FEATURES OF STATE SUPPORT FOR THE DEVELOPMENT OF COMPETITIVE PRODUCTION

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The strengthening of the processes of globalization and the aggravation of food supply problems for the world’s population requires further development of the domestic agro-industrial complex and its integration into the world food system. It is essential to guarantee the stability and predictability of agrarian policy at the state level to create a more favorable business environment for the country’s agrarian business. Achieving positive socio-economic effects of the functioning of competitive entrepreneurship is possible only in the presence of systemic support for its development, where the most important place is given to the state, which creates conditions for increasing the number of enterprises and ensuring their functioning with high economic efficiency and resource efficiency. State support of business entities is a system of measures. It means providing, by law, which aims to form and ensure the effective functioning of the system of business entities. State regulation of the agrarian sector of the economy is carried out in the form of a set of measures in the agrarian sector through the economic influence of the state on the processes of production, processing, and sale of agricultural products, raw materials, and food to preserve the food security of the country and its regions, stabilize agro-industrial production and overcome sectoral disparities. Following the current legislation, support for business entities includes financial, property, informational, consulting support, support in training and advanced training of employees, and support in innovation and industrial production. The country’s agrarian policy should be aimed at the development of competitive agricultural production through state interventions in agricultural products, setting domestic prices and customs tariffs in the interests of domestic producers, providing producers with material and technical resources for the production of agricultural products, and guaranteeing the country’s food security.

Keywords: state support, competitiveness, agrarian policy, production, development.

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STATEMENT OF THE PROBLEM IN GENERAL

The agri-food sector is traditional and a priority for all developed countries without exception from the point of view of providing state aid. The Global Sustainable Development Goals have significantly actualized the importance of the agri-food sector for the dignified existence and well-being of present and future generations and the search for new forms and ways of state assistance to producers. Large-scale amounts of state support for farming and food companies in the EU countries form significant gaps between the aid received by Ukrainian agri-food businesses and the business of European countries and, accordingly, form certain risks and threats to the competitiveness of Ukrainian products in the EU markets. This requires further substantiation of systemic, strategic measures to find ways, methods, and mechanisms of state aid to the domestic agri-food sector to ensure its competitive solid positions and advantages compared with European business.

ANALYSIS OF THE LATEST RESEARCH AND PUBLICATIONS

The following scientists deal with the problems of competitiveness of agricultural enterprises: S. Biryuk [1]; O.M. Borodina, O.M. Mogilnyi [2]; O.M. Zagursky [3]; M.Y. Malik [4]; O.V. Oliynyk, T.V. Kalashnikova [5]; G.E. Pavlov [6]; P.T. Sabluk [7]; O.G. Shpykulyak [8].

Despite numerous studies, the issue of state support for agricultural entrepreneurship remains relevant because transformational transformations require new ideas to solve the problem of relations between the state and entrepreneurship. The article aims to substantiate the scientific foundations of the formation of state support for the development of competitive production.

PRESENTATION OF THE MAIN MATERIAL OF THE STUDY

Kharkiv region occupies an essential place in the economy of agri-food production in Ukraine. It has a powerful potential for ensuring food security in the country’s Eastern region. At the same time, the riskiness of agri-food production objectively requires supplementing the mechanism of action of market factors in the market of agricultural raw materials and food products with effective levers of state support. Currently, in Ukraine, including in the Kharkiv region, state support is regulated by the Laws of Ukraine “On State Support of Agriculture of Ukraine”, the Strategy for the Development of Exports of Agricultural Products, Food and Processing Industry of Ukraine for the period up to 2026, the Law of Ukraine “On the Basic Principles of State Agrarian Policy and State Policy of Rural Development”, the Concept of the State Target Program for the Development of the Agrarian Sector of the Economy for the period up to 2022.
Decree of the Cabinet of Ministers of Ukraine "On Approval of the Action Plan for the Implementation of the Concept of Rural Development", the Strategy for the Development of the Agricultural Sector until 2030, the Food Security Strategy of Ukraine for the period up to 2030, the Strategy for Sustainable Development of Ukraine until 2030 and other national and sectoral regulations. State support for agro-food production is a priority strategic task of rebuilding the national economy of Ukraine, ensuring its food security, and achieving the goals and objectives of sustainable development.

In recent years, Ukraine as a whole has developed a mechanism for providing state aid to agri-food business entities, which includes state financial support (agricultural insurance, lending, taxation), providing business opportunities to participate in grant projects, support for farming and cooperation, support for rural development and critical infrastructure, assistance in international cooperation in the fields of agribusiness, regulatory and consulting support for business entities of all branches of the agri-food complex.

The practice of domestic state aid to industries structurally and technologically related to food production, which has been in effect for many years, is provided in three primary forms (Fig. 1).

