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FEATURES OF THE DEVELOPMENT OF THE AGRICULTURAL SECTOR OF UKRAINE'S ECONOMY IN THE CONTEXT OF EUROPEAN INTEGRATION

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**FEATURES OF THE DEVELOPMENT
OF THE AGRICULTURAL SECTOR OF
UKRAINE'S ECONOMY IN THE
CONTEXT OF EUROPEAN
INTEGRATION**

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Authors:

Lohosha R., Pidlubnyi V., Mazur K., Aliksieieva O., Aliksieiev O., Bielkin I., Germaniuk N., Koval N., Kubai O., Kondratova M., Kubai K., Pidvalna O.

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ABSTRACT

Ukraine is actively taking measures to achieve an important national priority: becoming a full and active participant in global economic processes. This effort is undeniably evidenced by the implementation of the Association Agreement between Ukraine and the European Union, which assigns significant importance to cooperation in the agricultural sector and rural development. Evaluating the current challenges makes it increasingly clear that for Ukraine, European integration stands out as a key factor in ensuring success in economic, social, environmental, and other areas of cooperation within the global context.

However, on Ukraine's path to effective European integration, there is still a need to implement a range of institutional measures, particularly in terms of policy and legislative alignment. The adaptation of Ukraine to the conditions of cooperation with the EU, as outlined in the Agreement, in the agricultural sector is seen as a complex and long-term process. Nevertheless, this will undoubtedly serve as a crucial factor in the further modernization of Ukraine's agricultural economy, based on widely accepted global market principles, deepening integration processes, and founded on shared interests and values.

An important prerequisite for Ukraine's effective participation in global integration processes is the achievement of mutual understanding of state policies by the participants in international economic relations, as enshrined in national legislative acts. This involves possessing the necessary knowledge and adherence to the rules established by the WTO, other international unions, and relevant interstate agreements. It is essential to consider that various international agreements, to which the Verkhovna Rada of Ukraine has given its consent, hold higher legal authority compared to domestic legislation, according to the Constitution of Ukraine. This necessitates appropriate legal alignment with the norms and requirements enshrined in these agreements.

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1. The European integration vector of Ukraine's agricultural sector development

The European integration vector of Ukraine's agricultural sector development is a key direction for the modernization and enhancement of the competitiveness of the domestic agricultural industry. Ukraine's accession to the European Union entails significant transformations in agricultural policy, aimed at adapting to the Common Agricultural Policy of the EU (CAP). This includes the harmonization of legislation, the implementation of European standards for product quality and safety, the development of environmentally friendly production, and environmental protection.

One of the main goals of European integration is to create conditions for increasing the export of Ukrainian agricultural products to EU markets, which requires product certification in accordance with EU standards, support for small and medium-sized producers, as well as the development of rural areas. Ukraine's integration into the European market will not only strengthen economic ties with the EU but also ensure the modernization of the agricultural sector, improving its efficiency and resilience in the context of global competition.

The organization of fulfilling international obligations is an important and responsible function of state institutions. It requires not only appropriate decisions but also well-founded forecasts and the search for effective mechanisms in matters of state regulation of foreign economic activity, which should primarily ensure the protection of national interests.

Currently, the state is in the process of fulfilling many international obligations it has undertaken, including the measures defined by the Association Agreement. Any failure, delay, or unprofessional execution of these obligations will hinder the development of economic cooperation with EU countries and reduce Ukraine's effectiveness in other global integration processes.

The research on specific areas of integration of the agricultural sector in the context of its reform, structural restructuring, and the formation of European

integration priorities has been addressed by renowned Ukrainian agricultural economists such as V. Andriychuk, V. Vlasov, Yu. Hubeni, S. Demyanenko, I. Kyrylenko, Yu. Lopatynsky, T. Ostashko, B. Paskhaver, P. Sabluk, H. Cherevko, and V. Yurchyshyn. Their work helps form a knowledge system for the European integration prospects of Ukraine's agricultural sector. The issues of the sector's development in the context of globalization and European integration have been studied by V. Ambrosov, O. Hudzynskyi, O. Halytskyi, A. Dibrova, S. Kvasha, T. Lozynska, B.O. Yazliuk, and others. However, despite the broad range of research directions on the development of Ukraine's agricultural sector within the context of European integration, the works of these scholars have not fully addressed the development of theoretical and methodological approaches and organizational-practical foundations for innovative activities in agricultural enterprises, which are essential for adapting to the changing external environment.

