

## Agrarian integration: Theoretical foundations

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**Abstract.** The benefits of international economic integration have led to an increase in the number of integration groups. The sensitivity of the agri-food sector to liberalisation and its importance have led to the allocation of a separate chapter in regional trade agreements. The importance of foreign trade and food security, as well as their special significance for Ukraine, which has signed dozens of regional trade agreements and is one of the largest exporters of certain types of agri-food products, confirm the relevance of the study. The aim of the article is to analyse the theoretical foundations of international economic integration with a focus on the agricultural sector, identify its specific features and develop relevant proposals. To achieve this goal, the author used the methods of theoretical generalisation, abstract and logical, specification, analysis, and synthesis, which allowed to study the features of international economic integration in the agricultural sector, to formulate conclusions and proposals. The information base was based on scientific research, regional trade agreements, etc. As a result of the work carried out, the development of international economic integration was analysed with due regard to the agricultural sector. The article suggests allocation of the main goals of integration, their classification, definition and substantiation of risks. Among the main objectives of integration in the agricultural sector, it is proposed to allocate the following: ensuring the domestic demand for food of the required quality at an affordable price, taking into account the comparative advantages of the member states, increasing exports to third countries, based on the potential of the member states, and solving social problems. Taking into account the goals of sustainable development and global problems of mankind, it is proposed that the main goals should also include environmental issues and rational use of resources. The goals of integration are defined as one of the main prerequisites for its successful development, which is confirmed by the content of the relevant treaties and agreements. In practice, international economic integration can contribute to solving the problem of food security and development of the agricultural sector, production, in particular through the inflow of new technologies, foreign investment, etc. The development of intra- and extra-regional trade is envisaged as a result of harmonisation of product quality standards, increase of its competitiveness, etc. This should be facilitated, first of all, by a clear definition of goals, their implementation through an appropriate set of measures defined by country, and monitoring of implementation

**Keywords:** international economic integration; agricultural sector; goals; risk

### INTRODUCTION

International economic integration (IEI) is essential for the economic development of countries. Its influence is growing, as it covers a wide range of issues directly

related to foreign trade, including competitiveness, environment, etc. That is why it is advisable to study the consequences of integration for certain sectors

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of the economy, in particular the agricultural sector, given its importance for food security in Ukraine and the world, and the specifics of production and trade in agri-food products. This is evidenced by the functioning of the Common Agricultural Policy (CAP) of the European Union (EU), and since the beginning of the grouping's activity. The relevance of the study is also confirmed by the importance of Ukraine's agricultural sector for the country's economy (since a significant share of exports of goods is accounted for by agri-food products) and for the international community (since Ukraine is one of the main exporters of certain types of agri-food products). The desire to benefit from the IEI is driving the growth of integration groups in the world, and the issues in this area have been studied by scholars for decades.

N. Voloshko & I. Kurinna (2019) note that objective factors encourage IEIs, and among the main ones are: the conjunctural attachment of participating countries to the world and regional markets, market maturity and sustainability of countries in terms of their economic development, the existing commonality of problems of socio-economic and scientific and technological development, etc. O. Zayats (2020) believes that the development of integration leads to the formation of huge economic and competitive spaces, which lead to an increase in the scale of production among member countries and, as a result, strengthening the power of the integration grouping as a whole. Moreover, each expansion of the grouping increases its economic power in the global economy, and it redistributes global integrated competitive power.

Some studies are also focused on the integration processes of individual integration groups, regions and countries, depending on their level of economic development and economic sectors. The results allow to develop the necessary proposals and recommendations for further integration and the use of methods. However, it is necessary to take into account the difference in positions and conclusions of different scientists. Thus, T. Burlai (2018) notes that the study of the modern experience of Central and Eastern European countries shows that despite a number of advantages of such a multisystemic development institution as European integration, its effectiveness has clear limits. This was particularly evident in the context of the eurozone crisis, when the processes of economic convergence between the "old" and "new" EU members slowed down significantly and the latter's "margin of safety and competitiveness" became apparent.

Due to the accession of new members, the EU is also facing certain difficulties. A. Kobylanska (2018) highlights such a specific part of its policy as the Eastern

Partnership, which is an initiative of the grouping towards six Eastern European countries – Moldova, Georgia, Belarus, Armenia, Azerbaijan and Ukraine. Thus, promoting the establishment and strengthening of multilateral cooperation between the EU and the participating countries is one of the main objectives of the programme. By the way, the Eastern Partnership is similar to the EU's Southern Partnership (which includes EU and North African countries). This leads to a broader study of this issue.

