

**PROBLEMS OF CLASSIFICATION OF AGRICULTURAL PRODUCERS: FOREIGN EXPERIENCE AND NATIONAL FUNDAMENTALS**

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**Abstract:** *In the article an estimation of methodical approaches to implementation of the process of typology of agricultural enterprises on the basis of generalization of domestic and foreign experience has been carried out. It has been established that now in Ukraine, in relation to agricultural enterprises, there is no single methodological approach regarding the typology of agricultural enterprises. In practice, for the formation of the information array, a methodology is used to compile statistical reporting "Basic indicators of production and economic activity of agricultural enterprises". However, it is not used in determining the taxation regime of farms in the corporate sector of the agrarian economy.*

*It has been established that in certain EU member states the EU applies a single approach to all households and farms by assigning them to agricultural producers without taking into account their legal form on the basis of sales volumes or assessing their ability to generate, level of marketability, or more typical of the former socialist countries, Apply their own thresholds for agricultural households and individually define the conditions for legal entities and farmers.*

*We believe that in order to ensure the effectiveness of state support for agricultural production and strengthen its role in the development of rural areas, it is necessary to determine the indicators and thresholds for the acquisition of the status of agricultural producer. An important indicator in establishing the status of agricultural commodity producer is the level of income derived from the sale of agricultural products, including incidental and related, equal to the size of the minimum wage for each member of the household.*

**Key words:** *typology, agricultural enterprise, threshold value, agricultural commodity producer.*

**JEL Classification:** Q00, Q12, Q18

**UDC:** 338.43

**Problem formulation.** The agricultural sector of the economy is one of strategic and core segments of the Ukrainian national economy. Its actors form an important part of the State budget, defining bases if food security, saving rural traditions and mentality. The systemic transformations of high quality, able to increase competitive performance level of agro-industrial production in the conditions of globalization and providing of the State food security are necessary. One of these mainstream ways of agrarian transformations is a complex deepening of agricultural production specialization, increasing of its concentration level based on cooperation and food integration.

In order to solve these problems the studies of allocation of agricultural production on farms with different farming types and different organizational and legal economic forms are needed. The main place in this process belongs to productive type which is a group of agricultural producers with the same specialization and branches connection as well as relatively similar intensity and production levels.

In the same time, the implementation of the Association Agreement between the European Union and the European Atomic Energy Community and their Member States, of the One Part, and Ukraine, of the Other Part foresees the reform of the national agricultural statistic system according to the requirements of the EU statistic office.

**Analysis of main researches and publications.** The question of positive impact of efficient agricultural production on rural development was studied in the works of Borodina O.M. [1, 2], Borshchevski V.V. [3], Bulakh T.M. [4], Gazudi S.M. [5], ГGogol T.V. [6], Golovni O.M. [7], Gubeni Y.E. [8], Diyesperova V.S. [9], Lisoviy A.V. [10], Malika M.Y. [11], Morozyuk N.V. [12],

Pavlova O. I. [13], Prokopy I. V. [14], Talavyri M.P. [15], Stegney M.I. [16], Yurchyshyna V. V. [16] and others. But they didn't pay attention to the typing of agricultural producers for taking efficient management decisions on micro and macro levels.

**The aim of the article** is to define the role of agricultural producers in rural development. It is defined on the base of their typing according to main indices of their economic activity.

**Main content.**

Considering the typing through the prism of the scientific methodology, it should be noticed that it represents the dialectic of the general and concrete as for the specificity of economic relations and agricultural enterprises, also it represents the present inter-relation of all production elements.

We often meet two notions in the agrarian economics: «productive type» and «farming system». Until the middle of 20-th years of XX-th century researchers studied mainly eight kinds of farming systems which were generalized by O. Ludogovsky (pasture, layland, cereal system, improved cereal system, crop rotation farming, outdoor run, grassland and free system). O. Fortunatov noticed that farming system was homologated with the arable farming system [18, c. 460]. According to O. Skvortsov farming system should be understood as a combination of production elements which impact on the mode to obtain the rent on a given farm. The last one, in its turn, is defined by product sold on the market, so the name of farming system should be given according to this product [19, c. 51]. In the soviet economics the notion "farming system" was considered in a wide and narrow sense. In the first case it was understood not only as a rational organization of production, but the notion covered also all aspects of distribution of created material commodities. In the second case the farming system was linked with a kind of agricultural production and gathering of branches, intensity level and system of some branches of crop and animal production [20, c. 4-5]. The last definition is the most correct and substantial.

