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**ECONOMIC ASPECTS OF
DEVELOPMENT OF INTERBRANCH
RELATIONS IN
THE AGRARIAN SECTOR**

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Based on the analysis of international experience assessments of interbranch formation of economic relations and their impact on structural policies in agroindustrial production are conducted. Basic factors of education system of interbranch relations in the agrarian sector of economy of Ukraine are generalized. The essential basis and evolution of structural policy in the production of sugar beet subcomplex are grounded. Theoretical aspects of interbranch economic relations and the objective conditions of formation of structural policies, especially its formation in agroindustrial production are paid special attention. Regional features of structure forming branches of agriculture are uncovered. Promising directions for improving the mechanism of economic encouragement of state structural policy on the stages of forming of interbranch economic relations in agroindustrial production are proposed.

It is intended for researchers, managers and specialists of agricultural production, graduates, teachers and students of higher educational establishments, economists, business people and anyone interested in the problems of agricultural economy.

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INTRODUCTION

Actuality of theme. In the process of reforming of agroindustrial production (AIP) the formation of a new system of economic relations in agroindustrial production was occurred. Development of agroindustrial production requires the improvement of methodology in research of interbranch economic relations: it is necessary to turn from theoretical interpretation of the phenomena to the direct of projection models of efficiency of interbranch economic relations. Agriculture suffered the most devastating effects as compared to other sectors of the national economy through the recession, reducing the efficiency of the industry. Studying of theoretical nature and forms of structural policy is a prerequisite for the efficient functioning and development of the national economy and agroindustrial production. The main objective of public policy is the formation of structural of interbranch proportions, planning of financial flows, strategy of development and foresight to provide incentives to enhance the relatively industries. The successful socio-economic development of agroindustrial production is possible under the condition of state regulation and scientifically grounded structural changes in the national economy. The research of the underlying processes of interbranch economic relations is an essential element for understanding the trends and directions of development of the national economy, to establish an adequate structural policy. For these processes is necessary to clarify the nature of non-equivalence methodological intersectoral exchange, its origins, study ways to reduce the negative effects in the sectors of agroindustrial production.

In our opinion, the level of of interbranch economic relations forms the strategic basis for sustainable economic growth of the rural economy in modern conditions. Despite the fact that the analysis of interbranch economic relations was always one of the main tasks of economics, the urgency of this problem increases significantly at the present stage of economic development. The main tasks for the formation of the system of interbranch economic relations in the agricultural sector of the economy is the best selection of related industries, rational selection of industries and enterprises with common financial interests of keeping appropriate proportions between them, effective natural and geographical distribution of productive forces. Solution of the major problems of the system of linkages, improves the efficiency of all sectors of agroindustrial production. Profound changes in the production structure of enterprises and the structure of production occurred in agriculture. Problems of development and formation of interbranch economic relations are extremely important in all stages of formation and development of agroindustrial production. Lack of good economic management mechanism, non-equivalence of intersectoral exchange mismatch between incoming and outgoing cash flow from other sectors of the

national economy are some of the unsolved problems that hinder the effective development of agriculture in the process of interbranch cooperation. Lack of structural changes in agroindustrial production and scientifically based organizational and economic mechanisms of regulation led to unmanageable these processes. But the problem is so difficult and complicated that needs further research and practical recommendations to improve the system of interbranch economic relations in agroindustrial production in general and its components separately.

Problems of formation and regulation of non-equivalent of interbranch economic relations require detailed study and research.

The main problems of interbranch economic relations are:

- improving trends in pricing for agricultural products;
- inefficient economic mechanism of managing for all sectors of agroindustrial production.

Financing agriculture in modern conditions takes the form of unequal cross-industry exchange. Representatives of the agricultural sector is generally demonstrate their inability to defend their social and economic interests as well make the representatives of business and intermediary structures. In our opinion, the basic methodological principles of economic mechanism are: equality and diversity of ownership; government regulation of agroindustrial production; independent economic entities; economic responsibility, interest risk; social protection of rural workers. The most important unsolved problem that hinders the development of agroindustrial production is non-equivalence of sharing resources, in and out of agroindustrial production systems and not a good interaction between interrelated and interdependent structural elements of the agro-food sector. This is resulting in lower efficiency of the industry and a significant decline of agroindustrial production. This research makes it necessary to study of theoretical and methodological aspects of interbranch economic relations in agricultural production. Formation of of interbranch relations is the main feature of the economic organization of agroindustrial production. Leading economists have studied the theoretical foundations of interbranch nature of economic relations, inter-sectoral unequal exchange, their genesis and manifestations. Among them: V.H.Andriichuk, L.M.Berezina, V.L.Valentynov, T.V.Hahaliuk, P.I.Haidutskyi, M.V.Hladii, P.T.Sabluk, L.M.Cherchyk, O.M.Shpychak and others. Formations of interbranch relations in agroindustrial production are reflected in many scientific studies. Among them: P.S.Berezivskyi, V.V.Zinovchuk, M.M.Ilchuk, P.M.Makarenko, V.Ia.Mesel-Veseliak, V.M.Trehobchuk, P.T.Sabluk, V.M.Yatsenko and others.

The issue of agroindustrial production is devoted of many scientists and economists. Among them: S.S.Bakai, V.I.Boiko, V.H.Halanets, V.M.Heiets, B.M.Danylyshyn, L.V.Deineko, M.Ia.Dem'ianenko, S.L.Dusanovskiy, V.M.Zaiats, O.V.Zakharchuk, S.M.Kvasha, I.H.Kyrylenko, M.I.Kisil, M.F.Kropyvka, A.O.Laktionov, M.A.Latynin, V.V.Lypchuk, A.S.Lysetskyi, M. H.Lobas, Iu.Ia.Luzan, I.I.Lukinov, Iu.O.Lupenko, O.M.Mohylnyi, M.I.Malik, L.O.Marmul, I.P.Mylko, Iu.O.Nesterchuk, O.V.Ovsianikov, O.M.Onyshchenko, M.K.Orladyi, B.I.Paskhaver, M.I.Puhachov, V.P.Sytnyk, N.M.Sirenko, S.A.Stasinevych, P.A.Stetsiuk, O.O.Storozhuk, M.M.Fedorov, I.I.Cherven, O.H.Shpykuliak, V.V.Yurchyshyn and other scientists. Despite the depth study of scientific bases of formation and deve-

lopment of interbranch economic relations in agroindustrial production, determination of interbranch industrial relations, especially in the agricultural sector during the market reforms, questions remain unnoticed restructuring in the formation of interbranch economic relations in agricultural production.

Perspective direction of improving of interbranch formation of economic relations is the creation of an optimal model system that combines economy and agroindustrial production. The questions aimed at finding methodological approaches to the study of interbranch economic relations, further development of scientific discussion on problems of formation and removal are not equivalent of interbranch economic relations, the lack of equivalent treatment in various areas of agroindustrial production require further study. In recent years, the agricultural sector specialists proved that agriculture does not need some special state support. Agriculture is capable of effectively provided a well-configured and economic regulation mechanism in which all sectors of the economy would start the same economic conditions.

The purpose of the monograph is theoretical and practical bases of interbranch economic relations and the objective conditions for the formation of structural policy, especially its formation in agroindustrial production, the disclosure of methodological principles linkages as substrate material of interbranch economic relations in AIP, especially the development of the regional structure forming sectors of agriculture.

PART 1
PECULIARITIES OF FORMING OF INTERBRANCH LINKAGES
AND THEIR INFLUENCE ON STRUCTURAL POLICY IN AIP

**1.1. Interbranch links as a central component of interbranch relations
in agroindustrial production**

It is a necessity to explain the properties and relations of the object, separating them into individual and general, qualitative and quantitative characteristics. The universality of causality of phenomena, the necessary relationships and patterns of material entities, the subordination of the operation and development of relevant laws constitute the objective basis of the principle of determinism. Many authors stress the problem of determinism [26; 56]. Causation is a scientific position of interbranch formation and development of economic relations. Causation as a special kind of relationship of phenomena of reality has its roots in interaction. It expresses the relationship of the changes that matter. Due to the fact that the material establishments are a relatively stable system of traffic, they do not just coexist and influence each other and cause each other as appropriate. The interaction of various material entities with respect to the emerging changes in the interacting entities will act as causes, and they change – as a consequence. If this interaction does not deprive it of independence of protruding formations, it is an external reason with respect to the emerging changes. Researchers of Marxist-Leninist dialectics [36, p. 120] believe that the reason is the interaction of material entities, which causes a change in them, and the result is a change that occurs when interacting physical entities as a result of their interaction. As the entire material establishments are the relatively steady systems of movement and they are active, they affect each other and cause appropriate. As causal link covers all material creation, so it is a form of expression of the internal activity of matter [6; 18], a form of communication aimed interactions [26; 128]. However, some philosophers reject the objectivity of causal link, believe that it is characteristic of only for thinking, relationship concepts and it is a kind of explanation of a theory. For example, Brown writes, that "Causation is a kind of explanation, not something that exists in the nature. And trying to find something else that links cause and effect means to implement of categorial mistake. Causal explanations are possible, because we have theories which try to understand the world around us. We see the world in terms of these theories" [210; 212].

So, every objective process unfolds from cause to effect. The reason is always before the result. So, the reason is not the result. The result is significantly different from the reasons; in the process of causing it acquires new properties, relationships, quality certainty. The ascent from the abstract to the con-

crete is a way of reflect the essence of the object as an organic whole. Scientific work "Capital" by Karl Marx is a classic, unsurpassed example of researching of object and its relationships as an organic whole. The method of ascent from the abstract to the concrete and their relationship are the most developed form in "Capital". Disclosure of organic whole is the main goal of the movement of knowledge, which made way ascent from the abstract to the concrete. At the preliminary stage of the relationship, if it is fixed, it is usually as simple coexistence parties subject to each other or as one of research to another, as an external link sides. Display of internal communication, internal party unity prevails at the stage of ascent from the abstract to the concrete. So it is such a link where each party stands defined by its very nature is a result of its relations with other parties of organic whole. As a result, unity is the end point of ascent from the abstract to the concrete. The main stage in the reflection of an organic whole is the ascent from the abstract to the concrete, because at this stage the disclosure of internal communications, internal party unity organic whole is a priority. Only by considering the nature itself and on the way from the heart of the phenomenon and reality subject to special consideration are internal communications and relationships.

"The essence and the phenomenon are the philosophical categories, which reflecting the general shape of the objective world, its learning and practical activity. The essence is the inner meaning of the subject, which resulting in the unity of all forms of life. The phenomenon is a specific expression of the subject, the outer form of its life. In ancient philosophy "essence" is understood as the beginning of understanding things, and yet, as a source of real development, a "phenomenon" is as visible, illusory image of things" [191, p. 133–134].

In the economic system of the former Soviet Union interbranch relations existed in the form of material support and cooperation, but the first of which was comprehensive and carried out by "Derzhpostachzbut" on the basis of interbranch balance in a planned manner. At this time, logistical support extends to the enterprises of the public sector, the subsidiaries and branches of large monopolies and interbranch relations are serviced by money circulation. Stability and turn on the basis of hard currency is a guarantee expansion and improvement of these relations [42, p. 91].

It is proved that the organizational and economic relations form the organizational structure and ensure economic interests of industries dynamics of economic growth and the proportionality of the industry. Regarding socio-economic relations can be argued that these relationships characterize ownership, socio-economic structure of enterprises and so on.

"Primary activity (Eng. primary – activity) is the operation which is linked with the production or sale of products (goods and services), which is the main purpose of creating the company and provide the bulk of its income" [47, p. 218].

Interbranch relations are the technical and economic relations and ties between sectors of the economy on specialization and cooperation of production and exchange activities as a result of the social division of labor, which are embodied in the cooperative supply of goods [45, p. 509].

Some authors define that interbranch relations are the economic relations between sectors of the economy on production cooperation and exchange of products as a result of the social division of labor. Interbranch relations are the

flow of goods and services from some industries enterprises to other ones. The deepening of social division of labor is objectively determines the adequate development of interbranch relations which are general laws of social production.

The research is established that interbranch relations are the economic relations between enterprises from various industries establishing of their optimal proportions. The technological revolution and deepening social division of labor determine the need to improve of mutual production links between industries on the basis of changes in production suppliers and consumers.

Essential factors of improving of interbranch relations are:

- 1) upgrade of technique and modern production technology;
- 2) changes in the nomenclature of the production of products, the emergence of new kinds of products;
- 3) development of concentration and integration of production (including diversification);
- 4) changes in the economic structure and distribution of productive forces;
- 5) development of international division of labor and integration processes in the world economy.

Such factors as information support innovation; integration processes in the world economy are the most important for the development of interbranch relations [41, p. 255].

This research is determined that it is necessary to study of theoretical and methodological aspects of interbranch economic relations in agroindustrial production. We analyzed the theoretical and methodological foundations of interbranch economic relations.

Theoretical and methodological basis of interbranch relations in agricultural production are devoted of many scientists and economists. Among them: P.T.Sabluk [121], V.P. Sytnyk [131], O. M. Shpychak [205] and others.

We believe that the major economic categories that characterize interbranch relations are: industry, production, integration, cooperation, personnel and investments.

Interbranch economic relations in agroindustrial production are associated with such economic category as production. Production is the second subject of microeconomic level of management. It also is an independent sector of microeconomics and good (product or service) is its criterion [98, p. 181].

Industrial relations are the combinations of economic relations between people in the production process. They are composed independently of the will and consciousness of people. They have the objective nature. This is the second side of the mode of production. Industrial relations are special types of relationship that arise in the process of material production. They define the system of social organization of activity. In production people enter into certain relations, for producing a social product, uniting in a certain way for joint action and mutual exchange of experience of its activities, and within those relations exist their relationship to nature. Industrial relations formed between people on the appropriation of means of production, labor, consumer goods and services in the direct process of production, distribution, exchange and consumption. The productive forces always require according to their degree of development of industrial relations, which include the following types:

- a) industrial and technological relations;

- b) industrial and environmental relationships, which include the following elements: relations over direct production (property relations); relations over the distribution; relations on consumption.

Each of these elements has also appropriate structure and plays a specific role in production. Industrial and economic relations are the subject of research of social philosophy, economics, and they are divided into:

- relations of cooperation and mutual assistance;
- relations of planning;
- relations of subordinate;
- transitive relations are from one form to another, which specifically appear at appropriate stages of historical development [191, p. 21–22].

Agriculture, industry, trade, construction, management and others, which are divided into subsectors and types of production are related to the branches of national economy. The undeniable fact is that interbranch relations active influence on economic and technical situation of agroindustrial production by active exposure to other areas of industries. The process of interbranch exchange of individual areas and branches of agroindustrial production is at the expense of backward and forward of interbranch relations. Resolution of problems of interbranch relations will increase the efficiency of all sectors of agroindustrial production. Providing of equivalence of interbranch relations in proportion to the capital invested on the basis of its turnover will enable to increase the efficiency of all sectors and areas of agricultural production.

Profound disproportions evolutionarily formed in the economic structure of the former Soviet Union. They demonstrated their destructive nature of the national economy over a prolonged historical period. Changes in the structure of economic activities were influenced by price transformations that caused market mechanisms pricing. As you know, macroeconomic stabilization and effective structure of the economy are the guarantee of independence and dynamic growth of any country in the world.

The imbalance of branches of national economy is due to interbranch shifts and technological structures, increase of the gross value of the commodity sectors and fuel systems, the extension of the mechanisms of international flow of capital. In order to effectively ensure the production of agroindustrial production technological chain "production – harvesting – processing – storage – transportation – implementation – maintenance" should work efficiently.

The effective development of interbranch economic relations can be achieved with the full integration of marketing on agricultural enterprises.

Enterprise is a multifaceted phenomenon that can be characterized under different angle: economic, legal, psychological and others. Entrepreneurship plays a special role in the national economy, creating innovative environments, destroying the traditional structures and opening the way to change that is becoming a force which accelerates the movement of the economy through efficiency, rationalization, thrift and freshness.

Enterprise of the modern type keeping the most essential features of its classical forms is characterized by the following common features:

- development of corporate business with traditional businesses and individual partner types, leading to the "spraying" of ownership through corporatization and responsibilities;

- expansion of credit and finance, manifested in a wide range of forms of financial business which plays an important role within the market infrastructure;
- the establishment of various business infrastructures which have the right to combine their innovation, marketing, production, supply and marketing, financial and social activity on a voluntary basis [35, p. 210–211].

We believe that idle mechanism of regulation of interbranch economic relations in agroindustrial production reduces the efficiency of the industry and a significant decline agricultural production. Proportional development of agriculture and industry is conditioned by the internal communications system of agroindustrial production and relations with other sectors of the economy.

The questions aimed at finding of methodological approaches to the study of linkages as the foundations of interbranch relations are require further study. It is necessary to follow develop of scientific debate about the problems of formation and regulation of non-equivalence of interbranch relations.

Now agroindustrial production is at the center of public attention. Agroindustrial production determines the current state and trends of the agricultural sector being strategically important area of the state economy.

Some authors believe that the concept of "Agroindustrial production" is closely linked to the notion of "interbranch complex", in this statement should be understood as "... a set of forms of interaction between different branches of material production and trade of the general characteristics of production processes and finished products" [105, p. 5].

There is the interaction of industries in interbranch complexes in Ukraine's economy. The solution of the food problem is carried out mainly in agroindustrial production. That is why it is an important part of the economy and must be a priority development [120, p. 199–200].

Reproduction of agriculture depends on the state of the industry, providing its object and instrument of labor. The main cause of lagging of the branch is the low investment attractiveness of the agricultural sector.

The main reasons are:

- unpredictability of administrative price controls and restrictions on exports;
- inefficient mechanisms of state support for agroindustrial production, covering protection of domestic market from import of low-quality products;
- system of standardization, sanitary and phyto sanitary measures;
- a system of subsidies and other financial support instruments;
- lack of agricultural land market [108].

On our opinion, the country should support the cooperative movement at the national level through subsidies, soft loans, and reduced tax rates.

Interbranch economic relations are a complex of social formation.

There are many methodological approaches to the interpretation of interbranch economic connections and interbranch economic relations in the scientific literature.

We have included a scientific understanding of the nature of interbranch relations and interbranch connections in the Table 1.1.

Interbranch relations contribute to a cohesive technological basis of production, the integration of the various sectors in order to develop the final product that best meets the needs of consumers [124, p. 131]. Correction of the situation because of disparity in prices is to develop such a mechanism which would be able to turn the external costs to internal. General and distinctive features of interbranch relations and interbranch connections in the system of agroindustrial production are presented in Figure 1.1.

In our opinion, the general features of interbranch relations and interbranch connections are:

- economic and natural factors;
- economic relations, which are caused by electricity, heat, water;
- specialization and cooperation of production;
- ensuring of the interbranch proportions sharing within the branches and trade and marketing orientation.

We believe that the distinctive features are:

- intrabranh and interbranch relations;
- technological orientation of production;
- multilevel economic interests of agricultural integration;
- mutual exchange of results of production activities in the form of the products of labor between the various branches of the national economy.

Some authors believe that the difficult economic and social situation in the countryside is caused by:

- discrepancy reform programs of agricultural economics and results of their implementation to existing social priorities;
- no recognition in the formation of the budget policy objective conditions of inequality reproduction of agroindustrial production compared with other sectors and spheres of activity, that due to seasonality of production, dependence on climatic conditions, duration of production cycles and therefore slow capital turnover;
- insatisfactory legislative support and protection of property rights of peasants to land and property;
- insufficient level of financial support to the agroindustrial production and rural social sphere;
- insufficient promotion of innovative technologies and investments in agroindustrial production;
- lack of equal economic relations between agriculture and other sectors of economy;
- insufficient of state support of rural improvement;
- transfer social facilities of agricultural enterprises to state and municipal property without proper funding; lack of conditions for increasing productive employment, creating new jobs in rural areas and increase the level of income;
- insufficient level of development of agricultural market infrastructure, toning and monopolization of channels of agricultural products;
- holding of ineffective public policy to create conditions for the development of cooperative and other nonprofit associations of agricultural producers in harvesting, processing, sales and finance and transport services trade flows;

- lack of information support for rural economic market conditions [14, p. 74–85].

Formation of interbranch economic relations in agricultural production is a major aspect in dealing with the revival of agrarian sphere. As you know, the stabilization of the economic situation in agricultural production entirely depends on the nature of economic relations between the sectors of the national economy.

Table 1.1.

General characteristics of interbranch relations and interbranch connections

№	Interbranch relations	Interbranch connections
1	Interbranch relations – are a set of relationships between independent business entities of various branches in the process of cooperative activities in the production [142, p. 197].	Interbranch connections should be based on free pricing coupled with increasing government regulation and antitrust control over the prices of inputs, energy carriers and services for manufacturers [121; 131; 204, p. 3–10].
2	Interbranch relations reflect a general pattern of development and interaction of the productive forces and relations of production, and sectoral and territorial peculiarities of their manifestation [21, p. 25].	Interbranch connections – are observance of equivalence of interbranch connections between agriculture and processing industry agricultural production, expand the network matching commission on prices and incomes in the primary areas of integrated formations [27, p. 223].
3	Interbranch relations – are economic relations between the sectors of the economy on specialization and cooperation of production and exchange activities as a result of social labor that are embodied in the cooperative supply of goods [45, p. 509].	Interbranch connections – are the provision of equivalence of interbranch relations in agricultural production which requires the development of organizational and economic measures of state regulation [76, p. 252].
4	Interbranch relations provide favorable conditions for interaction between sectors of the national economy in the supply of raw materials and the marketing of finished products; ensuring of efficiency increase of cooperation relations [23, p. 152].	Interbranch connections – are the types of relations in properties of branches on the technological direction of production [92, p. 5].
5	Interbranch relations – are economic relations between the branches of material production over the production and distribution of products which appear in the flow of wealth and services sectors from some branches into other ones [156].	Interbranch connections – in the market economy interbranchrelation should consider the development of processes of specialization, concentration, cooperation and integration of the agricultural production [12, p. 125].

Source: compiled by the authors based on: [12; 21; 23; 27; 45; 76; 92; 121; 131; 142; 156; 204]

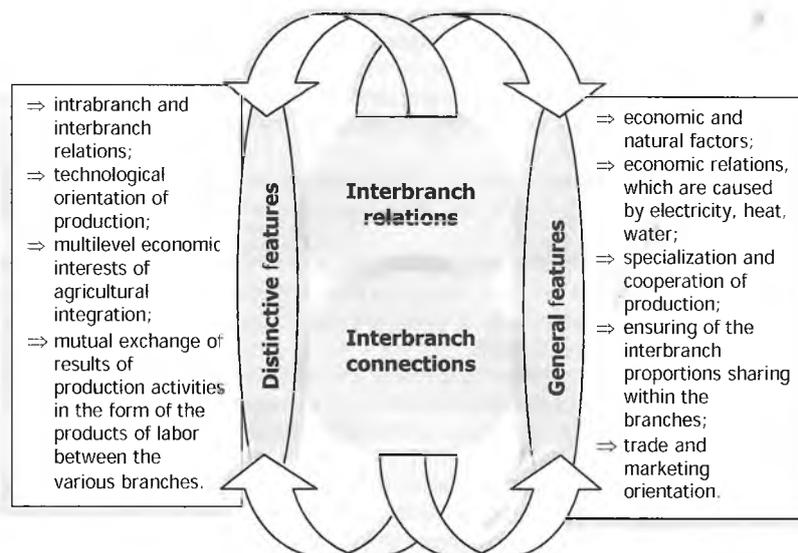


Figure 1.1. General and distinctive features of interbranch relations and interbranch connections in the system of AIP
 Source: [own research]

In recent years the agriculture has not worked out the mechanism of balanced industrial relations and mutual economic interests.

There are a lot of scientific discussions about the issues of disbalance of interbranch economic relations, the questions of equivalence of interbranch exchange in agroindustrial production. Some authors believe that the structure of agroindustrial production is based on the conventional allocation of its functional structure which according to the whole process of reproduction in agroindustrial production. It provides some stages:

- 1) production of capital goods for all branches of agroindustrial production;
- 2) production of crop production and livestock;
- 3) production of food products and consumer goods from agricultural raw materials;
- 4) implementation of the final product;
- 5) Production service of all stages of agroindustrial production [39, p. 59].

Manufacture of production (Eng. *manufacture of production*) is the process of creating of products or modifying form the raw materials and materialization of certain ideas in a particular site [47, p. 41].

We believe that agroindustrial production is a system of market relations between the three basic areas to organize the process of production based on a combination of state and market regulation mechanisms of interbranch economic relations in agriculture.

The functioning of agroindustrial production is carried out through the system of interbranch economic relations, which are interconnected with each

other. Socio-economic situation in agroindustrial production depends on the evolution of economic interbranch relations between the sectors.

Increasing of proposals of interbranch exchange is a form of evolution of economic relations. An alternative solution for overcoming the current situation in agroindustrial production is proportional to the formation of interbranch economic relations.

World practice shows that one of the effective ways to raise the efficiency of agroindustrial production is the development of interbranch economic relations.

Practice has shown that the majority of farmers are not able to buy new agricultural equipment on own resources due to insufficient funds in the company. From the economic point of view, it is not effective for small farms to buy certain types of such equipment.

One of the main problems that hinder the effective development of agricultural production is not adjusted mechanism of management of interbranch economic relations in which all sectors of the economy should have the same initial economic conditions.

Questions of interbranch economic relations, of interbranch exchange, genesis and forms of today are extremely complicated. Even in developed countries search for an effective mechanism of regulation of interbranch economic relations in agriculture is remained important. Complicated interbranch industrial relations in the production, processing and marketing of agricultural products to consumers are arised in agroindustrial production.

Our research shows that it is necessary to develop a mechanism of state regulation of integrated processes in agroindustrial production that can provide rapid adaptation of agrarian sphere industries to new economic conditions during the economic crisis.

Some authors believe that the modern mechanisms of interbranch economic relations of agroindustrial commodity processors with the following characteristics are:

- processing the customer's dominance over seeds purchased in connection with poor credit processing companies;
- reduction of investment security and the general crisis in agroindustrial production, leading to underemployment production capacity of processing plants;
- a high degree of physical deterioration of technological equipment of advanced enterprises;
- constant functioning of small processing workshops with insufficient depth of processing and quality of products;
- significant market power of large intermediary structures (traders), because of what profit is formed at their level of marketing channel, but not at the level of agriculture and processing industry [124, p. 190].

We believe that the development of interbranch integration economic relations are possible only under the condition of market relations in the functioning of various forms and types of farms with a further improvement of economic mechanism of interaction related industries.

So, the formation of interbranch economic relations at the present stage of development of agriculture is a scientific definition that will combine effective

methods and organizational support economic basis, taking into account economic, social, legal and other conditions, which is the manufacturer of the goods.

1.2. The development of industrial relations in agroindustrial production as a major link of interbranch relations

Sharply growing food crisis is the biggest concern. As a result in the world every day tens of thousands of people die from malnutrition, and about 800 million people suffer from hunger and begging.

It should be noted that increase prices for energy in the world has led to increased food prices by 50%. As a result, more than 100 million people found themselves in poverty in the world.

Out of a systemic crisis is to ensure the development of priority sectors of the national economy. This industry is food processing, which forms the backbone of "food complex" of the country. It is a complex of interbranch economic-ecological system by the interpretations of specialists. The main components of this industry are natural resources, labor, capital, and technology at the input and emissions and waste except food at the output [110].

Leading economists have studied the state of Food Industry of Ukraine. Among them: M. P. Butko, P. P. Borshchevskyi, B. M. Danylyshyn, L. V. Deineko, M. Ia. Dem'ianenko, H. M. Kaletnik, T. L. Mostenska, P. T. Sabluk, I. O. Synhaivskyi, M. P. Sychevskyi, L. H. Cherniuk, I. R. Yukhnovskyi and other researchers. It is impossible to overestimate the importance of the food industry for the development of society.

So, L. V. Deineko believes that the food industry in any country, and especially in Ukraine, which has extremely favorable conditions for its effective development, is one of the leading structure forming parts of the whole economy, industrial and agricultural production, effective functioning of which is a fundamental factor of economic and social growth, the main prerequisite for the improvement of living standards [32, p. 22].

The food industry of Ukraine is strategically important because companies of this sector form the food security provide population with necessary food products, the cost of consumption which constitute over 60% of total cash spending [33].

According to the scientists, it is necessary to capacity building of food industry in the global food market in view of the prospects. This is necessary for Ukraine to secure a foothold in the markets of developed countries to extend to them our presence and take its rightful place in the global agri-food system and needs:

- creation of effective basic infrastructure;
- development of a national strategy of control in food;
- harmonization with the international requirements of legislative and regulatory framework for food;
- providing of modern instrument of control and measurement laboratories for food control;
- participation in international organizations that develop international standards;

- creating a system of quality assurance and food safety industry in accordance with ISO;
- establishing of information exchange, mutual support and cooperation of all food control bodies;
- debugging of system and introduction of scientific and technical expertise and training in this area [80, p. 19–20].

According to scientists, the branch structure of the food industry should be approach the similar in European developed countries, taking into account national specifics and the urgent need to ensure the future needs of the agricultural sector in industrial plants for conservation grown products and manufactured food, the facilities for the processing of agricultural raw materials and means of delivery and implementation [183, p. 152].

Question of structure and classification of food industry deserves a special attention. According to M. P. Sychevskyi, index the share of industry specialization in economic complex of the region largely is depends on the development of industrial development in general, because a high proportion of the food industry in the economic area, taken separately, may be a sign of a specialization of the region and its backlog in industrial development [132, p. 118–120].

The author believes that the food industry is a complex by structure and placement of the main centers of industry economic complex of Ukraine. Raw materials and consumer factors influence the features accommodation centers of the food industry.

