

**UKRAINIAN AGRI-FOOD SECTOR: FOREIGN TRADE AMID
GLOBALIZATION**

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Abstract. *It is specified in the article, that globalization as the international economic system (global economy) embraces global production, exchange and consumption carried out by enterprises in national economies and in the world market. Now days it is not simply an environment where certain social and economic events occur, it is the principal moving force for the said events, this also being true for the economic activity in the agri-food sector. The data on the behavior of the production parameters of foods in Ukraine (namely cereals and flour, meat and milk products, food oils, alcohol), adduced in the article, prove the toughest effect of world agri-food market upon the domestic food and processing industry. The conclusion is drawn, that Ukraine has a sufficient raw material base, high potential of self-sufficiency in products and development of export. At the same time, the technical and technological level of production, the state of fixed assets will require substantial renewal. They slow down the growth of domestic industrial production: the low purchasing power of the population and the lack of financial capacity of enterprises.*

Key words: *food industry, globalization, foreign trade, agri-food sector, world food market, export, import.*

JEL Classification: L66, O52

UDC: 338.43:339.1(477)

Globalization has become an entity in the world economic life. Now days it is not simply an environment where certain social and economic events occur, it is the principal moving force for the said events. This is true also for the economic activity in the agri-food sector. The intense globalization of economic activity has turned internationalization into an essential condition for the survival and success of some agri-food firms [1]. Globalization contributes to the solution of the food problem, since most countries form national food resources at the expense of both their own production and attracting the opportunities of the world food market. This is connected with objective (uneven distribution of natural resources, climatic conditions, weather disasters), and with subjective (consumer interest in respect of goods of foreign origin, advertising and other marketing activities, unification of standards and technologies) reasons [2]. Agri-food sector is reasonable priority of the economic policy according to its specific position and its importance by nutrition providing, by natural resources managing and by realization of the socially important non-production functions [3, 4]. The food industry is the main manufacturing industry in Europe, representing 15.6% of total sales and over one third of world trade in agricultural products and food [5].

Globalization is a complex process. Consumers, farmers, workers, retailers and processors are all connected through the production and consumption of world commodities. Central to this process

is the existence of standards and the agencies and agents that allow their existence. The quality is constructed revealing how farmers and workers are working under both tight control of regulations and regulators. To establish quality, instruments (standards and regulations) are created and actors / groups operate to employ these instruments. The proper attention shall be paid to the complexity of relationships linking processes and agents [6]. The food markets have changed dramatically in recent years. This applies both to the production side and to the demand side. The markets have become more volatile on the one hand, but have also remained surprisingly stable over the longer term. Controversial is the question of how food speculation is responsible for the fluctuations in food prices [7]. The scenario of the production and commercialization of food has changed substantially in the last 30 years. The emergence of new financial circuits, productive technologies and commercial formats have revolutionized the food markets. At present, agricultural products from different parts of the world are transferred daily between different countries and continents, competing in the destination markets with local productions, under different combinations of prices and quality [6, 8].

The commonly-accepted idea of international expansion being good for the company is a recurrent argument used by politicians and the press, and promoted by business associations and organizations. However, entering international markets is still a challenge for a number of companies in the industry. Crossing the border involves the initial costs of internationalization and then competing and organizing activities in a more uncertain and complex environment [1]. Although numerous factors have been proposed in the literature as explaining recent commodity price movements, there is no general consensus on the relative weight that should be attributed to each of them. Many authors have stressed that more consideration should be given to the effects of growing food demand in developing countries, especially in China and India, and also to the lower production growth rate as being among the causes of the recent food price spike [9].

There are all the necessary prerequisites for the Ukrainian agri-food sector to achieve the proper competitiveness of domestic products in the international markets due to the innovations being an important factor in the sustainable development of the national economy, is the innovative nature of industrial development. Now the innovative potential of the food industry in Ukraine is growing more dynamically than that of other sectors of domestic industrial production. Unlike high-tech products, for which the Ukrainian market is chiefly operated by foreign producers, most part of food products, both by volume and nomenclature, is made from domestic raw materials at the industrial capacities within Ukraine [10, 11].

The rapid development of the international trade creates the prerequisites for a significant deepening of the globalization process outside commodity markets, in particular in the sphere of international movement of capital and labor resources. The growing level of globalization in international trade, including food, significantly affects the nature of food self-sufficiency. In actual conditions, economic transformations in the state should be consistent with the globalization processes in the world economy, and also with their forecast estimates. Ukraine must define and constantly clarify its place, its perspective, its role in the integration processes with respect to the leading players in the international arena.

Along with providing the domestic market, it is important to achieve growth in the export potential of the food industry. It is characterized by the availability of raw materials and modern facilities for its deep processing, as the processing of agricultural land and ensuring the quality characteristics of products, compliance of existing standards with international requirements. The agri-industrial complex is Ukraine's export leader, in 2017 its share being more than 35%.

Comparing the export and import of basic foodstuffs (*Table 1*), it can be concluded that there is a lack of production of ready-made food products of meat and fish, which could be a potential for import substitution. At the same time, imports of live animals are growing.

On the contrary, the Ukrainian products of plant origin, as well as fats and oils of animal or vegetable origin, are produced in excess, which provided their share in total exports of Ukraine to amount of 21.3 and 10.6%, respectively in 2017. In terms of foreign trade of food, the share of exports of these goods amounted to 56.7 and 28.3%, respectively.

Table 1: Products and costs structure of the foreign trade of foods in 2017

Codes and nomenclature of products according to the Ukrainian classification of goods of foreign economic activity	Export			Import			Surplus, million USD
	Million USD	% to 2016	% to total	Million USD	% to 2016	% to total	
Foods in total, incl.:	16265.7	116.2	100	3596.3	108.7	100.0	12669.4
I. Live animals; products of animal origin	1109.0	143.1	6.8	731.5	116.8	20.3	377.5
02 meat and edible by-products	531.3	137.0	3.3	112.0	138.7	3.1	419.3
03 fish and crustaceans	26.4	155.2	0.2	455.4	111.1	12.7	-429.0
04 milk and milk products, bird eggs; natural honey	494.4	149.6	3.0	84.9	142.7	2.4	409.5
II. Products of plant origin	9216.4	113.9	56.7	1368.0	106.5	38.0	7848.4
07 vegetables	235.3	154.2	1.4	76.0	93.1	2.1	159.3
08 edible fruit and nuts	195.3	131.8	1.2	477.2	100.2	13.3	-282.0
09 coffee, tea	13.6	96.6	0.1	194.1	103.4	5.4	-180.5
10 food grains	6501.6	107.0	40.0	176.8	118.8	4.9	6324.8
11 products of flour and	182.0	131.3	1.1	32.2	145.8	0.9	149.8
12 seeds and fruit of oil plants	2060.2	134.2	12.7	358.3	112.1	10.0	1702.0
III. 15 Fats and oils of animal or plant origin	4605.7	116.2	28.3	266.6	108.4	7.4	4339.0
IV. Ready-made food products	2827.3	115.4	17.4	1933.2	111.5	53.8	894.1
16 products of meat, fish	15.6	108.6	0.1	82.1	133.0	2.3	-66.5
17 sugar and confectionery products of sugar	417.3	118.6	2.6	47.6	84.7	1.3	369.8
18 cocoa and products thereof	183.7	113.3	1.1	236.2	108.8	6.6	-52.5
19 ready-made products of grain	296.4	139.5	1.8	117.8	133.3	3.3	178.6
20 products of processing vegetables	176.5	125.8	1.1	142.4	128.5	4.0	34.2
21 miscellaneous food products	121.0	120.8	0.7	363.9	110.8	10.1	-242.8
22 alcohol and alcohol-free beverages and vinegar	209.2	127.7	1.3	372.8	128.8	10.4	-163.6

Source: developed according to data of State Statistic Service of Ukraine

In 2017 compared to 2016, there was an increase in exports (due to meat, dairy products and finished food products) and a slight decrease in food imports (mainly due to vegetables).