The typing problem of agricultural producers was treated in the works of O. Yermolov, O. Ludogovsky, O. Skvortsov, I. Stebut, O. Fortunatov, O. Shyshkin. But the mentioned researchers studied only the organizational and technical side of productive type and economic system leaving outside social and economic character of enterprises, capital intensity and specialization.

In the condition of innovative development of agriculture, implementation of innovations into production, processes of social division and organization of work are significantly accelerated which lead to appearance of new specialized farms, which didn't correspond to the actual scientific farming systems. Thus the category "productive type" has replaced the category "farming system". Also, as it was noticed by M. Savenko, the farming system is a singular category which belongs to concrete farm and to concrete farming conditions, and the productive type is a group-wide notion which concerns collectivity of agricultural producers. [21, p. 5]. According to him, the productive type means a collectivity of farms with similar specialization and combination of branches, and also with the same intensity level.

It should be noticed, that the work of L. Zaltsman and O. Ilyichov published in 1961 became some kind of revolution in the economic researches devoted the organization of agricultural production [21]. Its authors proposed the transition from farming system related to regions and micro-zones according to agricultural and economic territories zoning, to productive types, as every administrative region is often characterized by natural and economic conditions as well as by the presence of farms with different specialization types.

Also, as it was noticed by L. Kaller, we should not identify productive type as a specialization or branch of production [22, p. 13]. As agricultural producers having similar specialization and similar composition of main branches, can be located in different natural and economic conditions, which stipulates differences in intensity and farming systems, hence they belong to different productive types.

Since 1960 years the study of typing of agricultural producers has become more systematic and more or less unified from the methodological point of view. During years 1965-1980 productive types were studied by A. Barbashyn, D. Vermel, I. Zhadan, L. Zaltsman, M. Isayenko, L. Kaller, P. Kalm, S. Kolesnev, V. Kryvoruchko, Y. Kushnir, S. Kutikov, G. Losa, M. Makarov, O. Nikonov, K. Obolensky, M. Savenko, V. Tunin, P. Shchepienko and others.

In the results of these studies the researchers have defined 400 productive types of agricultural enterprises, where 50 types are considered as main ones; they have developed the

theoretical and methodological bases for typing and classification, have justified more than 70 rational types of farms etc.

But these researchers have different views of the essence of productive type. Thus I. Zhadan considers the essence like concrete farms which differ by peculiarities of their specializations, organizational structures and production technologies in main branches with enough stable income source [23, p. 7]. Other researchers like L. Zaltsman and M. Isaenko united in the same productive type agricultural enterprises located in some natural zone, with similar specialization and connection of branches, with similar intensity level, size and ratio of main elements of agricultural production [21, p. 3]. The same explanation of productive type is given by L. Kaller, which considers it like a group of agricultural enterprises similar by their specialization, branch structure according to field-specific production branches, intensity level and main farming elements that emerge from the similarity of objective natural and economic conditions [24, p. 12-13]. The later researches, like the works of M. Isayenko contain the definition of productive type as a group of agricultural enterprises which differ by their productive tasks, natural and economic conditions, as well as production results [25, p. 63]. According to L. Pyanova, productive type is a group of farms having similar specialization, acting in similar natural and economic conditions, having similar level of agricultural production intensity and similar management system [26, p. 9].

The placing of agricultural enterprises in some classification type is called typing. According to E. Lyonde, the typology is a science about type development for further analysis of complex real objects and courses which are different but belong to the same kind and classes system, and their division is a result of related actions [27, p. 505]. Furthermore the best typology of agricultural producers should be characterized by maximum significance of type diversity between classes, on one hand, and maximum uniformity inside classification groups, on the other hand [28, p. 142].

We believe, that the productive typing should be understood like a process of agricultural producers grouping according to close production field, connection level of agricultural and non-agricultural branches, character of productive and inter-sectoral relations, organizational structure and management system, natural and economic development conditions.

The need of classification and typing of agricultural producers was defined according to the following main objectives for their further application on the State management level [29, p. 4]:

- a) planning (classification of producers is crucial for planning development of agricultural sector and implementation of complex measurer aimed to State target aids and regulation of some agricultural productions);
- b) macroeconomic forecasting (typologies are needed for understanding mechanisms of impact regulation on some productive types of agricultural producers and for its consequences evaluation);
- c) generalization of advanced experience (typologies allow to define the best farms among some productive type or class for further detailed analysis);
- d) providing interrelation between management levels (typologies allow to change studies' scale and to carry out extrapolation of forecasting evaluations of some strategic decisions impact on sectorial and territorial management levels).

