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STATE OF DEVELOPMENT OF THE MEAT AND MILK PROCESSING INDUSTRY IN UKRAINE

The agro-industrial complex is one of the most powerful and dynamically developed sectors of the Ukrainian economy. The effectiveness of its functioning influences not only the development of domestic and foreign markets, but also the overall state of the economy as a whole. The agro-industrial complex of Ukraine includes food and non-food sub-complexes, each of which has its own raw material base and markets. The following branches belong to the food complex: fruit and vegetable canning, grape growing and wine making, oil and fat, meat and dairy products, sugar beet, grain products, and potato products industries.

The processing industry maintains strong links with agriculture, machine building, which supplies processing technological equipment to the chemical, microbiological and food industries. There is a close connection between the processing and food industries. Processing industries supply raw materials to the food industry for their further processing, in particular alcohol, oil, starch, sugar, meat, milk, etc. The links of processing enterprises with agriculture are the most effective. The process of interaction between agriculture and processing industries is based on the organizational and economic technological unity of production, storage and processing of crop and livestock products. The processing industry complements the food industry and supplies raw materials and semi-finished products for their further processing. The active processes of international integration update the task of increasing the role of the processing

industry, its economic growth and competitiveness on the domestic and foreign markets [1].

The processing industry is one of the most important components of the national system of any state, and its function is to optimally meet the needs of the population of the country with high-quality, economically and physically accessible food products with the predominant food self-sufficiency of the state and adjustments for participation in globalization processes [2].

Due to the fact that the country's economy has not been in the best position in recent years, the current state of its production today is characterized by a high level of fixed assets wear, their physical and moral obsolescence. This is especially true for the industries belonging to the processing complex of the country which suffered the greatest losses.

The only way out of such a situation is to transfer all production through an innovative development model to a qualitatively new level of functioning. That will help stabilize the development of the economy, transform the domestic processing enterprises into competitive exporters of high-quality products, and expand the niches for domestic commodity producers in the international market for goods and services [1].

The meat and milk processing industries are priority and strategic ones for Ukraine. Strengthening of globalization processes and Ukraine's integration into the world community put forward new requirements for the development of the meat and milk processing industries: compliance with the international standards of quality, and safety; transition to an innovative model of the industry development and active introduction of modern resource-saving technologies of production based on the integrated use of raw materials.

Meat processing industry plays a significant role in providing food security in Ukraine, supplying the consumer with fresh meat, offal, sausages, smoked and canned meat, as

well as semi-finished products. The market for meat and meat products is the most important segment of the country's food market, sustainable development of which is of strategic importance. The meat processing industry is the basis of the food complex of Ukraine, though it is now under rather difficult conditions [3].

The milk processing industry at the present stage of development is no less important for the Ukrainian economy. Significant rates of economic downturn in recent years have negatively affected the development of the industry, revealing low competitiveness of domestic dairy products producers in international markets. Ukrainian milk processing enterprises have recently got a chance to enter the markets of Europe; unfortunately they are not yet able to do it. The ratio price to quality of domestic dairy products does not allow them to meet the needs of the demanding European consumer [4].

The development of the meat and milk processing industries should be guided by maintaining the balance between the raw material base and industrial capacities, as well as between the volumes of the final product production and the possibilities for its realization. Inconsistency in the volume of raw materials and the size of production capacities leads to breaking the rhythm of work, excessive prolongation or reduction of the production cycle duration, ineffective utilization of production capacities, irrational transportation costs.

The Ukrainian meat and dairy products market is quite competitive, and in order to operate successfully and maintain its position, enterprises need to have such competitive advantages as the corresponding raw material base, a wide range of products, adapted to the needs of the consumer, production of innovative products, use of modern technologies, etc. In view of the above, only highly effective enterprises with strict control of product quality will be able to stay in the

market. Therefore, under the current market conditions, businesses are faced with the need to develop and ensure further growth of their competitiveness [5].

The competitiveness of products of the meat and milk processing enterprises can be achieved by reducing their production costs and improving quality, namely: through the development and introduction of new technologies; development of rational processing technology, use of domestic raw materials in their production. In the complex of measures aimed at increasing the competitiveness of products, special attention should be paid to improving the mechanism of resource saving management at processing enterprises, which will provide the opportunity to form stable competitive advantages [6].

