FOOD SECURITY OF UKRAINE IN CONDITIONS OF GLOBALIZATION CHALLENGES

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Annotation. The article considers a new solution to the task of making an efficient production program for an enterprise with a growing economic potential which is based on financial management. The method of accumulating marginal income is offered to be used for optimizing the production program of an enterprise. Selection of the optimal production program is carried out by estimating the cash flows for each of the production of the product. This selection may be accomplished by the using of linear programming methods. In this case, it is necessary to find the optimum objective function under the conditions of specified functional limitations.

Key words: economic potential, production program, accumulated marginal income, optimization model, financial management.

Стаття присвячена з'ясуванню ролі глобалізаційних процесів, місцю України у вирішення проблем продовольчої безпеки, та аналізу перспективних тенденцій в економіці сільського господарства

The last decade of the 20th century and the beginning of the 21st century are characterized by rapid shifts in the system of international relations, fast progressive trends of international integration, with new management principles. The world economy is transformed into a single organism - it's all happening under the influence of globalization, in terms of resources, their sources, forms and dimensions of economic evolution. In General, the rapid integration processes can be characterized as positive, contributing to the development of new regional markets, and to achieve effective interaction between suppliers and consumers, stabilize the national socio-economic development of individual countries.

In order to understand the influence of integration and globalization processes on the development of certain sectors of the economy, it should understand the nature of their occurrence, as well as what exactly globalization is. A synthesis of the views of many researchers, leading international Economics experts gives reason to the conclusion that, first of all, the growth of international trade and investment, diversification of world financial markets; the expansion of global labour markets; the increasing role of TNCs (transnational corporations in world processes; sharpened global competition; the emergence of systems of global (international) strategic management [1,2,3]. Based on the evidence, can lead to the essential meaning of the notion of globalization that is interpreted by different authors differently.

According to many scholars, globalization is a product of the postmodern era, the transition from industrial to post-industrial stage of economic development, forming the basis neosphere-space civilization [1]. S. V. Fomishin notes that the globalization of economic development is an objective process of submission of directions of economic development of individual countries laws and directions of development of the global market economy [2]. We fully share this understanding of globalization processes, which to a certain extent confirmed by the results of their influence on the development of agrarian sector of economy of Ukraine, which is manifested in various aspects. First of all, there is a growth of volumes of foreign economic activity, that is, export activities; enhanced divergence international trade in agricultural and food products; agricultural production of the country is subject to the requirements of the world market and specialize on the cultivation of export-oriented crops (sunflower, wheat, corn, soybeans, barley).

However, integration and globalization processes require some positive opportunities and negative consequences and results. In contrast to internationalization, through the promotion of international trade always to yield significant dividends most powerful countries, globalization means the inevitable subordination of national economies to the global centers on the last conditions [3]. Thus, globalization becomes a permanent factor and domestic and international economic life – and this should be considered in the formation of foreign economic policy of each country, identifying priority areas of international economic cooperation.

This fully applies to the impact of globalization processes on the development of foreign trade activities of the agrarian sector of Ukraine, which in the last decade is characterized as a powerful player in world markets for agricultural products and foodstuffs. However, realizing the above characteristic features of the globalization process, the choice of destinations of international economic cooperation and the possible connections to different kinds of integration structures, requires careful weighing of potential risks and benefits.

Market research in world markets for agricultural products and foodstuffs testifies to the fact that Ukraine, especially after gaining membership in the WTO, rapidly is among the major players in world trade in agricultural products. However, the definition of prospects of development of foreign economic activity in the agricultural sector of the country in the context of the implementation of various vectors of its international integration requires, in our opinion, the implementation of comparative analysis of main socio-economic indicators of Ukraine and certain major international integration groupings: the European Union and the Customs Union (table. 1).

Table 1.