Generally, present and rational productive types of agricultural producers are defined. Present productive types are groups of real farms having the same conditions and challenges, branches composition and final products, intensity levels of main productive branches and farms in general, qualitative composition of productive processes and technologies etc [30, c. 4]. They reflect the mass experience of farming and often are lacking advanced and innovative achievements of agricultural science. The definition of rational productive types of agricultural producers is a result of the scientific activity. This definition was elaborated for the perspective which stipulates that according to their organizational and technological structure these types should reflect achievements of science and practice, should give the space for the scientific and technical progress development [24, p. 7].

The further transformation of the agriculture requires taking into account the present internal socio-economic situation, the changes at world agricultural markets and the enlargement of Ukrainian integration relations. The experience of EU countries, namely in classification of agricultural producers, could be very useful in this relation.

It should be noted that the classification of agricultural producers has a quite different purpose abroad. Thus, it is not only aimed to study of internal processes but also to formation of background for the development of different agricultural enterprises according to elaborated social policy and to support of different types of agricultural producers development.

Obviously, for the implementation of adequate and efficient coordination of agricultural development the authorities need information about resources provision to producers, their productive potential and their role in country food security guarantee and in rural development. It will give the possibility to define producers which can be considered as agricultural producers. In fact, all over the world agricultural products are supplied by specialized agricultural enterprises and farms as well as by a number of small households producing for their own consumption and also by summer residents having "seasonal kitchen gardens". So, many countries have the lists of indices and minimum thresholds defining agricultural producers.

Nowadays the reorientation of sectorial agricultural support programmes to complex rural development programmes should be one of the Ukrainian agricultural policy priorities. Creation of conditions for the agriculture sustainable development based on the formation of relevant institutional environment should become the strategic objective of the State policy. Thus it will guarantee efficient use of agricultural potential, as the agricultural sector, being dominant in rural economy, is multifunctional and produces not only material commodities but contributes also to the reproduction of social values whose quality and quantity can't always be assessed.

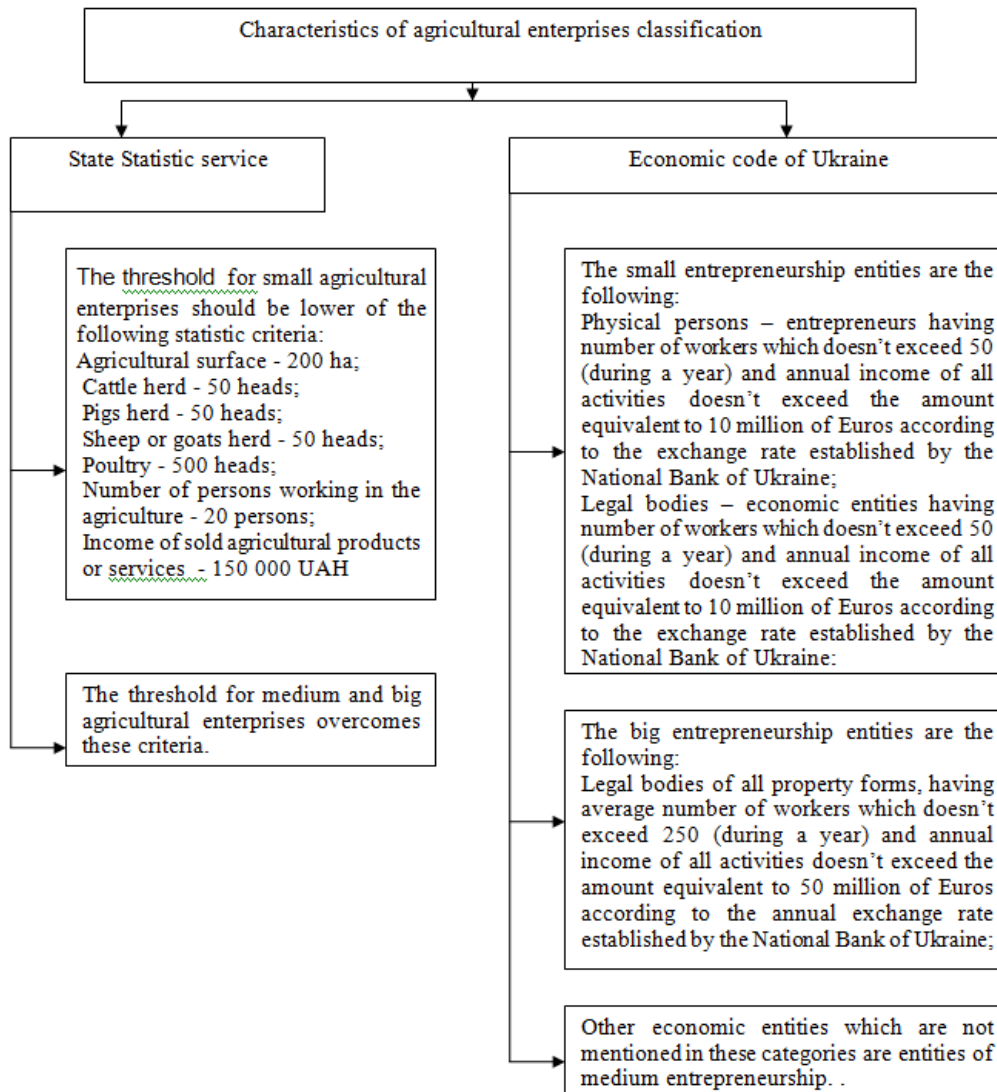
The agriculture plays an important role in the soil fertility conservation and in land protection against erosion and other negative phenomena of natural and anthropogenic character. These non-food aspects have the characteristics of social riches but can't be fully assessed by the market efficiency criteria although one of them concerns environment improvement. The agriculture's polyvalence is a component of national welfare and defines the necessity of state support in creating conditions for rural sustainable development which means a stable functioning of agricultural enterprises guaranteeing growth, diversification and efficiency of rural economy, growing level and quality of rural population life, amelioration of ecological situation in rural area. The sustainable rural development will improve rural mode of life and will create condition giving the possibility to rural area to accomplish better its national functions – productive, social and demographical, cultural, recreational, ecological.

