TRANSFORMATION AND DEVELOPMENT OF PRODUCTION-LOGISTICS ENTERPRISES IN UKRAINIAN AGRARIAN ECONOMY

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What are the processes of transformation and economic development of production-logistics enterprises in agriculture and what conceptual ways for balancing the sphere of agribusiness with steady development of rural areas in Ukraine? Therefore the purpose of the article is the development of strategic directions of post-reform harmonization in development of enterprises in agrarian sphere and rural territorial communities. Based on SWOT-analysis the author’s methodological approach to retrospective systematic estimation of alternatives for transformation production-logistics enterprises has been applied. The research has been carried out on reformed collective agricultural enterprises, 19 agroholdings and 668 cooperatives throughout 1999–2014. Prospective ways and conceptual approaches to harmonization of budget-creating role of agribusiness and social economical role of development of rural area have been suggested.

Keywords: agricultural business, alternative, cooperatives, corporations, harmonization, reformation, rural areas.

JEL Codes: L16, O13, P32.

1. Introduction

In modern conditions of dynamic development of agrarian markets and technologies, progressive reforms are some of the most important factors in providing competitiveness of agribusiness and effective satisfaction of consumers’ needs.

This issue is extremely essential for Ukraine nowadays, especially under the circumstances of integration towards economy of the European Union, formation and development in a new structure of agriculture, increase in producing capacities and export of food produce as well as increase in total role of agrarian sphere for the economy. Agrarian sector is one of the few sectors in economy of Ukraine which during different crises succeeded in keeping stability of its own development in fact on the background of general economic recession. At that the potential of agrarian enterprises at world markets has not been completely realized yet (Vasylieva, 2015).
The attraction of the agrarian business in Ukraine during the last few years has been actively growing. According to FAO Ukraine is considered to be among the five most prospective agrarian countries. Furthermore demand and prices for food produce have been growing steadily at world markets during the last time. Under those conditions the effective task to develop agriculture is its further intensification and harmonization. It is also necessary to create integrated production-logistics systems which provide economical steadiness and stability for development of agricultural entrepreneurship.

It is worth paying attention that features of agribusiness to a big extent are connected with specific missions of different forms of entrepreneurship in organizational structure of agriculture. Among them in agrarian sphere of the world economy the most distinct ones are private-corporate and farming-cooperative forms of activity. Both of them have the right to exist at the same time and carry out different useful functions. Owing to that the agrarian sphere in most developed countries is not viewed exclusively as a producer of food and a source of income to state budget but it is viewed as a complex social-economical system focused at the same time both on economical, ecological and social development of agrarian territories.

At that in the system of producing either of these forms tends to enlarge the process of land utilization with the purpose of applying economic advantages or effects from scales of agricultural business. But reaching the same aim is carried out using absolutely different ways: through rent relations and concentration of private capital as well as democratic unions of many producers for common performance of producing functions.

Negative traits are evident both in organization of logistical activity of different forms of agricultural entrepreneurship. Besides in corporate agrilogistic consequent stages of supply, maintenance of production and distribution are located within control from one side or several sides, and in cooperative – logistical chain is controlled through democratic management and multiple equal co-ownership. The purpose of the former is to maximize corporate financial results, while the purpose of the latter is to minimize logistical costs and increase in profit for members of the cooperative.

At that complex grounding of solutions and estimation of risks is an essential component of effectiveness in the system of state management in modern conditions. Such an issue becomes essential during the mentioned transformational changes in the society. An example of that could be the experience of carrying out agrarian reform in Ukraine in the second half of the 1990s.

The scientific novelty is the following: “What processes of transformation and economic development of production-logistics enterprises in agrarian sector and what conceptual ways of balancing the sphere of agribusiness should be defined with steady development of rural area in Ukraine”?

Considering the mentioned above the research on the process of transformation and development of production-logistics enterprises in agrarian sector of economy of Ukraine is a very actual and important topic.
2. Analysis of the latest researches and publications


The experience of reforming agrarian formations in socialistic and post-socialistic countries has been studied by K. T. Akramov (2012), J.Y. Lin (1992), S. Robinson (2012), Z. Zhong (2014) and others.