Given the importance of the IEI and globalisation, it is worth noting that O. Pavlov (2022) confirms the hypothesis of their kinship and opposition, pointing to the difference in functions and overlap, which is most evident in the object dimension, which is expressed through various components of the internationalisation of economic activity. At the same time, world trade is attributed a key role, and its dynamics is constantly changing under the influence of the international division of labour, increased competition, specialisation, fragmentation of global value chains, and accelerating foreign direct investment. N. Patyka (2019) notes that the agricultural sector is increasingly involved in the IEI processes and highlights the historically significant role of agriculture in the development of Ukraine's economy.

There are the many benefits of international economic integration of countries in general, and in particular for certain sectors of the economy, which contributes to its development. T. Ilchenko (2020) believes that European integration for Ukraine is a key direction of modernisation and formation of an innovative model of socio-economic development, attraction of innovative technologies and investment resources, expansion of sales markets, increase of competitiveness of producers, and creation of new jobs.

Ye. Redziuk (2021) argues that integration economic unions, which guarantee appropriate mechanisms and instruments of institutional, financial and economic support for national economies, increase their resilience to external negative influences, improve intra-integration interstate flows of resources, including human, technological, and investment. These groupings contribute to a more systematic and powerful socio-economic growth of countries through synergy, as well as reduction of unproductive costs, prohibitions, and restrictions. It is emphasised that with the growth of the EU's gross domestic product (GDP) by USD 1 per capita, the foreign trade turnover of all goods will increase by 0.887 USD. The bilateral turnover of agricultural goods will increase by 1.693 USD. However, the increase in Ukraine's GDP has a much smaller impact, which is explained by the difference in the size of the economies of Ukraine and the grouping.

The purpose of the study was to analyse the development of international economic integration with due regard to the agricultural sector, the specifics of individual integration groups, and to develop proposals for classifying the goals of integration and identifying its risks. The methodological basis of the work was the dialectical method, which allowed for a comprehensive study of agrarian integration, taking into account its impact on activities within the economic process. The methods of historical and economic analysis were also used to study the development of agrarian integration, in particular, to identify the causes and features of its evolution in Western Europe. To achieve this goal, the abstract and logical method was also used to study the theoretical foundations of agrarian integration, and the historical method was used to analyse the development of IEI and to formulate relevant scientific views. The methods of theoretical generalisation, specification, analysis and synthesis allowed to identify the features of international economic integration in the agricultural sector, summarise the results of the work, draw conclusions and develop proposals for further research and development. The material basis of the work was formed by scientific works of Ukrainian and world scientists, regional trade agreements in general and with the participation of Ukraine, statistics of international organisations (TradeMap..., n.d.), materials of the World trade organisation (n.d.). The study paid special attention to the issues of agrarian integration, determining its importance for the development of the economies of the member countries of integration groups, in particular in terms of production, addressing the issue of domestic food security, deepening foreign trade, employment, etc.

#### **DEVELOPMENT OF THEORETICAL APPROACHES TO THE STUDY OF INTERNATIONAL ECONOMIC INTEGRATION**

The development of international economic integration has led to a deepening of its study by scholars from different countries. B. Balassa (1962) made a significant contribution to the development of the IEI theory by identifying individual forms of integration and also studied the European common market. J. Viner (1950) analysed in depth the peculiarities of the customs union (CU), highlighted the effects of trade creation and rejection. G. Myrdal (1969), in addition to economic issues, paid special attention to social issues. The scientist argues that an economy is not integrated if all paths are not open to everyone, and if the remuneration for productive services is not equal for everyone, regardless of racial, social and cultural differences. R.G. Lipsey (1957), analysing the CU, takes into account trade distortions and notes the welfare gains and consequences for the

consumer. P. Sabluk *et al.* (2010), studying regional integration, analyse the common goals of the groupings, trade in agricultural products, etc.

Since international economic integration has reached its greatest development in the EU, much of the research focuses on this grouping. For example, O. Bilorus (2008), studying the impact of globalisation on European integration processes and the comparative competitiveness of European integration structures, notes that the growing role of international unions and groups in the world economy is one of the most important consequences of globalisation. The scientist considers EU integration strategies as a factor of increasing the competitiveness of the economy, and also assesses the consequences of EU enlargement for the members of the grouping and Ukraine. O. Shnyrkov (2005) draws attention to the contradictory impact of free trade agreements on the development of trade liberalisation, analysing the EU trade policy. K. Mann (2015) describes how the process of European integration of Central and Eastern European countries since the 1990s has affected their GDP growth and concludes that it has been beneficial.