Depending on the impact of these factors, the food industry can be divided into three groups:

- 1) branches that are oriented to sources of raw materials and processed of non-transportable raw materials and have high rates of consumption of raw materials (such sectors are: sugar, alcohol, dairy, canning, starch and syrup, oil and fat industry);
- 2) branches that tend to places of consumption of finished products (output with limited storage or consumption);
- 3) branches with a simultaneous focus on raw materials and consumer (with greater mass of raw material as compared with finished products). These are flour, meat, wine, tobacco, alcoholic beverages branches [104].

Branches of the food industry are presented in Figure 1. 2.

The development of engineering and food industry development are priorities of industrial development taking into account the importance of social factors, the share in production volumes, the formation of the budget, resource potential. Regional specialization of the food industry in sustainable scale lead to cost savings of social labor, since it provides the most efficient use of the natural environment and resources, logistics and employment potential of the territory [132, p. 118–120].

A.I. Panchenko stresses that "... production relations are based on commodity equivalence on the basis of supply and demand, creating some isolation areas on purpose complex" [99, p. 25].

Industrial and economic relations are constantly impede growth intensification of production and increase mutual requirements for interfarm supplies of raw materials and finished products. The separation of the individual stages of

production puts the company in a growing dependence on each other. Systematic failure of interfarm deliveries can lower the efficiency of the final results of social production.

Further intensification of agriculture on the basis of interfarm cooperation requires the development of inter-economic relations. Organization of industrial relations at the technological specialization of production involves a clear specialization of all participants of cooperative production stages at first.

So, there are companies specialized in animal reproduction, rearing, feeding, breeding pedigree cattle in livestock. In agriculture production cycle is split into seed production and used for food and livestock feed. An important condition for the functioning of inter-economic relations is the rhythm of production, according to the balanced and proportionate plans. Interconnection and interdependence of business cooperation require them teamwork, rigorous implementation of plans for the quantity, quality and timing of production and supply of products.

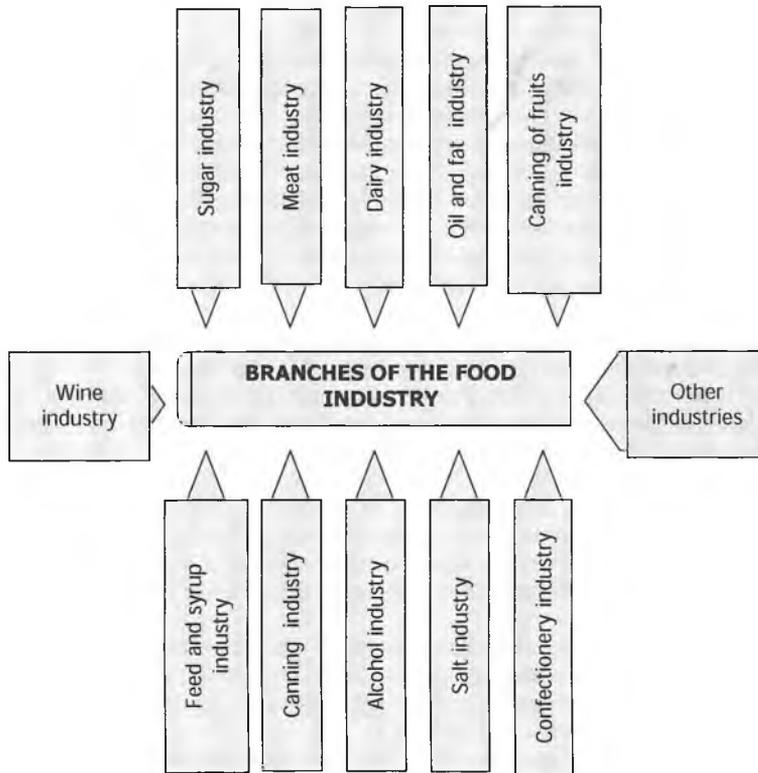


Figure 1. 2. Branches of the food industry of Ukraine
Source: developed by the authors based on [46]

The role of planning in ensuring coherent cooperation of enterprises increa-

ses significantly. Balanced development of production at all stages of a single process, the timely performance of tasks and contractual obligations make it necessary compliance proportions of production in the processing chain.

At the turn of the nineteenth and twentieth centuries, agriculture was much lower than the industry. However, its intensive development began, specializing in crop and livestock production increased, the process of differentiation of production in agriculture in some subsectors and types of production observed [44, p. 102].

Among them, a kind of organizational and social tandem occupies a special place that covers, on the one hand – the revival of the agricultural production in all its magnitude, including agriculture and villages, and the other – the transfer of the agricultural production to sustainable development [103].

So, S.V. Mochernyi notes that production is the interaction between people, their impact on nature and substance forming traits and abilities needed to create material and spiritual goods and services. Production is the process of dialectical interaction direct production, distribution, exchange and consumption in the broad definition of the term [45, p. 191].

Legal forms of management are developed under the rules and requirements of current legislation of Ukraine and prepared taking into account the characteristics of the agroindustrial production. The organizational forms of management are developed in accordance with the Laws of Ukraine. Such Laws as "On Enterprises in Ukraine", "On property", "On Entrepreneurship", "On Business Associations" and "On consumer cooperatives", "On agricultural cooperation" and the classification of organizational and legal forms of management are adopted by the State Committee of Ukraine, taking into account the characteristics of the agricultural sector and are based on current legislation of Ukraine and relevant organizational and methodological developments [123].

Some authors believe that national agroindustrial production is requires enhanced attention from the public bodies and local authorities.

They have to help the industry to compete in global markets on the following areas as staffing company, improving of management, optimization of the structure of agroindustrial production [207, p. 151].

So, L.M. Berezina is established that processes of state regulation of the national food market and enterprises of agroindustrial production are significantly inhibited of constant lack of financial support, the instability of the economic situation and limits the extent of state support of agricultural production leads to further dependence on the domestic food market from imports of food [10].

The real possibility of implementation of new scientific advances in agroindustrial production is the introduction of an integrated model of state regulation of scientific innovation process that meets the basic conditions and requirements of the market economy [1, p. 155].

The question of improving of an economic mechanism occupies an important place in the interbranch economic relations.

So, L.I. Abalkin identified that: "... economic mechanism is a complex and multifaceted concept which reflects the internal processes of the economy and its interaction with the productive forces and the superstructure of society".

Productive forces and production relations interact through it and the

improvement of an economic mechanism ensures compliance of the specific forms of industrial relations to the level of productive forces which is growing [1, p. 6].

We believe that the mechanism of economic enterprise must ensure its external relations and create all the related conditions of income. In our view, mechanisms of implementation of new technologies in agroindustrial production are:

- implementation of innovation concerning of agroindustrial integration of enterprises;
- training and retraining in production due to the economical enterprises;
- effective regulation of interbranch economic relations by implementing models of development of enterprises of agroindustrial production (Fig. 1.3);
- efficient use of funds from the issuance and sale of securities;
- the provision of interest free or concessional loans for young families who works in agroindustrial enterprises;
- construction of kindergartens, schools to prevent the migration of young professionals abroad;
- restructuring of agroindustrial production sectors by conversion companies producing unqualified products;
- deepening of branch and intrabranh kinds of specialization;
- rising of production profitability in order to improve the investment attractiveness of agroindustrial production sectors;
- form the technological clusters in order to improve the investment attractiveness of agroindustrial production sectors;
- streamline the placement of specialized and highly specialized productions;
- innovative development of production.

Development of financial and agroindustrial groups or corporate structures that combine several business entities on the basis of horizontal and vertical integration, which partially or fully consolidate their resources to implement of innovative projects (programs) is considered promising for current economic conditions in agroindustrial production in Ukraine [192].

Generalising characteristics of corporations are:

- separation of ownership from management and limited liability to the owners of the resources, as opposed to companies or individual enterprises, which houses the unlimited liability of owners;
- ability to conclude contracts and to possess property;
- transfer of ownership, providing corporate existence beyond the lifetime of its owners [49, p. 11].

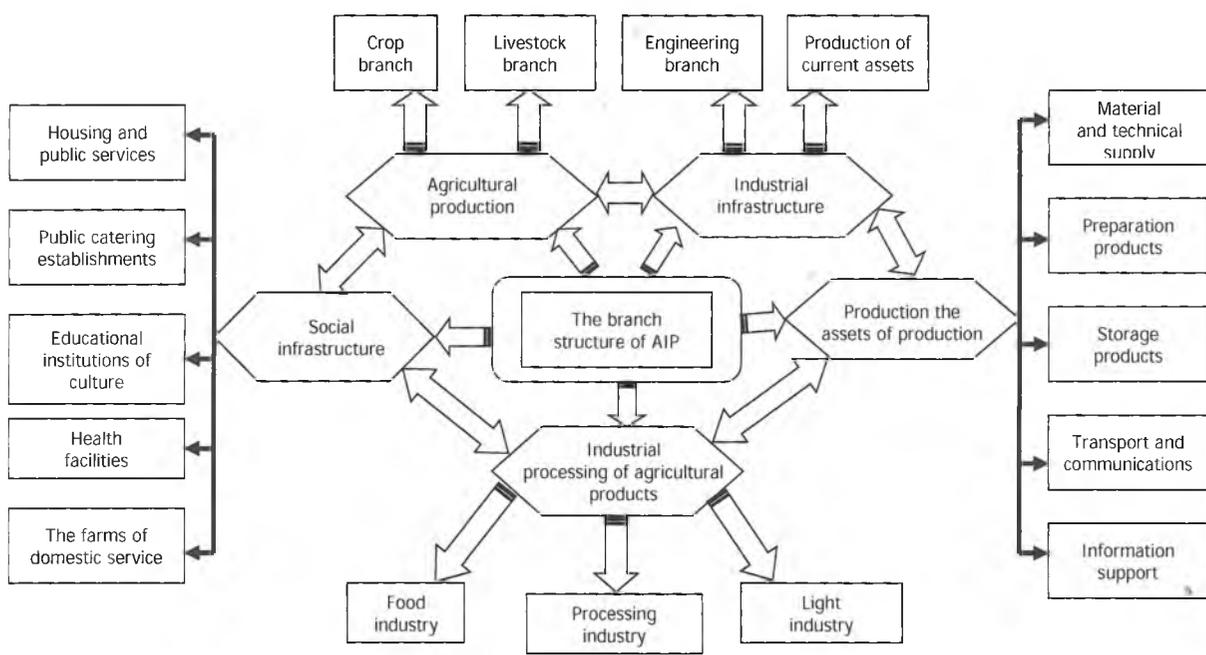


Figure 1.3. Branch diagram of enterprises of AIP
 Source: developed by the authors based on [3; 4; 9; 63]

Corporate relations in agroindustrial production are the open system, which constantly changes. Processes of formation, establishment and development are occurred in this system.

Based on the current legal framework of Ukraine corporate integrated agroindustrial formation should be understood as a community which based on the association of individuals – owners of land, property and their finance.

Today small agricultural enterprises are in the classic way of development, which economy of Ukraine from the beginning of the process of corporatization was practically denied. Watching the process of integrated development of small units, we can assume that they are unlikely to remain a long time in the form in which there are now. It is obvious that for multifunctional formation of several options possible:

- when the company naturally transformed from a small to medium or large diversified corporation with a significant share of production units;
- when it will have to specialize in any of type of product, occupying a separate niche in the market, which will require significant competitive advantage and, therefore, significant financial resources [70, p. 120].

Working mechanisms of integration and diversification of capital (especially industrial and financial) are objective law of the current phase of economic reforms in Ukraine and is embodied, implementation in the creation of financial and industrial holding companies.

They are the most effective form of business organization in a market economy to the high development of productive forces [107].

Agroindustrial Corporation is determined by promising form of integration and economic relations between the subjects of production and labor process.

Corporate relations are expressed in voluntary association of owners of capital because management mechanism forms the combination and coordination of interests of participants. In fact it is the most democratic production system that can accommodate the interests which are based on the collective use of private property.

Under these conditions, a high level of motivation and effective management of organizational development of enterprises of agroindustrial production is ensured [122].

Agroindustrial Corporation is closely connected with the cooperation and development of agricultural production cooperatives.

This is an association, partnership, association, collection of individuals united on the basis of the craft, commercial, industrial and other interests in content. The essence of this association is the grouping of owners of land and property funds for agricultural enterprises for some form of organization [116].

According to V.A.Yevtushevskiy "Corporation is common in countries with developed market economies in the form of business organization that provides equity ownership, legal status and concentration of management functions in the hands of top-tier professional managers working for hire" [50, p. 10].

Some authors believe that Corporation is a contract business association, which was established on the basis of common economic interests of industrial workers and shareholders to maximize profits from productive activity and investment [50, p. 25]. Various companies and organizations in the present conditions of agroindustrial integration are operated in the same sector.

They provide logistics, procurement, processing and marketing of agricultural products, require reasonable economic mechanism of development and improvement of inter economic relations.

Integrated agroindustrial associations are now one of the priority directions of agroindustrial integration process in economy of Ukraine.

They are the organizational and economic structure of any legal form, combining technologically or economically interconnected participants of agroindustrial production. The main objective of these groups is to provide a common goal, which is the production of agricultural products and processed products in required quantities at minimal cost, while increasing efficiency of agroindustrial production [102].

The holding structure is an effective mechanism that is widely used to optimize the tax policy, particularly in the choice of the country to create a subsidiary. One of the instruments to implement this is to use preferential tax regimes in many Western European countries have introduced favorable tax arrangements for holding companies [187].

According to some authors associations of holding agricultural structure type is determined by the need to mix organic agriculture, processing industry, trade, financial structures, supply companies and other entities.

Centre of such associations should be financial institutions (bank, financial settlement center), as no evidence-based and well-established funding and lending input of the union entities can not normally exist [84]. So, P.M. Makarenko in his research emphasizes that the large agroindustrial formations are able to increase the effectiveness of the real economy, to have a positive impact on regional development, infrastructure, to create new technologies, to promote the growth of employment, that solve complex acute social and economic problems [88, p. 254].

We have included primary directions of agricultural holdings of Ukraine in the Table 1.2.

Leases of land and property; issuance of loans agricultural company with the following procedure of its bankruptcy; buying shares of additional or issue shares of agricultural enterprises and their buying (in case the company) were the most common forms of involvement of agricultural holdings in the agricultural sector [55, p. 25]. Creation of the holding companies in our country is provided by the Decree of the President of Ukraine "On holding companies created in the privatization and corporatization" [115].

Holding companies can function in three variants:

- 1) clean or property holding: it is performed financial and investment, and financial and control functions;
- 2) administrative or contractual Holding: it is provided industrial-technological and economic management units;
- 3) mixed holding: it is engaged in business activities such as financial and credit, production, trade, transport, etc. [15].

In summary, we note that the formation of the relationship between agroindustrial sectors of production requires thorough research, effective assistance from the state, effective regulation of interbranch economic relations by implementing models of enterprises of agroindustrial production.

Table 1.2.
Primary directions of agricultural holdings of Ukraine

Type of products	The name of agricultural holdings for the primary output
Cereals	All, without exception
Completion of grain (elevators)	"Lend Vest", "Pryvat-Ahro", "Ahroton", "Narkom-Ahro", "Nibulon", "Ukrzernoprom", "Ukrros", "Landkom Group" (proekt), "Ahro-Treid", "Kerner-Hrupp", "Mriia".
Bread products	"Ahroton", "Stiomi-kholdynh", "Ukrzernoprom", "Ahro-Treid".
Oilseeds and oil	"Lend Vest", "Astarta-Kyiv", "Pryvat-Ahro", "Raiz", "Ahroton", "Ukrzernoprom", "Chysta krynytsia", "Kernel- Hrupp".
Sugar beets and sugar	"Astarta-Kyiv", "Raiz", "Narkom-Ahro", "Dakor", "Ukrprominvest", "Ukrros", "Svitanok", "Hals-K LTD".
Vegetables, melons, potatoes	"Mariupolskyi metalurhiinyi kombinat im. Ilicha", "Astarta-Kyiv", "Mriia".
Seed	"Raiz", "Astarta-Kyiv", "Stiomi-kholdynh", "Sady Ukrainy", "Mriia".
Dairy products	"Ukrainski ahrarni investytsii", "Ukrrohinvest", "Ahroton", "Industrialna molochna kompaniia", "Ukrprominvest".
Meat cattle breeding (fattening of pigs and cattle)	"Astarta-Kyiv", "Ahroton", "Stiomi-kholdynh" (project), "Shakhta im. Zasiadko", "Myronivskyi khiboprodukt", "Mariupolskyi metalurhiinyi kombinat im. Ilicha".
Poultry products	"Ahroton", "Shakhta im. Zasiadko", "Myronivskyi khiboprodukt", "Ukrzernoprom", "Ahromars".

Source: compiled by the authors based on: [51]

Creation of agricultural corporations and holding companies is a path to sustainable economic growth in agricultural production.

In our view, only the effective state support for new forms of production, providing the necessary legal framework are able to promote the effective development and enhance agribusiness.

1.3. Objective conditions of formation of organizational policy and the peculiarities of its formation in agroindustrial production

Modern development of national economy of Ukraine is characterized by deepening organizational disproportions and imbalances total production, its low technical level. The contradictions connected with the backwardness in the most innovative development of domestic industries are becoming more acute, it has a negative impact on the potential for further dynamic growth in the area of economic policy. In Ukraine inefficient economic organization with high resource and energy intensity of production, inefficient functioning of the sectors that provide social development is formed. These structural proportions make it impossible to ensure the restoration of macroeconomic stability, enhance the competitiveness of domestic producers. The main tasks on forming inter-branch system of economic relations in the agricultural sector of the economy are the optimal combination of related industries, rational selection of industries and enterprises with common financial interests of keeping appropriate proportions between them, effective natural and geographical distribution of productive forces.

Deep disparities of economic organization that existed in the Soviet Union for a long period, found their devastating for the economy of nature at the initial stage of transition to a market economy in all CIS countries, including the collapse in the early 90s of last century consumer market and an unprecedented rise in prices in Ukraine on material resources in industrial production in the liberalization of pricing, due largely inadequate regulatory factors influence market economy. Interbranch relations were existed in the form of material support and cooperation, the first of which was comprehensive and carried out "Derzhpostachzbutom" routinely based on interbranch balance in economic system of Ukraine. The deepening of social division of labor leads to the need to improve mutual industrial relations between industries on the basis of developments in production as suppliers and customers. The researches of deep processes of interbranch economic relations are an important element for understanding the trends and directions of development of the national economy. In the current context of socio-economic and financial-economic development of the base to form the future model of economy of Ukraine is an active and purposeful structural policy.

The need for studying of organizational policy is conditioned by the necessity of complex scientific substantiation of the concept of further development, as agricultural production and the national economy. Organizational policy should be based on the best growth rates of different sectors and industries of the national economy in compliance with macroeconomic proportions in areas related to agricultural production. Economy structure is constantly changing, and the successful development depends largely on the pace of structural change and to adapt to market requirements. It is necessity of regulation of structural changes in each state with the help of structural policy.

In a broad sense organizational policy are the justification of objectives and the nature of the structural changes, the definition of measures to support the development of those elements of the economic system, to ensure economic growth and solve pressing social problems and present. Load concept conceptual of organizational policy is so broad that allows you meant by it as the overall strategy of maximizing economic growth and the state set of measures aimed at implementing priority programs and projects [35, p. 144].

The tasks of restructuring the economy and increase national competitiveness are the main priorities of social and economic reforms in Ukraine. Amid the progress of the world economy technological organization Ukrainian economy regresses, deteriorating scientific and technological capacity, reduced the share of high-tech industries continued massive capital flight from the country.

Anticipations that in the period of economic growth will be implemented effective policy of gradual "pull" potentially competitive high-tech and innovative production flow generated by additional resources from sectors that are competitive at lower levels of the hierarchy are not justified. This is largely due to the lack of waste market institutional mechanisms that would ensure harmonization of the interests of various actors of the market economy and their coordination with strategically important interests of society as a whole. There were to provide an effective economic motivation of enterprises to technological and structural modernization, formation and development of new product markets [155, p. 3].

So, improving of organizational policy in agroindustrial production through the development of economic and organizational mechanisms of regulation of interbranch economic relations will improve the efficiency of all sectors and areas of agricultural production.

An inefficient economic organization with high resource and energy intensity of production, excessive mining extensive development, backwardness of agroindustrial sector, low level of innovative production backlog of infrastructure development, financial sector isolation from the real economy, the inefficient functioning of the sectors that provide social development is formed in Ukraine [155, p. 11].

An important feature of interaction proportional industries and the farming industry is structural reorganization of the agricultural sector of the economy. This goal can only be achieved through structural adjustment policies in agriculture production.

Improving the process of structural changes in the national economy, analysis of the interaction between industries and related areas, theoretical aspects of restructuring thoroughly set forth in the scientific writings of a number of famous scientists and practitioners. Among them: L.I. Abalkin, V.H.Andriichuk, V.V. Apopii, S.O. Bila, L.D.Vardomskyi, Z.S. Varnalii, V.V. Volynets, A.S. Halchynskyi, P.I. Haidutskyi, B.M.Danylyshyn, M.I.Dolishnyi, Ia.A.Zhalilo, S.M.Kvasha, M.O. Kobzystyi, O.Iu.Krasylnikov, I.I. Kukurudza, Iu.O.Lupenko, I.O.Liutyi, M.I. Malik, V.Ia. Mesel-Veseliak, I.P.Mylko, A.P.Pavliuk, B.I.Paskhaver, D.S.Pokryshko, P.T.Sabluk, S.M.Chystov, A.H. Feoktistov, H.H. Mykhalchenko, L.M. Shablysta and other scientists.

But, the questions of organizational policy in the formation of interbranch economic relations in agricultural production are ignored.

Classical directions of research of structure of the national economy are:

- balance (proportionality) branch structure of gross domestic product (GDP);
- technological structure of the economy with proportionality production.

The main problems of economic development of Ukraine, which cause activation of restructuring the national economy, are:

- structural deformation in the branches of agroindustrial production;
- insignificant level of modern production technologies;
- inefficiency of interbranch relations of agriculture branches;
- incomplete treatment of economic mechanism of management for all branches of agricultural production.

In the western scientific literature different definings the essence of policy are given. So, one of the authors asserts that the policy "... is the series of more or less consistent actions and their consequences"; another authors describe it as "... the adoption of related decisions concerning the selection of goals and means of their achieving"; next authors characterize it as "... the authoritative allocation of values for society". The core of this activity is the coming to power and use it to achieve economic goals and challenges before first classes, social strata and groups. There are internal policies (oriented to solve problems in the country) and external policies (oriented relations with other countries and international organizations). Internal policy is decisive for external policy, while external policy could materially affect the internal policy

and warp it. Implementation of the policy provides, first, scientific substantiation of the concept, development programs and the formation of strategic goals, determining long-term goals and objectives with the needs and interests of the main productive force – the man. Second, policy implementation provides justification of tools and techniques to achieve the goal (and hence the ratio of goals and means to achieve it), and the development of optimum forms of social activities and organizations in which strategic objective can be achieved and third, according to the strategic goals and the means of achieving it requires a careful selection, training and placement, able to realize such a goal. The success of the policy also provides personnel weapons of deep knowledge about the nature, the laws and the laws of policy and forms of expression and the ability to use this knowledge in practice. There are different types of policy (economic, social, legal, etc.), and there are different forms in within each of them. Policy is made at the micro and macro levels [46, p. 126–127].

Some authors believe that policy is field of activity related to the relations between classes, nations and other social groups, the core of which is the problem of the conquest, maintenance and use of power, participate in state affairs, definition of forms, tasks, content its activities [137, p. 1026].

According to the authors, the policy is a set of tools and methods for the implementation of specific interest to achieve a specific purpose in a certain social environment.

The term "organization" (Lat. *structura*) means a structure, location, order, a set of stable relationships facility to ensure its integrity and identity itself, that preserving the basic properties under various external and internal changes [137, p. 1276]. According to the economic vocabulary, organization is a relative position and relationship of the components and whole; building, structure, organization something; ordering tasks, roles, authority and responsibility with which the company operates [47, p. 300].

The authors of this monograph believe that organization is the relationship of the components of the object, which are in stable interaction.

An important feature of the economic potential of the country is the branch organizational policy. The main branches of the national economy are: industry; agriculture; construction; transport and communications; trade and catering; utilities; healthcare; education, science and culture; finance, credit, insurance. The role of each branch is not the same from the standpoint of progressive development of the economy at some stage. The basis of the economic power of the country is advanced industries such as electronics, aerospace electronics, energy, petrochemicals and others. Bioengineering, pharmaceuticals, laser technology, especially computer science are gaining the forefront in recent years on the crest of scientific and technical progress. Maximum summarizing the sectoral organization of the national economy, it is often distributed in three blocks: agriculture, forestry and fishing; industry; services. Lending, information, trade, tourism, education, etc. belong to the latter group [38, p. 8–9].

Some authors believe that the economic organization is created with the business system elements of reproduction of the gross national product, which is a complex of production of goods and provision of relevant technological and interbranch relations. It is characterized by quantification of in accordance with the proportion of such initiatives on the system of production, distribution,

exchange and consumption of the social product, national income, material and spiritual costs, resources, etc. [206].

In our opinion, the organization of the national economy is the proportional relationship between the spheres of production.

Recently the scheme of branch organization is primary, secondary and tertiary blocks (sectors). Agriculture and forestry, fishing, mining belong to the primary block (or sector). Manufacturing and construction belong to the secondary block (or sector). Tertiary block covers the service sector. Sometimes scientists determine a quaternary – information sector, isolating information services from the third block [38, p. 9]. Industry organization is the division of the national economy into separate comprehensive industry (heavy, light industry) and industry (farming, food, etc.). Economic organization is a way of the relationship between the systems, subsystems, components and elements of the economic system, its internal organization. From the epistemological perspective organization reveals internal necessary steel and significant relationships between different economic categories (and thus corresponds to the status of economic law), the totality of which expresses the inner essence of the economic system. Separate economic law reveals internal necessary steel and significant relationship between certain ranges (a certain amount) of economic categories.

In view of this, there are economic laws that reveal its essence:

- 1) productive forces;
- 2) technical and economic relations;
- 3) technological mode of production;
- 4) relations of economic property;
- 5) economic relations;
- 6) organizational and economic relations;
- 7) economic mechanism;
- 8) social mode of production;
- 9) integrated economic system.

The relationships between these elements are made using different types of economic relations [46, p. 378–379].

The impact of organizational policy at macroeconomic dynamics of the country due to urgent is need of structural changes in economies with different levels of development. It helps overcome disproportions that arise between different areas, sectors of the economy and regions and institutions, and build on this basis balanced organization of the national economy [43]. Organizational transformations are the most important factors of dynamism and efficiency. Problems emerging in the process of structuring an economic system are characterized by complexity and not linearity [190, p. 33]. Restructuring is a complex of measures on technological, sectoral, regional, administrative, organizational and social transformation at the macroeconomic and microeconomic levels in order to improve the conditions of economic efficiency [79, p. 58]. Economic restructuring is designed to adapt the national economy to the new requirements and modern realities contribute to the removal of it from a deep crisis. It directly affects the stabilization and production growth, the balance of the market, the other most significant macroeconomic indicators, allows domestic producers to enter the process of international division of labor, an adequate social base [86, p. 71]. The main self-organizing mechanisms of organizational

development are pricing mechanism, competition, accumulation and transfusion of capital cyclical development, international competition, exchange rate, transfusion of international capital, global crises [196]. "Mechanisms for implementation of state organizational policy have no universal forms, and cover the whole system of methods and tools. Moreover, the nature and composition tools depend on: the type of market economy; economic strategy of society; phase of the economic cycle; general economic situation at one time or another development; the degree of integration into the world economy, etc." [200, p. 13]. The restructuring of the national economy is related to structural transformation of market conditions and the mechanism of influence on the organizational policy of the national economy.

So, the mechanism of organizational changes include the transformation of the organization of interbranch indicators of economic relations between the state, households holding companies, corporations and others who overcome disproportions that occur between different areas, sectoral organization of the national economy, stabilization and growth. The integrity of agroindustrial production is caused by the growth of technological interaction between branches of the national economy, system interaction of interbranch economic relations. Through the introduction of a mechanism equitable distribution of income and free pricing mechanism for the products of the agricultural sector may provide a normative level of profitability of agroindustrial production. According to the "standards" of economic science, organizational policy is recognized as aimed activity of the State [48, p. 611–612].

So, improving organizational policy in agroindustrial production through the development of economic and organizational mechanisms of regulation of interbranch economic relations will improve the efficiency of all sectors and areas of agricultural production.

Descriptive model of organizational policy and mechanism of its realization is presented in Figure 1. 4.

In our opinion, the basic mechanisms of adjustments of organizational policy are the implementation of integrated programs; free pricing; competition; accumulation and flow of capital from industry to industry.

Promising direction of agricultural policy of the European Union is fast adapting agroindustrial production to global marketing conditions through the most efficient and economically reasonable rational organizational policy. Under the latter must understand a system of agricultural production and its monetary-financial services, the ratio of economic, social and technical elements will be effectively formed.

So, L. A. Shvaika believes that organizational policy of State is a set of scientific methods and practical measures to optimize the internal proportions of the economic system and effective aggregate supply, or a complex of measures on development of economic system elements that contribute to solving urgent social problems, provide economic development and competitiveness of the economy [201].

