

Economics

EUROPEAN PROBLEMS AND PROSPECTS FOR THE BEEF CATTLE IN THE CONDITIONS OF MEMBERSHIP UKRAINE IN THE WTO

The article reviews basic problems of cattle breeding in the agricultural enterprises; found ways to overcome the crisis. There was separately investigated the degree of state support for producers of meat and dairy products compared with European and international practices. Additionally, it was discovered and analyzed benefits and the most possible risks for farms in meat and dairy cattle breeding within Ukraine's WTO membership

Keyword: agricultural enterprises, state support, meat and dairy cattle breeding, Ukraine's WTO membership

Introduction. Under current conditions, the main problems of the livestock industry are: insufficient share of domestic meat production in shaping appropriate balance the country that does not provide the necessary level of food security; increasing imports of meat products, lack of competitiveness of domestic livestock industry compared to the same sector of European countries; low level of breeding base, a high degree of depreciation of fixed assets industry; discrepancy of national veterinary legislation with international norms and rules that limit the ability of national export strategy cattle.

Research on economic issues in beef cattle after Ukraine's accession to the WTO and search of ways out the crisis in the livestock devoted to the works of Ambrosov V.Ya., Onegina V.M., Sabluk P.T., Sukhov Y., Nicenko V.S. and others. Many professionals devote their breeding work substantiation of technological efficiency methods of cattle keeping. But today it important is economic assessment methods for keeping cattle in farms. It is this and is designed theme of this article.

It is logical that the deficit in the current situation of cattle meat production, more processors are concerned not so much by the quality of raw materials, as the problem of where to take it in sufficient quantities and by the affordable price.

However, remember that Ukraine has related international WTO and EU obligations, including meat quality. Now many meat processing enterprises, given the shortage of raw materials, are unable to comply with its level of compliance with international standards of quality. But this issue will become more acute, because his decision is extremely important for the industry [1].

Formulation of the problem. Explore the most common methods of keeping cattle in agricultural enterprises and identify the most appropriate from an economic point of view. To increase the number of beef cattle herd, increasing productivity and quality beef production, the most important is providing state subsidies for the maintenance of productive beef cows, by way of compensation standard costs for its cultivation.

Results. In defense of national markets and producers in western countries aimed mechanism of foreign relations, the main component of which is price regulation. Thus, world prices formed at a cost basis in the best conditions of production, understood as a set of natural, technical, technological and socio-economic conditions. Such conditions for the production of most agricultural products have the United States, where at the exchanges are forming the world prices. However, most of the agricultural production conditions are worse than in major exporting countries. And if absolutely free global market have been functioned, the domestic agricultural production in many countries would change by imports.

Therefore such countries apply protective mechanisms that stimulate the development of domestic agricultural production and limit imports. Such mechanisms established in the EU, USA, Japan and others, where the conditions for growing many agricultural crops are worse. Developed mechanisms in these countries protect against cheap imports of certain agricultural products and also regulate the flow of products that are not manufactured or produced not in sufficient quantity in the country [1].

The peculiarity of modern regulation of agriculture in the WTO is that some members, especially developed countries, have the right to use such support measures as export subsidies and special protective measures in use which Ukraine were

refused. During the WTO accession, Ukraine signed an agreement under which virtually all meat products installed 10.0% import duty, which is almost 7 times reduces the amount of receipts. In addition, many developed countries markets protected by high tariffs. For example, average prices for meat and meat products in the EU represent 67.3%, dairy products - 56.0%. After applying the reduction formula that is offered by "Doha Round" it will be respectively 22.2% and 19.7%. For comparison, the bound tariff rates for meat and meat products for Ukraine fixed at 12,0-15,0%, dairy products - 10.0% (outside the tariff quota). Thus, even after the reduction formula "Doha Round" tariff protection for agroindustrial market in Ukraine will be much lower [2].

Thus, in result of tariffs liberalization Ukraine became "the territory of low prices" for beef imports - the average price of imported beef – 0.85 €/kg, milk – 0.33 €/kg [2]. For comparison, the cost of producing 1 kg of beef is 1.1 €, and milk – 0.30 €/kg.

