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AGRICULTURAL DEVELOPMENT OF UKRAINE AS THE BASIS FOR ENSURE ITS FOOD SECURITY

Об'єктом дослідження є сільське господарство України в контексті забезпечення її продовольчої безпеки. Зважаючи на актуальність проблеми зростаючого населення та пошуку власного місця в глобальній світовій економіці, Україна представляє сільське господарство в якості основи експортного потенціалу та рушійної сили подальшого розвитку.

Одним з найбільш проблемних місць залишається неоднорідність суб'єктів господарювання, що діють в галузі. Сільськогосподарські підприємства характеризуються різним значенням активів та сільськогосподарських площ. Проте практично для всіх характерна проблема складного доступу до фінансових ресурсів. В свою чергу, така ситуація знижує ефективність галузі. До того ж скасування більшості програм прямої підтримки аграрних товаровиробників та зменшення дії механізмів опосередкованої державної підтримки спричиняє додаткову загрозу продовольчій безпеці країни.

В ході дослідження використовувалися загальнонаукові та спеціальні методи дослідження. Зокрема, метод спостереження, абстрактного переосмислення та статистичний аналіз дозволив виявити основні закономірності та тенденції розвитку сільськогосподарського сектору економіки України. В свою чергу, графічний метод дав змогу наглядно представити одержані результати.

Отримано якісну характеристику взаємозв'язку сільськогосподарського сектору економіки та продовольчої безпеки країни. Це охоплює безпосередню зацікавленість уряду, що несе відповідальність за стратегічний розвиток країни. Продовольча безпека формується внаслідок прибуткової діяльності сільськогосподарських суб'єктів та дії прямих чи опосередкованих заходів державної підтримки. Останні дозволяють уникнути численні загрози господарювання, типові для підприємств галузі. Водночас варто зауважити, що домогосподарства уявляють значний потенціал для формування продовольчої безпеки та самозабезпеченості.

Завдяки поєднанню підприємницької ініціативи та державної підтримки забезпечується можливість сталого розвитку сектору сільського господарства. Наслідком цього стане реалізація можливостей суб'єктів галузі, зменшення ризиків господарювання, зміцнення експортного потенціалу України та забезпечення її продовольчої безпеки.

Ключові слова: продовольча безпека, сільське господарство, сільськогосподарський виробник, державна підтримка, розвиток цін.

1. Introduction

Agriculture plays a crucial role in the economy of Ukraine and is the basis of food security of the country. Food security spreads internationally and is considered as key issue in many countries because it is an important aspect of their social and economic development and one of the constituent elements of the economic and national security. This concerns the production of food products and their distribution, import-export of food, food consumption and so on. Food security can be fully guaranteed only by the state. It foresees a number of legislative and legal documents, including the Constitution of Ukraine states that «everyone has the right to adequate standard of living for himself and his family, including adequate food, clothing and housing» [1]. In addition, «everyone is guaranteed the right to free access to information ... about the quality of food» [1].

The state also forms food policy and creates conditions for its implementation, primarily through its own production through sustainable operation and development of agriculture. Modern development of agricultural production in Ukraine is primarily due to favorable geographical

location, favorable climatic conditions and the presence of large amounts of humus. These soils occupy 8.7 % of global and 30 % of European reserves of black earth and are a major factor in crop production. Agricultural lands, including farmland, orchards, vineyards, meadows and pastures account for 70.8 % with a total land area of 60.35 million hectares. 2.87 million person representing 17.5 % of the employed population in Ukraine is working in agricultural production. The share of agricultural sector in the total assets of enterprises Ukraine is 8.5 %, in the volume of fixed assets – 4 %. Given existing potential, the priority of the state should be a balanced policy to support agricultural producers to facilitate the development of national food market and ensure food security of the population.

So, it is actual to analyze the state of development of agriculture and determine the threats to food security of the country.

2. The object of research and its technological audit

The object of research is agrarian sector of Ukraine – a combination of subjects differing in size and size of

activities. In this case, it becomes necessary to analyze the composition of agricultural commodity producers by the number of agricultural areas. Particular attention deserves attention to the study of the share of enterprises in the agroindustrial sector in the country's gross domestic income. The development of agrarian entrepreneurship is impossible without the formation of income and profits. Given the stable development of agrarian enterprises, provision of food security of the country is possible.

