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STATE REGULATION OF ORGANIC PRODUCTION IN SMALL AGRICULTURAL ENTERPRISES: FOREIGN EXPERIENCE AND PROSPECTS OF UKRAINE

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The article examines the benefits of agricultural system introduction in organic farming. There has been conducted the analysis of legal documents of Ukraine and some other countries that regulate organic production relations. There have been discovered the rules of state encouragement of environmentally-friendly product manufacturers that can be adapted to the economic and legal terrains of Ukraine. There has been highlighted a mediated sector of organic products promotion in Ukraine, namely the introduction of a simplified certification system, information and advisory services.

Keywords: *environmentally friendly products, subsidies, organic production, organic farming, small agricultural entrepreneurship, farming, certification.*

Introduction. International experience in organic production shows new perspectives for small farms and rural terrain development, which is rather important for Ukraine. There is a great deal of attention of international organizations, scientists, baby food institutions to environmentally friendly products. Such attention to organic production is caused by environmental, social, and economic problems that concern the world. Organic production development is impossible without proper state regulation. As far as the major producers of organic products are small farms, the governmental support and encouraging them to increase organic production is at high priority in the state regulation system. Therefore, the search of effective tools for organic production state regulation is topical for the study considering existing international experience. The experience in organic production is quite important for Ukraine not only to obtain high-quality agri-food products, but also reduce environmental pollution.

Previously unsettled issues as a part of a global problem. There is no doubt in Ukraine's transition to organic agriculture. Environmental and economic growth, health improvement are at a high priority for the country. It is possible to realize these tasks in case of effective state policy in the field of organic production. European

experience shows how one can create a strong organic market and make organic production profitable. Despite the large number of papers focused on the development of organic production in Ukraine, there's still insufficient scientific illustration of small organic farms encouragement by the state.

Recent research analysis and publications. 2014 is International Year of Family Farming with raised questions of what should be done by family farmers to decrease poverty, safeguard the environment, and cherish our planet. International Federation of Organic Agriculture Movements emphasized the importance of identifying the right policy to empower farmer families, and thus, to enhance their productivity and secure their access to natural resource exploitation [10]. The research of organic market development in Ukraine is held by the Swiss-Ukrainian project to foster the growth of small and medium enterprises in the Ukrainian organic food sector developing organic and regional food supply chains. This project aims to improve the quality and increase the volume of selected organic arable crops from small and medium farms for exporting and enabling environment for organic sector further development [1].

Overseas studies pay much attention to the development of the organic products world market and ways of creating the demand for these products. Jiri Urban suggested a few recommendations to Ukraine regarding elaboration and implementation of legal framework for organic agriculture [11].

Article purpose is to analyze the foreign experience of state regulation of small farms' organic production and perspectives for this experience adaptation in Ukraine.

Results and discussions. Reducing the negative impact on the environment and public health improvement are the foundation of implementing a sustainable development concept. The development of organic agriculture has a number of environmental and social benefits. State incentives for organic production by small and medium-sized farms are the basis of rural terrain development. Medical and agricultural scientific workers cite reasons why organic farming should be supported in the 21st century:

– to reduce toxic emissions: protect air, water, soil, and human bodies from pesticides;

- to reduce or eliminate farm pollution;
- to protect future generations;
- to restore soil fertility;
- to consume natural and tasty food;
- to provide help to family farmers of all sizes;
- to avoid fast food and unhealthy food;
- to consume local food;
- to increase biodiversity;
- to celebrate the culture of agriculture [6].

Dynamic expansion of areas for organic product planting in the developed countries is the result of state encouragement.

The development of the organic market in Ukraine is in the inception phase and needs proper state regulation. An important step to handle institutional and legal problems in this area was the adoption of the Law of Ukraine About production and the circulation of organic agricultural products and raw materials on 09.03.2013 №425-VII which entered into force on January 9, 2014 [9]. It is worth mentioning the absence of specific principles for organic farming promotion in Ukraine in that law. An institutional framework is essential for effective functioning of organic agriculture in Ukraine. Firstly, the Law of Ukraine About production and the circulation of organic agricultural products and raw materials should include specific principles on the encouragement of exactly organic agriculture production in Ukraine. In national legislation there also should be provided state encouragement of organic producers [11; p. 9]. European experience is very diverse in terms of types of support for organic farming and building effective cooperation between government and producers. Table 1 shows the payments for the transition to organic farming and its maintenance in European countries.

Table 1

Payments for Organic Farming

Year	Country	Meadows / pastures		Arable land		Areas for vegetables / herbs		Areas for fruit gardens	
		Payments for the transition to organic farming, EUR / ha	Payments for organic farming, Euro / ha	Payments for the transition to organic farming, EUR / ha	Payments for organic farming, Euro / ha	Payments for the transition to organic farming, EUR / ha	Payments for organic farming, Euro / ha	Payments for the transition to organic farming, EUR / ha	Payments for organic farming, Euro / ha
2010	France	100	80-151	200	100-151	350-900	150-600	100-900	590-900
2013	Germany	210 (220)	170 (180)	210 (220)	170 (180)	480 (575)	300 (350)	900 (950)	720 (750)
2012	Poland	84,5	66,6	215,2	202,4	397	333	461,1	394,5
2012	Moldova	40	24	40	24	40	24	40	24
2012	Czech Republic	89		155		564		849	
2011	Switzerland	162		-		970		2011	
2009	Spain	130		71-259		258-540		85-890	
2009	Italy	-		101-490		248-600		256-900	

The table is compiled by the author using original figures [11], [2; p.209].