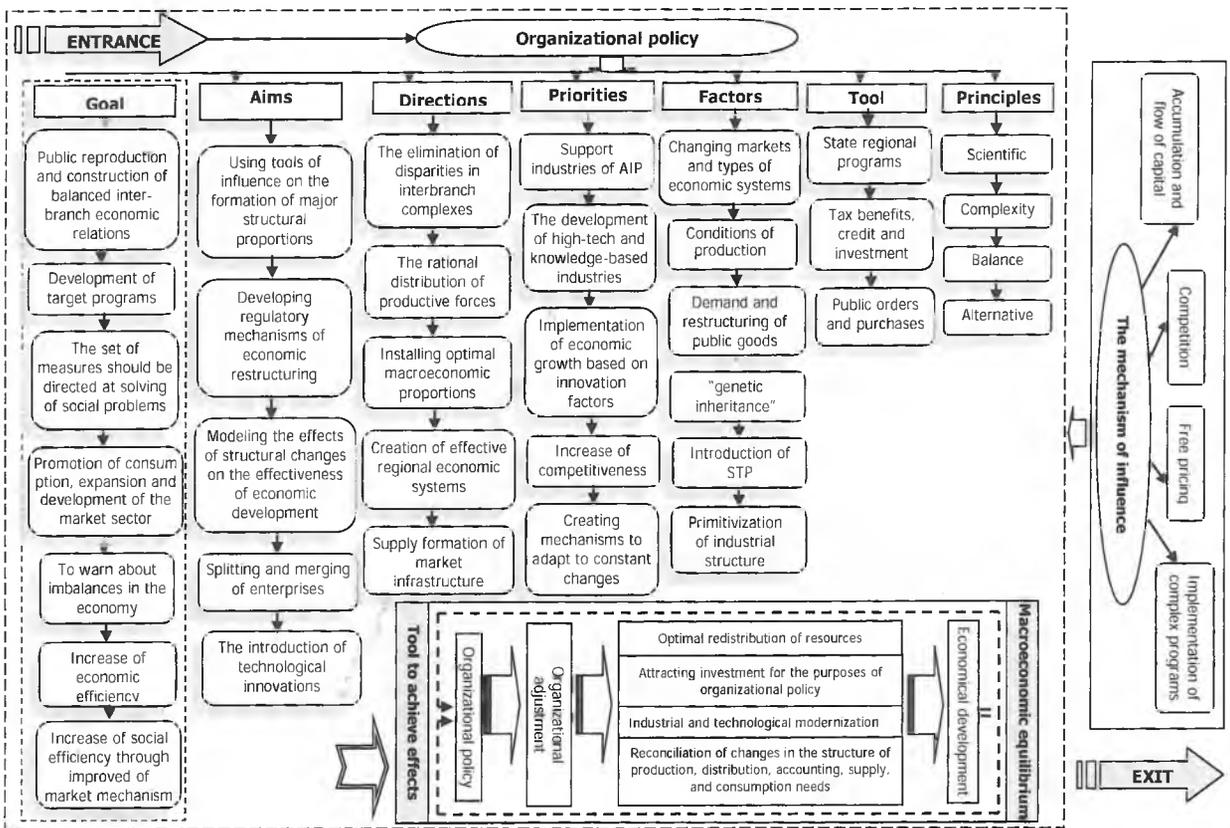


Figure 1.4. Descriptive model of organizational policy and mechanism of its realization
 Source: systematized by the authors based on: [95; 208]

Organizational policy is understood as a set of government measures aimed at the distribution of resources, economic development and effective growth by some of scientists. This is part of industrial policy, which is associated with the development of economic sectors or removing inefficient sectors. The government uses the following instruments: incentives for borrowing and taxes, import regulations, nationalization of sectors during the formation of organizational policy [130, p. 71]. Some researchers believe that organizational policy is a way to restore and upgrade the industrial base; choice of priorities for economic development; the use of active industrial policy. Organizational policy allows determining the economic structure for efficient growth and allows deciding who will take part in the modernization of the economy: government, business sector or foreign [64, p. 56–62]. Some authors believe that it is necessary to develop targeted comprehensive programs for implementation of organizational policy. Such as: finance projects using the contract form and preferably on a competitive basis; establish a comprehensive system of indirect stimulation of development of science, technology and innovation through the mechanism of tax, depreciation, credit policy; develop a system of measures to attract foreign investment; radically restructure the system of innovative processes including facilitating the establishment of horizontal relations between production and trade, with a focus on all three parts of the needs of consumers [46, p. 386].

The main task of organizational policy is to regulate structural changes. The main directions of improving the efficiency of the agricultural production entities are:

- improvement of regulatory policy to build of balanced interbranch economic relations, preventing monopoly activities to ensure the needs of the agricultural sector in resources;
- creating conditions for increasing the role of branch and interbranch associations in the regulation of economic relations between the agro-industrial producers, procurement, processing, service and commercial enterprises.

The main directions of state organizational policy are:

- the elimination of disparities in interbranch complexes;
- the rational distribution of productive forces;
- establishment of optimal macroeconomic proportions;
- creation of effective regional economic systems.

Countries that have successfully implemented the organizational policy become from economically backward to economically developed countries. The aim of organizational (industrial) policy of Ukraine is a set of measures that should be directed at accelerating economic growth enterprises by influencing the economic situation of the industries and enterprises of agroindustrial production.

State regulation of structural changes in the economy is carried out with the help of state organizational policy.

Some authors believe that the main objective of organizational policy is to prevent imbalances in the economy and solve these problems.

It depends on the high cost of production of various products, low use of high technology, low application of high technology in various sectors of the economy, reducing demand for products and services, the decline in produc-

tion, etc. [209, p. 5–14]. The ultimate goal of organizational modernization of the Ukrainian economy should be building a highly competitive social dynamic oriented economic system. In it economic development is provided primarily by expanding the use of innovative technologies, rational use of human potential based on the increase and improvement of quality of export potential and integration into the world economy, capacity expansion and balanced internal market [155, p. 76].

The policy of organizational transformation should be based on a long term strategy for restructuring the social reproduction based on the optimization of the growth rates of different sectors. The main source of structural change must be internal growth through redistribution of capital and jobs in higher value added, high-tech industry [155, p. 94–95].

The economic success of any country depends on the nature of the areas of structural changes in the economy and their adaptation to market requirements. Prerogative of the state is to ensure the rational organization of the economy. Formation of the rational organization of the national economy is possible only with the state regulation of social and economic processes of production [113].

In the Law of Ukraine № 2982–IV fundamental principles of state agrarian policy for the period up to 2015 are aimed at ensuring sustainable development of the agricultural sector of the national economy, consistency and comprehensiveness in the implementation of measures from the state agricultural policy by all government agencies and local governments. In the article 4 (p. 2) of the Law of Ukraine "On basic principles of state agrarian policy until 2015" is said that "...improvement of regulatory policy to build balanced interbranch economic relations is to prevent monopolistic activity in ensuring the needs of the agricultural sector in resources" [113]. The development of rural areas and solve all the social problems in rural areas is one of the strategic goals of the state agricultural policy (Art. 2 of the Law of Ukraine "On basic principles of state agrarian policy until 2015" dated 18 October 2005) [113]. Organizational policy is a multifaceted concept that reflects the equivalent ratio of different elements of economic phenomena. In order to balance the socio-economic development of agricultural economy, its effective functioning and stable growth is necessary the election of prospective and priority areas of organizational policy. So, in the opinion of the authors, organizational policy is a policy, which aims at the formation of interbranch macroeconomic proportions in the areas of production, distribution of goods, capital and labor by sectors of national economy. Integrity interbranch economic relations agroindustrial production is realized through the relevant criteria of balance and proportionality.

The main problems of economical development of Ukraine, which cause activation of restructuring the national economy, are: structural deformation in the fields of agroindustrial production; ineffective level of technology of modern production; inefficiency linkages agricultural sectors; inefficient economic mechanism of management for all branches of agricultural production.

In our opinion, basic mechanisms of adjustment of organizational policy are: implementation of integrated programs; free pricing; competition; accumulation and flow of capital from one sector to another.

The main problems of the development of agricultural production are:

- structural: the agricultural production structure is deformed;
- material and technical base of former state enterprises and collective enterprises former is destroyed;
- budgetary: limited funding of social sphere of rural areas;
- real budgetary payments do not meet the needs of the agricultural production;
- tax: the level of payment of value added tax (VAT) is rather high.

In our opinion, the main ways of agricultural policy in this specific market conditions are:

- a) structural – the formation of industry development of agricultural production; revival of the sugar beet production; determining the ratio of crop and livestock production;
- b) budgetary – effective identification of market regulators GDP; intensive agricultural production subsidies; the volume of budget financing should meet the needs of the agricultural production;
- c) tax – exemption from VAT components, spare parts, plant protection and animal fertilizers; tax exemption for funding scientific research for agriculture production; reducing the tax burden on agricultural producers.

Organizational policy should be based on the best growth rates of different sectors and industries of the national economy in compliance with macroeconomic proportions of enterprises of agroindustrial production.

The hierarchical model of the levels of organizational policy in dynamics is presented in Figure 1. 5.

The study is proposed to consider the levels of organizational policy in dynamics and in the levels of the hierarchy, such as:

- 1 level – branch of the global economy;
- 2 level – branch of the national economy;
- 3 level – structure of sectors (industries);
- 4 level – structure of the consumer market;
- 5 level – structure of processing (food) industry;
- 6 level – structure of agricultural producers by categories;
- 7 level – structure of cost of agricultural products.

The first (the highest) level of the hierarchy reflects the potential of competitiveness the industry of a single country in world economy. The second level takes into account the ratio of gross output, taking into account the share of each sector in the national economy. The third level of the hierarchy reflects the proportion development of branches (subbranches) of agroindustrial production. The fourth level of the hierarchy reflects indicators on the chains of goods to meet the needs of the population consumer goods. The fifth level of the hierarchy considers ways of forming and food security of the population in rural and urban areas of State, including by improving the sectoral structure of the food industry. The sixth level of the hierarchy provides analysis of changes in the structure of agricultural production by categories of producers. The seventh level of the hierarchy (the last level) is directed to investigating the structure of production costs by splitting the costs for material and immaterial to analyze the competitiveness of goods by separate enterprise.

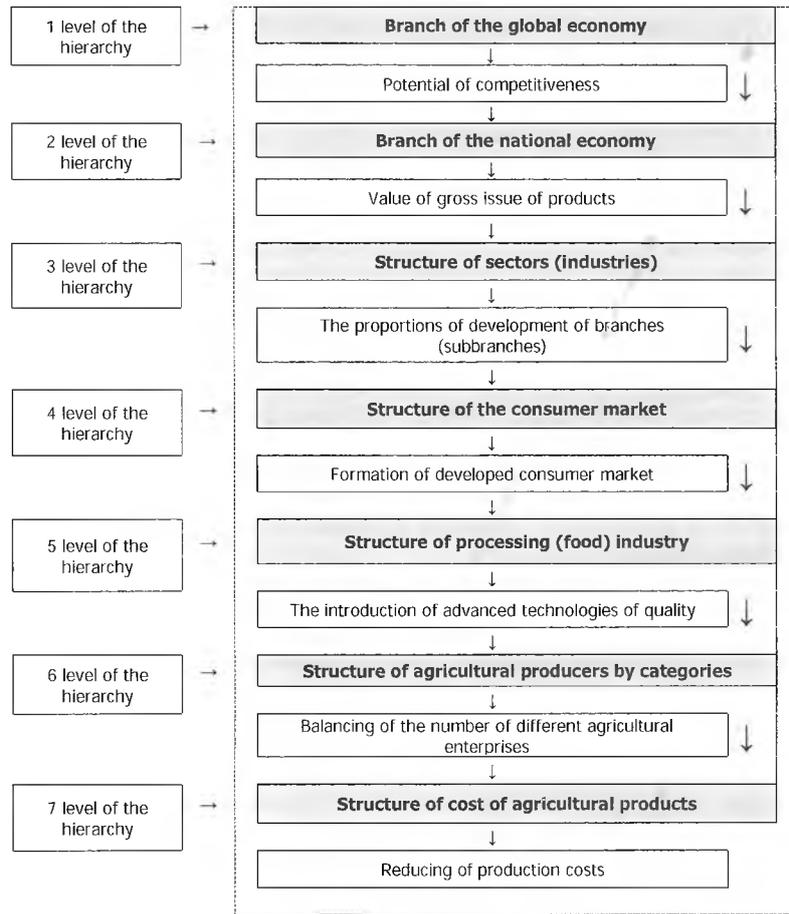


Figure 1.5. The hierarchical model of the levels of organizational policy
Source: developed by the authors

So, proposed by us levels of structural factors apply for coverage on the structure of tangible and intangible costs in the cost to micro, meso further – changes in the number of producers of gross agricultural output the list of sectors and sub-sectors related to agriculture, forestry and fisheries farm and on to the macro-level, to the share of gross output and gross value added of individual sectors in the structure of the national and world economy.

We believe that economic tools of regulation of interbranch relations in agriculture are structural and organizational, financial, price and tax. The main goals of the structural and organizational tools of regulation are customs tariff, social and psychological, market-pricing, financial and credi, innovation and investment.

Follow ways to develop of the agricultural sector through the implementation of "Single integrated program of development of agriculture and rural areas in Ukraine" are provided balanced and interconnected structural adjustment of its priorities between production and social functions.

For this purpose, it is necessary to enabling environment for efficient development of agricultural production in strategic priority areas, which provide unity of the economic, social and environmental interests of society.

In the "Strategy of development of agrarian sector of Ukraine for 2020" is reported that "... strategy of development of agricultural production in Ukraine is aimed at forming of effective social sector of the state. This sector is able to meet the needs of the domestic market and a leading position in the global market for agricultural products and foodstuffs from securing its multiculturalism. At this stage of development it requires of priority the formation of various categories of farms whose owners live in rural areas, combining the right to land with hard on it, and the economic interests with their social responsibility to the community" [114].

The formation of effective ways of organizational agricultural policy is one of the the determining factors of interbranch formation system of economic relations in agroindustrial production of Ukraine. It leads to unequal interbranch exchange between them due to lack of organizational, economic and technological dependence on other agriculture related branches.

The level of development of the national economy is measured by indicators that give an overview of the economic potential of the country and allow to compare the development of individual countries to each other. The most important indexes are: gross domestic product (GDP); gross national product (GNP); gross value added (GVA) national income (ND); export; imports; investment; foreign trade turnover; production of goods and services and others.

These indexes are calculated using formulas that are accepted in the international system of national estimates (SNA). Certainly indexes in the formulas are given in English abbreviation, as is customary in the SNA.

Gross domestic product (GDP) is a production which is produced by residents in the space of the country during the year.

Structural and logical scheme of formation of the basic ways of development of the agrarian policy is presented in Figure 1. 6.

According A.P.Pavliuk, D.S.Pokryshka and Ia.V.Belinskaformation of dynamics of gross domestic product (GDP) of Ukraine in the last decade in the industry-sectoral structure of the national economy, significantly reduced the share of agriculture in 2.2 times, decreased share of industry, construction, transport and communications.

However, financial results are grown in 2,3 times and operations with the real estate – in 1,6 times. And indexes of financing activities are grown in 2,3 times and operations with the real estate – in 1,6 times and the most significant social sectors are increased too.

A number of significant structural problems are accumulated in each of the social sectors.

Increasing of negative trends of the branch structure of the economy are caused by differences in profitability of certain sectors and economic sectors [155, p. 11–13].

Gross domestic product is calculated by the following formula:

$$GDP = C + I_g + G, \quad (1.1)$$

where: GDP – gross domestic product;
C – consumer spending;
I_g – domestic private investment;
G – government spending.

Gross domestic product (GDP) includes the amount of added value that is created in the country and is GDP, and money earned abroad.

It is calculated as the sum of GDP and net export (NE); net export is the difference between exports (X) and import of the countries (MI).

$$\text{Then: } GNP = GDP + NE, \quad (1.2)$$

where: GNP – gross national product.

More correct to consider not only the difference between exports and imports, but also the difference of income from earned income abroad in calculating of GDP (for example, income from profits on investments made abroad) and payment of income to nonresidents that are transferred abroad. In this case the formula of GDP will look like this:

$$GNP = GDP + NE + NY, \quad (1.3)$$

where: NY – net factor income (the difference of income and benefits).

Net national product (NNP) is formed by removal from GNP cost of production, worn in the manufacture of products (depreciation – A):

$$NNP = GNP - A, \quad (1.4)$$

where: NNP – net national product.

If from NNP exclude indirect taxes, we get national income (NI):

$$NI = NNP - TH, \quad (1.5)$$

where: NI – national income;
TH – indirect taxes [38, p. 13–14].

For comparison, the economic potential of different countries we offer a data table. 1.3 of GDP in 2012 compared to a basic 2005. The absolute sizes of GDP are generally characterized the economic power of the country, but they are not sufficient to determine the level of living. In Ukraine, GDP in 2012 was 336,482 million US dollars, compared to a basic 2005 it is increased in 1.3 times. If you divide the absolute size of GDP to the population in Ukraine, the standard of living is rather low. Some authors believe that the purpose of regulatory reform is the creation of a new system of state regulation of business that would be effective, consistent, transparent and understandable, which would respect the interests of businesses and consumers. Improvement of state regulation will allow for limited government resources to reduce the costs of complying with regulations for citizens of the state, which will increase competitiveness of production and improve the investment climate in Ukraine.

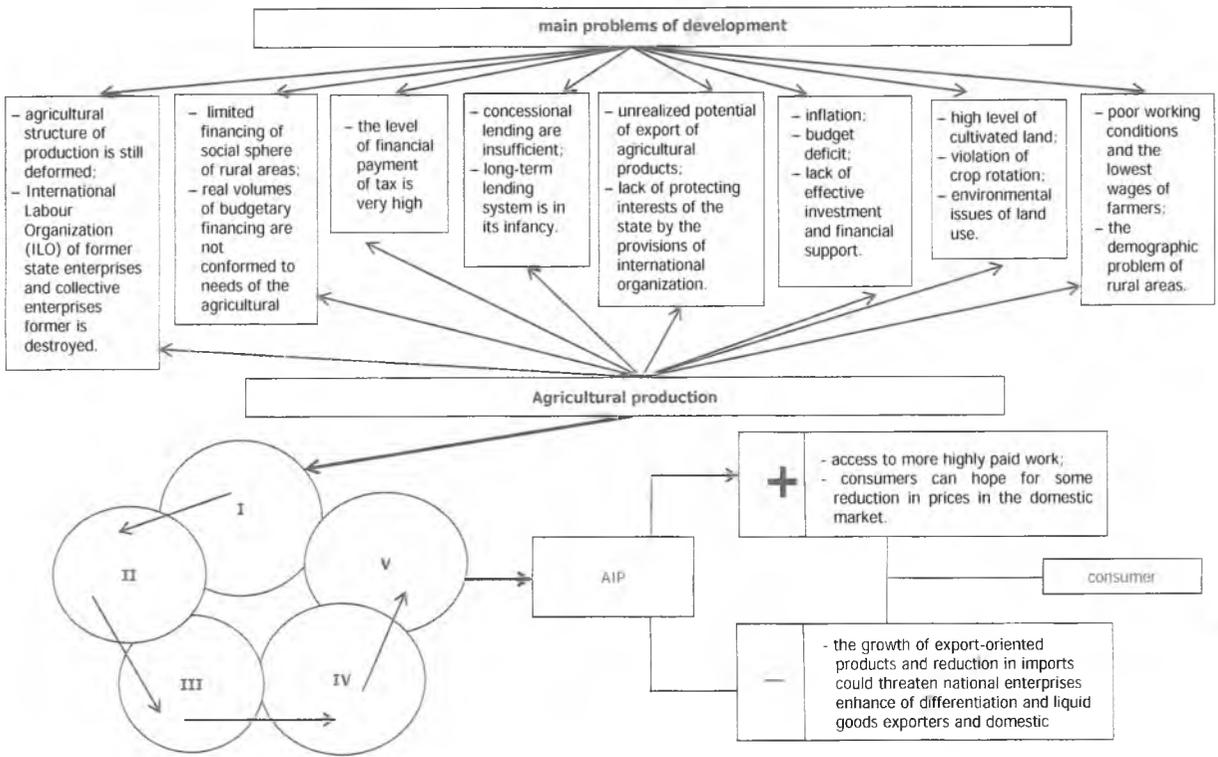


Figure 1.6. Structural and logical scheme of formation of the basic ways of development of the agrarian policy
Source: [developed by the authors]

State Regulation of Economy of Ukraine should be maximally transparent and predictable. Improving state regulation will help to decrease the shadow sector [35, p. 249–250]. The economic role of government should study by the level of participation in ensuring internal and external conditions for the functioning of the national economy, but not the degree of interference in market mechanisms. So, that state is effective where economy is efficient, and there is an opportunity for the effective functioning of any kind of business within the existing of economic legislation [198, p. 38–39].

In our opinion, economic tools of forecasting of interbranch transfusions of capital value added and investment resources are not involved in the system of state structural adjustment of the national economy. By this time effective descriptive (descriptive) model of restructuring the national economy of Ukraine, which would include finding the optimal state of the object, is not formed.

Indexes of economic development for 2001–2012 are investigated on three areas: agriculture, industry and trade and it is reflected in the descriptive models in three main indicators: the value of fixed assets, investments and gross value added. We have investigated the effects of two factors: the growth rate of fixed assets and the growth rate of investment value, affecting GDP and they are represented by us in the form of descriptive models.

Table 1.3.

Gross Domestic Product, 2005-2012
(million dollars of the USA by purchasing power parity in 2005)

Nº	Countries	2005	2008	2009	2010	2011	2012	Changes (+/-) 2012 % to 2005
1.	USA	13095400	14720300	14417900	14958300	15533800	16244600	3149200
2.	Germany	2566003	3047866	2945268	3132902	3352095	3434193	868190
4.	France	1860711	2191239	2198741	2260494	2369594	2416635	555924
5.	Great Britain	2006920	2246432	2169100	2149556	2201439	2272389	265469
6.	Italy	1657413	1996737	1957386	1989144	2056083	2079342	421929
7.	Canada	1165876	1338190	1305839	1362916	1430903	1479648	313772
8.	Turkey	781247	1067946	1048323	1168283	1314893	1372721	591474
9.	Poland	526082	687048	723846	778344	838049	878557	352475
10.	Netherlands	572903	705763	68867	690850	720274	726143	153240
11.	Belgium	337303	396535	398438	420373	440138	451389	114086
12.	Sweden	295294	365236	349686	371080	394626	408055	112761
13.	Austria	276672	331667	328450	338918	360520	371948	95276
14.	Romania	203059	322329	317488	329093	345175	362189	159130
15.	Ukraine	263007	338534	291090	307217	330064	336482	73475

Source: compiled by the authors based on the Statistical Yearbook of Ukraine 2014 [144]

The following factors are included in the two-factor model of growth rates of gross value added:

x_1 – the growth rate of fixed assets (percent);

x_2 – the growth rate of investment value (percent).

Effective rate (y) is the growth rate of gross value added.

The resulting equation of connection has analytical form:

$$y = 82,388 + 0,00091x_1^2 - 0,00131x_2^2$$

Table 1.4.
Indexes of Economic Development of Ukraine 2001-2012

Indexes	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
At current prices, mln UAH												
Agriculture												
The cost of fixed assets	93392	86192	77979	75447	76034	75511	78978	95880	103187	113388	118019	137640
Investments	1617	1930	2141	3381	5016	7309	9519	16890	9382	11568	17039	19411
Gross value added	29421	29418	29059	37258	40542	41006	47417	65148	65758	82948	109961	113245
Industry												
The cost of fixed assets	311089	339259	362598	420080	456738	525222	660369	760194	970942	1101199	1116367	1603646
Investments	13651	15112	19726	28191	35031	44804	64341	76618	57658	56725	89146	103473
Gross value added	35592	40386	49702	64124	86863	109416	143428	164735	141878	146749	158738	178442
Trade												
The cost of fixed assets	16927	17312	18256	20421	36673	44018	74924	88770	98956	106254	123393	138139
Investments	1285	2019	3276	5322	7614	11655	17778	24695	14091	18868	24390	24801
Gross value added	22409	24593	31622	41057	56041	68573	95220	131261	129997	162171	201746	210232
GDP	204190	225810	267344	345113	441452	544153	720731	948056	913345	1120585	1349178	1459096
Percentage to the previous year												
Agriculture												
The cost of fixed assets	x	92,3	90,5	96,8	100,8	99,3	104,6	121,4	107,6	109,9	104,1	116,6
Investments	x	119,4	110,9	157,9	148,4	145,7	130,2	177,4	55,5	123,3	147,3	113,9
Gross value added	x	100,0	98,8	128,2	108,8	101,1	115,6	137,4	100,9	126,1	132,6	103,0
Industry												
The cost of fixed assets	x	109,1	106,9	115,9	108,7	115,0	125,7	115,1	127,7	113,4	101,4	143,6
Investments	x	110,7	130,5	142,9	124,3	127,9	143,6	119,1	75,3	98,4	157,2	116,1
Gross value added	x	113,5	123,1	129,0	135,5	126,0	131,1	114,9	86,1	103,4	108,2	112,4
Trade												
The cost of fixed assets	x	102,3	105,5	111,9	179,6	120,0	170,2	118,5	111,5	107,4	116,1	112,0
Investments	x	157,1	162,3	162,5	143,1	153,1	152,5	138,9	57,1	133,9	129,3	101,7
Gross value added	x	109,7	128,6	129,8	136,5	122,4	138,9	137,9	99,0	124,7	124,4	104,2
GDP	x	110,6	118,4	129,1	127,9	123,3	132,5	131,5	96,3	122,7	120,4	108,1

Source: [143: 150: 151: 152]

The value of the correlation coefficient (0,72383013) demonstrates a high degree of correlation between effective and factorial signs. The coefficient of determination (0,52393005) exceeds critical for this population (0,130) and indicates that the variation in the effective rate of 52,4% due to the influence of factor indexes.

Actual and theoretical values of the growth rate of gross value added are presented in Figure 1.7.

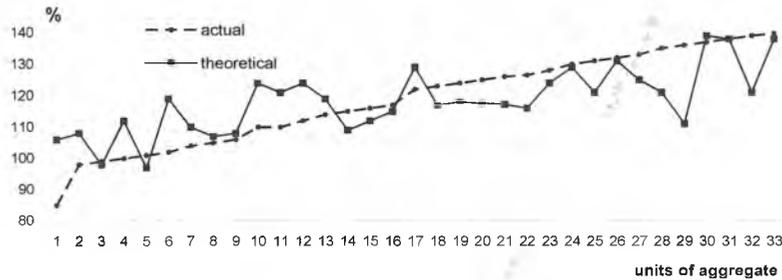


Figure 1.7. Actual and theoretical values of the growth rate of gross value added

The dependence of the rate of growth of gross value added growth rate of fixed assets and investments is presented in Figure 1.8.

According to our calculations, the growth rate of investment in all three surveyed sectors of the economy was lower than the growth rate of fixed assets. Growth of investment should exceed the cost of assets. In such areas as agriculture and trade in 2011, gross value added indexes were lower by 2012 by 30% and 12,3%, respectively.

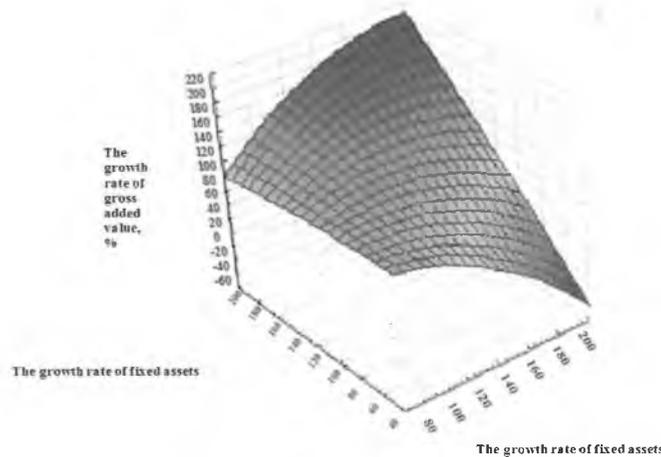


Figure 1.8. The dependence of the rate of growth of gross value added growth rate of fixed assets and investments
Source: [developed by the authors]

The dependence of the rate of growth of gross value added growth rate of fixed assets and investments is presented in Figure 1. 8.

The set of state measures structural parameters and proportions that focus on the most effective market instruments are the main features of organizational policy. The main methods of adjustment of structure of the national economy are:

- determination of priorities of growth of fixed assets investment and structural transformation of the national economy;
- financial support of structural changes in the economy through investment;
- formation of special funds to finance programs of economic restructuring;
- attraction of foreign investments for the purposes of structural policy; use of government contracts and procurement;
- industrial and technological modernization of the processing industry and agriculture.

The organizational scheme of interaction of species regulation structure of national economy is presented in Figure 1. 9.

The proportions of the economy should be determined between the elements and components of quantitative and qualitative ratios and comply with the laws of demand and supply, competition, economic efficiency in the economy. The main components of organizational influence on the regulation of interbranch relations are the subject of market positioning adjustment through influence on his price, financial, credit, investment and tax arrangements. They single out branch proportion and interbranch proportion (between the production of industrial and agricultural products). The law of proportional development of the economy "... is a specific economic law, expressing internally required steel and substantial connection between the development of the economy at the micro and macro levels and the objective necessity and compliance with critical proportions in agroindustrial production" [45, p. 243]. So, the development of the national economy due to the constant fluctuations, adjusting structural macroeconomic proportions and it changes structural balance. It is necessary to consider basic interrelated aspects: proportionality between the spheres within spheres, branch structure of the agricultural production and of economic structures to ensure proportionality in agricultural production. We believe that the above proportion should ensure favorable conditions for the growth rate of GDP, as exactly it determines economic capacity of the national economy.

Formation and development of an effective model of national sectoral structure of GDP should be close to the structure of the developed European countries. We have proposed the introduction of radical changes in all types of economic structure to overcome the imbalance of supply and demand on the basis of research on structural policy objective conditions and peculiarities of its formation in agricultural production in order to improve the socio-economic situation in Ukraine. It is necessary to activate support from the state to implement economic restructuring and regulation of interbranch economic relations between the agroindustrial producers, procurement, processing, and trade and service enterprises in order to establish of optimal macroeconomic proportions.