Moreover the features of this process in countries of Eastern Europe were the focus of the studies by R. Gaudėšius (2011), M. Hartvigsen (2015), J. Podhrázká (2015), E. Mathijs (2004) and others.


At that E. Diaz-Bonilla et al. (2014) developed the methodology which provides an opportunity to estimate strengths and weaknesses of the carried out reforms and environment for the growth in agrarian economy of developing countries by various sub-indices.

Z. Zhong and X. Kong (2014) and J. Y. Lin (1992) viewed the state support in developing small production-logistics enterprises as one of the key directions of market transformational change in socialistic agriculture of China.

Features of the transformation in agrarian enterprises in most post-socialistic countries of Eastern Europe are the existence of so-called “two waves” of reformation. The first wave was connected with privatization of former collective farms and state farms, and the other one was oriented on consolidation of small plots of land. Those conclusion have been drawn by M. Hartvigsen (2015), J. Podhrázká et al. (2015), E. Mathijs et al. (2004) based on researches of these processes in Albania, Bulgaria, Hungary, Romania, Poland, Slovenia and other countries.

R. Gaudėšius (2011) emphasizes post-reformation issues in consolidation of lands in Lithuania as well as complexity in competition of small farming enterprises at the market of the European Union as well as at the local market.

S. Bojnec et al. (2014) pay attention to the fact that nature, structure, and evolution of agrarian enterprises in Ukraine and in most countries of Eastern Europe are quite different. Hence in Slovenia family farms are most important in organizational structure of agriculture while in Ukraine only major enterprises possess this feature.

Besides in Ukraine a major part of corporate production-logistics enterprises in forms of agrarian holdings achieve a high level of effectiveness and productivity in work. A. Balman et al. (2013) paid special attention to that fact in their publications.

Along with that P.I. Haidutskyi (2015) considers that there is an acute need for continuing transformation changes in Ukraine in post-reformation organizational structure of agriculture due to its certain flaws.
However, in most researches there is no systematic-methodological retrospective analysis of alternatives for transformation in post-socialistic agrarian sector of Ukraine. Furthermore strategic ways of harmonizing of post-reformation development of new production-logistics formations and rural areas have been insufficiently studied in the context of increasing food safety and defensive capacity of the country as well as integration to economy of the European Union.

3. Purpose, materials and methods of the research

The purpose of the work is the development of strategic directions of post-reform harmonization in development of production-logistics enterprises in agribusiness and rural territorial communities.

The subject of the research is theoretical-historical and applicable aspects of transformation and development of the agrarian sector of the economy.

The object of the research is the process of functioning of production-logistics enterprises in agribusiness of Ukraine.

Materials of the research are regulatory legal acts of Ukraine; official materials of the State Statistics Department, Ministry of Agrarian Policy; data from reports and official Web-sites of subjects of agribusiness; domestic and international scientific and science-consuming databases.

Methodological basis of the research is the author’s approach to retrospective analysis of decisions and risks in the system of reforming agrarian sector in the economy of Ukraine. It implies combined application of a set of known general scientific methods as well as a special method – SWOT analysis. Moreover other special methods of the research have been used. Among them are: economical-statistic, analogue, observation, interviewing, comparison, integral estimation, prognosis and so on.

4. Results and discussions

Results of the SWOT-analysis of alternatives in agrarian politics of the country in post-soviet period of Ukrainian history carried by us testifies to the presence of three main variants of action. At that each of the existing alternatives at the same time had strengths and opportunities as well as weaknesses and threats (Fig. 1).

