

# “Ensuring the sustainable development of the Ukrainian agrarian sector in conditions of globalization”

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# ENSURING THE SUSTAINABLE DEVELOPMENT OF THE UKRAINIAN AGRARIAN SECTOR IN CONDITIONS OF GLOBALIZATION

## Abstract

The agro-industrial complex of Ukraine with its basic component – agrarian sector is a system-forming element of the national economy. The Ukrainian agrarian sector has a production potential, which far exceeds the needs of the internal market. It is a link that can become the engine of development of the national economy and its effective integration into the world economic space. The purpose of this research is to determine the approaches to ensure sustainable development of the agrarian sector of Ukraine in the context of globalization and integration processes strengthening. The main task is to determine the problems of ensuring the sustainable development of the agrarian sector of Ukraine in the process of its integration into the world economic space. The category of “sustainability of agrarian sector development” has been considered and improved. It has been suggested to include in the classification of “sustainability of the agrarian sector” an element of the description of global integration processes. It has been proved that the sustainability of the agrarian sector development lies in the balanced combination of industrial, economic, social, environmental, intellectual and globalization processes.

## Keywords

sustainable development, agrarian sector, integration, globalization, category of sustainable development, Ukraine

**JEL Classification** O13, Q11

## INTRODUCTION

The modern stage of development of the agrarian sector of Ukrainian economy is characterized by a transition to a qualitatively new stage, which is conditioned by the processes of globalization and European integration. The task of solving an extremely important problem of the state and agribusiness was faced. It relates to the choice and implementation of effective ways of development in the new geopolitical conditions, when the effects of globalization and the development of the knowledge economy and innovation in the world dimension are getting more and more tangible.

The current stage of development of national economy management is characterized by intensification of the processes of transition to a social marketing type of regional policy. This type of policy is oriented to accelerating the pace of economic growth and improving its quality. The regional peculiarities of the agrarian producers' production activity and the growth of the social economic importance of the agrarian sector of the economy encourage the development and substantiation of methodological provisions aimed at addressing the multifaceted and diverse problems of ensuring the sustainable development of the agrarian sector.

Trends in the integration of Ukraine into European Union have a significant impact on the agrarian sector. Changes in the agricultural sector have caused the impoverishment of agricultural producers in developing countries. Consequently, globalization processes influenced both the expansion of production opportunities of the agrarian sphere and led to an aggravation of the problem of uneven distribution of food. The G-7's economic policies and international financial institutions are trying to support this agricultural restructuring worldwide. A similar trend is observed in the Ukrainian agrarian market. The financial crisis of 2014–2016 particularly affected agricultural producers, as this sector is dependent on the possibility of obtaining loans due to the uneven production cycle and income generation period.

Recognizing the scientific and practical value of the research carried out by Ukrainian and foreign researchers, it should be noted that a number of aspects of sustainable development of the agrarian sector require further, more systematic work-outs. In today's conditions, it is necessary to expand the format of the studying of this problem from the strategic viewpoint. It allows a comprehensive study of not only economic, but also social, scientific and technical, institutional, innovational, investment problems that arise in the food chain "product-intermediary -producer-consumer" of agricultural products. This explains the need for comprehensive research that will form the agrarian policy, adapted to the new economic situation of the Ukrainian agrarian policy in general, as well as for individual regions. There are still problems of ensuring the sustainability of functioning of the agricultural production industries of these regions that remain unresolved on the regional level. The social and strategic significance of agrarian production for the development of most regions of Ukraine, the discussion and lack of elaboration of the issues of the sustainability of agrarian development emphasize the feasibility and relevance of this research.

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## 1. LITERATURE REVIEW

In order to form a categorical apparatus and determine the nature of economic development and sustainability of the agrarian sector, several concepts and statements are examined.

Thus, Kozlovskiy (2010, 2017) says that "the economic sustainability of the system is the ability of the economic system after a disturbance (change of parameters of the economic system and its performance) to return quickly to its form of no worse than the previous one, to save its form as long as it needs, as well as to improve the form that existed before the disturbance".

A different treating for this category was presented by Korechenko (2003) from the perspective of microeconomics "sustainability is the company's ability to self-preservation, the rational use of reserves of the company at the time, which makes it possible to counteract the influence of external factors".

Analyzing the concept of "sustainability", it is worth noting that for the first time, the term "sustainable development" appeared in the "World

Strategy for the Protection of Nature", which was developed by the International Union for the Conservation of Nature and published in 1980 (World Strategy of Nature Conservation, 1980).

The concept of the sustainability of economic systems development is fundamental, because is not possible to provide either economic growth or sustainable development of society without it. For further analysis, expanded interpretations of the concept of "sustainability of development" made by scholars for the macro, meta- and micro-levels of economy are presented.

Thus, Alekseyenko (2008) suggests understanding the sustainability of development as "the state of material, economic and labor resources, their distribution and use, which ensure the development of the enterprise based on growth of profits and capital while maintaining solvency and creditworthiness under acceptable risk levels".

