

Talavirya Mikola - Bakun Yuriy

Rural Development under Decentralization



National University of Life and Environmental Sciences of Ukraine

**Talavirya Mikola
Bakun Yuriy**

Rural Development under Decentralization

Monograph

**Tallinn
Teadmus
2021**

Reviewers:

In. K. Zbarskyy, Doctor of Economics, professor,

M.Y. Malik, Doctor of Economics, professor, corresponding member of NAS of Ukraine, Honored Scientist of Ukraine

Talavyria M., Bakun Y. Rural Development under decentralization:
Monograph. Tallinn: Teadmus OÜ, 2021, 501 p.

ISBN 978-9916-9704-4-7

The monograph examines the theoretical and methodological principles and practical aspects of the formation of the economic mechanism of state support for rural development and ways to improve it. The basic principles and instruments of support for agriculture and rural areas within the World Trade Organization and the Common Agricultural Policy of the European Union are defined. The state of development of rural areas in terms of revival and sustainable development of the agricultural sector is analyzed. Ways to improve the development of rural areas and improve the financial support of social development of the village are substantiated.

Designed for specialists and managers of agro-industrial production, entrepreneurs, scientists, graduate students, students of agricultural schools.

ISBN 978-9916-9704-4-7

© **Talavyria M., Bakun Y., 2021**

TABLE OF CONTENTS

INTRODUCTION..... 4

SECTION I. SCIENTIFIC FUNDAMENTALS OF THE ORGANIZATIONAL AND ECONOMIC MECHANISM OF STATE SUPPORT FOR THE DEVELOPMENT OF RURAL AREAS IN MODERN ...

1.1 Rural areas as a socio-economic and production basis for sustainable development of the state.....

1.2. Methodological and methodical bases of research of development of rural territories in the conditions of globalization

1.3. Views of scientists on the development of state support for rural areas.....

1.4. Concepts of macroeconomic activity of the state.....

SECTION II. BASIC PRINCIPLES AND INSTRUMENTS FOR SUPPORT OF AGRICULTURE AND RURAL AREAS WITHIN THE HUNDRED AND SAP

2.1. The essence of the policy to support agriculture and rural areas

2.2. Principles of WTO Agriculture Support Policy

2.3. Tools and requirements for support of agriculture and rural areas of the WTO... ..

2.4. . Directions of development of the Common Agricultural Policy of the EU for the agricultural sector of Ukraine

2.5. Structural policy and rural development in the EU

2.6.1. Structural policy and rural development based on the institutional system of SAP development in Hungary .

2.6.2.Establishment of SAP expenditure agencies: EU branches of SAP for agricultural and rural development in Hungary ...

2.6.3.Review of subsidy policy in the new member states

2.7.1. Organizational and economic mechanism of development of agriculture, rural areas in the Czech Republic

2.7.2. The state of agricultural policy of the Czech Republic in 1996-2004 and its political and organizational experience

2.7.3. Political Influences on Agricultural and Rural Development

SECTION III. STATE AND TRENDS OF DEVELOPMENT OF STATE SUPPORT OF RURAL TERRITORIES

- 3.1. The current state of development of rural areas
- 3.2. Rural areas in terms of revival and sustainable development of the agricultural sector
- 3.3. Organizational mechanism to support socio-economic development of rural areas
- 3.4. Structural changes in agriculture and their impact on industry support policies
- 3.5. The impact of crop and livestock industries on rural development

SECTION IV. MONITORING OF THE STATE OF RURAL DEVELOPMENT

-
- 4.1. Features of rural development in the climatic zone of Polissya.....
- 4.2. The state of development of rural areas in the Forest-Steppe zone
- 4.3. . Features of development of rural areas of the foothills of the Carpathians
- 4.4. . Peculiarities of development of suburban rural areas

SECTION V. WAYS TO IMPROVE SUPPORT FOR RURAL DEVELOPMENT IN THE FRAMEWORK OF WTO AND EU REQUIREMENTS

- 5.1. The role of state support of rural areas in modern agricultural policy of Ukraine
- 5.2. Improving financial support for rural development
- 5.3. Experience of foreign countries
- 5.4. International experience in organizing advisory services for the formation and development of rural areas

CONCLUSIONS

LIST OF LITERATURE.....

INTRODUCTION

Large population negative objective and subjective reasons and circumstances that have developed in recent years in agriculture in Ukraine in general and in rural areas in particular, overcoming them requires the study and implementation of non-traditional for domestic conditions practical steps. Among them a special place is occupied by a kind of organizational and social tandem, which includes, on the one hand - the revival of agro-industrial production in its entirety, including agriculture and rural areas, and on the other - the transfer of the agricultural sector to sustainable development.

Different in nature and socio-economic essence and specific-purpose individualized purpose, they are ultimately in interaction with other factors designed to ensure the achievement of a common ultimate threefold goal: to transfer Ukrainian agriculture and the village from the ruins in which they did not find themselves, on the basis of a significantly higher level of development than the country currently has, in social, organizational, economic and in all other respects; to form a more perfect and productive way of life in the countryside; to create in it worthy peasantry and other inhabitants of the village living, working and rest conditions.

It should be noted that the socio-economic situation in society requires reform of state regional policy, which will provide local governments with a significant part of management functions to address a range of competitive development, ensuring equalization of rural development through joint implementation of regional and targeted programs to support specific rural populations. items. Regional and local authorities are tasked with creating conditions for dynamic, balanced development of territories, eliminating basic disparities, bringing services as close as possible to villagers, strengthening the capacity of communities and their representative bodies to resolve local issues on their own.

The development of the agricultural sector will involve the development of agriculture, the preservation of human capital and the development of rural areas. The development of rural areas reflects a range of specific relations that constitute a single system of state formation. In this regard, the social revival of the village is a prerequisite for overcoming the crisis in the agro-industrial complex, increasing the competitiveness of agricultural products and solving the problem of food security of the population of Ukraine.

In domestic science and practice, the category of rural area is becoming more widely used, and therefore there is a need to determine the current scientific position, tasks and its essence, purpose, as well as the need to perceive this category in modern economic transformation. As a result, the importance, place and role of rural development need to be considered to ensure the sustainable development of agriculture and the agricultural sector as a whole.

Studying this important problem, world practice has accumulated extensive experience and a network of research centers. For example, in Austria, the

problem of rural development as part of a study of factors influencing agricultural development is studied by the International Institute, which develops the theory and methodology of systems analysis. Special units have been set up in scientific institutions in a number of countries, in particular in the Czech Republic, to study rural areas. In our country, the problem of rural development has already gone beyond the interests of science and is increasingly being solved in practice, including in terms of public administration of agricultural production.

Rural territory should be considered as a systemic phenomenon, which in addition to the territory as such includes in its orbit all that is in it in one form or another or is part of it. This applies to areas of any size. According to the criterion of their size, they can be micro (village, village council), meso (district) and macro (region, region) rural-territorial formations, each of which is characterized by a set of inherent structural, functional and other characteristics.

Rural development is a system of interaction of national, economic, social and spiritual spheres, the functioning of which is carried out in accordance with the strategic interests of the peasants, industry and society.

Stabilization of the state development should begin with the stabilization of the socio-economic situation in rural areas, in particular, in the industrial and social spheres. The village should become the basis of economic development of Ukraine as an independent state. At the same time, it is necessary to qualitatively change and reform economic relations in the rural social sphere, because under its direct influence the labor potential of our state in general and the agricultural sector of the economy in particular is formed.

It should be noted that in most cases local budgets are not able to fully finance the social sphere due to lack of funds. The formation of local budgets depends mainly on the efficiency of production activities of those enterprises that are located on the territory of each local council. It is a well-known fact that the level of development of the social sphere is directly dependent on the economic condition of the production sphere, and vice versa. The issue of financing the social sphere in rural areas is extremely acute. After all, during the economic crisis, contributions to local budgets were significantly reduced, which creates a deficit of local budgets, and as a consequence - a deficit of funds to finance the social sphere. The situation is especially unfavorable in the budgets of village, settlement councils and cities of district significance: their budgets have only 2-3% of revenues and expenditures of the consolidated budget.

The level of development of the industrial, social sphere and living standards of the rural population living in different parts of Ukraine differs significantly, even within a relatively small region, where there is unequal population density in different administrative districts.

The purpose of the proposed work is to generalize and deepen the theoretical and organizational and applied issues of formation of the economic mechanism of state support for rural development, development of sound proposals for areas and measures to improve rural development, ensuring living standards by modern

standards. This subject of research is complex and multifaceted. That is why the paper sets out only its conceptual principles, especially debatable issues.

Of course, many provisions of the work are decisive. The author hopes that domestic scientists will pay attention to them, and this will serve as a basis for further research on issues of rural development, increasing the search energy of domestic researchers.

.

SECTION I. SCIENTIFIC FUNDAMENTALS OF THE ORGANIZATIONAL AND ECONOMIC MECHANISM OF STATE SUPPORT FOR THE DEVELOPMENT OF RURAL TERRITORIES IN MODERN CONDITIONS.

1.1. Rural areas as a socio-economic and production basis for sustainable development of the state.

In recent years, the problems of sustainable development have been studied quite actively in Ukraine, much less attention has been paid to the sustainable development of agriculture and there are no works devoted to the sustainable development of rural areas. This is due to the fact that most domestic scientists fill the category of "sustainable development" mainly with environmental content. And given the fact that the Ukrainian village in terms of ecology still looks better than our cities and foreign rural settlements, the sustainable development of rural areas has not yet become relevant in the research of Ukrainian scientists. Ukrainian scientists are thinking about the priority problems: how to feed people, provide them with housing, guarantee minimum social standards. But scientists around the world recognize that sustainable development includes not only environmental but also economic and social aspects. And it is in these areas that the Ukrainian village is not constantly evolving, but rather degrading. Therefore, the problem of sustainable development of rural areas is extremely relevant and requires immediate solution. Unfortunately, research on the sustainable development of rural areas has not been found in the Ukrainian scientific literature.

Since rural areas need balanced in all areas of sustainable development, it is necessary to define and compare the categories of "sustainable development", "sustainable development of agriculture", "sustainable development of rural

areas" and develop a draft concept of sustainable development of rural areas of Ukraine.

Today, the evolution of views on the problem of "development" has reached an understanding of it in a broader sense. Development must be associated primarily with all spheres of society. This understanding has led to the emergence of the concept of sustainable development. The problems of the latter began to be discussed at the turn of the 60-70s of the last century, when humanity faced a number of negative factors threatening the lives of present and future generations: scarcity of mineral resources and energy, environmental degradation, increasing poverty and increasing differentiation between poor and rich, food crisis and the spread of hunger, interethnic conflicts, etc.

In the middle of the XX century, the model of world economic development was based on the concept of economic efficiency. By the early 1970s, the growing differentiation of incomes both between countries and different segments of the population led to an attempt to rectify the situation through the redistribution of material resources. By the end of the century, environmental protection had become an equally urgent task. Thus, the concept of sustainable development emerged as a result of combining three components: economic, social and environmental.

The World Summit in Rio de Janeiro (1992) marked a significant milestone that set a new agenda for sustainable development. The participants agreed that environmental protection, social and economic development are fundamental to sustainable development, for which the summit adopted the Global Agenda for Action in the 21st Century [1].

But progress has been slower than expected. Countries, especially the developed ones, have not kept their promises to protect the environment and help developing countries. This fact was recognized by world leaders who gathered in 2002 at the Millennium Summit organized by the UN in Johannesburg. They decided that the first 15 years of the new century would be used for a large-scale

attack on global poverty. The main goal of this summit was to reduce poverty, reaffirming the three main components of sustainable development (social, economic and environmental).

The concept of "sustainable development" is still in the process of understanding, so it must be considered as a category that has a complex, multilevel, multifaceted and contradictory meaning. There are various definitions of sustainable development in the literature.

Academician VP Kukhar believes that sustainable development is a self-sustaining development, an ideology of reasonable and reasonable human activity that lives in harmony with nature, and creates conditions for a better life for himself and the next generation [2].

Academician O. Nevelev defines sustainable development as economically, socially and ecologically balanced development of certain territories and settlements located on them, aimed at the coordinated formation and functioning of economic, social and environmental components of this development based on the rational use of all resources (natural, labor, production, scientific and technical, information, etc.) [3].

Professor V. Baranovsky raises the question of the correctness of the translation of the term "sustainable development" as sustainable development. He believes that a more accurate term in this case would be the term balanced development, i.e. one that has a balanced dynamic balance between the components of an integrated geosystem "nature-society". Balance is proportionality; balance - a quantitative ratio between the elements of the system, which determines the preservation of its qualitative characteristics. The concept of harmony is close to balance. If we consider the relationship between production and population, on the one hand, and the natural environment - on the other, we can also use the phrase "harmonious development", which comes from the well-known postulate of the need to live in "harmony with nature". Thus, sustainable

(harmonious, balanced) development is a development that provides a certain type of balance, i.e. the balance between socio-economic and natural components [4].

Based on different views, we believe that sustainable development should be understood as a direction of world economic growth, which ensures the quality of life of citizens, based, on the one hand, on modern scientific and technological progress that meets its current needs, but its effect on the environment is not threatened by future generations, on the other hand - provides qualitative growth in the levels of material, housing, social security, health care, environmental and personal safety.

In 1996, at the FAO session in Rome, the idea of sustainable development was adapted to the problems of agriculture and rural development. The rural economy is represented by various industries, but the development of rural areas depends to a greater extent on the state of agriculture as the largest sector of the economy, which provides nature conservation and care for the cultural landscape. Sustainable development of agriculture is understood as a constant and sufficient supply of food to the population on the basis of advanced environmentally friendly technologies, reducing unemployment, increasing incomes in order to combat poverty.

How do the terms "sustainable development of agriculture" and "sustainable development of rural areas" relate? Since rural areas are broader than agriculture (which is really only one of the economic activities in rural areas), the sustainable development of agriculture is a narrower, subordinate concept, it is only part, one of the sub-sectors of sustainable rural development. Given that the subject and methods of research of these two related categories are almost identical, and the differences are only in the object of study and criteria (indicators, indicators) of development, the study of sustainable development of agriculture will be not just useful, but in fact will be one of the bricks, with the help of which we will be able to build and reveal the content of the category "sustainable development of rural areas", which is actually new for Ukrainian science.

OV Shubravska stands out among the scientists who constantly and successfully study the sustainable development of agriculture. She summarized the different approaches to studying this category and gave the following definition: "Sustainable economic development of agriculture is determined by its ability to sustain its growth in terms of the optimal proportions of its internal development and balance the development of economic, environmental and social systems [5].

To move from categories of "sustainable development of agriculture" to sustainable development of rural areas, use the experience of Russia, where this problem is studied much more deeply. According to V. Leksin and A. Shevtsov, it is necessary for territorial authorities to more fully and effectively identify local opportunities, realize the needs, interests and expectations of residents, and protect them from negative actions. [6] maintaining the conditions for reproduction of the potential of these territories in the mode of balance and social orientation [7]. Under the sustainable development of rural areas R. Abdulatipov understands a state when the population has the opportunity to really improve their livelihoods, feel the guarantees of stability, have confidence in their future and the future of their children [8]. RI Shniper believes that the main characteristics of sustainable development of rural areas are the reliability of its economic subsystem, i.e. adaptability and elasticity of reproduction to various changes [9].

Thus, in the definitions of experts there are hints at such qualitative characteristics of sustainable territorial development as the ability to resist destructive actions, adapt to change, while solving problems not only stabilization but also development, the ability to constantly update and improve, the population has opportunities to really improve your livelihood.

Based on the above views of experts, we can conclude that the concept of sustainable development of rural areas is based on the ability of the territory not so much to return to its original state after disruptive management actions, but to

acquire a new qualitative state, associated primarily with steady and stable improving the quality of life of citizens living in this area.

Based on modern interpretations, sustainable development of rural areas can be described as a steady increase in positive social indicators (living standards, education, health, etc.) in full accordance with the economic and environmental development of rural areas.

To develop a clear strategy for sustainable rural development in the future, we propose a draft concept aimed at identifying key issues of rural development in the medium term and preparing a set of economic, legal and administrative measures to reduce rural poverty and improve the quality of life. rural areas, rural performance of economic and environmental functions. Understanding of sustainable development of rural areas is based on the trinity of positions.

1. Performance of rural functions of rural areas (production of food, agricultural raw materials, other non-agricultural goods and services, as well as public goods, recreational services, preservation of rural life and rural culture, social control over the territory, preservation of historically developed landscapes).

2. Increasing the level and improving the quality of life of the rural population;

3. Maintaining ecological balance in the biosphere.

At the same time, ensuring the sustainable development of the territory is based on the organization of cash flows sufficient to support the vital potential and development of rural areas. Thus such organization is based on use of all sources of sustainable development: the state and regional financing, use of opportunities of the business relying on internal resources of the territory.

Ensuring sustainable development of rural areas is a complex problem and is possible under the condition of: macroeconomic stability; balanced economic development; ensuring economic growth in agriculture; expansion of non-agricultural employment in rural areas; achievement in the countryside of socially

close to the city conditions of receiving income and public goods; improving the conditions of access of economic entities engaged in business activities in rural areas to the markets of material and technical, credit, information and other resources; formation of civil society institutions in rural areas that protect the economic and social interests of various segments of the rural population; implementation of programs to improve the environmental situation in rural areas.

Currently, the village is experiencing a systemic crisis, the main manifestations of which are: reduction of the rural population; poverty (the scale of which in the village is much larger than in the city); lower rates of rural economic development compared to the city (especially the progressive lag of agriculture); reduction of the network of rural social infrastructure, reduction of the area of historically developed landscapes; low living standards and high unemployment of the rural population.

The existing social infrastructure does not meet modern requirements. The main part of the rural housing stock does not have basic communal facilities. There is a reduction in the number of social infrastructure institutions, reduced access of rural residents to basic social services - education and health care. The network of rural consumer service enterprises has practically ceased to function, the existing rural road transport network does not meet modern requirements. Most rural families need better housing conditions.

Agricultural producers experience a lack of financial resources for current and, especially, investment activities (including in the field of social development of the village). Investors who came to the agro-industrial complex. In recent years, from other sectors of the economy, create integrated agro-industrial companies with the participation of agricultural enterprises, with virtually no investment in the integrated development of rural areas.

Overcoming the rural crisis is now a priority not only of agricultural but also of general socio-economic policy, because the backwardness of the countryside threatens the country with a number of systemic risks, among which are the

following: loss of food security; reduction of areas of traditional residence and employment, which threatens the mechanisms of cultural reproduction and may lead to the loss of the socio-genetic code of the country; destabilization of the socio-political situation; exacerbation of the social crisis in cities, as migration is often the only way to solve social problems for rural residents (especially young people), who (if they move to the city) will compete with urban residents in the labor and housing markets.

The rural crisis, according to many researchers, is due to a number of reasons, including: the constant socio-economic backwardness of the village; insufficient effectiveness of agricultural policy, the actual (as opposed to the declared) exclusion of agriculture from the priority sectors; crisis of large agricultural enterprises that performed settlement and life support functions in rural areas; actual lack of policy on convergence of the level and quality of life in urban and rural areas; narrow-sectoral approach to rural development; limited access of the rural population to the markets of material and technical, financial and information resources; weakness of civil society institutions in rural areas and, above all, rural self-government; information isolation of the village. Overcoming these shortcomings of socio-economic and agricultural policy should be the content of the policy of sustainable development of rural areas and specific programs of sectoral and intersectoral nature, developed in this area. The lack of a holistic strategy and effective mechanisms for the implementation of sustainable development programs in Ukraine prevents overcoming the lag of the village from the city in terms of living standards and conditions, hinders the formation of socio-economic conditions for sustainable development of rural areas.

We believe that the state strategy for sustainable development of rural areas should be based on the following principles: preservation of traditional rural areas; development of the village as a single socio-economic, territorial, natural and cultural-historical complex that performs production, socio-demographic,

cultural, environmental and recreational functions; development of all forms of land ownership; overcoming the isolation of the village on the basis of expanding and deepening its ties with the city, integration of the village into a single economic system through agro-industrial integration and cooperation, creation of various economic structures with combined functions (rural-urban structures), development of road, telephone and other forms of communication, the creation of unified systems of social services, the gradual agglomeration of urban and rural areas into a dynamically developing unity; interaction of programs on sustainable development of rural areas with measures of agri-food policy of the state for the near future, including with structural restructuring of agricultural production (the main sphere of employment of the rural population); development of social partnership between the state, local authorities and the rural population; maximum involvement in economic turnover and increase of efficiency of use of natural material and human resources of rural areas on the basis of increase of efficiency of institutional transformations and strengthening of motivational mechanisms of development; economic and territorial accessibility of social services and social infrastructure facilities for all groups of the rural population; combining state support measures with the mobilization of local resources of rural communities; equalization of interregional levels of economic and socio-cultural development of rural areas; democratization of rural life, increasing public participation in decision-making related to the development of production, planning and development of settlements, other aspects of rural society through the development of collective bargaining, development of local self-government, collective and public organizations (consumer, industrial, credit cooperation, etc.); ecologically economical approach and careful attitude to non-renewable natural resources in the development and implementation of life support mechanisms for rural residents.

Such principles will allow not only to determine the main priorities and mechanisms for solving the tasks, but also to coordinate the actions of all

stakeholders, based on the most pressing tasks of economic and social policy of Ukraine, which involves coordination:

- between interested ministries and departments;
- between state, regional and local authorities;
- between public and commercial organizations;
- between government, business and local people;
- creation of interdepartmental councils (commissions) for the development of rural areas at different levels of government;
- optimization of inter-budgetary relations between the state and local authorities in order to synchronize their powers, responsibilities and budgetary capabilities;
- implementation of experimental projects on rural development and dissemination of effective experience in a number of regions of Ukraine.

Despite the existence of a developed legal framework in Ukraine, which to varying degrees takes into account the principles of sustainable development, including at the regional level, the lack of a single comprehensive document negatively affects the systemic implementation of sustainable development ideas in Ukraine.

To create a legal framework for the development and implementation of rural development policy, we propose to develop and adopt the Law of Ukraine "On Sustainable Rural Development", which would establish the following:

1. Define the purpose and basic principles of sustainable rural development policy.
2. He delimited the powers in the field of development and implementation of the policy of sustainable development of rural areas between public authorities and local self-government.
3. Established a system of criteria and indicators for assessing the activities of public authorities in the implementation of rural development.
4. It regulated the mechanisms of rural development budgeting, in

particular, determined that the funds aimed at supporting the sustainable development of rural areas within the framework of state targeted programs of education, health care, culture and other non-agricultural sectors are allocated in a separate line.

5. Established uniform minimum social standards for providing the rural population with facilities and services of enterprises and institutions of social infrastructure, as well as guarantees of compliance with these standards by the government in all rural areas of Ukraine.

6. Defined the legal mechanisms of monitoring and state statistical monitoring of rural development.

7. It provided for measures to stimulate investors, allocating funds for rural development, intensification of rural housing and cultural and domestic construction, attracting qualified personnel and youth to rural areas, stimulating the birth rate, development of rural areas, which are in particularly unfavorable conditions.

All this indicates that solving the problem of sustainable development of rural areas is a long-term task, the achievement of which can be achieved through the development of the economy of the territories. It is obvious that this requires financial resources, the organization of which requires economic programs and projects that can create the necessary financial flows to ensure sustainable socio-economic development of rural areas. Thus, regional and local programs for socio-economic development of rural areas should be adopted and implemented, primarily aimed at increasing employment and income of the rural population, development of local self-government, stimulation of non-agricultural business in rural areas.

The study of this problem showed that in recent years in the agricultural branch of economics converged several categories, the etymological origins of which relate to the village: the rural sector, rural areas, rural development, rural development and others. In world science and practice, they already have a history

and wide scientific and applied applications. As for our reality, they are just making their way.

More attention needs to be paid to the study of scientific and applied aspects of the rural sector in Ukraine. Recently, in the agricultural field of economics, the following categories concerning the village should be distinguished: rural sector, rural areas, rural development, rural development. The vast majority of known publications on this subject, although extremely important, still have a mostly narrow, fragmentary nature.

Problems of rural development are especially limited. So much has been done in this part that the research performed in this regard can be considered only as approaches to a systematic, comprehensive and in-depth scientific and applied research of almost completely new to our country problem. Drawing attention to rural development, we consider it necessary to note that it would be unjustified to underestimate and, moreover, to stop researching the categories of rural sector and rural area. Together, they have already formed an extremely important scientific niche in the agro-economic branch of knowledge, which has reason to become permanent, eternal. Success in its further scientific research is possible only on the basis of studying all these and other possible categories in this regard and the corresponding practice in unity, as an inseparable scientific and applied integrity. At the same time, there is reason to believe that the unifying place in this scientific and applied "trinity" will increasingly be occupied by rural development. This is not an underestimation of related categories, but the logic of modernity.

The newest category of rural development for our country in terms of form and content is perceived ambiguously. In some cases, it means the development of the village in its literal sense, in others - as the development of rural areas, in others - as the development of rural areas. At the same time, social aspects are brought to the fore. Without resorting in this case to the analysis of different interpretations in this regard, we will outline only our own vision of some

essential and conceptual aspects of the problem. At their core, they boil down to the following.

Regardless of the known, or those that may (will) appear new, definitions of the essence of rural development and from which of them will be the most acceptable for agrarian economists in our country in the near future or in the foreseeable or strategically distant perspective, the initial basis for understanding this socio-economic category at the initial stage of its scientific and applied development could be:

- category rural development represents the development of the agrarian (agri-food) bloc of the economy in the interests of immediate cessation of systemic degradation of the village, peasantry and all other rural society and rural life in order to preserve, revive and bring to a level of development and functioning worthy of their place and role formation and preservation of the national-genetic identity of Ukraine and the Ukrainian nation in all their historical and social greatness;

- Ukraine owes its essence to no one but the village and the peasants. Therefore, modern generations of the country historically and socially owe their existence to them. This is the only reason why our consciousness must preserve the most precious and deepest memory of them from now on and forever. Not only to preserve, but also to protect villages and peasantry from further social and state contempt for them, for other interests and needs, which has already grown into their moral, social, economic destruction, extinction and extinction. And this, among other things, means that together with them our history, the history of the country Ukraine, perishes. Without doing so, we will become accomplices and culprits in the final transformation of Ukraine into a socio-economic, industrial, economic and social ruin.

More specifically, this can be considered as follows:

In scientific terms, the category of rural development embodies a set of knowledge about the current, immediate, review (medium-term) and strategically

distant future of the Ukrainian countryside, peasantry and rural society, as well as directions, ways and mechanisms principles of sustainable development. In the applied sense, rural development can be considered as the materialization (practical implementation) of systemic national, regional and local measures, and practical actions subject to modern and strategic interests and needs of each specific rural area, each, including the smallest, rural population, each rural production and economic structure, each - and this should be considered the most important, determining - the peasant and other villagers.

These starting points give grounds to consider rural development as a category that embodies a systemic, clearly aimed at a realistically achievable strategic future of agriculture, rural and peasantry in the interests of each of them, all together and the country as a whole.

In view of this, in the most general sense, rural development should be understood as a mutually coordinated development, relatively speaking, of villages and fields, or, on the one hand, of peasants and all other rural society and, on the other, of agricultural production. a kind of inseparable socio-economic and production-economic tandem. In turn, its first component - the village, peasants and other rural society in rural development must be considered not only from their physical but also spiritual essence with its own spiritual, cultural, educational, customary and other heritage.

In other words, rural development is only correctly considered as a two-tier (two-component) system, which covers directly rural-peasant - the development of rural areas (with its spiritual block) and production and economic (all types of farming in the countryside). In applied terms, this at least means the need:

- to work with equal responsibility on the key aspects of each of these subsystems and both of them together, and in the same way to treat their materialization, the essential content;

- to ensure the systematic development of each of them and all together with

a

clear

focus on their functioning, in which the potential, energy of each of them will generate their synergy;

- in contrast to the prevailing practice of solving rural problems through, conditionally speaking, "through the field and the farm", it is necessary to learn to achieve the goal through the simultaneous solution of territorial (rural) and production and economic interests and needs. In practical terms, this will mean the transition from the formal proclamation of never-before-fulfilled priorities of the village and the peasants to the real simultaneous solution of two priorities: directly rural and actually agricultural. One of the next steps in this direction should be the allocation, starting in 2007, in the Budget of Ukraine of two channels of state funding of the agricultural (agri-food) block of the economy: social (village, peasants, the whole rural society) and direct production.

One of such blocks should be the development of rural areas. The defining components of the organization should determine the following.

1. Immediate in time, the first step towards the systemic revival of the rural population and the countryside should be the development of the concept of rural development strategy with its subsequent "materialization". It should include:

- defining the nature and purpose of rural development, its ultimate strategic goal, objectives and stages of their achievement;
- a system of political, legal, social, economic, organizational, managerial and other mechanisms designed to ensure the effective solution of the goals and objectives of rural development;
- place and role of the state, regions, local governments, rural communities, rural economic entities in the development of rural areas. The role of the state should be decisive among them. Not only because of her guilt, the destruction of the village and the poverty of the peasantry became threatening not only for them but also for the further state formation of the country. But also due to the fact that

only it (the state) has an inseparable responsibility for the future of the country, including in terms of rural development, only its strength to ensure the revival of the village.

2. The development of the concept of the strategy should be preceded by the search for answers to a wide range of difficult issues, the key of which, given the problems that will have to be solved on its basis, should at least be the formation of public policy for the future village:

- whether it intends to the extinction of most rural settlements, or in another form and on another occasion will repeat the infamous Soviet experience of their division into those that retained the right to continue to exist and to the hopeless?
- what resources can it really allocate to ensure the development of rural areas in accordance with the commitments undertaken by its strategy?

3. Bringing and solving problems of rural development to the highest state level. One of the steps in this direction should be the concentration of relevant conceptual and important application provisions in the national program rural development, approved at least by the Cabinet of Ministers of Ukraine or (which would be most appropriate) by the Verkhovna Rada of Ukraine. The Law of Ukraine "On Rural Development in Ukraine" is justified or necessary. These basic legal acts could (should) become the basis for the development of the whole set of national, sectoral, regional and other programs or developments of other forms as tools for rural development.

It would also be justified to follow the experience of countries, as well as for the purpose of organizational and all other support for the development of rural areas brought to a sufficiently high level of organization of their management.

4. Formation in the country of the social environment favorable for removal from oblivion by community of interests of the village and peasantry and overcoming contempt for them.

5. Formation of special state and regional funds for the development of rural areas, including through their multi-channel filling.

The above can be summarized as follows: effective rural development is designed to be not only one of the key guarantees of food security of our country, but also a key basis for overcoming rural poverty, systemic degradation of agriculture, socio-economic decline of rural areas, preservation at least what else can be saved for the salvation of the village and the peasantry for the immediate, survey and strategic interests of the state, followed by an increase in the achievements obtained in this regard.

The category of "rural areas" is so rapidly entering our activities that neither science nor, moreover, practice can keep up with it. Although very little has been done in its understanding, formation and peculiarities of functioning, there is reason to say that we are dealing with a new branch of agrarian economics, which can relatively quickly attract the attention of a growing number of people interested in its study.

So far, our country is significantly (several decades) behind world science and practice. It is widely known for research on this problem of the Vienna International Institute for Systems Research, one of the structural research units in the Czech Republic and other countries. The problem has gone beyond science and is increasingly entering practice, including in terms of public administration. This means that in some foreign countries the traditional name of the Ministry of Agriculture is supplemented by the words "and rural areas" or "rural development".

In our country, a fragmentary study of certain issues of this problem prevails, which does not give grounds to talk about its systematic study.

The first systematic approach to the study of rural areas was launched in 2004 at the National Research Center "Institute of Agrarian Economics UAAS".

Rural territory is not identified with the territorial-spatial formation. It is considered as a systemic phenomenon (formation), which in addition to a certain territory as such covers itself (includes in the orbit of its existence), all that in one form or another functions on it or is its "physical" component.

Rural territory includes the following components:

- rural community (community) as a determining social center for the functioning of rural areas. It unites all, without exception, citizens living in the territory, regardless of where they work - in the territory or outside it;
- village (rural settlement) as a social and household, as well as to some extent directly production center, administrative and socio-cultural and household center, a kind of "capital" of each rural area;
- local governments and other public organizations (structures) located and operating in this rural area;
- social and production infrastructure that operates in this rural area and provides the needs of its operation and development;
- agricultural lands on which the production of crop products, including perennials, industries;
- livestock and other production facilities, regardless of their location - in a rural settlement or outside it;
- irrigation, drainage and other structures;
- environmental (ecological) and other forest plantations, including the actual forest areas;
- procurement, processing and other enterprises and organizations that are directly production or service structural entities, regardless of who owns them;
- agricultural enterprises of various forms of ownership and other production, management, economic structures, regardless of the forms of ownership on which they are based, organizational and legal types, specializations, etc .;

No state, municipal or any other structure can operate in this rural area without the permission of the rural community (community) and even more so to act on them "in their own way", in violation of certain regulations.

1.2. Methodological and methodological bases of research of development of rural territories in the conditions of globalization.

Rural subjects, irrespective of what point of view it was considered, have always been in the center of attention of the scientific community. Over time, the emphasis in the study of various aspects of the agricultural sector of the village, the existence of peasants, but the attention of scientists to the rural subsystem of society has never weakened.

With the deepening of globalization and integration, the complexity of scientific research is increasing, the object of which is simultaneously agriculture, rural and peasantry. The concept of "rural areas", which is used by representatives of various scientific schools and areas, has entered scientific circulation. Issues related to the development of rural areas are actively discussed in the pages of academic scientific journals, various scientific and practical conferences and congresses. This area of research is coordinated and directed by specialized research centers, among which the leading positions are occupied by the Ukrainian Academy of Agrarian Sciences, NSC "Institute of Agrarian Economics", the Joint Institute of Economics of the NAS of Ukraine and others. The 7th annual meeting of the All-Ukrainian Congress of Agricultural Economists, held in November 2005, was significant in this respect. More than 200 specialists from different regions of Ukraine who came to the Congress discussed the problem "Socio-economic problems of Ukrainian rural and rural development." In the report at the meeting of the director of NSC "Institute of Agrarian Economics" P. Sabluk, the speeches of scientists focused not so much on the problematic issues of development of the agricultural sector, but on the conceptual and scientific-organizational foundations of rural development, state and self-governing aspects of their management [32]. .

The need to overcome the sectoral approach to rural development is emphasized in the works of V. Yurchyshyn [36; 37]. P. Haidutsky, Y. Gubeni, O.

Mohylny, V. Onegina, O. Onyschenko, M. Orlatyy, I. Prokopa, P. Sabluk, M. Sakhatsky, V. Tregobchuk, L. made a certain contribution to the complex development of this problem. Whisper. Some aspects of rural development are studied by sociologists, historians, ecologists, and representatives of other scientific disciplines.

The key role in the formation of a new research paradigm of the village was played by the scientific achievements of representatives of the geographical school, specialists in regional studies, who used the philosophical category of space to characterize the relationship between geographical objects located in one area. In terms of social geography, socio-geographical space is the space of society with all spheres of the geographical environment. This is the space of the anthroposphere - inhabited, developed or otherwise involved in the orbit of life of the social part of the geographical shell of the Earth with its spatial structures of economy and forms of organization of society [33]. A certain contribution to the development of the spatial concept of society is the theory of natural and economic territorial systems of G. Schwebs, which focuses on the mechanisms of interaction between man and nature in specific regions, as well as patterns of socio-normative and spiritual culture associated with spatial location [24]. According to these approaches, a person adapts in a certain space and time to the natural environment both biologically and in the process of economic and other activities, living and socializing a natural niche. Thus, certain types of geotories are formed, which differ from each other in quantitative and qualitative indicators. In this sense, geotories or specific places as integral territorial units in historical regionalism are classified as areas. Habitat is a natural-historical-social-territorial complex characterized by matter (natural, industrial objects, man, its derived social functions), time (fixation of visible changes in the state of material objects) and space (territory in which there are fixed changes in the state of material objects) [25]. Sociologists have introduced into scientific circulation the concept of "social area", which means socio-cultural filled space, part of the

space, limited by certain boundaries, a system of established, repetitive, hierarchical social relations [35]. This allows you to specify the concept of "social space" and explore society within individual territories, including and rural territorial formations. The latter, by definition and scale, is a much broader concept of "social area", which will be proved later.

Let us emphasize one of the scientific achievements of the modern school of geography, which is essential for the theoretical and methodological tools of the study of rural areas. It is related to the scientific field, which captures the differences between individual segments of space in their simultaneity, based not on physicalist ideas and cartographic models, but on the analysis of image-geographical interpretations of space, its metageographic images. According to the Russian scientist D. Zamyatin, this concept of geographical images is the natural successor of the chorological (from the Greek *choros* - place) concept [26; 27]. In the context of these approaches, rural areas look, on the one hand, as a specific spatial reality in its various dimensions, and on the other - as a kind of generalized meta-image. With the help of geographical vision, using such research methods as modeling, typology, methods of formalization, abstraction, idealization, etc., you can identify certain types of rural areas, build their functional and management models not on a geographical basis, but on their properties and certain features .

Domestic researchers J. Vermenych, M. Dolishniy, F. Zastavny, N. Pavlikha, O. Topchiev, O. Shabliy, G. Schwebs and others made a significant contribution to the further development of the concept of spatial organization of society, its varieties and modifications. Recently, representatives of science in public administration, namely V. Mamonova, N. Nyzhnyk, A. Chemerys, V. Yatsuba and others, have shown a certain interest in the scientific development of issues related to various aspects of territorial development. However, rural areas are not included in the object-subject field of their scientific interests. At the same time, the development of conceptual foundations, organizational and

economic mechanisms by rural territorial entities and their components is becoming increasingly scientific and practical. First of all, there is an objective need to clarify the conceptual and categorical apparatus of the object and subjects of the organization, a certain specificity of functions, principles of organizational and economic activities. Addressing these issues will help to overcome the sectoral approach in the study of rural areas and the formation of a paradigm of rural development. Based on this, we set a goal to outline promising areas of scientific research in rural areas and identified the following tasks:

- to analyze the state of scientific research in rural areas;
- outline the areas of study of rural areas in the theoretical and methodological, resource-functional and organizational-economic dimensions;
- identify ways to optimize the systematic study of rural areas.

Taking into account that during 2004-2006 we conducted a comprehensive study of rural areas as an object of organizational and economic system, we consider it appropriate to limit ourselves to focusing on priority research tasks, among which the worldview deserves priority attention. In this case we are talking about the need to develop a new ideology of rural development, able to change the attitude of the state to the peasants, improve the psychological climate in the countryside, overcome the uncertainty of the rural population in its future, restore its confidence in government. O. Onishchenko and V. Yurchyshyn define this worldview principle as peasant-centrism, which means the systematic subordination of the whole set of revival processes to the interests of the village and the peasantry [28]. The implementation of this principle requires: overcoming the inferiority complex of the village in the public consciousness; considering it as the cradle of the Ukrainian state; new attitude to nature, land, work, life, cultural and historical traditions, spiritual values; formation of modern ethics of life, etc.

Speaking at the Seventh Annual Meeting of the All-Ukrainian Congress of Agricultural Economists on November 9, 2005, Academician V. Yurchyshyn

identified peasant centrism as an ideological and methodological factor in the development of rural areas. From this we can conclude that sociality is a priority criterion for the development of rural areas. Sociality at the present stage of development aims to overcome the decline of the village. The demographic situation looks the most threatening here. With a low share of the working population (41.5%), the death rate in rural areas exceeds the average annual birth rate by 163 thousand people, which is equal to the reduction of the population of five administrative districts. In 8,000 rural settlements, out of 28.6 thousand, no children have been born in the last three years. If this trend is not stopped, in three or four generations the village will disappear from the map of Ukraine. Overcoming the process of degradation of rural areas involves solving the following main tasks:

- creating conditions for productive employment of rural residents based on the effective use of natural resources of the village;

- overcoming poverty, a significant increase in income of the rural population;

- improving the social infrastructure of the village, the service system of rural residents;

- prevention of further decline of rural settlements and territories, expansion of opportunities of rural communities in solving the problems of their vital activity;

- improvement of the system of state regulation of social development of the village [39].

The development of conceptual foundations for the development of rural territorial formations involves a clearer definition of the terminological object of study. Despite the fact that the concept of "rural areas" is used in the latest scientific literature, in defining its content there is still no single approach. The definition of rural areas as a complex system that is not identified exclusively with agriculture as a branch of production or the village as a type of settlement,

indicates the inexpediency of limiting the scientific analysis of their essence by a sectoral approach. Important in the study of the nature of rural territorial formations is the application of the concept of spatial organization of society, which allows us to focus on the study not of individual components of the system, but their totality. Spatially, rural areas have national, regional, district and grassroots levels, which are organized into one whole on the principle of "matryoshka dolls". Thus, the components of this system are interconnected at both horizontal and vertical levels. In this sense, for a more complete description of the object of study, we have proposed the concept of rural development, the use of which allows us to objectively assess its functionality by the manifestation of the functions of various components of rural areas. This concept is organically complemented by a functional-territorial approach, which takes into account the interests of territories and individual industries, including agriculture. The study of the nature of the connection of the rural subsystem of society with the urban showed the strengthening of the interaction of urbanization and ruralization (from the English. Rural - rural), which results in the formation of "mixed" types of territories - urban areas and areas [30].

The methodology of research of rural areas consists of methods that are harmoniously combined with each other and are creative. For example, the scientific value of the system method lies not only in determining the structural structure of the object, but also its relationships with other objects, the natural environment. In fact, some components of rural areas are an integral part of the latter. On this basis, rural territorial formations can be attributed to the type of systems that are characterized by unpredictability, openness, imbalance and instability. These properties fall under the description of synergetics as a scientific field, the object of study of which are complex self-organized systems. The use of synergetics tools - the principle of coevolution, the category of "bifurcation" - involves alternative development, the ability to choose one or another of its ways, the consistency of different trends, a combination of different

activities to improve the functionality of the object. The combination of such research methods as modeling, typology provides an opportunity to differentiate rural areas on various grounds: demoeconomic composition, political and legal status, sectoral orientation, type and mode of land use, development dynamics, importance of functions, degree of complexity and resources, level of urban etc. The use of the historical method in the analysis of the evolutionary development of the object implies the need for constant reference to the historical context. The methods of economic and geographical zoning, which are taken into account in the creation of territorial economic complexes, should not be underestimated.

The application of the modeling method contributes to the definition of the functions of rural areas. When designing models, the means of experiment, methods of formalization, abstraction and idealization are used, with the help of which it is possible to create a generalized image of a real existing object. Other research methods are used to create the characteristics of the object. The most productive among them is the method of typology, which is based on the search for common features and differences in order to identify the object. As a specific object of functioning and support, rural urbanized zones and areas have been studied [40], which have developed as a result of the interaction of urbanization and ruralization processes. They are "mixed" types of territorial formations, within which system-forming connections are established between cities and the surrounding rural area. The method of typology is used to search for territories that, due to their natural resource potential, are able to perform competitive and even alternative to agricultural functions. Indicative in this respect is Transcarpathia, 61% of whose inhabitants live in rural areas. But only 35.8% of them work in agriculture and forestry, which is due to the limited number of agricultural lands. At the same time, with 415 objects of the nature reserve fund in the region, health and recreational and tourist resources are used only by 4.3% [41]. For example, Uzhansky National Park includes the territories of 12 village councils, 20 settlements with a population of 13.7 thousand people, which is 45%

of the total population of the district. But this complex meets the needs of only 7% of the economically active part of the population [42]. In this regard, it should be noted that in the United States the predominant share of farm household income is income from non-farm activities. Thus, the share of direct government payments in these revenues averaged 39% in 1998-2002 [43]. For comparison: according to a sociological survey conducted by researchers at the Institute of Economics and Forecasting of the National Academy of Sciences of Ukraine in September 2005, 17% of owners of private farms in Ukraine are engaged in employment, which ensures their survival.

According to the dynamics of socio-economic development, rural areas can be classified as highly developed, with medium and low level of development, degrading. The latter in the Law of Ukraine "On Stimulating the Development of Regions" are identified as depressive. They recognize rural areas, which in the last three years have the lowest rural population density, natural population growth, the highest - the share of those employed in agriculture, the lowest volume of agricultural production per capita and the lowest level of average wages [44]. Regarding the proposed criteria for assessing the depression of the territories, it should be noted, firstly, that currently there are virtually no regions with natural population growth, and secondly, among the criteria there are no ones that reflect poverty, unemployment, labor migration, social infrastructure and more. The short-term follow-up of the process of depression (three years) does not give a complete picture of its depth. In our opinion, the term "degradation" is more adequate to the condition of domestic rural areas. It means a stable deterioration of quantitative and qualitative indicators of the main parameters of their development to the extreme - the final loss of positive qualities. In some areas, degradation has become permanent, in others - has a tendency.

The next block of research tasks is resource-functional. In our opinion, the approach to rural areas through the prism of assessing their performance of a

purely food function is inconsistent with modern realities. The concept of multifunctional development of the village due to the location of industrial facilities, processing and service industries, agriculture, services, recreation, health, recreation as the main prerequisite for its revival and reproduction has greatly contributed to the departure from the perception of rural areas only as a spatial basis of agricultural production. on its own demographic basis. It was developed in the early 1990s by the staff of the Institute of Economics of the Academy of Sciences of Ukraine [34]. The introduction of this idea in modern conditions is associated with the process of deagrarization of the rural economy - a decrease in its structure of share (but not volume!) Of agricultural production, which, in turn, involves the accelerated development of non-agricultural activities [31]. It seems to us that in this case it is more appropriate to talk about the development of non-agricultural activities. At the same time, the problem of determining the economic functions of rural areas, which are not only competitive but also alternative to agricultural, comes to the fore. The parity between the functions of rural territorial entities depends on the available resource potential. Moreover, the effective use of potential resources can significantly accelerate their development and even change the properties and essential characteristics of rural areas. However, given the environmental function of rural areas, developing certain types of economic activities, should take into account the growing load on the landscape.

The performance of certain functions by rural areas has an impact on economic models. Now the economy uses a model based on the sectoral principle, which is reflected in the name of the relevant ministry and its local units. A distorted reflection of rural development is agricultural policy, which narrows the functional purpose of rural areas. It is more adequately expressed in rural development policy, which, by definition, in contrast to agriculture, is not sectoral but territorial. The purpose of rural development policy is to create favorable

living conditions for the rural population by increasing the multifunctionality of territories.

It acts as a basis and means of implementing the strategy of development of rural territorial entities, which occurs in the process of economic activity.

Development of organizational and economic mechanism of state support for rural development involves its comprehensive analysis in territorial, subjective, sectoral and functional dimensions. The territorial dimension at the grassroots level is represented by indivisible primary economic and settlement simplexes. This model of rural development envisages non-interference of state bodies in the activities of rural communities that operate within the limits set by current legislation, meeting their own needs through the use of local resources. Starting from the district level, object-subject relations become more complicated. Not only the number of management entities is increasing at the expense of district councils and district state administrations, but also intersectoral connections of business entities are expanding. There is a problem of coordination of sectoral interests with territorial ones, which requires the introduction of local policy. At the regional level, the economic structure is becoming more branched and diverse, the number of government entities is growing. Strengthening the intersectoral balance due to the dominance of industry requires a broader approach to the development of rural areas. Under such conditions, the requirements for regional policy and its coherence with rural development policy increase. This is not an overriding task, as their source and leader at the executive level is one source. At the national level, the need to use measures that affect the orderliness of rural development is growing. Along with market mechanisms, self-regulation is becoming more important, the contradictions between the interests of the center and places are growing, which requires the development of a state strategy for rural development, the introduction of a unified rural development policy.

The subjective dimension is represented by the state-self-governing model at the horizontal and vertical levels of economic activity. In conditions when the civil society is just being formed, and the business in the countryside is developing too slowly, at the legislative level it is necessary to clearly define the powers of different economic entities, to avoid duplication of their functions.

In the context of the sectoral dimension, the agrarian model of rural development is traced. At the same time, the development of other spheres of activity, especially social, should be regulated. By transferring the social infrastructure of the village to communal ownership, the state, in fact, distanced itself from solving the problems of its vital activity.

The functional dimension was previously almost not taken into account in the process of economic activity. Given the provision of rural areas with appropriate types of resources, it is advisable to implement different models of rural development. Priority in their selection belongs to local executive bodies and local self-government bodies. The model of development by urban territorial formations - rural urbanized zones and areas has its own specifics. They need joint participation in the management of entities representing the interests of rural and urban communities.

The analysis of the state of scientific research of rural areas allows us to draw some preliminary conclusions, as this object needs further and more in-depth study. At this stage, we can state some progress in the systematic study of rural areas. First of all, it is related to the development of conceptual foundations for the development of rural areas, overcoming the sectoral approach to defining their essence and functional purpose. At the same time, only the first steps have been taken to form a paradigm of rural development. As for the functioning of individual components of rural areas, their prospects depend on further scientific development of conceptual constructs, research of rural development policy, prospects for the relationship of rural and urban territorial subsystems, studying the nature of different types of rural areas and more.

1.3. Views of scientists on the development of state support for rural areas.

Concept "Rural areas" today are one of the most used when it comes to rural development, agriculture, agriculture. It is used in different contexts, and very often simply as a synonym for "rural settlement", "village council", "rural community", "rural settlement network" and so on. This can be justified by the fact that rural areas have only recently become the object of active study by domestic agrarian economists - V.V. Yurchyshyn, P.T. Sabluk, D.F. Krysanov, V.G. Andriychuk, A.M. Tretyak, M.K. Orlatogo and others. However, they have already developed a sufficient theoretical basis on which to make the first generalizations and formulate definitions. The need for them is particularly palpable given the lack of distinction between theoretical and practical aspects of the problem of rural development in Ukraine.

Let's analyze the existing definitions of the category "rural areas", given by various scientists.

V.V. Yurchyshyn notes that "rural area in the modern sense is a complex and multifunctional natural, socio-economic and production-economic structure and is characterized by a set of features inherent in each of them: the area of land on which it is located; the number of people living and employed in the production or maintenance of people; volumes and structure of production; development of social and production infrastructure; form of employment of residents and other features "[10, p. 7].

P.T. Sabluk emphasizes: "Rural territory is a historically formed element of the settlement network that combines the organizational and functional set of settlements, villages, hamlets, single-family and other residential entities that are under the jurisdiction of village (settlement) councils" [11, p. . 484].

D.F. Krysanov writes that the countryside should be considered as a socio-territorial component, settlement and labor base of the agricultural sector [12. with. 32].

A.M.Tretyak emphasizes that "... the rural areas tend to include regions that dominate agriculture and forestry with settlement type" [13, p. 27].

Petrikov A.V. considers that rural areas are "... populated areas outside cities ..." [14, p. 123].

Statistics under rural areas means the territories of villages | 16, p. 323].

Summarizing these definitions, we can identify key aspects studied categories:

- 1) rural area - a territory occupied by the villages,
- 2) it embodies all that therein lies;

From characterized by individual natural properties,

- 4) under the jurisdiction of the village (town) council,
- 5) has distinct structural construction,
- 6) is a general term.

It is important to understand, for example P.T. Sabluk includes settlements, villages, hamlets, single-family and other residential formations, and D.F. Krysanov includes rural settlements and urban-type settlements in rural areas [12, pp. 32]. At the same time, official statistics, when providing information on rural areas, include only data related to villages, ie we see obvious contradictions that can lead to an inaccurate assessment of the current situation, erroneous conclusions. ovkov, and hence erroneous state policy aimed at ensuring the development of rural areas of Ukraine.

In order to avoid uncertainty, we propose to include in rural areas only rural areas, as does the State Statistics Committee of Ukraine. That is, urban settlements are not rural areas.

The thesis that rural areas include regions where agriculture and forestry predominate does not have a proper basis [13, p. 27]. After all, there are villages,

especially suburban, in which industrial production predominates. For example, the village of Yamniya, Tysmenytsia district, Ivano-Frankivsk region, which houses one of the largest cement and slate plants in Ukraine. The vast majority of residents of this village are employed at this enterprise. If we take into account the definition of rural areas AM Third, this village should not be included in the countryside. Therefore, the thesis of the predominance of agriculture and the consideration of rural areas as a socio-territorial component, settlement and labor base of the agricultural sector should not be included in the general definition.

It makes sense to consider rural areas as the personification of all that what she endowed that therein are, functions used in the interests of citizens who live and work on it (15, p. 8). That is a rural area - is:

1) natural resources available in this territory - land, water, forest, recreational, natural resources, climatic conditions, etc;

2) agricultural land - land used to produce agricultural products. By farmland are: arable land, orchards, vineyards, meadows, pastures, fallow and clean pairs [16, p. 108],

3) forest fund - land covered with forest vegetation, as well as not covered with forest vegetation - non-forest land, which is provided and used for forestry [16, p. 110],

4) housing - a set premises that are intended for human habitation and may be in both private and state or collective ownership,

5) non-housing stock - a set of premises intended for production and economic and other activities, in particular: production facilities; non-production premises: schools, hospitals, outpatient clinics, clubs, administrative buildings (village council buildings), libraries, trade and catering establishments, etc .;

6) utilities - water, gas, heat supply; sewerage; power supply; telephony; improvement of streets, etc .;

7) roads, bridges, railway stations (including railways);

8) enterprises (agricultural and non-agricultural), including farms;

9) vehicles; working and productive livestock; Machines and equipment; tools, devices and inventory; other fixed assets that are on the balance sheet of business entities located in these territories, or belong to permanent residents of these territories, ie those who permanently reside at the time of the census, given the temporary absence;

10) religious buildings (churches), which are essential attributes of the Ukrainian village.

More one aspect of understanding the nature of rural areas is that they may be under the jurisdiction of village or settlement councils. According to the administrative-territorial division of Ukraine, the governing bodies of villages are village councils, and urban-type settlements are settlement councils. Moreover, one village or settlement council may include several villages. For example, the Blyudnykivka village council of the Halych district of the Ivano-Frankivsk region includes five villages: Blyudnyky, Hannivtsi, Kurypiv, Pukasivtsi and Temyrivtsi; and the Voynylivka village council of the Kalush district of the Ivano-Frankivsk region includes: the urban-type settlement of Voynyliv and the villages of Dovpotiv, Dubovytsia, and Serednya. Moreover, as already mentioned, the urban-type settlement of Voynyliv itself belongs not to the rural but to the urban territory.

As for the elements (components) of rural areas, they are:

1) the surface area of land together with inland waters and airspace above them, delineated by the boundaries of villages;

2) all that they are endowed with, that is located on them, functions and is used in the interests of citizens who are permanent or existing residents;

3) society (population) of these territories;

4) governing bodies (village, settlement councils);

5) cultural traditions, way of life, mentality of rural residents, which are indisputable components of rural life.

Rural areas are a general concept, not an administrative or territorial unit. Therefore, when talking about them, for any reason, it is necessary to take into account their administrative and territorial restrictions. Because, for example, the phrase: "It is necessary to develop rural areas" - can be interpreted as the need to develop all villages in the world. The same statement will be much more informative when we say: It is necessary to develop rural areas of Ukraine (Ivano-Frankivsk region, Bohorodchany district of Ivano-Frankivsk region, Perehinsk village council of Rozhnyativ district of Ivano-Frankivsk region).

The lowest administrative-territorial unit of rural areas is a separate village. At the same time, it is the basis of rural areas.

The Ukrainian Soviet encyclopedic dictionary treats the village as a type of settlement, the inhabitants of which are employed mainly in agriculture, as an administrative and economic center of agricultural enterprises. Rural settlements include part of district centers, as well as station settlements, road sections, forestry settlements, etc. [17, p. 187].

In the "New Explanatory Dictionary of the Ukrainian language" the village is considered as a settlement (of course, large) of non-urban type, whose inhabitants are mainly engaged in land cultivation [18, p. 175].

Original is the definition of the village, given by VV Yurchyshyn, who calls it a social and domestic, as well as a production center, administrative and socio-cultural and domestic center, a kind of "capital" of each rural area [10, p. 6].

According to the above, the rural areas of the country consist of the following hierarchical levels:

- 1) rural area of the village,
- 2) rural area of the village (settlement) council;
- 3) rural area of the district;
- 4) rural area of the region;
- 5) rural area of the region;
- 6) rural area of the country.

Thus, a rural area is a category that embodies in an administratively-territorially limited set of villages all that they are endowed with, that they are located, function and are used in the interests of citizens who are permanent or existing residents, as well as for the benefit of the country. in general.

Needs consideration of the ratio of rural areas with other categories - "rural settlement", "rural settlement network", "rural community", "village council", "agro-industrial complex".

Rural settlements are settlements that are not cities or urban-type settlements [16, p. 321].

That is, a rural settlement is a synonym for a village: according to the rural territory, it is similarly correlated.

Rural settlement network is a set of rural settlements (villages) in a certain administratively-territorially limited area. In the definition of "rural area" it can be used as an analogue of the combination "set of villages".

The ratio of "rural area" to "rural community" is interesting.

V.V. Yurchyshyn characterizes the rural community (community) "as a determining social center of functioning of the rural territory. It encompasses all without exception those who live on it, the village community, the community is called to develop this rural area primarily in their common interests "[19, p. 6].

In different periods and in different regions of Ukraine there were different forms of rural communities:

- 1) territory of the settlement and the administrative center coincided;
- 2) surrounding villages, having their elected officials, were grouped around a larger settlement - a common administrative center [19, p. 22].

Management of Western lands in the XIX century. was carried out in accordance with the "National Regulations on Local Self-Government" issued by the Austrian government in 1862, on the basis of which the Law "On Communities" was published in 1866. According to this law, the lowest administrative institution was the territory of one village [19, p. 23].

During the Soviet period, the so-called collective communities were created, united into one several village councils (villages). This has led to a significant reduction in the powers of local officials in rural areas and the formalization of local self-government. This picture has survived to this day, as rural communities still do not perform the functions that belong to them, namely:

- legitimization - the legalization of the territorial community as the main subject of management of the rural settlement; components of the community; their interaction in promoting the development of civil society;
- regulatory - development of principles, general rules and norms of regulation of mutual relations of subjects of local self-government in all spheres of life of the rural settlement;
- law-making - determination of the rights and responsibilities of local governments and residents of rural settlements; innovative - ensuring the dynamics of development of a rural settlement in accordance with the program of its development, consolidation of mechanisms of innovation processes;
- management - creating conditions for effective management of rural settlements, development of all components of management and self-government; human rights - defining a set of rights and freedoms of citizens, their guarantees and methods of protection;
- ethical - determination of the rules of civilized interaction of the inhabitants of the rural settlement and local authorities, other entities on the basis of norms and values of morality of society [23, p. 110].
- Thus, a rural community is a permanent resident of a rural settlement, who, through specific functions and authorized bodies (village, settlement council), determines its vital activity.

The core of the system of self-government of a rural community is a village or settlement council, which is elected by direct secret ballot. The quantitative

composition of the council is set in accordance with the gradation given in Art. 5 of the Law of Ukraine "On elections of deputies of city councils and village, settlement, village mayors" and varies in the range of 15 deputies (for territorial communities numbering up to 3 thousand people.) [20, p. 15].

The center of management of the system of self-government of the respective rural territorial community is the executive committee of the village (settlement) council. The quantitative and personal composition of the executive committee is approved by the council on the proposal of the village head, who further heads the executive committee and organizes its work. In rural communities with up to 500 inhabitants, councils may not form executive committees. In this case, the powers of the executive committees (except for the disposal of enamel and natural resources) are implemented by the mayor of Ilya alone [21 p. 43].

Today there is a lot of talk about the inefficiency of the existing system of administrative-territorial organization of Ukraine, especially at the lowest level - rural communities. And this is a really big problem. After all, by giving territorial communities the power of self-government, the state actually shifted the responsibility for the development of rural areas on their shoulders, but did not envisage sources of funding for such development anywhere. Without resolving this issue, do not expect changes for the better.

An important point in the development of rural areas of Ukraine is to determine their relationship with the agro-industrial complex.

The agro-industrial complex is a set of branches of the national economy engaged in the production, processing, storage and delivery to the consumer of agricultural products [22, p. 11]. Outside the agricultural sector are rural settlements that perform industrial and other functions not related to the agro-industrial complex, as well as urban settlements (cities and towns), which are located enterprises of food and processing industries, procurement, agro-service etc. [12, p. 31].

That is, the development of rural areas is a matter of the country's economy as a whole, not just the agricultural sector. Accordingly, resources for their development should come from the centralized state budget.

The obtained scientific results have both scientific and applied significance. Further research in this direction should be aimed at expanding the existing theoretical basis for the study of rural areas, detailing their structure and structural elements.

The idea of economic policy of the state as a branch of scientific knowledge began to form in Ukraine in the early XIX century, simultaneously with the formation of political economy as a subject of scientific research and education. However, researchers of the theoretical heritage of domestic scientists on the interaction of state, economy and society as the most productive identify the second half of XIX - early XX century. This period saw a change in socio-political formations, the emergence of capitalist relations in tsarist Russia, which included Ukraine. Following in the footsteps of their European counterparts, domestic scientists are divided into three main currents: the free market, the nationalization of the economy, and moderate government intervention in the operation of the market mechanism.

The most consistent defenders of the ideas of the physiocrats and the school of A. Smith, D. Ricardo were T. Stepanov, I. Vernadsky and M. Bunge. T. Stepanov was considered one of the founders of classical economic theory not only in Ukraine but also in Russia. In his works he adhered to the ideals of economic freedom, which contradicted the views of the then apologists for feudalism and the doctrine of mercantilism. Analyzing the economic processes in Ukraine and Russia, the scientist critically perceived certain categories of political economy, reacted sharply to the social problems of the time and at the same time warned against the mechanistic transfer of theories of Western economists to the pound of domestic reality²⁴. I. Vernadsky did not agree with

the concept of state influence on the economy, in particular with the statement that the productive forces will develop more dynamically due to protectionist tariffs. He argued the opposite trend - the dependence of economic growth of the country's economy on the growth of its foreign trade. The scientist considered the state presence in the economy superfluous in conditions when the markets have already freed themselves from feudal dependence and mercantilist ideas, because they restrict free competition, contradict the laws of commodity production.

M. Bunge, as a theorist, in his works also defended the position of non-interference of the state in the economy and considered it important not to introduce new regulatory rules, but to create conditions for their uselessness, creating an environment for comprehensive development of private initiative. From this point of view, he contrasted bourgeois social relations with serfdom, considering the latter a historical stage in the development of the capitalist system. As for economic policy, M. Bunge adhered to the concept of free trade (English *fretrade* - free trade) - a direction that provides for freedom of trade and non-interference of the state in the business activities of economic entities, although contemporaries believe that it can not be positioned with any political current of that time. The scientist studied various economic schools from a pragmatic standpoint for the application of their developments in the practical work of the banker and the Minister of Finance of Russia. However, most analysts consider it among the representatives of the classical school, because M. Bunge considered the main regulators of the economy supply and demand, free competition and the insignificant presence of the state in the economic life of the country. However, the scientist did not always adhere to these views in his work.

Along with the supporters of the functioning of a free market economy, some Ukrainian scientists have seen the negative manifestations of the market mechanism of self-regulation and incentives for economic entities, especially in the social sphere. At the end of the XIX century. free competition began to be supplanted by monopolistic associations. Their spread was associated with

overcoming the spontaneity of market processes, preventing crisis cycles, creating new jobs, minimizing other negative socio-economic consequences characteristic of the period of initial capital accumulation. For example, M. Tsytovych, P. Fomin and A. Rafalovych argued that monopolies would promote the introduction of planning and forecasting in the economy. V. Zheleznov and M. Bernadsky predicted that they ("monopolies") would accelerate scientific and technological progress. noting the positive organizing role of monopolies in overcoming the negative effects of the anarchy of production and regularity of the process of their appearance in terms of civilization development, called scientists are aware of and need for state regulation of the market system²⁷.

at the turn of the nineteenth and twentieth centuries. their positions to enhance the functions of state regulation of the economy, well-known economists of the time, such as M. Tugan-Baranovsky, K. Vobly, V. Yarotsky, I. Yan-zhul, M. Sobolev, etc. The active state policy on the impact on economic life was conditioned by the peculiarities of economic development. coordinated actions of monopolistic associations, low rates of industry , the need to regulate land tenure, etc. In addition, the ideas of the German historical school and Marxism with their concept of strong state power and approach to property as one of the temporary historically conditioned social institutions were popular among Ukrainian scholars. Thus, scientific thought increasingly focused on solving specific problems of the economy, overcoming the imperfections of the operation (or inaction in certain areas of public relations) of the market mechanism and the limits and methods of government intervention to correct it.

Among the forms of state influence were antitrust regulation, factory legislation, banking, tax, stock exchange, customs and tariff policy and the participation of public organizations in the economic life of the country. V. Yarotsky, in particular, focused on the expediency of regulating land relations, the organization of public food and the relocation of families to disadvantaged areas and other issues of the agricultural sector² .

M. Sobolev argued that the criterion for the effectiveness of state regulatory policy should be its promotion of economic progress. At the same time, he noted the inevitability of a subjective factor in the choice of alternative directions of such a policy. After all, people representing the interests of various socio-political groups work in state bodies. Under certain circumstances, public authorities do not play an independent role in the economy, but are only a tool in the hands of influential business circles. For example, V. Zheleznov, analyzing the undesirable consequences of customs protectionism in the sugar industry, explained them not by miscalculations in determining the amount of duties, but by a misunderstanding by state regulators of their functions regarding the level of support for national sugar producers. Although some Ukrainian economists took opposing views and believed that the state's presence in economic life was objectively determined and tended to increase, the government's intervention in the pricing mechanism was generally considered ineffective given the negative experience of developed governments. , who refused to directly influence the price component of the market mechanism.

Summing up the development of the theory of economic regulation, including its agricultural sector, during the second half of XIX - early XX centuries., According to some researchers, Ukrainian scientists have made a significant contribution to this area of scientific research³⁰, according to others - Ukrainian economists were theoretically "mostly eclectic." Without creating their own original scientific school, they followed certain European trends in political economy and fruitfully used ideas that they considered appropriate or realistic for implementation on domestic soil. But more often they preferred "compromise options", the essence of which was to preserve the basic principles of the existing capitalist mode of production and to solve acute social issues with the participation of state institutions.

After the October (1917) coup in Russia, a new stage in the development of economic thought in the relations between the state, the market, and society

began in our state. As is well known, Lenin's concept of "state capitalism" saw in the market only a spontaneous principle that gave rise to capitalism. The use of commodity-money relations was allowed only for accounting and settlement needs, and the most effective form of ownership was considered state. With the introduction of the NEP, science focused on strengthening the planned foundations of building socialism and mastering the "command heights in the economy", total control over the market, trade, financial and credit and other levers of regulation of structural and sectoral proportions of the economy. Thus, the foundations were laid for a centralized-planned system of national economy management on the basis of the national form of ownership of the means of production and its results. The functions of a single center for regulating the economic life of the country were initially entrusted to state structures and local governments. However, they were later usurped by the Communist Party in the person of its highest collegial governing body, the Politburo.

It should be noted that the NEP's measures found a kind of support in the works of Marxist economists and in the speeches of party and state figures of Ukraine. The NEP was perceived by them as a temporary departure from the communist principles of building a new society, based on a non-commodity model of the socialist mode of production. It was a period of active search for models of interaction between the planning and market mechanism, the ratio of public and private sectors in the national economy and the development of a rigid system of administrative management of the economy, decorated with pseudo-democratic ornament.

The defining components of agrarian policy in this period of economic history were the revival of agricultural cooperation, land management in the interests of all categories of peasants, permission to lease land, attracting, with some reservations, hired labor. State regulation of economic activity was carried out through prices, taxes, credit, the establishment of an equivalent exchange between urban and rural areas. As a result of the measures taken from the second

half of 1922, the pricing of agricultural products depended on the existing demand and supply. However, due to the lack of developed infrastructure, the market could not regulate, and most importantly - meet the needs of society in certain vital products, in connection with which the state was forced to make adjustments to the mechanism of self-regulation of prices, administrative measures to stimulate energy and labor-intensive food products. needs, especially of animal origin. At the same time, there was a process of gradual elimination of the trade deficit, narrowing of the shadow economy, underground trade and other negative phenomena³².

Ukrainian economists also made a certain contribution to solving the country's development problems during this period. In particular, the already mentioned M. Tugan-Baranovsky contrasted his investment model of economic development with Keynesian and monetarist approaches, and he saw the main reason for cyclical fluctuations in the disproportion between the movement of savings and investment and the imperfection of the market mechanism. In his opinion, it is possible to eliminate disparities in the national economy by regulating the volume of investments, which in fact meant the transformation of the theory of crises into the theory of conjunctures, which was further developed in the 1920's³³.

Anticipating the negative consequences of the policy of centralism for the economic freedom of individuals, M. Tugan-Baranovsky believed that centralism is always associated with bureaucracy, isolation of the economic mechanism from the real situation in the economy and ignoring private interests. "Accordingly, the role of the forced beginning of power in the system of public life is increasing. Such is the inescapable sin of all centralism." Despite this statement and other similar views on the functions of the state, M. Tugan-Baranovsky not only did not deny centralism and planning in the economy, but, on the contrary, considered them mandatory attributes of the socialist system.

The results of the analysis of the works of Ukrainian authors of the late 1920s and early 1930s testify to the dominance of the ideas of centralism. Most statesmen and scientists positively assessed the prospects of Ukraine's development as part of the Soviet Union on the basis of a single economic plan and subordination to it of investment, budget, tax, monetary, foreign economic policy and other approaches to state economic regulation. Alternative views of economists were silenced or subjected to devastating criticism, the researchers themselves were subjected to various oppressions, and some suffered the fate of "enemies of the people." The label "Volobuivshchyna" became significant in this sense after M. Volobuev published the article "On the Problems of the Ukrainian Economy". The scientist, in particular, opposed the existing division of labor between Ukraine and Russia, arguing about the colonial nature of the economic policy of the Soviet government towards Ukraine, which turned it into a raw material appendage of central Russia. His "guilt" was to try to consider our state as a historically formed integral economic organism, to take into account its specifics and the eternal desire to enter the world economic system directly, not through the Russian economy. As you know, the scientist was acquitted in 1957, but the full rehabilitation of his theory of the Ukrainian national-territorial economy became possible only after the declaration of independence of our state.

In the late 1920's, criticism of S. Veselovsky, K. Mankovsky, O. Filipovsky, S. Soloveychik, M. Rupikov, and many other supporters of the theory of organizational and production direction in the agrarian economy intensified. These and other scientists were followers of the ideas of O. Chayanov, O. Chelintsev, who began their scientific activity in Ukraine, as well as K. Kazhanov and G. Studentsky. The need for state regulation of production, distribution, exchange and consumption in the initial phase of the communist mode of production was justified both theoretically and by the realities of economic practice. According to Marx's labor theory of value, capitalists appropriate the lion's share of the results of labor in the form of profit. To solve this socio-

economic problem, workers and peasants are doomed to take industrial relations by force under their direct control. Hence the main objectives of public policy stemmed from the existence of significant differences between the nature and content of mental and physical labor, between urban and rural areas, the need to distribute net income among workers according to the quantity and quality of labor expended, and the functioning of cooperative ownership.

The economic reforms carried out in the Soviet Union in the 1950's and 1980's were an attempt to supplement the centrally planned system with economic methods of managing the national economy. The agricultural development programs developed in 1953, 1965, and 1982 had a temporary positive effect. The search for the reasons for the lag of the economy from the developed capitalist states in the 1970s was especially intensive. Economic calculation was introduced in the work of enterprises, conditions were created for them to make a profit as the main criterion of efficiency (as opposed to gross indicators) and other economic levers. Due to the introduction of these and other elements of market relations, incentives to increase productivity, technical renewal of production, improve product quality and bring its properties closer to the real needs of consumers.

However, the reforms of the Soviet period were not systematically implemented, the role of the market mechanism in the functioning of the economy was underestimated. The plan was opposed to the market, socialist competition to competition, and state paternalism to the rejection of social programs. The result of half-hearted and indecisive actions was the deepening of stagnant phenomena in the national economy, technological backwardness and awareness of economic science and practice of the need to radically change views on the place and role of the state and its institutions in economic life.

Until the early 1990s, the state, through the relevant governing bodies, directed the development and implementation of plans for the development of the country's economy, all branches and spheres of the national economy,

redistributed the aggregate social product, organized logistics, appointed their managers, and the degree of consumption, etc. Means of direct state regulation by enterprises of the public sector of the economy also extended to collective farm and cooperative production, but in even more distorted forms.

Thus, on the basis of comprehensive totalitarian control, the state tried to isolate and implement the interests of all its classes and strata.

In general, the Marxist-Leninist doctrine of continuous nationalization of the economy was identified with the historical tendency to socialize property, and therefore almost complete displacement of the market mechanism of self-regulation by the process of reproduction "on behalf of society and in its interests" was considered a natural phenomenon in the transition from capitalism to socialism. The state was simultaneously recognized as an institution of superstructure and the central economic body of society. The basic nature of economic functions has been interpreted by scholars as a fundamentally new stage in the socialist state's fulfillment of its economic role³⁵.

Marxist-Leninist theory, substantiating the functions of the state in the economy, at the same time emphasized that the state as a social institution is not eternal and is limited by certain historical frameworks. When communism was built, the ruling party was to become the core of a developed society and make a gradual transition to communist self-government in all spheres of life. Economic indispensable prerequisite for the withering away of the state had become the all-round development of the productive forces and production relations and the implementation of the principle "from each according to his ability, to each - according to his needs."

The dominance of Marxism-Leninism as the only correct doctrine and its dogmatization by the leaders of the ruling Communist Party hindered the creative participation of almost three generations of Ukrainian scholars in the development of the theory and practice of state regulation of the economy. At the same time, the results of scientific research and work in this area of our

compatriots of the pre-revolutionary school were almost unclaimed³⁶. Evidence of the "taboo" on free economic disputes among all scholars was a kind of canonization of textbooks on political economy and the dominance of citation-commentary type of thinking in research on socio-economic issues, ie the criterion of truth in the "last resort" was not practice, but successfully cited a quote from any classic or party leader of the appropriate level.

The analysis of the results of agrarian policy was the prerogative of only a narrow circle of specialists who had the exclusive right to submit proposals for consideration by the relevant party-state governing bodies. Strict adherence to the principle of partisanship in scientific research, the superior attitude of ideology to the economy also hampered the development of agrarian economic thought, did not contribute to the search for truth and objective coverage of real problems and the use of effective means of state regulation. As a result, this led, on the one hand, to the lag of domestic theory and practice of regulating agricultural production from world achievements in this field, and on the other - to stagnant phenomena in the agro-industrial complex, the loss of positive dynamics of innovation and structural development.

As for the course of economic transformations carried out since 1991, it is generally accepted among domestic and foreign scholars that the liberal-monetarist policy of the state, which was pursued at the beginning of economic transformation, did not yield the desired results. Moreover, according to I. Lukinov, the "market inaction" of the state was a kind of provocative signal to the economic self-collapse of the new democratic state, indulgence in chaos and paralysis of active creative activity. Such a policy has nothing to do with effective market transformations and has led to a spontaneous market economy, a small-scale private economy with low-productivity manual labor³⁷.

In other words, during the replacement of the foundations of the administrative system of management, the state removed itself from performing its uncharacteristic functions in a developed market economy before a full-

fledged market mechanism and effective institutions capable of resisting the market element were formed. The neoliberal model is associated with the loss of control over macroeconomic processes in 1992-1994, violation of the principles of equivalence of intersectoral trade, imbalance of markets for agricultural products and products of its processing, continuous loss of agricultural enterprises, deindustrialization of the level of social production. households, especially in rural areas.

Since 2000, according to the main macroeconomic indicators, Ukraine has entered a phase of economic growth. In addition to the favorable external situation, appropriate conditions have been created to overcome the negative consequences of the previous policy of non-interference and to develop adequate tools to overcome the systemic transformation crisis. However, even today the strategic question of the economic model of providing a "second wave" of reforms remains open for discussion. As a rule, one of two options is proposed: deepening the foundations of the neoliberal model or moving to an institutional model of market transformation, "based on the principles of dirigisme, combined with elements of strong government regulation." It is noteworthy that among domestic economists there are more and more supporters of the second way of economic policy.

It is rightly believed that the XXI century. will be the era of institutional economics. A kind of recognition and support of this course was the award in 2001 of the Nobel Prize in Economics to leading American scientists D. Stiglitz, D. Akerlof and M. Spence, who in their practical recommendations to governments hold views on the active participation of the state in economic regulation. They believe that the uncontrolled development of market relations creates unequal conditions in economic activity. D. Stiglitz is known, in particular, as a critic of the principles of the Washington Consensus³⁹. Developed in the early 1980s for Latin American countries, they were proposed by the International Monetary Fund (IMF) to transform post-communist transition

economies. The recommendations of the Washington Consensus provide for regulatory measures aimed at: a) pursuing a tight fiscal policy; b) redistribution of budgetary resources from the production to the social sphere; c) tax reform; d) implementation of financial liberalization; e) introduction of a single market exchange rate; e) liberalization of foreign trade; g) removal of obstacles to foreign direct investment; g) privatization; g) reducing the level of state intervention in certain areas; h) compliance with the policy on protection of property rights. In most countries with economies in transition, the implementation of these principles has led to the adaptation of their natural, productive, financial and intellectual potential to the needs of highly developed countries, which determine the rules of economic globalization.

According to leading scientists of Ukraine, the strengthening of the regulatory functions of the state in the economy, *first, is* not aimed at curtailing market transformations, but gives the transformation processes a more orderly systemic nature; *secondly*, it is not a question of expanding purely administrative state intervention in the economy; *thirdly, the* instruments of state regulation should not replace the processes of market self-organization or be a superstructure of the market, but should organically complement the system of market relations.

Given the above, it can be noted that during the transition period in the policy of state regulation our country has largely gone from a centrally planned to a market economy, but inconsistency and inconsistency in the implementation of state regulation have led to significant loss of resources and delayed positive socio-economic shifts. in reforming an inefficient management system. To overcome the negative trends in the development of the national economy and its agricultural sector, it is necessary to conceptually define the basic principles of state regulatory relations in this area, introduce new tools of influence and determine evaluation criteria for their effectiveness in terms of functioning in the transformation period and after its completion.

Scientists, statesmen and top managers are debating the essence of the category of "state regulation" and "market self-regulation of the economy", the mechanism of their interaction in specific economic conditions, taking into account the unforeseen challenges of the "new economy". At the epicenter are the basic principles of state-regulatory relations in the field of economic activity, principles and methods of reconciling the interests of the state, agribusiness and society and possible options for their implementation in the context of globalization of world economic relations.

1.4. Concepts of macroeconomic activity of the state.

As a subject of the economic system, the state is the highest form of organization of human coexistence, which has created conditions for people's activities to meet their needs for food, clothing, housing and other material goods in accordance with socially accepted norms, rules and customs. F. Engels noted that "the state developed imperceptibly ... in connection with the emergence of private property, due to the division of labor between urban and rural areas, and then between different urban branches of labor, created new bodies to protect their interests; all sorts of positions were established. " The state is a product of society at a certain level of development. According to Engels, the features of the state are: "division of subjects ... by territorial divisions", "establishment of public authority", to maintain which "necessary contributions of citizens - taxes." Possessing public power and the right to collect taxes, government officials become the governing bodies of society [184, pp. 125, 190-192].

The state is a specific subject of the economic system, because by its "natural" purpose it is an institution of political power. In fact, the economic system emerged when people began to produce, rather than simply collect, certain goods - means of production and consumer goods. It is the economy as a system of social relations develops with the advent of the state. "The state is the highest form of organization of human coexistence and at the same time the most

powerful subject of power... It has created conditions for people's activities aimed at meeting their ever-growing needs, carried out in accordance with socially approved norms, rules and customs" [61, p. 92].

In the socio-economic literature, there are many concepts that characterize the economic activity of the state. The main ones are: "economic activity of the state", "economic policy of the state", "economic functions of the state", "state regulation of the economy" and others.

"Economic activity of the state" is the most general concept that characterizes the state as a subject of the economic system. Because any activity of the state, which is directly or indirectly related to the economic activity of the state, the economy, refers to its economic activity. In the scientific and educational literature in this regard more often use the term "economic policy of the state." In their deep essence, these concepts are identical. Economic policy - a more practical, concrete expression of economic activity of the state, or rather - its implementation as a political authority of economic functions. That is, in addition to political power, the state becomes a subject of the economic system, although by its nature it is a body of political power. The concept of "state regulation of the economy" is often used in the economic literature, which is undoubtedly related to economic policy and is one of the areas of economic activity of the state. Functions of the state - from Latin. *functio* - performance - are defined primarily as a duty, scope of activity, purpose, role. In relation to the economic activity of the state, the concept of "economic functions" are specific areas of economic activity of the state. Collectively, the economic functions of the state create a system of organizational actions of the state as a subject of economy [79, pp. 15-32; 114, pp. 43-53].

As you know, there are different approaches to the place and role of the state in a market economy [118, pp. 6-12; 114, pp. 9-29; 125, pp. 34-35]. There are two main concepts: the concept of minimal and large-scale state intervention in the economy. Between them is a wide range of views, each of which recognizes

the more or less significant scale of the economic role of the state. The essence of the main concepts of economic activity of the state is as follows:

1. The concept of minimal state intervention in the economy. Representatives of this concept believed that a market economy can function effectively without state control. The free play of market forces does not require state intervention in the economic activities of private enterprises, and the market mechanism without state intervention provides a spontaneous order. The state should perform only those functions that the market cannot perform at all, and by means of legal regulation it should take care to create as few obstacles as possible to the functioning of the free market. All subjects of a market economy need to ensure economic and legal sovereignty, freedom of action in a market and business environment.

A. Smith initiated the direction of liberalism in economic theory and argued that the "free play of market forces" creates a harmonious system (order) in the economy. Liberalism considers the protection of the existing system and the provision of conditions for free competition to be the most important functions of the state. The ideas of economic liberalism were most clearly expressed in the law formulated by JB Sey, according to which capitalism is able to spontaneously and automatically restore economic equilibrium without state intervention. The methodological basis of liberalism is the principle of individualism, according to which there must be a natural human freedom from society, and the defense of the interests of individuals leads to the satisfaction of public interests, to social welfare.

A. Smith and his followers allowed some state intervention in the economic system and did not consider it as just a "night watchman", which is often attributed to them. They understood that in the conditions of the so-called free market there are many socio-economic problems that private producers are not able to solve on their own at all, or effectively perform. The state must always ensure the general conditions for the functioning and development of the national

economy and, above all, create economic (trade) law, monitor its implementation, act as a guarantor of economic and legal sovereignty of private market economies. That is, the state provides freedom of enterprise, freedom to engage in any economic activity, freedom in trade and competition.

Within the concept of minimal state intervention in the economy, there are many areas, theories and schools. The main ones are: "monetarism", "theory of rational expectations", "theory of order". Most modern theories, schools and areas of economic theory, which can be attributed to the supporters of the concept of minimal or minor government intervention in the economy, believe that even now market competition itself provides high macroeconomic stability. State intervention can only exacerbate economic imbalances and contribute to economic instability. Therefore, in modern conditions, state intervention in the economy should be limited to creating favorable conditions for the proper functioning of the market. Market pricing is perfect and society suffers from a departure from the idea of spontaneous regulation by the market mechanism. The state should only guarantee a competitive (spontaneous) order. That is why the economic activity of the state is considered and critically evaluated in terms of its compatibility with the market and competition, the preservation of the market price mechanism. Effective government intervention is desirable only to establish a framework for socio-economic order.

2. The concept of large-scale economic activity of the state is closely connected with the name of JM Keynes, who for the first time in Western economic literature highlighted the fact that without an active regulatory role of the state the existence of economic system of capitalism is impossible [190, P. 41; 118, pp. 7; 155, p. 25]. However, the first scientific school of political economy - mercantilism - was an attempt to scientifically substantiate the concept of active state economic policy in relation to the national economy. It formed the theoretical basis for the development of mechanisms and means of state regulation of the private sector in the national economy.

The idea of the need for significant state regulation of the economy and the creation of state property takes place in the works of K. Marx, F. Engels, VI Lenin. Thus, F. Engels in his work "Development of Socialism from Utopia to Science" wrote that one way or another, with or without trusts, the state as the official representative of capitalist society is eventually forced to take over the management of production [185, P. 221- 222]. Much about state capitalism (or state-monopoly) wrote V. Lenin at the beginning XX century

However, it cannot be denied that the fullest justification for large-scale state regulation of the market economy is in the works of M. Keynes and his followers. M. Keynes, with his major work, *The General Theory of Employment, Interest, and Money*, published in 1936, gave impetus to a serious study of macroeconomic problems. Until then, macroeconomic problems were covered by a number of prominent scientists, such as J. Bode, W. Petty, G. King, F. Quesnay, K. Marks, but their work was limited to research at the micro level. It was M. Keynes who criticized the classical theory and argued that the system of market economic relations is not perfect and self-regulating, and that the maximum possible employment and economic growth can provide only active state intervention in the economy. He convincingly showed that to achieve sustainable growth of production nationwide and to achieve full employment of the working population became impossible without the personal participation of the state in the economy. The classical model of a self-regulating market system has not passed the rigorous test in practice. This was confirmed by the global economic crisis that engulfed Western countries in 1929–1933. For example, in the United States in 1933, production was 70% of its level in 1929 [192, p. 519]. Against the background of the ruins of the world economy, the complete failure of the dogmas of classical and neoclassical economic theory became apparent, and the spontaneous market economy was no longer able to ensure a strong balance of aggregate supply and aggregate demand.

It has become clear that microeconomics is unable to develop successfully without state intervention (based on the principle of "laissez faire") - with the assistance of only the "invisible hand". It's time to look for a new macroeconomic regulator. J.M. Keynes created a new paradigm, ie the theory and model of problem statement, which became a model for solving macroeconomic problems. Its basic principle was that, in contrast to the classical principle of non-interference of the state in the economy, the leading role of the state in regulating the national economy was recognized. In this case, the state is defined not only as a political institution (government), but also as a subject of economic activity. Keynes's concept is also called the theory of effective demand. Its main idea is to influence the expansion of production and supply of goods and services by activating and stimulating aggregate demand. This theory attaches great importance to the state, which, by regulating the level of interest or investment in public works and other areas, can influence investment. According to Keynes, the central task of the state is to ensure a high amount of "effective demand", which leads to increased income. It is planned to develop two types of demand: the population for consumer goods and entrepreneurs for investment goods (means of production). As a result, the effectiveness of demand is expressed both in increasing employment and increasing the welfare of the population, and in increasing the profits of firms.

An important principle of the Keynesian paradigm is that for the first time the state began to rely on economic functions. They were related to ensuring effective demand through investment in the national economy and government spending on these and other socio-economic purposes.

Keynesian theory identified three models (functional dependencies):

- the dependence of interest rates on income: the higher the income of the population, the greater the demand for money from banks and the higher the interest rate;

- the dependence of the amount of investment on the interest rate: the higher the rate of one hundred percent, the smaller the amount of investment;

- the dependence of the amount of income on the amount of investment.

M. Keynes attached great importance to investment as an independent variable that affects its dependent variables - employment, national income, consumer demand. In this regard, he developed a multiplier theory that determines the effectiveness of public spending in terms of their impact on social production, employment, income and the market, and thus - on effective demand. Because the amount of national income and aggregate demand is in a certain quantitative dependence on the total amount of investment (all production and non-production costs). This quantitative relationship is expressed by a special coefficient - the multiplier. J. Keynes described the investment multiplier as follows: "when there is an increase in the total amount of investment, the income increases by an amount that is k times higher than the increase in investment" [78, p. 179]. He argued that the expansion of investment leads to increased employment, and therefore income, and thus - to increase consumer demand.

M. Keynes has repeatedly stressed that he advocates the expansion of government functions. This, in his opinion, is the only possible way to avoid the complete destruction of existing economic forms. Using budget and monetary levers, the state must influence aggregate demand. The essence of demand management policy is to limit its growth in the boom phase and thus curb price growth. Conversely, stimulate demand in a recession.