One of the most problematic places is that efficiency of the agrarian sector depends on the level of complexity of access to financial resources and state support. Instead, financial instability forces funding to be restrained and weaken the instruments of indirect support to the sector. This makes the work of agrarian enterprises less effective, reduces food security of the country.

3. The aim and objectives of research

The aim of research is review of the current state of development of the agrarian sector of Ukraine's economy in the context of ensuring its food security.

To achieve this aim, it is necessary to solve the following objectives:

1. To reveal the importance of the branch of agricultural production in the Ukrainian economy.
2. To give priority to the strategic development of agriculture taking into account the need for food security of Ukraine.

4. Research of existing solutions of the problem

Food security is the people's right to define their own policies and strategies for the sustainable production, distribution and consumption of food that guarantees the right to food for the entire population, on the basis of small and medium-sized production, respecting their own cultures and the diversity of peasant, fishing and indigenous forms of agricultural production, marketing and management of rural areas, in which women play a fundamental role [2]. Food security is considered in two aspects: food safety and human of the country (self-sufficiency) [3–6]. Food security is characterized by human-based food consumption – namely, consumption adequacy particular type of product that is part of the consumer basket and the energy value of the daily diet. Per 1 person per year in most major food groups of actual consumption in recent years has been lower than the rational standards set by the Ministry of Health of Ukraine, except bread, bakery products and potatoes. The most vulnerable positions in terms of dependence on imports are fish and fish products, vegetable oil of all types, where the share of imports exceeds the 30 % threshold criterion for this indicator.

Thus, due to violations of volumes and proportions of social production both sectoral and regional levels while the state is unable to guarantee the physical and economic availability of food for the majority of the population in the amounts recommended by the Ministry of Health of Ukraine [7]. At the same livestock industry has suffered much decline, which affected the level of consumption of food of animal origin and necessitates the import of meat and milk. This eventually may threaten food security of Ukraine.

On the other hand, poor countries must build self-sufficiency in order to be able engage in the global market place [8]. Multiple strategies are required to address the issue of food production and food security. Over the recent years there has been growing interest to strengthen and intensify local food production in order to mitigate the adverse effect of global food shocks and food price volatilities. Consequently, there is much attention towards home gardens as a strategy to enhance household food security and nutrition. Home gardens are an integral part of local food systems and the agricultural landscape of developing countries all over the world and have endured the test of time [9]. The food insecurity is a gigantic problem in front of the world population [10].

Describing the volume of Ukrainian food production should be noted that the level of self-sufficiency in Ukraine in 2015 amounted to 238.9 % in grain, vegetables and melons 100.3 %, potatoes – 96.3 %, fruit, berries and grapes – 92.3 %, milk and dairy products – 105 %, meat and meat products – 106.2 %, eggs – 113.9 %. Normative documents in Ukraine state that food security should be provided by major groups of domestic agricultural products at least 80 % of the demand of the domestic market. The results suggest firstly, the high potential for agricultural production Ukraine, and secondly – there is the issue of formation of effective demand for goods sector among domestic consumers, which depends on the standard of living of the population. About 50 % of the funds of the Ukrainian household budget have been spent on food consumption, while in developed countries this figure ranges from 10–12 %. Given the low purchasing power agricultural producers essentially subsidize consumers and therefore unable to provide re-production output.

Thus, the study of agricultural production in the current conditions and the isolation of the main directions of its development is a prerequisite for forming a system of food security of Ukraine.

There is a need to form a collaborative group at a high regulatory level that shares authority among the community food security activist sector, agriculture sector, and health sector. This level of collaboration could work on a broad scope of food-related activities and mitigate problems in early stages [11–13].

5. Methods of research

The methodological basis of the study is general scientific and special methods and techniques, including:

- abstract logical for theoretical generalization scientifically scientists forming on research findings and suggestions;
- analysis and synthesis to identify causal relationships and patterns that reflect trends in business development in the agricultural sector;
- comparative analysis to identify changes and comparison of various categories of households, types of business entity, sectoral indices of agricultural production;
- economic statistics to establish dynamic patterns in the economic performance of the country's agriculture;
- graphic visual images for information on relationships, dynamics of development and efficiency of enterprises of the agricultural sector and others.