According to Eurostat, in 2016, Ukraine ranked forty-second in the world ranking of dairy product exporters (for comparison, in 2014 Ukraine ranked twenty-eighth, in 2015 - fortieth). At the same time, according to the European Commission, in 2017, Ukrainian producers become the leaders of the global market for certain types of dairy products, entering the TOP-10 exporters of butter and casein, ranking 10 and 7, respectively.

The dynamics of exports and imports of food indicates an increase in the balance of its main groups in 2017. The main share of exports of food products of Ukraine is provided by grain crops (40%), mainly wheat (17,7 million tons worth \$ 27 billion USD) and corn (19,4 million tons amounting up to 3.0 billion USD); 65% of wheat was supplied to Asian countries, mainly India, Indonesia and Thailand (10%, 12% and 11% of bulk weight, respectively); corn – to the countries in

Africa (23%), Egypt, China and Iran; 12.3% of the production was exported to Spain, this being a positive factor for the integration of Ukraine into the EU. An increase in honey exports was also observed.

The protectionist actions of the EU countries, the quality of raw materials and finished products, the limited quotas for duty-free supply of those, and the lack of harmonized standards restrain entry into international markets.

Throughout the entire period of independence, Ukraine retains its raw material orientation and in the structure of world exports it takes no more than 1% (Figure 1). Therefore, the priority of development is to increase the export potential at the expense of food products of deep processing.

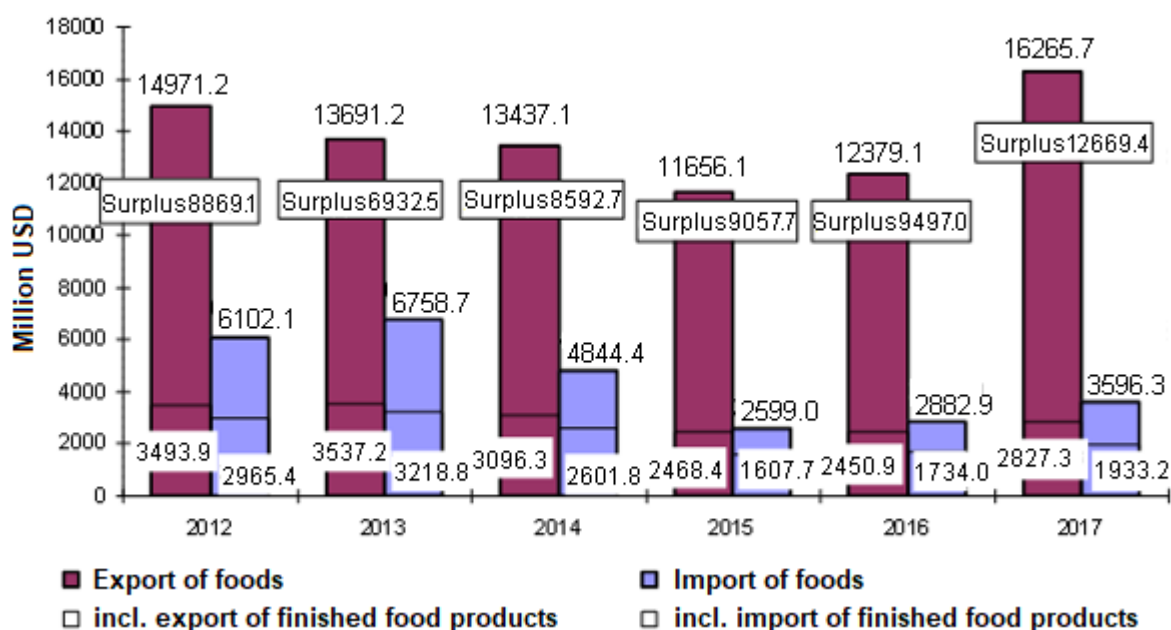


Figure 1: Behavior of foreign trade of foods in 2012 – 2017

Source: developed according to data of State Statistic Service of Ukraine

Unfortunately, even export-oriented and export-capable areas of agri-industrial production significantly lose profits in foreign markets, since Ukraine exports unprocessed agricultural products or products of low degree of processing. On the other hand, sales of ready-made food products or high-value-added food raw materials on foreign markets would significantly improve the financial position of processing and food enterprises, and would allow them to have the necessary funds for innovative renewal of applied technologies and specialized equipment.

The state of provision of the population with food, its physical and economic accessibility have a direct impact on the stability of the social and economic situation in society.

In actual conditions, foreign economic activity of Ukraine is characterized by the need to establish and expand trade relations with food products. This is due to a decrease in demand for traditional goods of Ukraine's foreign economic partners and the creation of a favorable market situation in the agricultural raw materials and food market.

The role of the state in the international division and integration of labor is determined by the sectoral specialization of exports. In recent years, exports of food products have shown quite sharp fluctuations.

In 2017 compared with 2010, exports of food products increased (in USD) by 63.7%. Moreover, the main factor behind this growth was the export of fats and oils of animal or vegetable origin to have increased by 76% and the share of which to have increased from 26.4% to 28.3% in the overall structure of exports of food products. Taking into account the export of products of plant origin, it

should be noted that Ukraine's access to world markets for agricultural and food products increased significantly: the share of food exports in exports from Ukraine increased from 19.3% (2010) to 37.5% (2017), and imports decreased from 9.4% to 7.3% respectively (Figure 2).

