State Measures for Risk Settlement in the Agricultural Sphere of Ukraine's Economy: Financial and Management Aspects

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Abstract: The purpose of the article is to investigate state measures to address risks in the agricultural sector of Ukraine. Agriculture is an extremely risky field of activity. Uncertainty caused by weather conditions, yields, prices, government policies, world markets and other factors affecting agriculture can cause significant fluctuations in business incomes. There are many environmental factors that can have a negative impact on their activities. The state is objectively obliged to take effective measures to facilitate the recovery of domestic producers from the crisis.

The classification of risks that arise in the course of economic activity by economic entities in the agricultural sector of the economy, in particular: production, price, market, financial, institutional risks, human. Institutional risks need, in our opinion, the priority nature of the study as the most radical in terms of possible impacts. Effective assistance to domestic agricultural producers should be the development and implementation by the state of a system of measures to mitigate risks in the agricultural sector of the economy.

Keywords: Risks, state, risk management, anti-crisis management, agricultural sector of economy, agricultural lands, state regulation, agricultural production, financial risks, production risks, financial support, agricultural development, agricultural lands, arable land.

INTRODUCTION

It is well known that the agricultural sector of the economy is distinguished by its specifics. The results of its activities depend much more on natural and climatic conditions than in other sectors of the economy. The peculiarity of agricultural production is that it is carried out under the influence of natural factors, to compensate for the negative flow of which is not always possible. One of the priority tasks of agricultural activity is to mitigate such negative influences. Even the application of modern agro-technical innovations does not allow to confidently predict the level of success of the business entity.

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There is a significant dependence of the agricultural sector on natural, regional, economic, transport, property and other features. When natural forces in any other field are considered only in terms of natural disasters and damage, agriculture is an exception in this regard. Considering, that in crop production, solar energy and moisture are factors of production, the action of natural factors can bring not only losses, but also additional income. Another feature of agriculture that increases the level of risk is a long period of production. Decisions on production are made a year or more before implementation. During this time, the market situation can change significantly in an unfavorable way for the company. Thus, the activities of agricultural enterprises and risks are always interrelated, which is why this issue is given such significant attention by scientists.

As for the characteristic signs of risk in agricultural production, it should be noted that agriculture is a branch of the economy, which is mainly engaged in production activities,

during which agricultural products are grown or produced, which need further processing and sale to consumers. Today, the agricultural enterprise itself is the most risky activity. This is due to the fact that the production process includes several stages (for example, in the field of crop production is plowing, soil preparation for sowing, sowing crops, crop care, harvesting, processing, etc.), at each of which the agricultural producer may suffer losses due to erroneous actions, making wrong decisions or negative effects of the environment.

Uncertainty caused by weather conditions, global climate change, yields, prices, world markets and other factors affecting agriculture can lead to significant fluctuations in business incomes.

The agricultural sector of the economy largely determines the socio-economic situation of the state, it guarantees food security. Therefore, the issues of development and the circumstances that may hinder it – should be given close attention by the state.

State regulation of the agricultural sector is carried out in the form of a set of measures in the agrarian sector through economic influence on the processes of production, processing, sale of agricultural products, raw materials and food in order to preserve food security of the country and its regions, stabilize agro-industrial production and overcome sectoral disparities.

Elements of the economic mechanism of state regulation should create optimal conditions for the development of the agricultural sector as the main one in the economic complex.

Given the need for government support for domestic agricultural producers and food security as an important factor in national security, in particular in the context of the SARS-CoV coronavirus pandemic, the active role of the state in risk management is in demand.

LITERATURE REVIEW

Many scientists are researching ways to ensure food production in agriculture. The volumes of agro-industrial production are constantly growing in connection with the growth of market demand, which is caused by the increasing human population.

In order to ensure the growing demand for sunflower oil and wheat, agricultural producers take appropriate intensification measures. They increase the amount of use of agrochemicals, use selectively bred high-yielding hybrid varieties of seeds, use intensive methods of growing plants, hydroponics. Such steps make it possible to ensure: 1) a significant increase in harvest and its quality; 2) a significant reduction in the durability of the phases of growth and fruiting of agricultural crops; 3) more efficient use of agricultural areas; 4) optimal use of the genetic potential of plants; 5) excellent indicators of their successful reproduction. The processing of oilseeds not only for food purposes, but also for biodiesel is an important task of the modern economy (Callahan, 2014).

The cost of crop production continues to rise steadily, driven mainly by rising fuel costs as well as high interest rates. Recently, fertilizers and agricultural chemicals have become much more expensive, which has affected economic costs. In the future, global demand for high-protein flour and vegetable oils will continue to grow in line with population growth and expanding use in less developed countries (Dziurakh et al., 2022).