The principles of the Keynesian model of state regulation formed the basis of the socio-economic policies of the governments of the United States, Britain, and other Western countries, which were conducted from the 1950s to the mid-1970s and were called "planned and regulated capitalism." However, the system of measures of state regulation proposed by M. Keynes had a clear anti-crisis nature and was somewhat limited. The purpose of these measures was to help the capitalist market economy emerge from the protracted crisis, to ensure the

resumption of production and the maximum employment of the able-bodied population.

Neo-Keynesians of the 50's and 60's (A. Hansen, St. Chase, P. Samuelson, etc.) substantiated the conclusion that state regulation of a market economy should provide long-term, long-term goals: accelerating STP and structural adjustment of the national economy, increasing the pace economic growth, creating the most favorable conditions for market competition, gaining new positions in world markets, eliminating excessive income differentiation, maintaining social balance and, ultimately, ensuring a high level and quality of life of the majority of the population. Such goals dominate in the system of modern state regulation of market economy in the developed countries of the West and the East [37, P. 70].

It should be noted that the classical view is based on the definition of the public sector as a consumer unit whose services are unproductive in contrast to market goods. A. Smith noted that “the labor of the producer in general adds to the value of the materials on which he works, the cost of his own support and the ownership of the owner's profit. The work of a lowly servant, on the other hand, does not add to the value of anything. Thus, the state budget should be the smallest budget, as public expenditures lead to losses of production capacity and should be minimized [54, p. 112].

In contrast to the classics, the modern notion of state regulation is based on the fact that the public sector does not reduce its role to a "night watchman" and can significantly increase GDP. Absolutizing the market mechanism, the classical direction of economic thought was based on the fact that there are flexible prices in terms of complete information for players in the market, which is a condition of its balance. However, this situation is hypothetical, because in the market players have incomplete information, and the price mechanism does not work effectively, which leads to imbalance. Therefore, the main function of the state is to stabilize the price equilibrium. This understanding of the function of the state

led to a change in its role: from a guard state with a small public sector (XIX - early XX century.) To a rich state with a large public sector and a more active government (after World War II). Increased social transfers, the state began to focus on the needs of society as a whole, not just producers.

As is well known, the state is a way of organizing society, the main element of the political system and the organization of public political power, which extends to the whole society and acts as its official representative, relying where necessary on coercive means. In constitutional law, the concept of "state" is characterized as a subject of a set of official authorities (legislative, executive and judicial) operating in the country, as well as a subject of federation and international law. Thus, the state mechanism is a set of official authorities that are linked by hierarchical subordination and which are authorized, on behalf of the state, to implement the functions of the latter through certain levers and means.

Without management, there can be practically not only a market economy, but also society as a whole. The coordinating and regulatory management function of the state becomes extremely important in critical periods of society, and in particular - in the transition to a market economy, when there are contradictory socio-economic changes and the threat of cataclysms. Under such conditions, the state is obliged to have such management institutions that would not lag behind the needs of life and were able to respond effectively to complex processes in society [60, p. 18]. It is the state, using a number of areas of economic policy, ensures the sustainable development of the industry.

As noted in S. Ozhegov's dictionary, politics is "an image of actions aimed at achieving something that determines relations with people" [133, p. 508]. Thus, economic policy is a system of special measures developed and implemented by the state in the process of influencing economic activity in order to provide them with a certain direction of development. We can say that it is economic policy that embodies the direction of socio-economic activity of the state. In the

framework of economic policy, levers are used to achieve certain goals of the economic system of society, to ensure the necessary mode of its functioning.

The main subject of national economic policy is the state, which has only its inherent properties: legislative and executive power. In essence, the state economic policy is a normative phenomenon, as it is reduced to a system of standard measures of legislative, administrative, supervisory and regulatory nature, which are carried out by competent institutions for the sustainable development of the national economy. Usually economic policy is formed and implemented under the influence of certain economic theories. At the same time, non-state actors have a great influence on the choice of economic policies and the process of their implementation. The main guideline of state economic policy is the public interest, the essence of which is sustainable and balanced social progress.

In our opinion, the directions (functions) of socio-economic activity of the state should include:

1. State economic activity (the state acts as the owner of the means of production and the business entity). Traditional objects of state property are land and its subsoil, forests, buildings and various non-productive property (mint, property of the armed forces, law enforcement agencies, etc.). As a rule, state entrepreneurship is carried out in those industries where private business does not have large profits, such as basic sectors of the economy (mining, aerospace industry), production infrastructure (energy, transport, communications), and is carried out not only in commercial basis.

2. State regulation of the national economy. It includes a mechanism of macroeconomic regulation of the economy (fiscal, monetary, structural, foreign economic, forecasting and planning policy).

3. Performing functions that the market cannot perform at all (legal regulation, environmental protection, largely scientific, educational and cultural policy, health care, meeting the needs of public goods, social policy).

4. Protection of competition (antitrust policy).

The main directions of state economic policy are developed and implemented with the help of certain levers. There are different classifications of levers, which include: administrative, legal, economic, institutional, donor, protectionist, market and non-market [123, P. 49; 118, pp. 23; 79, pp. 65–170; 113, pp. 162–163; 135, pp. 28–29]. In our opinion, the levers of state regulation should include administrative, legal and economic.

Administrative and legal instruments include: prohibition, permission and coercion. In themselves, these instruments are based on the power of state power, on the authority of the government and are not related to financial incentives, material interest or penalties by regulators. Such means do not determine the economic conditions of capital circulation, but the very external possibility of its functioning.

In our opinion, economic levers should be divided into fiscal and monetary. Fiscal include: the establishment and abolition of taxes, as well as changes in their rates; government spending; government deficit and debt. Monetary - combines variations with interest rates and money supply in the country.

It should be noted that these instruments are not purely economic, as they are implemented by the state, which, as a special agent of economic relations, has the right to coercion. Economic methods of regulation cannot be considered separately from administrative ones. These methods are interdependent, because any economic regulator has an element of administration, because it is controlled by a particular civil service, and each administrative regulator has something economic, because it indirectly affects the behavior of economic entities. However, they are opposite in action. Economic methods do not restrict the freedom of choice for entities that reserve the right to freely make market decisions, and administrative methods significantly limit the freedom of economic choice, and sometimes reduce it to zero. This happens where the administration goes beyond economically justified limits, finds the features of

totality and is reborn in the administrative-command system. Despite the negative consequences, administrative measures are quite justified if they are used in cases where the maximum freedom of some entities results in heavy losses for other entities and the market economy as a whole. There are areas where the use of administrative methods is effective and does not contradict the market mechanism.

The state, unlike the market, combines economic and political power, which are intertwined, but not reduced to each other. Power in itself is the ability of the subject to impose his will on other people, to command and control their actions, using violent and nonviolent means and methods. The economic power and omnipotence of the state, the other power, in itself, is not evil. What is important is for what purposes and how this power is used. A great danger for society, as well as for the individual, is the concentration of power in the hands of non-state actors. This danger is that the stronger may impose their will on the less strong or weak. Uncontrolled economic power generates even greater economic power, which can gain political influence, grow into political power. However, too much economic power, concentrated in the hands of the state, under certain conditions can be used to the detriment of the interests of society as a whole and its individual members. That is, the principles of free competition and free market, adopted in its pure form, is a kind of game, according to which the loss of one party is the win of the other. Without proper adjustment, primarily by the state, this state of affairs can lead to social conflicts and instability in society, which, in turn, will affect the state of individual entrepreneurs, corporations, firms, industries and the economy as a whole.

In periods of sustainable, relatively balanced economic development, the state seeks to minimize its interference in socio-economic processes. Its main task is to ensure law and order in the country and the safety of citizens, maintaining the social sphere, monitoring compliance with market competition rules, supporting priority projects and others. In times of recession and crisis, when the

problems of mobilization of all resources for economic reconstruction come to the fore, there is a growing need for active state intervention, which is designed to take urgent measures, including unpopular ones, to maintain and maintain priority sectors of the economy. At the stages of economic recovery and growth, priority is given to measures to stimulate the most promising industries and enterprises, as well as scientific and technological innovations, encourage investment by providing government and other guarantees to potential investors, creating new jobs, etc., which together ensure national competitiveness. economy both at home and abroad.

Since periodic economic crises of overproduction are an integral part of a market economy, especially in the era of free competition, one of the most important tasks of the state is to prevent them, and in case of impossibility to prevent these phenomena - to take adequate measures to overcome and mitigate crises. the impact of their consequences on the living standards of ordinary citizens. The state develops and implements anti-crisis programs aimed at providing employment, stimulating aggregate demand and maintaining the competitiveness of production. If in periods of sustainable development such programs should focus on increasing revenues and reducing costs, then in times of crisis - to reduce taxes, insurance and other payments, to maintain demand, increase spending on government programs, public works, etc., ie to implement those measures designed to ensure the preservation of jobs and incomes. In a crisis, the condition of the majority of the population is deteriorating - unemployment is rising, incomes of workers and retirees are declining, social polarization is deepening, and the dissatisfaction of those who have suffered significant losses is growing. Therefore, the state should provide a system of measures to alleviate social tensions in society: partially shift the burden of losses to the rich, to promote the development of programs to create jobs and assistance to unemployed and low-income citizens; increase expenditures of a social nature - on education, health care, support of science and culture, pursue a policy of

social partnership, develop measures to reconcile interests and resolve conflicts; implement effective measures to combat crime and corruption.

In the last two or three decades in the industrialized countries in the conditions of profound changes in the social and economic spheres there are tendencies to reconsider the regulatory and supervisory role and functions of the state. These trends are determined by the realities of a socially oriented market economy, which is changing rapidly under the influence of a constant influx of scientific and technological innovations. The components of this revaluation are the expansion of ideas about the state itself and its socio-economic functions, the recognition of the need for convergence of approaches to the rationalization of both market and non-market spheres. If earlier the role and functions of the state in the economy were reduced to fiscal policy, today its role is considered as one of the technical tools of state influence on the economy. The main aspects of the state's activity are not so much the collection and distribution of budget funds, as specific measures and programs implemented for these funds, and the effectiveness of state control over their implementation [46, pp. 6-8; 71, p. 5]. The realities of today show the need to go beyond neoclassical theory, it is necessary to make the transition from the ideology of the free competition market to the concept of "Comprehensive Development Framework", which creates the need for preconditions for involving and participating in the transformation process. The aim of the state should be to create conditions for mass involvement of the population in market activities. J. Stiglitz argues that "if one has to choose between the spontaneous force of engaging in bottom-up and top-down reforms of what reformers see as "model" institutions, the authors of the concept are in favor of improving the bottom-up transformation approach. up "on the basis of our knowledge and experience" [160, pp. 29–30].

As noted by some scholars, conditionally socio-economic activities of the state can be divided into three areas [97, P. 134; 173, P. 111–112]:

1. Ensuring the balance of interests of the subjects of the economic system.

2. Ensuring the general conditions for the functioning of the economic system and its areas and elements.

3. Ensuring social balance through financial and budgetary and monetary policy and their forms.

Concretizing these areas, it can be noted that to fulfill the most important goals of the state in the field of economy acts as follows:

- carries out its own economic activity as an active subject of economic activity;

- develops and implements a certain economic policy, which is designed to determine the priority areas of economic development;

- creates the infrastructure and environment of economic activity;

- forms an institutional structure that provides the basic rules and regulations of economic activity;

- creates a favorable social environment.

Today it is obvious that the market and the government complement each other: the state is needed to create the appropriate institutional framework of the market. Trust in the government - the predictability of its measures, as well as the sequence of their implementation - is no less important condition for attracting private investment. High levels of crime and violence, combined with the unpredictability of government action, lead to a "lawlessness syndrome". Weak and arbitrary state bodies often complicate the problem with the unpredictability and inconsistency of their behavior, which not only does not promote economic growth, but also undermines trust in the state and hinders the development of market relations.

From the above it becomes clear that the modern market economy in the developed world is becoming an increasingly regulated subsystem of clear public and economic governance (management). There is no market anarchy, irresponsibility and uncontrollability in highly organized, economically developed countries [30, pp. 65-66]. In general, government regulation has

proven its effectiveness. After its introduction into the economic mechanism of capitalist society, the development of Western countries is characterized by high economic dynamics, rapid growth of social production, moderate unemployment, improving the level and quality of life, mitigation of contradictions and sufficient social stability. This is especially true of the agricultural sector of developed countries, which under the influence of state regulation not only provided domestic and foreign markets with food and raw materials, but also solved the crisis of overproduction.

At the same time, the effectiveness of state regulation is not limitless. State regulation cannot overcome the cyclical nature of capitalist reproduction, which generates a lot of complex economic and social problems in the recessionary phases of the cycle (crisis, depression). For long periods, it has been unable, despite all efforts, to provide an acceptable, socially tolerable level of unemployment, and even more so full employment of the amateur population.

Rational economic policy is based on a reasonable combination of traditional principles of the market mechanism, state institutions of regulation, as well as institutions of self-regulation of economic activity (in particular, organizations of self-regulating market participants). State regulation of the economy can not be reduced to the legal and administrative methods formed in the last century. The former either leave too wide opportunities for financial fraud within the law, or involve too detailed regulation of economic activity, which limits the creative potential of economic entities. Others require significant state intervention in economic life and the expensive state apparatus, giving officials great power without defining strict criteria for the effectiveness of their actions and responsibility for their results. It is impossible to prevent corruption and bureaucratization with excessive administration (typical of the so-called conducting system). However, in the XX century. normative methods of state regulation of the economy have been developed and are widely used, the essence of which is that the state establishes a system of economic standards (limit values

of financial condition of enterprises, rates, proportions and efficiency of production, investment, etc.). Depending on the implementation of standards, the rights and responsibilities of economic entities are differentiated. The system of standards, sanctions for non-compliance (or preferences for their implementation) are established by law, and control over compliance with these standards is carried out by administrative bodies. Normative methods of state regulation allow to balance the rights and responsibilities of public administration bodies and economic entities, to transfer the resolution of disputes between them to the courts, to increase the stimulating role of tax benefits and other measures of state support of economic activity [136, p. 18].

Modern directions, means and levers of state regulation, provided their skillful use, allow legislative and executive structures of state power to successfully implement market regulation in the direction of overcoming crises, accelerating economic stabilization, transferring the economy to a phase of increasing cyclicity. However, it should be noted that the lack of legal regulation, lack of proper legal education, respect for state laws expands the scope of illegal actions - corruption, fraud and crime. Hence the corresponding transformation of the structure and character of society itself, which threatens the national security of the country [101, pp. 10-11].

Recently, the priorities of state economic policy and the sphere of activity of the state have changed. The state is freed from those economic activities that are best performed by the market. For example, in the United States there is a significant reorientation of government regulation towards long-term development: basic research, space, civilian research and development (R&D), energy, "human capital", nature protection. In France, the priority of state regulation is the development of education, training, culture, and since 1990, and housing. In many developed countries, the state pursues effective social policies.

Thus, in the last two or three decades, the balance of the market and the state in quantitative terms has changed in favor of the market and competition,

strengthening the economic independence of market participants. If we consider the relationship between the market and the state in qualitative terms, then, probably, the economic activity of the state has increased.

It is important to note that the scale of economic activity of the state differs significantly in different countries and is largely determined by the national model of the economy. That is, it is impossible to determine the exact optimum use of the market mechanism and state regulation, because it is impossible to estimate and reduce to quantitative dependencies complex and multifaceted economic activity. In the scientific literature, the question of the optimum in the ratio of state and market has already been raised. However, so far it has not received a proper solution in both theoretical and practical aspects. In our opinion, there are only conceptual principles for finding a rational relationship between interstate regulation and market self-regulation. Both mechanisms have both common and significant differences. Regarding the first, it is: both the state and the market are regulators of economic activity of economically sovereign producers, both mechanisms are aimed at their normal functioning and development. And here we can not talk about the subordination of the market to the state or vice versa, but about complementarity and interaction. At the same time, market and state regulators have differences, the main of which are: the market operates automatically, spontaneously, by trial and error, and therefore does not require costs; state regulation is a conscious activity of state institutions and people who work in them, and accordingly its organization is associated with certain costs. The action of the market takes some time to adequately respond to changes in the market situation (the ratio of supply, demand, etc.), the actions of the state, as a rule, occur immediately. In addition, the state is a political institution of power and has the ability to combine politics and economics, which gives its activities considerable importance. That is why the state mechanism should complement the market in those areas and areas where market principles are not possible at all or market failures are associated with greater losses

compared to the costs of public administration. The optimum of the state and the market, thus, excludes its excessive inclusion in those spheres where the market operates more effectively.

One of the key tasks facing each state in solving the problem of rational relationship between the market and the state is to take into account the peculiarities of the current moment. For example, large-scale development of market infrastructure makes it possible to reduce the volume of economic activity of the state to regulate the agricultural market. In general, the more developed and civilized the market, the smaller the scale of state intervention in the economy.

For example, since state regulation of the economy as a whole, including agriculture, is a system of standard legislative, executive and control measures carried out by competent state institutions and public organizations, the subjects of state regulation of the economy are carriers, spokesmen and performers. economic (economic) interests. The bearers of such interests are individuals and legal entities and the groups formed by them, each of which has its own special interests, which depend on the socio-economic situation, the nature and type of activity, regional location. In addition to special interests, each group, consisting of a significant number of participants, has its own individual interests, which in many respects coincide for some time for a larger or smaller number of economic entities. This allows them to unite to defend their interests in the media, at various meetings and rallies, through petitions, wishes and protests addressed to central and local governments, which are responsible for implementing certain areas of economic and social policy. Large firms use lobbying, ie constant pressure on government agencies, in order to focus their activities on the interests of a given corporation or a given group of corporations. Of particular importance are associations, ie many unions and associations: trade unions, unions of entrepreneurs, farmers, retailers, students, private banks, lawyers, pharmacists, exporters, government officials and others. Some of them are very influential.

Political parties, whose activities are not limited to purely economic issues, but extend to ideology, politics, culture, and religious institutions, also serve the realization of the goals pursued by the bearers of economic interests. The victory of a political party in elections means in a democratic society its coming to power and, accordingly, its transformation from one of the bearers of interests, primarily economic, into their executors [167, pp. 98–99]. It is impossible to quantify their impact on the economic activity of the state.

At the same time, the practical application of this conceptual provision is associated with significant problems. Establishing the optimal ratio of market and state as regulators of the economy is complicated by the following factors:

1. The existence of state shortcomings. There are the following state shortcomings [194, pp. 63-79]:

- mismatch of revenues and expenditures, because in contrast to the usual firm degree of budget constraint of the state is far from absolute, the state is much more difficult to turn bankrupt, even if it is unable to fulfill self commitment;

- lack of clear criteria for the effectiveness of the state, ie in the absence of such clear criteria for efficiency, which is a profit for the firm, government agencies replace them with self-developed standards, and then the state is assessed by its own criteria (growth of budget revenues, expansion of state control, etc. .);

- high probability of achieving results other than the set ones, growth of information expenses, monitoring and control expenses, which accompanies the development of the state, creates preconditions for systematic deviation of the realized tasks from the set ones;

- uneven distribution of resources.

The economic policy of the state is undoubtedly a subjective process. The state, represented by its institutions (all branches of government), consciously develops economic goals for a certain period of time and organizes their

implementation, using certain tools. The state as a subject of economy is represented by numerous hierarchically built vertically institutions of state power in which people work. That is, the subject of economic activity of the state are people who work in all state, national, regional, municipal governments and who implement the economic policy of the state, fulfill its economic interests. But the economy, as the economic activity of all subjects, acting as a conscious activity of economically sovereign people, determined by objective economic laws. Therefore, the main condition for the effective operation of the state is its scientificity, compliance with the objective principles and laws of the current economic system. Unreasonable scientific and economic activity of the state is called "economic voluntarism", because the conscious activity of people objectively can not be absolutely scientific. Public authorities in their practice are often, even deliberately forced to deviate from the requirements of economic and sometimes legal laws. Deliberate violation of the requirements of economic and legal laws is due to insufficient competence of employees of the state apparatus, the reliability of the information obtained and the degree of its processing.

The experience of the XX century. showed that excessive expansion of the state apparatus under certain conditions can lead to a decrease in its efficiency, as this often means that the state takes on impossible tasks. First of all, it is bureaucratization, expanding the role of experts and specialists of various profiles in making political, social, economic decisions that affect the vital interests of the population. Such processes have led to the identification of the state apparatus with bureaucracy and bureaucratization. In turn, this has led to significant changes in the functioning and efficiency of the state administrative apparatus, status, place and role of its employees. Today, the expansion of the executive branch's influence in new spheres of public life has led to the elimination of distinctions between bureaucratic, executive and political functions. The politicization of senior officials contributes to the merging of the bureaucratic elite with the upper echelons of corporate governance. That is why the economic

policy of the state can be effective only when it is carried out by professionals and their actions are based on science. Thus, "the choice between the market and the state is only a choice between different degrees and types of imperfections" [41, P. 14; 194, p. 87].

2. The scale of state regulation - a dynamic value that is constantly changing under the influence of many socio-economic factors.

3. In solving the problem of ensuring the optimum market and the state should take into account the fact that the functioning of the market mechanism does not require the cost of maintaining a special management apparatus, because it operates automatically. On in contrast to the market mechanism, the economic activity of the state is a conscious regulation of production, consciously established and constantly maintained balance in relation to social needs, which requires the cost of maintaining the staff of state bodies. They may be greater than the losses from spontaneous market regulation. That is, both market and government mechanisms can not always work effectively and this must be taken into account. The market is an organic mechanism where all agents are connected with each other and therefore any action of the state, regardless of its nature, changes the conditions of interaction in this market and influences their decision-making. In turn, this leads to the determination of a new equilibrium price, production volume, product range, which leads to a change in the distribution of resources, which may be less efficient than the previous one. The sum of the associated costs and administrative costs of regulation and is a quantity with which to compare the gain in efficiency in the process of eliminating market failures.

The scale of economic activity of the state, specific forms, mechanisms and methods of this process differ significantly in individual countries. This specificity is due to many reasons. The main ones are: the model of the national economy, history, traditions and culture of a certain people, its mentality; geopolitical position of the country, its scale, etc. That is why even for some time

it is impossible to find any general standards, to develop specific schemes that would be equally effective for different countries. The effect of this will be small. Only some conceptual provisions can be common. It should always be borne in mind that the market does not do everything effectively, and some processes can not be regulated at all. Thus, each country must seek its own, rational, effective ratio of two important regulators of the economy - the market and the state. Undoubtedly, this problem is very complex and has probably not been solved in any country in any country. At the same time, the experience of many of them, and first of all with a developed market economy, shows that there is a relatively effective balance between the market and the state, taking into account its dynamics. There is no and cannot be an effective economy based on modern scientific and technological achievements, without an active regulatory role of the state.

SECTION 2. BASIC PRINCIPLES AND INSTRUMENTS FOR SUPPORT OF AGRICULTURE AND RURAL AREAS WITHIN THE WTO AND SAP

2.1. The essence of the policy to support agriculture and rural areas.

The initial stage of formation of Ukrainian statehood was accompanied by a severe economic crisis, which complicated the formation of an effective economic mechanism and generated distrust among the general population to various types of reforms. The intensification of the industrial and socio-economic downturn was complicated by the uncertainty of the political situation, although it was declared that the strategic development of market relations is a priority for Ukraine's integration into the world community.

The current agricultural policy, especially in the context of domestic support for agricultural producers, is inconsistent. Methodologically ambiguous interpretation of the very concept of support in agricultural policy does not

contribute to the development of state strategy. Therefore, at present there is an urgent need for a deep scientific substantiation of the strategy of support in the agricultural policy of the state in accordance with world trends and in accordance with the directions of state development in the interests of peasants, the state and society as a whole.

P.T. Sabluk notes that the very concept of agricultural policy is interpreted by domestic scholars inconsistently [140, p.3]. Different notions are embedded in this concept, its strategy and tactics, essence and measures of practical implementation are not clearly explained. However, policy, including agricultural policy as a socio-economic category should be characterized by specific conceptual features and functional content, have clear boundaries and be defined as a function of the state, and the function is political, which provides conceptual and programmatic principles in socio-economic development , primarily in the field of socio-economic relations.

Representatives of the world political economy school determined that politics should be explained by economic relations, and not vice versa, that it is a concentrated expression of the economy, and is reduced to the basic goals of the state in the main aspects of socio-economic development [140, p. 5]. The ultimate goal of reforms of agricultural policy is to create socio-economic conditions for efficient production, improving the living standards of agricultural producers with a general strategic focus on the formation of a developed system of market relations and adequate agricultural policy.

The implementation of agricultural reforms in Ukraine should be accompanied by state support, which makes it possible to develop this specific sector of the economy. The issue of supporting the agro-industrial complex is

extremely important, because only rational support makes it possible, without distorting price signals in the agricultural market, to increase the competitiveness of domestic producers in domestic and global agricultural markets and not to provoke social tensions.

Rational support should be the basis of the goals and objectives of the country's agricultural policy. Article 39 of the Treaty of Rome of the European Union interprets the purpose of the Common Agricultural Policy "in the supply of products to consumers at adequate prices" [135, p. 12-13]. Resolution №1062 of September 24, 1997 of the Government of Ukraine "On further development of the grain market" [124], which provides for the maintenance of fair prices for farmers and at the same time the acceptability of these prices for consumers, sounds similar. This determines the principles of rational support, while maintaining a balance between the level of profitability of producers and the ability of consumers to buy food at appropriate prices. The governments of industrialized countries tend to provide fairly high price support to farmers, as they believe that consumers are able to pay a high price for food. In contrast, developing countries need to balance price support in order to help agricultural producers achieve favorable prices for consumers.

Most national and foreign economic dictionaries and encyclopedias define rationality as "reasonableness, prudence and conditionality" [76, p. 799], as well as "improvement, introduction of a more appropriate organization of something" [12, p.1000]. Support is defined as "everything that preserves the viability of something, strengthens and strengthens", as well as "providing various types of assistance" [23, p. 397].

Thus, we define rational support as a set of actions and measures aimed at the state to increase the competitiveness of agricultural products in the domestic and global agricultural markets in combination with social protection and rural development.

The criterion for the rationality of state support may be the relationship between expenditures from the state budget and the growth of competitiveness of agricultural products in domestic and foreign markets, as well as improving the welfare of the rural population.

These criteria can be determined by the dependence, according to which the criterion of rational support (K r.p.) is the function of budget expenditures and increase the competitiveness of national producers of agricultural products in domestic and foreign markets, as well as social development of rural areas.

$$K r. P. = F (B, Ks. R., Kv. R., C), \quad (1.1)$$

where K r. P. - criterion of rationality of support;

B - the amount of budget expenditures;

Ks.r. - competitiveness of national producers in the world market;

Sq.r. - competitiveness of national producers in the domestic market;

C - social improvement of rural areas.

This criterion shows the recommended ratio between the level of budget expenditures and the appropriate distribution of support.

A number of scientists believe that the strategic goal of agricultural policy is to create highly competitive agricultural production and food security, which is manifested in ensuring constant physical and economic accessibility of all citizens in accordance with individual tastes and needs to support active and healthy life [29].

Ludwig Strive, considering the policy of protection of a certain industry (Infant Industry Politics), reveals the advantages and disadvantages of its application in Ukraine. This policy has been tested in many countries and provides subsidies to young people or those sectors of the economy that are subject to restructuring in order to increase their competitiveness. It is noted that the agriculture of Ukraine needs only for a certain period of time to provide protection from foreign competition or subsidize in order to bring it out of a

protracted crisis and make it competitive in the international arena [135, p. 32-36].

Proponents of protection through the Infant Industry system claim that companies that are protected from competition for a period of time will be able to reduce their costs. As a result, competitiveness will increase, which, after the end of the support period, will allow national farmers to compete successfully with imports and ensure the country's economic growth on their own. In addition, full reimbursement of long-term subsidy costs is envisaged. Thus, after the support, the industry will receive a stable growth of economic indicators, as well as become competitive in the international arena. According to such studies, subsidies are not an end in themselves, but an economically necessary tool for restoring competitiveness and a stimulus for development [135, p. 32-36].

In our opinion, the decline in competitiveness or chronic lagging behind the level of competitors may be due to the weak development of research, design developments in the industry and low productivity in agriculture. By providing subsidies for import restrictions, the state protects against the effects of competitive backwardness, and by providing targeted support to revive scientific and technological development in order to increase productivity, improve organization and management, it eliminates the very cause of reduced competitiveness. We believe that the policy of support should be pursued under the conditions of expediency and necessity of such a measure, in order to achieve a socio-economic effect. The general conditions of the defense are:

- time limit in the defense;
- objective need to protect the industry (the industry is undergoing a process of reform, there is a decline in economic indicators);
- the need to increase the competitiveness of the national producer in domestic and world markets;
- the market mechanism alone is unable to conduct effective regulation;
- economic principle (the benefit of the intervention must exceed the cost of it).

In fig. 2.2. the conditions of expediency of carrying out of policy of support of branch are shown.

The issue of state support for the economy was dealt with by a wide range of experts in political economy, and views on its feasibility were quite contradictory. Thus, the representatives of the classical school of economics in the person of Gian Baptist Sei argued the ineffectiveness of state intervention in the economy and formulated a pattern known in economics as Sei's law, according to which supply creates its own demand. Sei argued that there is a close relationship between the market of factors of production and the market of goods and services. D.B. Sei argued that by purchasing production resources and producing goods and services with them, the producer creates demand for them and sells them to both resource owners and other consumers.

This creates a macroeconomic balance between supply and demand. This market mechanism, in Sei's opinion, determines the functioning of the economy with full use of productive resources. If the economy has created conditions under which part of the resources are not used (overproduction), the price of these resources falls to a level at which a balance is reached between the possible use of resources and demand for goods and services produced with these resources [31 , with. 34].

The crisis of the 1930s, which engulfed the world economy, proved that the "invisible hand of the market" could not settle everything, so state intervention was necessary. The founder of the theory of regulation was J.M. Keynes. According to J.M. According to Keynes, the most significant flaw of modern capitalism is excessive inequality in the distribution of profits. The central idea of Keynes is the assertion that capitalism with free competition has exhausted itself and in the interests of the whole economy needs state regulation [78, p. 121].

Agriculture, as a specific sector of the economy, is affected by the market mechanism, which encourages the state to pursue protectionist policies. Modern economics states that the efficiency, viability and relative stability of the

agricultural sector are impossible without active government support due to the specifics of the industry and a number of problems that are particularly evident in the agro-industrial sector [138, p. 5-7]. These are the following problems:

- sharp fluctuations in the price of agricultural products caused by economic and natural factors;
- low elasticity of demand for agricultural products;
- low incomes of agricultural producers.

Many scientists identify the peculiarities of the functioning of a market economy in agriculture and name the factors that are the reason for the policy to support the agro-industrial complex. Yes, Professor SI Demyanenko identifies three groups of factors that determine the features of agriculture [31, p. 30-31]. The first group of factors is formed by the conditions of the market, which are close to the market model of pure competition. This statement is substantiated by the fact that the industry simultaneously has a large number of producers of homogeneous products, which is standardized, which prevents non-price competition and reduces the ability to influence market prices, as each producer has a small share of production and sales in the market. free entry and exit from the market. However, the author notes that the classification of the industry as pure competition is largely conditional, as all these factors do not exist in pure form.

The second group of factors is related to the so-called long-term problem, which is provoked by the low level of income of agricultural producers compared to other sectors of the economy. One of the causes of this problem is the inelastic demand for agricultural products [31, p. 31]. According to world economic opinion, the problems of price inelasticity are caused primarily by the specific action of the laws of supply and demand that take place in the market of agricultural goods. Confirmation of this opinion is reflected in the works of B.Y. Paschavera, L.W. Moldovan, V.M. Nelepa, VG Andriychuk [114, 138, 103, 5].

According to the law of demand, in the case of lower prices, consumers begin to consume more agricultural products. Price elasticity of demand for products, as the ratio of the percentage change in demand for the product to the percentage change in its price, is quite low and ranges from 0.2 to 0.25. This means that in order for consumers to increase the purchase of agricultural goods by at least 1%, prices for agricultural products must be reduced by 4-5%.

Income elasticity in developed countries is 0.7-0.8 points higher than in developing countries. From this we can conclude that consumers do not respond accordingly to additional production. The reason for this is that a person will not increase consumption by 2-3 times, no matter how cheap food, although this does not apply to industrial goods, where the increase may occur more times.

However, this approach can hardly be fully accepted, as there is insolvent demand in our country. A certain category of people is not able to buy a number of goods, as a result of which less is consumed than according to scientifically based norms of meat, milk, fish and fish products. In 2001, the actual consumption of these products was 68.5%, 58.1%, 65.1% of the physiological minimum consumption, respectively. And if we compare the actual consumption with scientifically sound standards, these figures are even less comforting: 38.8%, 54.0%, 62.1%, respectively [172, p. 5]. Moreover, citizens of developing countries use from 60 to 90% of their consumption expenditures on food.

According to American economists, people with an annual combined income of up to \$ 5,000. The United States spends 76.6% of its total income on food, while with an income of 5000-10000 dollars. - 28.3%, and with an income of more than 50,000 dollars. - only 8.7% [31, p. 36]. Inelastic demand also causes a significant change in producer prices and incomes with a small change in production [138, p. 9]. Immobility of agricultural resources also belongs to the second group of factors that cause lower prices and incomes of agricultural producers compared to producers in other sectors of the economy. The agricultural problem of the long-term period is also described by V.G.

Andriychuk, considering it in two aspects: the shortage of agricultural products and market saturation with these goods [5, p. 24-29].

The third group of factors includes a short-term problem, which is characterized by instability of income from agricultural products and is manifested through fluctuations in prices for agricultural products, and, consequently, income over the years. The causes of this problem are the inelasticity of demand, as well as fluctuations in production and demand for it. Fluctuations of this kind are associated with the peculiarities of production in this area, which largely depends on natural and climatic conditions. If weather conditions contribute to a high yield, then, based on inelastic demand, product prices will increase disproportionately to increase sales, which will immediately affect the decline in producer income and, as a result, with increasing production, total income falls.

A vivid illustration of these processes is the fluctuations in grain market prices in Ukraine, when with the increase in production in 2001-2002, grain prices decreased by half compared to 2000 [18, p. 3-8; 87, c. 33-36; 104, c. 159-160].

Another reason for the instability of prices and incomes of agricultural production is the change in demand in the domestic and foreign markets. All over the world, this trend is confirmed, although in Ukraine there is an impressive trend to reduce production, due to the catastrophic decline in productivity of farm animals and crop yields during the transformation period [85, p. 6-10; 68, c. 3-11; 63 c. 68-72].

Along with technical progress, the supply of agricultural goods increases, but in conditions of price inelasticity, this leads to a decrease in the level of income of producers. As proof of this we can cite the number of people fed by 1 peasant. With increasing productivity, this indicator also tends to increase.

Calculations show that with the growth of real per capita income by 10%, consumption increases by only 2% [103 p. 131-132]. Growth in demand is also not significantly affected by population growth in developing countries. In this

case, the neo-Malthusian theory that the growth rate of the population at the expense of developing countries will exceed the rate of increase in technological innovation does not come true. Rapid population growth in these countries (every 37 years the population of the Earth doubles), according to the theory of neo-Malthusianism, will force developing countries to leave their world markets for agricultural products to be able to meet their own needs [31, p. 56]. In the highly developed countries of the United States, the West, as well as in Ukraine and Russia, there is a decrease in population. Although worldwide, current population and income growth does not outpace the increase in the supply of agricultural goods.

At the present stage of development of productive forces in agriculture, its dependence on producers and suppliers of means of production has increased. The reason for this is that the agricultural sector of the economy uses a much larger number of tangible assets per employee than the economy as a whole. And this requires financial resources for the purchase of equipment, land lease and working capital. According to 2002 data, at least \$ 300,000 is required for agricultural production per 1,000 hectares in Ukraine. USD for means of production and 200 thousand dollars. working capital [125, p. 2]. Commodity producers become dependent on industrial, financial, trade capital, while producers of fixed assets operate in a monopoly environment and control prices.

Thus, the support of agriculture in an aggressive market environment is due to a number of objective reasons, which are due to the specifics of the industry and the operation of the market mechanism. This is primarily due to inelastic demand caused by biological limitations in food consumption compared to other goods; sharp fluctuations in prices in the market of agricultural products; competitive environment in agriculture, close to the model of the market of pure competition, while the markets of resources for agriculture are imperfect competition; high degree of monopolization of the resource sector; dependence

of agriculture on climatic conditions and the specifics of the reproduction process in the industry.

These features determine the agricultural policy, which is an important element of the general policy of the state, because it determines the level of support for agriculture through fiscal, monetary policy and export development.

S. Demyanenko identifies five main ideological approaches to the state's agricultural policy [31, p. 83-84]. So the first approach is a policy based on non-interference of the state in the agrarian economy, and the free market will regulate all processes. The task of the state in this approach is to conduct research, maintain food security, collect and disseminate market information, reduce barriers to the functioning of the free market.

The second approach involves increasing agricultural production in order to provide food for a growing population in the country and abroad. Environmental protection is especially distinguished in this approach. The task of agricultural policy is to ensure the right of everyone to adequate nutrition, and the achievement of this humanistic principle is possible through the support and subsidization of agriculture.

The third approach is based on the assertion that the basis of a country's wealth lies in agriculture, in its land resources, and therefore the country's economy functions normally only if the agricultural sector functions properly. This approach is called agrarian fundamentalism. According to this ideology, the agricultural policy of the state should be aimed at ensuring high incomes of agricultural producers, a high level of rural infrastructure, which will serve as an impetus for the development of industry, service industry and the economy as a whole. This approach is carried out by setting guaranteed minimum prices for agricultural products, as well as their compliance with industrial prices. An important aspect of this approach is to protect the environment and ensure ecological balance in nature.

The fourth approach is designed to stabilize agriculture by regulating production volumes, incomes of agricultural producers, which are the cause of instability in the economy as a whole and cause rising inflation.

The fifth approach brings together proponents of agricultural regulation, based on the fact that it has unequal relations with industries. The main task of this approach is to ensure these equal rights through pricing, income generation, distribution of products and income, environmental protection.

The agrarian policy of the state is formed in accordance with its commitment to one or another approach of those who at this stage are in the development and implementation of agricultural policy in the country. However, we believe that these approaches should not be applied in isolation, and agricultural policy should be conducted in accordance with the solution of the problems that exist in society, and in combination with the objective laws of development of the industry.

State financial support of agricultural producers is defined by M. Kalinchyk and L. Dovhykh as financial measures aimed at maintaining a competitive environment - stabilization of production at the level of domestic and external demand for agricultural products [67, p. 1]. P.I. Gaidutsky defines state support in countries with market economies as a form of protection of farmers from objective adverse market conditions (overproduction, crop failure, natural disaster, unfavorable world market conditions, etc.) [18, p. 8-9]. However, the author notes that in no economically developed country, state support is provided to cover losses from the inept sale of products.

O.O. The school determines that the support of the country's agriculture may have macroeconomic goals, the most important of which, in his opinion, are as follows [177, p. 31-38]:

- increasing the level of self-sufficiency in food and achieving food security of the state;
- growth of incomes of national producers of agricultural products;

- replacement of imported food with domestic and maintaining the optimal level of exchange rate and trade balance;
- solving social problems of rural development and reviving entrepreneurship.

In our opinion, at the present stage, agricultural policy should focus on creating adequate mechanisms for the rational support of agriculture, by implementing the established rules and conditions for the functioning of agricultural markets, and the development of rural areas is of paramount importance. The purpose of rational support is to increase the competitiveness of domestic agricultural products in domestic and foreign markets, by increasing the productivity of farm animals and yields, as well as ensuring their own food security.

The special role of the state in achieving high competitiveness of national producers will be to develop rules and conditions for the creation and operation of market infrastructure and regulation of relations between participants. At the same time, the state should use only rational support mechanisms that would not distort price signals. The urgency of supporting the development of rural areas, which should be based on the peasant, the preservation of traditions and ethnicity, is becoming more acute. Rural development includes social infrastructure in rural areas, agribusiness, green, tourism.

Sources of funding for measures to regulate and protect the agricultural sector can be the state budget and directly consumers who are forced to buy agricultural products at prices that exist in the domestic market, which are much higher than world prices.

There are special methods for assessing the outcome of state intervention in the agricultural sector. They involve the calculation of indicators based on a comparison of prices prevailing in the domestic and world markets for similar products. This method is based on the principle that the absence of government intervention and the presence of competition in domestic and world markets leads

to the establishment of equal prices, ie there is no difference between domestic and world prices. This comparison can lead to two options: the first, when the difference between domestic and world prices is positive, and the second option is negative. In the first case, it indicates state support for the national producer, and in the second - its taxation. Moreover, domestic prices in comparison are adjusted for costs associated with delivery, processing, storage and marketing.

The level of protectionism, which is financed from the state budget, can be defined as the equivalent of producer subsidies (PSE - Producer Subsidy Equivalent), according to the formula [133]:

$$PSE_{and} = (Q_i * (P_{and}^d - P_i^w E_0) + \sum (P_{ij}^d - P_{ij}^w * E_0) * Q_{i+} \Delta P_i + NTP_i) / P_i^d * Q_i, \quad (1.2)$$

where PSE_i is the equivalent of subsidizing producers of the i -th product;

Q_{and} - the total production of the i -th type of goods;

P_{and}^d, P_{and}^w - domestic and world price and -th type of goods;

P_{ij}^d, P_{ij}^w - domestic and world prices of material resources j for the production of the i -th type of goods;

D_{ri}, NTP_i - surcharges for shortages and non-price redistribution of funds in favor of producers and -th type of goods;

E_0 - exchange rate of national currency to freely convertible.

The PSE indicator provides support for the domestic level, which includes direct and indirect government support, stimulating the development of institutions and enterprises of market infrastructure, regulating prices for goods and services of agricultural marketing entities, creating favorable conditions for the purchase of seeds, feed, fuel, fertilizers, pesticides, agricultural machinery and other means of production, subsidizing expenditures aimed at improving land quality, special lending and insurance of farms, preferential tax

policy, public funding of research and innovation in agriculture and food, government support measures at regional and national levels.

In the numerator of the indicator - the absolute value of state intervention in monetary terms, in the denominator - the cost of output at domestic prices. This indicator is interpreted not only as an indicator of redistribution of budget funds in favor of a particular product, but as a measure of the additional level of income of producers, taking into account all protectionist measures (price and non-price) per unit of output. The zero value of the indicator indicates the neutrality of the protectionist policy towards this product. A positive value indicates that as a result of the policy the producer receives additional income, and a negative value means hidden taxation.

The characteristics of the state policy on the producer in terms of procurement of basic material resources is reflected in the indicator of real protectionism (EPR). The indicator is defined as the ratio of value added in domestic prices and value added in world prices, which are prices without intervention.

$$EPRi = (VAi^d - VAi^w E_0) / (VAi^w E_0) * 100\%, (1.3)$$

where $EPRi$ - a valid indicator of protectionism for the i - th product;

VAi^d , VAi^w - value added at domestic and world prices for the i - th product;

E_0 - exchange rate of national currency to freely convertible.

The zero value of the indicator indicates that the state policy on the supply of material and technical resources to the industry is neutral. A positive value of $EPRi$ means that incomes received by agricultural producers in the context of state intervention in resource policy exceed incomes without state intervention. A negative value indicates the ineffectiveness of state support.

This policy was widely used in practice in 1998-1999. In 1998, the Government of Ukraine provided agricultural producers with means of production worth UAH 1.8 billion. In 1999, the same amount of support was

received by the manufacturers. Part of the money was returned to the state, and part of the debt was written off or restructured.

Nominal protectionist indicator characterizes the price policy of the state for a particular type of product or shows the degree of use of world prices for a particular product. This indicator is determined by the formula:

$$NPR_i = (P_i^d - P_i^w E_0) / P_i^w E_0 * 100\%, \quad (1.4)$$

where NPR_i is the nominal protectionist indicator of the i -th product;

P_i^d, P_i^w - internal and external price of the i -th product;

E_0 - exchange rate of national currency to freely convertible.

A zero value of the indicator means that the protectionist policy towards the state is neutral. If the indicator is positive, the producer receives a higher price than he could have received without state intervention, and if it is negative, it means that the state policy on the producer is discriminatory.

The average *PSEand* for the Organization for Economic Co-operation and Development (OECD) in 1999 was 40%. In fig. 1.3 shows the level of subsidies in OECD countries by main crops as of 1999.

The total volume of support for agricultural producers in the EU is 49%, in the US - 24, Canada - 20, Japan - 65, Switzerland - 73, Norway - 69, Turkey - 36, Mexico - 22, Australia - 6, New Zealand - 2 [177, p. 31-38].

The assessment of the level of state support for agriculture has been carried out since 1987 by determining the indicators of producer subsidy equivalent (CER) and consumer subsidy equivalent (CCE). Further reforms of the state support policy for agriculture in the OECD countries, as well as the complexity and increase in the number of funds used, led to a change in the calculation of the measure of support. A comprehensive analysis of state support tools has been introduced since 1999, it is based on the grouping of indicators according to the criteria of their application, regardless of their goals and consequences [13].

Such a classification system allowed not only to reclassify the indicators, but also to achieve uniformity of data calculated in other countries. As agricultural policy is a dynamic process, the indicators should change according to the relevance of the application of state support measures.

The current OECD classification defines the total set of transfers related to the implementation of state policy on agriculture (RAM), which consists of 3 main measures:

- transfers received by producers (EPO);
- transfers received by consumers (EPS);
- transfers and general purpose services (OPPZP).

According to some experts the agricultural economy suffers from an imperfect management mechanism, which means that the government is unable to stabilize the level of producers' incomes in an effort to overcome market imbalances and support the agricultural sector. In addition, this kind of subsidy generates trade disputes, which does not contribute to positive developments in the industry.

It is sometimes noted that the level of state support for agriculture is determined by the amount of money allocated by the state for the development of the industry, and increasing this amount leads to an improvement in it, although in practice increasing or decreasing state support ambiguously affects the situation of agricultural producers.

A clear example of this is the situation in agriculture in the European Union and the United States. Given the billions in state support for farmers, there is a clear trend in these countries to reduce the share of agriculture in the economy: over the past two decades, the number of farms, the number of workers, the share of agriculture in gross domestic product has halved. Therefore, in our opinion, the main issue of agricultural support is not the absolute amounts allocated by the

state, but how these funds are used, for what purposes, through what mechanisms and how it affects the development of the industry.

In order to accept the country's commitments to join the WTO, an indicator is calculated that determines the level of state support for the agricultural sector - the aggregate measure of support (CPS). This indicator characterizes the degree of influence of domestic support of the state on the conditions of world trade. The SVP is calculated on the basis of support that has a distorting effect on the conditions of international trade - this is the so-called "yellow box" [72]. And such general measures as the development of rural areas, assistance to agricultural producers in the event of a natural disaster, ie the so-called "green box", are not taken into account when calculating the SVP. Therefore, the general formula for calculating the SVP is as follows:

$$SVP = (P_i^d - P_i^b) * Q_i + S_i - T_i, (1.5)$$

where P_i^d is the internal producer price of the product and;

P_i^b - world price of product i ;

Q_i - the volume of acceptable production of goods and;

S_i - subsidies on goods and only those that fall under the "yellow box";

T_i - taxes on goods and.

Examining the support of agriculture, we can conclude that the global trend involves a reorientation of agricultural policy from support for agricultural management to support for rural development, protection of consumer rights of agricultural products, environmental safety of agricultural production. This is confirmed by the change of the name of the former ministries of agriculture in a number of developed countries. Thus, in Germany, the ministry is called the "German Federal Ministry for Consumer Protection, Food and Agriculture." The former ministry in the United Kingdom has roughly the same name, meaning that consumer protection comes first by ensuring their food security.

It should be noted that the inconsistency and inconsistency of Ukraine's domestic agricultural policy in general and state support policy in particular, exacerbate the relevance of the study of these issues. Studies by domestic and foreign scholars provide different assessments of the need for government regulation and support, but it is clear that the features of agriculture as a specific sector of the economy need rational support, which is the basis of agricultural policy. It is especially important to determine the purpose of rational support of the agricultural sector, its direction and implementation mechanisms. Therefore, in our opinion, it is especially important to study foreign experience in supporting agriculture in developed countries, mechanisms and areas in order to determine the possibility and feasibility of its application in Ukraine.

2.2. Principles of WTO agricultural support policy.

The need for state support for agriculture in Ukraine is undeniable. However, it is important to study the foreign experience of state regulation of agriculture, its evolution and compliance with the requirements of world organizations, not aiming at blind copying, but the ability to make an informed choice based on world experience.

The main goal of the WTO is to promote free trade, while avoiding undesirable side effects. In part, this means removing barriers and familiarizing individuals, companies and governments with the rules of trade in the world, as well as giving them confidence that sudden policy changes are impossible. In other words, the rules must be transparent and predictable.

The WTO helps to resolve disputes. Agreements, including those concluded through painstaking negotiations within the WTO, often need to be interpreted. The most harmonious way to resolve differences is to apply certain neutral procedures based on an agreed legal framework. This is the purpose of the dispute

settlement process, as set out in the WTO agreements. To achieve its goals, the WTO applies a number of simple and fundamental principles in its work.

Principle 1: Non-discrimination. This principle consists of two main elements:

- Most Favored Nation (MFN): under an agreement with the WTO, countries may not discriminate against their trading partners. The same applies to special assistance to anyone (for example, in the form of reduced customs duties on one type of product), and also obliges member states to treat all other WTO members equally.

- national regime: this applies to equal treatment of foreign and local legal entities and individuals. According to the main agreements with the WTO, imported and domestic goods must be treated equally, at least after the imported goods have already entered the market. The national regime applies when a product, service or intellectual property item has entered the market. Thus, the change in the amount of customs duty on imported goods is not a violation of the national regime, even if domestic products are not subject to the equivalent tax.

Principle 2: Free trade. The WTO helps to trade openly and freely among member countries. Reducing trade barriers, both tariff and non-tariff, is one of the most obvious means of facilitating trade.

Principle 3: Predictability. Sometimes the promise not to raise the trade barrier is as important as lowering it, because in this case the business community has the opportunity to clearly imagine the prospects of their activities. Predictability and stability provide investment incentives, create more jobs, and give consumers a competitive advantage, better choice and lower prices. When a

WTO member agrees to open its markets to goods or services, it must fulfill its obligations.

Principle 4: Promoting fair competition. The WTO is sometimes referred to as a free trade organization, but this definition is not accurate. For example, this system allows for the existence of tariffs and, in certain circumstances, other forms of protectionism. More precisely, the WTO can be defined as a system of rules that promotes open, fair and undistorted competition.

Principle 5: Special conditions for developing countries. The WTO system is conducive to development and also recognizes that developing countries need flexibility in the implementation of various WTO agreements. The agreements themselves also follow the previous provisions of the GATT, which provide for special assistance and trade concessions for developing countries.

In the United States, the need for state support was formulated by President Roosevelt, defending the first piece of legislation to support agriculture in Congress, emphasizing in his speech that "the poor peasant will not buy a plow" and this under the circumstances that the formation of the US food complex was not burdened feudal system, bureaucracy, and immediately formed in a market (capitalist) relations based on private property and personal initiative. In the future, the government was interested in having real levers of influence on the processes of production, consumption, export, import of agri-food products.

State support must be rationally combined with market mechanisms and initiate the competition of farmers for the effective use of budget aid. World experience shows that large farms make better use of benefits and subsidies and this, in turn, contributes to the concentration of production. Since the Great Depression, the number of farms has declined 3.25 times (from 6.5 million in the 1930s to 2 million today). Every year the number of US farmers decreases by 1%, and 50% of them are liquidated through bankruptcy proceedings [138, p. 25]. Support for agriculture is not always rational, and even in highly developed

countries it is not always highly efficient. Thus, only about 25% of the largest producers of goods receive state support in the USA and the EU, and they receive about 75% of the total support, which leads to an increase in the capital intensity of agriculture, which, in turn, can reduce competition in this area. , because it creates obstacles for entering the market of new producers [31, p. 58].

Support was introduced in the United States, and in 1934 it has been operating successfully to this day. Thus, the law "On Commodity Credit Corporation", issued in 1934, as amended in 1948, established the stabilization of market conditions through public procurement of products that were produced in excess. At the end of the 1980s, 47% of the wheat harvest and 75% of dairy products were state-owned. The US Farmers' Commodity Credit Corporation accumulates a surplus of agricultural produce, in return for which it provides targeted loans to farmers. Having received a loan, farmers can sell their products on the market, provided that the proceeds from its sale will exceed the amount of the loan and interest thereon. In the case when the market price is low, the farmer has the right to supply products to the commodity-credit corporation in an amount not less than the loan amount and interest thereon [31 p. 85, 15 c. 134-136]. Moreover, the corporation receives the right of ownership and disposal of the delivered products and can sell it in domestic or foreign markets.

The US Food Security Act, issued in 1985, provided for the introduction of a land withdrawal mechanism based on a 10-year land conservation program. The state paid compensatory payments to farmers for the withdrawal of land from circulation, as well as paid half of the costs of land reclamation and afforestation on lands that were withdrawn from circulation. With the help of such a mechanism, the state regulated the volume of products, prices and incomes of agricultural producers. In this way, 31.6 million hectares of agricultural land were withdrawn from circulation.

In 1949, a direct payment program was first introduced, the essence of which was that farmers received direct payments from the state to cover the

difference in prices at which agricultural products are purchased and then sold to consumers. This program was not used until 1973, and then found its application to support such goods as wheat, corn, rice, barley, cotton [31 p. 86].

Since 1981, support for farmers' incomes has been provided through minimum target prices, and after 5 years the budget expenditures for this amounted to 26 billion dollars. Rising budget spending has forced the government to take measures to strengthen the market orientation of farmers' incomes, and these measures were aimed at stimulating the export of agricultural products.

The Law "On Food, Agriculture, Conservation and Trade" in 1990 lifted restrictions on the expansion of agricultural production and its promotion on world markets [138, p. 26].

The late 1980s and early 1990s were a crisis for US agriculture, so significant government support was provided, accounting for 4.5% of all US federal budget expenditures, providing 27% of farm revenue, or \$ 410. annually on 1 hectare. Such support came through a number of state agricultural policy programs. Thus, in the field of preferential lending and insurance there were 2 state programs, protection of agricultural resources - 7, income support for producers of certain products - 16, food aid to the population - 16, food quality control - 3 [31, p. 26-27].

Classifying areas of state support for US farmers, Demyanenko SI identifies five main channels [31, p. 30]: direct assistance through the social security system, which is designed for farmers who find themselves in a difficult situation; state support, which is aimed at increasing demand for agricultural products or reducing production costs; program to limit sown areas, resulting in reduced production and due to the specifics of the industry, this leads to higher prices for agricultural products; subsidy programs aimed at covering the difference between purchase and sale prices, as well as guaranteeing prices for agricultural products; other differentiated targeted subsidies to farmers.

The two-tier price mechanism is used to take advantage of the difference between the elasticity of demand in the domestic agricultural market (provided that the elasticity is lower) and in the international market, where the elasticity is higher due to higher competition. This ensures the growth of farmers' incomes. Two-tier prices are aimed at maintaining domestic prices above the equilibrium price, and surplus products must be sold on the international market. Subject to the receipt of marginal income in the domestic market, which is equal to the marginal income in the international market, the country receives the maximum income. The two-tier pricing system has been in place in the United States since 1924.

In deciding to support national producers, each country proceeds from its own financial capabilities. In the United States in the period from the 30's to the early 70's, the annual state support amounted to only 0.5-0.7 billion dollars. and only in 80-90 - those years reached 60 billion dollars. per year [11; 67, p. 1].

Recently, support for agriculture in the European Union and the United States has been considered irrational and inefficient, and has tended to decline. The growth of subsidies in agriculture leads to excessive spending of the state budget and, as a consequence, to an increase in the level of tax burden in the field of non-agricultural production. In turn, this leads to higher prices for products of the non-agricultural sector of the economy, which affects the rise in price of means of production for agriculture, resulting in the competitiveness of the national producer in the world market is reduced [2, p. 58].

Since 1996, the US government has pursued a policy aimed at gradually reducing support in the country's agricultural sector. Hopes are pinned on the growing share of large agricultural enterprises that are able to operate efficiently without government subsidies. The US government's attention is focused on such enterprises. The level of payments for government support programs for agricultural products for the marketing year in the United States, USD per ton, however, compared the level of mortgage prices 1990-1991 and 1999-2000

marketing years, they increased on average by 22.12%: wheat - 31.23%, barley - 24.26%, oats - 39 , 96%, corn - 20.38%, sorghum - 16.93% [177, p. 35].

The decline in support for agriculture in the United States began with the passage in 1996 of the Agricultural Development and Reform Act, which ended in 2003. In this law the mechanism of subsidies of the fixed size is formed. These subsidies are introduced instead of the target price mechanism, as such support does not involve a change in market prices.

Previously, farmers received as support the difference between target prices and selling prices. Such a mechanism did not take into account the market situation, which depended on the volume of production, which forced the government to impose restrictions on the volume of sown areas. New fixed subsidies have a maximum amount of 40 thousand dollars. per producer, and if the producer (farmer) has several plots of land in different places, the amount of subsidies should not exceed 80 thousand dollars. per manufacturer. The producer receives half of the subsidy until January 15, and the rest until September 30.

This mechanism is also far from perfect, because under conditions of rising market prices, producers receive direct income, as well as a subsidy. According to the previous legislation, such a situation was impossible, as market prices exceeded the target [82; 91].

The lifting of the size limit (excluding land set aside for fruit and vegetables) is due to the US government's hopes for growing demand for agricultural products on world markets, as well as a global policy of liberalizing support, which will allow competitive US companies to increase product exports.

Some changes have taken place in the mechanism of obtaining a loan secured by products. The state determines the mortgage prices, which are valid during the validity of this law (1996-2002) and are: wheat - 95 dollars / ton, corn - 78 dollars / ton, soybeans - 190 dollars / ton. A necessary condition for obtaining a loan is the physical movement of grain to the TCC storage. However, for dairy products, sugar and peanuts, the lending mechanism remained unchanged. It is

planned to reduce the level of mortgage prices, while reducing the amount of budget expenditures to support agriculture.

The decrease in state support for agriculture is also due to a decrease in state insurance. Harvest insurance against natural disasters is transferred to private insurance companies, and only in those regions where these services are not sufficiently developed, the function of insurance continues to be performed by the state.

The main issue of this law is the food aid program, which covers about 50 million low-income Americans. The budget expenditures amount to about \$ 40 billion, which increases the demand of the population and does not lead to lower prices for agricultural products. The distribution of this type of support is carried out by the US Department of Agriculture, in the budget of which this amount is about 45%.

The transfer of subsidies directly from the producer to the expansion of food market capacity through consumer subsidies is a factor in maintaining a competitive environment in which producers compete for consumer food. This kind of policy can be an example for Ukraine, because according to domestic legislation, assistance to the poor is a social policy expense, and it must be considered from the point of view of the agricultural producer and transferred to the Ministry of Agrarian Policy.

Along with this, US President George W. Bush on May 13, 2002 signed a law passed by the US Congress, which provides massive government subsidies for agriculture. The need for such support, according to the President of the United States, was caused by the fact that "hard-working American farmers deserve support." This law is designed for 10 years during which the US federal budget will be allocated 190 billion dollars. USA to support agriculture [14; 159-160]. An average of 19 billion dollars. per year, but in 2002 \$ 36 billion was allocated, and in 2003 - \$ 54 billion. Subsidies will be provided to American

farmers who produce grain, soybeans, cotton, wool, honey, fruits, vegetables, and dairy products.

The adoption of the law caused a resonance in the world community. Thus, European countries, leaders in world trade in agricultural products, have recognized this law as anti-market and protectionist, as well as one that contradicts the previously proclaimed principles of free trade. The reasons for its emergence are called domestic political goals, which are aimed at supporting George W. Bush farmers in the 2004 presidential election.

Proponents of the law, including the powerful "American agricultural lobby," praised it. They noted that the law aims to support U.S. agricultural areas that need government subsidies for sustainable economic development. However, the Minister of Agriculture of Canada L. Wanklift said that the credibility of the United States as a country that proclaims free trade is undermined by this law. Mr Bush has denied the allegations, arguing that the law does not conflict with WTO rules and requirements.

Russian scientists (E. Serova, O. Krylatykh) [77] commented on this law as aimed at ensuring the production of reliable, safe, affordable food and raw materials; effective management of agricultural lands and water resources; to support access of American agricultural products to domestic and world markets; stimulating further socio-economic development; continuing research to support an efficient agri-food sector.

The International Institute for Management Development (IMD) in Lausanne (Switzerland), which ranks the competitiveness of all countries, assessed the degree of liberality of the trade regime. According to the corresponding rating, the United States ranks only 29th among 49 countries in the world, although this country is considered a fighter for free trade. This once again confirms the ability to use the means of protection of the national economy and preserve the image of the country as a follower of free trade [152, p. 45-55].

By definition, SM Kvashi, for European countries, state regulation is not an accidental phenomenon, but on the contrary, is the key to effective development of the agro-industrial complex, which is an invariable prerequisite for the prosperity of society [66, p. 93]. State regulation of agriculture in the European Union performs a number of tasks, among which the most important, in our view, are: the policy of maintaining prices for agricultural products, which is a means of supporting the income of agricultural producers and ensures a high standard of living; maintaining stable markets by creating appropriate conditions for the production and sale of products at affordable prices; assistance in resource provision; conducting a social policy to support producers; implementation of environmental activities.

One of the most controversial aspects of Western European integration is agricultural policy. The variety of methods and means of state support of the agricultural sector of the economy have led to a long period of integration of European countries [56, p. 61]. On 1 January 1958, the Treaty of Rome of six countries (Germany, France, Italy, the Netherlands, Belgium, Luxembourg) on the establishment of the European Economic Union entered into force. which operated between the participating countries, were abolished or changed to a single foreign trade tariff.

The Treaty of Rome provided for the achievement of the following objectives of the Common Agricultural Policy (CAP): achieving a balance of interests between producers and consumers of agricultural products (Article 39 of the Treaty of Rome); organization of common markets (Article 40); defining the procedure for the adoption by the Council of Ministers of rules, directives and other decisions concerning EU countries (Article 43) [158, p. 245].

The economic conditions that existed in the EU required the introduction of SAP to perform such tasks [30, p. 4]: to

- guarantee stable production of agricultural products and food products at prices that are affordable to consumers;

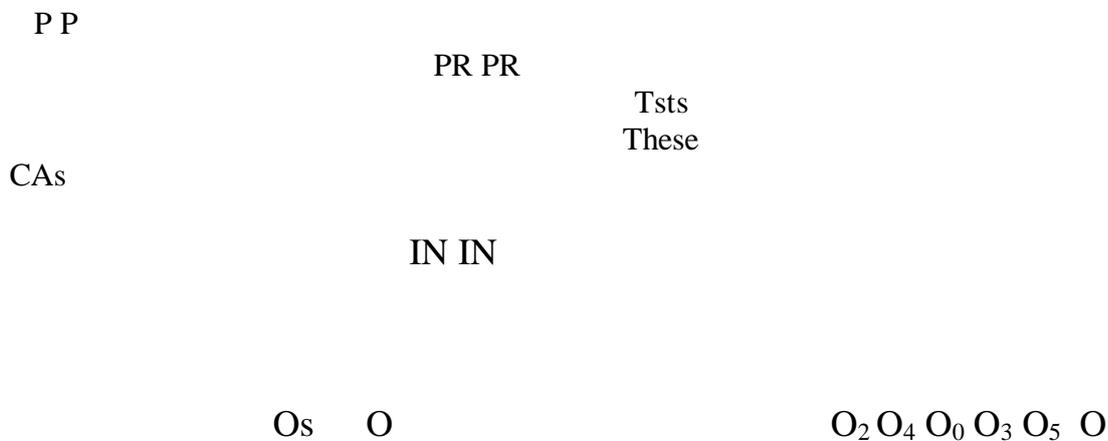
- to ensure an adequate standard of living for farmers by obtaining a guaranteed level of income;
- to increase the efficiency of resource use in agriculture through the introduction of advanced production technologies and the creation of a rational production system in the industry.

Only 4 years later (in January 1962) a decision was made on the basic methods of organizing a common grain market, which was taken as the basis for organizing markets for pork, poultry and eggs. For other types of products, their markets were modeled, retaining the main features of the basic model, although they had their own characteristics, which are due to the specifics of a particular product and market. The full implementation of the SAP took place only in 1967.

The mechanism of functioning of the EU SAP can be described as follows. The EU Council of Ministers, represented by 15 member ministers of agriculture, sets target prices for agricultural products each year. The target price is defined as the upper limit of the price of products in the EU, and it is usually much higher than the price on the world market. To prevent cheaper imports, all imported goods are subject to a “variable duty” in the amount of the difference between world and target prices. "Variable duty" varies depending on changes in world and target prices. The price support mechanism operates as long as the EU is a net importer.

Where the EU is a net exporter, import duties do not affect the domestic price, which in these circumstances falls below the world market price. In order to prevent this, the Council of Ministers sets an intervention price, which is defined as the lowest price limit and guaranteed for agricultural producers. EU countries purchase any offered quantity of products of the established quality standard at the intervention price in order to prevent prices from falling below the intervention price [30, p. 6-7]. If too many products are produced and purchased, the state provides export subsidies in accordance with export certificates to

traders in order to sell the appropriate amount of products to third countries. The functioning of the price mechanism is graphically shown in Fig. 1.7.



A. B. Market The world market for EU

part - the world market price; CC - EU target price; EU intervention price; O- sales volume; PR - supply of products on the market; Software - demand for products on the market.

Fig. 2.7. EU price support mechanism

The difference between Q&A, multiplied by sales volume, is an export subsidy, and the difference between Q&A multiplied by the corresponding sales volume is a variable duty.

Fixed subsidies are also used for exports to countries that are traditional buyers of goods exported from the EU. Under certain conditions, subsidies for milk production can be 55%, beef - 44%, pork - 17% [138, p. 44-45]. However, it should be noted that such a policy is quite costly, both for the budget of the individual country and for the European Union as a whole. By pursuing such a policy of support through a system of protectionism and price support, the EU government has reliably isolated the member states' domestic market, but the costs of such protection have been passed on to consumers who are forced to buy

much higher world prices. The ineffectiveness of this policy is that the cost of export subsidies exceeded revenues from import duties [157, p. 247-249, 158; 23].

The increase in the level of expenditures to support agriculture is shown in table. 2.1.

Table 2.1. EU budget expenditure on agriculture

Indicators	EU-9		EU-10	EU-12		
	1973	1980	1985	1986	1990 p.	1994
FEOGA guarantee section (market price support, etc.),% (1973 = 100%)	100	297	518	581	697	984
Orientation section of FEOGA (structural measures),% 1973 = 100%	100	250	350	400	900	1,400
Totalsupport level bn. ECU	4.0	11.8	20.4	22.9	28.4	40.3
General EU budget, billion	4.9	16.0	27.5	34.9	44.4	68.8
FEOGA as a whole as a% of the general EU budget	82	74	74	66	60	59

Source: Tracy M. Agriculture and food in the economy of developed countries: Introduction to the theory of practice and policy / Translated. with English VA Makeeva, ed. A.G. Slutsky. - St. Petersburg: School of Economics, - 1995. - P. 256.

In 1962, the Council of the European Union adopted an agreement on financial support for agriculture. Instructions for the establishment of the European Agricultural Guidance and Guarantee Fund (FEOGA) to finance export subsidies, market interventions and structural measures were also adopted.

Only in 1969 the conditions of FEOGA financing from the general budget of the EU were determined [157, p. 249]. The first area of expenditure of this fund includes guarantees, which are associated with the maintenance of market prices. Support for market prices in 1994 increased 9.84 times compared to 1973,

but during this time the number of member countries increased from 9 to 12. Expenditures on structural measures increased 14 times (in 1994 compared to 1973) . However, the percentage of total support in 1994 relative to the general budget decreased compared to 1973 from 82% to 59%. Thus, the high level of spending on agriculture has become one of the most important problems for the European Union.

The cornerstone was the problem of EU SAP funding. In the period from 1958 to 1970, the EU budget was filled by monetary contributions from member countries, and then the Union's own resources were raised through [138, p.36-38]:

- deductions and customs duties on imports from third countries;
- deductions for sugar and glucose made by their producers;
- payment of a certain share of value added tax and gross domestic product by each member state. Total own resources are limited to 1.27% of EU GDP.

The aggravation of the problem of budget expenditures and the dynamic growth of surpluses of agricultural products required the deepening of reforms of the CAP. SAP is defined as a very complex policy that covers hundreds of regulations in almost all areas of agricultural production and processing.

From its very beginning it had to be constantly reformed [57; 135, p. 67]. Thus, in 1968, quotas were introduced for the production of refined sugar. The 1969 reform aimed to regulate the overproduction of wheat by introducing programs for its purchase for processing and use for non-food purposes, including cattle feeding. In 1982, maximum production volumes of milk, sugar, grain, rapeseed, and tomatoes were introduced as raw materials for industrial products in order to prevent falling prices.

The reform of 1984-1988 took place in the following directions [158, p. 258-259]:

- freezing of support prices from 1984-1985, although some EU countries have managed to circumvent this restriction;

- introduction of quotas for milk and grain production in order to slow down the process of overproduction of agricultural products;
- introduction of so-called stabilizers, which provided for a reduction in prices or reduction of subsidies in the case when the quantity of goods produced exceeded the maximum guaranteed quantity of products (maximum guaranteed quantities MGQs).

If a certain number was exceeded, the violators were fined. The disadvantage of this direction is that the maximum guaranteed quantity refers to the total production for all EU countries, so it becomes possible the principle of "ticketless" (freerider) according to which any individual manufacturer can not reduce production, but rather increase it, in the hope that other producers will reduce production.

In 1988, a new program of stabilization measures was introduced - the withdrawal of land from circulation. The program is voluntary and provides compensation for the withdrawal from agricultural use of at least 20% of arable land for a period of at least 5 years. By the end of 1991, 2.5% of the total land area used for grain had been withdrawn from circulation in the EU. The program was implemented especially intensively in Germany and the Netherlands, where the amount of payments was quite significant. Thus, German farmers receive an average of 300 euros per hectare for the transfer of arable land in pairs, or conservation of land, which is 5-12% of arable land.

Significant costs of this program have led to the need to use the experience of the United States, which was based on the "McSherry Plan", according to which the reduction of sown areas is an integral condition for obtaining funds to support prices. This plan was approved in May-June 1992 after considerable discussions.

However, it still provided for such measures as a reduction in prices for crops with compensatory production costs in terms of withdrawal of land from

circulation. 75% of agricultural production was affected by this reform. Prices for grain were reduced by 30%, beef - by 15%, dairy products - by 5%.

The functioning of the EU SAP has manifested itself in the application of such an instrument of agricultural policy as quotas. The precondition for the introduction of quotas was the overproduction of certain types of agricultural products. The purpose of this tool is:

- to ensure a high level of domestic prices for agricultural products;
- prevention of overproduction and reduction of financial costs from the EU budget.

When introducing the quota mechanism, the following problems arose [30, p. 8-9]:

- Allocation of quotas was carried out to all producers, but not the most efficient, which gave rise to irrational use of labor, land, capital in agriculture;
- There is speculation on quotas, as a result of which the capitalization of the quota is by analogy with land and capital. Thus, the rent of 1 kg of quota milk costs 10 euros, and the sale - 80 euros;
- EU expenditures on milk export subsidies amounted to € 2.3 billion annually, representing, for example, ¼ the state budget of Ukraine;
- The growth of incomes of agricultural producers as a result of state support occurs only at the first stage, and then they are absorbed by the increase in production costs in the subsequent stages of the production process (the so-called "echo effect");
- Maintaining prices for agricultural products leads to higher land prices and higher rents. And this, in turn, leads to an increase in capital intensity of agriculture and increased production costs. This situation has a negative impact on competitiveness.

The most ambitious reform was introduced in 1999 ("Program 2000"). The purpose of this program is to simplify the SAP, make it a more accessible, more decentralized in terms of decision-making on direct target costs, the ability to

reduce price support for goods such as milk, grain, beef. Another precondition for reform is EU enlargement through the accession of five Eastern European countries: the Czech Republic, Hungary, Poland, Slovenia, and Estonia. The accession of these countries will lead to an increase in agricultural production and an additional burden on the EU budget [30, p. 5].

The 2000 program, adopted in 1999 and designed for 6 years (until 2006), provides for a move away from price support for agricultural products, especially grain, oilseeds, dairy products, beef production to direct payments and changes the system of evaluation of production control. It is planned that in 2006 40.5 billion euros will be allocated to support agriculture, or 20% less than in 1997. This reform provides for: reduction of price support for grain by 15%, or 18 euros per ton; reduction of direct payments for oilseeds by 33% by 2002; reduction of the price of support for beef by 20% (from 2780 to 2224 euros per ton) and replace it with direct payments in 3 years; fixing the total expenditure on agricultural support for 2000-2006 in the amount of 40.5 billion euros [26, p. 8].

The task of the reform is also to ensure the competitiveness of European producers in the world market and to protect the European market model, which is based on a multifunctional approach to doing business [155]. A new means of influence will be the ability of member states to determine the size of direct state subsidies to their own producers, provided they comply with environmental requirements, as well as direct up to 20% of total funding for rural development.

In addition, analyzing the experience of foreign countries, especially the European Union and the United States, we can see a clear trend of declining share of agriculture in the economy as a whole. This is stated in the data on the reduction of the share of agriculture in GDP, the number of employed workers in agriculture, as well as the increase in the share of income of farmers who received outside agriculture.

Thus, the share of agriculture in GDP in OECD countries decreased from 2.8% to 2.1% in 2000 compared to 1986-1988. In the United States for the period

from 1960 to 2000, the decline was 2.3 times (from 4% to 1.7%), in the EU 5.3 times (from 9% to 1.7%) over the same period. Along with this, there is a process of reducing the percentage of the population employed in agriculture. Thus, in the OECD countries for the period from 1986 to 1988 to 2000, the percentage decreased by 1.1 percentage points from 8.9% to 7.8%, and if we analyze this figure since 1960, in the United States there was a decrease 3.3 times (from 9% to 2.7%), and in the EU for the same period 2.5 times (from 21% to 8.5%).

The reason for the reduction of the role of the agricultural sector in the economy is the peculiarities of agricultural production, discussed in section 1.1. It should be noted that this situation occurs with the billion support of agriculture by governments of developed countries. In 2000, support for the OECD agricultural sector reached \$ 327 billion. USA, which accounted for 34% of farmers' incomes.

A significant percentage of support funding (68%) was transferred to consumers who bought agricultural goods at prices that were significantly higher than the world, and lost 38% more. In 1995, SAP policy increased consumer spending on food by \$ 53 billion. US than it would be without SAP. That's \$ 140. US per capita, or \$ 570. USA for a family of 4 people [30, p. 11]. Budget expenditures for agricultural policy in OECD countries amounted to 32%, which in relative terms reaches 1.3% of GDP, or 52 billion dollars. USA in 2000 [58, p. 1-7].

According to N. Seperovych's research, the main tool to support agricultural production in Poland is to support market prices through the application of production quotas, intervention procurement, import tariffs and export subsidies. However, intervention measures in the Polish domestic grain market are used exclusively for food wheat and rye. In 2001, the level of minimum prices was raised and payment restrictions were set. Thus, farmers can receive a fee of no more than 8 tons of wheat and 4 tons of rye per hectare of sown area. The Agency

for Procurement, Storage and Sales by the State is the Agricultural Market Agency.

The sugar market is regulated by a mechanism such as production quotas. Thus, the production quota for sugar for domestic consumption in 2001-2002 was 1.54 million tons, B-quota (sugar for export) - within 104.4 thousand tons. The minimum sale price was \$ 488. US per tonne (or PLN 2,000) in the 2001/2002 marketing year.

To support livestock products, the Agricultural Market Agency has introduced a new support mechanism - aid for the storage of animal oil, pork and fat.

In Slovakia agriculture is supported by food market regulation, trade restrictions and direct payments. In the 2001/2002 marketing year, production quotas, minimum and intervention (guaranteed prices) were set for wheat, potatoes, beef and pork. Buyers pay fixed minimum prices for products within the quota. The State Market Regulation Fund (SFRD) buys surplus products within the quota at guaranteed prices set below the minimum price level. Products above the quota are sold at domestic market prices. The State Fund for Rural Development provides loans to producers of grain and oilseeds to finance the placement of crops in public storage.

The sugar market is regulated by calculating the domestic consumption of refined sugar (quota A - 180 thousand tons), in order to avoid market fluctuations, excess sugar can be exported with export subsidies (quota B - 10 thousand tons). However, since 2001, no export subsidies have been paid and support has been provided through measures to restrict imports.

In 2001, payments were made per 1 hectare of area under cereals in the amount of 16.5 dollars. US dollars, vegetables 62 dollars, potatoes 330 dollars. USA per 1 hectare. For crops such as sunflower seeds, tobacco, fruit, area payments are transformed into finished product payments. In 2001, the total

amount of payments for the area and finished crop products amounted to 19 million dollars. USA.

In animal husbandry, the most important support mechanisms are payments for the amount of milk produced under the quota and livestock. In 2001, \$ 31 million was used for these purposes. USA.

Regulation of Hungarian agricultural policy occurs through such mechanisms as payments per unit area and the use of material and technical resources. Food market is regulated through institutional prices, public procurement, storage programs and export subsidies. Hungary has an Agricultural Market Regulation Service, which annually sets guaranteed prices, indicative reference prices, and announces minimum and maximum intervention prices. The object of state regulation is wheat, feed corn, beef, pork, milk, sugar beets and sugar.

In the case of fluctuations in the market price in the direction of increase (decrease) for the minimum (maximum) intervention is state regulation.

According to A. Okhlopkov's research, in countries that are world leaders in agricultural exports, as well as agricultural production in which is the main source of growth of national wealth, the agricultural sector due to tough competition becomes more competitive and operates without government support: subsidies and subsidies . Thus, New Zealand is an example of the effective development and functioning of agriculture without state aid, which was primarily due to the difficult socio-economic situation in the country: the economic crisis and political instability. New Zealand is the world leader in milk and lamb sales (1/3 of world milk exports and 1/2 of world lamb exports), in 1984 abolished agricultural subsidies. The expected withdrawal of 10% of farmers from the business on the eve of the reforms did not take place, only 1% of farmers went bankrupt. The reform resulted in an increase in production in the agricultural sector, as well as the sector in GDP, farmers' incomes increased.

Thus, it is inexpedient for Ukraine to focus its agricultural policy on the EU SAP. In the current situation, Ukraine needs to take full account of global trends and reconcile its own national interests with real economic opportunities. The fundamental difference between the economic situation of the EU and Ukraine is the reason for different support policies. Thus, if the EU economy is characterized by stability and sufficiency, and agriculture is developing in relatively unfavorable climatic conditions, the situation in Ukraine is different. Ukraine's budget is unable to bear the significant costs of supporting the agricultural sector, but at the same time the country has a strong agricultural potential, the success of which is guaranteed by favorable natural and climatic conditions. Therefore, there is a need to determine Ukraine's ability to use support for agriculture, as well as the rules and conditions of domestic support, which are regulated by the WTO - the leading organization for international trade.

2.3. Tools and requirements for support of agriculture and rural areas of the WTO.

The desire of different governments to agree on the rules of the multilateral trading system based on the principle of non-discrimination was a prerequisite for the creation of the WTO. The aim was to achieve gradual trade liberalization, intensify competition, increase demand for goods and coordinate the policies of different countries in the field of foreign trade. Significant liberalization of world trade has been achieved through a series of international negotiations, known as "rounds of multilateral trade negotiations."

The result of the first round of negotiations in Geneva (1947) resulted in 45,000 trade discounts, due to which the increase in world trade amounted to 10 billion dollars. USA, ie 1/5 of world trade [108, p. 3-7]. The main content of the negotiations of the other eight rounds was tariff regulation, anti-dumping measures, non-tariff measures, agriculture, textiles, intellectual property, dispute

settlement, and the creation of the WTO. The number of participants also increased from - 23 founding countries to 123 member countries of the eighth Uruguay Round.

The agricultural market plays an important role in world trade. The total volume of world merchandise exports amounted to about 5.5 trillion. dollars in 2000, of which agriculture accounted for about 10%, ie 550 billion dollars. The volume of international trade in agricultural products exceeds trade in chemical products (\$ 526 billion), textiles (\$ 148 billion), clothing (\$ 186 billion), and metal products (\$ 126 billion).

The most important exporters of agricultural products in the world are the USA (12.1% of world exports), France (7.2%), the Netherlands (6.2%), Canada (6.2%) and Germany (5.1%). . The main importers of agricultural products are also the United States (11.3% of world imports), Japan (10.2%), Germany (7.6%), Great Britain (5.9%) and France (5.4%). The total share of Central and Eastern Europe and the CIS in international trade in agricultural goods is only 4% [16, p. 3-4].

Given the large share of trade in agricultural goods in world trade, there were a number of problematic issues that needed to be regulated. The General Agreement on Trade and Tariffs (GATT-1947) did not single out agriculture as a separate category, so trade in agricultural goods should, at least in theory, be governed by the same rules that apply to industry. However, there were two important exceptions to the general GATT rules for agriculture - the authorization of export subsidies and quantitative restrictions - which caused significant differences in trade in agricultural and industrial goods under the multilateral rules of the GATT [16, p. 4].

To improve international trade relations in agriculture, the Uruguay Round of the WTO, held in 1986-1994, signed the Uruguay Agreement on Agriculture (UUSG), which regulated such key issues as market access, export subsidies,

domestic support, and sanitary and phytosanitary measures. The Uruguayan Agreement on Agriculture entered into force on January 1, 1995 [16, p. 6].

One of the main results of the Uruguay Round was a significant reduction in tariffs. In developed countries, tariff reductions have been largely gradual and have lasted for five years since 1 January 1995. As a result, tariffs on industrial goods were reduced by 40% in these countries, from 6.3% to 3.8% on average. The cost of imported industrial goods, which were subject to a duty-free regime in developed countries, rose from 20% to 44%.

The package of Uruguay Round agreements has been improved. On March 26, 1997, 40 countries, which account for more than 92% of total world trade in information products, agreed to eliminate import duties and other charges on these products by 2000 (for some goods, by 2005). As in other cases related to the fulfillment of tariff obligations, each member state extends these obligations equally to all WTO members (ie, applies the most-favored-nation treatment), even for those member states that who have not undertaken such commitments.

Developed countries have increased the number of imports, to which tariff rates are "linked", from 78% to 99% of the total range of goods. In developing countries, this increase was significant: from 21% to 73%. Countries with economies in transition have increased the number of goods with tied tariff rates from 73% to 98%. This means a significant increase in reliability for trading organizations and investors operating in the market.

Agriculture.

Market access. At present, tariffs on all agricultural products are fixed (ie, fixed, which is difficult to increase). Virtually all non-tariff import restrictions, such as quotas, have been translated into tariffs, a process called tariffing. This has significantly increased the predictability of agricultural markets. Previously, more than 30% of agricultural products were subject to quotas or import restrictions. The first step in the "charging" process was to replace these

restrictions with tariffs that provided almost the same level of protectionism. Then, over the six years from 1995 to 2000, these tariffs gradually declined (the decline period for developing countries ends in 2005). The obligation to provide market access for agricultural products has also lifted previous bans on imports of certain products. Lists of countries' commitments to reduce domestic support programs and export subsidies for agricultural products were also prepared.

Table 2.2. WTO: targets for agriculture in digital terms

	Developed countries 6 years: 1995-2000	Developing countries 10 years: 1995-2004
Tariffs		
Average reduction for all groups of agricultural products	-36%	-24%
Minimum reduction per product	-15%	-10 %
Domestic policy		
Decrease in the total ARD of the sector (base period: 1986-88)	-20%	-13%
Export trade		
Amount of subsidies	-36%	-24%
Subsidized volume (base period: 1986-90)	-21%	-14%

Least developed countries should not commit to reducing tariffs or reducing subsidies. The base level for tariff reductions was set at the level of the fixed tariff rate as of 1 January 1995; in the case of non-fixed tariffs, the base rate was the actual rate accrued in September 1986, at the beginning of the Uruguay Round. For products for which non-tariff barriers have been transferred to the tariff plane, governments may apply special emergency measures ("special safeguards"). to prevent a sharp fall in prices or an increase in imports, which could harm farmers in these countries. However, the agreement stipulates when and how emergency measures can be introduced (for example, they cannot be applied to imported goods subject to tariff quotas).

Four countries applied "special regime" provisions to restrict imports of particularly vulnerable products (mainly rice) during the implementation period (until 2000 for developed countries, until 2004 for developing countries), but under clearly defined conditions, including ensuring minimum market access for foreign suppliers. Among these countries were Japan, the Republic of Korea and the Philippines (according to rice).

Internal support. The main complaint about the policy of maintaining domestic prices or, in other words, subsidized production, is that such practices stimulate overproduction. The application of such a policy leads to the squeezing of imported goods or leads to the use of export subsidies and dumping prices on world markets. The Agreement on Agriculture distinguishes between support programs that directly stimulate production and those that do not have a direct impact.

Domestic programs that have a direct impact on production and trade should be reduced. WTO members have calculated the amount of aid they have provided to the agricultural sector per year (using a calculation method known as "aggregate aggregate aid" or "total ARD") for the base period 1986 to 1988. Developed countries have agreed to reduce these figures by 20% in the six years since 1995. Developing countries have agreed to a 13% reduction over ten years. The least developed countries should not make any cuts. (This category of internal support is called the "yellow box").

Measures that have a minimal impact on trade can be applied freely - they belong to the "green box". These include public services such as research, disease control, infrastructure development and food safety. Certain direct payments to farmers are also allowed in case farms are required to limit production (sometimes referred to as "blue box" measures), certain government assistance programs to promote agricultural and rural development in developing countries,

and other types of insignificant ("de minimis") compared to the total cost of the product or products for which aid is provided (5% or less in the case of developed countries and 10% or less in the case of developing countries).

Export subsidies. Under the Agreement on Agriculture, the granting of subsidies for the export of agricultural products is prohibited, except where such subsidies are stipulated in the list of obligations of the Member State. If they are included in the list, then the provisions of the agreement require WTO members to reduce both the money they spend on export subsidies and the volume of exports for which subsidies are provided. Taking the average level of subsidies in 1986-1990 as the baseline, developed countries have agreed to reduce export subsidies by 36% in six years, starting in 1995 (24% in 10 years for developing countries). Developed countries have also agreed to reduce subsidized exports by 21% over six years (for developing countries, 14% over 10 years). The least developed countries should not introduce any reductions.

Sanitary and phytosanitary standards (SPS). A separate agreement on food safety and animal and plant health standards (Agreement on Sanitary and Phytosanitary Measures or SPS) sets out the basic rules on standards relating to the health and safety of agricultural products. Countries are allowed to set their own standards. However, these standards must be based on a scientific basis. They should be used only to the extent necessary to protect humans, wildlife or their health. Nor should they arbitrarily or unreasonably discriminate against countries in which identical or similar conditions prevail.

Member States are encouraged to use international standards, guidelines and recommendations, where they exist. However, if scientifically justified, Member States may apply measures leading to higher standards. They can also set higher standards based on proper risk assessment when such an approach is logical and consistent. In case

of impossibility of scientific substantiation, the "principle of prudence" something like the approach "safety first" can be applied.

This agreement also allows countries to apply different standards and different methods of product control. But, in this case, how can the exporting country be sure that the practice it applies to its products is acceptable in the importing country? If the exporting country can confirm that it applies the same health measures to exports as in the importing country, the importing country must, in turn, agree with the standards and methods of the exporting country.

This agreement contains provisions on control, inspection and sanctioning procedures. Governments should disseminate prior notifications of new or changes to existing sanitary and phytosanitary regulations, and also set up national reference centers to provide relevant information. Under this agreement, these provisions were included in the technical barriers to trade.