Other scholars have focused more on Ukraine's integration. Thus, M. Puhachov & A. Melnyk (2014) note that in case of creation of a free trade area with the EU, Ukraine will receive a number of benefits, including an increase in the level of technological support of agro-industrial complex (AIC) enterprises, acceleration of the development of institutional and market support of AIC enterprises, etc. O. Yatsenko *et al.* (2017) predicted the impact of the free trade area with the EU on the agricultural sector of Ukraine, in particular, they used a gravity model and identified new opportunities. Among the advantages are new opportunities for cooperation, integration of agricultural policy into the European one, etc.

Integration affects the development of individual industries, so sectoral integration is also being studied due to the benefits of international economic integration, including foreign trade liberalisation, prospects for new technologies, increased competitiveness, etc. However, the possible losses for individual industries should also be taken into account, so it is advisable to emphasise the importance of sectoral integration and its impact on the overall integration. Particular attention should be paid to agricultural integration, given the importance of the sector, its impact on related industries, and its importance, first and foremost, for Ukraine, which is one of the world's largest exporters of certain types of agri-food products. A. Filipenko & V. Filipenko (2013), studying the theories of the IEI, note that the concept of selective integration allows grouping members and third countries to participate in

certain integration activities, depending on economic and political circumstances.

The concept of partial membership, according to which a country may participate in certain areas, does not require full participation in comprehensive integration, and is correlated with Schuman's theory of sectoral integration, which was popular in the first half of the 1950s (he initiated the creation of the European Coal and Steel Community and Euroatom, which later joined the European Economic Union) (Fedoryshyn, 2007). The concept of partial membership, which provides for the possibility of countries' participation in certain areas (e.g., joint foreign trade), is close to this theory (Filipenko & Filipenko, 2013). In the work of V. Ruban (2016) discusses the views of various scholars on this issue. For example, D. Mitrani believes that sectoral integration is gradually transforming into a new system with an autonomous institutional structure (his theory is confirmed by the evolution of European integration relations from the sphere of coal, steel and nuclear energy (European Coal and Steel Community, Euroatom) to the broad competence of European communities in the field of foreign economic relations of the European Economic Community and later the EU. E. Khaas, who first introduced the theory of neofunctionalism, which linked integration to the revival of social processes and the activities of political groups, noted that integration processes change not only the form but also the content of activities, and the phenomenon of sectoral integration is gradually evolving into a new system with an autonomous institutional structure (Ruban, 2016).

L. Sadula (2012) considered the views of the scientist Zh. Mone, the initiator of the European Atomic Energy Community (Euroatom). He believed that European unification should start with the economy, and defended "sectoral integration" rather than general integration, since integration in one sector would stimulate neighbouring sectors, which would eventually lead to general integration. The latter, under the right conditions, would replace sectoral integration as the engine of European unification (Sadula, 2012). A. Mokii, the author of the sectoral-regional model of integration, notes that this model corresponds to the tendency to formalise the inter-corporate division of labour, in which the most effective forms of territorial and production cooperation, industrial and commercial associations, special economic zones and economic activity regimes spread over a certain territory, industry, field of activity, etc. are the most effective (Fedoryshyn, 2007). A study by the Razumkov Centre (2020) considered sectoral integration as a large-scale, multi-speed and multi-vector process. Thus, sectoral integration is important for the economic development of countries and international economic integration in general.

### **AGRICULTURAL INTEGRATION: DIFFERENCES IN THE PROCESS IN DIFFERENT REGIONS OF THE WORLD AND THE EU**

Agrarian integration has a special place, given the importance of the sector and the specifics of agri-food trade. V. Sidenko (2008) notes that sectoral integration develops largely under the influence of the development of direct, not necessarily market-based, linkages, and is usually closely linked to the respective sectoral, namely industrial or agricultural policy, with their inherent measures to regulate markets and competition. And this alternative type of integration, up to a certain limit, is fully compatible with market integration of the economy as a whole, as evidenced by the EU's experience in implementing the Common Agricultural Policy and the Common Industrial Policy in a number of problematic sectors, including coal and metallurgy. Yu. Khan (2016) believes that the goal of integration is to increase mutually beneficial activities and gain competitive advantages in the agricultural market for the free movement of goods, technologies, labour, capital, etc. To a large extent, the level and dynamics of the agricultural sector's development determine the growth opportunities for related industries, resources for the agricultural sector, the processing industry and the agri-food market. An important integration component in this system is the grain market.