World Trade Organization implements the principle of fair competition in agricultural markets (both external and internal). In accordance with the principle of state aid of agriculture that has the most protectionist and stimulating effect on the production of agricultural products, and also measures aimed at protection domestic agricultural markets should be reduced. It is considered that they affect "distorting way" on the market, ie output and prices.

For example, the European Union spends more than 40 billion euros for the implementation of support programs in agricultural production, ie 45% of its budget, while the contribution of agriculture to EU`s gross domestic product is only about 2%. Thus, 80% of costs for the EU's Common Agricultural Policy goes to grants for supporting prices and incomes of farmers. Only in Germany the amount of payments to farmers from the state budget, except payment of Brussels is more than 5 bln euros, about 80% of which are spent on social security of farmers [1]. For comparison, in Ukraine the amount of state support commodity reaches over last 5 years on average 5-7% of the state budget.

For Ukraine, which does not use export subsidies and can not use them in the future favorably to join the countries that advocate the export subsidies, which are widely used EU, like one of the main trade partners of Ukraine. Exports support creates unequal competition conditions on the market of meat and meat products in Ukraine with the products of domestic origin. In such circumstances, Ukrainian producers of cattle meat became uncompetitive by price [1].

Generally, as evidence analysis of the transition economies experience, there are no grounds for predicting catastrophic in agriculture consequences of WTO membership. Ukraine has lost some positions through the delays in the WTO accession. The rules of this organization are not always conducive to new members, especially for countries that have not yet overcome the crisis and depression of its agri-food sector. For the latest, there is a possibility to increase the already significant differences in the levels of support for the domestic market between new and existing members.

Consequently, countries that join the organization, assume certain liabilities of the four directions: the state support of agriculture; market access for agricultural and food products; sanitary and phytosanitary measures; export competition in agricultural and food trade.

The analysis of the benefits and risks agriculture from participation in the WTO allows to determine areas of public policy, which might reduce the risks or neutralize the possible negative effects and speed up the implementation of market liberalization of trade regimes:

- export promotion in order to expand foreign markets for Ukrainian exporters;
- stimulate domestic demand for foodstuffs;
- increase the competitiveness of domestic producers by improving the product quality and safety by implementing international quality standards. After accession to the WTO, Ukraine, given the export orientation of agriculture, long time should like to begin replacement of the national standards system that is outdated and does not satisfy the needs of foreign trade;

- promote the growth of competitiveness of domestic producers on domestic and foreign markets through restructuring unprofitable farms effective state regulation of agricultural markets, using of effective mechanisms to support agricultural producers;
- in order to avoid negative impacts on the individual farms should be maintained at the state level programs for forming and development market infrastructure small commodity producers and promoting rural development;
- active use the advantages of "green box" of the WTO [3].

Given the shortcomings, accumulated in the agricultural sector, most of these measures needs urgent implementation. It will accelerate and effective implementation these areas in agriculture, which in its turn, will work on the preparation Ukrainian agricultural sector to the European intentions. Most of the problems faced by Ukraine after WTO accession existed before and were caused by the mismatch of domestic and global trends of economic development, lack of modern high-tech infrastructure investment market, the reluctance of the national economy to integration into the world economy [4].

But after Ukraine's accession to the WTO, these risks were more relief and significant. These include:

- future orientation of the economy on imported model development;
- deterioration in the structure of exports by increasing its resource component and an increase in the domestic market of low-quality imported products;
- deterioration of industrial and social infrastructure in agriculture;
- unwillingness of state institutions to protect the interests of the domestic exporters at the international level [6].

Conclusions. So even a superficial analysis of advantages and risks for cattle breeding industry from the Ukraine's participation in the WTO allows to formulate of state policy areas which might reduce the risks to neutralize the possible negative effects and accelerate the realization of benefits from trade liberalization regimes. It comes about the support of export promotion to expand foreign markets; stimulating domestic demand for foodstuffs; increase the competitiveness of domestic producers

by improving the quality and safety of products by implementing international quality standards.

Consequently, the state support of the agricultural sector aims to balance the interests of producers, consumers and government - to provide a sufficient level of profitability for production expansion, food security and economic growth. The concentration of budget resources in the production of strategic agricultural products will provide conquest of Ukraine by the stable share of world trade, and thus provide constant currency and tax revenues for sustainable socio-economic development.

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