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CURRENT STATE AND PROBLEMS OF AGRICULTURE IN UKRAINE

Abstract

The main goal of the paper is to provide the general vision of the current state and problems of agriculture sector of Ukraine. The main tendencies observed in the sector were analysed with respect to their historical development. It was defined that the despite of the high potential of the agriculture in Ukraine, it remains underdeveloped and underinvested economic sector that causes negative tendencies in social and economic life of the rural areas. Also the detailed description of the crop and livestock production trends is provided in comparison to the previous stages of the sector development and with respect of farm producer's ownership types. The paper particularly focuses on the ways of dealing with the current problems in order to stimulate the development of effective agriculture sector in Ukraine.

Keywords: agriculture potential, labour force, arable land, crop production, livestock production.

Introduction

Natural-resource potential of Ukraine in the field of agriculture is quite significant. The area of land suitable for agriculture is from 33 to 41.7 million hectares of farmland. The area of arable land is higher than the land resources of the EU countries, including Germany – 2.8 times, France – 1.9, UK – 5.1, Poland – 2.3 times. Agricultural power of Ukraine is a key factor for the development of agricultural production.

Ukraine takes leading place among the neighbouring countries with one third of the world's most yielding black soils. Humus occupies 54% of land area and has enriched humus layer thickness of 40-50 or more centimetres. Fertile soils, rich tradition of farming, the climate are the main advantage factors of Ukraine's Agriculture. It is the second largest economic sector in the commodity structure of exports and remains virtually the only industry which for many years provides a positive foreign trade balance.

However, the economic opportunities of agrarian sector of Ukraine are not used in their capacities. The agricultural sector ensures for about 60% of population consumption. Therefore, this paper addresses the general ways enhancing the effectiveness of Ukraine agriculture. The main goal is to analyse the current state of the agriculture sector and discuss the main problems of its development.

The productive factors of agriculture

Agriculture has substantial social impact providing the means of living to the high share of population and being the major employer in the CIS (see Table 1). In 2010, the share of rural population in the total population of Ukraine was 31.7% and it is gradually decreasing. The decrease rate of rural population is higher than the rate of decrease of the total population of

Ukraine. The positive trend is manifested in the share of rural population of working age, which has remained almost unchanged over the past six years and in 2010 it was 29.4%. The structure of the rural population by sex in 2009 was as follows: female – 53.2%, male – 46.8%.

Table 1. The Structure of the Population of Ukraine

Population as of January 1(thousand)	2002	2006	2007	2008	2009	2010
All permanent population	48240,9	46749,2	46465,7	46192,3	45963,4	45782,6
In % to 2002	-	96,9	96,3	95,8	95,3	94,9
Including rural population	15950,2	15127,1	14943,9	14779,2	14631,8	14513,4
In % to 2002	-	94,8	93,7	92,7	91,7	91,0
The share of rural population %	33,1	32,4	32,2	32,0	31,8	31,7
The population of working age	27984,7	28221,1	28140,0	28015,5	27846,9	27601,5
In % to 2002	-	100,8	100,6	100,1	99,5	98,6
Including rural population of working age	8176,9	8222,9	8210,0	8192,0	8165,7	8123,8
In % to 2002	-	100,6	100,4	100,2	99,9	99,4
The share of rural population of working age, %	29,2	29,1	29,2	29,2	29,3	29,4

Source: *Informatsijno-Analitychne Agentstvo (2010)*

The labour resources in Ukraine agriculture are the largest in comparison to EU countries, USA and Canada. However, if in EU the average annual contingent of workers per 100 hectares of agricultural land is 1.6-1.8, in Ukraine this indicator is more than 10 (Lysetsky, 2007). The demand for labour compared to the baseline period decreased almost 5 times. The increased migration of unemployed to the urban areas, increased the share of rural population employed in the households. Excess labour force, offered to the market, creates conditions for low prices.

In 2009 15.6% of total employed population of Ukraine were employed in agriculture and 17.6% in the industry. The total number of rural people who have not reached working age is 20.3%, people of working age – 50.9%, and older than working age – 28.6%.

The multiplier effect of agriculture and agribusiness stands as one of the factors that determine the unique role of industry in the economy. Thus, agriculture generates an additional output in related industries, first of all, in mechanical engineering, chemistry, mining, transport and communications, as well as creates additional the jobs in these areas. The multiplier effect that is achieved with the development of agriculture has an anti-crisis impact.