At that the decision made by the President of Ukraine L. D. Kuchma concerning the third direction of reforming agrarian sector of the economy at that time was accepted with certain restrictions and under the influence of multiple factors of pressure. Among them are: the existing long-term steady stagnation in agriculture of Ukraine; acute priority in solving current tasks of the economy in the country over strategic ones. The former had been caused by the consequences of financial-economic crisis in 1998, devaluation of hryvnia, decrease in living standards and so on. The negative role has been played by the memory of importance in solving the food problem on the negative example of the USSR. Besides that also was the impossibility to make political decisions towards opening the civilized land market, which is the source of capitalization in agriculture and growth in agrarian economy under market condi-
The existing redistribution of resources from collective agricultural enterprises (CAE) to private-corporate sector cannot be ignored.

**I**

**SAVING COLLECTIVE AGRICULTURAL ENTERPRISES (CAE) AND THEIR STATE SUPPORT**

*Strengths (possibilities):*
- avoidance of significant social-economic changes (shocks) in villages

*Weaknesses (threats):*
- significant budget support;
- not adequateness of market economy;
- low motivation and labor productivity;
- not effective work;
- high probability of bankruptcy;
- low credit and investment attractiveness of CAE;
- fears of stagnation, worsening and import replacement for food and so on.

**II**

**LONG-TERM EVOLUTIONARY TRANSFORMATION OF COLLECTIVE AGRICULTURAL ENTERPRISES INTO FAMILY FARMING ENTERPRISES AND AGRICULTURAL COOPERATIVES**

*Strengths (possibilities):*
- high motivation toward development of both agrarian production and rural areas;
- realization of advantages of large-scale production by horizontal integration of small agrarian producers into cooperative “below” and formation of the middle class in the village and so on.

*Weaknesses (threats):*
- threats towards parcelization of the land and unions of villagers into cooperatives;
- significant budget support and length of the process;
- complexity of quick attraction of private investment without operation of the land market;
- loss of possibilities at the world market due to slow growth of the agrarian economy and so on.

**III**

**EXPEDITED REFORMATION OF COLLECTIVE AGRICULTURAL ENTERPRISES IN ORGANIZATIONS, MAINLY WITH PRIVATE-COOPERATIVE TYPE OF OWNERSHIP**

*Strengths (possibilities):*
- use of the private capital in agriculture under conditions of renting land;
- preconditions for quick modernization and growth of the agrarian economy and so on.

*Weaknesses (threats):*
- low motivation of private investors to social development of local rural areas;
- ecological risks from rent of land;
- threat to market monopolization and excessive concentration of capital in agriculture and so on.

Fig. 1. SWOT-analysis of alternatives in agrarian politics of Ukraine in the second half of the 1990s.

Source: author’s development

The following factors encouraged it: non-equal conditions of the forced cooperation for many CAE with private machine-technological stations (MTS) and suppliers of resources; barter contracts with traders; low motivation to effective management and so on. At that agriculture of Ukraine has already been viewed as an at-
tractive object for investment of private national capital from other fields of the economy as well as for many foreign companies.

Due to changes the post-reformation paces of economic growth in agriculture of Ukraine, the period of 1999–2014 proved to be more than convincing which testifies to the increase in grain export 14.4 times; labor productivity – 11.5 times; total grain yield – 2.6 times; grain yield – 2.1 times; gross produce of agriculture in constant prices of 2010 – 1.7 times (Statystychna …, 2015).

At that the research of the trend about changing such an important economic index as labor productivity very clearly exhibits stable before reformation decrease and rapid post-reform growth (Fig. 2).

![Fig. 2. Dynamics of labor productivity in agrarian enterprises of Ukraine per one employed person in constant prices of 2010](image)

Source: calculated by authors according to data (Statystychna…, 2015)

In due time thesis by B. M. Semevskiy has been put in the basis of economic doctrine of soviet agricultural: “The most profitable will be the enterprise which covers the whole globe”. It led to formation and development of large-scale agrarian production. Average square of land in a collective farm in the USSR was 6,400 hectares, in a state farm – 16,100 hectares (Novykov, 1999, p. 145).

At that period in the USA, Canada and countries of the European Union agricultural enterprises developed on the basis of family farming and cooperation.