Comparison of individual socio-economic indicators of Ukraine, the customs Union and the EU

Indicators	Custom union	EU	Ukraine
Population, million	168,6	502,1	45,2
GDP per capita, thous. USA	10,9	33,0	6,5
The area of farmland, million ha	433,3	186,5	41,3
The area of arable land, million ha	151,0	107,4	32,5
Production:			
Grain, million tons	92,5	292,8	56,3
Yield, centner /ha	21,0	51,5	37,5
Oil crops, million tons	4,9	14,1	4,5
Yield, centner /ha	4,2	8,3	6,7
Milk, million tons	43,3	149,7	10,8
Milk yield, kg	3146	6461	4175
Exports of agricultural products, in billion us dollars.	14,7	521,0	12,7
including 1 ha of arable land, USD	97,4	4851,0	390,8

Source: [4]

The data in table 1 reflect conditions of development of foreign economic activity in the agricultural sector and show that Ukraine, processing the 32.5 million hectares of arable land (constituting one fifth of the arable land of the countries of the Customs Union), exports per ha four times more agricultural products than countries of the Customs Union, which confirms its significant export potential. However, the level of creation of GDP per capita, Ukraine is much smaller in comparison to European countries and the countries of the Customs Union. It should be noted that the development of the agricultural sector of the European Union, in particular, the level of provision of population with food as well as the transformation of the European Union with permanent stable importer to a net exporter took place due to the accession of new members, as well as through the formation and implementation of Common agricultural policy (CAP).

It should be noted that the domestic agricultural sector annually increases its presence in the global agri-food markets. In addition, the agricultural sector is one of the key sectors in the country, which ensures the supply of foreign currency. In particular, in 2015, the agricultural sector accounted for a third of foreign exchange earnings of the country, making it a powerful locomotive of development of other sectors of the national economy [5].

To characterize the dynamics of development of foreign economic activities of the agricultural sector it should be noted that in comparison, the share of agri-food products in the structure of national exports increased from 19% ($9.8 bln. USA) in 2010 to 30% (16.7 billion dollars. USA) in 2014 as of end of December 2013, Ukraine exported products of the agro-industrial complex (AIC) of nearly $ 15 billion. USA, which accounted for over 25% of the total exports of Ukraine.

In addition to consistently positive foreign trade balance of the country from trade agri-food products over the past decade, Ukraine is rapidly coming into the top of the major players exporting to the world market for certain types of goods. Thus, the volume of soft wheat export of Ukraine in 2014 came in sixth place among the leading exporters of the world (11 million tons), while the volume of sunflower oil (4.3 million tons) is ranked first. In 2014 Ukraine on world markets was ranked 3rd in the export of corn (18 million tons), 4th in the export of barley (2.7 million tons), 7-e for export of soybean (2 million tons), 8-e for export of poultry meat (170 thousand tons) [6]. The agricultural sector even during the global financial and economic crisis provides a positive foreign trade balance in international trade in agricultural products. The volumes of export of Ukrainian farmers have long been ahead of such traditional export industries like machinery and chemicals. In particular, the domestic agricultural complex for several years shows a steady growth of deliveries of its products abroad. Increasing supply on the international market, the agricultural sector of Ukraine in the sphere of international economic cooperation predetermines the decline in world food prices and solves the growing problem of global food security.

However analyzing the commodity structure of export of the agrarian sector of Ukraine, one should point out its raw material orientation: predominant are the products of an insignificant value added. The product range offered on international markets is very constricted, and mostly consists of grain products. So I can talk about the specific dictates of the global market trends and specialization of agricultural production of Ukraine, which is expressed in the structure of agricultural lands occupied by major agricultural crops (table. 2).

Table. 2.

Dynamics of structure of cultivated lands under main agricultural crops in Ukraine

Indicators	1990	1995	2000	2005	2010	2014	2014 to 1990 +,-
Total land, million ha	60,35	60,35	60,35	60,35	60,35	60,35	0
Sowing area agro crops, thousand ha	32,41	28,11	27,17	26,95	27,67	27,80	-4,61
including grains and legumes	14,58	14,22	13,65	15,09	15,72	15,45	0,87
technical culture	3,75	4,0	4,19	7,30	7,44	7,85	4,1
of which: sugar beet	1,61	0,95	0,86	0,50	0,53	0,46	-1,15
sunflower	1,64	2,87	2,94	4,57	4,74	5,19	3,55
forage crops	12,00	8,33	7,06	2,60	2,48	2,48	-9,52
The level of development, %	69,6	69,5	69,3	68,9	68,9	68,8	-0,8
The level of tilled soil, %	79,5	78,1	77,9	78,1	78,2	78,3	-1,2
The structure of sown areas, %							
a) grains and legumes	45,0	48,5	50,2	56,0	56,8	55,6	10,6
b) technical culture	11,6	13,2	15,4	27,1	26,9	28,3	16,7
of which: sugar beet	5,0	3,2	3,2	1,9	1,9	1,6	-3,4
sunflower	5,0	7,3	10,8	17,0	17,1	18,7	13,7
c) forage crops	37,0	30,1	26,0	9,6	9,0	8,9	-28,1