It should be noticed, that the majority of scientists and practitioners have a blinkered vision of rural areas role and importance. Thus, the notions "rural development" and "development of agriculture" are homologated, which shows a blinkered vision of rural areas role that are considered only as an element of food security. In the same time the agriculture plays an important role in the social and economic development of rural area. That is why when developing and implementation national and regional programmes of rural development it should be considered as a defined social medium with its specific features of coexistence and economic activity.

We consider that a blinkered vision of the notion "rural social medium" became a reason of a low efficiency of the State policy measures aimed to reforming of the agrarian economy with changing organizational and legal forms of economic activity and support of some sectors.

As known, the Ukrainian science and practice use different systems of the classification of agricultural producers. The most of them have informative character without any practical application as they don't use fully the internal process taking place in these systems, motivation of their members and their administration etc.

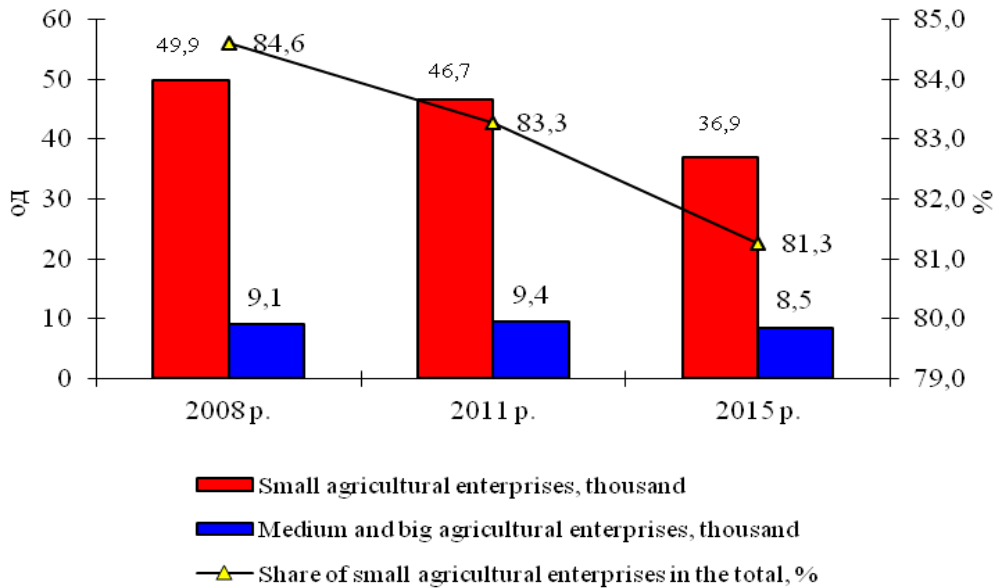
Nowadays there is no unique methodological approach to the classification of agricultural enterprises in Ukraine. In practice the method of statistic reporting « The main indices of productive and economic activities of agricultural enterprises » (Picture 1) is applied for the formation of the informational massif. But it is not used for the definition of fiscal regime applied to enterprises belonging to the corporative sector of the agrarian economy. To the classification of business activity bodies does not take into account the peculiarities of agricultural production.



