



## СЕРІЯ «ЕКОНОМІКА»

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### RESEARCH ON FOREIGN ECONOMIC ACTIVITY OF AGRARIAN ENTERPRISES OF UKRAINE

**Abstract.** The structure of export-import operations of agro-industrial enterprises of Ukraine was studied and its efficiency was evaluated. The positive balance of foreign trade of the agricultural sector of Ukraine is formed at the expense of the raw material export structure, which, while providing companies with situational benefits in the possibility of quick receipt of foreign exchange funds, generally does not correspond to state interests. The country continues to export agricultural products, maintaining the balance of food security, despite the difficult condition of survival of the agrarian complex as a result of military operations. Currently, the priority areas of international support for the country are the exchange of experience and the attraction of investment resources in the field of production, processing and storage of agricultural products. Among the export priorities of the foreign economic activity of agro-industrial complex enterprises are trade in products of processing enterprises, export of organic goods and use of the transit potential of the region. Within the study were considered and solved the following tasks: the main economic processes that characterize the functioning of the agrarian



industry of Ukraine in the current conditions were analyzed; were identified main problems that offset the competitiveness of the agrarian industry of Ukraine. The methodological basis of research is the scientific works of scientists, analytical and government portals. To solve these tasks, general scientific methods of cognition - analysis and synthesis were used; scientific abstraction; induction and deduction (to identify the problems of functioning of the agrarian complex of Ukraine); statistical and economic (for analysis and forecasting of the share and export of agrarian complex); System and comprehensive approaches (in the development of recommendations for the development of innovation in the field of agrarian industry). The results of forecasting the volume and structure of exports of Ukraine by 2023 MY are presented. The analysis summarizes strategic priorities for improving the functioning of agrarian complex.

**Keywords:** agrarian enterprises, foreign economic activity, sustainable development.

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## ДОСЛІДЖЕННЯ ЗОВНІШНЬОЕКОНОМІЧНОЇ ДІЯЛЬНОСТІ АГРАРНИХ ПІДПРИЄМСТВ УКРАЇНИ

**Анотація.** Досліджено структуру експортно-імпортних операцій агропромислових підприємств України та оцінено її ефективність. Позитивне сальдо зовнішньої торгівлі аграрного сектору України формується за рахунок структури сировинного експорту, яка, забезпечуючи підприємствам ситуативні переваги у можливості швидкого отримання валютних коштів, загалом не відповідає державним інтересам. Країна продовжує експортувати сільськогосподарську продукцію, зберігаючи баланс продовольчої безпеки,



незважаючи на складні умови виживання аграрного комплексу внаслідок військових дій. Наразі пріоритетними напрямками міжнародної підтримки країни є обмін досвідом та залучення інвестиційних ресурсів у сферу виробництва, переробки та зберігання сільськогосподарської продукції. Серед експортних пріоритетів зовнішньоекономічної діяльності підприємств АПК торгівля продукцією переробних підприємств, експорт органічних товарів та використання транзитного потенціалу регіону. У рамках дослідження були розглянуті та вирішені такі завдання: проаналізовано основні економічні процеси, що характеризують функціонування аграрної галузі України в сучасних умовах; визначено основні проблеми, які нівелюють конкурентоспроможність аграрної галузі України. Методологічною основою дослідження є наукові праці вчених, аналітичні та державні портали. Для вирішення цих завдань використовувалися загальнонаукові методи пізнання – аналіз і синтез; наукова абстракція; індукція та дедукція (для виявлення проблем функціонування аграрного комплексу України); статистико-економічні (для аналізу та прогнозування частки та експорту аграрного комплексу); Системний та комплексний підходи (при розробці рекомендацій щодо розвитку інноваційної діяльності в галузі АПК). Наведено результати прогнозування обсягу та структури експорту України до 2023 МР. В аналізі узагальнено стратегічні пріоритети удосконалення функціонування аграрного комплексу.

**Ключові слова:** аграрні підприємства, зовнішньоекономічна діяльність, сталий розвиток.

**Formulation of the problem.** The development of foreign economic activity is one of the main (priority) areas of increasing the level of competitiveness of Ukrainian enterprises in the agrarian sector. Entering markets with a high level of competition and widespread use of modern technologies creates opportunities for gaining new experience and knowledge, which can be key factors in the success of enterprises in the future. Agribusiness sector is one of the Ukraine's economic powerhouses: the industry had sustainably grown before the start of the full-scale war, showing 5 - 6% annual growth, with a share of agricultural production in GDP amounting to 10%, and taken together with processing of agricultural products, to 16%. Agriculture was one of the leaders of world production in terms of some types of food, ensuring trade equivalent to 6 percent of global calorie consumption.