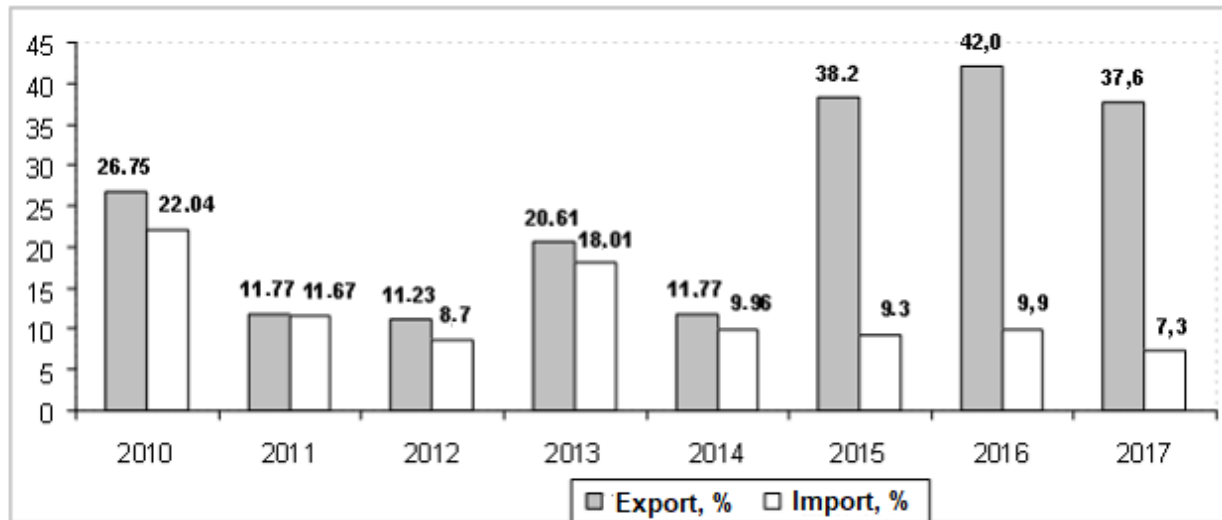


Figure 2: Share of food products in overall export and import of goods and services in Ukraine in 2010 – 2017

Source: developed according to data of State Statistic Service of Ukraine

However, over the period studied there was no improvement in the structure of exports of agricultural and food products from Ukraine. In the overall structure of food exports, the share of ready-made food products has significantly decreased – from 25.8% in 2010 up to 17.3% in 2017

It should be noted that the increase in the share of agricultural goods in the country's total exports during the crisis was one of the important factors in reducing the losses of the national economy. Geographically, the post-Soviet and Asian states dominated among Ukraine's export directions of agricultural and food products. However, with regard to agriculture, the European market is promising, but with the appropriate certificates to comply with high EU standards. The revival of trade relations is possible, given the stable need of the EU countries, even during a financial crisis, for food and products with an unfinished production cycle.

Analyzing the export-import operations with food and food raw materials in the trade balance of Ukraine in 2017, it is necessary to note the presence of a positive balance in the amount of almost 12.7 billion USD. At the same time, a significant contribution to its formation was provided by such groups of goods as products of plant origin – 7.8 billion USD, fats and oils of animal or vegetable origin – 4.3 billion USD, and ready-made food products – 0.89 billion USD.

At the same time, exports of live animals and animal products during 2010-2017 significantly decreased, as a result of which, in this group of goods, the balance changed from negative (11.6 billion USD in 2010) to positive (0.37 billion USD). Despite the fact that the foreclosure of the Russian market created temporary difficulties for the functioning of the industry as a whole, it did not significantly affect foreign trade. Domestic producers quickly reoriented to other markets.

It should be noted that the massive import of agricultural products leads to the destruction of entire industries. Thus, in Ukraine, the number of sheep and pigs has decreased several times, the number of cattle livestock has dropped significantly, and their material and technical base has been decommissioned accordingly.

The markets of food export goods of Ukraine are characterized by increased rivalry of participants and an increase in price competition, which may affect the volume of foreign exchange earnings, an increase in physical volumes of exports. Direct competitors of Ukraine in these markets

are countries that have great advantages, clearly narrowing prospects and reducing the possibility of improving the position of our country [12].

Ukraine's weak export position in the world food market for these types of products indicates the need for its further diversification in the direction of increasing the share of food products.

The economic feasibility of deep processing of food raw materials convincingly proves the state of exports from Ukraine of unprocessed and refined sunflower oil (*Figure 3* and *Table 2*).

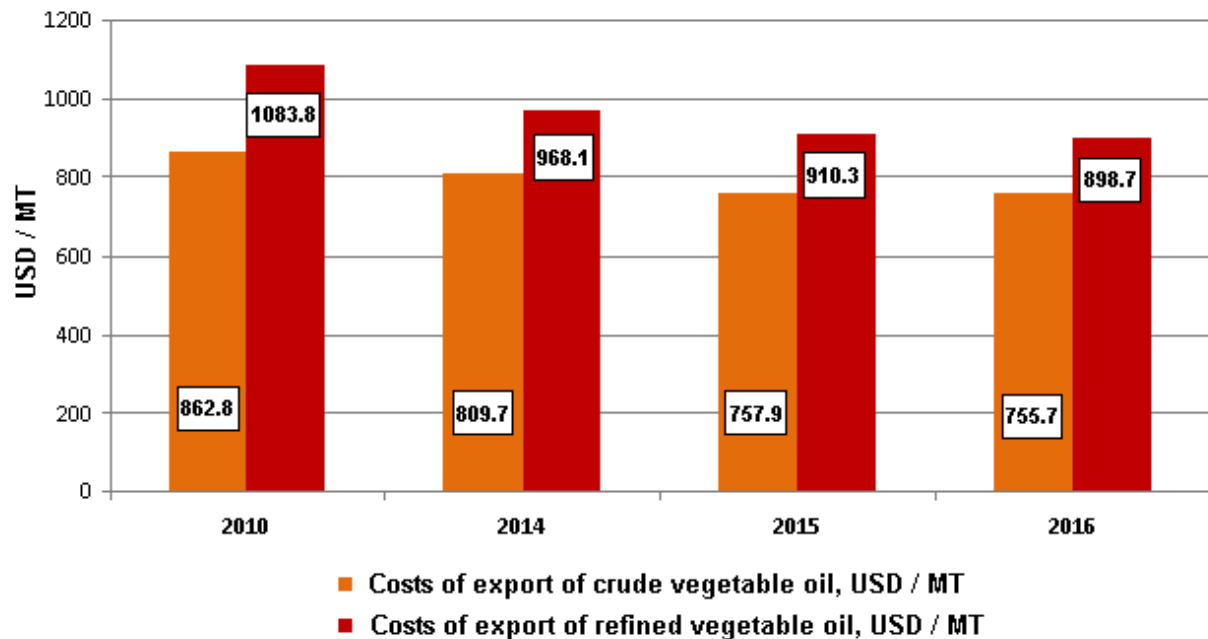


Figure 3: Behavior of export prices for sunflower oil

Source: developed according to data of State Statistic Service of Ukraine

Table 2: Export advantages of advanced processing of food raw materials

Foregone earnings of sunflower oil export, million USD	2010	2014	2015	2016
	557.4	648.4	561.5	646.8

Source: developed according to data of State Statistic Service of Ukraine

One of the key areas is the export of flour and other products of advanced processing of wheat. In 2017, Ukraine exported 443.3 thousand tons of flour. This is 14% more than in 2016 and 2 times more than in 2013. Products were mainly exported to Asian countries (64% of the total), including China (22%), Palestine, Israel, Korea and Azerbaijan (by 8%). The export geography expanded from 44 countries in 2014 to 69 countries in 2015 and to more than 90 countries in 2017 (*Figure 4*).

