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## **THE CONDITION AND PROSPECTS OF AGRICULTURAL SECTOR EXPORT DEVELOPMENT IN UKRAINE**

### **ABSTRACT**

The development and effectiveness of the agricultural sector of Ukraine's economy largely depends on the foreign economic activity of the country. The level of export opportunities for countries establishes its place in the global economic system, the impact on global processes and determines not only the economic but also the political power of the state and its authority and place in international relations.

Ukraine's agriculture is the only sector showing steady growth during the financial crisis, starting in 2008. Main kinds of crops and livestock production in recent years show a strong tendency to increase, and at almost the same level of domestic consumption creates additional volume of exports.

Formation of export -oriented agricultural production in Ukraine began with the its status of an independent state. From 1991-1992 formation of legislation on foreign trade and linkages with international organizations had been happening.

Stormy liberalization of foreign trade in 1993-1995 reduced the competitiveness of domestic producers. But since 1996, the foreign policy of Ukraine has been intensifying protectionist tendencies and increasing state support for agricultural producers.

Ukraine's accession to the World Trade Organization (WTO) in March 2008 marked the intensification of integration processes, the liberalization of trade regimes, increasing the degree of openness of the economy.

The export of agricultural products (grain production, vegetation oils, oilseeds). Overall growth in exports far exceeds imports (in 2012 exports exceed imports by 2.3 times), resulting in an annual increase of the positive balance of foreign trade in agricultural production, in contrast to the trade balance of Ukraine in all products.

Currently, Ukraine exported agricultural products to more than 50 countries. By 2012 exports of agricultural products increased by 38.4% to UAH 17.9 billion compared to 2011 year, the surplus reached 10.3 billion dollars. The most crucial factors in surplus for the period were: high volumes of grain exports - 38.5% of the export land. Agricultural products, oil - 22.7% and oilseeds - 9.4%.

The demand for Ukrainian products, food and processing industry grows in foreign markets which is becoming more competitive. This indicates an increase of 18.3% of its exports in 2012 compared with previous years.

The results can be considered as positive changes and export of agricultural products gradually increases its share in total exports.

One of the main problems of formation of exports of agricultural production at the present time is that its foundation is the production of low and medium level of processing: grains and oilseeds and sunflower oil. Their combined share in 2012 was 70.6%. The export orientation of sunflower seeds and oil leads to a disproportionate increase in the area under this crop, breach of scientifically based crop rotation, intensification of processes, reduction of natural soil fertility. It would have negative consequences for agriculture in perspective.

It should be noted that the high and long-term export demand for grains and oilseeds orient agricultural production in monoculture specialization which makes it difficult to develop a system of crop rotation, land management projects, pest control and plant diseases, activates the intensive use of mineral fertilizers and pesticides, creating environmental problems for the agricultural production. These issues should be considered while developing a strategy for sustainable agricultural production to ensure domestic consumption and exports. For example the development of food base on the one hand promotes livestock for the domestic

market and for export and on the other forage crops in crop rotation systems provide the greatest recovery of natural soil fertility.

Development Strategy of the agricultural sector of Ukraine for the period till 2020 provides an increase in exports of agricultural products and food by 3-4% annually.

To achieve these ambitious program goals, organization and implementation of export business in Ukraine should solve the problems associated with providing favorable conditions for the world market; implementation of its agricultural products, in the production of which, the country has comparative advantage; support national exporters; stimulation of domestic producers, competition with foreign, increase of domestic production and the degree of processing of agricultural products in order to increase exports.