

PROSPECTS OF AGRARIAN SECTOR DEVELOPMENT OF LVIV REGION, UKRAINE

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Abstract

Theoretical bases and methodical approaches to the study of the state of the agrarian sector of Lviv region are substantiated and the directions of its development for the future are determined. Some issues related to the development of the agrarian sector need further elaboration. It indicates the relevance and feasibility of this research. The purpose and tasks of the method of research of the state of the agrarian sector of the Lviv region are defined and perspective tendencies of development are outlined. Agrarian sector of Ukraine having a production potential that significantly exceeds the needs of the domestic market, will contribute to the development of the national economy and its effective integration into the world economy. It will also have a positive effect on the growth of income of the rural population employed in agriculture, and in turn will provide a positive effect on the development of other sectors of the national economy. All the results of the study are presented in the form of relevant conclusions.

Key words: agrarian sector, economic development, agro-industrial complex, economic efficiency, agricultural enterprises

INTRODUCTION

At the current stage of economic development, the agrarian sector is one of the most important components of the economy of Lviv region in particular and Ukraine in general. Therefore, determining the directions of its further development is impossible without a thorough analysis of its current state, organizational and economic mechanism, which will further assess and develop the principles of implementation of these strategic directions.

A comprehensive study of theoretical and practical aspects of the functioning of the agrarian sector of Lviv region and the strategic directions of its development are substantiated.

MATERIALS AND METHODS

The purpose of our research is to analyze the state of the agrarian sector of Lviv region and substantiate the perspective ways of its development. Based on this goal, the main task was to substantiate trends in the

functioning of the agrarian sector of Lviv region, as well as to establish the most important factors influencing it.

The issue of research of strategic directions of economic development of the agro-industrial complex and development of the mechanism of their realization has always been in sight of view of domestic economic science.

Theoretical and methodological and applied aspects of the study of strategic directions of economic development of the agrarian sector were in the sight of view of many domestic scientists such as Berezivskyy Z. P. and Berezivska O. Y. [2], Berezivskyy P. S. and Bryk G. V. [3], Gordiychuk A. I. [4], Luzan Yu. Ya. [5], Lupenko Yu. O., Sabluk P. T., Mesel-Veselyak V. Ya. and Fedorov M. M. [6], Malik M. Y. and Zayats V. M. [7], Prysazhnuk M. V., Zubets M. V., Sabluk P. T. and Mesel-Veselyak V. Ya. [8], Ulyanchenko O. V., Yevchuk L. A. and Gutorov I. V. [11].

RESULTS AND DISCUSSIONS

The agrarian sector of Ukraine, which is based on agriculture, is fundamental in the national

economy. It formulates the main principles of food, economic, energy and environmental security, and develops technologically interconnected sectors of the national economy.

Entering the world economic space, strengthening the processes of globalization and trade liberalization requires adaptation to ever-changing conditions and further improvement of agricultural policy.

Agriculture of Ukraine, having a production potential that significantly exceeds the needs of the domestic market, will contribute to the development of the national economy and its effective integration into the world economic space. It will also have a positive effect on the growth of income of the rural population engaged in agriculture, and in turn will provide a multiplier effect on the development of other sectors of the national economy.

Decreased real cash inflows and solvency of agricultural producers at relatively high interest rates on short-term loans, almost completely reduced production, suspended investment processes, disrupted the balance of fixed and current assets, accelerated almost complete destruction and depreciation of material and technical base. This led to a sharp decline in production and to the displacement of domestic and foreign food markets of its own agricultural producers.

Significant lack of money supply in the absence of quality control by the state over the activities of banks, rapid growth of credit indebtedness of agricultural enterprises for the inability to pay at least the minimum wage to agricultural workers, creates both socio-economic and political tension in society.

All future ways of economic development of agriculture should be aimed at creating an efficient, socially adapted agricultural sector of the economy, which should meet the needs of the internal market and ensure the main world positions. This will be ensured on the basis of multifaceted and priority support of agrarian enterprises whose owners live in rural areas. It means that they combine the right to land with work on it, and as a result personal economic interests with its social responsibility to the whole community.

The crisis, which affected all sectors of the economy, had an extremely severe impact on the development of agricultural production in Ukraine. The reduction in the gross output of agriculture is becoming threatening. Due to the deepening disparity in prices for industrial and agricultural products, agricultural production is becoming very unprofitable. The destructive processes of resource potential in agriculture are deepening. The artificially formed separation of the agrarian economy from the financial system becomes extremely threatening, which almost completely deprives the organizational and economic structures of adequate conditions for functioning. Most small agricultural enterprises, in fact, are on the verge of financial collapse [4; 7].