6. Research results

The importance of research of agriculture's functioning is primarily determined by its place in the national economy. Recent years have seen a significant increase in the share of agriculture in the creation of gross domestic product of Ukraine. Thus, the rate increased from 7.4 % in 2010 to 12.1 % in 2015, indicating the important role of industry in shaping the economic growth of the country. In the structure of GDP industry is second only to activities dedicated to the category of «wholesale and retail trade and repair of motor vehicles and motorcycles», which holds 13.8 % of its size. However, given increasing rates of increase of producing gross value added in agriculture, there is an annual increase in the share of gross value added of agriculture in the total amount of which increased from 8.4 % in 2010 to 14.0 % in 2015 (Fig. 1). This change in the share of agriculture in added total value of the country is directly related to changes in the volume of gross agricultural output.

It is also important that agriculture not only has a significant share in GDP, creation gross value added, balance of payments and foreign trade and the labor market, but also an active consumer of goods and services to other industries indirectly creates these jobs. Thus, it can significantly affect the development of other sectors and macroeconomic stability of the country. Farmers ensure food security and make a significant contribution to export trade flows in Ukraine. Thus, in 2010, exports of agricultural and food products increased by 46.6 % in 2015 and amounted to 14.5631 billion USD, representing 38.2 % of total exports. The export potential of the industry is ensured by the growth of crop production. Over 70 % of Ukrainian agricultural exports from three commodity groups – cereals, oilseeds and sunflower oil [14]. The share of cereals in 2015 was the highest and was 41.6 % and exports industry. Thus, Ukraine ahead of Canada, Argentina and Brazil and ranked third among the largest exporters of grain (after the US and the European Union). According to experts, these products continue to dominate the structure of Ukrainian exports and the main markets of its sales are Russia, CIS, Middle East and North Africa. However, the export potential of agriculture is not fully used. The main factors constraining it is the lack of integration of agricultural products on the world

market, unregulated export-import policy and the lack of support activities industry producers in foreign markets. In addition, the decline in world prices for agricultural products for several years, demands from domestic agricultural producers increase of level of product competitiveness, primarily by improving its quality. On the other hand in 2015 the tendency to a significant reduction in imports, which in agricultural products decreased by 42 % or 2.6 billion USD. The main products of this group the largest decline observed in fruits and nuts – 42 %, fish – by 51 %, cereals – by 58 % [15].

In Ukraine the number of active farms as of November 1, 2015 was 51,926 units, 14.9 % of them operate in the form of business companies, 7 % – private enterprises, 1.1 % – production cooperatives, 74.8 % – farms, 0.5 % – state enterprises, 1.7 % – other forms (Table 1). The total area of agricultural land in use is 19,970.9 hectares, which is involved in 84.1 % of all enterprises. Based on calculations revealed that most of these enterprises (23.8 %) of agricultural land has an area of 20–50 hectares in size, and the vast majority of undertakings in agriculture (83 %) of agricultural land has an area of 500 hectares. This indicates a large number of small-scale productions. At the same time the largest area of agricultural land is concentrated in the two groups of companies: first, having to use more than 10,000 hectares and accounting for 17.7 % of total fund areas; second, with the use of the area from 1000 to 2000 hectares and accounting for 17.6 % of the total.

Studies have shown quite significant amounts of land under the control of agricultural holdings. The largest in Ukraine holdings are UkrLandFarming (Kyiv) with the size of the land bank – 653 thousand hectares, «Ahroprosperis» group (Kyiv) (main investor NCHCapital) with the size of the land bank in Ukraine – 430 thousand hectares, Kernel groups with land bank of 390 thousand hectares, Mironovsky Khleboprodukt (Kyiv) with a land bank of 380 thousand hectares, Ukrainian Agrarian Investments (principal owner ONEXIM Group) with land bank of 261 thousand ha. According to the Association of Farmers and owners, more than 10 million ha (25 % of agricultural land Ukraine) are leased by 100 companies with foreign capital [16]. Powerful financial resources and favorable market conditions allowed them to become one of the most influential participants' agricultural market of Ukraine and the world.