Research of many scientists is devoted to risk management in the agrarian sector of economy, in particular: Yevtushenko H.V. (2016), Yanyshyn Ya.S. (2020, Gryshova I.Yu. et al. (2016, 2018), Halyts'ky O.M., Diachenko O.P. (2019), Zelisko N. (2022), Davydyuk O.O., and others.

According to research, in particular Novickytė L., the relevance of the study of risks, the nature of their occurrence in agriculture, and the features of their diverse impact are becoming increasingly relevant. Thus, during the decade (2008–2018), more than 9,000 scientific papers on theoretical aspects in the field of agricultural risks were published in international scientific journals and the WoS database.

The topics of the most cited authors focus mainly on climate and food security. The next most relevant is the topic related to the functioning of insurance systems in agriculture.

Climate change is closely linked to threats in agriculture, especially in food production and food insecurity.

The need for humanity to adapt to climate change in one way or another will eventually require the appropriate adaptation of culture, methods and technologies of agriculture (Novickytė, 2019).

Yevtushenko H.V. (2016) emphasizes that the main method of risk management to ensure financial stability and continuity of agricultural reproduction is insurance.

When insuring the harvest of agricultural crops, at the expense of insurance payments in unfavorable years, the costs of growing crops are reimbursed, loans are returned, and the entire cycle of agricultural production becomes sustainable. Traditional comprehensive insurance makes it possible to insure crops against various risks. Such programs are more or less widespread in many countries of Europe, North and Latin America, as well as in China. One of the main disadvantages of traditional types of insurance for large companies, in particular for agricultural holdings, is the high complexity of their administration. In addition, traditional insurance solutions cannot always provide sufficient flexibility to take into account all the peculiarities and wishes of companies.

An alternative to traditional solutions can be more flexible index solutions, which are based on weather data, on regional agricultural statistics, as well as on plant vegetation information collected by satellites.

METHODOLOGY

The purpose of this article is to determine the role of the state in risk management, areas of assistance to agricultural producers in the context of substantiation of relevant tools and mechanisms of management and regulation. The study used system-structural analysis and synthesis, economic and statistical methods.

Theoretical and practical aspects of the problem of risk management in the modern economy, the problems of forming an

effective anti-risk management system of an agro-industrial enterprise are related to the main elements of risk.

Such elements of risk are:

- a risk object (a managed economic system, the efficiency and conditions of which are not known in advance);

- risk subject (a competent person makes decisions about the object and is interested in the management results);

- source of risk (factors, phenomena, processes, objects that generate uncertainty).

The basic sources of risk are: lack of time, lack of information and lack of opportunities to manage the situation.

Risk is not only an economic category, it is, first of all, also a historical-philosophical category that arises and develops together with human civilization. In ancient civilizations, risk was identified with the incompetent government of nobles, which was associated with the risk of unused opportunities and led to the destruction, ruin, and famine of the territories where they ruled.

State measures to regulate risks in the agrarian sector of Ukraine's economy require systematic and comprehensive scientific justification.

RESULTS AND DISCUSSION

Today, the coronavirus pandemic has exacerbated the economic crisis in all sectors of Ukraine's economy, and many producers, including in the agricultural sector, are suffering significant losses. The state is objectively obliged to take effective measures to get domestic producers out of the crisis. One of the possible areas of assistance to domestic agricultural producers may be the development and implementation by the state of a system of measures to mitigate risks in the agricultural sector.

In Ukraine, the perception of farmers and other economic entities in the agricultural sector of the country's economy of risks in agriculture and strategies for their management – are in line with global trends.

According to the large number of scientific studies, the need to improve the means of risk prevention in agriculture is obvious and justified. The state must play an important role in these processes.

The complexity of the classification of risks that arise in the course of economic activity is due to their diversity. The number and variety of risks are too great, so each business entity must take a systematic approach to determining their composition.

Scientists provide many classifications of risks, according to one of which there are five common types of risks (Economic Research Service):

1) production risks;

2) price / market risks;

3) financial risks;

4) institutional risks;

5) risks caused by human factors.

Production risks are due to the uncertainty of the processes of natural growth of crops and livestock. Weather conditions, diseases, pests and other factors directly affect both the quantity and quality of goods produced.