The results of the talks in Doha. The Doha Ministerial Declaration, adopted in November 2001, sets out more clearly the goals based on the work done, as well as the deadlines for achieving them. Significant issues in the negotiations are a further significant reduction in tariffs, domestic support and export subsidies. Also, according to some countries, an important goal of the new negotiations should be to establish the same rules and procedures for trade in agricultural products as those applicable to other goods.

The long-term goal set out in the preamble to the Agreement is to "create a fair and market-oriented system of trade in agricultural products" through commitments to support and protect, as well as the creation of strengthened and more effective GATT rules and disciplines. This task is performed by ensuring a significant reduction in the support and protection of agriculture by correcting and eliminating restrictions and distortions in world markets for agricultural products.

Most countries with economies in transition, upon accession to the WTO, aim to occupy their niche in international trade, as well as, along with highly

developed countries, to participate in the regulation of relations in this area. Economic interest is associated with obtaining more favorable terms of trade in the markets of member countries [77, p. 59-65].

Accession to the WTO is a long and complex negotiation process that requires strong political will on the part of heads of government in order to implement economic, trade and legal reforms in order to fulfill their WTO commitments. A country acceding to the WTO undertakes to adopt trade rules and agreements consisting of 29 separate texts signed by all members of the WTO. According to experts, on average, joining the WTO requires 4-6 years of negotiations and each year 3 to 5 countries join the WTO. However, for some countries, the time required to join was different. Kyrgyzstan joined in 2.5 years, Bulgaria in 10 years, China in 15 years [1, 75].

The republics of the former Soviet Union applied with great enthusiasm for membership in the WTO between 1993 and 1997. Seven of them became members of this organization: 3 Baltic countries, Kyrgyzstan, Georgia, Moldova and Armenia, which became 145 members of the WTO [2]. Most countries had the following problems during the negotiation process: difficulties in changing trade legislation, poor knowledge of WTO agreements and procedures, unsubstantiated proposals and requirements, and poor organization and coordination of the entire accession process.

Ukraine is on the path to joining the WTO. Thus, on November 20, 1993, an official statement of intent to join the GATT was submitted, and on July 26, 1994, a memorandum on foreign trade was sent to the Working Group on Ukraine's Accession to the GATT. In the period from February 1995 to June 2001, 8 meetings of the Working Group took place [117, p.178-179]. The frequency of meetings was uneven. Thus, in June 1998, the accession process was suspended and resumed only in mid-2000.

The reasons for the shutdown are: strengthening the policy of supporting the national producer after the financial crisis and warning about the threats posed by globalization in the form of Russian and Asian financial crises. The eighth meeting of the Working Group, held on 13-14 June 2001, discussed the state of the negotiation process on access to markets for goods and services, domestic support for agriculture, bringing Ukraine's economic legislation into line with WTO requirements and the most important trade policy issues: import licensing, technical barriers to trade, sanitary and phytosanitary measures.

The accession process is supported by a series of presidential decrees and government decisions aimed at concluding a series of bilateral talks by the end of 2002. Presidential Decree of September 5, 2001 №797 “On Additional Measures to Accelerate Ukraine's Accession to the WTO” defined measures to increase the efficiency of the Interdepartmental Commission on Ukraine's Accession to the WTO. The Presidential Decree “Program of Measures to Complete Ukraine's Accession to the World Trade Organization” of February 5, 2002 №104, approved the program, which provides for a list of indicative measures for 2001-2003 [160; 164].

The purpose of this program is to effectively solve the problem of Ukraine's faster accession to the WTO. Implementation of the measures envisaged by its sections will allow: to complete bilateral negotiations within the Working Group on market access to goods and services of Ukraine and sign bilateral protocols; ensure harmonization of national legislation with the norms and requirements of WTO agreements.

In April 2004, the 12th formal meeting of the Working Group on Ukraine's application for accession to the WTO took place in Geneva. The purpose of this meeting was to consider in detail the provisions of the draft Report of the Working Group, which is the final document for Ukraine's accession to the WTO. Particularly acute in the negotiation process are issues:

1) coordination of domestic state support for the agro-industrial sector. The problem with this issue is that the requirements of the WTO provisions do not always fully take into account the realities of the transition period of the domestic economy;

2) tariff quotas for raw sugar;

3) negotiations on market access for goods and services with 15 member countries of the working group continue.

It should be noted that the WTO is in a state of crisis due to deep contradictions that have arisen between its members: the developed countries of the EU and the United States and the countries of the Kern Group. The controversy was caused by double standards regarding the use of state support measures for agriculture. An example of this is the fact that the EU spends € 3 billion a year on export support, or 7% of total state support, while the acceding countries are not allowed to use such support. Currently, only 25 countries out of 144 in the WTO are eligible for export subsidies.

The experience of many countries shows that negotiations on agriculture in the context of WTO accession is one of the most complex and long-term processes [9; 17; 26]. Technically, they can be divided into the following three components:

- internal support and the overall reduction of the overall dimension of support;
- export subsidies (reduction of subsidies and reduction of subsidized products);
- market access (import tariffs: average reduction for all agricultural goods and minimum reduction for each tariff group).

Consider the requirements for domestic support for agriculture. Internal support measures can be divided into those that are subject to mandatory reductions and those that are not subject to mandatory reductions. Measures that are not subject to mandatory reduction do not directly affect market processes and conditions of competition. These are the so-called “blue box”, “green box”

measures and special and differentiated regime measures. Measures that should be gradually reduced belong to the so-called “yellow box”, provided that their estimated total support measure exceeds 5% for developed countries and 10% for developing countries for the value of gross agricultural output as food, and not product support [77, p. 59-65].

Blue box measures provide for direct payments under production restriction programs, provided that:

- such payments are tied to specific areas and yields;
- carried out at 85% or less of the basic level of production;
- payments for livestock are made for a clearly defined number of heads.

Domestic support measures that are not subject to reduction commitments ("green box") under the Agreement on Agriculture, Annex 2, paragraph 1, must meet the basic requirement that they must not distort trade or production, or such exposure should be minimized.

The main criteria that must meet the measures of the "green box" are as follows [20, p. 62]:

- support should be provided through government programs funded by the state (including the government's refusal to receive revenue), but not at the expense of consumers;
- support should not result in the provision of price support to consumers.

Annex 2 of the UUGS lists the internal support measures that can be classified as a “green box” and the conditions that must be met.

Thus, government service delivery programs include:

- General services, which include a variety of research programs that may relate to the environment, as well as programs that

relate to a particular product; pest and disease control, including early warning, quarantine and extermination systems; training services; information dissemination services, consulting services; inspection; marketing and product promotion services; infrastructure services, namely the construction of roads, transport facilities, market and port facilities.

As for general services, there are a number of necessary conditions for their use. Thus, the cost of marketing services may not involve the cost of uncertain purposes such as reducing the selling price or providing direct economic benefits to customers. Funds aimed at improving infrastructure should be spent only on capital works and should not be used to subsidize the purchase of raw materials and running costs.

- Establishment of state reserves to ensure food security.

The food security program provides for the costs of accumulation and storage of stocks of goods defined in national legislation. In this case, the purchase of goods by the state should be carried out at current market prices, and sale at prices not lower than in the domestic market.

A prerequisite is that the difference between the purchase price and the external reference price must be taken into account when calculating the aggregate measure of support (TAC). This opportunity is provided to developing countries that can purchase at regulated prices. However, such an element of the subsidy must be combined with those to be reduced.

- Domestic food aid.

Food must be purchased at current market prices. For developing countries, the reduction obligations exclude the provision of food at subsidized prices in order to provide food for the poor in urban and rural areas on a regular basis and at reasonable prices. The right to food aid is granted only according to clearly

defined nutrition criteria. Persons who have received this right receive assistance in the form of direct food or buy food at market or subsidized prices.

- Non-production income support.

The right to receive such support is granted according to clearly defined criteria: income, status of the recipient as a producer or landowner, use of factors of production or level of production in a defined and fixed base period. The amount of direct payments should not depend on or be determined by the type or volume of production, the domestic or world price of the goods and the factors of production used.

- Financial participation of the government in income insurance and income security programs.

Loss of income in excess of 30% of gross income from agriculture must be compensated. The amount of such payments should compensate for 70% of the producer's loss of income and should depend solely on income and not on the volume of production, domestic or world prices, the factors of production used.

- Payments for damages from natural disasters.

Such payments are possible only after the formal recognition of a natural or similar disaster by the WTO government. The loss of income must exceed 30% of production and costs should not be higher than is necessary to reimburse their full value.

- Restructuring assistance is provided through the following programs:

1) Subsidies for the withdrawal of workers from the agricultural sector or their transfer to the non-agricultural sector of the economy depend on the full and permanent withdrawal of their recipients from commodity agricultural production;

2) Subsidies are provided through programs aimed at the withdrawal of land and other resources, taking into account the withdrawal of livestock from commercial agricultural production, for a period of at least 3 years, and in the case of agricultural livestock - from slaughter or disposal. Payments do not require alternative use of land and other resources;

3) Investment subsidies should contribute to the financial and physical restructuring of the producer's production activities in order to overcome objectively proven structural deficiencies. The amount of such payments should not depend on the volume of production, on the price on the world and domestic markets, be made for a certain period of time and be limited in volume.

- Payments under environmental protection programs.

Payments are made as part of a clearly defined government program to protect or protect the environment. The amount of payments is limited to the amount of additional expenses or income losses that are necessary to fulfill the conditions of this government program.

- Payments under regional assistance programs.

Payments are made only to producers of exceptionally disadvantaged areas who are entitled to it. The amount of payments should not depend on domestic or world prices for goods or production. Payments should be publicly available to all producers in disadvantaged regions and be limited to the amount of additional costs or expenses incurred in the conduct of agricultural production in the region [18, p. 62-67].

I.B. Kobuta conducted a comparative analysis of support for agriculture in Ukraine on the basis of the expenditure part of the Consolidated Budget of Ukraine for compliance with the names of WTO measures, which are classified as "green box". Annex B shows the support measures in Ukraine and their compliance with the WTO [72, p. 346].

As a result of research it was determined that in the base period (1994-1996) among the measures to support the "green box" in Ukraine the largest share was occupied by budget transfers allocated for general services, namely the development of non-productive rural infrastructure, training and retraining specialists and workers for the production and social spheres of the village, services for inspections of individual products to identify compliance with health, safety, quality, standards [72, p. 345-347].

The experience of negotiations shows that the measures of the "green box" often do not meet the interests of the agricultural sector of developing countries [72 p. 345-349; 157 s. 19-20]. The criteria for domestic support measures (listed in Annex 2 of the UUSG) have been developed taking into account the existing practices of agricultural support in developed countries and have an antagonistic effect for countries in whose economy the agricultural sector occupies a leading position. Of the 12 types of permitted government support programs listed in Annex 2 of the UUSG, two are aimed at reducing agricultural production, which is opposed in most developing countries and countries with economies in transition, which are aimed at growth and development of the agricultural sector [157, c. 19-20].

During the international negotiations, the issue of the country's food security became more acute. After all, the agreements reached to reduce support should not prevent the state from providing or guaranteeing a sufficient food supply for national consumers. This issue should be considered from the point of view of countries - net importers, countries - net exporters and countries that are objectively self-sufficient. Most countries have achieved food security through the introduction of domestic programs that guarantee protection from foreign competition through the use of quotas, subsidies and non-tariff measures.

According to some scholars, free international trade will promote the development of producers in developing countries by reducing subsidized

exports, in particular OECD member countries, as export subsidies reduce producer prices in importing countries. Free trade will provide greater opportunities for market access and higher world commodity prices. This in turn will give a positive result for food security in developing countries [72, p. 349; 17; 25; 55].

Another problem is the vagueness of the definition of many key terms, which allows to refer a government program to the category of "green box" measures. Thus, within the framework of "green box" subsidies, it is possible to provide support to producers in "disadvantaged regions", but the lack of criteria in the text of the UUSG to define the term "disadvantaged regions" creates obstacles to the use of this type of support. A similar problem arises in determining "promoting structural change in the activities of the manufacturer." Different interpretations by countries of "favorable structural changes" also create difficulties in providing support.

Along with the unlimited use of "green box" support measures, it is also necessary to argue and defend the right to provide support related to "yellow box" measures above the minimum level allowed by UUSG [151; 157, p. 20].

The long-term goal of the WTO is to gradually reduce subsidies that affect the production and trade of agricultural products and to move all countries to support the agricultural sector through green box measures. This position is especially defended by the countries of the Kern Group, the United States, Australia, Canada, Argentina, and Brazil, which insist on not using the measures of the "yellow box" above the allowed "minimum level". However, only 5 of the 16 countries that have joined the WTO since its inception have been able to reserve the right to use measures to support the "yellow box" above the minimum level [101]. These are such countries as Bulgaria, Jordan, Croatia, Lithuania, Taiwan [157, p. 20].

Domestic support measures that have a distorting effect on trade belong to the so-called "yellow box". These measures are quantified by the indicator of the aggregate dimension of support, which takes into account all other types of support aimed at stimulating agricultural production, and therefore violate the normal conditions of competition in the global agricultural market. The measures of the "yellow box" include income lost by the government as a result of the use of tax benefits, credit subsidies, writing off debts to agricultural enterprises [151; 77 s. 59-95; 66]

In the Uruguay Round of international negotiations, the governments of the WTO member countries undertook to reduce domestic support. The reduction of SVP is carried out according to an individual schedule, which is fixed in the lists of obligations of each country. The scheme of commitments to reduce subsidies provides for the WTO members to determine the level of domestic support at the beginning of the implementation of the agreement (1995) and its gradual reduction to 2000 for developed countries and to 2004 for developing countries.

The initial period of liabilities during the period of implementation of the UUSG is called the general level of the base period. This level of internal support is recorded in the Internal Support Schedule, and then the annual and final level of liabilities are calculated. The level of commitments of the last year is the maximum level of the total SVP that is allowed in the last year of UUSG implementation. Annual internal support should not exceed the level recorded in the commitments for the year. That is, the level of the current SVP is related.

UUSG envisages a reduction of the SVP by the WTO member countries by an agreed percentage. Developed countries have agreed to reduce the SVP by 20% from the average level of the base period - 1986-1988 for 6 years from January 1, 1995. For developing countries, the SVP needs to be reduced by 13.3% over a 10-year period. Due to this reduction, the total amount of SVP will decrease from 197721 million dollars. US, which was specified in the base period

1986-1988, to 162497 million dollars. The United States at the end of implementation. Thus, for the United States, the SVP was \$ 23.9 billion. USD, for the EU - 92 billion dollars. USD, for Poland - 4.2 billion dollars. USA.

It is important to choose the base period of time, which will be the basis for calculating the SVP, which is further reduced. The Agreement on Agriculture does not provide clear guidelines for the choice of the base period. However, participants in the Uruguay Round chose the period from 1986 to 1988 as the most representative. For countries intending to join the WTO, the technical note of the WTO Secretariat should use information on domestic support as an average for the last three years. However, this document is not binding, which once again emphasizes the importance of adopting this issue, as it depends on the level of support that the government will be able to provide to agriculture in a country that is already a member of the WTO.

Only the governments of Kyrgyzstan and Oman have chosen the base 3-year period immediately preceding the year of the official start of the negotiation process. Other countries have opted for another 3-year period, which is in the time interval between the establishment of the Accession Working Group and the completion of its work.

The experience of the countries that have joined the WTO proves the importance of choosing a currency to determine the SVP. The real value of the total SVP can vary significantly depending on the chosen currency. The main factor is inflation and regulation of the national currency. With some exceptions, developing countries have provided their SVPs in the national currency. During 1995-1998, the Polish zloty depreciated against the dollar by 50%. As the SVP for Poland was calculated in dollars, the real value of the zloty increased due to the devaluation against the dollar during the period under review. In practice, this has nullified the commitment to a 20% reduction in SVP when viewed in national currency. As Hungary undertook domestic support obligations in the national

currency, the value of the liabilities denominated in dollars decreased as the Hungarian forint depreciated against the dollar. Thus, the 20% reduction in the SVP for Hungary was significantly higher in dollar terms, given the devaluation (approximately 60% in 1995-1998) of the forint against the dollar.

SVP is calculated on an individual basis as the difference between a fixed external reference price and the current regulated price multiplied by the volume of production to be supported. That is, a specific SVP is calculated for each individual product. After that, their sum is calculated to determine the total specific SVP. Support that is not specific, ie not related to a specific product, is also calculated. The total value of the SVP is calculated as the sum of the subsidies calculated on an individual basis for each product and all internal subsidies that are not related to a specific product.

The SVP for each product is determined on the basis of the following elements:

- Market price support, which is equal to the difference between the administrative / regulated price in the farm and the fixed external reference price multiplied by the acceptable production.

The fixed external reference price is the cif unit cost for the base period or the fob unit value.

Eligible production is defined as the volume of production for which a producer has the right to apply a regulated / administrative price.

- Market price support for an input resource or service is defined as the difference between the administrative price in the farm and the market price multiplied by the number of resources receiving the subsidy.
- Product SVP, which applies to individual products, is defined as the sum of all positive support for the underlying product (market

price support + other types of support that do not depend on the price difference). This figure can be calculated on the basis of budget expenditures.

A product SVP should be included in the total SVP if it exceeds the de minimus level (5% for developed countries or 10% for developing countries, of the total cost of production of this product).

Ukraine has long had a reputation as the breadbasket of Europe and supplied its products to world markets. The dynamics of agricultural exports has always outweighed the volume of imports and the trade balance on agricultural products is consistently positive in contrast to the overall trade balance of the country as a whole (Fig. 2.8).

Thus, the trade balance in agricultural products over the past six years fluctuates within 328.2 million dollars. US in 1998 to 698.4 million dollars. USA in 2001. The highest trade surplus was \$ 1,618.3 million. USA in 1996. The positive balance on agricultural products was 76.1% (2000) of the positive total trade balance in the country.

gh volumes of exports of agricultural products exceed the volumes of imports by 1.5 - 2 times.

The decline in foreign trade in 1997 in Ukraine in general and in agricultural trade in particular was the result of a general decline in world trade as a result of the growing global financial crisis and the crisis in the Russian Federation in 1998.

After the decline in exports in 1998-2000 in 2001 there were positive trends: exports of agricultural products increased by 32.4%, an increase in the positive balance of agricultural products was 48.8%, imports increased by 23.9% in 2001 compared to 2000.

The main prerequisite for increasing the export of agricultural products in Ukraine is a favorable price situation on the world market and a sufficient supply of agricultural products on the domestic market.

Therefore, it is necessary to realize that Ukraine must become a full participant in world trade. Further development of trade in agricultural products will largely depend on the country's foreign trade and agricultural policy. Domestic and foreign policy cannot be conducted in isolation and only a comprehensive approach based on the harmonization of measures to support the domestic market with the rules of world trade will allow us to act in unison with the needs of the time.

Political will and economic expediency have made Ukraine's accession to the WTO a priority. This issue is specified in the Decrees of the President of Ukraine on measures to complete Ukraine's accession to the WTO and in the last message of the President of Ukraine to the Verkhovna Rada of Ukraine on European integration [118-121; 164].

Agriculture and trade in agricultural products occupy a prominent place in the economy of Ukraine. The Government of Ukraine considers agriculture to be a strategic sector, and thus the steps taken in this area, especially accession to the WTO, must be carefully calculated. The Working Party on Ukraine's Accession to the WTO was established on December 17, 1993. The Memorandum on the Foreign Trade Regime was circulated in 1994, followed by the first meeting of the Working Group in 1995. The latest version of the draft Report of the Working Group on Ukraine was circulated in August 2005. The last meeting of the Working Group took place in March 2005. Bilateral negotiations on market access on the basis of revised offers of goods and services are ongoing.

The situation in Ukraine in comparison with WTO requirements. According to the Ministry of Agrarian Policy, the maximum aggregate amount of aid (MAA) is expected to be \$ 1.14 billion (approximately UAH 5.7 billion at the current

exchange rate). If Ukraine keeps the ARD at this level (provided that other factors, such as the exchange rate, are kept stable), this will create enough space to further increase support measures for "yellow box" farms.

Tax benefits: The only problem with VAT exemption is that it is discrimination against foreign goods. Under the WTO Law on Non-Discrimination, if milk and meat are set at a zero VAT rate, then VAT on imported raw milk and meat should also be zero.

Import protection. Ukraine adheres to the policy of autarky, introducing high import tariffs and non-tariff barriers to trade. More than 60 percent of import tariffs on agri-food products are expressed both in the form of ad valorem and in the form of special tariffs. These mixed tariffs result in special ad valorem tariffs for sunflower oil, sugar and poultry far exceeding 100 percent. Import tariffs on all agricultural products produced on the domestic market are kept very high.

Thus, high import tariffs are combined with restrictive non-tariff measures, such as lengthy and non-transparent customs procedures and expensive veterinary and quarantine services at the border, as well as other SPS compliance checks.

Production quotas. The Government of Ukraine applies a sugar quota to support sugar beet and sugar producers at the expense of consumers. The sugar quota was introduced in 2000 and follows the EU system. However, it does not provide for subsidizing the export of surplus goods. The national trade quota for sugar produced from domestic sugar beet, as well as the minimum prices for beet and sugar under the quota, are set annually. In the 2002-2004 operating years, the quota was set at 1.8 million tonnes of sugar at a minimum white sugar price of \$ 455 per tonne (the CIF reference price for white sugar from Brazil and France ranges from \$ 330-390 per tonne). Taking into account the fact that sugar consumption in Ukraine is more than 2 million tons, the loss of consumer income from the introduction of the sugar quota is at least 800 million hryvnias per year,

or 3.2 billion hryvnias during 2002-2004. According to WTO rules, the transfer of funds from consumers to farmers as a result of administrative regulation of prices under the sugar quota will be added to the current ARD of Ukraine.

WTO membership. WTO members agreed to gradually liberalize trade in agricultural goods by creating less distorting conditions for international trade. Liberalization of trade in agricultural products is encouraged by the introduction of policy restrictions in four areas: (1) market access; (2) Internal support; (3) Export subsidies; and (4) Technical regulation.

Market access: Ukraine will reduce tariffs on agricultural imports by an average of 30 to 13 percent, and there is evidence that the WTO Working Group more or less agrees with this proposal. The reduction in import tariffs will seriously jeopardize only meat products, fruit and vegetable growing and sugar production, as other agricultural products are exports. Ukraine will set the size of the tariff quota for sugar at a level close to zero, however, will maintain high (50%) import tariffs above the established quota. After the round in Doha, Ukraine will have to further reduce import tariffs, which restrains a large increase in minimum sugar prices in the future.

Internal support: it is possible that Ukraine will keep the marginal ARD at \$ 1.14 billion or 5.7 billion hryvnias. Based on rough estimates, the current ARD in 2005 will be 2.3 billion hryvnias or 40 percent of the marginal ARD (budget revenues from the "yellow box" and g plus the transfer of funds from consumers through the establishment of a sugar quota). If the system of minimum prices for cereals and oilseeds yields results, the current ARD can increase significantly by the amount calculated as the number of goods sold at minimum prices multiplied by the difference between the minimum and world control prices.

Although WTO commitments to provide domestic support do not currently hold back the expansion of the "yellow box" measures, world market prices may

fall in the future, exchange rates may rise, WTO commitments to reduce, and increase agricultural subsidies in Ukraine may increase. will force Ukrainian government officials responsible for agricultural policy to look for more effective ways to support agricultural development.

Export subsidies: Ukraine is obliged not to use subsidies to stimulate the export of agri-food products. This rule is valid for all new WTO members. Important in this situation is the fact that as a net exporter of most important agricultural goods, Ukraine will not be able to apply measures to support domestic prices. This is due to the fact that the maintenance of domestic prices in the export situation inevitably leads to the accumulation of surpluses, which can be exported only with some form of export subsidy. This means that the system of commitments and minimum prices, if they exceed the level of world market prices, is inherently inconsistent with the conditions for Ukraine's accession to the WTO. It also means that because sugar prices in Ukraine are doubled exceed the lowest price of suppliers, Ukraine will be able to export sugar only to a limited number of countries, where sugar prices are even higher than in Ukraine (for example, to Azerbaijan).

Technical regulation: In the area of SPS regulation (*Agreement on Sanitary and Phytosanitary Measures*), Ukraine will take advantage of access to the dispute settlement mechanism, however, it should do everything possible to ensure that potential problems are properly addressed.

As a result of shifting the focus of the Agricultural and Rural Development Policy to the issues of quality and safety of exported food (EU), it is necessary to take measures to ensure that this does not necessitate the introduction of excessive SPS standards by other countries. As for imports, Ukraine will be forced to stop using SPS measures as trade barriers. According to the WTO agreement, SPS measures should be based on "risk assessment", and stricter than international standards can be applied only if they are scientifically justified. This

is done in order to prevent the use of strict regulations that may restrict market access and are not confirmed by scientific data. Ukraine will have to notify the WTO SPS Committee in advance of changes in SPS standards, taking advantage of timely information.

Competitive advantages that Ukraine will have upon accession to the WTO are price and quality [10; 17; 23; 24; 25; 41; 111; 165]. Low prices are provided due to the low cost of production, which is due to the low level of labor costs and means of protection. But with accession to the WTO, the level of labor costs will increase, as will the means of protection. However, prices for grain, meat and sunflower in Ukraine are still lower than in the EU. The quality of Ukrainian products is even higher at the genetic level. Ukraine is one of the few countries that has a stable epizootic situation. Thus, cases of foot-and-mouth disease have not been registered for 15 years, brucellosis - for 20 years [30].

Ukraine's accession to the WTO will promote and stimulate the production of competitive products, the level of subsidies of which should be low, in particular for products for which Ukraine should become a net exporter.

On the positive side, trade measures taken by Ukraine's partners will be in line with WTO rules, which will reduce discriminatory actions. This is especially useful in the case of allegations of dumping, which often leads to restrictions on imports.

Ukraine will benefit from future trade negotiations, as it will have more complete access to information on international trade systems and the experience of other countries in resolving trade issues.

The disadvantages of accession to the WTO are the reduction of import duties, which may partially lead to a decrease in state budget revenues, seizure by foreign producers of consumer market share, not all domestic products can be sold abroad due to non-compliance with quality standards.

For domestic producers, benefits should be expected from increased profits due to the scale of production, increasing the investment attractiveness of domestic producers and stabilizing prices in the domestic market.

Not all producers are ready for fierce competition with imported products, which could lead to a wave of bankruptcies and rising unemployment, which will be complicated by reduced domestic support.

For consumers, the range of goods will increase, product prices will fall, workers will have access to high-paying jobs. But at the same time, declining purchasing power and rising unemployment will require additional government support for the poor and vulnerable.

In conclusion, Ukraine's accession to the WTO will increase the country's political image, power and equality.

2.4. Directions for the development of the EU's Common Agricultural Policy for Ukraine's agricultural sector

Agriculture is one of the most important policy areas of the European Union. Most of the regulations and directives are devoted to agricultural issues, and it is this sector of the economy that directly or indirectly allocates two thirds of the European Union budget. Therefore, the EU's Common Agricultural Policy remains to date the most costly area for its overall budget. Thus, on average, per capita subsidies to date have ranged from 70 euros to 400 euros per year, and their total amount was 43 billion euros. Approximately 70% of the agrarian budget was allocated for direct payments to farmers, 10% was directed to the development of rural infrastructure, and part of the funds was allocated to repay the obligation of states to purchase products from farmers at a fixed price.

From the point of view of the development of the common agricultural policy of the European Union, the Ukrainian authorities and administration pay great attention to cooperation with the EU countries in the field of agriculture. Because for Ukraine, agriculture is the most important sector both in terms of its share in

the structure of GDP and in terms of its share in the structure of employment. It is in the agricultural sector of Ukraine concentrated more than half of the production assets, the agro-industrial complex has more than 30 thousand enterprises of various forms of ownership, including 13.4 thousand agricultural, 3.4 thousand industrial, more than 13 thousand service and other enterprises and organizations. Ukraine produces 10-12% of the world's sugar beet, 10-15% of sunflower, a significant share of livestock products. Ukraine continues to occupy one of the leading positions in Europe in the production of certain types of products per capita (grain, sugar, sunflower).

Ukraine's cooperation with the EU in the field of agriculture is evidenced by the basic document that defined the fundamental principles of their mutual relations - "Partnership and Cooperation Agreement" of June 16, 1994. Article 60 of the PCA "Agriculture and agro-industrial sector" is devoted to cooperation in this field. ". The purpose of cooperation in this area is to reform, modernize, restructure and privatize agriculture in domestic and foreign markets for Ukrainian goods, under conditions that ensure environmental protection, given the need to strengthen security of food supply. The Parties will also seek the gradual approximation of Ukrainian standards to Community technical regulations concerning industrial and agricultural foodstuffs, including sanitary and phytosanitary.

One of the characteristic features of the Common Agricultural Policy of the European Union (EU CAP) is high mobility, due to the need to bring it in line with the needs of agricultural producers, crisis prevention and adequate response to global agri-food markets. The accession of ten Central and Eastern European countries to the EU testifies to high-quality integration processes within the union, structural changes in the system of world economic relations, which directly affect the prospects of development of the agricultural sector of Ukraine and should be constantly in the spotlight. . The establishment of non-subsidized,

competitive, export-oriented and environmentally friendly agricultural production is impossible without a comprehensive analysis of changes in the EU SAP, the study of its mechanism of action and the results of sustainable rural development.

These issues are considered in the works of S. Demyanenko, S. Zorya, N. Zlokazova, S. Kamilova, S. Kvasha, T. Ostashko and other authors from the point of view of the problems facing Ukraine in connection with the globalization of the economic complex. [1]. The possibility of temporary losses of agricultural producers from the enlargement of the euro area and gaining competitive advantages in the future is projected, the priorities of state protectionism for export-oriented goods are determined, the volumes of domestic financial support are calculated taking into account international obligations. Recently, researchers have focused on the escalation of disputes between EU donors and new members over the limitation of agricultural and regional subsidies, as well as between highly developed countries - food exporters and those with strong agricultural potential, but forced to curtail production. in the way of promoting their products on global markets and the inability of the WTO to prevent the application of double standards in food trade of world development leaders and countries with weak economies.

At the same time, changes in the EU CAP regarding further development of the concept of multifunctionality of agriculture, consideration of regional features of the economic complex of the state in the context of equalization of regional agricultural development and implementation of state social programs to use human potential in rural areas need systematic generalization and timely understanding.

The European model of agriculture is known to be based on three basic factors: family-type farming, recognition of the multifunctional role of the industry and comprehensive protection of producers from market and natural disasters. The Treaty establishing the EU stipulates that its agricultural policy

must take into account: a) the special nature of agricultural activities; b) gradual implementation of the necessary transformations; c) close connection of production with other sectors of the economy. The results of recent public opinion polls in EU member states show that the REQUIREMENTS for agricultural regulatory policy have not changed since the founding of the European Union (1950s).

In economic theory, the features of agriculture, its versatility are associated with externalities - derivative effects (positive, negative, neutral), which may occur during production activities, but do not have a clearly defined cost estimate. That is, the market mechanism does not signal in time the loss or gain of society from the activities of agricultural producers, and their compliance with, say, the code of rules for greening production in a competitive environment, concentration of production and capital and receiving significant government subsidies has not become imperative.

Researchers of the concept of multifunctionality of agriculture on the example of the EU SAP usually identify the following periods:

- 1) from 1950 to the end of 1970. — The EU was a net importer of food, and therefore regulatory measures stimulated the growth of gross agricultural production;
- 2) during the 80's - the priority is not only the physical availability of food in full in the single European market, but also its affordability for all segments of the population, regardless of the level of household income;
- 3) from the late 80's to the early 90's - the issues of minimizing the negative externalities caused by the industrialization of agriculture and the use of new technologies are relevant. In these conditions, an active policy on sustainable rural development is pursued.

In the 1990s, with the participation of the agricultural and food organizations of the United Nations and the WTO, a holistic view of the concept of multifunctionality of agriculture was formed, which envisages the following

elements as mandatory: food security, environmental protection, integrated development of rural areas (regions). The last component will be considered in more detail.

The basis for defining regions within the EU is the statistical nomenclature of territorial units (NUTS), agreed by Eurostat by the member states. On the basis of this nomenclature, regions are identified, there is a lag in industrial development with regressive trends, and rural areas in need of financial support. There are three levels of regional delimitation. In Germany, for example, this corresponds to the level of federal states, administrative districts and districts. In total, EU regional statistics in 1997 covered 66 first-tier regions, 176 main administrative-territorial units and 829 third-tier units. The European Commission regularly monitors the emergence of disparities in regional development. The indicators used in this case are primarily the size of GDP per capita, unemployment and labor productivity. These criteria are basic in determining the regions that will receive financial assistance under EU regional policy [2, 69].

Today, the EU's CAP is at a qualitatively new stage in its evolution due to the accession of 10 Central and Eastern European (CEE) countries and increasing WTO pressure to liberalize food trade, as well as other global factors. In particular, the price regulation of the agricultural market is slowly decreasing and the level of income support for agricultural producers is declining — from 91% of total industry transfers in 1986-1988 to 61% in 2000-2002. Fischler's reform, launched in June 2003, aims to continue this trend by providing assistance to farmers regardless of quantitative production indicators. At the same time, funding for the so-called "green box" is increasing [3].

Assistance in carrying out structural reforms of CEE economies is provided through special programs. One of them is the alignment with the requirements of the EU transport infrastructure and environment (ISRA) with a total budget of 7.3 billion euros and a term of 2000 - 2006 [4, 66]. However, significant losses of

new EU members are also possible. It is projected that after joining the EU, the number of agricultural farms in Poland will decrease from 2 mln. up to 100 thousand, but it will receive from the community 40% of the total amount of assistance for the development of the agricultural sector [5, 12].

The reorientation of the EU SAP to sustainable rural development is due to the effectiveness of traditional measures to support farmers, namely - distorting the impact on trade and production, additional burden on consumers, increasing costs of administering such programs and unfair allocation of public resources (80% of total transfers. % of companies that can do without financial support). To some extent, these problems are also characteristic of Ukraine. Because today the financial and economic condition of agricultural enterprises is a kind of "black box" for both science and government agencies at all levels, which are authorized to regulate the processes of reproduction of agricultural production. That is, state support is carried out without the intention to achieve concrete results.

The situation in the livestock industry is a confirmation of the insufficient efficiency of production programs. In recent years, milk and meat production have been subsidized from the state budget (through the mechanism of value added tax refund, selection support, surcharge for sold young cattle of high weight condition, customs and non-tariff regulation, etc.), but there are no significant positive changes. . As before, the main types of products remain unprofitable. There are several reasons for this. First, the lion's share of its production is concentrated in private farms, which are not covered by state support. According to the State Statistics Committee, in 2003 the share of the private sector in sales of livestock and poultry was 69%, milk - 80, eggs - 56 and wool - 73%. Secondly, the levers involved were temporary anti-crisis, as they were introduced simultaneously with the write-off of debts to the budget and social funds, in the context of restructuring of the collective sector and were aimed at the survival of start-ups, including inefficient ones. In the post-reform period, these measures became a brake on the market restructuring of the industry

and the rational placement and deepening of specialization of livestock production in natural and climatic zones. Third, there is a lack of proper control over the targeted use of budget funds, which leads to their elementary theft, the development of shadow schemes of redistribution of resources among interest groups engaged exclusively in the search for rent.

The concept of multifunctionality and integrated development of rural areas is not new for Ukraine. During the period of planned and centralized regulation of the economy, collective and state farms performed extensive functions in relation to the livelihood of the peasants and the provision of the necessary social and communal services. During the market transformation of the agricultural sector of the economy, the objects of rural social infrastructure, which directly shape the quality and standard of living in rural areas, were significantly destructive. According to the monitoring carried out by the Ministry of Agrarian Policy, at the beginning of 2004 the enterprises transferred to communal ownership of the respective territorial communities: housing - 62% (for the previous two years - 50%), secondary schools - 83 (67), medical institutions - 80 (64), engineering network - 70 (58), clubs and libraries - 67% (54%). However, due to underfunding from state and local budgets, they are often closed or operate only "on paper".

It is worth noting that the experience of the transition period refuted the predictions of experts, especially foreign ones, that depriving reformed enterprises of the need to maintain the social sphere will automatically eliminate all chronic problems accumulated over decades and increase the efficiency of agricultural production, promote financial transparency and competitiveness. Improving the investment climate in the industry. This once again confirms the idea of the impossibility without the active participation of the state, with the help of simple recipes at the same time to achieve positive results in the recovery of the entire system of agrarian relations.

This caveat fully applies to foreign investment. Temporary agricultural holdings only accelerate the process of rural degradation. Working on the terms of sublease of integral property complexes of agrarian formations, or lease of land and property shares directly from peasants, they cultivate from 30 to 50% (according to various estimates) of arable land in Ukraine. Situational inflow of funds into the crop sector (the most liquid crops) leads to deterioration of soils, damage to the environment, leaching of resources from the regions, the destruction of the unique rural society, deepening disparities in regional socio-economic development. In addition, many newly established enterprises of the "market type" for several years in a row do not plow, sow or collect, but only perform the functions of reporting statistical units, are a kind of "roof" to avoid taxation by commercial entities.

Thus, in 1996-2001, the coefficient of variation in terms of gross value added (GVA) per capita increased from 2.17 to 5.93. If at the beginning of the analyzed period this indicator was lower than the average in Ukraine in 17 regions, then at the end - in 21 [6, 126]. Differentiation by the amount of assigned budget revenues per capita of rural territorial communities is 52 times (maximum - Donetsk, minimum - Transcarpathian region), by the amount of own revenues — 7.5 times, by expenditures taken into account when determining intergovernmental transfers - 5.8 times (same areas) [7, 66].

There is a tendency to increase the asymmetry and indicators of agricultural development in the regional dimension. Labor productivity in agricultural enterprises (per average employee) was lower than the industry average in 2002 in 14 regions (2001 - in 13), and the level of profitability in general, according to preliminary data from the State Statistics Committee, in 2003 was 0.2 % with a difference from plus 18% in Lviv region to minus 21.9% - in Kherson region.

The situation in the rural labor market has become especially acute. Between 1991 and 2002, the number of agricultural workers (including forestry and fishing) decreased by 1.9 million people (44.2%), the social sphere of the village

- by 440 thousand (1.5 times), the industry located in rural areas - by 450 thousand people (4.4 times), pendulum migrants up to 1 million. In total, about 4 million people were released, at the same time among the rural population there are up to 8 million people of working age [8]. During this period, the number of workers employed in private farms increased 4.2 times (from 681 thousand in 1990 to 2.9 million in 2002), in farms - from zero to 142 thousand people. , of which more than 60 thousand work under employment contracts and seasonal work. That is, labor supply has remained almost at the pre-reform level, and the existing demand for it has a steady downward trend.

According to the Ministry of Labor, in 2003 the number of rural unemployed who used the services of the employment service reached 932 thousand, or 19% higher than in 2002. Of these, 169 thousand people were employed in vacancies and newly created jobs with the assistance of the state employment service. However, the situation remains tense. As of March 1, 2004, there were only 10.1 thousand vacancies for agricultural workers in Ukraine. 29 unemployed citizens nominally applied for one job, and in Chernivtsi, Ternopil and Lviv regions by an order of magnitude more - 388, 169 and 74 people, respectively. Available jobs tend to be unattractive due to low wages, delays in their payment, and overpayments for products and services, so they tend to remain vacant.

In modern conditions, the reform of the EU SAP continues. In particular, measures of anti-market regulation of agricultural production are gradually being curtailed. There is a redistribution of resources for the implementation of sustainable rural development programs, ensuring the fuller realization of the potential of human capital in rural areas, adaptation of rural areas to market conditions and preservation of rural life.

Ukraine is moving in the opposite direction, refusing to perform state functions related to the expanded reproduction of human resources, the provision of socio-cultural and communal services, maintaining the proper level and quality of life of peasants. Less than 20% of state budget expenditures for the agro-

industrial complex were allocated for green box measures in 2003, and about 25% is planned for the current year, which is not in line with the purpose and principles of the Concept of State Regional Policy approved by the Presidential Decree of 25 May 2001 №341.

When developing a strategy for state agricultural policy until 2015, it is desirable to introduce a balanced model of financial support for agriculture. In the state and local budgets for 2005 and subsequent years, priority should be given to integrated rural development and reduction of regional disparities taking into account economic, environmental and social components, especially the creation of non-agricultural jobs for skilled workers in rural areas and the formation of highly productive environmentally sustainable agricultural systems. Only with proper scientific and methodological support and sufficient resource base it is possible to ensure successful integration of Ukraine into European structures, continuously increase the competitiveness of the agricultural sector in the enlarged EU market, protect national interests in the international division of labor and increase agro-industrial potential for future generations.

The Common Agricultural Policy (CAP) is a set of laws and methods used by EU member states to implement a common, uniform agricultural policy. The CAP was developed in 1962 by the European Commission (EC) following the signing of the Rome Agreement in 1957, which introduced common market principles. With the introduction of the CAP, EU member states began to experience strong government interference in the agricultural sector, especially in the areas of production, intervention prices and farming structures, which were financed by the European Guarantee Fund Agricultural (EA6SZR). CAP plays an important role in achieving the initial objectives set out in Article 39 of the Treaty of Rome, which are as follows:

The objectives of the CAP (up to 1990) increase productivity by promoting technical progress

- > making optimum use of factors of production (land, agrarian resources, labor)
- > to ensure high quality of life for farmers,
- > stabilization of markets to
- > ensure the availability of raw materials and materials to
- > provide consumers with food at affordable prices.

With the introduction of the foreign trade regime and the CAP, the EU began to take the following basic measures to protect the agricultural sector and guarantee independence in the main categories of food. EU measures to protect the agricultural sector:

1. Import tariffs, which were used for certain groups of goods imported into the EU to increase their price to the level of the base price in the EU market
2. Internal intervention prices to stabilize domestic market prices
3. Production subsidies, which were set at different levels for different types of products.

In the 1980s, the EU's production-oriented policy deviated significantly from the core of guaranteeing food independence. In fact, the EU has been a victim of personal success, as there has been a significant increase in farm efficiency since the 1960s, which, together with the financial incentives offered by the CAP, has created a significant food surplus in the EU - mountains of meat, grain and butter. as well as rivers of milk, olive oil and wine. With the emergence of a significant amount of food surplus, which has led to a distortion of trade in the world market, the first tangible criticism from some circles regarding the EU's unfair competition policy in the agricultural sector, causing poverty in Third World countries and environmental damage. There was an impetus for a serious reform of the CAP.

The CAP has always been an area of EU policy that has been difficult to reform. Lobbying by farmers' representatives has been too influential in determining EU agricultural policy since the introduction of the CAP. This problem arose in the early 1960s and continues to exist to this but day, not to this extent.

However, the first real reforms of the CAP were carried out in the 1980s, heralding a further reform process that began in 1992. The influence of the agrarian bloc has diminished, which has enabled the reform process to begin. A quota for dairy products was introduced in 1984 and then, in 1988, a cap on EU agricultural spending in order to reduce production and thus reduce huge food surpluses.

In 1992, the second round of CAP reforms began in order to further limit production, while at the same time measures were taken to align with the trends of freer agricultural markets. According to the reforms, the levels of aid in the cultivation of grain (by 25%) and meat (by 15%) were reduced. Remuneration was also introduced for the withdrawal of land from the production process and for limiting the level of food stocks. One of the most important catalysts for the 1992 reforms was the need to reassure the EU's external trading partners in the Uruguay Round of OATT trade negotiations on agricultural subsidies.

Main measures to reform the CAP in 1992:

- Reduction of aid (for grain and meat)
- Payments for withdrawal of land from the production process
- Payments for reduction of food stocks

In 2003, EU agriculture ministers approved a substantial reform of the CAP. This reform was based on almost complete separation of subsidies from the type of products produced. This provided for a comprehensive simplification of the

SAP together with the integration of a large number of different direct payment schemes into a single farm payment.

Another goal of this reform was to significantly reduce SAP spending by the end of 2015; from 44 percent to about 30 percent of the total EU budget. Many economists consider the CAP unviable in the enlarged European Union, when on May 1, 2004, it included 10 new states, forcing the EU to take measures to limit CAP spending. In fact, the "new" CAP will be more targeted at consumers (lower food prices) and taxpayers (reduced CAP budget revenues), while the EU will increase its competitiveness and focus on market needs without reducing their profits.

Main measures to reform the CAP in 2003:

- Separation of subsidies from production
- Consolidation of subsidies into a single farm payment to maintain the profitability of farms
- EU farms will be able to more freely choose for production those products that are in demand in the market.

The main consequence of the reforms is that the CAP is transformed from a purely production-oriented system (which proved to be very unviable, harmful to the environment and distorted trade) into a more market-oriented one, which aims to development of the agricultural sector, which will be characterized by stability and ability to exist in the global market environment.

In addition, the issue of improving the quality of life of EU citizens has become much more important than before, especially when it comes to food safety and quality, environmental protection and ensuring the well-being of the population in rural areas.

Without questioning the role of the EU in meeting the demand for affordable food and ensuring an acceptable standard of living for farmers in the EU, the main reasons for the reform were:

- improving the quality of food in the EU;
- guaranteeing food safety;
- reduction of food prices;
- maintaining the level of profitability of farms;
- preservation of the environment for future generations;
- creating better conditions for keeping and caring for livestock;
- achieving the above with minimal costs to the EU budget.

At present, these issues are the driving force behind the EU's agricultural policy. In fact, most of them are included in the new Single Farm Payment Scheme, according to which farms that comply with environmental, food safety, livestock and care standards (so-called "compliance" standards) are entitled to receive payments.

So what does it mean for the new member states to comply with the new standards that have been introduced under the reforms? In general, direct payments according to the type of product or aid scheme will be gradually introduced for the new Member States, starting at 25% in 2004 and increasing to 35% in 2006. After this final date, they will gradually increase and reach 100% in 2013. This gradual increase is crucial so that these payment systems do not block existing structures and hinder modernization (ie, direct payment systems are quite demanding for public administrations, and full direct payments are likely to lead to income disparities among representatives of the rural community).

The new member states also have the opportunity, like the farms of the 15 EU countries, to take advantage of a simplified system of direct payments - the Single Area Payment Scheme (SESP), which provides for the same payment per hectare of agricultural land. It is not necessary to carry out production, however,

farmers must support the land plots in proper agricultural and ecological condition. SEDP payments will be limited to the upper tier set during the accession negotiations. The SED can be applied for three years (extended for two years). After that, the new member states will have to move to a scheme that will operate at that time in the EU. Conversely, full direct payments can also be paid to farmers in 15 EU countries for growing grain and livestock in the event of a threat of cessation of production. In this way, all Member States can maintain a certain link between aid and production within clearly defined conditions and limits.

After the first reforms in 1984 and subsequent major reforms in 1992 and 2003, the current SAP looks very different from what it was when it was established in 1962. With the introduction of the single farmer's payment, radical changes took place, which were marked by the refusal to maintain the level of product prices in favor of providing direct assistance to producers by separating aid from product types. Another important change was the transfer of SAP funds from the area of agricultural support to the area of rural development.

The process of reforming the SAP:

- from maintaining the level of product prices to direct assistance to producers: a gradual reduction of intervention prices and partial compensation for the reduction of production support through the transition to support for producers;
- to the separation of direct aid: a single farmer's payment based on actual data and compliance with a number of existing, statutory standards;
- to more balanced assistance: improving rural development tools (LEADER +) and transferring funds from market support to rural development.

The expected effect of the CAP reform is that the incentives for overproduction and intensification of production, which often led to environmental problems and high costs for the production of surplus products, are generally a thing of the past. Farmers will be better able to respond to market

signals, as farm profits will be guaranteed mainly by the introduction of a single payment system. Another expected effect is the improvement of the socio-economic situation in rural areas, which has been very tense since the 1980s.

Expected consequences of SAP reform:

1) from market intervention reform

- incentive allocations (prices) for overproduction and intensification, in general, are a thing of the past;
- the expectation of pressure from demand causes a corresponding reaction of the market.

2) to directly help producers

- allows farmers to better respond to market signals;
- thanks to the presence of a fairly stable income.

3) to the development of rural areas

- improving the environment in rural areas;
- improving the quality of life in rural areas;
- promoting the diversification of agriculture.

Cost of SAP Budget.

In 2005, the budget for the implementation of the EU Common Agricultural Policy is approximately € 50 billion. This budget is divided into two parts: the CAP Markets (Group 1A) and Rural Development (Group 1 B).

The size of the 2005 budget is slightly higher than the 2004 budget, due to the reform of the CAP in 2003 and the enlargement of the EU in 2004. As a result of these events, the budget was increased by € 1.3 billion and € 1.4 billion, respectively.

With regard to rural development, in 2005 a significant part of the funds, namely € 3.9 billion, was allocated from sources outside the EU agricultural

budget and was not included in the SAP expenditure on rural development, which amounted to € 6.8 billion.

The budget below is a summary of the most important items of expenditure (see Annexes 1 and 2 for more details).

EU budget for agriculture (generalizations)

In million euros	2004	2005	Share
Direct aid to agriculture	17 254	16 972	40%
Sugar	1721	1770	4%
Olive oil	2 364	2 297	5%
Fruits and vegetables	1617	1814	4%
Winemaking	1215	1228	3%
Other	3 366	5 054	12%
Total crop	27 537	29135	68%
Milk	2 959	3 805	9%
Beef and veal	8 054	7 888	18%
Mutton	1530	1795	4%
Other	175	196	1%
Total livestock	12 718	13 684	32%
Total by group 1A	40240	42838	100%
Rural development	4 803	4 910	72%
Temporary instruments for NCC	1733	1931	28%
Total by group B	6 536	6 841	100%
Total by group 1	46 776	49679	

*

Source of information: EC, 2005

The main difference from previous budgets is the budget line for direct aid to agriculture, which amounts to almost € 17 billion or 40 percent of the total budget. Previous EU budgets for the CAP provided for large allocations for field crops (usually almost € 17 billion) to be used to directly support prices. The new budget reflects the 2003 CAP reform, which introduced a new system of single farm payments (income support), which reduces the relationship between aid and production.

It should be noted that for certain types of crops, additional assistance (certain types of cereals and rice) is still provided in the form of direct payments to compensate for the decline in farm profits as a result of modulation (transition to other crops) and the transition to a single farm. payment.

Examples of direct payments include per hectare aid for the cultivation of cereals, oilseeds and protein crops, remuneration for suckling dairy calves, etc. The scheme of direct payments will be phased out gradually during 2005-2012. The savings will be distributed among EU member states and used to implement rural development measures.

Types of payments under the SAP:

- Single farm payments
- Direct payments for certain types of products per hectare (rather than per volume of production)
- Direct payments will be eliminated gradually during 2005-2012

Released funds will be used for rural development areas scheme single payment (or single farm payment) is an annual payment for the income support farmers, which is calculated based on the compensation received by them for the reference period from 2000 to 2002, excluding new member states because they do not have basic period for calculating the amount of payments. Instead, in each region, they will be paid a single per hectare

subsidy from regional budgets. This is the so-called Single Prepayment Scheme (SEDP).

The main purpose of applying these payment schemes is to ensure the stability of farm profits. Farmers are now free to decide what products to produce to meet market demand, without losing their right to receive aid. To receive a single farm payment, farmers must receive certain direct payments during the base period. Payments also depend on the location of the land used for agricultural work (excluding permanent crops such as grapes, fruit and vegetables and potatoes).

Single Payment Scheme or Single Farm Payments

- > Are annual income support payments
- > Based on direct compensation payments for the 2000-2002 base period
- > Depend on the location of the land used for agricultural work (excluding permanent crops)
- > Depend on compliance with environmental standards, care and livestock, food safety, safety, land use, and the so-called issues of "cross-compliance"
- > In the absence of the base period, new members can enjoy Scheme common dilyankovyh payments (SYEDP)

SYEDP is less demanding than the scheme of single payments, based on partial compliance with good agricultural and environmental practices.

The total value of agricultural production in the 15 member states is currently around € 285 billion per year. France is the largest producer of agricultural products in the EU and its share is 23 percent, followed by Germany and Italy (both countries produce 15% of the total), as well as Spain (12%). The share of other EU-15 member states is 4% or less.

Overall, the total volume of agricultural products produced in 15 EU member states, consists of vegetables even and animal products in equal shares (50/50%).

Deviations in this ratio occur from time to time, however, they are insignificant. With the accession of ten new countries to the EU, the value of agricultural products in the EU-25 has risen to an estimated € 300 billion. This increase is not significant (approximately 6%) and indicates a very low intensity and profitability of rural farms in the new member states.

Agricultural production in the EU

- > The total value of agricultural production in the EU-15 is 285 billion euros per year
 - > France is the largest producer - 23%
 - > Germany, Italy and Spain are in second place (on average - 14% each)
 - > All other EU member states produce , on average, 4%
 - > Percentage of plant and animal production is about 50/50
 - > The cost of production in the EU-25 is currently about 300 billion euros
 - > The increase after the accession of new countries is insignificant (6%)
 - > Indicates low intensity and profitability of agriculture in the new member states
- The tables below summarize the shares of the most important types of products in the total cost of agricultural production in the EU-15 (more detailed information is given in Annex 3).

Share of production in the total value of agricultural production (EU-15)

(Crop production)

Product (crop production)	EU-15:% share of the total value of agricultural products
Cereals	13%
Forage crops	6%
Vegetables	8%
Flowers and seedlings	6%
Fruits	6%

Wine , olive oil, other crop products	8% (total)
Oilseeds, sugar beets, potatoes	2% (on average for each item)
Total:	53%

Among vegetable products the main place belongs to cereals (13%), the second place is occupied by fodder crops, fruits and vegetables, flowers and seedlings, the cost of which is, on average, from 6 to 8% of the total value of agricultural products. All other product groups, on average, account for about 2 percent of the total value of agricultural products (including sugar beet).

**Share of production in the total value of agricultural production
(EU-15) (livestock products)**

Product (livestock)	EU-15:% share of the total value of agricultural products
Cattle	10%
Pigs	9%
Sheep and goats, other animals	3%
Poultry	4%
Milk	14%
Eggs	2%
Total	42%

Among livestock products, milk ranks first (14%), followed by cattle and pigs (9-10%). Together with poultry, despite a fairly moderate percentage of the cost of production (4%), these product groups belong to the category of intensive systems of agricultural production, and also cause the greatest concern about food safety (rabies epidemic), housing conditions and care for cattle. Current measures within the SAP constrain the development of these production systems. Most likely, their share in total production will decrease over time. Other livestock

products, such as sheep, goats, eggs, account for, on average, about 2-3 percent of the total cost of production.

The balance of the total cost of production (5 percent) is almost equally distributed between agricultural services and other business activities, such as: contracting, repair and maintenance, construction, etc.

As noted earlier, EU spending to support the agricultural market and prices (in under the CAP) are approximately € 50 billion per year. This is a fairly modest amount, given that it is less than 1% of EU-25 GDP. It was agreed to limit the growth of these expenditures and keep them at 1.2% of EU-25 GDP. Of these expenditures, about 64% fall on crop products, and 23% - on the livestock sector. The balance (13%) goes to the payment of other subsidies, as well as subsidies for structural development (research, education, etc.).

Some basic data supporting agriculture

- > are total expenditure 50bn. Per year (including rural development),
- > their level is rather moderate and 1% of GDP EU-25
- > average level of support in OECD countries is 1.3% of GDP
- > upper limit CAP expenditure is set at 1.2% of GDP
- > 64% is spent on crop production
- > 23% is spent on livestock support

Assistance to individual member states

The table below is a comparative analysis of CAP expenditure by individual EU member states (15 countries) and indicates their share in the total cost of production in the EU. France, the EU's largest recipient of CAP, receives more than 20% of total EU agricultural subsidies (€ 8 billion), followed by Germany (14%), Italy and the United Kingdom (approximately 11%).). This distribution

makes sense because these countries provide the largest percentage of the total value of agricultural products produced in the EU-15.

EU-15: Share of aid by individual Member States under the CAP and their share in the total cost of production

Member State	Share in the budget of the CAP (%)	Share in the cost of production (%)	Coefficient (% of the cost of production)
Belgium	2.2	2.9	76
Denmark	3.0	2.9	103
Germany	14.3	15.0	95
Greece	6.6	4.1	161
Spain	13.7	12.5	110
France	23.3	21.6	108
Ireland	4.2	2,	1200
Italy	10.7	16.7	64
Luxembourg	0.0	0.1	40
Netherlands	3.5	6.7	52
Austria	2.2	1.7	129
Portugal	1.6	1.8	89
Finland	1.5	1.0	150
Sweden	2.0	1.5	133
United Kingdom	11.1	8.4	132
EU-15	100	100	

However, comparing the share of CAP expenditure and the cost of production in each country, some distortions can be seen for those countries that receive a relatively high percentage of aid in within the CAP compared to their share in the cost of manufactured products. The largest "net beneficiary" are Ireland, the lowest - Netherlands, despite the fact that this country is the second

largest exporter of agricultural products in the world that produces € 50 billion a year.

An important reason why some countries receive more aid under the CAP (in value terms) than other countries is the number of hectares of field crops that are subsidized under the CAP, namely: cereals, sugar beets, oilseeds, fodder crops (or protein crops), etc. For example, compared to the Netherlands, much larger countries, such as France, Germany and the United Kingdom, have much larger areas under these crops and therefore receive a higher share of subsidies. In France, Germany and the United Kingdom, a significant proportion of subsidies go to crop production (mainly cereals, as 50-75% of farms in these countries specialize in cereals⁸). On the contrary, Ireland, which is the largest recipient of net aid in the EU (coefficient of 200), directs about 65% of the subsidies received to livestock production. Another reason why some countries receive more net aid than others is less favorable conditions for production in terms of soils and climatic conditions, types of landscape (plateaus, mountains, etc.), the size of farms, etc.

Comparison of SAP aid shares and output value:

- > France is the largest recipient of subsidies (23%) and provides the largest share of output value (22%)
- > Other EU-15 countries have a less balanced share ratio
- > Some countries receive more SAP aid, than others, compared to their share in the cost of production
- > Much depends on the area of agricultural land in the EU countries allocated for the cultivation of subsidized crops (cereals, sugar beets, oilseeds and fodder crops)
- > Some countries are net recipients due to less favorable production conditions (mountainous terrain, small farms, climatic and soil characteristics)
- > France, Germany and the United Kingdom have the largest areas under

others. Accordingly, they receive relatively more assistance under the SAP.

The following table compares the shares of subsidies for certain products with the shares in the total value of products in the EU (15 countries). Grain subsidies account for about 45 percent of total EU agricultural spending. More than half of these funds go to France and Germany. Other significant subsidies continue to be allocated to the production of beef and dairy products, as well as olive oil, which generally account for more than 25% of total expenditures.

EU-15: Share of aid and share in the total cost of production by individual products

Product	Share of SAP expenditures,%	Share in the total cost of production (EU-15),%	Coefficient (ratio of expenditures and costs)
Olive oil	5.9	2.2	2, 7
Dairy products	7.4	17.6	0.4
Beef / veal	12.1	9.8	1.2
Cereals (including rice)	45.1	9.3	4.8
Fruits / vegetables	4.5	13.1	0, 3
Mutton	5.0	2.1	2.4
Other (tobacco, sugar, flowers, saplings, etc.)	15.0	40.9	0.3 (average)
Agricultural services and business	5.0	5.0	1.0
Total:	100	100	

To reduce the cost of government intervention, as well as to coordinate them with international ones at market prices, for such product groups as grain, beef and dairy products, subsidies will be gradually reduced (grain - 15%; beef and veal - 30%; butter and whole milk - 15%). The latest reform concerns interference

in the sugar pricing process, which has remained virtually unchanged for 40 years. It is proposed to reduce the warranty prices for white sugar by 39% within two years. To compensate for the decline in profits, farms will receive 60% of lost profits under the direct payments scheme.

Ways to raise funds to finance SAP are set out in an agreement known as the Own Resources Decision. This document provides for four sources of Community revenue, which together account for almost 75% of the total EU budget.

Allocation of expenses for SAP financing. Four main sources of EU budget funding (44% - for SAP) Funding for each EU member state:

1. From customs duties (75% - to the EU budget)
2. Revenue from sugar duty (75%)
3. VAT-based contribution (0.5%)
4. Contribution based on gross national product (GNP) of up to 1.27%.

Support for agriculture is the main item of expenditure in the EU budget. Thus, in 1980 to finance the CAP went about two-thirds of the total EU budget, but the reform of agricultural policy in the early 1990s. Helped reduce costs to support agriculture - an average of 50% in 1996-2001 p.

The EU , which are sent for the implementation of SAP, mainly pass through the European Agricultural Guidance and Guarantee Fund (EAGGF) established in 1962. The guarantee function, which accounts for approximately 90% of all SAP costs, mainly involves providing support to producers and compensating for losses from exports to third countries. A more limited management function involves financing structural reforms in the agricultural sector.

The evolution of the structure of expenditures for financing SAP (Table 10) reflects the fundamental changes in the model of agricultural support in the EU. If in 1991 18.3% of SAP funds went to finance the cost of preserving products,

and 33% - to pay export subsidies, in 1999 the share of such costs in the SAP budget decreased to 4% and 14.1%, respectively. Thus, the cost of preserving agricultural products between 1991 and 1999 decreased by ECU 4.034 billion, or 72%, and the cost of export subsidies decreased by ECU 4.507 billion, or 45 percent.

Table 10: Evolution of the budget of the CAP

	total billion.	Export subsidies		storage costs storage	
	ECU	billion.ECU		billion%.ecu	%
1989	24,084	9,708	40,3%	2,804	11,6%
1990	24,936	7,722	31,0%	4,097	16,4%
1991	30,551	10,080	33,0%	5,602	18,3%
1992	30,350	9,487	31,3%	5,267	17,4%
1993	33,659	9,999	29,7%	5,358	15,9%
1994	32,205	8,075	25,1%	1,070	3,3%
1995	34,492	7,802	22,6%	0,339	1,0%
1996	39,108	5,700	14,6%	1,392	3,6%
1997	40,423	5,884	14,6%	1,597	4,0%
1998	38,748	4,826	12,5%	2,008	5,2%
1999	39,541	5,573	14,1%	1,568	4,0%

Agricultural policy reform under Agenda 2000 promoted greater clarity financing CAP budget stabilization expenditures at a certain level, and also involved an increase in the share of expenditures on rural development. Today there are two main areas (the so-called "Pillar") of expenditures to support the agricultural sector.

Pillar I. Market support and stabilization of producers' incomes. These include support measures related to farmers' production activities, such as direct payments, as well as measures to support market prices (intervention procurement, storage costs, export subsidies). Support for farmers' incomes and, to a lesser extent, market prices are now the main items of SAP expenditure. Measures related to Pillar I are funded by the EAGGF Guarantee Section.

Pillar P. Rural development. Measures aimed at rural development have recently become increasingly important. These include environmental measures, assistance to farms in disadvantaged areas, as well as guaranteeing high product quality, compliance with quality standards and the welfare of pets. These measures are financed both from the general budget of the EU and from national funds. Rural development is mainly financed by the EAGGF Guarantee Section, although the costs of the EAGGF Management Section are also significant.

As for the distribution of the fund's funds by certain types of products (Table 11), the largest share of them falls on agricultural products (on average about 45% of all funds under Pillar I in 2001-2003), as well as beef and veal (18%).

Table 11: SAP budget, 2001-2003

Expenditure according to the guarantee itemEAGGFfunction	Amount, million €		
	2001	2002	2003
Agricultural(cereals, oilseeds and protein crops)	17466.2	18590.1	16790, 0
Sugar	1497,1	1395,9	1482,0
Olive oil	2523,8	2329,3	2341,0
Concentrated fodder and legumes	374,8	388,3	389,0
Fibrous crops and mulberry silkworms	826,3	816,4	908,0
Fruits and vegetables	1558.0	1551.4	1609.0
Wine	1196.7	1348.7	1381.0
Tobacco	973.4	963.2	973.0
Other crop products	297.3	303.0	303.0
<i>products, total</i>	<i>26713.5</i>	<i>27686.2</i>	<i>26176.0</i>

Milk and dairy products	1906.6	2360.0	2672.0
Beef and veal	6054.0	7071.9	8404.0
Sheep and goat meat	1805.0	1447.3	552.4
Pork, eggs and poultry meat	137.1	119.2	203.5
Other livestock products	13.4	15.3	14.5
<i>Livestock products, total</i>	<i>9558.4</i>	<i>10118.8</i>	<i>13099.0</i>
Additional costs	1447.6	1059.8	807.5
Rillar I, total	37719,5	38864,8	40082,5
Pillar II, total	4363,2	4418,9	4698,0
EAP, total	42083,3	43214,3	44780,5

Currently two-thirds of the SAP budget is spent on supporting crop production. This proportion reflects the differences between the support methods used in different sectors. For example, the basis of the grain support system is direct payments, while high prices for dairy products are maintained through the use of measures such as import tariffs, production quotas and export subsidies. At the same time, direct payments and export subsidies lead to an increase in budget expenditures, while import tariffs and quotas do not.

Recently, the main item of SAP budget expenditures is direct payments to farmers, which in 2003 accounted for 67% of total expenditures. These include per hectare payments for cereals, oilseeds, protein crops and land withdrawn from production, as well as payments for cattle, sheep and goats. As all these payments are linked to the level of production (current or historical), their distribution reflects the relative productivity of farms in different regions of the EU, as well as the fact that the level of support for crop producers exceeds the support of livestock producers.

In addition to direct payments, important items of SAP budget expenditures are export subsidies (8.4% of all EAEA guarantee functions in 2003), as well as payments to government agencies and private companies that purchase, store and

sell products for some time. when there is a shortage of such products on the market to support prices (2% of the SAP budget). Such payments are:

- 16% of support for crop production;
- About 40% support for beef and veal production;
- 100% support for dairy production (ie direct support is provided exclusively through such measures);
- 100% support for olive oil production (as well as for dairy products).

In addition, intervention payments in the dairy sector include substantial payments as "consumption aid". This includes subsidies to farmers who use milk powder for fattening calves, as well as to processors who use EU-made butter instead of other fats in the production of biscuits and similar products.

It is also important to note that in general, about a quarter of the SAP budget goes to payments to processors, exporters and other organizations, rather than directly to farmers.

The share of funds spent on rural development (Pillar II) in recent years is almost at the same level and is about 10% of total SAP expenditures in 2001-2003 (Table 11).

However, the data in Table 11 do not reflect the full picture of the cost of financing the CAP, as it does not reflect the costs of individual countries to finance Pillar II measures, as already noted, is a mandatory requirement of the European Union. At the same time, expenditures from the national budget can range from 25% to 75% of the total expenditures for each of these measures, depending on the specifics of a particular region. In those EU countries that apply payment modulation, part of the funds intended for the financing of "Pillar I" measures are directed to the financing of "Pillar II", in addition, additional funds from the national budget are added to them. In addition, this table does not fully reflect the EU's total expenditure on agricultural support, as it does not include the additional

costs of financing national agriculture provided by individual governments. At the same time, in some countries, such as France and Italy, such payments in some regions and sectors are quite significant.

It is also important to note that, although the cost of financing the CAP (in 1999 prices) increased from € 40.92 billion in 2000 to € 43.9 billion in 2003, it is expected to decrease gradually to 41 , € 66 billion in 2006 (Table 12).

Table 12: The EU budget for 2000-2006. (Mill. €)

million. € in prices 1999	2000	2001	2002	2003	2004	2005	2006
General budget	89590	91070	94130	94740	91720	89910	89310
Budget (% of EU GDP)	1.13%	1.12 %	1.13%	1.11%	1.05%	1.00%	0.97%
Budget constraints	89590	91070	98270	101450	100610	101350	103530
Agricultural costs	40920	42800	43900	43770	42760	41930	41660
Including: SAP	36620	38480	39570	39430	38410	37570	37290
rural Development	4300	4320	4330	4340	4350	4360	4370

Source: DEFRA, 2003.

In some member States means EAGGF allocated special authorized institutions, while the European Commission monitors the correct spending of these funds. The largest share of the fund (23%) is received by France, which produces the largest number of agricultural products among the EU countries. In addition to France, the largest beneficiaries of the CAP are Denmark and some other countries with a developed agricultural sector, whose share in the total costs of the CAP significantly exceeds their contribution to the financing of the general EU budget.

Prices. The table below contains a comparative analysis of prices for some types of agricultural products in the EU and on the world market. It shows the average prices, which are obtained on the basis of calculations for several years. The purpose of this table is to show how some prices for agricultural products on the EU market differ from world prices.

EU market prices compared to world prices (2000-2003)

goods	EU per tonne (average)	World market € per tonne (average)	Difference in%
Wheat	133	118	13
Maize	140	92	52
Rice (processed)	600	300	100
Sugar	650	250	160
Bananas (SIR)	660	360	83
Citrus	485	467	4
Tomatoes	787	633	24
Beef	2 780	1776	57
Pork	1 120	1 113	1
Poultry	1335	977	37
Mutton	3 333	1476	126
Whole milk powder	2 605	1384	88
Dry skimmed milk	2 055	1419	45
Butter	2 954	1307	126
cheese	3 500	2 154	62

Source: European Commission, DG agriculture, I.EI, 2003.

Considering the current reform policy of support prices for cereals, beef and dairy products, prices these product groups will gradually come into line with world prices. However, this document does not aim to predict the degree of convergence of European and world market prices, nor does it intend to predict what the EU's policy will be to continue to support prices for certain product groups (discussion of new import duties and export subsidies) . At the top of the list of goods whose prices are close to world prices are rice and sugar. For both of these products, intervention prices will be gradually reduced by 50% and 39%, respectively, with farms receiving partial compensation for the loss of profits due to the reduction in price support.

EU market prices compared to world prices (2000-2003)

Key comments on European and world market prices:

- Due to reforms and negotiations with the WTO on import duties and export subsidies, the difference between European and world market prices will be gradually decrease

- There is still a large difference in prices for such product groups as sugar, rice, dairy products and livestock. To reduce the difference, aid under the SAP for rice and sugar will be gradually reduced by 50% and 39% respectively. EU sugar and rice farms will receive partial compensation for the loss of profits due to reduced price support.

Farms in the 25 EU countries need to understand that along with global market trends that will have an increasingly decisive impact on the prospects of the agricultural sector, they will also face certain consequences of EU enlargement and their impact on the agricultural sector. The rapid convergence of the agricultural sectors in existing and new EU member states is likely to take place; most trends will be based on the comparative advantages that some of the acceding countries may have (for example, production of poultry products, fodder crops, cultivation of organic products, fruits and vegetables, etc.).

Other new member states may find themselves incapable in an expanded market due to poor quality (e.g. beef production), some may remain producers of cheap food and feed; while others can seize important markets with the help of foreign direct investment.

However, many believe that EU farms will have much more opportunities in an expanded EU market and new neighbors, as well as trading partners such as Russia, including the Far Eastern markets, which have huge potential.

Prospects for agricultural market development

- >Rapid convergence of agricultural sectors in EU member states
- >New member states may find themselves incapable due to poor quality
- >Some will remain producers of cheap food and feed
- >Others may seize important markets
- >Clear prospects for trade

Trade. International trade in agricultural products concerns only a limited share of its total production. A significant part of total world trade is carried out within a single region.

For example, in Western Europe, the largest exporter, 75% of exports are made within the region itself. The reasons for trade restrictions are explained by transport costs, (trade and political) restrictions on imports, as well as short periods of storage of certain products. In contrast, North American exports of agricultural products are more dependent on other trading blocs, especially Asia (34% of total export transactions). Total world exports range from \$ 550-600 billion per. year

Some data on international trade in agricultural products

- Total agricultural exports are estimated at 450-550 billion euros per year
- Much of the trade is within a certain region (especially this applies to Western Europe)
- Trade restrictions (transport, import restrictions, products with short shelf life) Aid.
- As in the EU, state support for agriculture in OECD countries is declining. The total amount of aid to the agricultural sector in 2001 averaged 1.3% of GDP, in 1986-88 it was 2.4%. Almost 75% of total agricultural support is provided in the form of aid to producers.

There are significant differences in the amount of support for agriculture among OECD countries. On the one hand, there are Australia and New Zealand, which hardly interfere in the agricultural sector, and on the other hand, there are importers such as Japan, Korea, Norway and Switzerland, which carry out active protectionist measures and, accordingly, allocate a large share of GNP to aid. agricultural sector.

OECD countries: Aid to the agricultural sector

Tendency to reduce support for agricultural prices

- The current level of aid is, on average, 1.3% of GDP
- Decrease from 2.4% in 1986-1988
- 75% of aid to producers
- There are significant differences in aid agricultural sector among OECD countries
- Slight support for the agricultural sector in Australia and New Zealand
- Active protectionist measures in the agricultural sector of Japan, Korea, Norway, Switzerland

The table below shows that there are also significant differences in the provision of aid by product type. In 2001, aid for almost all product groups decreased. In most countries, rice, sugar, milk and cereals are still heavily subsidized as a percentage of the cost of production. Most of this assistance is provided in the form of price support. In the production of pork, poultry, eggs and wool, aid is relatively low.

Support for agricultural production in OECD countries

Products	Evaluation of aid to producers or PSE (aid amount in% of average product value)
Rice (processed)	80
Sugar	52
Milk	48
Mutton	47
Other cereals	44
Wheat	40
Beef	35
Maize	33

Oilseeds	28
Pork	21
Eggs	10
Wool	6

Source: Eurostat, LEI Institute of Agricultural Economics, Netherlands), 2003

2.5. Structural policy and rural development in the EU

The implementation of structural policy as one of the elements of the CAP began much later than the introduction of price support mechanisms, with the Mansholt Plan of 1972 (CARDWELL, 2004). The purpose of structural policy is to create more efficient, sustainable farms by providing certain selective subsidies and assistance in providing, retraining, and supplying information.

The 1972 directives provided for several structural programs.

1. Investment assistance to promising farms. Farmers who receive more than half of their income from agricultural activities, who have proven their professional level, who have submitted and are implementing a plan for the development of their farm and who have agreed to keep standard accounting on their farm could apply for participation in this program. In this case, farmers could receive the following types of assistance:

- Interest rate subsidy on investment loans (however, no subsidies were provided for loans for the purchase of land and livestock);
 - Premium for reorientation of the farm to the production of cattle or sheep;
 - Financial assistance for accounting;
 - Financial assistance for land management and irrigation projects.

Groups of farmers who work together to make the best use of their resources could also receive assistance under this program to organize joint activities.

2. Early retirement schemes provided for one-time or annual benefits to farmers who agreed to retire and vacate the land. Farmers who received the main income from agricultural production and reached the age of 55-65 could apply for participation in this program. At the same time, the priority right of access to the vacated land was given to farmers participating in the first program, and if they refused to use it, such lands were subject to long-term conservation.

3. Providing advisory services to farmers on the feasibility of their future activities: whether they need to continue farming or better to retire or switch to other activities. For those who remained in agriculture, training assistance was provided. However, these programs, developed and adopted during the period of economic growth, began to be implemented during the period of economic downturn, which began in 1973, and did not bring the desired result. The liberation of lands, and even more so their redistribution in general, did not take place. Moreover, farms undergoing modernization have increased the intensity of their production, which has already worked contrary to the original goal of these programs - to reduce supply in the domestic market. Prizes and subsidies under such programs were received mainly by large farmers, and the share of beneficiaries in the total number of farmers did not reach any significant level in any of the EU countries. Therefore, the main goal of SAP programs was to ensure that structural changes did not lead to increased production (ARITSON and HARVEY, 1997).

In addition, in the first years of the SAP's existence, insufficient attention was paid to the problem of regional differentiation. Relevant legislation was first enacted in 1975, which recognized that farmers living in areas with natural handicaps needed additional assistance, regardless of their economic efficiency. The main problem was to determine which natural conditions are unfavorable. Since 1975, this concept has been redefined several times, each time with the expansion of the distribution area. Thus, in the early 1990s, 55% of the EU's

agricultural land fell under the definition of disadvantaged regions. The vagueness of definitions in the programs of regions with unfavorable production conditions led to the fact that in reality the funds from these programs were not received by the poorest regions and countries. Thus, a third of regional development compensation under legislation in 1985 (cumulatively until 1988) was received by Germany, while Italy and Portugal together received less than 5% (ARITSON and HARVEY, 1997).

The first mention of environmental programs in the SAP appeared only in the mid-1980s in connection with the withdrawal of land from production, which in addition to solving the problem of supply constraints was still aimed at protecting the environment. Then this direction of SAP began to develop actively, and in the late 1980's environmental measures began to be used along with other traditional components of structural policy. Moreover, in McSherry's plan, the very measures to support producers' incomes are partly due to compliance with environmental standards (for example, the payment of compensation payments per head of cattle, provided that the livestock does not exceed a certain amount).

At a new stage of its development, the CAP has also moved to the search for alternative directions for the development of structural policy. One of them was the support of organic farming, ie agricultural production without the use of intensive technologies associated with the use of chemicals, intensive equipment, etc. Obviously, organic farming involves the extensification of production. Its support program includes setting standards for environmentally friendly products, training and advising farmers, financial assistance in the transition from modern to organic technologies.

Also new measures in this direction are programs of alternative land use, for example, the use of oil for the production of plastics and fuel (biodiesel), similarly to fuel (bioethanol) can be processed sugar beet, starch is increasingly used in industry, etc.

The 2000 Action Plan called for significant changes in the EU's rural development policy, mainly to simplify existing state support schemes, as well as to introduce new measures concerning investment, training of farmers, early retirement, assistance to young farmers and product marketing. The EU's overall rural development policy under the 2000 Action Plan was worded as follows: Each Member State submitted its Rural Development Plan to the European Commission, and on the basis of these plans the Commission formally adopted the programming documents in force during 2000-2006. , which involved the following programs.

Investments in agricultural enterprises. In order to improve living, working and farming conditions, as well as increase farmers' incomes, the 2000 Action Plan established mechanisms to support investment in agricultural enterprises. Such investments should help reduce production costs, improve or diversify those production activities whose products are needed in the market, stimulate improved product quality, as well as compliance with environmental standards, sanitary conditions and welfare of animals. In order to be able to receive state support, an agricultural enterprise must meet minimum standards for environmental safety and compliance with the conditions of keeping and welfare of animals, in addition, the farmer must be sufficiently competent. The maximum amount of state support is 40% of the total cost of investment, although in disadvantaged regions it can be increased to 50%. In addition, for young farmers, the upper limit of support can be increased to 45% and 55%, respectively.

Support for rural development. The 2000 Action Plan provides assistance to young farmers and farmers working in disadvantaged regions, as well as early retirement benefits and agri-environmental programs and afforestation (Table 9).

Table 9: Payments in the framework of the rural development

program	size of state aid
help to young farmers:	

Single premium	Maximum 25 th. €
subsidy rates on loans	Dyskontovanna value does not exceed the cost of premiums
Early retirement:	
Help program participants (over 55) for the year duration of the program - 15 years for farmers 10 years to agricultural	15 thousand workers. € per year, more than 150 thousand. €
disadvantaged regions:	
hectare payments	25-200 € per hectare
agri-environmental programs,	
annual agricultural crops	€ 600 per hectare
Specialized perennial plants	€ 900 per hectare
Other land use	€ 450 per hectare
Forests and afforestation:	
Privately owned	€40-120 per hectare
Forest compensation	premium € 725 per hectare for farmers € 185 per hectare for other individuals

Source : DEFRA, 2003.

Training of farmers. The 2000 Action Plan provides for a large number of training programs related to the promotion of quality and environmental safety of production, designed for all persons engaged in agricultural production and its restructuring. In addition, private forest owners and other forest-related entities may participate in such programs.

Recycling and marketing. To increase competitiveness and increase the added value of agricultural products in the EU provides state support for

investment in its processing and marketing. Investments should help to improve the situation in the agricultural sector in question, as well as ensure that farmers receive an adequate share of the final economic benefits. The maximum amount of state support can be 50% of the total cost investment in the most priority regions (Objective I regions) and 40% - in other regions. No state subsidies are provided for investment in retail trade, as well as investment in the production and marketing of products from third countries (non-EU members).

The principle of cross-matching (Cross compliance). The principle of cross-compliance is that in order to receive direct payments, farmers must comply with environmental requirements. In order to ensure the integration of environmental protection measures into support programs for the production of certain products, EU Member States had to identify appropriate environmental measures to be applied by their farmers. These may include: Financial support in exchange for the signing of certain agri-environmental agreements, general mandatory environmental requirements or specific requirements that are mandatory for direct payments. If a farmer does not comply with such environmental requirements, EU Member States may refuse to receive, reduce or cancel direct payments to such a farmer.

Only five EU member states (Denmark, Finland, Austria, Greece and the Netherlands) have decided that farmers' use of environmental measures is a prerequisite for receiving direct payments. In Denmark, Finland and Austria, the principle of cross-compliance was seen mainly as an extension of the government's existing agri-environmental policy, as similar national programs existed in these countries before the entry into force of Action Plan 2000. In Greece, where compliance was seen as a step towards improving agricultural practices. In the Netherlands, the principle of cross-compliance was intended to be used in only two industries (potato starch and maize production), reflecting some caution on the part of the government in its implementation. At the same

time, all other EU countries have decided to continue to use or expand existing national agri-environmental programs (DEFRA, 2003).

Modulation (Modulation). The 2000 Action Plan also uses the principle of payment modulation, which allows EU member states to reduce payments to farmers in support of producer prices and incomes (Pillar I) and reallocate this money to finance rural development programs (Pillar II), such as agri-environmental measures, afforestation, support for producers in disadvantaged regions and early retirement programs.

Subsidies related to "Pillar I" can be reduced according to one of the following three criteria:

1. The number of labor in the economy (expressed in "annual work units") is less than the established national limit in the EU member states (ie the enterprise is considered extensive in labor) ;

2. The overall financial well-being of the economy (expressed as standard gross income) is higher than the maximum level set by the EU member state (ie the economy is considered quite profitable, so there is no reason to pay it the full amount of direct payments);

3. The total amount of direct subsidies received by the farm for a calendar year exceeds the limit set by the country.

At the same time, the reduction of subsidies for one farm due to modulation may not exceed 20% of the total amount of state payments received by the farmer. In addition, each EU Member State must add to the amount resulting from the modulation an equivalent amount, thus doubling the funds that can be spent on Pillar II funding compared to the amount by which it is reduced. financing "Pillar I". Such funds should be spent on financing additional programs or disbursements under existing programs for farms that have not yet participated in them. Thus, there should be a guarantee that the country does not replace

existing sources of funding with funds received as a result of modulation of payments, ie modulation should bring additional benefits.

As in the case of the principle of cross-compliance, the use of modulation of public payments under the Action Plan 2000 is not mandatory for use throughout the European Union. Modulation has been used only in Great Britain and France since 2000 (its methods of application were different), although in France its use was discontinued after some time. Germany has decided since 2003 to use 2% modulation for those farmers who received more than € 10,000 in direct payments per year. The Netherlands and Portugal have also provided for modulation since 2003, and the method of application in the Netherlands is similar to that used in the United Kingdom, while Portugal uses a progressive scale, thus modulating only 1% of all farmers in the country. (DEFRA, 2003).

In the past, agriculture has always played an important role in the development of rural areas. The agricultural sector was the main employer for the rural population, requiring a large amount of manual labor on farms, providing demand for local services for service, transportation, storage and processing of products, etc. Also, farms were much smaller in size, with families consisting of several generations, which provided an economic base for the village in terms of preserving its social infrastructure, such as schools, hospitals, etc. With the modernization of the sector, farms began gradually increase, the level of mechanization of labor increased, which required less manual labor, decreased demand for service, transportation and storage of products. Also, over time, as a result of increasing farm sizes, often to the detriment of smaller farms, the number of farming families has decreased. As a result, social infrastructure in rural areas began to deteriorate. The lack of prospects for development has also forced many farms to cease to exist, resulting in a slow but steady deterioration of the environment and the decline of rural areas.

Currently, the CAP pays much more attention to rural development measures than before to stop the deterioration of rural conditions. More funds have been allocated for their implementation and special programs have been developed. This was confirmed in the EU Agenda for 2000, when, together with the general market measures that make up the "*first stronghold*" SAP's, rural development policy was given the status of a "*second stronghold*". Its main goal is to improve the economic, social and environmental situation in all rural areas in the context of sustainable development.

Two SAP strongholds (2005)

Stronghold 1: Market support and profitability (€ 43 billion)

Stronghold 2: Rural development (€ 7 billion). Problems of rural areas in EU countries. Rural areas cover 90% of the EU's territory after enlargement, and are home to about half of its population. The agricultural and forestry sectors remain the main land users in the EU. They also play a key role in the management of natural resources, the rural landscape and in the socio-economic development of rural areas. However, more than agriculture and forestry are needed to ensure the viability of rural areas. As mentioned above, economic and rural development has slowed down, leading to rising unemployment, declining infrastructure and the destruction of the social services network, increasing impoverishment, environmental degradation, biodiversity and the rural landscape. Already today in some regions of the EU the rural population is declining at a catastrophic rate, creating "ghost towns", while the urban population is growing rapidly, leading to increased crime, social and housing problems, difficulties in providing utilities, etc. The new policy for 2007-2013. The EU is now paying much more attention to rural development than before, and more funds have been allocated under the CAP and specific action programs have been developed. More funds were transferred from the budget of the first stronghold (market support and profitability) in favor of the second stronghold (rural development). In 2003, the

European Council agreed on a policy for rural development assistance for the next period from 2007 to 2013. This policy has three main objectives (Policy Axes 1, 2 and 3), as well as an approach to achieve them (called LEADER +). Table 1 provides a brief overview of the main actions and measures that are necessary to achieve the objectives of rural development policy.

Main objectives of the EU Rural Development Policy (2007-201):

- Improving the competitiveness of the agricultural sector (Political Axis 1)
- Improving the environment and natural conditions in rural areas (Political Axis 2)
- Improving living standards in rural areas and promoting agricultural diversification (The political axis 3)

Basic Policies for rural areas (in 2007-2012)

Objective 1: Improving the competitiveness of agriculture measures:

- > Vocational training
- > Training young farmers
- > Early retirement for farmers and workers
- > Farm modernization farm
- > added value to the raw materials of agricultural
- > development new products, processes and technologies in agriculture
- > to help farmers in meeting quality assurance schemes for food
- > production creation of groups
- > Support farms undergoing restructuring

Objective 2: Improving the environment and natural in rural areas measures:

- Payments to farmers in areas unsuitable for agriculture (such as mountainous regions, protected areas)

- Payments for environmental measures in agribusiness Payments for proper livestock

Objective 3: Improve living standards in rural areas and promote agricultural diversification.

Activities:

- Establishment and development of micro-enterprises
- Encouraging tourism development
- Promoting non-agricultural activities
- Basic services to enterprises and rural population
- Restoration and development of villages
- Preservation and development of national heritage in rural areas

The LEADER + approach should be seen as an important tool to achieve the three rural development policy goals. Its main concept is to involve local communities as much as possible in the process of improving the socio-economic and environmental situation in rural areas. This concept is based on the fact that unfavorable rural conditions are further exacerbated by the disintegration of local rural communities, lack of cooperation between state administrations, enterprises and the population. Local communities are usually characterized by weakness and lack of organization, participation in community events is irregular, regions have begun to lose their characteristics and identity, and development initiatives (if any) are often isolated.

The main approach of the EU Rural Development Policy (2007-2013)

It should be noted that LEADER + is a time-tested approach that has been used in the EU since 1989 to implement the rural development program. This approach is based on the promotion of local development strategies, which are defined using an ascending approach and on the basis of public-private

partnerships to bring about change, promote employment and rural development. All these are the main elements of improving the socio-economic and environmental situation in rural areas. The main driving force of the LEADER + concept is to ensure the viability of rural development through a comprehensive transfer of authority and responsibility to local communities. It should be noted that this innovative method of rural development is strongly recommended by the EU, but is not mandatory for use by member states (to achieve this goal, at least 7 percent of the total budget of the program).

Like the previous 15 EU member states, the new states that joined in 2004 have access to the Rural Development Fund (€ 5.7 billion for 2004-2006) to help strengthen agriculture and the environment. in rural areas, mitigating the adverse social consequences of the restructuring process, and creating more attractive living and working conditions in rural areas.