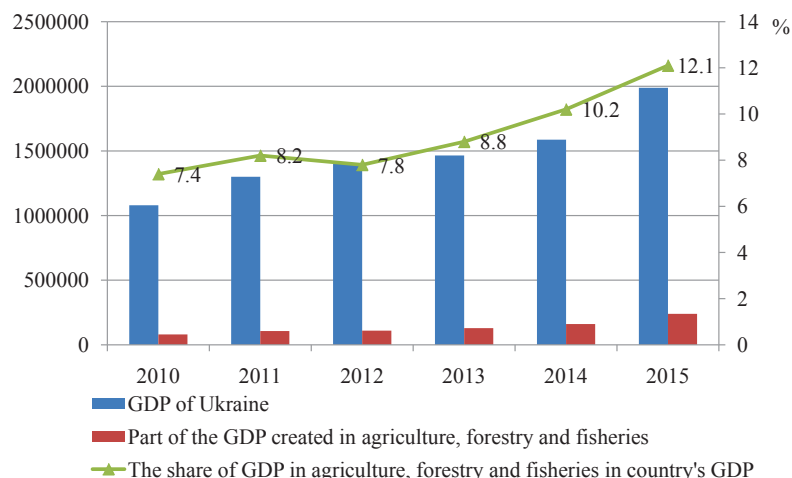


Fig. 1. Dynamics of Ukraine's GDP and its part created in agriculture, forestry and fisheries (developed by authors based on [14])

Table 1

Distribution of existing farms by size of agricultural land in 2015

Range of areas	Number of companies		Agricultural land area	
	items	%	thousand ha	%
Before 5.0	4374	8.4	14.4	0.1
5.1–10.0	3253	6.3	26.2	0.1
10.1–20.0	4406	8.5	69.1	0.3
20.1–50.0	12346	23.8	469.9	2.4
50.1–100.0	4916	9.5	358.1	1.8
100.1–500.0	6971	13.4	1706.3	8.5
500.1–1000.0	2472	4.8	1761.4	8.8
1000.1–2000.0	2446	4.7	3510.3	17.6
2000.1–3000.0	1099	2.1	2659.1	13.3
3000.1–4000.0	517	1.0	1789.7	9.0
4000.1–5000.0	282	0.5	1259.8	6.3
5000.1–7000.0	281	0.5	1646.4	8.2
7000.1–10000.0	141	0.3	1172.3	5.9
More 10000.0	161	0.3	3527.9	17.7
Companies that have farmland	43665	84.1	19970.9	100.0
Companies that do not have farmland	8261	15.9	–	–

Note: developed by authors based on [14].

Regarding small and medium businesses situation became threatening in recent years. Thus, since 2010, more than 10,000 farms stopped their activity, of which the vast majority is small and medium-sized farms. In the circumstances, such enterprises are actively seeking opportunities for further development, including through the isolation of their own market niches. Let's note that the agricultural market of Ukraine is characterized by poorly developed market infrastructure. Officially in the country there are 35 accredited commodity exchanges, 247 agricultural trading houses, 1627 wholesale produce market, but they are mostly formal, and small producers sell their products to other resellers that are often monopolized all markets and derive a significant portion of the profits. A similar situation exists in the market of agricultural products, wherein processing businesses set prices, insufficient to ensure the profitable management of farmers. Therefore, support for small and medium agricultural producers, in the opinion of many experts, has become a key public

policy regulating relations in the agricultural sector, as small and medium enterprises, but their main functions play an important role in rural development.

The main parameters of agricultural production of the country is its volume, measured through the amount of gross production, which is a monetary expression of all produced over a period of primary agricultural products and livestock, whether they are consumed in most households or sold abroad. In general, the average gross production in 2015 to 2000 grew by 63.9 %, including crop production – by 81.4 % and livestock – 22.1 % (Fig. 2). The volume of agricultural production in all categories of households at constant prices in 2000 amounted to 239.5 billion UAH. However, despite these positive developments in terms of agricultural production per one inhabitant of Ukraine ranks last among European countries.