Bugay (2008) offers the following interpretation: "sustainability of development is the ability of an enterprise to absorb external and internal destabilizing factors through the efficient use of its resources by improving economic potential".

Vasilenko (2005) considers the sustainability of development from the point of view of the system's efficiency and believes that "the sustainability of development is the ability of the system to maintain its able-bodied condition to achieve the planned results in the presence of various changing impacts".

More complete is the definition of the category of sustainable development, which was proposed by Ivanov (2005): "sustainability is the ability of the economic system not to deviate from its state (statistical or dynamic) because of various internal and external destabilizing influences through effective formation and use of financial, production and organizational mechanisms".

Also, the interpretation by Medvedev (2001) is worth attention: "sustainability is an equilibrium balanced state of economic resources that provides stable profitability and normal conditions for extended reproduction in the long term, considering the influence of the most important external and internal factors".

Analyzing the concept of "sustainable development of the agrarian sector of the economy", it should be noted that there are different approaches to its definition. According to Suray (2003), the agrarian sector in the broad sense covers all enterprises of Ukraine irrespective of the form of ownership and the organizational-legal form of management, which produce agrarian products and products of its primary processing, as well as related service enterprises and organizations (institutions) engaged in the development and implementation of state agrarian policy.

Consideration of issues of sustainable development of the agrarian sector is related to the content of the category "economic security of the agrarian sector". The interpretation of this category in terms of ensuring the sustainability of the agrarian sector of Ukraine is worth considering.

Thus, Kulagina (2012) believes that "the economic security of the agrarian sector as a system of economic interests is finding mechanisms for a compromise between ensuring the national interests of the country, food security and risks, which result in the stable functioning of the agro-industrial complex".

Bislytanov (2008) believes that "economic security of the agrarian sector is a state of economic, financial, social, legal and environmental conditions for the functioning and achievement of competitiveness with the provision of the necessary level of protection of vital interests of enterprises of the complex from internal and external threats".

From the standpoint of agrarian economic systems, the definition by Baltremus (2017) is: "the economic sustainability of the agrarian sector is the ability of the agrarian sector to counteract external and internal influences, to maintain a stable equilibrium for sufficient time".

Thus, the researchers of the problems of sustainable development of the economy tried to solve the problem rather from one side. Some of them proposed creation of an effective system of material wealth's distribution of the country. Others tried to find an efficient economic sector that would allow sustainable development of society and its prosperity. Later researchers, using the method of a systematic approach, proposed the search for a single, general-important branch of the economy, which would ensure sustainable economic development of the country.

The current state of the study of the problems of economic stability is characterized by a gradual reorientation of the attention of researchers to the direct study of the concept of "stability" of the economy to study the concept of "sustainable development".

This is especially important for Ukraine, since, in recent years, the influence of internal (and lately external) negative factors on the development of the Ukrainian economy has not decreased. In addition, the solution to the problems of sustainable economic development of the country and its industries has become the most relevant part of the many scientific studies.

Thus, it can be argued that the concept of sustainable economic development of the agrarian sector of Ukraine focuses on internal resources of the system, modernization of production, etc., which is especially important for most regional economic systems of Ukraine, the main components of which are agricultural and industrial segments of the real economy sector.

Consideration of the issues of the essence of sustainable development will not be complete without studying this category from the standpoint of globalization. It is necessary to determine the extent of the impact of globalization processes not only on the national economy in general, but also on its agrarian sector in particular. Moreover, there are several global problems that require an immediate solution and are related to the functioning of this particular sphere of the economy: food, ecological, energy, raw materials, etc.

According to Yakovets (2001), the following definition is the most logical: globalization is an internationalization process that takes global planetary scales and has received new manifestations of transnationalization that means the mutual penetration of economies and global scale. At the same time, this is the universalization, or homogenization of life, when under the influence of exchanges of people, goods, capital, cultural values, etc., the world tends to unify standards, principles, values.

Lukashevich (2006) believes that globalization is an objective social progress, the content of which is the growing interconnection and interdependence of national economies, national political and social systems, national cultures, as well as the interaction of humanity and the environment. In his opinion, the basis of globalization is the development of world markets for goods, services, labor, capital.

However, many questions regarding the impact of globalization processes on the global agro-industrial complex and on the level of regulatory powers of the Ukrainian state in the processes of regulating the national agricultural market, especially in the conditions of the accession of Ukraine to the European community, remain inadequately investigated and require an in-depth study.

Chahal (2015) believes that agriculture must be economically viable over the long term in order to be sustainable. Unlike sustainable agriculture, conventional agriculture involves new economic risk in the long term. At times, governments are inclined to view export-oriented production systems as more important than supply domestic demands. This is wrong. Focus on exports alone involves hidden costs: in transport, in assuring lo-

cal food security, etc. The welfare costs of unemployment must be considered when designing national agricultural support programs. Sustainable agriculture with its emphasis on small-scale and labor-intensive performance helps overcome these problems.