In fact, the program of direct payments to support agriculture for the new member states is linked to their rural development efforts. The main reason for this approach is that if farmers in the new Member States received direct payments under the CAP in full, it would most likely slow down the necessary restructuring measures and lead to income disparities among rural people. The new EU member states must allocate 40% of the funds allocated to agriculture for rural development, which indicates an increase in the importance and attention to this aspect.

All new Member States have launched rural development activities in line with EU rural development policy, as well as on the basis of their own Rural Development Action Programs, which in turn are based on the individual National Development Plans of the EU Member States.

2.6.1. Structural policy and rural development based on the institutional system of CAP development in Hungary Hungary's

Current status in the European Union (EU), relations between Hungary and the EU are based on the Accession Treaty signed by the Republic of Hungary and the Member States of the European Community in December 1991. Brussels. This agreement, which entered into force in February 1994 and was published in Hungary as Act I of 1994, serves as the basis for Hungary's accession to the EU.

Hungary formally applied to join the EU in March 1994, after approaching the criteria set for EU candidate countries at the Copenhagen European Council. The European Commission has presented a questionnaire to governments to assess the economic, political and social situation, as well as the level of readiness of the to adopt an *acquis communautaire* candidate countries.

The European Commission's assessment of Hungary's application was submitted in response to a questionnaire developed by the Government. This assessment covered, in the context of the accession criteria, the general political and economic situation, as well as the policies of certain sectors of the economy, such as agriculture. The evaluation highlighted the importance of special efforts to restructure the food industry, veterinary medicine and phytosanitary, as well as to improve institutional structures, especially in the area of the Common Agricultural Policy (CAP).

The SAP is based on the goals and activities that underlie the conclusion of the Treaty of Rome. It is a benchmark for decision-making at Commission level, so decisions directly affect Member States. The CAP is one of the most mandatory EU policies after its other aspects, such as the Single Market or financial solidarity, and agricultural spending accounts for half of the EU budget, which is implemented by integrated institutional systems defined by law.

The development of the CAP has also given impetus to the establishment of the EAGGF, which finances market and price subsidy policies, improved production structures and the development of the rural economy.

One of the preconditions for joining the EU is the establishment of an agrarian institutional system that would represent and implement the decisions of the CAP in combination with the requirements of EU legislation. This system should manage and control the funds allocated from the agricultural budget of the EAGGF. The costs of the EAGGF are regulated by accredited intermediary agencies, the so-called expenditure agencies.

It follows from the above that in the countries before accession to the EU, the development of the institutional system for the implementation of the CAP becomes the most important and difficult task affecting the agricultural sector, and each time leads to new issues.

In order to understand the effect of the agrarian-political process, it is necessary to consider the formation, goals, implementation, measures, reforms and financing of the CAP. It is also necessary to study the elements and functions of the necessary institutional system for the implementation of the SAP. This is made possible by analyzing EU legislation, in particular the requirements laid down in EU legislation on SAP financing, financial reporting and accounting systems, market organization and agricultural development, as well as horizontal measures and administrative, control and technological systems that support SAP.

In the 1990s, the governments of Central and Eastern Europe applied to join the EU. The Ministries of Agriculture have recognized that one of the most important tasks of the coming years is to prepare agriculture, fisheries and forestry for accession to the EU. Urgent institutional improvements and stabilization of markets were necessary to ensure a successful process of preparation for integration. Of particular importance to Hungary and other candidate countries was the acceleration of the implementation of the National Programs *Acquis communautaire* (a set of rules and guidelines for all aspects of

public life and work) and assistance in the implementation of the EU's agricultural development program.

Over the last ten years, several countries in Eastern and Central Europe have made significant progress in reforming their agriculture to better meet the conditions set by the EU. Thus, each country in its own way has achieved a certain level of success in the agricultural sector. Evidence is that the new economic reform of EU structures should be linked to functions automatically.

Consider the general overview of public agricultural management in the EU. The Ministries of Agriculture in Central and Eastern Europe and the CIS perform the same functions in each country, but with different organizational structures. They all have administrative and financial groups, policy departments for pricing, volume, rules and guidelines; research and advisory technologies; regional development offices; health control and sanitation activities. However, the main organizational grouping can be based on the main programs or should be carried out by certain functions. In some cases, additional offices cover new areas, such as environmental protection, victim assistance, agricultural development and, more recently, biotechnology.

The role of the Minister of Agriculture and his political status differs in each country in the degree of influence and control. The Minister is appointed by the President on the proposal of the Prime Minister in accordance with the will of the ruling party. Parliamentary committees, interest groups and lobbyists try to influence how the minister presents and implements agricultural policy; this is the case of Hungary. In some countries, the Minister of Agriculture is elected from among the members elected to parliament.

Most ministries have a strong regional structure, with branches representing the interests of the regions. It is important to note that as soon as a country moves from a command to a market economy, many financial documents emerge. The closer the country gets to liberalization, the more the powers of the Minister are

shared with the Parliament and directed to the provinces and regions, to different interest groups.

The role of the Minister is to protect the interests of farmers and villagers, to ensure food security, as well as to manage production and value added through a large-scale system of incentives, ensuring food security.

Consider how subsidies are allocated, distributed and controlled in the absence of central government control over production and marketing. In countries with economies in transition, ministries of agriculture use sophisticated technology to provide subsidies to their customers: farmers, entrepreneurs and consumers. The selective system of subsidizing and supporting farmers has evolved over the years, but has always existed; in some countries, the number of subsidies has reached 200. Several countries still have different support systems, and as they now begin to participate in the EU CAP, they will provide direct subsidies for many crops and products, and will use production quotas. In the future, EU candidate countries must prepare to adapt to the ever-changing EU support policy. It should be noted that certain transitional arrangements continue to apply after accession. This is confirmed by the experience of the new EU member states.

In fact, ministries of agriculture in most OECD countries provide subsidies to producers and farmers in one way or another, larger or smaller, helping to stabilize incomes, balance market and price fluctuations. They use the various forms of subsidies needed to achieve a dynamic and sensitive support system. The problem is to create a program that meets WTO requirements and does not lead to even greater fluctuations than those that need to be eliminated.

We will analyze the methodological approach to balancing supply and demand and find out the feasibility and necessity of market interventions. When markets are regulated only by supply and demand, one can see the need for government support to avoid adverse events and price fluctuations. All horticultural producers in a stable market economy know that prices fluctuate due

to production volumes. The more products on the market, the lower the prices. Volumes fluctuate depending on the season or under the influence of adverse weather conditions, increase due to imports and decrease due to exports. With government intervention, farmers and producers in developed market countries know how to plan production properly. But farmers in developing countries are less experienced and knowledgeable about how to operate in a non-command environment. It is also important to emphasize that the level of support is lower in such countries than in OECD countries. Many farmers continue to demand the return of fixed inputs, the procurement system and fixed fixed prices of the command economy.

Some countries help farmers insure against market fluctuations by creating a network of political and institutional support mechanisms to reduce the impact of uncertainty (this is a safety net). The closer a country is to a command economy, the clearer and more transparent direct price control and production subsidies become. In developed economies, this control is more complex, more related to production or market quotas, income stabilization programs or voluntary marketing schemes.

Let's analyze the use of the security network. It is usually a set of measures that protects farmers and, in some cases, consumers from unforeseen events that would cause some difficulties and loss of profits, especially when the level of losses can lead to bankruptcy, significant debt and poverty. Keeping prices at market levels or balancing price fluctuations can be part of a safety net. Another alternative is for the government to purchase crops or goods to increase demand.

An analysis of the priorities and policies of the Ministries of Agriculture shows the diversity of these networks: the purchase of consumer goods, insurance subsidies, disaster relief, loans and guarantees, environmental protection programs, export market promotion programs, agricultural development programs, programs research and advisory. The question of what level of security

disappears as the economy moves towards a liberalized free market should be replaced by subsidies and other forms of assistance, to ensure that production meets its objectives, to ensure that efficient producers have a minimum level of financial security, and to ensure food security. national, regional and local levels. There are slightly different answers to these questions than that more developed ministerial structures typically have overly confusing support systems, while less developed structures provide more direct support, such as price support and government procurement.

Let's define the role of the government in promoting the movement of the agricultural economy and adaptation to a market economy. The government is still obliged to manage and support this transition from a command to a market economy. This transition is complex and there is no single formula.

It seems that some ministries have developed their own special approaches, while at the same time successfully maintaining a dynamic and sensitive system of agriculture. To define the approach, it would be appropriate to use the general policy objectives of most Ministries:

- to ensure the level of production to ensure reasonable consumer prices and food security for all consumers, as well as to generate export earnings.

- production of agricultural goods that would be safe for consumption and would not affect the state of the environment, especially with regard to the reduction of natural resources or the destruction of the country's future productivity.

- incentives, creation and access to the market to guarantee the highest level of income and profits of farmers and producers so that their products are profitable and thus, this would lead to sustainable and growing added value.

- supporting research and creating an environment that allows for the introduction of new technologies that are safe for the environment, so that the

sector continues to increase production and added value, increase productivity and ensure safety for farmers and consumers.

- ensure the change of technology and education so that all beneficiaries can participate in technological progress, improve the sector, and be able to adopt and apply new technologies.

- development and conservation of natural resources of land, water, forests and natural regions; restoration of destroyed resources, constant control over the country's resources and its preservation for future generations.

Agriculture as a strategic sector of the economy needs more support than other sectors of the economy because it develops and occupies a strategic place in the economy, such as using natural resources vulnerable to natural disasters, ensuring national food security, supporting the rural population. The Ministry of Agriculture is focused on servicing and managing agriculture, so it is clear that the sector is strategic and should be able to use government resources to promote its development.

In Central and Eastern European countries, the implementation of public administrative reform emphasizes the need to review the functions of Ministries to ensure that they meet the changing needs of a market economy. While the overall reform has been almost successfully implemented, very little has been done in the area of functional review of the sector's institutions. Today, everyone recognizes that the functions and structure of ministries need to be reviewed to ensure that their staff and financial resources are effectively targeted to meet EU accession and integration requirements, and to improve the sector as a whole. IFI, the World Bank and other international institutions (EU, OECDE, FAO) have addressed this issue.

Over the past ten years, several central government agencies, organizations, and public administration reform bodies have been tasked with developing a

functional analysis methodology that can be used by ministries to determine the significance of their functions and related structures. The following comments are based on the experience of different countries and summarize the main results and achievements.

In most countries, the Ministries of Agriculture (MAs) have agreed to apply, develop and implement a functional analysis approach. Each MA can count on a significant benefit from this analysis, as each has retained many of its previous functions and feels an urgent need to respond to the need to join the EU. Several EU-mandated analyzes suggest that the MA should strengthen its capacity for integration and harmonization with the EU, the absence of which has complicated the process of agreeing on the necessary conditions for accession. Given these current fiscal constraints, many of the additional staff needed for EU integration will be financed from internal financial resources.

In any EU member state, membership commitments are the most burdensome in the agricultural sector and for the MA, while about 50% of the EU budget is still spent directly on agriculture and about 35% on the structural funds, most of which are on agriculture and rural development. 75% of EU law applies to agriculture every year, especially SAP. According to available data, the elements of agriculture in the accession agreement occupy more than 15,000 pages. Their number is constantly increasing.

SAP covers the production of all goods, objects of growth in the EU, except potatoes. It regulates key sub-sectors, such as cereals and cover crops, pre-processing, trade, EU support subsidies and intervention procurement, the latter once being a stronghold of SAP, statistics, verification and control.

A significant proportion of EU meetings are held on agriculture: the

- Council of Agriculture Ministers meets in Brussels every month for 2 days or more.

- The Special Committee on Agriculture meets weekly in Brussels to prepare for the Council. The meeting is attended by the highest official in agriculture, who will act as a speaker, supported by experts from the Ministry.

- There are many Working Groups and Authorized Steering Committees that meet annually. They must be attended by all experts from member countries. For example, in 1995 alone, there were about 520 agricultural meetings at the level of the Committee, where each member country spent about 1,500 days of expert visits to Brussels at these meetings. They address key issues of EU Regulations and Orders (which are EU Law), often on the basis of documents presented for the first time at the meeting.

Each Ministry should have enough experts to conduct the SAP and attend all of the above meetings. In the future, the number of experts will increase compared to their current number. Ministries will need:

- at least one expert responsible for one of the main products, who will attend the weekly meetings of the Commissioner for Management, work on current EU and national policies, keep in touch with industry to inform it of the decisions taken in Brussels. These are the main and decisive positions.

- there are enough experts to work out the burdensome EU requirements for directing EU funds to farmers, producers, exporters, etc., as well as the established national audit mechanism and the EU audit mechanism. Failure to comply with the *agreement* in accordance with the standards set out in EU law may lead to Member States being forced to pay the price of the necessary support, as well as to be investigated by the European Court of Justice and fined.

- there are enough experts in the EU's central and regional offices to manage the large number of documents that farmers have to fill in to apply for

subsidies, to teach farmers how to fill in the documents correctly, to identify fraudsters and to report to the commission.

In order to properly implement the CAP and to be able to work with Commission experts and experts from other Member States, Ministries must have a parallel structure with the General Commissioner for Agriculture (DG VI) and the Ministries of Agriculture of other Member States.

Let's analyze the general principles of functional analysis. Functional analysis is carried out to improve the existing organizational structure of the executive branch in certain sectors of government. The sectoral approach to functional analysis is based on the identification of each sector of government or public administration, which is considered as a separate set of economic activities (sectoral or functional, or a combination thereof). This, in turn, is complemented by a systematic vision of the vertical management of each of the identified sectors. In addition, the sectoral approach should cover the decomposition of public management through the relevant sector at the level of territorial units (bodies) of a particular ministry. For more information on functional analysis, please see the Appendix.

The main purpose of the functional analysis of ministries is:

- development, in cooperation with the main intermediaries, of the general methodology of the ministry's functions to
- determine savings from deprivation of budget support functions through elimination, rationalization and privatization.
- Supporting the programs of accession of the Ministries of Agriculture to the EU, by defining new functions, necessary resources for their implementation and appropriate organizational structures
- Assistance to Ministries in improving their efficiency and effectiveness by guaranteeing functions that are aimed at sectoral goals and statutory requirements.

The expected results of the functional analysis can be obtained by performing individual functions. The review of several candidate countries made it possible to identify a number of key weaknesses in the current management organization in the agricultural sector:

- dispersion of policy development and implementation - particularly weak coordination in agricultural, fisheries and forestry

policy development within sectors, leading to duplication of functions, and a lack of transparency in those responsible for ministry functions

- the current structure is not based on appropriate organizational functions, such as allocating different types of functions or grouping functions based on similar processes or skills

- poor coordination EU integration programs through ministries, the need for common databases and procedures to define EU objectives and monitor the progress of harmonization programs

- the reporting and financial reporting procedures of the subsidiary bodies are poorly defined, leading to a lack of reporting on implementation.

- too many departmental inspectors at both central and regional levels; significant duplication and variation of administrative processes that could be streamlined and simplified; a large number of regional bodies that are ineffective for these improvements in communication and mobility

- the development of cross-sectoral strategies, policies and implementation of control are combined in one organization; this slows down the ability of ministries to respond quickly to modernization and EU accession requirements.

Let's analyze the current organization of the central ministry. The current structure usually has three important weaknesses that hinder the effective development and implementation of policies, especially in the period before accession:

- political and coordination functions are not separated. In this way, policy makers become involved in coordination activities that divert attention from policy development. Similarly, the coordination measures of supervisory subsidiary bodies and the evaluation of their activities become unclear

- there is a separation of agricultural, fisheries and forestry subsectors, which has led to weak cross-sectoral coordination and subsector operations, as well as deviation from the ministry's overall goal of

EU integration. there is a lack of cross-sectoral focus, and they play a major role in sectoral units

The regional structure has a number of certain features. In most countries, there were more than 20 AI regional offices, the number of which was considered excessive. In addition, funds from the EU's Special Program for the Advancement of Agricultural Development (SAPARD) can only be allocated subject to a significant reduction in the number of regions. It should be noted that central management needs to be improved through the consolidation of administrative bodies, privatization or seizure of assets, even if there are delivery service stations. For information on the Education and Research functional review, see the Appendix.

The role of agricultural policy institutions is determined by the dependence of part of agricultural policy on a particular institutional basis and structure that prevails in the country. Within Europe, the government's agricultural institutions are very different. While policy formulation and implementation within countries remains relatively transparent with regard to institutions, it is becoming increasingly difficult with the start of the EU accession negotiation process.

The process of harmonization with the EU legislative and administrative systems, known as the *acquis communautaire* (*accession agreement*), requires significant effort and investment during the pre-accession period. Different

countries have different constitutions and thus provide a different environment for policy development in the agricultural sector. The experience of several countries shows that the role of institutions in the development and implementation of agricultural development policies is increasingly recognized.

In the agricultural sector of several countries, for example, the role of farmers' associations is not significant. There is a need for a more democratic form, in the form of NGOs, to represent the interests of all farmers. In several countries, these organizations play an important role in the development of trade services, research and technology change, market information and training, which are generally organized by operators belonging to the same profession or marketing chain. The government can support this process through a variety of incentive and support programs based on voluntary membership.

These comments are aimed at public sector implementation in transition countries. It is recommended to carry out reforms based on functional analysis, the methodology of which can provide significant gains, both short- and medium-term, to improve the existing national management of agriculture and organizational structure. The qualitative impact of the revision is mainly aimed at:

- improving the efficiency of the sector by improving the division of functions between institutions,
- streamlining duplication of functions and regional bodies to increase efficiency and achieve economies of scale,
- increasing private sector participation through generating and privatizing
- strengthening the reporting of subsidiary bodies.

Following the reorganization of the MA, the new organizational structure can meet the requirements of strategy and policy development, with the support and assistance of subsidiary bodies. The new structure has an important

characteristic: a clear delineation of functions. In this case, policy-making within each sub-sector ensures that policy-makers will only deal with policy issues and thus respond more quickly to environmental changes.

2.6.2. Establishment of SAP expenditure agencies: EU branches of SAP for agricultural and rural development in Hungary.

Under the Accession Treaty, Hungary is one of eight countries in Central and Eastern Europe that joined the EU on 1 May 2004. In order to receive any expenditure on agricultural and rural development from the EU common budget, mainly through the European Agricultural Administration and the Guarantee Fund (EAGGF), the establishment and operation of the Hungarian Expenditure Agency was defined as an absolute and strict requirement by the European Commission.

In Hungary, the Agriculture and Rural Development Agency (ARDA) was established on 1 July 2003 as an independent administrative body to meet the above requirements and to take into account the preparatory actions and experience of national and accession branches. It was to act as the only Hungarian Expenditure Agency for the agricultural sector. The main task of the Expenditure Agency is to manage, oversee and report on expenditure from the EAGGF.

However, despite EU legislation on the requirements to be met by expenditure agencies, their scope is quite broad, given certain national administrative practices and / or the structures and level of knowledge gained in the process of subsidizing potential beneficiaries. Thus, the most important task of the agrarian public administration is to support the institutional development of the Expenditure Agencies, and for the Expenditure Agencies themselves - to develop internal rules and detailed implementation instructions necessary for their activities.

Let's define Strategic elements of establishment of the Hungarian institutional system for realization of SAP. The process of establishing SAP institutions in Hungary began with the development of a legal basis and requirements, followed by the modality of the institutions, the allocation of functions and the definition of information requirements, as well as taking into account the requirements of all industry intermediaries.

The formation of the Agency's expenditure model, and especially its internal structure, first of all requires functional analysis. On the one hand, by examining the institutions involved in the regulation of the agricultural market and implementation (such as the MA, its support and institutions trade, and non-governmental organizations), decision-making, regulation, implementation and maintenance can be differentiated and rationally distributed. On the other hand, by studying the EU requirements for the various elements of the SAP implementation system (e.g. Competent Authority, Certification Body, Expenditure Agency). Their functions - accreditation, certification, authorization, implementation, reporting and control - can be distributed among the organizational units of the institution. The role of the various bodies in carrying out the tasks of the National Expenditure Agency, Fig. 1, reflects the potential national institutional systems for the implementation of the SAP.

INSTITUTION FUNCTION task

Certification	State Audit Office / private audit company - audited annual reports transparent
decision making	EU institutions, - EU legislation - Financial Management EAGGF - Accreditation Agencies of expenditure
decisions Coordination	Ministry of Agriculture and Rural Development Economics - National legislation - Accreditation agencies spending

preparation for the implementation	of the Agency of expenditure - the basic unit of <ul style="list-style-type: none"> - internal audit - authorization - professional unit - performance - financial unit - accounting - financial unit - control - pozaahentsiyni unit
implementing	Institutions supporting MARD / Agency charges <ul style="list-style-type: none"> - local units - preparing authorization - control
service	NGO's / Private audit firms <ul style="list-style-type: none"> - creating application forms - Advising on the type of subsidy

Fig. 1. Proposal institutional system with SAP Business

The decision-making and regulatory bodies are the Ministry of Agriculture and Rural Development. First, it is closely linked to the EU institutions involved in the EU decision-making process. It implements decision-making policy and performs regulatory functions, it is responsible for the adoption of national legislation related to and detailed with EU legislation. It also covers market regulation and horizontal issues (e.g. control). Second, the Ministry will act as the Competent Authority of the Expenditure Agency. As the Competent Authority, it is responsible for the accreditation of the organizational structure and internal procedures. He is elected annually. Special awareness of internal procedures, such as payments, reporting, physical control, internal audit, as well as special regulation of the EU WCO and their implementation is a necessary prerequisite for this task.

The confirming body verifies the correctness of the annual transparent reporting before reporting to the EU Commission. The reports of the Control Unit and the audit of the Internal Audit Unit of the Agency on expenditures, and various risk analysis procedures serve as a basis for the audit. The State Audit Office or a private audit company must carry out this activity.

Expenditure agencies and delegated institutions can perform several functions.

According to EU law, the most important concept to consider when establishing the Agency's organizational structure for expenditure is the allocation of three main functions - authorization, implementation and reporting of expenditure, and two main services - internal audit and technical control. Organized by the Agency for Agriculture and Rural Development (ARDA), the distribution of the above functions and services is influenced by independent internal audit, professional, financial and non-office types of government at the central level and at the national level represented by 19 local offices (7 of which operate at the regional level for the development of agricultural subsidies). A separate board continues to administer and control subsidies at the national level.

The authorization function means accepting applications and determining the amount of subsidy to be paid to the applicant. It is carried out by so-called professional boards. The Board of Rural Development defines the grants to be allocated by the EAGGF Guarantee Fund and the Financial Management of Fisheries as a delegated task, and it manages and controls specific rural development activities funded by the EAGGF Guarantee Fund.

The Head of the Expenditure Board deals with the EAGGF Guarantee Fund expenditures, which must be issued directly to applicants for suitable land or livestock. The Board for Market Regimes and Foreign Trade manages, first of all, subsidies for agricultural products, promotion of the balance of the foreign market, measures of intervention and private stocks aimed at balancing the market. It also develops schemes for foreign market regimes, with the aim of guaranteeing the Common Market offer and assisting producers in gaining access to foreign markets to obtain export benefits and protect the domestic market from imports from third world countries.

Expenditure includes a set of bank orders from the Expenditure Agency to transfer funds to applicants; calculation of expenditures and their indication, preparation of financial reports and plans for the Commission. These functions are divided between two different units of financial management.

Technical control, which is the administrative and local control of the expenditure system, is based on the spheres of production and animal husbandry. The control task is performed within the non-office type of government. Individual units create a sampling methodology. The various control units select samples, plan and coordinate the activities to be carried out by the local branches, evaluate the control measures and manage the control processes on the basis of the samples. The institutional control unit manages the activities of the organizations performing the delegated tasks - preparation of authorization and local control - which depends on the delegated tasks. The local office oversight unit is responsible for establishing and maintaining unified procedures, application support methods and overseeing the activities of individual local offices.

Local offices are responsible for carrying out tasks such as the preparation of authorization and local control related to the implementation of direct subsidies and a specific internal market, intervention and rural development measures. These tasks include receiving applications, filing cases, maintaining data, administrative formal checks, requests for additional information, sending documents and electronic folders to central offices and local control. Local offices implement rural economic development measures at the regional level. They also receive and monitor complaints.

Internal audit guarantees the proper administration and harmonization functions of the Expenditure Agency. He prepares an annual and general plan of control over the organization, organizes the rules and procedures of internal audit. Internal audit also includes control and implementation of the process of support

schemes, compliance with EU guidelines and requirements, as well as control of budgetary, financial and settlement reports.

Advisory organizations must perform certain functions. Providing information to potential beneficiaries and preparing them to receive grants is not a basic or statutory task of the Expenditure Agency. However, it is useful to know that the EU and Member States manage the whole system to provide subsidies to beneficiaries. Most NGOs or private advisory firms, based on the experience of EU member states, provide beneficiaries with the necessary information. It is important to reconsider national advisory capacity for this purpose. Establishing and managing an advisory network is one of the alternative measures to join - it should also be considered.

The establishment of the EU Expenditure Support Agency for Agriculture and Rural Development in Hungary has been significant from the point of view of the agricultural sector and the actors involved, as it is the only channel to subsidize the development of agriculture and the rural economy for accession. As subsidies come from the EU's common budget - which is made up of EU citizens' contributions - the system must be transparent and calculable.

On the one hand, the positive features of EAGGF subsidies open up new opportunities for Hungarian farmers, but on the other hand, it should be borne in mind that practical access to funds requires more administrative tasks and commitments from both the farmer and the public agricultural management. .

An effective advisory system should be put in place to help the farmer and other beneficiaries. The system not only provides assistance in filling out applications and creating projects, but also provides transparent oversight of various types of subsidies and requirements when using subsidies, providing advice in a clear way.

To build a transparent system, the basic elements of the Expenditure Agency must be established, and functions and services must be clearly distributed within the organization. Functional analysis of the agency's related expenditure functions provides a rational basis for setting up the system without omitting any of its elements or functions.

2.6.3. Review of subsidy policy in the new member states

Since May 1, 2004, ten new member states have participated in the implementation of the CAP. The objectives of this policy are achieved by financing selected measures for the development of agriculture and rural economy from the EU budget. The financial management of these grants is carried out through the link between the European Commission and the Member States. During the first half of the year after accession, the new member states began to implement agricultural policies and issue subsidies to the CAP. This analysis covers the first steps in the application of subsidies, which were financed to some extent by the new Member States.

The management of the SAP has gradually begun to be exercised, on the one hand, through the liaison of the European institutions and the delegates of the Member States with these institutions, and, on the other hand, through the activities of the institutions implementing the SAP in the Member States. Relationships took place in different committees, according to strict rules and at the EU level, where the daily problems of SAP implementation are solved. Subsidies from the EU's common agricultural budget are provided to farmers, producers and other beneficiaries through Member States' expenditure agencies, which operate on the basis of a mandatory reporting system between the European Commission and the Member States. Most of the new EU Member States have started to pay subsidies to beneficiaries, although some problems have arisen, such as the accreditation of post-accession institutions, the low level of payments

of new Member States in the first two months or the rather limited amount of subsidies in the following months.

SAP funding should be based on certain criteria. As part of the original SAP concept, the EAGGF was established in 1962, at the same time as the election and entry into force of the first market organizations. The EAGGF was constantly replenished from two sources: firstly, from the Community budget funds, such as VAT and Member States' contributions according to their GNP, and secondly, from its own sources, such as the tax on imports of agricultural products or sugar, and the substitute tax. sugar. Over the years, the ratio of different resources has changed significantly. From the beginning, the largest contributions to the Fund were made by Germany, France, the United Kingdom and Italy.

The EAGGF forms part of the general budget of the European Community and consists of two funds. The management fund finances the costs of improving production structures, i.e. structural changes necessary for the proper functioning of the common market. The Guarantee Fund subsidizes market policy measures. The EAGGF is part of the European Commission, the General Board of Agriculture, which is responsible for agricultural management and rural development.

The EAGGF accounts for about half of the EU budget. In 2003, the total budget was 89.5 billion euros, about 44.4 billion euros belonged to the EAGGF guarantee fund. Of the € 27.5 billion in Structural Fund expenditure, € 2.3 billion covered the expenditure of the EAGGF Management Fund. Due to their importance and the large amount of subsidies, cooperation between the European Commission and Member States on agricultural and rural development, funded by the EAGGF Management Fund, is a key component of the CAP.

In accordance with Council Guideline 1258/99, the Guarantee Fund finances:

- Export refunds to third world countries.
- Interventions (including direct payments) aimed at stabilizing the agricultural market, namely agricultural and fishery products.
- Measures for the development of the rural economy, in addition to the development and structural regulation of backward regions.
- Community financial contributions to certain veterinary and plant protection measures (carried out by the General Board of the Commission for Health and Consumer Protection)
- Measures to provide information on SAP and evaluation of measures.

The budgetary procedure requires inter institutional cooperation between the European Parliament, the European Council and the European Commission. The Commission presents annually the preliminary draft budget of the year "n + 1", which is adopted by the Commission at the end of April of the year "n". The first reading by the Council takes place at the end of July of year "n", where the Draft Budget is adopted. In mid-October "n" the European Parliament takes part in the first reading of the draft budget. At the end of October "n" the Commission presents amendments to the previous draft budget, following the Council's second reading in mid-November "n". The conciliation procedure between the Council and Parliament takes place in mid-December of year "n". After the second reading, the European Parliament adopts the budget of the year "n + 1".

Consider the relationship between the European Commission and the Member States. The Commission is responsible for managing expenditure financed by the EAGGF Guarantee Fund. It works closely with member countries. This cooperation is expressed in the framework of various monthly meetings of the EAGGF Steering Committee.

Member States work through accredited expenditure agencies, which are responsible for managing and controlling expenditure. Member States shall appoint and accredit expenditure agencies which shall ensure that the acceptance

of applications and compliance with Community rules is verified before expenditure is approved, that expenditure is correctly and fully indicated in the calculations and that the relevant documentation is submitted within the deadlines and in accordance with Community rules. At the Commission, the General Board of Agriculture is responsible for managing the EAGGF budget, for the financial management of the Fund and for the audit of agricultural expenditure (ie for verifying the control of expenditure agencies).

Member States submit several expenditure reports to the Commission each month. Cost management EAGGF follows a system of advance payments. That is, after authorization and control by expenditure agencies, the subsidy is paid to the beneficiaries. The Expenditure Agency shall send monthly expenditure statistics to the Commission, which shall be adjusted and advances shall be made available. These advances are considered loans because they become real costs only after the completion of the annual settlement procedure. This settlement procedure is completed by April 30 of the following financial year. Member States must repay loans that are not eligible for EAGGF funding.

To help the new Member States cope with the post-accession financial difficulties arising from the pre-financing of advance payments, which are subsequently distributed by the Commission, the Accession Act set out transitional provisions providing for monthly special flat-rate payments for the period 2004-2006.

The EAGGF fiscal year does not correspond to the calendar year; it starts on October 16 of year “n” and lasts until October 15 of the following year, “n + 1”, for example the financial year 2005 covers expenses from October 16, 2004 to October 15, 2005. The reason for this unusual period of time in the fiscal year is that in the 1980s, the budget planned for the end of the year was overspent, and the next fiscal year had to be carried over to provide funding for the SAP.

Thanks to the executive powers provided to the Commission by the Council, the EAGGF Committee plays an important role in regulating implementation. The procedure taking place in the Committee is strictly limited by its rules. Within the framework of the monthly meetings of the representatives of the Commission and the Member States, the monthly payments and the possible reduction of these payments should be interrelated. The monthly budget execution situation is demonstrated at the level of budget items (reflecting the various measures for the sectors) and voting on the instructions and decisions of the Commissions at the horizontal level (eg promotion, rural development, veterinary medicine, product safety measures).

In some cases, the Commission provides payments to beneficiaries directly (direct costs of the Commission) and not through expenditure agencies. This type of financial management is used in the case of veterinary, product safety and phytosanitary measures, to facilitate market access for olive oil and textiles, to promote agriculture. products, to finance tobacco research, etc.

Determine the classification of EAGGF Guarantee Fund costs and the abolition of subsidies. The costs of the EAGGF Guarantee Fund can be divided into 5 types of measures, according to the economic essence of these measures.

Export compensation supports the availability of agricultural goods in the markets of countries outside the EU. In 2003, export reimbursement costs amounted to € 3.7 billion, which is 8% of the total costs of the EAGGF Guarantee Division.

Direct support is aimed at compensating for the loss of farmers' profits due to lower market prices. These include, for example, support for cereals, oilseeds, protein, flax and hemp, first-class tobacco, purebred dairy cows, purebred cattle for slaughter, sheep and goats. In 2003, direct support accounted for 67% of the EAGGF Guarantee Fund, amounting to € 29.7 billion.

Storage measures are taken to stabilize the market by purchasing products at fixed support prices. The measures are the purchase and sale of goods and subsidies to the private sector. In 2003, 2% of the EAGGF Guarantee Fund's total expenditure (€ 0.9 billion) was spent on these purposes.

Under the 2000 reform agenda, certain rural development measures have been funded by the EAGGF Guarantee Section since 3 2000. These measures are aimed at improving the structure of products and amount to 11%, ie 4.7 billion euros.

"Other measures" include market interventions, such as support for fruit and vegetable producers' organizations, support for the production of dried fodder, cotton, animal mating, milk collection, etc. In 2003, these other measures amounted to 5.4 billion euros. ie 12% of the costs of the EAGGF Safeguards Department. The percentage distribution of costs between different categories reflects the same picture as in the previous period 2000-2002. Figure 3 shows the cost distribution of the EAGGF Guarantee Department between different types of measures.

Nine of the ten new member states (EU-10): Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Slovenia and Slovakia - have decided to set up only one spending agency. Only Poland has decided to work with several agencies to support market and rural development measures. In this case, an additional coordinating body should be set up to improve the relationship with the Commission, by coordinating the reporting activities of all expenditure agencies. Expenditure agencies may be temporarily accredited, after certifying the necessary changes to the administrative and settlement arrangements, to achieve full accreditation. The Czech Republic has received full accreditation from the Expenditure Agency. Poland received full accreditation from the agency, facilitating market measures prior to accession on 1 May 2004. The Polish Agency, managing subsidies for rural development and expenditure

agencies of other countries, received temporary accreditation with the intention of obtaining full accreditation in each quarter of 2004 - in the first half of 2005. If the accreditation criterion is clearly established within its implementation, and achieved to obtain full accreditation in the near future, the cancellation of subsidies is not affected by temporary accreditation.

The main methodological principles for determining the approach of functional analysis can be. In the general approach of functional analysis, an important element is the definition of goals, main tasks and functions of public administration in a particular sector under consideration in the field of agriculture. The definition should be based on criteria and indicators that reflect their successful achievements and should set priority goals. It is important to determine the evaluation criteria for the expected consequences, results from the achievement of each goal.

The functions of ministries and their independent units (subdivisions) are formally described in acts of legal competence. However, the very definition of ministers and sectors, as stated in the legislation, is not sufficient to conduct a functional review and determine further organizational reform.

It is also necessary to take into account any contradictions between the functions in practice, for example:

- objectively necessary functions, ie those based on the real needs of the relevant objects of management

- legally established functions, ie those formally specified in statutory acts (acts) competencies)

- actually performed functions, ie those that are actually performed by certain subjects of management.

Thus, the definition of functions and further improvement of the organizational structure requires maximum consideration of the needs of the

actual life of the bodies under review, and their correlation with the functions that are actually implemented. This is the only basis for the legal establishment of functions, which is used as a criterion for the restructuring of the relevant entity.

For the purpose of functional analysis, it is proposed to define the analyzed functions as follows: the function should be defined as actions related to a particular result, which in itself is directly related to the overall objectives of the ministry. The following types of outcomes should be identified: services provided to the public or identified to a group of consumers, draft policy decisions prepared for further consideration and approval; setting standards (rules), managing special activities; exercising control over activities, as well as supervising further measures.

In addition, the need for possible decentralization of some functions, ie their transition to a lower level (including territorial) of vertical administration, should be taken into account. It should be assumed that the functions actually performed for service consumers should be decentralized to a level that would guarantee the best performance without any loss of quality.

Current and former organization of MA subsidiary bodies.

Prior to accession, most AIs have a number of their own authorized bodies, which include:

- supervisory bodies, the instructions of which are defined separately in the legislation
- subordinate bodies that were public service bodies
- agencies, including joint ventures and other enterprises profit.

In most EU accession countries, success has been achieved by reducing the number of bodies dependent on public funding to modernize the sector and meet the requirements of ministries for a market economy.

The former organization of subsidiary bodies had several important weaknesses:

- There were many similar functions, organized in a fragmented way, which could be combined, such as plant and seed inspection, plant protection, veterinary services and border sanitation.

- there were a number of functions that could be performed by the private sector, such as soil analysis, investment project preparation, demonstration and training, plant selection

- there were a number of functions that could be transferred to other sectors to improve synergies, such as higher education, agricultural schools and colleges, museums;

- there was a weak accountability system between the subsidiary bodies and the central ministry.

The structure of education must change significantly. The functional review found that in some countries there were too many agricultural colleges that taught several non-agricultural subjects and often offered outdated education and qualifications. As a result, there was an urgent need to establish and modernize educational programs, to reduce the number of agricultural colleges.

The structure of agricultural research can be influenced by a number of such factors. The legacy of the centralized economy was the dispersed structure of research institutes with various branches and operating points, without setting clear priorities and programs. The state budget is insufficient to cover the significant costs of these various agricultural research and advisory bodies. Research, development and change in technology often did not focus on key agricultural and economic problems. There were very few industry-funded customer-to-consumer contractual relationships, and the importance of international scientific cooperation was not appreciated.

Measures to protect intellectual property rights and related changes in technology were weak and not considered significant. The purpose of the proposed research strategies is to promote the reform of the organizational structure and management structure of the system by improving its legislative, institutional and organizational framework, and by initiating new methods and adopting clear national research and development policies in the agar and food sectors.

International cooperation is considered extremely important to ensure the provision of new information, good governance and the development of technical and scientific innovations. The reorganization should take into account the skills and experience of several Western countries, CEE countries, which have reformed their research and development systems in the agricultural and food sectors.

The management of part of the expenditure of the EAGGF Guarantee Fund, which accounts for 50% of the European Community budget, is based on partial management arrangements. Partial management means that Member States pay and control the cost of agricultural and rural development subsidies, and the Commission is responsible for managing expenditure and auditing Member States' control systems.

The relationship between expenditures through accredited Expenditure Agencies takes place through a mandatory financial reporting system and monthly meetings of the EAGGF Committee. These meetings provide space for reconciling any misunderstandings regarding the monthly expenditure allocated by the Commission to member countries, as well as an overview of the actual implementation of the budget.

The new Member States that joined the EU in May 2004 began to use the mandatory financial reporting system, following an intensive period of cooperation in the form of trainings and seminars set up by the Commission to

establish the Agency's expenditure reporting systems. The first payment from the EAGGF Guarantee Fund took place in July 2004, and a report was sent to the Commission the following month.

The first new member states were the Czech Republic, Slovakia and Poland, followed by Hungary, Estonia and Slovenia the following month. By the end of August, approximately 5.5 million had been withdrawn from the Fund, at a 50/50 ratio, to reimburse exports of milk and dairy products, beef and veal, live animals and eggs to countries outside the EU, and to other market intervention measures, such as offering products from intervention warehouses for distribution to the poorest people in the Community, reimbursement of the use of sugar in the chemical industry, support for the processing of milk into casein and school milk. By the end of the 2004 financial year (15 October 2004), the other new Member States had also started to pay agricultural subsidies to their beneficiaries.

The total estimated expenditure issued by the EAGGF Guarantee Department to new members in fiscal year 2004 and included in the 2004 budget also covers expenditure for the period 1 September to 15 October 2004. However, a smaller amount is expected compared to the 2004 EAGGF Guarantee Fund budget as a whole.

Accelerating subsidies is necessary to make better use of the benefits of the CAP for the new member states. The possibility of this should be achieved by removing subsidies for direct support. Direct support may be paid to farmers under the Uniform Territorial Payment Scheme from the first day of the financial year 2005 (16 October 2004) in the new Member States (except Malta and Slovenia). Payments to member countries will be issued in January 2005 and, accordingly, included in the 2005 budget.

Given the recent addition to the EU, the first months of grants were used mainly to familiarize themselves with the management and verification of the Agency's expenditure system. However, this period can be seen strictly as an

internal phase, and national agricultural administrations must make significant efforts to increase the availability of the subsidy system, which means increasing the amount of subsidies with the EU by spending agency systems already operating in the new member states to benefit from the EU CAP.

2.7.1. Organizational and economic mechanism of development of agriculture, rural areas in the Czech Republic

The Czech Republic is located in the center of Europe. Its total area is about 78 thousand square meters. km., of which 43 thousand - agricultural land and 26 thousand - forests. Population - 10.5 million (130 people per sq. Km.) The republic belongs to the middle countries of Europe. The capital, Prague, has a population of about 1/4. Administratively, the country consists of 14 districts at NUTS level 3 and approximately 6,000 municipalities at NUTS level 5. A simple territorial subdivision is represented by a cadastre consisting of private plots or land use blocks.

After the Velvet Revolution of 1989, the Czech Republic chose the path of fundamental social and economic transformation to reform the centrally planned and directly controlled economy inherited from the previous communist regime. It has created the conditions for democracy and an open market economy. It is now clear that this is not a simple transition that has brought many challenges and pitfalls as well as obstacles that have historical roots and circumstances that continue to play a very important role in the transformation as the initial conditions are very slow.

Czech agriculture, being in a semi-continental climate, focuses on the production of grain, oil, milk, beef, pork and chicken. In some regions there are good conditions for growing sugar beets, although about 60% of the land is located in mountainous areas or this land is of low quality. The agricultural potential for the production of critical products, together with technological development, is about twice as large as domestic needs and consumption. This

means that only half of the land is used to cover domestic needs. What to do with the rest of the land is one of the main problems of Czech agriculture.

By 1989, almost 100% of agricultural land was occupied by cooperatives or state farms. Small family farms represented only 3% of agricultural land. The transformation of agriculture has begun and is part of social and economic reforms. Part 1 of this document summarizes the changes in Czech agriculture during the full period of reforms in line with basic social and economic policies. Part 2 highlights what the Czech Republic's agricultural and land lands look like after 15 years of reforms, especially after EU accession in 2004.

Key points related to agricultural transformation and preparation for EU accession, based on the Czech experience presented in part 3. The final part summarizes the main recommendations for countries that stand in the way of European integration and harmonization of state legislation with EU countries and preparations for integration and integration with regional economic units and large markets.

2.7.2. The state of agricultural policy of the Czech Republic in 1996-2004 and its political and organizational experience.

The development of Czech agricultural policy was a homogeneous direct process. Depending on the leading political parties, development was an unstable process with many changes:

- ownership transformation based on the return of property that was formally or informally confiscated during the communist regime in 1948 and 1989 and the property of previous cooperatives was decollectivized and state property privatized;
- the formation of a market economy based on almost complete abolition of price control by the state;
- recognition of the multifunctionality of agriculture in society;

- Improving the growth of financial capital for farms and agricultural lands through modernization, efficiency and competition.

Starting from this, we distinguish the following points of the agricultural policy of the Czech Republic in the period 1989-2004.

Agricultural policy in the period after the centralized planning of 1990-1992 had its own peculiarities. During this period, the main steps of transformation on the way to an open market economy were carried out. The transformation of ownership was carried out through the recognition of basic and specific rules of transformation of ownership for agriculture and the first steps in their implementation.

The land law on the return of agricultural land includes non-land property return of ownership of land and non-land property, it should be noted that the communist regime did not prohibit the privatization of land and other agricultural property, the regime only completely suppressed ownership of profits of cooperatives and state farms. Return of landowners, in case of expropriation of land and non-land property of large-scale farmers and landowners after 1948.

Transformation law aimed at decollectivization of cooperatives: this very complex and politically vulnerable process began before the law was adopted with two extreme political positions. Right-wing parties held that cooperatives grew out of state ownership and should therefore be privatized as state-owned enterprises, while left-wing forces believed that cooperatives were private firms and that their property belonged to the beneficial owners. In the end, a compromise was reached.

Privatization of state property: According to the basic laws on privatization, there have been attempts to transfer state farms to private ownership. This process has been disrupted due to many issues related to land ownership and other issues. As a result, the Land Fund (as a special part of the general State Property Fund) was created, in which all state agricultural lands and non-land assets were

concentrated. The Land Fund has begun preparing a new scheme for privatizing state assets, starting with the lease of property.

The law on land consolidation was adopted to address the traditional mismatch between land use and ownership and to support the development of a new farm structure. Its purpose is to compile land plots in cadastres, which will make it possible to conditionally identify these areas and provide access to individual plots.

Access to financial and other capital had to change radically. It was impossible to introduce a new farm structure in the presence of many new applicants and in the absence of significant investments. In addition to start-up agricultural capital, which was distributed under property transformation laws, the demand for new financial capital for starting and modernizing farming, especially owned by small families, was supported by the state in the form of subsidies covering about 80% of total investment costs. However, the distribution of relatively scarce public resources between many farms and the issue of analyzing their use lacked transparency and good governance.

The main issues of market development are:

- price liberalization in the agricultural sector, with the exception of retail prices for some basic products, the
- ban on consumer subsidies for food products that were too high for livestock products, which led to a rapid and significant increase in retail prices.
- Maintaining the level of market protection in the pre-reform period, with predominant non-tariff measures, combined with a fixed exchange rate, and with the concept of a new industry.

Other farm support has been proposed for large-scale pre-reform support measures, such as direct income support.

The consequences of this reform were as follows:

1. minor changes in the structure of farms

- creation of smaller family farms
 - transformation of cooperatives: on the basis of the law on transformation, a large number of primitive cooperatives have become transformed;
 - the first unsuccessful steps of privatization of state property lead to the conclusion of lease agreements between the land fund and new large private farms
 - very slow progress in land consolidation and land market
2. development debt growth of transformed cooperatives and companies in the future, with transformed shares to be repaid in 1999 and later.
 3. the rapid emergence of price scissors for agricultural products, which leads to a significant deterioration of 40% of the conditions of trade in agricultural products (see Figure 1).
 4. neglect of significant income support, deterioration of the economic situation of farms. Wage parity in agriculture compared to the average wage in the national economy decreased from 110% in the pre-reform period to 75-80%.

The second stage was the liberal agricultural policy of 1992-1994. The right wing of the Civic Democratic Party won the 1992 election, accompanied by changes in agricultural policy. During this period, preparations were made for the implementation of the provisions of the Uruguay Round and the final settlement of the European Agreement.

Transformation of ownership was carried out on the following principles:

- complete transformation of cooperatives in the 1993 year, according to the law of transformation
- attempt to remove barriers from the heads of cooperatives, especially in the transfer of property to rightful owners through the adoption of a special law on sanctions was impossible and unsuccessful
- privatization beginning in 1994 year of other non-land property

- establishment and increase of individual farms based on the so-called re-return: property returned to previous owners on condition that they start managing, after a formally established type of economic activity, was sold to other farms at reasonable prices;

- problems with the return of property of the nobility and the church;

- land consolidation was slow, the land market was based solely on lease agreements;

Access to financial and other capital resulted from the negative experience of the grants system used until 1992, and a system of interest-free loans was established for new farms. To improve access to credit, a farm and forestry support fund was set up in 1994.

The formation of the market took place on the following principles: the

- establishment of regulation of the grain market, milk market, etc., similar to the EU's support for farmers' starting prices and, to this end, the creation of a state market regulation fund;

- further support for high pre-reform market protection, with predominant non-tariff measures, combined with a fixed exchange rate;

- the beginning of preparations for the implementation of the mutual obligations of the Uruguay Round of the WTO on the basis of a relatively liberal approach to trade in agricultural goods;

- introduction of a customs union between the Czech Republic and Slovakia;

Almost all previous efforts to maintain direct income have disappeared.

As a result of the changes we have the following consequences:

- changes in the economic structure: development of large individual farms based on the privatization of non-state land;

- very slow progress in land consolidation and land market development;

- formation of the next stage of farm debt; in addition to the pre-reform debts to the state, there was a problem of debts related to transformation, thus transformational debts are associated with the establishment of the transformation of cooperative shares, interest-free loans to farms, debts for privatization of state and private land.

- the formation of price scissors for agricultural products is relatively insignificant, which leads to improved trade conditions in agriculture (see Chart 1);

- prolonged negative economic situation of farms;

- the ratio of wages in agriculture to the average wage in the national economy reaches 75%.

The third stage was the post-liberal policy of 1994-1998. The Czech government, represented by a coalition between the Civic Democratic Party, the party's right wing and the center of the Christian Party, was responsible for the Ministry of Agriculture. It was the time of the official proclamation of the first declarations and policies on the new multifunctional role of agriculture in rural development and the environment. With this in mind, support for farm incomes has gradually increased, but on a much larger scale than in the previous period.

Transformation of ownership

- completion of privatization of state-owned land.

- Land consolidation continued very slowly, with the land market based solely on leases.

- In order to avoid the consequences of the Law on Transformation aimed at organizational change, cooperatives began to be transformed into JVs and LLCs, leaving fictitious cooperatives to pay the debts of transformation; this was the so-called second transformation of cooperatives.

Access to Financial and Other Capital

- Farm and Forestry Support and Guarantee Fund (SGFFF) began its activities by providing low-interest subsidies and government guarantees for bank loans.

The development of the market was carried out by certain measures: the

- state fund of market regulation began its activity;
- the beginning of the Czech Republic's implementation of WTO obligations based on relatively liberal approaches to agricultural goods;
- implementation of the Central European Free Trade Agreement (Czech Republic, Slovakia, Hungary, Poland and gradually other Eastern European countries);
- establishment of floating exchange rates;

Other support for farms was aimed at abolishing income support measures, which were re-established with little adjustment to environmental criteria.

As a result of this restructuring, the following consequences were obtained:

- changes in economic structures: the development of large individual farms, not related to state property, was supplemented by the development of joint ventures and limited liability companies, damaging cooperatives.
- very slow progress in land consolidation and land market development in favor of large land users;
- formation of the third stage of farm debt: in addition to pre-reform debts to the state, ie debts of the first stage, and transformation debts of the second stage, the problems of bank loans provided to farms through SGFFF were added;
- continuing to improve the conditions for trade in agricultural goods (see Chart 1). Improving the economic situation of farms, but the ratio of wages in agriculture to wages in the national economy remained at 75%

The fourth stage was the policy in the period before accession in 1999-2003 and negotiations with the EU. This period, under the leadership of the left-wing Social Democratic Party government, played a crucial role in preparing the Czech

agricultural sector for EU accession. The establishment of the necessary legislative and institutional institutions, especially in the areas of food safety, veterinary and phytosanitary legislation, and the development of relevant institutions, land use registration and cattle under the Integrated Management and Control System, and environmental management, such as nitrate use, have accelerated.

At the same time, the State Market Regulation Fund has been transformed into an agricultural intervention fund, in order to act as an expenditure agency after accession to the EU, while preparing to ensure the implementation of EU market regulation for certain products.

Negotiations with the EU had the following consequences. During this period, the conditions for joining the EU reached the highest point. Negotiations took place at the administrative and political levels. In 1999, the Czech Republic prepared a document reflecting the main requirements of the Czech Republic to the European Commission. The position of the European Commission was based on the real (statically indicated) situation in the Czech agricultural sector in the period 1996-1998 and on the Czech Republic's commitments to the WTO since 1995. Negotiations ended with the Accession Agreement in 2003. (EU Summit in Copenhagen).

In the agricultural sector, most of the issues concerned:

- production quotas and restrictions for certain goods: milk, sugar, potatoes, starch, beef, etc. (see Table 1). The most vulnerable in Czech agriculture were: quotas (milk, sugar, starch), restrictions on arable land, livestock and arable land;

- initial level of direct payments (see Table 1): In the end, it was decided to start with 25% at EU-15 level and finish in 2013, when the level reaches 100%. For goods where the level of available direct payments was close to the EU-15 level, the initial level could be higher, reaching 100%

of the EU-15 level. At the same time, it has been possible to increase EU direct payments from public sources (Additional national direct payments) to an agreed maximum level;

- methods of distribution of direct payments to farms: it was finally decided to distribute direct payments to the EU using the Unified Territorial Payment Scheme, ie divided lump sums per hectare of eligible agricultural land, calculated as the total financial amount of direct payments to the EU divided by total agricultural land. The main reason for the application of the ECTS is the lower administrative costs of monitoring and controlling the area of crops and cattle, which are the objects of this support. In this area, the implementation of the Integrated Management and Control System, based on accurate land registration, is a key responsibility to be fulfilled before joining the EU;

- identification of less suitable areas: another politically important issue was the identification of individual categories of less suitable areas, ie the delimitation of agricultural regions with poorer farming conditions and higher risk of land and farm neglect, and those regions where farms are supported by additional payments. The definition was based on a system of EU rules, using natural, climatic, soil and demographic criteria and taking into account the necessary conditions for the integrity of the regions. The full definition of Czech less suitable lands is presented in the Annex;

- identification of structural support under agronomic and other programs, such as the Horizontal Development Plan and the Current Program for Agriculture;

- determination of the total amount of financial assistance to Czech agriculture from the EU budget for the period 2004-2006;

- EU agreement restricting the purchase of agricultural land by foreigners for 7 years after accession.

The transformation of ownership was caused by the following measures:

- special Law on Privatization of State Land was adopted in 1999 and the Land Fund began the privatization of about 700,000 hectares of state land this year. land. Due to numerous institutional obstacles, the privatization process, including compensation, was particularly slow in 2000-2002;
- only Czech citizens had the right to buy state land, and only Czech individuals and legal entities could own land. However, this rule is not fully complied with, and gradually, land, especially in border areas, is beginning to be owned by foreigners;
- as in the previous stages, the unification of the land is slow. The land market continues to operate on the basis of lease agreements;
- due to the critical economic situation of farms, the government began the process of writing off debts, especially to the goods of the state, arising from interest-free loans in the period 1992-1993 for the privatization of land;
- Since 1999, the transformed cooperatives have been forced to begin the transformation of their shares.

Access to financial and other capital was provided through the activities of the Fund for Support and Guarantees of Farms and Forestry and provided subsidies for interest rates and state guarantees for bank loans. In preparation for the future EU structural support scheme, a pre-accession program funded by the EU and the Czech budget was implemented. The program served as more than an indicator for assessing the performance of institutions in the EU agricultural sector.

The formation of the market was caused by the following measures aimed at:

- transformation of the State Fund for Market Regulation into the State Agricultural Intervention Fund before accession to the EU;

- changes in the market regulation of certain goods, for greater adaptation to EU market regulation;
- the Czech Republic's full compliance with its WTO obligations, based on a relatively liberal approach to agricultural goods;
- implementation of “double-profit” and “double-zero” trade agreements with the EU as a means of preparing both regions for the conditions of the EU Common Market;
- liberalization of the current exchange rate.

The Double-Profit Agreement applies Tariff quota rates for certain goods (mutual agreement of quantities at lower tariff rates) have supplemented and replaced the Double-Zero Agreement for certain goods (mutually agreed quantity at zero rates).

Other support for farms focused on stabilizing the sector and in part on developing the multifunctional role of farms and the agricultural sector.

The consequences of the reform during this period were due to:

- land privatization and expectations after the accession to the EU attracted foreign and non-agricultural capital to invest in agriculture and land use. Large individual farms with an area of 10,000 to 20,000 thousand hectares have appeared in the border areas;
- further acceleration of the transformation of cooperatives into JVs and LLCs;
- slow progress in market integration and land market development, which benefits large land users;
- further improving the conditions of trade in agricultural goods (see Figure 1);
- improvement of the economic situation of farms, but the ratio between wages in agriculture and wages in the national economy remained at 75%.

The next step was the EU's common agricultural policy in 2004-2006. In May 2004, the Czech Republic, along with nine other European countries, joined

the EU. The Accession Treaty between the European Union and the Czech Republic approved the final results of the membership negotiations. The Czech government has developed the Concept of Agricultural Policy since accession for the period 2004-2013, focused on the implementation of the European Model of Agriculture (EMC), which emphasizes the development of multifunctionality of agriculture, including rural development. The main changes in the government's policy on Czech farms have been to operate in the EU Common Market without any trade (tariff) barriers within the 25 EU countries, and to provide more reliable protection against imports from third countries.

Farmers began to receive five types of assistance:

A) Direct payments to the EU in the form of the Unified Territorial Payment Scheme (SES), paid for the entire area of agricultural land, plus (highest) direct payments from the Czech national budget for the production of certain goods;

B) Structural support from the EU under the HRDRP agreement (?), including LFA payments and agri-environmental programs, which are also financed from the state budget;

C) State aid introduced by the EU, in addition to the highest payments, which serves as a continuation of the SGFFF program;

D) Market price support through SAIF: export subsidies and other market support in accordance with EU regulations, fully paid from the EU budget.

The level and structure of support in 2004 compared to the period since 1995 are shown in Table 1. As a result of accession to the EU, we can see a significant increase in support in 2004 in the category of "direct payments": almost 5 times compared to 2000-2003 years; the growth of total support in 2004 compared to the volumes of previous periods is more than 40 percent.

Table 1: Support for the agricultural policy of the Czech Republic by sources

indicators	1995-99 Czech. kroner million	1995-99. %	2000-03p. Czech. kroons million	2000-03 %	2004	2004 %	2004 / 2000-2003
Direct payments	745	5.92	2705	13.79	12487	44.91	461.71
Horizontal development plan	2218	17.62	2869	14.63	4033	14.50	140.56
Special development program	1	0.00	184	0,94	1682	6.05	915.37
State aid	7214	57.30	11371	57.98	7136	25.66	62.76
Market price support	2412	19.16	2485	12.67	2467	8.87	99.29
Total	12589	100.00	19613	100.00	27805	100.00	141.77

Another view of support is presented in Table 2, which shows the distribution of financial support according to long-term policies approved by the government in 2004. The largest amount goes to support farm profitability: almost 70 percent of total support in 2004, reducing the share of support for farm development. farms and restructuring, which accounted for only about 16% of total support in 2004.

Table 2: Support for Czech agricultural policy by policy areas, as a percentage

Direction	1995-99	2000-2003	2004
Development and restructuring	42.17	25.78	15, 36
Income	37.01	50.51	67.37
Environmental protection	5.40	10.57	8.99
Non-food products	4.45	11.40	4.24
Food safety, proper retail prices	10.97	1.74	2.13
Rural development	0.00	0.00	1.91
Total	100.00	100.00	100.00

2.7.3. Political influences on agricultural and rural development

Consider the development of Czech agriculture after 15 years of transformation of the full transition to a market environment and after 1 year under EU conditions. The share of agriculture (including non-agricultural assets, hunting and fishing) in GDP fell from 6% in 1989 to 2% in 2004. According to economic estimates, the share of private agricultural production fell even to 1.6%. The share of agriculture in the total employment rate is 3.5%. These macroeconomic indicators show a significant decrease in the importance of the agricultural sector in the national economy during the transformation.

The decline was influenced by the decline in agricultural production and labor. Measured by gross agricultural output (GAO), production fell to 30% during the reform period, compared to the period before the reform, especially for livestock products, the number of livestock fell to 60%. The number of workers decreased from 531,000 in 1989 to 142,000 in 2004, thus up to 75%

. almost all used agricultural land (UAA) in the Czech Republic was cultivated by cooperatives and small farms. The situation after 15 years of transformation is as follows: (see table 3)

- small and family farms account for 13% of UAA
- the bulk of UAA - ~ 45% is processed by large individual farms and limited liability companies, these companies demonstrate similar structural properties and characteristics behavior, as well as individual farms
- part of the UAA, about 42%, is cultivated by collective farms - cooperatives and joint stock companies (JSC) with a clearly increasing share of the last economic category in 2004, UAA in collective management was almost evenly distributed between cooperatives and joint stock companies. societies.
- according to the category of collective farms, namely cooperatives and joint stock companies, we can allocate under the categories of farms with strong organizational strength (CF-M) and farms with stronger strength of its members and owners (CF-O)

¹⁰ Used agricultural land (UAA) - area this year land for cultivation, which is eligible for payment by the EU and is 3.6 million hectares in the Czech Republic. For a number of reasons, this land does not belong to the total area of agricultural land registered by the Czech Land Administration (~ 4.3 million hectares). UAA - category of used land; registration by the Czech Land Administration represents the category of land ownership. In part (~ 300,000 ha) the difference can be explained by abandoned lands

- the categories of small and family farms and CFOs represent the category with predominant income and focus on employment itself; they use ~ 37% UAA. Other categories of farms represent the category with a predominant focus on business and income and use 63% of UAA. The economic structure based on income and profits is very important, because each category responds differently to the measures and incentives of such a policy, especially in relation to the multifunctionality of agricultural development.
- the structure of Czech farms has a clear double feature, while ~ 6% of farms cultivate 80% of UAA (used land this year)

- in the group of individual farms and limited liability companies the trend of increasing penetration of foreign and non-agricultural capital.

Table 3.

Shares of economic groups UAA¹⁾ Czech Republic

Owners Ownership	State	Municipalities	Farms ²⁾	Farms LE	NP-LE	Other NP	Total area 000 ha	Share, %	Quantity	Average size of farm
Small farms			40				40	1.11	19189	0.2
Family	30	5	205			185	425	11.81	30231	14.1
Individual	320	10	65	60		1150	1605	44.58	3704	433.3
CF-M	125	5		40	75	395	640	17.78	668	958.1
CF-O	110	5		20	180	540	855	23.75	667	1281.9
Other	35						35	0.97	180	194.4
Total area	620	25	310	120	255	2270	3600	100.00	54639	65.9
Total share, %	17.22	0.69	8.61	3.33	7.08	63.06	100.00			
Quantity	1	6000	2000	28000	50000	300000	3086001			
Average size, ha	620000	4.17	155.00	4.29	5.10	0.76	1.17			

NE / LE = natural / legal existence; NP-individual, CF-M / O-cooperatives and joint-stock companies

M = with management power; O = with the power of the owners; other companies were included in the category of individual farms:

- 1) Utilized agricultural land 3.6 million hectares in 2004
- 2) Land leased PE to other categories of farms is included in the

OPP

The current distribution of land use and property relations UAA is shown in Table 3. The main points analyzed in the tables are:

- state still owns 17% of the UAA with the ongoing privatization process;

- the remaining land is largely owned by individuals, which is 63% of the UAA, with a huge fragmentation of ownership and ~ 3 million owners

with an average land size of 0.8 ha. Given the impact of agricultural policy measures, it is important to note that a significant proportion of landowners do not live in rural areas;

- only 12% of UAA is owned by farms, the remaining 88% is leased land. Difference plays an important role in policy formulation and impact assessment;

- the structure of land ownership is almost the same as it was in 1989, except for state land. The main reason for the inflexibility of the land structure is the slow development of the Czech land market.

The emergency and functioning of the land market is a necessary condition for agricultural development. We assess the development of the Czech land market as very slow. From the legislative and administrative point of view, the following segments of the land market can be distinguished:

- 1) market where state land is traded;

In this part of the market, the state through the Land Fund provides the supply of land, in order to dispose of it through privatization and return of a large share of state land; this market segment is the most developed. Each year, the state can market 60 to 70,000 hectares of agricultural land. Land privatization provides rural areas of the Czech Republic with news from landlords or large landowners, often at speculative prices¹¹.

- 2) A market in which private land is sold on special terms, such as national parks, where the national park authorities have the first right to buy.

This market segment is important only at the local level.

The national market for private land is less developed due to a large number of barriers and restrictions, ranging from the physical identification of the site or access to it in terms of its location in large land blocks formed by the centralized economy combined with ownership distribution, and so on.

One of the main tools for improving the quality of the land market is land associations in cadastres. Despite many political declarations, the process of land consolidation, most of which is funded by the state, is very slow. After 15 years, only in about 400 cadastres out of 13,000, the unification process was completed. The main reason for this situation is the lack of political will, combined with a small state budget allocated for this purpose. Attempts by left-wing parties continue to pass and introduce legislation that would give economic power to land users, for example through mandatory long-term leases or through the regulation of rent levels.

Even taking into account the conditions of general development and the impact of EU accession and the fact that land prices should increase after accession, the situation on the Czech land market can be broadly defined as a growing strength of land users to the detriment of landowners. Although there is at least one positive effect of this situation: a slight loss of financial support for landowners¹².

In the case of the Czech Republic, with its special structure of landowners and the clear predominance of the phenomenon of land leasing, significant support for agriculture could be found outside the sector and even outside agriculture.

An attempt to compare the current economy of the Czech economy with neighboring EU countries is presented in Table 4. The main difference between the economy of farms in the EU-15 and farms in Central and Eastern Europe is undoubtedly obvious. The data show almost three times higher production intensity per hectare and per unit of labor. This remains a feature of the new EU members after 15 years of transformation.

Table 4.

Agriculture in the Czech Republic in comparison with selected EU countries
(2003; Czech Republic = 100)

Indicator	Slovakia	Hungary	Poland	Germany	Austria
Production / ha	83	133	117	317	183
Production / AWU ¹⁾	83	44	28	283	131
Temporary use / ha	90	120	100	290	190

Fixed capital	99	106	105	525	500
Temporary consumption / GVA ²⁾	72	64	54	104	82

1) AWU = Agricultural unit of labor

2) GVA = Gross value added

Source: VUEPP Bratislava, economic calculations for agriculture, Eurostat 2003.

¹² According to the OECD analysis somewhere from 50-75% of direct payments go to landowners with a developed land market.

Despite the relatively high pre-investment of the Czech agricultural sector, the technical efficiency of labor, which, for example, is measured in comparison with the EU-15; the cost of land from 5 to 15 times lower and the cost of labor from the volume of production for 1 hour. is approximately 50% 4 to 6 times lower. Worst of all, land and especially labor prices are slightly higher in the Czech Republic than in the neighboring new EU-10 countries, especially in Poland. Although it should be noted that the relative advantage will be gradually reduced.

Table 5, based on FADN data, provides an overview of the efficiency and viability of farms by economic categories. The key economic indicator of net value added (NVA) per agricultural unit of labor (AWU), related to the economic and structural properties of the categories of personal farms. Note that private farms have a higher level of NVA \ AWU, more than 50% higher than collective farms with very low productivity and low labor force, which is about 60% of the level of collective farms. Labor is replaced by a higher level of fixed capital. Thus, large individual farms with very high productivity are more likely to join the EU. This category of farms is developing steadily in Czech agriculture.

Table 5.

Properties of farms by legal status

Indicators 2003-2004	Cooperatives + joint-stock companies	Limited liability companies	Individu als with land up to 100 ha.	Individu als with land over 100 hectares.
Deviation from national level (percentage):				
Net value added / AWU ²⁾	-4.92	21.14	-24.97	52.19
Production / ha	8.44	-16.09	-24.10	-43.73
AWU ²⁾ /	10.97	100-25.00	ha-10.01	-57.17
Intermediate consumption / production	-0.12	2.03	-3.28	-3.07
Decrease in cost / production	-0.80	-15.34	67, 86	57.56
Operating subsidies / ha	-0.35	4.91	-26.77	-10.15
share of arable land in the structure of total area	3,60	-6,99	-3,17	-11,19
LU ³⁾ / ha	9.00	-20.21	-23.43	-20.93
Share of LFA	-3.41	-3.72	-2.21	14.13
Share of non-agricultural income in the structure of total income	-1.81	30.26	-46.45	-68.17
Share of non-agricultural production in total production	-0.25	17.78	-55.63	-46.86
Absolute values				
Net value added / AWU ²⁾	221082	281675	174472	353873
Productivity / ha.	35201	27238	24638	18264
AWU ²⁾ / 100 ha.	4.22	2.85	3.42	1.63
Intermediate consumption (production) reduction / production	73.70 75.29	71.37	71.52	Cost
Current subsidies / ha.	7.73	6.60	13.09	12.28
Share of arable land in the total area	3377	3555	2481	3044
LU ³⁾ / 100g.	83,30	74,79	77,86	71,41
Share LFA	35.59	26.05	25.00	16.02
share of non-farm income in the total income	48,30	48,14	48,90	57,07
The share of agricultural production structure total production	15.53	20.60	8.47	5.04
	6.95	8.20	3.09	3.70

1) FADN data 2003 and 2004

2) AWU agricultural labor unit

3) LU- cattle units LFA-

4) less suitable land

Multifunctional role of agriculture.

Despite political statements to support the multifunctionality of agriculture, this feature of Czech agriculture, including attitudes towards rural development,

is developing slowly, facing obstacles. This situation is partly explained by the performance indicators shown in Table 6.

Environmental issues did not improve during the reform period, given the positive impact of the huge economically strong reduction from 70% to 80% in the use of fertilizers and pesticides. The share of arable land in the UAA = 72%, still high compared to the EU with similar natural conditions. Improving the conditions for water conservation, erosion control and species diversity is a long-term desire, given the frequent annual disasters, floods and droughts.

Agriculture is no longer a sector that provides employment in rural areas. The predominant income orientation of farms, based on investment and modernization, has resulted in the dismissal of workers without adequate opportunities for new jobs in non-agricultural areas, as

farm work often does not coincide with other rural activities, especially in terms of rural tourism and services. For example, many large farms built under the previous regime are both neglected and derelict, forming areas in villages, and intensive farming and fishing have caused severe water deterioration in rural areas.

Table 6
Indicators of multifunctionality-Agriculture of the Czech Republic

Indicator	Subdivision	1989	1995	2004	Index 2004/1989 Abandoned
lands		300	300	300	100.00
The share of arable land in s.g. lands		75.00	73.00	71.70	95.60
Share of land threatened by erosion		35.00	33.00	33.00	94.29
Share of ecological farms among agricultural land		0.00	1.00	5.97	x
-Of which arable land and permanent crops		0.00	0.50	7.70	x

Number of cows (dairy and calves)		1248	768	574	45.99
Number of sheep		399	80	140	35.09
Number of workers employed in agriculture		533	222	141	26.45
Share of non-agricultural income among total economic income		30.00	20.00	16.00	53.33

The main problems of Czech agriculture transformation and parallel preparation for EU accession are:

- Ownership transformation: long-term problems with the transformation procedure and their impact on the indebtedness of farms, the transformation of property does not end with the church's claims, slow compensation for losses, unresolved business of transformation of cooperative shares and slow privatization of state lands;
- Political problems: include the completion of the transformation of cooperatives, the possibility of solving the problems of transformation of shares as well as the payment of debts to individuals. If these problems are not solved, they will pose a moral hazard: without settling the share transformation, the transformed cooperatives will receive the means of production free of charge, while others will be forced to buy them.
- Debt write-off problem: If the state starts to write off accumulated debts as a result of bad loans and the sale of privatized non-land assets, it can lead to serious political, social and moral risks, although some farms pay their debts regularly, while others passively wait for the government.
- Land privatization is the risk of non-agricultural capital in the economy, with possible negative impacts on agricultural development.
- Improving the relationship between land users and landowners and the development of the land market: land market development is one of the main conditions for the construction and development of farms. The main

administrative problem is to identify the real differences between the registration of land ownership and the use of land inherited from the past. The main tool is to consolidate land into state-funded cadastres, while political support remains without real financial resources.

- Farm access to credit and investment support: the initial development leading to the second best solution for the distribution of insurance premiums among banks, the state and farms was as follows:

1990-1991: grants up to 70-80% of the investment value offered by the state to farms in advance as a worse solution;

1992-1993: interest-free loans offered to farms seemed the best solution;

1994-2003: SGFFF actions: the best solution, but strongly dependent on the distribution of sums insured;

Since 2004: the Czech Republic's current plan for agriculture in accordance with EU rules (regulations): the best solution is financial support only after fulfilling the conditions of the case without payment of an advance.

- The introduction of the European Model of Agriculture in Czech agriculture faces a number of problems:
 - environmental legislation and restrictions on farming, which must be combined with appropriate and adequate compensation;
 - the identification of LFAs (less suitable land) and the potential threat of overcompensation through the maintenance of such areas, has led to a conflict between the richest farmers working in the worst natural conditions;
- support for production and organic farming: according to EU accession: the level of production support may lead to the reluctance of farmers to run environmentally friendly, which will lead to significant surpluses of such products as cereals and oilseeds;

- agriculture as a supplier of renewable energy sources: long-term orientation of production should be based on market principles and not only on unconditional direct support of producers;
- The ambiguous role of agriculture in the development of the rural economy: the activities of some farms and the behavior of farmers contradict the support of rural development, often not solving, but on the contrary, leading to instability in rural areas, such as declining agricultural employment, outflow of human and social resources. villages, reducing the potential for the development of rural tourism and recreational services. Agriculture after 15 years of transformation and 1 year of accession to the EU remains in the process of restructuring and regulation. As a result of the clearly high support for the conditions of the CAP (common agricultural policy), which are mainly focused on supporting economic income in relation to products, it seems that the reconstruction process is slowly falling down after joining the EU. The structure of Czech farms is different from that of the EU-15. In fact, the support is tied to the group of family farms that predominate in the EU-15 and that will support the development of the European agricultural model, which will obviously have different effects on large-scale individual and collective farms in the Czech Republic.

One of the main problems of Czech agriculture is: how to increase the multifunctional role of agricultural development with the benefit of a stable balance of society.

In fact, the essence of fatigue is how to turn the growing flow of resources and public funds, and thus money and support from taxpayers, the source of which are consumers of products, into positive externalities, and therefore into real public goods.

Consistency of policy, proper assessment of public goods and strict compliance with the law, the terms of contracts, must create the basis for all necessary changes.

To address these issues, the Czech Republic has begun to develop a National Strategy for Agricultural Development under the future EU EAFRD for 2007-2013 with an increased emphasis on

- a. supporting relations between farms and the environment;
- b. direct support, support of rural not only economic unions. Although support for agriculture cannot solve all problems in rural areas, the latter includes infrastructure for social, health, transport services, communications, cultural heritage and other services.

Other sources of raw materials at the regional and state levels need to be prepared to ensure integrated synergies in rural areas.

Last but not least is the development of human resources in ministries of agriculture and in rural areas through training, support of additional services, which provides skills development and is a necessary condition for future positive results in accordance with the resources invested in the private sector.

The dilemma of whether to invest in creating an effective framework for multifunctional agricultural development that would be far more important than just direct farm support remains a major responsibility of the government. Although not only in the Czech Republic, this axiom is fully understood and discussed.

SECTION III. STATE AND TRENDS OF DEVELOPMENT OF STATE SUPPORT OF RURAL TERRITORIES

3.1. The current state of rural development The

beginning of the political renewal of Ukraine generated by the Maidan

means at the same time the onset of the latest stage of agricultural development. In essence, the mechanisms of implementation and the end results, it is designed to become a revival. What is meant is not the restoration of what once existed in one form or another, but only the bringing of agriculture, the countryside and the rural way of life to substantially, incomparably higher levels than we have today.

Having inherited agrarian policy that is detrimental to agriculture, rural and peasantry, the state, represented by its highest authorities, has recently assumed the responsibility and responsibility for ensuring that the latest stage of agricultural development is based on the latest agricultural policy.

The most important differences of the latest state agrarian policy from everything that was pretended to be agrarian policy until recently and the results of which the country and its citizens feel should be as follows. First of all, harmonization in the agricultural policy of the interests of the country and the peasants engaged in agricultural production, in which the interests of the peasants would not be virtual, declarative, but real should include:

- launching the operation of all necessary political, legal, social, economic, organizational, managerial and other components, each of which and all of them together will act on the most modern mechanisms inherent in them.
- the realization that the systemic agrarian crisis can be overcome only through a consolidated multifactorial active influence on everything that has caused it and slows down the way out of it.

According to Liebig's law, the end result depends on the factor that is at a minimum, ie underestimation of the seemingly least important factor negatively affects the end result. This law is formed to the physiological basis of crop formation, has the right to perceive it in the agricultural economy.

Without taking the path of systematically meeting the needs of agriculture, we will very quickly cause an even greater defeat in this area than we have now.

Another aspect of the systemic nature of modern agricultural policy is

based on the teachings of the prominent Soviet-Russian economist-agrarian O. O. Nikonov on agricultural production as a super-complex biological-socio-economic supersystem, or, in other words, the inseparable unity of its biological, social and economic subsystems.

Given the fact that in modern conditions in this supersystem more and more prominent place is occupied (more precisely, already occupied) by its ecological component, it is justified to consider it as biological-socio-ecological-economic. If we go further in this regard, we come to the conclusion that its core is the social component (man, society), for the interests of which it (supersystem) is formed and operates, and its functioning is completely dependent on the social factor, the population (a certain values of society), who live and work in it, form and develop, provide its specific socio-economic performance.

Derived from this is the conclusion that it is extremely important in the latest agricultural policy to ensure the optimal correlation of its social, biological (in this case it can be considered as a set of all that is directly production and economic activity and land use, cultivation of agricultural plants and animals, etc.), environmental and economic elements (components). Each of them, in turn, is a polyform, which ultimately makes it very difficult to ensure the effective development of the agri-food sector of the economy.

Extremely important in the development and operation of the latest agricultural policy should be its content and bringing it to the forefront of non-traditional for our science and practice economic categories: performance management, sustainable agricultural development, human capital in rural areas. If the first of them has already been studied to some extent, the same cannot be said about the category of rural territory (rural categories, rural areas).

In domestic science and practice, the category of rural area (rural area) is becoming more widely used, and therefore there is a need to determine the current

scientific position, tasks and its essence, purpose, as well as the need to perceive this category in modern economic transformation. As a result, it is necessary to consider the importance, place and role of rural development, to ensure sustainable development of agriculture and the agricultural sector as a whole.

Studying this important problem, world practice has accumulated extensive experience and a network of research centers. For example, in Austria, the problem of rural development as part of the study of factors influencing the development of agriculture is studied by the International Institute, which develops the theory and methodology of systems analysis. Special units have been set up in scientific institutions in a number of countries, in particular in the Czech Republic, to study rural areas. In our country, the problem of rural development has already gone beyond the interests of science and is increasingly being solved in practice, including in terms of public administration of agricultural production.

Rural territory should be considered as a systemic phenomenon, which in addition to the territory as such includes in its orbit all that is in it in one form or another or is part of it. This applies to areas of any size. According to the criterion of their size, they can be micro (village, village council), meso (district) and macro (region, region) rural-territorial formations, each of which is characterized by a set of inherent structural, functional and other characteristics.

Whatever the criteria for classifying rural areas, regardless of their size, features of functioning, each of them is one of a large number of components of agricultural production. That is, such production, due to its functioning, owes to rural areas, which are one of the reflections of the peculiarities of its development. The end result of the functioning of the agri-food sector of the economy directly depends on how each rural area will work in this regard. Since each such unit does not function separately, but in inseparable connection with others, to some extent similar rural-territorial structures with individual features of each, their

totality characterizes the specifics of larger rural areas, and ultimately - agricultural production in general [6].

Rural development is a system of interaction of national, economic, social and spiritual spheres, the functioning of which is carried out in accordance with the strategic interests of the peasants, industry and society.

Today the village is in difficult socio-economic conditions. Unsatisfactory working and living conditions create social tensions, negatively affect the demographic situation, as a result of which there is a high level of depopulation, the village is catastrophically aging. The problems that exist at the state level prompt the need for a detailed and comprehensive study of the current state of rural microterritory (ie, the object of study should be a separate village council or a separate territorial community) and find ways out of the deep economic crisis. This is especially important for rural areas. If earlier on the territory of the village council there was usually one agricultural enterprise and hundreds of personal households, now the situation has changed: in most village councils land and property shares of peasants are divided between three or more agricultural enterprises of different organizational and legal forms. Only after solving the problems that exist at the micro level, you can get rid of these problems at the state level. There is a need to find ways to improve and reform economic relations in rural areas based on the principles and laws of a market economy.

Stabilization of the state development should begin with the stabilization of the socio-economic situation in rural areas, in particular, in the industrial and social spheres. The village should become the basis of economic development of Ukraine as an independent state. At the same time, it is necessary to qualitatively change and reform economic relations in the rural social sphere, because under its direct influence the labor potential of our state in general and the agricultural sector of the economy in particular is formed.

In most cases, local budgets are not able to fully fund the social sphere due to lack of funds. The formation of local budgets depends mainly on the efficiency

of production activities of those enterprises that are located on the territory of each local council. It is a well-known fact that the level of development of the social sphere is directly dependent on the economic condition of the production sphere, and vice versa. The issue of financing the social sphere in rural areas is extremely acute. After all, during the economic crisis, contributions to local budgets have decreased significantly, which creates a deficit of local budgets, and as a consequence - a deficit of funds to finance the social sphere. The situation is especially unfavorable in the budgets of village, settlement councils and cities of district significance: their budgets have only 2-3% of revenues and expenditures of the consolidated budget.

The level of development of the industrial, social sphere and living standards of the rural population living in different areas of Ukraine differs significantly, even within a relatively small region, where there is unequal population density in different administrative districts [3].

For the development of rural areas in 2006 in accordance with the project of the national comprehensive program of support and development of the Ukrainian village "Welfare through agricultural development" it is necessary:

- to ensure the development of modern social infrastructure of rural areas;
- adequate budget financing of the agricultural sector and rural areas;
- to prevent deterioration of the conditions of activity of agricultural producers in the conditions of introduction of changes to the tax legislation.

Despite some growth in agricultural production in recent years, the agricultural sector of the national economy has not emerged from the crisis. If today's "shifts" are compared with 1990, a rather ugly picture emerges: the production of certain types of products in Ukraine has decreased significantly (table).

Table. Dynamics of production of the main types of agricultural products of Ukraine (all categories of farms), million tons

Production	1990	2000	2001	2002	2003	2004
Grains	51.0	24.4	39.7	38.8	20.2	41.8
Sugar beets	44.3	13.2	15.5	14.4	13.3	16.6
Potatoes	16.7	19.8	17.3	16.6	18.5	20.8
Vegetables	6.7	5.8	5.9	5.8	6.5	6.9
Sunflower	2.6	3.5	2.3	3.3	4.3	3.0
Milk	24.5	12.7	13.4	14.1	13.7	13.8
Eggs, billion pieces	16.3	8.8	9.7	11.3	11.5	11.9

Gross output in agriculture remains much lower than in 1990 year.

Production efficiency does not provide even simple reproduction.

Consumption of basic foodstuffs per person provides rational scientifically based norms for milk only by 60%, for meat - by 48%, eggs - by 76%, fruits and grapes - by 38% [1].

The situation in the social sphere of the village remains too complicated. The most acute problems in rural areas are unemployment, poverty and labor migration, the decline of social infrastructure, the deepening demographic crisis, depopulation and the extinction of villages. "The village, in fact, is at a dead end. Deprived, robbed, betrayed, abandoned - such tragic consequences of agrarian reforms, such a sad current reality "[2]. It is better to talk about the village now with the prefix "was".

The rural population is the natural basis for the formation of the labor potential of the village and the agricultural sector. The number of agricultural workers decreased from 4881 thousand people. in 1990 to 2386 thousand in 2004, or more than 2 times. First of all, in recent years, the vast majority of agricultural workers are concentrated in non-state-owned enterprises, mainly in companies. Thus, in 2004, non-state agricultural enterprises in Ukraine employed more than 95% of the total number of employees in the industry, and state-owned enterprises almost 5%.

It should also be noted that in agricultural enterprises of Ukraine the share of workers employed in crop production is growing and correspondingly

decreasing in animal husbandry, and the crop industry accounts for almost 61% of employees, livestock - about 40% [5].

The level of use of labor resources in agriculture largely depends on the provision of mechanization, the productivity of land and animals, the level of skills of workers and other factors.

The village is technically disarmed. About 130 thousand tractors, 40 thousand grain and 14 thousand forage harvesters, 87 thousand tillage and sowing machines are not enough for technological needs. At the same time, 60-90% of the equipment still in operation has served one or two depreciation periods. The volume of investments in the fixed capital of agriculture for the period from 1990 to 2004 decreased almost 40 times.

The difficult situation in the agricultural sector is caused primarily by:

- non-systemic and non-complex solution of all components of agrarian reform in Ukraine. Along with the reform of land and property ownership, the formation of new organizational and legal forms of management, no appropriate financial and economic mechanisms have been created;

- the lack of a consistent state policy to maintain price parity, which causes a constant lack of financial resources and limits the opportunities for activity and development of agricultural producers;

- impossibility of introduction of new resource-saving technologies and innovations;

- high monopoly pressure of suppliers of material and technical resources in the absence of adequate antitrust protection;

- lack of financial and credit institutions and financial infrastructure focused on serving the agricultural sector and the rural population;

- the lack of infrastructure of the agricultural market, which is at the initial stage and the lack of state support, creation and development of cooperatives and other associations of agricultural producers;

- non-assistance by the state to promote Ukrainian agricultural goods on world markets;

- ignoring the problems of rural development in the process of agrarian transformation, lack of state policy of rural development and mechanisms for its implementation, financial and organizational inability of local governments and rural communities to solve urgent problems of life of the rural population [3].

This state of affairs in the agri-food complex of Ukraine requires the immediate adoption of a comprehensive long-term program to overcome the crisis in agriculture and promote rural development [4].

The development of agriculture, and consequently the support of rural areas can take place in three ways: the

first: the invariability of financial and economic mechanisms and maintaining the current situation regarding budget support for agriculture and social development of rural areas in the range of 5-6 billion will not overcome negative trends, will lead to further decline of the social sphere and intensification of the recession in the domestic livestock and strategic areas of crop production;

second: with a slight increase in funding (up to UAH 8-10 billion) only stabilization of production at the current level is possible, but it will not guarantee the creation of effective economic conditions for agro-food development and expanded reproduction in agriculture, there will be no radical changes in development rural areas;

third: providing annual substantiated state budget support for social development of rural areas and agricultural production in the range of UAH 15-18 billion. will allow to change the current crisis situation in the main branches of crop production and especially in animal husbandry by 2010 and to provide as own needs in food. Increase in gross domestic product (GDP) more than 2 times. In addition, it will guarantee a significant mitigation of Ukraine's accession to the WTO, ensuring the transition of production to fundamentally new efficient technologies, solving the problem of logistics, increasing the employment of the

rural population, increasing production efficiency and investment attractiveness of the industry, solving most social problems in rural areas and rural development.

The third option is the most optimal and rational for implementation.

To ensure the development of rural areas, according to the third option, it is necessary to take the following measures:

- integrated multifunctional development of rural areas;
- Orientation of ministries and departments in the field of public services to meet the needs of rural residents, intensification of initiatives of communities and local governments to develop rural infrastructure;
- reliable functioning of the social infrastructure of the village in the new economic conditions, the formation of mechanisms and the definition of management structures that will ensure their implementation at all levels;
- conditions for expanding the sphere of employment in rural areas on the basis of effective use of the natural resource potential of rural areas, stimulating the development of entrepreneurship both in agriculture and in non-agricultural activities;
- significant increase in income and improvement of social protection of rural residents;
- approximation and measurement of living conditions of urban and rural population, the formation of a comprehensive system of enterprises, institutions and organizations to provide public services to the rural population;
- provision of specialists in agriculture, education, culture, health care, housing and communal and household services in the countryside;
- providing young people with work and living in rural areas;
- prevention of the decline of depressed rural areas and settlements, empowerment of rural communities in solving the problems of life.

In the future, the implementation of this Program provides for the first stage (2006-2007) development and adoption of regulations, new mechanisms of state support for the agricultural sector, including financing of rural development,

creating conditions for the implementation of the Program and the beginning of its implementation. In the second stage (2008-2010) the adjustment of the Program measures and their implementation will be carried out.

As a result of the implementation of this Program, the following results are expected: per capita food consumption at the level of norms close to the rational size; creation of institutions and mechanisms of social protection of rural residents; development of an organized domestic agricultural market; creation of highly profitable agricultural production; formation of the image of Ukraine as a state with a highly developed agri-food complex; growth of gross agricultural output in comparable prices in 2000 in 2010 against the level of 2004 in 1.6 times, and GDP - in 2 times; increasing the level of profitability in agriculture as a whole to 25%; increase in exports of agri-food products by 25%; increasing the level of foreign investment to UAH 1 billion per year; growth of wages in agriculture to the average level in the economy; increasing real employment of the able-bodied rural population, including rural youth; proving the provision of rural settlements with social infrastructure facilities in accordance with social standards; a significant increase in state budget revenues.