The main ways of increasing the competitiveness of products and processing enterprises on the whole in the context of resource conservation are:

- use of less energy consuming equipment;
- systematic analysis of the structural and technological parameters of machines and apparatus, strict inventory of resources, their availability, and costs;
- assessment of energy consumption for lighting, ventilation, cooling, heating, etc.;
- search for energy-saving ways of production, including sanitary processing, modern non-waste technological processes, innovative engineering methods and systems;
- application of the latest resource-saving technologies with deep, complete and complex processing of the main and secondary raw materials;
- generating moral and material interest of employees in the effective use of labor tools, and conscious attitude to the enterprise resources;

developing an appropriate resource conservation strategy; adjusting corporate culture of the enterprise, taking into account the goals of resource conservation [7].

Difficulties in the operation of meat and milk processing enterprises are caused by the following factors:

livestock reduction and territorial dispersion of agricultural enterprises and private households, resulting in shortages of raw materials;

production material intensity, which can be explained by the use of raw materials of agricultural origin, which already contains certain production costs;

complexity of the technological process, and the need to increase the degree of raw materials processing which leads to an increase of investments in technical re-equipment of production;

a short period of sale of certain types of finished products and a variety of products produced [8].

The results of the analysis of the state of the meat and milk processing industry indicate that the domestic market is experiencing a sharp decline in demand and supply. At the same time, the pace of decline in demand far exceeds the decline in supply. The decline in demand for meat and dairy products is primarily due to a decrease in real incomes, as well as an increase in taxes and other payments, limited export opportunities for processed products. This is due to the factors of political, economic, and social nature, low wages, a decline in production and, consequently, an increase in the number of unemployed, a low rate of correlation between labor productivity and capital use, etc. The supply of goods, in its turn, decreased due to a reduction in domestic production and drawbacks in the management and marketing systems: a low interest of employees in the efficient use of resources and an increase in sales, a weak material and technical base of the processing enterprises and trade organizations, insufficient

development of market infrastructure, volatile tax environment [9].

Therefore, the current conditions for the development of the country's economy as a whole have put forward a number of tasks and measures aimed at increasing the competitiveness of meat and milk processing industry products in Ukraine, minimizing the negative impact of external and internal threats to its growth, among which:

- identifying priority directions for technological development;

- development of the concept for the industry technological modernization, distinguishing clear principles, criteria, directions and mechanisms of use of resources for an innovative upgrade of technologies;

- development of the mechanism of customs incentives for innovative industries, in particular by reducing rates of customs tariff for import of investment equipment not manufactured in Ukraine, or the parameters of which are much higher than in the domestic analogues;

- development of a system of specialized refinancing of commercial banks for the provision of long-term loans for the purchase of investment equipment and innovative equipment;

- introduction of differentiated taxation of commercial banks operations by reducing tax rates for long-term lending for high-tech projects;

- improvement of the export support mechanism by simplifying and speeding up customs procedures, optimization of the VAT refund mechanism, and insurance legislation enhancement;

- introduction of a preferential implementation regime for innovation activity;

 - tax and depreciation bonuses for resource conservation;

 - transition to the program and target-oriented nature of the implementation of a complex of investment projects, financed

by the state budget, and aimed, in first place, at technological updating of production and innovation development;

improvement of the national system of standardization and certification, its approximation to the world standards, phased introduction in Ukraine of the technical regulations of the EU and industrially developed member states of the World Trade Organization (WTO);

development of the technical regulations that accelerate the disposing of energy-intensive equipment and apparatus, which do not meet current ecology requirements;

expansion of organizational infrastructure (legal, informational and consulting) of the producers support under the conditions of Ukraine's membership in the WTO;

development of the programs of preferential taxation for the enterprises engaged in agricultural products processing and growing at the expense of investments.

The comprehensive accomplishment of these tasks and provision of measures will only allow to form a highly developed processing industry for the agro-industrial complex, provide the country's own food security, increase the competitiveness of meat and dairy products in the domestic and foreign markets, break down barriers to the promotion of processed products of agricultural raw materials to new European and world markets [10].

Thus, modern meat and milk processing enterprises are characterized by insufficient material and technical base, which leads to a decrease in the competitiveness of products both in the domestic and foreign markets. Today, the conditions of competition require the introduction of modern high-performance equipment and the latest technologies, active involvement of scientific and human resources, and use of resource-saving technologies. Introduction of an effective management system for resource conservation at meat and milk processing enterprises will enable not only to ensure the

competitiveness in the domestic and foreign markets, but will also have a positive effect on the overall state of the agro-industrial complex of Ukraine and the economy as a whole.

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