Agricultural producers often face extreme weather conditions. Every year a new temperature record is set, 2021 is no exception. The average air temperature in July 2021 in the world was over 16.7 ° C – this is 0.93 ° C higher than the average temperature for the twentieth century and 0.01 ° C higher than the previous record of July 2016 (which repeated in 2019 and 2020). In America, Africa and Oceania, temperatures in July 2021 were among the ten hottest Julys in the history of observations (National Oceanic and Atmospheric Administration, 2021).

Price / market risks are characterized by uncertainty about the prices of manufactured goods, costs and market access. High volatility of prices for agricultural products is caused by sharp weather changes, which negatively affect crop yields; unpredictable rise in prices for energy, fuel, electricity.

Thus, in the first half of 2021 in Ukraine there was a strong increase in natural gas prices for all categories of consumers (except for the population that uses the resource for utilities) compared to other European countries (Fig. **1**) (Eurostat. Statistics Explained, 2021).

The increase in the price of natural gas is affecting Ukraine's agricultural production. After all, the country has a critical dependence on gas in the most important sectors of agriculture: fuel, fertilizer production, grain drying and heating of industrial premises. It should also be taken into account that several related areas will "respond" to price increases indirectly, because the energy crisis has a complex impact on the entire economy of Ukraine.

The situation of gas prices not only for Ukraine, but also for other countries of the world was influenced by several factors.

First of all, this is China’s policy. Due to the trade war with Australia, which began in the fall of 2020, China began to impede the supply of a number of Australian goods, including coal. China soon suspended cooperation under the China-Australia Strategic Economic Dialogue for an indefinite period.

In turn, the Australian government terminated the agreement with China in the framework of the trade initiative "One belt, One road".

For China, this situation has been quite unpleasant due to the fact that in the absence of coal from Australia in the program to reduce CO^2 emissions, China has introduced quotas for power plants to force them to switch from coal to gas. These measures have led to sharp shortages of gas and electricity throughout the region, as China has begun to buy all available gas reserves from the market.

Competition for energy has forced other importers to raise prices, making the Asian market extremely profitable for suppliers (although it has already been a priority for gas importers) and partly provoking a shortage of natural gas in other parts of the world.

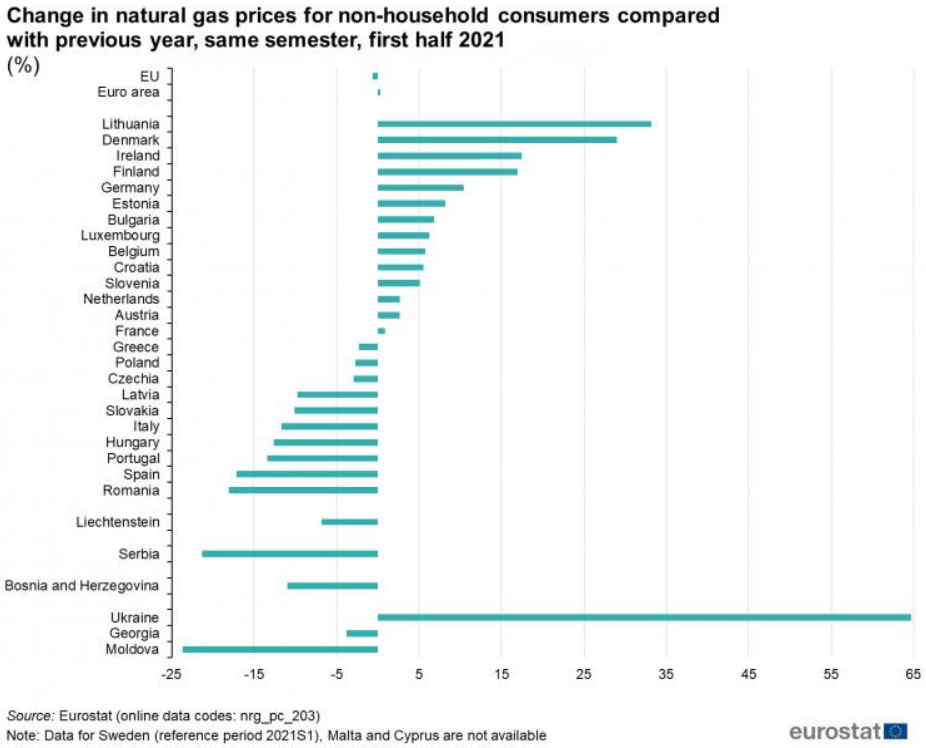

Fig. (1). Change in natural gas prices for non-household consumers compared with previous year, same semester, first half 2021.

Russia has also joined in creating artificial turmoil over market fluctuations in gas prices in the European part of the continent. With leverage over gas supplies to Europe, Russia has begun to manipulate the amount of gas it exports.

