

The study examines the mechanism of state policy in the field of foreign trade in the main groups of agricultural goods in the context of European integration. It reveals the issue of production and export potential of agricultural enterprises. The research presents the results of the study of the volumes of the used export quotas of the European Union. It determines that the state policy of increasing the export potential of agricultural enterprises of Ukraine in the context of European integration is implemented through the following components of the mechanism: diversification of agricultural products, improvement of sales channels, intensity of the development of new markets and strengthening positions in old markets. Also, the implementation of these approaches in public administration contributes to the entry of agricultural enterprises to the world associations and the creation of joint ventures for the production and processing of competitive products with its subsequent implementation in the markets of partner countries. As a result, there is an exchange of experience in foreign management and implementation of modern technologies by the entities of the national economy, increasing their competitiveness.

Keywords: export potential, european integration, foreign trade, agricultural enterprises, trading partners.

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**MECHANISM OF THE
FORMATION OF EXPORT
POTENTIAL OF AGRICULTURAL
ENTERPRISES UNDER
CONDITIONS OF EUROPEAN
INTEGRATION PROCESSES**

Formulation of the problem. The European integration processes of the country are one of the significant vectors of public administration, which motivate the entities of the agricultural market to increase the export potential of products and

enter the European foreign market. The experience of most countries of the world shows that the intensive, dynamic development of the agricultural sector depends on the implementation of effective export policies at both micro- and macro-levels. Therefore, developing effective mechanisms to increase the external economic potential of agricultural formations of Ukraine, overcoming barriers to enter the European market is an urgent issue of public administration.

Analysis of basic studies and publications. The following Ukrainian and foreign economists made a significant contribution to the study of the external economic potential of the enterprises of the agricultural sector of Ukraine's economy: Kolomiets V.V., Kyrychenko O.M., Melnyk L.I., Piddubna V.S., Tiurina N.M., Fomishyn S.V. and others. They studied the influence of factors on the formation of the economic potential of agricultural enterprises, substantiated the specifics of its formation and management under changing market conditions. But taking into account the ongoing dynamic processes in the economy, the changing conditions of functioning of the agricultural sector, the issue of analysis and evaluation of its export potential requires a thorough and more detailed study.

The purpose of the article. The main purpose is to evaluate and identify the prospects of increasing the export potential of the Ukrainian agricultural enterprises under conditions of intensive European integration processes and to develop the mechanisms for its implementation.

Presentation of the main research material. In the field of management of agricultural enterprises, export potential plays a leading role both for increasing the production capacity of the agricultural sector of Ukraine's economy and for the formation of a competitive development strategy at the national level. It is a component of the effective activity of the business entity and a basis for the establishment of foreign trade relations in the foreign market. Export potential is a component that helps agricultural enterprises to compete with global producers and occupy their market niche. Exports are a special activity of agricultural enterprises and require a different strategy compared to the sale of products on the domestic market. Agricultural enterprises should make changes in the product range to meet

quality standards in relation to European certification standards; to attract investment flows to agriculture; to study the market environment in which it is planned to start new activities; to overcome the barrier of trust to products and brands.

The globalization of Ukraine's economy has led to a significant increase in selling of agricultural products. Regarding the production of the main types of crop production by agricultural enterprises in 2015, it amounted to 60,126 thousand tons, which is 48.49% of the total volume of crop production (Table 1).

Table 1

Production of main types of crop products by agricultural enterprises in 2015

Products	Gross yield, thous. t	2015 to 2014		in % to the total volume
		+,-	in %	
Grain and legume crops – in total	60126,0	-3733,0	94,2	48,49
Including wheat	26532,0	2418,0	110,0	21,40
barley	8288,0	-758,0	91,6	6,68
corn for grain	23328,0	-5169,0	81,9	18,81
Shugarbeet	10331,0	-5403,0	65,7	8,33
Soybeans	3931,0	49,0	101,3	3,17
Rapeseed	1738,0	-460,0	79,1	1,40
Sunflower	11181,0	1047,0	110,3	9,02
Potatoes	20839,0	-2854,0	88,0	16,81
Vegetables	9214,0	-424,0	95,6	7,43
Fruits and berries	2153,0	154,0	107,7	1,74
Grapes	386,0	-50,0	88,5	0,31

Source: formed by the author on the basis of data [2].