**Picture 1. Methodological approaches to the classification of agricultural enterprises**

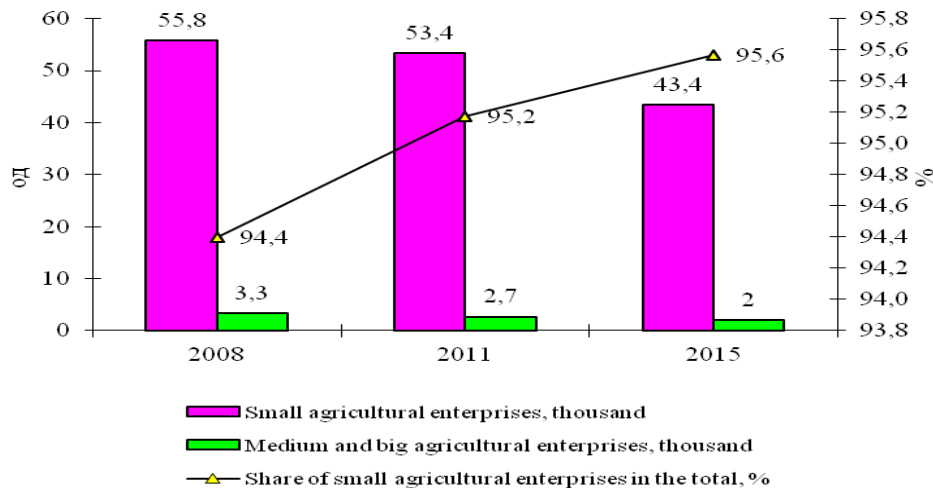
This circumstance leads to difference of data concerning the presence of small, medium and big agricultural enterprises (Pictures 2, 3).

As known, the study of agricultural producers functioning peculiarities is done on the base of agricultural census which is main statistic study characterized by the largest covering of respondents. Thus, according to the method of the Farm Accountancy Data Network (FADN), in order to be considered as a universe farm, EU producer should have at least 1 ha of land; if he has less land, his production must not be lower than the established threshold (it is established additionally for every country). But, in order to be considered as a commercial producer and to be included into FADN annual survey, he must have farm of the size sufficient to ensure his full employment and to bring income satisfying his family's vital needs. In practice, it means that the farm should overcome the minimum threshold of standard gross income, which is established differentially by every EU country.



**Picture 2. Dynamics of number of small agricultural enterprises (according to the method of the State statistic service).**

The capacity of farm resource potential to generate normative value of this index is taken as a base for the calculation of gross revenue. Then we calculate the ratio of farm standard gross revenue (SGM) to the fixed unit of economic level – ESU (European Size Unit) (now ESU is equal to 1200 Euros). The received result is compared with the established thresholds (Table 1), in the case of their overcoming the far is considered as commercial one.



**Picture 3. Dynamics of number of small agricultural enterprises (according to the method of the Economic code).**

As we see, in despite of the necessity to respect the principles of the Common agricultural policy in EU, every member-country can establish its own size of value-conscious and natural indices in order to classify economic actors as agricultural producers and to include them into national census. This classification can be based on agricultural surface, livestock (animals or poultry), volume of sales, value of produced commodities, requirements for sale part of produced commodities etc.

We can state that some EU countries apply the unique approach to all farms and households when considering them as agricultural producers regardless their legal form (USA, Denmark, Netherlands, Greece etc.). This approach is based on sale volumes or on the evaluation of their potential to generate, or on commercialization level. Also, especially in the former socialist countries, some own thresholds are applied for households and different conditions are defined for legal bodies and farmers.