In the agrarian sector of Ukraine after reformation of the collective agricultural enterprises throughout the last years the trend to large-scale production has been traced clearly (Table 1).
Table 1. Dynamics of changes in amounts of land tenure and land ownership in agriculture of Ukraine during 2001–2014

<table>
<thead>
<tr>
<th>Index</th>
<th>Type of change</th>
<th>Amount of change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of enterprises which rent over 10,000 hectares</td>
<td>↑</td>
<td>3.5 times</td>
</tr>
<tr>
<td>Square of agricultural land in their ownership and tenure</td>
<td>↑</td>
<td>4.2 times</td>
</tr>
<tr>
<td>Average amount of grounds per one enterprise</td>
<td>↑</td>
<td>34%</td>
</tr>
</tbody>
</table>

Source: author’s development based on (Statystychna…, 2015)

In post-reformation period in the first decade of the XXI century in fact a new stage of restructuring agrarian enterprises started toward formation of extremely significant vertical-integrated technological-logistics systems of production, stocking, processing and sale of agricultural produce and food.

At that in post-reformation period it can be clearly evident that there is a trend toward much more powerful enlargement of agricultural production than it was during the Soviet times. During that period large agrarian companies grew and became stronger which concentrated enormous grounds on loan.

One of the features of the evolution in production-logistics system in agribusiness of Ukraine has become the formation of vertically integrated agrarian industrial groups which control tens and hundreds of thousands of hectares of agricultural grounds and rapidly and powerfully enter the highest level of integrated development of a production-logistics system.

At contemporary conditions of functioning of agrarian sector in economy of Ukraine the leading positions are mainly controlled by corporate agrarian industrial groups in most directions.

For today a certain exception is only dairy and meat branches, fruit-growing and some other fields. But with each year the produce of these sub directions of agricultural sector also gradually decrease toward large scale producing sector.

Such business organizations have become known as ‘agroholdings’ (agrarian cooperatives, corporations and so on).

Today precisely those organizations are main exporters of agrarian produce and food to international markets.

At modern level of development most agroholdings in Ukraine have such features as active spread of areas of rented grounds, essential investment into development of agrilogistics, formation of a vertical integration and desire to enter international markets of attracting finances.

Such agro-industrial formations are created as integrated trans-regional corporate unions in agribusiness. Schemes of creating corporate vertical, integrated formations in agrarian sector of Ukrainian economy are frequently quite complicated (Fig. 3).
Fig. 3. Spread scheme of creating a corporate manufacturing-logistics formation in agrarian sector of Ukraine

Source: author’s development

According to the authors, formation of large-scale agrarian companies as new production-logistics systems has significant advantages for Ukrainian economy. For example it is the creation of closed supply chains (produce-stocking-processing-distribution) with orientation toward world export of agrarian produce.

Dynamic development of a large-scale business takes place along with dynamic development and implementation of modern technologies in agrarian enterprises. Innovations almost invaded the traditionally conservative agrarian industry and greatly increased its productivity.

Besides nanotechnologies in highly-productive agrarian equipment, ultrasound sensor devices, scanners with defining soil inequalities to minimize the pressure of machines on the surface of land and other innovations have become reality. On-line control over plowing can be done with the help of just one computer, sowing can be supervised using a satellite. In the systems of producing, stocking and transportation of agricultural produce a lot of advanced logistical innovations have been introduced. Ordinary use of such technologies and equipment requires essential long-term investments. Large-scale companies due to their scale effect operate much easier than other producers. Shares of major part of them are sold at international stock markets, and world and domestic banks willingly provide credits for big Ukrainian agribusiness.

Along with that the spread of extremely large operators lead to excessive concentration of rented grounds; turning many villagers from owners of land to employed people; monopolization of prices for labor force and labor results in rural areas; unfair distribution of the added value, mono cultivation of farming and mainly degradation of rural areas and so on. Moreover export orientation of large-scale producers of plant goods positions Ukraine as a low-developed country-exporter of raw materials and application of intensive technologies lead to acute unemployment in villages.
Besides on the one hand owing to activity of such big companies productivity and efficacy are increased significantly in agrarian business, on the other hand there is a massive competitive push on traditional forms of agricultural production (limited liability agrarian companies, agrarian firms, farming enterprises and so on), activity of them naturally corresponds to rural areas and their infrastructure (more owners, managers, workers of agroholdings and their families do not live in areas of own agricultural production). Many large-scale agrarian companies are registered in cities and almost do not pay taxes to local village budgets. At all that the model of rural poverty in Ukraine contrasts with high level of agrarian industry.