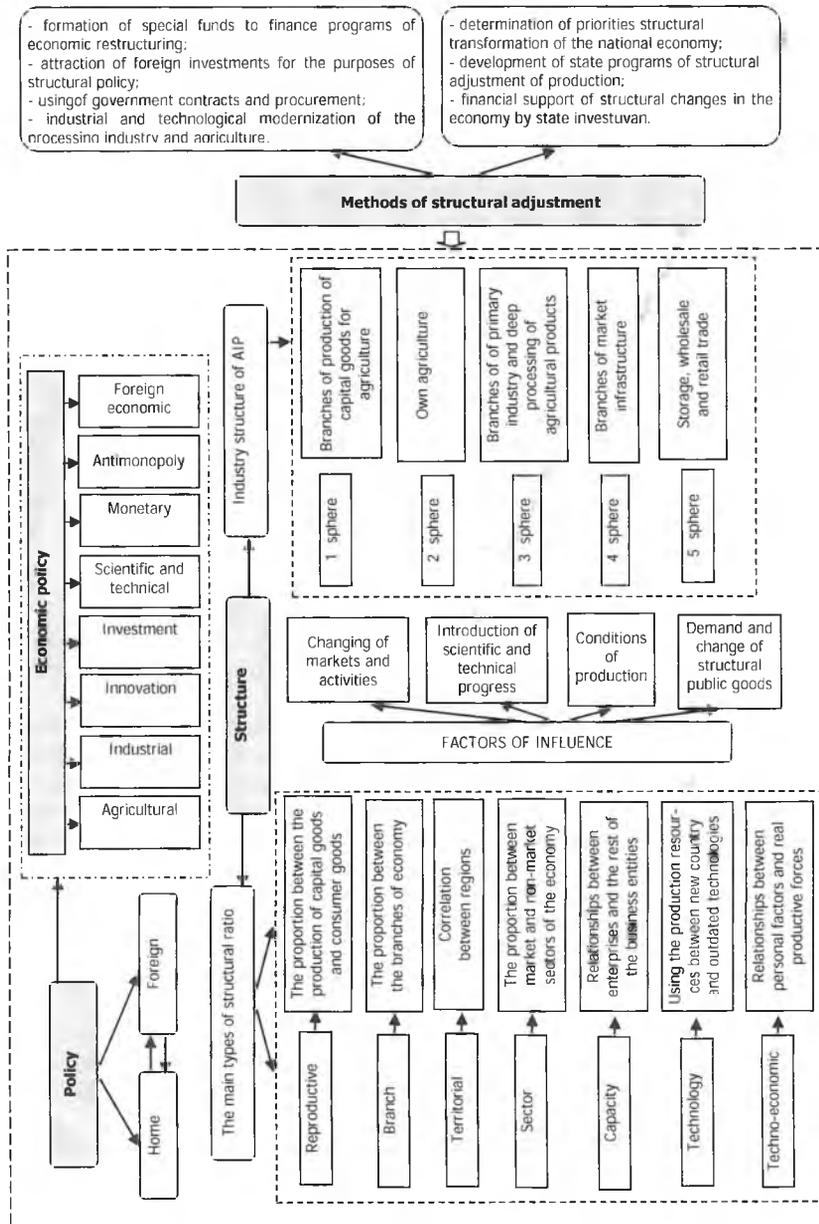


Figure 1. 9. The organizational scheme of interaction of species regulation structure
Source: [developed by the authors]

In addition, the implementation of structural adjustment should be directed to the following types of economic structural components as reproductive, sectoral, territorial, sectoral, institutional, technological and techno-economic.

According to the economic encyclopedic dictionary, agrarian policy of the state is: "... a special kind of economic property relations in society among its members, farms, state about production and appropriation of different conditions and the results of the agricultural production" [45, p. 12].

The priority of agricultural policy, in our view, can be adjusting of production volumes in attracting of national industrial manufacturers. It will enable to target the consumers to a decrease in pricing on the domestic market and access to better paying work in the agricultural production of the country.

According to P.T.Sabluk agricultural policy is "... a set of scientifically based goals and concepts for the development of agriculture and related industries in certain historical stage of country's life. The presence of certain commercial structures that can ensure the implementation of these ideas, and operation of appropriate economic mechanism that would financially encourage management structures and staff to implement them are full concept of agrarian policy" [121].

In our opinion organizational policies within the agricultural sector is a component of agricultural policy, which is aimed at the formation of interbranch, macroeconomic proportions in the production and functional connections in the structure management of agricultural producers.

Organizational policy is seen as multifaceted and layered concept, which reflects the ratio of different elements of interrelated economies.

So, the main strategy of modern agrarian policy is development of market interbranch economic relations and formation of equivalent economic relations between the spheres of agricultural production.

The development of strategy of economic development of Ukraine, relationships macroeconomic and structural policies that take into account the objective realities of the current economic crisis and prospects as well as natural and economic, scientific and technical potential of the country needs to experience coverage of the most important aspects of structural changes in some, the most characteristic about of foreign countries. Certainly, their experience also has the historical aspect, because the goals and objectives, instruments and institutional forms are changed, but the fundamental problems and approaches to structural reforms are flexible and established [153, p. 40].

The main tasks of organizational policy in the agricultural production in the current market conditions are:

- continuation of the policy of modernization of production and acquisition of domestic technological advantages relative to foreign producers;
- attraction of state development programs mainly livestock industries based on market support instruments;
- development of effective equivalent macroeconomic proportions in the structural parts of the enterprises of agricultural production;
- reducing dependence of agrarian economy from imports of goods and inputs.

Guarantee of reproduction of branch structure of the agricultural production can be only extended reproduction with increasing scale of production.

PART 2
ECONOMIC AND SOCIAL ASPECTS OF DEVELOPMENT OF
INTERBRANCH RELATIONS IN THE AGRARIAN SECTOR

**2.1. The main factors of system formation of interbranch relations in
the agrarian sector of economy of Ukraine**

The economic prerequisite of interfarm relations is full realization of interests of the company. If this interests of a particular employee or group of separate group, they can be implemented partly within the company. The objective conditions for the full realization of this interest are requiring that the enterprise is entered into interfarm relationships with other related companies. Industrial premise of the necessity of further development of interfarm relations is a requirement of intensive technologies. Progressive engineering and technology are the main factors of specialization and cooperation on the basis of division of labor in terms of improving production. In this regard, there is need for more long-term interfarm relations with other companies, suppliers of raw materials and semi-finished products that require constant consolidation and ensure the continuity of production. The transition to a new level of interfarm relations is increased the role of the economic mechanism in consolidating of a new specialization and interfarm cooperation. Organizational necessity of precondition for closer interfarm relations and their strengthening are the rise of degree of autonomy of enterprises and associations. In fact, it is possible if the enterprises and the associations will be able to go to direct connections and enter their own economic contracts [194, p. 6].

The formation and the emergence of interfarm relations is an objective necessity. And economic relations must not only conform prevailing interfarm relations but also contribute to further of their development. The solution of the above contradictions should be comprehensive, based on systematic combination of centralized influence in the strategic objectives of empowerment and autonomy of enterprises and associations in the regulation of intrabranh interests. First of all it refers to the elimination of socioeconomic and cultural and social differences between town and country. For the material basis of objective conditions and elimination of these differences serves the formation and development of agricultural production, which is impossible without a developed interfarm relations.

The system of economic relations of enterprises in the interfarm cooperation and agroindustrial integration is not seen as a communication system and a set of organizational and economic measures that provide enterprises the necessary conditions for effective economic mechanism of influence through contractual relations for further development of interfarm relations.

Various organizational solutions that promote public procurement without taking into account the efficiency of procurement, processing and distribution are taken. Such formulations of the concept could cause to negative consequences. So, organizational and technological communications of enterprise are carried out through the many intermediaries' irrational forms of blanks, storage and transport methods, which are hindrance to accelerate the delivery of raw materials and products directly to consumers, resulting in significant losses of agricultural products in the harvesting, processing and sale [194, p. 8–9].

In the system of economic relations between interfarm relations of enterprise are seen as primary authority to meet the requirements of organizational and technological solutions to promote products or semi-finished products between the links of the process chain of the final product, on the one hand, and as one of the necessary conditions for the realization of self-supporting interests of enterprises are seen on the other hand. This theoretical formulation of the question in terms of linkages is manifested in the fact that the effectiveness of industrial relations to ensure the implementation of the requirements of advanced technology, increasing the degree of autonomy of enterprises and associations, conditioned and determined by the shape of blanks agricultural products and the conditions of mutual interfarm supplies. The main direction of realization of this concept is to improve the organization of industrial relations by moving companies and organizations with direct ties between enterprises-producers and consumers, as well as the introduction of advanced methods of procurement, storage and processing, contributing to minimize the losses of agricultural products. It provides the effective functioning of the agricultural production and create social and economic conditions to meet social needs.

The process of social division of labor promotes the further dismemberment and differentiation of natural form of the product of labor. The development of social division of labor objectively requires the establishment of ties as a form of exchange of products of labor between the different spheres of social production. Marx and Engels in their scientific researches concluded that the exchange does not create differences between the spheres of production, but establishes a connection between the various spheres and makes them more or less dependent on each other in the branch of the gross national production [90, p. 364].

Organizational and economic preconditions of interfarm relations are known sides of the same integration process. For example, it is not enough to need a particular type of raw materials for the effective functioning of interfarm relations to the consumers, it is necessary to have the opportunity of providing of equivalent exchange. It is not enough to have real opportunities to satisfy raw materials of a consumer for the producer, it must be interested in customer satisfaction.

Organizational and economic conditions have to communicate with each other. They are closely intertwined and if one of these elements falls it reduces the effectiveness of relations between enterprises. Interfarm relations are classified in following order:

- 1) in the form of integration: intrabranh and interbranch;
- 2) the duration of action: short and long term;
- 3) the degree of intensity: temporary and permanent;
- 4) the degree of necessity: random and planned;

- 5) the content: organizational, technological;
- 6) the method of action: direct, through resellers.

The functioning and development of interfarm relations should be based on the following principles:

- equality of the contracting parties;
- binding and responsibilities of partners;
- according to the law and plan;
- complex, dynamics, proportion, rhythm and synchronicity, providing optimal operation of all parts of a single organizational and technological chain of integrated production;
- interest in the development and strengthening of industrial relations, improving efficiency outcomes of integrated production;
- control (mutual and from the parent organizations).

Implementing of these principles depends on the following factors that determine trends of interfarm relations:

- placing the integrated production capacity of enterprises and their compliance with raw materials;
- the level of specialization and concentration of production products and their compliance capabilities of the consumer;
- degree of isolation and autonomy of enterprises, their division of technological cycle and functions;
- the state of formation and development of logistics partners;
- possibility of transition to progressive forms direct connections;
- progressive methods of storage products;
- the degree of mechanization and industrialization processes;
- the conditions and the technological state of transportation of raw materials, semi-finished and finished products;
- rhythm of production and compliance with supply of intermediate products;
- biological characteristics of agricultural products;
- the degree of interest and the level of economic, material and moral stimulation of implementation of interfarm mutual supplies [194, p. 11–12].

Agriculture of our country in modern conditions is diversified system that performs the most important stage of the process – reproduction of food. Specific branches of agriculture are performed other stages of reproduction.

Branches independently operate with its own laws and the development of its inherent traits, which are parts of the agricultural production. In addition, each branch performs special tasks that have an intermediate character in the technological system of agricultural production.

Intrabranched connections combine both specific and general features. Each of these branches is the independent technological cycle, such as: production of raw materials, industrial processing, storage, transportation and marketing of finished products. Relations between the stages of the process constitute a single interbranch system from production to realization of final product in the form of food. As you know, these relationships in agricultural production occur as "on vertical" and "on horizontal".

The basic tasks of interbranch relations in agroindustrial production are:

- improving the efficiency of agricultural production;

- agroindustrial integration and interfarm cooperatives;
- balance and proportionate development of agricultural production;
- operative resolution of of interbranch problems that arise in industry interactions;
- timely using of additional reserves to increase production of food and agricultural products;
- improvement of branch structure of the agricultural production.

The economic crisis of recent years is impressed all sectors of the national economy, especially agriculture is experienced the devastating effects. Our research indicates that this was due to the mismatch between input and output material and technical resources that combine agricultural sector with other sectors in the interbranch exchange.

Today questions aimed at finding of methodological approaches to the study of intersectoral relations as basis of interbranch relations in the system of agricultural production are require further research.

We believe that the problems of formation and regulation of non-equivalent of interbranch economic relations in agroindustrial production require further development, scientific discussion, detailed study, research and analysis.

National scientists have repeatedly pointed to the imbalance of interbranch economic relations and increase disparity due unsystematic transformations in the national agroindustrial production [124; 205].

According to A. Ia. Sokhnych, the relationship between society and nature has brought to life a new multidisciplinary science. It analyzes and synthesizes a variety of natural history and social science data to identify patterns of relationship of nature and society, nature and humanity, assessing the state of the environment, predict and make recommendations for optimization of environmental regulation and interaction between man and nature [141, p. 5].

Vertical coordination combines spheres of support activities, ensuring the unity and continuity of support and technical actions and best uses complex of economic resources. Manufacturing is an important integrating factor, which brings together branches of agroindustrial production in a single integrated system of technological chain. World practice shows that the overall efficiency of agricultural production increased where processors have a mutual relationship with the producers of agricultural production of holding type. Cooperative forms of service in rural areas are alternative directions of agroholding integration. In cooperative forms of service urgent task is to create a modern infrastructure, such as: network of businesses on processing and marketing; system of uninterrupted supply to agricultural enterprises of plant protection from pests and diseases, growth stimulants, mineral and organic fertilizers; provision of services in the service cooperatives [203, p. 268].

According to S.I. Sokolenko, globalization at the level of industry is determined how the competitiveness of individual companies within the industry in the country is interrelated with the level of competitiveness in another country. If industry is more globalized, the company gets more from introduced technology, production process, brand name. Globalized branches of industry have a tendency to dominate in each market by the same set of global companies that coordinate their strategic action in all countries of its activity [138, p. 47].

Some scientists assert that one of the main factors of the national agrion-

dustrial production and the formation of adequate productive capacity is improving the relationships between industry, which provides the agricultural sector the necessary tools and objects of labor and processes agricultural raw materials and agriculture as a specific sector of the national economy [184, p. 55].

In historical terms the total contribution of agriculture to productive activities in developing countries consists of the following factors:

- agriculture provides the food base of economic growth;
- export of agricultural products can be an important source of foreign exchange;
- the need for workforce which typical of the industry met by rural areas;
- agriculture is an important reserve of capital formation for the development of the industry and provides the construction of infrastructure facilities of general importance on which industry develops [211].

The main directions of economic policy are defined by the Commercial Code of Ukraine [24].

It states that "... structural and branch policies are aimed for the implementation of the state progressive changes in the structure of the national economy, improvement of interbranch and intrabranh proportions, stimulating the development of industries that define the scientific and technological progress, provide competitiveness of domestic production and rising living standards".

According to A.A. Ambartsumov, industry rebuilds agriculture in their model, reduces the number of manufacturing processes carried out in agriculture, taking some of them over, replacing living labor of peasant's work of industrial workers.

So, certain business relationships for the basis of reciprocity arise between agriculture and industry [2, p. 19].

The deepening of economic interbranch relations is regularity of social division of labor.

According to P.I. Haidutskyi, mechanism of development and functioning of the agricultural production is the development and operation of interbranch relations. They reflect the overall pattern of development, interaction of the productive forces and production relations and territorial and sectoral differences in their manifestation [21, p. 23].

Some authors believe that the basis of the integrity of interbranch economic relations are functional and branch structure of interbranch complex [124, p. 153].

Integrity is ensured by optimal type of structure. The importance of proportional development of agriculture and industry is due not only to internal communications systems, agricultural production, but also relationships this system to other sectors of the economy. Scheme of balance of interbranch relations of agroindustrial production is presented in Figure 2.1.

According to most researchers provide of equivalence of interbranch economic relations should be based on free pricing with mandatory combination of state structural regulation. The integration of the agricultural production process is a combination (synthesis) agriculture and industry, which is a prerequisite for economic continuity science and technology based on a combination of industrial relations and manifested in varying degrees and improved throughout the development of social production [119, p. 255].

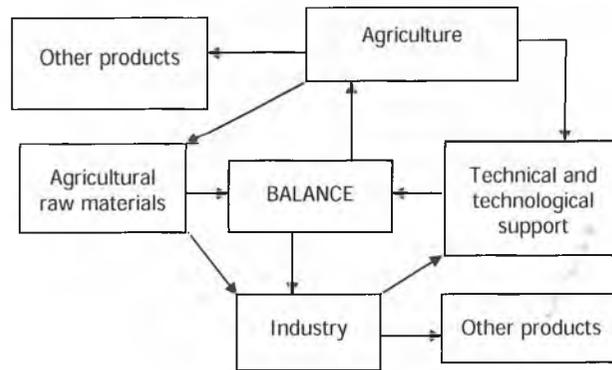


Figure 2.1. Scheme of balance of interbranch relations
Source: developed by the authors based on: [124, p. 153]

According to M.I. Zhukov, Integration is the product of cooperation, the highest form of development and is in interbranch economic relations [52, p. 63–70].

According to B.V. Boiko, providing conditions for the development of process specialization, concentration, cooperation in agriculture and agroindustrial integration, to stimulate the formation of integration associations are necessary for the formation of interbranch economic relations [12].

Interrelationships of goals of interbranch complex are presented in Figure 2.2.

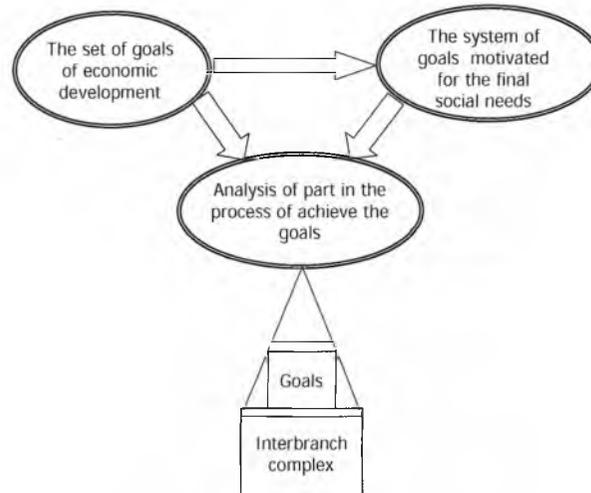


Figure 2.2. Interrelationships of goals of interbranch complex
Source: [developed by the authors]

The theoretical foundations of analysis and methodological principles of integration in the economy. Some authors concluded that integration is aspect of

development associated with combining with disparate goals. Integration is a system of relationships and connections between the whole and its parts [73, p. 42–43].

Normalization of socio-economic conditions in agricultural production largely depends on the nature of the relationship between the branches that are part of it. It is proved that ensure of equivalence of interbranch economic relations in agricultural production requires, first of all, the development of economic measures of state support and regulation. According to V.L. Valentynov, development of these routes must take into account the possibility of spontaneous institutional evolution of interbranch economic relations, particularly in the form of vertical integration [16, p. 15].

The choice of the optimal form of vertical integration (contract, association or absorbing) creates conditions for the functioning of the market. So, even Karl Marx in his economic manuscripts emphasized that "...due to the formation of certain industrial sectors combining their centers of production goods quickly moves from one phase of production to another, in other words, reduced interim period, decreases time spent for product intermediate stage between a production phase and a second, reduced or transition from one phase of production another" [91, p. 277].

Some authors realize vertical integration in the development of interbranch relations, cooperation, agricultural, industrial and other agricultural enterprises producing technologically interconnected single process agricultural raw materials of industrial processing and finished products [93, p. 29]. Integration is the cooperation that is necessary to coordinate of departments of the organization. As a rule, the higher the degree of differentiation is need of active integration. So, many organizations have special departments that are responsible for uniting the efforts of individual functional units [47, p. 116]. Studying the historical aspects of the integration process in our country is of interest both from scientific and practical points of view. The reason is that integration processes have evolved taking into account economic, social and other characteristics of Ukrainian village. In the process of gradual integration movement has accumulated considerable experience in legal matters. In the integrated units the mechanism of relations between agricultural producers and enterprises in other sectors of agricultural production stimulate their business activity was rehearsed and used; the relationship between the state and the integrated units have been settled [96, p. 9]. Some authors believe that vertical integration of ownership or corporate integration occurs when a firm-integrator has a certain part of the integrated enterprise asset and its impact on economic and financial activities [129, p. 120–121]. Horizontal agroindustrial integration establishes common rules of the game thanks to the organizing influence for agricultural market by stabilizing the economic situation of the participants, increasing their competitiveness. Positive and negative aspects of agroindustrial integration are presented in Table 2.1.

So, M. D. Kolesov, V. M. Ovchynnykov and A. F. Tarasov emphasize that deepening specialization, facilitating the concentration of production of similar products and therefore representing a new stage in the socialization of production requires the expansion and development of production links between industries and enterprises that are separated [72, p. 15].

Table 2.1.
Positive and negative aspects of agroindustrial integration

Horizontal integration		Vertical integration	
positive side	negative side	positive side	negative side
Lower of costs (liquidation of overlapping processes)	Changing employment of production structure (by elimination of duplicate processes)	Optimization of internal processes of production of products	Entry to the new market (lack of experience)
Lower of costs by due to the effect of mass (bulk purchase)	Reducing the level of diversification	Reduction of costs of production of products	Dependence on suppliers
Lower of costs by due to the reduction of competition and transactions	long-term of integration processes	Reducing of exposure of interdependent external environment	Reduction of flexibility (necessity of consideration of the needs of own)

Source: developed by the authors based on: [19]

Some authors based on the theory of social division of labor came to the conclusion that at some point division and cooperation of labor intersectoral collaboration takes the form of interbranch complex [8].

The integrity of interbranch complex, like any system, is to reduce of center determination of constituents towards the integral moment of the entire system. Moreover, the nature of process of growth of interbranch integrity of agroindustrial production has its own specifics: reduction of interbranch economic relations course is connected with increasing specialization of farms.

The deepening of specialization of individual farms means less of their individual functional integrity, increasing of its dependence on the environment, which is the integrated system that covers it.

Reduction of the economic integrity of specialized farms is reduction of interbranch dependence within in the farms and the simultaneous increase in its system-wide of agroindustrial production [124, p. 120].

Changes in the interbranch structure include:

- settlement of interbranch relations towards creating equal conditions for all business entities;
- compliance of interbranch balance with the provision of the most budget-priority sectors (beer, tobacco, alcoholic beverages), exportable (confectionery, oil and fats, salt) and most socially important sectors (bakery, meat, milk). We believe that the main forms of interbranch economic relations in the agroindustrial sector are horizontal and vertical integrations.

Formation of horizontal (sectoral) type is the groups of enterprises and organizations that manufacture or at some stages of producing the same products. Such formations are acting in all sectors of agroindustrial production. They are characterized by a high degree of concentration of production because their activities are severely regulated by antimonopoly law [96, p. 50].

We believe that the horizontal agroindustrial integration is an association producer that produce similar products by homogeneous production processes, providing the same services or perform similar operations of technological cycle. In addition, horizontal agroindustrial integration is a combination of a single industrial-technological process of different stages of manufacture of the finished product.

Iu.O. Nesterchuk believes that vertical integration within an enterprise is the most appropriate; that the profitability of production is caused by the use of raw materials at cost of production, but the intensity of the integration process in recent years has declined against the backdrop of an active transition to tolling schemes.

Their essence is the transfer of its own raw materials for processing, not transferring property rights to it [96, p. 18–19].

The strategy of vertical integration in agroindustrial production should focus on improving the technological chain of production, overcoming the disparity of prices, eliminating dictate prices from intermediaries.

In our opinion, vertical agroindustrial integration is combining two or more companies that linked various stages of production of one commodity, industrial processing and sale of finished products. In our opinion, the urgent task of financial and economic block of system of governance must be the creation of favorable socio-economic conditions in the rural areas, and above all, toward the substantial support of agroindustrial units as holding companies.

Profound imbalances that have developed evolutionarily in the economic structure of the former Soviet Union over a prolonged period of history have demonstrated their destructive nature of the national economy.

In the transition to market economic relations in all CIS countries in the consumer market is observed astronomical price increases and Ukraine was not the exception. Under the influence of price transformations that caused the market pricing mechanism, there were changes in the structure of economic activities.

As you know, the guarantee of independence and dynamic growth of any country in the world is an effective macroeconomic stabilization and economic structure.

Due to technological developments and interbranch structures, increase of the gross value of the commodity sectors and fuel systems, the extension of the mechanisms of international flow of capital, there was imbalance sectors of the national economy.

The effective development of interbranch economic relations can be achieved on the condition of full integration of marketing on the farms.

We believe that noworking mechanism of regulation of interbranch economic relations in agricultural production reduces the efficiency of the industry and a significant decline agricultural production.

Proportional development of agriculture and industry is due not only to internal relationships of the system of agroindustrial production but also relationships this system to other sectors of the economy.

The current stage of development of agricultural production in Ukraine is characterized by reintegration trends that restoration of the last decade, economic ties, creation of different vertical structures, including without organizational design, integration by expanding business strategies, deepening agroindustrial integration [96, p. 17]

Factors of system formation of interbranch relations are presented in Figure 2.3.

Structuring of factors will affect the improving of interbranch economic relations of producers, will allow to solve the problems of agriculture production, including sugar-beet industry, increase welfare by groups of economic interest, will increase the economic efficiency of sugar beet and sugar mills work; increase consumer demand and efficiency of agricultural production in general.

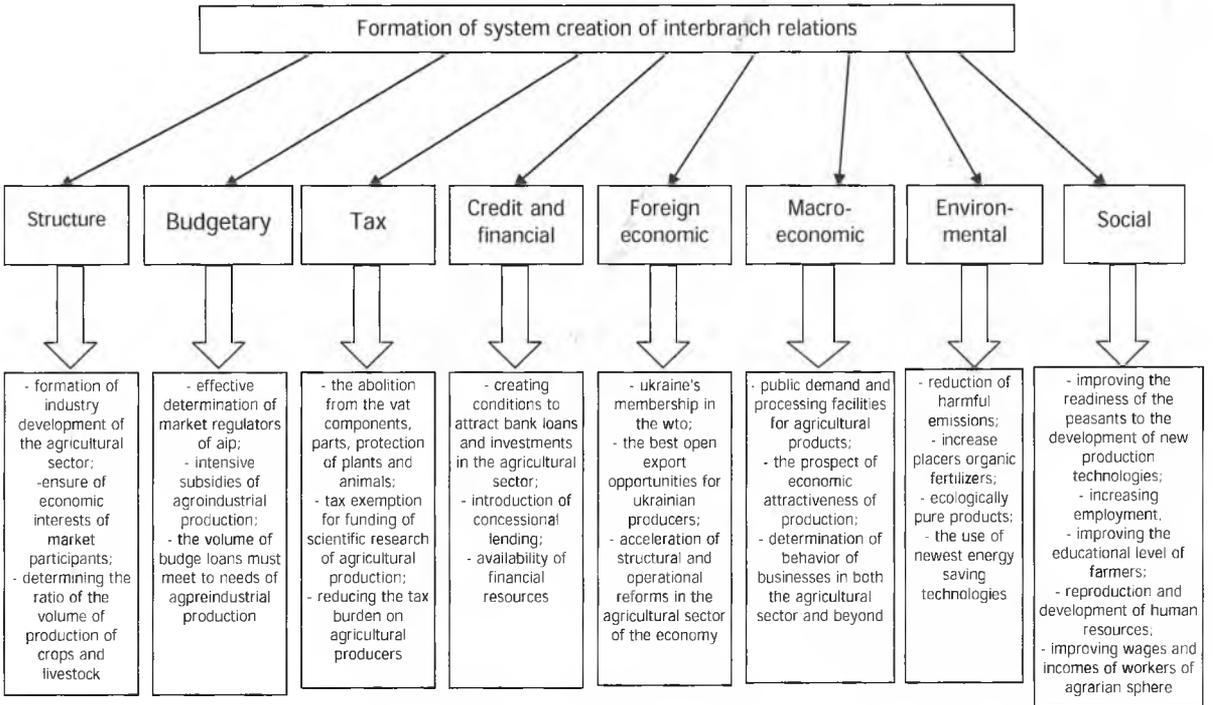


Figure 2. 3. Structural and logical scheme of system formation of interbranch economic relations
Source: [developed by the authors]

The questions aimed searching for methodological approaches to the study of intersectoral relations as a basis of interbranch relations, required the further development of scientific discussion on problems of formation and regulation of non-equivalence of interbranch economic relations are need further study.

Resolution of problems of the system of interbranch relations will increase the efficiency of all sectors of agricultural production.

In order to effectively ensure of sphere of production of agroindustrial production technology chain must work effectively: "production – harvesting – processing – storage – transportation – realization – servicing".

The effective development of interbranch economic relations can be achieved on the condition of full integration of marketing on the farms.

2.2. The impact of investment activity on the formation of interbranch economic relations

Problems of formation of investment development of interbranches and economic relations at regional level are not sufficiently developed at the regional level. Today, agriculture for Ukraine is a key industry that has a huge investment potential. Approaches to the definition of investment are presented in Table B.1, Appendix B. Investment process is a complex of economic category, which describes the social and economic situation of the state and to model its future. Subjects of investment process are entering in different social relations, which are also have interbranch nature. Welfare and dynamic of development of the nation depends on the volume and direction of investment, the achievement level of profitability, and accordingly the investment attractiveness of sectors [188]. Subject of investment of state is the state. Such investments are direct the investments of primarily in basic, sphere with a small profit areas and industries, and the development of education, health and more. Supranational investment carry out of international economic organizations and supranational bodies. Investments allocated only in fixed assets are capital investments. Foreign Investments are various investments of foreign investors in the economic system of the country for the purpose of assigning higher profits and establish control over the economy as a whole or individual branches and enterprises.