Source: State statistic service [4]

Presents data in the table 2 confirm the influence of globalization processes in the world economy on the development of agrarian sector of Ukraine through the subordination of agriculture to the needs of the global market. It appears that in the structure of sown areas of the country there has been a significant transformation by reducing forage crops 4-5 times, with a simultaneous increase of nearly 3 times the proportion of crops industrial crops, namely sunflower, the proportion of crops which reaches nearly 19 percent annually, which exceeds the scientifically grounded norm (10-12 %) by almost half. Analyzing the presented data it can be noted that for most producers the characteristic is a violation of scientific rules of management, prevailing the cultivation of monocultures. It should also point to a significant expansion in the structure of cultivated areas of energy crops (sunflower, corn, soybean, sugar beet, and the like) that requires producers to resort to growing them as monocultures, not following the sequence and alternation of major crops and predecessors, and this causes the population of the pests of the fields and associated weeds, which reduces yields, the use of additional means of protection of plants leads to soil pollution.

We can say that over the past decades, the main agricultural producers defiantly neglect the observance of the requirements of rational land use and crop rotation, which, of course, adversely affects the environmental condition of the land, leads to the depletion of the soil by the reduction of qualitative characteristics (in particular, the content of humus) agricultural land.

A definite confirmation of the influence of the world economy and globalization processes on the development of agrarian sector of Ukraine can provide data on the ratio of the main branches of agriculture in the structure of gross output (table. 3).

The data of table 3 show that the share of crop production in the structure of gross agricultural production produced in all categories of farms, amounts to 70.3 percent. However, if we analyze the crop production in the agricultural enterprises and households, we can note that they rapidly abandon livestock production and produce what you can sell more, what costs less, require no long-term investment that dictates the global market – crop production. Even households of the population – the rural areas which are characterized by ageing and the outflow of labor, refuse the livestock industry, and over the past six years have reduced the proportion of livestock products by almost seven percentage points.

Table. 3.

The share of crop production and livestock in the production of gross output of agriculture (in percent)

Years	All categories of producers			Agricultural enterprises			Households		
	Gross products	including		Gross products	including		Gross products	including	
		crop	livestock		crop	livestock		crop	livestock

2010	100,0	64,3	35,7	100,0	71,4	28,6	100,0	57,6	42,4
2011	100,0	69,9	30,1	100,0	76,5	23,5	100,0	62,8	37,2
2012	100,0	67,3	32,7	100,0	73,1	26,9	100,0	61,4	38,6
2013	100,0	69,9	30,1	100,0	75,8	24,2	100,0	63,0	37,0
2014	100,0	70,7	29,3	100,0	75,9	24,1	100,0	64,2	35,8
2015	100,0	70,3	29,7	100,0	75,4	24,6	100,0	64,1	35,9

Source: State statistic service [4]

The growth of world prices for agricultural products, as well as increasing the physical volume of crop production, provided the increase of efficiency of use of agricultural land and allowed a certain way to stabilize the financial situation in the region (table. 4).

The data of table. 4 illustrate the increase of efficiency of use of agricultural land, which is expressed by the value of gross output of agriculture per 100 ha of agricultural land in constant prices of 2010. An obvious influence on these figures is the increase in the crop production, as more liquid and such that requires long-term investments. Scientists say that limited access to Bank loans and lack of quality of the Elevator industry for grain storage, the demand for which is estimated at about 21 million. t makes the vast majority of agricultural producers directly sell from 80 to 100 % of the new crop.

Table 4

The gross output of agriculture in the calculation per 100 ha of agricultural land (constant prices 2010), thousands UAH

Years	All categories of producers			including					
				Agricultural enterprises			Households		
	Gross products	including		Gross products	including		Gross products	including	
		crop	livestock		crop	livestock		crop	livestock
2010	525,5	337,9	187,6	440,5	314,7	125,8	641,9	369,8	272,1
2011	632,8	442,4	190,4	574,0	439,0	135,0	711,8	447,0	264,8
2012	608,4	409,7	198,7	541,7	396,0	145,7	697,3	428,0	269,3
2013	691,4	483,6	207,8	653,9	495,5	158,4	741,9	467,4	274,5
2014	708,3	500,6	207,7	688,0	522,1	165,9	735,2	472,2	263,0

2015	674,0	474,0	200,0	648,6	489,3	159,3	707,9	453,5	254,4

Source: State statistic service [4]

This ensures that access to working capital and occurs mostly internal, self-financing from profits and savings [7].