Current trends in agricultural production indicate that the farms have assumed the leading role in its development. Thus, in 2000 agricultural enterprises produced 38.4 % of gross agricultural production, including 49.3 % of crop production and only 21 % of livestock products, in 2015 the share of this category of households increased to 55.1 % of rural economy, including 59.1 % of plant and animal products 44.9 %.

In the structure of agricultural production stable growth trend in the share of crop production in total agricultural production, which increased from 61.5 % in 2000 to 70.3 % in 2015, is available. The largest share of production provides grains and legumes – 26.5 %, industrial crops – 21.0 %, potatoes, vegetables and melons food crops – 18.1 %.

The most important condition for the further development of agriculture is provision of increasing its efficiency. At the same time, modern agricultural enterprises operating conditions characterized by significant volatility and risk management. Agriculture is a complex socio-economic, versatile system. Therefore, the efficacy manufacturing industry is to use a systematic approach based on the theory of reproduction. Let's note that production results can be presented in different forms: cost, natural, social, complicating the assessment process. Complex indicators characterizing the efficiency of agricultural production are typically formed by the ratio obtained effect per unit of resources or production costs.

However, a comprehensive assessment of the efficiency of agricultural production used indicators of profitability, accumulating impact of many internal and external factors that cause results management. Describing the profitability of agricultural enterprises, mention her unstable level against the background of the growing share of companies, that received net profit to 88.9 % (Fig. 3).

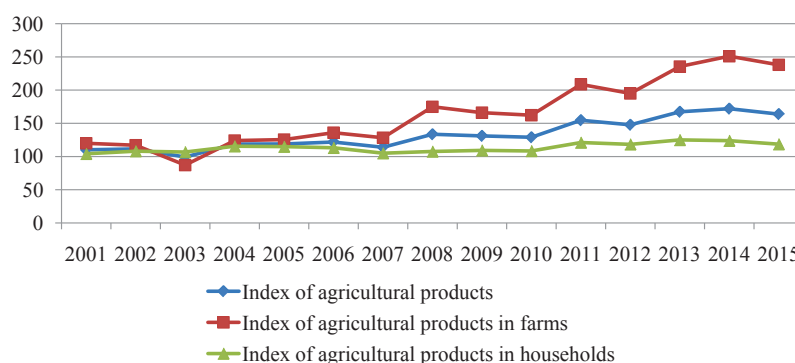


Fig. 2. Indexes of agricultural production compared to 2000 (developed by authors based on [14])

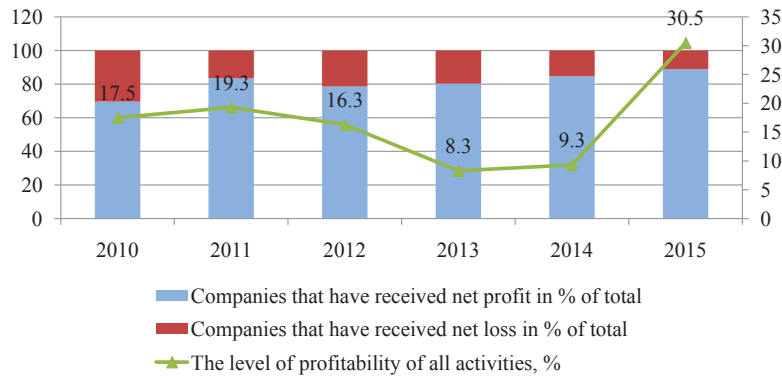


Fig. 3. Dynamics profitability of agricultural enterprises and their structure depending on the availability of net profit (developed by authors based on [14])

An additional indicator reflects the impact of the main activities of enterprises agricultural sector is the profitability of operations that a few points above the profitability of all activities with the trends and changes in the latter. At the same time operating profitability increased from 24.5 % in 2010 to 43.1 % in 2015.

Describing the profitability of certain agricultural products it should be noted that the highest observed level of production of sunflower and grain and leguminous crops for which the rate in 2015 reached 78.4 % and 42.6 % respectively. With increasing annual production volumes of these products, producers often violate basic fundamentals driving agricultural activities, especially with regard to rotation. At the same time there is intense depletion of agricultural lands, which further negatively affect the performance of agricultural enterprises and may threaten food security.

