

UDC 631.16: 336.5
DOI: 10.15673/ie.v10i4.1127

Ageieva I.
Ph.D., Associate Professor
E-mail: agejeva@ukr.net
Rynkova A.
Undergraduate
Department of Management and Logistics
Odessa National Academy of Food Technologies
Kanatna str., 112, Odesa, Ukraine, 65039
E-mail: arynkova96@gmail.com

STATE SUPPORT OF AGRICULTURAL PRODUCTION OF UKRAINE AND EU COUNTRIES IN THE CONDITIONS OF THE WTO

The article examines the classification of WTO subsidies and their impact on production and trade. The volume of government support for agro-industrial production in Ukraine and the EU countries has been presented. The practice of EU countries participation in the WTO, their ideas and principles regarding a common agrarian policy, has been studied. The situation in the agricultural sector of one of the EU countries – Poland, has been analyzed. The analysis of the current state of Ukrainian agro-industrial complex has been carried out. Possible options of its improvement with the help of government support have been proposed, taking into account the practical experience of the European Union, in particular, ensuring adequate financing of farms, supporting of unfavorable territories, environmental protection, etc. The practical significance of the research is that the implementation of results will provide improving of agro-industrial production efficiency, will help allocate funds rationally, and to structure government support by developing a clear strategic plan using the practice of the European Union.

Key words: government support, boxes, subsidies, agro-industrial production, state regulation, European Agrarian Policy (EAP), state budget, agro-industrial complex.



This work is licensed under a [Creative Commons Attribution 4.0 International License](http://creativecommons.org/licenses/by/4.0/)
<http://creativecommons.org/licenses/by/4.0/>

Statement of the problem and its connection with important scientific and practical tasks. The issue of the development of agro-industrial production has a great significance for Ukraine, it is related to the accession to the World Trade Organization (WTO) and European integration, and hence to the level of Ukrainian people life. According to the current state of this sector, it is important to study the regulating and stimulating role of the state in its development and study of international experience, especially the EU countries.

The analysis of the latest publications on the problem. Such researchers as Y.Ulyanchenko, M.Koretsky, S.Kulina, O.Kuzmin, Y.Krasnov, T.Zayats, I.Zerkal and others focused on various aspects of state regulation and support of agricultural production in their works.

Forming of the aims of the research. The purpose of the article is to study the possibilities of the introducing positive experience of EU countries in the government support of agricultural sector in Ukraine in the conditions of WTO.

To achieve this goal, the following tasks should be achieved:

- to explore the theoretical aspects of state support in WTO;
- to define the main principles of the European

agricultural policy success and measures for their realization;

- to analyze the tendencies of domestic agro-industrial complex development and the sources of state support for farmers;
- to propose possible measures for the introduction of positive experience in state support of agro-industrial production in Ukraine.

Giving an account of the main results and their substantiation. State and state support play a leading role in the development of agro-industrial production and in ensuring the competitiveness of agrarian enterprises. According to OECD statistics, the total support estimate (TSE) of agriculture and fishing in 2017 amounted to: in the EU countries - 104500,9; in the USA - 96160,9; in Canada - 6171,61; in Ukraine - 1903,9 million dollars, which is definitely a negative trend for domestic producers [1].

The WTO has adopted a terminology in which state support is divided into different categories of subsidies (boxes), and therefore the impact on production and trade is different.

"Green box" are subsidies that "do not give grounds for persecution", that is, actually allowable subsidies. These include R & D financing, regional development financing, adaptation of enterprises to the re-

quirements of environmental protection, etc.

"Red box" are prohibited subsidies, the provision of which is related to the export of products or use of domestic goods to the advantage of imported ones (export and import substituting subsidies).

"Yellow box" are subsidies, "which give grounds for consideration." These include measures to support prices or subsidies directly related to production volumes.

The "blue box" is a "yellow box with conditions". It is used in the cases when state support requires the restriction and reduction of agricultural production, it is carried out by removing land from agricultural turnover, reducing of livestock, reducing of employment [2].

According to the new paradigm of the European Union's agrarian system for 2014-2020, "to reduce costs, but to produce more," countries were given a freedom to choose support instruments. So by 2020, all EU countries will be able to switch to a unified per-hectare payment system. The main idea of the European Agrarian Policy (CAP) was the introduction of subsidies into the "authorized" boxes [3].

There are such principles of European Common Agrarian Policy success:

- financing from the common agrarian budget;
- unity of the agricultural products' markets

through the establishment of common rules for the purpose of unhindered and closed circulation of products;

- significant state support of small and medium-sized businesses;
- ensuring of the stable agricultural production and moderate prices on food;
- improvement of unfavorable for production areas [5].

