

**FORMATION OF ORGANIZATIONAL AND ECONOMIC MECHANISM
FOR REGULATION OF AGRICULTURAL MARKET**

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Abstract: *The article considers the essence and components of the organizational and economic mechanism for regulation of the agricultural market. The peculiarities of the functioning of the organizational and economic mechanism in agri-food production are formed. Structural and functional model of the organizational and economic mechanism for regulation of the agricultural market adapted to the conditions of uncertainty and risk, which involves a combination of instruments of market self-regulation and purposeful influence of state regulation levers, is proposed. Using the proposed model will allow optimally combine the components of the mechanism, which will increase the resistance of enterprises to negative factors, which in turn will provide an operational response to replace the risk conditions of the market environment, the balanced functioning and development of the agricultural market.*

The system of indicators of the efficiency evaluation of the organizational and economic mechanism's functioning for the agricultural market regulation is considered. The factors influencing the current state of the agricultural market, which is characterized by the growing dynamics of various segments' development and the commodity market volatility, are substantiated. The current state of agricultural production in Ukraine is considered, proposals on perspective directions of agricultural market stable development are substantiated.

Key words: *agricultural market, state of the market, state regulation, credit resources, price disparity, inflation, risk.*

JEL Classification: Q11, Q13, Q18

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Introduction

The modern agricultural market of Ukraine functions, as well as the country's economy as a whole, under very complex and ambiguous socio-economic conditions, moreover the military conflict in the east has led to the industrial vulnerability of the country's economic system. Current conditions for the development of the agri-food industry are characterized by imbalances in the interests of economic actors, high costs and resources, monopolistic pressure on the intermediary market, processing and trade, disparity between the stages of the reproduction process. At the same time, the process of adaptation of the agrarian sector to European conditions, which stems from the globalization and integration processes, is being carried out.

The functioning and further development of a balanced agricultural market requires the development of such a mechanism that would ensure the creation of prerequisites and conditions for highly efficient production and full satisfaction of the needs of the country's population in the products of the agrarian sector. In the context of growing crisis phenomena in the investigated industry and the volatility of the market environment, there is a need to develop an effective organizational and economic mechanism for the regulation of the agri-food market, which aims to ensure the effectiveness of state support for agricultural producers, which includes budget subsidies and loans, interventional commodity-finance measures, credit subsidies, customs clearance, pricing, etc. for increasing production of food products, reducing its value by improving the organizational principles of the agricultural market.

Analysis of recent researches and publications

The question of the formation and improvement of the organizational and economic mechanism for regulation of the agricultural system of Ukraine attracted the attention of a large number of economists. General aspects of construction of the organizational and economic mechanism for regulating the agro-industrial market were outlined in the works of such scholars as V. Besedina, A. Brivenko, M. Dergaliuk, T. Zinchuk, V. Geyecz, L. Mikhova, I. Knyazhenko, N. Runchcheva, O. Shubravskeya and others. Undoubtedly, their scientific works are important and serve as the basis for contemporary economic views on the problems of formation and development of a balanced agri-food market under conditions of uncertainty and risk. However, much of the issues related to the directions of the organizational and economic mechanism for regulating the agri-food market still require further research and improvement.

Paper's objective is to assess the state of the agricultural market and to justify the effective levers of the organizational and economic mechanism for its regulation, which will promote its balance under conditions of uncertainty and risk.

The main body of the academic paper

The basis for the formation and development of the agri-food market is agro-industrial production, which provides deliveries for the sale of agricultural raw materials and food. The structure of the agri-food market as a basic element of the food market is formed as a complex of specific markets by type of food delivered by the agrarian sector of the economy, in contrast to those which are present on the food market of chemical and biological synthesis products. The product range of the food market is the result of the integration of the subsystems of the agri-food market with the market of synthesized products (products derived from chemically synthesized nutrients, enhancers of flavors and aromas, biologically active additives, etc.).

We believe that organizational and economic mechanism of management in agri-food production should be considered as a way of organizing production, whose organic structure is determined by specific-branch relations, forms and methods of interaction, organizational structure, motives and incentives, regional conditions of development of agricultural production.

In essence, the organizational and economic mechanism for the regulation of the agri-food market is a system of organizational and economic relations, which includes a self-regulatory system of functioning and interaction of agricultural producers of various organizational and legal forms with other market agents, the economic relations between which are based on the equivalence of exchange at a rational level of state interference in markets.

An important aspect that forms an integrated approach to improving the organizational and economic mechanism of management is the allocation of two interrelated areas of influence on reproduction processes in the industry at all levels of its manifestation (macroeconomic, regional, sectoral and economic) – state and market regulation. At the same time, it is important to optimize the combination of regulatory functions of the state, which are manifested through the use of specific instruments of regulation and industry support, with the self-regulation of economic entities. The combination of self-regulation of the economic entities activities and the regulatory functions of the state determines the market character of the organizational and economic mechanism of management and its internal structure [1].