Regarding livestock production should be noted that the production of vast parts of it is unprofitable other than chicken eggs and milk, profitability which in 2015 reached respectively 60.9 % and 12.7 %.

Particularly critical situation with the production of cattle meat, as opposed to poultry and pig production cycle which lasts from several months to a year turnover for growing cattle for meat lasts 1.5–2 years.

Confirmation of the negative trends that have emerged in livestock is a significant reduction in the number of animals.

Thus, the number of cattle in 2015 compared to 2010 decreased by 744.1 thousand heads (16.6 %), pigs – by

881.4 thousand heads (11.1 %), sheep and goats – in 406.4 thousand heads (23.5 %). This led to a growing shortage of food of animal origin, and thus to increase their prices, which reduced the level of accessibility to their population, and consequently consumption.

It is important to note that these changes occurred against the backdrop of a massive increase in the cost of production of agricultural products. Their total amount on agriculture for the period 2010–2015 increased by 2.8 times. Certainly destabilizing factor in this respect was the collapse of the hryvnia. Devaluation of hryvnia in 2014 amounted to more than 100 %, was the reason why a lot of factors. Such a sharp decrease in the national currency was the largest in the history of Ukraine and the average official exchange rate of 100 USD in 2015 was 2,184.47 UAH. Some experts believe that this phenomenon was caused by the political crisis that still persists in Ukraine.

However, it can't be argued clearly, since both of the hryvnia devalued and other foreign currencies. Therefore, along with political, on this momentum influenced by negative economic and financial trends, foreign economic activity of coagulation and others.

Statistic of higher production costs in agricultural sector is confirmed by an indicator of total costs index. According to State Statistics Service of Ukraine, the index level of aggregate expenditure on agricultural production in 2015 reached 150.9 %, including crop production – 146.7 %, livestock – 159.8 % and price index of sales of agricultural enterprises – 154.5 (Fig. 4).

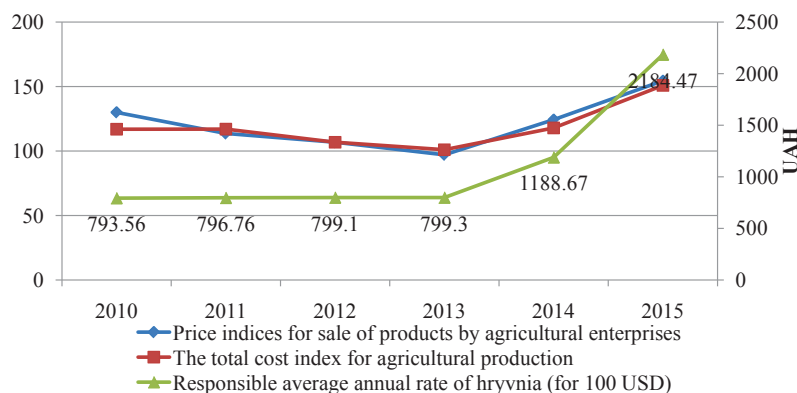


Fig. 4. Dynamics of sales price index of agricultural enterprises, the aggregate index of production costs and the average exchange rate (developed by authors based on [14])

One of the negative consequences of this situation is the impact of inflation on the profitability of agricultural production. Prevent its growth and insufficient logistics majority of agricultural enterprises, especially farmers, which in turn is caused by a lack of equity and disparity of prices for the products of industry and agriculture, which since 1990 has reached eight times the size. In addition, the gap between the period of revenue from sales and subsequent investment in crop growth with substantial costs for its implementation, making it impossible to finance other activities, investment and innovation. Such specificity reproduction process of agricultural production requires the use of credit even to form the current assets as to ensure the continuity of the current production cycle must accumulate significant reserves of material resources. As of November 2015, 1,938 agricultural enterprises have attracted loans totalling 13.8 billion UAH, that is 30.2 % more than the corresponding date of the previous year, including more than 9.6 billion UAH of short, 2.5 billion UAH – medium and 1.6 billion UAH – long-term loans. The most common terms of attracting credit resources is 6–9 months to cover temporary needs for crop and almost a half years – in livestock. The main problem of credit availability is low creditworthiness of most agricultural enterprises and the lack of the necessary collateral for bank; the high cost of bank loans; the complexity of their procedures.