Describing regional aspects of development of agriculture and assessing the proportion and place of regions in the total volume of gross output of agriculture in 2015, we will note that the Sumy region in terms of volume of production of agriculture is at the 13th place, producing 4.1 per cent of the total production in the country; in terms of production of crop products – at the 12th place, and in terms of production of livestock products is on the 18th place among 24 regions of Ukraine. Among the top five leading manufacturers of agricultural products in Ukraine are Vinnitsa, Poltava, Dnipropetrovsk, Kharkiv and Cherkasy region. Among the outsiders in terms of production of agricultural products in 2015 respectively: Zakarpatska, Luhansk, Chernivtsi, Ivano-Frankivsk and Volyn oblasts [4].

Another distinctive feature of the influence of integration and globalization processes in the world economy on the agricultural sector of Ukraine is the merger and acquisition of business entities, participation in the agricultural sector TNCs, the formation of large-scale agricultural structures (agricultural holdings) and increasing dominant role in agriculture.

It should be noted that, in 2013, agricultural holdings was made up 21.3% of agricultural products in Ukraine, 46% of households, or 32.7% of other farmers [8]. In the ranking of the TOP 100 agricultural enterprises in terms of space (land), which are in their operational management, the top ten includes companies that control 150-670 thousand hectares of agricultural land. In the management of the 10 largest agricultural holdings of Ukraine is about 7.5% of the agricultural land of Ukraine. The last places in this ranking are occupied by companies which control about 10 thousand hectares of land each, but they should also be considered quite powerful by agricultural producers [7, p.10].

It should be noted that the processes of mergers and acquisitions and as a consequence the formation of vertically and horizontally integrated entities (in particular, in agrarian sector of economy of Ukraine), is a symptom and result of international division of labor. Total global demand through a well-developed market infrastructure determines the directions of development of economic activities, which is why agricultural holdings concentrated significant financial resources under their control, have access to export markets, a more powerful access technologies and political influence at local and national levels. In addition, quite often shareholders of such companies include large international companies, which give them additional advantages in lobbying at the international level.

However, globalization processes also determine, though still rare, occurrence of domestic producers in foreign enterprises, occupying a stable and reliable position in world food markets. Also among the largest agricultural holdings there are in the world and Ukrainian companies. According to the analysis of public data held by the member of the Board of Directors of GC "Grain UA" Andrew Druzyaka, the top 10 largest companies in the world includes two and half of Ukrainian companies (table 5). Why? Because UkrLandFarming and Kernel - purely Ukrainian, and one investment, NCH Capital, which owns a land Bank in Ukraine and in Russia", — he explained [9].

He also notes that the world's largest company, are presented in table.5, focused on the production of crop products, mainly engaged in the cultivation, processing, transport and export of grains and oilseeds. As for Ukrainian companies, which are in the top 10, they are not only production sites, but also a powerful trading houses, influencing the price policy of the traders in the black sea region and can destabilize the market in the direction "minus" and "plus" side, and most likely will continue to increase their land assets.

Table 5.

Top 10 landowners in the world at 01.01.2014

№	Company name	Area of land Bank
1	Beidahuang Group	5400 thousand hectares
2	Ivolga - holding	1500thousand hectares
3	KazExportAstik	1000 thousand hectares
4	El Tejar	1 000 thousand hectares
5	Cresud	1000 thousand hectares
6	NCH Capital	800 thousand hectares
7	Agrocenter Astana	700 thousand hectares
8	UkrLandFarming	670 thousand hectares
9	Razhulaj Group	500thousand hectares
10	Kernel Group	420 thousand hectares

Source: according to data [9]

Globalization challenges in the agricultural sector of Ukraine are also evident in the concentration of land resources in agricultural producers. Among the largest agricultural holdings in Ukraine (in terms of land Bank in the operational management) must be identified: "UkrLandFarming", “NCH”, "Kernel Group", "Myronivsky Hliboproduct", "Ukrainian agrarian investments", "Astarta-Kyiv", "Mriya agro holding", "HarvEast", "Agroton".