The most general prerequisite for ensuring the effective development of rural areas is a corresponding reorientation of state agricultural policy. Relevant aspects should also be given due place in the development programs of industries and regions. Their practical implementation is based on rural development programs developed at all levels.

The interdependence of agricultural development and its rural areas gives grounds to conclude that their functioning should be ensured on common starting points, the most important of which are:

- 1) clarity of development strategy with focus on well-founded priorities and ultimate goals (results);
- 2) practical implementation of strategic objectives on the basis of specially developed for this purpose programs;

3) the decisive factor in the organization of the achievement of strategic goals should be the systematic inclusion in the action of market drivers, namely: the selection of regulatory, socio-economic, organizational and managerial, personnel and other means of achieving the goal; identification of those responsible for the practical implementation of the program and ensuring their sufficiently skillful and effective effectiveness; the dynamism of state, regional or local regulation of achieving the ultimate strategic goal, depending on the conditions and circumstances that arise at each subsequent stage;

4) organization of development strategy on the basis of strategic planning, which in the EU system is the most important, defining core of the regulatory influence of the state on the strategic development of the country

3.2. Rural areas with In terms of revival and sustainable development of the sector of the economy,

Agriculture belongs to the basic, life-sustaining industries, the state and effective development of which directly affects the functioning of the entire national economy. But radical positive changes in agriculture over the years of its reform have not been achieved. The difficult economic and social situation in agriculture and in rural areas in general cannot but worry Ukrainian society.

From ancient times the Ukrainian nation was considered "rural", agricultural. Another famous historian, Herodotus, once noted that the Scythian plowmen supplied grain to Greece and other countries. Well-known scientist, public and political figure and statesman MS Hrushevsky in his work "On the threshold of a new Ukraine" among other important problems that had to be solved in order to build an independent Ukraine, saw the most important in the comprehensive development of the village. In the section "Foundations of Greater Ukraine. Village "he defined the role of the peasantry as" the main basis ... of the Ukrainian revival. " It is from him that all the material for nation-building is

drawn, and it placed its hopes on him [1, p. 36]. Thanks to the peasantry at the turn of the XVIII - XIX centuries. "that soul, that glory" was preserved.

A large set of negative objective and subjective causes and circumstances that have developed in recent years in agriculture in Ukraine in general and in rural areas in particular, overcoming them requires the study and implementation of non-traditional for domestic conditions practical steps. Among them a special place is occupied by a kind of organizational and social tandem, which includes, on the one hand - the revival of agro-industrial production in its entirety, including agriculture and rural areas, and on the other - the transfer of the agricultural sector to sustainable (stable) development .

Different in nature and socio-economic essence and specific-purpose individualized purpose, they are ultimately in interaction with other factors designed to ensure the achievement of a common ultimate threefold goal: to transfer Ukrainian agriculture and the village from the ruins in which they did not find themselves, on the basis of a significantly higher level of development than the country currently has, in social, organizational, economic and in all other respects; to form a more perfect and productive way of life in the countryside; to create in it worthy peasantry and other inhabitants of the village living, working and rest conditions.

The latest nature of these categories determines the feasibility of considering their essence.

Revival, ie the rise of something that was in a state of decline or at a low level of development, its original resurrection, return to life. Especially important here is the focus not on what once took place, but solely on the construction in the process of reviving a more perfect, new.

The category of sustainable (stable, sustainable) development is such an organization and socio-economic performance, in which each modern generation not only creates the best possible conditions for themselves, but also takes care

that the next generations have them as well. In other words, sustainable development in all its essence, forms of organization and mechanisms of implementation is progressively directed to the strategic future. In this sense, this category concentrates a fundamentally new quality of relations not just between people but also between generations. This, among other things, testifies to the development of globalization of world relations of a more perfect type: not only interstate in the interests of the present, but also globalization, oriented to the foreseeable and more distant future in the interests of guaranteeing the welfare and prosperity of generations. In its entirety, this applies to the problems of sustainable development of agriculture.

In practical terms, this means that everything necessary for the sustainable development of the industry: increasing the volume of production of the industry structure and obtaining higher quality products should be based on the latest high-tech and environmentally friendly principles.

This requires additional, including significant material, financial and other costs. The interests of the present and future periods are worth it.

Such progress in the development of the agri-food sector of the economy has already been mastered by many countries, while others are rapidly intensifying similar processes. Now it is Ukraine's turn. One of its biggest problems in this part is that it is forced to start the relevant work in the conditions of deep socio-economic decline of agriculture and rural areas and limited resources. Solving this problem will be difficult and difficult, requires a lot of different efforts and time.

The first basis for overcoming the difficulties that Ukraine will face on this path is its modern political cleansing (there is reason to believe that forever) under the influence of well-known political events in the country in late 2004. There is reason to hope that after them will come a period of encouraging systemic political and legal, socio-economic, organizational and managerial, resource, innovation and all other renewal of the country, including the

countryside. Providing such processes with sustainability is becoming a determining factor in the growth of agricultural production, bringing to a qualitatively higher level of rural development, overcoming poverty, creating significantly better living, working and recreation conditions, improving living conditions, restoring lost and increasing better industrial and social infrastructure and all that will ensure the revival of the village and its inherent way of life.

The strategic orientation of the country's agricultural policy and the entire system of agrarian relations on the sustainable development of agriculture and agro-industrial complex is increasingly becoming a determining factor that can ensure the use of their potential (what is preserved and what will be increased) to implement the agricultural sector, including first of all, the village, their multifunctional purpose, the most important components of which are:

- production in the necessary for domestic and export needs of the country volumes of food and agricultural raw materials for processing and other industries;
- modification in relation to new conditions of features and a rural way of life, including its spiritual, cultural, customary and other possessions of villages;
- formation of a significantly more attractive, compared to what the Ukrainian village has, now, the social arrangement of each rural settlement;
- creation of preconditions for the expanded reproduction of the rural population with simultaneous formation of sufficiently attractive for it conditions of living, work and rest;
- ensuring social protection of territories, including preservation and maintenance at the appropriate level of existing and creation of new natural landscapes, formation of a network of structures with the purpose of providing socially providing recreational services;
- development of ecologically reliable production in the countryside

with simultaneous maintenance of ecological balance in the environment.

Such scale and inexhaustibility of tasks, the solution of which should be subject to sustainable development of the agricultural sector of the economy, necessitates, on the one hand, to consider the rural area in its expanded (deeper) sense and, on the other hand, to include in this complex task . In concrete application, this means the transition from the currently predominant consideration of rural areas as a territorial and spatial phenomenon to the understanding of it as a systemic socio-productive, formalized formation of multi-purpose. Its components include:

Rural community (community), as a defining social center of the rural area. It covers all, without exception, those who live in it, regardless of the field of production and services in which they are employed: in agriculture, in the social sphere, in the provision of services, in environmental protection, and so on. Regardless of where they work - directly in a given rural area or in any other place and in any work outside it, it (rural community, community) is called to develop this rural area primarily in their own interests. Even if it performs work, the results of which are passed on to consumers outside it, the interests of the rural community (community) and each of its members are decisive.

Village (rural settlement) as a social and domestic, industrial center, administrative and socio-cultural and domestic center, a kind of "capital" of each rural area. It covers everything that takes place, operates or simply functions in every rural settlement located in a given rural area. In addition to residential and homestead outbuildings, this includes social and industrial infrastructure of rural settlements, natural or artificially created landscape (recreational) areas: ponds, lakes, forests and other plantations.

Important will be the implemented administrative reform - a rural area united around one village council, which includes two or more rural settlements, each of which allocates (forms) an "individualized" (for each given rural settlement) rural area. Such localized territories will be at the same time

components of this general, aggregate rural territory.

Agricultural and other lands outside rural settlements with production facilities located on them: livestock premises, irrigation and drainage facilities, field protection (environmental) and other afforestation, etc. Regardless of who they belong to - an individual owner or are in collective (group) use, processed (used) individually or on a lease basis, are in active economic circulation or are temporarily not used or used for other purposes - they are all part of a particular rural territory and are part of the interests of this rural community (community). In addition to their industrial use (operation), it is responsible for their efficient operation, care, careful and environmentally safe use, the implementation of all to protect them from harmful natural and other influences.

Local governments and other public organizations (structures) operating in this rural area. Regardless of the sphere of their influence, they can act only within the framework of the Law of Ukraine "On Local Self-Government in Ukraine", necessarily taking into account the specific interests of specific rural communities. No state or any other structure can operate in this rural area without the permission of the rural community (community) and even more so to act on them "in their own way", in violation of certain regulations.

Rural territory in the modern sense is a complex and multifunctional natural, socio-economic and production-economic structure and is characterized by a set of features inherent in each of them: the area of land on which it is located; the number of people living and employed in the production or maintenance of people; volumes and structure of production; development of social and production infrastructure; form of employment of residents and other features. In this regard, generally accepted rural areas in our country should be considered at least three defining circumstances.

First, each individual rural area is the environment of the formed, dynamically and purposefully operating micro-society with its specific interests and needs. According to this, the development of each of them should be

subordinated primarily to their satisfaction in increasing volumes.

Secondly, it (micro-society) is the only and most important component of each given rural area, able to include all the factors that can ensure its effective functioning, preservation and enrichment of potential. In addition, it is from him to a very large extent or mainly will depend on the present and future of the territory or set of territories.

Thirdly, for all the specificity of individual rural areas, they will perform a common function for them to ensure sustainable development of each and the entire agri-food sector of the country. The

final effectiveness of rural development, among other things, will depend on how circumstances in the practice of each of them.

The most important prerequisite for this strategic goal should be considered the simultaneous inclusion in the process of practical implementation of a large set of social, legal, economic, organizational, managerial, personnel and all other factors, each of which is taken separately and all must be subject to achieving the desired end result.

The defining component of achieving this goal should be the development of a national strategy for sustainable development of the Ukrainian countryside and the legal basis for the organization of all further work on its practical implementation. All previous experience in the development of post-Soviet agrarian relations indicates that without clear strategic guidelines, achieving the expected end goal is too difficult and does not guarantee the expected results. Especially when in modern conditions the sustainable development of agriculture, rural areas and rural areas has become one of the most important priorities for the development of the agricultural sector of the economy. There are two possible solutions to this problem: to provide the relevant material as part of the strategy for the development of agriculture and agro-industrial complex, which is being developed, or to develop a specialized relevant development. Given the recent and not yet fully understood nature of rural development

problems, the second option could be considered more acceptable under certain conditions.

The multi-purpose nature of rural areas with the simultaneous participation of social and industrial structures of different administrative subordination necessitates not only a narrow-minded approach to the problems of their development, but on the contrary, requires consolidation for this purpose financial, economic and other efforts of various industries and departments. The consolidating part of the practical achievement of such a goal can be local governments at the appropriate levels or specially created for this purpose municipal structures.

An extremely important aspect of the organization of rural development is the combination of relevant state, regional and directly local financial, material and other efforts and opportunities. Each of these levels will perform in this work its inherent (defined for him) function. Perhaps the biggest problem is their coordination and purposeful regulation. One of the most important steps in this direction should be the implementation by each entity of the tasks assigned to it or undertaken in a timely manner and in the prescribed amounts. In other words, it is unreasonable to hope that the state will take full responsibility for the necessary level of rural development. It is not possible for a specific rural community (territory). Success is possible only through its reliable "vertical" support.

To solve the problems of rural development, an extremely important place should be given to:

- organizations of rural development on the basis of specially developed for each or common to their specific set of strategies;
- diversification of production on them as one of the bases of formation of alternative sources of employment of the rural population and development as a result of additional, including non-traditional for each given rural territory, workplaces with the subsequent decrease in unemployment,

increase of incomes of the population, etc .;

- ensuring the effective functioning and bringing to a qualitatively higher level in all respects of the development of agriculture as a predominantly main branch of rural areas, and all other production and economic structures;

- accelerated reproduction (revival) of the social infrastructure of rural settlements as one of the most important prerequisites for their preservation from social and industrial degradation, especially in terms of preservation and gradual increase of human capital;

- improving social, economic and all other mechanisms to maintain productive activity and interest of the rural population in the full use of production and resource potential of rural areas and its increase;

- maintaining the ecological reliability of rural areas, preserving the natural features of each of them, including by protecting them from the harmful effects of human activities and adverse weather conditions.

The most general prerequisite for ensuring the effective development of rural areas is a corresponding reorientation of state agricultural policy. Relevant aspects should also be given due place in the development programs of industries and regions. Their practical implementation should be based on the rural development program developed at all levels.

The development of the “Comprehensive Program for the Development of the Agro-Industrial Complex and Rural Areas for the Period up to 2015” is largely caused not only by the poor state of agriculture, but also by the implementation of administrative and territorial reform in the country. Since the purpose of the latter is to maximize the powers of local authorities, it is logical to include in this program a number of measures for the management of rural areas. The task of such measures is to increase the efficiency of rural owners and owners. Most of them must be implemented by local governments. Such measures include:

- assistance in issuing state acts on the right of private ownership of land;
- providing benefits to entities engaged in agriculture;
- initiating the formation of a service cooperative and a credit union;
- giving a systemic character to the formation of rural owners and owners;
- support for the establishment of advisory services

3.3. Organizational mechanism to support the socio-economic development of rural areas

Social development of the village is one of the most important areas of agricultural policy aimed at improving living standards. It also provides for qualitative changes in productive forces and production relations, providing the necessary standard of living, spiritual enrichment, harmonious human development.

World practice shows that insufficient attention to the social sphere of the village can lead to the elimination of the rural system, to the disappearance of the village as a special society.

The problem of integrated social development of the Ukrainian countryside remains too acute and has a stable tendency to further deterioration. Therefore, the realities of today lead to a fundamental analysis of those socio-economic processes that take place in rural life [1, p. 3].

Among the current problems of rural development, its social sphere occupies a prominent place. In the vast majority of regions, it is a major factor influencing a number of important rural issues, including the reproduction and stabilization of the rural population, improving the demographic situation, improving the living

standards of peasants, developing major sectors of social infrastructure and efficiency. This, in turn, requires addressing a range of issues related to the development of conceptual frameworks and justification of areas for improving the economic mechanism for regulating the development and functioning of the social sphere of the village. At the same time, the development of the rural social sphere is considered as a specific and integral component of reforming socio-economic, organizational and legal relations in the agricultural sector at the stage of formation and implementation of market economy principles in agriculture in Ukraine.

In recent years, the development of the social sphere of the village has slowed down, which is largely determined by the level of development and efficiency of social infrastructure.

The social sphere of the village is a component of the agricultural economy, which reflects a certain range of specific relations that make up a single system. The functioning of the social sphere of the village as an economic category is reflected in the processes that ensure human life in society. It can be divided into four blocks: rural population, settlement network, material well-being and social infrastructure.

The starting points of such a study should be:

- dialectical unity and contradictions of phenomena and its environment. The essence of this phenomenon is that the social sphere of the village is considered as a component of the system of economic relations, in relation to other types of relations, their consistent and dynamic development, taking into account the diverse influence of different groups of factors of the relations. surround;
- ideological subordination to the interests of the peasant (man) as a subject of relations. In essence, any research should be conducted in the interests of man, to meet his needs;
- taking into account theoretical and practical developments that directly or indirectly relate to the study of these phenomena.

The organizational structure and specific features of the social sphere of the village and the need to develop an economic mechanism to regulate its development and functioning determined the logical scheme and sequence of research, the order of consideration of individual issues, the structural construction of the dissertation.

The formation of a modern highly developed social sphere in the countryside, which is able to satisfy the population in various services, improve working and living conditions of peasants was considered in the dissertation as a strategic direction of its development. The grouping of socio-economic indicators by historical and geographical regions is used in the work, which makes it possible to identify patterns that have historically, economically, demographically and culturally developed in rural areas of Ukraine (Galicia, Volyn, Transcarpathia, Bukovina, Podillya, Dnieper, Dnieper, Slobozhanshchina, Donbass, Black Sea and Crimea).

Emphasis is placed on the fact that the development of the social sphere of the village is directly related to the development of the economy of functioning enterprises located in rural areas, opportunities for them to allocate the necessary capital investments and material resources in social infrastructure. This necessitates the study of theoretical and applied issues of local government development, investment in rural social infrastructure, development of economic mechanisms for the development and functioning of the social sphere of the village.

The concept of "economic mechanism for regulating the development of the social sphere of the village", we consider as a complex system of specific organizational and economic factors and elements of the social sphere (economic situation, location, historical, geographical and ethnic regions, demographic situation, labor potential and settlement of rural residents). their material well-being, the cost of services provided to the population, management of social processes, forms of management in rural areas) and the functioning of social

infrastructure (industries, subsectors, social facilities and socio-cultural services) which determines the overall level of rural development .

The modern system of economic mechanism of regulation of social development of the village includes economic, organizational and legal levers. In addition, it requires a detailed study of each of the levers, while recognizing its role and place in the economic strategy, which would ensure high efficiency of the market economy, in particular overcoming the crisis in the social sphere of the village.

The development of the social sphere, the fuller satisfaction of a person's personal needs depends on his material well-being, which in turn depends on the level of development of material production. In the process of production activities, the employee not only receives wages for their work, but also participates in the formation of ownership (capital), profits and management of the enterprise. The material and financial resources created in the branches of material production should be fully directed also to the maintenance and development of the social infrastructure of the village. And the more efficiently the production works, the more deductions go to the budget (state, local), including the development and construction of social facilities.

In the general mechanism of interaction of productive and non-productive spheres of branches of economy of the state optimality of distribution of material and financial resources, and also their redistribution in development and functioning of a social infrastructure has essential value. Hence, the effectiveness of material production depends not only on its organization, but also on improving the management system of socio-economic development of the territory.

There is a need to reorganize property and financial and economic relations in the social sphere in order to bring them in line with the general directions of economic reform with approximation to European standards.

Today, about 70 percent of social infrastructure facilities have been transferred to the balance sheets of city, village and settlement councils. However,

as a result of the application of the current scheme of inter-budget transfers, a situation arises where local governments do not have incentives for the effective development of social infrastructure of settlements.

The most acute problems of development of the social sphere of settlements of Ukraine are the following:

- disorder of property relations on objects of social infrastructure;
- lack of budget funds for the effective operation and development of relevant facilities and lack of effective incentives to raise funds from other sources;
- imperfect system of territorial location of social infrastructure facilities;
- insufficient staffing, low qualifications of workers and unsatisfactory working conditions in the industry;
- low quality of services provided to the population by these facilities.

The priority areas for further development of the social sphere are the following:

1. Expanding the range and improving the quality of social services.
2. Development of an effective system of social investment.
3. Intensifying the use of resources of commercial organizations for the development of social infrastructure.

The main driver of socio-economic development is human capital. Insufficient scientific substantiation of land reform measures and reform of agricultural enterprises led to the separation of property relations and labor relations (the peasant-owner of land and property shares became an employee on his property) [2, p. 12]. The employment of the rural population continues to decline, as a result of which many able-bodied and skilled villagers work only

on homestead plots or, having withdrawn their land shares, conduct their own production or go abroad.

Statistical data show that the level of registered unemployment in rural areas at the beginning of 2005 reached 7.1% compared to 2.5% in urban settlements [3, p. 5-6]. Over the past 10 years, the labor force of the village has decreased by almost 1 million people, the number of employees in enterprises and organizations - by 2.6 million. The result is the migration abroad of the most active part of the rural population. It is known from Ukrainian history that the problem of people leaving for other countries in search of a better fate was raised in the constitution of Pylyp Orlyk in 1710. It stated: Zaporizhzhya's troops must also take great care not to impose excessive demands on ordinary and ordinary people, because pushed by them (people), leaving their homes, usually go to foreign lands to seek a better, calmer and easier life. " [4, p. 64]. Some data show that 2 million people leave Ukraine to earn money, while others - 5-7.

Poverty of peasants is almost not reduced, wages in agriculture for more than 10 years remain the lowest among other industries, in addition, there is a high share of in-kind wages. This figure in the countryside is lower than the subsistence level. The wage fund in agriculture in 2004 amounted to only 4.2 billion UAH against 10 billion rubles in 1990 [5, p. 10]. A peasant consumes four times less paid social services than a city resident, including the services of cultural, recreation and entertainment institutions - 8.5, health care - 30.2, upbringing and education - 46.7 times.

As a result of ill-considered reform, the number of villages where there are no objects of economic activity is growing. At the beginning of 2001, there were almost 11 thousand of them (37% of the total number).

The lack of a consistent scientifically sound state agricultural policy of the village has become one of the main causes of the demographic crisis, socio-economic decline of the village and the deterioration of its population. The birth rate has dropped significantly. If in 1991 211.6 thousand children were born in

the countryside, in 2004 - 142.9 thousand. At the beginning of 2001, almost 17% of villages did not have a single child under the age of 16, and 6% of the population. There were no young people aged 18 to 28. During 1991 - 2004, the number of rural settlements decreased by 260 units [6].

There are many questions regarding the development of social infrastructure of the village in connection with the transfer of its facilities to the balance of local authorities. They are almost left without a master, because the possibilities for solving all these problems by the Soviets are very limited. Therefore, the level of provision of rural settlements with social infrastructure is catastrophically low. Thus, at the beginning of 2004 there were water mains in only 23% of settlements, preschool educational institutions - in 29, secondary educational institutions - in 51, medical and obstetric points - in 55% of settlements. Over the past five years, the number of secondary educational institutions in Ukraine has decreased by 425 (2.8%), preschool institutions - respectively by 1147 (12%), district hospitals - by 275 (27%) [5, p. 11].

Factual data on the social development of the village can continue to be given, but the above indicate the difficult state of this important area of the economy. At its sitting on September 23, 2005, the Verkhovna Rada of Ukraine approved by 281 votes in favor the resolution recognizing the state of affairs in the agro-industrial complex as a crisis [7].

The study of the state of social development of rural Ukraine at the present stage of reforming the agricultural sector gives grounds to draw the following conclusions: the

- social sphere is one of the elements of production infrastructure, which does not create a valuable product, but provides the necessary conditions for effective functioning of the agricultural sector;

- in the crisis in the agro-industrial complex the standard of living of rural workers is on the verge of poverty;

-Many institutions and departments deal with the issues of social development of the village, but there is no single center that would unite scientists and managers with a common methodological understanding and information content of the problems.

In order to ensure the proper social development of the village, it is necessary to regulate it at the state, regional and local levels.

At the state level:

- in order to preserve rural society to develop a strategic comprehensive program for the development of the Ukrainian countryside;

- to offer a model of multifunctional development of the village, placement in rural areas of enterprises and organizations of food and processing industry, agricultural services, infrastructure, services, which will help solve the problem of employment and consolidation of youth in the countryside;

- to ensure full implementation of the laws of Ukraine on rural development;

- Declared by the President of Ukraine 2006 - the Year of the Village in Ukraine should focus the attention of the authorities and the public on the urgent problems of the development of the agricultural sector and the rural settlement network;

- in the radio address of the President of Ukraine VA On February 4, 2006, Yushchenko noted that UAH 8 billion had been allocated from the state budget for the needs of the village. UAH 1.5 billion for the financing of the socio-cultural sphere for the peasants, and UAH 250 million for the needs of rural hospitals [8]. It is important to make full use of the allocated funds:

- to create an Interdepartmental Coordination Center for Social Policy, which should unite scientific, managerial and public forces to develop the basic principles of social policy and implement specific programs;

- to spread in rural areas national measures to overcome unemployment,

poverty, support for youth, large families, the elderly, etc.

At the regional level:

- encouraging the activities of industrial joint-stock associations to guardianship, cooperation with the rural settlement network. For example, the joint-stock company Mariupol Metallurgical Plant. Ilyich, headed by the Hero of Ukraine VS Boyko, in 2000, took care of the reformed villages of Donetsk region, which lay in ruins. The plant provided farms with funds, equipment, seeds, high-yielding cattle, mineral fertilizers, as well as created a proper social base and developed social infrastructure. Currently, the plant has 65 agricultural workshops, which cultivate almost a third of the arable land of Donetsk region - 205 thousand hectares. Farms are developing successfully, the population is socially protected. This popular form of ownership has given a bright burst of creativity and enthusiasm and requires study and universal implementation [9];

- creating conditions under which residents of all villages, including small and remote, would be able to meet the most basic socio-cultural and household needs of the place of residence.

At the local level:

- implementation of state guarantees to meet the living needs of peasants;
- organization of public services by social and cultural institutions, enterprises of housing and communal services, communications, television and radio communications, trade, public catering, household and transport services of various forms of ownership;

- organization of safety of people in places of mass stay.

The implementation of these factors will contribute to the improvement of welfare, social protection of the rural population and the revival of the peasantry as a full-fledged owner of the land.

In order to implement the state agricultural policy of Ukraine, protect the rights and interests of agricultural producers, improve the social protection of

peasants, the Cabinet of Ministers of Ukraine decides to approve a comprehensive program to support the development of Ukrainian villages for 2006-2010. The implementation of the Program will be carried out by improving the organizational and economic mechanisms and strengthening state support for the development of rural areas and agro-industrial complex. The Program is expected to be implemented in two stages.

The first stage (2006-2007) is the development and adoption of regulations on rural development, the creation of preconditions and the start of the Program.

The second stage (2008 - 2010) - analysis, adjustment and implementation of the Program. To implement the Program, measures have been developed that reflect the following areas of activity of the agricultural sector of Ukraine: rural development, development of land relations and forms of management, development of the agricultural market, development of the sphere of production.

Manifestations of the crisis situation in the countryside are a significant decline in agricultural production, degradation and socio-economic decline of the village, poverty of the vast majority of peasants and other rural citizens. Agrarian and land reforms proved incapable of showing the socio-political and socio-economic potential inherent in them.

The main problems of the village and rural areas are:

- sharp reduction in jobs in agricultural production against the background of lack of alternative employment opportunities in;

- low level of wages of the working part, which is twice lower than the average in the economy;

- dominance of small-scale production, in which certain categories of persons do not participate in the formation of budgets, social insurance funds, pension funds and do not have adequate social protection;

- imperfect market infrastructure for the sale of products of private farms

- the decline of social infrastructure, increasing migration of able-bodied rural population, especially young people and a sharp decline in the rural population, depopulation and extinction of villages;

- Insufficient opportunities for the development of small and medium enterprises in rural areas, especially in the field not related to agricultural production;

- lack of proper support of rural territorial communities;

- extremely low level of provision of the village with communal and living conditions;

- loss of national traditions of rural life, family values, associated with mass migration of the active rural population.

The goal of rural and rural development is to increase the living standards of the rural population, create sustainable conditions for rural development through active implementation of policies to increase the attractiveness of agriculture as an industry, rural settlements as a permanent residence of a large part of the Ukrainian population and comprehensive integrated rural development.

The main objectives of rural and rural development are:

1. Creating favorable conditions for the development of private initiative and entrepreneurship in rural areas, as the main mechanism for expanding employment and improving the living standards of the rural population, by:

- Improving the regulatory framework for small business rural areas

- introduction of financial and credit and investment support for small businesses in rural areas.

2. Creation of conditions for realization by rural territorial communities of powers on the decision of problems of social and economic development of rural settlements, by:

- improvement of relations of the state and municipal property, for the purpose of strengthening of material and financial base of rural territorial communities,

- development of the systematic approach cooperative movement in rural areas, formation of cooperatives of production and service direction,
- introduction of advanced training of workers to solve problems of socio-economic development of rural communities and territories,
- introduction of effective mechanisms for youth policy,
- ensuring access of rural population to information resources
- providing development conditions infrastructure of public institutions.

3. Development of a mechanism to support socio-economic development of rural areas, raise living standards in rural areas, through:

- active implementation of policies to increase the attractiveness of rural areas by implementing effective measures to gradually bring living standards closer to rural.
- creation of social conditions and economic incentives for young people in rural areas;
- creation of social and economic incentives for the work of workers in the social sphere, education, health care and culture in rural areas;
- providing the villagers with affordable and high-quality medical care, first of all primary health care, ambulance and emergency care, as well as protection of motherhood and childhood;
- creating conditions for the gradual transformation of small-scale production into modern, large-scale, competitive production.

4. Overcoming the backwardness of individual rural settlements and territories by:

- creating a regulatory and methodological framework for identifying villages and administrative districts that need state support;
- development and implementation of effective mechanisms to support the development of rural areas and settlements, primarily in the direction of the disappearance of depressed rural settlements and territories.

5. Ensuring the conditions for the implementation of rural territorial communities powers to address the problems of socio-economic development of settlements, through:

- introduction of mechanisms to intensify the work of rural territorial communities aimed at solving problems of their socio-economic development;
- providing rural territorial communities with appropriate legal, informational and advisory support.

Ways to implement and support the socio-economic development of rural areas are:

Expanding employment, improving the welfare of the population.

1. Creating favorable conditions for the development of private initiative and entrepreneurship in rural areas through:

- development of non-agricultural business activities, including rural green tourism in Ukraine, revival of crafts and crafts through the creation of a special development fund, use of financial and credit mechanisms and effective marketing system ;

- Improving forms of support for unemployed citizens by providing assistance to the unemployed in obtaining a loan to engage in entrepreneurial activity or personal farming;

- creation of an advisory service center in rural areas,
- introduction of a system of credit cooperation and cooperative banks, modern market infrastructure.

2. Stimulation of development and specialization of personal peasant farms of transformation from small-scale production to highly competitive commodity farms by:

- diversification and specialization of production;
- distribution of state support funds for agricultural enterprises: soft loans, measures to improve soil quality, leasing of agricultural machinery, etc .;
- creation of a proper sphere of service of technical means, a network of

trading houses and brokerage offices for the formation and promotion on the market of agricultural products;

- promoting the establishment of procurement points, enterprises and shops for processing and storage of agricultural products in rural areas;

- expanding the scope of service cooperatives in the agricultural sector.

3. Introduction of a mechanism for involvement in the system of social insurance and pension provision of persons employed in personal farms by:

- bringing the average monthly wage in agriculture in 2010 to the average level in the national economy;

- observance by all business entities in the agricultural sector of state guarantees regarding the amount and terms of payment of wages and other social guarantees.

4. Creating appropriate conditions to encourage young people to work and live in rural areas by:

- strengthening vocational guidance in rural educational institutions through the formation of specialized district agricultural colleges, to prepare applicants for admission to higher agricultural education on the basis of the state target order;

- expansion of the network of vocational and technical educational institutions for the training of workers in mass professions in agriculture;

- establishment of the quota of admission to higher educational institutions by the state order at the level of not less than 30 percent. (in agricultural universities - 80 percent.) for the villagers, while providing contractual conditions for the guaranteed return of specialists to work in the village;

- implementation of state support for the development of physical culture and sports in rural areas;

- allocation of funds from the state budget for targeted long-term lending to rural developers, primarily young people, under the regional programs "Own House";

- obtaining housing by social workers working in rural areas.

5. Strengthening social support for rural families, in particular young, large, single-parent, those in difficult life situations, as well as those with parents with disabilities or raising children with disabilities, through:

- raising the level and expanding the scope of social services for different categories of families in rural areas, increasing opportunities for their receipt, through the development of a network of centers of social services for families, children and youth

- the development of a network of relevant social services, including charity.

6. Creating an optimal network of health care facilities, especially primary health care facilities, ensuring equal access and proper quality of health care for rural residents by:

- creating FAPs in settlements with a population of 500 to 1000 people;
- reorganization of FAPs, which provide medical care to more than 1000 residents in outpatient clinics (general practice outpatient clinics-family medicine);

- reorganization of the bed stock of district hospitals into medical and social institutions;

- priority referral of graduates of medical universities who studied on a budget basis to rural health care facilities;

- streamlining the burden on primary care health care staff in rural areas;

- introduction of differentiated financing of health care institutions (primarily remuneration of medical staff) depending on the characteristics of the population and the characteristics of the service area;

- elimination of disparities in the remuneration of rural social workers (primarily physicians and teachers), creating attractive working conditions for rural physicians;

- restoration of buildings and structures of health care facilities in rural areas;

- provision of health care facilities in rural areas with medical equipment, inventory and vehicles;

- approach to the population of settlements far from the district centers, ambulance and emergency care;

- informatization of health care institutions in rural areas;

- pooling at the district level of resources allocated for the financing of health care facilities by local communities in villages and settlements, with an increase in the amount of funding for primary health care;

- improving the quality of the annual medical examination, ensuring continuous medical examination, especially of children in rural areas;

- provision of targeted allocation of funds for treatment and prevention facilities of health care for the provision of medicines to children during inpatient treatment, as well as for outpatient treatment on preferential prescriptions for children with disabilities and young children;

- staffing of rural treatment and prevention facilities with appropriate specialists, develop measures to secure health workers in rural areas;

- create and implement programs, courses, textbooks, didactic and video materials on healthy lifestyle in rural schools;

- Improving the conditions for health campaigns for children, including children with disabilities, from rural areas.

7. Creating a comfortable living environment, achieving the appropriate level of physical health and recreation of the population living in rural areas:

- improving the economic foundations for the development of physical culture and sports in rural areas, introduction of effective models of its personnel, financial, logistical, scientific, medical and information support;

- introduction of effective forms of physical culture and health-improving activities in rural areas, taking into account regional and local peculiarities, traditions, working conditions and lack of free time of rural residents, specifics of their life, etc. ;

- creation of an optimal network of sports clubs in accordance with the demographic situation in rural settlements;

- introduction of effective educational work on the health of the population living in rural areas, in order to form the traditions and culture of a healthy lifestyle;

- annual rest of children of workers of an agro-industrial complex at the expense of means from the state budget;

- introduction of new forms of training, retraining and advanced training of specialists in the field of physical culture and sports working in rural areas, the creation of an appropriate material and technical base of educational institutions that carry out the above;

- strengthening the material and technical base of physical culture and sports in rural areas with the support of executive authorities and local governments, construction of modern sports facilities, their proper equipment and use;

- improving the legal relations of ministries, other central, regional and local executive bodies with representatives of the physical culture and sports community in rural areas;

- intensification of cooperation of public organizations of physical culture and sports with enterprises, organizations and institutions of the agro-industrial complex, aimed at attracting extra-budgetary funds, including membership fees, for the development of mass sports in the countryside.

Improving the infrastructure of rural settlements, forms of service for rural residents.

8. Formation of a harmonious and sustainable system of rural development by:

- restoration of state funding for social infrastructure in the amount of not less than 0.5% of the value of gross domestic product of Ukraine, provided by the Law of Ukraine "On priority of social development of rural and agro-industrial complex in the economy" ";

- development and implementation of a program for the construction of gas pipelines, regional programs for the development of high and medium pressure gas networks and the gradual gasification of rural settlements;

- elimination of the negative trend of spraying funds for gasification, road construction, social infrastructure of villages between different customers and directing them through a single central executive body for agricultural policy;

- providing 100 percent compensation at the expense of budget funds for the cost of social infrastructure facilities built by farms in rural areas;

- implementation of certification of rural settlements for the purpose of effective use of budgetary funds, arrangement of rural settlements with engineering communications.

9. Construction and commissioning during 2006-2010

- 184 paved entrances to rural settlements;

- 8,000 km of paved roads in rural areas;

- new and reconstructed power supply networks with a length of 10 thousand km;

- gas supply pipelines with a length of 1.5 thousand km and local pipelines for gas transportation with a length of 32.1 thousand km;

- to improve the heat supply of rural settlements remote from the main gas pipelines, due to the introduction of promising energy-saving technologies and a reasonable increase in the use of electricity for purposes with the use of differential (hourly) electricity metering;

- stimulating the construction of small energy facilities, in particular in rural settlements located on rivers, especially in mountainous areas;

- urgent laying of group water supply systems and construction of distribution networks for water supply of villages whose inhabitants use imported water in the regions defined by the resolution of the Cabinet of Ministers of Ukraine dated 22.09.2004 № 1246.

10. Improving the system of housing and communal services

- forming a network of housing enterprises in 106 rural areas - utilities, able to provide the population with services of established standards in accordance with certain standards, providing for these purposes, capital investments in the appropriate amount;

- ensuring the effective use of existing housing and communal services;
- differentiation of prices (tariffs) and norms in the field of housing and communal services, taking into account the peculiarities of their provision in rural settlements.

11. Increasing the level of access to socio-cultural services

Ensuring the reconstruction, construction and commissioning of:

- secondary schools by 134 thousand students;
 - preschool institutions for 45.3 thousand places with a volume of capital investments of 668 million games;
 - 1723 medical and obstetric points and outpatient clinics for 54 thousand visits per shift;
- cultural institutions for 64 thousand places;
- sports facilities and playgrounds, in accordance with the allocated funds.

Ensuring the purchase of buses for rural secondary schools in volumes, according to the "School Bus" Program. Provide rural settlements with regular bus services in accordance with the Rural Bus Program.

Completion of rural secondary schools and vocational schools and higher education institutions of 1-2 levels of accreditation, located in rural areas, with modern technical means of education.

12. Protection of public order and fire safety

- improving staffing and strengthening the material and technical base of the service of district police inspectors in rural areas;

- formation of a network of local fire protection units of the Ministry of Emergencies and Protection of the Population from the Consequences of the Chernobyl Accident in rural settlements.

13. Communications and telecommunication services,

- modernization of material and technical base, expansion of the network of post offices;

- capacity expansion and modernization of rural telephone communication;
- providing coverage of the territory of rural settlements with mobile (mobile) communication.

14. Legal support and consulting services to the population,

- improvement of conditions for the population to receive the services of legal institutions, development of arbitration courts;

- formation of a system of advisory services in rural areas to promote profitable management, information and advisory support for rural development.

15. Increasing the role of rural communities in solving problems of socio-economic development of settlements

- strengthening the legal framework for the functioning of rural communities and amending the Budget Code of Ukraine to increase the self-sufficiency of the financial base and expand the rights of local government;

- completion of the transfer of social infrastructure facilities and on-farm reclamation systems to communal ownership, providing appropriate funding for their maintenance;

- introduction of a system of preferential lending for the implementation of local and regional programs for the development of rural settlements and territories;

- to consider the expediency of introducing the position of Deputy Chairman for Socio-Economic Development in village councils.

Ensuring the level of social orientation of a comprehensive program in agriculture.

Taking into account that 58% of the population of Ivano-Frankivsk region are rural residents, the sustainability and dynamism of the development of the social

sphere of the village is one of the defining components of agricultural policy. However, its formation and functioning is extremely complex.

The positive developments in agriculture that began in 2000 with the reform of the agricultural sector have not yet ensured a proper improvement in the living conditions of the rural population.

Depopulation processes covered almost the entire rural area of the region. The demographic burden of working people with retirees is growing, the labor potential is declining and aging. Of the 296.2 thousand able-bodied people living in rural areas, 36.8 thousand are unemployed and unemployed, 137.6 thousand are employed only in personal farms. The real incomes of peasants are hardly growing, the main source of their total income being income from low-productivity labor in personal subsidiary farms. Poverty problems are exacerbated, the living standards of peasants are declining.

Labor migration of the rural population is increasing rapidly, especially in suburban areas. Young people predominate among the total number of migrants. Along with depopulation and aging, the peasantry is losing spirituality and culture.

The sharp decline in all types of funding for the maintenance and development of social infrastructure has exacerbated the negative phenomena in their existing network. As a result, it is constantly shrinking, declining and collapsing. The activity of enterprises and institutions of the service sector is practically not restored, the renewal of the material base of the social infrastructure has stopped. All this has a negative impact on the socio-demographic situation in rural areas.

The excess of mortality over the birth rate in 2001 reached 3,269 people. In almost 70% of the villages of the region during the last five years the number of deaths exceeded the number of births, in 8% during this time no child was born.

The main reason for the decline of the social sphere of the village was the economic crisis of the 90's, in particular the decline in production and declining

incomes of economic entities in agriculture. Unemployment and poverty of the rural population did not become a subject due attention from the relevant central and local executive bodies, local governments.

Managers of agricultural enterprises do not comply with the requirements of the legislation on the amount and compliance with the terms of payment of wages. In terms of the average monthly wage (122 hryvnias), which is only 47% of the average wage in manufacturing, agriculture ranks last. The number of employees who were on forced administrative leave was 1.4 thousand people.

Due to the physical wear and tear of the material base of agricultural production, the level of injuries increases, including with fatal consequences, and the level of non-productive injuries remains high.

The transfer to social ownership of social infrastructure facilities owned by reformed agricultural enterprises is not supported by the appropriate filling of local budgets with the financial resources needed to maintain these facilities.

In contrast to the command-administrative system, when the whole complex of social problems in the countryside was solved by agricultural enterprises, in the context of the formation of the private sector in the agricultural sector, these problems must be solved by joint efforts of central and local executive bodies, economic entities and the population (consumers of relevant services). At the same time, the state in accordance with the law creates conditions for solving social problems at the level of relevant standards.

The program is the first step towards the formation of highly developed social infrastructure in rural areas as a system of enterprises, organizations, institutions that will provide appropriate services to the rural population, ensuring the welfare of peasants, creating appropriate working, leisure and living conditions in every rural settlement.

The program provides for:

- increasing the employment of the rural population in agricultural enterprises of various organizational and legal forms and personal farms by

increasing the volume of agricultural production, its primary processing and preservation, spreading in rural areas the practice of diversification of economic activities, including "green tourism"; especially in the mountainous areas of the region;

- increasing labor productivity, the level of wages of agricultural workers and the application of scientifically sound labor standards;

- efficient use of labor resources and working time;

- suspension of closure, as well as resumption of activities of previously closed and opening of new socio-cultural institutions in rural areas;

- increasing the volume of housing construction on the basis of special programs to support it;

- increase in the volume of construction of engineering networks and structures, primarily in areas where local sources of drinking water and fuel and energy resources are insufficient, development of distribution systems of water and gas pipelines in order to fully load the existing highways;

- revival of the village with its inherent features, customs and traditions;

- improving the demographic situation by minimizing mortality, increasing fertility and life expectancy.

Radical structural changes have taken place in the agricultural sector of the region's economy as a result of the reform. Today, fundamentally new principles of organization of agricultural production and agrarian business have been formed, privatization of collective agricultural enterprises has been completed, land and property have been distributed, state acts on land ownership have been issued. As a result of the distribution of agricultural land, 202.7 thousand peasants acquired the right to a land share (share) and all received certificates certifying this right, and more than 112.0 thousand certificate holders received a state act on the right of ownership of land. 165,000 citizens received the right of ownership of property shares with a total value of UAH 242.8 million, of which 164.7 thousand citizens (99.8%) were issued property certificates. During the reform, 406 new agricultural formations were created on the basis of 310 collective

agricultural enterprises (CAPs). In their structure 74 (18.2%) farms, 127 (31.3%) private enterprises, 77 (19.0%) business associations, 87 (21.4%) agricultural production cooperatives and 41 (10.1%)) of other agricultural formations. Most members of the former collective agricultural enterprises leased their land and property shares to newly established private agricultural enterprises. A significant part of the rural population conducts economic activities independently, including through the expansion of personal farms at the expense of land shares (units) and property shares.

The total number of farms will further stabilize and begin to decline due to consolidation, which according to the Institute of Agrarian Economics UAAS provides the most efficient use of labor and the use of new technologies.

On the basis of breeding, elite seed farms, individual processing enterprises, agricultural research institutions and with the participation of commercial and banking structures, agro-industrial and research and production associations will be created, which will allow the most efficient use of their production, scientific and financial potential.

Development of farms

The main conceptual position of the development of farms is the need to form commodity-type farms, expand production of more intensive crops, livestock development, create new farms and expand land use to optimal sizes, increase efficiency and increase their contribution to the final results. .

One of the main directions is financial support of farms at the expense of the budget and organizational support from the authorities and local self-government.

At the expense of the regional branch of the Ukrgosfond Farm Support Fund, financial assistance will be provided to partially reimburse the costs associated with the development of land allotment projects, payment of interest on loans, purchase of the first tractor, combine, truck and construction of

livestock, insurance payments training and advanced training of personnel, as well as the provision of soft loans for production activities. The total amount of funds required for financial support in the above areas is 1.5 - 2.0 million hryvnias per year.

In addition, farms will be allocated funds for national programs of financial support for agro-industrial enterprises.

It also provides financial support for farms from the regional and district budgets, as provided by the Law of Ukraine "On Farming". Relevant proposals on this issue are made annually by regional and district associations of farmers to local governments in the formation of budgets for next year.

An important area of formation of farms is the development of service and credit cooperation. The task is to attract farmers to membership in existing cooperatives, create new service cooperatives and increase farmers' participation in credit unions, agricultural trading houses, tenders, as well as in the organization of cooperatives in rural communities for land cultivation, procurement and sale of products, sharing equipment, logistics, veterinary services, information and consulting services.

One of the main shortcomings of farms is the insufficient professional level of their managers. To improve the situation, it is necessary to introduce at the state level a clear system of training and retraining of farms in agricultural higher and secondary special educational institutions, to establish agricultural advisory services at the regional and district levels to provide assistance on various issues of agricultural production.

In the future, it is planned not so much to increase the number of farms, but to increase land use through rent, purchase and inheritance of land shares. The average size of a farm will increase from 31 hectares in 2004 to 50 hectares in 2015 of agricultural land per farm.

Development of personal peasant farms

Based on the creation of favorable economic conditions for production, procurement and processing of agricultural products, purchase of young animals and poultry, seeds, feed, fertilizers and other materials, systematic measures will be taken to further develop personal farms, the formation of personal farms as a commodity production sector.

It is envisaged:

- increase in commodity production of fodder by agricultural enterprises for the needs of households, in particular at the expense of rent for land and property shares and in-kind wages;

- assistance in providing loans to the rural population for the construction of industrial premises, purchase of machinery and equipment. Their need in 2005 is UAH 4 million, in 2010 the need plan is UAH 7 million, in 2015 - UAH 12 million;

- introduction of long-term consumer lending;

- improvement and expansion of the system of urban food markets with modern well-equipped trade places and provision of transport and warehousing services to peasants.

The machine-building enterprises of the region will expand the production of tools for the needs of personal farms in the required range at more affordable prices.

Particular attention will be paid to the formation of a credit system on a cooperative basis, which will serve agricultural producers, individuals and cooperatives.

Growth in the number of credit unions

Indicators	2005	2010	2015
Number of credit unions	45	62	96

Extensive development of the cooperative sector of the economy will be possible by solving the following tasks:

- legislative definition of non-profit nature of service cooperatives and on this basis avoid double taxation of agricultural activities; as well as the extension of tax benefits provided to agricultural producers;

- settlement of intra-cooperative economic relations and regulations of pre-registration examination of constituent documents, compliance of the formed cooperatives and their associations with the legally established principles of agricultural cooperation.

Administrative-territorial division.

In Kyiv region there are 25 administrative districts, 25 cities, including 11 regional subordination, 30 urban-type settlements, 1221 rural settlements. The largest cities: Bila Tserkva, Brovary, Boryspil, Fastiv. The administrative center is the city of Kyiv, which is a city of republican subordination.

Transport network.

The largest transport hub is Kyiv. The capital of Ukraine is connected by many airlines with major cities of Ukraine and around the world. The main mode of transport is rail.

Economic potential.

Industry: in the structure of industrial production in the region, the largest share is played by electricity, food, chemical and petrochemical industries, mechanical engineering and metalworking. The share of the region in the national production of car tires is - 63%, excavators - 53%, paper and cardboard - 40%, cranes on the road - 39%. In the structure of production of consumer goods, the share of food products is 54%. In total, 330 industrial enterprises are on the independent balance in the region, in addition, there are 742 small industrial enterprises.

Agriculture.

Kyiv region has a highly developed agricultural production. There are more than 2000 agricultural enterprises on the territory of the region, as well as personal peasant and farm farms. The total area of agricultural land (all categories) is

1675.9 thousand hectares or 4% of agricultural land in Ukraine. In the structure, arable lands occupy 81.6% of the total amount of arable lands, pastures - 8.1%, meadows - 6.9%, long-term crops - 2.4%.

In the Kyiv region, the most common are cereals, as well as corn, sugar beets and potatoes. Intensive development is observed in the fields of vegetable growing (including indoors), animal husbandry (dairy and meat), poultry.

Price regulation

Price policy is conducted on the basis of free pricing in combination with state regulation and strengthening of antitrust control over prices for material and technical resources, energy and services provided to producers.

The main directions of price regulation will be:

- improvement and expansion of state support of prices and incomes for certain types of livestock products, taking into account market conditions;
- creation of conditions for the resumption of production of the main branches of agriculture on the basis of the application of collateral prices for quota products through the activities of the system of commodity-credit corporations;
- participation in price support through the system of quotas for the production of certain types of products for state needs (meeting the needs of the Ministry of Defense of Ukraine, the Ministry of Internal Affairs of Ukraine and other consumers of the budget sphere);
 - state support of incomes of agricultural producers through direct financing under the corresponding state programs (selection, seed production, breeding business, etc.);
- intensification of activities and strengthening the role of conciliation commissions to ensure the equivalence of economic relations and reasonable distribution of income between agricultural producers, processing enterprises and trade organizations, which should include agricultural market participants, as well as trade unions, consumer protection organizations and independent experts;

- implementation of comprehensive measures aimed at expanding the export of agricultural products and food;
- protection of potentially competitive products and food of domestic production through the introduction of proposals to regulate imports;
- intensification of activities and strengthening the role of conciliation commissions to ensure the equivalence of economic relations and reasonable distribution of income between agricultural producers, processing enterprises and trade organizations, which should include agricultural market participants, as well as trade unions, consumer protection organizations and independent experts;
- prevention of any administrative restriction of the level of prices for agricultural products and elimination of barriers on the way of its free sale;
- strengthening of antitrust control over the formation of prices for material and technical resources, energy and services provided to producers, prevention of disparity in prices for agricultural products and resources received by agriculture.

The effective functioning of price regulation mechanisms will be carried out simultaneously with the increase in the purchasing power of the population and the restructuring of the debt of agricultural producers.

Measures to increase the purchasing power of the population

The region will work to increase the purchasing power of the population, including by:

- increasing the wages of employees of agricultural enterprises;
- growth of personal incomes of the rural population due to the intensification of production in enterprises and personal farms. The leading place of wages in the formation of personal incomes of the rural population will be restored;
- increase in rent for rent of land and property shares;
- Improving the system of state guarantees for the level of the minimum

wage, not lower than the poverty line in the coming years, it will reach a level that will be determined by the cost of a full consumer basket.

It is supposed to ensure revenue growth by increasing wage share of payroll in gross expenditures

with measures taken at national level to improve the credit and banking and insurance service provides:

- introduce mortgage loans secured by land and rights of their rent;
- to create a mortgage bank as a center of financial and credit support of commodity producers of the agro-industrial complex and a scientific and methodological center for the development of credit infrastructure of the agricultural sector on the basis of the existing banking system;
- to create a Fund for credit support of agricultural enterprises to provide credit resources to agricultural producers on competitive terms of lending to targeted state and regional programs, providing guarantees for loans from commercial banks, partial coverage of interest rates when lending to banks of certain target programs. The sources of formation of the fund will be funds from dividends received on the state part of joint-stock companies, funds from the monetary privatization of agricultural enterprises and others;
- in 2005-2006 with the participation of the land (mortgage) bank to initiate the formation of a cooperative bank as a regional association of cooperative unions;
- to form an insurance system in the agro-industrial complex and to introduce a system of investment protection insurance of credit and financial structures that serve the agricultural sector.

The result of the implementation of the proposed tasks of the strategy of development of the agricultural sector should be:

- increase in crop yields and productivity in animal husbandry by 40-50%;

- bringing the volume of consumption of basic food products per person to the level of established rational norms approved by the Ministry of Health;
- increase in exports of agricultural products and food in 2011 compared to 2002 in 2 times;
- reducing the share of raw materials in exports of agricultural products;
- proof of the average monthly salary of an agricultural worker of the average level of salary in other sectors of the region's economy;
- improving the demographic situation in rural areas.

3.4. Structural changes in agriculture and their impact on the policy of supporting the industry

An important factor in the revival of agriculture in Ukraine is to stimulate the effective development of agricultural production, increase the competitiveness of agricultural products in domestic and world markets; increasing the employment of the rural population in the non-agricultural sector of the economy by developing agribusiness and improving the social sphere of the village. Economic transformations during 1990-1999 had severe consequences for the industry, the volume of basic agricultural production decreased during this period by 51%, the share of GDP produced in agriculture decreased from 18.6% in 1990 to 13.6% in 1999. year. Ukraine has experienced the most severe and prolonged economic downturns, caused by the devastating

effects of the slow and inconsistent reforms of the 1990s and administrative interference in market mechanisms.

The stabilization of the national economy and the agricultural sector began in 2000, which was reflected in an increase in gross agricultural output by 6.5% in 2001, by 5.5% in 2002 and decreased by 10.02% in 2003. It has also affected agricultural exports, although it is still relatively low compared to other countries. Thus, in 2000 the share of agricultural exports in gross agricultural output in Ukraine was 14%, while in Poland this figure was 25%, France and Germany - 53% [13, p. 11].

The change in the situation in agriculture is caused by the presence of positive trends, which were determined by the factors that led to economic growth. These factors include the expansion of lending, the availability of working capital in agricultural enterprises, improving the logistics of resources, increasing consumer demand by writing off and restructuring tax arrears and mandatory payments, budget loans, advances, commodity loans.

These factors indicate an improvement in the state of agriculture, but this development has been made possible by one-off factors such as favorable weather conditions in 2001, debt relief, reduction of tax pressure, strengthening of the national currency and favorable market conditions for grain and sunflower seeds. etc.

Opinions of economists are divided on the prospects for further development. The positive dynamics of economic growth is considered short-term by some economists, as the transformation processes in the national economy and in the agricultural sector have not been completed, which will inhibit stable high growth rates [94, p.120]. The level of use of innovative technologies in mainly agricultural production, as well as productivity and productivity in our country are still quite low compared to international standards, which means that Ukraine has a large reserve for improving the state of

agriculture and should be based on comprehensive reforms and fundamental structural transformations.

The analysis of agricultural support should be considered in conjunction with the economic opportunities for the development of the agricultural sector of the economy, clearly identifying areas that have prospects for further development and entry into the world market, as well as in comparison with the ability to meet their own consumption needs.

The reduction in agricultural production was combined with the loss of major markets, excessive physical wear and tear and obsolescence of fixed assets. This situation clearly had a negative impact on the well-being of the peasants: the current problems of poverty, unemployment and employment in the countryside intensified, and the social infrastructure of the countryside became poorer. The regulation of the agricultural sector through reforms has failed to solve a number of important socio-economic problems, the criterion of which should be to increase the welfare of the rural population in accordance with its interests and needs.

The decrease in the number of manufactured products clearly had a negative impact on consumer consumption. The reason for the decline in actual consumption is the low purchasing power of the population, which creates the problem of food security. The draft law of Ukraine “On support of production and development of the market of agricultural products” (register №3067, author Terekhin SA) [130] defines food security as the ability of the state to guarantee physical and economic access of the population to food products that ensure a healthy and active life, to form state food reserves ”.

Therefore, in our opinion, the state should direct its state support policy to ensure access to food products (both economic and physical) of the most vulnerable in order to increase their welfare through increased consumption and

purchasing power. By increasing the demand for food products, the state will stimulate the growth of the supply of agricultural products by indirect levers.

It should also be noted the importance of the agro-industrial complex in foreign economic activity, because Ukraine has always had a positive trade balance in agricultural products and has been a source of foreign currency in the country. The share of agricultural and food products in Ukraine's foreign trade is shown in Annex B.

State support for agriculture should be aimed at assisting national producers in exporting agricultural products, but this assistance should not contradict Ukraine's WTO agreements.

Export support is possible by providing export credits, which are widely used in the United States.

The issue of structural changes in agriculture of Ukraine and the impact of agricultural support policy on them is relevant. With the development of market relations, the crop sector became more competitive, as evidenced by the growth of the share of crop production in total production from 50% to 59.6% in 2002 compared to 1990, and in the livestock sector there were opposite changes - a decrease in livestock production by 10,4 percentage points for the corresponding period.

The reason for this was a change in the level of profitability of agricultural products. The difference in the levels of profitability of crop and livestock industries in 1995 was 72 percentage points (crop production 55% and livestock products - minus 16.5%), and in 2002 40.4 percentage points (crop production - 27.8%, and livestock minus 12.6%). Despite support for the livestock industry, production tends to decline, and only milk and egg production has increased recently.

Another reason for this change was the decline in demand for livestock products, which in turn was caused by more than 60% decline in real per capita income in Ukraine during 1990-2000. Due to the high price elasticity of income

from livestock products, demand for it decreased much more than for other food products. The decline in livestock production has led to a reduction in demand for feed grain.

Resumption of grain production began in 2000-2002. With the increase in production, the structure of sales channels has changed. A new class of market participants emerged, such as domestic and foreign traders, suppliers of material and technical resources, managers or owners of reformed agricultural enterprises, who controlled 38% of the grain market.

As a result, there is a clear tendency to increase the export orientation of the grain sector. Thus, in 2001, Ukraine exported 11% of grain offered for sale, and in 2002 this figure rose to 21%. In response, Ukraine has improved the quality of grain handling and storage services. Despite the overall growth of the port's export potential by 71%, in 2002 compared to 2001, sales costs can still reach 15-20% of the cost of production, which reduces the competitiveness of agricultural products on the world market.

The issue of agricultural support is closely related to the regulation of the grain market in Ukraine, especially in times of crisis of price instability, which is manifested both in periods of grain shortage and market oversaturation. Grain and its market in terms of their socio-economic significance, production volume and trade mostly determine a range of issues related not only to industry problems, but also to market efficiency, food security and foreign exchange earnings from export activities.

Grain prices serve as a certain indicator and largely form prices for related industries, affecting intersectoral, interregional and interstate food relations [3, p. 65-76]. Therefore, the issue of grain market regulation is extremely important. Since the beginning of March 2003, the issue of grain shortages in Ukraine has become more acute, which has caused a stir in the grain market and due to rising prices before the food crisis. The adequacy of the state's policy to regulate this

situation is debatable. Adverse weather conditions caused significant damage to winter crops, which affected their production volumes. The main reason for the decrease in the gross harvest is the low grain yield - 15.7 c / ha in 2003, while in 2002 the same figure was 27.3 c / ha.

If we consider the situation by region, it should be noted that in the southern regions (Kherson, Odessa) and in the eastern (Donetsk, Zaporizhia, Kharkiv, Dnipropetrovsk) regions the demand exceeded the supply by an average of 15-55%, while in the western and in the central regions the situation was opposite [20]. This situation had to be resolved through regional trade, but it was almost paralyzed by indirect administrative interventions to ban the transportation of grain between regions. However, in 2003 Ukraine purchased food grain. Since its domestic demand is 6.5 million tons, about 2.2 million tons had to be purchased in other countries [20].

In 2000, Ukraine imported grain, which caused a sharp rise in domestic prices, and in 2001 Ukraine became a net exporter and, as a result, grain prices fell sharply. In 2003, Ukraine again became an importer of grain, but world production forecasts are disappointing, which determines the high world price of 130-150 dollars. per ton. Recently, there has been a trend, the higher the gross harvest, the lower the selling price of 1 ton of grain, and the level of its profitability for agricultural producers at almost equal production costs.

In our opinion, the state should provide support by reducing marketing costs, which significantly affect the prices of imports and exports. In contrast, in March 2003, in the event of a crisis in the grain market, a series of inspections of grain market participants were carried out and in parallel regulated by administrative methods: setting maximum retail prices, profitability and trade margins, without taking into account the possibility of losses. their bankruptcies.

Such a policy requires significant administrative and financial costs, while the country's budget lacks such funds, and funding is planned to be provided

through social benefits [20; 6]. The expediency of such actions is quite controversial, as the choice of regulatory measures should not touch on extremes: administrative regulation and complete refusal of state intervention. We support the middle option, which is that the functions of the state should be to create favorable conditions and mechanisms for regulating the market situation. In the current economic situation it is necessary to create conditions for guaranteed production and sale of grain, ensuring food security of the country, taking into account changes in the functioning of the market mechanism based on the rational interaction of market principles and state influence.

Increased profitability and a large export market for sunflower have prompted growers to expand their acreage. In 1997, more than 1 million tons of sunflower seeds were exported, which reduced the capacity utilization of national processors. In this case, the state in an attempt to protect and support domestic processing enterprises imposes an export tariff of 23%. The result of such state regulation was an increase in the level of capacity utilization of oil and fat plants and an increase in export revenues due to the export of oil products.

However, in order to avoid paying the export tariff, exporters use “toll raw material” schemes, where sunflower seeds are supplied to a foreign partner in exchange for oil produced from it. In 2001, the export tariff was changed from 23% to 17% and “toll raw material” schemes were banned. The reaction of producers to such changes in legislation was a reduction in the area under sunflower in 2001, which in 2002 began to increase again. Thus, the influence of the state has significant changes in the market of agricultural products, but the implementation of administrative intervention is often accompanied by the emergence of shadow schemes and distortions of price signals in the market [13].

A similar situation also arises in the sugar market. The growth of domestic demand is not a driving force in the development of this sector. Features such as high-cost production and inefficient processing plants create the preconditions for

the absence of sugar exports from Ukraine in the near future. Complicating the situation are such circumstances as illegal imports, which in 2001 amounted to - 100 thousand tons., In 2002, 250, and projected in 2003 - 200 thousand tons [13]. Regulation of sugar production and sales is provided in the Law of Ukraine “On State Regulation of Sugar Production and Sales” [47], which considers a new pricing regime. Thus, an internal market quota for sugar produced from sugar beets of own production was introduced, minimum prices for sugar beets were set within the quota of UAH 139. per 1 ton in 2000 and UAH 165. per ton in 2000-2001; prices for white sugar were UAH 2,000 and 2,370. per ton, respectively.

In July 2000, a tariff quota for the import of raw sugar was introduced at the level of 260,000 tons. Imports under the quota can be made from July to September at a rate of 1%, but not less than 5 euros per tonne. Duties on imports in excess of the quota are set at 50%, but not less than 300 euros per ton, and since April 2001 the tariff has been increased to 50%, but not less than 400 euros per ton [13].

As for the production of livestock products, it also remains unprofitable, except for poultry products and egg production. The decline in cattle meat production continues, the level of profitability is declining: in 2003 - -42.2, which is 6.5% less than in 2002, the profitability of pork production in 2003 decreased twice compared to 2002 (-33.5 % and -16.9%, respectively), but the profitability of milk increased in 2003 to 9.2%, while in 2002 this figure was -13.8%.

Low competitiveness of agricultural enterprises specializing in meat production is caused by low productivity. Thus, the increase in cattle weight at large enterprises is 1.8-2.3 times less than in the private sector (318 grams and 580-750 grams per day, respectively), in pig farming similar figures are lower by 1.8-2.2 times (173 and 320-380 grams per day). In large agricultural enterprises to achieve the minimum level of efficiency, daily gains should increase by 2-2.4 times [13]. Since 1992, the same pricing regime has been introduced for beef and other meat products. Meat producers received a state subsidy (Table 2.17).

Table 2.17

Subsidies to agricultural producers for milk and dairy products sold by them to processing enterprises in 2000-2003

Indicator	Years					2003 in% to	
	1999	2000	2001	2002	2003	1999	2002
Milk production thousand tons	2746	3335	4376	3937	4413	160.7	112.1
Milk price, UAH / T.	357	549	599	535	672	188.2	125.6
Cost of milk and milk products, mln. UAH.	981	1832	2622	2107	2966	302.3	140.8
Amount of subsidies, UAH million	126	238	389	352	504	400,0	143,2 The
subsidy is calculated on 1 ton, UAH.	46	71	89	89	114	247.8	128.1 The
subsidy is accrued for UAH 1, kop.	15	15	17	20	17	113.3	85.0

According to the Ministry of Agrarian Policy. Information on the amounts of subsidies paid to agricultural producers for milk and dairy products sold to processing enterprises in 1999, 2000, 2001, 2002, 2003.

Since 1997, producers have received a price increase for cattle delivered to meat processing plants. Since 1998, support for meat and milk production has been provided by transferring the amounts of VAT accrued to the processing enterprise to meat and milk producers. The benefit must be extended until December 31, 2009.

During 1992, pork producers received direct budget support in the form of subsidies for electricity and fuel, and from 1992 to 1994 and from 1997 to the present, price surcharges based on weight [13]. Since 1998, support has been provided in the form of recalculation of VAT charged on processing enterprises for meat supplied (Table 2.18).

Table 2.18

Subsidies to agricultural producers for livestock and poultry in live weight sold by them to processing enterprises for 1999-2003 *

Indicator	Year					2003 in% to	
	1999	2000	2001	2002	2003	1999	2002
Meat production thousand tons	437	452	389	3937	575	131.6	14.6

Meat price, UAH / T.	2001	2978	4584	535	3480	173.9	650.5
Cost of meat mln. UAH.	947	1346	1785	2107	2001	211.3	95.0
Amount of subsidies, UAH million	119	183	258	352	344	289.1	97.7 The
subsidy is calculated per 1 ton, UAH.	252	404	654	89	598	237,3	671,9
Grant accrued for UAH 1, kop.	14	16	17	20	17	121.4	85.0

According to the Ministry of Agrarian Policy. Information on the amounts of subsidies paid to agricultural producers for livestock and poultry in live weight, sold to processing enterprises in 1999, 2000, 2001, 2002, 2003.

In our opinion, state support should be aimed at introducing innovative technologies and techniques in order to increase the productivity of agricultural products.

After 10 years of rapid decline, milk production increased in 2001 by 6% and in 2002 by 5%. The increase in production is due to increased animal productivity and a slowdown in livestock decline. Between 2000 and 2002, the share of cows owned by the private sector increased from 1/2 to 2/3, while the share of milk produced in the private sector increased from 65 to 75%.

The profitability of milk is closely dependent on factors such as oversupply, monopsony in local markets, which leads to falling prices. During 1992-1993, milk producers received compensation for fuel and electricity and a mark-up. Since 1998, a VAT refund mechanism has been in place as a transfer of VAT amounts to producers for products delivered to processing plants. No significant increase in domestic milk consumption is expected in the near future (consumption increased by 4% in 2001 and by 8.8% in 2002), which may provoke a decrease in milk prices and then producers will be forced to reduce production costs or increase productivity of cows to increase production [13].

In the period 2000-2001, milk exports doubled, and in 2002 increased by 49%, but it is only 2% of total production. Today the export of milk powder is

41% of the total exports of dairy products, butter - 28%, cheese - 15%. The main importers are Russia, Lithuania, Poland and the Netherlands.

Declining profitability of the agricultural sector, shocks in the grain market again exacerbate the urgency of the issue of agricultural policy of the state, especially in terms of support for agriculture. The need for state support for the industry is undeniable, as it produces 17% of GDP, employs 27% of the working population.

Great hopes are placed on the agricultural sector of Ukraine as a potential world granary. However, there are a number of problems in the industry, the main of which is the low productivity of agriculture, which causes an increase in production costs and reduced production efficiency. The low competitiveness of domestic producers may provoke a series of bankruptcies upon accession to the WTO as a result of the introduction of reduced customs tariffs on imported food. There is also a threat of EU enlargement and Ukraine becoming a neighbor. These integration processes pose new threats, but also contain great opportunities. Therefore, it is necessary to rethink Ukraine's agricultural policy in line with its current trends in world development.

It is important to study the relationship between the basic principles and norms of the EU SAP, in connection with the expansion of the EU directly to the border with Ukraine, as differences in agricultural policy of neighboring countries may in the future become an obstacle to its integration. Opportunities and threats from the expansion of the EU borders to Ukraine can be considered in table. 2.19.

Table 2.19

Opportunities and threats for Ukraine from the expansion of EU borders
and accession to the WTO

Opportunities	Threats
---------------	---------

1. Approximation of EU consumers to Ukrainian producers as a result of reduced transport costs	1. Non-compliance of national products with standards of labeling, packaging, veterinary and food quality standards. The process of achieving standards is quite expensive
2. Increasing competition will stimulate the growth of production efficiency. And the neighborhood with the EU and accession to the WTO will help raise prices for agricultural products, which means that its profitability	2. As a result of competition in the short term, the industry is projected to worsen and a series of bankruptcies of inefficient enterprises, rising unemployment
3. Cheap resources and labor force compared with the EU will encourage the transfer of processing industry on the territory of Ukraine, using domestic raw materials	3. Inconsistency quality standards in Ukraine and the EU, which would nullify advantages in transportation costs, cheap resources

Thus, EU agricultural policy tends to change in order to adapt agriculture economy to the conditions of world economic globalization. One of the features is the reduction of state aid by 3% annually since 2004, which will save the EU state budget by 1.5 billion euros (20%) by 2010.

Along with this, there is a reorientation of state support from subsidies, which is associated with production volumes to direct support for agricultural producers. EU agricultural policy is aimed at improving production efficiency: businesses must become more competitive and products better and cleaner. The economic opportunities of the agricultural sector are not fully used, and measures to regulate agriculture have not yielded the expected result: competitiveness and efficiency of management to ensure the domestic market and the use of export potential.

The process of change should consist in the gradual implementation of a strategically oriented state policy, the effectiveness of which will be determined by:

- ensuring physical and economic access of domestic consumers to agricultural products;

- increasing productivity and efficiency of agricultural production;
- development of agrarian entrepreneurship and new sources of non-agricultural income in rural areas;
- increasing the competitiveness of the agricultural sector of Ukraine and creating new market conditions for domestic producers;
- the effectiveness of export potential and the duration of the process of integration into European agricultural policy.

Therefore, Ukraine needs a new agricultural policy, the objectives of which are as follows: to

- increase income from agriculture, gradually reducing government spending on it;
- support of agribusiness and non-agricultural sources of income in rural areas, development of rural areas;
- orientation of state aid on:
 - increase of labor productivity;
- updating the technological and technical base of enterprises;
- stimulating the introduction of quality standards for agricultural products in order to increase competitiveness.

Strategic guidelines, investment and innovation models of development, creation of structural efficiency

The main emphasis of regional agricultural policy is shifted to creating favorable conditions for the development of agricultural enterprises, their structuring, updating the material base, increasing the production of competitive products.

Ukraine's accession to the WTO will have a significant impact on the situation in the agro-industrial sector of the region. The main tasks of the reform are defined by the Program of Ukraine's integration into the EU, which provides for the direct implementation of international and European standards.

Given the significant production and human potential, such industries as crop production, animal husbandry, food and processing industries remain a priority.

The priorities of agricultural policy in the region are:

- innovative direction of transformation through the introduction of modern technologies, new products and equipment;
- wide attraction of domestic and foreign investments;
- use of financial, energy, material, scientific, technical and other resources to solve the problems of the agro-industrial complex;
- development of export potential;
- introduction of resource-saving productions, technologies and products certified according to European standards;
- expansion of cooperation of small and large agricultural enterprises.

Priority directions of agricultural development The

globalization of the world economy and the innovative nature of its development in modern conditions determine the need for appropriate changes in the development of Ukraine's economy. Such a priority is the transformation of the model of economic growth (transition to an innovative type of development) and a change in the nature of development - from mobilization to revolutionary, taking into account global changes in the international market.

Innovative type of economy involves determining the priorities of the state and regions, creating the necessary conditions for their provision - reforming property relations and management systems in the innovation sphere, stimulating business development, the transition to a market mechanism for regulating economic relations. No less important is the comprehensive intensification of innovation at the level of individual agricultural enterprises.

According to international standards, innovation is the end result of innovative activity, embodied in the form of a new or improved product

introduced to the market, a new or improved technological process used in practice or in a new approach to social services.

A negative feature in Ukraine is the insufficient level of state support for innovative development of the agricultural sector, although some steps have been taken in this direction. At one time, the State Innovation Fund of Ukraine was established, but there was no significant intensification of innovation activity. The modern investment market of Ukraine is characterized by an acute shortage of financial resources and lack of practical experience in the effective application of world-renowned methods of financing innovation.

In most countries of the world, the main sources of funding for innovation are budget funds and profits. In Ukraine, you do not have to count on significant budget funding for innovation. Public funds are used mainly to finance basic research, government research programs in priority areas of science and technology, grants to research organizations and universities, as well as material support for researchers, including scholarships for outstanding scientists, doctors, graduate students, etc. .

The output of agricultural producers of the region to the appropriate level of quality and competitiveness of products, increasing export potential is impossible without the development and implementation of new technologies, development on their basis of production of fundamentally new types of science-intensive products.

Promising areas of innovative development in the region may be the following:

- Creation of leasing companies.

- Creation of technopark structures - associations of enterprises that develop, produce and sell innovative products. A technopark at the National Technical University of Oil and Gas has been established in Ivano-Frankivsk.

- Creating a database of agro-industrial enterprises.

Financial support, implementation of favorable credit, tax and customs policies in the field of innovation.

Ensuring the interaction of science, education, production, financial and credit sphere in the development of innovation. Involvement in the development and implementation of innovative projects of students and teaching staff.

Training in the field of innovation.

3.5. The impact of livestock and crop production on rural development

The role of the state in regulating socio-economic and organizational-technological processes in the transition period to the market remains much higher than in a developed market economy. This is explained by the fact that at the transitional stage in the agro-industrial complex the necessary conditions for the implementation of broad business activities have not been fully formed, the infrastructure of the market environment has not been created. It should be noted that the process of solving the problem of state participation in the development of the reproduction of social production in the transition to the market is a milestone. After all, at the beginning of the formation of conceptual approaches to the directions and essence of agrarian reform in Ukraine among some economic and legal professionals there were statements about the highest readiness, among other sectors of the economy, agro-industrial production to develop market relations without state support. However, the development of agricultural production at the initial stage of profound socio-economic transformations has convincingly proved that without the active purposeful participation of the state, the development of market relations has become not only hopeless but also virtually unrealistic.

Due to the significant disparity between prices for agricultural products and prices for resources consumed by agriculture, lack of sufficient opportunities to finance production, inconsistency in agricultural policy in the country, lack of state influence on pricing in the agricultural market and the necessary state

support for agricultural enterprises often unable to provide even a simple process of reproduction, and most of them are on the verge of bankruptcy.

Due to the unsatisfactory economic situation, agricultural production has no investment and innovation attractiveness, external capital inflows are virtually absent. So, from 4.4 billion dollars. US foreign direct investment, which entered the economy of Ukraine in early 2002 during its independence, accounted for only 1.9% of agriculture, despite the fact that the industry generates 16% of total gross value added.

Currently, the agricultural sector is left without the necessary working capital, the industry is an active process of deindustrialization of production, the destruction of the material and technical base of the village. The fleet of available agricultural machinery has more than halved, consisting of 85% of machines that have already exhausted their resources, and the annual wear and tear of fixed assets is almost 10 times higher than their renewal.

The socio-economic situation in the countryside remains extremely difficult. There is significant unemployment here. In agricultural enterprises, the lowest average monthly wage, which is only half of the average wage of workers employed in the national economy, virtually stopped funding for the development of rural social infrastructure, many villages are degraded and they do not reproduce the population.

The current state of the livestock industry is due to the negative consequences of past years. During 1991-2004, the number of cattle decreased 3.5 times, including cows - 2.1 times, pigs - 3 times, sheep and goats - 4.5 times, poultry - 1.6 times. Gross production of meat decreased by 2.7 times, milk - by 1.8 times, eggs - by 27 percent.

During this period, the sale of livestock and poultry for personal slaughter decreased by almost 100 thousand tons. At the same time, the production of milk increased by 5.4 million tons (1.9 times), eggs - by 263 million pieces (by 4%),

but this increase did not compensate for the decline in production in agricultural enterprises (by 16.1 million tons and 4.6 billion pieces). As a result, consumption of meat and meat products by one person decreased from 68.2 kg in 1990 to 38.5 kg in 2004 (1.8 times), milk and dairy products - from 373 to 228 kg (by 39%), eggs - from 272 to 228 pieces (by 16%).

One of the main reasons for this is that the industry does not receive adequate state support, as in other countries. Thus, in Germany, a cow with a litter is paid 200 euros per head, for each pig - 19, a horse - 50 euros per head per year. Therefore, the Ukrainian producer cannot compete with its European neighbors.

The difficult situation in the industry is largely due to the unprofitable production of all types of livestock products, primarily due to the unfavorable price situation in the market of livestock products, and the lack of an effective economic mechanism to support the industry. Thus, during 1996-2004, almost UAH 16 billion was received from the sale of livestock products. losses, because purchase prices for it were one and a half to two times lower than the cost of its production.

The market for livestock products is characterized by an imbalance of supply and demand, low domestic consumption, as well as underdeveloped market infrastructure. Trade is carried out mainly through intermediaries, who in the field of sales leave a significant part of the profits generated in the production process.

The development of animal husbandry and the agro-industrial complex in general may be affected by the bird flu epidemic in some countries, which will provoke a decrease in the supply of poultry meat in the domestic market and will negatively affect, first of all, the work of processing plants.

At the same time, this year, due to the implementation of organizational measures and increased state budget expenditures to support livestock, there are positive changes in the industry. During January-October 2005, the number of

cattle in Ukraine increased by 135,000, pigs by 902,000, sheep and goats by 100,000, and poultry of all species by 37 million.

The correctness of the Government's course for the development of wholesale livestock is confirmed by the results of production activities of agricultural enterprises, where meat production increased by 11% compared to the same period last year, milk - by 2% and eggs - by 15 percent. Subject to the implementation of effective measures to support the production of livestock products, including through surcharges and subsidies from the state budget, it is projected to meet the demand of the domestic market through its own production.

Production of meat in live weight this year is expected at 2.4 million tons (+5 thousand tons last year), milk - 13.8 million tons (+13 thousand tons last year), eggs - 12.9 billion units (+1 billion units last year).

Measures envisaged to improve the situation in animal husbandry and in the market of animal products:

- introduction in full of budget livestock subsidies provided by the Law of Ukraine "On State Support of Agriculture of Ukraine";

- granting long-term soft loans;

- extension of the term of payment of value added tax subsidies for milk and meat sold in live weight to processing enterprises;

- accelerating the approval by the Cabinet of Ministers of Ukraine of the State Program for the creation of favorable conditions for the stabilization and development of animal husbandry for the period up to 2010.

The Ministry is actively cooperating with the Committees of the Verkhovna Rada of Ukraine in order to accelerate the adoption of the Law of Ukraine "On Meat and Meat Products".

Livestock farming, which has never been profitable in the last eight years, cannot get out of the protracted crisis. The most unprofitable type of activity in agricultural enterprises is the production of milk and meat in live weight, the level of profitability of which in 1997-2000 reached the national average of minus 48%

and below. Even in 2001, the most favorable for livestock in terms of price, losses from beef production amounted to 21.3 kopecks. per hryvnia costs, and from the production of pork - 7.2 kopecks. Since the second half of 2002, when there was a sharp decline in prices for milk and live meat, the situation in the industry has deteriorated significantly again and continues to do so today. The state of affairs in animal husbandry in 2003-2004 is complicated by a large shortage of grain crops, a shortage of feed and a significant increase in feed grain prices.

Due to the high loss of production in Ukraine, the number of animals, in particular pigs, is constantly decreasing (Table). Studies show that in 2004, compared to 1990, the number of pigs decreased from 19.4 million to 6.5 million, or 3 times. At the same time, world production increased by 10.6%. One of the main reasons for this is that the industry does not receive adequate state support, as in other countries. So, in Germany for each pig 19 euros are paid. Therefore, the Ukrainian producer cannot compete with its European neighbors.

Table. Structure of pig population at the end of the year (millions of heads)

	Year				2004 in% until 1990
	1990	2000	2002	2004	
Ukraine	19.4	7.7	9.2	6.5	33.5
All World	856.6	906.1	943.4	947.8	110.6
Ukraine to the world (%)	2.3	0.8	1.0	0.7	30.4 The

policy of reforms in the agro-industrial complex, which was aimed at supporting small-scale production and farming, did not contribute to ensuring the production of the required amount of pork and providing raw materials to the meat processing industry. 65% of the population that is in the peasant's yard does not meet the volume of domestic demand but also the quality of raw materials,

which complicates industrial processing. Farmers do not want to fatten animals because this area is very expensive and requires significant capital investment. Therefore, their share in the total amount of raw meat is only 0.2%.

In 1991, there were 23.6 million head of cattle and 19.5 million pigs, 95% of which were fattened on large mechanized complexes. At the same time, 7-7.5 million heads were slaughtered each year, producing 2 million tons of meat and 750 tons of sausages. Today, only half of large meat processing plants operate. At the same time, production volumes decreased significantly. Last year, only 450,000 tons of industrial meat and about 500 tons of sausages were produced.

In Soviet times, when the agro-industrial complex was fully provided with full financial resources of equipment, fuel and lubricants, seeds, we failed to reach the physiological norm of meat consumption - 80-82 kg per capita. The most that Ukraine has been able to achieve is 72 kg. Whereas in the union this figure was 68 kg. Ukraine currently produces 32 kg, although it was planned to reach 41 kg last year. Unlike the European calculation system, we take into account meat and offal of the second category, as well as fats.

If pork was produced in the required amount, it means that the average Ukrainian can consume another fifty kilograms, which is not enough for the physiological norm. But food accounts for almost half of all family spending, compared to about 10% in developed countries. At the same time, Ukrainians spend almost half of the money spent on food on meat products [1].

The meat processing industry is directly dependent on the meat market. Managers of pig farms are accusing the meat processing industry of deliberately delaying the reception of raw materials for processing. As a result, 40,000 pigs are temporarily kept. Finished products are in the warehouses of meat processing enterprises, and trade does not have time to sell it due to lack of the necessary amount of money from the population. In order for the population to be able to consume even 32 kg per person, it is necessary to allocate UAH 23.5 billion.

additional funds. Currently, this resource is supplemented by imports of about half a million tons of meat.

It is estimated that imported meat becomes competitive compared to ours at a marginal rate of 0.2 euros per kilogram plus value added tax. Its total price exceeds the price of Ukrainian meat by 5-10%. But in the west are engaged in technical re-equipment of the industry in many ways, the leadership of those countries in every way helps producers. UAH 600 million which is allocated annually from the state budget to support livestock will never improve this situation.

It is necessary to support the domestic producer, but it is necessary to increase the average wage in pig farming. A person must be provided with a job with such a level of wages that he has the opportunity to buy about 80 kg of meat per year. Taking into account this development strategy, it is necessary to keep about 4 million pigs for intensive fattening, which will be ready for slaughter in 6-8 months.

Only in this scenario we will get a balanced meat market: the third part - pork, veal - 30% and chicken also 30%. But for this the state must provide about 70 billion hryvnias. capital investment. That will allow to provide high-intensity production on advanced technologies, to let out production of high standards at the same time saving resources.

In order to export products, it is necessary to create veterinary laboratories accredited according to the European standard in ten oblasts, the price of one is about UAH 10 million. In Ukraine, only one central laboratory has been established at the expense of a technical assistance project. Without these tools, all our meat, although it will be of high quality, will not get abroad [5].

In the framework of cooperation with the European Union, its quotas should not be forgotten. Surpluses of agricultural products can be exported or they remain legally. For example, after joining the EU in Estonia, the number of agricultural workers decreased by 30%. In Lithuania, the number of people

employed in agro-industrial production decreased from 23.8 to 17.5%. Given that employment in US agriculture is 0.7%, and production per employee is 50 thousand dollars, Ukraine must provide the required level of employment of the rural population in the near future. We have almost a third of the working population employed in the agricultural sector, and production per capita is almost 1 thousand dollars. To catch up with American farmers in terms of productivity, we need to work 50 times better.

In the case of Ukraine's accession to the World Trade Organization, the country has ample opportunities to export meat, because our meat has an unsurpassed taste and is made from environmentally friendly feed. The experience of the countries of the Central European Initiative, where Austria, Italy, Macedonia and Hungary have the greatest achievements in pig breeding, may be the most interesting for Ukraine. The members of the Austrian pig cluster are the University of Vienna, companies such as Voest Alpine, Pioneer, Raiffeisen Bank, and others. In addition to organic farming, the links of the pig cluster are: wholesale and retail trade, scientific and educational institutions, restaurant business, veterinary institutions and others [2]. Quite specific is the development of the Italian pig cluster in the province of Parma, where there is a special technology for breeding pigs, their slaughter and a method of preserving the finished product - pork thighs Parma. Total pork production in Italy in 2002 reached 1 million tons, of which 79,500 tons were products of the Parma cluster - a very expensive pork thigh "Parma-Ham". Only 17.8% of the production of this pork thigh in the Parma cluster (14.4 thousand tons) was exported, for which it was more than 600 million Euros. Italy has no competitors for these pig products and very strictly protects its rights. The work of the cluster is based on the protection of the interests of producers - farmers of Parma. According to Italian law, traditional pig farming methods and standards must be strictly used: a pig weighing at least 160 kg must be slaughtered and reared for at least 9 months on certain designated farms. Pigs must spend at least 4 months in North-Central Italy

during the entire fattening period. The feed area includes: corn, barley and other grains, and most importantly - Parmigiano cheese, which gives pork high taste.

This example is not a mandatory example to follow, but only evidence of the great potential of pig clusters for the production of high quality finished products, which are in national and global demand.

Based on the calculations of experts, the construction of a Danish turnkey pig farm for 30 thousand heads will cost 35-37 million UAH. Construction or reconstruction of existing complexes will cost much cheaper. Ukraine needs to take into account the best practices of other countries. Denmark's achievements in agriculture are quite significant: in an area the size of our two regions, they keep 25 million pigs, while maintaining a clean environment. Legislation requires a harmonious relationship between livestock and farmland size. There are no giant livestock complexes in Denmark, no more than 30 pigs per hectare can be raised for slaughter. But that hasn't stopped Denmark from becoming a world leader in pork exports. If a hundred years ago the country's bacon was first consumed by the British, today almost 90% of products are exported to the European Union (EU) and other countries, which is about 6% of export potential. Despite the fact that they do not have a state program, financial support, producers and exporters of pork, which was abolished after joining the EU. There are only general agricultural support schemes that are common in EU countries.

Danish pork producers have merged into multidisciplinary cooperatives that slaughter, process and sell more than 90% of the livestock. The large slaughterhouses Danish Crown and TiCan also operate on a cooperative basis. Therefore, the farmer has no questions about how, where and at what price to sell the products grown. In turn, cooperative processing enterprises do not have to spend time searching for raw materials [3].

Ukraine also has some achievements in the field of pig breeding. Tribal breeds of domestic breeders have not yet degenerated: large white, Myrhorod, Poltava meat, red-belt and others. Although now, when the industry is

unprofitable, it has not lost the arsenal of methods used by countries with developed pig production. 500 and more breeding plants and breeders breed more than a dozen domestic and well-adapted, previously imported breeds of pigs. That is, there is every opportunity to fill the complexes with their own tribal resources.

It should be noted that after the adoption of the "Program of development of pig breeding in Ukraine until 2010", which provides to increase pork production in slaughter weight to 1.5 million tons and development of selection, implementation of the Law of Ukraine "On national selection program in animal husbandry until 2010".

It is necessary to provide the pig industry with fodder. 70% of pigs' productivity depends on their completeness and fattening technology. Previously, Ukraine produced about 20 million tons of feed, now only - 1 million. tons of feed [4].

Working on the verge of unprofitability, agricultural production, and especially livestock, is currently unable to develop at its own expense. First, this is due to the low purchasing power of the population, which makes it virtually impossible to significantly increase prices for such important foods as milk, meat and others. Second, the agricultural sector of the economy is now supplied with less than 50% of the main agricultural machinery, not to mention other means of production.

To ensure the production of pig products in live weight at the level of 1558.6 thousand tons in 2010 can be due to: reconstruction of old and new complexes with fattening 10-24 thousand heads per year; attracting domestic and foreign investors; compensation of the interest rate for the use of loans from the state budget; support of sows for 200 UAH. in 2006 per head and UAH 150. in 2010; production support (UAH 288 million in 2006 and UAH 220 million in 2010); support for selection and breeding (UAH 100 million annually).

Thus, in order to solve the existing problem of state support of agricultural production, preservation of the livestock industry, in particular pig breeding, in Ukraine, along with other measures, in our opinion, it is necessary: 1) introduction of full budget livestock subsidies under the Law of Ukraine "On State support for agriculture in Ukraine "; 2) granting long-term soft loans; 3) extension of the term of payment of subsidies from the value added tax for the meat in live weight sold to processing enterprises; 4) the balance of supply and demand in the pork market.