Agricultural production and food production are essential integral part of Ukrainian economy. Ukraine is rich in natural resources, creating a reliable framework for capacity development of the agricultural sector. However, despite of the presence of significant resources, production figures of the industry remain relatively low. Agriculture in Ukraine is the fourth largest sector of the economy after industrial production, transport and trade. In addition, it is one of the few areas in which there are positive tendencies of development.

Agricultural lands occupy about 70% of the total territory of Ukraine: arable land is 55% of the total area, pastures – 9%, hayfields – 4% and perennial plants – less than 2%. Total agricultural land in Ukraine in 2009 amounted 36554.8 thousand hectares, including 0.80 hectares of arable land per capita (in 2000 these figures were, respectively, 38421.4 thousand hectares and 0.77 hectares per person). However, due to different densities of population and migration there is a significant variation of these parameters in different regions and at different times.

According to population density Ukraine ranks fifth in Europe (after Germany, Italy, UK and France) and 21 in the world. Approximately seven per cent of Europe's population or about one per cent of the world's population lives in Ukraine. The average density of the population of Ukraine is 80 persons per square kilometre.

With regard to development and changes in agriculture in Ukraine that took place during the last decade there were several main trends.

It is difficult to give clear definition to classify the farmers. Usually three main categories of agriculture producers are defined in Ukraine:

- Farms, the major agricultural producers, which include state farms, joint stock companies and partnerships of all types, agricultural cooperatives, agricultural departments of industrial, transport and other enterprises, organizations and research institutions.
- Personal farms, also known as the subsidiary farms (including household plots), or small farmers – are individual or family farms with a land plots, producing agricultural products to meet the family needs in food or other purposes. Farmers are also usually regarded as small producers – a form of free enterprise, which uses its own or leased land and other property.
- Private Farm – a form of business with the creation of legal entities to produce marketable agricultural products, engaged in processing and selling for profit and working on land granted to them for farming.

Thus, the category of agricultural enterprises includes big number of agricultural producers: former state farms and collective farms, which are still trying to function in post-soviet realities, and modern landowning of corporate type. To individual private farms and family farms belong farms that produce food primarily for personal consumption, but they also sell a portion of its products to replenish the family income.

Table 2 shows the number of businesses in agriculture, registered as legal entities with the main activity and their structure. The farms are dominating form of ownership in agriculture in 2009, having the share of 73.7%. Business partnerships, private enterprises and production cooperatives in 2009 accounted for, respectively, 13.7, 7.6 and 1.7%, bringing the total to 25%.

Table 2. Number of Active Business Entities in Agriculture

Entities	2002		2005		2009	
	units	as % of total	units	as % of total	units	as % of total
Total	60910	100	57877	100	57152	100,0
Economic Society	9337	15,3	7900	13,6	7819	13,7
Private Enterprises	4116	6,8	4123	7,1	4333	7,6
Production Co-operatives	2111	3,5	1521	2,6	1001	1,7
Farms	42774	70,2	42447	73,3	42101	73,7
State enterprises	570	0,9	386	0,7	345	0,6
Other forms of management	2002	3,3	1500	2,6	1553	2,7

Source: *Informatsijno-Analitychne Agentstvo (2010)*

Recently there has been a tendency for decrease of the share of companies and production cooperatives in the total number of businesses in agriculture, and gradual increase of the share of private enterprises and farms.

Agrarian reform, which culminated in late 1990s, led to significant qualitative and quantitative changes in agriculture. The main results of reforms in agriculture were:

- A stable and gradual growth of total agricultural production.
- Introduction of private ownership of land, other real estate and agricultural products.
- The use of market approaches and principles in regulatory agricultural policy.
- Developing new forms of management in agriculture.
- Adoption of the new Land Code in 2001, aimed at stimulating the development of land relations, including the agricultural sector, creating a new legislative framework for

regulating the land market and strengthening the law to the established principles of private property in rural areas.

Despite achieving some positive results from the implementation of agrarian reform in Ukraine, many vital issues have remained unresolved. The current priority is to address the following issues:

- Transition from administrative-command system of governance to market. There is no policy that promotes market-based agriculture sector, delaying the limitations of public monopolies, developing mechanisms for price regulation and interference in the functioning of the market.
- Development of land market. There are partial ownership of land and problems with the registration of land, a moratorium on selling agricultural land, lack of mortgage institute land use and ineffective protection of agricultural lands.
- Development of agricultural credit, improving the taxation of agriculture. Unsatisfactory situation in financial and credit support of agriculture (including mortgage banks and insurance market) offer limited credit resources and their high cost for family farms, agricultural enterprises affiliated service cooperatives, inadequate taxation of these structures and, hired agricultural workers and lessors of land shares and land.
- Development of insurance, development of risk management measures. Agricultural production is one of the most risky types of business. Its results are influenced by many factors: natural and climatic conditions, providing farmers the necessary financial and material resources, fluctuations in prices for agricultural products, and more. Therefore, the developed system of agricultural risks is an important factor for sustainable development of the industry and providing income to farmers. The decisive factor for an effective system of risk mitigation in the agricultural sector is the right choice of forms and methods of state support.
- Development of market infrastructure. Lack of effective distribution channels for increasing production to be sold on a transparent market, absence of effective wholesale markets of agricultural products and materials and market infrastructure (trading houses, private enterprises in the service sector, service cooperatives, processing and trading enterprises).
- Rural development. Lack of private sector, aimed at solving strategic problems of rural development, poverty in rural communities, rural population.
- Development and implementation of quality and safety standards. Inconsistency of Ukrainian standards of quality and safety standards of worldwide WTO and the EU (ISO, HACCP), introducing them to ensure growth of the export market potential.
- Development of legal framework for the introduction of new technologies.

The share of agriculture output in the total production was 53,7% in 1995, and by 2009 it decreased to 7.9% (Table 3). The share of industry also decreased in the period under review from 47.4% in 1995 to 40.7% in 2009, this reduction is not significant.

Table 3. Output of Industry and Agriculture in Total Output

Output in total output (at basic prices),%	1995	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Agriculture, hunting and fishing	53,7	17,9	14,4	13,2	10,9	10,6	9,5	8,3	7,2	7,5	7,9
Industry	47,4	47	48,7	48,4	48,4	48	47,8	46,5	45,3	44,5	40,7
Food Industry	-	-	3,1	2,9	2,3	1,8	1,5	1,3	1,1	1,1	1,6
The share of food industry in total industrial output in general	-	21,3	21,4	21,7	20,7	16,8	16,3	15,5	15,3	15,2	19,8

Source: *Informatsijno-Analitychne Agentstvo (2010)*

Note: “-“ data for these periods are absent;

The share of food industry in total output for the period under review decreased from 3.1% in 2001 to 1.6% in 2009. The share of food industry in total industrial output also decreased but not significantly (from 21.3% in 2000 to 19.8% in 2009). Notably, today nearly one in five hryvnia sales industry has been realized in the food industry.

In 2009, gross agricultural output amounted to 102.1 million. against 77.9 mln .in 2000. It was in 2009 in 2217 USD. per person, which is 40% more than in 2000. Gross agricultural output by major categories of farms, in comparable prices of 2005 is shown in Table 4.

Table 4. Gross Agricultural Output by Major Categories of Farms, in Comparable Prices of 2005

Indicators	1995	2000	2005	2006	2007	2008	2009
Gross c / d, total, mln.	94,8	77,9	92,6	94,9	88,8	104	102,1
Per capita, UAH	1840	1584	1966	2028	1909	2248	2217
At 100 hectares of agricultural land, thous., UAH	230,2	191,1	242,7	250,7	236,2	277,6	273,9
Including:	49,4	43,6	54	54,9	49,7	64,9	61,5
- crop							
- livestock	45,4	34,3	38,6	40	39,1	39,1	40,6
Gross agricultural enterprises, mln. UAH	48,6	26,5	33,8	37	35,4	47,9	45,8
Including:	27,3	17,8	21,7	23,2	20,7	32,1	28,5
- crop							
- livestock	21,4	8,7	12,1	13,8	14,8	15,7	17,3
Gross farm population, mln. UAH	46,2	51,4	58,8	57,9	53,3	56,1	56,3
Including:	22,1	25,8	32,2	31,7	29,1	32,8	33
- crop							
- livestock	24,1	25,7	26,5	26,2	24,3	23,3	23,3

Source: *Informatsijno-Analitychne Agentstvo (2010)*

Gross agricultural output since the recession of the 1990s began to increase in 2000. Figure 1 shows the rate of change of gross agricultural output for main products in % to 2000. One can note that in 2009 all agricultural products increased compared to 2000 by 31.1%, the crop production for the period increased by 41.1% and livestock production – by 18.1%.