In turn, the ranking of agricultural holdings by revenue, which they received in the first half of 2014, somewhat similar to the ranking by the size of their land Bank, which could be explained by the significant differences in the types of activities that carry out agricultural holdings, as well as differences in their business models, styles of management and operational management. Moreover, as noted by other experts, bigger is not that effective, rather the contrary [10]. Forbes deliberately all these years has not published a rating of the largest agricultural holdings by size of land Bank. The traditional approach (the area of land in the process) when preparing agrirating is non-correct because of the illegal rank of the company, focusing on an asset that doesn't belong to them (through the official absence of the market of agricultural land), and is rented long term period.

Forbes experts apply a methodology based on EBITDA (abbr. from the English. Earnings before Interest, Taxes, Depreciation and Amortization) to calculate the analytical indicator equal to the volume of profit before deduction of interest expenses, taxes and depreciation. This is a common indicator of the effectiveness per one hectare in the agricultural business. Yields, costs per hectare and the predominance in the structure of crops most profitable crops are the key factors that affect crop EBITDA of the company. A number of holdings that are leaders among large landowners took the last places in the ranking, and therefore didn't get to it.

For example, the company "Kernel" Andrei Verevskiy on the results of the marketing year received 85 USD per 1 hectare. This result is explained by unfavorable weather conditions, lower than expected yield and price volatility. To remedy the situation in April 2013, the company "Kernel" acquired "Druzhba-Nova" is one of the most effective in the agricultural sector. Through the application of evidence-based approaches in the cultivation of the soil, innovative technologies and increase of intangible assets in the ownership structure, this company received 800-900 USD EBITDA per one ha. It was assumed that, spreading her experience on all their fields, "Kernel" will significantly increase the efficiency of crop production. However, agriculture is not the priority activities of the company "Kernel" and accounts for an insignificant share in the structure of its business.

A leader in grain yield among Ukrainian companies is "Svarog West Group", which handles 80 thousand hectares of land, and can be considered not only the most productive agricultural holdings, but also the most effective: the profitability of crop production is 1.5 times higher than in most other large companies [10].

Another distinctive feature of the integration of the agricultural sector of Ukraine into the world economy and feeling the influence of globalization processes is the degree of its involvement in world markets for agricultural products and foodstuffs at the expense of exports of agricultural products from Ukraine.

Among the TOP 10 largest exporters of grain in the first half of the 2013/2014 marketing year were leading the company "NIBULON" also in the top ten included "Kernel" fourth position, "Cargill" – the fifth and the other (Tab. 6).

Table 6.

TOP 10 Ukrainian grain exporters, the first half of 2013/2014

№	Company	Share in total exports
1.	NIBULON	13,1%
2.	State food-grain Corporation	9,6%
3.	Louis Dreyfus Ukraine	9,3%
4.	Kernel	7,3%
5.	Cargill	4,8%
6.	Bunge	4,4%
7.	AC.Toepfer Int. Ukraine	4,0%
8.	Serna	3,2%
9.	Rayz	2,3%
10.	Agrotrade Export	2,4%

Source: according to data [9]

Studies show that the main exporters of agricultural products are agricultural holdings, as well as intermediary trading companies (traders) which are often foreign-based companies. Very important for the formation of significant export shipments of grain products is the presence of highly developed Elevator industry, carrying out appropriate training of grain to international requirements in terms of quality.

Today, the largest owners of grain elevators is: "Kernel", "Glencore", "NIBULON", "MHP", "UkrLandFarming". Despite the fact that in recent years, agricultural market participants are actively investing in the development of logistics in Ukraine there is a shortage of elevators that often forces small producers to sell grain at low prices or to pay unreasonably high rates for storage. Therefore, given the above indicators, we can distinguish four main agricultural holdings that are in the TOP 5, both the amount of cultivated land (with the exception of "NIBULON"), and volume of the proceeds, namely: "UkrLandFarming" (A. Bakhmatyuk), "Kernel" (A. Verevskiy), "MHP" (Y. Kosiuk) and "NIBULON" (A. Vadatursky). Moreover, these companies are leaders in certain market segments of agriculture, in which they specialized.