According to the Association Agreement, alongside general measures for organizing economic cooperation, the agricultural sector and rural development directions specifically outline Ukraine's gradual alignment of agricultural legislation, the alignment of institutional infrastructure, and the state control system for ensuring food quality with the EU's regulatory and administrative policies and practices [1, p. 9].

This primarily concerns the legal provision for the harmonization of regulatory mechanisms, taking into account nearly 60 relevant EU regulations, directives, decisions, recommendations, and communications. Among these are issues such as the completion of harmonization of agricultural product quality standards, regulation of organic production, the cultivation of genetically modified crops, adherence to rules on seed and breeding resource trade, protection of geographical indications, origin, and production methods of agricultural products and foodstuffs, and the development of biodiversity, among others. Despite the significant duration of the Association Agreement, many of these issues still require further elaboration and resolution [2, p. 9].

The defined measures related to policy alignment in fisheries and forestry, improving the rural development management system, enhancing environmental protection considering climate change – developing agricultural science and education systems, and harmonizing intellectual property protection mechanisms are also unsatisfactorily implemented. Various other agricultural sector issues remain unresolved.

Therefore, the fulfillment of obligations outlined in the Association Agreement and other international agreements in the agricultural sector aimed at effectively integrating into global European and world economic processes remains incomplete and unbalanced. This is evidenced by the slow pace of establishing long-term partnerships in agricultural markets, particularly regarding joint agricultural projects, insufficient and unstable foreign investment in Ukraine's agricultural sector, the continued raw material export trend, and the spread of social and environmental problems in rural areas, contrary to European trends [3, p. 59].

This situation indicates unsatisfactory organization in aligning Ukraine's institutional support for the external economic vector of agricultural-industrial activities and rural development with European counterparts. It highlights the need for improved coordination of international cooperation and adjustments in the actions of relevant international and national institutions.

The specific features of the development of Ukraine's agricultural sector in the context of EU integration confirm that modern global society is undergoing transformational processes, in which Ukraine is actively participating. Domestic agricultural science should contribute to more rational land use and, through advanced information technologies, lay the foundation for expanding the range of certified agricultural products in accordance with EU regulations. Examining the experience of EU countries in utilizing raw materials from energy crops and recognizing the objective necessity of searching for alternative fuel and energy sources for Ukraine supports the need to develop the bioenergy sector. This, in turn, will enable the introduction of

environmentally friendly technologies in the production and consumption of bioenergy.

Integration at the European level is a modern marker of progressive change in Ukraine's agricultural sector. European benchmarks provide the sector with a clear development vector and open up new opportunities for the further advancement of agriculture, creating additional comparative advantages in the agri-food market under the conditions of economic globalization [4, p. 75].

For the successful implementation of the tasks related to European integration, Ukraine's agricultural sector has a number of prerequisites: rich natural resources and export potential, a high level of productive forces, a developed human capital, growing investment attractiveness even under martial law, a preserved rural way of life, and centuries-old agricultural traditions. Therefore, the level of readiness of Ukraine's agricultural sector for European integration, compared to countries that joined the EU during the last wave of enlargement, suggests that similar transformational changes have not yet occurred in Ukraine, making this scientific research highly relevant.

For the successful fulfillment of European integration tasks, Ukraine's agricultural sector possesses several prerequisites: rich natural resources and export potential, a productive labor force, gradually increasing investment attractiveness, a preserved rural lifestyle, and centuries-old agricultural traditions. In this context, studying and scientifically comprehending the experience of forming the European agricultural model will contribute to implementing modern structural reforms in the agricultural sector and enhancing the competitiveness of agri-food products in domestic and global agricultural markets.