**Table 1. Thresholds of ratio SGM / ESU in EU countries**

Country	Thershold of SGM / ESU
Belgium, Netherlands, Great Britain (except Northern Ireland)	16
Bulgaria, Romania	1
Czech republic, Italy	4
Denmark, France, Luxembourg, Malta, Austria, Slovakia, Finland, Sweden, Great Britain (its part Northern Ireland)	8
Germany	16
Estonia, Ireland, Greece, Spain, Cyprus, Latvia, Lithuania, Hungary, Poland, Portugal, Slovenia	2

*Source: Done according to source [19].*

It is evident, that the application of a unique approach is easier, as a unique management object and unique data mass are formed. In this case, commercial producers can be separated from non-commercial producers according to a higher threshold. As we see in Table 1, for example, for being classified as commercial producer, Dutch farmer should produce 5,3 times as much than threshold of standard gross revenue for household.

Let's look at the Japanese practice on defining the status of agricultural producer. In Japan there is a difference between commercial and consuming households according to sale volumes or surface in use. In this country the farm is considered as commercial if it has a parcel of more than 0,3 ha in use or if during 12 months it earns at least 500 thousand yens on sale of its products. Farm or household working on less than 0,3 ha or earning less than 500 thousand yens on their annual sales are considered as non-commercial (consuming) [20].

According to the Canadian approach only those producing agricultural products for sale belong to agricultural producers, so consuming households can't belong to this category [21].

It should be mentioned that in EU farms are classified mainly according to two criteria: economic size and type of activity. Till 2010 the classification of farms according to economic parameters was conditioned by the necessity to determine the size of their direct revenue (SGM – Standard Gross Margin). The annual production value obtained from one hectare or one head minus direct production costs is considered as direct revenue of activity (plant growing or animal husbandry). The revenue size is calculated for every statistic region and for every activity per one hectare or per one head. It is interesting to notice that the value of standard revenue is updated every two years in order to take into account changes of prices level and changes of productive activity efficiency.

The calculation of standard gross margin is done in the framework of determined zones by the calculation of sowing surfaces and of livestock according to established coefficients. Basing on the defined unit of economic level (ESU), every farm can be referred to one of nine classes. The minimum margin for being classified as agricultural producer is 4 ESU (in Poland the minimum margin is 2 ESU). It is evident, that farms having lower standard revenue are weak from the economic point of view and can't have a stable position in market.

As the standard direct revenue had negative value, since 2010 a new parameter of standard production was implemented (SO – Standard Output). The period of its definition was prolonged from 3 to 5 years. On this base the regional coefficients of standard production were elaborated.

Thus, medium economic value of farms in EU is 34 ESU, the amount of actives is 309 200 Euros (it is the least in Poland – 77 200 Euros). In the same time, the medium surface of one farm is 34 ha, but this figure varies depending country (Table 2).

**Table 2. Classification of farms according to laboured surfaces in EU countries (2010), %**

Countries	Number of farms, thousand	Number of farms by surface				
		till 5 ha	5-10 ha	10-50 ha	50- 100 ha	more than 100 ha
Belgium	42,9	22,6	12,1	44,2	15,8	5,3
Bulgaria	371,1	91,4	2,9	3,5	0,8	1,4
Cyprus	38,8	89,7	5,1	4,4	0,5	0,3
Montenegro	48,8	88,1	6,2	4,1	0,8	0,8
Denmark	41,0	4,9	19,5	41,5	14,4	19,7
Estonia	19,7	33,5	20,8	31,5	5,6	8,6
Finland	63,9	9,7	12,5	54,9	16,9	6,0
France	514,8	27,0	9,1	26,9	19,0	18,0
Spain	989,8	53,1	14,3	22,1	5,3	5,2
Lithuania	199,9	58,7	20,0	17,0	2,4	1,9
Luxemburg	2,2	18,2	9,1	22,7	31,8	18,2
Latvia	83,0	33,5	27,5	32,8	3,3	2,9
Malta	12,9	97,8	1,7	0,5	-	-
Netherlands	72,0	29,2	13,9	41,7	12,5	2,7
Germany	299,1	9,2	15,8	46,5	17,2	11,3
Norway	43,3	13,3	17,4	61,6	6,4	1,3
Poland	1505,7	55,2	22,3	20,8	HJ	0,6
Portugal	305,3	75,6	10,9	10,1	1,5	1,9
Czech republic	22,9	15,3	18,3	36,2	10,5	19,7
Romania	3856,3	93,1	4,7	1,6	0,2	0,4
Slovenia	74,7	61,2	23,4	14,9	0,5	-
Sweden	70,9	12,8	21,9	41,3	12,8	11,2
Hungary	577,0	87,0	4,6	6,0	1,1	1,3
Great Britain	202,4	15,6	13,3	35,1	16,3	19,7
Italy	1630,0	73,2	11,3	12,7	1,8	1,0
Total	11088,4	-	-	-	-	-

Source: According to the Farm Accountancy Data Network (FADN)

The definition of agricultural activity type is the next criterion which is used for farms classification and is defined on the base the part of given activity in the creation of Standard Cross Margin on the farm which means its specialisation.