The emphasis in the proposed definition of the organizational and economic mechanism of management in agri-food production is made taking into account the uncertainty and the risk of its functioning, which is related to the objective nature of the relations that are reflected in this category and due to fact the points of view on the impact of environmental factors on processes of their functioning are dominated in the theory of economic mechanisms. According to some scholars, external conditions act as objective prerequisites for the formation of an economic mechanism for the management of agricultural enterprises [2].

Consequently, it is necessary to adapt all aspects of the industrial and managerial system of the industry to the risky business conditions that are inherent in a market economy. At the same time, it

must be borne in mind that the formation of an organizational and economic mechanism and its development occurs not only under the influence of conditions of the external environment, which is a source of uncertainty and as a result of systematic (objective) risk, but also under the influence of the internal environment of economic entities, in which a non-systematic (subjective) risk is formed.

A rational combination of elements of the organizational and economic mechanism for regulating the agri-food market is determined by the achievement of the main objective of its functioning – the ability of economic actors to counteract the negative effects of risk factors and adapt quickly to changes in the market environment.

The basic tasks of the organizational and economic mechanism for regulation of the agri-food market are the formation of the necessary prerequisites and conditions for achieving the organizational unity of economic entities (agricultural producers, processing, service and trade), improving the efficiency of functioning and sustainable development of the agri-food complex, improvement of the economic relations for the promotion of the economic agents interests both within the agri-food market and with the needs of society.

The organizational and economic mechanism of management in the agri-food industry includes the established system of goals, resource constraints and information provision, as well as economic efficiency indicators of evaluation. Its structure with regard to the industry can be represented as a set of norms of organizational, economic, legal and social character, which will promote the rational formation of economic relations of agricultural producers with other market participants and consumers in a risky market environment.

Summarizing the foregoing one can single out the features that are characteristic of the functioning of the organizational and economic mechanism as a whole in the agricultural sector and in the agri-food industry. This feature is due to the fact that this mechanism is formed and manifested at all levels of agrarian production: macroeconomic (state), mezzanine (regional and branch) and macro level (agricultural organizations, processing and food processing enterprises). With a certain coincidence of the use of methods, levers and regulatory instruments at these levels, the manifestation of their influence on the industry is different as macro level generates general conceptual approaches to the development of all components of the organizational and economic mechanism, the specification of regulatory influences is implemented at the sectoral and regional level and their practical implementation – at the macro level. Accordingly, each level of implementation will be characterized with their priority directions of improvement of organizational and economic mechanism.

The proposed model of the organizational and economic mechanism for regulation of the agri-food market adapted to risky conditions involves the optimal combination of market self-regulation instruments and purposeful influence of state regulation levers (fig. 1). In accordance with the proposed model, organizational, economic, legal, environmental and social tools at the macro- and meso-levels should be considered in the complex as they together form the vector and the intensity of external influence on market processes.

The results of regulatory influences of macro- and meso-levels subjects ultimately affect the activities of business entities and end-users, characterizing the effectiveness of the organizational and economic mechanism of market regulation. The optimal combination of elements of the mechanism creates conditions for increasing the resistance of enterprises to negative factors, which facilitate prompt response to the risk conditions of the market environment, ensures the balanced functioning and development of the agri-food market. In this context, it should be noted that the notion of balanced functioning of the market should not be limited to economic entities, but should be considered more broadly as the ability of the industry to withstand the negative dynamics of macroeconomic processes and to meet the consumer's needs of the country's population in safe and high-quality products [3].

Institutional transformations in the agrarian sector led to the necessity of transforming the mechanism for regulation of the agricultural market in order to develop agrarian entrepreneurship and to strengthen the competitive position of domestic agrarian commodity producers, to enhance globalization and integration processes in order to reconcile the interests of all business entities and end users. At the same time, despite the fact that institutional reforms are aimed at replacing the administrative levers of influence by economic ones in the agri-food sector, Institute of State and Law remains a determining element in the system of organizational and economic regulation's functioning.

The development of the agricultural sector is one of the basic priorities of the State's economic policy, which emphasizes the need to develop new approaches and methods of state regulation and support adequate to the operating mechanism of management, as well as the objectives of its improvement.

That is why the fundamental point of a correct understanding of the nature of the organizational and economic regulation for the agricultural market is recognition of the fact that it is formed under the influence of the agrarian policy of the State, which determines the general factor of the industry's development and a system of purpose-oriented measures and methods of their implementation aimed at the whole set of economic agents for achievement of defined target parameters. The system of state support and regulation of the industry with determined priorities, terms, specific quantitative indicators and parameters forms a comprehensive economic program for the development of the agrarian sector of the economy.