A number of European governments actively encourages the conversion to organic farming offering financial and other support for organic producers. According to Council Regulation the support of organic farming with subsidies can be

accomplished in various ways: investments, agri-environment programmes, marketing, regional development, and farm demonstration [2, p. 206].

The experience of the Czech Republic is worth much attention in questions of state regulation of organic production in small agricultural enterprises. The main goal in state support of organic agriculture is landscape preservation and high level of organic products market development. The Ministry of Agriculture supports the development of organic farming in the Czech Republic, guarantees the compliance with the rules for organic farming, and administers state aid for organic farmers in the form of national subsidies in scope of the Rural Development Programme. It has an active financial role in marketing support, informational and educational programmes, and education. The Ministry of Agriculture in terms of collaboration with non-governmental organisations has prepared an Action Plan for the Development of Organic Farming in the Czech Republic 2011-2015. The main objectives of the Action Plan are to achieve a 15% proportion of organic farming by 2015, a 60% share of Czech organic foods on the organic foods market, and 3% share of organic foods on the food market overall [8].

This year the United States Department of Agriculture plans to allocate \$52 million in grants to stimulate 5 programs to support organic agriculture and farmers' markets that help small farmers distribute their products and offer a variety of other services [12]. \$19 million in grants will be paid for research to help organic producers, with a focus on how to manage diseases, pests, and weeds. \$4.8 million – for improving the access to basic food for low-income families in 16 states, and \$1 million – for researches at state universities and agriculture departments [3].

The success of France is the result of official recognition of organic farming in the early 1980s. France was the first country of the European Union that introduced the system of organic agriculture support. In addition to subsidies, French farmers could get tax loans or subsidies for compensating the expenses on inspecting certification. French government plans to raise subsidies for organic farmers to 160 million euros annually on average during 2014–2020, compared to 90 million euros last year, to swell their numbers from 25,000 currently. To ensure organic production, the government wants institutional caterers to target a 20% share for organic food in their menus. (\$1 = 0.7716 euros) [5].

Thus, an efficient transition to organic farming systems is possible with proper government encouragement. The experience of most countries shows the need for cooperation between different stakeholders. A large proportion of the success belongs to information and consultation system of organic agriculture. The main obstacle to enter the international market is product certification for farms as major producers of environmentally-friendly products. An important step for the growth in demand for

Ukrainian organic products will be conducting a national database of certified organic companies, processors, certification bodies.

Conclusions and further research directions. Fertile soils, favorable climate, the need for economic growth and environmental protection set the preconditions for Ukraine's transition to large-scale organic production. The success of organic agriculture in most countries is gained through effective state policy. Each country has its own characteristics of organic production. In all developed countries the incentive for transition farms to the production of environmentally-friendly products was the introduction of state support system. This system covered both direct and indirect support of organic farms. In Ukraine the following methods of stimulation will act only after passing relevant legislation.

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**ДЕРЖАВНЕ РЕГУЛЮВАННЯ ВИРОБНИЦТВА ОРГАНІЧНОЇ ПРОДУКЦІЇ
МАЛИМИ СІЛЬСЬКОГОСПОДАРСЬКИМИ ПІДПРИЄМСТВАМИ: ЗАРУБІЖНИЙ
ДОСВІД ТА ПЕРСПЕКТИВИ УКРАЇНИ**

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У статті розглядаються переваги запровадження у сільському господарстві системи органічного землеробства. Проведено аналіз нормативно-правових документів України та деяких країн світу, що регулюють відносини у сфері органічного виробництва. Виявлено правила державного стимулювання виробників екологічно-чистої продукції, що можуть бути адаптованими до українського економічного та правового простору.

Ключові слова: *екологічно чиста продукція, субсидії, органічне виробництво, органічне землеробство, мале аграрне підприємництво, фермерське господарство, сертифікація.*

**ГОСУДАРСТВЕННОЕ РЕГУЛИРОВАНИЕ ПРИЗВОДСТВА ОРГАНИЧЕСКОЙ
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В статье рассматриваются преимущества внедрения в сельском хозяйстве системы органического земледелия. Проведен анализ нормативно-правовых документов Украины и некоторых стран мира, регулирующих отношения в сфере органического производства. Выявлены правила государственного стимулирования производителей экологически чистой продукции, которые могут быть адаптированы к украинскому экономическому и правовому пространству.

Ключевые слова: *экологически чистая продукция, субсидии, органическое производство, органическое земледелие, малое аграрное предпринимательство, фермерское хозяйство, сертификация.*