The farms where none activity exceeds 1/3 SCM are defined as "mixed farms"; the farms where the part of two activities is in diapason from 1/3 to 2/3 SCM are defined as «two ways»; the farms where one activity exceeds 2/3 SCM, are specialised farms. It should be noticed that the type of agricultural producer defined according to this criterion characterizes its system of production.

The economic size of farm and its type are standard criteria for their typing on the base on economic activity reports functioning in EU. In the same time, EU membership requires the respect of CAP principles and rules by all agricultural producers, in particular it concerns the permanent actualisation of state agricultural classifications and FADN which is closed linked with them.

Thus, the unique typology of agricultural producers is a unique classification system of agricultural producers in EU according to their economic size and producing activity types. The unified classification is an only instrument for farms taxonomy in EU, which allows obtaining the representative selection of farms and gives the information for justifying CAP measures, as well as to compare EU farmers' potential and results of their activity.

We think that FADN in the agriculture is not only the base for development of efficient CAP, but first of all it is the instrument for providing direct information to farmers helping them to take justified management decisions. The other direct advantage of accountancy on farm is obtaining of skills for systemic and purposeful collection of farm financial documents. This possibility will turn out to be very useful for finances management, e.g. VAT calculation on general bases, economic analyses



while investments raising (grants, grace credits). In general 4 168 200 farms are covered by the system of Farm Accountancy Data Network in EU. The most of them are in Poland (757 300) and in Spain (739 600), the least are in Malta (1 400). We think that the orientation of Ukraine toward to the EU integration and to deepening of globalization processes needs the respect of main requirements and baselines of CAP, particularly in the part of agricultural producers typing.

According to P.V. Savchenko, E.F. Avdokushyn, M.S. Aliman, the notions of rural enterprise, farm, family farm are used for the definition of a similar organizational form of agricultural activity and free entrepreneurship. The names diversity is mainly conditioned by local and national peculiarities. Thus, the notion "farm" is traditional for England, Canada, USA; the notion "rural enterprise" is more natural for Germany and Ukraine. Different forms of agricultural activity, as collective, so individual are possible in rural community. Household is one of the forms of individual activity [22].

In spite of the adoption of the law regulating households' activity the level of legal provision remains very low. The definitive identification characteristics of households are expressed very weakly. Some attempts to classify households in the national practice didn't take into account the international experience and approaches which are successfully applied by administrative authorities of EU.

An important number of small farms in general number of farm enterprises is a generally recognized phenomenon of the most countries in the world. The difficulties of farms classification are explained by their large diversity. In order to separate households into the separate category characterized by a special economic nature and orientation, the EU statistics has a notion "agricultural activity" that is defined by "output threshold". At the same time, there is no defined relevant margin for farms number in EU, which is explained by the diversity of natural and geographical, historical and economic conditions in EU countries. The output threshold of economic activity, for example in Netherland is 3 ha for wheat production and 1,6 ha for sugar beets production. The agricultural activity of farms, which is lower than this threshold, is not reflected in the statistical information; it means that the farm is not defined as an agricultural producer. But we should remember, that production volume of small farms excluded from the survey, should not exceed 1%, and in some cases 2% of gross production. In order to correspond to these conditions, every EU country defines its own output threshold of economic activity. Thus, in Hungary in the period of its adhesion to EU, its national statistical service had to use as national so international methods for the primary definition of the survey objects and for its harmonization with the European practice [23].

Till 2012 the notion "farm" in the Hungarian statistics included the combination of physical indices for the evaluation of agricultural production. But, using of EU methods based on threshold values for agricultural production didn't change significantly the physical indices for farms evaluation, as we see from the agricultural census in 2012 (Table 3).