They are divided into direct and portfolio foreign investments. There are private (private and collective) and government foreign investments. Most of the foreign investments are in private and collective ownership.

Foreign investments are divided into three groups:

- 1) the actual import of capital;
- 2) own internal sources of companies and enterprises controlled by foreign investors (reinvestment of profit affiliates and subsidiaries, depreciation funds);
- 3) external sources (loans, credits, a new issue of shares, bonds, etc.).

Foreign direct investments are long-term investments to the economy of another country, which give the opportunity to buy property on the corresponding object or control over them. The most important feature of foreign direct investments (FDI) is that they are based on experience long economic

ties between companies in which the investor can control the decisions now, in which it invested funds [45, p. 271–272].

Foreign investments help to solve the problem of money adequacy as a source of funding. The country can not only compensate for the lack of domestic investment resources, but also to increase efficiency and competitiveness focus of investments to achieve the level of profitability, and accordingly the investment attractiveness of sectors for their effective using [188].

Attraction of foreign investment brings the country to the world markets, establishing relations with the global economy and help to get out of the crisis [69, p. 455].

The volume of allocated resources and the timing of planned projects require coordination at attracting investment. At the same time it is necessary to consider criteria of maximize profitability and minimize payback period of capital investment and risk [164, p. 114].

Each country investing primarily care about their interests and, in fact, foreign assistance is a mean of weakening partner who receives it. However, analysis of international experience shows that countries that receive foreign aid may have significant effective results from it in the presence of the mechanism of using.

That is why researches of opportunities of further attracting of foreign investment in agricultural production in Ukraine and their effective using, development of appropriate mechanism of realization of these opportunities are urgent tasks. They are required immediate resolution [59, p. 5–6].

Terms of investment attractiveness play an important role in attracting foreign investment, because this is not enough only stock an attractive investment climate of state. Organizational and economic conditions within the company determine whether it is selected from among the other companies in this industry for investment projects.

The main component of the investment climate, which paid the main attention of potential investors is the level of risk. According to estimates of experts of the European research center, business risk investments in Ukraine is 80% [189, p. 231].

Leading economists have studied the problems of investment activities in agriculture of Ukraine. Among them: I. O. Blank, O. H. Bobrova, O. A. Bondarenko, O.P. Bondarchuk, V. P. Halushko, S. O. Hutkevych, O. I. Hutorov, O. M. Dufeniuk, M.I. Kysel, V. V. Kovalov, O. M. Mohylnyi, A. S. Muzychenko, H. M. Pidlisetskyi, P.T. Sabluk, H. V. Sienina, I. I. Cherven, A. V. Chupis, V. S. Shebanin and other scientists.

Criteria of attractiveness and priority sectors of the economy Ukraine are:

- strategic branches of the economy which are vital for the state: energy, transport, engineering, science;
- priority branches of the economy which are provide food security of the state: agriculture, food industry, trade;
- infrastructures branches are industrial and social infrastructure [31].

I. I. Cherven came to the conclusion, studying the development of agricultural enterprises, that: investments are capital investment in the development of the company aimed to increasing, improvement and more efficient using of both core and current assets in order to obtain the corresponding

effect (both economic and social); attraction of investments in the current crisis is impossible without the proper level of investment attractiveness of business entities, assessment which it makes sense to implement the method of forecasting and discounting of cash flows; elimination of the main reasons that hinder active investing activities in our country, will promote scientific and technological progress and improve the efficiency of production units of agroindustrial production [197, p. 8].

Basic investments in Ukraine come from countries that Ukrainian enterprises (agricultural and processing) have stable and strong relationships in the sales of products which have a mutual interest. Only 20,3 million dollars are directly received in agriculture. It is 1,9 % of the total volume of investments in Ukraine. Nearly 136 million dollars are invested in the food industry, or 12,6% of the total amount. Attracting foreign capital in AIP of Ukraine occurs by joint partnerships, 47% of investments are in the food industry, 93% are in joint partnerships which produce products. The share of joint partnerships in the total foreign investment of agriculture is 79 %, which produce products is 41 % [198, p. 106].

According to V.H. Andriichuk, agricultural enterprises for effective functioning are engaged in investment activities, it is a set of practical actions of implement of investment. Being the subject of such activities, agricultural enterprises independently determine directions and kinds of investments and make decisions about investing their own, borrowed and borrowed, property and intellectual property in investment objects. They can be investors, creditors, customers and participant of investment activities [3, p. 375]. During the formation of the favorable investment climate of enterprise do not forget about the weak points, such as: taking into account the necessity of different investment climate for different investments, balancing the interests of all participants of the project, stability and sufficient flexibility of the investment climate, provision of combination of investments with innovative factors of development [34, p. 19].

According to M.P.Sychevskiy, basic principles of investment policy are:

- establishment and effective using of all sources of investment;
- the optimal ratio of participation of domestic and foreign investors;
- attraction of foreign capital, subject to the national interest;
- expansion of financial and investment opportunities in regions of active innovation and investment policy, creating an attractive investment climate;
- creating motivation for long-term investment of investments;
- enhancing the role of depreciation as one of the main sources of investment;
- development of investment infrastructure corresponding to market economy and stimulation of development of the stock market;
- development of resource-saving and high technology investment;
- development of state investment demand (the formation of public joint programs with the regions, equity states in commercial projects, public order, issue of government securities);
- preservation of budgetary financing of socially significant productions in the absence of its own funds, including enterprises which produce pro-

- ducts of baby food;
- support or formation of favorable investment climate in the strategically important branches of the food industry by arrangements of credit and tax policies;
- providing of priority state (public) interests of the selecting of investment projects and options of systemic technological upgrade of food production [133; 134].

Different types of relationships between structure and investment structure of production and technological structure make it possible to simulate these processes, to establish the most efficient and effective relationship between them [94, p. 44] (Table 2.2).

Table 2.2.

Foreign direct investments (equity) in economy of Ukraine from the countries of the world for 1996–2014, million US dollars

Countries	Volume of direct investments on the first of January							2014 % to 1996
	1996	2001	2006	2010	2012	2013	2014	
Cyprus	51,5	377,7	1635,9	9005,3	13355,2	17748,6	18978,5	368 times more
Germany	156,9	240,9	5503,7	6601,9	7391,8	6120,9	6202,4	39,5 times more
Netherlands	46,5	362,2	919,5	3954,5	4898,0	5188,5	5543,7	119,2 times more
Russian Federation	50,0	286,6	835,8	2566,4	3600,4	3793,0	3902,8	78,0 times more
Austria	16,4	124,5	1439,5	2605,2	3418,8	3402,6	3178,8	193,8 times more
United Kingdom	53,9	312,0	1174,8	2307,5	2593,4	2553,6	2768,2	51,3 times more
Virgin Islands (Brit.)	5,0	192,8	736,5	1342,7	1666,0	2007,6	2275,9	455,2 times more
France	11,3	39,9	87,9	1630,8	2260,4	1766,6	1740,9	154,1 times more
Switzerland	38,4	163,3	456,4	796,4	947,7	1105,9	1351,0	35,2 times more
Italy	19,2	72,2	117,4	982,0	975,1	1027,6	1210,2	63,0 times more
Belize	1,1	10,3	89,6	120,0	159,7	852,0	1026,6	933,3 times more
USA	183,3	639,5	1387,4	1309,1	1000,7	1013,9	934,7	5,1 times more
Poland	20,5	62,8	225,5	866,7	854,1	917,0	839,5	40,9 times more
Hungary	20,0	51,9	191,0	711,5	681,4	685,8	685,9	34,3 times more
Luxembourg	1,0	9,7	77,8	265,1	495,2	566,1	555,8	555,8 times more
Other countries	221,9	928,7	2011,3	4987,9	6036,0	6547,1	5861,5	26,4 times more
Total	896,9	3875,0	16890,0	40053,0	50333,9	55296,8	57056,4	63,6 times more

Source: developed by the authors based on: [118; 144, p. 135; 152, p. 248]

So, A.A.Peresada stresses, tasks of state policy are: creation of effective mechanisms to attract of investments to private sector of Ukrainian economy, especially in privatized enterprises; reliable mechanisms and financial instruments of investment of public funds; prevention of social unrest and conflicts related to transactions in the investment market; civilized market of investment resources, etc. [101, p. 39].

Analysis of foreign investments to the economy of Ukraine from the European Union in 2014: the most investments are received from Cyprus – 18978,5 million US dollars and from Germany – 6202,4 million US dollars, and the least – from Luxembourg (555,8 million US dollars) and from Hungary (689,5 million US dollars).

State policy on foreign investments in the transition to sustainable economic growth is aimed at attracting foreign investment in the production of high-tech products. Preferential regime of investment activity can be established for investment projects involving foreign investment, implemented under the state program of development of priority sectors of economy, social sphere and regions [35, p. 269].

According to the State Statistics Committee of Ukraine, major investors in agroindustrial production of Ukraine became the country: in agriculture: Cyprus (317 million US dollars), Great Britain (133 million US dollars), Denmark (56,8 million US dollars), United States (51,5 million US dollars), Germany (41,1 million US dollars), Austria (28,9 million US dollars), France (20,7 million US dollars), Russia (18,1 million US dollars); in food industry: Netherlands (570,6 million US dollars), Sweden (222,8 million US dollars), Cyprus (218,5 million US dollars), Great Britain (148 million US dollars), United States (98,5 million US dollars), Switzerland (83 million US dollars), France (73,2 million US dollars), Germany (59 million US dollars), Russia (44,3 million US dollars) [106].

According to the State Statistics Committee of Ukraine [60], total foreign direct investments on the first of January, 2014 is totaled 66,0 billion US dollars, it is lower than volumes of investments at the beginning of 2012 to 302,3 thousand US dollars. (Table 2.3).

Agriculture is a less attractive area of investment of capital than the food industry. The influx of investments in agricultural production as reasons hampering overall character and its inertia compared limited product range, low portability of individual species. It leads the loss of production and capital, increases the return on investment. Commercial structures involve almost half of investment in agriculture. Real agricultural producers almost can not use them. So, foreign investments should have a purpose and be directed to specific projects which have significant economic impact [198, p. 107].

Investments should come not only in production but also in technology, in science. It is necessary to attract the foreign capital for the transfer of agricultural production in a modern technological base [154].

In addition, direct foreign investments are not heavy burden on the external debt, but rather contribute to obtaining funds for its redemption [135, p. 62]. In addition, inhibition of investment activity in agricultural production in 2009 was bound with decreasing revenues and falling of credit rating. The absence of resources reduces the activity of innovation, without the implementation of which rely on their efficient operation is impossible. So, growth of

investment resources and increasing their return are one of the priorities of the intensification of production activities of any company [197, p. 3].

Table 2.3.

Foreign direct investments (equity) in economy of the countries of the world from Ukraine for 1996–2014, million US dollars

Countries	Volume of direct investments on the first of January								2014 % to 1996
	1996	2001	2006	2010	2011	2012	2013	2014	
Cyprus	... ¹	... ¹	2,1	5778,5	6342,5	6342,5	5811,0	5818,5	–
Germany	0,2	0,2	0,3	5,2	9,2	9,0	9,1	9,4	47,0 times more
Netherlands	... ¹	... ¹	... ¹	... ¹	... ¹	0,1	13,5	14,2	–
Russian Federation	52,1	68,1	102,9	166,1	190,3	236,6	292,6	377,9	7,2 times more
Virgin Islands (Brit.)	–	–	–	20,8	25,8	25,8	25,8	25,8	–
Switzerland	8,1	6,5	4,0	5,1	9,3	9,2	5,7	8,2	101,2
Poland	0,3	0,3	21,3	49,4	49,1	48,2	54,2	52,6	175,3 times more
Hungary	7,1	0,8	0,1	0,1	0,1	0,1	4,2	17,3	2,4 times more
Latvia	... ¹	... ¹	... ¹	31,9	87,9	80,4	95,5	98,6	–
Georgia	... ¹	0,9	2,2	32,4	31,1	32,3	33,0	41,1	–
Kazakhstan	–	... ¹	–	27,1	25,2	24,2	24,5	25,9	–
Estonia	... ¹	... ¹	... ¹	... ¹	... ¹	... ¹	... ¹	... ¹	–
Moldova	–	... ¹	0,9	15,2	15,2	16,7	16,9	16,9	–
Lithuania	... ¹	0,4	0,4	... ¹	–				
Other countries	4,7	42,8	65,3	69,6	53,8	44,2	47,9	26,2	5,6 times more
Total	84,1	170,3	219,5	6226,3	6868,3	6899,7	6483,3	6597,4	0,0

Source: developed by the authors based on: [144, p. 138; 152, p. 251]

Note: ¹ data are extracted to ensure compliance with the Law of Ukraine "On State Statistics" about the confidentiality of information.

Over the last 20 years, foreign direct investments in Ukraine have received the most than 57056,4 million US dollars in 2014, and from Ukraine – 6597,4 million US dollars in 2014 (Table 2.4).

Moratorium on market turnover of agricultural land is played some role in reducing the investment appeal of the industry. Ukraine should follow the experience of developed countries, there market of productive lands is an integral component of private land ownership, but state regulation of the market is much tougher than state regulation and control in markets of other capital [136, p. 60].

We agree with the statement of I.I.Cherven, he notes in his research that changes in economic conditions of the operation of agrarian formations have a major impact on the formation and use of investments in our country and in each of its regions [197].

Financial investments have a special place in the field of investment. In-

vesting of available funds in financial instruments (corporate law, securities, derivatives, etc.) aims to obtain of profit in future, establishing of c control over the enterprise and other purposes.

Table 2.4.

Foreign direct investment in Ukraine in 1995–2014
(at beginning of year, million US dollars)

Years	Foreign direct investment in Ukraine	Foreign direct investment from Ukraine
1995	483,5	20,3
1996	896,9	84,1
1997	1438,2	97,4
1998	2063,6	127,5
1999	2810,7	97,5
2000	3281,8	98,5
2001	3875,0	170,3
2002	4555,3	155,7
2003	5471,8	144,3
2004	6794,4	166,0
2005	9047,0	198,6
2006	16890,0	219,5
2007	21607,3	243,3
2008	29542,7	6196,6
2009	35616,4	6203,1
2010	40053,0	6226,3
2011	44806,0	6868,3
2012	50333,9	6899,7
2013	55296,8	6483,3
2014	57056,4	6597,4
2014 % to 1995	118,0 times more	325,0 times more

Source: developed by the authors based on: [117; 144; 152]

Financial investments can be made in the following areas: investment activities by investing in financial instruments and in particular in securities.

The trend of intensification of investment transactions in the securities market, a set of tools which is about 90% of total financial investment companies appears in the current conditions of the economy; the acquisition of derivatives involves the purchase of financial instruments to hedge transactions in the "spot" or receive speculative income; introduction of shares in joint ventures. This form of financial investment is less capital intensive, but it is more efficiently. It gives an opportunity controlling of the business activities of the company.

As you know, lease (as a form of investment) can give a powerful impetus to optimize the using of existing park of machines. It is flexible economic lever that is able to attract investment, promote the rise of domestic producers to raise capital in the vital sector of the economy, provide real support of small business and create new production. The introduction of leasing loans is not

only a means to stimulate the implementation of new technology and accelerate the replacement of fixed assets, but also can be a trigger for the development of the national economy as a whole, increasing its quality level [178, p. 2472].

We can describe the quality of management of enterprise as a "crisis", when cash flows from investing and financing activities is positive, and when cash flows from operating activity is negative. In other words company is financing of operations costs at the expense of investment and financial operations. Analyzing the sources of financing investment is clear, that own funds of investors in the form of reinvested earnings and depreciation are the main of them (95%).

Profit is the financial basis of investment of companies, which can be viewed of two positions: profit which obtained by the production and sale of goods (works, services); profit as percentages (dividends) which received from the purchase of securities [30, p. 4].

In our view, the priority areas of enhance the process of attracting investments in the activities of enterprises of agricultural production are: proposals for the introduction of intensive technologies of growing crops that would ensure obtaining stable harvests without compromising with the potential soil fertility; increasing the area of cultivation competitive for a particular region of agricultural crops; proposals to conduct leasing operations to update the tractor fleet [37, p. 137].

Sources of financing of investment are own, borrowed and the budget involved. Own sources of agricultural enterprises are investors profit, depreciation, proceeds from the liquidation of fixed assets, insurance reimbursement for fixed assets retired as a result of the disaster. The actual value of the investment company depends on its investment potential [3, p. 376–377].

But the economic independence of enterprises can be fully realized only if the provision of economic independence of the person in the choice of scope of its activities and ways to receive profit. They are receiving wages, dividends of securities, bank interest of saving money, renting property and land, receiving of business profit [3, p. 48].

So, the priority areas of investment and innovative activity of Ukraine are scientific and scientific-technical activity, agriculture, manufacturing, processing and food industry, small enterprise, tourism and recreation facilities.

2.3. Regional peculiarities of development of structure forming branches of agriculture (Poltava region)

Implementation of the priorities, such as: giving preference to a particular stage of development of individual sectors, activities, farming methods are provide state regulation of development of regions. Depending on the goals and priorities of levels of management we can identify priorities at the state and local levels.

The economic development of the region and the extent of needs of the population depend on its production structure, integrated use of resources. Rational industrial structure and proportional development of all its areas have essential influence on improving productivity and efficient use of labor resources.

Their performance depends on proper maintenance and development of

health, sports and more. Interaction of component structure of the region creates a real basis for the development of market forms of regional governance systems, development and implementation of regional policies for efficient use of production facilities, labor and the environment [198, p. 142].

Regionalization is the development and strengthening of economic, political and other ties between the regions or states within the same region, the emergence of regional associations of state [47, p. 263].

Regional development of the food industry is the transformation of the territorial organization of food production, to ensure the needs of the population of the country and its individual regions are in line with evidence-based physiological norms of consumption and the formation of a strong export potential food based on the rational use of natural resources and production potential benefits of territorial division of labor [32, p. 9].

Switzerland has invested more than 641667,4 thousand US dollars of investment in the economy of the Poltava region from 2010 to 2014 (Table 2.5).

The main ways of achieve the future image of agriculture of Poltava region are development and implementation of integrated regional program of reform and development of agriculture. Direct foreign investments are needed in the regional program of reform and agricultural development. The basis of the investment policy in the region and the country as a whole should be the maximum development of entrepreneurship of economic activity. Active policy to attract foreign investments is carried out in the Poltava region. In 2014 foreign direct investments in Poltava region are received 1065635,3 thousand US dollars, which was 2,3 times more than in 2010. Despite the significant differences that exist between different investment projects, we can combine basic approaches to evaluating the effectiveness of investments in three complementary groups: modeling; correlation parameters; organizational and economic mechanism of the project; information and methodological consistency [20, p. 73– 87].

In 2014 1029083,9 US dollars is received by Poltava region (Table 2.6): in industry – (83,3% share of the total investments) – 857,049,3 US dollars.

Regional program of attraction of investments in the development of Poltava region by 2015 is developed in the context of the Strategy of development of Poltava region by 2015. The program describes the current state of the investments of the regional economy, priority directions of attracting investments, objectives and activities of the investment for the long term [109].

Most of foreign direct investments were attracted in the industry – 83,3% and in the mining industry – 78,1% (803157,5 thousand US dollars). On the 01.01.2014, the capital investments for per capita of Poltava region were accounted for more than 383 US dollars (6106,2 UAH).

The structure of foreign direct of investments in Poltava region in 2014 is presented in Figure 2.4.

Table 2.5.

Dynamics of foreign direct investments in Poltava region by countries in 1996–2014
(at beginning of year, thousand US dollars)

Countries	1996	2001	2006	2010	2011	2012	2013	2014	2014 % to 1996
Total	13580,9	181012,2	279999,2	450855,2	551270,5	702161,3	943235,1	1065635,3	78,4 times more
Switzerland	–	... ¹	... ¹	227702,6	289012,2	396890,9	521659,6	64166,2	–
Cyprus	6936,0	12432,9	11724,8	48377,4	95682,1	104553,8	146532,7	131289,8	18,9 times more
Netherlands	550,0	1989,2	25074,5	20155,7	21747,5	56123,3	113606,4	124514,4	226,3 times more
United Kingdom	2260,2	15863,2	62561,9	73015,9	70546,4	62149,9	57756,6	59586,8	26,3 times more
Russian Federation	527,5	104072,7	11943,2	15147,5	19728,3	24165,8	46791,8	51311,3	97,2 times more
USA	131,9	8920,6	7796,3	19462,4	10955,3	10441,3	8269,1	7779,7	58,9 times more
Panama	–	... ¹	... ¹	... ¹	3386,2	12419,8	14804,9	12330,5	–
Austria	112,9	... ¹	... ¹	203,6	953,4	198,1	... ¹	... ¹	–
Azerbaijan	... ¹	–	–	4764,2	7599,3	8913,4	9661,8	10762,5	–
Germany	410,4	680,3	1808,1	3595,5	... ¹	... ¹	3399,3	3643,8	8,8 times more
Virgin Islands	–	... ¹	4580,8	73333,5	9112,6	12307,2	7689,2	4426,1	–
Belize	–	–	–	–	2058,5	... ¹	... ¹	2544,3	–
Lebanon	–	–	91,9	... ¹	–				
Poland	606,6	453,8	919,0	1132,1	989,0	1019,3	1093,6	993,6	1,6 times more
Latvia	–	–	279,5	–	141,7	... ¹	... ¹	831,4	–
Belarus	10,5	... ²	1420,7	–	961,0	956,3	939,7	941,2	–
Turkey	–	... ¹	401,2	867,8	416,3	520,7	520,6	520,7	–
Italy	301,5	23636,1	262,6	612,0	443,0	439,6	651,1	465,5	1,5 times more
Czech Republic	70,0	517,3	846,5	194,9	662,7	659,1	660,2	659,9	9,4 times more
Spain	–	–	377,6	... ¹	653,6	651,4	449,1	720,5	–
Estonia	15,2	... ¹	... ¹	418,3	481,1	856,5	856,3	716,4	47,1 times more
Georgia	... ¹	525,5	525,9	–					
Other countries	1058,5	6357,1	8903,1	12922,3	3173,9	1927,7	3442,8	1968,5	1,8 times more

Source: developed by the authors based on Statistical Yearbook of Poltava region: [145; 146; 147; 148; 149].

Note: ¹ – information is confidential according to the Law of Ukraine "On State Statistics",
² – information is removed in order to ensure of implementation of the Law of Ukraine "On State Statistics" about the confidentiality of information.

Table 2.6.
Direct investments in Poltava region by economic activity in 2014

Indexes	Capital end of the year, thousand US dollars	Proportion of total investments, %
Total:	1029083,9	100,0
agriculture, forestry and fisheries	7727,4	0,8
industry	857049,3	83,3
mining industry and development of quarries	803157,5	78,1
processing industry	53792,2	5,2
food, beverages and tobacco	37195,1	3,6
textile industry, clothing, leather, leather and other materials	... ¹	... ¹
manufacturing of wood products, paper, printing	385,2	0,0
manufacture of coke and refined petroleum products	41,2	0,0
manufacture of rubber and plastic products, other nonmetallic mineral products	3165,7	0,3
metallurgy, manufacture of fabricated metal products, except machinery and equipment	914,2	0,1
manufacture of machinery and equipment not elsewhere groups	227,4	0,0
production of motor vehicles, trailers and semi-trailers and other vehicles	1589,8	0,2
furniture and other products, repair and installation of machinery and equipment	3218,0	0,3
construction	6883,2	0,7
wholesale and retail trade, repair of motor vehicles and motorcycles	71711,4	7,0
transportation, storage, postal and courier activities	3388,7	0,3
and arrangement of temporary catering	1216,6	0,1
information and telecommunications	135,2	0,0
financial and insurance activities	10783,9	1,0
real estate	29853,0	2,9
professional, scientific and technical activities	38280,1	3,7
work in administrative and support services	1978,5	0,2

Source: compiled by the authors based on Statistical Yearbook of Poltava region [149]

Business partners from Switzerland (60.21%), Cyprus (12.3%) and Netherlands (11.7%) are the most active investors in the region. Maximum development of entrepreneurship of economic activity should be the basis of investment policy in the Poltava region.

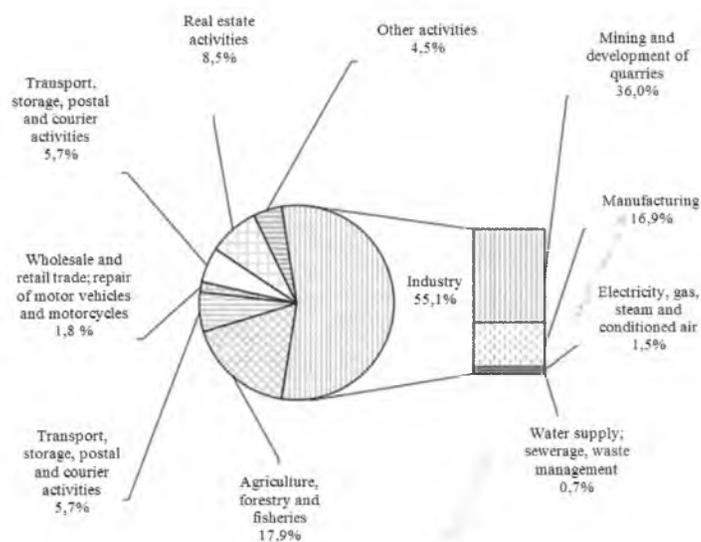


Figure 2.4. Structure of capital investments by economic activity of Poltava region in 2014

Source: compiled by the authors based on Statistical Yearbook of Poltava region [149]

Structures of capital investments by economic activity of Poltava region in 2014 are: industry (55,1%); mining industry and development of of quarries (36,0%); processing industry (16,9%); agriculture, forestry and fisheries (17,9%); construction (6,5%); transportation, storage, postal and courier activities (5,7%); other activities (4,5%); electricity, gas, steam and conditioned air (1,5%); wholesale and retail trade, repair of motor vehicles and motorcycles (1,8%); water supply, sewerage, waste management (0,5%). Structural shifts and significant changes in the basic branches of agricultural production from 1990 to 2014 are presented in Figure 2.5.

The analysis shows, that during the analyzed period, share of acreage crops (2,4 times), cereals (1,3 times) and corn are significantly increased during the analyzed period.

As a result, the areas of forage crops are decreased by almost five times between 1990 to 2014. Significant transformations are caused by producers and consumers, who were also in the structure of the livestock industry. Two trends are observed in crop production: the first is the decline in 1990 – 2000 and the second is the constant growth of the gross production from 151,0 billion UAH in 2000 to its highest level (177,7 billion UAH) in 2014. The share of gross of crop production was 51,5% in 1990 and it was 69,5% in 2013.

The structure of sown areas of major crops is presented in Table. 2.7.

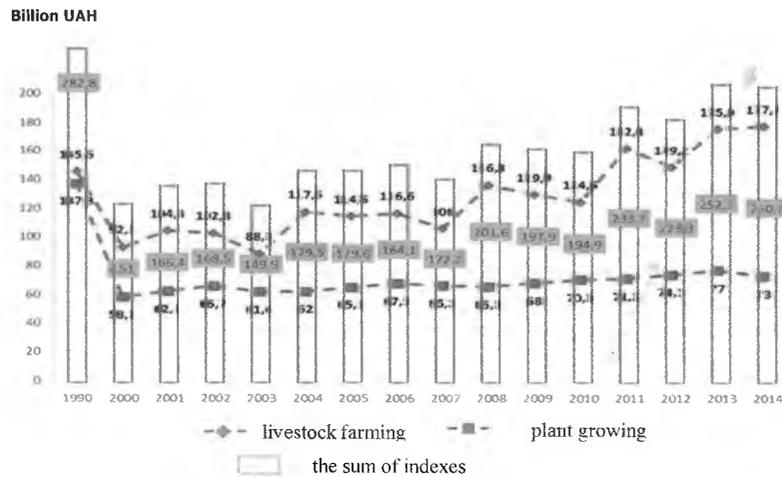


Figure 2.5. The dynamics and structure of production of gross of agricultural production of subdivisions (constant prices of 2010, billion UAH)
Source: compiled by the authors based on Statistical Yearbook of Poltava region [149]

The greatest quantity of gross production was produced in 1990 in the livestock industry (137,3 billion UAH) and since 2000 share of industry is decreased by 2,3 times. The greatest quantity of the livestock industry was produced in 2013 (77,0 billion UAH), increase is amounted 132,3% compared to 2000.

Table 2.7.
The structure of sowing areas of basic agricultural crops, 1990–2014

Indexes	1990	1995	2000	2005	2010	2011	2012	2013	2014	2014 % to 1990
The whole area under crops	32406	30963	27173	26044	26952	27670	27801	28329	27239	84,0
Grains and legumes	14583	14152	13646	15005	15090	15724	15449	16210	14801	1,0 times more
Industrial crops	3751	3748	4187	5260	7296	7441	7854	7869	8437	2,2 times more
Forage crops	11999	10898	7063	3738	2599	2777	2023	2289	2101	17,5
Potato and vegetable and melons	2073	2165	2277	2041	1967	2028	2475	1961	1900	91,6

Source: calculated by authors

It is noted, that according to investigated period according of attracted resources, the level of intensity and value of gross production among the livestock industries only poultry is rapidly developed. Dominance in the structure of gross crop production compared with cattle is led to an imbalance of branches of agroindustrial production, which affected both the rural employment and the state of the food market. So, we can conclude about the fast-growing domi-

nance of crop of branch of livestock in terms of gross output, which is taken as an indicator of structural analysis. Analysis of investment policy of Poltava region shows that companies develop mainly from its own sources of funding. Important sources are bank credits and investments of development. The investment policy of Poltava region is an attractive resource and it is determined by factors such as: the pace of market development; educational level of the population; skilled workforce; resource potential; transport infrastructure. The solution of food problems in the region is carried out by business entities of various industries. Based on this, we had investigated the current state of the food industry of Poltava region. The program of attracting investments in the Poltava region by 2015 at the enterprises of Poltava region for the production of food products employs over 22 thousand people. The branch has a considerable potential for development. If there is a strong raw material base of the food industry, enterprises of foodstuff branch are oriented on production at a sufficiently saturated domestic market. In recent years the share of processed food products in the total regional exports does not exceed 10%, with the most of them are tobacco and chocolate products, while products from cereals, processed fruits and vegetables, dairy products occupy in exports less than 1% in each of these groups. Productions of basic kinds of food products in Poltava region are presented in Table 2.8.