Krishna and Shukla (2015) believe that sustainable development of agriculture tries to accomplish this objective through the production of quality and environment friendly product.

The abovementioned analysis of the research problems helps to formulate the purpose of this work.

The purpose of the research is to determine the approaches to ensure sustainable development of the agrarian sector of Ukraine in conditions of globalization and integration processes strengthening.

## 2. METHODS

According to the assessments of scientists, the development of modern agrarian economic science is accompanied by insufficient theoretical and methodological justification and qualification of agro-economic research. This is due to a number of objective and subjective factors, among which one should highlight the turbulence of changes in the political and socio-economic structure of Ukraine, a certain separation of national science from the world economic thought, economic and agricultural education, lack of workability of new methodological approaches to the study and generalization of the specific features of modern economic life, the absence of a new universally accepted methodological basis of scientific research.

The methodological foundations of the study include the conceptual foundations of the theory of management, the concept of dialectical logistics, the study of Ukrainian and foreign scientists in the field of economics, the use of methods of analysis and synthesis to understand the content of sustainable development. In the process of the research, the following methods were used: expert assessments – in determining the problems of ensuring the sustainable development of the agrarian sector; systematic – in studying the levels of sustainability of the agrarian sector development;

synthesis, analysis, grouping – in determining the category of “sustainability of the agrarian sector”; abstraction – in formulating ways to ensure sustainable development of the agrarian sector; generalization – for developing the essential features of the category under study.

### 3. RESULTS

The modern Ukrainian economy belongs to the group of unstable, overwhelming, inherent post-socialist countries. There is no substantiated theoretical concept of the transition economy in the world economic development, but it is extremely necessary, in particular in order to provide methodological progress in the research of the agrarian sector.

Ignoring these and other methodological peculiarities in the agrarian economy research system leads to the fact that Ukraine, apparently, will use the least effective policy of price support for the agricultural economy. This conclusion is based on an analysis of the basic principles of the Law of Ukraine “On State Support to Agriculture in Ukraine”. The existing practice of state support for agriculture and the approaches outlined in this Law demonstrate that in agrarian policy Ukraine cannot avoid the expensive mistakes made by other countries. According to research run by foreign scientists, the importance of price support to agriculture in the EU member states has been steadily declining since the early 1990s. According to their estimates, only about 40% of payments in the framework of price support reach the agricultural producers and land owners, the remaining 60% either vanish or go to intermediaries. Other forms of individual support, including direct payments, are more effective, since 90% goes to agricultural producers (Burakovskiy, Handriha, & Hoffman, 2003).

The issue of studying the problems of ensuring the sustainable development of the agrarian sector of Ukraine from the point of view of integration into the world economic space should be considered as a globalization process. In 2000, a well-known researcher on globalization Scholte (2000) summarized the treatment of globalization and outlined five of its most important definitions.

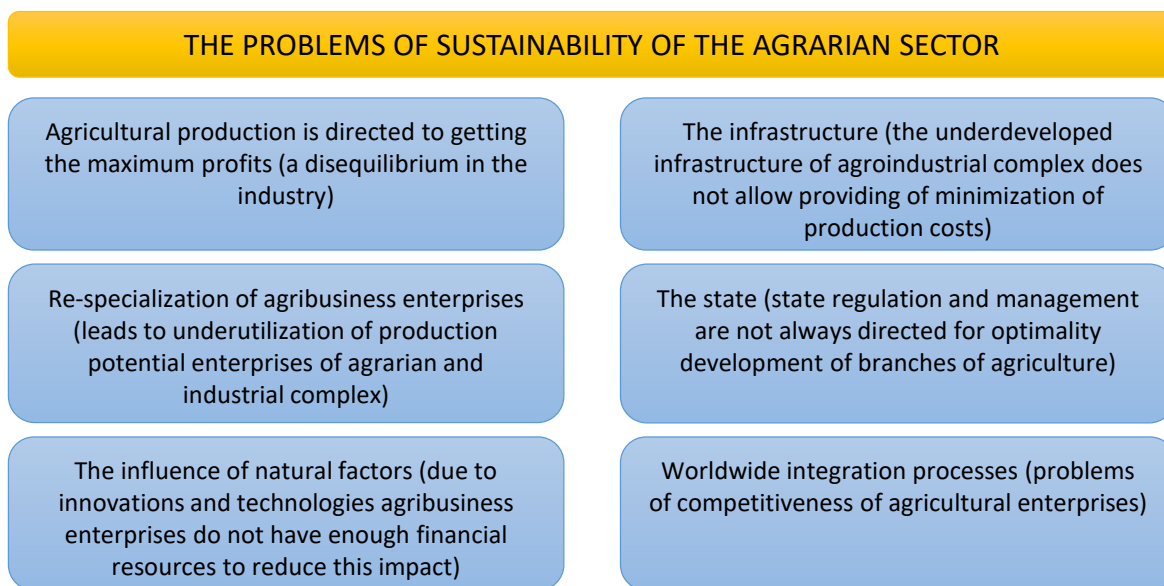
Firstly, globalization should be seen as an internationalization that manifests itself in deepening international social and economic relations and a gradual transition to a type of social relations in which global interests are of paramount importance. Secondly, globalization is like liberalization. Thirdly, globalization is a process that unifies social economic relations by spreading knowledge and experience through world information systems. Fourth, globalization as a process of modernizing society through local self-determination and the spread of modernism. Fifthly, globalization as a mechanism for the creation of a single social space that has no territorial limitations and certainty. It is a process that transforms the reconfiguration of geography in such a way that public space is no longer reflected in the concepts of territorial spaces, territorial distances and borders (Stiglitz & Joseph, 2016).

