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**REALIZATION OF THE STATE STRATEGY  
FOR THE DEVELOPMENT OF THE AGRICULTURAL  
SECTOR 2015-2020 IN UKRAINE.  
WHAT ARE THE ECONOMIC MODELS TO APPLY?  
WHAT TO TEACH?**

In October 2015, the Government of Ukraine approved the «Integrated Strategy and Action Plan for Agricultural Lands Development in Ukraine for 2015-2020» [1]. Definitely important document, which defines the ten major priorities of the reforms:

1. Business climate and counteraction to corruption, creation of a stable legal system that meets international and European standards, in particular by implementing the Association Agreement between Ukraine and the EU.

2. Land reform.

3. Institutional reform of the Ministry of Agrarian Policy, state enterprises, institutions, organizations belonging to its sphere of management.

4. Food security.

5. Taxation.

6. Development of agricultural food chains of added value.

7. Rural development – revival of Ukrainian village.

8. Access to international markets, trade policy and export promotion.

9. Agrarian Science, Education, Innovation and Advisory Services.

10. Environmental protection and management of natural resources, in particular forestry and fisheries.

Two years ago, the implementation plan for implementing the strategy of reform and development is started, but the shifts are minimal. This is largely influenced by the implementation of the first paragraph – the fight against corruption. According to the reports of international organizations – there are practically no shifts [2]. What is wrong and what needs to be done? I am sure that such issues are now faced by all the participants in the agrarian market. In one short article one person cannot make a complete analysis of the internal state of all the activities of the government and market participants and develop proposals.

In Ukraine, 64.4 million hectares of land, of which 69% are fertile agricultural land. There is no doubt about the key role of forming a strategy for Ukraine as an agricultural producer. There is no doubt that the necessary changes will ensure the implementation of all ten points of the government's strategy. But there are questions not only from foreign investors about corruption. Essential issues are the choice of an economic model of rural development from local farmers and farms and the choice of model of training specialists.

In my opinion, the choice of model of development of agricultural enterprises should be based on two fundamental directions:

- Creation of a model of sustainable development of the agrarian sector, which will ensure a respectable attitude in society, employment of the population and a harmony with the environment. That is, the relation to the agrarian sector from the side of society and the state should have the highest priority, and all activity of the sector should have an emphasis on preserving nature and production of environmental products.

- Satisfying the needs of consumers with high-quality, diverse food products that meet the most demanding social and health requirements, as well as the environmental requirements.

In the last century, the agrarian sector in most developed countries of the world has made significant progress thanks to new technologies and technical implementation. This allowed to ensure the quantity and quality of food. But at the same time, many mistakes were made in re-

lation to nature and the environment, as well as, in some places, were creation of surplus agricultural production. The question of the largest powers in the world was: what's next? To abandon new technologies and stop technical progress? Or neglect security and natural resources? After several CAP reforms in the EU, new challenges have emerged: surplus production, food security and the globalization of markets.

By developing a strategy for the development of our Ukrainian agrarian sector, we need to take into account these changes and take into account the strategies of the advanced countries, first of all the EU. This will allow us to quickly bridge the gap that exists with us in technology and technical development and integrate into the global market.

Today, organic food production is one of the fastest growing sectors of the economy [3]. The area of land occupied in the production of organic products reaches 50.9 million hectares (for comparison: in 2001, 16 million hectares). The largest area of land – in Australia – about 27.1 million hectares (Table 1).

**Table 1**  
**Organic Agriculture land in the world. TOP 10**  
**(including in-conversion areas)**

Country	Hectares
Australia	22.690.000
Argentina	3.073.412
USA	2.029.327
Spain	1.968.570
China	1.609.928
Italia	1.492.579
France	1.375.328
Uruguay	1.307.421
India	1.180.000
Germany	1.088.838

Source: *The Organic Agriculture Worldwide, 2017 (Bio-Fach, IFOAM and SÖL).*

It should be noted that FAO (Food and Agriculture Organization) [4] has been a major impetus for the development of this field, providing support for this type of agricultural production in the form of information and documentary bases. It is obvious that having one third of all fertile chernozem on the planet and an advantageous geographical position, Ukraine should be among the TOP- countries that use this model of development of the agrarian sector. Today, Ukraine uses only 410 550 hectares, which is only 1% of the total land that is intended for agriculture. Table 2 provides an analysis of the percentage of countries in the leaders.