An important aspect in forming the organizational and economic mechanism for regulating the agri-food market is not the contradictory nature of regulatory influences (including those defined by the goals and objectives of the State's agrarian policy), but the principles of harmonizing the economic interests of all subjects throughout the chain of goods from the agricultural field to the final consumer.

The importance of this functional component's implementation of the organizational and economic mechanism of management is determined by the close correlation between the indicators of economic, ecological and social efficiency and the level of harmonization of commodity producers interests and importers, processing enterprises, logistic and trading infrastructure companies, exporters, consumers, since the implementation of priority state measures of agrarian policy and the effectiveness of the management tools` use are not achievable if they do not create conditions, form incentives for economic activity of the industry or fully meet the needs of consumers in safe and high quality agricultural products.

The managerial block of the organizational and economic mechanism for regulating the agri-food market is implemented in the proposed model based on the use of different economic categories, approaches and principles of management, incentives, methods, levers and regulatory instruments within the existing and established legislative framework; also with the help of information and methodological support. A specific list of methods, incentives, levers and instruments for regulating the market is determined by the combination of external and internal factors at each level of the management system in the structure of the organizational and economic mechanism. At the same time, the differences in the levels of control of this mechanism are manifested not only in the structure of the elements that form it, but also in the content of functions implemented in each of the elements. Some scholars consider it expedient to systematize the toolkit used, distinguishing legislative, financial and economic, organizational and administrative methods [4-5]. We believe that it is more expedient to allocate organizational, economic, legal, ecological and social units, for each of which there is a specific tool of mechanism functioning on the macro-, meso- and microlevel.

Due to the fact that the agri-food market is an open economic system, there has been also identified a range of factors of the external market environment (*Figure 1*).

That is, all market processes that take place within the organizational and economic mechanism of market regulation are influenced by the direct and indirect effects of these factors, which create the macroeconomic, regional and sectoral risks for the market participants that determine the level of systematic risk that is constantly present in their activities. In connection with this, there is a need to identify and structure the organizational and economic mechanism for regulating agricultural products taking into account the risk component due, in our opinion, to the following:

- the development of an economic mechanism of any type can not be considered irrespective of the market environment in which it operates and for which the probabilistic and indefinite nature is characteristic. As a matter of practice, the activity of market agents is manifested through the existence of diverse risks that directly affect the parameters of financial and economic activity;
- state regulation measures and industry support should take into account the most significant risks and other regulatory influences. Comprehensive account of risks (and not only the risks of implementing program measures formally declared in the relevant regulatory documents) is an

essential condition for increasing the effectiveness of the program-target method's use of planning and state regulation in general;