Ukraine was a leader in international trade in sunflower oil (world leader), rapeseed and barley (third and fourth respectively in the rating), and other products. Ukraine annually earned USD 22 billion from the trade in agricultural products and food products whose share was 41% of total exports.

The development of industrial agricultural production in Ukraine made it possible to offset the impact of disparities in the levels of state support and lending



costs with the countries of North America and the EU, and to compete successfully in international markets; Introduction of the maximum amount of agricultural land into agricultural circulation resulted in the end of extensive growth (by increasing the land bank) and has led to a gradual transition to intensive growth by improving production technologies, production of higher value-added goods, renewal of equipment and storage facilities, development of processing sector.

**Analysis of recent research and publications.** The analysis of the latest research and publications in the field of foreign economic activity agrarian enterprises allows us to highlight the works of I.Burakovskiy, N.M. Galazyuk, Yu. O. Lupenko, M.Y. Malik, O.G. Shpykulyak, V.A. Mamchur, V. Nelep, T. O. Ostashko, A.Rzepka, B.Ślusarczyk and other scientists.

**The purpose of the article** is to study development of as one of the main (priority) areas of increasing the level of competitiveness of Ukrainian enterprises in the agrarian sector in current conditions.

**Presenting main material.** Adoption of the land reform package not only launched the land market, but also significantly improved land relations, reduced corruption and raiding; and the agricultural sector became more attractive for investment due to the reform. Moreover, the land reform has become a basis for long-term development, and for example, for laying out orchards and vineyards.

The launched land reclamation reform has opened opportunities for agricultural producers to invest independently in expanding the area of irrigated land and reducing water supply losses, which leads to an increase in gross agricultural production.

The new Law of Ukraine “On Cooperation” has created an opportunity to develop cooperatives that unite hundreds and thousands of small and medium-sized agricultural farms, rising their competitiveness to the level of large agricultural holdings. Obviously, Ukraine is one of the world’s top agricultural producers and exporters and plays a critical role in supplying oilseeds and grains to the global market. More than 55 percent of Ukraine’s land area is arable land. Agriculture provides employment for 14 percent of Ukraine’s population. Agricultural products are Ukraine’s most important exports. In 2021 they totaled \$27.8 billion, accounting for 41 percent of the country’s \$68 billion in overall exports.

According to the information available to Post at the time of the report writing, the corn harvest has not yet been concluded. As of early December 2022, around 40 percent of corn areas were unharvested. The delay of corn harvest for MY2022/23 could be attributed to a combination of factors:

- ✓ financial strain for some farmers due to the direct and indirect losses caused by the armed conflict with Russia;
- ✓ a reportedly high moisture in corn ears due to the weather conditions;
- ✓ low farm-gate prices make corn drying economically unviable;



✓ blackouts caused by Russian missile strikes on Ukrainian energy infrastructure disrupt the functioning of grain silos, especially the ones that rely on electricity for drying up their grains.

Despite of mentioned above factors Ukrainian agrarian sector is still alive and continuous to save leader's positions in the World trade. Comparative research of 2021-2022 Marketing year and 2022-2023 Marketing year is performed on the tables 1-2.

*Table 1*  
**Ukraine Agricultural Production and Exports (2021/2022 Marketing Year)**

| Product        | Production        |                             |                        | Exports           |                             |                     |
|----------------|-------------------|-----------------------------|------------------------|-------------------|-----------------------------|---------------------|
|                | Volume (1,000 MT) | Rank Among Global Producers | % of Global Production | Volume (1,000 MT) | Rank Among Global Exporters | % of Global Exports |
| Corn           | 41,900            | #6                          | 3.5%                   | 23,000            | #4                          | 12%                 |
| Wheat          | 33,000            | #7                          | 4.3%                   | 19,000            | #5                          | 9%                  |
| Sunflower      | 17,500            | #1                          | 30.6%                  | 75                | #9                          | 3%                  |
| Barley         | 9,900             | #4                          | 6.8%                   | 5,800             | #3                          | 17%                 |
| Sunflower Oil  | 5,676             | #2                          | 30.6%                  | 4,950             | #1                          | 46%                 |
| Sunflower Meal | 5,452             | #2                          | 27.5%                  | 4,100             | #1                          | 54%                 |
| Rapeseed       | 3,015             | #6                          | 4.2%                   | 2,700             | #3                          | 20%                 |

Source: USDA WASDE and PSD Database, updated March 9, 2022.