The data obtained in Table 1 show that in 2015, compared to 2014, agricultural enterprises increased production of wheat by 2418.0 thousand tons (10.0%), soybeans - by 49.0 thousand tons (1.3%), sunflower – by 1047.0 thousand tons (10.3%), fruits and berries - by 154.0 thousand tons (7.7%). The analysis of the data shows a decrease in the production of barley (by 8.4%), corn for grain (by 18.1%), sugarbeet (by 34.3%), rapeseed (by 20.9%), potatoes (by 12, 0%), vegetables (by 4.4%) and grapes (by 11.5%). The main reasons for a drop in the gross yield of agricultural crops are the reduction of the yield per hectare and the reduction of harvesting areas.

The development of state mechanisms for the formation of export potential

depends on the assessment of the state of foreign trade of agricultural enterprises in the market of the European Union. The analysis of foreign trade in goods of Ukraine and the EU is given in Table 2. In January-June 2016, the total turnover of trade in goods between Ukraine and the European Union amounted to \$14188.404 million, which is 4.6% more than in January-June 2015.

Table 2

Foreign trade in goods of Ukraine and the countries of the European Union

Index	January-June 2015	January-June 2016	January-June 2016, %
Foreign turnover, US dollar	13569,58	14188,40	104,6%
Export from Ukraine, million, US dollar	6104,78	6516,85	106,7%
Import to Ukraine, million, US dollar	7464,79	7671,55	102,8%
Balance for Ukraine, million, US dollar	-1360,01	-1154,70	84,9%

Source: formed by the author on the basis of data [2].

The analyzed data of Table 2 show that the volume of exports of goods to the EU countries in January-June 2016 amounted to \$6516.85 million, which is 6.7% more than exports for the same period in 2015. Imports of goods from the EU countries amounted to \$7671.55 million, which is 2.8% more than in January-June 2015. Thus, there is a tendency to a gradual increase in bilateral trade between Ukraine and the EU. In January-June 2016, the negative balance of trade in goods in favor of the EU remained, at the same time it decreased by 15.1% compared to the same period in 2015.

Table 3 and Fig. 1 allow studying the dynamics of Ukraine's foreign trade with EU countries for in 2013-2015.

The year 2014 became effective for public administration in terms of consolidation in foreign markets. This is proved by the fact that domestic goods and services began to be actively bought by European countries, which 5 years ago provoked doubts with regard to the quality of products produced at Ukrainian enterprises. Thus, exports in 2014 increased by 4 percentage points compared to 2013, that is not characteristic of 2015, where there was a decrease in exports and

imports by about 25 and 5 percentage points, respectively [1].

Table 3

Dynamics and structure of Ukraine's foreign trade in goods and services with the countries of the European Union

Indexes	Years			2015 in % to 2014
	2013	2014	2015	
Export, million, US dollar	20159	20383	15339,5	75,26
Import, million, US dollar	30969,6	24207,6	18075,9	74,67
Balance	-10811	-3824,6	-2736,4	71,55
Coefficient of import covered by export	0,65	0,84	0,85	101,19
Share of the total volume, %				
Export	26,9	31,8	32,8	103,14
Import	37,2	39,8	42,1	105,78

Source: formed by the author on the basis of data [4].

During the reporting period 2013-2015, the negative balance of trade in goods and services remains. The foreign trade balance tends to decrease, and in 2015 compared to 2013 the index decreased by 73.2% due to a drop in exports by 23.9% and imports by - 41.6%. However, today the European Union remains one of Ukraine's main trading partners.