An evaluation of the key political, economic, social, environmental, scientific, technical, and educational-professional factors of the European integration model suggests that the integration process in the agricultural sector should not be seen as an instantaneous change in the quality of the socio-economic environment, but rather as a complex, continuous process aimed at macroeconomic stabilization [5, p. 29; 6, p. 879]. This process focuses on creating a favorable investment climate, promoting

competition, improving workforce quality, diversifying agricultural business, achieving price equilibrium in the agricultural market, and ensuring its financial stability.

The goal of agricultural European integration is to unite the agricultural potentials of member countries, followed by the modernization of agriculture and ensuring economic efficiency through shared economic interests in final outcomes at all stages of agricultural cooperation. There is also a common interest among all subjects of the integration process in achieving a high level of food security for the participating countries.

The fundamental principles of the European integration process in the agricultural sector include:

1. Food security and sustainable economic development;
2. Efficiency, productivity, and competitiveness;
3. Unity of purpose and rational value-based behavior among market participants, utilized by integrating countries, considering the existing natural-biological and socio-economic conditions in the agricultural sector.

Modern principles of European integration in the agricultural sector represent an organic system that brings clarity to ensuring the sustainability of its development. These principles allow the sector to achieve specific objectives within a given timeframe, fostering a competitive environment by taking into account the interaction of exogenous and endogenous factors.

Ukraine's accession to the EU provides the opportunity to utilize market mechanisms to address the challenges of agricultural development. It also creates the necessary conditions to increase the efficiency of agricultural market participants from integration measures and stimulate economic growth. However, it would be erroneous to claim that the benefits of integration are immediate and automatically received by all countries without exception.

This will be particularly evident when fulfilling the conditions of the «Common Agricultural Policy of the EU», which represents a set of policies and actions by EU member states in the areas of agriculture and livestock.

The implementation of the «Common Agricultural Policy of the EU» is a complex but crucial step for Ukraine on its path toward integration with the EU. This will require significant efforts from both the government and the agricultural sector but promises substantial economic and social benefits for Ukraine. As of 2023, adherence to this policy has become mandatory. During the integration process, the European Commission monitors Ukraine's progress in aligning its legislation and assesses achievements from 2016 to the first quarter of 2022 on a 5-point scale. The results are as follows: agriculture, rural development, and fisheries received a score of 1, while food safety, veterinary, and phytosanitary control scored 3.

A summary of the key achievements and setbacks of former Soviet countries under the influence of the EU's Common Agricultural Policy has allowed for the identification of the most critical steps toward European integration for Ukraine's agriculture. Despite the mixed experiences of the past two decades, the expansion of the EU-considering the differences and challenges in the development of Ukraine's agricultural sector – is no more contentious than within any individual EU member state.

At the forefront is the focus on the multifunctionality of agriculture, extending beyond the mere production of agricultural goods. Today, Russia's military aggression against Ukraine is the main factor impacting agriculture. A key challenge in 2022-2024 has been the reduction in cultivated areas – war has forced agricultural producers to plant fewer crops, resulting in a decline in overall agricultural output. Significant areas of agricultural land have been mined, rendering them unfit for cultivation [7, p. 309].

Another key factor is the damage to infrastructure due to ongoing hostilities. The blockade of Black Sea ports and the occupation of Crimea have resulted in Ukraine losing the ability to export a significant portion of its agricultural products. Equally important, the war has complicated the transportation of agricultural goods both within

Ukraine and abroad. The conflict has also led to a sharp rise in prices for diesel fuel, fertilizers, and other resources essential for agricultural production [8, p. 342]. These factors have substantially reduced the income of domestic producers, which, in turn, could lead to a food crisis.

Undoubtedly, the agricultural sector plays a key role in the life of any country, ensuring food security, creating jobs, and supporting rural development. However, for Ukraine, the role of the agricultural sector extends far beyond merely meeting basic needs. During the most challenging times for the economy, it becomes a driving force, generating a significant share of GDP and export revenue. It is important to emphasize that Ukraine plays a crucial role in ensuring global food security. Therefore, the transition to new agricultural models must be smooth, carefully considered, and balanced, not only to preserve but also to enhance the achievements of the agricultural sector.