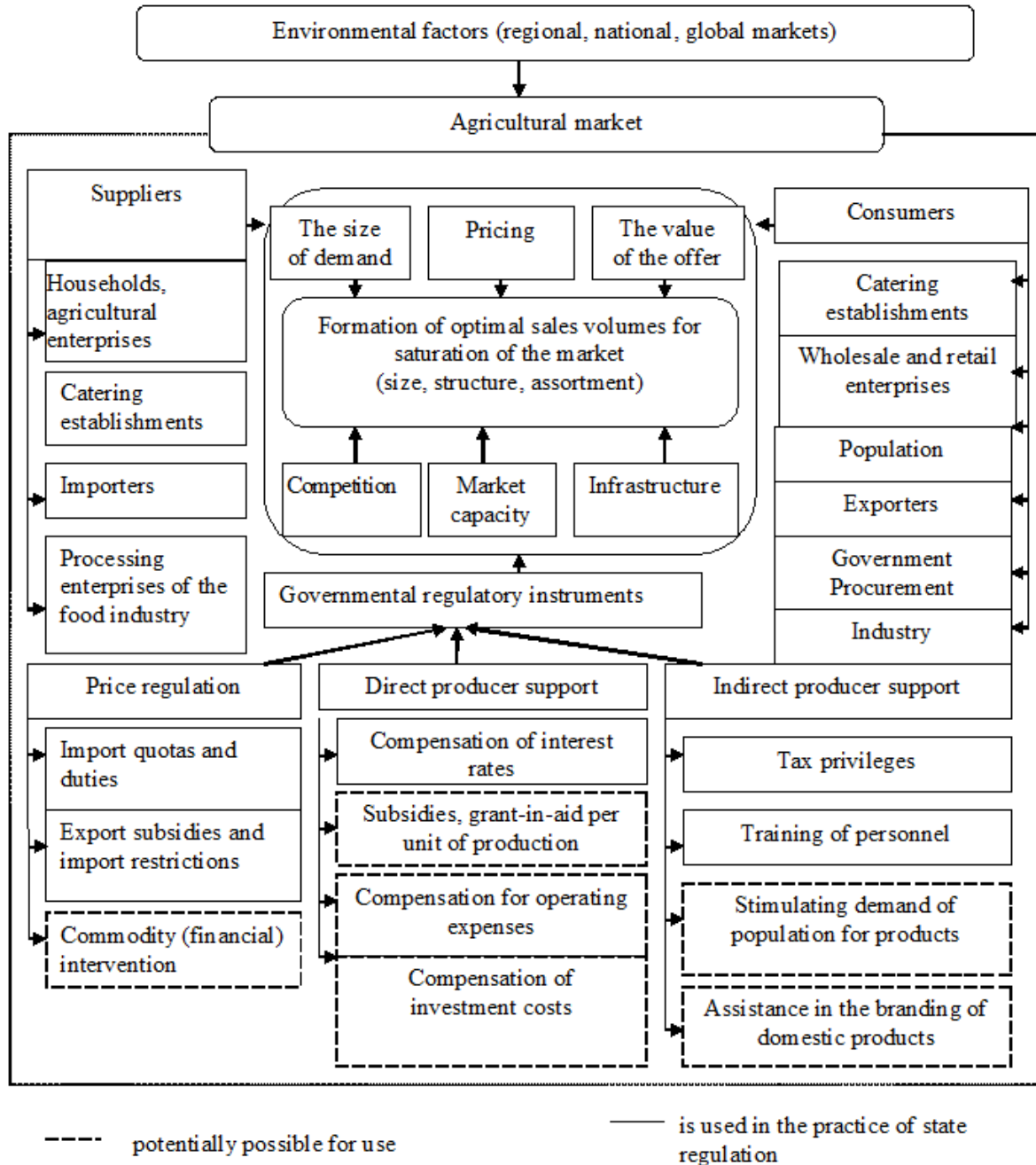


Figure 1: Structural and functional model of the organizational and economic mechanism for regulation of the agri-food market

Source: developed by the author.

- the level of operational efficiency and financial condition of economic entities correlates with the efficiency of their use of risk management procedures in current economic practice. The study of the effectiveness of the organizational and economic mechanism for regulating agricultural market allows us to conclude that the forms and methods of influencing the processes of its formation that are adequate to the modern conditions of development of agrarian production have not been formed yet, in particular, no conditions have been created for: increasing the use efficiency of the existing resource

potential of the industry; regulation of the management processes and development taking into account the necessary production volumes that meet the medical standards of consumption, and the available resource potential of the industry; rationalization of mechanisms of economic entities economic and organizational interaction within the functional and sectoral structure as well as regional, national and world markets; organization of processes for improving the industry's economic structure in the direction of strengthening the role of organized agricultural producers and weakening the role of personal peasant farms.

We believe that the effectiveness of the functioning of the organizational and economic mechanism for regulating the agri-food market is characterized by indicators of the efficiency and financial status of the industry, the industry's influence on the main socio-ecological and economic parameters of rural development, the level of food security of the country (regions) and the pace of agricultural production's development in general.

The detailed description of the proposed system of indicators allows us to identify the problem areas of the functioning mechanism, to evaluate the rationality of specific methods use and regulatory instruments, to determine the priority directions of their improvement in the future. The undoubtedly effective organizational and economic mechanism for regulating the agri-food market maximizes the potential and internal reserves, provides interaction of the industry with other spheres, branches and components of agro-industrial production as a more complex system that is part of the external macro environment. Separation of agricultural production as an economic subsystem from the system of branches of agrarian production, in addition to agricultural and technological aspects, is conditioned by the specific characteristics and directions of economic and financial relations development, which form unique conditions of economic activity in this particular period of time.

We propose the following basic parameters for assessing the effectiveness of the organizational and economic mechanism for regulating the agri-food market: creation of motives and incentives for market participants (first of all for agricultural producers), which can be estimated by such parameters as the growth of production volumes, increase of management efficiency, increase of responsibility for the results of production and economic activity, maximization of incomes of commodity producers; creation of conditions for the coordination of economic interests of the main market actors, which will be expressed in the optimization and parity of distribution and redistribution of value added between agricultural producers, processing enterprises and trade companies, the integrated development of all segments and parts of the agricultural sub-complex, and ultimately in maximizing the gross domestic product of the industry and economic growth; Risk minimization – those enterprises that are at different stages of the bankruptcy procedure can be used as a formal feature of the assessment; providing food security by type of food – this parameter can be considered the most integral, which gives the most generalized assessment of the effectiveness of the organizational and economic mechanism's functioning of the agri-food market, since it allows to assess the main objective's attainability, namely, to fully meet needs of consumers in safe and high-quality products as well as to create conditions for extended reproduction in the investigated branch.