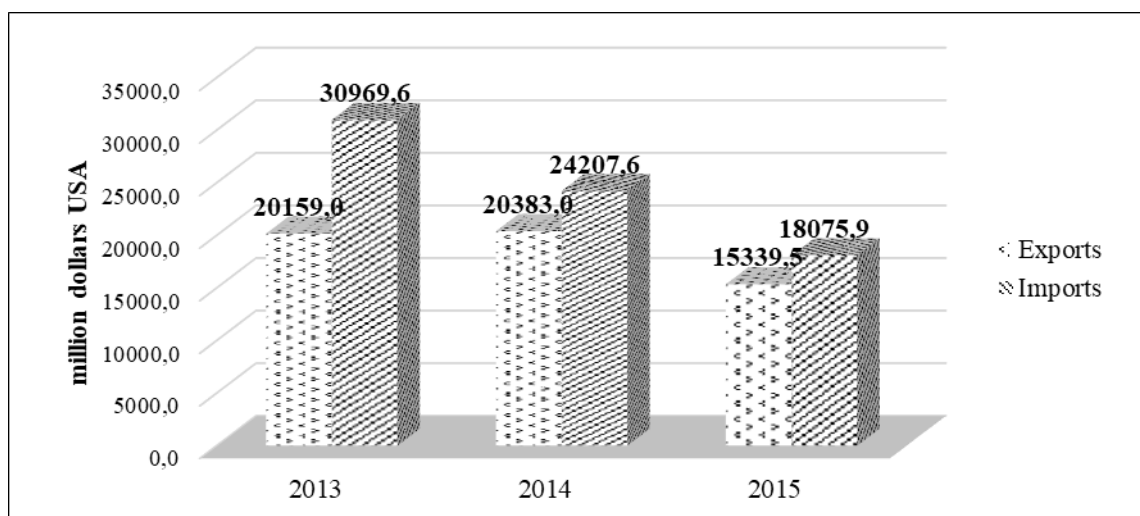


Fig. 1. Ukraine's foreign trade with the EU countries

Source: formed by the author on the basis of data [2].

In 2015, according to Figure1, export of Ukrainian goods to the EU countries amounted to \$15339.5 million and decreased compared to 2014 by 24.7% (by \$5043.5 million), imports –\$18075.9 million respectively and decreased by 25.3% (by \$6,131.7 million). The formation of the negative balance was influenced by certain commodity groups: mineral fuels, oil and products of its distillation (\$3043.9 million), mechanical machines (\$1206.8 million), plastics, polymeric materials (\$1008.4 million).

On the other hand, the volume of exports of goods among the largest partner countries decreased in 2015 compared to 2014: to Poland – by 25.2%, Italy – by 19.8%, the Netherlands – by 18.1%, Germany – by 16.5% , Spain – by 10.5%. According to the results of 2015, the largest deliveries of goods to the EU countries as a percentage of the total volume of the region were made by Zakarpattia region – 90.0%, Volyn region – 72.2%, Lviv region – 71.9%, Ternopil region – 71.4%, Rivne region – 62.5% and Ivano-Frankivsk region – 58.3% [11].

The most significant volumes of imports from the EU countries were mineral products – 22.7% of the total imports, mechanical and electrical machinery – 17.4%, chemical products – 17.2%, agricultural and food products – 9.8%. Most goods from the EU countries as a percentage of the total volume of the region came to Volyn region – 85.9%, Ternopil region – 81.0%, Ivano-Frankivsk region – 69.2%, Lviv region – 68.5%, Zakarpattia region – 59.6% , Rivne region – 58.7%, Chernivtsi region – 56.8%, Zhytomyr and Khmelnytsky regions – 55.7%.

The European Union is Ukraine's largest trading partner in 2015, as evidenced by the data of Figure 2.