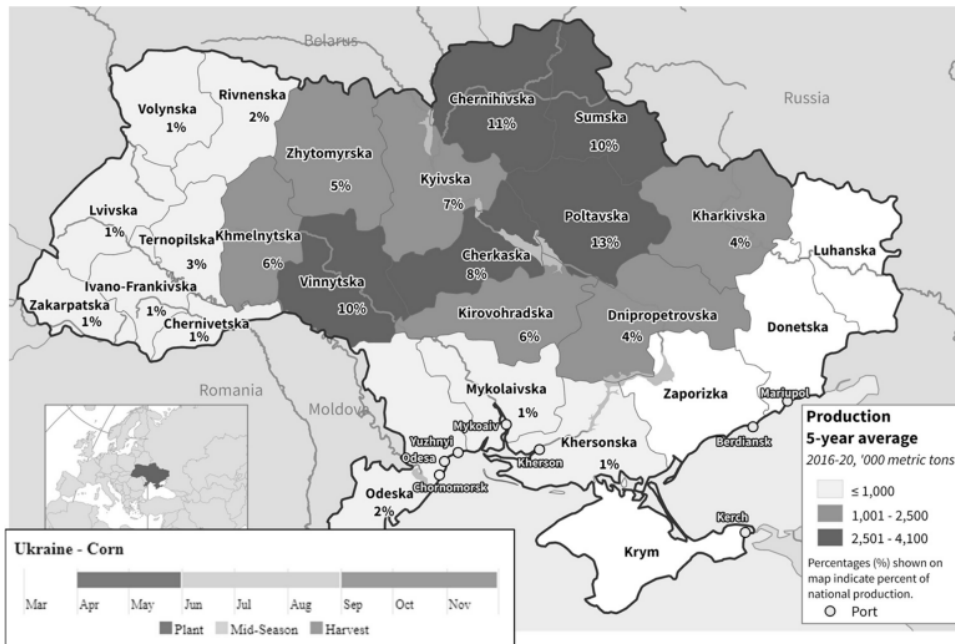
*Table 2*  
**Ukraine Agricultural Production and Exports (2022/23 Marketing Year)**

| Product        | Production        |                             |                        | Exports           |                             |                     |
|----------------|-------------------|-----------------------------|------------------------|-------------------|-----------------------------|---------------------|
|                | Volume (1,000 MT) | Rank Among Global Producers | % of Global Production | Volume (1,000 MT) | Rank Among Global Exporters | % of Global Exports |
| Corn           | 25,000            | #8                          | 2.1%                   | 9,000             | #4                          | 4.9%                |
| Wheat          | 21,500            | #9                          | 2.8%                   | 10,000            | #8                          | 4.9%                |
| Sunflower      | 9,500             | #3                          | 19.3%                  | 750               | #1                          | 20.7%               |
| Barley         | 5,700             | #7                          | 3.9%                   | 1,800             | #6                          | 5.9%                |
| Sunflower Oil  | 4,085             | #3                          | 21.4%                  | 3,600             | #1 joint                    | 34.7%               |
| Sunflower Meal | 3,924             | #3                          | 19.0%                  | 2,700             | #1                          | 39.8%               |
| Rapeseed       | 3,200             | #6                          | 4.0%                   | 2,750             | #3                          | 16.6%               |

Source: USDA WASDE and PSD Database, updated July 12, 2022.