It is essential to recognize that Ukraine's agricultural sector is a powerful export «engine» that stabilizes the country's economy in difficult times and impacts global food security. Thus, the transition to European standards must be measured, adhering to legislative norms and maintaining sustainability.

The transformation of economic development in the agricultural sector involves a series of measures and strategies aimed at ensuring the sustainable operation of agricultural enterprises and enhancing their efficiency amidst economic challenges. Ukraine's integration into the EU requires reforming various sectors to meet European standards. This challenge primarily affects the agricultural sector in terms of compliance with green economy standards, product quality, safety, and environmental sustainability. The sector plays a critical role in Ukraine's economy by ensuring food security, providing employment, and supporting rural development.

Under the influence of changes during full EU membership, social policies are also shaped accordingly. Traditionally, the social aspects of agriculture were mainly focused on labor market formation, with the social sphere considered primarily as a consumer of material and financial resources. With EU accession, agricultural policy

plays a crucial role in shaping the social sphere, especially through social protection instruments.

The European perspective serves as an effective tool for reforming socio-economic relations in the agricultural sector. The adaptation processes of Ukraine's agricultural industry to EU conditions should consider national characteristics and prerequisites. It is essential not to simply replicate the achievements of EU countries but to identify the priorities and development directions that can guarantee synergistic and cumulative effects in the economic and social realms of the agricultural economy.

Since the main criterion for providing public goods is the welfare of the population, it is advisable for state regulation to focus on the priorities established in the recent reforms of the EU's common agricultural policy. The measures implemented under this reform fully meet the interests of the population as taxpayers who invest funds in agriculture and expect to receive certain societal benefits in return.

An analysis of farming structures in EU countries shows that agriculture is primarily based on family farms. This organizational and legal form of agricultural enterprises best suits the specific characteristics of agriculture, as it combines the roles of landowner, worker, and manager within a single entity.

Within the current legislation in Ukraine, there are various organizational and legal forms of agricultural management that are not adapted to the practices existing in the EU.

The further development of the market environment in the agricultural sector should take into account the advantages of large-scale enterprises (agroholdings) while also enhancing the competitiveness of medium-sized farms, which requires an appropriate institutional environment.

Ukraine's agricultural policy should focus on supporting forms of management that fully utilize existing potential for both ensuring food security and sustainable rural development, as well as maintaining the rural way of life [9, p. 77].

There is a need to harmonize quality and safety standards for agricultural products in accordance with WTO requirements and EU legislation. For domestic agricultural

producers, harmonized standards are the only way to withstand competition in the external agricultural market. Research has shown a low level of quality management systems for agricultural products and has identified the main reasons for this situation. Key issues include: the existence of technical barriers, uncertainty in approaches to strategic management of the quality management system for agricultural products and their processing, and the need for appropriate methodologies for improving the safety of agri-food products.

Addressing these problems is complicated by the existence of a complex, opaque, three-tier standardization system in Ukraine. For these issues to have specific foundations for implementation, integration and coordination of actions by all interested participants in this process are necessary, along with strengthening state oversight and control throughout the food chain and promoting the greening of agricultural production [10, p. 169]. Ignoring the environmental factor in Ukraine's agricultural reforms has led to a disruption of the balance among economic, social, and environmental interests, which are foundational to the strategy of sustainable development. Compared to the EU, eco-oriented agriculture has not gained adequate popularity in our country.

It is necessary to establish a system of ecological agriculture in the medium term that meets the needs of the domestic market while considering the specifics of the European model of sectoral ecological modernization. Since the production of organic agricultural products is not profitable and requires high-cost marketing measures for its development and support, it is assumed that in the short term, traditional importers of organic products will hold leading positions in the market.