Describing in General the process of rapid formation of major agricultural holdings, there are certain stages of their development:

- deterioration in the financial condition of a large number of small farms in connection with the beginning of the global financial crisis of 2007-08 resulted in a chaotic concentration of capital and their enterprises;

- the next phase of consolidation of capital, land resources and the simultaneous abandonment of unprofitable production (mainly, the destruction of the livestock industry, specialized only in crop production);

- today, large agricultural holdings refrain from drastic reorganization of assets, especially in terms of postponement of land reform.

Ermolaev A. and other experts cite the main factors that contributed to the emergence of large agricultural holdings in Ukraine, for example, the four most successful (UkrLandFarming, Kernel Group, "MHP", "NIBULON") [7,pp. 12-14]. The defining they believe:

- political relations at the initial stage of the formation of the holding;

- the underlying asset, which became the basis for the formation of the holding;

- consolidation of the assets and lands of agricultural holdings in a relatively short period of time;

- the use of advanced technologies;

- availability of own capacities for the conservation and export of products;

- access to markets;

- access to the capital markets of agricultural holdings, where he was preceded by active work on upgrading them to international standards of work.

The consequence of these and other factors from year to year there has been a steady tendency to increase the share of agricultural products in the export structure of the country (unfortunately, with very little added value). The product of agriculture and food industry forms a significant part of Ukrainian exports. For 2014 exported products of agriculture and food industry by 16.7 billion. USD (at 0.3 billion USD less than in 2013), that is 30,9% of the value of exports (vs 27.1% in 2013).

The share of EU countries accounted for 26.8% of value of exports of agricultural products and food industry in Ukraine, or $ 4.8 billion. USD (respectively 26.4% $ 4.5 billion. USD in 2013.) [11].

In 2014 imported agricultural products and foodstuffs 6.1 billion. USD (on 2 billion USD is less than in the previous year). In the cost structure of import the share of these products amounted to 11.2% (in 2013 – 10,5%).

Very important for the development of foreign economic activity of the agricultural sector of the country is the implementation of European integration aspirations of Ukraine and the full implementation of the comprehensive Agreement on free trade Area (FTA) between Ukraine and the EU started to act 01.01.2016, which is the economic and political part of the Association agreement between Ukraine and the EU. In the framework of this Agreement provides for the introduction of a new format for the implementation of export-import operations focused on trade liberalization and the promotion of agricultural exports. The main aim of the Agreement is the intensification of the Ukrainian agri-food exports by increasing the competitive advantages of the product, which was characterized by a high level of processing and significant added value. The European Union has introduced duty free tariff quotas for 36 kinds of products. For some products (beef, pork, lamb, poultry, eggs, milk, cream, yogurts, cereals, bran, honey, sugar, starch, mushrooms, garlic, malt, grape and apple juices, butter, cigarettes, ethanol and the like) installed additional volumes. It should be noted that Ukraine also introduced tariff rate quotas for three types of goods and provided additional volumes for two (pork; poultry meat and semi-finished products of poultry; sugar). For domestic producers a little strange and absolutely new is the order of implementation of export-import operations with the European Union. However, the use of tariff quotas there are two algorithms:

a) “first come, first get”. For certain product lines, quotas are provided as application and appearance of the goods at the border;

b) through a system of import licenses (for a limited list of goods the importer from the EU must obtain a license in the relevant bodies of the EU) [12].

It should be noted that Ukraine has lost quite succinct, clear and well-known food market in Russia that made the country's agricultural sector to develop new markets, offering high-quality domestic agricultural products and food. 2015 was the year of finding alternatives to the exports of the agricultural sector. As noted by A. Pavlenko, the development of exports of agricultural products is the key to success of Ukraine as a whole [13].