In the conditions of the intensification of competition in the world and domestic markets of agricultural and food products, liberalization of foreign economic activity, creation of new forms of management, and increased presence of transnational corporations the problem of ensuring the sustainable development of the agrarian sector of Ukraine is extremely urgent. The role and functions of the state in ensuring the protection of national producers and consumers are changing, which requires a rethinking of the theoretical and methodological principles of agrarian policy, strategic guidelines and priority directions of development of the domestic agrarian sector.

The functioning of the agrarian sector of the national economy in the conditions of globalization and in view of the European integration vector of Ukraine’s development in recent decades is characterized by essential systemic features and structural shifts. First of all, it is about the significant capitalization and concentration of agrarian production in the short term, the rapid withdrawal of Ukraine into the world food market and the objective positioning as one of the largest food producers in Europe and in the world.

A special role belongs to the agrarian sector in ensuring the sustainability of development. Karl Marks wrote “The production of foodies the first condition of the life of direct producers and of all

Source: Compiled by the authors based on S. Kozlovskiy, V. Kozlovskiy, and Burlaka (2014).



**Figure 1.** The problems of ensuring sustainable development of the agrarian sector of Ukraine

production in general”. Moreover, this process must be continuous and steadily growing, as not only are people unable to stop consumption of food, but they also must increase it and improve the quality of products because of growing needs and population growth. The solution to this problem was and remains one of the most urgent, as the phenomenon of the entire history is the abundance of hungry population in the world.

The problem of ensuring the sustainability of the agrarian sector is not new, but the directions of its realization in the current economic relations are significantly different and shown in Figure 1.

Firstly, agriculture is still the main producer of food and the main source of human life. Any disturbances in its development leads to destabilization and disproportions in production and consumption. Structural changes in the industry in the transformational economy are mainly directed towards the production of products that provide maximum profit. In the agrarian sector, it is not always justified from the point of view of the sustainability of production and the provision of society’s safety (Burlaka, 2014).

Secondly, market conditions determine the processes of retraining the enterprises of agriculture leading to the highest profit giving products.

However, competition and the world market situation, which has a rapidly dynamic level, align prices and profitability of commodity producers. It leads to underutilization of the productive potential of the agrarian sector reducing the volumes and sustainability of production and other social problems.

Thirdly, natural factors have a significant impact on all processes occurring in agriculture. Partial adjustment by reclamation, chemisation, mechanization, organization of seed production at a scientifically sound level requires large investments. But neither rural producers nor the state has such. This contributes to preserving the insustainability of the production of the main types of agrarian products.

Fourth, rural non-productive infrastructure is an important condition for the sustainability of the agrarian sector. With the transition to the market, in the face of a shortage of financial resources, its formation and normal functioning is complicated. It also creates insustainability in the development of agriculture.

Fifthly, the sustainability of agrarian production and interconnected areas of the economy is regulated by the state. However, its impact on the time is not enough. This leads to the disturbance of the

normal course of the reproduction process, and the damage from insustainability in the agrarian sector far exceeds losses in other sectors.

Finally, the threat of the sustainability of the agrarian sector of Ukraine in the context of integration and world political processes is due to the inability of most agro-industrial enterprises to produce products that will meet world standards.

These circumstances helped to rise the attention of modern researchers to the problem of the sustainability of production and development of agriculture (S. Kozlovskiy, Gerasymenko, & V. Kozlovskiy, 2010). At the same time, the main approaches to the disclosure of the concept of sustainability and the development of measures that ensure dynamic development are determined, first of all, by the need to overcome the crisis state of agrarian production. A retrospective view on the theoretical aspects of the problem of agrarian sustainability shows that it has been the most relevant for many years.

However, despite a significant number of scientific publications on increasing the sustainability of production in general and agrarian in particular, it should be noted that the sustainability of agrarian development is a new and inadequately defined category both in terms of its essence and methodology of research.