Thus, the problem of financial provision of expanded reproduction at individual enterprises remains the key today and lies not in the lack of financial resources in general, and in the possibilities of access to and forms and methods of their distribution across sectors and economic entities. Based on the above, the objective needs to is state support of agriculture.

This is confirmed by the realities of doing agribusiness in advanced economies. For example, the total support of the agricultural sector in the EU is almost 60 billion EUR annually, which averages about 526 euro per 1 hectare. In Ukraine this indicator balances within 30–40 euro per 1 ha. In Japan, 50 % of gross agricultural production compensates for the state through various programs of state support; Turkey – 28 %; Canada – 18 %; US – 7 % more. Price supports agriculture in Europe up to 91 % of the total amount of funding, the US – 48 %, Canada – 53 % [16].

The level of support for agricultural production is primarily characterized by industry share in the costs of the state budget of Ukraine. Each year, funding declined and in 2015 reached the minimum value over the past decade to 0.37 %. At the same time agricultural support was allocated 75.8 % of allocated funds and directly in support of production – 63 %. Even compared with the previous year the total spending to support industry decreased by more than half, indicating that the actual suspension of its implementation. Meanwhile, from January 1, 2017 to Ukraine abolished one of the most effective mechanisms to support farmers – a special VAT regime for agricultural enterprises, which operated since 1998. It threatens the loss of working capital, the fall in output, and, respectively, and exports, reduced economic efficiency and so on. As a result there is a significant risk of decline in Ukraine's food security.

Thus, changing tax regimes requires settlement mechanisms of budget supporting of agricultural sector.

7. SWOT analysis of research results

Strengths:

- Ukraine has a significant amount of land resources suitable for agricultural production, including about 60 % of the arable land occupy the soils of the black earth.
- Favorable natural and climatic conditions.
- Available labor potential for the development of agrarian production.
- Favorable geographic location of the country in the center of Europe.
- Profitability of production of the main types of agricultural products, especially crop production.

Weaknesses:

- Lack of clear goals and strategies for development of the agrarian sector.
- Insufficient level of innovation and technical development of the industry.
- High energy and material resources of agricultural production.
- The material and technical base of many enterprises of the industry is outdated.
- Disparity in prices for agricultural products and industry.
- Low product quality.
- Small-scale agricultural production.
- Lack of appropriate conditions for recruiting industry professionals to work in rural areas.
- Insufficient level of state support to the industry.

Opportunities:

- Possibilities of increasing the production of agricultural products, including for further processing on the territory of Ukraine.
- Growing demand for agricultural products, especially cereals, in the world.
- Development of organic production without the use of pesticides, mineral fertilizers and other agrochemicals.
- The interest of potential investors in investing in the agrarian sector of the economy.
- Distributed financial and credit network.
- Strengthening European integration processes.

Threats:

- The threat is the fall in soil fertility due to crop rotation and ungrounded agro-chemical (mineral fertilizers) and pesticide loading.
- Variability of climatic conditions.
- Low level of competitiveness of products of the agrarian sector in general on the world market.
- Weak development of market infrastructure.
- Slow introduction of international standards and food quality systems.
- Non-regulation by the state of foreign economic activity, which leads to uncontrolled export and import of agri-food products.
- Insufficiently favorable for development of the branch tax and credit policy.
- Unstable political situation in Ukraine.

SWOT analysis provides an opportunity to argue that relying on the strengths and opportunities of today's agricultural development, while taking into account the weaknesses and neutralizing possible threats, Ukraine can become a fairly serious competitor in the international agricultural market and increase its export the potential of sales of

the industry. However, the issue of ensuring their own food security should be a priority in terms of opportunities for expanding Ukraine's activities in foreign markets. It should take into account the possibility of implementing not only agricultural products as raw materials, but also the final product after the processing, which will strengthen the position of the country in the framework of foreign economic activity.

In general, in order to better exploit the potential of agriculture is necessary to improve the regulatory framework of the industry, to create equal conditions for the operation of various types of business entity; ensure stable economic conditions for the reproduction processes in agriculture and development of agricultural market to complete land reform, to promote socio-economic development of rural areas through the empowerment of rural communities, to form an effective scientific and technological, budgetary, tax, investment, financial and credit policy.