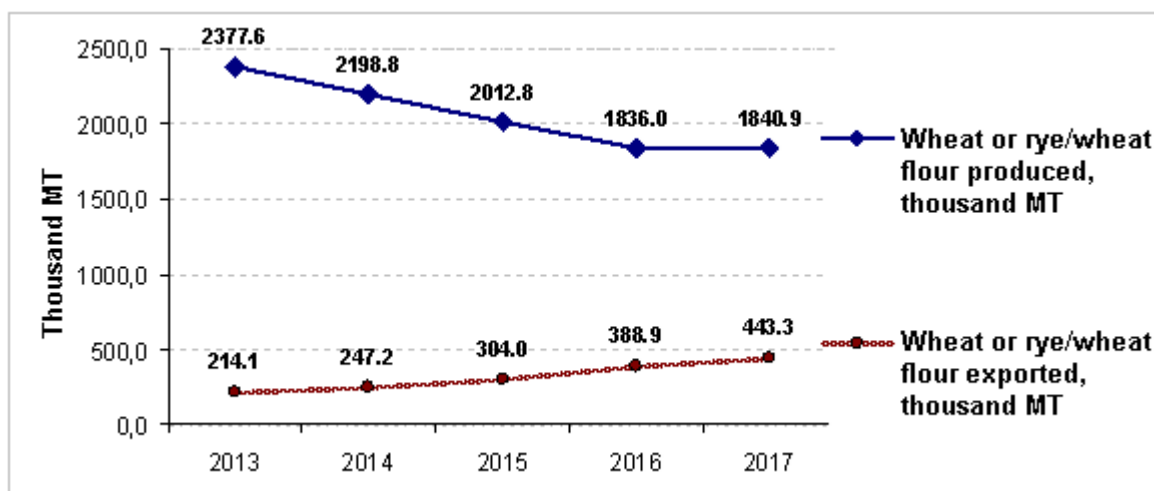


Figure 4: Behavior of production and export of wheat and rye/wheat flour

Source: developed according to data of State Statistic Service of Ukraine

In monetary terms, exports of domestic flour and cereals increased by 32% compared to 2013 (from 137 to 182 million USD). Import volumes were the lowest in 2015, and in 2017 they increased slightly, up to 32 million USD (Figure 5).

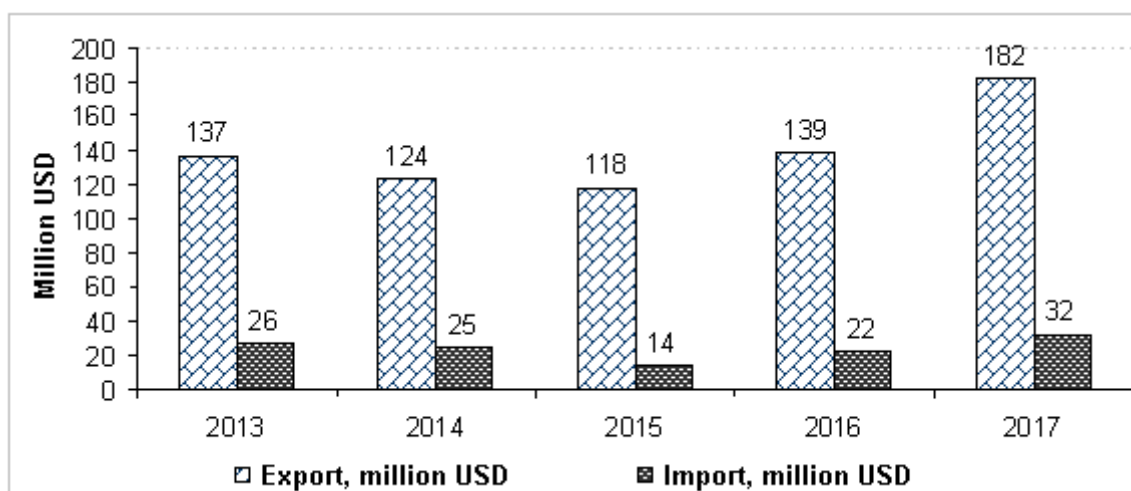


Figure 5: Behavior of export and import of the products of flour-and-cereals industry

Source: developed according to data of State Statistic Service of Ukraine

If the export volumes of wheat flour increased over the past five years, the export of ready-made grain products decreased and in 2017 these products were exported to the amount of 296 million USD, which is 28% less than in 2013 (Figure 6). In proportion to the export volumes, the import volumes also varied.

It should be noted that the countries of the European Union, among the largest exporters of flour, are taking all measures to limit the access of Ukrainian products to this large solvent market. However, the export of flour, even in small quantities, to countries such as the United Kingdom and Switzerland, testifies to the high quality of domestic products, but the main buyers of this product are China (18% in 2017), Moldova (9.2%) and Somalia (8.3%). These markets have opened up thanks to the active search for domestic producers, which in 2014 merged into the Union of the Millers of Ukraine. Deliveries of products to the United Arab Emirates (5.8%) and Palestine increased

significantly. The most promising flour market is the African market, the potential volume of which ranges from 1.8 to 2.3 million MT per year.

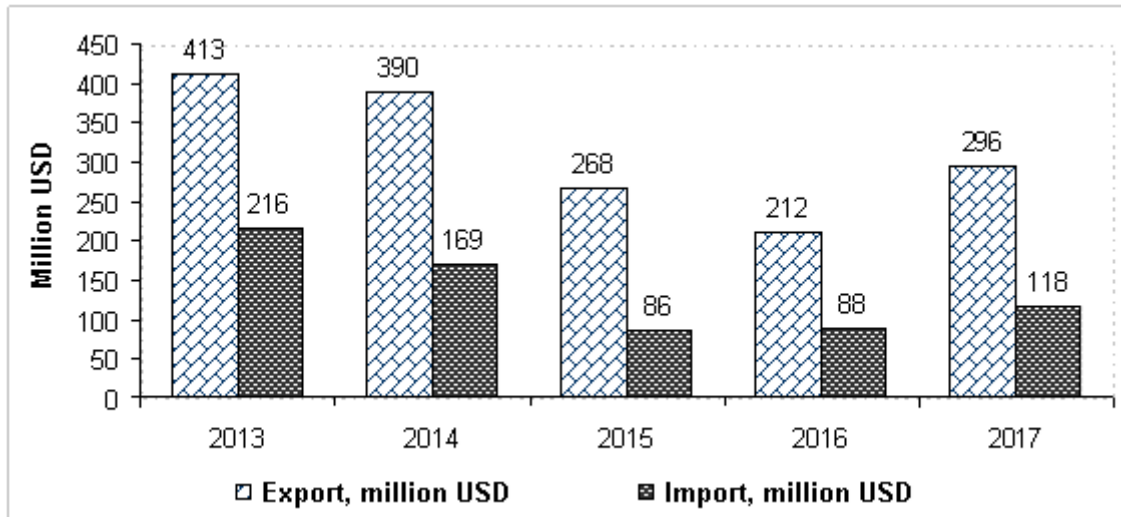


Figure 6: Behavior of export and import of ready-made grain products

Source: developed according to data of State Statistic Service of Ukraine

In the structure of the export of cereals, the most significant are the positions of Egypt (49.1%) and Belarus (14.2%), which mainly buy corn and wheat cereals.

