

Sirenko Nataliya, Doctor of Economics, Professor,
Professor of Finance, Banking and Insurance Department
Burkovskaya Alla, Ph. D. of Economics, Associate Professor
of Finance, Banking and Insurance Department
Lunkina Tetyana, Ph. D. of Economics, Associate Professor
of Finance, Banking and Insurance Department
Mikulyak Kateryna,
Mykolayiv National Agrarian University

THE ROLE OF GOVERNMENT SUPPORT IN THE EFFICIENT DEVELOPMENT OF THE AGRICULTURAL SECTOR

As in the economic systems of most countries in the world with a developed market economy, the agro-industrial sector is primary at Ukraine's present stage of economic development. The industrial base of the agro-industrial sphere relies on an extensive infrastructure network and a system of research and support for its development.

Priority development of the agro-industrial sector of Ukraine and its leading industries provides the population with food products, industry with raw materials, and foreign trade with export goods [4].

With the strengthening of globalization processes in the development of the national economy, there is a further prioritization of economic enrichment and subordination of the country to international tendencies, which causes an increase in the polarization of incomes and a decrease in the role of the state as a regulator of socio-economic relations.

The negative results of such phenomena primarily affect the agrarian sector, and therefore its state support in the unified world economy has a stabilizing and stimulating role in ensuring sustainable development of rural areas [2].

Support for the agrarian sector is usually carried out at the expense of budget funds. Therefore the strategic tasks of public administration should be their rational use by introducing effective mechanisms and tools for supporting and monitoring their effectiveness.

In the context of globalization and the periodic emergence of global financial crises, the possibilities of non-financial instruments

for attracting foreign investments, one of which is state branding, are growing. The brand allows the country to enter a new economic level, and improve it several times at the expense of branded goods and services [7].

The works of domestic scientists are dedicated to the study of theoretical and methodological principles of state regulation of the economy in providing favorable conditions for the development of the agrarian sector, among whose are: M. Gadzala [4], P. Sabluk [4], I. Yurchenko [5], and others.

The subject of the features of the development of the state policy of supporting the agrarian sector in the conditions of globalization was studied by Y. Lupenko [5], O. Shpiculyak [7], O. Grishchenko [6], and others.

In recent years, the level of state support of the agrarian sector of Ukraine has undergone some changes. Thus, the volume of direct state support and the abolition of the preferential VAT regime (as of 01.01.2017), which occupied a significant share in the total amount of state support, significantly decreased.

Worldwide data shows that state support for agriculture in OECD countries, as a percentage of gross revenues in Ukraine, is 8% (the last in the ranking of the countries), while the world average is 17%. It is worth noting the countries, in which the level of state support is very high, which provides significant opportunities for agricultural development: Norway (58%), Switzerland (57%), South Korea (51%). The manufacturer's average protection level in OECD countries is 1.1. Ukraine has only 0.87, and this is the last place in the ratings (21 out of 21). Leading countries for this indicator are: Ireland - 1.97, Japan - 1.82, Norway - 1.78.

As of the end of 2017, the total amount of state support for agriculture amounted to UAH 4774.3 million. (Table 1), including UAH 1473.0 million from the general fund, and UAH 3301.3 million from the special fund.

Table 1 Amount of financial support of agriculture from the State Budget of Ukraine, 2017-2018, UAH million

Name	General Fund	Special Fund	Total:
2017 year			
Financial support of measures by cheapening of loans	300,0	0,0	300,0
Research, applied scientific and scientific and technical developments, works on state target programs and government orders in the field of development of the agro-industrial complex, training of scientific personnel, scientific developments in the field of standardization and certification of agricultural products, research and experimental development in the field of agro-industrial complex	71,5	48,5	120,0
Financial support of measures in the agro-industrial complex	55,0	5,0	60,0
The expenditures of the Agrarian Fund are related to the complex of measures for storage, transportation, processing and export of objects of state price regulation of the state intervention fund	0,0	51,4	51,4
State support for the development of hops, the laying of young gardens, vineyards and berries and their supervision	75,0	0,0	75,0
State support of the livestock sector	170,0	0,0	170,0
Financial support of agricultural producers	1473,0	3301,3	4774,3
2018 year			
Financial support of measures by cheapening of loans	66,0	0,0	66,0