In the European Union, the support and development of small farms were neglected till now, and the greatest attention was paid to middle and large agricultural producers. So, in order to reduce the concentration of payments to the largest farms, it is planned to limit direct payments to one farmer by 20% (for subsidies of 150-200 thousand Euros per year), 40% (200-250 thousand Euros), 70% (for payments in 250-300 thousand Euros). The upper limit of direct subsidies is the sum of 300 thousand Euros [4].

In general, the current stage of the CAP reform focuses both sections of the EU agrarian budget (direct subsidies and rural development) on the following tasks: social responsibility, young farmers support; support of unfavorable for agricultural production territories; small farms support and support of producers' cooperation (table 1) [4].

Table 1

Tasks of the EU state support *

TASK	SUBSIDIES	EVENTS
Environmental Protection	"Green direct subsidies"	Environmental precautions in agriculture and ensuring animal welfare, support of ecological agriculture. The program "Nature 2000".
Young farmers support	"Yellow box" (additional payments)	Subsidies for business starting and development. Higher investment subsidies.
Support of unfavorable for agricultural production territories	"Yellow box" (additional payments)	Per-hectare support
Small farms support	"Yellow box" (alternative simplified program)	Business Development Subsidies
Support of producers' cooperation	"Yellow box" (improved legal basis)	Support for creating groups of manufacturers, co-operation and sales

* Systematized by the author on the basis of [4]

Support of EU agro-industrial production is characterized by integrated approach and is interconnected with measures of market regulation in general (quotas, market prices establishment, etc.). About a third part of the European budget is spent on support - around 50 billion Euros on average; if national co-financing is added, the total support is about 100 billion Euros. For the period of 2014-2020, the EU budget for agricultural support is planned to be at around 373 billion Euros [3].

According to the data of Agriculture and Rural Development Department of the European Commission in 2016, the total volume of state support amounted to 62.8 billion Euros [4].

Let's analyze the situation in agrarian sector in one of the EU countries-Poland.

The Agricultural Restructuring and Moderniza-

tion Agency (AR&MR) provides assistance for agricultural production from the EU side. In 2016, this authority received from the European Investment Bank 3.4 billion Euros for help in various categories, from landscaping to the assistance to young farmers in opening a new business. In 2016, farmers received an additional payment of € 107 for 1 hectare of land. For the cultivation of certain types of crops, such as tomatoes, farmers receive 700 Euros per hectare of area, for potatoes - 280 Euros. As a result, Poland has become the European leader in growing beets, apples and potatoes [7].

Agro-industrial production receives money from the state for damage caused by external factors (for example, natural disasters), and loans in such conditions are given to farmers on a very advantageous basis.

In Poland, prices for agro-industrial products are regulated by the market itself, so some products become more expensive each year (for example, the price of sugar increased by 30%). At the same time, the Polish authorities provide all conditions for preservation the competitiveness of product-leaders in the European market. Over the past two years, more than 30 markets for agricultural products have been opened in Poland [8].

State support of agro-industrial production in Ukraine

In recent years, the role of the agro-industrial complex in Ukraine has grown more and more in relation to the state economy. The volume of agricultural production is increasing in many regions (Fig. 1) [9].

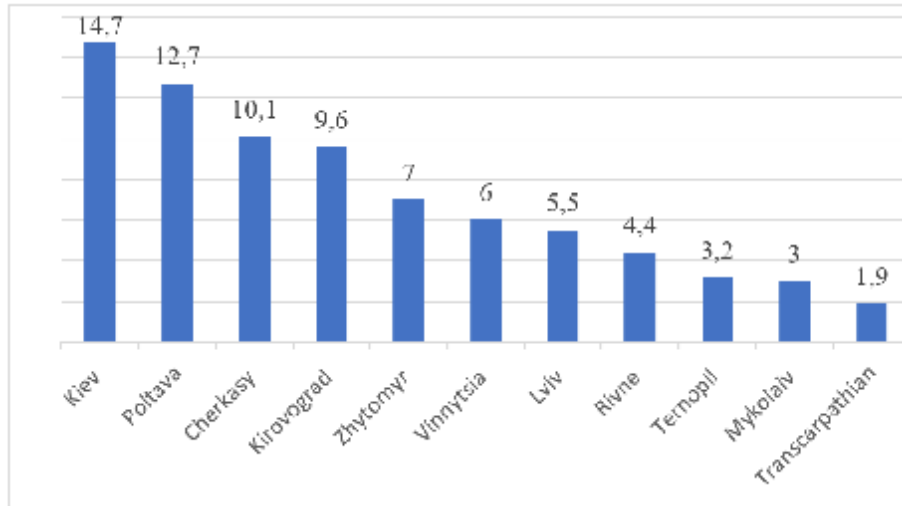


Fig. 1 Percentage increase in agricultural products by region, 2018
* developed by the author on the basis of [9]