There is no single and generally accepted definition of the category of sustainability of the agrarian sector development now. It can be explained by contradictory and undeveloped concepts of sustainable development and lack of sufficient information for quantitatively measure the degree of sustainability. Some authors understand the ability to withstand the negative effects, mainly natural forces of nature and the ability to prevent or weaken the downturns of production. Others regard it as the sustainability of the middle level of the dynamic series. The third group consider it to be the sustainability of evolution, development of the investigated phenomenon. However, only this concept of sustainability is not enough. Not only is sustainability of agrarian development an opportunity to overcome unfavorable phenomena in agriculture, but it is also the ability to use them with the greatest effect.

The specificity of the recent years' changes in the agriculture sector has been manifested in the regionalization of the economy, the orientation towards self-sufficiency. Thus, reproductive processes are more appropriately considered at the regional level. In addition, the assessment of the sustainability of the agrarian sector only through the level of fluctuation of dynamic rows will not be complete, since it will not make possible an integrated accounting of social, economic, environmental impacts and guidelines for its development. Also, sustainability is not necessarily achieved by meeting demand at the expense of current production.

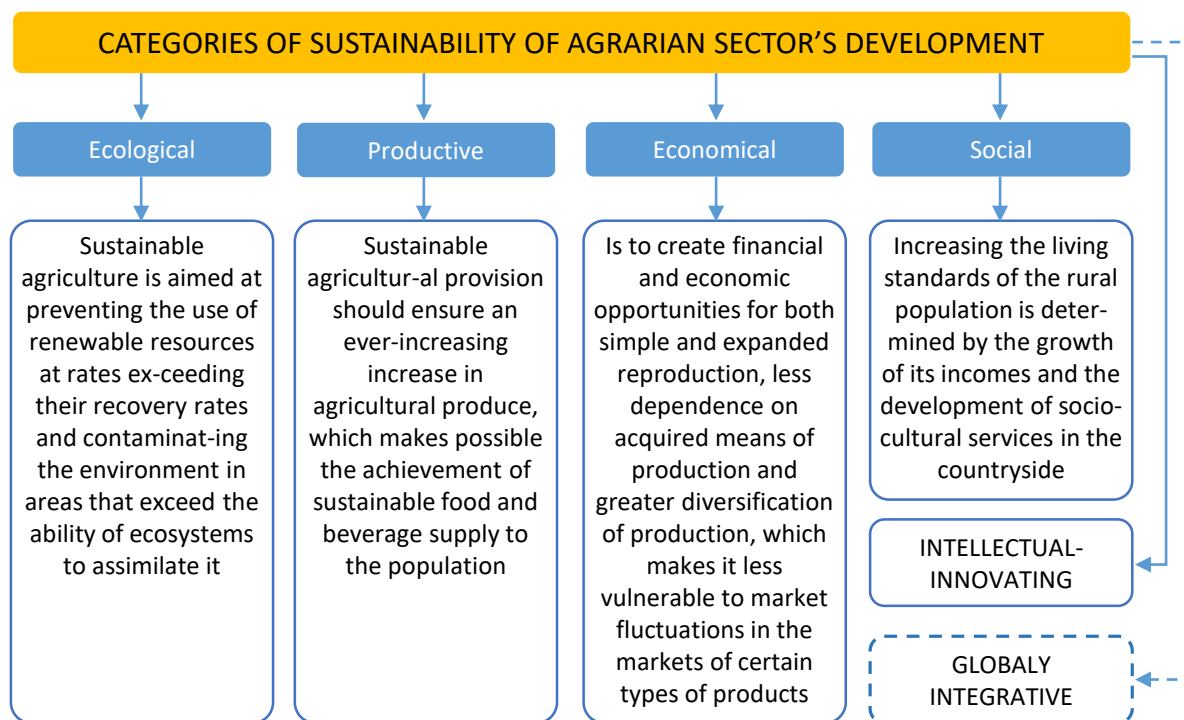
Sustainability should be considered as a category of reproduction, therefore, as an option of development, in which, despite the fluctuations of production volumes in certain years, it can be stable. It provides full compensation for periodically emerging deficits at the expense of previously created reserves and stocks. However, this does not apply to all types of products (egg, grain) as the main part of agrarian products has a limited term.

A variety of approaches to determining the sustainability of production and development of agriculture can be explained by the multifaceted nature of this problem and the extraordinary complexity of the object and the set of tasks solved by the industry in general and its components. The search for new directions and ways of developing agrarian activities that would reduce their negative impact on the environment led to the emergence of a new interpretation of the sustainability of agrarian production, as the production of food-oriented products, quality of life and the safety of the environment, preservation of conditions for stabilizing the provision of food for people in the long term. The prospect with such a general environmental approach was presented (Baranovskiy, 1998). The following categories were distinguished in the concept of "sustainable development of the agrarian sector of the region": ecological, productive, economic and social. A proposition to supplement the existing categories was offered by S. Kozlovskiy, V. Kozlovskiy, and Burlaka (2014) (Figure 2) as a component of the "globally integrative".

The explanation of the essence and content of the intellectual-innovative component was offered for the first time.



Source: Compiled by the authors based on Burlaka (2014).