Research, applied scientific and scientific and technical developments, works on state target programs and government orders in the field of development of the agro-industrial complex, training of scientific personnel, scientific developments in the field of standardization and certification of agricultural products, research and experimental development in the field of agro-industrial complex	77,5	55,1	132,6
Financial support of measures in the agro-industrial complex	-	5,0	5,0
The expenditures of the Agrarian Fund are related to the complex of measures for storage, transportation, processing and export of objects of state price regulation of the state intervention fund	-	52,2	52,2
State support for the development of hops, the laying of young gardens, vineyards and berries and their supervision	300,0	-	300,0
State support of the livestock sector	4000,0	-	4000,0
Financial support of agricultural producers	945,0	-	945,0
Financial support of farms	1000,0	-	1000,0

Source: formed on the basis of materials [9]

In 2018, compared with 2017, from the State Budget of Ukraine, funding for cheapening loans has decreased by about 78%, as well as a significant reduction in financial support in the agro-industrial complex is for 92% and financial support of agricultural producers is by 80%. However, there is an increase in state aid in 2018 for research, applied and scientific and technical developments - 10.5%, support for the development of hop, the laying of young gardens,

vineyards and berries has increased almost 4 times, support for the livestock sector - an increase of 23 times. As for the support of livestock production, it is a positive dynamic, since it balances the necessary nutritional elements in the rational consumption of the population of the state. Also, the increase in state aid for some areas in recent years is positive (Table 2).

Table 2 Distribution of State Expenditures for Agriculture in Ukraine during 2016-2018, UAH million

Name in accordance with departmental and program classification of expenditures and lending to the state budget (general fund)	Years			2018 in comparison with 2016 (+, -)
	2016	2017	2018	
Financial support of measures by cheapening of loans	285,0	300,0	66,0	- 219,0
Research, applied scientific and scientific and technical developments, execution of works on state target programs and government orders in the field of development of agro-industrial complex	50,5	71,5	132,6	+82,1
Financial support of measures in the agro-industrial complex	-	55,0	5,0	+5,0
Organization and regulation of the Agroindustrial institutions and activities of the Agrarian Fund	49,3	74,5	52,2	+2,9
State support for the development of hops, the laying of young gardens, vineyards and berries and their supervision	-	75,0	300,0	+300,0
State support to the livestock sector	300,0	170,0	4000,0	+3700,0
Financial support of agricultural producers	-	1473,0	945,0	+945,0

Source: formed on the basis of materials [1]

Thus, state aid for scientific research, scientific and technological development decreased in 2018 compared to 2016 by 219.0 million UAH. The situation regarding state support for the development of hops (vineyards, berries) was considerably improved - UAH 300 million, financial support of agricultural producers - UAH 945 million in 2018, livestock development - UAH 3700.0 million. However, it should be noted that although the level of state support in some areas has increased, taking into account the inflationary processes observed in Ukraine in recent years, it has significantly decreased in the equivalent of freely convertible currencies.

This has a very negative effect on the development of rural areas and the well-being of the rural population. The negative aspect is the reduction of the state financing for the improvement of health and rest of the children of the agricultural workers (from 2015, the financing was stopped), for state support of the All-Ukrainian-sports society “Kolos”, an organization devoted to the development of physical culture and sports among the rural population (from 2016 p. Financing stopped), etc.

State support for agriculture in Ukraine is distributed in certain areas (Table 3).

Table 3 Types of State Support to Agriculture in Ukraine, 2018

Support directions	Characteristic
Price regulation	The state regulates the wholesale prices of certain types of agricultural products, setting minimum and maximum intervention prices, as well as applying other measures defined by the Law "On State Support to Agriculture", subject to the rules of antimonopoly legislation and of fair competition
Commodity intervention	Commodity interventions are carried out by the Agrarian Fund by selling (supplying) certain objects of state price regulation on the organized agricultural market on a spot or forward basis in order to establish the price of equilibrium (fixing) at the