**Table 2****Counties with organic share at least 10 %**

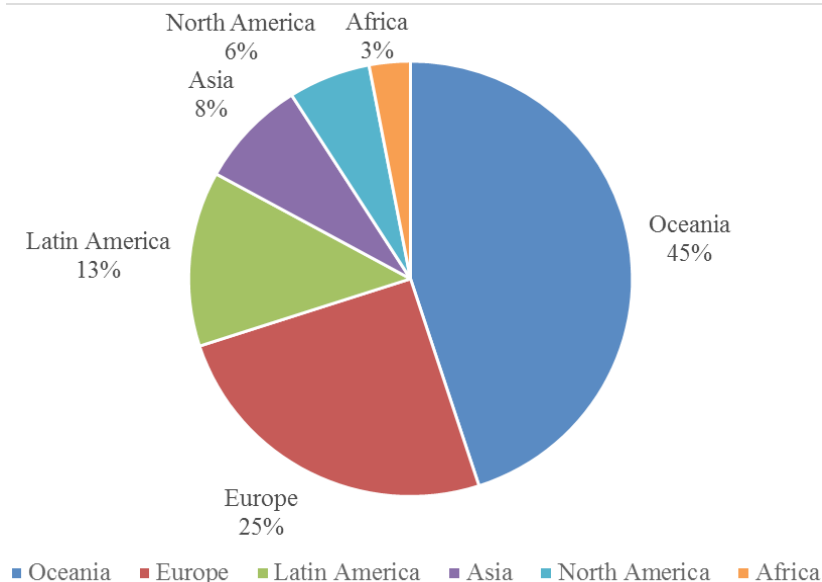
<b>Country</b>	<b>%</b>
Liechtenstein	30,2
Sweden	21,3
Estonia	16,9
Sao Tome & Principe	16,5
Switzerland	13,8
Latvia	13,1
Folkland Islands	12,8
Italy	12,5
Czech Republic	11,3
Finland	10

*Source: The Organic Agriculture Worldwide, 2017 (Bio-Fach, IFOAM and SÖL). FIBL survey 2015.*

In order to determine the priority direction of export of Ukrainian products, it is necessary to get acquainted with past analyses of the competitive environment, which present us the distribution of land for the production of organic products (Figure 1). This graph shows very clearly the potential of continents to use land for the production of organic products. As can be seen from this graph, Europe is second only to the world in terms of its potential. Also, realizing that today the EU

has an overproduction in the agrarian sector, it is evident that competition in this market for Ukrainian products will take place not at the consumer level, but at the legislative level. Obviously, the EU, having overproduction and legislative base, will defend its markets.

**Figure 1. Distribution of area for organic farming by continents**



Source: *The Organic Agriculture Worldwide, 2017 (Bio-Fach, IFOAM and SÖL)*.

Therefore, in their export strategies and in choosing sales patterns, manufacturers and government must focus on Asian and African markets, North American markets with resource constraints and food needs. Thanks to the advantage of geographic position, we can become one of a leader.

In favor of my proposal on the choice of model of development, other facts are also spoken. Over the past 25 years, the amount of land allocated for the production of organic products in the EU countries has increased by more than 40%. A significant inevitable factor in the development of the infrastructure of the agrarian sector is the state.

And sometimes this share of investment amounts to 75% of total investment needs in the industry [5]. Almost 80% of this increase is in 1993. This coincides with the entry into force of Regulation (EU) No. 2092/91 [6]. It should be taken into account that the potential of the EU – 176 million hectares and the dynamics of growth of organic production is quite significant, investments from the side of the states of participants make a large share. Therefore, it is clear that the absence of advanced technologies in Ukraine, lack of modern technical means of production, lack of significant government investment in the development of the industry, and the lack of a legislative framework will prevent Ukrainian farmers from being highly competitive in the near future in the EU markets.

Certainly, the consumer is the center of the whole chain of production of the agro-industrial sector. The consumer is increasingly demanding security. At the same time, the producer also requires the protection of his investment and the products he produces from various factors that will provide him with consumer confidence. The right choice of certification model for manufacturers and their products can answer immediately on both issues. Creating a kind of MAPs of producers in every direction of the agrarian sector, as it already works in the EU, is a great example to follow, which should be introduced by our government.