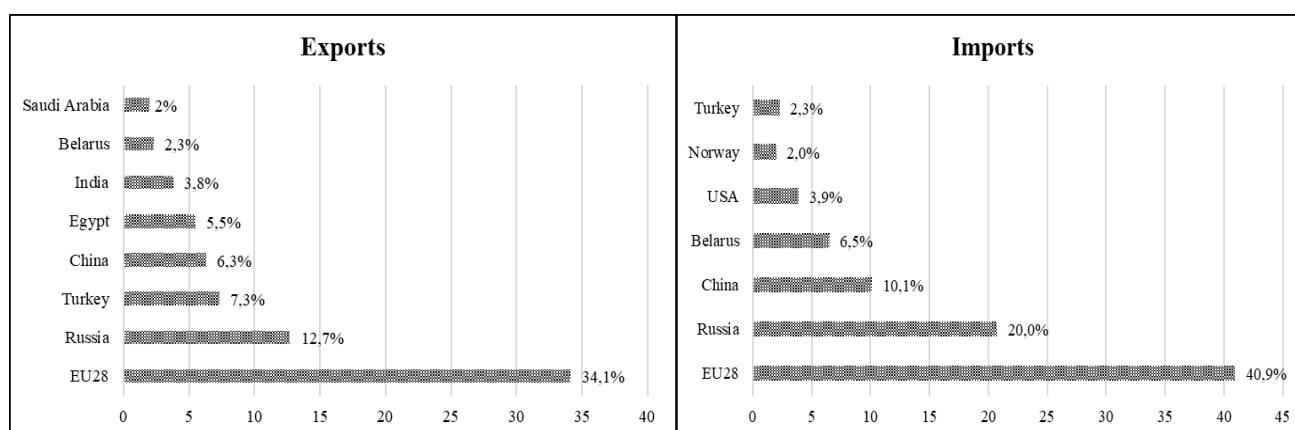


Fig. 2. Main trading partners of Ukraine, 2015

Source: formed by the author on the basis of data [2].

According to Figure 2, the largest share in Ukrainian exports falls on the EU countries being 34%, imports – 4%. The second place in foreign trade turnover is Russia, where the share of exports is about 13%, imports –20%. Turkey ranks third in exports with 7% and China with 10% in imports.

The main goods exported from Ukraine to the EU include ferrous metals, iron ore, electric machines and cereals. The main category of goods imported from the EU to Ukraine is represented by transport equipment, chemicals, textiles and clothing, as well as agricultural products.

Gradually, the world exports of agricultural products are growing, and the domestic food market is increasingly adapting to the requirements and conditions of the European market. Today the agricultural sector is strategic for Ukraine. Currently, the agro-industrial complex in Ukraine is one of the key sectors of the economy: it forms 24% of the output and 18% of GDP; agro-industrial products make 38.2% of commodity exports (in 2015 it was \$14.6 billion), while Asian countries accounted for 47.2% of exports of the domestic agro-industrial products, the EU – 27.9%; Nowadays Ukraine is now one of the seven world leaders in the production of cereals and sunflower oil; agriculture is the most stable sector of the economy.

Since the beginning of the 2016/2017 marketing year, Ukrainian enterprises have exported 23072 thousand tons of grains, which is 1448 thousand tons more than in the 2015/2016 marketing year. Corn for grain - 29.1 million tons, wheat – 28.8 million tons, barley – 10.1 million tons, rye – 0.45 million tons, buckwheat – 0.197 million tons, others – 3 million tons [5]. Thus, agricultural production over the past 10 years has mostly shown a positive annual trend, except for some years, when the negative factors of natural and climatic conditions prevailed (Table 4).