The current state of the agri-food market is characterized by the growing dynamics of various segments development and the volatility of the commodity market, which is formed under the influence of various factors. These issues include the following factors: the competitiveness of manufactured products in world markets, which is characterized by the profitability of the output unit, productivity and yield, cost, etc .; natural and climatic conditions, including agroclimatic and bio-soil; size, quality and composition of agricultural lands; territorial placement criteria of production and products consumption (transport criterion); the criterion of production concentration on a specific territory, taking into account environmental safety; availability criterion and sufficiency of labor resources [6-7].

World experience is convincing that an effective form of state regulation of the agro industrial market is the sale of products to the wholesale food markets that are regulated by the state. Through the system of wholesale agri-food markets, the quality of perishable food products is maintained, and they serve as an information center for the study of supply and demand. The main objectives of the agri-food policy are to expand the economic and trade potential of domestic agricultural producers and other actors in the agrarian sector; in increasing productivity through increased competitiveness of

production and the functioning of balanced markets; in supporting the development of rural areas on the basis of improving the financial stability of agricultural producers, diversifying opportunities and prospects for employment and income growth of the rural population; in creating a mechanism for the competitive development of livestock production; in increasing the availability, reliability and safety of food; in preserving the potential and reproducing natural resources.

It is obvious that the abide of scientific agrotechnical and technological requirements for the organization of agricultural production is a prerequisite for the stable development of the agri-food market. The orientation of agricultural production in the directions that harmoniously combines natural and economic fertility creates conditions for the cultivation of animals and crops. It becomes a key requirement in improving the placement, concentration and production and marketing of agricultural products in the country, and it influences the conditions of market development.

Today, in the market of agri-food there are negative trends that are the reasons for the formation of world food markets: the faster pace of development of certain world regions, especially India and China, the new industrialized countries, where there is a significant increase in solvent demand for food with high consumer properties; the rapid development of bioenergy associated with agricultural production, which led to a revision of the crops structure in the main exporting countries, primarily the US, whose market changes have caused a serious chain reaction in countries around the world due to the modification of the crops structure with an increase in the share of corn and oilseeds, which led to a decrease in the volumes of commodity supply of agricultural products and caused a rise in prices; reducing the size of world food supplies, caused by the first two factors, as well as frequent natural disasters.

If we evaluate the implementation results of state measures of our country in the agriculture field on the basis of official statistics, we can conclude that in recent years they appear to be quite positive, especially in crop production. Thus, agriculture has become more stable in its development compared with the functioning of the entire economy of the country, which has allowed reducing the share of lucrative agricultural organizations as the main commodity producers of agricultural products. At the pace of production growth, agriculture exceeded the growth rate of the physical volume of GDP.

Moreover Ukraine has developed a Single Integrated Strategy for the Development of Agriculture and Rural Areas for 2015-2020, which outlines the long-term concept of agricultural and rural development, provides a basis for a stable, predictable and transparent legal system aimed at improving the business climate, counteracting corruption and stimulating investment for the modernization of the agricultural sector. To implement the measures envisaged by this Strategy, 50 million euro will be attracted during the first stage of implementation.

Under these conditions, the threshold values of food independence for major crop products have already been achieved, while the share of domestic livestock production remains below target values (*Table 1*).

At the same time, the macroeconomic conditions of the agrarian sector functioning of the economy, which affects the attraction of investment capital, has deteriorated. The NBU discount rate remains at a very high level (17.5%), which leads to an increase in the cost of borrowed funds. Under such condition, real incomes were reduce by due to the accelerating inflation, the restraining growth in demand for food.

It should be pointed out that the growth of retail prices for food does not mean a similar increase in prices for agricultural products. At the same time, the growth of prices for material and technical means for agriculture continues as a result of the increase in import resources used in agricultural production and domestic resources. As a result, significant economic risks for agriculture are maintained, which in turn reduces the sustainability of its economic growth. Thus, in spite of the positive results of the functioning of the agricultural sector as a whole, the situation in the last two years remains ambiguous.

In order to substantiate the system of factors of development of the agri-food market that affect its balanced development and the level of food security of the state, in the current conditions, we will use an integrated approach that takes into account both the national features of production or import, the subsequent distribution and consumption of food, and the development peculiarities of the world market.