**FORMS OF STATE SUPPORT FOR AGRI-FOOD SECTOR**

- **Direct state support**
  - The State Budget envisages it as a format of financial support for producers.

- **Tax Benefits**
  - The difference between the potential and actual tax burden of agricultural producers.

- **Pricing Support**
  - Export and import quotas, duties, quotas, VAT refunds.

- **Indirect support**
  - We are providing sector-wide services in the green box landscape.

Fig. 1. Current forms of state support for agro-industrial production in Ukraine
Source: compiled by the author according to [9].

Targeted program financing is carried out based on the Law of Ukraine "On the State Budget of Ukraine" [10], according to which 2021 UAH 19.3 billion was allocated for direct support of agriculture. The main programs of state financial support were supported by reducing the cost of credit resources, development of farming, support for the livestock industry, storage and processing of livestock products, and partial compensation of the cost of agricultural machinery of Ukrainian production (Table 1).

<table>
<thead>
<tr>
<th>State support programs</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
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<tbody>
<tr>
<td>Financial support of APV enterprises through cheaper credit resources</td>
<td>266,0</td>
<td>127,6</td>
<td>1048,7</td>
<td>1200,0</td>
</tr>
<tr>
<td>Supporting the development of farming</td>
<td>200,0</td>
<td>800,0</td>
<td>134,0</td>
<td>200,0</td>
</tr>
<tr>
<td>State support for the development of hop growing, young orchards, vineyards</td>
<td>400,0</td>
<td>400,0</td>
<td>400,0</td>
<td>450,0</td>
</tr>
<tr>
<td>Providing loans to farms</td>
<td>-</td>
<td>200,0</td>
<td>200,0</td>
<td>200,0</td>
</tr>
<tr>
<td>State support for the livestock industry, storage, and processing of agricultural crops Products</td>
<td>2401,0</td>
<td>3500,0</td>
<td>1046,9</td>
<td>1150,0</td>
</tr>
<tr>
<td>Financial support for agriculture Manufacturers</td>
<td>955,0</td>
<td>881,8</td>
<td>1000,0</td>
<td>999,3</td>
</tr>
<tr>
<td>Including compensation of part of the cost of agriculture. Machinery and equipment</td>
<td>955,0</td>
<td>681,8</td>
<td>1000,0</td>
<td>999,3</td>
</tr>
</tbody>
</table>

Source: compiled by the author based on [11]
According to the monitoring data on the direction of the State Budget funds, the central part of the state financial support for agri-food enterprises was provided through direct subsidies in the form of cheaper loans. An essential item in the structure of state aid is also an item that includes expenditures on assistance to the development of the livestock industry and the processing of livestock products. This direction includes such measures for the use of budget funds as

- reimbursement of the cost of livestock facilities,
- compensation for the cost of such objects purchased (built) at the expense of credit resources,
- special budget subsidies for the increase in the number of specific categories of farm animals,
- partial reimbursement of the cost of construction of elevators.

Given the limited financial potential of most companies and producers in the agri-food sector, one of the essential sources of attracting capital to the sector is borrowed funds, particularly in the form of bank lending. Reducing the cost of credit resources is the main item of expenditure of the State Budget to support agri-food production. At the same time, the inclusiveness of producers' access to this program should be increased in the future, and the cost of credit resources should be affordable for all participants in the agri-food business without exception.

According to the data of the Ministry of Agrarian Policy and Food of Ukraine, the number of entities that applied for compensation for the cost of credit resources and used this mechanism in 2021 amounted to 4.4 thousand borrowers for a total of UAH 94.4 billion. By type of lending, the maximum share of borrowed funds was short-term loans – 41.3%, and the share of medium-term and long-term loans was 36.8% and 21.9%, respectively [12]. At the same time, the Kharkiv region was among the leaders in the ranking of regions of the country in terms of activity and cost of attracted and reimbursed credit resources: Kyiv region - UAH 6.5 billion, Poltava region - UAH 4.5 billion. UAH, Kharkiv region - 4.2 billion. UAH.

Significant in comparison with the average indicators in the country's agri-food sector was also the volume of state financial assistance to enterprises of the Kharkiv region under the program of compensation for part of the cost of purchased complex agricultural machinery of domestic production. In 2021, manufacturers of the agro-food sector of the region purchased 927 equipment units with a total compensation value of UAH 57.5 million. Thus, the Kharkiv region took fifth in the national ranking after Kherson, Poltava, Zaporizhzhia, and Kirovohrad regions (Fig. 2).

![Fig. 2. Rating of Kharkiv region in the program by the amount of partial compensation for the cost of agricultural machinery and equipment](image)

Source: compiled by the author according to [11].