The lack of a consistent, well-balanced, scientifically sound state agricultural policy, directions and mechanisms of its practical implementation has become one of the main causes of the demographic crisis, socio-economic decline of the village and the deterioration of the crop sector. The main problem of deteriorating development and decline in crop production is reduced efficiency, lack of systemic and insufficient state support for agricultural producers, deepening price disparity in agricultural products and inputs, low rural incomes and, consequently, low purchasing power of the population.

Crop production and regulatory actions of the state are an urgent need to reform this industry in order to achieve sustainable development of the agricultural sector in the period of intensification of international competition for the market of agricultural products.

Despite the difficult economic situation in the country, in the previous year it was possible to harvest more than 38 million tons of grain, including 19.0 million tons of wheat, about 7.0 million tons of corn for grain. The households produced 9 million grains, including 3.5 million tons of wheat and 3 million tons of corn. Thus, the total supply of grain in 2005 with transitional stocks of the previous year is 42.6 million tons.

According to the State Statistics Committee of Ukraine, as of November 1, 2005, there were 17.2 million tons of grain in agricultural enterprises and

enterprises engaged in its storage and processing, which is 16% higher than last year, including wheat stocks (8.2 million tons) higher than last year by 12 percent.

In order to ensure food security of the state, in accordance with the tasks of the Cabinet of Ministers of Ukraine, formed state resources of food grain in the amount of 3.5 million tons, including the State Material Reserve - 1.2 million tons, regional resources - 2.0 million tons , SJSC "Bread of Ukraine" - 0.3 thousand tons.

Established in the summer of 2005, the Agrarian Fund provided budget loans secured by grain for a total of 622 thousand tons. In addition, intervention purchases of food grain by the Agrarian Fund for the needs of the state food reserve were organized. As of November 30, 2005, more than 30,000 tons of grain were purchased.

The state of winter crops, which had to be sown last year under extreme conditions, is a natural concern for everyone. There has been no such drought in Ukraine for 123 years of meteorological observations. And yet we have about 6 million hectares of winter wedge, which is 93% of the forecast, seedlings were obtained by 87%, of which in good condition - 27%, in satisfactory - 32 percent.

About 5 million tons of sunflower were harvested, or 1.8 million tons more in 2005 than in 2004. By the way, this is the third indicator in the world. Ukraine ranked in the world in terms of sugar beet sowing (1.6 million hectares) and sugar production (over 5 million tons), which accounted for 10% of the world's volume, and the country was among the world's first exporters. However, in recent years, the production of sugar beets and sugar has decreased more than three times, foreign markets have been lost. Processing of sugar beets is completed. 1.9 million tons of sugar will be produced from this year's harvest, which is 7% more than last year. We have more than 300 thousand tons of rapeseed, or 2.5 times more than last year [1].

The area under this culture has been expanded. Thus, this year 400 thousand hectares of winter rape have been sown, taking into account spring

rapeseed crops (330 thousand hectares) the total area will be 730 thousand hectares, which is 3.6 times more than in 2005. This makes it possible to solve the issue of providing raw materials for the first two domestic biodiesel plants, which will allow to start the implementation of the plan to fill the market with relatively cheaper alternative fuels. The plants are expected to be built in Sumy and Zhytomyr oblasts.

The gross harvest of potatoes is 19.3 million tons, which is 1.4 million tons, or 7% less than last year. 6.7 thousand tons of vegetables were grown, or 105.3% to the level of 2004. The production of vegetables in personal households increased from 26.9% in 1990 to 81.4% in 2005, potatoes - from 28% to 97%, respectively, which led to a decrease in the technological level of production, deterioration of phytosanitary condition of crops, loss of organized market and primary base for the processing industry.

In recent years, the gross harvest of fruits and grapes has stabilized, which is associated with the introduction into production of intensive technologies, improving the varietal composition of fruit and berry crops and grapes and, consequently, increasing their productivity [6]. Plantations laid at the expense of one percent collection are already paying off. Thus, in 2005 the gross harvest of fruits and berries reached 162.7 thousand tons (in 2004 - 160.4 thousand tons), grapes - 245 thousand tons, which is 205 more than last year. There are many problems in winemaking, one of the most difficult of which is the fight against counterfeiting of wine products. The so-called "powder wine" and wines obtained from extracts of pomace - products of secondary winemaking with the addition of sugar - have appeared on the Ukrainian wine market.

It should be noted that the total value of products produced in the agricultural sector in the 15 member states is currently around € 285 billion per year. France is the largest producer of agricultural products in the EU and its share is 23 percent, followed by Germany and Italy (both countries produce 15% of the

total), as well as Spain (12%). The share of other EU-15 member states is 4% or less [2].

In general, the total volume of agricultural production in the 15 EU member states consists of crop and livestock products in equal shares. Deviations in this ratio occur from time to time, however, they are insignificant. With the accession of ten new countries to the EU, the value of agricultural products in the EU-25 has risen to an estimated € 300 billion. This increase is not significant (about 6%) and indicates a very low intensity and profitability of agriculture in the new member states.

Table 1. The share of crop production in the total cost of agricultural production (EU-15)

Crop production	EU-15:% share of the total cost of agricultural products
Cereals	13
Forage crops	6
Vegetables	8
Flowers and seedlings	6
Fruits	6
Wine, olive oil, other crop products	8 (total)
Oilseeds, sugar beets, potatoes	2 (on average for each item)
Total	53 The

data in Table 1 show that among crop products the main place belongs to cereals (13%), the second place is occupied by fodder crops, fruits and vegetables, flowers and seedlings, the value of which is, on average, from 6 to 8% of the total value of agricultural products. All other product groups, on average, account for about 2 percent of the total value of agricultural products (including sugar beet).

In recent years, the volume of work on reproduction, increasing fertility and soil protection has declined sharply. The areas on which mineral fertilizers are applied have decreased by a third [4]. If in 1990 141 kilograms of nutrients were applied per 1 hectare of arable land, in 2004 only 29 kilograms. For comparison: in the world on the average to bring 100-103 kg / hectare. In particular, in the Netherlands - 520, Great Britain - 346, in Japan - 319 kg / ha. The application of organic fertilizers has decreased to the critical limit. At a

scientifically substantiated rate of 9-12 t / ha is actually applied 11 times less - 0.8 t / ha. Annual losses of humus due to mineralization and soil erosion amount to 11-12 million tons, which is 3-4 billion UAH. losses.

Carrying out radical improvement of lands, introduction of contour-ameliorative system, transfer of arable lands located on low-productive lands (8 million hectares) into fodder lands and forests. Ensuring the introduction of resource-saving and environmentally friendly intensive technologies. This requires annual state support for the costs of radical land improvement (UAH 700 million), land conservation (UAH 800 million), support for agricultural production in medium conditions (UAH 1,750 million) [5].

To improve the state of the crop sector, the Ministry proposed the following measures: a) to provide for 2006 expenditures on partial compensation for sown spring, winter cereals, rapeseed and soybeans on intensive technologies in the amount of 1.9 billion hryvnias. According to preliminary calculations, the partial compensation for 1 hectare of sown winter cereals will be UAH 200, spring cereals, soybeans and rapeseed - UAH 150; b) to allocate UAH 100 million from the state budget. for state support of selection in crop production. The introduction of new varieties will provide an additional harvest on each hectare of 2-3 kg / ha of grain, 1.5-2 kg / ha of sunflower, 15-20 kg / ha of potatoes and 20-30 kg / ha of sugar beets; c) to amend the Law of Ukraine "On Payment for Land" in terms of improving the mechanism of distribution of funds in order to direct at least 30% to work related to the protection of agricultural land.

There is a need for a clear targeted state policy to attract investment in crop production. Identification of products that increase gross output, employment of farmers, which will ensure the highest efficiency of land use and promote the development of processing industry, will have prospects in the world market, which will determine the priorities of crop production and develop a strategy for restructuring [3].

From the data of table 2 it is seen that to ensure the effective development of the crop industry for the period up to 2010 requires 177357 million UAH. The need for investment for the development of cereals should increase more than 3 times, for growing sugar beets - 3.5 times, sunflower - more than 1.5 times.

Table 2. The need for investment in fixed capital for the development of the crop sector for 2006-2010, UAH million (all categories of farms)

Cultures and types of products	Years					Total for 2006-2010.
	2006	2007	2008	2009	2010	
Grain	8590	11320	14944	19765	26200	90819
Sugar beets	1148	1574	2158	2960	4063	11903
Sunflower	402	426	460	510	579	2377
Flax	104	137	182	240	318	981
Other technical (rapeseed, soybean, other)	683	881	1135	1464	1887	6051
Vegetables	456	598	796	1070	1451	4371
Apples	722	885	1085	1329	1629	5650
Food seeded	6559	8150	10162	12707	15927	53504
Natural land	448	495	547	605	671	2766
Fruits and berries	1156	1342	1559	1881	2104	7972
Grapes	193	188	184	179	175	919
Hops	August	8	September	10	10	45
Crop production	20468	26004	33220	42651	55014	177357

When growing grain by 2010, the reduction of sown areas to 11500 thousand hectares, increasing yields to 43.5 c / ha, thereby increasing production to 50 million tons (against 33 million tons for 2000-2004 and 41.8 for 2004) and an increase in gross value added (wages and profits) from UAH 3.7 billion. (in 2004) to UAH 8.7 billion. (in 2010).

To achieve these indicators, the following types of state support are proposed:

- state support of selection (UAH 500 million) and partial differentiated compensation for the purchase of elite seeds by farmers (UAH 350 million) and 1st reproduction (UAH 180 million) annually before 2010;
- compensation for fertilizer costs (UAH 100,000 each);

- support for the development of material and technical base;
- diversification of production (food corn, fodder winter wheat, etc.) and processing (biofuels, raw materials for industry);
- giving more importance to the production of grain for livestock, which will provide problems for the development of animal husbandry;
- investments in transport infrastructure.

Sugar beet crops should be placed on an area of 900 thousand hectares, on soils suitable for cultivation, increase yields to 400 kg / ha against 696 thousand hectares and 238 kg / ha in 2004, increase production to 36,000 thousand tons (2004 - 16600.4 thousand tons) and change in gross value added from zero UAH million. in 2004 to UAH 865 million. y2010p.

To achieve these indicators, the following types of state support are proposed:

- optimization of territorial location and stimulation of intensive production (UAH 43 (2006) - UAH 20 (2010) subsidies per ton with a yield of more than 350 (2006) and 400 (2010)).) c / ha and for the recommended territorial location) on soils suitable for growing this crop (UAH 690 million in 2006, UAH 290 million in 2010);
- compensation of fertilizer costs of UAH 100 million. for a year;
- support of selection and seed production (UAH 50 million per year).

When growing potatoes by 2010, the reduction of sown areas to 1400 thousand hectares against 1556.4 in 2004, the increase in yield to 150 c / ha against 133, due to which the increase in production to 21025 thousand tons. (2004 - 20754, 8 thousand tons) and increase of gross value added from zero UAH million. in 2004 to 1997 million UAH. in 2010.

To achieve these indicators, it is necessary to perform the following types of state support:

- stimulation of commodity production of potatoes, which meets the standards of trade and processing;

- stimulation of potato selection in seed farms (UAH 40 million);
- partial compensation to commodity producers and households engaged in commodity production, costs for the purchase of varietal seeds UAH 65 million. (2006), UAH 50 million. (2010).

When growing sunflower, given the fact that this crop depletes the soil, accumulates disease, by 2010 it is necessary to reduce sown areas to 2000 thousand hectares against 3427 in 2004, increase yields from 8.9 to 17.5 kg / ha, gross collection from 3015 to 3500 thousand tons, and gross value added from 712 million UAH. up to UAH 903 million

To achieve these indicators, the following measures are proposed:

- intensification of production;
- support for the selection of domestic competitive varieties and seed production (UAH 25 million annually until 2010).

Based on this, to improve the development of the crop sector in the future it is necessary to implement: comprehensive state support for the development of the industry; the use of intensive technologies in the cultivation of crops; improving the investment climate; introduction of new varieties of crops, as well as improvement of selection work; creating conditions for the production of competitive products to enter world and European markets.

SECTION 4. MONITORING OF THE STATE OF DEVELOPMENT OF RURAL AREAS.

4.1. Features of rural development in the climatic zone of Polissya.

Let's investigate theoretical - methodological principles and organizational - economic mechanism of development of rural territories in natural - climatic zone of Polissya. Given the experience of the European Union in the development of agriculture and rural areas, there is a need for more detailed scientific and applied study of the categories of rural areas and rural areas. Consider the structural structure, place and role in the development of modern agricultural relations, in

rural and agricultural life, protection and preservation of spiritual, cultural and other heritage of the village, environmental protection, as well as the revival and sustainable development of Polissya in the overall structure of agriculture and agri-food sector of the economy.

World practice has accumulated extensive relevant experience and has a relatively extensive network of research centers that thoroughly study this important issue. The problem of rural development as a component of the study of the main factors in Austria is studied by an international institute, which develops the theory and methodology of systems analysis. Special units for the study of rural areas in the Czech Republic are combined into research teams.

The problem of rural development increasingly needs to be addressed in practice. As a result, the Ministry of Agriculture should have a unit that would deal with the development of rural areas in which it is necessary to identify the direction of development of these areas, in particular in the natural and climatic zone of Polissya. Research to study this problem requires a consolidated, systematic approach, which must be completed before a generalized study. Whatever the principle or criterion of classification of rural areas, regardless of their size, features of functioning, each of them is one of a large number of components of agricultural production. The end result of the functioning of the agri-food sector of the economy directly depends on how each rural area will work in general. The nature of the organization, socio - economic performance and other general industry characteristics are among the determining factors on which depend the features and socio - economic impact of the functioning of each individual rural area of Polissya district and their specific set.

Makariv district of Kyiv region was formed by the resolution of the All-Ukrainian Central Executive Committee of March 7, 1923, borders on Borodyansky, Kyiv-Sviatoshynsky and Fastiv districts of Kyiv region and Radomyshl and Brusylovsky districts of Zhytomyr region.

The area of the district is 1363.9 square kilometers. Agricultural land - 51,840 hectares, of which 49,002 hectares of arable land. The total area of forest plantations is 37,210 hectares. There are 11 rivers flowing through the district, with a total length of over 360 kilometers. The district belongs to the Polissya zone of Ukraine.

Soils in the northern part are sandy and loamy, in the southern part loamy, in wetlands - peat. The climate is mild, moderately humid. Deposits of brick and tile clay, carbonate raw materials, granite, peat and construction sand are found in minerals. The Kyiv-Chop highway runs through the district, and there is a Buyan railway station of the South-Western Railway.

The district consists of 69 settlements, united in 36 village and 2 village councils. The population of the district is 44,892 people.

The development of rural areas of Makariv district has a long history. In 1804 Makariv became the township center of Kyiv district, which included 2 towns, 10 villages, 12 small settlements, 15 hamlets, 4 German colonies. Of the 51,157 tithes of land, 29,949 tithes belonged to landowners, 512 churches and monasteries, and only 20,696 tithes to peasants.

The peculiarity of the development of rural areas of the district is the impact of the Chernobyl disaster, which hurt the fate of hundreds of thousands of people. In 1986, almost 9,000 migrants from the exclusion zone arrived in the district, for whom about 150 apartments and about 3,000 manor houses were built in 23 settlements.

Today the agricultural sector of the district's economy is represented by 19 limited liability companies, 4 private enterprises, 2 agricultural production cooperatives, 2 subsidiaries, 4 peasant farms, 76 farms.

The main directions of agricultural production are the cultivation of cereals, legumes, industrial crops, including potatoes and flax, as well as the production of milk and meat, livestock and poultry.

There are breeding quail and ostrich farms in the area. The department of winter wheat selection of the Institute of Agriculture of the Ukrainian Academy of Agrarian Sciences is successfully operating. A number of enterprises specialize in the production of elite potato seeds of domestic and foreign selection.

In order to improve the social infrastructure and develop services for rural areas in Makariv district in 2000 was established and successfully operates Makariv village service center, which provides services to the rural population. The center provides services in various spheres of agricultural activity, conducts training of citizens running personal farms.

Makariv Rural Service Center operates within the project "Improving the living standards of the rural population in the Kiev region." The credit union of owners of personal subsidiary farms of the "Master" district is created.

Agricultural and processing enterprises of the district annually present their achievements at the regional exhibition-fair "Kyiv Autumn" and the international exhibition-fair "Agro - 2006". Makariv Bakery, Brick and Flax Plant, and a number of other enterprises and organizations operate successfully in the district.

The district program of small and medium business development for 2005-2006 creates favorable conditions for the functioning of business entities.

There are about 202 small enterprises registered in the district, which have a significant impact on the development and maintenance of rural areas of the district. The population of the district is served by 3 stationary markets and 312 objects of trade and public catering.

36 settlements have been gasified, the total length of gas pipelines is 503 km. 12594 subscribers of the district use natural gas. 28 settlements of the district have centralized water supply, the total length of water mains is about 130 km.

Medical care is provided by the Central District Hospital, Byshiv District Hospital, 6 outpatient clinics and 42 medical and obstetric centers, which employ 94 doctors and more than 344 paramedics. Recently, an equipped resuscitation department has been opened in the central hospital, ultrasound and functional

diagnostics rooms, and an endoscopy room have been equipped with modern equipment.

Makariv Medical School, Motyzhyn Lyceum, Danylo Tuptal Children's and Youth Creativity Center, Makariv Children's School of Arts and Children's and Youth Sports School, interschool training and production complex, children's school operate in the district to provide highly qualified personnel who serve rural areas. "Barvinok", Mostyshche auxiliary boarding school, 28 secondary schools, 22 preschools, 9 educational associations "school - kindergarten".

Taking into account the experience of the European Union,

777 pedagogical workers of the district pay great attention to the harmonious development of the personality of the younger generation. The experimental course "Human Rights" from 5th to 11th grades is successfully implemented in Makariv secondary school of I-III grades № 2. On the basis of Borivka educational association "secondary school of I-II grades - kindergarten" the program "School as a center" is implemented Community Development ”of the All-Ukrainian Foundation“ Step by Step ”. Within the framework of the project "Improving the living standards of the rural population" of the Ministry of International Development of the United Kingdom, an experimental breeding center "Dream" was established on the basis of Andrew's educational association "comprehensive school I-III degrees - kindergarten".



Fig. 1. Location of rural areas of Makariv district

The receipt of funds from legal entities and individuals of Makariv district in 2006 amounted to 7859.3 thousand UAH to the state budget, and to the local budget - 12570.3 thousand UAH.

Consider the revenues to the state budget from income tax and value added tax of 7859.3 thousand UAH, respectively, income tax - 2181.1 thousand UAH. or (33.5%), VAT - 3964.2 thousand UAH. or (64.5%).

The total amount of revenue to the local budget is 12570.3 thousand UAH. Of which: income tax - 2223.5 thousand UAH; payment for land - 769.8 thousand UAH; tax on vehicle owners - UAH 882.3 thousand; single tax on business activity - UAH 586.3 thousand; fixed agricultural tax - UAH 239.5 thousand; communal and market fee - 234.0 thousand UAH.

As noted, the methodology for studying the impact of the local budget on the development of rural areas in this area is based on the principle of comprehensive study of local budget revenues.

In percentage terms, income tax (44%), land tax (16%), vehicle owners' fee (18%), single business tax (12%), fixed agricultural tax (5%), utility and market fee (5%).

Consider the socio-economic characteristics of the development of rural areas of Makariv district. As noted, the research methodology is based on the comparison of key macroeconomic indicators with other climatic zones.

Rural areas of Makariv district belong to the Polissya zone of Ukraine, where sod-podzolic, sod and swamp soils predominate, in terms of mechanical composition - sandy and loamy. Deposits of brick and tile clay, carbonate raw materials, quarries of stone, construction sand and peat are found in minerals.

There are 10 industrial enterprises on the territory of the district, one of which has the status of the state (Chervonoslobodsky distillery). The industry of the district produces: dairy, sausage, pasta, confectionery, soft drinks, ethyl alcohol, garments, building bricks, components for household appliances. Favorable conditions for the development of small and medium business have been created in the district.

Currently, 202 small enterprises and 1258 individuals are registered and operate in the district. The share of budget revenues from small businesses in the total amount of revenues is 24.2%.

There are 42 reformed agricultural enterprises in the district. In the structure of agricultural production, 47% is accounted for by the crop industry and 53% by the livestock industry.

Of particular importance for the development of rural areas of the district are cereals, which in the structure of crop production occupy 73%. In the future, it is planned to expand the area under flax and potatoes, increase the number of cattle.

Rural tourism is planned to be developed in the future on the basis of Yasnogorod ostrich farm. To do this, there are all the necessary conditions.

During the first half of 2006 the district state administration together with self-government bodies focused its activities on organizing the implementation of the Constitution and Laws of Ukraine, ensuring the implementation of measures defined by acts and instructions of the President of Ukraine and the Cabinet of Ministers of Ukraine.

The district is constantly working on structural adjustment of the economy, further development of the industrial complex, strengthening investment, business development, increasing budget revenues at all levels, as well as solving the most acute social problems, which will ensure full integrated development of rural areas.

Let's analyze the state of the demographic situation and its impact on the development of rural areas of Makariv district. The number of the available population of the district as of 01.06.2006 is 43.0 thousand people, including urban - 12.6 thousand people, rural - 30.4 thousand people. During the reporting period of the current year, the population in the district decreased by 500 people compared to the beginning of the year. The main factors influencing the formation of the demographic situation are the processes of natural population decline, its general aging, labor migration, as well as the consequences of the Chernobyl disaster. In 5 months of 2006, 177 children were born in the district, 499 people died, 105 marriages and 79 divorces were registered.

During the reporting period, 17 more children were born than during the corresponding period last year, and 23 more people died than last year. The natural decrease for January-May 2006 was "minus" 322 people. This was due to an increase in the number of deaths with a slight increase in the number of births.

We will analyze the possibility of improving the demographic situation of the district in the future until 2010.

	01.01.2005	01.01.2006	01.01.2007	01.01.2008	01.01.2009	01.01.2010
Birth rate	177	253	260	300	289	310
Mortality	499	479	456	505	510	504

Improving the demographic situation in Makariv district of Kyiv region should be ensured taking into account the positive experience gained in countries with market economies. In the countries of the European Union, one of the most important directives 89/391 / EEC "On the implementation of measures to improve the safety and health of employees" is a common thread that the main actors in creating safe and harmless working conditions are the employer and the employee, and all other structures perform an auxiliary function in ensuring normal relations between them. [4.1.]

On the territory of the district lives as of 01.01.2005: 10142 - children under 18 years, including; 113 - orphans and children deprived of parental care; 13 - children with disabilities; 6121 - have the status of victims of the Chernobyl accident; 2718 - young people aged 14-35, of which: 9029 - rural youth; 3689 - urban youth.

The development of rural areas is impossible without a significant improvement in the social situation of the population. The high and sustainable level of economic development is primarily due to the high economic condition of the peasantry. In a civilized society, everyone works for the peasant, the farmer, provides for the needs of his breadwinner, and he mutually satisfies the demands of all consumers of products, raw materials and agricultural products.

The aphorism "Good for the farmer - good for everyone" is widely known among the people. Implementation of the mechanism. What operates according to the formula "Farmer is everything" is the first and not a prerequisite for the reproduction of agriculture in any socio - economic system.

In our opinion, the tools for creating such a priority and the mechanism for its regulation are based on the law of harmony of needs and the production environment of human activity.

An abstract logical explanation of the law will begin with the definition of the essence and content of the production process, production environment, needs of the producer and the price of his total labor. [4.3.]

In total in the area - 16471 families, including: 376 - large; 129 - in which children with disabilities are brought up; 334 - low-income; 155 - unfavorable; 621 - incomplete, including in 575 - the mother raises children, in 45 - the father

The social situation in the district should change for the better by 2010 due to the improvement of the socio-economic situation of rural youth. There is a mixed-type orphanage "Barvinok" in the district, where 58 children are brought up. The department interacts with women's and youth NGOs, associations and centers.

Industry has little influence on the formation of the local budget to support the development of rural areas in Makariv district.

In the first half of 2006, the industrial enterprises of the district produced UAH 34.2 million. products at comparable prices, which compared to the corresponding period last year is 107.62%, or more by UAH 2.4 million. Out of ten industrial enterprises, production volumes increased - eight.

Production volumes at Plakhtyansky Research Plant of Veterinary Drugs and a branch of the Experimental Plant for the Production of Veterinary Drugs of the Ukrzoovetpostach Production and Research Enterprise increased by 83.6% and 53.3%, respectively. The enterprises are engaged in the production of veterinary drugs and premixes for the livestock industry.

The basic direction of rural development is agricultural production. After Ukraine gained independence, radical changes took place in it, which significantly affected the development of rural settlements. The nature and

content of relations in the countryside. These changes were related to the formation of a market economy in the country and were carried out within the land reform proclaimed by the Verkhovna Rada of Ukraine in 1990 and the reform of agricultural enterprises, opportunities for which opened the Law of Ukraine "On Collective Agricultural Enterprise" (1991), Land Code of Ukraine (1992), Decree of the Cabinet of Ministers of Ukraine "On the peculiarities of privatization of property of state agricultural enterprises" (1993), etc. [4.4.]

Let's analyze the impact of livestock and crop production on the formation and development of rural areas.

Summing up the work of the livestock industry for the six months of 2006, it can be noted that in the agricultural enterprises of Makariv district there are much worse production indicators of livestock products compared to the corresponding period last year. Namely: the gross milk yield is 5862 tons, which is 1279 tons less than in the same period last year. Milk per cow was milked - 1437 kg, which is 209 kg less than in the corresponding period last year, or 12.6%.

Meat production is 431 tons, which is 95 tons less than in the same period last year. The decline is 18.1%.

18603 thousand eggs were received in the first half of 2006, which is 12084 thousand more than in the corresponding period last year, or 185.3%.

The main reason for the decrease in milk production is the decrease in the number of cows in the main herd. Thus, as of July 1, 2006, there are 5,055 cows in agricultural enterprises of Makariv district, taking into account the introduction of first-born cows - 614 heads since the beginning of the year, and 979 heads have left for various reasons since the beginning of the year. In general, the main herd of cows decreased by 88 heads by the beginning of the year, and by 208 heads compared to the same period last year. In the first half of 2006, such farms as PII "Lan" - 96 heads, LLC "Temp" - 39 heads completely stopped their economic activity and removed the number of cows. PE "Lyudvynivske" transferred the existing livestock, including 275 cows, to the ownership of LLC "Agrofirm"

Kyivska ", which generally did not affect the reduction of cows in the area. Also, the level of milk productivity decreased significantly due to mismanagement, unsatisfactory fodder base and high infertility of cows, which was observed at the end of last year and at the beginning of this year in the following farms: Dobrobut LLC, SVG NVGP "Russia", SFG "Borivka" LLC "Borivka", LLC "Agrofirm" Svitanok ", SE" Kolonshchyna ", IC" Lypivske ", PE" Osykivske ". The above reasons also affected meat production, which decreased significantly compared to the same period last year, namely: produced meat only - 431 tons, which is 95 tons less, including beef - 422 tons, which is 89 tons Less; pork - 8 tons, which is 7 tons less than last year.

As you can see from the diagram, the reduction in beef and pork production in 2006 was 89t and 7t respectively, but with the correct organization of meat production in rural areas by 2010 to expect an increase in oil by 35% .

The average daily gain of cattle and pigs in the district is 453 grams (-31) and 123 grams (-16), respectively. The lowest average daily gain of cattle is allowed in the following farms: PE "Osykivske" - 145 grams, IC "Lipivsky" - 185 grams, SFG "Borivka" - 303 grams, LLC "Agrofirm" Svitanok "- 328 grams.

There are no specialized pork farms in the area. Most farms raise pigs to meet their own needs and to sell young pigs at the expense of farm workers. In the farms of the district we have only 1340 pigs, which is 584 heads less than in the same period last year. Piglets have been born since the beginning of the year - 473 heads, which is 357 heads less than in the corresponding period last year.

In the first eight months of 2006, the district produced 712 tons of meat, which is 30 tons more than in the same period last year. Hopes for a cow have increased by 57 kg and is 2003 kg.

Egg production is 29,648 thousand units, which is 2.3 times more than in the same period last year.

Improving the development of animal husbandry and its impact on the development of rural areas in Makariv district largely depends on the correct

organizational and economic mechanism of the state and its specific impact at the district level.

Let's analyze the state of development of the crop industry of Makariv district and its impact on the development of rural areas.

As of September 1, 2006, the district harvested: hay - 3192 tons, which is 42.5% of the plan; haylage - 10,288 tons, which is 103% of the plan; silage - 9232 tons, which is 27% of the plan; grain fodder - 575 tons.

In the future by 2010 the development of the plant industry and its impact on the development of rural areas should increase by 45%.

It is expedient to analyze the experience of crop and livestock production in the European Union and use it in the development of methodological and methodological directions of development of the natural and climatic zone of Polissya.

The total value of agricultural products in the 15 member states is currently around € 285 billion a year. France is the largest producer of agricultural products in the EU and its share is 23%, followed by Germany and Italy (both countries produce 15% of the total), as well as Spain (12%). The share of other EU member states - 15 is 4% or less.

In general, the total volume of agricultural products produced in the 15 EU member states consists of plant and animal products in equal shares (50/50%). Deviations in this ratio occur from time to time, however, they are insignificant. With the accession of ten new countries to the EU, the value of agricultural products in the EU-25 has risen to an estimated € 300 billion. This increase is not significant (approximately 6%) and indicates a very low intensity and profitability of agriculture in the new member states.

The tables below summarize the shares of the most important products in the total cost of agricultural production in the EU-15.

Share of production in the total cost of agricultural production (EU-15) (Crop production)

Product (crop production)	EU-15:% share of the total value of agricultural products
Cereals	13%
Forage crops	6%
Vegetables	8%
Flowers and seedlings	6%
Fruits	6%
Wine , olive oil, other crop products	8% (total)
Oilseeds, sugar beets, potatoes	2% (on average for each item)
Total:	53%

Among vegetable products the main place belongs to cereals (13%), the second place is occupied by fodder crops, fruits and vegetables, flowers and seedlings, the cost of which is, on average, from 6 to 8% of the total value of agricultural products. All other product groups, on average, account for about 2% of the total value of agricultural products (including sugar beet).

Share of production in the total value of agricultural production (EU-15) (livestock products)

Product (livestock)	EU-15:% share of the total value of agricultural products
Cattle	10%
Pigs	9%
Sheep and goats, other animals	3%
Poultry	4%
Milk	14%
Eggs	2%
Total	42%

Among livestock products, milk ranks first (14%), followed by cattle and pigs (9-10%). Together with poultry, despite a relatively modest percentage of the cost of production (4%), these product groups belong to the category of intensive systems of agricultural production, and also cause the greatest concern about food safety (rabies epidemic), housing conditions and care for cattle. Current measures within the SAP constrain the development of these production systems. Most likely, their share in total production will decrease over time. Other livestock products, such as sheep, goats, eggs, account for an average of about 2-3% of the total cost of production.

The balance of the total cost of production (5%) is almost equally distributed between agricultural services and other business activities, such as: contracting, repair and maintenance, construction, etc. [4.5.]

In the future it is necessary to ensure that everything is positive and progressive, accumulated in the development of the agricultural sector of the economy and rural areas in the European Union was used properly in the natural and climatic zone of Polissya and in Ukraine as a whole.

Considerable attention in Makariv district is paid to the construction and gasification of rural areas.

During the first half of 2006, the contractors of the district performed the volumes of construction works in the amount of UAH 8,224 thousand, which is UAH 5,314 thousand or 2.8 times more than in the corresponding period of the previous year. Production volumes are increasing - Subsidiary PMK-11, LLC Gas Construction Company, PMK-23, LLC Promet and branch of Makariv District Road Administration, but such enterprises as BMU-21 and road repair construction management did not perform at all construction works.

Pursuant to the Decree of the President of Ukraine dated 15.07.2002 № 640/2002 “On priority measures to support the development of the social sphere of the village” and in accordance with the “Program of gasification of settlements of Kyiv region for 2004-2010” in Makariv district for the first half of 2006 32.5 km of gas distribution pipelines of different pressures were built and put into operation in 2006. Work in this direction continues. Gas pipeline networks are being built in the village of Kalynivka, Motyzhyn, Kopyliv, Borivka, Zabuyannia, Rozhiv. In 2006 it is planned to convert school boiler houses in the village of Motyzhyn, Lyshnya, Zabuyannia. Documentation has already been prepared.

During August, work continued on gasification of settlements in the district and on repair and construction of communal roads. In eight months, more than 50 km of gas networks of different pressures have been built.

Much attention in the area is paid to the construction and maintenance of public roads. In the first half of 2006, UAH 1,566,000 from the regional budget was used for these works.

Further development of rural areas is impossible without efficient and stable functioning of housing and communal services. For this purpose in the near future it is necessary to carry out: during January - June, 2006 the enterprises of housing and communal services rendered services for the sum of 1562,20 thousand UAH, paid - 1524,40 thousand UAH that makes - 97,6%.

Debts for provided housing and communal services, taking into account the debts of previous years as of July 1, 2006 is - 1158.5 thousand UAH. Debts of budgetary institutions and organizations for consumed communal services as of July 1, 2006 - UAH 121.7 thousand, including: debts of budgetary institutions financed from the state budget - UAH 25.6 thousand: provided services in 2006 in the amount of 122.7 thousand UAH, paid taking into account the debts of previous years - 79.7 thousand UAH, which is - 65%.

Debts of budgetary institutions financed from the local budget - 96.1 thousand UAH: services were provided in 2006 in the amount of 27.5 thousand UAH, paid taking into account the debts of previous years - 23.5 thousand UAH, which is - 85.5%.

Debts for consumed housing and communal services, taking into account the debts of previous years directly to the population as of July 1, 2006 is - 1000.9 thousand UAH, the level of payment for 2006 - 91.3%.

In particular: - on heat supply - 544.8 thousand UAH. , payment for 2006 - 97.8% of them: directly to the population - 417.8 thousand UAH, payment for 2006 - 101.4%; budgetary institutions financed from the state budget - UAH 24.0 thousand, payment for 2006 - 63.9%; budgetary institutions financed from the local budget - 91.2 thousand UAH, payment for 2006 - 99.6%; for water supply and sewerage services - UAH 512.8 thousand, payment for 2006 - 98.7%, of which%: directly to the population - UAH 480 thousand, payment for 2006 - 99.7%; budgetary institutions financed from the state budget - no debt, payment for 2006 - 97.3%; budget institutions financed from the local budget - 4.9 thousand UAH, payment for 2006 - 85.5%; - on the rent - 100.9 thousand UAH, payment for 2006 - 91.2 directly to the population - 99.9 thousand UAH, payment for 2006 - 90.9%.

There is no debt for consumed electricity at the Makarivteplomerezha utility company.

Small business plays an important role in the sustainable development of rural areas.

Favorable conditions for the development of small and medium business have been created in the district. 257 small enterprises - legal entities and 1620 natural persons - entrepreneurs are registered and work. During the first half of 2006, 70 legal entities and 171 individuals were registered. The share of small enterprises in the total volume of sold products in the district is 13.4%.

In the first half of 2006, budgets of all levels received UAH 3.9 million from small businesses, which is 22.7% of total revenues.

Based on the experience of the European Union and the CAP, there is a need for significant influence of the consumer market and its support in ensuring sustainable development of rural areas.

There are 214 grocery stores and 46 non-food stores in the district, 3 markets, 85 restaurants. Domestic services are provided by 3 specialized enterprises and 252 individuals. Retail turnover of legal entities of all forms of ownership in current prices for the first half of 2006 amounted to UAH 35,315.9 thousand, which is 24.1% more than in the corresponding period last year. Retail turnover per capita amounted to UAH 767.26.

Retail turnover of the restaurant industry in the first half of 2006 amounted to 2323.8 thousand UAH.

Retail turnover of consumer cooperatives amounted to UAH 5,315.5 thousand, which is 17.4% more than in the first half of 2005. Among the enterprises of consumer cooperatives, the Makariv Rural Consumer Society, ST Gromkharch and the Retail Trade Association are constantly increasing their turnover. Four consumer societies lease their stores to private entrepreneurs.

The main indicators of economic development of Makariv district.

The general trend of influence and development of rural areas on the implementation of the district budget.

Consider the results of work in the first half of 2006 in the budget of Makariv district received its own and fixed revenues in the amount of 6871.8 thousand UAH, which is 131.4% of the plan for 6 months (5228.6 thousand UAH).

Analyzing the implementation of the planned indicators of own and fixed income for the first half of the year, it should be noted that the increase in income of the general fund in comparison with the corresponding period last year is 2282.7 thousand UAH or 149.7%. A significant increase in actual revenues

compared to the corresponding period last year is observed for the following taxes:

- personal income tax received for 6 months of 2006 4631.4 thousand UAH, which is 1456.6 thousand UAH more than last year. The reason for the increase is the growth of the average monthly salary from UAH 560.80 in 2005 to UAH 746.58 in 2006, and the creation of new jobs.

- state duty - actually received 549.5 thousand UAH, which is 457.2 thousand UAH more than last year (2005 - 92.3 thousand UAH). Growth is observed in connection with the sale of private land plots and more stable work of the notary office (in connection with the introduction of an additional notary rate).

As for the payment for land, its receipts for the first half of the year amounted to 425.6 thousand UAH, which is 168.1 thousand UAH more than in the first half of last year (2005 - 257.5 thousand UAH). The reason for the growth of revenues is the increase in the payment of land fees, especially the fee for land from legal entities (in 2005 received 130.5 thousand UAH; and in 2006 - 170.7 thousand UAH), as well as the lease of land, ponds .

Revenues from land payments from individuals have increased significantly due to the favorable location of rural areas in relation to the capital.

A temporary commission has been set up at the district council to study and resolve the issue of land tax and rent for land plots, and conduct a normative monetary valuation of land.

To reduce arrears to the general fund of local budgets, ensure timely payment of taxes and other revenues, payment of wages, pensions, scholarships and other social benefits in the area is a meeting of commissions, which hears the heads of enterprises and organizations that have declared unprofitable activities and increased debt In the future, by 2010, a significant increase in revenues from land fees is expected due to the fact that the rural areas of Makariv district are located in the suburban area.

Consider how the indicators of payment of wages, cash benefits, pensions, scholarships and other social benefits.

The total amount of unpaid wages, based on statistical data obtained from the district department of statistics on 01.09.2006 is 1341.4 thousand. UAH In comparison with August 1, 2006, the debt to the employee decreased by UAH 24.5 thousand. Debtor enterprises BMU-21 (structural subdivision of ATF "Ukrigasbud", motor transport enterprise ATP-13240).

Due to the provision of additional financial subsidies from the state budget, the amount of wage arrears in the budget sphere decreased. As of 01.09.06 The debt decreased by UAH 41.7, compared to July 1, 2006.

In order to solve this problem, especially for malicious debtors, the relevant assistance of the regional state administration was received. A letter was sent to the regional prosecutor's office to take measures to influence the heads of enterprises that do not fulfill the tasks set by the President of Ukraine to reduce arrears of wages to employees.

The average cash subsidy for solid fuel per family is UAH 127.7.

Housing subsidies for housing and communal services were allocated in the amount of UAH 17.0 thousand. During the third quarter of 2006. Employees of the department of personalized accounting of privileged categories of the population paid compensation for solid fuel:

- veterans of the Great Patriotic War - 1130 people in the amount of UAH 297889.5. incl. for the reporting period 478 persons in the amount of UAH 127,032.5;

- victims of the Chernobyl accident - 1158 people in the amount of 283588 UAH. incl. for the reporting period 504 persons in the amount of UAH 123,480;

- employees on professional grounds - 20 people in the amount of UAH 9,558. incl. for the reporting period 6 in the amount of UAH 2,940.

Payment of compensations to privileged categories makes 591035,5 UAH that in turn at the correct organization of receipts of means to city and village

councils can considerably improve social and economic development of rural territories. The impact of pensions on the development of rural areas of Makariv district.

As of July 1, 2006, the pension provision allowed for the receipt of own funds in the amount of UAH 14.0 million, which is UAH 1.6 million more. more than planned (or 13 percent) and 4.2 million more than in the same period last year (or 43.6 percent). The inflow of funds increased due to the increase in the number of payers, the growth of the minimum wage, as well as due to the increase in the average wage in the area and the growth of the wage bill by 45 percent.

As of July 1, 2006, the debt on the main payments to the Pension Fund (together with financial sanctions) amounts to UAH 897.5 thousand. Of the total amount of debt, the arrears on insurance premiums on July 1, 2006 increased by UAH 125.5 thousand. and as of 01.07.2006 is 647.7 thousand UAH. The increase in arrears in the district arose due to two enterprises

As of July 1, 2006, 15.7 thousand pensioners are registered in the management of the Pension Fund of Ukraine in Makariv district. and 15,418 recalculations based on the subsistence level for persons who lost their ability to work.

After the recalculations, the average size of pensions amounted to UAH 425, which is almost UAH 30 more than on January 1, 2006. During 6 months of 2006, 322 new pensions were assigned, 3192 pensions

were recalculated. The recalculations of pensions require additional funds for their payment. The average monthly demand for funds in the district has increased by UAH 936 during the first 6 months of this year and amounts to UAH 7.1 million per month since July.

Pensions are paid month by month, there is no arrears on their payment. Consider the state of settlements of legal entities and individuals with the budget at the appropriate levels.

According to the results of work for 9 months of 2006 the local budgets received taxes, fees and obligatory payments in the amount of 10825.5 thousand UAH, which is 119.3% to the plan for 9 months and 51.3% more to the corresponding last year.

Analyzing the implementation of the planned indicators of own and fixed income for 9 months, it should be noted that the increase in income of the general fund in comparison with the corresponding period last year is 3668.3 thousand UAH. Overfulfillment of planned tasks and increase in actual revenues compared to the corresponding period last year is observed for all taxes except for payments for the use of subsoil of local importance (its implementation is 36.5%). This is due to the fact that Sosnivsky Grankary (an enterprise that is the main taxpayer) has not worked for more than six months.

The main type of revenues to the consolidated budget is the personal income tax - 65.9% of all revenues. Its implementation for 9 months of 2006 is 104.5% to the plan, or 2171.4 thousand UAH more than last year. The reason for the increase is the growth of the average monthly salary and the creation of new jobs.

The state duty in the part belonging to local budgets is executed on 314,6% or on 612,7 thousand UAH more in comparison with last year (2005 - 92,3 thousand UAH). The growth is observed in connection with the sale of private houses, land plots and more stable work of the notary office (in connection with the introduction of an additional notary rate).

Revenues from the single tax were fulfilled by 109.1%, by payment for land - by 151.7%. The reason for the growth of revenues is the increase in land fees, as well as the lease of land, rates.

A temporary commission has been set up at the district council to study and resolve the issue of land tax and rent for land plots, and conduct a normative monetary valuation of land.

With the overall implementation of budget indicators, three village councils did not fulfill the planned tasks. These are Opachytsia village council

(implementation is 60.2%), Sytnyakivska village council (implementation - 91.0%) and Komarivska village council (implementation - 99.9%).

To reduce arrears to the general fund of local budgets, ensure timely payment of taxes and other revenues, payment of wages, pensions, scholarships and other social benefits in the area is a meeting of commissions, which hears the heads of enterprises and organizations that have declared unprofitable activities and increased debt .

As of October 1, 2006, the arrears of taxes to local budgets decreased by UAH 14.1 thousand compared to the beginning of the year and amounted to UAH 178.9 thousand.

The development of rural areas is impossible without conducting tenders for the purchase of goods, robots and services for public funds in the Makariv district.

There are 5 tender committees in the district: Makariv district state administration, at the district department of education of Makariv district state administration, at the Central district hospital, Makariv village council and Makariv RVUZHKG.

During 11 months of 2006, 24 auctions for UAH 4,120.1 thousand took place.

For 11 months of 2006 4 meetings of the tender committee of Makariv district state administration took place. 2 auctions were held (request for price quotations) in the amount of UAH 40.0 thousand. for the purchase of gasoline and open bidding for the purchase of catering services for students affected by the Chernobyl accident at the expense of the state budget.

The Central District Hospital held 10 auctions, including 2 open: one - for the purchase of fuels and lubricants and one - for the purchase of pharmaceuticals; - 8 auctions with the use of the procedure - request for price quotations (for the purchase of bread, fuel and lubricants, rubber clothing, medical equipment, X-ray film, ambulance, medicines). Some tenders for the purchase of medicines (request

for price quotations) were recognized as not having taken place (one tender offer was received).

The district department of education held 10 auctions, including 4 - open and 6 - using the procedure - request for price quotations (internet services, purchase of coal, firewood, services for transportation of students); 3 tenders for the purchase of services for the transportation of students did not take place (received one tender offer).

Makariv RVUZHKG conducted one auction using the procedure - request for price quotations for the purchase of a garbage truck at the expense of the district budget

Makariv village council in 2006, no auction was planned.

5 people from the members of the tender committees of the district were trained at the courses in the center of retraining and advanced training of the staff of the regional state administration.

The impact of the labor market on social protection.

Pursuant to the Decree of the President of Ukraine “On Improving State Regulation in the Sphere of Employment in the Labor Market in Ukraine” of July 11, 2005 №1072, the task was set to create 620 new jobs in Makariv district. According to statistics, 292 new jobs were created in the first half of the year, or 47.0 percent of the annual target was fulfilled.

From the newly created jobs:

- 132 jobs were created due to the implementation of investment projects (Makariv Poultry Factory LLC, Ukrainian Mushrooms LLC, Potential OJSC);
- due to the development of small business - 134 seats;
- at the expense of subsidies to employers and the provision of one-time assistance to start your own business - 26 jobs.

Analyzing the labor market for 6 months of 2006, it can be noted that the growth of unemployment in the area is not happening.

Comparing the labor market for 6 months of 2006 with the same period in 2005, it should be noted that the number of people who applied for social services to the employment center has increased. In the first half of 2006, 627 people applied to the employment center, which is 55 people more than in the same period last year. For 6 months of 2006, 512 people were declared unemployed, which is 118 people less than in the reporting period last year.

As of July 1, 2006, the unemployment rate in the district is 2.83%, which is 0.19% less than at the beginning of 2006 (it was 3.02%). Of the total number of unemployed, as in previous years, women predominate - 292 people, which is 57%, 215 people - are young people under 35, which is 42% of the total number of unemployed.

Improving the social protection of the population may occur in the future due to the dynamic and proportional development of rural areas.

Let's analyze the unemployment ratio in the tender ratio.

By social status: 54.5% are people who have working specialties; 28.3% - employees; 17.2% - persons who held jobs that do not require professions, specialties.

The impact of the social status of workers on the development of rural areas in the long run should improve significantly.

In terms of education, the unemployed are dominated by persons who have completed general secondary education - 40%, have vocational education - 22.1%, the share of persons with basic higher education is 19.7%, complete higher education - 9.8%.

A significant number of citizens who apply for social services to the employment center are citizens from among the vulnerable, who can not, on an equal footing with others, compete in the labor market. For 6 months of the current year, 43 people applied to the employment center, 28 of them were employed. 10 people have been employed for the reserved jobs.

In the first half of 2006, the employment service employed 331 people, which is 2 people more than in the same period last year. Compared to last year, the number of vacancies at the enterprises of the district has increased, and as of July 1, 2006 it is 233 against 188 at the end of last year. Currently, the workload for one vacancy is 2 people against three at the end of the second quarter of 2005.

In the district for many years there is a trend when the unemployed refuse the offered vacancies, citing various reasons. At the same time, many enterprises in the district lack labor. Today, more than 70 employees can be employed at OJSC Potential. The company consistently pays wages, brings employees to work, sends for training, but the unemployed are in no hurry to get a job. Most of them, being in the employment center, work illegally for wages in envelopes. From this we can draw a simple conclusion - there is no clear control over the persons registered, the management of the center.

There is a territorial center of social services for pensioners and single disabled people in the district, whose activities cover almost all settlements of the district. As of July 1, 2006, the territorial center serves 510 single disabled people. In total in the area of such citizens there are 1308 people. The remaining 798 people are registered in the territorial center with further registration for service.

There are currently 15 elderly people living in the inpatient department for permanent residence of single disabled citizens, which is located in the village of Gruzke.

In total, during the reporting period, single disabled citizens were provided with various services, including transport, in the amount of 5563 UAH.

As of July 1, 2007, 890 families - recipients of subsidies and 1317 families - recipients of social benefits are registered in the Department of Labor and Social Protection.

One of the most common and widespread types of targeted social assistance to low-income families is housing subsidies to reimburse the cost of housing, utilities, natural gas, electricity.

As of July 1, 2006, subsidies were assigned to 328 families in the amount of UAH 43.3 thousand, and in the first half of 2005, UAH 327.3 thousand were assigned, which is 7.5 times more than in the first half of 2005. In the first half of 2006. There are no arrears of subsidies as of July 20, 2006. The average amount of subsidies per family is UAH 132.0, which is much less than in the corresponding period last year (it was UAH 270). This state of subsidies is explained by the fact that the contingent of subsidy recipients consists of 97% of families of single disabled pensioners, in which the amount of assigned pensions has increased compared to previous years and, accordingly, decreased the amount of assigned subsidies. taking into account the experience of the European Union.

In crop production there is a decrease in the production of grain, haylage and other products. In animal husbandry there is a significant decrease in meat production (beef-89t, pork-7t). There were small milk yields due to the fact that the number of cattle decreased by 208 heads compared to last year.

The number of gasified villages in the district has increased, which has improved the living conditions of the rural population. Debts for energy and heat supply decreased in housing and communal services. The level of payment for services in 2006 is 97.3%.

Revenues from small enterprises account for 22.7% of total budget revenues, which has significantly improved the development of rural areas in the district.

Revenues for land fees increased significantly compared to 2005 and amounted to UAH 425,000. which is 168.1 thousand UAH. more than last year.

Due to the provision of additional financial subsidies from the state budget, the amount of wage arrears in the budget sphere decreased. As of 01.09. 06. debt decreased by UAH 41.7 thousand. Unlike last year.

Tenders are increasing. In 2006, 24 tenders worth UAH 4,120.1 thousand were held, which significantly improved the state budget.

According to statistics, 444 jobs were created in 2006, which is 47% more than last year, and the unemployment rate decreased by 0.19%.

Analyzing the data obtained for 2006, we can conclude that the standard of living of the rural population is significantly improving due to higher revenues to the state and local budgets of the district.

Sustainable development of rural areas of Polissya district should be carried out on the basis of the following fundamental principles and approaches:

- 1) creating equal opportunities for the rural population throughout the Polissya district to ensure an adequate level of quality of life and meet the most important needs of life;
- 2) preservation in a favorable state of the environment and ecological balance in nature in all rural areas of the district, especially in agro-landscapes;
- 3) formation of a rational in terms of requirements for economic and environmental safety of the rural settlement network in all rural settlements of the district;
- 4) implementation of large-scale measures to improve living conditions in rural areas and radically increase the level of communal and household improvement of rural settlements;
- 5) ensuring sustainable, ecologically balanced and multifunctional development of rural areas, as the main prerequisite for combating poverty and unemployment in rural areas;
- 6) creation of necessary socio - economic and legal bases of interregional balance of rural territories, ie balance between various agricultural regions by prevention of deepening of polarization and growth of disproportions in development of separate rural territories;

- 7) increasing the efficiency and competitiveness of agricultural products in accordance with the requirements of agricultural policy and rural development, which currently take place in the EU.
- 8) It is expedient in the future to develop clusters of dairy and meat cattle breeding, pig breeding, potato growing, flax growing, hop growing and growing some other industrial crops.

According to the experience of the European Union, there is a fully integrated and balanced development of rural areas in economic, socio - cultural, housing and environmental aspects.

4.2. The state of development of rural areas in the Forest-Steppe zone

Theoretical and methodological principles and organizational-economic mechanism of rural development in the Forest-Steppe zone have certain characteristics. There is a need to take into account the experience of the European Union in the development and maintenance of rural areas.

The EU is now paying much more attention to rural development than before. More funds have been allocated under the CAP and specific action programs have been developed. More funds were transferred from the budget of the first stronghold (rural development). In 2003, the European Council agreed on a policy for rural development assistance for the next period from 2007 to 2013.

Rural areas cover 90% of the EU's territory after enlargement, and are home to about half of its population. The agriculture and forestry sectors remain the main land users in the EU. They play a major role in the management of natural resources, the rural landscape and in the socio - economic development of rural areas. However, more than agriculture and forestry are needed to ensure the viability of rural areas. As mentioned above, economic; Rural development has

slowed down, leading to rising unemployment, declining infrastructure and the destruction of social services, increasing impoverishment, environmental degradation, biodiversity and the rural landscape. Already today in some regions of the EU the rural population is declining catastrophically, creating "ghost towns", while the urban population is growing rapidly, leading to increased crime, social and housing problems, difficulties in providing utilities, etc.

Classification of rural areas according to the principles regardless of their size, features of functioning is one of the large number of components of agricultural production. The end result of the functioning of rural areas of the Forest-Steppe zone directly depends on how each rural area of this area will work in this regard. This territory of the district does not function separately, but in inseparable connection with other, to some extent similar rural-territorial structures with individual features of each, their set characterizes the specifics of larger rural areas, and ultimately - agricultural production in general.

Consider this particularity in more detail, based on the teachings of a prominent Russian economist - agrarian O. O. Nikonov on agricultural production as a highly complex biological - social - economic supersystem. Taking this thesis as a basis, we will have to admit that each rural area is nothing more than agriculture in general, a superlayered part - the rural-territorial system. [4.2.1.]

Kaharlyk district of Kyiv region belongs to the Forest-Steppe zone.

There are 38 houses of culture in the district, including one Kagarlyk city center of culture and leisure, 19 rural houses of culture and 18 village clubs, 41 public libraries, including three Kagarlyk city libraries, 38 rural libraries. There is a children's school of arts in Kagarlyk, and a higher pedagogical school of kobzar art in the village of Strytivka.

In general, as of October 1, 2006. the main industrial enterprises of the district produced products, which is 0.3% more than in the corresponding period of 2005.

Consider the state and trends of agriculture and rural areas of Kaharlyk district of Kyiv region.

The main land users of the district, who are engaged in agricultural production and created in the process of reform are: 1 private-leased agricultural enterprise; 2 agricultural cooperatives; 8 limited liability companies; 1 open joint-stock company; 1 subsidiary of Danam Farms; subsidiary of CJSC "International Agro-Industrial Corporation" - AF "Slobidska"; There are 3 separate structural subdivisions of CJSC "International Agroindustrial Corporation", and 5 agro-firms are a part of VSP "Agrokombinat Kagarlytsky", VSP "Mir" includes 2 agricultural enterprises. The production direction of agricultural enterprises of the district is grain-beet with developed dairy cattle breeding.

On the territory of the district there is a branch of OJSC Kagarlytsky Elevator "of CJSC" Agromars Complex ".

In 2005, the budget for the implementation of the EU's Common Agricultural Policy is approximately € 50 billion. This budget is divided into two parts: SAP Markets (Group 1A) and Rural Development (Group 1B).

The size of the 2005 budget is slightly higher than the 2004 budget, due to the reform of the CAP in 2003 and the enlargement of the EU in 2004. As a result of these events, the budget was increased by € 1.3 billion and € 1.4 billion, respectively.

With regard to rural development, in 2005 a significant part of the funds, namely EUR 3.9 billion, was allocated from sources outside the EU agricultural budget and was not included in the SAP expenditure on rural development, which amounted to EUR 6.8 billion.

Taking into account the experience of the European Union in the formation of the budget for the support of rural areas, we will analyze the formation of the budget of Kaharlyk district, Kyiv region.

There are significant opportunities to increase incomes in rural areas. But rural access to financial institutions remains limited. For commercial banks,

lending to the rural population has traditionally remained unattractive, mainly due to high risks, lack of liquid collateral, relatively high operating costs and small amounts of rural loans.

When dealing with the agricultural sector, commercial banks prefer large enterprises, denying representatives of medium and small rural businesses. Because many farms are already heavily indebted to banks or suppliers of plant protection fertilizers and chemicals, and the government does not guarantee the repayment of agricultural loans, banks are very cautious in assessing the ability of farms to repay loans.

Influence of agricultural enterprises on the formation of the budget of Kagarlyk district

According to the land department as of October 1, 2006, there are 106 farms in the district. The total land area located on farms is 11,461 hectares, of which the lease of land shares (shares) is 5,914 hectares, other lands - 5,547 hectares.

As of October 1, 2006, there are 307 individual farms in the district, their land area is 1,288 hectares, including 1,250 hectares of arable land. As of October 1, 2006, there were 10,098 cattle in agricultural enterprises, including 3,462 cows, 14,751 pigs, and 1,959 poultry.

In January-September 2006, the milk yield per cow in agricultural enterprises was 3342 kg. This year, agricultural enterprises produced 11,768 tons of milk, meat sales amounted to 1,585 tons. Today, work is underway to harvest grain crops.

Let's analyze the possible consequences of Ukraine's accession to the WTO for the population of Kagarlyk district. The study of the consequences of Ukraine's accession to the WTO for the rural population cannot be limited to the analysis of the possible impact of trade liberalization on the consumption of rural households. After all, on the one hand, rural households are producers of

agricultural products not only for their own consumption but also for sale, and on the other hand, employment of the rural population in the agricultural sector and wages will depend on the competitiveness of agricultural enterprises in terms of trade liberalization. Thus, rural households will feel the effects of trade liberalization of the agri-food market directly as producers and consumers of agricultural products and indirectly through employment in agricultural enterprises. An additional factor of indirect influence will be the dependence of rural social facilities, ie living conditions of rural households, on agricultural enterprises, which still exists, despite the transfer of these facilities to the balance of village councils. In addition, a significant proportion of peasants are landlords for agricultural enterprises and farms, so the loss of market position by tenants of their land and property will affect the income of the rural population.

Thus, the analysis of the consequences of Ukraine's accession to the WTO for agricultural producers of Kaharlyk district directly (as producers of marketable products) and indirectly (through employment in the agricultural sector, leases, social sphere of the village) concerns the rural population. In recent years, households produce more than 60% of gross agricultural output and cultivate 29% (according to 2002 data) of agricultural land.

Regarding the possible consequences of Ukraine's accession to the WTO for the rural population, the negative expectations among the respondents slightly outweigh the positive ones. 22% of respondents are optimistic about the impact of the WTO on the rural population, while 27% expect negative consequences. A quarter of respondents believe that the consequences will be partly positive and partly negative, and 8% - intangible to the rural population.

7 construction companies are engaged in capital construction in the district: "Rayagrobud", PMK - 3, ASBS, Miskrembudservis, MP "Fakel", SPMK - 1 (Vyshneve), Paradise State University, they perform general construction,

construction and repair of roads, gasification of settlements of the district. at 19.0%. The number of employees in construction contractors is about 167 people.

An important issue in the district is the gasification of settlements in the area. Five gas supply pipelines will be built. It will give the chance to bring gas to 23 settlements. In particular, the gas supply pipeline to the village of Peas, village Halcha, s. Ternivka, village B. Schuchinka, s. Kuzmynsi. Design and estimate documentation for the construction of gas pipelines to the village of Grebeni, village of Beers and with. Put it on.

Today the issues of construction financing are being resolved. Proposals for the allocation of funds for the construction of gas pipelines, road repairs, reconstruction of treatment facilities and other facilities have been submitted to the Cabinet of Ministers of Ukraine.

Funds have already been allocated for road repairs in four settlements of the district in the amount of UAH 800,000. Due to which repairs of the hard surface of streets were carried out, Kagarlyk - 708 m, Stayky - 1706 m, Yablunivka - 506 m, Antonivka - 201 m.

At the expense of the population, bank loans during January - September 2006 in 69 residential buildings with a total area of 7423 sq. m. were commissioned in the district, including 4808 sq. m. in rural areas. m, or 65% of the total area.

One of the important industries in Kagarlyk district is transport and maintenance of rural areas. During January-September 2006, JSC "ATP - 13255" transported 899.8 thousand passengers. Revenue from passenger transportation amounted to UAH 690.9 thousand.

There are also private carriers in the area. In particular, PE "Jaguar" serves 7 routes, PE Loburenko MM serves 5 routes, PE "Kutsenko" - one route. Mostly private carriers serve rural residents on their way to Kyiv.

Given the appeal of the state enterprise "Kyivpasservice" to open a direct route. Kagarlyk - Kyiv "four flights were opened.

The city of Kagarlyk has a direct bus connection with 5 surrounding districts of Kyiv region, 15 cities of neighboring regions, with 4 regional centers (Dnipropetrovsk, Kirovohrad, Cherkasy, Kherson), and the capital of Ukraine Kyiv. Passengers of the district have the opportunity to use the services of railway transport. Cargo is sent and received from Kagarlyk-2 railway station.

Communication in the area operates 12 radio stations on 9580 radio points, capacity of telephone numbers makes 9815 pieces, including in a countryside - 3519 pieces. The revenues of the shop № 13 of the Obukhiv Center № 10 of Obltelecom in the prices of the respective years for the reporting period amount to UAH 3,853.5 thousand, which is 6.6% more than in the corresponding period of 2005, including UAH 2,783.2 thousand from the population. , which exceeds the level of income last year by 184.3 thousand UAH.

The communication district unites 32 communication departments, including 29 in the villages of the district. Revenues of the district communication node as of October 1, 2006 amount to UAH 1,533.4 thousand, which is UAH 342.3 thousand more than last year. or by 28.7%; including income from the population is 154.9 thousand UAH.

The trade network of Kagarlyk district, which serves rural areas, as of October 1, 2006, has 150 stores of various forms of ownership, which employ more than 250 employees, 120 of them - in consumer cooperatives. There is a Kagarlyk market, which pays due attention to producers from rural areas. At 900 outlets, of which 63 percent are for the sale of industrial goods and 23.0% for food, in addition to 74 outlets for meat sellers and 40 for milk and a covered market in Kagarlyk.

The volume of trade turnover of the district is constantly growing. The largest share in the total turnover of the district is occupied by the district consumer society. The turnover of stores of the district consumer society in the district on the reporting date is 5918.9 thousand UAH, which is more than 2005 by 26.3 percent. Consider the implementation of the budget of Kagarlyk district

as of 01.10.2006. The local budget is formed at the expense of tax (8721.7 thousand UAH) and non-tax (78.7 thousand UAH) revenues, which together constitute own and fixed taxes and fees (the total amount of tax and non-tax revenues - 8800.4 thousand). UAH). Fees and payments to the general fund of the budget include: equalization subsidy received from the state budget (UAH 11,333.7 thousand), additional subsidy from the state budget to reduce actual disparities due to the uneven network of budgetary institutions (UAH 89.3 thousand) , other subsidies (15.5 thousand UAH), subventions received from the state budget (5746.1 thousand UAH), funds coming from other budgets (874.5 thousand UAH). The total amount of budget revenues is 26859.3 thousand UAH.

Execution of the plan of receipts of taxes, fees and other obligatory payments to the general fund of the budget, thousand UAH

he general fund of the budget for the period up to 2010 should grow by 70%. The percentage of execution as of October 1, 2006 is 92.3%.

There are 30 village and 1 city council in the district. The revenue plan was implemented by a total of 9 village and 1 city councils, and not by 21 village councils. In terms of expenditures due to uneven receipt of funds, the plan has not been implemented for 30 village and 1 city council. The district budget is executed on incomes, not executed on expenses.

Let's consider a condition of performance of the plan on receipt of incomes to the budget

On own and fixed plan 9 village councils executed, 21 city councils didn't execute city and regional budgets.

Let's analyze the state of use of funds for 9 months of 2006 in Kagarlyk district and their impact on the development of rural areas.

In Ukraine, there is no effective national level institution that would deal with rural development in accordance with the defined policy within a separate budget, focusing on the problems of poverty and rural development.

Table 1

Use of funds for 9 months of 2006

List of institutions	Revised plan for the year	Plan for the first half of the year	Actually	% to the year	% to the first half of the year
Public administration	3370.0	3138.1	2762.5	82.0	88.0
Education	14785.5 12426	, 5	10633.5	72.2	85.7
Health	7447.0	6945.4	6195.8	83.2	89.2
Social protection and social security	6713.0	5534.4	4000.5	59.6	72.3
Housing -Communal sector	399.5	380.0	248.3	62.1	65.3
art and Culture	1,972.2	1,656.6	1,363.1	69.1	82.3
media	165.0	105.0	63.6	39	3100
Physical culture and sports	222.0	176.3	147.5	66.4	83.7
Total expenditures:	36638.9	30079.6	26337.6	71.9	87.6

Actual expenditures of 26,337.6 thousand 9 months, but this is not enough to fully and rationally ensure the development of rural areas of Kaharlyk district

Consider the payment of local taxes and fees for the development of rural areas of Kaharlyk district.

In the first 11 months of 2006, the local budget in the Kagarlyk district received local taxes and fees (municipal tax, advertising tax, market fee, parking fee, fee for the issuance of permits for trade and services, etc.) in the amount of 220.0 thousand UAH, which is 8.3 thousand UAH. more compared to the same period last year. The largest amount of funds came from the market fee in the

amount of 167.7 thousand UAH, which is 4.7 thousand UAH. more compared to the same period last year.

Table 2

Payment of local taxes and fees

Receipts for 11 months (thousand UAH)	2005	2006	Deviation (+/-)
Advertising tax	169	197	28
Municipal tax	45420	45249	-171
Parking fee	692	409	-283
Market fee	162676	167696	4722
Fees for issuing a warrant for an apartment	25	66	41

In the long run, revenues from local taxes and fees in the Kagarlyk district by 2010 should increase 2 times.

We will analyze the indicators of payment of wages, cash benefits, pensions, scholarships and other social benefits.

Financial issues of maintenance of social facilities in the Kagarlyk district are completely unresolved, which leads to negative consequences and the destruction of the social sphere in the countryside. There are only six health workers for every 10,000 rural population. About 15% of villages do not have primary health care facilities.

As can be seen from the table, the largest amount of payments is for childcare allowance for children under three years of age, which amounts to 311.5 thousand hryvnias. Also, significant payments fall on assistance to single mothers, amounting to 262.7 thousand hryvnias.

Table 3

Main indicators of social benefits

№ n / a	Name of the indicator	Monetary assessment of the indicator, thousand UAH
1.	Child care allowance for children under three years of age	311.5
2.	87 low-income families	178.5
3.	20 children under guardianship	52.5
4.	Assistance to single mothers Assistance to mothers	262.7
5.	received in connection with pregnancy and childbirth; one-time assistance	56.2 496.9
6.	69 children with disabilities benefits in the amount of	285.0
7.	Social assistance	201.2
8.	Subsidies for housing and communal services	102.0
9.	Solid fuel is assigned a subsidy of	27.0

V The district is constantly paying attention to the issue of repayment of arrears of wages. Thus, the total arrears of wages as of July 1, 2006 are absent.

Consider how the labor market and social protection of the population affects the formation and development of rural areas

As of 01.01.2004, a total of 1639 people were registered, paid unemployment benefits since the beginning of the year 889.8 thousand UAH, unemployment rate 3.2% .

Consider the models of development of rural areas of Kagarlyk district. One of the main models for improving the development of rural areas is the model of a service cooperative.

An important component of the development of rural areas in general and agricultural production in particular is the revival and development of agricultural service cooperatives. Under conditions of radical reorganization of the industry, a significant part of small producers, primarily owners of private farms, do not have access to the necessary material and technical resources and relevant services for tillage, harvesting, sale of products and more. In the countryside, the socio-economic preconditions of peasant cooperation for the creation of a rural service, which would take on the entire burden of peasant labor and life.

The Kagarlyk Rural Service Center Agricultural Service Cooperative was established in April 2000 as part of the then Kyiv Oblast Rural Population Improvement Project. Today, the members of the cooperative are more than 250 owners of private farms and farmers of Kagarlyk district. On average, the cooperative provides more than 4,000 services a year in various areas of agricultural activity, conducts training for owners of private farms. The village credit union "Gospodar" works in parallel.

The purpose of the cooperative is not to make a profit, but to unite citizens to provide agricultural producers (mostly members of the cooperative) a range of services related to harvesting, production, storage, processing and marketing of agricultural products and, thus, increase their income.

The models were provided for publication by the Kyiv Regional Agrarian Advisory Service.

One of the functions of the cooperative is to promote the socio-economic development of rural areas. In particular, the cooperative has created more than 30 jobs. One of the most important categories of consumers of services are vulnerable groups: pensioners, the unemployed and the disabled.

During the five years of its existence, the cooperative has become an efficient business entity, the range of services is constantly expanding, of which there are now more than thirty. Cooperative members receive services 15-20 % cheaper than commercial prices. Among the main services:

- mechanized cultivation of land, harvesting;
- application of mineral and organic fertilizers, agrochemicals;
- provision of material and technical resources;
- provision of elite seeds and breeding young cattle;
- auto services;
- provision of services for the sale of surplus agricultural products;
- support for the work of service centers established in rural communities to provide a number of household services;
- training and information support, etc.

Residents of Kaharlyk district actively use services and pay for the work of machine operators and specialists, thus strengthening the financial and logistical position of KSSC. As a result, the cooperative offers low (at cost) prices for agricultural trials for its members. As a result of the work of the MSSC, it was the first in the third millennium to win the title of the best service cooperative at the All-Ukrainian Farmers' Competition in 2001 and 2004.

Based on this model, 16 agricultural service cooperatives have already been established in the Kyiv region, which provide a variety of services to the population. It should be noted that about UAH 2.7 million was attracted to the share fund of these cooperatives. without any donor support.

The model of overcoming limited access to microfinance resources can significantly improve the development of rural and rural areas in the area.

One of the solutions to the problem of limited access to cheap microfinance resources is to create a credit union. Such an institution at the level of the rural community promotes the development of small and medium-sized businesses in

rural areas, the restoration and improvement of household services, increasing the level of mutual and self-help of rural residents.

An example of the successful implementation of this model is the Credit Union "Master", which was established in August 2000 in the Kaharlyk district of Kyiv region, and today has more than 550 members.

Members of the credit union have the opportunity to accumulate savings in their deposit accounts, and in a difficult moment to get a loan without undue red tape for:

1. Consumer purposes (purchase of goods and services needed to improve the living standards and welfare of the borrower), including:

- personal consumption;
- teaching;
- vacation;
- treatment;
- wedding;
- repair and construction of housing, etc.

2. Business goals (increase of their profits and income, which are a source of loan repayment), in particular:

- development of production, storage, processing and sale of agricultural products;
- other production;
- trade;
- other services.

The average size of a loan for business activities (including agricultural loans) is 4,200 hryvnias, and the average size of a loan for consumer purposes is 1,400 hryvnias (average interest rate on loans is 18%).

Due to the fact that the Credit Union "Master" was established without outside financial support and was developed and implemented its own original credit policy, the peasants believed in the benefits and real power of the common

fund, which is an important element of social capital in the countryside. In addition, the rural credit union model has gained a positive image and convinced the rural population in practice that the credit union is not a financial pyramid, financial activities are completely transparent and controlled by union members.

Based on the experience of KS Gospodar, six more credit unions have been established in the region, which operate in rural areas of Kyiv region. In June 2005, these and other credit unions merged to form the Kyiv Regional Association of Credit Unions.

The model of creating rural service centers for the provision of social services is the key to the success of providing quality services in rural areas.

Among the problems of rural areas: low level of provision of social services in rural areas, low level of employment, ensuring effective management of social infrastructure.

The solution is to promote the creation of business entities from among the former rural unemployed to provide social services, cooperation with local authorities provided for government premises for rent on preferential conditions, association of private entrepreneurs on the basis of a rural service center.

As an example, several such service centers have been established in the Kaharlyk district of Kyiv region. For example, in the village. Stritovka five private entrepreneurs, united in a service center, work under the roof of the village council. For almost four years, they have been providing services to 960 residents of their village on a permanent basis. Among the services - an exhibition and sale of folk crafts, a hairdresser, repair of TV and radio equipment, milk reception, agricultural shop, artificial insemination of cattle, ritual services and more.

Sustainable development of rural areas of Kagarlyk district of natural-climatic zone Forest-steppe should be carried out on the basis of the following basic principles and approaches:

- 1) creation of equal opportunities for rural population throughout Kagarlyk district to ensure proper quality of life and meet basic living needs;
- 2) preservation in a favorable state of the environment and ecological balance in nature in all rural areas of the district, especially in agro-landscapes;
- 3) formation of a rational in terms of requirements for economic and environmental safety of the rural settlement network in all rural settlements of the district;
- 4) implementation of large-scale measures to improve living conditions in rural areas and radically increase the level of communal and household improvement of rural settlements;
- 5) ensuring sustainable, ecologically balanced and multifunctional development of rural areas, as the main prerequisite for combating poverty and unemployment in rural areas;
- 6) creation of necessary socio - economic and legal bases of interregional balance of rural territories, ie balance between various agricultural regions by prevention of deepening of polarization and growth of disproportions in development of separate rural territories;
- 7) increasing the efficiency and competitiveness of agricultural products in accordance with the requirements of agricultural policy and rural development, which currently take place in the EU.
- 8) The development of agro clusters of sugar - beet and grain directions, in combination with clusters of pig and meat - dairy cattle breeding is perspective. Clusters of horticulture, poultry farming, beekeeping, and silkworm breeding also have a serious basis for development.

According to the experience of the European Union, there is a fully integrated and balanced development of rural areas in economic, socio - cultural, housing and environmental aspects.

4.3. Peculiarities of development of rural territories of foothills of Carpathians

Methodical and methodological researches of development of rural territories of foothills of Carpathians on the example of Kosovo district of Ivno - Franuiv region, which have significant differences from previous natural - climatic zones.

Let's analyze the demographic situation and its change over time in relation to the permanent population. The number of available population includes all the population that is in the area at the time of the census, including temporary residents. There are 42 rural settlements in Kosiv district of Ivano-Frankivsk region, in which the following number of persons lived in the analyzed period:

Table 1.

Dynamics of rural population of Kosiv district of Ivano-Frankivsk region

Study period, years	Number of available rural population at the beginning of the year, thousand persons
1950	25.5
1960	50.8
1965	103.6
1970	77.5
1975	78.1
1980	78.6
1985	78.5
1990	78.6
1995	79.8
1996	77.0
1997	77.2
1998	77, 2
1999	76.8
2000	76.8
2001	76.1

2002	75.8
2003	75.5
2004	75.0
2005	74.9
2010 (in the future)	75.2

Given the convenient geographical location of the territories and their economic potential, proximity to the western borders in the run up to 2010 the number of available rural population should increase.

Consider the dynamics of the existing rural population of Kosiv district of Ivano-Frankivsk region for the period from 1950 to 2005 with a perspective for 2010 using the following chart:

Thus, as can be seen from the above graph for the period analyzed, the number of rural population of Kosiv district of Ivano-Frankivsk region had significant fluctuations only in 1950 - 1970 (from 25.5 thousand people in 1950 to 103.6 thousand people in 1970 year, the growth of the rural population during this period amounted to 406.6%). In the following years, the rural population remained largely stable with a slight downward trend. But in the future until 2010 in connection with the state program of support of rural areas and features that operate in the foothills of the Carpathians (20% of surcharges to social benefits), a positive balance of migration is expected and the rural population of Kosiv district of Ivano-Frankivsk region will be 75.2 thousand people. Other data characterizing the migration indicators of this district are shown in Table 2.

Table 2.

Migration indicators of the rural population of Kosiv district of Ivano-Frankivsk region for the period 1960 - 2005 and perspective for 2010

Study period, years	Arrived persons	Departed persons	Balance of migration (+, -)
1	2	3	4
1960	752	760	-8
1965	840	1025	-185
1970	919	989	-70

1975	801	722	-79
1980	888	902	-14
1985	883	926	-43
1990	1462	1243	219
1995	650	495	155
1996	592	505	87
1997	615	536	79
1998	774	727	47
1999	704	616	88
2000	650	623	27
2001	599	651	-52
2002	562	592	-30
2003	529	584	-55
2004	440	540	-100
2005	446	587	-141
2010 (forecast)	704	406	298

So, with The above table concludes that in this region in the period 2001 - 2005 there was a tendency to reduce the rural population, the main factor of which is the negative balance of migration, which over the past 5 years increased by 271% (-52 persons in 2001 and -141 persons in 2005). But in the future until 2010 in connection with the state program of support of rural areas and features that operate in the foothills of the Carpathians, a positive balance of migration is expected and the rural population of Kosiv district of Ivano-Frankivsk region will be 75.2 thousand people.

Consider in more detail the age structure of the permanent rural population of the district using the following tables and diagrams:

Table 3.

Population in the respective age groups of Kosiv district of Ivano-Frankivsk region as of 2000, persons

Group	Number of persons	Share
Younger than able-bodied	20801	23%
Working	49432	54%
Older than able-bodied	21263	23%

As can be seen from the chart, more than half in 2000 was the able-bodied group - 54%, the other two, younger than able-bodied and older than able-bodied, have the same share and account for about 23%.

Table 4.

Population in the respective age groups of Kosiv district of Ivano-Frankivsk region as of 2005

Group	Number of persons	Share
Younger than able-bodiedage	18324	21%
Working-	50639	56%
Older than able-bodied	20170	23%

From this chart we note that the number of able-bodied rural population increased by 2% due to the younger than the able-bodied group compared to 2000, and the older than the able-bodied group - has not changed and is 23%.

Consider the prospects for the development of the demographic situation in the Kosiv district of Ivano - Frankivsk region.

Table 5. The number of population in the respective age groups may be in the future for 2010.

Group	Number of persons
Younger than able-bodied	15213
Working-	age 42180
Older than able-bodied	16607

The prospects for the development of the demographic situation in the Kosiv district of Ivano - Frankivsk region may be quite positive, provided that funding for rural development will improve, both at the expense of local and state budgets.

Preservation of the age structure of the permanent population of Kosiv district in the future until 2010 is possible at the expense of newcomers who return

from abroad and contribute to the improvement of the financial situation of rural areas of the district.

Thus, the above graphic material shows that the age structure of the population of Kosiv district for the last ten years is quite stable and uniform. The ratio of able-bodied and incapacitated groups over the last five years (46% of the incapacitated population in 2000 and 44% in 2005, and 54% of the able-bodied population in 2000 to 56% of the able-bodied in 2005). With the main demographic factors unchanged from the calculations, it can be concluded that in 2010 the age structure of the study region will not change, so the number of able-bodied population will be about 57%, and the disabled - 43% of the total population.

Let's analyze the development of agriculture in Kosiv district of Ivano - Frankivsk region.

Agriculture in this area is one of the main budget-generating industries. In addition, agriculture is tasked with ensuring the employment of the rural population of the district. Agricultural enterprises include enterprises of various forms of ownership, whose activities are aimed at the production of marketable agricultural products, namely: state-owned agricultural enterprises, business associations, agricultural cooperatives, subsidiary and other non-state agricultural enterprises; private (private - leased) agricultural enterprises, farms (included since 2000). Farming provides a free form of entrepreneurship based on the use of property and land owned or leased by the farmer. It is engaged in the production, processing and sale of agricultural products and has the status of a legal entity. The area of arable land owned by farms in 2005 was 104 hectares (against 197 hectares in 2000). As of 2005, 18 farms were registered in Kosiv district (in 2000 - 61), therefore, the number of farms in the district decreased by 43 units in five years. Thus, one farm has 8.1 hectares of agricultural land, including 5.8 hectares of arable land (in 2000, agricultural land accounted for 10.2 hectares, including 3.2 hectares of arable land). In addition to farms, two

agricultural cooperatives were registered in the area during the study period. The total number of agricultural enterprises registered in Kosiv district as of 2005 is 67.

The work of agricultural enterprises largely depends on the provision of farms with agricultural machinery. With these indicators in the Kosiv district the following dynamics has developed:

Thus, the figure shows that in 2005, compared with 2000, the number of units decreased significantly (20 units in 2000 against 12 in 2005), and forage harvesters were absent at all, but with efficient management it is possible to prove the number units of agricultural machinery in 2010 to the minimum required (22 units, including 9 grain harvesters, 10 seeders and 3 forage harvesters), provided that the area of land in need of cultivation remains stable.

Consider the dynamics of livestock production and prospects until 2010 and its impact on the development of rural areas of Kosiv district of Ivano - Frankivsk region. Let's analyze in table 7 the production of livestock products.

Table 7.

Production of livestock products for the period 2000 - 2005 and its prospects for 2010

Indicator	2000	2005	2010 (perspective)
Livestock and poultry for slaughter, tons	4229	4629	5018
Milk production, tons	34502	38327	42052
Production of eggs, mln pcs.	9.1	9.6	10.1
Wool production, tons	5	6	7.8

Over the last five years, the district's livestock industry has grown in all respects, but it is insignificant.

Thus, given the above dynamics and subject to the constancy of the main factors influencing the production of major livestock products Kosiv district of Ivano - Frankivsk region, we can assume that in the future production of these products will increase, namely: sales of livestock and poultry for slaughter in live weight in 2010, compared to 2005, it will increase by 8.4% and will amount to 5,018 tons; milk production of all types in 2010, compared to 2005 will increase by 9.7% and will amount to 42052 tons; production of eggs of all kinds in 2010, compared to 2005 will increase by 5.2% and will amount to 10.1 million units; wool production in 2010, compared to 2005 will increase by 30% and will amount to 7.8 tons.

Consider the structure of livestock of agricultural enterprises of Kosiv district of Ivano - Frankivsk region with the help of the following figures:

During the period analyzed in all categories of farms, the number of cattle increased by 1.4 thousand heads (8%), the number of pigs decreased by 1.3 thousand heads - (11%), the number of sheep and goats decreased - by 0.2 thousand heads (5%), the number of horses increased by 0.1 thousand heads (8%).

In order to improve and stabilize the financial condition of Kosiv district and their impact on the development of rural areas by 2010, the following recommendations should be followed: in dairy farming it is necessary to improve the quality of dairy cattle feeding. The annual feeding rate must be increased to 40 - 50 feed units per cow in commercial herds and at least 60 quintals of feed units - in breeding plants and breeding breeders; intensive use of highly productive specialized dairy breeds of domestic selection in all categories of farms; to increase the number of cows in farms of all forms of ownership by improving the process of own reproduction; to introduce energy-saving technologies of milk production in agricultural enterprises, which are based on free-range keeping of animals and milking in automated milking parlors. The use of highly productive specialized meat breeds and types with high productivity should be introduced in meat cattle breeding; grazing of cattle for 7 - 8 months

with the allocation of 0.5 ha of pasture per cow, for young animals under one year - 0.12 ha, older than one year - 0.3 ha; organization of procurement for rearing and fattening to high weight conditions of calves obtained in personal households. In pig breeding - storage and increase in the number of breed gene pool of pigs and the use of new highly productive specialized breeds, types and lines; attracting domestic and foreign investments for the restoration of pig farms in idle production areas; reconstruction of existing and creation of new production facilities. In sheep breeding it is necessary to introduce a system of feeding sheep according to scientifically - based norms, taking into account sex and age groups, the level of their productivity and physiological condition; wide use of distillation system of sheep grazing (meadow), increase of specific weight of green forages to 70 - 80% of the general need; development of sheep meat-wool direction of productivity, giving priority to young lamb; introduction of intensive reproduction of sheep; establishing the production of sheep's milk, its processing into cheese. In horse breeding it is necessary to preserve the gene pool herds of local Hutsul horses; organization of selection work in the direction of improving efficiency, improving the exterior and meat qualities, adaptation to local conditions of feeding and keeping; expansion of equestrian schools (clubs); establishment of recreational equestrian routes in the system of "green" tourism;

If these recommendations are followed in 2010, the following situation may develop with the livestock:

Thus, if the necessary measures are taken for the period 2005 - 2010 in all categories of farms of Kosiv district of Ivano-Frankivsk region, the number of cattle will increase by 1.8 thousand heads (10%), the number of pigs will increase by 4.3 thousand heads - (34%), the number of sheep and goats will increase - by 0.7 thousand heads (19%), the number of horses will increase by 0.1 thousand goals (8%).

Thus, summarizing the above information, it is clear that the monitoring of rural development in the Carpathian foothills (on the example of Kosiv district of

Ivano-Frankivsk region) examining the dynamics of the rural population, we can conclude that by 2010 in connection with the state program to support rural territories and features that operate in the foothills of the Carpathians, a positive balance of population migration is expected and the number of rural population of Kosiv district of Ivano-Frankivsk region will be 75.2 thousand people (increase by 4%).

The main parameters of the living standards of the rural population are the volume of average per capita consumption of food, non-food goods and services, housing, aggregate and monetary income and expenditure of households. In the works of domestic scientists, in particular E. Libanova, B. Paskhaver, V. Ponomarenko, a fairly in-depth analysis of the relevant indicators [1; 2; 3; 4].

Among all parts of the social infrastructure, housing is the most important for the population. If you can do without different types of non-food goods and services in principle, you can't do without housing. The availability of comfortable housing is one of the most important characteristics of the living standards of the rural population.

In 2006, there was 20.2 m of total living space per capita in the Carpathian region, including 18.8 m in urban settlements and 21.8 m in rural areas (Table 1).

Table 1

Provision of the population with housing (m² of the total area on average per person)

Region	1990			2006		
	total	in urban settlements	in rural areas	total	in urban settlements	in rural areas
Ukraine	17.8	16.5	20.6	21.6	20, 4	24.0
including: Carpathian region	16.8	15.4	18.2	20.2	18.8	21.8
including by regions:						
Transcarpathian	16.9	15.6	17.8	20.6	19.3	21 , 4

Ivano-Frankivsk	17.5	15.8	18.7	21.1	19.4	22.3
Lviv	16.1	14.8	17.9	19.3	17.8	21.6
Chernivtsi	17.5	15.9	18.7	20.9	19.6	21.9

These figures are slightly worse than average. However, compared to 1990, they have improved. At present, the villages of the region have 3.6 m more housing per capita than in 1990. The villagers of Ivano-Frankivsk region are the best provided with housing, and the Transcarpathian region is the worst. It should be noted that the improvement of indicators was led not only by a certain revival of housing construction in rural areas, but also by a reduction in the rural population.

The development of public utilities in rural areas is improving. If in 1990 in the Lviv region 124 rural settlements had a water supply system, in 2006 - 150, ie every twelfth (there are 1849 villages in the region). Villages are rapidly being gasified with natural gas. During 1990-2006, the number of such villages increased from 415 to 763, ie the percentage of gasified villages reached 41.2%. At the same time, the sewerage of villages has deteriorated. In 2006, this communal property was used by residents of 41 villages. In 1990, there were 48 such villages.

It is difficult to imagine the life of modern man without the use of various cultural and economic goods. In world practice, all manufactured goods are classified into consumer goods and industrial goods. The first is intended for personal consumption, and the second - for production. The difference between these types of goods is that the decision to purchase consumer goods is made, as a rule, individually, and industrial goods - collectively.

An analysis of the distribution of urban and rural households in the country by the availability of durable goods in 2006 showed that there are significant differences between them. Even with lower incomes, peasants are better provided with vehicles for individual use - bicycles, mopeds, motorcycles, cars. In particular, 17.3% of rural households are provided with cars, while among urban

households this figure is 15.3%. Rural families are somewhat better equipped with freezers, but the level of provision of the latter can be considered low. Peasants are also better supplied with such durable goods as black-and-white TVs.

Villagers lag far behind urban ones in providing the most modern types of home appliances.

Thus, the percentage of providing urban and rural households with computers in 2007 was 5.7 and 0.4, respectively, microwave ovens - 4.3 and 1.1, food processors - 5.1 and 1.1, music centers - 8.3 and 2.4. However, over the last three years, there has been a tendency for these indicators to improve significantly in rural households.

In the Carpathian region, the total number of households in 2006 was 1976.5 thousand, including in the Transcarpathian region - 364.9; Ivano-Frankivsk - 463.1; Lviv - 834.4; Chernivtsi - 314.1 thousand (Table 2).