Such excessive concentration of agrarian production was not observed for example in the USA, Canada, countries of the European Union, where agriculture developed by the slow evolutionary way based on family farming and cooperation.

In Ukraine family farms were not widespread, the growth in number of small and large-scale farming enterprises have stopped over the last time. However, an essential presence of integrated corporate-logistics formations today is a special feature of not only Ukrainian agrarian sector of economy.

Development of large-scale agrarian companies was widespread in Argentina, Brazil and other countries (Cervantes-Godoy, 2015). At that a special trait in Argentina for example was a high level of urbanization, which to a certain extent was caused by the system of large-scale land ownership in rural areas and a small demand for work force there.

Besides large-scale corporations in agriculture as a phenomenon are not exclusively Ukrainian variant of developing production-logistics systems in post-Soviet area. Furthermore similar situation can be observed in the Russian Federation, Kazakhstan and other post-socialistic countries.

Over the past few years the agrarian sector in many post-soviet countries demonstrates high paces of economic growth. To a certain extent the intensification of amounts in agrarian produce in Ukraine has been connected with the growth in investment in agricultural sector via the chain of large-scale agrarian companies.

However the existing increase in level of agricultural produce is not always connected with the increase in economic wealth of villagers and steady development of rural areas.

In Ukraine owners of plots of land in most cases do not possess material-technical and financial resources to organize production of agricultural produce. The steady trend to decrease the number of farming enterprises has been evident over the past few years. At present stage of agricultural development in Ukraine without essential government support to small-scale enterprises and restrictions to applying relatively cheap finances, creation of large-scale agrarian companies is in fact a way without any alternative to modernization of rural enterprises and increase in their productivity.

In many countries agrarian market economy is being formed and there are no developed markets of land or they operate imperfectly. Under such conditions large-scale agrarian companies have the opportunity to attract and apply relatively cheap huge capital of non-agricultural origin (industrial, banking and so on) for rented grounds. Recently Ukraine has observed significant growth in import of agricultural
equipment. At that for many consecutive years the state at the global market is favorable for agrarian produce and food.

For today Ukraine according to different pundits has approximately one forth – one third of land rented by trans-regional corporate unions. At that the amount of land usage has increased steadily for the past seven years. Only in 2014 a partial decrease in so-called “land bank” from large-scale agrarian companies has been noticed. The latter was possibly caused by the annexation of the Crimea by the Russian Federation and occupation of part of the Donbas region where separate agriholdings experienced a total net loss of about 125,000 hectares. But at that in the structure of land cultivation the part agrarian companies among all agricultural producers of Ukraine even partly increased up to 27.9% while in 2007 this index was only 8.1% (Fig. 4).

![Fig. 4. Dynamics of sizes and parts of land cultivation by agriholdings in Ukraine, 2007–2014.](image)

Source: author's development based on (Naybil'shi…, 2015)

The biggest bank of land over 100,000 hectares and more is owned by 19 enterprises. The first twenty companies control 15% of arable land in Ukraine. Consolidation, merge, takeover constantly occur. Some enterprise increases its grounds while others decrease it. Certain large-scale companies like “Ukrlandfarming”, “Kernel Group” are now actively growing and increase their grounds (TOP-19…, 2015).

Agriholdings are mainly groups of merged enterprises which totally use over 50,000 hectares of agricultural land.