First of all, the export generates the development of the industry and new jobs, which is extremely important to ensure stability in the state. Secondly, establishing good, strong and mutually beneficial relations with other countries only benefit us. According to the results of the analysis of dynamics of foreign trade in agricultural products, one can notice that for 7 months of 2015, Ukraine has received a positive balance of foreign trade in the agricultural sector - the $5.6 billion. in Particular, exports of agricultural products totaled $7.7 billion, or 35.7% of the total Ukraine's exports and imports $2.2 billion, or 10.5% of total imports of the country. Undoubtedly, it should be recognized that in terms of value compared to the same period in 2014 there was a reduction in agricultural exports by 16.8% and imports by 45.5%. This is due to the change of the world prices for principal export products. Overall, the fall in world prices for grains occurred by 24 percent. According to FAO (food and agriculture organization of the United Nations), the index of food prices, particularly for grain in 2015, were the lowest in the last five years. Accordingly, selling on the export of wheat in January-July 2014 3,3 million tons, it received $815 million in the same period in 2015, the increase in the number of exports by 12% to 3.7 million tones, revenues amounted to just $696 million.

The loss of the Russian market has led to a decline in exports of animal products and confectionery products, i.e. products with high added value, which affected revenue from exports. Another factor that caused a decline in exports is the fact that the Ukrainians began to prefer the consumption of mainly Ukrainian goods. Indeed, a significant volume of its exports prove the high quality and safety that is in demand on the world market. The growth of domestic demand for certain products causes the increase in their prices, and consequently, producers are much more profitable to sell their own products on the domestic market than to export [13].Growing domestic demand causes a decline in exports.

Witness to the positive development of foreign economic activity of the agrarian sector of Ukraine is that a positive balance is kept and even increased by almost 5%. The most important factors, positive balance of agricultural products remain volume of export of grain crops and 39.9%, respectively, of oil and 23.7% and oilseeds and 7.5%. For the first time in recent years deserves special attention sugar, the export of which 2015 compared with 2014 have increased almost 100 times (!) – with $361 thousand, to $37.7 million, Significantly increased the export of fat pigs and poultry – from $27 thousand to $3.8 million Recovery applies to products such as soybeans (by 72.2%) and pork (more than 5 times). However, decreased exports of sunflower oil (22.1%), maize (7.5%), cheeses, mainly because of the embargo in Russia (88,3%; $97 million), bakery and confectionery products (49,7%; $69,9 million), fruit juices (47.5%) and barley (13.2%) [13].

Describing the import of products and foodstuffs of Ukraine, it is possible to identify some positive trends: a reduction of imports, which gives grounds to speak about the implementation of the policy of import substitution. So, in January-July of 2015, the import decreased by 45.5%, to $2.16 billion, however, this is also a significant decrease in solvency of Ukrainian consumers. The largest share in the structure of import of main kinds of agricultural products are: fruits, nuts and peel (11.9 percent); tobacco and its products (10.6 per cent); fish, crustaceans and mollusks (6,6%); cereals (6,4%); coffee, tea, spices (5,1%); chocolate, cocoa (4,5%); oil (3.2 percent); meat and meat products (2.4 percent).

The globalization of the world economy "shift" Ukraine into the global space makes us constantly look and develop new markets for international trade in agricultural products. Geographical structure of foreign trade in products of agricultural sector of Ukraine by results of 2015 looks thus:

• Asian countries – 46,6% ($3.6 billion);

• EU countries – 25,3% ($1.96 billion);

• African countries – 14% ($1.08 billion);

• CIS countries was 11.1% ($0.86 billion);

• US – 0,3% ($0.027 billion);

• Other countries – 2.7 per cent ($0.2 billion) [13].

It can be argued that the results of export-import activities, even under unfavorable world prices, Ukrainian farmers are gradually expanding markets, offsetting the loss of the Russian market.

We fully share the caution of scientists that in the conditions of strengthening of integration processes and globalization challenges, special attention requires the issue of standardization of quality of agricultural products [14]. If domestic producers will be to focus on the long term global leadership and hold steady positions on the world food markets, as well as the use of the benefits of the European Union regarding the entry into the European market, then all efforts should be directed at confirmation of the quality of the production process and the quality of agricultural products. Ignoring this requirement may leave Ukrainian farmers out over time.

Thus, investments are an important factor in the implementation of innovative technologies, development of agricultural production and the formation of the high competitiveness of its products [15]. The development of world economic relations will promote the integration processes in the agricultural sector, which is accompanied by mergers and acquisitions of agricultural companies, the subordination of industrial activity to short-term needs arising from a conjuncture of the world market. Therefore, we consider it appropriate at the stage of conclusion of investment agreements, using the levers of government regulation, guided by the needs of regions, communities to ensure balanced development of the productive forces of the region, rural economy, rural areas, promoting rural employment and environmental protection.

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