J. Goto (1997) studied the impact of integration on agricultural trade and suggested that the higher the degree of pre-integration protection and the lower the degree of product differentiation, the greater the impact of integration. This was tested in two EU enlargements – the accession of Greece in 1981 and Spain and Portugal in 1986 – and the evidence generally supported the theory. O.A. Shobande (2019) analysed the impact of economic integration on agricultural exports in selected West African countries and found that increased openness has a positive impact on the countries of the region. According to the study, population growth, the level of openness to international trade, etc. were among the most reliable factors determining agricultural exports in West Africa, but a negative impact was also identified.

O. Radchenko (2019), studying the IEI of the agro-industrial complex of Ukraine, notes that the process of integration into the European economic space will allow to implement market economic reforms and overcome the crisis that is typical for almost all sectors of the economy; to join forces to solve ecological and environmental problems, etc. D. Krysanov (2018) believes that of all the problems that need to be solved to intensify the integration of Ukraine's agricultural sector into the EU internal market, it is advisable to divide them into two: those that are already

being completed and those that require deeper analysis and detail. It is worth noting that there have been positive developments, in particular, in the formation of a single regulatory space and gradual progress towards the integration of Ukrainian agricultural entities into the EU internal market. T. Zhytnyk (2018) analyses innovations in the agricultural sector in the context of European integration, noting that European countries such as the Netherlands and Germany are among the leaders of global innovations in Agritech.

Integration affects not only the development of trade, but also individual industries. This is also confirmed by the regional agreements concluded between the countries, which have separate sections, in particular on the agricultural sector. For example, in the fifth section of the Association Agreement between... (2014): economic and sectoral cooperation, in particular in the field of energy, including nuclear energy (Chapter 1), environment (Chapter 6), science and technology (Chapter 9), agriculture and rural development (Chapter 17); in the Agreement "On Free Trade..." (2018), which refers to special protection measures and export subsidies for agricultural products, the establishment of a Subcommittee on Agriculture (Chapter 2), and the environment (Chapter 12); the Free trade agreement between... (2010) states that "the parties shall establish a free trade area by concluding this Agreement and additional Agreements on Agriculture". Ukraine has also concluded these trade agreements, which confirms that the study of the agricultural sector and the development of international economic integration is quite relevant, as it is one of the largest exporters of certain types of agri-food products: cereals (5.2% of world exports, 8th position), sunflower seeds (26.2%, 1st position), honey (5.2%, 5th position), etc. (Trade Map..., n.d.). In addition, the agreements separately highlight issues of the agricultural sector, trade policy, etc.

The EU's agrarian integration has allowed it to achieve its goals and remain among the world's largest exporters for decades. Therefore, it is advisable to analyse it, paying attention to the EU's Common Agricultural Policy. Thus, I. Klymenko *et al.* (2011) argue that the EU CAP in a broad sense is a direction of the grouping's common policy, which is focused on the adoption of economically feasible and effective regulations that contribute to the competitiveness of agriculture and rural development, improvement of legal regulation of relations in the agricultural sector, etc. P. Nesenenko & K. Tonia (2021) note that the implementation of the EU's Common Agricultural Policy was based on the preconditions formed by the consequences of the Great Depression of 1929-1933 and

the state of the economy in the postwar period.

N. Stezhko (2014) emphasises that the historical preconditions for the development of Western Europe became the basis for the introduction of international cooperation experience in the agricultural sector. The countries had narrow domestic markets and a high level of economic development. Seeking to remove the obstacles to the unification of internal markets and common economic policies, the countries sought to overcome the contradictions caused by existing national barriers that prevented effective engagement in the international division of labour (IDL) and transnationalisation of production and capital. They had roughly the same level of income, a high level of inter-regional trade, a high degree of industrialisation, and favourable conditions for intra-industry specialisation and cooperation, which allowed them to resolve the existing contradictions. Thus, the ruling circles of Western European countries were concerned about the trends in the development of the agro-industrial complex, which led to a way out of the situation with the help of international economic unions and agreements. N. Stezhko (2014) also believes that the IEI creates favourable conditions for the development of the world food system and solving food problems of countries at different levels of economic development, as well as new export opportunities, and enhances the flow of technology and foreign capital. Value chains are also connecting markets on a global scale, and a new agriculture of high-value goods has emerged. Regional markets are also opening up for traditional crops, in particular in the Common Market of South America (Mercosur) and Africa.