Foreign economic activity is characterized by export constancy. Sunflower oil, corn, wheat, soybeans, meat and sugar are the most exported products [11]. The share of the agrarian sector in total exports is 37.3%,

which amounts a significant part of the country's economy. Investments in agriculture are shrinking (Fig. 2). The volume of developed investments in 2017 was 26.9 billion UAH [9].

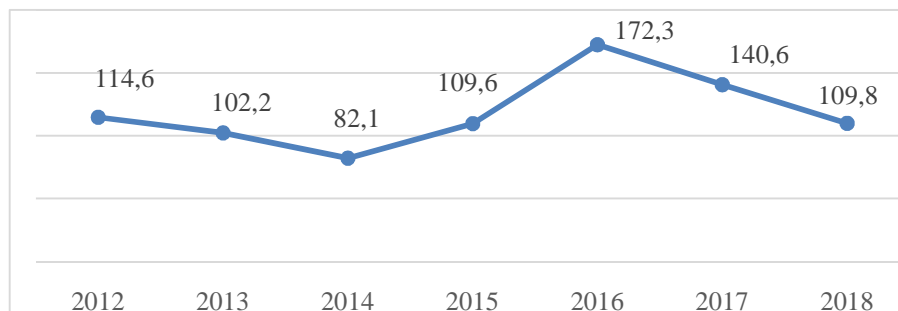


Fig. 2 - Capital investment indices in the agro-industrial products
* developed by the author on the basis of [9]

The State Budget Law for 2017 identified three sources of farmers support: budget funds; loan funds from the European Bank for Reconstruction and Development; state guarantees. It is planned to allocate 2 billion UAH from the general fund in support of agricultural producers, from the special fund - 3,4 billion UAH [9].

In Ukraine 35% is released for the "yellow box" program, 65% - for "green". In the EU countries with developed agro-industrial production, the percentage of funds allocated to the green box is 70%, in the USA -

78%, in Austria - 91%. Therefore, in the future Ukraine needs to increase the percentage of investments in green box programs that are not subject to reduction (improve the quality of goods, fertility of land, invest in marketing, create state reserves, etc.) [11].

Table 2 shows the funds allocated by the state in support of the agro-industrial sector. As it can be seen, on state support of the agrarian sector it is planned 5.4 billion UAH in the state budget of Ukraine for 2017, which is 5.3 times more than expected in 2014 [11].

Table 2

State support for the agro-industrial sector, provided by the Law on the State Budget of Ukraine for 2014-2017, mln. *

DIRECTIONS OF THE STATE SUPPORT	2014	2015	2016	2017
Financial support of measures in the agro-industrial complex by cheapening of loans	0	300	300	300
Financial support of measures in agriculture	5	5	5	60
State support of hop growing development, bookmarking of young gardens, vineyards, berries, and overseeing them	100	0	0	70
State support of the livestock sector	888	250	20	170
Financial support of agricultural producers	0	0	0	4774,3
Granting loans to farmers	27,9	25,6	15,8	65
Financial support of measures in the agro-industrial complex on terms of financial leasing	3,8	3,8	3,8	3,8
Total	1024,7	584,4	374,6	5448,1

* Systematized by the author on the basis of [11]

Conclusions and prospects of the further investigations. The experience of the EU shows that the rational use of funds is based on the structuring of state support and the development of a clear strategic plan directed specifically to the "green box" program with a permanent reduction of the "yellow one".

Besides, Ukraine should adopt the EU's positive experience regarding:

- investing in agrarian sector producers, in particular, on capital construction, acquisition and modernization of property, construction of livestock complexes;

- programs of environmental protection and ecology as a whole;

- providing support to farms, small and medium-sized agricultural producers and agricultural cooperatives created by them, which will increase the competitiveness of goods in relation to the imported ones;

- supporting of areas unfavorable for agricultural production.

Thus, the correct distribution of state funds is necessary for the development of the agro-industrial complex. Further implementation of the research results will increase the living standards of the rural population, state of the environment and natural resources.