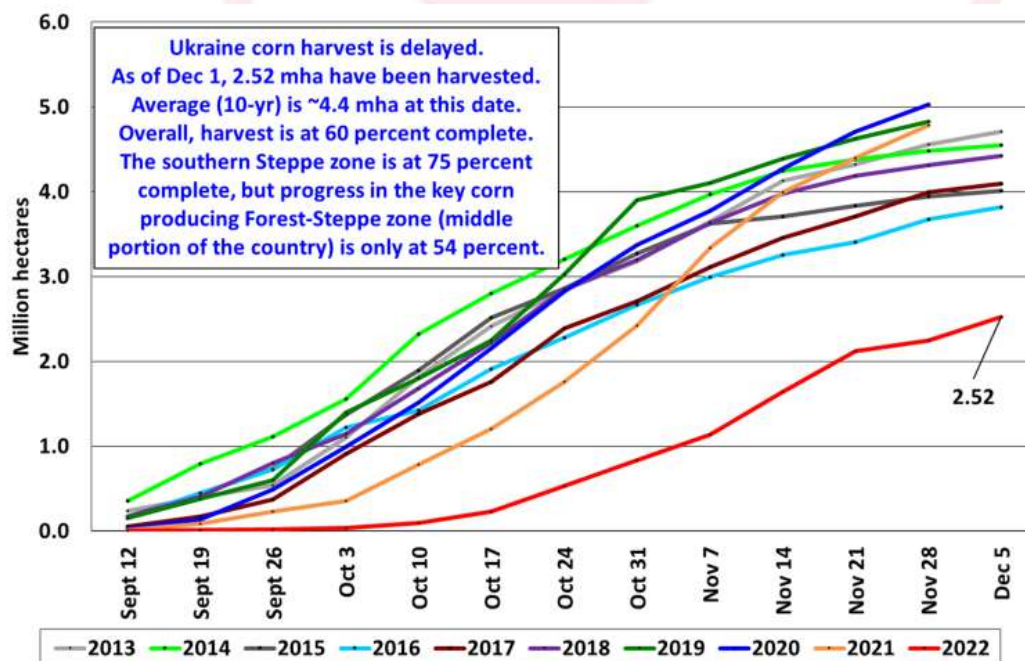


Ukraine corn production for marketing year 2022/23 is estimated at 27.0 million metric tons, down 14 percent from last month and 36 percent from last year. Yield is estimated at 6.75 tons per hectare, down 4 percent from last month and 12 percent from last year. Harvested area is estimated at 4.0 million hectares, down 11 percent from last month and 27 percent from last year.