S. Piasetska-Ustych (2016) points out that the stages of formation and development of the CAP are inextricably linked to the processes of integration from simple to complex forms, i.e. from the preferential food trade area to the common economic mechanism for regulating the agricultural sector. Thus, at the inception of the CAP, national governments had autonomy to influence their agricultural sector, but later supranational institutions for regulating agricultural production were formed. The highest form of integration is already the delegation of CAP powers to special governing bodies and other institutions of the grouping. Moreover, the CAP is constantly being modernised. Since the 2000s, the leading idea of the CAP has been to ensure the sustainable functioning of the grouping's agricultural sector by financing rural development and strengthening environmental protection and agricultural product safety requirements. By the way, the CAP has changed at different stages. For example, V. Lypchuk & N. Lypchuk (2012) identify the



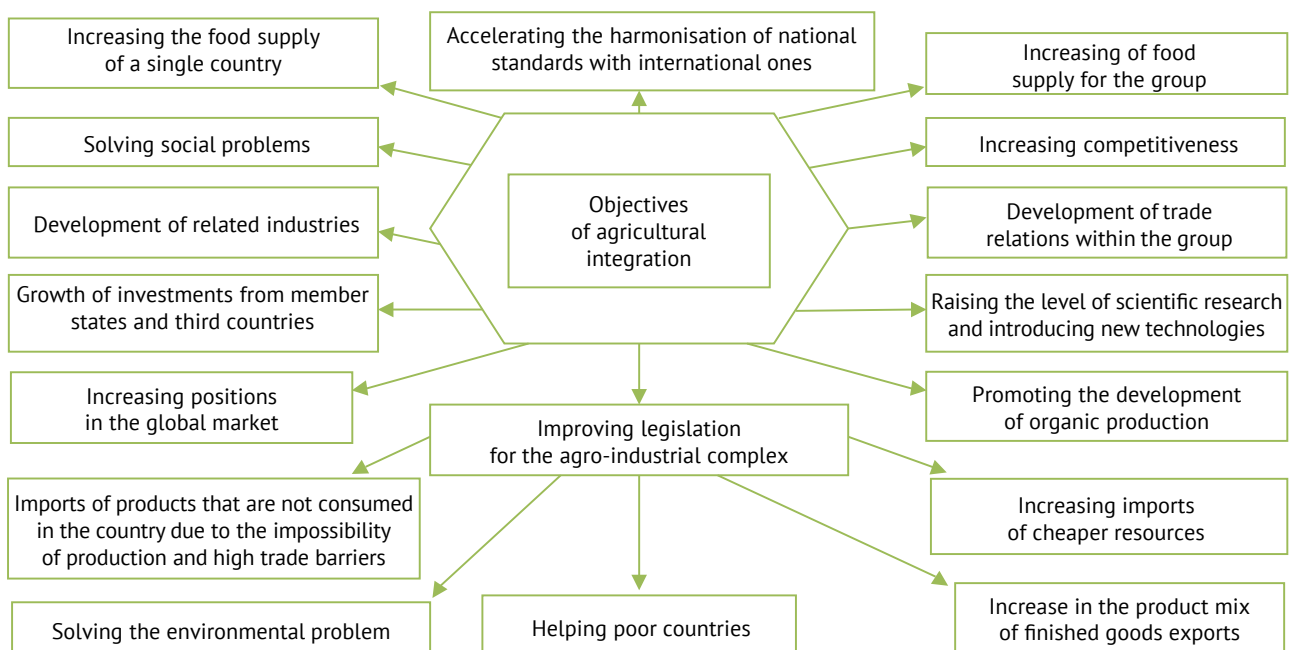
main priorities of the CAP, which were defined by the European Commission in a communication of November 2010: payback of food production, balanced use of natural resources, and balanced territorial development. That is, the CAP covers not only trade and production issues. S. Kvasha & K. Kvasha (2013), analysing the development of agriculture in the EU, summarise the consequences of changes in the CAP: despite the small size of farms, producers in the grouping have achieved extremely high productivity, and the trend towards increasing production scale remains.

At the same time, S. Kvasha *et al.* (2014), considering the general factors of EU agricultural development, noted that during the implementation of the Common Agricultural Policy, special attention was paid to the issues of agricultural support. T. Zinchuk (2008), studying the issues of European integration and adaptation of the agricultural sector, noted the division of agricultural policy into agricultural and food policy. V. Lypchuk & N. Lypchuk (2012) point out proposals for changes in the main instruments of the CAP (regarding the use of direct payments, market-based instruments, and rural development). The proposal is to introduce a so-called “green” payment component for producers who fulfil three tasks: diversification of agriculture, i.e. farms with an area of more than 3 hectares should produce at least three crops, and each of them should not exceed 70%; preservation of natural fodder lands; and designation of at least 7% of the land used for nature conservation activities.