References

1. Producer and Consumer Support Estimates (OECD Database 1986-2018) / Organization for economic cooperation and development. Retrieved September 22, 2018, from <https://stats.oecd.org>
2. Domestic support in agriculture: The boxes. Retrieved September 28, 2018, from <https://www.wto.org>
3. Bagatoričnij finansovij plan ÊS na 2014-2020 rr. Retrieved October 1, 2018, from www.imemo.ru/index.php?page-id=502 printmade
4. Notifications of European Union concerning domestic support commitments. Retrieved October 1, 2018, from <https://www.wto.org>
5. Selivanova-Zerkal, I. O. (2015). Sil's'ke gospodarstvo Pol'shi: Evoluciâ 2000-rokiv u vimiri êvrops'koï integriaci. *Īstoričnij Arhiv*, (14), 121-127.
6. Kulyna, S. Ya. (2007). Vpliv deržavnoï pidtrimki na rozvitok agrarnogo sektoru ekonomiki v Pol'shi. *Ekonomika APK*, (6), 133-139
7. Deržavna cil'ova programa rozvitku ukraïns'kogo sela na period do 2015 roku. Retrieved October 1, 2018, from www.minagro.gov.ua
8. Oficijnij sajt Deržavnoï službi statistiki Ukraïni. Retrieved October 10, 2018, from <http://ukrstat.gov.ua/>
9. Urâdovij portal Ukraïni. Retrieved October 15, 2018, from <https://www.kmu.gov.ua/ua/news/za-2-misyaci-2018-roku-ukrayinskij-agrarnij-eksport-syagnuv-majzhe-3-mlrd-olga-trofimceva>
10. Notifications of Ukraine concerning domestic support commitments. Retrieved October 18, 2018, from https://www.wto.org/english/thewto_e/countries_e/ukraine_e.htm

Received 2 November 2018

Approved 16 November 2018

Available in Internet 29.12.2018

Агеева И.Н.

кандидат экономических наук, доцент

E-mail: agejeva@ukr.net**Рынкoвая А.А.**

магистрант

кафедра менеджмента и логистики

Одесская национальная академия пищевых технологий

ул. Канатная, 112, г. Одесса, Украина, 65039

E-mail: arynkova96@gmail.com

ГОСУДАРСТВЕННАЯ ПОДДЕРЖКА АГРОПРОМЫШЛЕННОГО ПРОИЗВОДСТВА УКРАИНЫ И СТРАН ЕС В УСЛОВИЯХ ВТО

В статье рассмотрена классификация субсидий ВТО и их влияние на производство и торговлю. Представлены объемы государственной поддержки агропромышленного производства стран ЕС и Украины. Изучен опыт участия в ВТО стран ЕС, их идеи и принципы относительно единой аграрной политики. Проанализирована ситуация в аграрном секторе одной из стран Евросоюза - Польши. Проведен анализ современного состояния АПК Украины и предложены возможные варианты его улучшения с помощью государственной поддержки с учетом практического опыта Евросоюза, в частности обеспечение надлежащего финансирования фермерских хозяйств, поддержка неблагоприятных территорий, защита окружающей среды и др. Целью статьи является исследование возможностей внедрения в Украине положительного опыта государственной поддержки АПК стран ЕС в условиях ВТО. В процессе исследования использованы методы - сравнительного анализа (определены главные проблемы и цели регулирования государственной поддержки АПК в ЕС и Украине), статистическо-экономический (было проанализированы тенденции развития аграриев в Украине, их современное состояние), абстрактно-логический (теоретические обобщения и формулирование выводов). В результате исследования мы получили определенные принципы и меры, которые необходимо перенять для улучшения ситуации в аграрном секторе экономики.

Практическая значимость исследования обусловлена тем, что внедрение результатов обеспечит повышение эффективности работы агропромышленного производства, поможет рационально распределять средства, структурировать государственную поддержку за счет разработки четкого стратегического плана с использованием опыта Евросоюза.

Ключевые слова: государственная поддержка, корзины, субсидии, агропромышленное производство, государственное регулирование, Европейская аграрная политика (ЕАП), государственный бюджет.

Агеева І.М.