Table 2

Distribution of households by availability of durable goods, 2006

Types of goods	Ukraine	, including the Carpathian region			
		Transcarpathian	Ivano-Frankivsk	Lviv	Chernivtsi
Number of households, thousand	17613.0	364.9	463.1	834.4	314.1
of them have, in% refrigerators	91.6	86.3	86.3	92.4	90.3
freezers	2.2	18.6	5.9	2.7	12.9
washing machines	74.1	72.9	55.8	70.4	68.6
vacuum cleaners	55.2	56.1	46.6	52.5	44.5
electric irons	95.0	97.0	95.0	96.2	96.9
color TVs	76.2	75.3	78.8	80.7	77 , 4
TVs black and white	24.0	29.0	21.5	23.5	26.8
VCRs	15.6	14.6	20.4	16.2	15.2
Camcorders	1.0	0.7	1.1	0.8	0, 7
tape recorders	38.6	54.1	38.3	44.0	39.8
music centers	6.4	3.6	9.8	10.8	6.5
computers	4.0	1.9	3.5	4.6	2 , 7
microwave ovens	3.3	6.8	5.5	3.9	7.2
food processors	3.8	3.1	4.3	6.7	2.5

sewing machines	39.1	24.1	35.4	39.4	21, 3
bicycles	34.3	61.0	46.0	36.3	28.0
and mopeds	0.9	-	1.3	1.0	-
motorcycles	4.6	2.0	1.4	1.6	3.6
and cars	15, 9	20.1	22.8	12.8	18.9
satellite a nteny	0,5	3,6	1,5	0,9	-

In the region there are significant differences in the provision of certain types of durable goods. In particular, in Zakarpattia and Chernivtsi oblasts, households are better equipped with freezers compared to the average household in the country as a whole. In these oblasts, the population is much better than average provided with microwave ovens, and in the Lviv oblast - with computers and food processors. However, in Lviv oblast the percentage of cars is lower than in Zakarpattia and Ivano-Frankivsk oblasts.

Based on the data in Table 2, it is difficult to determine in which areas the population is better provided with durable goods. In some areas there is a different structure of consumption of these goods from other areas. However, in general, the degree of supply to the population is much lower compared to neighboring Western countries, especially for the most modern types of goods.

Much of the durable goods available in households were purchased in Soviet times. Thus, in the country as a whole, only 9.9% of the total number are refrigerators, the service life of which does not exceed 5 years. In the Carpathian region, this percentage is higher and in 2006 was: in the Transcarpathian region - 13.1%; Ivano-Frankivsk - 20.3; Lviv - 13.3, in Chernivtsi - 14.6%. The remaining existing refrigerators have been used for more than 5 years. For more than ten years, 58.9% of washing machines in households in the Carpathian region were used; 53.8 - vacuum cleaners; 36.9 - color TVs; 92.7 - black and white TVs; 93.7% are sewing machines and 95.8% are motorcycles.

The largest number of households with cars is concentrated in Ivano-Frankivsk and Lviv regions - 105.8 thousand and 107.1 thousand, respectively. However, most of these cars have a service life of more than 10 years. In

Zakarpattia oblast this indicator is 65.5%, in Ivano-Frankivsk oblast - 58.0%, in Lviv oblast - 73.6%, and in Chernivtsi oblast - 58.8%. The largest share of new cars is owned by households in Ivano-Frankivsk region. Mostly foreign-made cars are used, most of them were used by other households.

If the inter-oblast differences in the provision of households with durable goods are relatively insignificant, they are much more noticeable between different groups of the population. In households with average per capita total expenditures up to UAH 60.0. per month the availability of these goods is much less than in households with expenses over UAH 360.0. Despite the extreme poverty of households with per capita total expenditures up to UAH 60.0. per month, 54.6% of them have a refrigerator, 45.1 - a washing machine, 10.5 - a vacuum cleaner, 32.4 - a color TV. It should be noted that 4.8% of these households have a VCR and 6.4% have a car. It is obvious that with such a level of income and expenditure, these households would not be able to own these goods if they had not purchased them in the past, when their financial situation was much better.

In households with incomes over UAH 360.0. per month, most indicators of security of durable goods are better. Incomes allow these households to have better food supplies compared to less well-off households, but it does not provide the same difference in consumption non-food durable goods. This requires a higher level of income.

The analysis of the provision of durable goods in terms of groups of households by per capita aggregate expenditures also did not show fundamental differences in their consumption. The structure of consumption of these goods in the tenth (highest) group did not differ much from consumption in the ninth group. It is established that the level of supply of durable goods, which is close to the standards of developed countries, has developed in certain categories of the population, the share of which is much less than 10%. What exactly are their incomes and expenses, the answers to domestic statistics do not give.

The standard of living of the entire population, including rural ones, is determined not only by the quantity and quality of food and non-food products consumed. At the present stage of development of society, it is increasingly formed outside of goods - in the field of services. In developed countries, 60-70% of the gross domestic product is produced in this sphere. The service sector is the place of work for most of the labor resources of these countries.

During 2001-2006, the volume of services provided per person in our country increased from UAH 232 to UAH 342, ie by 47.4%. In the Carpathian region, it increased by only 29.9% - from 194 to 252 UAH. At the same time, only in Lviv region did it almost reach the national average. In general, we can note the extremely low level of development of paid services in our country, especially in rural areas. In this parameter of living standards, we are far behind the developed countries of the world.

In addition to paid services, a significant place in public services was and is occupied by the so-called free services. Among them, the most important for the peasants are the services of health care and education. In recent years, a significant part of these services has become paid. In health care facilities there are almost no free of the simplest and most necessary drugs, medicines, tools, the nutrition of clinical patients has significantly deteriorated.

Lack of funds has become one of the main reasons for the deterioration of the quality of services of educational institutions. Schools have not been repaired for years, and the provision of textbooks and especially technical teaching aids has deteriorated. The level of wages in the education and health care system has become so low that it leads to a significant reduction in work motivation and quality of work.

In contrast to foodstuffs, in which the rural population of the Carpathian region plays a significant role in the consumption of personal farms, the improvement of the provision of housing, non-food goods and services can only occur due to the growth of the rural population's income. Radical changes are

needed in the rural labor market, stimulating demand for it by increasing private and public investment, restructuring of agricultural production, development of small and medium-sized businesses in rural areas.

Preservation of the age structure of the permanent population of Kosiv district in the future until 2010 is possible at the expense of newcomers who return from abroad and contribute to the improvement of the financial situation of rural areas of the district. With the main demographic factors unchanged from the calculations, it can be concluded that in 2010 the age structure of the study region will not change, so the number of able-bodied population will be about 57%, and the disabled - 43% of the total population.

Production of livestock products in the Kosiv district of Ivano-Frankivsk region in the future by 2010 will increase, namely:

sales of livestock and poultry for slaughter in live weight in 2010, compared to 2005 will increase by 8.4% and will amount to 5018 tons;

milk production of all types in 2010, compared to 2005 will increase by 9.7% and will amount to 42052 tons;

production of eggs of all kinds in 2010, compared to 2005 will increase by 5.2% and will amount to 10.1 million units.

wool production in 2010, compared to 2005 will increase by 30% and will amount to 7.8 tons.

In addition, if the necessary measures are taken for the period 2005-2010 in all categories of farms of Kosiv district of Ivano-Frankivsk region, the number of cattle will increase by 1.8 thousand heads (10%), the number of pigs will increase by 4, 3 thousand heads - (34%), the number of sheep and goats will increase - by 0.7 thousand heads (19%), the number of horses will increase by 0.1 thousand heads (8%).

To achieve all the above goals at the first stage (2007-2008) it is planned to stabilize the livestock of all types of livestock and poultry and start increasing the production of meat, milk and other products.

At the second stage (2008-2009) the increase of production of products of animal origin in volumes which provide the minimum norms of consumption is forecasted.

For the period up to 2010, it is projected to achieve such volumes of production of animal origin that will meet the physiological needs of the consumption of basic foodstuffs of animal origin by the residents of the district.

Sustainable development of rural areas of Kosiv district of Ivano-Frankivsk region should be carried out taking into account the peculiarities of mountainous areas on the basis of the following principles and approaches:

- 1) creation of equal opportunities for rural population throughout Kosiv district
- 2) preservation in a favorable state of the environment and ecological balance in nature in all rural areas of the district, especially in agro-landscapes;
- 3) formation of a rational in terms of requirements for economic and environmental safety of the rural settlement network in all rural settlements of the district;
- 4) implementation of large-scale measures to improve living conditions in rural areas and radically increase the level of communal and household improvement of rural settlements;
- 5) ensuring sustainable, ecologically balanced and multifunctional development of rural areas, as the main prerequisite for combating poverty and unemployment in rural areas;
- 6) creation of necessary socio - economic and legal bases of interregional balance of rural territories, ie balance between different agricultural regions by prevention of deep

polarization and growth of disproportions in development of separate rural territories;

- 7) increasing the efficiency and competitiveness of agricultural products in accordance with the requirements of agricultural policy and rural development, which currently take place in the EU.
- 8) in the future it is necessary to create clusters of productive livestock, especially sheep, as well as horticulture and viticulture.

According to the experience of the European Union, there is a fully integrated and balanced development of rural areas in economic, socio - cultural, housing and environmental aspects.

4.4. Peculiarities of development of suburban rural territories

Let us investigate the peculiarities of theoretical - methodological principles and organizational - economic mechanism of development of rural territories in suburban zone. Taking into account the experience of the European Union in the development of agriculture and rural areas, there is a need for a more detailed scientific and applied study of suburban rural areas.

Along with the new economic categories of rural areas, rural areas in the domestic science and practice includes the concept, which is one of the varieties of these main components is the development of suburban rural areas. This concept must be considered and understood from the most modern scientific positions of its essence, purpose, the need for perception as a requirement of today.

In this section we explore the structural structure, place and role in modern conditions of suburban rural areas, in rural and agricultural life, protection and preservation of spiritual and other heritage of the village, environmental protection, as well as from the standpoint of revival and sustainable agriculture through the prism development of suburban rural areas.

The world practice has already accumulated extensive experience and has a wide network of research centers that comprehensively study this problem and in particular pay much attention to the development of suburban rural areas.

In Austria, the problem of rural development, and in particular the development of suburban rural areas, is studied by an international institute, which develops the theory and methodology of a systematic approach to development. In the Czech Republic, consolidated research teams have been set up to study such territories. Methodical and methodological approach to the development of suburban rural areas will be considered on the example of Velykooleksandrivska village council of Boryspil district of Kyiv region. One of the initial bases of these researches is that the interest of suburban rural territories is a component of national interest and can be realized and reached through

satisfaction of interests of direct workers operating in these suburban territories. Therefore, today the relevance of state support for the development of suburban rural areas is very high.

According to the principles or criteria that characterize the development of suburban rural areas, regardless of their size, the peculiarities of its production is one of the components of all agricultural production. The peculiarity of these areas is that they are the main supplier of agricultural products to locals. The nature of the organization, socio - economic performance and other characteristics are among the determining factors on which depend the features and socio - economic impact of each individual rural area. Since the considered suburban rural area is located near the capital, the city of Kiev, it has a number of additional features of development.

Indicators of the draft Program of socio-economic and cultural development of Velykooleksandrivka village council for 2007 developed by the executive committee of the village council based on the assessment of the real state of the economy in recent years reflect the intentions of the executive committee of the village council, enterprises, organizations and farms. year and development prospects until 2015.

The main task of the Velykooleksandrivka Council and its Executive Committee for 2007 is to develop and transition to science-based planned development of the entire territory. To this end:

1. Complete the development of concepts for the development of Velykooleksandrivska village council with the participation of science, executive committee, public and village council;

2. Complete the development and approve the master plans and other town-planning documentation of settlements with. V. Oleksandrivka, village M. Oleksandrivka, village Chubynske and with. Bezuglovka;

3. Develop and sign an agreement on cooperation of organizations, enterprises and institutions at comprehensive development of the territory of the village council, financing of the prepared scientific and technical documentation.

4. Financing the development of rural areas in the village. V. Alexandrovna.

Enterprises located and registered on the territory Velykooleksandrivska village council, executive committee of the village council it is planned:

1) to increase the volume of industrial production, in particular, Plasma LLC plans to increase the production of complex household appliances - TVs, washing machines, microwave ovens;

2) increase in agricultural production (CJSC "Agro-region", LLC "Genetic Resources");

3) increase in the volume of investments in housing construction (LLC "Agrobudpererobka-LTD")

4) increase in business entities of small and medium business (the share of small and medium business in the total output, work performed and services in 2005 amounted to more than 30 percent);

5) attraction and development of foreign investments by enterprises registered on the territory of the village council, increase of budget allocations for social needs of the population (enterprises with foreign investments "KHAN and Lukoil Ukraine").

Consider the territory of Velykooleksandrivska village council, it is unchanged in recent years, but the population has also undergone significant changes.

Financial resources of the project program.

According to the results of successful economic activity of enterprises, institutions, organizations and farms registered on the territory of the village council, it is expected that in 2006 the budget will be executed. Dynamics of revenues to the budget of Velykooleksandrivka village council for 2003 - 2006 and the plan for 2007.

Budget receipts Budget	execution Budget			plan for 2006, thousand UAH
	2003, thousand UAH	2004 thousand UAH	2005 thousand UAH	
General fund	607.1	1321.1	1640.4	1698.3
Special fund	559.2	531.3	1584.8 1187.2	611.7
Total revenues	1166.3	1584.8	3225.2	2310.0

Dynamics of the budget of Velykooleksandrivska rural council has a stable character and is characterized by a stable income from the general and specialized fund, which can significantly improve the integrated development of this suburban area.

The dynamics of budget expenditures of the Velykooleksandrivka Council for the period under study shows that public administration expenditures decreased by 74%, health care expenditures increased almost 2.5 times from 2003 to 2006, expenditures on culture and arts almost doubled, and increased significantly. from 147.2 thousand to 500 thousand UAH. construction costs. Receipts of funds transferred to district and city budgets increased significantly from 170.3 thousand to 948.9 thousand hryvnias.

Dynamics of expenditures from the budget of Velykooleksandrivska village council for 2003 - 2006 and the plan for 2007.

Budget expenditures by economic classification of	2003, thousa nd UAH.	2004 thousa nd UAH.	2005 thousa nd UAH.	2006 thousa nd UAH.	Ratio 2006 to 2003,%
Public administration	118.2	158.1	145.6	87.3	74
Incl. salary			74.4	53	
Education	115.4	133.8	217.8	228.6	198
Incl. salary			135.1	123.6	
Health care	104.1	168	407.5	291.9	280
Incl. salary			155.7	187.4	
Culture and art	32.4	50.1	121.7	68.5	211

Incl. salary			41.4	39.3	
Construction	147.2	22.1	166.7		500,340
Transport, road economy, communications, telecommunications and informatics	45.7	55	27.1	100	219
Improvement			38.4	13.1	
Environmental Protection Fund	159.6			3.7	2
Funds transferred to district and city budgets	170.3	69.4	424.7	948.9	557
Subventions			70		
Total expenditures	1166.3	1321.1	2148.3	2310	198
Including the total	607.1	789.8	1711.7	1698.3	280

The general trend of development of suburban rural areas has a significant increase in all areas of budget expenditures, which allows to develop this territory in the run up to 2015.

The dynamics of expenditures in general is increasing every year. For example, expenditures to the city budget increased by 12%. Comparing all expenditures for the last 5 years, the lowest expenditures were recorded in 2004, then expenditures increased.

Amounts on orders in 2005 184.4 thousand UAH. , from them on public administration 2,9 thousand UAH, education 9 thousand UAH, social protection 10,5 thousand UAH, the development budget 34,7 thousand UAH, improvement 91,5 thousand UAH, other 35.5 thousand UAH, 2004 46.8 thousand UAH. The

main tasks of Velykooleksandrivka village council in resolving issues of water supply and sewerage in 2007 are provided:

1. Construction of deironing stations in the villages of Oleksandrivka and Chubynske;

2. Construction of a well in the village of M. Oleksandrivka;
3. Construction of a new water supply system;
4. Overhaul of water supply (the project is being developed);
5. Reconstruction of treatment facilities.

The analysis shows that it is necessary to attract significant financial resources to ensure water supply to the village council.

Indicators	1998	2006	2007
Number of wells	5	6	7
Length of water supply network, km	60.0	60.2	60.3
Number of consumers	2906	3061	3200
Water intake capacity cubic meters m. per day	1800	1800	1800 The
amount of water consumption per day by consumers cubic. c.	270	280	280
Number of KNS	3	3	3
Length of	27	29	30
Number of customers	933	1,083	1,650
cubic meters capacity treatment plants per day	800	800	800
The amount of wastewater per day by consumers cubic. m. per day	750	750	750

As you can see from the table, the number of consumers for the period from 1998 to 2007 increased from 2906 to 3200 people, and water supply capacity remained almost at the same level. To do this, there are all sources of funding for water supply.

Every year the number of consumers grows, and with them the number of wells. Over the past year, these figures have increased by 20%. The outlook for 2010 will increase by 35% with an increase in funding for the village council.

The main tasks in the solved questions in the field of housing construction and development of networks of gas supply, telephony, construction of rural roads:

1. Expansion of volume of housing construction at the expense of investment projects;
2. Gradual liquidation of unauthorized dormitories;
3. Overhaul of housing stock of communal property;
4. Continuation of work on creation of alternative enterprises of housing and communal services;
5. Reconstruction and construction of communication networks with investment.

Consider the availability of housing in Velykooleksandriivska village council in terms of villages located on its territory. The number of apartments in high-rise buildings is 452 apartments, the total area of 27011 square meters. m., the number of private houses 1134, which is a total area of 74349 square meters. m.

The availability of housing as of 01.01.2007

Indicator	V.Oleksandrivka	Chubinsko e	M.Oleksandrivka	Bezuhlivk a	Total
number of apartments in high-rise buildings, units.	101	351	X	X	452
Total area of high-rise buildings, apt. m.	5764	21247	X	X	27011
Number of private houses, pcs.	807	46	281	100	1134
Total area of private sector buildings, apt. m.	46487	4777	17514	5571	74349

Consider the prospects for development in housing construction, characterized by the commissioning of residential buildings at the expense of the population, as it is a suburban metropolitan area and has significant prospects.

As stated in the 2004 report of the President of Ukraine Viktor Yushchenko, “Build modern infrastructure, complete gasification, establish telephone communication, restore the work of schools, clubs, and medical and obstetric points in every village.

Prospects for development in housing construction in 2007.

№	Indicators	Unit of measurement	2003	2005	Plan for 2007
1	Commissioning of residential buildings at the expense of the population of	sq.m.	2311	9800	8500
2	Introduction of gas	Of networks.	200	4000	1000
3	houses Gasification	units.	37	65	70
4	Installation of telephones	pcs.	15	45	220
5	Automatic telephone exchange expansion	pcs.	-	1	-
6	Laying of a network	of	106	5600	7000
7	Construction of roads	sq.m.	1500	-	1500
8	Overhaul of roads	km.	-	-	2

A sharp increase in the residential complex was recorded in 2005, the current situation is growing steadily, but very slowly. The outlook for 2010 will increase to 18% with such stable funding, but it is not enough to meet the needs of the population.

Condition of roads of Velykooleksandrivska village council as of January 1, 2007 Velykooleksandrivska village council has 28 streets

length of 26580 m, of which 15685 with a hard surface, and 10895 m without a coating. Also 2800 m is the length of roads of state importance paved, 12885 m. of local significance. UAH 71418 thousand is required for road improvement. In the future, by 2010 it is necessary to allocate significant funds to provide all roads with hard surface.

Development and support of educational institutions for 2007 provides:

1. Acquisition of "School bus", financial support during its operation.
2. Purchase of a computer class.
3. Design and construction of a kindergarten in the village of Oleksandrivka.
4. Preparation of a project for the reconstruction of a kindergarten in the village of Chubynske.
5. Design and start of construction of the school of I-II centuries. in the village of Chubynske.

Development of the network of educational institutions

№	Indicators	Unit of measurement	2003	2005	Plan for 2007
1	Number of students	per person.	357	322	322
2	Graduation of students from 11th grade	people.	26	19	19
3	Admission of 6-year-old	students pers.	23	35	31
4	Number of sets. Classes	pcs.	17	17	16
5	Number of children in preschool institutions	pers.	103	105	105

The development of educational institutions has no prospects because the number of 6-year-old students does not change, it has been stable for 10 years, the costs are needed for repairs and maintenance of the educational part. Therefore, the outlook for 2010 is quite insignificant 2.5%.

Development of trade, restaurant business and consumer services. Support for the implementation of private business projects of existing facilities and the creation of new ones.

List of existing objects of trade, restaurant economy and household service

Areas	Shops	Kiosks	Restaurants	Gas stations	Hairdresses	Repair	Cafe
V.Oleksandrivka	7	-	-	-	1	2	2
M.Oleksandrivka	3	1	-	-	-	2	1
Chubynske	3	-	3	2	-	-	1
Bezuglivka	1	-	1	1	-	-	-
Total for the village council	14	1	4	3	1	4	4
Total for the district	148	14	42	18	17	11	51

Health care for 2007

The program of gradual transition to the organization of primary health care on the basis of family medicine.

1 .Development of plans for reorganization of the network of primary health care facilities, ensuring their functioning on the basis of general practice-family medicine.

2. Training and filling of vacant positions of general practitioners-family medicine and nurses of general practice - family medicine.

C. Staffs of personnel of institutions and subdivisions of general practice - family medicine and standards of their workload to bring in accordance with the order of the Ministry of Health №33 from 23.02.2000.

4. To develop and approve the statutes of outpatient clinics of general practice - family medicine.

5. To provide the institutions of general practice of family medicine with the necessary medicines and medical devices in accordance with the order of the Ministry of Health №303 of 23.07.2001.

6. Carry out the purchase of vehicles for the outpatient clinic in the village of V. Oleksandrivka.

7. Create day hospitals in outpatient clinics.

8. To create the necessary subdivisions of the outpatient clinic of general practice - family medicine in accordance with the order of the Ministry of Health №303 from 23.07.2001, to provide them with premises and necessary equipment.

Develop a network of health

		V.Oleksandrivka	M.Oleksandrivka	Chubinsko e	Bezuhlivk a
FAPs	2007	1	1	-	-
	Plan 2010.	-	1	-	-
Honey. outpatient clinics	2007	-	-	1	-
	Plan 2010	1	-	1	-
Population of honey.service	FAP2007	2.3	0.6	-	0.1
	Fap.2010 perspective	-	0.6	-	0.1
	2007 honey. amb.	-	-	3.8	-
	2010 honey. amb.	2.3	-	1.5	-

The plan and development of the health care network remains unchanged as at present, as mortality exceeds population growth by 2.5%.

Culture for 2007

1. Preservation and support of groups working in the field of culture and art.
2. Construction of the school of arts and crafts with an assembly hall.

3. Technical equipment of vocal - instrumental ensemble with necessary equipment.
4. Carrying out of actions devoted to state holidays and "Village Day"

The state of a network of establishments of culture and arts

Areas	Number of clubs and buildings. culture	Number of libraries	Number of muses. schools and arts	Number of branches of muses. of schools and arts
V.Oleksandrivka	-	1	1	-
M.Oleksandrivka	-	1	-	-
Chubynske	-	1	-	1
Bezuglivka	-	-	-	-
Total in the village council	-	3	1	1
Total in the district	32	35	3	7

Development of sports in 2007

1. Acquisition of sports equipment for children's sports teams in football, volleyball and other sports.
2. Renovation of sports equipment for youth and adult football teams.
3. Support of sports teams when going to the venue of district competitions.
4. Carrying out of cultural and technical works on existing sports grounds and stadiums, creation of new sports grounds.

Implementation of the main project program of regional development:

- General development plan of the village. V. Oleksandrivka - UAH 169.1 thousand.
- General development plan of the village of M. Oleksandrivka - UAH 131.4 thousand.

- General development plan of the village of Chubynske - UAH 109.9 thousand.
- General development plan of the village of Bezuglivka - 60.5 thousand UAH.

A total of 470.7 thousand UAH.

The main task of Velykooleksandrivska village council and its executive committee for 2007 is to develop and transition to scientifically based planned development of the whole territory.

To this end:

1. To complete the development of the concept of development of Velykooleksandrivska village council with the participation of science, the executive committee, the public and the village council;
2. Complete the development and approve master plans and other urban documentation of settlements with. V. Oleksandrivka, village M. Oleksandrivka, village Chubynske and the village of Bezuglovka;
3. Develop and sign an agreement on cooperation of organizations, enterprises and institutions in the comprehensive development of the village council, financing and production of scientific and technical documentation.

66603888. Financing of rural development in the village of V. Oleksandrivka.

The enterprises located and registered on the territory of Velykooleksandrivska village council plan to:

- 1) increase the volume of industrial production, in particular Plasma LLC plans to increase the production of complex household appliances - TVs, washing machines, microwave ovens;
- 2) increase in agricultural production (CJSC "Agro-region", LLC "Genetic Resources");

3) increase in the volume of investments in housing construction (Agrobudpererobka-LTD LLC)

4) increase in the subjects of entrepreneurial activity of small and medium business (the share of small and medium business in the total volume of manufactured products, performed works and services in 2005 amounted to more than 30 percent);

5) attraction and development of foreign investments by enterprises registered on the territory of the village council, increase of budget allocations for social needs of the population (enterprises with foreign investments "KHAN and KO Kyiv", "Lukoil Ukraine").

The main enterprises that form the budget of Velykooleksandrivska village council LLC "Agrobudpererobka - LTD", LLC "Plasma", CJSC "Agro-region" and others.

Every year the number of consumers grows, and with them the number of wells. Over the last year, these figures have increased by 20%. The outlook for 2010 will increase by 35% with increasing funding for the village.

Velykooleksandrivska village council has 28 streets with a length of 26,580 m, of which 15,685 are paved and 10,895 m are unpaved. Also 2800 m is the length of roads of state importance with a hard surface, 12885 m. of local significance. UAH 71418 thousand is needed for road improvement. The perspective until 2010 remains very small to provide all roads with a hard surface.

Gas networks are growing by 30% every year, as well as gasification of buildings by 15%. At this rate, by 2010% gasification will increase to 35%.

A sharp increase in the residential complex was recorded in 2005, the current situation is growing steadily, but very slowly. The outlook for 2010 will increase to 18% with such stable funding, but it is not enough to meet the needs of the population.

The perspective of educational institutions is the purchase of the "School Bus", financial support for its operation, the purchase of a computer class, the design and construction of a kindergarten in the village of V. Oleksandrivka, preparation of a project for the reconstruction of a kindergarten in the village of Chubynske.

Taking in general the village council of V. Oleksandrivka and the surrounding villages, the development of all spheres is successful, but not with sharp increases in funding. Taking the plan of financing and expenditures, in general for the village council by 2010 it will increase by 25%.

SECTION V. DIRECTIONS OF SUPPORT OF AGRICULTURAL DEVELOPMENT WITHIN THE WTO REQUIREMENTS

5.1 The role of state support in the modern agricultural policy of Ukraine

Necessity The transition to a market economy in the country's agricultural sector is due to the destruction of all systems of production and trade, inadequate pricing, monopoly on the supply of material and technical resources, rapid reduction of real personal income per capita, irrational support for agriculture. The sharp decline in agricultural production and productivity was caused by the crisis of traditional markets and the instability of the macroeconomic situation in the country in the early 1990s. The deepening of the crisis was also due to slow and partial reforms of certain aspects of agricultural policy. Partial reforms of trade structures and sales system were not sufficiently ensured by the reform of land relations, privatization processes in the agro-industrial complex, development of the credit system and changes in administrative intervention of the state in the activities of agricultural markets.

The task of the state agricultural policy in accordance with the Address of the President of Ukraine to the Verkhovna Rada of Ukraine on the internal and external situation of Ukraine in 2000 is [118]: creating favorable conditions for reforming the agricultural sector, increasing agricultural production, stabilizing livestock production, overcoming losses of agricultural enterprises and strengthening their financial condition.

In the Address of the President of Ukraine to the Verkhovna Rada of Ukraine “European Choice. Conceptual bases of the strategy of economic and social development of Ukraine for 2002 - 2011 ”[121] it is noted that“ ... the agro-industrial complex becomes the center of the increased economic activity, the leader in carrying out reforms, its investment attractiveness grows. The state's

economy is increasingly returning to the needs of the village and its people. " The message also states that Ukraine is interested in deeper cooperation with the EU, especially in terms of integration into the European agricultural sector and in the modernization and development of agriculture.

Due to the specific features of the agricultural sector of the economy to achieve these goals and in developing the concept of agricultural policy, it is necessary to support agriculture, but based on the real economic opportunities of the state budget as a source of financial resources; priority areas of Ukraine's accession to the WTO, which by its rules and agreements regulates the support of agriculture; and take into account current trends in world development.

The development of modern conceptual foundations for the development of the agricultural sector of the economy is caused by the practical need to rethink and clearly define the goals and objectives of state regulation of the agro-industrial complex in accordance with national strategic goals (accession to the WTO, accession to the EU).

Conceptual principles of state regulation of agriculture, according to OM Mohyly in the period of reform mainly corresponded to the transitional state of the economy, when it was necessary to determine the place and role of the state and to introduce generally recognized institutions of market economy [95, p.12-16]. The changes that have taken place since 1999 are marked by the final stage of reforming land and property relations, the creation of a regulatory framework for various forms of ownership and management, the development of a compensation mechanism for preferential lending and taxation, changes in customs legislation, agricultural market infrastructure. However, the post-reform period of 2001-2002 required the adjustment of agricultural policy through the introduction of adequate instruments of state support for agricultural producers.

The concept should be based on promising trends in state support and regulation of agriculture, be based on appropriate research methods, meet

economic views and sound in line with the development strategy of the state as a whole.

The essence of the conceptual foundations of the strategy and economic development of Ukraine for 2002-2011 is to define the outlined tasks of accelerating the economy on the trajectory of sustainable growth through strengthening the capacity of the state and further deepening market reforms, establishing a focused structural innovation model [121]. The main provisions of the Concept of Agricultural Sector Development should be marked by structure, systematic presentation of the functions of the framework document while improving long-term medium-term and short-term forecasts of industry development and annual state programs of socio-economic development at national, regional and local levels.

Mogilny MO determines the content of the Concept, dividing it into three stages, which in time coincide with the foreign economic strategy of Ukraine's integration into the European community. At the first stage (2003-2004) overcoming the negative consequences of the crisis in the industry, approval of guarantees of ownership of land and property of individuals and legal entities, improvement of lease relations, introduction of effective mechanisms of technical and technological re-equipment of agricultural production; formation of a stable system of financial, credit and insurance markets; development of advisory services; promotion of commodity filling of market infrastructure and functioning of mechanisms of equalization of seasonal fluctuations of prices for the main types of agricultural products; creating conditions for the realization of potential competitive advantages of domestic producers of agricultural products and food products upon accession to the WTO.

At the next stage (2004-2007) it is necessary to continue the formation of basic institutions of the agricultural market; to ensure the strengthening of the competitiveness of the agricultural sector through innovation and investment

development; to introduce in practice the principle of location of agricultural production in climatic zones and depending on the influences of the agri-food market; to establish market mechanisms to stimulate the export of agricultural products and food; to strengthen the social orientation of the in-depth transformation of the industry as the basis of state stability. The aim of the state support policy should be to stimulate rural development.

The state should support the change in the structure of rural communities in such a way as to reduce the level of direct state support to producers and increase budget support aimed at improving social infrastructure in rural areas, creating a sphere of non-agricultural production in rural areas. At the same time, we do not agree with the statement about the location of agricultural production in accordance with climatic zones, insisting that only the market with its regulatory price signals can determine which activity is more profitable, given its riskiness.

Gaining independence for managers in making decisions about the choice of culture and production methods has contributed to a more efficient allocation of resources, reduced costs and increased profits. The improvement of the situation regarding the profitability of agricultural production in 2000-2002 was achieved due to changes in the structure of production in favor of more profitable products.

At the final stage (2007-2011) there is a transition to a structural-innovative model of development and completion of the systemic formation of market economy institutions; adherence to the principles of sustainable development related to agricultural activities; achievement of standards and norms of agricultural regulation introduced by EU member states; approval of Ukraine as a reliable exporter of agricultural products and food; effective entry into the world agri-food system and maintaining stable positions in the international division of labor, which would meet the potential of the state and its strategic national interests.

The main economic objectives of each stage should be provided by an appropriate system of regulators to realize the competitive advantages of domestic agricultural producers in terms of liberalization of the domestic market. The conceptual task of state regulation of the agricultural sector should be synchronous with the transformations in other sectors of the economy and in all spheres of public life.

It should be noted the relevance of the opinion of Okhlopov A. regarding the delimitation of tasks to solve social problems that arise in rural areas, and the tasks of economic growth of the domestic agro-industrial complex. We support this opinion and believe that it is appropriate to identify tasks: 1. development of rural areas (rural envelopment) and social problems in rural areas as a separate strategic task and its solution not only at the level of the Ministry of Agrarian Policy of Ukraine, but also the Ministry of Economy and issues of European integration of Ukraine, the Ministry of Finance of Ukraine by directing special state programs and budget assistance to address the problems of hidden unemployment, low quality of education, rural medicine and utilities;

2. state support for agricultural production, which should meet the needs of farmers and correlate with the areas of liberalization of the WTO processes.

Competition between agricultural producers should be aimed at producing competitive products, for markets, optimizing production, and not for benefits and subsidies. Assistance should be targeted and differentiated and targeted. For cost-effective enterprises with a stable market position, this aid is not decisive, while for enterprises in the process of formation, such aid will be insufficient, which generally leads to inefficient use of public funds. State support should be aimed at technical re-equipment, personnel renewal, introduction of modern management technologies, infrastructure development, selection work, pest control.

3. agricultural policy should be aimed at developing agribusiness in Ukraine by creating a transparent competitive environment, developing agricultural market infrastructure and limiting monopolies, harmonizing national quality standards for agricultural products and food products with international standards, reducing marketing costs for exports and imports of agricultural products, introduction of price monitoring in the domestic and world markets. Such tasks should be a priority in the Ministry of Agrarian Policy of Ukraine.

Recently in the agricultural economy there is a tendency to move away from the decline in agricultural production and the explanation is in the reform of agricultural enterprises, creating favorable tax and credit conditions, the adoption of the Land Code, favorable weather conditions and financial support of the agricultural sector. It is a complex of these factors that has led to the improvement of agricultural production. On the positive side, support has become more transparent and predictable.

However, the global trend should be taken into account, which indicates the loss of importance of the agricultural sector of the economy. Thus, S. Zorya identifies the main reasons for this pattern of falling real relative prices for agricultural products and the possibility of obtaining higher incomes in other sectors of the economy [58, p. 3]. The fall in real prices for agricultural products in the long run is due to the fact that demand for these goods is inelastic and supply of agricultural products is growing faster than demand for it. At the same time, demand for industrial products and services is growing at the same rate or rather compared to supply (ie demand is elastic or highly elastic). Thus, it allows us to conclude that falling prices for agricultural products and reducing its share in the overall economy is an objective process.

However, financial support for agriculture, which is generally perceived as a panacea, does not always bring the desired result for the industry and the economy as a whole. The percentage of subsidies to agriculture relative to GDP

in Ukraine is not lower, but sometimes, on the contrary, higher than in other countries. Subsidies directed to agriculture in Ukraine in 2001 amounted to 1.9% of GDP, while the expenditures on agricultural policy of OECD countries amounted to 1.3% of GDP [58, p. 8]. In 2001, the share of GDP used to support agricultural producers in the Czech Republic was 1.2%, Poland - 1%, Hungary - 1.4%, Slovakia - 0.9%, EU countries - 1.7% [112, p.66].

A number of authors (S. Zorya, Stefan von Cramon Taubadel, TO Ostapko) [58, p.1-10; 112 s. 59-69; 179 s. 1-8] note that significant financial support has an ambiguous impact on the agricultural sector and the economy as a whole. Thus, S. Zorya determines that state support for agricultural prices in OECD countries does not always provide an increase in farmers' incomes, which is associated with an increase in rents, and therefore benefit from this type of support is not farmers directly, and agricultural landowners. . In Germany, the share of leased land is from 50 to 90%. But to increase farmers' incomes, a steady increase in the number of subsidies is needed, and this measure is too costly for the country.

Support is also provided through subsidies for technical progress, but again OECD farmers do not benefit from this, as the transition from labor-intensive to capital-intensive technologies leads to an increase in agricultural supply, which is a prerequisite for lower prices and the release of labor. Another disadvantage is that the subsidy is aimed mainly at small farms, while it is received mainly by large farms that do not need state support in such amounts.

There are some negative effects of agricultural subsidies on the economy as a whole. Refusal to finance the EU's CAP would encourage the use of funds to develop more profitable industries, which would improve macroeconomic performance in the country, reduce tax pressures on other sectors of the economy, increase jobs and improve social infrastructure.

In the late 1990s, there was a change in the direction of financing the agricultural sector in OECD countries from maintaining prices and incomes (1970-1980) to improving social infrastructure in rural areas and creating new jobs alternative to farming. Thus, we can conclude that the use of financial support does not always have a clear impact on the economy of the industry and the country as a whole, and the focus of support and methods and measures for its provision are especially important.

Analyzing the state of the agricultural sector of Ukraine, it should be noted its exceptional importance for the economy. 20% of the state's fixed assets are concentrated here, the share in GDP in 2001 was 16%, and in 2002 13.6% the number of employed population was about 23%, agri-food exports in total exports were 11%, and in 2002 13.3 %. However, there are a number of problems in the industry. This is an increase in production costs, an increase in the number of unprofitable enterprises, the lack of social infrastructure.

The level of profitability over the past three years has tended to decline from 9% in 2000 to -1.9% in 2002. This indicator in crop production decreased from 35.8% to 27.8%, the loss of livestock production increased from 6.6% to 12.6%. The share of profitable agricultural enterprises also tends to decrease. Thus, in 2000 the activity of 65.5% of agricultural enterprises was profitable, in 2001 this figure decreased to 56.1%, in 2002 to 57.7%. In 2000, agricultural enterprises made a profit of UAH 1,410.9 million, in 2001 - UAH 834.1, the profit for 2002 amounted to UAH 1,567.5 million. The average wage in agriculture in 2002 was UAH 177.8, which is 47.2% of the average for the economy.

The low efficiency of agricultural enterprises is a signal of the need to make adjustments in the agricultural policy of the state. The increase in the share of profitable enterprises should occur simultaneously with the exit of inefficient farms through the bankruptcy procedure and the release of resources in favor of more competitive producers.

The release of surplus labor will help raise wages in the industry, but at the same time will require state support aimed at creating new jobs in rural areas, through the development of social infrastructure, providing assistance in retraining. It will also raise the living standards of the rural population, promote the creation and development of alternative businesses to agriculture, improve the level of ecology, education and health care for rural residents.

Adoption of conceptual foundations for the development of the agricultural sector of the economy is inextricably linked with Ukraine's intentions to join the WTO and the rules and norms of agricultural support defined by this organization, opening market access through changes in customs and tariff regulation and reduction with subsequent elimination of export subsidies.

The Address of the President of Ukraine to the Verkhovna Rada on the internal and external situation of Ukraine in 2002 states that Ukraine's membership in the WTO will accelerate the transformation of the agricultural sector, which will have positive consequences in the long run [120, p. 67]. This document emphasizes the need for significant restructuring of the state system of agricultural support and the need to adapt businesses to new conditions and rules.

The concept of restructuring the system of state subsidies provided to sectors of the national economy provides for the creation of conditions for harmonization of Ukrainian legislation with WTO rules and agreements in terms of subsidizing the economy [73, p. 8]. Section 4. "Support for agriculture" indicates the need to commit to reducing support for agriculture, as well as export subsidies. However, in the negotiation process for accession to the WTO, Ukraine has committed itself not to apply export subsidies in agriculture.

The transformation of agricultural support generally depends on Ukraine's commitments upon accession to the WTO. At this stage, Ukraine has committed to the upper limit of subsidies (\$ 1.38 billion) and their reduction by 13.3% by

2004. However, there is no final decision on the base support period and its size yet.

According to the Concept of restructuring the system of state subsidies provided to sectors of the national economy, subsidies are divided into:

- export subsidies, which are subject to reduction obligations;
- domestic subsidies that are not subject to reduction commitments (so-called agricultural programs);
- domestic subsidies subject to reduction commitments;
- direct subsidies for production restriction programs.

Annex D shows the types of subsidies and the conditions for their use in accordance with the Concept. However, this Concept is a basic document for preparing proposals and comments and amending the legislation of Ukraine on state subsidies to various sectors of the economy, with the aim of defining general principles of granting and using state subsidies that will prevent distortions of competition and promote efficient economy.

The Draft Law of Ukraine “On State Financial and Budget Support of the Agro-Industrial Sector of Ukraine” (submitted by the People's Deputy Teryokhin SA dated September 17, 2003) [129] defines the procedure for financing the agro-industrial complex of Ukraine at the expense of the State Budget of Ukraine and local budgets .

The draft law provides for a number of provisions that will have a clear positive impact on agriculture, namely: insurance against risks of crop loss; provision of pre-export and export crediting, prohibition of restrictions on transportation of agricultural products within the regions and realization of property rights to agricultural products; providing support to consumers of livestock products.

In addition, this bill contains a number of provisions that are debatable. The main ones are:

- 1) reduction of the level of use of market levers of economic regulation in the agricultural sector of Ukraine;
- 2) focus on inefficient and too costly mechanisms for regulating economic processes in agriculture;
- 3) non-compliance of the draft law with WTO conditions;
- 4) lack of areas of support aimed at strategic development of the industry.

1. Thus, the bill provides for price regulation in the agricultural sector (Section II of Article 3.3), which defines the objects of state price regulation: wheat, rye, barley, oats, corn, flour (wheat and wheat-rye), seeds sunflower, sugar (only from sugar beets), molasses (obtained by extraction or refining of sugar only from sugar beets). This article also considers the customs value of imported and exported agricultural products.

Also, price regulation is expected to be carried out through the use of administrative levers, in the case of financial interventions on objects of price regulation, which are sold or bought outside the organized market in the presence of systemic risk. In such cases, the Cabinet of Ministers of Ukraine has the right to apply the following measures:

- 1) limiting the level of trade margin (discount) on the wholesale or retail market in accordance with a certain object of price regulation;
- 2) setting marginal levels of profitability for costs for:
 - processors of agricultural products that produce goods that are subject to state price regulation;
 - persons who provide services for storage of objects of state price regulation;

3) establishment of non-tariff restrictions on import, export of a separate object of state regulation, taking into account the norms of international agreements that have entered into force.

The draft law stipulates that state support is provided by setting minimum wholesale purchase prices per metric unit of a separate object of state regulation (paragraph 4.1, Article 4). Moreover, support is set at such a level that makes it impossible to average the average loss of production of these products throughout Ukraine for a certain period of time.

Commodity and financial interventions in accordance with the bill are carried out by the Agrarian Fund of Ukraine (AFU) on the Agrarian Exchange. The establishment of AFU minimum and maximum prices in accordance with the constituent documents of the exchange is mandatory for exchange traders (Annex E).

The introduction of a price regulation mechanism, in our opinion, will lead to ignoring the market levers of price regulation. Such a policy is ineffective because the aid is not direct, it creates all kinds of abuse and prosperity of the shadow economy, and also leads to the loss of economic sense of the producer to produce competitive cheap products. Payment for such support will be an additional burden on the state budget of Ukraine, as well as for consumers.

The global trend indicates the inexpediency of such a policy and the gradual abandonment of it. Such a policy is difficult to implement, requires additional levies on taxpayers and consumers, and leads to trade conflicts between agricultural producers. Agricultural producers are losing incentives to reduce production costs and increase competitiveness. It is available only to highly developed countries, whose agriculture accounts for 3-4% of GDP, which can afford such costs.

Stefan von Cramon Taubadel notes that market and price support in developed countries should be seen as a remnant of a policy that was used decades

ago under completely different conditions, proved to be expensive and ineffective and leads to international disputes [179, p. 1-3]. Significant subsidies to EU farmers are seen by experts as unsuccessful and, as a result, large and rich enterprises become even richer and small enterprises leave the agricultural sector, with the state spending billions of euros, which causes dissatisfaction with such policies among farmers, taxpayers and consumers.

Therefore, in our opinion, Ukraine should not duplicate the mistakes of other countries, implement a policy that has proved unsuitable for solving agricultural problems. In order to regulate the demand and supply of agricultural goods and the formation of the state agricultural stock, the state should, in our opinion, purchase products only at market prices. It must also sell agricultural products at market prices, while regulating the supply of goods. The advantages of this mechanism are:

- reduction of government spending on regulation;
- the state acts as a full participant in the market;
- compliance with WTO requirements, as such support can be attributed to the measures of the "green box" - the creation of state reserves to ensure food security of the state (UUSG, Annex 2, paragraph 3).

2. It is also questionable whether the CMU should set a marginal level of profitability (up to 20%) for storage, drying and cleaning services for granaries and elevators. It is also noted that the tariff for storage of objects of state regulation in elevators of any form of ownership is set at 0.5% of the minimum purchase price for each month of service. This approach, in our opinion, leads to the loss of economic sense of reducing the cost of providing services through the introduction of new technologies and gives impetus to the shadowing of revenues.

Prices for services for cleaning, classification, certification, storage and transportation of agricultural products are important because they form a link

between global and domestic markets. The relationship between producers and processors is a key issue. The more efficient processing companies work, providing better and cheaper services, the more profitable producers become. In Ukraine, the size of losses during the harvest, storage of grain harvest is several times higher than the average cost in Germany.

Thus, in Germany about 3% of the price is lost, while in Ukraine about 13%. If in the structure of grain prices delivery costs in Germany are 6%, in Ukraine 10% [135, p. 98-99]. The trade margin also has a strong influence on the final price. The increase in trade margins is the result of a high degree of risk associated with grain trade, due to the cost of finding information, transportation opportunities. Therefore, the trade margin for grain in Ukraine is 10-15%, and for oilseeds up to 25%, while in Germany 5%.

According to the calculations of L. Strive and Stefan von Cramon Taubadel, after deducting crop losses, losses at the enterprise, storage in elevators, transshipment, transportation, trade margin, Ukrainian producers receive only 40% of the world market export price, while German farmers receive 70% [135, p. 99]. In the countries - large exporters of grain services for storage, clearing, classification, certification are provided by the specialized enterprises. At the same time, the role of the state is to ensure a high level of competition to prevent monopoly profits.

In our opinion, the state should direct financial support to improve production technology, which in turn will lead to increased productivity, increase of fixed assets, introduction of know-how, creation of Ukraine's image as a reliable partner in the world market.

However, the Other Provisions define the limit on the cost of services (Article 28), according to which the Cabinet of Ministers of Ukraine has the right to introduce administrative regulation of prices for transportation (rail and water

transport), loading, transshipment of agricultural products, storage or storage at grain receiving points.

Also, the cost of state services of veterinary medicine, the State Grain Inspectorate, the quarantine inspection is announced annually, which, in our opinion, is a significant violation of the principle of free pricing. If the state is to regulate the prices of monopolists, such as Ukrzaliznytsia, it must promote competition for other non-monopoly services.

State financial and budgetary support to agriculture is also provided through compulsory insurance of certain risks of crop loss, which is provided for in Section III "Insurance". Compulsory insurance is applied to persons who are subjects of the agricultural market and sell the object of state price regulation on a forward basis; receive budget subsidies and grants or other types of reimbursement, receive bank loans, interest, which is partially or reimbursed by the state; receive loans from the State Budget of Ukraine or guaranteed by the state.

Compulsory comprehensive insurance is subject to risks of crop loss due to: frost, freezing, hail, lightning, earthquake, avalanche, landslide, land-water village, fire, storm, hurricane, storm, flood, downpour, flood, drought, parasites and diseases. In the case of comprehensive risk insurance, the amount of the deductible may not exceed 30%, and the amount of the insurance premium in the case of a zero deductible - rates of 5%.

The draft law also provides for index risk insurance, which is to insure the risk of crop loss of a particular crop in accordance with the average indicators of its yield for the last 5 growing seasons throughout Ukraine. The insurance is provided by the Insurance Division of the Agrarian Fund of Ukraine (SPAFU) whose task is to "provide financial assistance to producers of objects of state price regulation, as well as livestock and poultry products that have insured the risks of crop loss."

Contributions to the SPAFU are paid quarterly in accordance with the rules established for tax liabilities. In case of non-payment of the amount of deductions, the tax authority has the right to collect this amount in a manner similar to the collection of tax payments. However, in our opinion, in this case it is necessary to use economic leverage, according to which, subject to voluntary insurance in case of late payment of the contract between the manufacturer and the insured is terminated, and in such a situation with compulsory insurance the producer loses the right to receive state assistance. Such a mechanism will reduce the level of administrative interference in the enterprise.

In Section IV "Other ways to support agricultural products" in Art. 13.1 defines the actions of city self-government bodies, state executive power, the Cabinet of Ministers of Ukraine, which are considered illegal and are not subject to execution. These actions are aimed at restricting the unimpeded movement of agricultural products by imposing administrative, quantitative or tariff restrictions; imposition of specific prices (minimum, maximum and intervention prices), intermediaries, buyers, processors; a ban on the sale or transportation of products from one region to another.

A pre-export credit issued to Ukrainian producers for the purpose of production and purchase of agricultural products under the obligatory condition of its sale for export should become a stimulating factor for the development of agricultural exports. Pre-export loans are provided at the expense of budget funds or funds received from non-residents under a state guarantee.

With regard to pricing of agricultural products, paragraph 19.2.1. it is determined that the price of agricultural products is formed on the OTC market of Ukraine at free prices, but at the same time in paragraph 19.2.2. It is noted that the Cabinet of Ministers - for the whole territory of Ukraine - and local governments - for a separate territory under its jurisdiction - can reduce sales prices of certain goods of primary importance by providing appropriate subsidies

to sellers and buyers of such goods from state, regional, district and local budgets. funds provided for these purposes.

Such a measure is, in our opinion, an administrative intervention and disrupts market mechanisms, distorting price signals in the market. It is better to provide direct subsidies to low-income citizens as end consumers of food.

Separate sections address the issue of state support for livestock, providing for the direction of subsidies to support agricultural producers and consumers of livestock products. Subsidies to livestock producers are provided at the expense of budget funds of local governments (paragraph 21.2.1).

Another element of inconsistency in the draft law is the element of incompatibility with WTO rules and requirements. Thus, WTO rules provide for a national regime for domestic taxation and regulation, which requires countries to be non-discriminatory in relation to imported goods, giving the latter no less favorable treatment than domestic goods. This principle is violated in paragraph 3.4 when determining the price of imported goods.

We also consider it inexpedient to introduce Art. 17 item 17.4.2 concerning release of the Ukrainian manufacturers from obligatory certification, sanitary-and-epidemiological and radiological control for the purpose of increase of competitiveness of national producers in the foreign markets. In our opinion, product quality control should become a determining factor in the competitiveness of Ukrainian products on the world market.

One of the important shortcomings of this bill is the lack of state support aimed at the strategic development of the industry. Thus, the bill lacks such areas as:

1. Stimulating the development of a transparent market for agricultural products and food;
2. Establishment and functioning of the state system of monitoring the market of agricultural products and food;

3. Stimulating the development of market infrastructure;
4. Stimulating the production of quality products, financial support for breeding, crop production, seed production, fish farming, animal husbandry, poultry farming;
5. Financing of measures to support soil fertility, agrochemical certification of agricultural lands;
6. Support for measures to control pests and diseases of farm animals and plants;
7. Support for agricultural producers who are in particularly difficult natural and climatic conditions;
8. Introduction of favorable credit policy;

Maintaining the quality and safety of agricultural products, creating a harmonized to international requirements system of standardization and certification of agricultural products and food, veterinary and sanitary rules and quarantine.

Thus, in conclusion, we can say that the draft Law of Ukraine "On state financial and budget support of the agro-industrial sector of Ukraine" of 17.09.2003 should be supplemented by strategic measures that would help the agricultural sector to embark on a path of sustainable development, were consistent with intentions of Ukraine's integration into the WTO and contributed to increasing the competitiveness of domestic agricultural products.

The new version of the Law of Ukraine "On State Support of Agriculture of Ukraine" of June 23, 2004 is a defining document in terms of prospects for the development of the agro-industrial sector of Ukraine. Along with positive efforts to stabilize prices for basic products, improve credit security, intensify risk insurance mechanisms, the bill contains a number of contradictory provisions, most of which do not meet the requirements of a socially oriented economy, interests of peasants and do not correspond to WTO liberalization processes.

One of the most difficult issues in the negotiation process for Ukraine's accession to the WTO is agriculture, and this bill could create significant difficulties in Ukraine's movement into this organization, as it is perceived as a departure from the principles of the Doha Round - "Development Round".

The support measures contained in the bill, namely commodity and financial purchases of crop products using the mechanism of setting minimum and maximum prices, government mortgage purchases of grain, credit subsidies, government support for livestock producers are measures related to the "yellow box" and for WTO principles on trade liberalization should be reduced.

A number of provisions of the bill contradict WTO requirements. Yes, Art. 3.1. and Art. 8 provide for the application of minimum and maximum purchase prices for exports or imports of agricultural products that do not comply with Art. 4.2 UUSG WTO. Article 8.6. The bill allows for the establishment of non-tariff restrictions (quotas) on imports or exports of certain types of agricultural products, which does not meet the obligations that Ukraine will assume upon accession to the WTO and Art. 4.2 UUSG.

The draft law does not define the organizations and institutions responsible for monitoring, and is a debatable issue of monitoring only exchange trade (Article 3.1.1.), As only 0.3% of total sales of agricultural products are made through the exchange market. . Exchange trade in the total turnover of grain, sunflower seeds, sugar and other products does not reach the level of 10%, and registered contracts on exchanges are mostly not fulfilled. Therefore, monitoring only exchange trade, in our opinion, does not reflect the real price situation for agricultural products.

The expediency of comprehensive insurance is in doubt (Article 10.2), as insurance rates are significant, due to the high probability of an event from a large list of risks. This creates obstacles in the insurance of most agricultural enterprises.

Contradictions also arise when considering the Agrarian Fund of Ukraine (AFU), which is determined by Art. 9.1.1. as a state specialized institution, which is created to conduct state pricing policy in the agro-industrial sector of Ukraine's economy. The establishment of the AFU and its mechanisms do not comply with the provisions of Article XVII of the GATT, which stipulates that when a WTO member establishes such an enterprise, it must act only in a manner consistent with the general principle of non-discrimination, procure on commercial grounds only, and the country must give the other party's enterprises the opportunity to compete for participation in such procurement.

Therefore, in our opinion, the analyzed legislative acts need further improvement in order to take into account the realities of the domestic economy and the strategy of integration processes.

It should also be noted the controversial issue of price parity for Ukrainian economists. A number of authors [63, p.68-72; 17, pp.62-65; 140, c. 12-17], put forward the need to comply with price parity for industrial and agricultural products and note that it is the price disparity that has led to the loss of opportunities for the agricultural producer to finance and implement a self-sufficient reproduction process.

However, other authors [29, p.22-30; 90, p.3-8] the opposite opinion is expressed. Thus, it is noted that the understanding of the problem of price parity among scientists of East and West differs significantly. Western scholars insist that the parity price for agricultural goods in relation to the price of industrial goods was reached in the twentieth century. only twice (1910-1914 and during World War II). At other times, the price of agricultural products does not exceed a certain percentage of parity, which leads to the conclusion of inexpediency and complexity of its establishment.

In modern economic schools, there are two alternative concepts: income parity and resource parity. The first concept provides for equal income for

agricultural workers and other sectors of the economy. The second concept provides for equal efficiency of resources in the sectors of the economy (the level of resource efficiency of production, to ensure optimal production and optimal allocation of resources) between sectors of the economy. In our opinion, it is the departure from price parity and the transition to income parity that can balance the development of the agricultural sector of the economy.

Thus, the need to define the conceptual foundations of modern agricultural policy in Ukraine is undeniable and requires a comprehensive long-term strategy for the development of the agricultural sector and rural areas. The concept should contain effective mechanisms for solving the main problems of the industry, namely increasing the competitiveness of agriculture, Ukraine's integration into world agricultural markets, establishing ties with the EU, improving the quality of life in rural areas and reducing poverty.

The strategy of agricultural development should be based on the rational distribution of financial support, focusing on replacing support for agricultural production by providing opportunities for market and social infrastructure of the village: the

1. possibility of redistribution of resources (land, capital, labor) from less efficient to more efficient agricultural enterprises;
2. increasing the level of use of market levers of economic regulation in the agricultural sector;
3. focus on effective and efficient support mechanisms for agricultural producers;
4. support for the strategic direction of the industry;
5. compliance of agricultural policy measures with promising areas of Ukraine to be integrated into international organizations and markets.

The main task of modern agricultural policy should be to establish Ukraine's status as a country with highly efficient export potential, which ensures

the competitiveness of domestic agricultural products both globally and domestically in order to improve access to food in the country and rural development.

Shifting the priorities of state support for agriculture directly from agricultural production and support for agricultural prices to finance the development of social infrastructure and increase the competitiveness of agricultural producers is a matter of time and meets the intention of Ukraine's accession to international integration structures.

The competitiveness of products directly depends on the efficiency of the agricultural enterprise, which is possible only with high technology of agricultural production and organization of activities. Ensuring the technological competitiveness of the agricultural enterprise should be supported by the state through the introduction of investment and innovative development of the infrastructure of the agricultural sector and the introduction of mechanisms for technical and technological re-equipment of enterprises.

The need for such steps is that in a few years the machinery in the countryside will be completely unusable, so the creation of a modern market system of logistics, improving the experience of leasing agricultural machinery will solve these problems. Harmonization of legislation, which is provided by Ukraine's accession to the WTO, will ensure the free movement of capital, credit, technology, participation in the international division of labor.

Improving the competitiveness of the organization must be ensured by improving the professionalism of management, the introduction of modern management principles aimed at increasing productivity, increasing wages while reducing the cost of material and financial resources. High environmental friendliness of domestic products, competitive price, compliance with international quality standards - the main competitive advantages that should be developed by national producers.

In our opinion, the conceptual task of agricultural development is the introduction of effective support in the creation and development of market infrastructure. The formation of an efficient agricultural market infrastructure is one of the prerequisites for creating a system of free and transparent pricing. Such infrastructure can regulate the seasonal fluctuations of prices for agricultural products and determine real prices for each subsequent marketing year, attract additional investment to advance the production of agricultural products; to form a system of civilized relations between producers and elevators, commodity exchanges and traders; guarantee the execution of exchange contracts between sellers and buyers and insure price risks on products. This is also supported by Presidential Decrees of 06.06.2000 №767 “On measures to ensure the formation and functioning of the agricultural market” and of 29.06.2000 №832 “On urgent measures to stimulate production and development of the grain market”.

As a result, as of December 1, 2002, there are 29 accredited commodity exchanges in Ukraine, which provide services for concluding agreements of purchase and sale of agricultural products and food for state and regional needs, as well as concluding and registering foreign economic contracts [127, p.5]. . The Law of Ukraine “On Grain and the Grain Market in Ukraine” [49] introduces the circulation of warehouse certificates for grain, forward trade and futures contracts.

In the process of forming market relations, the market infrastructure of the agricultural sector plays an important role [156, p. 11]. Creation and development of futures exchange, auctions of livestock and poultry, cooperative agricultural trading houses, creation of a network of agricultural service cooperatives and credit unions should become effective tools to influence the formation of the agricultural market, formation and forecasting of prices. and world markets.

State support should also extend to the establishment of price monitoring system centers, which would help raise awareness of stakeholders about the

agricultural market situation and the price situation. It is also important to form a marketing environment that would create a chain between producers and consumers, with such intermediate links as agricultural service cooperatives, district cooperative agricultural trading houses, commodity exchanges, livestock and poultry auctions, wholesale fruit and vegetable, food and vegetable processing, retail trade, which is represented by shops, restaurants, supermarkets. The development of advisory services will provide advisory assistance in the formation and operation of market infrastructure.

Improvement of market mechanisms of state regulation of agriculture is envisaged in the transfer of functions of material and technical supply for agricultural producers to the competence of business structures. Also, the executive authorities are deprived of the right to restrict the movement of products. Thus there was a change in the role of the state and the transition to regulation of economic levers and the creation of the necessary legal and regulatory framework. The state must become a business partner of the peasants in order to protect their rights and interests. The departure from the logistical supply of resources was a step in limiting consumer attitudes to government support.

However, based on the fact that agriculture has a number of specific features, the development of agricultural enterprises requires state support, which should be manifested in the regulation of economic processes, which are not positively affected by the market mechanism. Thus, in order to support agriculture, changes were made to the tax legislation by reducing the tax burden on the agricultural producer and simplifying the reporting system. In a transition economy, the tax system, in our opinion, should ensure the creation of economic incentives for the development of entrepreneurship in rural areas in particular and effective regulation of the economy as a whole. To this end, taxes, as a mechanism of

economic regulation, must perform not only a fiscal but also an incentive function.

However, reducing the tax burden on agricultural producers by reducing tax rates and the number of taxes complicates the formation of the revenue side of the budget. Based on this, it is necessary to establish rational levels of state support for agriculture through tax benefits, in order to fill the state budget and promote economic growth of the industry and the economy as a whole. The main principles of the tax system should be the creation of favorable economic conditions for the development of economic activity of agricultural enterprises of all forms of ownership; reducing the threat of destabilization of the social sphere due to the reduction of funding for state social programs; reduction of the shadow sector of the economy in the country.

Improving financial support for rural development

The transition of Ukraine's agro-industrial complex to a market economy objectively generates new organizational, economic and production-technological activities at the macro and microeconomic levels to expand research topics related to the regulation of the reproductive process in agriculture.

Without a constant active regulatory function of the state, its power structures, it is impossible to solve problems of socio-economic nature, the country's entry into the civilized world community. Only the state can ensure equal working conditions for economic entities, create a reliable mechanism to protect producers from the destructive effects of natural and market elements, which are increasingly becoming global. Only the state, as a political system of organization of social life, can carry out economic and socio-political reforms, legislatively ensure economic freedom to all economic entities. The need for well-balanced state support for agriculture is due to a combination of objective and subjective factors, including the need to create appropriate conditions for food security, liberalization of domestic and foreign trade and access to the world food market.

The system of instruments of state regulation in independent Ukraine has been created since the early 1990s, but the state has not always consistently managed the transformation process. In modern conditions, a balanced combination of state regulation with the economic freedom of enterprises and organizations becomes especially important. Analysis of the views of economists from different scientific schools shows that state intervention in economic processes is an objectively necessary element of a market economy. Thus, according to the famous British economist JM Keynes, state intervention in economic processes is necessary because the purely market mechanism is unable to ensure stable economic growth [1].

In modern conditions, agriculture in Ukraine is essentially a financial donor to other industries, including processing and trade, because the value added created in the agricultural sector, falls primarily in these sectors of the economy. The very consequence of modern state regulatory policy is that only the agricultural sector of all sectors of the economy has a negative rate of return. Thus, according to the academician of UAAS PT Cabluk, the average rate of return for 1996-2004 was: in general in the national economy 1.9%, in industry - 3.8%, in transport and trade - 7.5, construction - 3.2, in banks - 10%. And only in agriculture - minus 0.4%. "The level of profitability of the peasants, which the state refused to regulate, does not allow them to provide even a simple reproduction of production" [7].

In developed countries, the cost of supporting agricultural production to general government spending in 1997-1999 was: in Norway, Iceland, Japan - 69, 68, 65%, respectively, in Canada and the United States - 20 and 24, in the European Union - 49, in Russia - 7.1 and in Ukraine - only 1.7%; also per capita: Norway, Iceland, Japan - 638, 644, 566 dollars, the United States - 350, the EU - 336, Russia - 60 and Ukraine - only 2 dollars. USA.

The agricultural sector needs significant changes in public policy priorities, the amount of real state support, which must be supported by effective market and economic mechanisms.

First, the introduction of sound balances of production and consumption of the main types of agricultural products has contributed to improving the system of monitoring the country's food resources.

Secondly, the mechanisms of state regulation of food markets on the basis of the use of mortgage and intervention procurement, especially grain, at favorable prices for the producer.

Third, the conditions for the competitive formation of state and regional strategic food resources have been created.

Fourth, new support programs have been introduced for domestic practice due to cheaper long-term loans and complex agricultural machinery.

Fifth, subsidies were introduced for sowing winter and spring crops, as well as for high-quality young cattle, pigs and poultry.

In addition, funds were directed from the state budget to overcome the consequences of natural disasters of 2003-2004 and a number of measures were taken to reduce the cost of purchasing material and technical resources for the producer.

In general, compared to 2002, the total amount of direct state budget support for agricultural production was increased in 2003 by 2.2 and in 2004 - by 2.5 times (Fig. 1).

Suppliers of resources for agricultural production and the main professional organizations of the agro-industrial sector - the All-Ukrainian Union of Agricultural Enterprises, the Ukrainian Grain Association, the Union of Agrarian Exchanges and others - have significantly improved the resource security of the industry. 10-12% of the market) and profitability (although minimal) of most parts of production and processing.

Unlike all previous crop years, last year the state became a strong player in the grain market. The government, taking into account the negative experience of 2002, when grain was sold at unfavorable prices in the absence of funds, obliged

the State Reserve, Khlib Ukrainy and the regions to purchase food grain based on the country's half-yearly needs.

UAH 655 million was allocated from the state budget in 2004 for mortgage and intervention operations with grain alone, due to which 859 thousand tons of grain were purchased for the State Reserve and 637 thousand tons for mortgage operations. Regional resources amounted to more than 1.8 million tons. Despite the largest gross harvest since independence, the grain market did not fail.

It is known that during the Depression in the 1930s, the United States government used strict state regulation of economic processes to overcome the economic crisis in agriculture, along with resolutely combating business crimes and helping the poor.

In Ukraine, on the other hand, none of the listed factors, which in experimental conditions became the basis of the US government, was involved. Moreover, a sharp reduction in state regulation of transformation processes, reassessment of market self-regulation created a situation where, according to Academician II Lukinov, "market and state regulators are now working to accelerate the loss of national production ... Price tax and financial policy the state ... has turned from an active stimulator of effective agri-food reforms into a powerful destructive force of production and market potential"[5].

State support for agriculture is provided by all highly developed countries. Until 1991, Ukraine also allocated significant public funds to increase production efficiency. Thus, in 1990, state subsidies to agricultural enterprises accounted for almost a third of the cost of production, for example, for milk - 40, 1% of the basic price, for beef - 39.6, pigs - 25.6%. In general, state subsidies for livestock amounted to 5.1 billion rubles. for a year. It should be emphasized that the level of profitability of milk was 32.5%, meat - 20.2%, and without subsidies production would be unprofitable - respectively 8.1 and 8.8% [6].

The bulk of government subsidies to American farmers go to large farm owners. Thus, from 1995 to 2002, more than 70% of subsidies were received by

10% of the largest agricultural enterprises. The total amount of subsidies to US farmers in 1999-2002 was \$ 114 billion, of which 80% went to support the income of grain producers; The 10% of the largest wheat producers received 73% of the subsidies allocated to support this crop, the largest producers of corn and cotton had 67 and 78% of the subsidies, respectively. Strengthening state support contributes to the concentration of production, the creation of large producers in the agricultural sector.

Thus, modern state support for the agricultural sector of developed countries is aimed at concentrating agricultural production. Thus, in the United States to facilitate the concentration process, large, more efficient farms receive a much larger amount of state subsidy per unit area compared to small ones [3]. They have moved away from the full support of family farms that they used to carry out and are now encouraging the growth of farm sizes. The number of large farms is constantly growing, and the sown area of farms is increasing with the full provision of high-performance equipment, which in combination with the latest technologies provides a significant reduction in staff and increased productivity. Thus, the McMartin farm (11 thousand hectares) employs only 18 permanent and as many temporary workers, who are involved only in the periods of sowing and harvesting. The maximum amount of subsidies in 2002 was USD 110 million. provided to Riceland Foods Inc. from Arkansas, which is one of the largest producers of agricultural products in the country.

Subsidies and subsidies to agricultural producers in the EU amount to 40% of the value of gross agricultural output. In the Czech Republic, Slovakia, Hungary and Turkey, this figure is 20-25%. In Ukraine, on the other hand, agriculture is in deep crisis, the material and technical base of producers is almost destroyed, and the system of state support needs to be radically changed. The share of state support from 1997 to 2004 does not exceed 10%. Therefore, for the agricultural sector of Ukraine the priority is to comprehensively increase production, increase the efficiency of agricultural enterprises on the basis of specialization and

concentration of production, strengthening the material and technical base and the use of new technologies [2].

The key problem of 2006 has two components: sufficient financial support of production and its profitability in terms of objective growth of costs. In this context, the sphere of lending as the main source of working capital, especially for spring field work, remains not very favorable for the commodity producer.

Objectively, this is due to the constant tendency to reduce the amount of liquid collateral (depreciation of fixed assets, limited sales resources, reduction of livestock, etc.), significant amounts of credit liabilities and tensions observed in the banking system.

The situation in the milk and meat production sector requires vigorous and effective measures. After all, the existing distribution of resources of the industry - 1/3 in agricultural enterprises, 2/3 in households poses a significant risk to the further development of animal husbandry, in particular the preservation and reproduction of livestock. In 2003, there was a massive decrease in livestock, which amounted to almost 17%. Especially lost farms that did not have enough of their own fodder base. In 2004, the situation became even more complicated. Despite the relatively better level of fodder supply, rising purchase prices, higher subsidies - almost 10% of livestock was lost during the year. The country's food security is under threat of destruction of its own meat resources.

In order to ensure the minimum (10%) profitability of beef and pork production, at least UAH 540 million should be allocated under the subsidy scheme. According to the Basic Law, subsidies are provided not only for animals slaughtered for slaughter, but also for breeding and breeding. That is, to stimulate the growth of livestock and additional economic incentives in the industry, the total cost of subsidies should be increased by 3-4 times.

State support also requires the restoration of soil fertility as the country's national wealth. This is how the governments of most countries in the world view these issues. For example, in the United States, there are about 30 government

programs to preserve soil fertility, which provide for reimbursement of up to 75% of the cost of soil protection measures implemented by the farmer. At the same time, the state may deprive the farmer of any financial support if he does not take the necessary measures to prevent soil degradation. Soil fertility is ensured, first of all, by the use of significant amounts of mineral and organic fertilizers. In Western Europe, the use of 175 kg (Italy) to 370 (Holland) of nutrients per hectare of arable land in 2003 provided grain yields of 49 to 74 kg / ha, and sugar beet yields of 518 to 763 kg / ha. [4] . In Ukraine, in 2004, 29 kg of nutrients of mineral fertilizers and only 0.8 t / ha of organic fertilizers were applied per 1 ha of sown area, and as a result only 28 c / ha of grain and 238 c / ha of sugar beets were obtained. Producers receive partial compensation after the actual purchase of mineral fertilizers. And at first they are forced to pay their full cost, which with limited financial resources does not contribute to the purchase of most fertilizers.

In 2005, state support for the agricultural sector was provided in the amount of UAH 8.175 billion. According to Academician PT Sabluk, in order to use them effectively, "80% of the allocated funds should be directed by setting the price for all types of products in advance (and not through it per hectare of crops and head of livestock)." This is also confirmed by the experience of developed countries [7]. According to the calculations of leading economists, in order to provide effective comprehensive state budget support for the development of rural production, UAH 15-18 billion is needed. annually, to change the current crisis situation in the main branches of crop production and especially in animal husbandry. In this case, the gross domestic product must increase more than 2 times.

Thus, agrarian reform in Ukraine needs effective forms and mechanisms of financial support, which should be focused on stimulating the efficiency of agricultural production and provided, first of all, to producers who ensure the efficient use of provided resources.

The dynamic development of the world economy requires the Government of Ukraine to formulate a strategy for further economic development in modern conditions, and in particular agriculture. One of the main tasks is for the state to become a full member of the World Trade Organization (WTO). Ukraine's accession to this organization is determined by the strategic course of modern foreign economic policy, which is aimed at effective integration into the world economy and international trade. Unfortunately, one of the main shortcomings in Ukraine's accession to the WTO is the misunderstanding of both government and business leaders about the WTO's perception of the organization, its purpose, the principles it is guided by, and the prospects that await the state in the WTO. acquisition of membership in this organization.

Both the shortcomings and the advantages that await the agricultural sector upon accession to the WTO are analyzed, as well as the accents in the negotiation process with the WTO member countries, to which special attention should be paid.

The WTO is the result of long-term formation and development on the basis of multilateral agreements of the system of rules of international trade, aimed at creating a normal, predictable and acceptable for the participants environment in which international economic relations take place. The WTO was established on 1 January 1995 as a result of multilateral negotiations in the Uruguay Round under the General Agreement on Tariffs and Trade (GATT). This organization has already acquired a global character, acts as one of the most influential driving forces in the world economy. It has 147 member countries, which account for more than 90% of world trade.

In its activities, the WTO is guided by the following principles and rules: trade without discrimination, ie when giving one country an advantage in trade in goods and services, this advantage automatically extends to all other countries - importers; regulation of trade mainly by tariff methods; rejection of quantitative

and others restrictions; transparency of trade policy (ensuring transparency in the regulation of foreign trade means that all relevant national measures should be carried out on the basis of laws, regulations, orders and should provide open access to information to all member countries); settlement of trade disputes through consultations, negotiations, etc.². That is, in case of illegal actions by any member of the organization, each country will be able to file a complaint to the General Council for dispute resolution. The General Council consists of representatives of all members of the organization and is the executive body. Thus, as follows from the basic principles, the main activity of the WTO is the liberalization of international trade.

All WTO members undertake to implement closely of the basic agreements and legal instruments, united by the term "multilateral trade agreements" (BTU). Thus, the WTO is a kind of multilateral agreement (package of agreements), the rules and regulations of which regulate the lion's share of world trade in goods and services.

The Uruguay Round package includes about 50 multilateral agreements, other legal instruments, the main of which are the WTO Agreement and Additional Agreements on BTU:

1. Multilateral Agreements on Trade in Goods: General Agreement on Tariffs and Trade 1994 (GATT - 94); agreement on agriculture; agreement on the application of sanitary and phytosanitary measures; agreement on textiles and clothing; agreement on technical barriers to trade; agreement on investment measures related to trade, etc .; safeguards agreement.
2. General Agreement on Trade in Services (GATS).
3. Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS).
4. Agreement on rules and procedures governing dispute resolution.
5. Trade policy review mechanism.³

Thus, the WTO accession procedure took years. As the experience of the candidate countries shows, this process lasts on average 5-7 years. However, Ukraine began its process of accession to the WTO on December 17, 1993, when the GAT Secretariat received a formal application from the Government of Ukraine to join it, ie this process took more than ten years.

The process of preparation for accession to the WTO was intensified by the Decree of the President of Ukraine "On Additional Measures to Accelerate Ukraine's Accession to the World Trade Organization" № 797/2001 of September 5, 2001. Bilateral protocols on access to markets for goods and services were signed with 23 member countries of the Working Group.

More than 95% of tariff positions have been agreed within the negotiation process. The uncoordinated positions are mostly customs duties on goods that are particularly sensitive for Ukraine, mainly in the agricultural sector.

As evidenced by the experience of accession to the WTO of other countries and Ukraine's own experience, first of all, in accordance with WTO rules, legislation should be brought. The issue of streamlining public funding, which is one of the important factors in the competitiveness of domestic producers, remains problematic. However, with an ill-considered approach, it can significantly distort competition. Thus, the obligations of each participant to reduce domestic support apply to all types of support in the agricultural sector, except for measures that are not subject to reduction. Domestic support measures requested for redundancies must meet the most important requirement - not to affect or affect trade and production as little as possible.

According to WTO terminology, state support is divided into categories such as the "green basket", which includes state support measures that do not (or do not significantly) affect trade and production; "blue basket" - includes the corresponding costs allocated to fixed agricultural areas or fixed livestock, and also are not subject to reduction; "yellow basket" - includes domestic government

support that affects trade and production and distorts them in a market environment¹.

According to the existing expenditures of the State Budget of Ukraine, which are aimed at financial support of the agricultural sector, they can be divided into the following categories (Table).

Division of state budget expenditures by categories of support: "green and yellow baskets"

<i>Expenditures related to the "green basket"</i>
<ol style="list-style-type: none"> 1. Applied developments in the field of agricultural production 2. Scientific developments in the field of standardization and certification of agricultural products 3. Health and recreation of children agro-industrial complex 4. Training, retraining and advanced training of agricultural workers 5. Cultural and educational activities for agricultural workers 6. Implementation of measures to overcome the consequences of natural disasters in agriculture. and development of the agricultural market 7. Breeding in animal husbandry, crop production, fisheries 8. State preferential lending to individual rural developers 9. Development of physical culture and sports among the rural population 10. Measures for protection and conservation, rational use of forests provided for permanent use to agro-industrial enterprises
<i>Expenditures related to the "yellow basket"</i>
<ol style="list-style-type: none"> 1. Financial support for the production of livestock and crop production 2. Financial support for peasant (farmer) farms 3. Implementation of financial support for agricultural enterprises through the mechanism of cheaper loans 4. Establishment and supervision of young orchards, vineyards and berries 5. Partial compensation for the cost of mineral fertilizers of domestic production 6. Partial compensation for the cost of complex agriculture. techniques of domestic production

The table presents the main budget programs that have existed for at least five years and are funded by the state. According to WTO requirements, all programs that affect the price situation in agriculture, ie the "yellow basket", are subject to reduction. This is one of the main and most difficult problems in regulating support for WTO requirements. Programs belonging to the "yellow basket" are objectively necessary today to support the agricultural sector. The situation around agriculture wants better: price disparities, underdeveloped infrastructure, low wages, inadequate skills of workers in the industry, lack of material and technical base, low investment attractiveness and other reasons that affect production and force the government to support agriculture directly. grants and subsidies. Reduction of funding in these areas will lead to the threat of food security in the country and the flooding of the domestic market with goods of imported origin. There is no support for the "blue basket" category in our country. Funding for this basket is aimed at preventing overproduction and is financed per 1 ha of agricultural land and one head of animals, ie income of producers is supported without increasing production in kind, so that the industry was profitable and attractive for investment.

Thus, each country can choose one of two approaches:

1. Try to include the maximum number of measures in the category exempted from reduction obligations ("green" and "blue baskets");
2. Classify as many measures as possible in the "yellow basket" category, maximizing their number so that the final reduced level of support is sufficient to support agricultural production.

For example, the CIS countries that have joined the WTO, Georgia and Kyrgyzstan, have chosen the first strategy, while Moldova and other countries in the process of negotiations - Belarus, Kazakhstan, Russia - are trying to include support measures in the "yellow basket". "

Analyzing the current situation in the agricultural sector in terms of financing agricultural production (Fig.), There is a clear trend to increase funding from the

state budget for the main administrator of funds, ie the Ministry of Agrarian Policy. When joining the WTO, the main issue in agriculture is the cost of targeted programs, as they fall into the category of "yellow basket". The dynamic growth of expenditures on targeted programs, which accounted for almost 50% (in 2003 it reached 59.4%) of total funding under the Ministry of Agrarian Policy, indicates a dominant role among other expenditures in the sector.

Thus, Ukraine is likely to go the way of increasing aggregate funding for the "yellow basket" to ensure a relatively higher level of funding for production needs in WTO membership.

At the 9th Ukraine-European Union Summit on December 1, 2005, Ukraine was granted market economy status. According to WTO requirements, during the six-year transition period, aggregate support measures for developed countries should be reduced by 20%. A WTO member has the right not to reduce the costs of the "yellow basket" if it undertakes to provide support of no more than 5% of the gross value of agricultural production for developed countries and 10% for developing countries.

As you know, when joining the WTO there are no permanent rules for membership, ie each country is considered individually, there is an agreement with member countries in multilateral negotiations. For example, upon Bulgaria's accession to the WTO in 1996, conditions were set such as a reduction in tariff lines for agricultural goods from 15 to 63% for a transitional period of 5-6 years and a 79% reduction in two years of aggregate support measures (RAM)² for rural economy, and Lithuania, which joined the WTO in 2001, managed to achieve tariff reductions mainly from 15 to 35% for a transition period of eight years and a reduction in RAM by 17% for five years; Moldova was forced to reduce tariff rates from 10 to 15% in four years and in RAM - by 16% in four years; Croatia has achieved the most favorable conditions, tariff reductions were mainly from 0 to 15% over five years of transition and reduce AZP relation to the base period

1996-1998 by 20% annually in equal installments over five years from the date of accession.

Thus, Ukraine's accession to the WTO will have both positive and negative sides for agriculture. The positive aspects include the opening of the markets of 147 WTO member countries for domestic agricultural producers; ensuring a universal and transparent regime in trade, provision of services; removal of discriminatory measures against Ukrainian goods sold on the world market, etc. The negative aspects include the following: it will be difficult for the state to protect domestic agricultural producers through market liberalization; The WTO demands the gradual abandonment of direct support to agricultural producers, which will lead to a significant deterioration in the financial condition of a significant part of agricultural producers; filling domestic markets with products of imported origin through the reduction of customs tariff rates, etc.

Based on the above, it can be concluded that the level of state financial support for agricultural producers depends on defending national interests in negotiating rounds with WTO members, because after ratification of the WTO accession protocol, Ukraine will not be able to restore the technical regulation mechanism. complication of the trade regime after accession and, consequently, will become a legal basis for WTO sanctions.

Therefore, in accordance with such conditions, it is necessary to make informed decisions on the policy of Ukraine's accession to the WTO, to minimize the undesirable consequences of accession to the WTO, ie: to

reach an agreement on the minimum possible concessions in the field of tariff regulation and aggregate measures to support agriculture. the period for entry into force of the country's rules and obligations to the WTO;

brought into line with regulations and WTO legal framework of pitai tariffs, standardization, certification and evidence relevant to the application of sanitary and phytosanitary measures, which will provide further prevent conflicts with international trade;

to satisfy the information gap regarding the understanding of the WTO and its main provisions, which will lead to a better defense of the interests of agricultural producers in multilateral negotiations.

The expected production volume is calculated as the expected gross harvest at the average for normal weather conditions of yield on specific soils and a certain amount of resource use. Resources must be taken into account, as, for example, seeding rates, fertilizers or plant protection products are important factors that affect gross harvest.

Current or variable costs. This section includes those costs that arise in the case of production of this crop. Information on seeds, fertilizers and chemicals is relatively easy to obtain. The size of other variable costs, such as fuel and lubricants, operation of machinery, provision of services, payment for hired labor, depends on the type of machinery and the number of tillage operations. The norms of such costs can be taken from educational-scientific, analytical publications and from publications of dissemination of experience and advisory.

As can be seen from Table 15, the projected gross variable costs for cucumber production are 13,724 hryvnias.

Example of a budget for growing cucumbers (drip irrigation), 1 hectare

Article	Unit	Quantity	Average farm price, rodents	Amount, hryvnias
Gross income / Revenue				
Main product	ton ton	z	800	24 000
By-product 1	ton			
By-products 2	X			
1. Total gross income		X	X	24 000

Variable costs / direct costs of seeds, seed	kg	1.5	2 650	3 975
fertilizer, nitrogen	kg	82	2	164
phosphorus	kg	43	3.3	142
potassium	kg	120	2.50	300
fuel, oils and lubricants	ton	0.42	1 700	722
chemicals (herbicides, fungicides, insecticides)	kg	17.5	70.80	1 239
Wage labor for various operations / costs of work equipment, plowing	UAH			6
cultivation	UAH			603
sowing	UAH			161
delivery of fertilizers	UAH			36
fertilization	UAH			1
spraying	UAH			31
harvesting	UAH			1 909
transportation and delivery	UAH			51
completion / storage	UAH			513
Irrigation:	UAH			360
construction of drip irrigation equipment	UAH			325
crop protection	UAH			350
electricity for drip irrigation	KW	1 520	0.3	456
T-tape	meters	5 263	0.41	2 158
Harvest insurance	UAH			0
Interest on working capital / variable capital (interest on loans)	UAH			0
Marketing	UAH			222
Other expenses	UAH			0
2. TOTAL VARIABLE COSTS	X	X	X	13 724
3. GROSS PROFIT (3 = 1-2)	X	X	X	10 276
I Fixed costs				
Costs of machinery and equipment:				
annual depreciation	UAH			270
rent	UAH			5
interest on investment	UAH			60
vehicle tax and insurance machinery and equipment	UAH			5
care and repair Construction costs and:	UAH			220
Annual depreciation (drip irrigation equipment)				
rent	UAH			50
interest on investment	UAH			
care and repair	UAH			320
Land rent	UAH			24
Agricultural tax at a fixed rate	UAH			400
Fixed / permanent labor	UAH			20
Electricity	UAH			20
Various overheads	UAH			2
Other fixed costs (fencing, digging ditches, etc.)	UAH			1
	UAH			10
4. TOTAL CONSTANT EXPENSES	X	X	X	1 407
5. TOTAL EXPENSES / TOTAL EXPENSES (5 = 2 + 4)	X	X	X	15131
6. NET PROFIT / NET INCOME MANAGEMENT (6 = 3-4) I (6 = 1-5)	X	X	X	8 8691

Source: USAID Agricultural Marketing Project

Fixed costs or costs of ownership include costs that would exist even if the crop were not grown on the farm. These include costs associated with owning

machinery, equipment and agricultural land, including fixed costs for machinery, equipment and buildings, land tax and various overheads.

Fixed costs for machinery depend on the size, age, type, number of means of mechanization and the volume of operations in the production process, as well as on the methods of tillage.

Land rent is the opportunity cost of land that reflects the income from its use in crop production.

Various overheads include transportation, insurance, point of sale maintenance, marketing costs, and so on. These costs cannot be directly attributed to a particular type of product, but they are necessary and important to ensure the functioning of the enterprise.

The following specific problems may arise when drawing up production budgets in crop production:

1. Simultaneous cultivation of two crops, when two crops are grown on the same land during the same year. In this case, a budget should be developed for each crop, and the annual costs of fixed costs should be divided between these crops.

2. In some cases, the costs of storage, transportation and marketing for some types of plant products may be significant. In most cases, the production budgets assume that the products will be sold after harvest, so storage costs are not expected. These costs are considered to be marketing and not production costs. However, even in the case of post-harvest sales, transportation and marketing costs may arise. Therefore, if such costs are included in production budgets, then the selling price at the end of the storage period should be indicated, and not at the time of harvest.

3. Difficulties also arise in drawing up budgets for the production of fruits, berries and grapes. It may take a year or more from the establishment of perennial plantations and vineyards, when the corresponding costs are incurred, and to the beginning of the productive period, but the production budgets of such products

are usually for the period when perennial plantations are in the productive phase. It is often advisable to develop separate budgets both for the phase of formation of perennial plantations and for the productive phase during which products are obtained. (Ronald D. Kay "Management of farms. Planning, control and execution", 1986., [*Ronald D. Cow "Management Planning, Control, and Implementation/*

Production budget helps in deciding on the use and combination of old and new approaches to production to maximize profits. Determining the needs for credit and material and technical resources, the budget helps to organize the timely provision of financial and material and technical resources (seeds, fertilizers, etc.). On the basis of such a production plan, which justifies the expected results, costs and revenues, the financial institution may provide the manufacturer with credit resources, based on its production capacity, rather than its volume of financial assets.

The production budget can be useful in making a variety of management decisions. First, summarizing the gross income and expenses in the production of a particular type of product, we can draw conclusions about its real profitability or loss. The head of the farm must determine the unit (one head of dairy cattle, one hectare), based on which the amount of required resources and the expected profit will be determined. Such technical coefficients or resource requirements play an extremely important role in determining the maximum production of certain products, a combination of production areas and, ultimately, the production specialization of the enterprise. In addition, this approach to the analysis of the profitability of certain types of products makes it possible to quickly make the necessary adjustments to the directions of production of the economy or channels and sales volumes. Managers will be able to make better decisions about the choice of a particular animal / crop to maximize farm profitability.

Secondly, the budget calculates the amount of funds that will remain in the economy after covering the production-related variable costs; this is the so-called gross profit.

The example of the cucumber production budget presented in Table 15 shows the calculation of the main indicators of gross profit, total costs and projected profit / net management income.