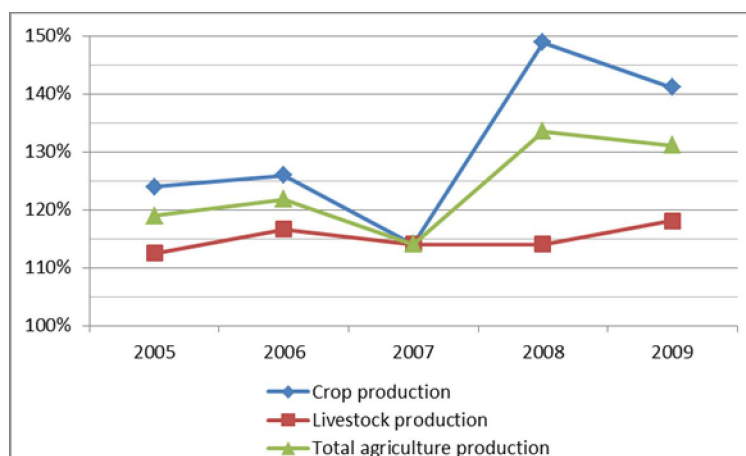


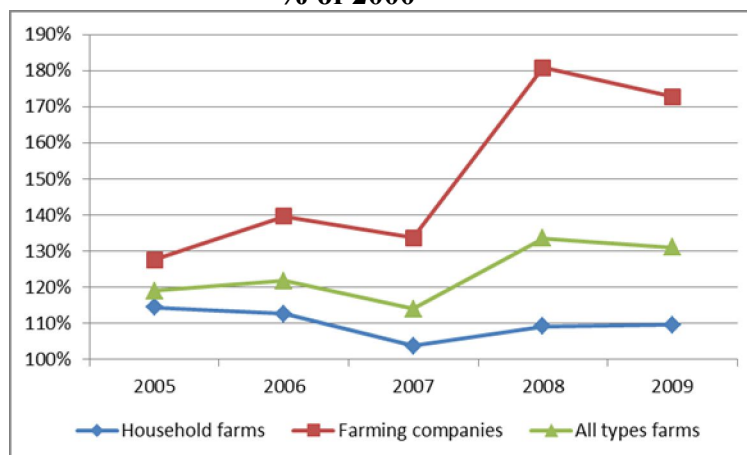
Fig. 1. A temperature change of gross agricultural output in % to 2000

Source: *Informatsijno-Analitychne Agentstvo (2010)*

In 1990 the main number of products produced in farms (72.4%), then the main producers are farms, providing in 2009 55.1% of production while reducing the share of farms to 44.9%.

Figure 2 shows the change of gross agricultural output by major categories of farms in comparison to 2000. Thus, the during the period gross agricultural output of all categories of farms increased by 31.1%, of corporate farms – by 72,8%, and of households – by 9.5%.

Fig. 2. Dynamics of total production of agricultural products by categories of farms in % of 2000



Source: *Informatsijno-Analitychne Agentstvo (2010)*

The contribution of crop and livestock production in total gross output of agriculture is different, but the share of crop production in all farms is larger. In 2009, in relation to gross agricultural output crop products amounted to 60.3% represented mainly by potatoes, grain and industrial crops. In 1990 the crop and livestock products were of equal size, but in subsequent years decline in livestock production was much more significant, reducing the share of these products in gross output of agriculture from 44.1% in 2000 to 39.7% in 2009. The main livestock products in Ukraine are cattle and poultry, milk and eggs (Table 5). Most significantly decreased production of wool and dairy. The share of livestock and poultry in total livestock production for the years 2000-2009 remained almost unchanged. The structure of crop production also had significant changes. Ascending of specific proportion of grain and industrial crops in total crop production in 2009 compared to 2000 was, respectively, 19% and 10.4% against 13% and 7.2%.

Table 5. Structure of Gross Agricultural Output by Major Types of Agricultural Products