The mastery of foreign markets for ecological products represents a realistic but long-term prospect for Ukraine. Primarily, the system of state governance in this area must promote the development of ecological initiatives in agriculture by supporting scientific developments, aligning standards, developing technological and organizational regulations, as well as establishing state programs for ecological modernization with financial support. In the long-term perspective, a strategy for the

ecological modernization of agricultural production and the formation and development of bioenergy markets is proposed, taking into account the features of the European agricultural model [11, p. 25].

Having a good example from EU countries regarding the use of raw materials from energy agricultural resources and recognizing the objective necessity to find alternative fuels and energy sources for Ukraine, it is proposed to develop the bioenergy sector based on the cultivation of oilseed and bioenergy crops. This, in turn, will help halt the export of raw materials and effectively implement an ecological ideology in the production and consumption of bioenergy.

A fundamentally important task is to introduce an ecosystem approach in management activities and to adapt domestic legislation in the area of environmental conservation in accordance with EU directives.

Ukrainian environmental legislation significantly differs from that of the EU, and their comparison indicates certain shortcomings in the structure of Ukrainian legislation, particularly the absence of sections such as waste management, control of industrial pollution, risk management, chemicals, genetically modified organisms, and noise from machinery and equipment, which are present in EU legislation. Therefore, the main areas where the convergence of Ukraine's environmental legislation with the legislation enshrined in EU environmental directives and legal acts is necessary include:

1. Formation of horizontal legislation (environmental impact assessment, environmental information, etc.);
2. Air quality (emissions from stationary and mobile sources, air quality standards, control of ozone-depleting substances);
3. Waste (waste recycling and disposal, specific waste [oil product waste, packaging materials, active sludge], hazardous waste [chemical waste, heavy metals, etc.]);
4. Water quality (wastewater, surface water [waters for swimming and fishing], groundwater, drinking water);

5. Living nature (habitat of wild flora and fauna [birds, forest protection from atmospheric pollution and fires], trade in wild plant and animal species);
6. Industrial pollution control and risk management from accidents;
7. Chemicals and GMOs (testing and reporting on chemicals, use of GMOs, product control, transportation, export, and import of hazardous substances);
8. Noise levels (vehicles, machinery, and devices);
9. Nuclear safety and radiation protection (safety standards), transportation of radioactive materials and waste, food control.

To prioritize actions for harmonizing Ukraine's environmental legislation with EU requirements, the following measures should be undertaken:

- **Development and approval of new laws**, including those concerning emergency environmental situations, environmental insurance, fisheries, plant life, and ecological (natural-technogenic) safety.

- **Development and approval of laws** related to recreational zones, resort areas, health and wellness zones, and areas with special conditions for natural resource use.

- **Development and approval of laws** concerning environmental information and environmental education.

Overall, experts estimate that adapting Ukraine's environmental legislation to EU standards could cost between €50 billion and €100 billion [12, p. 179].

Agricultural products, particularly those used for food production, must not only be of high quality but also environmentally safe for human health. Contamination of agricultural products, which makes them hazardous to consumer health, occurs due to various factors, including:

- Pollution of the atmosphere, water, and soils.
- Uncontrolled use of pesticides and agrochemicals.
- Contamination of agricultural lands with mineral fertilizers.
- Pollution of land and products, including textiles, with heavy metals.
- Contamination from dioxins and other toxic substances.
- Genetically modified organisms (GMOs).

Indicators of environmental safety for agricultural products include their quality, ecological safety, and ecological purity. Ukrainian legislation places the responsibility for ensuring the ecological safety of food products on their producers.

Agroecology, in addition to conventional agricultural practices, offers significant opportunities for increasing agricultural production alongside genetic engineering and biotechnology. Importantly, this growth can occur without adverse side effects harmful to the natural environment [13, p. 735].

The focus on economic outcomes and the implementation of scientific advancements and innovative technologies, without prioritizing the development of ecological and social factors, is gradually fading into the past. Many scholars believe that Ukraine is exhibiting all the signs of an ecological crisis, which is now regarded as a crisis of existence and spirituality. Environmental degradation results not only from anthropogenic pressure but also from the impoverishment of societal morality and shortsightedness regarding future challenges to the established standard of living.