**Figure 2.** The categories of “sustainable development of the agrarian sector”

Intellectual component. There is no clear definition of the notion of “intellectual potential”. The presence of intellectual potential involves, first of all, mental capabilities, intelligence capabilities. Intellectual potential is the unity of creative and labor individual potentials of the employees of the enterprise, which characterize their ability to produce material goods through the materialization of knowledge, as well as their adequacy to the requirements of management (Kaletnik, Zabolotnyi, & Kozlovskiy, 2011).

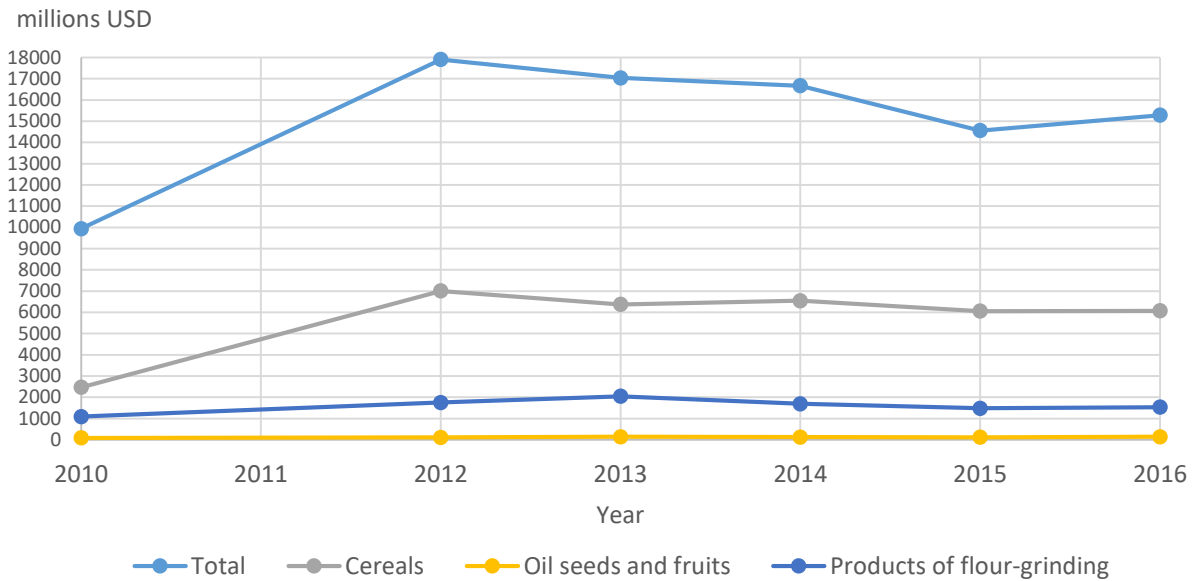
Innovative component. At present, so-called innovative potential is needed for economic activity, which is treated as a set of all kinds of information resources, including technological documentation, patents, licenses, business plans, innovation programs, etc. The state of innovation potential depends on the choice of one or another development strategy; innovation potential in this case can be interpreted as “the degree of readiness” of the economic system to meet the goals of development (Hannerz, 2000).

The basis of global integration is a universal, global system of values (human, global, national, re-

gional and individual), which, if necessary, has to be approved by all parties of the global association. Such a system of values is a priority in relation to the peripheral system of values and generally should lead to an averaging of neutrality in values for not to be subjected to the destruction of the basic value factors that govern the states in the process of unification. That is why, in the context of globalization, the so-called “transnational system of values” that would work for the integration of states should be considered unlike the opposition based on the differences in the national system of values on which each of the states exists. On this occasion, a well-known researcher Hannerz (2000) pointed out that “in the face of the transnationalization of commodity markets, financial markets and cultural markets, the ‘national’ is increasingly losing its significance as the master frame for the construction of collective identities and has become overlaid, undermined, or even replaced by deterritorialized identity formations”. In fact, this refers to the antinomy of values that form the basis of global integration in its current version.

Global integration represents a means of uniting states that promotes effective interaction between

Source: Developed by the authors based on State Statistics Service of Ukraine (2018).



**Figure 3.** Export of agrarian products of Ukraine

them at all institutional levels of development of society and is based on the realization of their common interests. Global integration ensures a structural transformation of the modern system of international relations, promotes a parity of socio-political, economic and cultural potential among the states under the conditions of a common globalization vector of development. Within a corresponding global association, an individual state may ask for the relevant rules of the “geostrategic game”, which regulate the nature of the implementation of global integration and determine the level of activity in such an association of each individual state. This, in turn, indicates the form of distribution of geostrategic functions between states as key actors in the implementation of global integration, as well as the dynamics of social development of states in a global unification.

The influence of global integration processes taking place in the Ukrainian economy can be seen in terms of the volume of export of agrarian products of Ukraine (Figure 3).