Russia is devastating the gas market in Europe. Ukraine also depends on these supplies and suffers from the external influence of the Russian Federation. Today, the situation in Ukraine is even worse than in Europe.

The biggest losses from the situation with the rise in gas prices in Ukraine threaten producers of fertilizers, plant protection products and farmers engaged in the cultivation of corn and sunflower. The main impact due to higher gas prices will affect the cost of fertilizers, the cost of production next year, as well as the quality and yield of crops.

Natural gas, the price of which in Ukraine has reached $ 1,300 per cubic meter, is an indispensable raw material for fertilizer production. From it produce ammonia, a necessary component for the production of nitrate, urea, urea-ammonia mixture, ANP fertilizer, ammofoska and other fertilizers. Today, fertilizer prices have risen by 40%, most agricultural producers are not ready to pay such a price. Manufacturers will be forced to significantly reduce production or stop it altogether. That is, you can predict the shortage of fertilizers at the beginning of the spring sowing campaign.

With regard to crops, the dependence of the crop on weather conditions is projected to increase due to weaker technology in 2021-2022. The quality of wheat will fall and crop yields will decline.

As for related areas, the increase in the price of natural gas will affect them as well.

Drying of grain. Gas grain drying is one of the most common types in Ukrainian elevators. Alternative fuels such as wood chips, straw, etc. are used much less frequently, as the smoke from burning such energy sources can cause public discontent.

In animal husbandry, there are also areas that depend on gas directly, there are also those that are remotely affected by concomitant effects. The situation in animal husbandry will definitely be more difficult than in crop production: first, the modernization of production and the transition to alternative energy will cost more; secondly, business margins are already extremely low, and both low purchasing power of the population and the pressure of imported products do not raise prices.

Poultry breeding. Heating of chicken coops for the production of broilers and eggs in Ukraine is traditionally carried out by gas. These livestock areas also consume a lot of electricity, which is rising in price following gas. Re-equipment of industrial buildings in order to save gas consumption is a difficult and expensive affair. Therefore, in any case, the rise in price of the most popular types of meat is inevitable.

Feed production. Rising energy prices will undoubtedly raise the cost of corn, soybeans, sunflowers and other crops that may need drying. Further processing of raw materials, production and drying of feed also increases in price. After all, these processes are extremely energy consuming.

Processing. Almost all branches of agricultural processing are costly in gas consumption: production of sugar, oil, meat products, dairy products, flour, etc. In addition, these industries are significantly affected by consumer inflation, which raises following gas prices, and consequently increases the

burden on the wage budget, the purchase of production resources, equipment and more.

Sugar. The increase in gas prices is deadly for the industry, as the price of UAH 24-25 thousand per 1000 m³ of gas will cause serious cash gaps and cost problems. After all, 60-70% of the cost of the product is an energy component. Despite the fact that the plant contracted gas in advance, the supplier company withdraws from the contract and sells gas at a new, much higher price.

Oil. The increase in the cost of drying in elevators increases the cost of sunflower, which is also harvested with high humidity due to late sowing. There is also a temporary effect of rising sunflower prices due to harvest delays. Accordingly, the high cost of both raw materials and energy can increase the cost of oil production.

Other sources of market risk are international trade, liberalization and protectionism, which increase or decrease market access in a variety of circumstances.

This kind of support can be provided by the state, which implements it by achieving the relevant goals of state regulation. Such goals include: improving the country's food security, increasing productivity and streamlining production; to transfer agricultural producers to a new technical and technological level of production (STP); preservation of jobs in the agricultural sector or their gradual transfer to another industry; ensuring an adequate standard of living for the rural population; stabilization of agricultural markets; availability of food (price, quality, quantity) in the domestic market; ensuring the continuity of supply channels for raw materials and food; to influence another state or states.

To achieve these goals, public authorities can use a set of tools, the set of which is determined by the specific features of agriculture cranes, the structure of the workforce, the level of scientific and technological development and so on.

In world practice, the most widely used seven methods of state influence on the market environment: 1) subsidies and subsidies to agricultural producers; 2) antitrust policy, consisting of laws that prohibit certain actions or restrict the activities of certain structures; 3) stimulating competition by creating conditions for its strengthening; 4) regulation, which allows special bodies to monitor prices, production volumes, market entry and exit of enterprises in regulated industries; 5) state ownership of monopolies; 6) price control for most goods and services; 7) taxes.

Studying the work of scientific schools in the world, it can be noted that the first three methods are the basis of state support for developed countries, while the last four approaches are typical for developing countries.