In this context, addressing ecological issues in the agricultural sector is increasingly emphasizing key areas of agroecology. These areas aim to integrate ecological principles into agricultural practices, ensuring that environmental sustainability and social responsibility are prioritized alongside economic growth. Such a holistic approach can help mitigate the ecological crisis by fostering a more balanced relationship between agriculture and the environment, thereby contributing to the overall well-being of society and the planet.

In the current complex ecological and economic conditions, agroecology should determine the strategy for the development of agricultural production, focusing on the conservation and reproduction of soil, water, and biological resources, as well as on protecting the environment and providing people with high-quality food products in necessary quantities.

Defining agroecology as a comprehensive and interdisciplinary science, the growing neglect of its biogeochemical component becomes increasingly dangerous. A

biocentric strategy for agriculture, as a condition for forming balanced resource management, requires a comprehensive study of the living matter in the agro-sphere.

Domestic agricultural policy must be interpreted from the perspective of a triune approach, widely used in EU member states, which takes into account not only the economic but also the social and ecological components of the national economy. This approach meets EU requirements and confirms the predominant influence of a balanced system of measures and means of state influence on the effectiveness of agricultural production, closely linked with rural development, in accordance with agroecological requirements, while ensuring comprehensive protection for the rural population.

Let's consider the main changes that need to be made in the agricultural sector of Ukraine for its accession to the EU:

1. Improvement of the regulatory framework:

– Harmonizing Ukrainian legislation with European standards. The Ukrainian system for controlling and ensuring the quality of food products differs somewhat from the European one: the EU has long implemented the «From Farm to Fork» system – a strategic initiative aimed at improving the quality, sustainability, and safety of food products. This system would allow for better control of product quality throughout the entire production chain, promote the implementation of more «green» production methods, enhance consumer information, and so on [14].

– Creating favorable conditions for doing business in the agricultural sector;
– Increasing the competitiveness of Ukrainian agricultural products. In this regard, it is essential to adhere to the social and environmental standards that are in place in the EU, concerning occupational safety, animal welfare standards, the use of pesticides and other agrochemicals, and so on.

2. Support for agricultural producers:

– Providing financial assistance for the modernization and development of farms is currently complicated by the overall challenge of surviving and recovering after the end of the conflict. However, the gradual implementation of European norms and

standards in production will facilitate the stable post-war recovery of the sector and ultimately increase its competitiveness;

- Implementing educational and consulting programs for farmers;
- Creating cooperatives and other forms of agricultural associations.

3. Development of rural infrastructure:

– Construction and modernization of roads, bridges, elevators, and other social infrastructure facilities;

– Ensuring access to quality education, healthcare, and other social services for residents of rural areas.

4. Increasing the export of Ukrainian agricultural products:

- Expanding markets for Ukrainian products;
- Creating a brand for Ukrainian agricultural products in the global market;
- Supporting the participation of Ukrainian agrarians in international exhibitions and forums [15, p. 40].

The implementation of the proposed socio-economic and environmental priorities will enable an adequate transition of the agricultural sector of the economy to the European agricultural development model and will contribute to increasing the competitiveness of agriculture in the medium and long-term euro-integration perspective.

The agricultural sector of Ukraine possesses significant production potential that far exceeds the needs of the domestic market. This sector of the economy can become a driving force for the development of the national economy of the country, its integration into the EU, and the global economic space. The increase in incomes among the rural population, which is engaged in the agricultural economy and constitutes more than a third of the country's population, will lead to a rise in demand for goods and services, which in turn will stimulate the development of other sectors of the economy.

The year 2014 was significant for Ukraine's foreign trade in the context of euro-integration ties. It was then that the Association Agreement between Ukraine and the EU was signed, opening new opportunities for economic cooperation. One of the key

points of the Agreement was the introduction of an «autonomous preferential trade regime» starting from April 23, 2014. This regime provided for the cancellation or reduction of tariffs on a wide range of exported goods and the establishment of quotas on the export of agricultural products to EU countries. A simplified trading procedure was also provided, which stimulated the export activity of Ukrainian enterprises, including agricultural producers. Since the beginning of the full-scale invasion, the EU temporarily lifted import duties and quotas on Ukrainian agricultural products to support the Ukrainian economy amid the war and the blockade of maritime ports by russia.