The climate in Ukraine is the reason for the purchase of significant amounts of rice to cover domestic needs. In 2017, Ukraine purchased 76.8 thousand tons of rice (hulled and semi-hulled) in the amount of 3.6 million mainly from India, Pakistan and Vietnam. At the same time, exports of domestic rice amounted to 1.2 thousand tons, mainly to Moldova.

For Ukrainian manufacturers, the EU market is interesting not only financially, but also because of reputational bonuses. In the European Union there are strict requirements for the quality of food products. And if an enterprise supplies its products there, then this, first of all, testifies to its high quality. When trial lots of flour were delivered to the EU outside the quota in 2014, the partners were convinced that the quality of Ukrainian flour was comparable to the average flour originating from EU.

At the same time, due to limited duty-free quotas, flour exports have now slowed. Deliveries to countries in Africa are growing (up to 22% of exports in 2017). The demand for flour in the UAE is significant (7.4% in terms of quantitative indicators for 2017). To increase external demand, one should ensure the quality of wheat and flour, marketing activities from both enterprises and industry specialists and associations shall also be enhanced. The main condition for improving the competitiveness of milling enterprises is their reconstruction, the introduction of energy-efficient equipment, and proper capacity utilization. It should be noted that the potential of milling enterprises allows to supply more than 500 thousand MT of products to the external market.

Although advanced technologies allow for the long-term storage and transportation of dairy products, most of it is produced close to the places of consumption – therefore, the export product range of milk processing enterprises is largely limited to dry milk products, canned milk, butter, cheese (except for farmer cheese), casein etc. The situation with the export of dairy products over the past five years has changed significantly. First of all, this applies to butter, milk powder and cheese. Thus, the exports of butter for this period increased by more than 8 times (up to 27 thousand MT in 2017), and the volume of imports decreased to 300 MT (Figure 7).

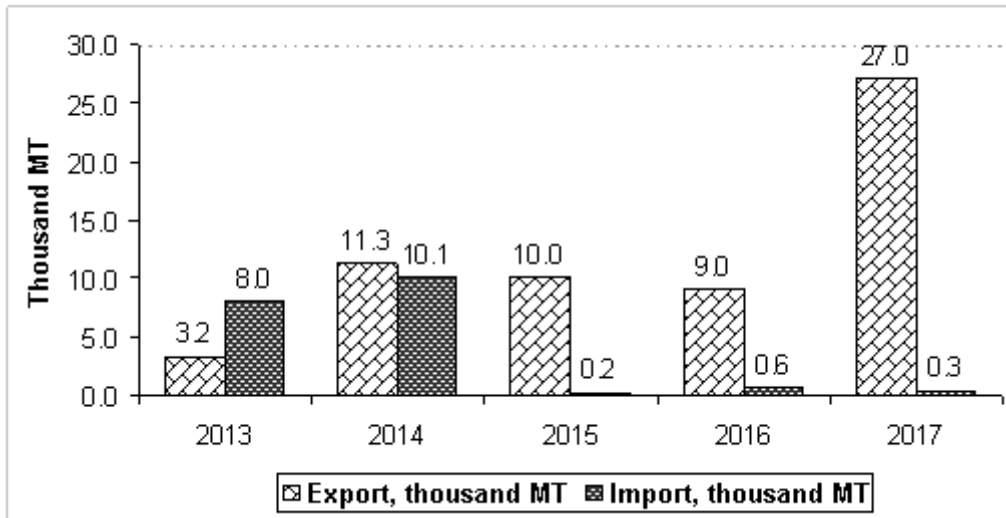


Figure 7: Amounts of butter export and import, thousand MT

Source: developed according to data of State Statistic Service of Ukraine

The main importers of the Ukrainian oil are Morocco, Turkey and Georgia. At the same time, butter was imported to Ukraine from Finland, France and other countries. Exports of powdered milk increased by 30% (to 28.7 thousand MT, 2017), the largest volumes of which were purchased by Armenia, Kazakhstan, Bangladesh (*Figure 8*). But the situation has worsened with the export of cheese, which in 2017 decreased by almost 6 times compared with 2013 (*Figure 9*). The main importing countries of Ukrainian cheeses are Kazakhstan, Moldova and Egypt. Foreign exchange earnings to the country from the export of milk and dairy products in 2017 amounted to 281.7 million USD. The cost of imports of milk and dairy products in Ukraine amounted to 64.8 million USD.

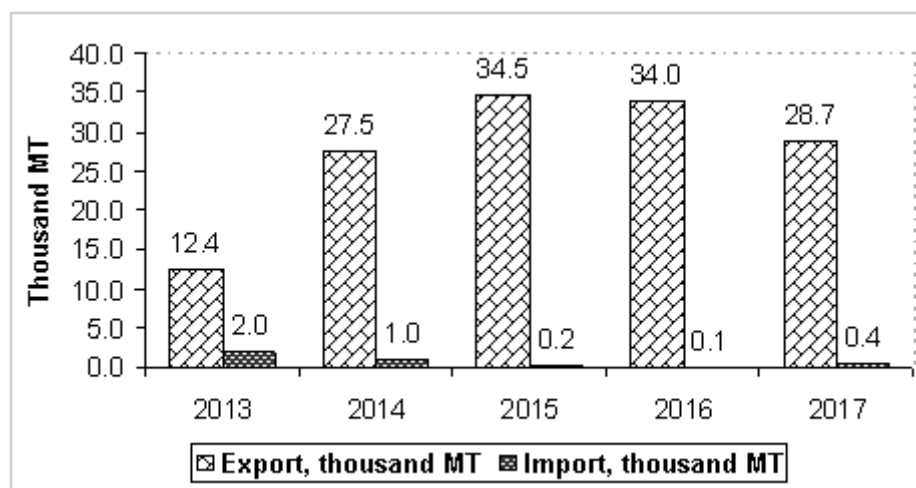


Figure 8: Amounts of export and import of milk powder, thousand MT

Source: developed according to data of State Statistic Service of Ukraine

Domestic prices for dairy products, which are significantly higher than prices in other regions of the world, are of some concern. This is especially true of such products of the export group as butter, powdered milk and cheese – in many cases, the domestic market prices for these products are much higher than the world average.

To halt the growth trends in dairy products exports and achieve its growth, it is first and foremost important to restore the cattle population through farmer support programs, achieve high quality characteristics of products through market surveillance and quality control throughout the entire process chain – from feed to ready-made meat and dairy products. The promising segment of exports of products is condensed milk and cream delivered to the external market in 2017 in the amount of 46.8 thousand MT in the amount of 80,6 million USD, mainly to Kazakhstan (17% of exports), Turkmenistan (15%) and Asian countries (34 %); dry milk, which was exported in 2017, 28.7 thousand MT in the amount of 53,2 million USD.