Given the methods used by the state, it can be concluded that any state policy in the field of agriculture can be considered as stimulating (used in stable and highly developed countries) and regulatory (used mainly in underdeveloped countries).

One of the most effective and dangerous forms of state support is subsidizing the agricultural sector of the economy. Proponents of agricultural subsidies argue that agricultural subsidies: 1) stabilize agricultural markets; 2) help low-income agricultural producers; 3) increase the return on agricultural investment; 4) able to compensate for the negative impact of ancillary or service industries or monopolies; 5) stimulate the development of rural areas; 6) ensure national food security; 7) used in response to subsidies from other countries.

Subsidizing agricultural producers can be justified if it stimulates increased demand and consumption of products that provide high both internal and external benefits. This can help overcome the problem of market failure and stimulate its further growth.

Financial risks arise when an agricultural producer borrows money and creates a corresponding obligation to repay a debt. Rising interest rates and limited access to credit are also aspects of financial risk.

Institutional risks are the result of uncertainty associated with government action. Tax laws, regulations on the use of chemicals, rules for the disposal of animal waste and the level of payment of price or income are examples of government decisions that can have a major impact on agribusiness.

Human or personal risks relate to factors such as health problems or personal relationships that may affect the business. Accidents, illnesses, deaths and divorces are examples of personal crises that can threaten business.

Due to the unpredictable nature of the impact of risks in the activities of economic entities, they require constant monitoring and management.

Risk management can be defined as a certain art of their analysis with the subsequent organization of measures to minimize them. Risk management processes include such steps as (Guide, 2013):

1) risk management planning. As a result of risk management planning, a Risk management plan is formed. This plan describes the general approaches to risk management, their classification, methods of identification and response;

2) identification of risks – determining what risks may affect the planned activity or project, and documenting their characteristics.

When it comes to economic conditions of agricultural production, external risk factors include: the state of productive forces in country, the level of development of its economy, what financial and credit policy is pursued, the existing parity of prices for agricultural products and means of production, infrastructure development (Guide, 2013).

Agriculture is one of the most risky activities. The priority task of the development of the agrarian sphere of the economy is the rational use of the available resource potential. The basis of Ukraine's agricultural potential is agricultural land.

The level of provision of the population with agricultural land in Ukraine is high, second only to Canada, Russia, Belarus and the United States (in terms of the level of arable land - only Canada and Russia) – Fig. (**2**).

In the structure of agricultural lands of Ukraine, arable land occupies 78,1% (32,5 mln ha), which is much more than in European countries and the United States (Table **1**). In terms of the share of natural forage lands in the total area of agri-

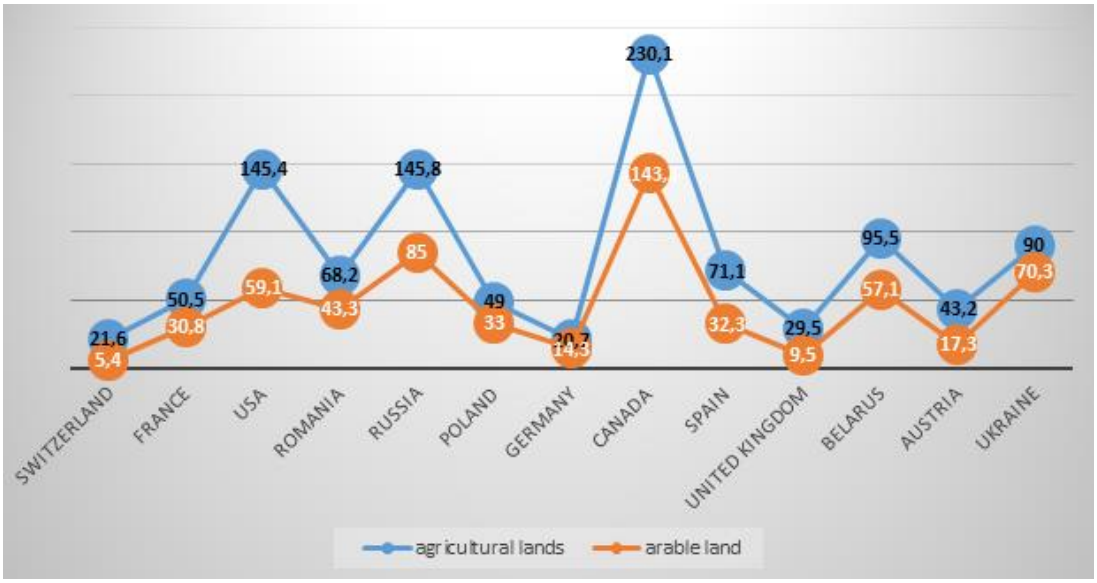

Fig. (2). The level of provision of the population with agricultural lands and arable land.