As a result of these changes, trade between Ukraine and the EU significantly improved, reaching a record amount of \$12.9 billion in 2022 from the export of agricultural products to the EU, which is 3.22 times more compared to \$4 billion in 2016. The agribusiness complex ranks among the top sectors in terms of Ukraine's GDP share. According to the National Bank of Ukraine, there has been a decline in the share of agribusiness in the country's overall GDP. The data indicates that the share of agriculture in Ukraine's GDP exhibited unstable dynamics with seasonal fluctuations from 2019 to 2022. The highest values were observed in the third quarters of each year, as most agricultural crops in Ukraine are harvested during this time. This leads to increased agricultural production volumes, which, in turn, results in a higher share of agriculture in GDP. Additionally, the rise in agricultural product prices contributes to increased incomes for agribusinesses.

It is equally important to note that the impact of these factors can vary depending on specific conditions. For instance, in 2021, the increase in the share of agriculture in GDP was influenced not only by seasonality but also by rising global food prices. The products of the agribusiness complex significantly impact Ukraine's foreign trade, maintaining a strong leadership position among other sectors and demonstrating high competitiveness. Our country has long been renowned for its fertile lands and abundant harvests. Today, agriculture remains one of the key sectors of the Ukrainian economy. The products of Ukrainian farmers, particularly wheat, corn, barley, and rapeseed, are

in high demand in global markets. They are exported to over 170 countries worldwide, making Ukraine one of the leaders in this field. Grain crops traditionally play a vital role in the structure of agricultural exports, and their cultivation for sale generates significant income for the state while contributing to the development of rural areas.

The export of agricultural products from Ukraine significantly increased in 2021. According to the State Statistics Service of Ukraine, the export of agricultural products from Ukraine in 2021 amounted to \$27.7 billion, which is 22% more than in 2020.

However, the export of agricultural products from Ukraine decreased in 2022 to \$23.2 billion, which is 16% less than in 2021. This decline was caused by the war in Ukraine, which led to the blockade of Ukrainian ports and disruptions in supply chains.

In 2022, due to the preferential regime with the EU, Ukraine was able to increase its agricultural product export volume by 67.5%. The largest export commodities in 2023 were grains, oilseeds, and livestock products. The export of grains in 2023 amounted to \$10.2 billion, the export of oilseeds was \$7.8 billion, and the export of livestock products reached \$5.2 billion [7, p. 308].

The Ukrainian agrarian sector has suffered significant losses due to the war. The introduction of Ukraine's export licensing system to five EU countries has partially helped resolve the issue, but Poland, Slovakia, and Hungary still have not lifted their bans on the import of agricultural products. The Council of the EU has extended the duty-free trade regime for Ukrainian agricultural products until June 2024. Importers expect a steady flow of agricultural products from Ukraine in 2024, but logistical difficulties and Russian attacks on infrastructure hinder exports.

In the context of war, the agricultural sector of Ukraine receives assistance mainly through favorable tax policies, which is an indirect form of subsidizing the industry due to the lack of funding opportunities in the State Budget of Ukraine. Unlike other sectors, agricultural production and its outcomes are significantly influenced by natural and climatic conditions. Therefore, one of the important directions for the development of agricultural production is to reduce risks associated with natural and

climatic conditions and ensure the further development of the agricultural sector by improving farm protection systems.

Ukraine provides state support to the agricultural sector through the implementation of various programs, including funding for scientific research, both fundamental and applied, supporting agribusiness by lowering interest rates on loans, and facilitating the development of crop production, livestock farming, poultry farming, and aquaculture.