## PREREQUISITES FOR EFFECTIVE DEVELOPMENT OF AGRARIAN INTEGRATION AND ENVIRONMENTAL PROTECTION IN EU POLICY

A country's economy is a complex structural organism that unites various industries, internal regions, and institutional sectors, the potential and structure of which differ. Each of them is characterised by its own processes of generation and distribution of effects, which the macroeconomic effect usually masks. A significant discrepancy between the global (macroeconomic effect) and some local optima (for certain industries and regions) may undermine the stability of the economy in free trade zones even if the total macroeconomic effect is positive (Shnyrkov *et al.*, 2013).

For the effective development of integration, the correct setting of goals is of particular importance. Thus, P. Nesenenko & K. Tonia (2021) note that almost 40% (€59 billion per year) of the EU budget is spent annually to achieve the CAP goals, with the total budget expenditure proportional to the agricultural production of the grouping countries and the size of the cultivated area. France (29 million hectares), Spain (24 million hectares) and Germany (about 17 million hectares) have the largest cultivated agricultural area. Therefore, considerable attention should be paid to the development of IEI in the agricultural sector, its impact on trade, production, as well as product quality and social issues. Agrarian integration involves achieving a number of goals, and it is proposed to highlight the priority ones, which are presented in Figure 1.

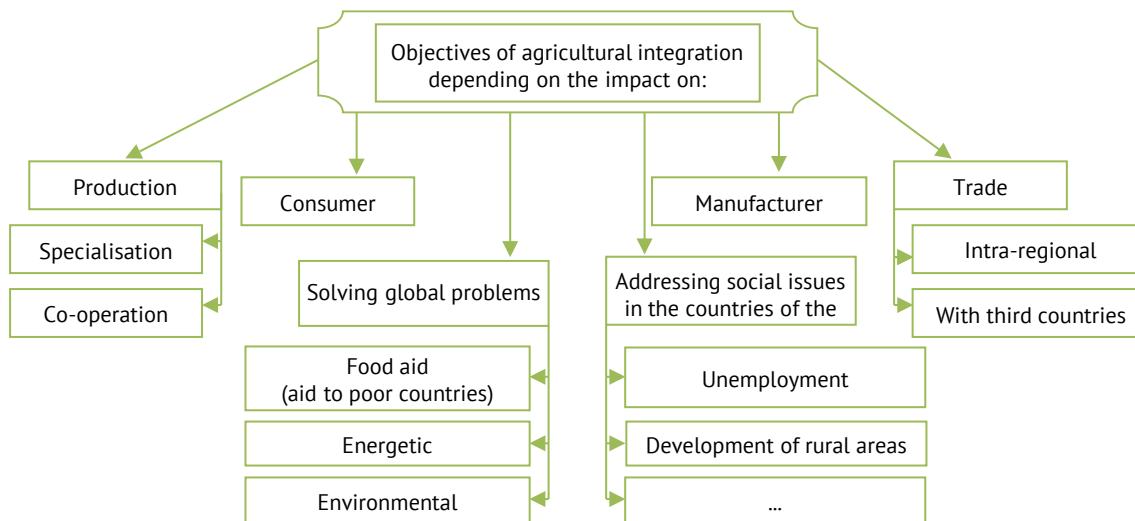


**Figure 1.** Goals of international agricultural integration

Source: author's development

At the same time, the goals of integration are one of the determining prerequisites for its effective development, which can be confirmed by the content of regional trade agreements (RTAs). P.A. Samuelson (1993) noted that the argument in favour of free trade is based on the fact that international specialisation makes it possible to increase labour

productivity in accordance with the law of comparative advantage. This makes it possible to increase the volume of world production, and all countries can raise their living standards. This confirms the expediency of trade liberalisation in integration groups. The classification of agricultural integration goals is shown in Figure 2.



**Figure 2.** Classification of goals of international agricultural integration

**Source:** author's development

Agrarian integration is proposed to be defined as the unification of agricultural markets to increase their competitiveness, harmonise quality standards, and jointly solve the food problem of the grouping and partly the world, taking into account the comparative advantages of the member states, their production and export potential. In addition, integration can contribute to the development of the agricultural sector and production in general, in particular through increased foreign investment, new technologies, etc. At the same time, it is worth considering the possibility of a decrease in production, which may be caused by the liberalisation of foreign trade and decisions taken in integration groups.