	amount not exceeding the value of the maximum intervention price
Financial intervention	Financial interventions are carried out by the Agrarian Fund through the purchase of certain objects of state price regulation on the organized agricultural market on spot or forwarding in order to establish the equilibrium price (fixing) at a rate which is not less than the value of the minimum intervention price
Temporary administrative price regulation and temporary budget subsidy	Temporary administrative price regulation is a complex of administrative measures aimed at preventing or stopping the speculative or agreed price setting by the sellers and buyers of state price regulation objects in the organized agricultural market, which cannot be corrected by the standard procedures of state interventions. Carries out price regulation in The Agrarian Fund, which is a state specialized institution authorized by the Cabinet of Ministers of Ukraine to conduct price policy in the agro-industrial sector of the Ukrainian economy
State mortgage purchases of grain	The Agrarian Fund (the creditor) grants a budget loan to the grain producer, which is the subject of state price regulation, on the bail of such an object, which is issued by transferring to the creditor a double warehouse certificate
Financial support of business entities through the mechanism of cheapening of loans and compensation of lease payments	Cheaper loans are made in the credit subsidy mode and consist in subsidizing part of the fee (interest) for using loans granted by commercial banks in national and foreign currencies. Compensation of lease payments consists of partial reimbursement of lease payments paid by the subjects of the agro-industrial enterprise for purchased equipment and equipment for agro-industrial complex on terms of financial leasing
State support to the livestock	The budget subsidy is provided in order to maintain the level of solvent demand of Ukrainian consumers

sector	of livestock products and prevent the loss of profitability of Ukrainian producers of such products. Special budget subsidies also include the bee family and silk products.
Budget subsidy for the development of agricultural commodity producers and stimulation of agricultural production	An agricultural commodity producer whose principal activity is the supply of agricultural goods made by him on his own or leased fixed assets, and the proportion of the value of agricultural goods is not less than 75% of the value of all goods delivered to them during the previous 12 consecutive tax accounting periods in aggregate, has the right to a budget subsidy for the development of agricultural commodity producers and stimulation of agricultural production after its introduction. They are the authority to register the recipients of the budget subsidy

Source: formed on the basis of materials [9]

The World Trade Organization (WTO) plays an important role in financing agricultural business in Ukraine, which is an incentive for competitive national production. Ukraine is a full member of the WTO, so on 10.04.2008 the Verkhovna Rada of Ukraine adopted the Law of Ukraine "On ratification of the Protocol on Ukraine's accession to the World Trade Organization" [2]. As a member of the WTO, Ukraine has the right to facilitate access to world markets for its products, can count on an increase in investments, and has access to a dispute settlement mechanism, where it can protect its trade interests. Ukraine has received a tool for monitoring the predictability of technical regulation, sanitary, phyto -sanitary and other measures that are intended to be put into effect by other WTO countries. Also, an important aspect for the agrarian sector is state support, which allows to effectively subsidize the agro-industrial complex (Table 4).

Table 4 Government support within the "green", "yellow" and "blue" boxes according to the WTO

“Green Box” Events	“Yellow Box” Events	“Blue Box” Events
<p>veterinary and phytosanitary measures; - Promotion of agricultural products, including the collection, processing and distribution of market information; - maintenance of strategic food stocks, domestic food aid; - provision of guaranteed income to agricultural producers, improvement of land use; - support for producers' incomes, not related to the type and volume of production; - assistance in the restructuring of agricultural production</p>	<p>- subsidies for livestock and crop production; - grants for livestock breeding; - subsidies for elite seed production; - subsidies for feedstuffs; - price support: compensation of the difference between the purchase price and the market price for agricultural products; - Providing the manufacturer of goods and services at prices below the market; - purchase from the producer of goods (services) at prices exceeding the market; - privileges for transportation of agricultural products</p>	<p>Direct payments under production restraint programs will not be subject to commitments to reduce internal support if: - such payments are tied to specific areas and harvests; - such payments are made on 85% or less of the basic level of production; - payments for cattle are made on the basis of a fixed number of livestock</p>
Measures in the context of social responsibility		
<p>- scientific research; - training and advanced training of personnel; - information and consulting services; - food safety control; - improvement of infrastructure (construction of roads, reclamation facilities) with the exception of operating expenses for its maintenance; - environmental protection; - Implementation of regional development programs</p>	<p>- preferential crediting of agricultural producers at the expense of the budget; - debt cancellation; - expenses for leasing services; - Compensation for part of energy costs; - Compensation for part of the costs of fertilizer and plant protection products</p>	<p>The activities of the "blue box" in their orientation and content are close to the "green box" measures, in addition to certain restrictions</p>

Source: formed and supplemented on the basis of materials [3]

Like all WTO members, Ukraine has no restrictions on domestic aid programs from the “green box”. The budget financing of “green box” programs can be increased by Ukraine, as it is not restricted by the WTO, namely infrastructure, consulting, marketing services, environmental protection, training, inspection of products, development of a modern system of technical standards, acceleration work on their harmonization with international and European standards, etc. According to the agreements, Ukraine has no obligation to reduce internal support, which is provided through the "yellow" development program. There is only an obligation not to exceed the agreed annual aggregate dimension of support (AMS). The annual SVP, which accumulates support programs in the "yellow box", should not exceed 3 billion 43 million UAH for Ukraine. At the same time, the possibilities of providing support are not limited to this indicator. In addition, Ukraine can spend each year on "yellow" nonproductive programs up to 5% of the annual value of gross agricultural production and on each individual product up to 5% of its annual value. Blue Box measures also have no budget financing constraints, if such payments are tied to specific areas or harvests, carried out at 85% or less of the basic production level, or if payments for livestock are made on a clearly defined number of heads [3].