Table 4

Export of basic types of agricultural products

for 2011-2015, million US dollars

Products	Years					2015 in % to	
	2011	2012	2013	2014	2015	2011	2014
Total export	68394,2	68809,8	63312,0	53913,5	38134,8	55,8	70,7
Crop production, including:	5531,9	9213,9	8875,9	8736,2	7972,2	144,1	91,3
– Grain crops;	3617,1	6999,9	6371,3	6544,1	6057,9	167,5	92,6
– Seeds od oil-bearing crops;	1434,8	1753,9	2048,1	1687,7	1475,4	102,8	87,4
– vegetables.	132,9	138,5	112,7	129,9	97,2	73,1	74,8
Animal husbandry, including:	936,6	961,3	1084,1	1014,6	823,5	87,9	81,2
– live animals;	9,8	7,7	13,0	14,5	25,6	261,2	176,6
– meat for offals;	197,9	315,9	348,6	381,8	377,7	190,9	98,9
– milk and dairy products.	703,8	612,4	691,7	575,5	386,5	54,9	67,2

Source: generated by the author based on data [2]

Having analyzed the data in Table 4, we can state that the total exports in 2015 compared to the beginning of the analyzed period decreased by 44.2% and amounted to \$38134.8 million, in 2015 compared to 2014 the decrease was 29.3 percentage points. This situation is caused by a decrease in gross product harvest and non-compliance of goods exported to European standards. The largest volume of exports for the period 2011-2015 falls on crop products – more than half of the exports of agricultural products. It is on this group of goods that the main part of exports of all agri-food products is formed: according to the data of 2015, it is \$7972.2 million dollars, where grain crops account for a third of total exports.

The European Union is Ukraine's second largest trading partner in the field of agriculture. In the regional structure of agricultural trade, the share of the EU countries is almost 32% [10]. The concluded free trade agreement provides new opportunities for joint investment projects. According to the Ministry of Agrarian Policy and Food of Ukraine, more than 78% of foreign investments come to the Ukrainian agricultural sector from the EU countries. The state of foreign trade activity between the EU and Ukraine by the main groups of agricultural goods is given in Table 5.

Table 5

Foreign trade of Ukraine and the EU by main agricultural groups of goods

Commodity groups	Export to the EU (million, US dollar)			Import to Ukraine (million, US dollar)		
	January- June 2015	January- June 2016	2016 to 2015, %	January- June 2015	January- June 2016	2016 to 2015, %
In total	6104,78	6516,85	106,7	7464,79	7671,55	102,8
I. Live animals; products of animal origin:	54,68	70,28	128,5	126,22	134,55	106,6
Live animals	0,085	0,064	74,6	28,30	31,62	111,7
Meat and edible offals	27,37	30,19	110,3	38,98	34,99	89,8
Fish and crustaceans	3,25	4,10	126,4	23,75	36,40	153,3
Milk and dairy products, poultry eggs; natural honey	21,52	33,59	156,1	33,06	29,64	89,6
II. Products of plant origin	933,80	921,69	98,7	273,56	260,90	95,4
Trees and other plants	0,64	0,72	113,3	9,02	11,168	123,8
vegetables	4,92	6,49	131,8	14,35	17,16	119,6
Edible fruits and nuts	41,03	26,24	63,9	59,64	37,77	63,3
Coffee, tea	1,07	1,38	129,0	29,23	27,03	92,5
Grain crops	728,59	761,17	104,5	98,95	84,02	84,9
Seeds and fruits of oil- bearing plants	121,46	99,56	82	53,31	74,47	139,7
Natural shellac	0,15	0,16	105,4	6,62	6,08	91,8
Plant materials for production	29,49	15,41	52,3	0,005	0,020	408,3
III. Fats and oils	240,98	724,71	300,7	20,36	25,49	125,2
IV. Food end products	387,54	337,84	87,2	366,079	426,262	116,4
V. Mineral products	749,32	626,69	83,6	1920,92	894,73	46,6

Source: generated by the author based on data [5]