As stated in the Strategy [1], implemented by the Ministry of Agrarian Industry: the research system in Ukraine is completely separated from the practical needs of the industry and from the international research community. You can not agree here. A sufficient number of teachers and academics of educational institutions are trying, as their own financial capabilities, to be part of the world scientific community. But this is done at the expense of scientists and for the limited participation of the state. Educational institutions do not have enough autonomy and development funds.

The training of specialists should be considered through the prism of the adoption of such a model: Research – Development – Preparation [5] (further in the text R – D – P). This model operates in all sectors of the economy of most developed countries. The model is simple and accessible to understanding, as it allows to identify a problem that

impedes the comprehensive development of the agrarian sector and offers a variety of alternatives to address these problems. When we talk about the model R – D – P, we can not talk about research and training in the strict context of these words. Such a model includes:

- Development of production systems, technologies;
- Transmission of these systems to manufacturers and introduction of these systems;
- Presentation and promotion of these systems for the perception of it by farmers;
- Advisory and training of new specialists.

Implementing the standards for organic agricultural production in the agrarian sector, EU countries were forced to turn most of their training institutions into training centers, starting in 1994. There are more than 4.5 million family farms in Ukraine. About 40% of the land is used for agrarian sector production. Are there enough farmers to go for long-term training? We have no other way of motivating the transition to new technologies and the introduction of new production systems, such as short-term trainings and retraining courses. Can the education system today adopt such an approach? Obviously, no by self. Today's model of academic education is also under reform. Today's education system is capable of reforming into research laboratories and centers for in-depth research, as well as taking on the role of centers for educational publishing and promoting activities. To support and fund such activities, first of all, should be the state and industry associations.

The system of trainings should be concentrated on several groups of listeners:

- Farmers who manage their own family farms;
- Collectives of people working in medium and large agrarian enterprises;
- Collectives of people who seek to retrain and find new jobs in the agricultural sector.

In Ukraine, networks of business schools and short-term training programs for business education have been established. A lot of large agrarian enterprises send their managers to short-term courses in finance, marketing, and other areas of general business management and business administrations. But the rural sector must take an ac-

tive part in the creation of short-term training programs that deal with agricultural production, organic production management, production quality control, international standards and export requirements, etc.

The issue of training coaches of such programs requires a separate consideration. Teaching academic disciplines and conducting short-term trainings has a significant difference. But the experience of the development of business education in Ukraine shows that teachers who are constantly participating in international curricula and have their own experience of practical application of their knowledge in business, quickly adapt to the requirements of short-term training.

Unfortunately, in the proposed «Strategy» [1], the Ministry does not disclose such an important direction as «trainings». In this document, everything is limited to the creation of a Coordinating Board for advisory and creation of a e-platform. The practice of developing other sectors of the economy has shown that such an approach is false. Increasing the level of knowledge of the entrepreneur through the creation of coordination councils in the Ministries and various electronic platforms in these Ministries cannot be effective.

Learning activities should be integrated into instantaneous practice and feedback in the same way as possible to improve the training process. Programs must be diverse that cover all areas of activity of farmers and have a link with the global business education system.

In the development of the EU there has been a rather complicated path of reform and a strategy for the agrarian sector since 1991. This is a path of success and error. In 2001, the European Conference «Agriculture and Organic Food Products was held. On the path to cooperation and action in Europe» (Copenhagen, May 10-11, 2001) [7]. This conference was a platform in which representatives of participating countries and other organizations of the agrarian sector summed up 10 years of activity, considered key mistakes that were admitted, discussed successes.

EU member states have signed a declaration, the brief essence of which is as follows:

- Organic farming is an important tool that has a great potential, which simultaneously solves a wide range of problems related to food production, environmental protection, and rural development.



- Agriculture and certified organic products are becoming the most successful economic model for organic producers in Europe due to the growing demand for this type of certified organic products. This is a prerequisite for the development of organic food and income markets for farmers.

- Agriculture and organic food production should be the most developed in Europe.

The experience of European countries has shown that their strategy worked, agricultural development contributed to strategic plans for building other spheres of the economy, the public and private sectors.

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