Among them the biggest agrarian companies in Ukraine by amounts of land cultivation are the following holdings: Ukrlandfarming, NCH Capital, Ukrainski agrarni investytsii, Myronivskyi khliboprodukt, Mria, Kernel, HarvEast, Astarta-Kyiv, Pryvat-Agrotsentr, Agroton, Loutre-Agro and others (Fig. 5).
At that company “Ukrlandfarming” has become the biggest agriholding in EuroAsia (they rent over 600,000 hectares).

Most of the contemporary agriholdings have similar characteristics concerning building functional structures of production and logistics.

Special features of such companies are the presence of own production and different resources (seeds, selective activity and so on). Sources of the stocking process are supply of materials from outside special producers as well as approach of certain types of produce from main raw and additional production of resources.

Nowadays in Ukraine agricultural land are privately owned by those individuals who possessed those grounds as members of collective agrarian enterprises and workers of a social sphere of a village or heirs to land owners. And their total number is almost 7 million people. Two thirds of owners of land are people over 50 years old, among them over 44% are retired. In rural areas the biggest part (34.2%) – families of two people; 21.5% - households with three people; 16.5% – families with four members; 12% – single people who are alone (Honcharuk, 2012; Rezul'taty…, 2013).

For today in Ukraine there is a contradictory situation toward realization of the known principle “land must be owned by those who work on it”. However number of
land owners who work outside the village prevails the number of those who work in agriculture.

According to sociological survey only 13.8% of land owners work in the sphere of agriculture and over 80% of them have no intention to constantly cultivate their own plots of land. Along with that, a big percent of land owners (about 10%) are registered as unemployed citizens (Rezul'taty…, 2013).

At that in Ukraine rent relationships with private-corporate agribusiness are dominant and the issue of productive cooperation between land owners is not very widespread. Among them only 21,500 owners of land are members of servicing cooperatives which is about 0.3% (Informatsiyno-analitychni…, 2015).

In the process of forming land relationships, reasonable cooperation should take place for the sake of the market itself not for the sake of commonly important certain social-economic purposes. One of such strategic purposes must be stimulation of gradual changes in the structure of agriculture and type of economic control in the system of production-logistics chain in agrarian sector of Ukraine (Fig. 6).

Therefore the strategy of finishing the land reform must be firstly focused on creation of most favorable conditions to development of production-logistical systems in small and middle agribusiness companies which corresponds to traditionally rural style of life.

Today Ukraine urgently needs to create an alternative cooperative model for development territorial organization of the agrarian enterprise which is focused on increase in economic self-sufficiency of small and middle agrarian producers in the village by democratic union from “below” with the purpose of using advantages of large-scale production and integrated logistical supply.

Moreover the experience of China shows that the support of a small-scale agrarian sector lead to the decrease in rural poverty from 53% in 1981 to 8% in 2001 (Zhong, 2014).

At that in Ukraine under conditions of domination in rent relationships, cooperation in the system of logistical provision of agrarian enterprises up to date is a bit more developed compared to producing cooperation between agricultural producers.

It has been connected with the essential role of certain sectors of agrarian economy of enterprises by people which operate without creating legal entities and small or middle-sized forms of running a business which are unable to carry out effectively most logistical processes to run their own businesses.

Nevertheless in the structure of gross produce in agriculture of Ukraine the part of households owned by people is about 50%. At that traditional segments of agrarian producing have been formed. Their role at present is dominant. For the past few years the percentage of households owned by people was 80%, alive mass of cattle – 75%, vegetables, fruit and berries – 85%, potato – 95% (Informatsiyno-analitychni…, 2015).
Fig. 6. Model of separate strategic purposes and tasks to complete the land reform in Ukraine

Source: author's development

Small and middle-sized forms of enterprises to a certain extent are also present in other sectors of agrarian business (production of grain and oil cultures, pig-breeding, bird breeding and so on).

At that the produce of small and middle-sized agricultural producers often have low competitiveness due to receiving not a big part of the added value, complexity in providing non-loss costs for logistical expenses. Impossibility to form large installations of produce with necessary quality and so on.

Such situation creates conditions to form and develop the system of agricultural serving cooperation which is mainly focused on providing own logistical processes (supply, stock, storage, transportation, distribution and so on) with common efforts.

