

THREATS AND OPPORTUNITIES FOR UKRAINIAN AGRICULTURE

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For last several years agriculture is positioned as one of the leading production spheres of the national economy, a major provider of foreign exchange earnings and the only hope of the Ukrainian villages. But noting numerous successes of this sphere like increased production effectiveness we should pay attention to *dangerous hazards* and imbalances in its development, which may directly affect agricultural production and socio-economic situation in the country.

1. Problems of regulation: lack of systematic approach and stable legislation.
2. Obsolescence of fixed assets. According to official figures number of tractors, combine harvesters annually decrease and their number is not sufficient.
3. The problems of financial security - insufficient credit. Representatives of Ukrainian banks and leasing companies argue that agricultural holdings regularly create bad debts, and even with its collateral value often does not compensate for the loan or debts are simply not paid through the efforts of lawyers of large agricultural companies.
4. Social development. The rapid growth of labor productivity in agriculture does not meet the pace of wage growth.

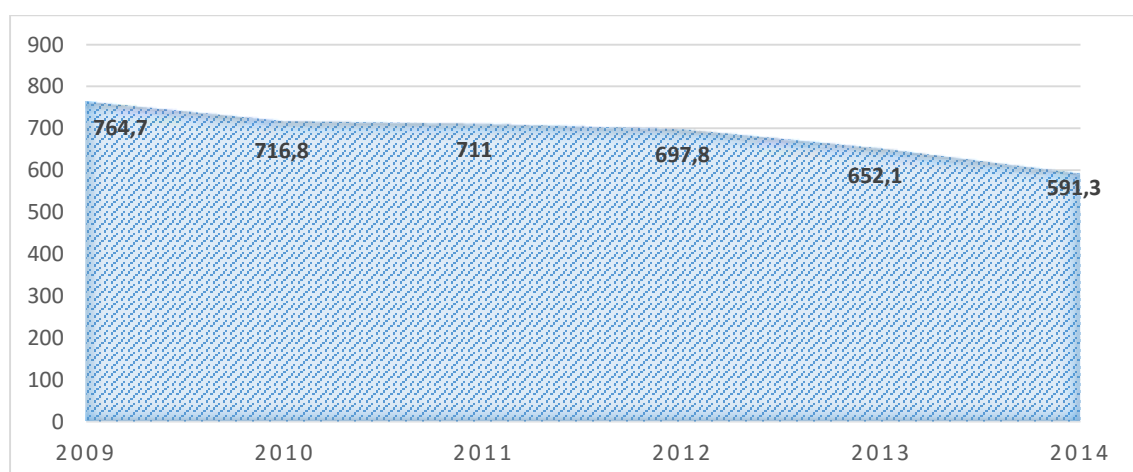


Fig. 1. The number of employees in agriculture, thsd.

In 2015, agriculture of Ukraine entered the top three industries for employees' income growth, but still kept its backlog level of the average for all industries. These

indicators are also accompanied by a reduction in employment in rural areas - number of employees is constantly decreasing. And this is a natural process and an expected one for agricultural holding maximize their own profits, growing a few crops with low labor intensity, while leaving 10-15 people hired in one region.

5. Antagonism between agricultural holdings and small-scale private producers. Without proper state regulation and support of competition there is a real threat of monopolizing the market for lease land and finished products.

6. The environmental threats caused by the lack of interest of agricultural holdings in preserving local ecosystems, the prevalence of soil depleting crops in crop rotation.

7. Information availability. Asymmetry of information is found in large producers' access to the entire database of technology, management, marketing knowledge while small and medium enterprises often do not have this opportunity. Another important point is lack of information about product quality available to consumers due to imperfections in national quality control systems.

Grouping together the strengths and weaknesses of the domestic agriculture, we have presented a standard matrix of SWOT-analysis, which also allows in a convenient way to inform about the opportunities and threats that a modern market situation provides.

Strengths	Weaknesses
Rich natural resources	Aging of assets
The presence of powerful producers	Low salaries
Availability of qualified personnel	Weak infrastructure
Access to the sea, the availability of ports	Depletion and pollution of soils
Building of private infrastructure facilities	Underdeveloped system of quality control
Access to foreign markets for goods and resources	Bankruptcy of small producers
Opportunities	Threats
The growing need for food in the world	Unstable legislation

The emergence of new markets	The absence of land market
State support	Rise in price for imported equipment and raw materials
Large domestic market	Closing access to external markets
Hryvnia devaluation increases the competitiveness of exports	Environmental threats
	Demographic threat

Fig. 2. SWOT-analysis of Ukrainian agriculture

Analyzing the strategies that would help to make the most of market opportunities and avoid threats is to say that entrepreneurs are waiting for clear government regulation, clear and available state support for SMEs, simplified reporting, acceptable levels of taxation, the provision of cheap credit. They also need infrastructure investment projects made both by the state and international organizations and large businesses, access to domestic and international markets, diversification of sales channels, opening new foreign markets. We should concentrate on deepening processing, strengthen quality and environmental standards and monitoring their compliance, develop domestic industry for providing agriculture, improve domestic seed production, continue to reform higher education and strengthen ties of education, science and industry, and also exchange experience with foreign researchers.