Table 2.8.
Productions of basic kinds of food products in Poltava region in 2004–2014, (Tons)

Product	2004	2005	2008	2009	2010	2011	2012	2013	2014	2014 % to 2004
Beef and veal, fresh (steam) or chilled, thousand tons	10,6	10,5	10,9	7,2	7,4	5,6	4,7	5,3	3,9	36,8
Fresh pork (steam) or chilled, thousand tons	9,4	7,9	13,5	10,7	16,8	25,8	23,8	39,4	47,2	5,0 times more
Sausage, thousand tons	17,6	20,3	26,8	25,8	32,7	36,8	38,5	38,7	41,2	2,3 times more
Sunflower oil, thousand tons	87,1	88,4	117,8	128,0	187,9	208,5	215,4	177,0	232,6	2,7 times more
Processed liquid milk, thousand tons	27,7	36,8	36,3	38,8	36,3	36,3	41,3	41,5	39,6	1,4 times more
Butter, thousand tons	6,1	5,3	4,8	3,7	4,9	7,3	10,7	14,5	21,0	3,4 times more
Unfermented fresh cheese and cottage cheese, thousand tons	2,3	3,0	3,1	3,1	2,6	2,5	2,5	3,5	5,9	2,6 times more
Fat cheese, thousand tons	29,6	38,6	50,4	49,5	42,8	42,1	35,3	27,2	16,0	54,0
Fermented milk products thousand tons	34,6	38,9	40,3	37,3	36,8	35,0	37,5	41,7	40,8	1,2 times more
Bakery, thousand tons	83,5	79,6	71,5	65,5	58,2	54,7	56,1	41,7	37,7	45,1
White sugar, thousand tons	187,5	203,9	336,2	332,2	239,9	442,5	406,6	207,5	257,7	1,4 times more
Chocolate and other food products prepared with cocoa, in bricks, plates or tiles, thousand tons	20,1	24,9	23,4	19,3	17,1	17,0	16,3	14,0	15,3	76,1
Confectionery sugar including white chocolate without cocoa, thousand tons	66,6	66,5	68,9	73,5	64,6	51,3	54,2	49,5	53,0	79,6

Source: compiled by the authors based on: [145; 146; 147; 148; 149]

As the table shows, there was a dynamic growth in the production of fresh pork (pair) or cooled in 2014 to 5,0 times in comparison to 2004. In the production of oil in 3,4 times more and sunflower oil (crude) in 2,7 times more are according to the basic 2004. In addition, in 2014 unfermented fresh cheese and cottage cheese also drew upward trend to 2,6 times more, relative to the basic 2004. Consumption of food in households of Poltava region is crucial for the formation of the food industry in the region during the period of market reform. Consumption of such important foods as fruits, berries and grapes, potatoes, bread, bakery and dairy products are taking place in the growth of household of consumption in Poltava region.

Consumption of sugar population of the region in 2014 was 34,8%, against 54,4% in 1990 (Table 2.9).

Table 2.9.

Consumption of food in households of Poltava region for 1990–2014
(per person per year, kg)

Type of product	1990	1995	2000	2005	2009	2010	2011	2012	2013	2014	2014 % to 1990
– meat and meat products (in terms of meat), kg	67,2	49,4	36,6	38,0	48,9	52,8	52,4	53,7	55,0	53,5	79,6
– including fat and offal in kind, kg	374,3	286,5	221,0	246,5	232,9	219,7	222,5	230,9	240,5	235,8	63,0
– milk and milk products (in milk equivalent), kg	238	166	161	246	294	308	347	338	339	333	1,4 times more
– eggs, pieces	17,9	4,1	8,0	14,6	13,9	13,9	13,3	13,2	13,7	9,7	54,2
– fish and fishery kg	54,4	36,0	39,5	40,4	36,3	36,1	37,3	35,4	36,6	34,8	64,0
– sugar, kg	151,2	131,5	126,4	146,3	139,2	139,2	139,2	143,4	143,4	142,5	94,2
– oil and other vegetable fats, kg	109,9	140,4	129,6	140,8	167,5	172,2	198,9	196,9	190,2	189,5	1,7 times more
– potatoes, kg	55,4	52,9	16,4	30,6	49,4	49,8	52,3	54,9	57,6	50,2	90,6
– vegetables and melons, kg	154,6	153,3	143,0	126,8	115,9	118,5	117,6	118,4	121,6	114,0	73,7

Source: compiled by the authors based on: [145; 146; 147; 148; 149]

According to L.M. Kushnir, restructuring of the economy of Poltava region provides rapid creation of production and the latest upgrade traditional industries, primarily in industry and agriculture. This will increase of production and export of traditional products and also creation of new products that allow local producers to compete in domestic and foreign markets [81, p. 90].

Opportunities for the production of organic foods with significant potential for organic farming are underused. Creation of clusters with export growing and deep processing of agricultural products and competitive on the foreign and domestic markets food products are the main priorities of the food industry [109].

In view of the above, the main tasks that now facing of agricultural production of the Poltava region are:

- a) for agriculture of region:
 - improvement of the conditions of logistics of the agricultural sector (annual increase of agricultural machinery by investment programs);
 - improve the work of service enterprises of repair of techniques;
 - involving of local people, graduates of vocational and higher education institutions to agricultural production;
 - improvement of working conditions and social problems for young families;
- b) for enterprises of the food industry: creating pricing forecast by organizing the agricultural market; create conditions for healthy competition; introduction of new technologies in the production; creating conditions for interest, both foreign and domestic investors; attracting various forms of lending to small and medium enterprises; sanitary standards of food quality; development of new distribution channels of agricultural products production; creating new assets; improving the quality of manufactured finished products.

Dynamics of the basic indicators of the agricultural production of Poltava region are presented in Figure 2.6

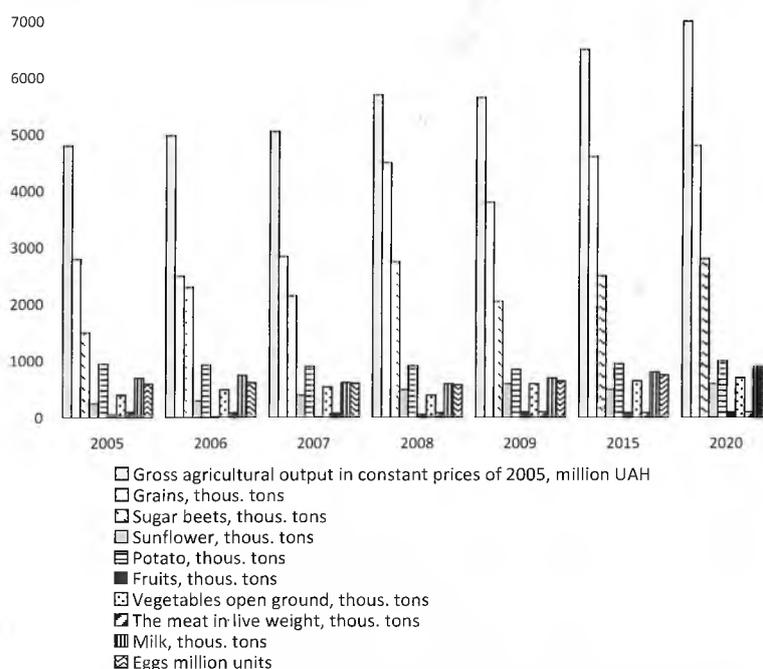


Figure 2.6. Dynamics of the basic indicators of the agricultural production of Poltava region, 2005–2020

Source: [developed by the authors based on the State Statistics Committee of Ukraine for the relevant years]

Industrial production of Poltava province is gave only 13,8% in 1920 [83].

Production of agricultural products is expected to increase the most in 2015–2020 on such terms as: crops: 4600–4800 thousand tons, sugar beet: 2500–2800 thousand tons.

An important feature of the food industry is a direct dependence on other sectors (engineering, chemical, oil).

So, the implementation of the objectives will help to achieve the highest financial results in the work of enterprises of food industry of Poltava region. It should be based on scientific research, to develop proposals for the development of agriculture, according to international requirements in the interests of the state, society and the peasantry. First, the state should make efforts to reproduce and modernization of production and resource potential of the agricultural production of Poltava region, promote the activation of foreign economic activity of the agricultural sector, to ensure effective demand for agricultural products. One of the main sectors of agriculture of Poltava are: crop (grain farming, technical and forage crops); livestock (pigs, dairy cattle). These branches, taking traditionally the most significant share in the structure of gross production the industry and the consumption of the population of the region, require urgent and priority attention. One of the main ways to increase the efficiency of the food industry of Poltava region, in our opinion, is the development of integration ties and building on the basis of integrated agricultural associations.

Sugar industry ranks second place in the structure of the food industry of Poltava region. In connection with high production of raw materials intensity and low transportability of raw sugar plants are located in beet sowing areas. Sugar beet subcomplex is a leader in the structure of the agricultural production in Ukraine. Solving economic problems of the further development of sugar beet seed industry is necessary to search for such tools, which could improve the competitiveness of sugar beet production. To prevent the decline of sugar beet seed industry and its withdrawal from the crisis is expected to create conditions for resolving the capacity utilization of domestic and imported raw cane sugar, followed by a gradual focus on domestic raw materials as production efficiency; conversion of the alcohol industry of excessive capacities to produce ethanol for technical needs; a significant increase in the production of special foods for certain groups, including children, to prevent of specific diseases. The situation in the beet sugar industry needs immediate attention of the Government and create a state of structural policies to create an effective and competitive system of management. Formation and development of the national economy due to the constant adjustments that are directed to reconstruction and radical changes of macroeconomic proportions. Structural adjustment under the influence of economic laws in the first place, the law of supply and demand are changing the structure of the national economy.

Integrated formation continues to provide businesses that rent beets, but not part of it, seeds, fertilizers, crop protection from pests and diseases in terms of commercial credit, provides agricultural machinery and so on. Strategy of growth of sugar business of the largest domestic companies, typically involves the spreading their influence to refineries at the same time part of the farm, located in area of service [96, p. 158–159].

Improvement of interbranch economic relations will enable of manufacturers to solve the problem of sugar beet seed industry: provide a basic level of

specialization of enterprises of Ukraine, who sow beets; improve the economic efficiency of refineries; promote customer satisfaction and potential effectiveness of the existing quality management; improve the organization of agricultural management, attract foreign and domestic investment. Conducted analysis is showed that a significant change, and for certain indicators – even critical are occurred in sugar beet. Existing in Soviet times system of economic relations in the sugar beet subcomplex is provided a direct connection of producers and processors of sugar beet, which ensures transparency and stability of connections.

It is necessary to note, that some changes also take place on the world sugar market. So, in 2012/13 marketing year (MY) its actual production is amounted to 179,6 million tons and consumption – 172,1 million tons, it means, that the world market is operated with a surplus of 7,5 million tons. So, in Poltava region the largest enterprises are located in Lohvytskyi, Karlivskyi, Kobeliatskyi, Chutivskyi, Semenivskyi, Hlobynskyi, Lubenskyi, Orzhytskyi and Shyshatskyi districts.

Production of main kinds of agricultural crops of Poltava region in 2010 is presented in Table 2.10.

Table 2.10.
Production of main kinds of agricultural crops of Poltava region in 1990–2014, (thousand tons)

Year	Cereals	Sugar beet (factory)	Sunflower	Potatoes
1990	3450	4625	174	603
1995	2016	2711	186	503
2000	1408	975	201	694
2005	2851	1543	288	950
2006	2447	2364	292	927
2007	2866	2196	347	892
2008	4531	2701	458	910
2009	3830	2078	484	902
2010	2854	1803	465	819
2011	5055	2654	543	1273
2012	3645	2895	553	951
2013	5640	1546	730	984
2014	4822	1740	711	1179
2014 % to 1990	1,4 times more	37,6	4,1 times more	1,9 times more

Source: compiled by the authors based on Statistical Yearbook of Ukraine [145; 146; 147; 148; 149]

It is shown that, production of potato in Poltava region in 2014 is increased almost 2 times, and sunflower – 4,1 times more, in comparison to the 1990 base year. This gives reason to believe that there are reserves for improving of competitiveness of potato and sunflower in the study area. According to the authors, in some areas of the Poltava region not in full opportunities were used to enhance of effectiveness of the production and reduce its cost. This can be explained as follows: weak state influence on economic processes in sugar beet; lack of clear government policies and regional sugar beet and related

branches of agriculture production; lack of logistical support; significant rise in fuels and lubricants; lack of new techniques for growing and processing of sugar beet (most enterprises are working with outdated technology and equipment).

The crisis of sugar beet seed industry has led to the destruction of the material resources of the entire sugar industry. The sugar market in Ukraine can be considered a particularly important part of a functioning market economy as a whole, as sugar production is belonging to strategic sectors of agricultural production in our country and its successful development can significantly help to overcome the negative results of the economic crisis that is engulfed the modern Ukrainian economy [62; 125].

Basic indexes of beet in Poltava region are presented in Table. 2.11.

Table 2.11.

Basic indexes of beet in Poltava region, 1990-2014

Year	Sown areas of sugar beet (factory), thousand hectares	Yields of sugar beet (factory), quintal / hectare	Production of sugar beet (factory), thousand tons
1990	157	295	4625
1995	137	204	2711
2000	77	165	975
2001	75	180	1120
2002	68	195	1115
2003	64	191	1033
2004	60	248	1465
2005	63	252	1543
2006	83	295	2364
2007	74	302	2196
2008	64	421	2701
2009	56	373	2078
2010	72	249	1803
2011	65	407	2654
2012	63	457	2895
2013	31	493	1546
2014	40	439	1740
2014 % to 1990	25,5	1,5 times more	37,6

Source: compiled by the authors based on Statistical Yearbook of Ukraine [54; 145; 146, p. 93, 98; 147; 148; 149, p. 68; p. 72; p. 80; 150; 151, p. 252-254; p. 152]

The main reasons for the critical state of beet production are: continued inefficient practice of barter relations between producers of raw materials and processors; a substantial increase in prices of basic inputs for sugar factories and agricultural enterprises; low sugar prices in the consumer market of Ukraine; lack of alternative markets using sugar; conservative manufacturers and exporters of views on ways to promote sugar abroad; lack of beet farms' sufficient financial resources for the purchase of mineral and organic fertilizers, technical means for growing sugar beets; importation of cane sugar in Ukraine.

Analyzing the main indexes of beet production in Poltava region, we can conclude about the sowing areas we can conclude about the sowing areas under sugar beet in the period from 1990 to 2014 (Figure 2.7).

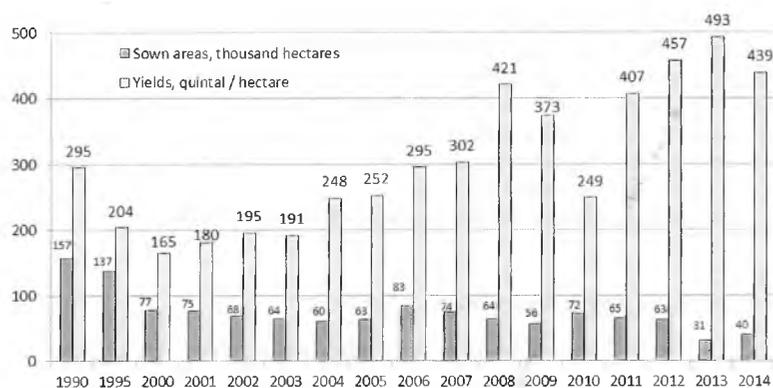


Figure 2.7 Dynamics of sowing areas and yield of sugar beet (factory) in Poltava region, 1990–2014

Source: compiled by the authors based on Statistical Yearbook of Poltava region [145; 146; 147; 148; 14]

During this period it is registered an increase in sowing areas by 13% and yield by 44% to the basic 1990. Since 2000, based on statistical data, there is a tendency to increase sugar beet yields by 2008 – 33%. In 2010, rates on the yield of sugar beet in Poltava region are decreased by 172 quintal / hectare (compared to 2008).

Regarding sugar beet production in the period from 1995 to 2000 (Figure 2.8), then tracked a sharp decline in production: from 2711 thousand tons in 1995 to 975 thousand tons in 2000, 2,7 times more is registered data of reduction targets.

Figure 2.9 is shown that, most of sugar beet production in the period from 2001 to 2010 are detected by us in Lokhvytskyi region – 349 thousand tons in 2010; in Shyshatskyi region – 310 thousand tons; in Hlobynskyi region – 275 thousand tons; in Karlivskyi region – 245 thousand tons and in Lubenskyi region – 218 thousand tons.

In our opinion, the main beet sown areas of Poltava region are: Lokhvytskyi, Shyshatskyi, Hlobynskyi, Karlivskyi, Lubenskyi, Hadiatskyi and Dykanskyi regions (Figure 1, Appendix A).

Of the 25 regions of Poltava region for the past 14 years the greatest indexes for the production of sugar beet are founded in Shyshatskyi region – 1842 thousand tons; Hlobynskyi region – 1320 thousand tons; Lokhvytskyi region – 1255 thousand tons and Karlivskyi region – 1180 thousand tons (Table 1, Appendix B).

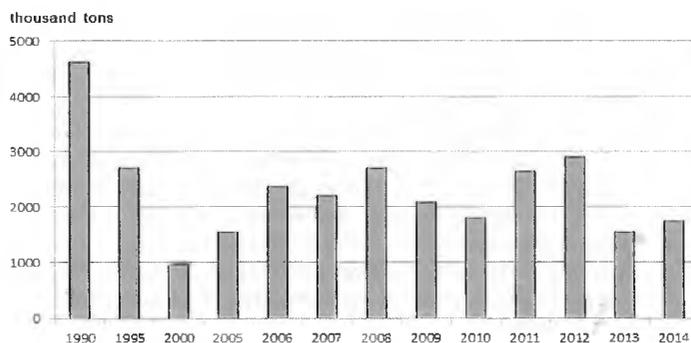


Figure 2.8. Dynamics of production of sugar beet (factory) of Poltava region for the period from 1990 to 2014
 Source: compiled by the authors based on Statistical Yearbook of Poltava region [145; 146; 147; 148; 149]

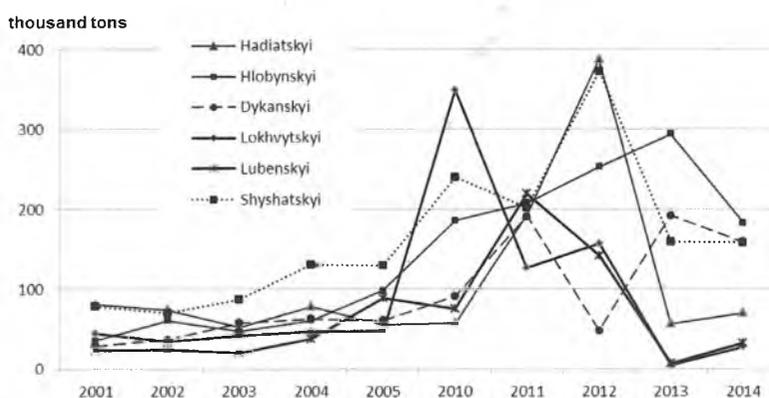


Figure 2.9. Production of sugar beet by regions of Poltava region
 Source: compiled by the authors based on Statistical Yearbook of Poltava region [145; 146; 147; 148; 149]

Analyzing the work of enterprises of Poltava region for the period from 2001 to 2014 can be concluded on the largest decline of sugar beet (factory) that was observed in regions such as: Kremenchutskyi – 74 thousand tons, Reshetylivskyi – 244 thousand tons and Poltavskii – 293 thousand tons. Production of sugar beet in 2010 households in Ukraine is amounted only 13 749 thousand tons.

The biggest indexes for the production of sugar are registered in Vinnytskyi region – 2457 thousand tons; Poltavskyi region – 1803 thousand tons; Khmelnytskyi region – 1606 thousand tons; Ternopilskyi region – 1555 thousand tons and Kyivskyi region – 1094 thousand tons.

So, according to statistics for 2011 sugar beet production of Poltava region ranks second among all regions of Ukraine.

Diagram of dynamics of demand and supply of sugar in Poltava region in 2000–2014 is presented in Figure 2.10.

Figure 2.10 is shown that, sugar production in Poltava region in 2014 is totaled 257,7 tons, compared to the basic in 2000 it is increased 1,8 times. The demand for sugar in 2014 is 54,8 tons to population of Poltava region – 1458,2 thousand people. Compared to 2000, the demand for sugar is decreased by 7,3 tons, according to the population – 1652,2 thousand people.

It is necessary to form a complete information-marketing strategy of beet sugar production in the country to stabilize sugar beet subcomplex in the current economic conditions.

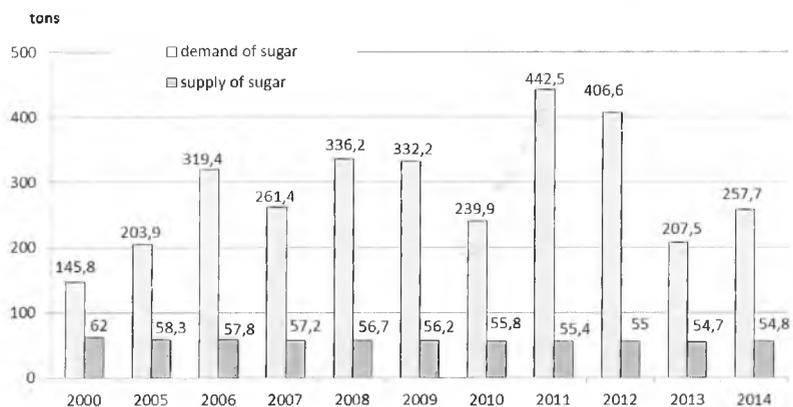


Figure 2.10. Dynamics of demand and supply of sugar in Poltava region in 2000–2014
Source: compiled by the authors based on Statistical Yearbook of Poltava region [145; 146; 147; 148; 149]

Production of sugar beet by regions of Poltava region in 2014 is presented in Figure 2.11.

Our research shows that top five leaders in production of sugar beet in Poltava region in 2014 are: Khorolskyi region – 214 thousand tons, Hlobynskyi region – 183 thousand tons, Kozelshchynskyi region – 176 thousand tons, Dykanskyi region – 159 thousand tons, Shyshatskyi region – 158 thousand tons.

The least of manufacture is defined in Reshetylivskyi region – 7 thousand tons, in Mashivskyi and Pyriatynskyi regions – one thousand ton. Production of sugar beets (factory) is generally absent in Kremenchutskyi and Chornukhynskyi regions.

In our view, the prospect for the agricultural production of sugar beet seed industry is cluster system of production.

Prerequisites for formation of clusters in Poltava region are studied by Sokolenko S.I.

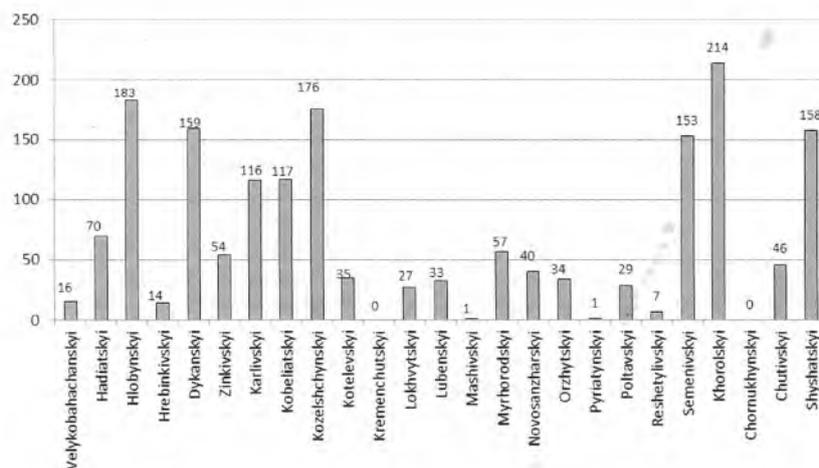


Figure 2.11. Production of sugar beet by regions of Poltava region in 2014, thousand tons

Source: compiled by the authors based on Statistical Yearbook of the Poltava region [149]

State regional policy provides: determining of growth strategies, objectives and priorities for the development of industries; development of national programs for main global priority for the problems of country; implementation of the common technical, structural and investment policy; maintaining of overall balanced economy; eliminating of the monopoly of certain producers; promote of competition; regulation of economic problems, which decides the market mechanism; participation in international and domestic territorial division of labor.

Regional policy is an important component of state building. It needs to develop governance that is defining the direction of reform and stabilize the economy of Ukraine. Regional policy should be promoted, taking into account economic, social, technological, demographic, humanitarian and national processes in the region. The objects of the state regional economic policy are economic complex of the region, social infrastructure, environment, population and labor resources. At the regional level public policy is the choice of priorities and long-term strategies and study the current forecast of socio-economic development; budgeting region, coordination of local authorities in the process of resolving inter [198, p. 143–144].

Analysis of food sector industries of Poltava region made it possible to establish that it is involved in the production are closely linked and designed to reap the benefits of joint activities. In the region there are real prerequisites for the creation of clusters in the production of meat and meat greasy materials, such as:

- a) high spatial concentration of interconnected businesses;
- b) the availability of statistical information on the activities of companies in the region;

- c) the presence in the joint, support and service industries;
- d) existing consumer demand, professional staff and facilities for the development of logistics;
- e) production technology competitive products in domestic and foreign markets;
- f) interest of local authorities;
- g) the availability of research institutions capable to conduct research and consulting support of the cluster group [139].

The cluster system of sugar beet production will make major efforts to unite farmers, business investment and research institutes in the competition. In the future, it is necessary to rationally allocate zones of raw sugar factories in order to optimize the ratio between production capacity of factories and enterprises between the potential for the production of raw materials. Only with effective placement of industry production way out of the economic crisis sugar beet seed industry agricultural production is possible. Sugar is considered as one of the objects of state price regulation, which set the minimum and maximum prices that act as price indicators that are the basis for a decision on the implementation of commodity and financial interventions by the state in the face of the Agrarian Fund [203].

Structural and calculating logical scheme of obtaining of sugar from the sugar beets is presented in Figure 2.12.

As you can see from the scheme, with 1 ton of sugar beet producers receive 120 kg of sugar: sugar – 12%, bagasse – 83% and molasses – 5%, of which 60% is for agricultural producer (72 kg sugar) and the remaining 40% gets a sugar factory (48 kg sugar). From 1 hectare we receive 40 tons of sugar beet and hence have 4,8 tons of sugar, of which 60% (2,88 tones is for producer of sugar) issued a consumer rents at market value. Implementation of sugar at retail (wholesale) market is usually in the fall (the minimum price of October – 17,3 UAH / kg); – 40% (1,94 tones is in the sugar plant). Sugar in terms of inflation and hyperinflation starts to function as money.

Beet sugar industry produces the following types of sugar: granulated sugar is loose food product of white color (no lumps), it has a sweet taste without foreign tastes and odors (with a moisture content not more 0,14 %, sucrose at least 99,75 %, metal impurities more than 3 mg per 1 kg of sugar, with dimensions on more than 0,3 mm); liquid sugar is a liquid food product of light yellow color, sweet taste, without foreign tastes and odors (with the content of at least of sucrose 99,8 % for higher category and at least 99,5 % for the first category, with a solids content of at least 64 %); refined sugar is pressed sugar lump, refining sugar and refining white powder, sweet taste, without foreign tastes and odors (with the content of at least of sucrose 99,9%, Moisture not more 0,2 %) [158].

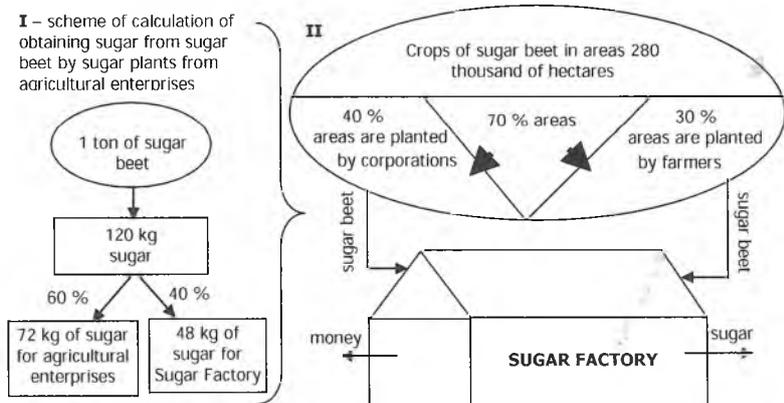


Figure 2.12. Structural and calculating logical scheme of obtaining of sugar from the sugar beets
Source: calculated by authors

Technological scheme of crystallization and centrifuging of syrup must meet international standards of ISO series 9000 and State Standard for sugar, with minimum sugar content in molasses [58].