Thus, the level of state support for agriculture, subject to a certain reform of the mechanism for providing such support, provides for sufficient opportunities to protect the domestic agro-industrial complex in terms of WTO membership and meet modern needs.

The development of the agro-industrial sector of Ukraine include balanced and interconnected structural rearrangements of all its branches, the maximum introduction into production of the most important achievements of scientific and technological progress, world experience, the most progressive forms of the economy and the organization of production on the basis of the priority solution of the actual problems: including deepening of restructuring enterprises and forms of management; development of cooperation; introduction of market-based management methods - management and marketing; state regulation of the agrarian economy through more effective use of price levers, financial and credit and tax systems; development of markets for agricultural products, material and technical resources

and services; intensification and diversification of foreign economic activity, etc.

References

1. *About the State Budget of Ukraine for 2018: Law of Ukraine dated 07.12.2017 No. 2246-VIII [Electronic resource]. - Mode of access: <https://clck.ru/ErdvH>.*
2. *About the WTO: Permanent Mission of Ukraine to the UN Office and other international organizations in Geneva [Electronic resource]. – Mode of access: <https://clck.ru/ErdwC>.*
3. *Certificate on Adaptation of Agriculture of Ukraine to the WTO: Official Website of the Ministry of Economic Development and Trade [Electronic resource]. – Mode of access: <https://clck.ru/ErdsB>.*
4. *Hadzalo, Ya.M., & Sabluk, P.T. (Eds.) (2017). Rekomendatsii z rozroblennia Dorozhnoi investytsiinoi karty rozvytku ahrarynoho raionu [Recommendations for a development of Road investment map for the agrarian region]. Kyiv: Ahraryna nauka [In Ukrainian] pp. 216.*
5. *Lupenko, Yu.O., Khodakivska, O.V., Shpychak, O.M., Yurchenko, I.V., Matviienko, A.P. et al. (2018). Rezultaty opytuvannia shchodo modelei obihu zemel silskohospodarskoho pryznachennia v Ukraini [Results of survey on agricultural land use patterns in Ukraine]. Kyiv: NNTs IAE [In Ukrainian] pp. 204.*
6. *Lupenko, Yu.O., Mesel-Veseliak, V.Ya., Hryshchenko, O.Yu., & Volosiuk, Yu.V. (2017). Prohnoz vyrobnytstva silskohospodarskoi produktsii v Ukraini, ochikuvane u 2017 rotsi (cherven 2017 roku) [Forecast of agricultural production in Ukraine, expected in 2017 (June 2017)]. Yu.O. Lupenko, & V.Ya. Mesel-Veseliak (Eds.). Kyiv: NNTs “IAE” [In Ukrainian] pp. 31.*
7. *Lupenko, Yu.O., Shpykuliak, O.H., Malik, M.Y. et al. (2017). Rozvytok malykh form ahrarynykh pidpryemstv u rynkovomu instytutitsiinomu seredovyshchi: indykatory ta efektyvnist: monohrafiia [Development of small forms of agrarian enterprises in market institutional environment: indicators and effectiveness: monograph]. O.H. Shpykuliak (Ed.). Kyiv: NNTs IAE [In Ukrainian] pp. 204.*

8. *Sirenko, N. M. (2012), "Innovatsijnyj rozvytok ahrarnoho sektora ekonomiky v konteksti hlobalizatsii ta ievrointehratsii", [Electronic resource]. – Mode of access: <https://clck.ru/EqsZN>.*
9. *Ukrainian Agribusiness Club: official site [Electronic resource]. – Mode of access: <https://clck.ru/ErdwY>.*
10. *World Data Center: Foresight and strategy development for Ukrainian social and economic development in the medium-term (up to 2020) and long-term (by 2030) [Electronic resource]. - Access mode : <https://clck.ru/Ere43>.*