The world experience shows that the system of cooperative logistics is one of the most effective alternative approaches to provide agrarian production. Its deve-
loment mostly corresponds to protect economic interests of most small-scale and middle-scale agrarian enterprises.

For the third President of the USA Thomas Jefferson essentially noted “Those who cultivate land are the most valuable citizens. They are more energetic, more independent, more good-doing and they are most tightly connected with their country and its interests!!!(Griswold, 1946, p. 662).

5. Conclusions

1. The selection in the late 1990 s of an alternative to accelerated reformation of post-socialistic collective agricultural enterprises in Ukraine in organization of mainly private-corporative type could be viewed as temporarily optimal. With the passing of time it led to excessive concentration of capital and amounts of land tenure (number of enterprises which rent over 10,000 ha has increased 3.5 times). At the same time nowadays the large-scale production-logistics enterprises in the form of agrarian enterprises can provide serious competitiveness of Ukrainian agriculture at world markets. Significant increase in post-reform period of grain export, labor productivity and gross yield took place due to participation of the large-scale business. In 2012 the budget receipts from agrarian enterprises for the first time outweighed those from the metallurgical industry. At that economic successes contrast with a low level of income for rural residents, high level of unemployment, degradation of land quality and social infrastructure. Therefore despite the important role for the economy of the country (especially under conditions of a “hybrid” war waged against Ukraine), the agrarian sphere yet cannot be considered as exclusively the producer of food and the source of income to the state budget. In the whole world it is a complex social-economic system simultaneously focused on both ecological and social development of local rural areas.

2. The prospective organizational structure of agriculture in Ukraine should be formed not by powerful corporative or powerful cooperative production-logistics enterprises but by the optimal system which consists of them. In this system the role of the former is to invest into high technological production in crop and livestock focused on mass export; the task of the latter is to develop labor consuming agrarian entrepreneurship, to be an economic mainstay for rural communities, employ local rural population and support agrarian landscapes.

3. Nowadays agrarian cooperation in Ukraine is developed very poorly. Only 0.3% of landowners are members of the serving cooperatives. In the structure of services to agrarian enterprises gathering and distribution of milk (approximately 80%) prevails, storage and sale of crops (12%), as well as stocking of fruit and vegetable produce (5%). Among the ways of distribution the processing enterprises prevail (approximately 75%). They are mainly represented by private-corporate milk factories, for whom cooperatives in fact are organized subjects on the territory of certain resource areas. Acting not numerous and small-scale cooperative milk factories distribute their produce only through organizations of a social sphere. Therefore modern solutions in the area of state strategic management have to consider in complexity all risks and directed at strengthening the level of harmonization in agriculture of Ukrai-
ne. It means that it is necessary to achieve a certain social-economic compromise between intensification of production capacities in agrarian produce and development of rural areas. And key strategic directions should be: formation of an effective system of state-private partnership as well as support for the development of farming cooperative production-logistics enterprises. The latter will harmoniously add export-focused private-corporative agribusiness. It is also necessary to create fiscal conditions which will gradually stimulate agrarian trading companies to investment partnership in development of not only corporative but also alternative cooperative agrilogistics.

4. In Ukraine the absent land market is dominant in rent relations between land owners and production-logistical enterprises. Over 80% of landowners do not intend to work on their land plots themselves and only 13.8% of them are employed in the sphere of agrarian production. Therefore the strategic task to complete the land reform has to be the development of favorable business climate for increasing the level of capitalization, first of all, for small-scale production-logistics enterprises. Hence the number of landowners which will receive their main income from production on agricultural land tenure will rise.

Further research should be focused on developing mechanisms of adaptation of production-logistics enterprises in agribusiness of Ukraine toward conditions and standards of the European Union within the context of steady development of rural areas.

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References


Santrauka


Raktiniai žodžiai: žemės ūkio verslas, alternatyva, kooperatyvai, korporacijos, suderinimas, reformacija, kaimo vietovės.

JEL kodai: L16, O13, P32.