Table 1. Comparative Structure of Agricultural Lands of Ukraine and other Countries of the World.

Country	Total Agricultural Land, Million Hectares	Including	
		arable Land, Million Hectares /% in the Composition of Agriculture Lands	Natural Forage Lands, Million ha /% as a Part of Agricultural Lands
Ukraine	41,6	32,5/78,1	7,9/19
Austria	3,5	1,4/40	2,0/57,1
Belarus	9,4	5,6/59,6	3,1/33
United Kingdom	17,6	5,7/32,4	11,1/63,1
Spain	30,2	13,7/45,4	10,3/34,1
Canada	73,4	45,7/62,3	27,9/38
Germany	17,1	11,8/69	5,2/30,4
Poland	18,7	12,6/67,4	4,0/21,4
Russia	210,2	122,6/58,3	78,0/37,1
Romania	14,8	9,4/63,5	4,8/32,4
USA	426,9	173,5/40,6	239,2/56
France	30,3	18,5/61,1	11,1/36,6
Switzerland	1,6	0,4/25	1,1/68,8

cultural lands (19%), Ukraine is significantly inferior to other countries – in most European countries this figure ranges from 30-40%, and in the UK and USA is 63,1 and 56,0% (Zemel'nyi Visnyk Ukrainy).

This indicates a high level of development and burden on agricultural soil, which increases the likelihood of threats of erosion and degradation of the country's land fund.

Ukrainian lands are characterized by a high level of natural resource potential. Data from the 10th round of agrochemical land certification, conducted in 2011-2015 by the state scientific and technological center for soil fertility protection of the Ministry of agrarian policy and food of Ukraine "Center state fertility", show that 56% of domestic agricultural land is characterized by humus content (Fig. **3** and **4**).

29,5 million hectares (93,8% of the total area of arable land) have a high level of suitability for growing all traditional grain crops for Ukraine. Of these, land suitable for growing winter wheat is 27,1 million hectares, barley – 28,1 million hectares, corn – 17,6 million hectares, sunflower – 14,3 million hectares, sugar beet – 7,0 million hectares.

On April 28, 2020, the Law “On Amendments to Certain Legislative Acts of Ukraine Concerning the Conditions of Circulation of Agricultural Land” was signed, which was adopted by the Verkhovna Rada on March 31, 2020.

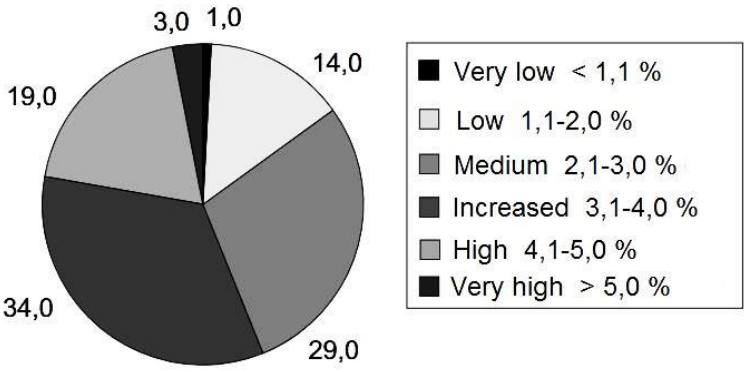

Fig. (3). Distribution of agricultural land by humus content,% (Zemel'nyi Visnyk Ukrainy).