Gross profit is income or income after deducting variable costs. This is an intermediate estimated value that shows revenues that still need to be correlated with fixed costs.

Gross profit is calculated by the formula:

Gross profit = Gross income minus variable costs (in our example: UAH 10,276 = UAH 24,000 minus UAH 13,724)

The value of gross profit is calculated separately for each crop and for each farm. With the help of this indicator determine the change in the total profit of the economy when changing the combination of crops, ie production specialization.

The definition of gross profit makes it possible to estimate the income from one production direction of crop / livestock in terms of covering their fixed costs (including overhead costs, depreciation and lease payments) after all variable costs have been covered.

Total costs are calculated by the formula:

Total costs / expenses = variable costs plus fixed costs (In our example: UAH 15,131 = UAH 13,724 plus UAH 1,407)

Net income / net management income or profit is calculated by the formula:

Net income / net management income / or estimated income
income minus total expenses

(In our example: UAH 8,869 = UAH 24,000 minus UAH 15,131) or

Net income / net management income / or estimated profit = gross profit minus fixed costs

(In our example: UAH 8,869 = UAH 10,276 minus UAH 1,407.)

In the case of the cucumber production budget presented in Table 15, the estimated profit was UAH 8,869. per hectare after all costs. However, this is not the maximum possible level of profit per hectare of cucumbers. Any production budget is only one point of the production function. For example, a change in the level of fertilizer use will lead to a change in their costs, yields, gross income, and thus expected profits.

Estimated income can be compared with estimated income per hectare from another crop and choose a more profitable crop or combination of crops for annual cultivation. However, profitability indicators need to be properly interpreted because they represent income or profit after all costs, including opportunity costs for own primary resources.

The production budget in Table 15 does not include management costs. Therefore, in another definition of estimated profit, it is considered as a return on management or a fee for management activities.

Production budgets can also be used to analyze break-even levels for both the growing process and the harvest. The break-even level of production is calculated by the formula:

Break-even level of production = gross costs divided by the selling price

This level of production will cover all costs at a given selling price. For example, in table 15, this figure could be calculated as follows: UAH 15,131. divide by 800 UAH. or 19 tons per hectare. Since the selling price of products is only an approximate forecast price, the break-even level of the harvest can be determined for a number of possible prices.

The break-even price, or the price that is necessary to cover all costs for a given yield level, can be determined as follows:

Break-even price = gross costs divided by the expected harvest

In this example, we obtain the following break-even price: if 15 131 UAH. divided by 30 tons, it will be 504 UAH. per ton. The break-even price can also be

determined for different yield levels. Since both the yield and the selling price of the enterprise budget are forecast indicators rather than real values, calculations of the break-even level of yields and prices can be useful in making decisions about farm management. By studying different combinations of break-even prices and yields, managers can form their own expectations about the probability of obtaining a combination of price and yield that will only cover gross costs. Such results will help managers decide whether or not to produce this crop to minimize losses in the short term.

Under the production costs understand the average cost of production of one unit of this product.

Production costs are determined by the following formula:

Production costs = gross costs per hectare divided by the projected harvest

For example, in table 15 production costs for growing cucumbers are projected at UAH 504.36. per ton (UAH 15,131 divided by 30 tons). Production costs change not only when the projected costs change, but also when the yield changes.

It is useful to use the indicator of production costs also at sale of production. Whenever the current market price exceeds production costs, it is possible to make a profit, and this can be seen as a signal to sell at least part of the product, possibly even before the harvest, because it will be guaranteed to make a profit from sales.

There is much in common in drawing up budgets for livestock and crop production (similar articles, the same problems). However, in the process of budgeting the production of livestock products, managers may face some specific problems: (1) bookkeeping for heterogeneous products; (2) accounting for the costs of raising or purchasing new animals to maintain the breeding herd, and (3) estimating the cost of feed produced on the farm.

The livestock production budget is usually calculated per unit of livestock, for example, one head of cow or 100 heads of poultry.

Although the budget for many livestock production lines is one year, some fattening and complete cycle plants take less than a year. Some types of pets, such as pigs, produce more than once a year.

Many livestock farms will receive income from several types of products. For example, dairy farms receive income from the culling of cows, calves and milk, and a flock of sheep will generate income by culling the breeding flock, lambs and wool. It is necessary to determine all types of income and then distribute them proportionally in the calculation, for example, for one conditional head of livestock.

Many livestock companies both buy feed and grow it themselves.

The cost of purchased feed can be easily estimated. Farm-produced feed, such as hay, should be valued according to the opportunity cost method, or at the price at which it could be sold.

Pasture maintenance costs include items such as fertilizers, seeds and chemicals used to care for pastures.

This group includes buildings, fences, pens, working gutters, feeders, wells, windmills, feed warehouses, milking equipment and other specialized costs of means of production used in animal husbandry. Current expenses for such items include repair, fuel and electricity costs.

Variable costs for the renewal of breeding stock, as well as costs for veterinary services and health care should also be calculated proportionally per unit of livestock and taken into account when compiling the production budget.

A fee for land that is a fixed cost can be defined as rent, or as an opportunity cost associated with land use. In determining this indicator should take into account the area of land per capita and the share in the renewal of livestock.

Tractors, trucks and other machinery and equipment can be used in parallel in crop production and animal husbandry.

The electronic model of production budgets was prepared using real information collected from Farmers within USAID projects in different regions of Ukraine (see map, Fig. 15).

The electronic model includes 35 budgets for 19 types of agricultural products produced in 2003 and 2004. These data were collected through USAID projects in nine oblasts. There are English, Ukrainian and Russian versions of this model.

The data used in the model were provided by a limited number of farmers and owners of private farms in Ukraine. Therefore, only the main crops were included in the model, namely: wheat, corn, sugar beets and some vegetables (potatoes, cabbage, onions, cucumbers, tomatoes and carrots), as well as beef, pork, milk and fish.

Thus, the Agrarian Marketing project summarized data from the budgets of more than 60 customers / producers (budgets created using the farm business model of the project).

Consider the impact of crop and livestock industries in Ukraine, revenues from state and local budgets, funds from investors, the level of productivity in agriculture, profits of these industries, the level of profitability and their impact on rural development and rural areas in terms of three natural - climatic zones: a) steppe; b) Polissya and the Carpathians; c) forest-steppe.

Let's define directions of support and financing of development of rural territories in Ukraine through development of branches of animal husbandry and plant growing. We will analyze and note the prospects for the development of these industries and their prospects for funding until 2015.

Consider the areas of financing the development of rural areas and their dependence on state and local budget revenues, as well as on attracting investors.

The need for funds to finance rural areas in 2007 amounted to UAH 3,112.2 million. and should increase in 2015 to UAH 5,310.1 million. Including at the expense of the state budget from 662 million UAH. up to UAH 1,010 million

Local budgets to support rural development should increase from UAH 379 million. in 2007 to UAH 634 million. in 2015. It is necessary to attract investors' funds in the future, which should reach the level of UAH 680 million in 2015. One of the reasons for improving the development of rural areas is state regulation of their development.

We trace the prospects of financing the crop sector and its impact on rural development and ensuring the expanded reproduction of the industry.

Analyzing the schedule, we can conclude that funding for the development of the industry should increase by 2009 and amount to 3072.8 million UAH, after which funding should decrease from 2015 to 2524 million UAH. Due to the state budget, the need for funds to finance the industry also increases until 2009 and amounts to UAH 1,870 million. and in the future by 2015 should decrease to UAH 1,550 million. However, funding from the profits of the crop industry should increase from UAH 1,239 million. in 2007 to 1410 in 2015, which together should significantly affect the overall development of rural areas.

Consider the prospects for the development of the livestock industry and its impact on rural development and ensuring the expanded reproduction of the livestock industry

From the graph we can conclude that funding for the development of the livestock industry should increase in 2007 from 8875 million UAH. up to UAH 14010 million. in 2015. State support for the livestock industry is declining, but not at a significant pace. The local budget will have a significant impact on the development of this sector, and it is also necessary to increase funding through the profits of the livestock industry, which will significantly improve the development of rural areas in the future.

Let's get acquainted with labor productivity in animal husbandry of agricultural enterprises in the context of three natural - climatic zones: Polissya, Forest - steppe and Steppe.

Labor productivity in animal husbandry per person employed in agricultural production in the steppe zone in 1990 amounted to 193592.6 UAH, and in 2005 amounted to 244887.7 UAH, which increased by 26.5%. Significantly lower labor productivity is in the area of Polissya and the Carpathians, for the period from 1990 to 2005 increased only from 103823 UAH. up to 106894.1 UAH. In the Forest-Steppe zone, labor productivity increased from UAH 153,362.3. in 1990 to 187944.7 UAH. in 2005. The highest labor productivity in 2005 was recorded in the Autonomous Republic of Crimea - UAH 53,606.5, and the lowest in the Khmelnytsky region - UAH 9,822.8. In 1990, the highest rate was recorded in the Autonomous Republic of Crimea and amounted to UAH 26,754.6, the lowest figure in the Chernihiv region - UAH 11,686.5.

Consider the level of profitability of agricultural enterprises in terms of three natural - climatic zones: Steppe, Forest-Steppe and Polissya and the Carpathians.

The level of profitability of agricultural enterprises in the steppe zone was the highest in 1990 and amounted to 363.8 thousand UAH. and significantly decreased in 2005 to the level of 118.8 thousand UAH. In the area of Polissya and the Carpathians, this indicator has the lowest values and amounted to 215.4 and 93.8 thousand UAH, respectively. in 1990 and 2005. In the Forest-Steppe zone in 1990 the level of profitability was at the level of 328.7, and in 2005 it decreased to 103.2 thousand UAH. The highest level of profitability in 2005 was recorded in Dnipropetrovsk region - UAH 29.2 thousand. , and the smallest in Rivne and Donetsk regions, respectively, 2.2 and 5.4 thousand UAH. It should be noted that the highest level of profitability of agricultural enterprises for the period from 1990 to 2005 was recorded in the Kirovograd region in 1990 and amounted to 48.4 thousand UAH. The level of profitability of its lowest value reached in 2000 in the Transcarpathian region to - 13.7 thousand UAH. To a large extent, the level of profitability of agricultural enterprises affects the development of agriculture, as well as the support of rural areas where these entities are located.

Let's follow the world production of sugar beets according to the table and diagram below.

The largest producing countries are Ukraine, Germany, Russia, Poland, USA, France. Others include Belarus, Bulgaria, the United Kingdom, Greece, Denmark, Spain, Italy, Canada, China, the Netherlands, Romania, Hungary, Finland, Sweden, and Switzerland, which in 1990 had a rate of 70.8 million tons. ., and by 2004 this figure decreased to 54.4 million tons. The largest indicator of sugar beet production among the largest producer countries in 1990 was Ukraine and this figure was 44.3 million tons, in turn in 2004 the largest figure was in France, which amounted to 30.6 million tons

. 1. World production of sugar beets, million tons.

Countries	1990	1995	2000	2004
Ukraine	44.3	29.7	13.2	16.6
Belarus	1	1.2	1.5	1.1
Bulgaria	0.6	0.2	0	0
United Kingdom	7.9	8.4	9.3	7.6
Greece	2.8	2.5	3.0	2.3
Denmark	3.5	2.5	3.3	2.8
Spain	7.4	7.4	7.9	7.0
Italy	11.8	13.2	11.6	10.1
Canada	0.9	1.0	0.8	0.7
China	14.5	14.0	8.1	5.8
Netherlands	8.6	6.4	6.7	6.3
Germany	30.4	26.0	27.9	27.2
Poland	16.7	13.3	13.1	11.5
Russia	17	19.1	14.1	21.8
Romania	3.3	2.7	0.7	0.8

USA	25.0	25.5	29.5	27.2
Hungary	4.7	4.2	2.0	3.1
Finland	1.1	1.1	1.0	1.1
France	31.7	30.6	31.1	30.6
Switzerland	0.9	0.8	1.4	1.3
Sweden	2.8	2.5	2.6	2.5

Analyzing this table, it can be concluded that most countries in the world significantly reduced sugar beet production between 1990 and 2004. The highest figure as of 1990 was 44.3 million tons in Ukraine, in 2004 the leader was France with 30.6 million tons. If in Bulgaria the lowest figure in 1990 was 0.6 million tons, then by 2004, this figure had dropped to zero. Increased production of sugar beet from 1990 to 2004 evident only in Russia, according to 17 to 21.8 million. T.

Doing analysis and prospects of crops and livestock and their impact on rural development, financing in the context of three natural - climatic zones, the following conclusions can be drawn. The need to finance the development of rural areas by 2015 is 5310.1 million UAH. At the expense of the state budget - 1010, at the expense of the local budget - 634, and at the expense of investors - 680 million UAH.

In order to effectively finance the development of the crop sector and their impact on the support of this rural area, the total annual need for funds should be reduced due to the requirements of the World Trade Organization and the European Union from 3039.4 to 2524. 1800 to 1550; and at the expense of the profit of crop production to increase from 1239 to 1410.

To ensure the financing of the prospects for the development of the livestock industry, the total annual need for funds for the development of rural areas should increase from 8875 to 14010; at the expense of the state budget to

decrease from 5875 to 5400; at the expense of the local budget to increase from 25 to 250 million UAH.

Labor productivity in livestock of agricultural enterprises in Ukraine per person employed in agricultural production in the steppe zone in 1990 amounted to 193592.6 UAH, and in 2005 increased to 244887.7 UAH. In the area of Polissya and the Carpathians for the period from 1990 to 2005 increased from 103823 UAH. to 106894.1 UAH, in the Forest-Steppe zone, respectively, labor productivity had an increase from 153362.3 UAH. up to UAH 187944.7.

The level of profitability of agricultural enterprises in the steppe zone decreased from 1990 to 2005 from 363.8 to 118.8%. In the area of Polissya and the Carpathians, this figure decreased from 215.4 to 93.8%. The level of profitability in the Forest-Steppe zone for the period from 1990 to 2005 decreased from 328.7 to 103.2.

The largest producing countries are Ukraine, Germany, Russia, Poland, the USA, and France. Most countries in the world significantly reduced sugar beet production between 1990 and 2004. The highest rate as of 1990 was 44.3 million tons in Ukraine, in 2004 - France with a rate of 30.6 million tons.

The lowest rate of sugar beet production in 1990 was 0.6 million tons in Bulgaria, by 2004, the figure had dropped to 0. The only country with increased sugar beet production from 1990 to 2004 was Russia, which rose from 17 to 21.8 million tons.

International experience shows that government spending on agricultural research and development , advisory services, education, rural infrastructure, food safety and quality control systems and rural development are the most important drivers of agricultural development and competitiveness.

However, in Ukraine, fiscal (budget) expenditures on agriculture increased from UAH 0.3 billion. 2000 to UAH 9.8 billion. 2005 (or from 1 to 2.5% of **GDP**, respectively). But they still went mostly to subsidies rather than investment (in 2005, subsidies accounted for 75% of total fiscal support). Since such

expenditures of Ukraine on agriculture can be compared with the expenditures of middle-income countries and even with some high-income countries, Ukrainian politicians should focus primarily on improving the efficiency and nature of public expenditures on agriculture, rather than increasing the level of these expenditures (Table 1).

Three key tasks of agricultural policy today require attention. First, the government must create the conditions for a favorable environment for agricultural development. Second, the government should abandon market-destructive measures that undermine the sector's long-term competitiveness and focus its financial resources on overcoming structural barriers to agriculture and rural development. And third, the government needs to improve the quality of government programs that are most conducive to economic development by meeting the growing needs of private agriculture and the food industry.

At present, fiscal expenditures on agriculture in Ukraine barely compensate for the losses of agricultural producers caused by pricing and trade policies, as such policies lower agricultural producer prices and thus nullify large financial support from the budget and tax benefits (Table 2).). Thus, the improvement of agricultural policy is the first and necessary step towards improving the efficiency of public spending on agriculture (Table 2).

Foreign trade policy instruments, such as export duties on oilseeds and livestock, and export VAT arrears, directly reduce agricultural producer prices. Some internal market policy instruments exacerbate uncertainty, reduce competition and constrain private investment through unpredictable government intervention in the food market, control of food prices and price fluctuations, restrictions on inter-regional movement of agricultural goods and over-regulatory regulations. food safety and sanitary / phytosanitary measures (von Cramon-Taubadel, 2001). These factors increase the cost of sales and trade margins (already high), which leads to lower prices for farmers.

Another reason for the low prices of agricultural producers is the high cost of sales in the food supply chain. Ukraine inherited from the Soviet Union a rather inefficient structure of the economy, which leads to high costs for transportation, storage, loading and unloading in seaports, safety and quality of food, as well as other costs. The government needs to invest more in public infrastructure and improve the quality of public services provided to the private sector. At the same time, the government needs to improve the investment climate by building partnerships with the private sector and avoiding interference in food supply chains, which will attract more private investment.

Thus, the process of statistical study of the dependences of indicators of efficiency of agricultural production and fiscal policy will begin with stage 1 - resolutions of what. First of all, we will clearly define the objects of study O_i ($i = 1, 2, \dots, 20$). These will be the administrative districts of Lviv region.

To each object of research O_i we will put in correspondence the list: explanatory and the resulting variable by type (2.1):

Table 1

List of explanatory and the resulting variables

Variable name	Variable type	Symbol
tax burden	$X^{(1)}$	X1_SPW
Financial support for agriculture from the state budget	$X^{(2)}$	X2_PDVB
Financial support for agriculture from the local budget	$X^{(3)}$	X3_PMB
VAT amounts remaining at the disposal of agricultural enterprises	$X^{(4)}$	X4_PDWB
Ratio of cash inflows and expenditures	$X^{(5)}$	X5_KNV
Profitability level	$In^{(1)}$	Y1_REN The
amount of profit per 100 hectares of agricultural land. lands	$In^{(2)}$	Y2_PSG
Gross output per p 100 ha of agricultural land lands	$In^{(3)}$	Y3_WWP
Labor productivity	$In^{(4)}$	Y4_PPR

Capital security	In ⁽⁵⁾	Y5_FZB
------------------	-------------------	--------

Based on the identified objects and the list of variables that characterize the activities of agricultural enterprises, the ultimate application objectives of our study include:

- to try to identify the most significant explanatory variables that affect the efficiency of agricultural production.

The second stage of the study was to collect the necessary statistical information of the form (2.1) at annual intervals from 2000 to 2002. As a result of this work for each (i-th) area the concrete vector of "input" and "output" indicators which characterize activity of this object of research was defined. Thus, the sample size was 60 observations.

Stages of correlation-regression analysis (3, 4, 5, 6 and 7) are implemented on a personal computer by means of an integrated system of statistical analysis and data processing STATISTIKA. Analysis of the results of the study allows us to draw the following conclusions.

1. There is a weak relationship between the studied variables.
2. Geometric analysis of paired correlation fields (data visualization) using graphs of dependence between indicators allows, first, to determine the class of linear regression functions $f(x) = 0_0 + 0_1 x^{(1)} + \dots + 0_p x^{(p)}$ to study the relationships between variables, secondly, to identify and remove from the array of statistics anomalous observation points (so-called "emissions").
3. The presence of multicollinearity between explanatory variables involves the selection of the most informative of them using one of the step-by-step regression methods.
4. Calculation of estimates of unknown parameters of regression equations allows to select the most significant explanatory variables (highlighted in bold), which affect the efficiency of agricultural production:

$$Y1_REN = -48,3558 - 0,0089 * X1_SPW - 0,0022 * X2_PDV - 0,0096 * * X3_PMB - 0.0004 * X4_PDW + 50.7077 * X5_KNV;$$

$$Y2_PSG = -20362.3 - 0.2 * X1_SPW - 2.0 * X2_PDV - 4.0 * X3_PMB + 0.5 * * X4_PDW + 21190.3 * X5_KNV$$

$$Y3_PSG = 332.9559 - 0.0428 * X1_SPW + 0,1426 * X2_PDV - 0,0794 * * X3_PMB + 0,1119 * * X4_PDW + 211,1222 * X5_KNV$$

$$Y4_PSG = -1,69331 - 0,00002 * X1_SPW + 0,00230 * X2_PDV - 0,00226 * * X3_PMB + 0.00142 * * X4_PDW + 8.26380 * X5_KNV$$

$$Y5_PSG = 18.032 + 4.104 * X1_SPW + 0.658 * X2_PDV - 0.057 * * X3_PMB - 0.428 * X4_PDW + 3013.478 * X5_KNV$$

As we can see, the positive in each level the ratio of cash inflows and expenditures of agricultural enterprises (X5_KNV), which indicates the need for measures aimed at its growth.

Regulating the efficiency of agricultural production is a complex but necessary process. State regulation, including the levers of fiscal policy, has a special impact on the efficiency of agricultural production. That is why it is objective rating level of dependence of efficiency of agricultural production on influence of fiscal policy of the state should be a basis at formation of fiscal policy of the state in agrarian sector of economy of Ukraine.

Thus, increasing budgetary resources for agriculture without improving agricultural policy would be an economically inefficient and fiscally unstable step. Updating policies in this area will help restore agricultural profitability and stimulate private investment. The first set of measures should eliminate obvious political interference. These measures can be implemented with minimal or no fiscal losses. The second set of measures should eliminate structural problems that hinder the effective operation of agricultural markets. These will include public investments aimed at ensuring public goods (such as the system of dissemination of agricultural knowledge, food safety and quality and dissemination of information). It will also include activities to improve business

conditions to attract more private investment in sales infrastructure and to improve the governance of those government organizations that provide services to the private sector, such as transportation, licensing, inspection and certification services.

Table

Annual fiscal support of agriculture on average for 2002 - 2004

Countries	agriculture in GDP	Share ofShare of fiscal expenditures on agriculture in national GDP	Share of fiscal expenditures adjusted for the size of agriculture
	A	B	A / B
Ukraine (budget expenditures)	11, 6%	1.3%	0.11
Ukraine(total fiscal costs, including VAT exemptions)	11.6%	2.1%	0.18
Countries with high income			
Australia	3.0%	0.31%	0.10
Canada	2.3%	0.51%	0.22
EU	2.3%	0.65%	0.28
USA	1.6%	0.73%	0.46
Middle-income countries			
Turkey	13.0%	2.0%	0.15
Mexico	4.0%	0.7%	0.18
Venezuela	5.0%	0.5%	0, 12
China	15.0%	1.2%	0,08
Brazil	9.3%	0.7%	0,08
Russia	6.0%	0.95%	0,16

Table

Indicators of support of producers in Ukraine 1999 - 2003

	1999	2000	2001	2002	2003	On average
Indicator of support of producers (VAT), mln.	-1107	-848	2429	-3079	679	-385
Including price support	-4247	-3252	-493	-6987	-3962	-3788
Fiscal expenditures	3139	2404	2922	3908	4640	3403

Share of VAT in gross income of agricultural enterprises, %	-3.2	-1.7	4.1	-5.5	1.1	-1.0
---	------	------	-----	------	-----	------

Table

Fiscal expenditures on agriculture in Ukraine, 2000 - 2005 (million UAH)

	2000	2001	2002	2003	2004	2005
Total subsidies	1171	2756	2956	3825	5652	7318
Incl. . budget	688	11131	1163	1650	2687	2962
Tax relief VAT	483	1626	1792	2175	2965	4356
Budget investments that promote development	478	585	1085	2051	1895	2439
Total fiscal expenditure	1649	3341	4040	5876	7546	9757
Share of fiscal spending to GDP,	0.97%	1.64	1.79	2.20	2.19	2.49
Share of fiscal expenditures in total government expenditures, %	3.43	6.02	6.70	7.74	7.44	8.55

During 2000 - 2005 in the structure Fiscal expenditures on agriculture were increasingly dominated by subsidies financed by budget payments and tax benefits. In 2005, total subsidies to agriculture increased to UAH 7.3 billion, compared to UAH 1.2 billion in 2000 (Table 3). Subsidies financed from sources such as VAT and the state budget were aimed at supporting agricultural production, especially livestock products, and at reducing the cost of some means of production (Table 3).

The uneven provision of subsidies during the year and the lack of transparency of eligibility criteria and the selection process significantly reduce the effectiveness of the impact of subsidies on the efficiency of agricultural producers. The effectiveness of budget allocations and VAT expenditures continued to be assessed on the basis of changes in the nominal volume of gross

agricultural output or the use of subsidized resources. At the same time, very little attention has been paid to changes in agricultural productivity and real incomes of producers as a result of certain government programs. In the end, it is likely that most subsidies have somewhat encouraged increased production of targeted products or the use of subsidized material and technical resources, but not the fact that these subsidies have contributed to investments that are so urgently needed to strengthen Ukraine's agricultural competitiveness. International experience also shows that subsidies do not lead to improved efficiency and sustainable economic growth, so budgetary resources should be directed not to subsidize production, but to public goods for the agricultural sector and rural residents.

For example, a study of the structure of public spending on agriculture on the example of ten countries in Latin America and the Caribbean (1985 - 2000). The impact of total government expenditures and their composition on per capita agricultural income was considered, given the openness of trade and the share of GDP per capita in the non-agricultural sector. The main conclusion is that government spending has a positive impact on per capita agricultural income, but the structure or composition of such spending is very important. If 10% of total government expenditures on subsidies are used to finance public goods, this would increase agricultural per capita income by 2.3%, and this result can be obtained without increasing total expenditures. In contrast, increasing expenditures (without changing their composition) is a much less effective means of increasing agricultural income per capita: a ten percent increase in government spending will give an average increase in agricultural income of only 0.6%. This difference is significant mainly because it includes both the positive effect of increasing the provision of public goods and the positive effect of reducing distortions caused by subsidies, which adversely affect the quantity and quality of private investment. In this study, the costs of public goods include the cost of creating and transferring technology, soil protection, sanitation and phytosanitary protection, communication and information services, rural infrastructure and

social services (eg education and health). Expenditures on individual goods include subsidies for specific types of goods, sales assistance and advertising, subsidized loans and irrigation.

Moreover, subsidies had a large-scale negative impact on the long-term competitiveness of agricultural enterprises, the distribution of income within the sector, macroeconomic indicators, as well as opportunity costs, which caused irrational use of civil servants' time in the Ministry of Agrarian Policy. Since most subsidies were directed to "private" rather than public interests, there is every reason to phase out such subsidies, including VAT exemptions.

The expected membership in the WTO should not be seen as a threat, but as an opportunity to move from a "yellow" to a "green" box of support measures.¹ Most subsidies should be phased out and public resources used instead for agricultural investment programs, public goods and rural development (von Cramon-Taubadel and Zorya, 2005). The Ministry of Agrarian Policy should develop a strategy for investment support for agriculture and more actively coordinate rural development at the national level. Investment programs should work like grants, which are issued on a competitive basis and co-finance long-term investments of agricultural producers. Rural development is crucial for the economic growth of the agricultural sector in order to relieve agricultural enterprises of social responsibility and encourage the creation of non-agricultural jobs, as well as to improve rural infrastructure, which plays a significant role in stimulating growth and competition in rural areas. economy.

Increasing funding for public goods, which has the potential to boost economic growth, is unlikely to increase public investment performance on its own, unless weaknesses in public service delivery are addressed. Between 2000 and 2005, Ukraine quadrupled its funding for potentially development investments. Despite the fact that international experience shows that such public investments have a significant impact on the growth and competitiveness of agriculture, the return on these investments in Ukraine has hardly been as great

as in other countries. Although the low return on investment in Ukraine partly reflects the general environment in the country, which is unfavorable for growth and competition, it also reflects shortcomings in the planning, management and implementation of potentially important state development assistance programs.

Many public services are public in nature and therefore deserve public funding. Thus, the public sector will need to continue to fund those services that generate important benefits for society as a whole. At the same time, the efficiency of public institutions should be strengthened by developing clear standards for the provision of public services, which will be agreed within the annual budget review process and will be the rationale for the budget funds provided.

At the same time, public institutions must cease commercial activities, especially those that undermine their ability to perform regulatory functions. Public sector programs should avoid replacing the functions of the private sector, and by developing appropriate legislation and providing a framework for favorable policies, the state should facilitate the provision of many public services by involving private companies.

Tensions in the agricultural sector are created by the lack of a well-established futures market, agricultural risk insurance system, advisory services and a modern system of guaranteeing food safety and quality. The public sector should play an important role in facilitating the provision of these services, not replacing the private sector, but providing technical assistance to private providers, developing public-private partnerships in the provision of services, exchanging information, coordinating with private service providers and creating mechanisms for accreditation of private services. Only then will public investment in public goods work and have a significant impact on the long-term growth of agriculture.

5.3. Experience of foreign countries

Further development of Ukraine's economy involves strengthening its market foundations. At the same time, the market economy, as world experience shows, cannot exist without a certain state regulation, because otherwise the market economy from "good" for people turns into "evil" because the market mechanism itself is deprived of the element of social justice. . Even the most "market" economy in the United States is fully regulated, until the state sets a certain level of prices for certain types of popular food.

State regulation of market economy includes many different aspects and directions, among which in the context of this problem the most interesting is state support for farm development, which takes place in economically developed countries - USA, Canada, Japan, Germany (in the latter country state regulation of market economy so takes into account the social aspects of economic life that the economy of this country is called - "social market economy").

Most U.S. production control programs limit the availability of farm products to the average American and raise prices. This is a monopoly effect that is achieved in a consistently competitive economy only by the power of the state, acting in the interests of farmers¹. Like most Western countries, the United States implements programs to support farmers through the USDA - United States Department of Agriculture (US Department of Agriculture). The main purpose of these programs is to ensure the stability or increase of prices for farmers' products and their incomes, although, as a rule, this can be achieved by increasing purchase prices for agricultural products and a relative reduction in its consumption. Western and American programs include measures to support the level of exports, as well as other forms of indirect subsidies to farms. Measures taken under other IIZOA programs, including the development of rural infrastructure and crop insurance, should also be taken into account, which can also be seen as indirect subsidies to farmers. One of the main economic arguments used to justify aid to

agriculture is that a number of specific features of the agricultural economy cause instability of both agricultural prices and farmers' incomes. If farmers have difficulties due to low prices and incomes for several years, they risk bankruptcy, but the country in the long run objectively needs the products of these farmers, based on the concept of increasing economic security and national independence of the country by strengthening its food independence and security. To protect farmers and, consequently, to preserve and develop their productive potential, the government is trying to stabilize and, if possible, even increase both prices and incomes.

American farmer price support programs date back to a period when prices and incomes declined significantly due to general overproduction as a result of a long period of productivity growth that ended in the Great Depression of the 1930s. The effect of modern policy is quite complex and varies depending on the type of product, but in general the prices paid by the buyer are higher as a result of government intervention. Modern political sentiment in the United States is characterized by a desire to reduce all government programs to support agriculture, and to maintain prices by methods that make US exports competitive on the world market and reduce consumer losses. This trend can be expected to continue as the labor force of farmers and people raised on farms decreases. Farmers now employ less than 2% of the workforce. Public opinion is increasingly being formed in the direction of abandoning mass subsidies to a small group of people at the expense of everyone else. This is largely due to the widely promoted in the relevant circles of the bitter experience of the European Union, where almost 50% of the budget was spent to cover the needs of 5% of the workforce through unjustified subsidies to farmers.

There are three basic approaches to price support programs from the point of view of supply and demand analysis:

the first approach raises farm prices by limiting the supply of farm products and raising prices for consumers. The US government certainly can not force

individual farmers to limit production, he asks the farm to limit its production and provides them for this opportunity to participate in other programs,

while the second approach, the government increases the farmers' prices by purchasing the amount of products that are being sold, can reduce the situation when the government is forced to buy products is assessed by it as negative, and as positive - when the government's stocks are quite small, the

third approach (the so-called Benson-Benson plan, 50-60's) includes the current target price and deficit payment scheme used in grain programs in combination with the first and second approaches. during which the farmer receives a second guaranteed price, which is called the target. Products produced at this price are sold on the market, and the government covers the difference between the lower market price (the one paid by the consumer) and the higher target price (the one received by the farmer)².

The average consumer suffers from government intervention in both the first and second approaches due to both rising prices and declining production. However, as a result of the second approach, government ownership reveals surplus stocks that can be sold at low prices to the benefit of some consumer groups. This includes American schoolchildren and some foreign buyers.

In the third approach, the average consumer wins. If this approach is not accompanied by a restriction of production, the consumer price is lower equilibrium price *that* would be developed without any government support programs. The third approach, especially if it does not involve limiting production, is also one of the cheapest for the state budget. The first approach - limiting production - is associated with the lowest cost of budget funds, but the restriction of production creates other non-budget costs and moments of inefficiency.

Externally, the third approach is most similar to our scheme, in which the retail prices of government stores for the same beef are higher than purchase prices. However, the external similarity is misleading. The difference is that the

American retail price is extremely flexible. The price of the same product in the supermarket changes several times during the day. Let's say if a loaf of bread is worth it in the morning 2 dollars, then in the evening for this price you can buy two such loaves, and at night the price drops even more. Due to this, the quantity of products offered at a guaranteed farm price is always equal to that required by consumers.

Some products in the United States are not covered by support programs, such as livestock products (except dairy products), most fruits and vegetables, and potatoes. Farmers' participation in support programs for the types of agricultural products for which it is intended is voluntary, as is participation in all types of USDA programs¹.

The main purpose of such programs is to bring the volume of production of basic agricultural products in line with the needs of the country and the preservation and protection of direct producers of these products. On the one hand, every farmer is free to choose economic decisions about running his business (one of the principles of a market economy!), But the state so widely uses a system of various economic levers that, on the other hand, the farmer is forced to act in the interests of the state. In other words, the state skillfully and tolerantly creates interest in the farmer to the production of products of the required quality and quantity. Per farm, the average amount of state payments for participation in government programs is 20 thousand dollars a year, with one small farm on average 4 thousand dollars, for large (with an average annual income of more than 500 thousand dollars) - up to 70 thousand dollars.

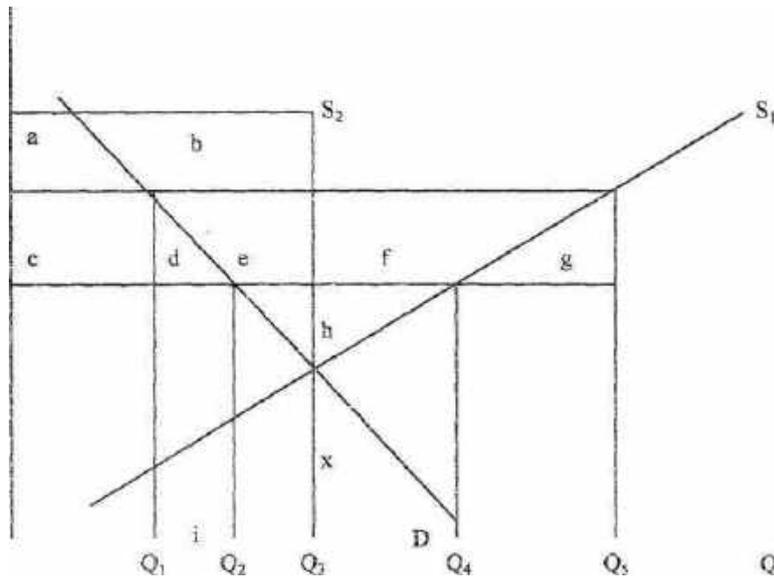
To the group of main products for which there are American support programs government, include: wheat, feed grains, cotton, sugar, dairy products, tobacco and peanuts. Each individual product support program has its own distinctive features. Support programs for cereals, in particular for wheat and fodder crops, are the most thoroughly developed.

To qualify for these programs, farmers must adopt certain rules of the game. Grain support programs provide for the government to set minimum prices for farmers' products (more precisely, the USDA), but the areas used by farmers in production must be limited. After the harvest, the government lends farmers bail in the form of harvested grain. A fixed amount of money is credited for each unit of physical output, and this specific indicator of the loan is called the "mortgage rate". It essentially fixes the minimum market price of the product for which it is set.

If the market price exceeds the mortgage rate, farmers can sell their produce at that price and then have to repay the loan with interest. If the market price falls below the mortgage rate, farmers can transfer their harvested grain to the government as loan repayment. The government can also set a so-called "target price" at a level above the screen saver rate. In this case, the government pays farmers for each unit of their production the amount that is equal to the difference between the target price and either the mortgage rate or the market price (whichever is higher).

To participate in this program, farmers must reduce the area of their arable land by a certain amount in accordance with the area reduction program. Due to this mechanism of production regulation, farmers' decisions regarding production volumes are related to the amount of state payments they can receive. That is, farmers cannot expand production in response to changes in mortgage rates or target prices set by the government. Such programs increase the well-being of American farmers and farmers in other parts of the world. But the level of welfare of both American and foreign consumers of agricultural products is relatively declining.

The application of the graphic method makes it possible to trace the impact of state support programs on, say, consumers of products, for example, if such programs took place in Ukraine in relation to beef production on farms (Fig.),
Where:



Q - quantity of products; P_w - world price (without state support); P_c - mortgage rate; R_p - government set internal target price; D - demand curve; S is the supply curve.

Fig. Results of the beef producers' income support

program If the support program is not applied, domestic (for Ukraine) and world prices are at the level of P_w , while production in Ukraine is at the level of Q_2 and consumption is Q_4 . Surplus products ($Q_4 - Q_2$) in this case are exported. Now suppose that the government introduces a mortgage rate at the level of P_c . This value determines the price level at which consumers should buy products. As a result, consumers suffer because they are forced to pay a higher price for the same products, reduce their consumption from Q_2 to Q_1 . Such costs can be measured by the amount of reduction of consumer surplus equal to $c + d$.

However, due to the area reduction program, the government limits the production of farms participating in the program to the level of Q_3 . This causes the supply curve to change. For this case, point X is provided at the intersection of the line, which is a continuation of the projection of this point on the Q axis at point Q_3 and the supply curve S_1 . At point X, the new supply curve S_2 (which meets the new conditions) becomes vertical.

Suppose also that the government has introduced a new price that exceeds P_c and corresponds to level P. The result of setting the target price and introducing regulation of production volumes is the government's implementation of two types of direct payments to farmers. First, it compensates them for the losses caused by the limitation of production volumes at the level of Q_3 and which correspond to the increase in trade that they could receive in the case of production at the level of Q_5 at the mortgage rate. Compensation per unit of output is thus equal to the value of the mortgage rate, resulting in total government payments equal to $f + g + h + i$. Since $P_p > P_c$, the government also pays farmers the difference between these two indicators based on the limited volume of production (total payments = $a + b$).

The result of the cumulative impact of such a program on welfare in the country can be summarized as follows:

- change in the surplus on the consumer side = $c-d$;
- change in damage on the part of producers = $a + b + c + d + e + f + g + i$;
- change in government spending = $a + b + f + g + i$ (measures government losses);
- change in net national welfare = $e-h$.

The value of introducing such a program for farmers may be that although such a program limits production and reduces it, say, from level Q_4 to level Q_3 , farmers have significant benefits due to higher prices, as well as compensation at the level of collateral for reduction production volumes. And the consumer incurs losses due to higher prices and reduced supply. National welfare is also declining under the influence of state payments to farmers.

It should be borne in mind that this pursues the strategic goal - to have in the country its own, independent of imports of agriculture, its own producer of agricultural products, and hence - food, which are essential commodities. There is obviously no need to dwell on the importance of this point.

The study of foreign experience makes it possible to offer a more accurate method of assessing the degree of positive or negative impact of state programs to support rural farms for producers and consumers of agricultural products. Empirical indicators "equivalent of subsidies to producers" can be used for this purpose

(ERUs) and "equivalent of subsidies to consumers" (ESS). or causing them financial losses through these programs, but because they are "taxed." For any product, ERUs are equal to the difference between the selling price, which takes into account any visible government subsidies, and the world price of goods (converted into national prices at economically reasonable exchange rates). Visible government subsidies, so-called political transfers, cover a group of subsidies that require special government targeted expenditures. pests and diseases, the cost of public services for the preservation of products, as well as government funding for science new research.

The mechanism for calculating ERUs is quite simple. Suppose that: 1) the world wholesale price for a particular product is \$ 9. USA; 2) the farmers' support program raises the domestic price at which national producers sell their products to \$ 12; 3) producers are provided with product insurance at the expense of the government, ie save 2 dollars. per unit of output, without insuring the latter in private firms. Then the specific subsidy for producers as a whole is 5 dollars. Of this amount, \$ 2. goes on programs, product insurance, and \$ 3. - due to the fact that producers sell products at a domestic market price of \$ 12 and not at a world price of \$ 9, ERUs can be calculated as the ratio of the specific indicator of total subsidies (per unit of output) to the purchase price of products . In our example, $ERU = 5 : 12 = 0.42$. That is, the program of price support and product insurance helps to improve the financial condition of farmers by an amount equal to 42% of the total revenue they receive from the sale of their products.

As can be seen from the calculations, it is almost impossible to find an agricultural product in the United States that is characterized by a negative value

of ERUs, ie there is no product for which government programs have the character of financial sanctions rather than support.

ESS for any product is equal to the difference between the price at which it is purchased by the consumer and the world wholesale price for this product. The group of state subsidies to consumers, again, includes those related to government financial expenditures. In the United States, for example, such subsidies to food producers are insignificant and do not exist for all types of these products and not for all categories of consumers of subsidized products. Like ERUs, ESS can be both negative and positive. As can be seen from the calculations, there are virtually no food products in the United States for which the value of ESS would be positive. In other words, food programs almost never put food consumers in a relatively better position, but rather worsen it. The opposite situation, as can be seen from the above calculations, occurs in Ukraine, provided that there are no at least any basic development programs for both agriculture and beef cattle farming in particular.

The obtained results clearly emphasize the need to develop and implement such programs, the main directions of which could be the program of minimum prices for livestock products produced by farmers; maintaining stable prices and introducing production quotas; state protectorate for the development of all types of farm cooperation, including in the field of beef cattle breeding; the program of development of the state system of selection, zootechnical service, financing of informative and scientific maintenance of farmers who are engaged in meat cattle breeding. The state, through its order, *should* stimulate the increase of the level of marketability of those products which have become the leading ones in farms, gradually creating conditions for their transformation into narrowly specialized productions of final products. It should be determined in which areas farmers should be supported in the first place - in remote areas or near large cities and industrial centers, where the real consumer is concentrated. Farms must be provided on favorable terms with the resources needed for specialized production,

including lines for industrial processing of agricultural raw materials and feed preparation. In addition, the role of farming in the formation of rural social infrastructure, in solving social problems of the village should be legally resolved. That is, we need a real state program for the development of farming as a component of the state agricultural policy of Ukraine, highlighting its features in terms of certain types of agricultural products.

5.4. International experience in organizing advisory services for the formation and development of rural areas

Newly established enterprises and personal farms have faced certain problems in the current conditions of functioning in a market environment. The most characteristic of them are the following: the

- need for independent management decisions in terms of full responsibility for the final results of their activities;
- lack of sufficient experience of practical work in market conditions;
- lack of qualified sectoral specialists in agriculture;
- lack of new knowledge and practical skills in managing in conditions of limited resources;
- lack of stable and inexpensive channels for obtaining information - technological, economic, legal, etc.

The underdevelopment of market infrastructure in rural areas, especially such an important component as information and consulting support for agricultural producers and the rural population, has a negative impact on the state of agriculture and rural areas.

As part of the administrative reform in 1999, the Decree of the President of Ukraine "On Changes in the Structure of Central Executive Bodies" established the Department of Agricultural Advisory Services in Ukraine, defined their legislative and regulatory support.

However, the issues of forming a market information and consulting system of APV services, especially at the regional level and at the level of functioning of enterprises, required further scientific substantiation and practical implementation. Therefore, there is a need to develop a concept of information and consulting activities based on advisory.

Advising is a new social phenomenon that aims to revive agriculture and ensure its stable profitable development based on specific methods of forming a new peasant with a new type of economic thinking, new market motivation and behavior that enables these key factors of progress to form new agricultural production. and a new village.

The central objects of advising are the peasant, the rural commodity producer, and the specific essence of advisory activity consists in release of its creative potential and a direction in the direction of changes in system of managing, in increase of ability to make and implement own administrative decisions.

The formation of the network of agricultural advisory services in Ukraine was determined by the Law of Ukraine "On Stimulating the Development of Agriculture for the Period 2001-2004", adopted by the Verkhovna Rada in January 2001, and in 2004 the Law of Ukraine "On Agricultural The main purpose of this law is to regulate relations related to agricultural advisory activities and create conditions for building systems of agricultural advisory services.

This law defines the main objectives of advisory activities: raising the level of knowledge and improving practical skills management, providing business entities with advisory services on economics, technology, management, marketing, accounting, taxes, law, ecology, etc .; providing advisory services to executive authorities and local governments on the preparation and implementation of socio-economic plans development; dissemination and introduction into production of modern technologies, the latest achievements of science and technology; promoting the development of non-agricultural

entrepreneurship in rural areas; work with rural youth, initiation and implementation of youth programs and other tasks defined by law.

Tasks and functions of the advisory service of the oblast and rayon level are shown in the table. At the national and regional levels, the structure of agricultural advisory services will have the status of legal entities that establish branches and representative offices at the local level [3].

Regional authorities and administrations see the greatest benefit in the work of the advisory service in such areas as: areas

- completion of the process of reforming property relations in rural;
- development of market cooperation, including infrastructure, agricultural cooperation;
- introduction of effective low-cost technologies in peasant (farmer) and personal subsidiary farms;
- training of managers of new enterprises and farms of agromarketing;
- involvement of the population of rural communities liberated as a result of the reform of the PCU in agricultural production.

The functions of coordinating the activities of agricultural advisory services are entrusted to the Ministry of Agrarian Policy.

Advising is a component of information and consulting support, which is based on the following initial methodological principles:

1. Maximum focus on the requests and needs of manufacturers; act solely in their interests.
2. Interaction with producers exclusively on a voluntary basis on the basis of persuasion, which is based on information, counseling, training, etc.
3. Complexity of advisory activity: involvement of various structures of all levels (state, commercial, scientific, educational) for satisfaction of any expedient inquiries of agricultural commodity producers.
4. High responsibility for the results of consulting and quality of services

provided.

5. Complete independence and confidentiality.
6. Flexibility: the advisory service must change itself; tasks, plans, skills and working methods must be constantly adapted to new conditions.
7. Democratic style of decision making.
8. Partial self-sufficiency of costs for advisory activities.

Centralized management of the advisory service guarantees the priority of national interests over the interests of individual information and consulting organizations through the use of a set of various economic regulators: taxes, duties, grants, subsidies, various benefits and legislation.

The centralized component of advisory focuses on achieving a strategic goal by: building an information and communication network for communication "ministry-region-districts"; creation of a food market monitoring system; formation of reference zones and enterprises, where standard solutions are processed, production and social results of informatization are studied; formation of the state service of providing advisory services to production structures and the population; formation and operation of information resources; creation of standard reusable solutions.

The decentralized component of the advisory service is aimed at the gradual formation of the commodity market of information products and advisory services. It is ensured by the diversity of organizational and functional structures and forms of ownership of state, cooperative, private and other enterprises and organizations working in the information market. Management of the decentralized component of the information infrastructure is based only on economic methods and focuses on making a profit as a result of commercial activities.

The main objectives of the Advisory Development Program are: to

- form a viable network of agricultural advisory services and a system for disseminating agricultural knowledge, technologies and information;
- creation of an information environment for profitable management in agricultural production;
- development of modern infrastructure of a stable agricultural market;
- support for innovative development of agriculture;
- promoting rural development and solving social problems of the rural population.

The main tasks will be performed taking into account an integrated approach to solving the problems of agriculture and rural areas by combining social and economic levers of regulation of the relevant relations with organizational and legal ones.

The identified tasks are expected to be solved by:

1) increasing the level of efficiency of land management through:

- training and advisory assistance to agricultural producers and the rural population on the regulation of land and property ownership and their effective use in the economic process;
- informing about the latest achievements of science and technology, dissemination and introduction into production of modern technologies, advanced management experience, compliance with quality and safety standards of agricultural products;
- diversification of agricultural production;

- development of methods of production of new types of agricultural products;
- stimulating the production of environmentally friendly products;
- involvement in the decision of these questions of higher educational institutions of III-IV levels of accreditation which carry out training of personnel for agriculture, subjects of scientific and scientific and technical activity in the field of agriculture;
- explanation of state policy and ways of its implementation;

2) development of agricultural market infrastructure;

3) dissemination of market information, in particular:

- informing agricultural producers and the rural population about prices and market conditions, advantages and threats of their expansion (upon Ukraine's accession to the WTO, EU, other international organizations);

- advisory on the marketing of agricultural products and resources for its production;

- providing advice on the conditions of participation in state and sectoral programs for the regulation of food and resource markets;

4) rural development and solving social problems of the rural population, in particular:

- assistance in self-organization of rural communities, initiating meetings to solve social, domestic and environmental problems, providing assistance in developing and supporting programs of socio-economic and cultural development of rural communities, districts, areas;

- promoting the creation of information and training centers, clubs, interest groups, including for women (accounting, cooking, childcare, etc.), children and youth;
- providing advisory services on employment and self-employment rural population, the establishment of enterprises to provide social services to the rural population, training and career guidance of rural youth;
- preparation and holding of scientific and practical conferences on topical issues of agricultural and non-agricultural production, development of rural areas.

At present, there are no mechanisms for systematic state support of agricultural advisory services.

The national level of the problem determines the need for centralized budget funding in combination with the allocation of local budgets. An important factor in the successful implementation of measures is the attraction of funds of enterprises, institutions and organizations of various forms of ownership and individuals (with their consent).

The estimated amount of financial support for the implementation of the Program related to the development of advisory services for 2005-2015 from the local budget of Ivano-Frankivsk region is in the amount of UAH 10.6 million, including:

2005 - UAH 608.0 thousand,

2010 - 1010 thousand UAH,

2015 - 1430 thousand UAH.

The state target programs aimed at the development of agriculture and rural areas, starting from 2005, provide funds for the financing of agricultural advisory activities in the amount of not less than 5% of the funds provided for these programs.

The implementation of certain measures for the development of agricultural advisory activities will help overcome the unprofitability of agricultural production, increase its efficiency, expand employment and improve the welfare of the rural population, encourage young people to work and live in rural areas, improve the infrastructure of rural areas.

Thus, the need for advisory services in the agricultural sector requires: training of professional teams of advisors and specialists; theoretical developments; generalization of practical experience; image building and links with science and other advisory services, etc. Assistance from the authorities and management, the use of best foreign and domestic experience, an integrated system of training advisors, will allow the agricultural advisory service of any level to reform the agricultural sector, help create and operate financially sustainable agribusiness, and revive the rural community.

Kyiv Regional Agricultural Advisory Service was established in 2001 with the support of the UK Department for International Development under the Rural Living Standards Program in Ukraine. Today the advisory service has its branches in 8 districts - Bila Tserkva, Volodarsky, Zguriivsky, Makarivsky, Rokytnyansky, Pereyaslav-Khmelnysky, Stavyschensky, Tetiivsky.

According to the Law of Ukraine "On Agricultural Advisory Activities", advisors annually provide about 3.5-4 thousand advisory services to agricultural producers of all forms of management and the rural population, including: accounting and taxation - 33%, rights - 25%, animal husbandry - 17%, crop production - 8% and others - 17%. Every year more than 1.5 thousand individuals and legal entities use the services of the advisory service. Of these, more than 150 agricultural enterprises and farms are regular users of advisory services. In 2006 alone, the advisory service provided 1,226 individual advisory services, concluded 90 contracts for subscriber service, including: provision of economic and accounting services - 34, legal services - 16, agronomic and zootechnical -

15, social - 38. 37% of contracts were concluded with agricultural enterprises, 8% - with farms, 10% - with service cooperatives, 30% - with village councils and public organizations. The advisory service initiated the development of arbitration proceedings.

The Agricultural Advisory Service includes rural development specialists who provide practical assistance to local governments and rural communities in developing comprehensive rural development programs and attracting resources to implement such programs. In total, the implementation of more than 70 initiatives aimed at social development of rural areas and building civil society in rural areas has been implemented and monitored. By implementing such programs, local communities receive a tool that allows them to exercise their rights to participate in land management and local issues. In 2006, the advisory service assisted local governments in preparing and submitting 4 projects for the All-Ukrainian competition of local government development projects and programs in Stavyshe, Bila Tserkva and Tetiiv districts.

An important component of the advisory service is to promote the revival and development of agricultural service and credit cooperation. To provide practical assistance to rural residents on these issues in Makariv district, a model of agricultural multifunctional service cooperative was introduced, on the basis of which a specialized training center was established, which is annually visited by more than 1,000 people from all regions of Ukraine. As a result, with the support of the advisory service in the region, 16 agricultural service cooperatives have been established and are actively operating, providing more than 30 types of agrobusiness services to owners of private farms, 8 rural credit unions with more than 2,000 members. They provide more than 1,500 loans each year.

Today, the Kyiv Regional Agricultural Advisory Service is one of the effective tools for rural development and increasing the profitability of agricultural production.

LIST OF LITERATURE

1. Agrarian labor and social development of the village / Bugutsky OA, Kupalova GI, Orlatyi MK etc. - K .: ВІПІОЛ, 1996. - 302 с.
2. Agrarian reform in Ukraine / PI Haidutsky, PT Cabluk, YO Lupenkota, etc .; For order. PI Haidutsky. - K .: ННЦ ІАЕ, 2005. - 424 с.
3. Agrarian Forum - 2006: Proceedings of the International Scientific and Practical Conference (September 25 - 29, 2006, Sumy, Ukraine) - Sumy: VDT "University Book", 2006. - 360p.
4. Ambrosova V. Onegina V. Price support and income stabilization of agricultural producers // Economy of Ukraine. - 2002. - №1. - P. 66.
5. Amosov O.Yu. Formation of productive employment of the rural population through the development of entrepreneurship and its integration into the international market. - Kyiv: Ministry of Labor of Ukraine, 1997. - 37 p.
6. Andressyuk BP Local self-government in modern Ukraine: problems and prospects / NAS of Ukraine, Institute of National Relations and Political Science. - K .: Інформ.-вид.центр, 1997. - 222 с.
7. Andriychuk VG Economics of agricultural enterprises: Textbook. - 2nd ed., Revised extra. - K .: КНЕУ, 2002. - 624 с.
8. Antonenko L. Complex development of the village // Vopr. of Economics, № 6,1991.S.99-106.
9. Aperyana VE Population and economy. - M .: Politizdat, 1993.-205 p.
10. Aspects of rural development // №4 - 5 (6), 2005. Bulletin of the Institute of Rural Development
11. Bazhal Yu., Kilievych O., Mertens O. and others. Efficiency of public administration / According to the general. ed. I. Rozputenko. - K .: Вид-во "К.І.С.", 2002. - 420 с.
12. Bitter O. The standard of living of the rural population. - Lviv: Pyramid., 1996. - 184 p.

13. Goddess DP, Grishnova OA Fundamentals of labor economics: Textbook.- K .: Knowledge-Press, 2000. - 313 p.
14. Borodina OM Human capital in the countryside: scientific foundations, state, problems of development. - K .: IAE УААН, 2003. - 277 с.
15. Bugutsky OA, Bugutsky YO Problems of labor in the economy of Ukraine // Economy of Ukraine, 1999, №2. - P.50-56.
16. Bugutsky OA, Orlatyy MK Consumption of material goods by the rural population of Ukraine // Ukraine: aspects of labor, № 6, 1996. - P.28-33.
17. Bulletin on scientific - organizational and coordination work of the Department of Agrarian Economics and Land Relations for 2006 // Ukrainian Academy of Agrarian Sciences, - Kyiv: Publishing House "Institute of Agrarian Economics", 2007. - 94 p.
18. Vdovichenko MH, Yakuba KI, Orlatyy MK etc. Social revival and development of the village in the conditions of formation of market economy. - K .: Урожай, 1993.-211 с.
19. Velychko O. Budget financing of social infrastructure. "Problems and prospects / Economy of Ukraine, № 7, 1997.
20. Using the agricultural potential of Ukraine: stimulating growth in agriculture and improving life in rural areas. - Joint report of the World Bank and OECD / Report prepared with the participation of experts UNDP project "Agricultural Policy for Human Development" - O. Shevtsov, I. Kobuta, N. Seperovich, M. Pugachev, I. Chapko - K., 2003. - 231 pp.
21. Rest in rural areas in Ukraine in the XXI century: problems and perspectives // International scientific-practical conference Materials - Pereyaslav-Khmelnysky, 2000 - 66 pp.
22. Revive the village Radio address of the President of Ukraine Viktor Yushchenko on February 4, 2006 // Rural News - 2005. - February 7. FebruaryFebruary

23. Bulletin of the Academy of Labor and Social Relations of the Federation of Trade Unions of Ukraine, 2. 2007.
24. Bulletin of the Academy of Labor and Social Relations of the Federation of Trade Unions of Ukraine, 2006.
25. Vlasov VI New US Agricultural Development Law: Farm security and rural investment act, 2002 // Economics of agro-industrial complex. - 2003. - №4. - P. 159-160.
26. Volynets LS, Zinchenko AG, Ivanova IB etc. Socio-economic problems of childhood in the modern Ukrainian village. - K: TOB "Академпрес", 1998. - 136 с.
27. Volkov AG The family is the object of demography. - М.: Мысль, 1986. - 271 с.
28. Voronko OA Management: public policy and management system: Textbook. way. - K.: UADU Publishing House, 2000. - 156 p.
29. Gaidutsky PI Formation and development of the agricultural market // Economics of agro-industrial complex. - 2004. - №3. - p.9.
30. Galushko V. Demyanenko S. Brummer B. Efficiency of agricultural enterprises and productivity growth in agriculture. Institute for Economic Research and Policy Consulting. - 2003. - №20. - 48 p.
31. Gerasimchuk VI Wages and employment of the population of Ukraine. - Kyiv: Institute of Sociological Research, 1999. - 32 p.
32. Gladiy MV, Lesechko MD Rural resettlement in the conditions of transformation of forms of ownership. - Lviv: IRD NAS of Ukraine, 1998. - 206 p.
33. Grishnov OA Human capital: formation in the system of education and training. - K., 2001. - 254 p.
34. Gudzynsky S. Food market activity in the transformation of rural employment // Ukraine: aspects of labor, №5, 2001. - SI3-20.
35. Gudzynsky S. Conceptual provisions of the state policy of rural employment

- at the present stage of reforming the agricultural sector // Management of the modern city. - №1-3 (1), 2001. - P. 12-20.
36. Gudzynsky S. Rural employment: status, prospects and directions of regulation // Ukraine: aspects of labor, №5, 1999. - P. 11-18.
 37. Danilishin BM, Doroguntsov SI, Myatsenko VS, Koval YV, Novotorov OS, Palamarchuk MM Natural resource potential of sustainable development of Ukraine. - K: RVPS of Ukraine, 1999. -716 p.
 38. Danyuk VM, Kolot AM Human Resources Management: A Textbook. - Kyiv: Polityvydav Ukrainy, 1991. - 211 p.
 39. Demchak IM The situation in the agricultural sector of the economy and government measures for state support for the development of agriculture // Economics of agriculture. - 2005. - № 11.
 40. State regulation of socio-economic development of the village. // Collection of scientific works of the Institute of Economics of the National Academy of Sciences of Ukraine, 1995. -110 p.
 41. Diesperov VS Agricultural work in new conditions. - K .: IAE UAAS, 2000.- 186 p.
 42. Dolishniy MI, Zlupko SM, Zlupko TS, Tokarsky TB Labor potential, employment and labor market (theory and practice). - Lviv, 1997. - 340 p.
 43. Economic and social condition of the agricultural sector of Ukraine (scientific statistical and analytical development). - K .: Вiпол, 1997. - 373 c.
 44. Economic and social condition of the agricultural sector of Ukraine (scientific statistical and analytical development). - K .: Вiпол, 1997. - 373 c.
 45. Zbarsky VK Small forms of management in Ukraine: theory, methodology and practice / Monograph. - K .: НАУ-ДАКККиМ, 2005. - 432 c.

46. Collection of scientific works of Luhansk National Agrarian University / edited by V.G. Tkachenko. - Luhansk: LANU Publishing House, 2006. - №61 (84). - 508 p.
47. Collection of normative acts on reforming the agricultural sector of Ukraine's economy. - К .: ІАЕ УААН, 2000. - 220 с.
48. Economic regulation of paid services. - К .: Наукова думка, 1992.-101с.
49. Kvasha SM Жемойда О.В. Competitiveness of beef production on the foreign market // Economics of agro-industrial complex. - 2003. - №5. - WITH. 121-126.
50. Kvasha SM Improvement of agrarian foreign economic relations and features of regulation of the agrarian market in the EU countries // Economics of agro-industrial complex. - 2002. -№6.-P.92-95.
51. Kvasha SM, Luka OF Competitiveness of domestic agricultural products in the conditions of Ukraine's accession to the WTO // Economy of Ukraine. - 2003. - №10. - P.79-85.
52. Keynes J.M. General theory of employment, interest and money. Per. with English / J.M. Keynes; Ed .: L.P. Кураков. - М .: Helios, 1999. - 352 p.
53. Kirilenko IG Transformation of socio-economic transformations in agriculture of Ukraine: problems, prospects. - Kyiv: NSC "Institute of Agrarian Economics", 2005. - 452 p.
54. Kovtonyuk M. Rural settlement on the map of the world and Ukraine. - К .: Урожай, 1998.-260 с.
55. Kolomyichuk VS Socio-economic development of the administrative region: theory, methodology, practice. - Ternopil, LLC "Terno-Graf", 1998.-318 p.
56. Kolot AM Motivation, stimulation and evaluation of staff: Textbook. manual. - К .: КНЕУ, 1998. - 224 с.
57. The concept of further wage reform in Ukraine. Presidential Bulletin, 2001, №1. - P.31-42.
58. Koretsky M.Kh. State regulation of the agricultural sector in a market

- economy. - К .: Вид-во УАДУ, 2002. - 260 с.
59. Kosenko VM, Gudzinsky SO Revival of hamlets and small settlements // Economics of agro-industrial complex, G7, 1995. - P.79-82.
 60. Kupalova GI, Moldavan LV Transformation of rural social infrastructure management // Economics of agro-industrial complex, № 6, 1997. - P.73-78.
 61. Kupalova GI, Stingy VM Employment in the countryside. - К .: IAE УААН, 1999. - 44 с.
 62. Lagutin VD Wage policy in the strategy of economic stabilization. - Lutsk, Volyn State University, 2001. - 108 p.
 63. Leibniz Institute for Agrarian Development in Central and Eastern Europe // IAMO 2007. www.iamo.de
 64. Libanova E. Poverty: definitions, criteria and indicators // Ukraine: aspects of labor, №7,1997. -С.4-10.
 65. Libanova EM Labor market (socio-economic aspects). - К .: Brig, 1997.-133 p.
 66. Malik MY, Zinovchuk VV, Lutsenko YO etc. Fundamentals of agrarian entrepreneurship / Ed. MJ Malik. - Kyiv: Institute of Agrarian Economics, 2001. - 582p.
 67. Proceedings of the International Scientific and Practical Conference of Young Scientists "Theoretical and Practical Achievements of Young Agricultural Scientists" // April 11 - 12, Dnipropetrovsk. - 2006. - 289p.
 68. Material well-being of rural residents: Textbook. way. / Ed. PT Sabluk, MK Orlatogo. - К .: Institute of Agrarian Economics UAAS, 2002. - 369 p.
 69. Mertsalov AA, Pechenkina VV, Shakhov DV Food security of the region: trends, ways of development, management. Monograph. - eagle: ORAGS Publishing House, 2005. - 288 p.
 70. Mesel-Veselyak V.Ya. Directions of development of livestock industries and their state support // Economics of AIC. - 2004. - №9. - p.3.

71. Mesel-Veselyak V.Ya., Sabluk PT, Malik M.Y. and other. Development of forms of management in the countryside. - К .: Урожай, 1993. - 375 с.
72. Methods of measuring human development of the regions of Ukraine. - Kyiv: State Statistics Committee of Ukraine, RPPS NAS of Ukraine, 2001. - 32 p.
73. Methodical bases of modern research in agrarian economy // Materials of the International scientific - theoretical conference. At 3 o'clock, Zhytomyr, March 3-5. 2005 - Zhytomyr: Publishing House "State Agroecological University", 2005. - Part 2. - 212 p.
74. Methodical bases of modern research in agrarian economy // Materials of the International scientific - theoretical conference. - Zhytomyr: Publishing House "State Agroecological University", 2005. - Part 3. - 254с.
75. International scientific and production journal // Economics of agro-industrial complex. №1 2007.
76. International scientific and production journal // Economics of agro-industrial complex. №10 2005.
77. International scientific and production journal // Economics of agro-industrial complex. №3 2006.
78. International scientific and production journal // Economics of agro-industrial complex. №5 2006.
79. International scientific and production journal // Economics of agro-industrial complex. №7 2007.
80. International scientific and production journal // Economics of agro-industrial complex. №8 2007.
81. Mohylny O. State regulation of agricultural production in the period of economic transformation. - К .: IAE УААН, 2002. - 430 с.
82. Mogilny OM Program-targeted regulation of livestock production // Economics of agro-industrial complex. - 2003. - №10. - P. 96-104.
83. Mogilny OM Regulation of the agricultural sector. - Uzhhorod: IVA, 2005. - 400 p.

84. Mogilny OM The role and place of the state in the formation and development of the agricultural market // Economics of agro-industrial complex. - 2003. - №1. - P. 37-43.
85. Population and labor resources of the village: Textbook. way. / Ed. PT Sabluk, MK Orlatogo. - K. : Institute of Agrarian Economics UAAS, 2002. - 277 p.
86. Scientific Bulletin of the National Agrarian University / Editor .: DO Melnychuk (ed.) And others. - K., 2007. - Vip. 110. - Part 2. - 364 c.
87. Scientific Bulletin of the National Agrarian University / Editor .: DO Melnychuk (ed.) And others. - K., 2003. - Vip. 62. - 2003. - 225 p.
88. Scientific Bulletin of the National Agrarian University / Editor .: DO Melnychuk (ed.) And others. - K., 2006. - Vip. 97. - 2006. - 416 p.
89. Scientific Bulletin of the National Agrarian University / Editor .: DO Melnychuk (ed.) And others. - K., 2002. - Vip. 56. - 2006. - 343 p.
90. Scientific Bulletin of KhNAU / Nauk. Ed .. Martyanov VP et al., H., 2006 №1. - 448 p.
91. Scientific Bulletin of KhNAU / Nauk. Ed .. Martyanov VP et al., H., 2006 №8. - 383 p.
92. Scientific Bulletin of KhNAU / Nauk. Ed .. Martyanov VP et al., H., 2007 №3. - 349 p.
93. Scientific Bulletin of KhNAU / Nauk. Ed .. Martyanov VP et al., H., 2007 №6. - 319 p.
94. Scientific and production journal, State and regions // "ZIDMU" №2. - 2005.
95. Scientific and production journal, State and regions // "ZIDMU" №6. - 2005.
96. Scientific and production professional journal, Bulletin of Poltava State Agrarian Academy. - 2006, 31 (40).
97. Scientific-practical edition of Agro Incom, № 3 - 4. 2005.

98. Scientific-practical edition of Agro Incom, № 4 - 7. 2002.
99. Onishchenko OM Households: productivity, efficiency, prospects. - K.: Inst. Of Economics. NASU, 2003. - 100 p.
100. Remuneration in agricultural production / Ed. Yu.Ya.Luzana. - K.: Центр "Агропромпраця", 2000. - 464 с.
101. Orlatyi MK Methodical recommendations for the thematic module "Development of social infrastructure of rural areas". - Kyiv: UADU Publishing House, 2001.-51p.
102. Fundamentals of agrarian entrepreneurship / Ed. MJ Malik. - K.: IAE УААН, 2001.-582 с.
103. Fundamentals of economic theory: Textbook. manual / Ed. VO Bilyk, PT Sabluk. - Kyiv: Institute of Agrarian Economics, 1999. - 467 p.
104. Ostapko T. Market transformation of the agricultural sector. - K.: Фенікс, 2004. - 280 с.
105. Ostashko TO Agrarian transformations in transition economies: prospects for Ukraine. // Economics and forecasting. - 2003. - №1. - P. 59-69.
106. A guide to reforming social infrastructure and labor relations. - K.: ДОПІАЕ, 1997. - 28 с.
107. Rules of labor protection in agriculture. - K.: "ФорТ", 2001. -384 с.
108. On state support of agriculture in Ukraine.: Law of Ukraine // Government Courier. - 2004. - September 29.
109. Problems of improving the structure and quality of the workforce and ways to solve it. - Kyiv: Institute for Strategic Studies, 2001. - 40 p.
110. Problems of improving the structure and quality of the workforce and ways to solve it. - Kyiv: Institute for Strategic Studies, 2001. - 40 p.
111. Problems of reforming the social sphere of rural infrastructure. - K.: "Business Contact", 1998. - 140 p.
112. Problems of reforming the social sphere of rural infrastructure. - K.: "Business Contact", 1998. - 140 p.

113. Prokopa IV Social infrastructure of the village: formation of a new mechanism of development. - Kyiv: Institute of Economics of the National Academy of Sciences of Ukraine, 1996. - 172 p.
114. Prokopa IV Social infrastructure of the village: the formation of a new mechanism of development, - K. : Institute of Economics of the NAS of Ukraine, 1996. - 172 p.
115. Prokopa IV etc. Rural production sphere and rural living environment. - Kyiv: IE NAS of Ukraine, 2001. - 263p.
116. Prokopa IV Formation of the budgetary mechanism of functioning of the social sphere of the village // Ekonomika APK, -32-3,1994. - P.41-46.
117. Prokopa IV, Motrunich DO, Shepotko LO Rural production sphere and rural living environment. - Kyiv: Institute of Economics of the National Academy of Sciences of Ukraine, 2001. -119 p.
118. Prokopa IV, Shepotko LO, Motrunich DO Mechanism of state support for the development of rural social infrastructure (draft regulations). - Kyiv: Institute of Economics of the National Academy of Sciences of Ukraine, 1999. - 39 p.
119. Prokopa IV, Shepotko LO, Motrunich DO Mechanism of state support for the development of rural social infrastructure (draft regulations). - Kyiv: Institute of Economics of the National Academy of Sciences of Ukraine, 1999. - 39 p.
120. Prokopishchak KV Problems of social infrastructure development and revival of villages in the Carpathian region. - Lviv, 1997. - 175 p.
121. Prokopishchak KV Problems of social infrastructure development and revival of villages in the Carpathian region. - Lviv, 1997. - 175 p.
122. Pukhtinsky MO, Pavlenchik PT, Knyazev VM Development of local self-government in Ukraine: state, problems, prospects. - K. : Лорос, 2002.-212 c.

123. Revaikin AS Living standards (methodology and problems of regional research). -M .: Nauka 1989. - 144 p.
124. Regional economy. Tutorial. (Edited by I. Mikhasyuk). -Lviv: "Ukrainian technologies", 1998. - 234 p.
125. Regional management: Textbook. way. / Zaitseva LM, Seryogin SM, Konyshcheva NY etc. - D .: DF UADU, 2000. - 240 p.
126. Remizov KS Fundamentals of labor economics: Textbook. - Moscow: Moscow University Press, 1990. - 207 p.
127. Reorganization of objects of the social sphere of the village (methodical measures). - K .: IAE UAAN, 1998.-35 p.
- 128.Reforming the social sphere of the village: organizational and methodological principles / Ed. P.T. Sabluka. - K .: IAE YAAH, 2000. - 475 c.
129. Reforming the social sphere of the village: organizational and methodological principles / Ed. P.T. Sabluka. - K .: IAE YAAH, 2000. - 475 c.
130. Development of the system of vocational education in the period of socio-economic reforms. - K .: БВІ "Компас", 1998. - 72 с.
131. Development of rural areas of Ukraine. - Kyiv: IOC of the State Statistics Committee of Ukraine, 2006. - 751p.
- 132.Sabluk P.T. Development of rural areas in the context of ensuring economic stability of the state // Economics of agro-industrial complex. - 2005. - №11. - P.4-11.
133. Sabluk P.T. Stable economic conditions as a factor of consistent increase of efficiency of the agricultural mechanism // Economics of agrarian and industrial complex. - 2003. - №1. - P. 12-17.
- 134.Sabluk PT, Yakub KI Problems of demographic development of the Ukrainian village. - K .: Institute of Agrarian Economics UAAS, 2001. - 43 p.

135. Sabluk PT, Yakub KI Problems of demographic development of the Ukrainian village. - K .: Institute of Agrarian Economics UAAS, 2001.-43 p.
136. Savchenko OF Economic and managerial problems of environmental protection at the enterprises of Ukraine: Theory, methodology, practice. - Kyiv: RVPS NAS of Ukraine, 2001. - 248 p.
137. Saenko Yu.I. Modeling of indicators of development of social infrastructure. - K .: Наукова думка, 1991. - 197 с.
138. Samuelson P., Nordhaus V. // Economic Sciences, № 8,1990. - P.24.
139. Sakhatsky M. Problems of agricultural revival. - K .: IAE, 2000.-304 с.
140. Sviderska IM Support of agriculture as a component of agrarian policy of the state // Market transformation of economy: state, problems of prospects / Proceedings of the All-Ukrainian scientific conference of students, masters and graduate students: In 2 vols. - Vol. 1 - K .: IAE UAN, 2003 - pp. 154-155.
141. Sviderska IM State support of agriculture and its impact on agricultural policy // Economics: problems of theory and practice. Coll. Science. etc. Vip. 190: in 4 vols. Volume II. - Dnepropetrovsk: DNU, 2004. - P. 380-387.
142. Sviderska IM Conceptual principles of modern agrarian policy of Ukraine and the place of state support in it // Economics and Entrepreneurship: Coll. Science. works of young scientists and graduate students. - Vip. 10 / Resp. ed. SI. Demyanenko. - K .: KHEU, 2003. - С. 198-203.
143. Sviderska IM Support of agriculture as an important factor of modern agricultural policy // Market transformation of agro-industrial complex economy: Col. monograph in four parts. Part 1 / For ed. P.T. Саблука, В.Я. Amosova, G.Ye. Mazneva. Socio-economic problems of rural development. - K .: IAE, 2002. - P. 242-243.

144. Sidenko VR The policy of supporting the national producer in the context of Ukraine's integration into the world economy // Economics and Forecasting. - 2002. - №1. - P.45-55.
145. Rural youth of Ukraine in the period of political and economic transformations: moods, orientations, hopes. - К .: "Академпрес", 1998. - 168 с.
146. Rural sector of Ukraine at the turn of the millennium. Tom I. Potential of the rural sector / L.O. Shepotko, IV Prokopa, SO Hudzinsky and others. - Kyiv: IE NAS of Ukraine, 2000. - p.396
147. Rural sector of Ukraine at the turn of the millennium. In two volumes. Volume 2. social resources of rural areas / L.O. Shepotko, IV Прокопова, C.O. Hudzinsky, VD Spring. - Kyiv: Institute of Economics of the National Academy of Sciences of Ukraine, 2003. - 466p.
148. Rural sector of Ukraine at the turn of the millennium. In two volumes. Volume 2. Social resources of rural areas / LO Shepotko, IV Prokopa, SO Gudzinsky, VD Yarovy. - Kyiv: Institute of Economics of the National Academy of Sciences of Ukraine, 2003. - 466p.
149. Skuratovsky V., Paliy O., Libanova E. Social policy. - К., 1997. -324 p.
150. Smolyar VI Rational nutrition. - К .: Наукова думка, 1991. - 368 с.
151. Social infrastructure: Questions of theory and practice. - К .: Наукова думка, 1982.-150 с.
152. Socio - economic transformation in the agricultural sector of the region: results and prospects. - Orel: OrelGAU publishing house, 2005. 244p.
153. Social protection of the population of Ukraine / OF Novikova, OG Osaulenko, IV Kalachova and others. - Donetsk; Kyiv: IEP NAS of Ukraine, Derzhkomstat of Ukraine, 2001. - 360 p.
154. Social protection of the population of Ukraine / OF Novikova, OG Osaulenko, IV Kalachova and others. - Donetsk; Kyiv: IEP NAS of Ukraine, Derzhkomstat of Ukraine, 2001. - 360 p.

155. Social sphere of rural Ukraine (scientific and analytical development). - К .: ТУПД, 1992.-200 с.
156. Social revival and development of the village in the conditions of formation of market economy (МН Vdovychenko, КІ Yakuba, МК Orlatiy, etc.). For order. РТ Sabluka, МН Vdovichenko. - К .: Урожай, 1993. - 213 с.
157. Social problems of the situation of a rural family in the conditions of development of independent Ukraine. - К .: "Академпрес", 1998. - 152 с.
158. Social problems of the situation of a rural family in the conditions of development of independent Ukraine. - К .: Академпрес, 1998. - 152 с.
159. Socio-economic development of the agricultural sector in the interests of society: Nauk.-analit. ext. / S. Pirozhkov, V. Tregobchuk // Economics of agro-industrial complex. - 2005. - № 4.
160. Socio-economic consequences of unemployment in Ukraine and ways to prevent it. - Kyiv: Council for the Study of Productive Forces of the National Academy of Sciences of Ukraine, 1999.-56 p.
161. Socio-economic consequences of unemployment in Ukraine and ways to prevent it. - Kyiv: Council for the Study of Productive Forces of the National Academy of Sciences of Ukraine, 1999. - 56 p.
162. Socio-labor potential of agrarian economy / UAAS. Institute of Agrarian Economics / Ed. ОА Bugutsky - К., 1996. - 229 p.
163. Consumer cooperation of Ukraine. Development problems. Book 1. Market orientation of consumer cooperation of Ukraine. - Lviv: Kooposvita, 1999. - 365 p.
164. Statistical Bulletin "Migration of the Population of Ukraine in 2004" - Kyiv: State Statistics Committee of Ukraine, 2005. - 163 p.
165. Statistical Bulletin "Migration of the Population of Ukraine in 2004" - Kyiv: State Statistics Committee of Ukraine, 2005. - 163 p.

166. Statistical bulletin "Socio-demographic characteristics of" Ukrainian households in 2005 (according to a sample survey of household life) - K .: State Statistics Committee of Ukraine, 2005.-92 p.
167. Statistical bulletin "Health status of the population, (according to sample survey of farms in October 2004). - Kyiv: State Statistics Committee of Ukraine, 2005. - 148 p.
168. Statistical collection "Balances and consumption of basic foodstuffs by the population of Ukraine". - Kyiv: State Statistics Committee of Ukraine, 2005. - 54 p.
169. Statistical collection "Availability of durable goods in households". - Kyiv: State Statistics Committee of Ukraine, 2005. -161p.
170. Statistical collection "Labor of Ukraine 2005". - Kyiv: State Statistics Committee of Ukraine, 2006. - 352 p.
171. Statistical collection "Labor of Ukraine 2005". - Kyiv: State Statistics Committee of Ukraine, 2006. - 352 p.
172. Statistical collection "Labor market of Ukraine in 2005. - K .: State Employment Center of the Ministry of Labor and Social Policy of Ukraine, 2006. - 184 pp.
173. Statistical collection" Labor market of Ukraine in 2005. - Kyiv: State Employment Center of the Ministry of Labor and Social Policy of Ukraine, 2006. - 184 p.
174. Statistical collection "Self-assessment of Ukrainian households of their income level". - Kyiv: State Statistics Committee of Ukraine, 2005. - 76 p.
175. Statistical collection "Socio-economic situation of rural settlements of Ukraine". - Kyiv: IPC of the State Statistics Committee of Ukraine, 2001.- 194 p.
176. Statistical collection "Socio-economic situation of rural settlements of Ukraine". - Kyiv: IPC of the State Statistics Committee of Ukraine, 2006.- 194 p.

177. Statistical collection "Socio-economic situation of rural settlements of Ukraine". - Kyiv: OOP GVC of the Ministry of Statistics of Ukraine, 1992.- 96 p.
178. Statistical collection "Socio-economic situation of rural settlements of Ukraine". - K .: OOP GVC Ministry of Statistics of Ukraine, 1996. -86 p.
179. Statistical collection "Socio-economic situation of rural settlements of Ukraine". - Kyiv: IPC of the State Statistics Committee of Ukraine, 2001. -194 p.
180. Statistical collection "Socio-economic situation of rural settlements of Ukraine". - Kyiv: IPC of the State Statistics Committee of Ukraine, 2006.- 194 p.
181. Statistical Yearbook "Agriculture of Ukraine for 2004". - Kyiv: State Statistics Committee of Ukraine, 2005. - 340 p.
182. Statistical Yearbook "Agriculture of Ukraine for 2004"⁹⁵.- K .; State Statistics Committee of Ukraine, 2005. - 340 pp.
183. Steshenko V., Rudnytsky O., Khomra O., Stefanovsky A. Demographic prospects of Ukraine until 2026 / Resp. - S .: Institute of Economics of the National Academy of Sciences of Ukraine, 1999. - 56 pp.
184. Steshenko VS, Chuiko LV, Zagrobskaya AF Demographic development of the Ukrainian SSR (1959-1970). - K .: Naukova Dumka, 1977. - 222 pp. The
185. cost of living and its measurement / Edited by VM Rutgeiser and SP Shpilko - M .: Finance and Statistics, 1991. -111 pp.
186. Strategy of economic and social development of Ukraine (2004-2015 years) "European integration" / Ed. .: A.S.Halchynskyy count, Valeriy Heyets and others. - K .: IVTS State Statistics Committee of Ukraine, 2004. - 416 p.
187. economic Strategy and social development of Ukraine (2004-2015 years) "European integration" / Ed. .: A.S.Halchynskyy count, Valeriy Heyets and others. - K .: IVTS Dyerzhkomstatu Ukraine, 2004. - 416 p.

188. Scope services: a new concept of development / VM Rutg Eiser et al. - M .: Zkonomika, 1990.-158 p.
189. Tatarenko VO Economic principles of local self-government / Institute of System Research of Education. - K., 1994. -91p.
190. Terence M. Hansley. Social policy and social security in a market economy: Пер. з англ .. - К .: Основи, 1996. - 238 с.
191. Territorial organization of power in Ukraine: status and powers of local executive bodies and local governments / For general. ed. AL .Hare. - Kyiv: In Yure Publishing House, 2002. - 928 p.
192. Tkachenko LV Service Marketing: A Tutorial. - Dnepropetrovsk: DAUBP, 2000. - 1 Part: Theoretical bases of development of the plan of marketing of services. - 104 p.
193. Tochilin VO, Ostashko TO, Gorodniy VV Food security as a concept of market reforms in the agricultural sector of Ukraine's economy. - Kyiv: PD of the Institute of Economics of the National Academy of Sciences of Ukraine, 1998. - 59 p.
194. Ukraine during the years of independence. 1991-2002. - 4 types. reworked and add. -K .: Nora-Druk, 2002. - 366 p.
195. Ukraine: progress in the XXI century. Strategy of economic and social development for 2000-2004. Address of the President of Ukraine to the Verkhovna Rada of Ukraine 2000 // Government Courier, dated February 23, 2000.
196. Management of Demographic Processes. / Ed. H.B.Зверева. - М .: Statistics, 1980. -119 p.
197. Non-production management. (Compiled by BI Pashkov). - М .: Znanie, 1988.-62 p.
198. Formation and functioning of the market of agro-industrial products (practical manual) / Ed. П.Т.Саблука. - К .: IAE УААН, 2000. - 556 с.

199. Ftomov GS, Kocherga AI Settlement: issues of theory and development (for example, the Ukrainian SSR). - К .: Наук, думка, 1985. - 264 с.
200. Ftomov GS Socio-economic problems of rural development / settlement aspect /. - К .: Наук, думка, 1988. - 328 с.
201. Khyzhnyak MI, Nagornaya AM Human health and ecology. - К .: Health, 1995.-232 p.
202. Man in the agricultural sphere / L.A. Шепотько, И.В. Prokopa, D.V. Krisanov et al .; AN U SSR. Institute of Economics; Otv. ed. L.A. Whisper. - К .: Наук, думка, 1991.-284 с.
203. Chemeris AO, Shevchuk PI, Gural PF and other. Local Government. Book 1. Organization of work of the village, settlement head. - Lviv: Liga-Press, 1999. -320 p.
204. Chepur VK, Rodina SV, Kolot AM Collective agreement - the main mechanism for regulating socio-economic and labor relations in the enterprise. - К .: 1996. - 50 с.
205. Chyhrynova M. Social and medical services - the defining task of local authorities // Development of communities and regions of Ukraine. / For ed. С.Максименка. -К .: Logos, 1999.-164 p.
206. Shapoval VM, Efimenko TI, Dubrova NP Disadvantages of the market system and the role of the state in regulating economic processes // Economics: problems of theory and practice. - 2002. - №126. - P. 3–15.
207. Shatokhin AM Sociology of the village. - К .: Nauk, svit, 2000. - 272 p.
208. Shatokhin AM Sociology of the village. - К .: Nauk, svit, 2000. - 272 p.
209. Shvets VG Reproduction of labor potential of the village of Ukraine. - К .: Хрєвда »тик, 1993.-213 с.
210. Shepotko L., Motrunich D., Prokopa I., Maksymyuk O. Definition of rural settlements in need of state protectionism. Projects of normative and methodical materials / - Kyiv: Institute of Economics of the National Academy of Sciences of Ukraine, 1998. -14 p.

211. Shepotko L., Prokopa I., Maksymyuk O., Hudzynsky S, Plonsky V.
Village: modern policy and development strategy. - Kyiv: Institute of Economics of the National Academy of Sciences of Ukraine, 1997.-329 p.
212. Shepotko LO, Prokopa IV, Gudzinsky SO etc. Rural sector of Ukraine at the turn of the millennium. In two volumes. Volume 1. The potential of the rural sector. - Kyiv: Institute of Economics of the National Academy of Sciences of Ukraine, 2000. - 396 p.
213. Shepotko LO, Prokopa IV, Gudzinsky SO etc. Rural sector of Ukraine at the turn of the millennium. In two volumes. Volume 1. The potential of the rural sector. - Kyiv: Institute of Economics of the National Academy of Sciences of Ukraine, 2000. - 396 p.
214. Shepotko LO, Prokopa IV, Krisanov DF Ukrainian village: problems and prospects. - К .: Урожай, 1991. - 237 с.
215. Shilov ZI, Bolotov GI, Kosenko VN, Radovets AA Complex re-arrangement of villages. - К .: Урожай, 1990. - 239 с.
216. Schniper R. Region: economic management methods. - Novosibirsk: Nauka, 1991.-320 p.
217. Yudina VA Remuneration in crop production. - К .: Institute of Agrarian Economics UAAS, 1998. - 39 p.
218. Yurchishin VV Rural areas as system-forming factors of development of the agricultural sector of the economy // Economics of agro-industrial complex. - 2005. - №3. - P.3-7.
219. Yurchishin VV, Onishchenko OM, Sabluk PT Property in agriculture. - К .: Урожай, 1993. - 349 с.
220. Berry AG Social Infrastructure and Policy: A Textbook. -К .: KNEU, 2000.-212 p.
221. Yakub KL. Women in the labor potential of the village. - К .: Аграрна наука, 1998. -280 с.

222. Yakub KL. Improving the use of rural labor resources. - К .: Урожай, 1989.-99 с.
223. Yakubovych V. State support of agricultural producers: the experience of Canada // Infrastructure of financing and insurance of agriculture: information and analytical materials. Agro-business development project in Ukraine. - К. - 2002. - P.31-38.
224. Yakushik ID Economic and ecological problems of nature management improvement in the agro-industrial complex of Ukraine (theory, methodology, practice). - К .: 1997.- 300 с.
225. Yanshin AL, Mela AI Lessons of ecological miscalculations. - М .: Misl, 1991.-429 с.
226. Yaremchuk IX. Economics of nature management. - К .: Search and Publishing Agency "Book of Memory of Ukraine", Publishing Center "Education"⁵⁵, 2000. -431p.

Scientific Edition

**Talavirya Mikola
Bakun Yuriy**

Rural Development under Decentralization

Monograph

Accepted for publishing 03.12.2021.

Publisher
Teadmus OÜ
Tallinn, Estonia
teadmus.org