Table 1: Dynamics of production, consumption and index of self-sufficiency of basic food products in Ukraine

Indexes	2000	2005	2010	2015	2016
Meat and meat products (in terms of meat)					
Actual consumption fund, thousand. ton	1611	1844	2384	2179	2195
Fund of consumption on the basis of rational norms, thousand ton	3929	3773	3668	3425	3416
Production, thousand ton	1663	1597	2059	2323	2324
The level of resources procurement which is based on					
• actual rates, %	103,2	86,6	86,4	106,6	105,9
• rational standards, %	42,3	42,3	56,1	63,7	68,0
Milk and dairy products (in terms of milk)					
Actual consumption fund, thousand ton	9789	10625	9470	8995	8942
Fund of consumption on the basis of rational norms, thousand ton	18683	17897	17435	16284	16219
Production, thousand ton	12658	13714	11249	10615	10382
The level of resources procurement which is based on					
• actual rates, %	129,3	129,1	118,8	118,0	116,1
• rational standards, %	67,8	76,6	64,5	61,3	64,0
Bread and bakery products (in terms of grain)					
Actual consumption fund, thousand ton	7748	7750	6808	5897	5745
Fund of consumption on the basis of rational norms, thousand ton	6265	6338	6178	5771	5745
Production, thousand ton	24459	38016	39271	60126	66088
The level of resources procurement which is based on					
• actual rates, %	315,7	490,5	576,8	1019,6	1150,4
• rational standards, %	390,4	599,8	635,7	978,9	1150,4
Vegetables					
Actual consumption fund, thousand ton	5002	5663	6581	6890	6984
Fund of consumption on the basis of rational norms, thousand ton	5410	5182	5045	4713	4693
Production, thousand ton	6195	7606	8873	9792	9998
The level of resources procurement which is based on					
• actual rates, %	123,9	134,3	134,8	142,1	143,2
• rational standards, %	114,5	146,8	175,9	195,2	213,0
Potatoes					
Actual consumption fund, thousand ton	6660	6386	5914	5892	5966
Fund of consumption on the basis of rational norms, thousand ton	5411	5180	5047	4714	4694
Production, thousand ton	19838	19462	18705	20839	21751
The level of resources procurement which is based on					
• actual rates, %	297,9	304,8	316,3	353,7	364,6
• rational standards, %	366,6	375,7	370,6	415,4	463,4

Source: calculated by the author according to the data of the State Statistics Service of Ukraine.

According to the analysis of statistical data, domestic agriculture in recent years has provided an increase in production volumes, which positively influenced the improvement of the financial condition of agricultural producers and their profitability. This is evidenced by the fact that in 2016 the

agriculture sector against 2010 provided an increase in sales volumes on the domestic market, but this figure slightly decreased (by 5%) against 2013. It should be noted that the increase in the volume of production and products sales was provided by agricultural enterprises at the expense of highly profitable cereals and oilseeds (in the structure of gross production, these types occupy 74.2%, while labor-intensive and low-yield species account for 25.8%. At the same time, labor-intensive types of production which are produced by farms populations have formulated commodity offers on the domestic agri-food market of milk, wool, potatoes, vegetables and fruits.

One of the restraining factors affecting the growing development of the agrarian sector of the economy and the possibility of increasing the value added in the agri-food chains is the reduction of agricultural production and technical potential. We have shared the opinion of the scientists that the production and technical potential represents the volume of production is capable of producing the investigated industry that is characterized by its objective capabilities. Increasing the level of agricultural production potential is a prerequisite for ensuring a balanced functioning of the agri-food market and is one of the important conditions for ensuring the country's needs in food and food commodities, ensuring and maintaining food security.

The inaccessibility of long-term lending, reduced profitability of agricultural production, the absence of effective state support instruments for financing the construction of modern production facilities and the purchase of machinery and equipment led to a significant reduction in the technical park of agricultural enterprises, as well as to a high level of deterioration of the basic assets of the agrarian sector. This suggests that, even if the consumer demand for agricultural products is expanded, domestic producers will not be able to meet this demand due to resource constraints and the inability to quickly upgrade their production capacity.

A deterrent factor in the build-up of the productive potential of agricultural producers, and as a consequence, the realization of potential opportunities in the growth of commodity supply is the price disparity manifestation. It was established that the dynamics of price parity for agricultural producers was profitable, since between 2013 and 2016 prices for agricultural products increased by 2,09 times, and prices for material and technical resources for agricultural production rose by 1,82 times [8].

However, in 2017 there were significant changes in the market situation of the agri-food market: the export market increased, export prices and increased export volumes of agri-food products; in the domestic market there is also a rise in prices and sales volumes but inputs and sales of agricultural products have increased disparity in the purchase prices. Thus, in 2017, the prices of agricultural producers' sales increased by 12%, while the prices of material and technical resources for agriculture increased by 24.6%, which leads to a reduction in profits and a decrease in profitability. We believe that under such conditions, there is a need for the development of effective anti-inflationary instruments, as well as levers of intensifying innovation in the agrarian sector, which will contribute to increasing labour productivity and reducing resource intensity in the industry.