**Fig. 1. Ukraine corn production**

Source: State statistics service of Ukraine

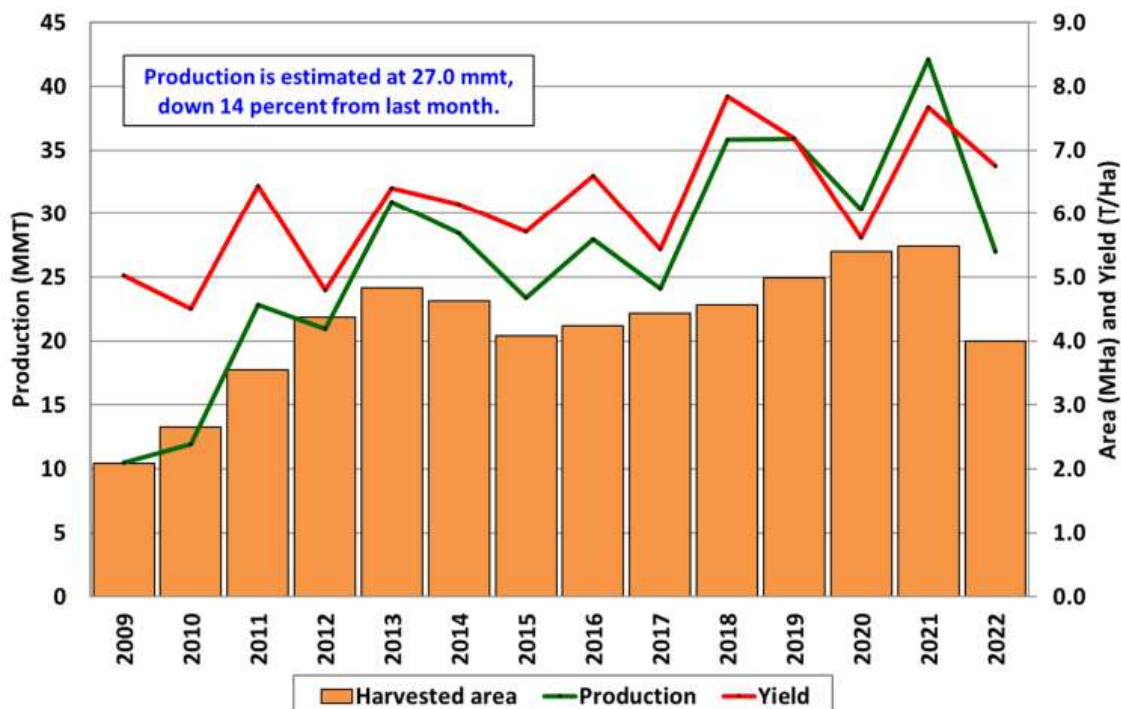


**Fig. 2. Ukraine corn harvest: area harvested**

Source: Ukraine Ministry of Agriculture



Production is down month-to-month based on harvest data from the Ukrainian Ministry of Agriculture. As of December 1st, Ministry of Agriculture reported that harvest is at 60 percent complete. Unfavorable weather and the ongoing conflict are the two main reasons for the slow harvest speed. Abnormally wet October and November prevented farmers from entering the fields on time and delayed the harvest of all summer crops, including corn. Additional limitations imposed by the conflict such as insufficient manpower, high fuel cost, transportation problems, access to storage facilities, among other problems, further slowed the corn harvest.



**Fig. 3.** Ukraine corn: estimated area, yield and production  
 Source: USDA

At this stage of the season, it is expected that some of this year's crop will be left in the fields during the winter and may be harvested in the spring. This may help with drying the crop out, but it will most likely cause yield losses. It is necessary for the crop to be dry for it to be stored. USDA crop production estimates for Ukraine include estimated output from Crimea.

Estimated outputs decreased in MY2022/23 corn production volume down to 23.1 million metric tons (MMT), compared to around 25.8 MMT previously quoted in UP2022-0082, based on yield estimates available as the result of the 60 percent of corn areas already harvested.

Based on the analysis of scientific literature and statistical materials, it can be stated that as of December 2022, the dynamics of the development of foreign economic activity of enterprises of the agrarian sector of Ukraine is at the stage of reducing trade operations with a reorientation to domestic markets.



At the time of this research, harvesting has been completed for wheat, barley, and rye. FAS Kyiv estimates the following production numbers for MY2022/23: barley – 5.9 MMT, corn – 21.2 MMT, wheat – 19.6 MMT, and rye – 336,000 MT.

Large corn areas will not be harvested during the normal time frame (before December 2022), and MY2022/23 harvesting progress is significantly delayed compared to the previous MY. As of November 7, only 27 percent of the estimated corn crop area has been harvested, compared to 61 percent harvested for the same date the previous year.

Obviously, that around 10 percent of planted corn areas may not be harvested as farmers are facing both shortages of funds for fuel and available storage. An additional factor impacting a farmer's decision to harvest is a ratio between the farm-gate price, which is tied to functional logistics for grains, and the price of natural gas routinely used to dry up grains. Under some circumstances, it makes no economic sense for a farmer to harvest grains when a farm-gate price goes below a certain threshold. Based on NDVI patterns, the MY2022/23 corn yield is estimated higher than for MY2020/21, but below the record-breaking MY2021/22. A combination of reduced consumption and exports has led to the build-up of large ending stocks for both FY 2021/22 and FY 2022/23

At the time of writing, wheat, barley and rye harvests have been completed. FAS of Kyiv estimates the following production indicators for 2022/23 MR: barley – 5.9 million tons, corn – 21.2 million tons, wheat – 19.6. Large areas of corn will not be harvested within the usual timeframe (until December 2022) and the FY 2022/23 harvest is significantly delayed compared to the previous FY. As of November 7, only 27 percent of the estimated corn acreage had been harvested, compared to 61 percent harvested by the same date last year.

**Conclusions.** The emergence and intensity of the manifestation of internal factors directly depends on the activity of agricultural enterprises in a competitive environment, the state of their resource base, the nature of the organization of the strategic management system, the general management system, etc. The emergence and intensity of the manifestation of external factors does not depend on the activity of agricultural enterprises and is determined by the state of the external environment. The factors of the external environment are extremely heterogeneous in their sources of origin, as they are a manifestation of systems of different levels.

Analysis of the data shows that Ukraine and its agrarian complex do not sufficiently participate in international trade and do not use the advantages that such participation could give to increase the efficiency of production. Foreign economic activity in the agrarian sector, which has just begun to gain momentum, has no opportunity for expansion, but maintains sufficient sustainable development.

The main factors that to some extent restrain the growth of Ukrainian exports of agricultural products include:





- ✓ military aggression on behalf of Russia;
- ✓ access to world markets is significantly complicated for Ukrainian enterprises due to the disruption of established logistics routes;
- ✓ severance of traditional production and cooperative ties with enterprises of the CIS countries and Eastern Europe;
- ✓ critically insufficient investment in promising export-oriented projects at the expense of domestic resources and limited opportunities to use foreign investments and loans for this purpose.

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