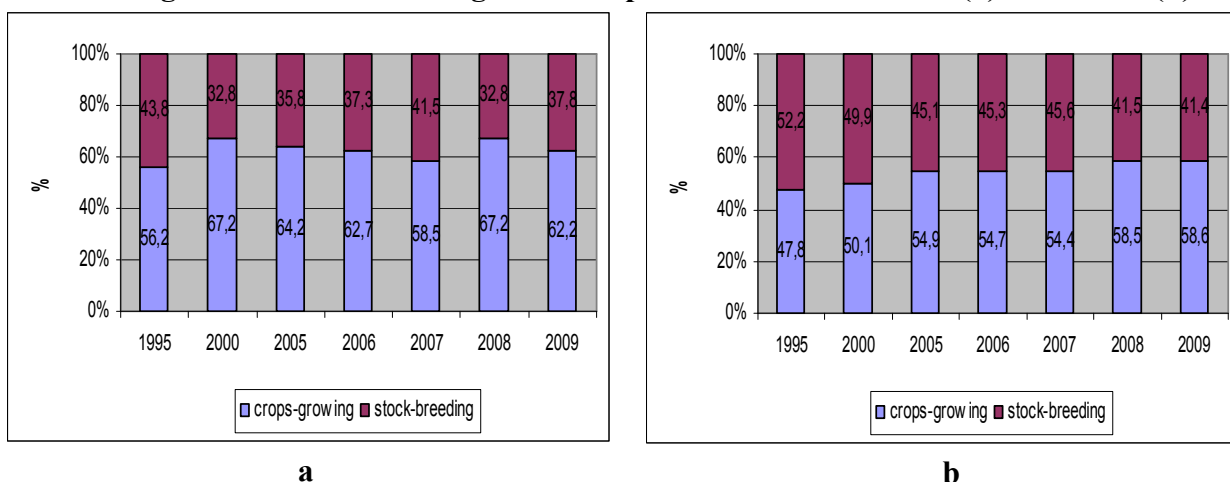
Agricultural production, %	1995	2000	2005	2006	2007	2008	2009
Total	100	100	100	100	100	100	100
Plant products	52,1	55,9	58,3	57,9	56,0	62,4	60,3
Cereals	14,1	13,0	17,5	15,5	13,9	21,5	19,0
Industrial crops	8,5	7,2	8,5	10,7	9,6	11,8	10,4
Potatoes, vegetables and melons	17,6	26,7	24,9	25,5	25,1	22,9	24,2
Fruit and grapes	4,0	4,6	4,6	3,1	4,0	3,6	3,9
Forage crops	5,4	3,3	2,4	2,2	2,1	1,9	1,8
Other plant products	2,5	1,1	0,4	0,9	1,3	0,7	1,0
Livestock products	47,9	44,1	41,7	42,1	44,0	37,6	39,7
Livestock and poultry	23,8	21,7	19,8	20,9	22,8	19,7	21,4
Milk	19,0	17,1	15,7	14,8	14,7	12,0	12,1
Eggs	3,0	3,4	4,3	4,6	4,8	4,4	4,7

Wool	0,1	0,0	0,0	0,0	0,0	0,0	0,0
Other products	2,0	1,9	1,9	1,8	1,7	1,5	1,5

Source: *Informatsijno-Analitychne Agentstvo (2010)*

Changes occurred in the structure of gross agricultural output by types of farms are shown in Figure 3. In 2009, for farms, the share of crop was – 62.2%, which is characterized by a decrease compared with 2000 (67.2%). For farms share of crop was in 2009 – 58.6%, which is characterized by growth compared with 2000 (50.1%).

Fig. 3. The structure of agricultural production for the farm (a) and farms (b)



Source: *Informatsijno-Analitychne Agentstvo (2010)*

Agriculture sector profitability

Table 6 shows the main indicators of efficiency of agricultural production at farm level. In 2000, farm production was unprofitable, and in 2009 – profit was 7120 million., that was 30% more than last year. Moreover, in 2009, 89% of profits from agricultural production was obtained in 11% of crop and livestock. Profitability of agricultural production in 2009 increased compared to 2005 almost doubled and exceeded 1995 by 0.2 percentage points. However, profitability of crop production in 2009 was 16.9%, almost three times less than in 1995 and almost two times less than in 2000. Profitability of livestock production in 2009 was 5.5% and in 1995, 2000, 2006-2007, there was observed losses.