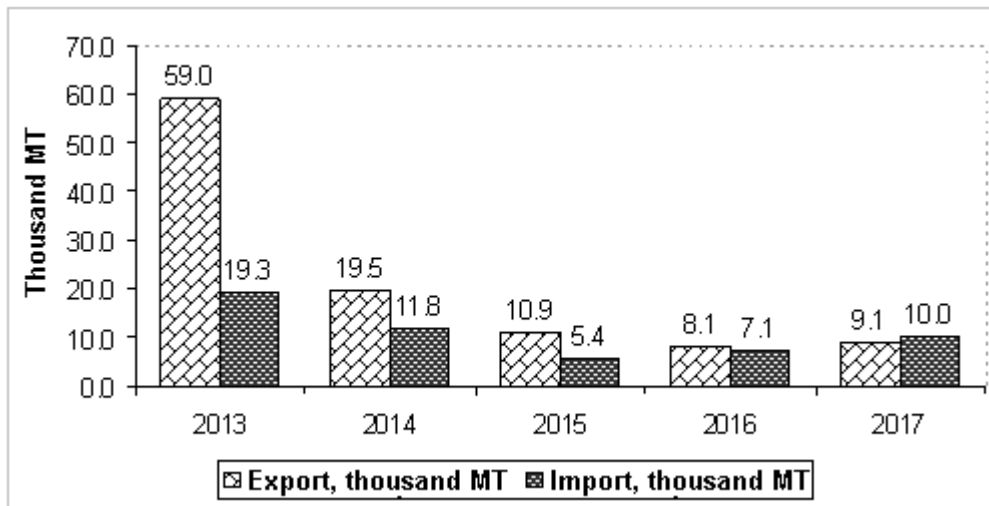


Figure 9: Amounts of export and import of all varieties of cheese, thousand MT
Source: developed according to data of State Statistic Service of Ukraine

The market of certain types of meat products has become livelier. Over the past five years, physical exports of fresh or chilled cattle meat increased by 7% (to 12.3 thousand tons in 2017), of frozen cattle meat increased 2.4 times (to 29.6 thousand tons). A positive phenomenon is that the increase in export volumes in the listed commodity groups of meat products was accompanied by a decrease in the volume of its imports (Figures 10, 11).

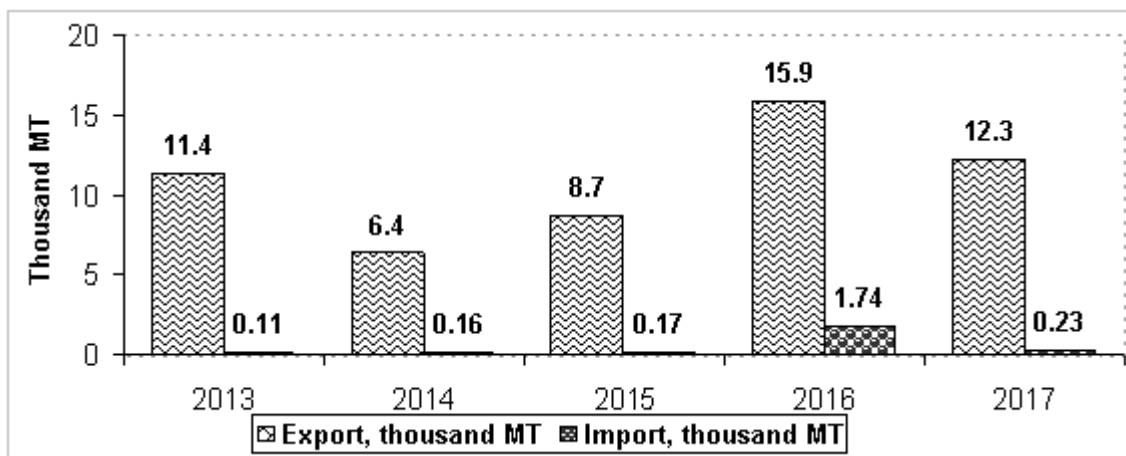


Figure 10: Behavior of export and import of fresh and chilled cattle meat, thousand MT
Source: developed according to data of State Statistic Service of Ukraine

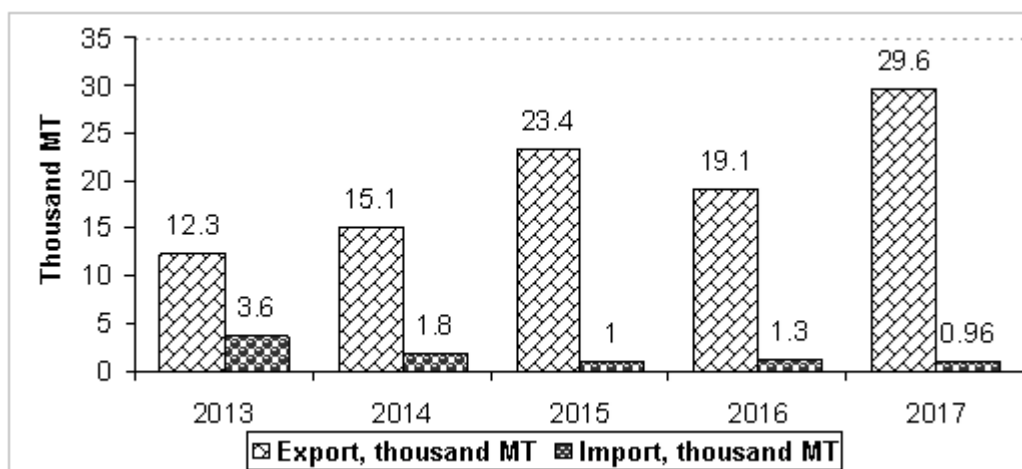


Figure 11: Behavior of export and import of frozen cattle meat, thousand MT

Source: developed according to data of State Statistic Service of Ukraine

At the same time, there is almost no Ukrainian pork in the foreign market today, the main reason for being the spread of African swine fever in some regions of Ukraine. In 2017, export deliveries amounted to only 4.9 thousand MT (mainly to Georgia), and import deliveries to 5.6 thousand MT (from European countries) (Figure 12).