Given that the economic crisis in agriculture is largely due to macroeconomic reasons, it is impossible to overcome them without state support. This is not about state intervention in a competitive market, but about balanced state regulation of the market itself. This will help improve the functioning of the market, which will increase economic efficiency and increase the welfare of the population.

To ensure the creation of an effective market environment, it is necessary to create a fundamentally new, independent of subjective factors, production infrastructure that would help free the producer of agricultural products from its uncharacteristic functions of marketing and service.

It is also necessary to create on a scientifically sound basis wholesale markets for agricultural products, improve the system of wholesale trade and the practice of holding auctions, exhibitions and fairs to promote Ukrainian products.

Table 1 shows data of the dynamics of agricultural products by categories of farms in the Lviv region. The analysis shows that there was an increase in production of agricultural products, including crop and livestock products, in almost all categories of farms in Lviv region, which is extremely positive for the functioning of the agricultural sector as a whole.

Table 1. Dynamics of agricultural production by categories of farms in Lviv region (at constant prices, million UAH)

Index	2017	2018	2019	2019 in % to 2017
Farms of all categories				
Agricultural products	22,029.3	22,818.7	23,004.4	104.4
including: crop products	14,926.9	15,522.3	15,967.9	107.0
livestock products	7,102.4	7,296.4	7,036.5	99.1
Enterprises				
Agricultural products	10,200.5	11,103.0	11,063.3	108.5
including: crop products	7,800.0	8,405.4	8,480.6	108.7
livestock products	2,400.5	2,697.6	2,582.7	107.6
Households				
Agricultural products	11,828.8	11,715.7	11,941.1	101.0
including: crop products	7,126.9	7,116.9	7,487.3	105.1
livestock products	4,701.9	4,598.8	4,453.8	94.7

Source: Generalized by authors based on [1; 9; 10].

Table 2. Share of Lviv region in general indicators of agriculture of Ukraine, %

Index	2017	2018	2019
Agricultural products			
Agricultural products	3.9	3.8	4.0
including: crop products	3.5	3.3	3.6
livestock products	5.2	5.2	5.2
Sowing areas			
Crops	2.5	2.4	2.4
including: cereals and legumes	2.0	2.0	2.1
sugar beet	5.0	4.2	4.5
soy	3.0	3.1	3.2
rapeseed	7.2	6.6	9.2
potato	7.2	7.2	7.2
vegetable crops	5.8	5.9	5.7
fodder crops	5.1	5.1	5.2
Crop production			
Cereals and legumes	2.3	2.1	2.3
Sugar beet	5.4	4.8	4.8
Sunflower	0.6	0.6	0.5
Soy	3.4	3.5	3.6
Rapeseed	8.0	7.5	10.3
Potato	7.6	7.5	7.6
Vegetable crops	5.5	5.4	5.4
Fodder crops	6.7	6.3	6.8
Fruit and berry crops	5.6	5.3	5.6
Number of farm animals			
Cattle	5.2	5.1	5.3
including: cows	5.6	5.4	5.8
Pigs	6.1	6.9	6.3
Sheep	1.2	1.2	1.2
Goats	4.1	4.1	4.1
Birds	4.2	4.3	4.2
Production of livestock products			
Implementation for slaughter of farm animals in live weight	5.5	5.6	5.5
Milk	5.1	5.0	5.2
Eggs	3.6	3.5	3.6
Wool	0.9	1.0	1.0

Source: Generalized by authors based on [1; 9; 10].

At the current stage of market relations the main position of the development strategy of enterprises of different organizational and legal forms of management in the agro-industrial complex of Lviv region is their cooperation for production, processing, storage and marketing of agricultural products, production facilities, sales network development and service [3; 5].

Processing of agricultural products should be based not only on the whole variety of forms of management, but also on different scales of concentration of production capacity. Preference should be given to ensuring the efficient use of large processing plants that have technological advantages and are attractive objects for investment, including from foreign sources. However, their actions do not necessarily create administrative barriers to the development of small and medium-sized processing enterprises, because their operation will contribute to the formation of a competitive environment. In turn, the formation of a powerful processing industry in rural areas will help create new jobs, which will successfully solve social problems [2; 8]. We analyzed in Table 2 share of Lviv region in the general indicators of agriculture of Ukraine. As we see in almost all indicators, the Lviv region occupies a significant share of agricultural production in the overall indicators for Ukraine.