According to Iu.O Nesterchuk, problems of regional agro-production and agro-industrial integration in regions of Ukraine can not be solved solely by means of strategic management. However, state regulation on the basis of strategic planning will help optimize the conditions for the effective functioning of the integrated of agroindustrial production sector, providing perspective:

- consolidation of rural communities and their active influence on the integration process;
- development of social and economic cooperation between communities, government and agribusiness;
- increase the social responsibility of corporate structures;
- increase in effective agro-industrial formations at all levels;
- growth in employment and incomes of the rural population [96, p. 318].

To improve the situation in the sugar beet production of Poltava need to follow the performance of manufacturing operations for the production of sugar beet, starting with primary tillage and ending with the harvest.

The main directions of improvement of product quality in Poltava region, in our opinion are:

- certification of products (improving standards and specifications);
- improved methods of control and self-control;
- verification of documents;
- forecasting and planning required level of quality products;
- audit compliance management at the facility;
- expanding economic relations between producers and consumers;
- the use of advanced domestic and foreign experience;
- proper motivation to work all categories of staff;

-
- intensification of the human factor and personnel policy.

Addressing the above issues of sugar beet seed industry of Poltava region may be made in the implementation of these comprehensive measures:

- compliance of technology for the production of sugar beet from the main cultivation to harvesting;
- the effective application of mineral and organic fertilizers and growth promoters;
- streamlining the structure of sowing areas and compliance rotation.

PART 3
WAYS OF IMPROVING OF ECONOMIC REGULATION
OF INTERBRANCH RELATIONS IN AGROINDUSTRIAL
PRODUCTION

3.1. Pricing system is a tool of economic regulation of interbranch relations in agroindustrial production

Agriculture is specific industry needs to be matched tax mechanism, taking into account the seasonality of production price regulation and so on. Gaps and inconsistencies of certain laws (for example, tax laws and the law on cooperatives) lead to distortions and inconsistencies of some provisions. Production of agricultural products is not a criterion for acquiring the status of agricultural enterprises and privileges provided for such enterprises. This is questionable implementation of the basic principles of design of the tax system in Ukraine – equality and common approach. This inhibits the natural processes of approximation and union of agricultural and industrial production and services due to increased tax burden on the participants of integrated agricultural associations.

In addition, activates the arrival of the Ukrainian market large foreign holding companies, grain processing, sugar, fruit and vegetables, fat, dairy, meat industries, initiating accession scale agricultural enterprises for direct access to land and direct control of the production process raw materials on quantitative, qualitative its parameters, transportation and storage conditions. After all, the availability of benefits for agriculture is not a causative factor for the expansion of powerful of foreign firms [96, p. 308].

Transformational changes in the Ukrainian economy towards international involve primarily the formation of an effective mechanism for implementing economic opportunities within the human system of social production [7].

One of the main tools of economic regulation of interbranch economic relations in agricultural production is pricing. During the years of Ukrainian statehood producer prices in the national economy increased almost tenfold compared with the prices of agricultural products.

In legal literature determined price (as a legal category) as a legal form of expression of value of goods (works, services) sales entities, which finds its consolidation in the laws of the state lawmaking bodies and local regulations, and the subjects defined by mutual the agreement in contracts or other binding of these legal documents [127, p. 11].

Price is one of the most important tools of economic regulation. Its impact on the economy adjusting covers many areas. In particular, through the production price is subject to public needs as demand, driven by lower costs of

production and sale of goods, introduction of the newest scientific and technological progress, improving the quality of products and so on [35, p. 277].

Classification of prices is presented in Figure 3.1.

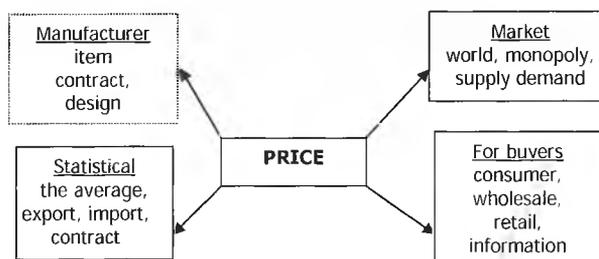


Figure 3.1. Classification of prices in market economy

Source: formed by the authors based on [153, p. 97]

Price is monetary expression of value (for simple commodity production and coincidence of demand and supply), cost of production (at a lower stage of capitalism) and monopoly price of production (at its highest stage). It reflects the period of commodity production, when there was simple commodity production (the emergence of the capitalist mode of production), and the price is fluctuated around value. This situation was typical for the early stages of capitalism, because the conditions of production in various sectors were roughly the same (due to low technology), it is resulted in the exchange of goods close to the cost of living labor.

For the capitalist mode of production it was the transformation of many individual values to a single social or market value (as a result of intrabranched competition), and it is turned into the price of production (as a result of interbranch competition). Producer price (the seller) is one form of prices in the social market economy. Quantitatively, producer price serves as the amount of production costs (cost) of production and a reasonable profit.

Price is determined by the manufacturer when entering the market, including the expediency of such a release. Market prices can also differ significantly from the producer price depending on the market situation (price-to-market). Price of production is transformation, a more developed form of value of goods which is formed on the lower stage of development of capitalism and equal production costs and return on average capital advanced.

In the evolution of the capitalist mode of production, especially since the Industrial Revolution (late XVIII – early XIX) and formation of the technological mode of production, based on the work machine, interbranch economic differences are compounded in technical, cost and the organic composition of capital, the rate of turnover, which led to inequality of branch margins of profit. So, there was interbranch transfusion of capital (and thus displaced material, labor and financial resources), resulting in a change of proportions of social production and the formation of new, and this, in turn, change is the ratio between supply and demand and the corresponding deviation of price from value formation medium profits. The net result of these processes is the conversion value

of the goods at the price of production:

$$TSB = c + v + pc, \quad (3.1)$$

where: TSB – cost price; c – fixed capital; v – variable capital, pc – average income.

Nowadays the transfusion of capital made within the interbranch corporations in conglomerates in the implementation of structural policy and others. As a result, the capitalists receive equal profit to equal capital.

The appropriation of the profit it impossible obtaining of excess profits that is the result of the introduction of advanced science and technology by individual capitalists. However, it is formed in the intrabranh competition in organic connection with the processes of interbranch competition. Price production at a lower stage of capitalism is the center around which market prices of goods are fluctuated. A number of factors affect the prices is deviation from the center.

At the highest stage of capitalism as a result of the emergence of monopolies and group monopolies (oligopolies), the formation of high monopoly and monopoly low prices, state and supranational regulation of prices pricing is complicated. It is a transformation causes the price of production in monopoly (oligopolistic) the price of production, the emergence of a qualitatively of new forms of value of goods not peculiar to the lower stage of capitalism. Redemption price is the price, which company has to pay for the valuable paper in the event of its retirement. Price redemption largely exceeds the nominal value of bonds and changes over time.

There are two types of early redemption depending on the scope of their use: 1) indefinitely (anytime); 2) suspended time of redemption (typically 5 years for municipal bonds and 10 – for industry). During this period, the investor is protected against attempts of redemption by the issuer. The second type of redemption prevails in the US. Early redemption is beneficial for the company because it gives the company flexibility in implementing the policy of funding (such as refinancing at a lower interest rate) and removes certain limitations in the case of bond issuance and disadvantageous for shareholders [46, p. 540].

In a market economy, the price is a total control of the process of social reproduction, which affects the activity of economic entities with other regulators that they apply the state (taxes, exchange rates, subsidies). The movement of market prices under the influence of supply and demand is the basis, the input point of the market mechanism of regulation of social reproduction. Consequently, the price is the monetary expression of the value of goods, services and resources. In a market economy, price is the most common economic category. Economic indicators of production and consumption of total assets are measured by prices [153, p. 96].

One of the theoretical differences of nature of price in production in the classical sense and current economic conditions, the agricultural production is the nature of achievement: в classic version provides for autonomous mechanism, however, practice management demonstrates the need to ensure the

functioning of the price of production as a means of conscious impact on income of agricultural producers [124, p. 271].

We believe that the pricing of agricultural production should be based on free pricing of mutual combination of the economic interests of producers and processing companies of agricultural products through the implementation of integration measures.

The very nature of prices is that commodity alone should receive income from own production. Producers permanently lose their purchasing power and running costs of production.

The wording of the producer price of products is a form of socialization of trade and interbranch economic relations. Indeed, in this case the role of social factor is increased.

The goal of each manufacturer is to get maximum revenue from sales and therefore it is in constant search for a profitable market offers.

If the company does not expand on its own production and artificially raising prices on commodity products and receives at the expense of profits, should pursue a policy of limiting production and sale – restriction (from the Latin "restricti" – restrictions).

This will help solve the complex issue of disparities production and processing chain and financial stability of enterprises of agroindustrial sector.

Virtually all researchers agree that more than sixfold deterioration parity prices for agricultural and industrial products consumed in agriculture is the main cause of the crisis state of domestic agricultural production [97, p. 120].

Price of production is a complex phenomenon from a methodological point of view. The market mechanism involves the spontaneous interaction of economic agents, comparing their activity in the market environment for the criterion of public recognition and because of this – getting corresponding benefit.

That spontaneity and unpredictability of solving the economic situation lays the foundation of motivational mechanism of market economy, because if economic results were known in advance, those market agents remain the losers advance to stop their activities in order to avoid additional guaranteed costs [124, p. 255].

The process of price formation is a phenomenon quite difficult. It is based that the price of the product on its value range by influenced of many factors. In a market cost, competition, demand, transport costs, environmental factor, allowances and discounts intermediaries, duties and other sales promotion items are affecting of the level of the prices.

Price regulation should be done in several ways in the transition to market due to the economic crisis of Ukraine. One of them is state regulation of prices only on the basis of natural (energy, transport, housing services) and some artificial monopolies that dictate pricing requirements, using its unique position in the market of the country [153, p. 99–100].

Pricing system provides efficient price formation at planned costs and profits determined, which should cover all costs of production of agricultural enterprises.

Unequal interbranch exchange undermines development of interbranch complexes, forcing state enterprises to create separate cost-favorable exchange.

So, existing structures of mutual exchange of products between members

of the agricultural production is not equivalent.

Interbranch exchange of economic evaluation is formed as favorable to one side, and also economically beneficial for other. These are characteristic manifestations of non-equivalence of interbranch economic interests. The aim of equivalence of interbranch exchange is to support and regulate the exchange balance between the spheres of agricultural production. The impact of non-equivalence of interbranch economic relations in agroindustrial production has its own specifics.

Disproportionate dictates the need for incentive-based interbranch exchange. As a result of non-equivalence of interbranch economic relations in agricultural production there is a structural deformity and in accordance with redistribution of resources in agriculture related industries. This non-equivalence applies to the first and second areas of agricultural production.

On the basis of such internal contradictions once again emphasize the importance of the law of dialectics on continuous improvement object (in our case – the market), and finding cost-effective ways of optimal regulation of metabolism.

As a result of the distortion of economic laws in the first sphere of agroindustrial production due to lack of competition between producers of agricultural equipment and machines for agricultural production value of capital goods entering the production agrarian sphere is, it accordingly worsens economic performance.

Ensuring equivalence of interbranch economic relations in proportion to the capital invested on the basis of its turnover will enable to increase the efficiency of all sectors and areas of agroindustrial production.

Non-equivalence is the only possible form of relationship between sectors that are not identical sociogenetic structure.

The regular dynamics of non-equivalence process is characterized by the accumulation of negative feedback, which makes the presence of the same restrictive of regulatory mechanism.

This mechanism is the logical form of a combination of non-equivalence regular nature and stability of economic development of society. But socialization of economic relations is not only increased heterogeneity sociogenetic structure and therefore - non-equivalence, but to some extent it addresses (including through the development of cooperative processes in agricultural production and some areas of science and technology). This is the natural regulation of limiting non-equivalence [124, p. 79–80].

As has been proven integrity of interbranch economic relations of agroindustrial production is realized through the relevant criteria of balance and proportionality.

Due to lack of organizational, economic and technological dependence on other agriculture related industries, this leads to unequal interbranch exchange between them.

A key determinant of motivational basis of management in the agroindustrial sector is an economic mechanism of interbranch relations.

Quality motivational basis depends on the optimality of economic mechanism.

Given the ongoing nature of the index as optimal, we can predict the existence of some continuum of organizational models of economic mechanism, the poles of which (continuum) are determined by the dominance of the interests of agricultural and non-agricultural sectors [124, p. 251].

Materials of investigations of consumption of basic foodstuffs (Table 3.1) show that in 2014 consumption of sugar decreased by 1,4 times or by 27,4% (compared to 1990) with per capita per year, while consumption of potatoes in contrast, is defined upward trend in consumption of 131 kg in 1990 to 141 in 2014.

Table 3.1.

Consumption of basic food products for one person for a year, kg

Food products	years									
	1990	1995	2000	2005	2009	2010	2012	2012	2013	2014
grain products	141,0	128,4	124,9	123,5	111,7	111,3	110,4	109,4	108,4	108,5
sugar	50,0	31,6	36,8	38,1	37,9	37,1	38,5	37,6	37,1	36,3
oil	11,6	8,2	9,4	13,5	15,4	14,8	13,7	13,0	13,3	13,1
potato	131,0	123,8	135,4	135,6	133,0	128,9	139,3	140,2	135,4	141,0

Source: [State Statistics Committee of Ukraine for the relevant years]

According to official statistics in Ukraine normal consumption of sugar is 38 kg /year. Consumption of sugar depends on the season. Especially in sugar consumption is growing at a time when there is increasing need for juices, compotes, jams, beverages, ice cream, canned fruit and so on. Average sale prices for of agricultural enterprises (except small) agricultural products are presented in Table 3.2.

Analyzing Table. 3.2, the average selling price of agricultural enterprises of agricultural production are seeing a change in dynamics. Thus, the average prices of grain and leguminous crops in 2014 are increased 10,7 times more compared to the base 1996. As for oilseeds prices, they are increased in 2014 to 15,3 times more, and sugar beets in 7,6 times more are to 1996. In 2014, the average price for milk and milk products are increased by 18,7 times more compared to 1996, cattle and poultry in live weight – by 16,2 times more, fruit and berries – by 10,2 times more.

To solve the problem of interbranch exchange of equivalent to apply integrative approach. Economic mechanism of interbranch relations, based on the price of production is actually a compromise, an intermediate option between opposing models of monopoly and cooperative economic mechanisms.

The need for implementation deficiencies compromise is predetermined by boundary models: in the first case is ignoring the interests of agricultural producers, in the second is inability organizational implementation.

Table 3.2.
Average selling prices of basic agricultural products in agricultural enterprises

Agricultural product	1996	2000	2005	2010	2011	2012	2013	2014	2014 % to 1996
grains and legumes	168,4	443,8	417,8	1120,9	1374,2	1547,1	1299,8	1801,4	10,7 times more
oilseeds	265,4	525,7	981,5	2942,6	3312,0	3584,0	3087,5	4062,8	15,3 times more
sugar beets	64,6	121,5	177,0	478,5	516,0	426,8	397,8	494,2	7,6 times more
potato	274,3	517,1	685,2	2131,0	2032,8	1139,6	1860,9	2173,6	7,9 times more
vegetables	326,4	572,1	1462,1	2551,6	2139,1	1956,6	2354,0	2514,3	7,7 times more
fruits and berries	238,1	394,9	987,8	2419,8	3175,9	2707,1	3010,8	2429,1	10,2 times more
livestock and poultry (live weight)	973,4	2358,0	6909,9	10797,1	11967,2	13456,9	12901,3	15736,9	16,2 times more
milk and milk products	191,5	536,4	1126,9	2938,7	3041,6	2662,2	3364,0	3588,4	18,7 times more
eggs, for thousand pieces.	114,6	191,7	251,8	470,6	521,5	627,0	656,7	782,4	6,8 times more
wool for quintal	161,3	318,3	444,1	416,5	700,4	851,3	694,9	755,7	4,7 times more

Source: [State Statistics Committee of Ukraine for the relevant years]

The system of influence on pricing mechanism is presented in Figure 3.2.

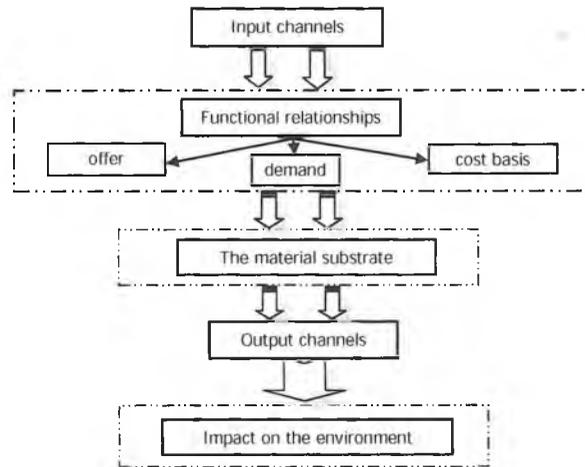


Figure 3.2. The system of influence on pricing mechanism
Source: [own researches]

However, the concept of cost of production in its classical sense different from the prices of production, which is expected as a regulator of interbranch economic relations. This is due to the mechanism of achieving it: in the first case, this mechanism is automatic, in current conditions it is based on the regulatory role of the state [124, p. 278–279].

Through the introduction of a mechanism equitable distribution of income and free pricing mechanism for the products of the agricultural sector may provide a normative level of profitability of agroindustrial production.

Setting a maximum level of prices has caused increase the demand (consumers seeking more than the prescribed low price) and offer reduced (producers do not want to produce at much lower price specified), which gives rise to the deficit.

Specific features of the economy of agriculture and food industry, manifested in the high volatility in prices and revenues are related to the fact that most of the demand for food is inelastic or low consumer price and income, and their production may vary from year to year, mainly due to changes in weather conditions (price increases, such as in the case of drought) [198, p. 124; p. 206].

Some researchers believe that the current economic conditions farmers must have adequate market conditions, price policy, which would allow to reduce the loss of business.

The choice of pricing strategies in agricultural production depends on various factors, the main ones are:

- state policy in the sphere of pricing on agrofood products and directions of change;
- current economic policy on the market and agri-food products including pricing;
- the stage of the life cycle of a particular product and its degree of innovation;
- market conditions and the overall size of the market;
- the competitive market environment and position of enterprise in it, the possible reaction of competitors to the actions of the company;
- competitiveness and goods produced;
- the real costs of the company and its planned profit;
- the value of goods for consumers and the proposal to competitors;
- various of market segments and consumer demand factors;
- characteristic peculiarities of consumers of particular products [82].

Formation of the pricing mechanism in agricultural production should be based on determining a price to facilitate observance of equivalent exchange and provide farmers income, sufficient to make play.

In terms of market regulator of production is profit for all advanced over a period of their own or borrowed capital. In terms of market regulator of production is profit for all advanced over a period of their own or borrowed capital.

So, the most appropriate in this case seems to use price calculation "cost of production", based on the application rate of return on which is determined reasonable cost a lot of profit.

Pricing policy should promote cost recovery of agricultural production with the level of performance and should be directed: the first stage – (under limited financial capacity of the state) – to provide at least the simple reproduction

of production in key sectors of agriculture through the introduction of support prices (mortgage prices) and within the food security of agricultural products; the second stage – the stabilization and creation of economic prerequisites of expanded reproduction of production volumes in domestic and export needs based on respect and parity through free pricing and, if necessary, the use of equivalent prices (prices extended play); the third stage – the implementation of a gradual shift from direct regulation through the mechanism of equivalent prices to increased demand for food by the poor support [9, p. 217–220].

According to V.L. Valentynov, tools that can be used to support government agencies price can be based on international experience, categorized in three groups: through stabilization loan rates; product supply constraints; direct compensation payments (restriction of supply is not seen as a direct price, and as an aid regulation) [17].

The integrity of agroindustrial production is caused by the growth of technological interaction between sectors of the national economy, interaction of system of interbranch economic relations.

Pricing for agricultural products today does not provide the necessary return on capital.

In the absence of direct government support and the absence of interbranch exchange today agroindustrial production lost profits.

One of the important elements of the regulation of interbranch economic relations in the pricing system is to create a mechanism that will provide efficient pricing in certain revenue and planned cost, which should cover all costs of agricultural enterprises, as only at right specified price a farmer can have adequate financial stability. After the introduction of the economic mechanism equitable distribution of income and the establishment of guaranteed prices for products of agrarian sphere possible regulatory support of agroindustrial production yield of balancing public interests of producers and consumers.

3.2. State regulation of the economy in agroindustrial production

State regulation of the economy is intended to ensure its balance and sustainable development. Specific directions, forms and scope of state regulation of the economy are determined by the nature and severity of the economic, social, environmental and other problems in any country. State regulation of the economy in a market economy is a system model of legislative, executive and supervisory nature, exercising competent state institutions and public organizations to stabilize and adapt existing socio-economic system to the changed conditions.

The process of economic regulation requires implementation of complex organizational, economic, financial and administrative measures as part of effective implementation of the policy of social development [158, p. 3]. Some authors believe that the state has huge opportunities to influence the processes of price regulation and control of the movement of the level and structure of prices, the effect of all price mechanism towards achieving equivalence commodity-money exchange parities and price. Now all highly developed countries the prices to some extent under the regulatory influence not only the market but also the state [85, p. 184].

"State regulation of the economy is organizing and regulating the state's influence on the economic activity of the market with a view to streamlining and improving efficiency" [35, p. 16]. State regulation of the economy is intended to compensate for defects of market self-regulation. Its specific areas, scope and methods are determined by the nature and severity of the socio-economic problems in the country in a given period. Providing an organic combination of market self-regulation mechanisms and state regulation is the key to economic and social development. How best to provide such a combination, depending on the activity of state bodies. In Ukraine, the reform of public administration is continuing. Now the goal is to improve the economic, social, political and humanitarian spheres, to overcome deep strains that emerged in the initial stage of the transformation process. Their implementation requires the formation of a strong state, enhance its regulatory functions [35, p. 3].

State regulation, in our opinion, should form such structural economic inter-branch relations between the spheres of production, harvesting, storage, processing and trade relations that would ensure vertical coordination or integration partners. Objects of state regulation of the economy are spheres, branches of economy, regions and situations, events and socio-economic conditions of the country, which have arisen or may arise difficulties, problems are not solved automatically, or those that settled in the distant future whereas mitigation surely necessary for normal functioning of the economy and maintain social stability. The objects of state regulation of the economy are economic (investment) cycle; sectoral, regional and sectoral structure of the economy; conditions for accumulation of investment capital; employment; currency; balance of payments; prices and competition; training and retraining; the environment; foreign economic relations. In general, the main purpose of government regulation of the economy is to ensure economic and social stability and strengthen economic security [198, p. 24].

To ensure equivalence of interbranch economic relations in agricultural production is necessary, first of all, to conduct the organizational and economic measures.

Thus, the formation of current agricultural policies should be based on clear and objectively defined areas of structural transformations branch and inter-branch economic relations based on a realistic account of the currently existing proportions in the production, processing and consumption of food and breakdown by commodity groups to meet consumer interests of the population of Ukraine and exports competitive on world markets.

State regulation, in our view, should establish such interbranch economic relations between the spheres of production, harvesting, storage, processing and trade relations which would provide vertical integration partners. The basis of these relations must be put mutual common economic interests of its members. Given the specificity of interbranch economic relations in agriculture, the main groups of regulation are organizational and economic. By the organizational activities that play an important role in the governance and regulation of the economy are offered by the Government of Ukraine means of pulling the economy from the "shadow", namely to change the licensing requirements for businesses, identify types of licensing which should be abolished; change registration procedures by introducing a single service desk, and a single registration

document; clarify and simplify the customs clearance operations and foreign trade, customs control while ensuring their transparency [198, p. 145–146].

The main components of organizational regulation of interbranch economic relations are forming the subject of regulation and its direct connection with regulated through legislation, price, credit and investment and tax arrangements. Implementation of complex programs directed to regulation of interbranch economic relations between the two (forward and reverse) in order to create favorable conditions of facility management and improve the efficiency of national economy. In addition, between the types of enterprises in agricultural production and structural links enterprises to create conditions for rapid processing of agricultural products in the region and operative retail and wholesale trade.

The organizational diagram of the production structure of interaction of interbranch economic relations in agricultural production is presented in Figure 3.3.

We believe, that we can significantly change the crisis situation that arose in agricultural production through the joint efforts of producers of raw materials, production processing and sales, trade and service cooperatives on the basis of mutual aid and economic cooperation.

It is necessary to integrate timely production through industrial processing and recycling of waste. Agricultural producers will receive additional economic benefit and mutual interest in waste production with this association industries.

Special urgency is the search for instruments of state regulation that can ensure qualitative changes in the economy and social sphere. These are mastering of innovative model of structural adjustment and economic growth; overcoming deep differentiation of incomes, poverty reduction, strengthening the middle class; adaptation of the national economy and development trends of the world economy and others. [35, p. 3].

The main components of organizational regulation of interbranch economic relations in agriculture are presented in Figure 3.4.

Tools of state regulation are:

- public funding;
- the price and customs and tariff regulations;
- establishment of optimal macroeconomic proportions.

The main objectives of the structural and organizational tool of regulation are:

- customs tariff;
- social and psychological;
- market-pricing;
- financial and credit;
- innovation and investment.

We believe it is necessary to predict changes directly in the structure of production assets of agricultural production. We believe that only with the successful provision of equivalent interbranch economic relations in agroindustrial production distribution interbranch relations can achieve sustainable economic development of the economy of the whole country. Only on the basis of sectoral features may be effective establishment of vertically integrated structures.

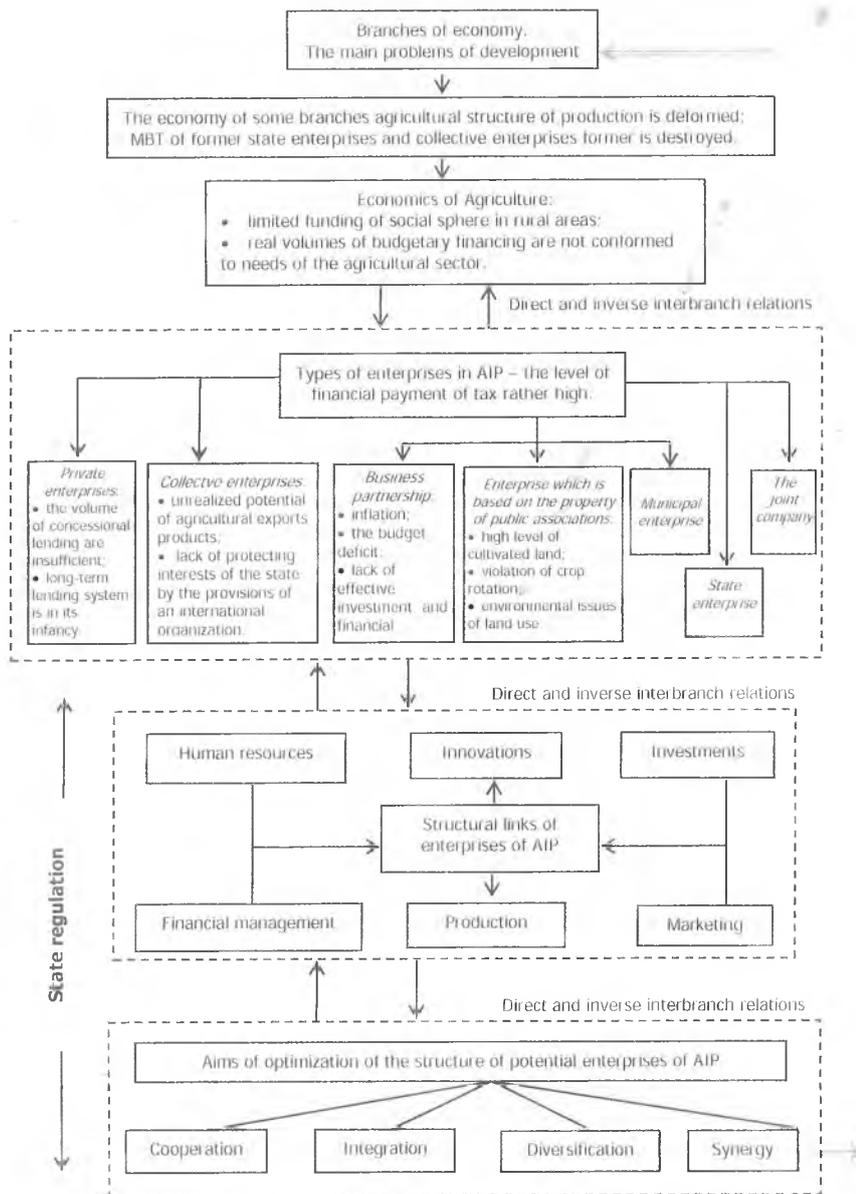


Figure 3.3. The organizational diagram of interaction of production structure
Source: developed by authors

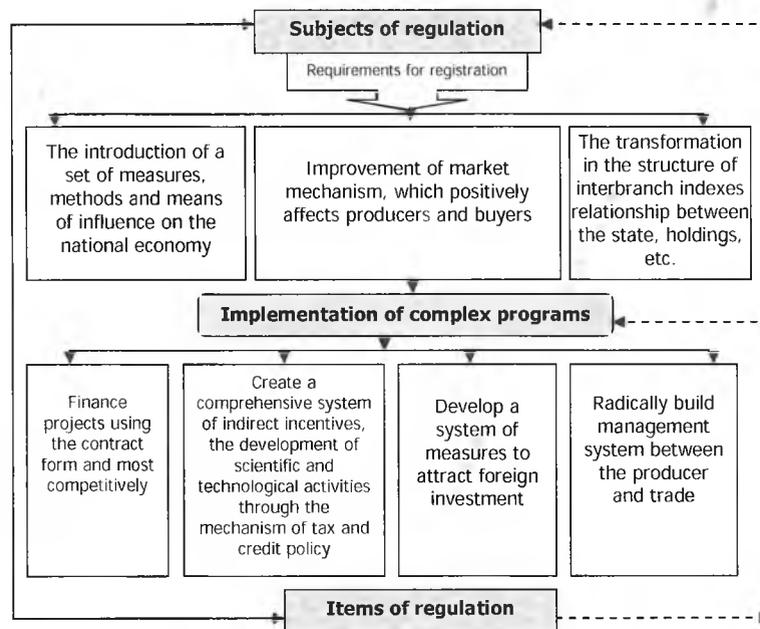


Figure 3.4. The main components of organizational regulation of interbranch economic relations in agriculture
Source: developed by authors

Note: — direct link; - - - - - feedback

The main trend of non-equivalence of regulation of intersectoral economic relations, the economic growth of agriculture is productivity growth. Evolutionary overcome the problem of non-equivalence, possibly provided significant improvement of institutional mechanisms for vertical relationships.

