

«Prospects for the development of modern science and practice»

STATE AND PROSPECTS OF EXPORT DEVELOPMENT OF AGRICULTURAL SECTOR OF THE ECONOMY OF UKRAINE

Zakharova Natalia,

PhD, Associate Professor,

Dmytro Motornyi Tavria State Agrotechnological University

nata-zakharova@ukr.net

Agriculture plays an important role in Ukraine's economy, as evidenced by the industry's significant share of Ukraine's GDP, which increased to 10,2%. The modern development of agricultural production in Ukraine is primarily due to the successful geographical location, favorable natural and climatic conditions and the presence of significant amounts of chernozem. These soils occupy 8,7% of world and 30% of European chernozem reserves, and are a major factor in crop production. With a total land area of 60,35 million hectares, agricultural land, including arable land, orchards, vineyards, hayfields and pastures, accounts for 70,8%. 2,94 million people work in agricultural production, which is 18% of the total employed population of Ukraine. The number of legal entities working in agriculture is about 68 thousand units. The share of the agricultural sector in the volume of fixed assets is 4,4%.

The development of agricultural production is the basis of food security. The latter is global in nature and is considered a key issue in many countries around the world, as it is an important aspect of their socio-economic development and one of the components of economic and national security. The state forms food policy and creates conditions for its implementation, primarily through its own production on the basis of sustainable operation and development of agriculture. This primarily concerns the production of food products and their distribution, food exports and imports, food consumption, etc. [1, p.37-38].

In the context of globalization and international integration, the transformation of international economic relations, exports of Ukrainian goods increased and in 2019 reached 50,06 billion dollars USA. (compared to the previous year increased by 5,7%). At the same time, imports of goods from outside the country are growing, reaching 60,78 billion USA dollars (compared to the previous year increased by 6,4%). As a result, a negative balance of 10,72 billion dollars USA was formed. Agricultural producers make a significant contribution to Ukraine's export flows, as the share of agricultural products in the structure of exports is 44,3%. The share of products of other industries in exports is much lower: base metals – 20,5%, mineral products – 9,7%, machinery and equipment – 8,9%, chemical products – 3,9%, wood and wood products – 2,8%, others – 9,9%. The main trading partners to which products are exported are the EU countries (40,2%), China (7,2%), Russia (6,5%), Turkey (5,2%), Egypt (4,5%).), India (4,0%) [2].

Exports of agricultural and food products increased in 2019 to 22,2 billion dollars USA, which is 19% more than in the previous year. The top 5 countries that imported the most Ukrainian agricultural products during the reporting period included China (10,2%), Egypt (10,1%), Spain and the Netherlands (8,0% each), and Turkey (6,6%). The export potential of the industry is provided by the growth of production in crop production. It is the supply of crop products in the commodity structure of agricultural exports that grew the most in 2019 - by 31%, or 3 billion dollars USA. More than 70% of Ukrainian agricultural exports are formed by such commodity groups as cereals, oilseeds, sunflower oil, corn. Ukraine is ahead of Canada, Argentina and Brazil and ranked third among the largest exporters of grain (after the United States and the European Union). According to experts, these products will continue to dominate the structure of Ukrainian exports, and the main markets will be Russia, the CIS countries, the Middle East and North Africa.

On the other hand, one cannot ignore the fact that in 2019 the import of agricultural products increased to 5,7 billion dollars USA, which is 14% more than the previous year. In the commodity structure of imports of agricultural products to Ukraine, purchases of finished products increased by 279,4 million dollars USA (by

12%) due to the purchase of tobacco and bakery products. Imports of crop products also increased by 265,9 million dollars (17%) due to potatoes and citrus. Imports of livestock products increased by 153,5 million dollars USA (17%) through the purchase of cheese, as well as frozen and fresh (chilled) fish [2].

However, the export potential of agriculture is not fully used. The main factors holding it back are the insufficient integration of agricultural products into the world market, the unregulated export and import policy of the state and the lack of support for the activity of producers in the foreign markets. In addition, the decline in world prices for agricultural products for several years in a row, requires domestic agricultural producers to increase the level of competitiveness of products, primarily by improving its quality. To address these issues, Ukraine has adopted a number of regulations, including the Strategy for the Development of Exports of Agriculture, Food and Processing Industry of Ukraine for the period up to 2026, approved by the Cabinet of Ministers of Ukraine on 10.07.2019 №558-r. According to this document, the main challenges for the further development of the agro-industrial sector of Ukraine in the context of increasing exports of agricultural products, food and processing industries are:

- adaptation to changes in agroclimatic conditions;
- stimulating supply (increasing production) in conditions of limited domestic demand;
- the need to guarantee product safety (sanitary and phytosanitary measures, development of the state control system);
- transformation of the structure of exports towards increasing the share of processed products;
- the need to improve conditions for access to foreign markets for domestic exporters;
- the need to diversify the commodity positions of exports of agricultural products, food and processing industries (including organic products) [3].

The results of the implementation of this Strategy should be:

- formation of an effective system of tools for assessing the export potential and potential attractiveness of markets for the main types of agricultural products, food and processing industries;

- establishment of constant interaction of the Ministry of Agrarian Policy with branch associations on the issues of priorities of development of trade relations of Ukraine in the field of agriculture, food and processing industry;

- adequate level of support for domestic exporters of agricultural products and products of food and processing industry both inside the country and abroad;

- harmonization of domestic legislation in terms of sanitary and phytosanitary measures with European norms, standards and rules;

- change in the ratio between raw materials, primary processing products and finished products in the total volume of exported agricultural products, food and processed products from 55/34/11 to 39/40/21 at the end of 2026;

- opening at the end of 2026 access to the markets of 28 EU countries, Turkey, China, India, Egypt, Saudi Arabia, Canada, the United Arab Emirates, the United States, Israel, Belarus, Georgia, Moldova, Japan, Indonesia, Thailand Bangladesh, Lebanon, the Philippines, Nigeria and Switzerland in accordance with the approved plan for trade missions to these countries;

- increase in exports of agricultural products, food and processing industry during the implementation of the Strategy by 17% [3].

Given the existing potential of the agricultural sector, the state's priority should be a balanced policy to support agricultural producers, which will promote the development of the national food market and ensure food security of the population on the one hand, and provide opportunities to expand exports and foreign exchange.

References

1. Iatsukh O., Demchenko I., Zakharova N., Tsap V., 2018, Agricultural development of Ukraine as the basis for ensure its food security, Technology audit and production reserves, Vol. 2/5(40), p.37-44.

2. Official site of the State Statistics Service of Ukraine, URL <http://www.ukrstat.gov.ua>.

3. Strategy for the development of exports of agricultural products, food and processing industry of Ukraine for the period up to 2026, Resolution of the Cabinet of Ministers of Ukraine of 10.07.2019 №558-p., URL <https://zakon.rada.gov.ua/laws/show/588-2019-%D1%80>.