**Table 3. Indices thresholds for agricultural censuses during 1972–2012 in Hungary**

Indice	Year of census				
	1972	1981	1991	1994	2012
General surface of arable land, ha	0,15	0,15	0,15	0,15	0,15
Orchards, vineyard, kitchen gardens, ha	0,08	0,08	0,08	0,08	0,05
Cattle, heads	1	1	1	1	1
Pigs, heads	1	1	1	1	1
Horses, heads	1	1	1	1	1
Sheep, heads	1	1	1	1	1
Poultry, heads	50	50	50	50'	50
Bees, hives	20	20	25	25	5
Rabbits, heads	20	20	25	25	25
Other small animals, heads	–	–	25	25	25

Source: [24].

Basing on the Eurostat methods, in Hungary the part of farms producing for their own consumption achieved 60%, about 28% of farms produced as for the sale on market so for their own consumption. Only 12% of farms sold their products at the open market. The same structure of

agriculture is typical for all EU countries. It is confirmed by the data of Farm Structure Survey-FSS, collected by national statistic services of EU countries.

The first agricultural census in form of FSS in 27 EU countries took place in 2010. The output threshold of agricultural activity for farm to be included into statistical survey was 1 ha. Through an exception for some countries such as Czech Republic, Denmark, Germany, Great Britain the FSS-2010 threshold was 5 ha. The farms with small parcels were classified as «kitchen garden», which is explained by their important role in the life of rural family

According to the recommendation of the Commission of rules regulation EU EC 1200/2009 dated by 30.11.2009, the Eurostat officially introduced into the system of statistical survey the «kitchen garden», which means a parcel used for family needs and which is located beyond the main agricultural surface. It is easy to notice that «kitchen garden» corresponds to parcel of household [25].

The agricultural census FSS 2010 covered 12 million of farms functioning in EU-27. It is important to notice that 49% of farms had less than 2 ha of agricultural land, in the same time 325 thousand farms, which is about 3% of the general number, had the parcels of 100 ha and more. The small farms with 2 ha presented 2% of all agricultural lands in EU-27 and the farms with 100 ha and more presented 50% of all surface.

Thus we can make the conclusion about reasonability to define at the legislative level the criteria of output threshold of agricultural activity that will give the possibility to separate households from the mass of traditional agricultural producers and to exclude the apprehension of households as a mass small entrepreneurship form.

Let's generalize the approaches to the agricultural producers classifications presented in the main normative texts in Ukraine. Thus the Ukrainian law about the amendments to Article 1 of the Ukrainian Law about the agricultural cooperation (concerning specification of the term "agricultural producer") says that «agricultural producer is a natural or legal body of all property and economic activity forms whose gross revenue obtained from the sale of its own agricultural raw or processed products, if any agricultural lands (arable lands, haylands, pastures or perennial planting etc.) or livestock in property or in use including the rent, exceeds 75% of general gross revenue for previous fiscal year. This restriction doesn't concern persons running "individual agricultural households". We consider that this interpretation of agricultural producer is not clear and allows designating as representative of this category trade intermediary structures as well as producers using industrial technologies for agricultural production (greenhouses, enterprises of egg and meat poultry breeding). This condition allows different business entities that don't produce agricultural products to benefit some fiscal privileges and to obtain State aid.

The same situation concerns also households which naturally produce agricultural product for their own consumption and sell surplus. There are households whose agricultural production composes the main part of their aggregate revenues.

The researches carried out showed that the harmonization of the notion «agricultural producer» with the adopted international standards (exclusion from this notion of households having only «kitchen gardens») will allow to reduce their total number in 5 times. Consequently, the implementation of critical sums for sold products or resources availability at the level adopted in the USA or the European countries will allow to reduce the number of recognized agricultural entities in 9 times.

### **Conclusions**

When classifying farms only legal peculiarities of their registration are taken into account but not size of their resources. Among agricultural organizations considered as big ones there are many farms which are family farms and don't have important benefices, surfaces or herds. Very often farms belonging to the small business produce more products than agricultural organisations. In the same time, many households produce more products than farms in their region.

We consider that in order to realize an efficient State support of agricultural production and to enhance its role in rural development it is necessary to define indices and levels of output threshold for obtaining the status of agricultural producer. The level of revenue obtained from the sale of agricultural products including associated goods, which is equal to minimum salary per every member

of household, is an important index for definition of agricultural producer status. According to our estimations this parameter can be achieved by households having more than 5 ha of agricultural lands or 3 and more conventional heads of agricultural animals.

We need special researches for the definition of agricultural producers' types in Ukraine basing on traditional methods that take into account not only legal status but also resource and economic characteristics of farms. Before last census in Ukraine these researches were impossible as the base characterizing the totality of producers was absent.

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