Analysis of the Figure 3 shows that in Ukraine in recent years of a changing geopolitical vector of development and the impact of globalization on the state’s economy a significant reduction in exports of agricultural products took place. This suggests the need to develop measures to change

the dynamics of this, namely expanding markets of agricultural products of Ukraine, sales in the EU.

Given the intensity of foreign economic activity, the enlarged EU provides Ukraine with promising opportunities for using scale of production, increasing the efficiency of investment and innovation processes in agroindustrial production, and also giving it additional chances for rural development and competition. In particular, in Chapter 17, Agriculture and Rural Development, the Association Agreements between Ukraine and the EU (2015), the cooperation on the development of agriculture and rural areas is considered. The cooperation should promote the promotion of modern and sustainable agricultural production taking into account the protection of the environment and animals, in particular through the spread of organic production methods; increasing the competitiveness of the agricultural sector, the efficiency of markets, the conditions for investment; promotion of quality policy for agricultural products, etc.

As a result of the establishment of a free trade zone, the parties create with each other the most favorable trade regime in certain sectors of the economy, commodity groups and tariff quotas, which are subject to cancellation and reduction of duties.

**Table 1.** Tariff quotas for agro-food products provided to Ukraine within the framework free trade zone with the EU

Source: Developed by the authors based on State Statistics Service of Ukraine data (2018).

| The name of the product line on which there is quota | The size of the quota  |
|--|--|
| Grain cultures                                       | 1,6 million tons/year with further increase over the next 5 years to 2 million tons/year |
| Sunflower seeds                                      | 100 thousand tons/year   |
| Sugar  | 20 thousand tons/year  |
| Garlic   | 500 t/year   |
| Mushrooms  | 500 + 500 t/year (fresh)   |
| Beef   | 12 thousand tons/year  |
| Pork   | 40 thousand tons/year  |
| Bird meat  | 36-40 thousand tons/year   |
| Milk, cream and yogurt                               | 8000 t/year  |
| Cheeses of all kinds                                 | 2000 t/year  |
| Eggs   | 1500 t/year  |
| Honey  | 5000 t/year  |

Thus, for agricultural products, the EU immediately cancels most import duties (83.1 tariff lines), sets transitional periods of 37 years at 2% of tariff lines, while the wide application of unlimited tariff quotas (14.9% of goods).

Ukraine will reduce tariffs more gradually, starting with 35.2% of tariff lines while maintaining zero import duty rates on individual agro-food products. At the same time, tariff quotas only to several product groups will be applied. In particular, the quota on sugar will first stand for 20 thousand tons, in five years – 40 thousand tons; for pork – 20 thousand tons; for poultry – at first 18 thousand tons, and in five years – 20 thousand tons (Table 1).

Positive expectations from the free trade zone between Ukraine and the EU are important for the domestic agricultural sector, since along with the existing and dynamically developing trade relations in the agrarian sector the parties decided to give each other certain trade preferences.

According to the estimations of Ukrainian scientists (Puhachov, Vlasov, Dukhnytskyi et al., 2014),

the total value of Ukrainian exports of quota agricultural products to the EU may amount to almost 1,5 billion dollars. USA provided full use of tariff quotas (Table 2).

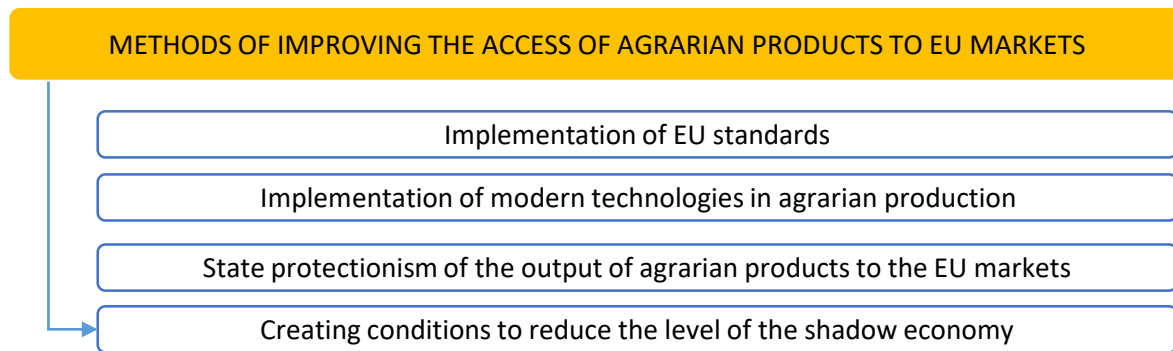
It can be concluded from the table provided above that the annual growth of the reserved and quoted Ukrainian exports in the first year of the agreement may lead to an increase in trade volumes of at least 38.6%, and in subsequent years this increase will stand for 6.1-7.8% on average. At the same time, the risks for producers of Ukrainian agrarian sector are not excluded, because not only the EU, but also Ukraine reduces trade barriers. Therefore, with increasing import domestic producers may lose a part of the domestic agro-food market. Significant difficulties can also arise due to technical barriers in trade related to the need for harmonization of domestic standards with European and proper development of transport and logistics market infrastructure for the export of domestic agricultural products to the EU markets.