In 2022, a total of 30,396 agricultural producers received loans amounting to 57.174 billion UAH. Of these, as of June 1, loans amounting to 38.551 million UAH were issued for crop rotation. In total, under the portfolio guarantees program, 80% of loans amounting to 25.6 billion UAH were issued. The EU allocated 50 million euros in direct subsidies for small farmers, while Canada and Japan invested over 60 million dollars in equipment for temporary grain storage. The FAO conducted tenders and purchased 7 million bags for storing 7 million tons of grain [11, p. 26].

At the same time, the military actions occurring in Ukraine due to the large-scale aggression of Russia since February 24, 2022, have led to a deterioration of food security in Ukraine, caused in particular by disrupted logistics chains, destroyed infrastructure, farms, and production facilities, as well as a decrease in the amount of food produced by operational enterprises. As of June 2023, the direct losses incurred by Ukraine's agribusiness sector amount to 8.7 billion USD (losses related to the destruction and damage of agricultural machinery exceed 4.7 billion USD; losses from the destruction and theft of produced goods are estimated at 1.9 billion USD). Indirect losses in the agribusiness sector are estimated at 40.3 billion USD [16].

According to FAO estimates, the war in Ukraine has resulted in losses estimated at approximately 2.25 billion USD for agricultural enterprises. Of this, approximately 1.26 billion USD in losses are attributed to the crop sector, while 0.98 billion USD relate to livestock. Due to the conflict, 25% of agricultural enterprises in Ukraine have ceased or reduced production, and in areas close to the front line, this figure reaches 38% [17].

Thus, joining the EU presents both challenges and opportunities for the Ukrainian agricultural sector. Through comprehensive reforms and state support, Ukrainian farmers can become competitive in European and global markets. It is important to remember that transitioning to European standards is a long-term process that will require significant efforts from the government, farmers, and society. The successful implementation of reforms in the agricultural sector will be a key factor for Ukraine's successful accession to the EU. Opening the European market to Ukrainian agricultural products will provide a powerful impetus for the development of the agricultural sector and the economy of Ukraine as a whole.

Based on the aggregate of the aforementioned and other economic and sectoral issues that significantly limit Ukraine's effective participation in global integration processes, it can be argued that there are significant shortcomings in aligning state policies and management systems with EU conditions, making rapid progress in this direction impossible. In our opinion, there is a need for accelerated establishment of reliable connections through systemic institutional restructuring within the state, which would be perceived by the international community and Ukrainian society as has occurred, for example, in Poland, the Baltic republics, and some other countries within a fairly limited timeframe.

At the same time, despite the mentioned problems in implementing the Association Agreement, including the establishment of a free trade zone concerning the agricultural sector, even the already fulfilled joint measures have significantly activated the European cooperation vector. In particular, the dynamics of mutual trade in agricultural products between Ukraine and the EU have significantly increased.

The implementation of measures aimed at increasing the technological capabilities of agro-industrial production and the effects of establishing a free trade area with the EU have resulted in a significant positive trade balance in favor of Ukraine concerning export-import operations of quality domestic agricultural products and foodstuffs. This indicates an increase in their competitiveness in both European

and domestic markets. Additionally, there have been some positive shifts in attracting European investments and in other areas of cooperation.

There is a deepening understanding of agricultural policies and objective assessments of the current and potential capabilities of the domestic agricultural sector. However, the main focus here is on improving mutual awareness of further joint steps toward activating cooperation in the agricultural field.

Therefore, when examining the status of the implementation of the Association Agreement, priority tasks for domestic state institutions, participants in the agricultural market, and civil society to ensure the successful development of Euro-integration processes in the agricultural sphere include institutional organization of the system of state and regional management of the agricultural sector of the economy and rural development, using successful practices from EU countries. This also involves adopting a law on Ukraine's updated state agricultural policy, considering the necessity to align it with the EU's Common Agricultural Policy, improving Ukraine's budgetary policy regarding support for the agricultural sector and rural development, including defining mechanisms for guaranteed funding of programs from state and local budgets for a term of seven years, increasing budget support to accelerate harmonization with European standards of agricultural product quality, and refining the taxation system to simplify and optimize the tax burden on agricultural producers.

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