Table 6. Efficiency of Agricultural Production at Farm

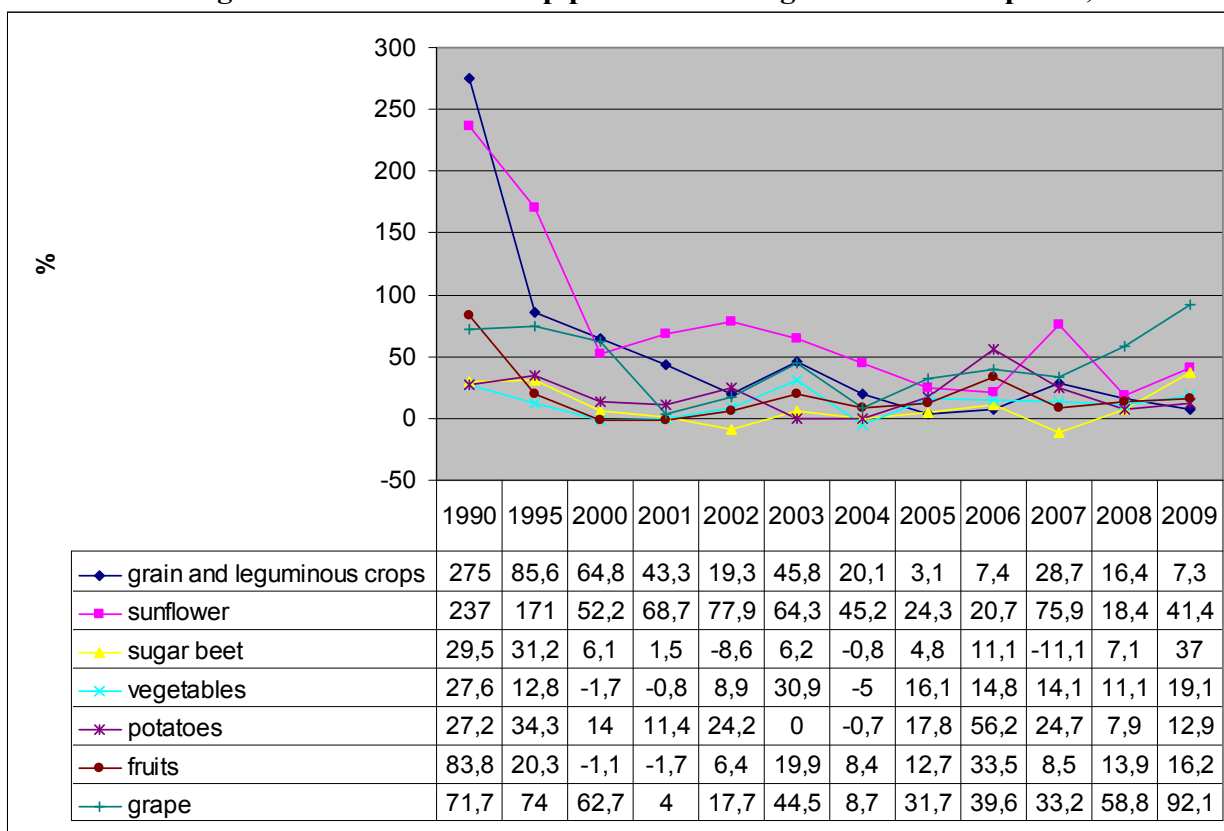
Indicators	1995	2000	2005	2006	2007	2008	2009
Profit, loss (-) of agricultural products, mln. UAH .	675,6	-121,4	1253,2	630,4	4168,9	5462,1	7120,0
including:							
crop	1152,7	1834,5	900,2	1567,3	5501,6	5450,7	6334,3
livestock	-477,1	-1955,9	353,0	-936,9	-1332,7	11,4	785,7
Profitability of agricultural production, %	13,6	-1,0	6,8	2,8	15,6	13,4	13,8
including:							
crop	55,5	30,8	7,9	11,3	32,7	19,6	16,9
livestock	-16,5	-33,8	5,0	-11,0	-13,4	0,1	5,5

Source: *Informatsijno-Analitychne Agentstvo (2010)*

The profitability of main crop production in agricultural enterprises is shown in Fig. 4. In 2009, only sugar beets, vegetables and vines experienced a slight increase in profitability

compared with 1990, 1995 and 2000 years. For other types of crop production observed decline in profitability. Thus profitability of cereals and legumes in 2009 compared with 1995 has decreased almost 12 times, sunflower seeds – about 4 times, potatoes – by 2.7 times, fruits – by 1.3 times.