The macroeconomic instability of the country's economy, due to high rates of devaluation of the national currency, generates high inflation, has a negative impact on the state of the domestic agricultural market. It should be mentioned that inflation limits domestic demand and creates favourable economic conditions for the export of agricultural products, as evidenced by statistics on the dynamics of external supply. Thus, for domestic commodity producers, the situation on the external market is favourable, although there is a fall in export prices and an increase in its physical volume. We believe that, provided that the growing inflationary and depreciatory dynamics is not overcome, Ukrainian agro-industry will be guided by an external market that will become a threat to the country. The proof of this conclusion is that in 2016 the volume of the domestic agrarian market amounted to 380 billion hryvnias, while the external market was 330 billion hryvnias, so the ratio of capacity of these markets was 55:45, while in the USA this figure was 3: 1 . It is obvious that if the country's incomes rise, the capacity of the domestic market of agroforestry will rise at an accelerating pace, and this indicator can be used as an important indicator of the national level of well-being.

Today, the processes of increasing the prices of food products of the food group continue, as a result of the growth of inflation and the drop in the hryvnia, which negatively affected the economy of the industry. An explanation for this may be the fact that is unobtrusive for the end user, the sharp rise in the cost of resources that are purchased by manufacturers to organize the production process. Thus,

in crop production such crops as corn, sugar beet, sunflower, vegetables, seeds are imported from 40 to 80%, in livestock the same situation is traced with feed additives, pedigree animals, veterinary preparations for the treatment of animals. This factor exacerbates the negative impact of rising food prices, given that equipment and technology for livestock farms and poultry farms, as well as the lion's share of technical resources in the park of agricultural enterprises are foreign-made. Thus, without solving the issue of inflation and devaluation of the national currency, the food security of the country can not be guaranteed, which proves that this problem is not so much sectoral and agrarian, but, first of all, systemic interbranch and macroeconomic.

The insufficient financial security of agricultural producers is determined by the inadequate effectiveness of the economic mechanism levers in agriculture, which do not provide the necessary guarantees for their stability, and, ultimately the stable development of the agro-vegetable market. Thus, in 2016, the share of credit resources attracted by agriculture amounted to 6.7%, or increased by 0.8 percentage points compared to 2013. In 2016, the average interest rate on agricultural loans was 17%, or by 0.8 percentage points compared to the indicator for all industries. It should be borne in mind that investment lending, especially in livestock with a long period of production, has an inertial character. We believe that a decrease in state support for investment lending may result in falling production rates, especially livestock production.

Such negative processes, without taking appropriate measures, can increase the tendency not to have access to credit resources, which will reduce the financial stability of agricultural producers; therefore, taking into account the existing macroeconomic situation, it is necessary to pay attention to the issue of maintaining the volumes and availability of lending to the agricultural sector. In these conditions, it is advisable to keep subsidizing interest rates on long-term loans, especially for medium-sized and small agricultural enterprises, and extend compensation for the cost of building livestock farms and pedigree livestock.

An important place in ensuring a stable market situation in the agri-food market, in the formation direction of a commodity supply, belongs to the agriculture state support. So, agriculture in the United States is allocated 10% of agricultural production value and in the EU countries - 20%, then in Ukraine, this indicator, which in 2007-2008 was more than 7%, since 2016, is set at 1%. At the same time, in 2017, only 5.52 billion hryvnias was allocated from 6.3 billion hryvnias, and by 2018 the government gave only 6.3 billion instead of 7 billion hryvnias which were planned and that is less than per hectare of land and such figures are lower than in European and other countries [8]. The main disadvantages of providing state support to agriculture include: lobbying, lack of rational territorial and sectoral distribution, because of insufficient financial support of a poultry factory located in the Kyiv region; the stabilization instruments of market prices stipulated by the Law of Ukraine "On State Support to Agriculture" and other acts are not used; wholesale markets do not function, PJSC "Agrarian Fund" does not perform interventional and other regulatory functions; the limited possibility of participation in state programs of medium and small agricultural enterprises (during the years 2000-2017 only one fifth of them applied); complicated control over spending of public funds; there is no state support for personal peasant and other small farms; an imperfect system of information provision of state support programs to small and medium-sized producers.

The next unresolved issue in the regulation of the agri-food market is the creation of equal and transparent conditions for agribusinesses of all management forms to the state regulation instruments. So, in a context of increased competition in the agri-food market, it is important to ensure equal access to loans, resources and sales markets. For small-scale agribusiness this can be facilitated by a system of state support for agricultural servicing and sales cooperatives, development of family farms.

