

PRINCIPLES OF ENSURING AGRICULTURAL BUSINESS DEVELOPMENT IN UKRAINE

In today's world globalization processes, the most countries of the world position themselves as open economies, the dynamics of which depends on the development of effective foreign economic relations of economic entities, in particular agrarian business. Exports in the open economy are an instrument for ensuring the expansion of the market space for the development of industries and industries ready for intense international competition. Given the natural resource, social and economic, national and cultural background, one can state that for Ukraine one of these industries is an agrarian business that is capable of providing significant currency and investment revenues for the expanded reproduction of the national economy and to create conditions for integration into the world economy as an equal and strategically important partner.

The development of the agrarian sector of Ukraine's economy during 1991–2018 has undergone two main directions: the decline of livestock sectors, intensification of crop production and an increase in the export of agricultural products. Since the early 2000s, most agricultural enterprises are engaged in the growing crop production. The emphasis is placed on crops in this area that are export and investment attractive: wheat, barley, corn, sunflower, soybean, rape [5]. Favourable soil-climatic conditions, macroeconomic factors of production and demand for these products in the world are the general preconditions for this [1]. Due to this policy, there was a significant increase in the income of agrarian units, increased the stability of their financial situation and formed the prerequisites for further investing in the technical re-equipment of enterprises [2].

One of the most important aspects of the potential competitiveness of agriculture is the competitiveness of its resources and the study of potential opportunities allows us to determine the direction in the agricultural sector development strategy not only of this state but also of the whole region. The agrarian sector has its own specific features in the context of the natural, climatic, territorial, financial, material and production and national conditions of the country's development. Agrarian production in the territory of modern Ukraine is a traditional field of activity and is primarily due to the nature of the relationships of people in economic life, the type of tools and the direction of development of natural resources [3].

The effective development of the agrarian sector can be achieved at the organizational, economic, technological and financial and investment symbiosis of all units, since the basis of added value is formed at the expense of agricultural raw materials and products that are being processed for other industries. In Ukraine, the agrarian sector, in the current circumstances, is becoming a decisive component of the state's economy and plays an extremely important role in ensuring its economic and social stability. The agrarian sector needs careful attention to improving the development efficiency both in the short and long term of its development, as it is a socially important industry that produces food resources and provides food security.

There are main groups of producers of agricultural products in agriculture of Ukraine: agricultural enterprises, farms, households [2].

The agrarian sector is a special industry in the system of the national integral economy of Ukraine, because its development has a decisive influence on the standard of living of the people. The achieved level of competitiveness of the agrarian sector, as well as the prospects for its development in the conditions of global competition directly affect the living standards of the population, the cost of the consumer basket, the conditions and quality of reproduction of the labour force in the national economy. It is the agrarian sector that serves as an indicator of the general state of the economy, it has a leading place in addressing food issues, and the development and stability of the agrarian sector determine the normal functioning of the whole economy of the state and the welfare of its population. Today, the Ukrainian agrarian sector has a production potential that far exceeds the needs of the domestic market. It is a link that, on the one hand, can become the engine of the development of the national economy and its effective integration into the world economic space, and on the other hand, to contribute to the growth of incomes of the rural population, which accounts for more than one third of the entire population of the country.

The main direction of the new economic strategy for the agricultural sector development should comprise a complex of institutional reforms that would involve simultaneous and interconnected

transformations of basic institutional conditions of economic activity in the country – the system of relations between economic entities and guaranteeing the implementation of contractual obligations; the system of business relations with the state authorities including the authorities of administrative regulation of economic activity; the fiscal system; subjects of the financial sector of the economy, etc [4].

It is necessary the following for the development of the agrarian sector of Ukraine, expansion of markets and successful promotion of agrarian products to the world food markets [3]:

- focus on increasing the efficiency of production of traditional Ukrainian export products (grain crops, sunflower, livestock products) and increase the presence in promising sectors of the world food market in areas such as cannabis, sugar beet, flax, fruits and berries, with industrial their processing for sale abroad;

- to diversify the geographical structure of foreign trade in agricultural products (especially exports), while minimizing the dependence on individual countries on imports of certain types of agricultural products;

- to ensure, the balance of export and import of agricultural products at the state level, to achieve an increase in the surplus in foreign trade;

- gradually reorient the development of the agrarian sector's economy to increase export potential, with the condition of maintaining a balance between domestic and external demand for agricultural produce;

- to create an effective system of balance of interests of all subjects and participants of agricultural insurance with state support for the agrarian business, as well as to regulate the process of settlement of losses. In this case, the system created should ensure the effective implementation of insurance relations, including through the use of agricultural insurance instruments in the countries of the European Union.

Thus, the strengthening of globalization and integration processes actualizes the question of realization of agrarian potential. The current organizational and economic structure of the agrarian sector with its diversity of economic entities is outwardly similar to the agricultural system of the EU countries and still does not function as a coherent effective system, in the first place due to the failure to cover a significant part of the risks, although it can provide a rational growth in the production of quality food products.

References

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