8. Conclusions

1. Agriculture is one of the backbone industries of national economy of Ukraine, further development is based on qualitative change has become the key to food security. Modern agricultural policy is unsystematic character, contains many contradictions and inconsistencies, focusing on specific sectors or areas, rather than on creating a level playing field for manufacturers and forming a coherent strategy for further development of agriculture that would be enabled to ensure its effective functioning. Among the improvements in this issue was the adoption by the Cabinet of Ministers of Ukraine Strategy of development of the agricultural sector for the period until 2020, which provides for the creation of organizational and economic conditions for the effective development of the agricultural sector by ensuring the unity of economic, social and environmental interests of society for sustainable maintenance of the population quality, safe, affordable domestic agricultural products and agricultural raw materials industry.

2. The strategic objectives of the agricultural sector include:

- guaranteeing food security;
- ensuring predictability and long-term sustainability of the agricultural sector through the development of various forms;
- promoting the development of rural areas and the formation of the middle class in rural areas by providing rural employment and increasing incomes;
- improving the investment attractiveness of branches of the agricultural sector and financial security of agricultural enterprises, improving the competitiveness of domestic agricultural products, efficiency sectors, ensuring market stability;
- increasing the participation of Ukraine in ensuring the world market in agricultural products;
- sustainable use of agricultural land and reduce the anthropogenic impact of the agricultural sector on the environment.

Ensuring food security is proposed to be achieved by:

- forming strategic food stocks state;
- increased production of Ukrainian agricultural production to meet the requirements to ensure food security and the feasibility of its export potential;

- quality assurance and food safety compliance requirements for their production as a result of improving the system of certification and standardization of production;
- introduction to all the processing and food industry quality management systems and food safety;
- creating a network of laboratories for determining the quality of agricultural products;
- delegation of independent union based on mutual responsibility of the authority regarding the monitoring of compliance of agricultural products with national standards;
- establishing a system of logistics, slaughter points livestock and poultry, other components of market infrastructure for subsistence and medium-sized enterprises;
- monitoring and forecasting of agricultural markets, responding to market risks [15, 16].

It is also important to improve approaches to assessing food security. Legal documents contain only Ukraine quantitative indicators, while the quality of the product is almost ignored. At the same time, the issue of quality of modern agricultural production appears quite sharply. Among a number of problematic issues should highlight the fact that Ukraine is going mostly wheat 2nd and 3rd class wheat mostly soft varieties, in the structure of meat poultry production is dominate.

Therefore, we consider it appropriate set of indicators to supplement food security indicators of quality, safety and so on.

In addition, in order to highlight new approaches to reform and formation of an effective policy in the agrarian sector the Ministry of Agrarian Policy and Food of Ukraine jointly with foreign experts of the European Union, World Bank, EBRD, USAID, the Organization for Economic Cooperation and Development, the European Investment Bank and FAO developed draft a single comprehensive strategy to develop agriculture and rural areas in 2015–2020 years. The strategy provides for the implementation of reforms in the ten main strategic priorities:

- business climate and combating corruption, creating a stable legal system in line with international and European standards;
 - land reform; institutional reform Agriculture Ministry, state enterprises, institutions and organizations within its sphere of administration;
 - food security;
 - taxation;
 - development of agri-food value chain;
 - rural development – the revival of Ukrainian villages; access to international markets, trade policy and export promotion;
 - agricultural science, education, innovation and advisory services; proper budgeting, monitoring and cooperation; environmental protection and management of natural resources, including forestry and fisheries [16].
- Agreeing with the selected priorities does not support directions concerning the anti-corruption institutional reforms Agriculture Ministry. Of course, these moments are the cornerstone of the current situation in the economy as a whole, and particularly in the agricultural sector, but they are more factors that cause the need for agricultural reform for its future development.

Acknowledgement

This paper was supported by Tavria State Agrotechnological University scientific program No. 0116U002742 «Develop scientific and methodological foundations of financial basis for socio-economic development of rural areas in terms of increasing the autonomy of regions».

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