To ensure the sustainable development of the agricultural sector of Ukraine on the way to further European integration, the priority issue is ensur-

**Table 2.** Value of Ukrainian exports of agrarian products Ukraine to EU, mln. USD

Source: Compiled by the authors based on Puhachov, Vlasov, Dukhnytskyi et al. (2014).

| Types of products                     | 2014  | 2017  | Forecast for 2019 |
|---------------------------------------|-------|-------|-------------------|
| Herbal products                       | 704.2 | 718.2 | 762.2             |
| Livestock production                  | 480.5 | 507.4 | 559.4             |
| Production of the processing industry | 260.2 | 289.2 | 362.9             |



**Figure 4.** Measures to ensure the sustainable development of the agrarian sector of Ukraine in the process of integration to European markets

ing and guaranteeing the quality standards of agricultural products. The introduction of European standards requires the improvement of existing agricultural practices, which at the same time requires material and financial costs.

Otherwise, a significant part of domestic agricultural production due to its low quality and unsatisfactory level of safety will be uncompetitive not only on the external, but also on the domestic markets.

Thus, the liberalization of the access of Ukrainian agrarian products to the EU market is a problematic issue. In order to accelerate this process Ukraine needs to implement a number of measures both in agriculture in general and in its individual branches (Figure 4).

On the way to the EU, Ukraine needs to agree on a wide range of issues in the field of agriculture and to spend a considerable amount of explanatory work on identifying the features of agriculture of the country and its rural areas in the member states of the EU in order to coordinate production directions taking into account the needs of the agricultural market of the EU for minimizing losses for the agrarian sector of Ukraine and its population. All these measures will ensure sustainable development of the agrarian sector of Ukraine.

The system of sustainability of the agrarian branch of the regions is a structuring element of the economic system of the national level and the main

link in the complex of measures to provide population with food.

Considering agriculture (agrarian sector of the economy) as the only economic-ecological-social system, which has certain goals, structural-functional connections and features, it is believed that in the present period special importance is attached not only to the actual growth of agrarian production, but also to the increase of its economic efficiency, which ensures overall sustainability. Thus, an increase in livestock production without a radical increase in its profitability, which is much lower than in crop production, can lead to aggravation of reproductive problems in the agrarian sector. At the same time, the growth of efficiency, which is not accompanied by an increase in production volumes, creates a danger to increase the country's dependence on food imports and can lead to rising unemployment in the countryside and the expansion of poverty.

It requires an explanation and approach to the achievement of the social goals of sustainable development of the agrarian sector. The fact is that improving the living conditions of agrarian workers goes beyond the industry and is largely due to the complex development of rural areas (regions). Therefore, the interdependence between the sustainability of the agrarian sector and the level of rural development is evident. The close link between the development of agriculture and rural development as a socio-territorial subsystem of a society in which this sector is dominant is an es-

sential component of the methodology for studying the problems of agrarian sector sustainability. This approach that was declared at the FAO session in Rome in 1996, which stated: “The main objective of the Sustainable Agriculture and Rural Development Program is to increase the level of food production in a sustainable manner and ensure food security”.

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## CONCLUSION

As follows from the above-mentioned, the essence of the systematic approach to the interpretation of the sustainability of the agrarian sector is the balanced combination of productive, economic, social, environmental, intellectual and globalization processes.

With the use of the system approach and based on the revealed intrinsic features of the investigated category, the sustainability of the agrarian sector development is considered as a dynamic process of transition of the system to a new qualitative innovation level aimed at providing economically sound, environmentally safe, socially oriented extended reproduction in order to raise the level and improve the quality of life of rural population under the influence of factors of the internal and external environment.

Based on the analysis of existing approaches to the essence of the sustainability of agrarian development, it can be defined as one of the goals of economic development of the country. Its achievement is possible on its own reproductive basis, which is determined by the presence of significant natural resources that are sufficient for production in the required amount of all major types of food products, as well as the huge potential accumulated over the years by the agrarian sector. At the same time, in a market environment and a systemic crisis the problem is exacerbated by the influence of various internal and external factors, what necessitates its research.

Effective ways to improve the conditions of agrarian business in Ukraine is transparency and easing regulatory policy. In particular, it concerns: reducing the number of licensing procedures, the number and type of licensed activity, technical regulations, the formation of the corporate rights in the agricultural sector, barring unforeseen laws and administrative procedures in the running of business, development of mechanisms of self-regulation, simplifying procedures for inspections, legal regulation the activities of family farms, etc.

The development of priority directions for ensuring the sustainability of the agrarian sector development has necessitated the use of a systematic approach to the analysis of problem situations in the agrarian sector, which allowed to formulate criteria that expresses the target quality benchmarks (industrial, social, economic and innovative) for the development of the agrarian sector and indicators that characterize the quantitative measure of approaching these landmarks.

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