кандидат економічних наук, доцент

E-mail: agejeva@ukr.net**Ринкова А.А.**

магістрант

кафедра менеджменту та логістики

Одеська національна академія харчових технологій

вул. Канатна, 112, г. Одеса, Україна, 65039

E-mail: arynkova96@gmail.com

ДЕРЖАВНА ПІДТРИМКА АГРОПРОМИСЛОВОГО ВИРОБНИЦТВА УКРАЇНИ ТА КРАЇН ЄС В УМОВАХ СОТ

У статті розглянуто класифікацію субсидій СОТ та їх вплив на виробництво й торгівлю. Представлено обсяги державної підтримки агропромислового виробництва країн ЄС та України. Вивчено досвід участі у СОТ країн ЄС, їх ідеї та принципи стосовно єдиної аграрної політики. Проаналізовано ситуацію в аграрному секторі однієї з країн Євросоюзу – Польщі. Було проведено аналіз сучасного стану АПК України та запропоновано можливі варіанти його покращення за допомогою державної підтримки з урахуванням практичного досвіду Євросоюзу, зокрема забезпечення належного фінансування фермерських господарств, підтримка несприятливих територій, захист навколишнього середовища та ін. Метою статті є дослідження можливостей впровадження в Україні позитивного досвіду державної підтримки АПК країн ЄС в умовах СОТ. У процесі дослідження використані методи - порівняльного аналізу (окреслено головні проблеми та цілі регулювання державної підтримки АПК в ЄС і Україні),

статистично-економічний (було проаналізовано тенденції розвитку аграріїв в Україні, їх сучасний стан), абстрактно-логічний (теоретичні узагальнення та формулювання висновків). В результаті дослідження ми отримали певні принципи і заходи, які необхідно перейняти для поліпшення ситуації в аграрному секторі економіки.

Практична значимість дослідження обумовлена тим, що впровадження результатів забезпечить підвищення ефективності роботи агропромислового виробництва, допоможе раціонально розподіляти кошти, структурувати державну підтримку за рахунок розробки чіткого стратегічного плану з використанням досвіду Євросоюзу.

Ключові слова: державна підтримка, скриньки, агропромислове виробництво, державне регулювання, Європейська аграрна політика (ЄАП), державний бюджет, субсидії.

Література

1. Producer and Consumer Support Estimates (OECD Database 1986-2018) / Organization for economic cooperation and development. [Веб-сайт]. URL: <https://stats.oecd.org> (viewed on: 22.09.2018).
2. World Trade Organization / Domestic support in agriculture: The boxes. [Веб-сайт]. URL: <https://www.wto.org> (viewed on: 28.09.2018).
3. Багаторічний фінансовий план ЄС на 2014-2020 pp. [Веб-сайт]. URL: www.imemo.ru/index.php?page-id=502 printmade (дата звернення: 1.10.2018).
4. Notifications of European Union concerning domestic support commitments. [Веб-сайт]. URL: <https://www.wto.org> (viewed on: 1.10.2018).
5. Селіванова–Зеркаль І. О. Сільське господарство Польщі: еволюція 2000-років у вимірі європейської інтеграції, І. О. Селіванова–Зеркаль // Історичний архів. – 2015. – Вип. 14. – С. 121–127.
6. Кулина С.Я. Вплив державної підтримки на розвиток аграрного сектору економіки в Польщі // Економіка АПК. – 2007. – № 6. – С. 133-139.
7. Офіційний сайт Міністерства аграрної політики і продовольства України. Державна цільова програма розвитку українського села на період до 2015 року. [Веб-сайт]. URL: www.minagro.gov.ua (дата звернення: 1.10.2018).
8. Офіційний сайт Державної служби статистики України. [Веб-сайт]. URL: <http://www.ukrstat.gov.ua/> (дата звернення: 10.10.2018).
9. Урядовий портал України. [Веб-сайт]. URL: <https://www.kmu.gov.ua/ua/news/za-2-misyaci-2018-roku-ukrayinskij-agrarnij-eksport-syagnuv-majzhe-3-mlrd-olga-trofimceva> (дата звернення: 15.10.2018).
10. Notifications of Ukraine concerning domestic support commitments. [Веб-сайт]. URL: https://www.wto.org/english/thewto_e/countries_e/ukraine_e.htm (viewed on: 22.03.2017) (дата звернення: 18.10.2018).

Стаття надійшла 2.11.2018

Стаття прийнята до друку 16.11.2018

Доступно в мережі Internet 29.12.2018

Цитування згідно ДСТУ 8302:2015

Ageieva I., Rynkova A. State support of agricultural production of Ukraine and EU countries in the conditions of the WTO // *Food Industry Economics*. 2018. Vol.10, Issue 4. P. 3-8. doi: 10.15673/fie.v10i4.1127

Cite as APA style citation

Ageieva I., & Rynkova A. (2018). State support of agricultural production of Ukraine and EU countries in the conditions of the WTO. *Food Industry Economics*, 10(4), 3-8; doi: 10.15673/fie.v10i4.1127