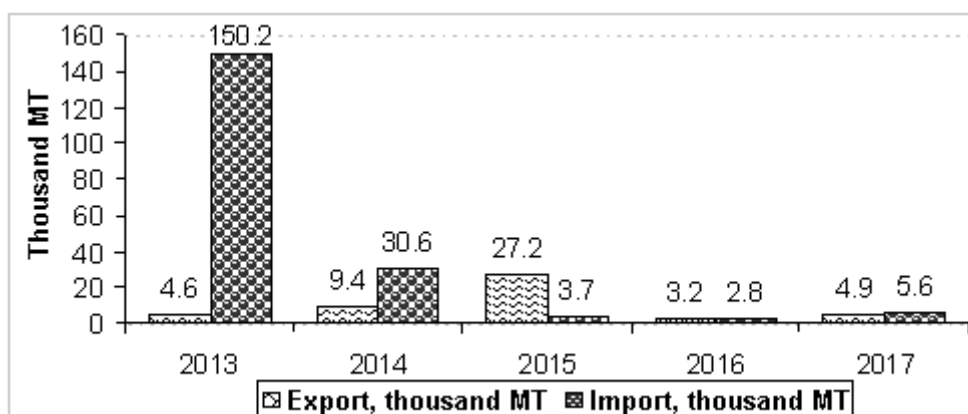


Figure 12: Behavior of export and import of fresh, chilled and frozen pork, thousand MT

Source: developed according to data of State Statistic Service of Ukraine

The export of poultry meat has a growth vector by 1.8 times (271.3 thousand MT for the amount of 389,6 million USD in 2017 compared to 145.6 thousand MT for the amount of 232.1 million USD). This trend can be maintained by establishing foreign trade relations, existing infrastructure, road ways, etc. In 2017, deliveries were made to more than 100 countries, mainly in Asia (more than 40% of total exports) (Figure 13).

In 2017, foreign exchange earnings from the export of meat and meat products amounted to 531.0 million USD, while imports amounted to 112.0 million USD.

Sunflower oil producers made a great contribution to food exports (5,7 million MT in the amount of 4.3 billion USD in 2017, exported to 130 countries). The export of products of a higher degree of processing was started, which is a positive thing to be worth developing.

In 2016–2017, Ukraine significantly increased sugar exports compared to previous years. New markets are being developed. There was a reorientation of exports from the CIS countries to the markets of other European countries (Macedonia), Asia (Afghanistan, China, Myanmar, Sri Lanka)

and Africa (Ethiopia, South Africa, Somalia, Sudan). It should be noted a significant recent improvement in the quality of domestic sugar. Already in the first quarter of 2017, our country has fully chosen the annual quota for duty-free exports to the European Union (20.07 thousand MT). In the first half of the year, Sri Lanka (11% of total exports), Libya (10%), Côte d'Ivoire (8%), Turkey (7%), Sudan (7 %) were the leaders in terms of sugar supplied from Ukraine. In 2017, 598 thousand MT of beet sugar was exported in the amount of 279,6 million USD (Figure 14).

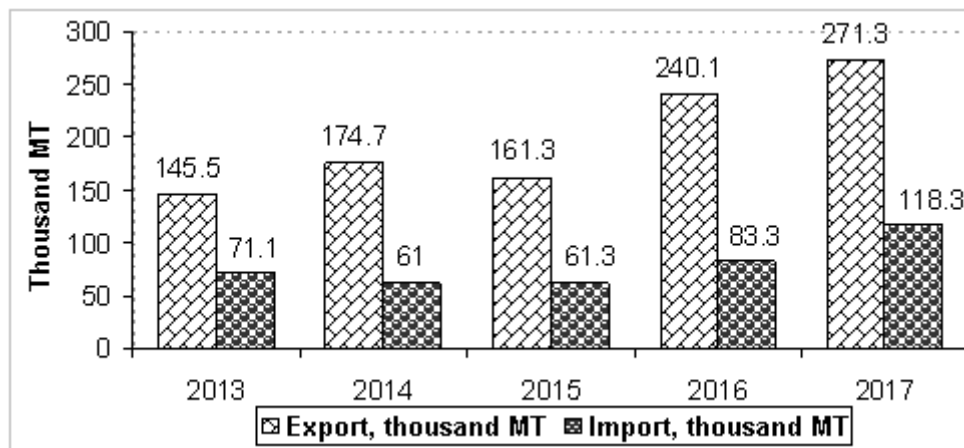


Figure 13: Behavior of export and import of poultry meat and edible by-products, thousand MT
Source: developed according to data of State Statistic Service of Ukraine

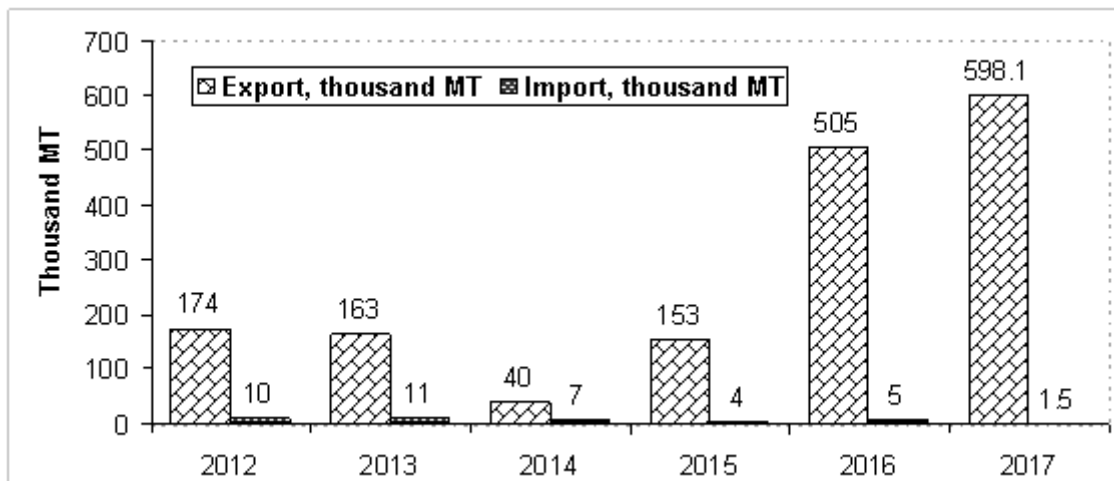


Figure 14: Behavior of export and import of sugar, thousand MT
Source: developed according to data of State Statistic Service of Ukraine

The export of ethyl alcohol in the past five years has decreased by 99%. Such an unprecedented drop in the volume of alcohol exports occurred mainly due to the high cost of its production and, consequently, an insufficient level of competitiveness on the price factor in foreign markets. Note that the record, by volume, export of alcohol was in 1996, when more than 45 million dal of alcohol were exported from the country amounting to 288 million USD.

The largest importers of ethyl alcohol from Ukraine have traditionally been Turkmenistan, Poland, Georgia, Azerbaijan and Turkey. However, since 2013, the export structure of alcohol has completely changed – only 5 countries imported Ukrainian alcohol in very small and constantly falling volumes. At the same time, Slovakia became the largest importer in 2017 – 70.18%. Other major

importers were Moldova – 14.95% and Latvia (14.43%). Experts predict a possible gradual increase in alcohol exports to the EU, Turkey, Armenia, and others. The dynamics of exports of non-denatured ethyl alcohol (with an alcohol concentration of 80% by volume or more) is characterized by the diagram in *Figure 15*.