Among the leaders of the national rating, the Kharkiv region also appeared in the direction of state support "Development of horticulture, viticulture and hop growing" (purchase of machinery and equipment of foreign origin with a part of the state financial compensation of the cost of no more than 30%) (Fig. 3).
In addition, the amount of state financial support for agri-food producers in the Kharkiv region under farm development programs was determined significantly compared to other regions. Thus, the number of direct state subsidies to farmers in the region amounted to UAH 1.32 million (9th place in the regional rating of the country, UAH 0.49 million in subsidies for keeping cows, UAH 5.0 million payments for reimbursement of the cost of purchased breeding animals, UAH 9.3 million subsidies for existing bee colonies, UAH 24.6 million — compensation for the cost of livestock facilities [11].

To date, the Concept of Agricultural Development for the period up to 2030 has been substantiated in Ukraine, which contains specific provisions that can contribute to increasing the competitiveness of agricultural products. However, to a greater extent, they aim to achieve the targets for the sustainable development of the agricultural sector. The Concept of Competitive Agro-Industrial Production, in our opinion, should be based on the principles of sustainability inclusiveness, which apply to all participants in agri-food chains and specific mechanisms for increasing the level of competitiveness of their products based on sustainable development of all sectors of the agri-food sector.

### Table 2

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<tbody>
<tr>
<td>Tractors</td>
<td>17200</td>
<td>11600</td>
<td>8800</td>
<td>8900</td>
<td>8600</td>
<td>8500</td>
<td>8800</td>
<td>8600</td>
<td>8045</td>
<td>7888</td>
</tr>
<tr>
<td>Combine harvesters</td>
<td>2909</td>
<td>2210</td>
<td>1815</td>
<td>1884</td>
<td>1806</td>
<td>1751</td>
<td>1858</td>
<td>1814</td>
<td>1740</td>
<td>1738</td>
</tr>
<tr>
<td>Milking machines</td>
<td>2450</td>
<td>1257</td>
<td>734</td>
<td>771</td>
<td>731</td>
<td>758</td>
<td>743</td>
<td>740</td>
<td>373</td>
<td>392</td>
</tr>
</tbody>
</table>

*Calculated from [13]

The volume of capital investments of business entities in the agri-food sector has demonstrated a positive trend in recent years. For 2010-2021, the share of capital investments in agriculture increased from 6.0% to 10.1% (up to UAH 67993 million), and the share of capital investments in food industry enterprises amounted to 4.2% (UAH 28166 million). Similar are the trends in the level of provision of agri-food enterprises with fixed assets - the share of the agricultural sector is 5.0%, and food industry enterprises – 3.0% [14].

One of the promising areas of further technical and technological support for agri-food enterprises is financial leasing. The Government of the country has expanded the scope of state support for the agri-food sector by adopting the program "Affordable Loans and Affordable Leasing 5-7.9%. In addition, in
2021, the regulatory framework for leasing operations was improved by adopting the Law "On Financial Leasing" by the Verkhovna Rada of Ukraine. This intensified the activities of leasing companies in Ukraine, the number of which, according to the NBU, as of the end of 2021, was 935 units. The total cost of financial leasing services provided amounted to UAH 185.6 million. (the number of contracts for financial leasing services was 17475 units). The most active cooperation with agri-food enterprises to conclude leasing agreements was JSC "Upragroleasing", OTP Leasing, "And alfa-Leasing Ukraine.

Volumes of consumption of certain types of food products and beverages, which characterize the state and prospects of development of the food and processing industry of the Kharkiv region *

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<tbody>
<tr>
<td>Meat, thousand tons</td>
<td>99.2</td>
<td>114.7</td>
<td>142.1</td>
<td>143.9</td>
<td>139.9</td>
<td>138.7</td>
<td>141.7</td>
<td>136.0</td>
</tr>
<tr>
<td>Milk, thousand tons</td>
<td>49.6</td>
<td>617.6</td>
<td>508.7</td>
<td>622.1</td>
<td>560.3</td>
<td>543.7</td>
<td>536.1</td>
<td>521.0</td>
</tr>
<tr>
<td>Eggs, mln units</td>
<td>451.4</td>
<td>620.2</td>
<td>759.7</td>
<td>758.0</td>
<td>735.8</td>
<td>741.4</td>
<td>719.7</td>
<td>715.5</td>
</tr>
<tr>
<td>Bakery products, thousand tons t</td>
<td>418.8</td>
<td>360.3</td>
<td>300.9</td>
<td>260.0</td>
<td>252.7</td>
<td>241.1</td>
<td>243.2</td>
<td>223.7</td>
</tr>
<tr>
<td>Oil, thousand tons</td>
<td>27.8</td>
<td>36.1</td>
<td>36.4</td>
<td>30.2</td>
<td>28.4</td>
<td>29.0</td>
<td>29.7</td>
<td>31.4</td>
</tr>
</tbody>
</table>

*Calculated from [13]

A positive example of improving the level of information and analytical support for agri-food producers is the functioning of the digital National Food Security Platform, a pilot project implemented in the Kharkiv region. Agri-food structures can place ads and conclude contracts under transparent mechanisms based on inclusive access for producers and buyers. In addition to agricultural producers and food industry enterprises, the platform also unites logistics companies, retail chains, international organizations, and capital donor organizations, and its functionality is the initial stage in creating an agri-food value chain within the region. Such organizational tools are necessary to increase the competitiveness of agricultural enterprises. They should be constantly improved, taking into account changes in the factors of the business environment of the market.