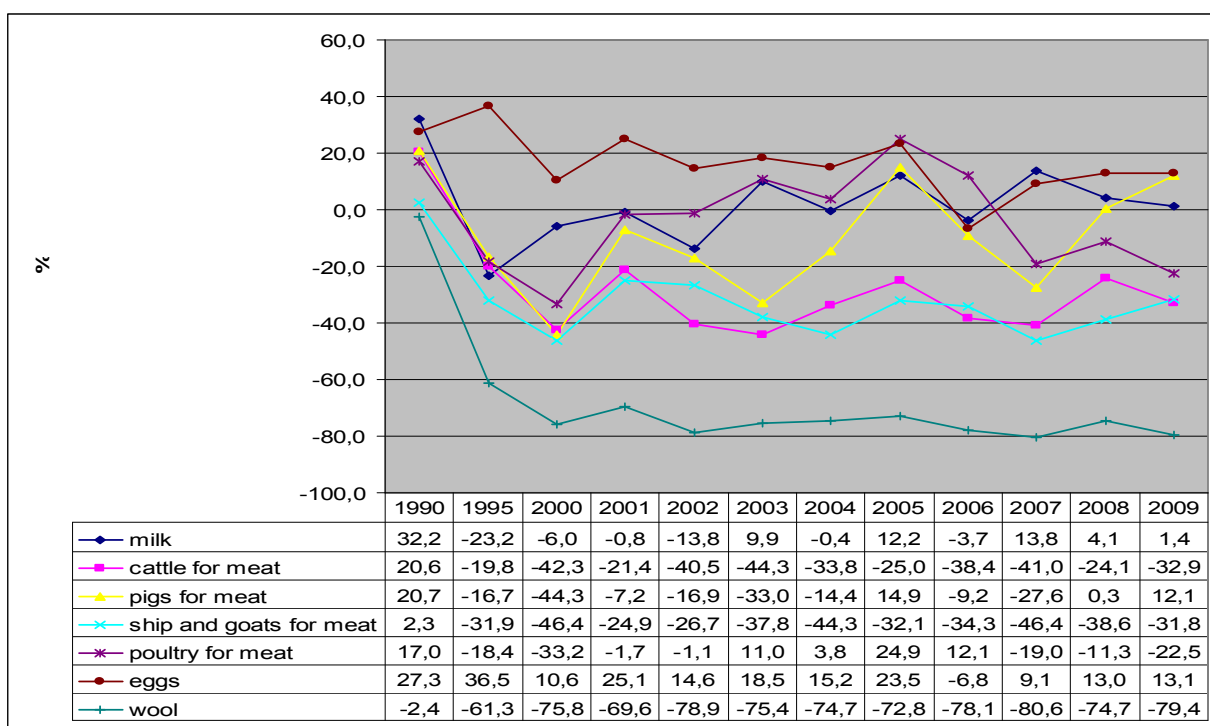
Fig. 4. Return of main crop production in agricultural enterprises, %



Source: *Informatsijno-Analitychne Agentstvo (2010)*

The profitability of main products in livestock farms is shown in Fig. 5. In 2009 compared to 1990 a decrease of profitability in all types of products through lack of purchasing prices real cost of labour and production costs. In 2009 compared to 2000 saw an increase in profitability for milk and pigs for meat. For other types of animal products experienced a decline in profitability. Production of cattle, sheep for meat and Cossack turned unprofitable during 1995-2009 years. Production of pig meat during the years 1995-2007 was also unprofitable, and only in 2008-2009, trend growth in profitability. From 2003 to 2006, production of poultry meat has been profitable, and since 2007 has been a trend increase in loss on this product. Profitability of eggs changed wavy during 2000-2009 years and in different periods ranged from -6.8% (in 2006) to 23.5% (in 2005). The largest drop in profitability was observed in the production of wool, it was observed next to the drop in production of wool.

Fig. 5. Return of main livestock products in agricultural enterprises,



Source: *Informatsijno-Analitychne Agentstvo (2010)*

Addressing profitability in 2009 by organizational-legal forms of management (Table 7) indicates that only proved unprofitable state enterprises (-1.4 %), the profitability of private enterprises amounted to 14.1%, with the largest it has been in private enterprises (16.9%). Among non-crop enterprises in 2009 were also the most profitable private companies, their profitability was 21%. Among non-livestock enterprises in 2009 were the most profitable agricultural companies (8.5%) and other (10.5%) industries.

Table 7 Profitability of Agricultural Production by Organizational-legal Forms of Economic Activity in 2009, %

Enterprise Products Categories	Production		
	all agriculture	crop	livestock
State enterprises	-1,4	7,9	-16,6
Non-state enterprises	14,1	17,1	6,2
including:			
companies	13,7	15,8	8,5
private enterprises	16,9	21,0	-1,3
production cooperatives	6,3	16,9	-12,0
others	13,9	16,1	10,5

Source: *Informatsijno-Analitychne Agentstvo (2010)*

Problems in agriculture sector

After implementation of agrarian and land reform in the agrarian sector a significant structural change has been in the ownership of land and means of production. On the basis of collective farms created a new type of economy based on private property. As a result of land reform, farmers have received the ownership and use of agricultural land. There are examples of efficient and profitable operation of agricultural enterprises and farms. Emerging positive trends in crop production. The volume of production, increasing cereal yields. Ukraine positioned itself

on the world agricultural market as an influential producer and exporter of agricultural products. In livestock poultry is rapidly growing.

Certain measures are taken to establish financial and credit system of agricultural production. As a result of government support volumes of agricultural lending by commercial banks are significantly increased. The state support system of insurance for farmers is initiated.

However, carried out agrarian reforms didn't lead to increasing the efficiency of agricultural production, sustainable use of its land resources, agricultural production and food security. Past changes have not been able to stimulate the sustainable development of agricultural enterprises and farms. The main volume of production shifted to farms.