During our research we have identified the main problems of development of the agrarian sector of Lviv region:

- uneven development of different forms of management with the simultaneous weakening of the positions of small and medium-sized agricultural producers through the creation of formally identical, but in practice not always equal in size and social burden economic conditions for different agricultural producers;
- there is no motivation for cooperation of small agricultural enterprises and their consolidation within territorial communities, which leads to a weakening of the economic development of these communities;
- lack of stability of competitive positions of domestic agricultural products in foreign markets, which occurred due to incomplete

completion of the processes of adaptation to European requirements for quality and food safety;

- there are low rates of technical renewal of production;
- there are risks of increased production costs due to increasing levels of equipment wear, the use of obsolete and physically outdated technologies;
- loss of part of products due to imperfect logistics system, its storage and general infrastructure of the agricultural market;
- there is no motivation of agricultural producers to comply with environmental requirements;
- reduction of consumption of agricultural products, which is due to low solvency of the population;
- insufficient efficiency of self-organization and self-regulation of the market of agricultural products;
- lack of awareness of the majority of agricultural producers about market conditions and the conditions for doing business in the industry.

An important condition for efficient agricultural production is the availability of prompt and reliable information on prices in both domestic and global agricultural markets, compliance with domestic and international standards and standards, and the reliability of partners. This will encourage the creation of a network of structures that will assess the quality of agricultural products, provide information on the financial condition and reliability of partners.

Therefore, it is necessary to stimulate the creation and development of non-state agricultural trading houses, insurance companies, business centers, consulting firms for information and advisory services, technical and technological support of agricultural production and the provision of economic and financial activities.

A clear and effective system of information and consulting services in agro-industrial production will be the main means of rapid introduction of new production technologies, reducing the pressure of shadow and monopoly structures on agricultural producers, creating a favorable environment

for market conditions, and as a result the main lever of civilized food market. New information technologies will be an essential tool for improving the management of agricultural production.

The exit of the agrarian economy from the crisis will be preceded by the mandatory establishment of conditions for full-fledged investment processes in the economy. Attracting a sufficient level of investment should be at the expense of both own funds of agricultural producers and involved. The investment regime should provide expanded reproduction of fixed assets [6; 11].

CONCLUSIONS

Further development of the agro-industrial complex in the current crisis situation objectively requires extensive use of foreign aid. The main task of its involvement should be to create conditions for overcoming acute crises, such as reducing the marketability of products, bankruptcy of many agricultural enterprises, almost complete destruction of the material and technical base of the industry, curtailment of breeding work etc.

The agro-industrial complex of Lviv region has all the necessary conditions for the widespread use of foreign investment. Such prerequisites are a favorable geographical location, climatic conditions for agriculture, soil, developed production and social infrastructures, availability of food and resource markets, skilled labor and more.

For the formation of an effective agricultural economy requires new effective mechanisms, methods, schemes, and levers for effective reform and further development of the agricultural sector. Some agricultural industries are suffering losses as a result of ignoring objective economic laws, the desire of certain political forces to lobby the interests of certain oligarchs. Without solving this problem, it is impossible to expect a significant increase in the competitiveness of agricultural products in attracting significant investments in agriculture, including foreign ones.

The situation that has developed in the agro-industrial complex of Lviv region requires the

development of urgent measures to overcome the crisis and reasonable determination of strategic directions of agricultural policy, stop the economic downturn and increase production, domestic and foreign markets for agricultural products, carrying out socio-economic transformations.

We have substantiated the following main strategic directions for further development of the agrarian sector of Lviv region for the future:

- forecasting the development and sustainability of the agrarian sector through the development of various organizational and legal forms of management;
- improving the legal support for the functioning of the agrarian sector;
- guaranteeing food security by the state;
- development of programs for social protection of the rural population;
- promoting the development of rural settlements and the formation of the middle class in rural areas by providing employment to the rural population and increasing incomes;
- increasing the level of investment attractiveness of the agrarian sector and financial security of agricultural enterprises;
- increasing the competitiveness of domestic agricultural products;
- formation of market infrastructure and market environment in agriculture;
- increasing the share of participation of Lviv region in particular, and Ukraine in general, in providing the world market with agricultural products;
- rational use of agricultural lands;
- reduction of man-caused load of the agrarian sector on the environment.

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