The data in Table 5 show that during January-June 2016 there was an increase in exports to the European Union market for such categories of goods as fish and crustaceans – by 26.4%; milk and dairy products, poultry eggs; natural honey – by 56.1%; vegetables – 31.8%; coffee, tea – by 29.0%; products of the flour and cereal industry – by 63.6%; fats and oils of animal or plant origin – by 200.7%; meat and fish products – by 193.9%. However, during the analyzed period there is a decrease in exports of a particular group of agricultural products: live animals – by 25.4%;

edible fruits and nuts – by 36.1%; seeds and fruits of oil-bearing crops – by 18%; plant materials – by 47.7%. With regard to imported supplies, the excess of indexes with the same period in 2014 is observed for such a group of goods as fish and crustaceans – by 53.3%; seeds and fruits of oil-bearing crops – 39.7%; fats and oils of animal or plant origin – 25.2% [7].

For more than a year in a row, Ukraine has had a highly oriented production potential in terms of agricultural exports to the EU countries. This was facilitated by the Association Agreement, which entered into force for partner countries on January 1, 2016. Under this Agreement, the European Union provides a certain amount (quota) to the agricultural group of goods of Ukraine, which is not taxed.

Table 6

The volume of used export quotas of the European Union,
as of April 1, 2016

Products	Food products	wheat	Corn	Barley	Sugar	Mill offals	Grape and apple juice	Processed tomatoes	Starch	Malt	Barley groats	Honey	Oat
Volume of quota, t	2,0	950,0	400,0	250,0	20,1	17,0	10,0	10,0	10,0	7,0	6,3	5,0	4,0
Used, %	7,0	98,0	100,0	90,0	100,0	78,0	100,0	100,0	6,0	8,0	100,0	100,0	100,0

Source: formed by the author according to <http://www.segodnya.ua/>.

Thus, in 2016, Ukraine practically used quotas for traditional types of agricultural products in the first quarter, and for others it does not make deliveries or makes in small amounts (Table 6). The data in Table 6 allow making the conclusion that the quota for the agri-food group of goods provided by the European Union for each group of goods as of the second quarter of 2016 is used by almost 100.0%, which indicates that Ukraine's economy is relatively open. An increase in the export quota for agricultural products indicates both the country's gradually growing

participation in the international division of labor and the growth of the competitiveness of its products. That is, Ukraine's activity in the international space in relation to the export of agricultural products is high and every year it has a tendency to increase the volume of export supplies.

Conclusions and suggestions. The dynamic development of the European integration processes, the change in socio-economic and political orientations between the partner countries testifies to the growing role of the export potential of agricultural enterprises in the economy of Ukraine. Thus, the introduction of new approaches to their management at the macro-level will ensure the economic growth of the agricultural sector, strengthen the position of the state in the European market and ensure the economic security of the state as a whole. Today, agricultural enterprises are already reaching a new level of development and are becoming not only active participants in the domestic market of agricultural products, but also full players in the foreign market. It is the new approach in the field of government management of the export potential of agricultural enterprises that determines an increase in foreign trade turnover by the main agricultural groups of goods.

The state policy of increasing the export potential of Ukrainian agricultural enterprises in the context of European integration is implemented through the following components of the mechanism: diversification of agricultural products, improvement of sales channels, intensity of the development of new markets and strengthening positions in old markets. Also, the implementation of these approaches in public administration contributes to the entry of agricultural enterprises into the world associations and the creation of joint ventures for the production and processing of competitive products with its subsequent implementation in the markets of partner countries. As a result, there is an exchange of experience in foreign management and the introduction of modern technologies by the entities of the national economy, increasing their competitiveness.

Transformations and modernization of approaches in management of agricultural enterprises, adaptation of the leading world projects to the national production conditions, strengthening of the foreign economic policy vector,

increasing the export potential of domestic agricultural enterprises, the formation of effective mechanisms of management of the agrarian sector of Ukraine's economy will promote competitiveness at micro- and macro-levels, strengthening their financial stability and economic security.

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