As peasants obtained the private ownership of land, the means of production were not supported by the creation of appropriate market mechanisms and infrastructure, favourable economic environment for agricultural producers.

Livestock in farms and in general in all categories are sharply reduced. Significantly decreased animal production. This negative impact on the current state of food consumption, which is now slightly higher poverty threshold, but significantly worse than for pre-reform period.

Agrarian reform did not contribute to positive changes in the social development of rural areas. As a result, most of the social development of rural areas are lower than similar to the reform.

The current system of financial support of agricultural sector enterprises does not provide the opportunity to attract the necessary funds that are not conducive to efficient production and profitability of agribusiness. As a result, economic efficiency and financial performance of farms are low. The average wage in agriculture is much lower than the average wage in the economy.

Weak market instruments and lack of effective state institutions minimize risk makes the impact of price risks critical to agricultural activities.

Formation plays an important role in agriculture clusters. Cluster territorial production systems are sources and factors to ensure a high level and quality of life, economic growth and sustainable development of the territory. In the central, southern and eastern regions of Ukraine grain-oil clusters with high efficiency are formed (Krysanov, 2009).

The land relations in Ukraine is not fully resolved the issue of land market yet: land vacant place in the system of economic circulation, and creation of appropriate conditions for the realization of citizens rights in land, infrastructure needs to improve land market.

You must pay attention to the development of farms. The State should implement measures that would increase the number of farms of this type, because according to statistics, in Ukraine there is a trend to fewer farms. The major problem in establishing farms is the lack of starting capital, from which one could build an efficient production. This problem can be resolved by providing entrepreneurs with lucrative loans. It's necessary to guarantee all sales of manufactured agricultural products at competitive prices, to create conditions under which farmers will be able to change its technical base to the more modern (Sabluk, 2009).

Today, financial and economic support for the agricultural sector is mainly due to complex programs, each of which aims to improve production efficiency and profitability of producers. However, due to lack of funds from the State Budget of Ukraine, the support of 80% is due to favourable tax policies that are indirectly subsidizing the industry.

Agriculture is known to be a specific sector of the economy. It appears that, unlike many other sectors, its performance greatly depends on climatic conditions. Therefore one of the important directions of development of agricultural production is to reduce risks from natural and climatic conditions and the further development of the agricultural sector by improving the protection of farms (Nedbaeva, 2009).

A significant barrier to successful development and functioning of the agricultural sector in Ukraine is inadequate regulations on agricultural policy. Therefore, they need to review and form a legal framework that would protect the interests of agricultural producers. The peculiarity of the functioning of organizational and legal mechanism to support the development of the

agricultural sector in Ukraine is that on the one hand, not in the full financial support laws that are accepted, but on the other – non-compliance of the adopted laws and other regulations, ie low executive discipline in state government (Sabluk, 2009).

Innovation should play an important role. Priorities for innovation in the agricultural sector is the introduction of the most promising agricultural technologies and on this basis, increasing productivity to reduce unit costs and strengthen its competitiveness in domestic and world markets.

Among the areas of innovation development of the agricultural sector should be defined as follows:

- 1) creation and implementation of highly productive varieties and hybrids of crops, new breeds of animals and birds;
- 2) stimulation of agroecological activities, including development of alternative organic agricultural production;
- 3) formation of highly professional personnel (Sabluk, 2009).

So, despite the problems inherent in the current stage of agricultural production, Ukraine needs to develop production capacity of agriculture to the next few years, our agricultural products could enter the global market and compete with products of other developed countries.

Conclusion

The agriculture sector of Ukraine is one of the main pillars of the economic competitiveness of Ukraine. Ukraine has a number of strong comparative advantages in the agriculture that provide leading positions of some agriculture products in the world market exports. Taking into account the growth of food prices as well as the increase of the world population, agriculture development can become the essential factor of Ukraine economic growth.

In this paper some important conclusions were made with regard of the current state and problems of the agriculture sector development in Ukraine:

1. Ukraine is abundant in the main productive factors of the agriculture: labour forces and land.
2. The agriculture production is growing with increasing tendency beginning 2000. The crop production is increasing with the higher rates than livestock production.
3. In general agriculture, despite the inefficient state regulations, agriculture is profitable for all legal forms of producers.
4. The creation of the effective land market, clusterisation as well as introduction of the innovations in sector can be the essential factors of the further agriculture sector development and current problems solving.

The further research has to be done in order to determine specific tasks to be included into the agriculture sector reform agenda.

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