We believe that economic instruments of regulation of intersectoral relations in agriculture are structural and organizational; financial; price; tax (Figure 3.5).

Given the need to ensure progressive structural changes, the state should influence the necessary interbranch and branch proportions.

Economic policy at the regional level has the following directions:

- strengthening the social orientation of production in each sector;
- formation of efficient production structure in some areas and industries by limiting the development of raw materials and semi-finished production;
- increasing the share of enterprises with a complete production cycle and improve the use of its own natural-resource potential;

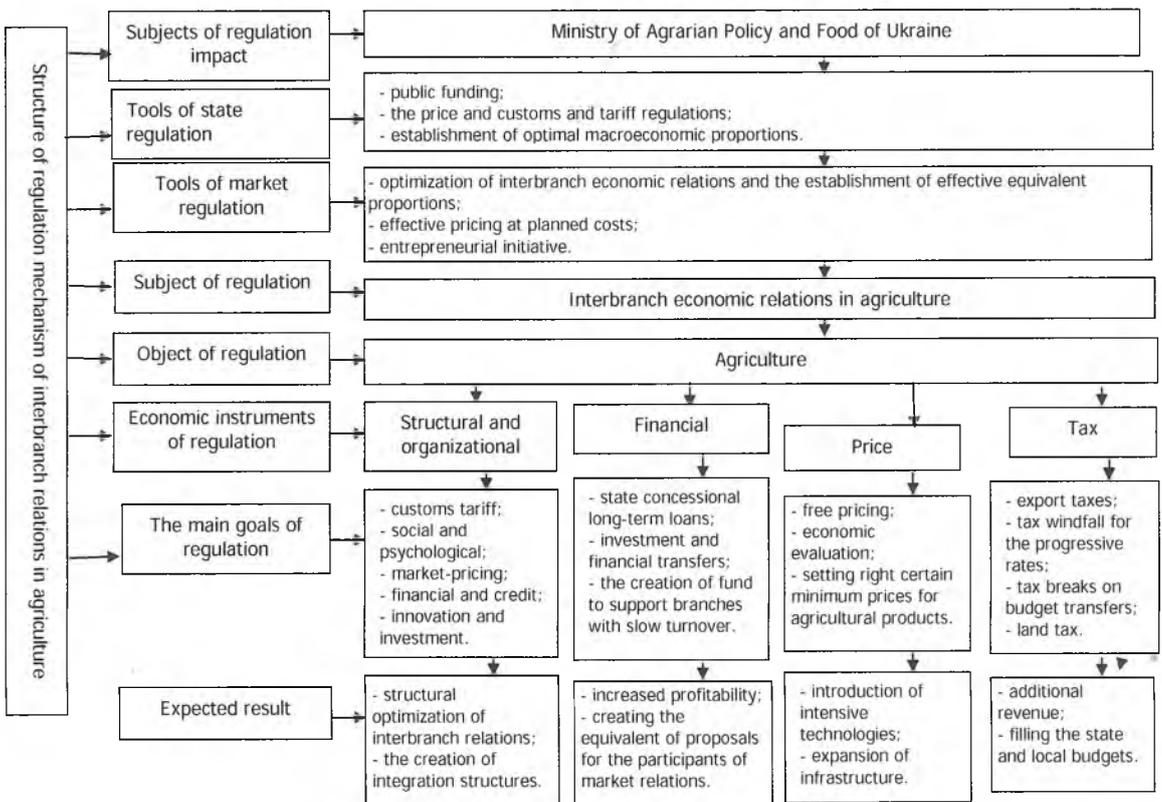


Figure 3.5. The structure of the mechanism of regulation of interbranch relations in agriculture

Source: developed by the authors

• scientific and technological renovation of production, introduction of mo-

re efficient and environmentally safer technologies, improve quality and technological level of products and materials produced, the development of new advanced types that would be competitive on the international market and replace imported materials;

- development of production to meet the needs of their own interbranch cooperation, improve balance of foreign economy and reduce dependence of Ukraine [153, p. 113–114].

State regulation of the economy is organizing and regulating the state's influence on the economic activity of the market with a view to streamlining and improving effectiveness.

The main functions of management are: organization, planning, management, staffing, monitoring [35, p.17].

Pricing system provides efficient price formation at planned costs and profits determined which should cover all costs of production of agricultural enterprises. However, pricing is an important instrument of economic regulation of interbranch economic relations in the agricultural sector.

Field is defined as the price will enable the farmer to be competitive in the market and have a long-term financial stability.

It is due to specific reasons for government intervention in social and economic effects of production following states can be called structural policy in agroindustrial production.

Effective structural policy is based on macroeconomic level effective, proportionate socially-oriented economy model of market type. Dynamic macroeconomic equilibrium, support the most effective of interbranch proportions of the national economy, the achievement of national interests are the guarantee for sustainable economic growth.

We share the scientific opinion and support the position of some scientists and practitioners on current conditions optimal combination of state regulation of the economy with market regulators, "... who can provide the most accelerated output of the agricultural sector, especially agriculture out of crisis " [66; 68].

We believe that interbranch economic relations between the five spheres of agroindustrial production is directly determined by the type of economic system that exists in the national economy of Ukraine.

According to researches of I.H. Kyrylenko, S.M. Ryzhuk, S.M. Kvasha production effectiveness at planning and organizational economic system in each of the areas defined on the basis of established national yield production (approximately 20% profitability) based on the existence of state purchasing prices and cash-basic of branch cost of production [66; 68].

Measures of stimulate economic structural policies on public stages of interbranch relations in the field of agriculture production are presented in Fig. 3.6.

In the case of emerging market-economy income obtained in each of the areas of agricultural production became vary depending on the development of competition in the of AIP, as the latter is formed on the basis of supply and demand. In order to form an effective proportions between agroindustrial production must strengthen regulatory interference of the state in the development of market relations.

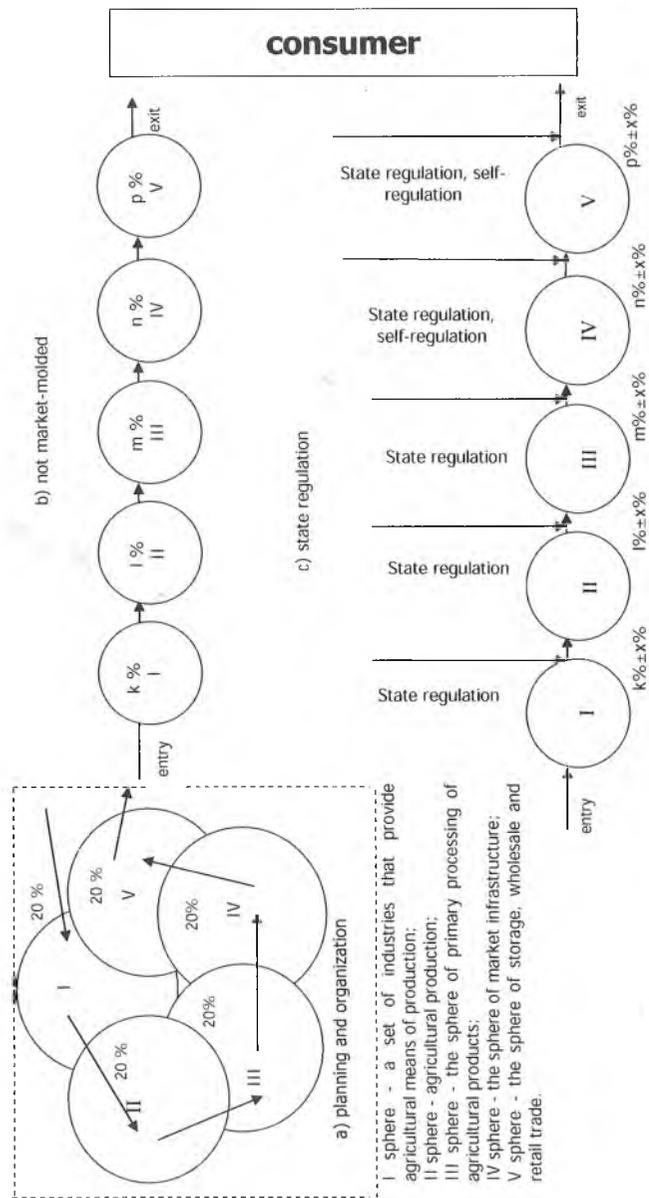


Figure 3.6. Implementation of measures to stimulate economic structural policies of the state on the stages of the inter branch relations in the fields of agricultural production

Source: formed by the authors based on [66; 68].

Let us consider the interaction between structural elements of the agriondustrial production in the other two types of economic policy.

So, the first option is presented, provided the market-economy unformed. Already in the I sphere (the production of means of production for agriculture (industry, which produce mineral fertilizers and chemicals, feed mill industry, microbiological industry, and others) you can make a profit – $k\%$, in the II sphere (agriculture production) – $l\%$, in the III sphere (primary industrial processing of agricultural products (industry, are engaged in the industrial processing of agricultural products: milk, meat, flour, cereal, etc.) – $m\%$, in the IV sphere – (industry of market infrastructure (areas that are engaged in harvesting, transportation of agricultural products, etc.) – the $n\%$, and in the V sphere (storage, wholesale and retail trade), respectively – $p\%$.

Market conditions in spite of the level of competition within the sphere enable manufacturers to generate revenues that will eventually lead to higher market prices for the consumers of the final product – food products in a lack of competition in some areas.

State influence on the economic activities of agricultural production is carried out by regulating the market environment subject to state regulation of agricultural production, and thus profits in each of the five areas in the + $x\%$ separately. The purpose of such a structural state intervention is the need to influence the formation of the industry average prices of goods and products, appropriate to the public interest: food interests – citizens, economic – agricultural producers, financial – state .

So profit obtained in each of the farming industry in the existence of the planned economy, the state formed on the basis of proposals suspended.

The planned allocation of resources, planned pricing, centralized approval volumes and target investment allocation between sectors, bound implementation plan product delivery, financing from the state budget branches, compliance with the rules of proportional economic activity were basic platform for planned economy.

In the transition to a market economy without competition, the industry felt free market, business entities tried to make a profit, thus creating unacceptable to economic conditions related field exchange. Antimonopoly law is one of these regulators.

We found that the practical application of existing economic methods and instruments of regulation of interbranch economic relations mostly characterized by imperfect legislative support. It is necessary to adopt the Law of Ukraine "About inter branch and economic relations in the economy of Ukraine", which is necessary to provide:

- a) to introduce taxation of super profits for the progressive rates;
- b) to create a support fund industries sustained capital turnover, which would be formed in the budget at the expense of that received from income taxation of agricultural enterprises super profitable sectors of the national economy.

So, it is proved that the organizational forms of interaction mechanism based on economic, cooperative relations and integration ensure the unity of interest and action constituents through organizational and economic relations, create conditions for the management and coordination of agriculture, ahro-

promyslovo-trade, food systems, holding companies and other agricultural formations [5, p. 23].

According to S. M. Kvasha, organizational and economic mechanism of reproduction is "... using the measures of state regulation and market leverage. Among the first out protectionist measures on the domestic food market, indirect budget support agricultural production, preferential taxation and crediting agricultural producers. Market regulators structural changes in agriculture provide value and dynamics of supply and demand for agricultural products, the use of competition law in the agricultural market, marketing tools and strategies available in the market environment" [67].

The main categories of market are supply and demand which realized in the sale of goods by wholesale and retail trade. It is supply and demand leads to structural changes in production affect the level and dynamics of prices, causing the transfusion of capital and the movement of production resources between sectors and regions [202]. The effects of this law shows, first, that low prices encourage consumers to buy products (practice "sale" of goods at reduced prices), and secondly, the effect of income and substitution effect. The first is found in the fact that at a lower cost consumer can buy more goods, not denying themselves in acquiring other alternative products. The second – that lower prices for consumers seeking to purchase cheap goods instead similar to that expensive.

The theoretical expression of this law is the category of "asking price". This law was first grounded by A. Marshall. However, it is incorrect as a justification for unlimited demand and the inclusion of the insolvent demand. In addition, the content of the law is wider than its name, includes for the prices that are primarily a function of supply. The ratio between supply and demand affects to the deviation of market prices for goods and services. At the lowest stage of development of capitalism in the mechanism of the law of supply and demand dominated by elements of spontaneity. Balancing supply and demand is due to free competition, pricing, natural transfusion of capital within sectors and between sectors, economic crises. At present the mechanism of the law of supply and demand prevail elements of conscious regulation of planning and organization inherent in each business entity, any ownership, especially state regulation. Competition between producer and consumer, as well as among manufacturers by constant price fluctuations in demand and the offer price. At some point they intersect, there is a new price – the price of equilibrium. The mechanism of the law of supply and demand appears within individual national economies [45, p. 242]. The extent and form of state intervention in the pricing depends on the economic development, the share of public sector information processes intensity and other factors. Thus, at the stage of market economy or in times of crisis the government directly intervenes in the same pricing mechanism, compensating for the inability to establish market equilibrium price. In a developed market with stable monetary and financial system, government intervention in prices is limited only relevant impact on the conditions and side effects free pricing [35, p. 278].

Summing up a set of reasons for the growing divergence between the prices of agricultural products and inputs for agriculture, it should be noted that the relatively negative situation of agriculture primarily driven by a high degree

of monopolization of related industries. It makes agricultural commodity prices take that form in conditions of uneven distribution of market power. Other reasons are: the uneven development between science and technology and the growing demand for agricultural products; high speed uneven circulation of capital in various sectors [195, p. 30].

Based areas of agriculture, as the main managers of agroindustrial production are: fast, proactive development of productive sectors; accelerating the pace of development in the processing industry; comprehensive development of industrial and social infrastructure; welfare, culture and health care; establish a modern framework for the conservation and processing of agricultural products; introduction of non-waste technology.

Forming relationships between the branches of agroindustrial production requires thorough research, effective assistance from the state, effective regulation of interbranch economic relations by implementing of enterprises models of agricultural production.

Sustainable economic development is not possible without addressing the state of the main tasks:

- strengthening the foundations of law;
- maintain a stable and balanced political situation;
- social investment;
- support for vulnerable groups;
- environmental protection;
- ensure the defense of the country (which, in principle, impossible without ensuring its food security) [198, p. 58].

The main objectives which now faced by the agricultural production and, in general, by the food industry of Poltava region are:

- a) for agricultural region: improving conditions of logistics agricultural sector (annual increase of agricultural machinery by investment programs, improve service companies to repair vehicles); involving local people, graduates of vocational and higher education institutions to the agricultural production; improving working conditions and social problems for young families; improve productivity;
- b) for the food industry: creation of pricing forecast by organizing the agricultural market; create conditions for healthy competition; introduction of new technologies in the production; creating conditions for interest, both foreign and domestic investors; attracting various forms of lending to small and medium enterprises; sanitary standards of food quality; updating of material base of the food industry; development of new distribution channels of agricultural products production; creating new assets; improving the quality of manufactured finished products.

In our view, only the effective state support for new forms of production, providing the necessary legal framework able to promote the effective development and enhance of agrobusiness in Ukraine.

CONCLUSIONS

Having done the analysis of the current state of interbranch economic relations in agricultural production was established, the main mechanism for improving the agricultural production and achieve proper integration synergy focus on the agricultural production of vertical type. Only vertical integration can provide unity and continuity of support and technical actions and best uses complex of economic resources. We believe that one of the important factors that integrates the agricultural production sector is processing industry. This requires interbranch exchange as the leading methodological principle, combine into a coherent system which will include areas of strategy, tactics and ways to improve of interbranch economic ties. Integrity of interbranch economic relations of agroindustrial production is realized through the relevant criteria of balance and proportionality. Due to lack of organizational, economic and technological dependence on other agriculture related industries, this leads to unequal interbranch exchange between them.

The effective development of interbranch economic relations can be achieved provided the full integration of marketing in agroindustrial enterprises. We believe that no working mechanism of regulation of interbranch economic relations in agricultural production reduces the efficiency of the industry and a significant decline of agricultural production. Through the introduction of a mechanism equitable distribution of income and the establishment of guaranteed prices for products of agricultural areas may provide normative level of profitability of agricultural production.

One promising avenue stimulate investment in Poltava region is the development of investment projects, which would provide for the creation of a favorable business environment for investment process. Operational investment activities in the agricultural sector of Poltava region will promote the production of agricultural enterprises and facilitate the rapid creation of new jobs that are extremely necessary today for all of the Poltava region. The basis of the investment policy of the Poltava region should be the maximum development of entrepreneurship of economic activity. The priority direction for foreign investment in the Poltava region are trading activity – 22,8%, municipal and individual services and activities in the field of culture and sports – 15,5%.

The main problems in the investment activity in the Poltava region are insufficient use of modern means of disseminating information about the investment potential of Poltava region; extremely cumbersome licensing system, which negatively affects the investment projects that affect the investment attractiveness of the region; budget cuts to radical innovation, upgrade agricultural production and products; excessive length of innovative processes in time. Over the last 10 years the sugar beet production in the Poltava region was only

17418 thousand tons. Comparing figures for sugar beet production in the period from 1995 to 2010, the authors ascertain its reduction by 908 thousand tons (88%).

The main sectors of agriculture of the Poltava region are crop (grain farming, technical (including sugar beet) and fodder crops) and livestock (pigs, dairy cattle). These branches, taking traditionally the most significant share in the structure of the gross output of the industry and the consumption of the population of the region, require urgent and priority attention. With the active financial support from the state will be able to have additional working capital to recover material base for new technical and technological basis; ensure a more productive use of land resources; introduction of mandatory compliance scientifically grounded sugar-beet crop rotation; the rapid development of advanced technologies bioadaptive sugar beet to the main cultivation; rapid introduction of scientific and technological progress; concluding future contracts between seller and buyer, on the one hand, and clearing house of futures exchanges, on the other hand, the supply of sugar beets at an agreed price on a specific date in the future.

Ways of overcoming the crisis in certain sectors of the food industry of Poltava region are:

- forming a powerful resource base of the food industry;
- consistent improvement of the structure of food industry towards accelerated development of the food industry that have a competitive advantage products on the world market;
- ensure adequate level of funding for research and design organizations of the food industry for their effective functioning;
- internal and foreign investment sectors of the food industry;
- active support domestic producers of food;
- improvements of material base of the food industry of the Poltava region.

Pricing for agricultural products do not provide the required return on capital. The main drawback of the financial activities of the agricultural enterprises is the lack of conditions for the functioning of the entity, which is one way of entry of Ukraine in conditions of financial crisis.

One of the important elements of the regulation of interbranch economic relations in the pricing system is to create a mechanism that will provide efficient pricing in certain revenue and planned cost, which should cover all costs of agricultural enterprises, as only at right specified price a farmer can have adequate financial stability.

Pricing is an important instrument of economic regulation of interbranch economic relations in the agricultural sector. The dynamic growth of all sectors of the agricultural production is only possible when state regulation of deep socio-economic issues of agricultural and structural policies in law.

Transition domestic refineries for processing raw materials resulted in overloading the domestic sugar market and, consequently, led to the failure of quotas "A" – an annual quota of sugar supply on the domestic market.

It is necessary to amend the Law of Ukraine "On state regulation of production and sale of the sugar market" on the volume of sugar production from raw materials, as the volume of sugar refineries producing country in the

domestic market are not met, reducing the financial revenue of the country. In addition to the above, it is necessary to limit the volumes of sugar from raw materials of quotas "A".

The main factors that determine the need to ensure and improve product quality, are the growing role and the pace of technological progress in the development of science, technology, production and national economy; increase in imports and exports, strengthening of the intensification of production and increase its efficiency.

The basis of competitiveness management company are conceptual provisions of modern economic theory and management, including: the key market of the theory, the theory of competition and competitive advantages, the concept of strategic management.

To improve the situation in the sugar beet production of the Poltava region it is need to follow the performance of manufacturing operations for the production of sugar beet. Improving of cost efficiency of sugar factories of the Poltava region is subject, rational use of inputs, improvement of interbranch economic relations manufacturers, developing new technology integration, effective economic relations, creating an appropriate legislative framework.

With a view to the effective development of sugar-beet industry and preventing the crisis it is necessary to strictly comply with the requirements of ISO 9000: from intensive technologies of cultivation of sugar beet to the finished product – sugar. At all stages of production, you must create a clear comprehensive a system of quality. With the revival and development of sugar-beet industry should be implemented the latest scientific and research institutes in the field of production and trade.

While improving of interbranch economic relations will enable manufacturers to solve the problem of sugar-beet industry, increase the level of specialization that of basic sown beet farms of Ukraine; improve the economic efficiency of refineries; increase customer satisfaction and the effectiveness of the existing quality management; improve the organization of agricultural management, attract foreign and domestic investment.

Gaps in current legislation in terms of price control, a significant rise in fuel and lubricants for the acquisition of new technologies and purchase of mineral fertilizers - led to the destruction of agricultural and processing enterprises of sugar-beet industry. A successful distribution providing equivalent of interbranch economic relations can achieve for sustainable economic development of the economy of the whole country. Only taking into account branch features possible formation of effective vertical integration structures.

The main trend of non-equivalence of regulation of interbranch economic relations, the economic growth of the agricultural production is productivity growth. Due to the dynamic structural changes in the areas of primary and deep industrial processing of agricultural raw materials, where a capital value added, is the imbalance of interbranch economic relations.

Effective structural policies of macroeconomic conditions can be built in the state support the most effective of interbranch proportions in the fields of national economy and the achievement of national interests.

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APPENDIX A

Table A. 1.
Approaches to the definition of "investment"

Source	Definition
Law of Ukraine "On investment activity" [111]	Investments are all types of property and intellectual values invested in the facilities business and other activities, which resulted formed (income) or social effect is achieved.
Law of Ukraine "On Profit Tax" [112]	The investment is defined as a business operation which provides for acquisition of fixed assets, intangible assets, corporate rights and securities in exchange for money or property.
Blank I.A. [11]	Business investments are investing capital in all its forms in different objects (tools) its business for profit and to achieve other economic or non-economic effects, the implementation of which is based on market principles and due to the time factor, risk and liquidity.
Bolshaia L. M., Koval M. I. [13]	Investments are using of financial resources in the form of long-term investments of capital (investment).
Hytman L., Dzhonk M. [22, p.10]	Investments are methods of allocating capital, which is to ensure the preservation or capital appreciation and (or) bring positive value of income.
Economic Code of Ukraine from 16.01.2003 № 436-IV [24]	Investments are long-term investments of different types of property, intellectual property and proprietary rights to the objects of economic activity in order to get income (profit) or to achieve a social impact.
Hrebelyuk O.P. [25]	Investments are long-term capital investment in their own country or abroad in different industries, entrepreneurial and innovative projects of socio-economic programs.
Hutkevych S. O. [28, p. 8]	Investments are the implementations of economic projects identified in the current period from the calculation of income in the future.
Hutkevych S. O [29, p. 15]	Investments are capital investments for profit or defined as all types of property and intellectual values invested in the facilities business and other activities for profit (income) or achieving social effect.
Dzh. M. Keins [213]	Investments are current value growth of capital assets due to the production of a certain period, that part of the income for the period, which was not used for consumption.

The economic encyclopedia [40, p. 630]	Investments are a long-term investment in various fields and branches of economy within the country and abroad for the purpose of the appropriation of profit.
Economics of Enterprise [38, p. 245].	Investments are a long-term investment capital (money) in the business to obtain a certain income (profit).
Zavadskiy I. S. [53]	Investments are material and financial conditions of the expansion and modernization of production, creation of productive and social infrastructure, inventories and reserves, training and retraining, development enterprises and scientific services.
Kasl E., Bekner M., Nelson A [65]	Investments are additional investment in the form of total assets in the business.
Komarov Y. [71]	Investments are the investment of financial and logistical means to obtain the desired socio-economic benefits.
Kostyrko R.[74]	Investments are a set of costs realized in the form of long-term investments in real capital or financial facilities. Investments are made in order to obtain results – quantitative (income).
Kryshan O. F. [75]	Investments are money, property, intellectual values invested in business and other activities for profit.
Krylov E.Y., Vlasova V.M., Zhuravkova Y.V. [78]	Investments are monetary tools, securities, other property, including property rights, other rights having monetary value invested in business and (or) other activity for profit or other benefits.
Krutyk O. B., Nikolskaia O. H.[77, p. 59]	Investments are a dynamic process of change of capital, consistent transformation of primary resources and values in investment costs and transforming investment in growth capital cost in the form of income or social impact.
Maierova T.V.[87]	The concept of "investment" comes from the Latin term <i>invest</i> , which means "to wear". In a broad sense in this category, investments are capital investments for its future growth. This capital gain shall be sufficient to compensate the investor rejection of the use of the funds available for consumption in the current period, to obtain compensation for risk, to compensate losses from inflation in the period ahead. Investments are a complex and meaningful concept that integrates various economic processes that affect the production, distribution, exchange and consumption, and they are fundamental to social reproduction.
Peresada A.A., Smyrnova O.O., Onikiienko S.V., Liakhova O. O.[61]	Investments are material and financial basis and upgrade fixed capital, which determines the structure of the economy, its growth rate and level of competitiveness in the global market.
Podshyvalenko H.P., Lakhmetkyna N.I., Makarova M.V.[57]	Investments are combinations of expenses realized in the form of investment in different branches of the economy, business and other activities for profit (income) and achieving individual goals as an investor and positive social impact.

Dictionary of foreign words [136, p. 465]	Investments are capital investments in production for profit.
Soloninko K. S. [140]	Investments are using of savings to create new production facilities and capital assets. The structure of investments includes all expenses for the purchase of machinery and equipment of all construction works and change in inventories.
Savchenko A. H. [126]	Investments are payments made by economic actors for the purpose of capital formation, which involves the creation of new capital and compensation for worn-out capital.
Tereshchenko O. O. [157]	Investments are all types of property and intellectual values invested in business and other activities, which resulted in creating profit (income) or social effect is achieved.
Udalykh O. O. [185]	Investments are all types of property that are made by foreign and domestic investors into objects of investment activity in the State.
Ukrainian-Russian Explanatory Dictionary [186, p. 136]	Investments are all types of property and intellectual values invested in objects of different sectors of the economy for profit (income) or achieving social effect. Investments include: cash, shares and other securities.
Fedorenko V.H. [189]	Investments are all types of property and intellectual values invested in business and other activities for profit or achieving social effect.
Folomev A. N., Revazov V. H. [193, p. 23].	Investments are a set of prescribed drugs in various forms that are invested to create a comprehensive resource base reproduction of goods and services, in order to obtain as a result of economic, scientific-technical and other effects.
Chyryk N. V. [199]	Investments are all kinds of property and intellectual values invested in business and other activities, which resulted in income created or achieved social effect. They are long-term, targeted, implemented and non-governmental (private or individual) investors under investment agreements provide for profit investor, subject to state registration.



Fig. B. 1. Main areas of beet cultivation in Poltava region
Note: developed by authors based on [149]

APPENDIX B

Table B.1.
Production of sugar beet by region of the Poltava region (thousand tons)

Years	2001	2002	2003	2004	2005	2010	2011	2012	2013	2014
Poltava region	1120	1115	1033	1465	1543	1803	2654	2895	1546	1740
Velykobahachanskyi	49	43	45	67	44	17	26	32	7	16
Hadiatskyi	81	74	52	78	55	58	193	388	57	70
Hlobynskyi	36	61	47	61	98	186	208	253	294	183
Hrebinkivskyi	22	25	38	57	47	8	48	27	9	14
Dykanskyi	29	37	58	63	61	91	191	48	192	159
Zinkivskyi	35	40	41	52	50	61	79	49	40	54
Karlivskyi	79	78	95	126	164	77	144	66	1	116
Kobeliatskyi	59	50	31	62	48	61	116	246	193	117
Kozelshchynskyi	17	22	15	19	40	119	202	168	133	176
Kotelevskyi	60	69	45	62	61	59	62	50	16	35
Kremenchutskyi	15	15	7	20	6	0	5	-	11	0
Lokhvitskyi	45	35	42	47	48	349	126	157	5	27
Lubenskyi	23	24	20	38	89	75	219	142	7	33
Mashivskyi	41	67	30	44	74	58	90	57	2	1
Myrhorodskyi	43	42	41	67	46	28	114	126	14	57
Novosanzharskyi	52	29	17	33	40	18	51	30	16	40
Orzhytskyi	103	93	96	96	90	30	73	103	5	34
Pyriatynskyi	25	29	18	58	97	38	60	55	8	1
Poltavskyi	29	35	38	48	23	18	25	15	49	29
Reshetylivskyi	49	43	23	21	17	10	13	41	37	7
Semenivskyi	30	19	22	56	60	109	233	175	99	153
Khorolskyi	35	49	49	62	68	61	48	228	153	214
Chornukhynskyi	9	7	7	20	24	7	82	25	2	0
Chutivskyi	76	59	69	78	63	25	44	41	37	46
Shyshatskyi	78	70	87	131	130	240	202	373	159	158

Source: compiled by the authors based on the State Statistics Committee of Poltava region [149, p. 76]

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