At the same time, consideration of differences in the production of agricultural products and, accordingly, in the living standards of the rural population should be ensured through the establishment of the mechanism and instruments of state regulation that will create motives and incentives for the production of agricultural products for nation-wide specialization, as well as low-income and non-transferable ones. In drafting strategic agri-food market development programs, globalization must also take cultural and historical peculiarities into account, all these constituents are the peculiarities of production and consumption in certain regions of the country. We agree with the opinion of the scholars who believe that the main directions of state support transformation of agriculture in conditions of

limiting financial capacity and taking into account world practice should be: the exclusion from support system of large mono-cultural farms with less than 0.3 goals. 1 hectare of cattle, as well as poultry farms-agroholdings; orientation of support for producers of livestock industries, to create a meat herd, to increase milk production; in support of the growth of the merchantability of small farms, the creation of production objects and market infrastructure, the machinery purchase and equipment for joint use on a cooperative or contractual basis; support the production of organic products, organizing the transfer of knowledge to their managers; the normalization of the state's participation in financing the withdrawal from cultivation and temporary conservation of degraded land, the creation of high-yielding cultural pastures for cattle breeding [8-10].

The generalization of changes in the world economic system allows us to conclude that the degree of economic, scientific and technical, legal, information interdependence of national economies has reached such a state, which can be called the formation of the global economic system. These figures are constituents of reality and conditions for the implementation of the economic policy of any state, which is guided by the optimal level of economic development. Accordingly, the concept of agrarian policy and state support should take into account the process of globalization, in order to help the country's agricultural producers to realize themselves as the operating entity of the economic space. The nature of international integration processes in the agri-food market has allowed allocating a system of influences on the formation and competitive advantages strengthening of the globalization and state processes. It is true that there are various ways of regulating the agri-food market, including the growth of prices for basic food products, monitoring of raw materials and prices for agro-foodstuffs, state regulation in the field of accounting, control and certification of production at the sale of agricultural products and foodstuffs, as well as others.

Obviously, it is advisable to focus on the following objectives in substantiating the transformation directions of the regulation economic mechanism of the agri-food market: food security; increasing food security; development of agri-food chains on the principles of sustainability and innovation; expansion of export opportunities at the expense of agricultural products with high added value. New threats are emerging for the domestic agri-food industry with the globalization of the world economy: dependence on world prices for energy resources and food; increased monopolization and reorientation of productions into more profitable and export-oriented industries; economic losses due to the export of raw materials, the impact of which must be offset by the instruments of state regulation.

An integrated approach to the study of internal factors affecting the agri-food market has allowed us to highlight the following: social factors, determine the provision level of economic actors involved in the agri-food process, labour resources, which also determine the socio-demographic structure and population; economic factors determine the production state of agricultural products, the industrial processing possibility of raw materials, the potential of inter-farm and interregional ties. An important aspect of economic factors is the structure and level of prices for foodstuffs; innovation and technical factors; determine the level of mechanization and automation of production, compliance of the material and technical base of the agrarian sector with the latest practice.

At the same time, functioning of the agri-food market should take into account the following features of its development: the subjects of agro-industrial production ought to provide the supply of the necessary volume of food products and satisfy the needs of the population in quality and safe products; the relationship between market participants should be based on the establishment of mutually beneficial and stable links; the expansion of the market capacity of certain food products should be directly dependent on household incomes and its solvency, as well as on the state of infrastructure; the development of the agri-food market needs to be optimized taking into account market self-regulation and state regulation instruments. It should be noted that the agri-food market has seen an increase in competition between participants, due to the presence of specific barriers that do not allow unrestricted entry into any market. As a result the most significant barriers are: economic, which are related to the tax, credit, investment, price policy of the state, etc .; administrative barriers that are associated with a low-scale and limited market capacity; barriers caused by underdevelopment of market infrastructure.

Conclusions

Thus, identifying the features of the agri-food market, identifying the factors affecting it, will allow to substantiate and introduce an effective system of regulation of the agri-food market. However, current trends in interbranch exchanges, functional relationships, clustering, and the expansion of the global agri-food market require a scientifically balanced combination of state regulation measures with the mechanism of market self-regulation of relationships between market players. We believe that identifying trends and opportunities in an optimal combination of market self-regulation and economic state regulation will improve the relationship between different forms of management and interaction in the market, as well as reduce the impact of risks on the agri-food market.

In order to achieve the effectiveness of state regulation instruments, it is appropriate to ensure the adaptation of the country's agrarian policy to the conditions of globalization on the basis of: strategic reserves creation, monitoring and forecasting of production and consumption of agricultural products, raw materials and foodstuffs in order to ensure the economic and physical accessibility of agro-foodstuffs, the necessary quantities formation of raw materials for industrial processing.

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