Along with the introduction of new technologies and increased labour productivity as a result of integration, there is a possibility of a reduction in employment in agriculture. Thus, IEI can have a significant impact on the economic development of the country as a whole and its individual sectors, and it can also lead to certain threats. Risks from IEI are an important factor in determining the feasibility of integration. V. Sidenko (2008) concludes that the optimal use of potential benefits from integration, as well as the neutralisation of new risks, depend on the extent to which national policies

of the participating countries focus on ensuring innovation and national competitiveness in an open economic environment. S.V. Piasetska-Ustych (2016) notes that an additional risk for the CAP is that no reliable mechanism has been developed to prevent the transformation of agriculture in less developed countries into a raw material zone of the "old core" of EU leaders.

A. Nin-Pratt & X. Diao (2014) assessed the impact of the Southern African Development Community free trade agreement on agriculture. They found negative welfare effects for regional importers due to increased imports from inefficient regional producers, and to increase the benefits, it is necessary to implement regional policies that go beyond regional agreements, in particular those aimed at increasing investment, product diversification and agricultural productivity.

O. Popko (2019) notes that Ukraine's involvement in integration and global processes has new opportunities, but also risks and threats, and it is impossible to formulate a national strategy for integration into the world economic space if they are not taken into account. In addition, an assessment of the real state of the country's economic complex, its individual sectors and its own capabilities is a prerequisite for a timely and appropriate response to such challenges, reorientation

of producers to new international markets with an increase in exports of value-added goods. I. Klymenko *et al.* (2011) point out that the Common Agricultural Policy combines elements of foreign trade, regulatory, market, price and structural policies and argue that the CAP is both a “best practice” and a risk factor for Ukraine. This is true for virtually all countries that integrate or join an already functioning grouping.

In view of the above, integration risk in the context of agricultural integration, and international economic integration in general, should be viewed as the probability of losses at the macro, meso, or micro levels. Risks can be: 1. rejection of trade; 2. reduction of exports to third countries (prevention – do not increase trade barriers for them); 3. risk of lost opportunities due to the inability to integrate with another grouping; 4. risk of losses when leaving the grouping; 5. risk of reform costs, and even the possibility of their ineffectiveness. Risks may arise from a harsh protectionist policy towards third countries, rapid liberalisation within the grouping, etc. Risks of agricultural integration are growing as the sector depends on natural and climatic conditions, price fluctuations, etc. Therefore, it is advisable to investigate the possibility of specific risks and try to avoid them at the stage of concluding the RTA, as well as by developing appropriate mechanisms to be applied in case of their occurrence.

The Treaty establishing the European Community (1957) states that the common market covers agriculture and trade in agricultural products (Article 32), and defines the objective of the common agricultural policy (Article 33). This means that the importance of the agricultural sector and trade in agri-food products in the EU is not decreasing, which is confirmed by the grouping’s policy both at the initial and subsequent stages of integration. However, the higher the level of integration, the deeper and wider its impact on the agricultural sector, related industries and the development of the economy as a whole, and not only the economy, but also, for example, the environment. By the way, V. Kachuriner (2022) emphasises that achieving a balance between compliance with environmental regulations and competitive agricultural products is a key focus of EU policy. In addition, the link between agriculture and the environment is based on the concept of “sustainable agriculture”.

N. Bobytskyi (2020) mentions the EU’s European Green Deal (EGD) programme, which primarily concerns the agricultural sector and industry, and aims to make the European continent environmentally neutral by 2050. The scientist assumes that EU companies will be protected by phytosanitary regulations and carbon tariffs, as well as receive significant financial support, which

will increase competition for Ukrainian producers. It is worth noting that the EGD will stimulate organic farming in the agricultural sector, and Ukraine is a leader in exporting organic products to the grouping. Moreover, while the latter has limited opportunities for extensive expansion of its agribusiness, Ukraine has a significant growth margin. N. Fedorchuk (2021) concludes that most of the obligations under the EGD are financially unaffordable for agricultural producers, so the EU is allocating just over a trillion euros by 2050 to implement the agreement for producers in the grouping alone.

S. Shcherbyna (2021) states that in the field of agricultural production, the EU’s top priorities are to reduce environmental impact and comply with European quality standards. Although the pace of EGD implementation has slowed due to the priority of responding to COVID-19, the European Commission has emphasised that the recovery should be focused on a more sustainable, green and digital Europe, with solutions that benefit the economy as well as the environment. This approach was supported by a number of EU countries, including France and Germany. This shows that agricultural integration has a significant impact on the economic development of member states, the agricultural and related sectors of the economy, as well as trade, and the higher the level of integration, the wider and deeper the impact.

Taking into account the significant impact of agrarian integration in different periods, which is confirmed by the research of various scholars, it is of particular importance to define the goals of integration, the methods to achieve them, in particular the possibility of developing individual programmes for specific countries, taking into account their comparative advantages, as well as monitoring their implementation and results. This will allow adjusting the relevant measures and setting new goals.

