, compared to the same period last year, the amount of production increase in 14 regions: Vinnytsia Oblast (1,2%), Volyn Oblast (1,2%), Zhytomyr Oblast (1,2%), Ivano-Frankivsk Oblast (1,2%), Kiev Oblast (1,2%), Kirovohrad Oblast (1,2%), Lviv Oblast (1,2%), Mykolaiv Oblast (1,2%), Odessa Oblast (1,2%), Rivne Oblast (1,2%), Ternopil Oblast (1,2%), Khmelnytskyi Oblast (1,2%), Chernivtsi Oblast (1,2%), Chernihiv Oblast (1,2%).

According to the State Customs Service of Ukraine, the share of the agricultural sector exports in total exports is 40,6%. A significant share in total exports take: cereals – 40,4%, oil – 25,8%, oilseeds – 8,5%, remains and waste from the food industry – 6,5%, meat and by-products – 2,6% and tobacco products – 2,1%. Indicators of foreign trade of agricultural products in 9 months of 2016 are presented in Table 1 [4].

The main exporters for Ukraine are: India – 9,1%, Egypt – 8,1%, China – 7,9%, Spain – 5,5%, the Netherlands – 4,9%, Italy – 4,2%, Turkey – 3,9%, Poland – 3,3%, Saudi Arabia – 2,8%, Iran – 2,6%.

Thus, we can note that the strategy of development of the agricultural sector of economics for the period until 2020 is an effective mechanism of integration into the world economic space and improving of agricultural policy of our country.

However, innovative investment projects that will ensure the effectiveness of agricultural production must be created for the reformation of the agricultural sector.

Table 1  
Foreign trade of agricultural products

	Total, mln USD	In % to appropriate 2015 period	Specific weight of FTT in %
Export	10518,1	101,6	77,8
Import	3001,5	110,9	22,2
Balance	+7516,6	98,3	
Foreign trade turnover (FTT)	13519,6	103,5	100

Source: [4]

Currently the main barriers for investment in agriculture include:

- unstable, unpredictable and opaque public policy which is characterized by the absence of uniform rules for all manufacturers and sectors, excessive government intervention in agricultural work of markets, lobbying of individual interests in order to obtain monopoly rents;

- insufficient funding of agriculture, low level of sector loans in comparison with similar countries;

- the lack of effective and equitable agricultural market infrastructure and marketing system;

- ineffective government policies to support exporters;

- vulnerability of the current business model of large agricultural holdings: dependence on the external conditions change, the need to service the debt (external loans) and the lack of land ownership [2].

The positive conjuncture of the world agricultural markets promoted the growth of popularity of agriculture sector for domestic and foreign investment. However, the level of investment in fixed assets of the agricultural sector is still limited.

In general, 330 investment projects actualize in the region of agriculture as of July 1, 2016, informed the Department of Agricultural Development of regional administrations.

Total amount of the involved investments constituted more than 26,7 billion UAH, from them: 19,8 billion UAH (74,2%) – own, 6,9 billion UAH (25,8%) – the raised funds. Estimated cost of projects fluctuates from 120,0 thousand trillion to 9,6 billion UAH.

The number of investment projects, which estimated cost to 500,0 million UAH – 321 units (97,3%), from 500,0 million UAH to 1,0 billion UAH – 3 units (0,9%) and over 1,0 billion UAH – 6 units (1,8%).

Among the regions the largest number of investment projects in Vinnitsa region – 45 units; Kherson region – 37 units; Poltava and Cherkasy regions – both 27 units, Respectively; Kirovograd, Lviv and Chernivtsi regions – by 26 units. The total amount of investment made over 26,7 billion UAH, of which 19,8 billion USD (74%) – own, 6,9 billion (26%) – raised funds, thus the need for additional investment is still 3,2 billion UAH (Table 2) [1].

Most investments has mastered the total estimated cost in the following regions: Zhytomyrska region – 74,5%, Khersonska region – 64,7% Odeska region – 61,4%, Vinnytska region – 58,6%, Poltavaska region – 56,5%, Cherkaska region – 56,4%, Ivano-Frankivskaska region – 49,0%, Kirovohradaska region – 45,3%, Volynska region – 42,5%.

Of the total number of projects implemented most of the following areas: raising cattle – 77 units (23,3%), including milk – 65 units (19,7%) and meat – 12 units (3,6%), pig farms – 59 units (17,9%), processing, storage and remak-

Table 2

## Investment projects in Ukraine

Region	The total number of projects	Sources of funding		Investments required
		Own funds	Borrowings	
Vinnitska region	45	7028,1	3840,0	0,0
Volynska region	11	100,3	0,0	135,4
Dnipropetrovska region	9	165,9	4,9	191,0
Zhytomyrska region	13	876,2	33,0	9,0
Zakarpatska region	6	8,1	739,6	742,8
Zaporizhska region	1	110,0	0,0	90,0
Ivano-Frankivskska region	3	626,5	0,0	27,0
Kyivska region	8	322,7	290,0	0,0
Kirovohradska region	26	308,6	1,5	4,0
Lvivska region	26	135,9	116,0	7,6
Mykolaivska region	20	105,8	24,2	482,8
Odesska region	11	2331,8	1517,0	351,3
Poltavska region	27	189,9	53,4	105,8
Rivnenska region	12	146,1	17,3	79,7
Sumska region	5	2281,0	0,0	0,0
Ternopil'ska region	4	379,7	0,0	0,0
Kharkivska region	4	125,5	86,4	10,0
Khersonska region	37	1847,2	54,5	706,1
Khmelnitska region	6	184,0	0,0	0,0
Cherkaska region	27	1968,1	38,7	153,1
Chernivetska region	26	343,4	67,1	55,0
Chernigivska region	3	240,0	7,3	0,0
Together	330	19824,8	6890,9	3150,6

Source: compiled by the author based [1]

ing of grains and seeds – 56 units(17,0%), storages of vegetables and fruits – 31 units (9,4%), poultry farms – 21 units (6,4%), perennial plantations – 15 units(4,5%), drip irrigation – 13 units.(3,9%).

**Conclusions.** Agriculture of Ukraine has significant potential for further development. We should prioritize ways of development for the establishment of production of agro-industrial products. That means structural reforms in key industry for the country. In particular, the land reform should be conducted so that there are clearly stated definition and provision of land rights and guarantee stable conditions for using the land. The quality of production can be increased by Ukrainian standards with European and international. For the development of agricultural exports, we have to develop a national program to support domestic producers who contribute to the simplification of customs procedures, eliminating corruption in customs and logistics infrastructure development for the conquest of foreign markets. Create a favorable investment atmosphere in the agricultural sector in order to

attract long-term investment by simplification of the access to the bank loans and resources of international financial organizations.

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