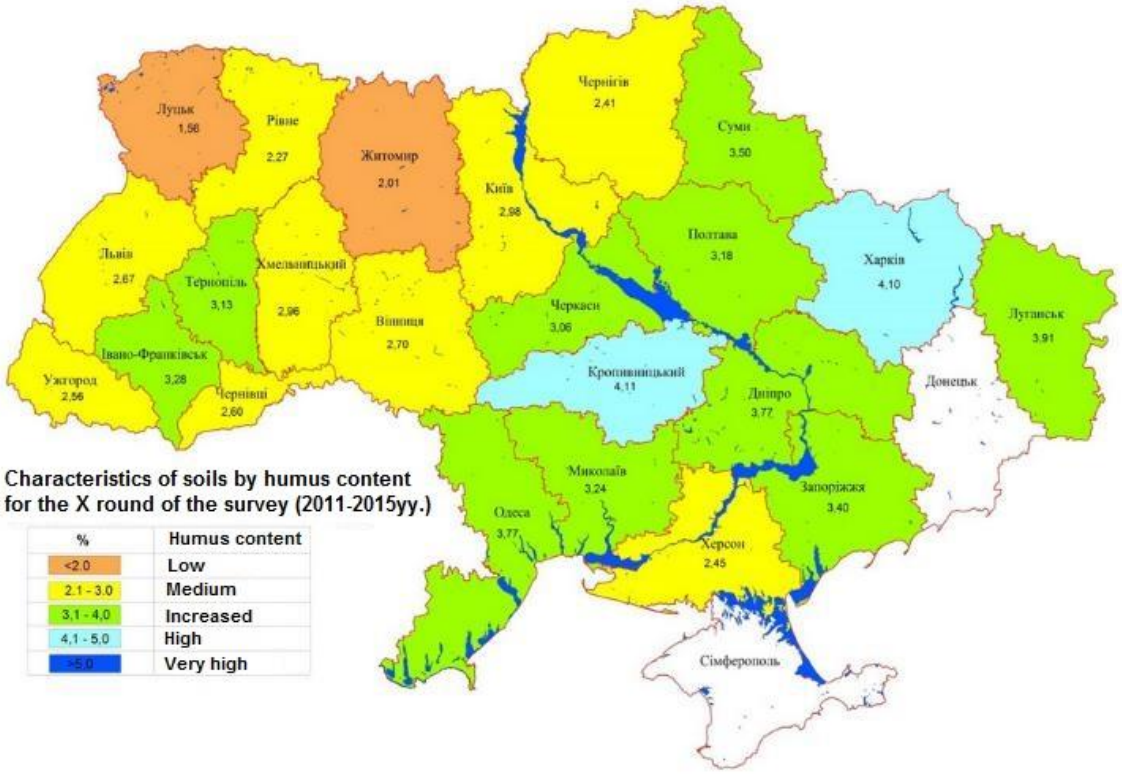

Fig. (4). Humus content in the soils of Ukraine, % (Zemel'nyi Visnyk Ukrainy).

The law stipulates that from July 1, 2021, citizens of Ukraine may to acquire the right of ownership to agricultural land plots with an area of up to 100 hectares.

Agricultural land may be owned by:

a) citizens of Ukraine;

b) legal entities of Ukraine established and registered under the legislation of Ukraine, the participants (shareholders, members) of which are only citizens of Ukraine and / or the state and / or territorial communities;

c) territorial communities;

d) the state.

From January 1, 2024, legal entities owned by Ukrainians will have the opportunity to acquire ownership of agricultural land. They will be able to buy up to 10 thousand hectares of land. According to the signed law, the question of whether to give foreigners the right to buy land will be decided in a referendum.

Many economists have long argued the need to introduce a market for agricultural land as the only effective factor in agricultural development. However, there were many warnings about the high probability of possible abuse, purchase of land for impairment, formation of a class of latifundists, etc., if the processes of launching the land market will not be strictly regulated by the state. The validity of such reservations, which can be generally attributed to the group of institutional risks, becomes quite obvious. Thus, the price of arable land is (National Oceanic …, 2021):

The Netherlands - 62,972 euros/ha;

Italy - 40,153 euros/ha;

Luxembourg - 26030 euros/ha;

Great Britain - 25732 euros / ha;

Ireland - 21257 euros/ha;

Denmark - 21202 euros/ha;

Slovenia - 17136 euros/ha;

Spain - 12744 euros/ha;

Greece - 12,528 euros/ha;

Slovakia - 12,000 euros/ha;

Poland - 9,100 euros/ha;

Finland - 8,326 euros/ha;

Sweden - 7921 euros/ha,

Czech Republic - 5463 euros/ha;

Hungary - 4182 euros/ha;

Bulgaria - 3937 euros/ha;

Lithuania - 3,516 euros/ha;

Latvia - 2,917 euros/ha;

Croatia - 2,809 euros/ha;

Estonia - 2,735 euros/ha;

Romania - 1958 euros/ha.

Over the last 5 years, the cost of arable land has risen in all EU member states except Greece. Prices in the Czech Republic (three times), Lithuania (2,9 times), Estonia (2,5 times) and Hungary (twice) increased most noticeably during this period. The most expensive arable land is located in the region of Italian Liguria – 108 thousand euros, the cheapest in the southwestern region of Bulgaria – 1,2 thousand euros. According to the State Geocadastre, the normative monetary value of one hectare of arable land in Ukraine averages 27,5 thousand hryvnias, i.e. about 820 euros. The most expensive arable land is estimated in Cherkasy region - almost 34 thousand UAH/ha, the cheapest – in Zhytomyr region – 21,2 thousand UAH/ha.