Along with improving forms, methods, and tools of state support for competitive agricultural production as a raw material basis for the agri-food sector, it is also essential to substantiate specialized measures for further support of business entities in the food industry. The strategic goal of state support should be to increase the production of a wide range of high-quality food with a high share of added value and auditing taste properties that can meet the demand of the population of the Ukrainian and European markets. The key strategic objectives in achieving this goal should be the following (Fig. 4).

The key conditions for obtaining state support to increase the competitiveness of food industry enterprises should be the intensification of innovation activities and a high level of social responsibility of the food business regarding the quality and safety of food products. To meet international food quality standards, the products of Ukrainian manufacturers must meet sanitary, phytosanitary and technical marketing requirements. Social Responsibility in terms of quality and safety of food products is proved through their certification. Examples of such global standards are GLOBALG.A.P.C., FSSC 220001, British Retail Consortium (BRC), International Featured Standard (IFS) or Safe Quality Food (SQF) and others. To increase competitiveness, creating new business models of agro-food production in closed agri-food value chains is promising. An extremely important element of management in such chains should be integrated product quality systems at all stages of their production (production, packaging, transportation, storage, certification, labeling, sale).

Strategic trends in the further activities of food industry enterprises in the context of ensuring the competitiveness of products in world food markets should be the improvement of the ingredient composition and the rejection of the use of recipes for trans fats, palm oil, GMOs. To compensate for part of the costs of reorientation and re-profiling of production facilities, it is necessary to develop specialized state support programs at the first stages of modernization of food production. The criterion for receiving such targeted financial assistance from the state can be food quality certificates of domestic producers, which open up opportunities for access of Ukrainian products to European and world markets. Implementing support in this area also involves improving the information and methodological support of agri-food producers in terms of quotas, restrictions, phytosanitary requirements, processes and requirements for product labeling, certification, etc.
CONCLUSIONS
The combination of all directions and instruments of state regulation and support of competitive agri-food production requires creating and launching action within a single management mechanism. The general purpose of creating such a mechanism is to ensure the food security of Ukraine’s population and increase its well-being and quality of life. Related goals are to increase the competitiveness of domestic agricultural and food products, which will form the necessary strategic prerequisites for achieving the main goal, taking into account and satisfying the interests of present and future generations of Ukrainians.

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ОСОБЛИВОСТІ ДЕРЖАВНОЇ ПІДТРИМКИ РОЗВИТКУ КОНКУРЕНТОСПРОМОЖНОГО ВИРОБНИЦТВА

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Посилення процесів глобалізації та загострення проблем забезпеченості продовольчою продукцією населення світу потребують подальшого розвитку біччого агропромислової комплексу та його інтеграції у світову продовольчу систему. Досить важливою є гарантія на державному рівні стабільності та передбачуваності аграрної політики з метою створення умов для збільшення кількості виробництва продукції, що забезпечує особливі соціально-економічні ефекти функціонування конкурентоспроможного підприємництва в умовах глобалізації аграрної політики. Для цього зовнішнього термінової підтримки виробництва продукції, яка забезпечує економічні ефекти, є вищим підтримуванням, яке створює зовнішню торговельну аграрної політики, а також стимулює діяльність підприємництва. Для цього зовнішнього термінової підтримки виробництва продукції, яка забезпечує економічні ефекти, є вищим підтримуванням, яке створює зовнішню торговельну аграрної політики, а також стимулює діяльність підприємництва. Державне регулювання аграрного сектора економіки здійснюється у вигляді особливих підтримувань, які створюють умову для збільшення кількості продукції, яка забезпечує економічні ефекти, є вищим підтримуванням, яке створює зовнішню торговельну аграрної політики, а також стимулює діяльність підприємництва. Державне регулювання аграрного сектора економіки здійснюється у вигляді особливих підтримувань, які створюють умову для збільшення кількості продукції, яка забезпечує економічні ефекти, є вищим підтримуванням, яке створює зовнішню торговельну аграрної політики, а також стимулює діяльність підприємництва.

Ключові слова: державне регулювання, конкурентоспроможність, аграрна політика, виробництво, розвиток.