## CONCLUSIONS

The analysis shows the existence and expediency of studying agrarian integration as a component of international economic integration. Thus, agrarian integration is a consequence or goal of the association of countries through liberalisation of foreign trade within the grouping, development of strategies and introduction of appropriate mechanisms, with the aim of improving food security of the grouping, increasing exports both within and outside the grouping, increasing labour productivity, applying new technologies and improving the living standards of the rural population and agricultural workers. The article reveals that one of the main prerequisites for the effective development of integration in the agricultural sector is the definition of



its objectives, as evidenced by the articles of certain regional trade agreements. In addition to the importance of defining the goals of integration, its development largely depends on the development of methods for achieving them, with the definition of programmes, taking into account the characteristics of member countries and mandatory control over their implementation and results. The development of the agricultural sector is particularly influenced by international economic integration, which is driven by changes in trade policy, increased access to new technologies, increased foreign direct investment, increased competition, etc. The impact of integration may also affect the volume of agricultural production, with growth or decline depending on the decisions made within the associations. Agrarian integration is proposed to be viewed as the unification of agricultural markets to increase their competitiveness, harmonise quality standards, and jointly solve the food problem of the grouping and partly the world, taking into account the comparative advantages of the member states, their production and export potential. This should contribute to the economic development of the member states and, in particular, their agricultural

sector. The impact of agrarian integration can have a significant impact on foreign trade in agri-food products within and outside the grouping, so it requires harmonisation of quality standards, increasing its competitiveness, identifying products that need the most protection at the beginning of integration, etc. Particular attention should be paid to identifying the risks of agricultural integration, the likelihood of their occurrence, and the justification of methods and measures to reduce or eliminate them. In the future, it is advisable to deepen the theoretical foundations of agrarian integration, its impact on international economic integration in general, methodological approaches to assessing the integration of agricultural markets, the specifics of regional trade agreements on trade in agri-food products between partner countries and their importance for the development of the IEI.

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#### CONFLICT OF INTEREST

None.

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## Аграрна інтеграція: теоретичні засади

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**Анотація.** Вигоди від міжнародної економічної інтеграції зумовили збільшення кількості інтеграційних угруповань. Чутливість агропродовольчого сектору до лібералізації тайого важливість зумовили виділення окремого розділу в регіональних торговельних угодах. Важливість зовнішньої торгівлі, продовольчої безпеки, а також їх особливе значення для України, яка підписала десятки регіональних торговельних угод та є одним з найбільших експортерів окремих видів агропродовольчої продукції, підтверджують актуальність дослідження. Метою статті є аналіз теоретичних засад міжнародної економічної інтеграції з виділенням аграрного сектору, виявлення особливостей та розробка відповідних пропозицій. Для досягнення мети використовувались методи теоретичного узагальнення, абстрактно-логічний, конкретизації, аналізу, синтезу, які дозволили дослідити особливості міжнародної економічної інтеграції в аграрному секторі, сформувані висновки та пропозиції. Інформаційною базою слугували наукові дослідження, регіональні торговельні угоди та ін. В результаті проведеної роботи проаналізовано розвиток міжнародної економічної інтеграції з врахуванням аграрного сектору. Запропоновано виділення основних цілей інтеграції, їх класифікацію, її визначення та обґрунтовано ризики. Серед основних цілей інтеграції в аграрному секторі пропонується виділяти забезпечення внутрішньої потреби у продовольстві необхідної якості за доступною ціною з врахуванням порівняльних переваг країн-членів об'єднання, збільшення експорту до третіх країн, виходячи з потенціалу країн-учасниць, та вирішення соціальних проблем. Враховуючи цілі сталого розвитку та глобальні проблеми людства, пропонується до основних цілей відносити також питання екології та раціонального використання ресурсів. Цілі інтеграції визначено як одну з основних передумов її успішного розвитку, що підтверджується і змістом відповідних договорів, угод. На практиці, міжнародна економічна інтеграція може сприяти вирішенню проблеми продовольчої безпеки та розвитку аграрного сектору, виробництву, зокрема через надходження нових технологій, іноземних інвестицій та ін. Передбачається розвиток внутрішньо- та позарегіональної торгівлі внаслідок гармонізації стандартів якості продукції, підвищення її конкурентоспроможності та ін. Цьому, передусім, мають сприяти чітке окреслення цілей, їх реалізація через відповідний комплекс заходів, визначених по країнах, та контроль за реалізацією

**Ключові слова:** міжнародна економічна інтеграція; аграрний сектор; цілі; ризик