There is a high probability of buying land for fictitious persons by big business for nothing, his investment in an asset that will rise rapidly in price. Under such conditions, there are high risks that direct small and medium-sized agricultural producers, farmers who do not have significant capital, will not be able to acquire the necessary land plots.

Next in importance after the institutional risks for the agricultural sector are financial risks.

Because financial risk is associated with the receipt and use of funds, financial risk factors for farms, for example, can be – adverse changes in interest rates that prevent the use of the investment component, and hence the lack of available credit. Agribusiness is quite capital intensive. Much of the fixed assets are used in the short term, but are highly specialized and have a long payback period.

The underdeveloped system of property and social insurance plays a crucial role in agriculture, because the natural and climatic conditions are quite unstable. Insurance of such risks can minimize the financial losses of the producer.

Analysis of ways and methods of implementing state support for agricultural producers, practiced in Ukraine and abroad, allowed to identify its main types:

– legal, the instruments of which are: quotas, sanctions, regulations, standards, licenses and antitrust law;

– investment support of the state, which is provided by attracting domestic and foreign investments in agricultural production; issue of securities.

– economic, embodied in practice by setting and regulating prices and tariffs, the implementation of specialized programs. In Ukraine today there is a significant rise in food prices. Under such conditions, the stabilization of prices for agricultural products and food in the agricultural market should ensure the profitability of agricultural production, in particular, through the implementation of such agricultural policy measures as price adjustments during the year to stabilize producers' incomes, seasonal price stabilization;

– financial, the instruments of which cover the areas of lending, insurance and taxation.

State financial support for agricultural producers is insufficient. Expenditures for the development of agro-industrial production are formed based on the financial capabilities of the budget and correspond little to the real needs of the agricultural sector.

Resolution of the Cabinet of Ministers of Ukraine from April 7, 2021 № 315 certain changes were made to the Procedure for the use of funds provided in the state budget for financial support of agricultural producers (Poriadok vykorystannia …, 2017), in particular, the following types of support were included:

– state support for insurance of agricultural products;

– compensation for losses from damage to crops due to emergencies of man-made and natural nature;

– state support for agricultural producers who use reclaimed land;

– state support for producers of organic agricultural products;

– state support for potato producers;

– state support of agricultural producers by allocating budget subsidies per unit of arable land.

Such steps, provided there is sufficient financial support, can be effective in the context of supporting domestic agricultural producers at least in part.

Achieving the strategic goals of state financial support for agricultural development is directly related to the implementation of a set of measures to improve the forms of support, mechanisms for allocation and development of budget funding resources.

State financial support of the agro-industrial complex is designed to ensure food security of the state and the competitiveness of agricultural production and plays an important role in the sustainable development of agriculture.

State support for the development of basic sectors of the agricultural economy should be provided in order to increase

access of agricultural producers to investment funds for long-term creation of food security and improvement of living standards. First of all, for the effective development of agricultural production in Ukraine and increase its competitiveness it is necessary to streamline the process of public financing of agriculture, ensure its significant growth and efficiency, adhering to market economy principles and approaches to state incentives corresponding to agricultural production in other countries.

CONCLUSIONS

As practice shows, agriculture is an extremely risky field of activity. The main thing is the rational use of available resource potential. In each country, such potential in the agricultural sector of the economy is agricultural land.

The Law "On amendments to certain legislative acts of Ukraine concerning the conditions of circulation of agricultural lands" adopted in Ukraine still remains controversial and raises doubts as to whether it will direct the development of agriculture, or simply become another example of dubious schemes and transactions, whose main purpose is to cheaply acquire a valuable asset of the country's economy for resale or lease. There are high risks that direct agricultural producers, farmers who do not have significant capital, will not be able to acquire the necessary land plots.

Ukraine is characterized by the departure of state authorities from the sphere of influence on the agricultural market and, as a consequence of chaos in the agricultural sector, which led to the emergence of giant agricultural holdings, the process of forming a new social class – farmers and the beginning of urbanization (extinction of rural society). Therefore, the formation of the correct policy of agricultural development is the first and most important task of modern state development policy. But these actions need to be taken into account all international regulations that have been signed by previous governments (WTO, Association Agreement between Ukraine and the European Union, etc.)

In modern market conditions, economic activity in the agricultural sector of Ukraine's economy requires constant monitoring of many external factors. They can generate various impacts, both positive and negative, on the activities of economic entities, which can serve as preconditions for the emergence of risks to which the state must respond, provide legal, investment, economic and financial support to agricultural producers, instruments that cover lending, insurance, taxation, institutional measures.

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