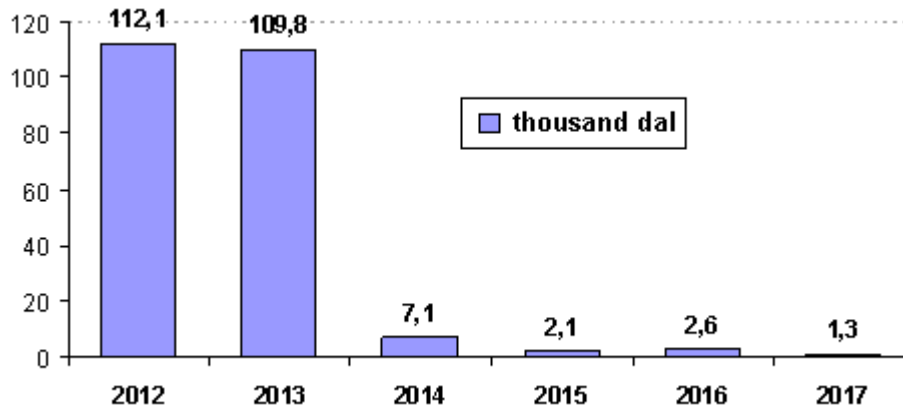


Figure 15: Behavior of export and import of ethyl alcohol not methylated (of concentration 80 vol. %, or more)

Source: developed according to data of State Statistic Service of Ukraine

The volume of the domestic market for honey is estimated at 100 thousand tons, of which honey produced by beekeeping enterprises is almost 60 thousand MT. These figures are somewhat approximate, since a good share of apiculture products is produced by amateur beekeepers, and their sales volumes are not taken into account by official statistics. In 2016, 96% of honey produced by beekeeping enterprises was exported, of which about 18% was to the USA, and the rest – to the EU countries. Interestingly, in 2016 the EU annual quota for duty-free delivery of honey (4 thousand tons) was used in the first 10 days of the year, which indicates a high demand for this product. In 2017, the EU quota was doubled (to 8 thousand tons), which was also quickly exhausted. Unfortunately, one should state the actual absence of export supplies of processed honey in retail packaging – it means that a high-quality Ukrainian product is sold at retail under foreign trademarks or used in recipes of various sauces and marinades.

The main factors for the long-term success of Ukraine's export potential are:

- creating and maintaining a favorable investment climate for the food industry;
- redistribution of the structure of exports of food products to increase the share of high value added products of its processing;
- introduction of the principles of the international system of technical regulation, food safety (HACCP) into the practice of the activities of food production enterprises.

In terms of the financial availability of food in Ukraine, it occupies the fiftieth place due to the low income rate of the consumers living below the poverty line, lower import duties on agricultural products, as well as through the maintenance of food safety programs (3 points out of 4 when the world average is 2.6).

The main characteristic feature of modern markets, including food markets, is the increasing influence of globalization processes on their functioning.

It should be noted that the main area of globalization is the international economic system (global economy), i.e. global production, exchange and consumption carried out by enterprises in national economies and in the world market. In addition, globalization causes an increase in labor productivity as a result of the intensification of production, the introduction of advanced technologies, and organizational, economic, product and other innovations.

Significant manifestations of globalization are associated with the benefits of trade on a mutually beneficial basis, satisfying all parties, which can be individuals, firms and other organizations, countries, trade unions and even entire continents.

The most important trend in the development of modern food markets is expressed in their deregulation, gradual weakening and removal of inter-country and inter-regional trade barriers. Liberalization is supported by developed countries that have significant export potential in food markets. However, the removal of trade barriers, favorable for most food consumers, may appear contrary to the interests of some agrarian and agro-industrial enterprises and industries of certain countries of the world. Therefore, the liberalization of food markets faces some resistance. In particular, international agreements in agriculture enable large farmers from Europe and North America to sell to developing countries their subsidized grains, oilseeds and other products at lower prices. Such a "price expansion" leads to the fact that the products of local producers (an example is the Ukrainian hop growing) become non-competitive, there is a reduction in food production, the number of rural producers, and ultimately, the level of food security of the country.

Now days there is an integration of markets between the countries of the world, which is a tendency to organize interstate blocks, within which trade restrictions have been eliminated or significantly relaxed. Integration associations between countries are formed by evolution, moving from one state to another:

- free trade zones in which duties on all or certain groups of goods are reduced or abolished;
- customs unions, which are characterized by a common customs policy in relation to third countries;
- common market, provides for the liberalization of intergovernmental markets for goods, services, capital and labor. All these markets are becoming common for the common market countries [13].
- There are forecasts regarding the main trends in the development of world food markets for the next 20 years:
- the demand for food remains at about the same level in the most developed and richer countries, the changes will mainly affect the structure of consumption and the quality of food;
- trade in processed and ready-to-eat products will develop faster than in products that have not undergone processing;
- in United States, Australia and New Zealand, are expected to move the first place in world exports instead of the EU countries;
- a number of developing countries – in Eastern Asia and Eastern Europe – will turn into net importers of agricultural products, and as a result, new sales markets will appear in large countries producing agricultural products and foodstuffs;
- as a result of the weakening of protectionist measures, the Organization for Economic Co-operation and Development (OECD) countries will increase imports from 7% in 1992 up to 20% in 2020, this forcing the said countries to restructure their agriculture. It should be noted that the United States forms about 22% of the budget of this organization, Japan takes the second position (13%), and Germany is the third (8%) [14].

Negative factors capable of restraining the further increase in world production of agricultural products and foodstuffs include: limitations in both developed and developing countries, areas of land suitable for agriculture, which is associated with a high level of urbanization and the need to preserve forests; environmental complications in connection with the subsequent involvement in the turnover of unused land; limited water resources; reduction of financing of agricultural production. It shall be noted that in conditions of sufficient world food production, the problems of providing food will be particularly acute for the poorest countries that do not have the funds to finance food imports.

Today the main exporters and importers of agri-food products are predominantly the developed EU countries, the USA, Canada, as well as Argentina, Brazil, and China. Moreover, for developed countries, not only export orientation is characteristic, but the use of the advantages of importing cheaper products, which also contributes to export growth. In an effort to maximize the benefits of international trade, developed countries import at lower prices on the world market, as evidenced by FAO statistics, and then export or resell these products at higher prices in other markets,

including that of Ukraine. Developed countries are interested in preserving their jobs and promoting their agri-food products to the Ukrainian market, this, in contrast to the markets of developing countries, having more solvent consumers.

When choosing its foreign trade strategy in the agrarian sphere, Ukraine should determine national interests and find real ways to protect them in the context of globalization development.

The game on world markets does not occur in relation to established and unified principles. Some countries subsidize imports, others exports, some impose taxes on imports, others tax exports, most countries try to organize assistance to their agricultural producers in the form of various production programs. From this it follows that market signals in the international turnover of agricultural products do not always reflect the real situation of supply and demand, which would be expected in a liberalized market.

For Ukraine, the processes of liberalization present problems of competitiveness in world markets, which, along with the reduction of the subsidy policy, can have a negative impact on all agricultural production and related industries. Achieving a competitive level in the food market requires significant and long-term financial investments in almost all areas, especially in the field of scientific research and agricultural education. So, the development of agriculture and domestic agribusiness will largely depend on the economic strength and increasing its leaders in this market, the US and EU countries.

Intensification of the international trade liberalization in the late XX and early XXI century did not create equal conditions for all countries. For countries with less developed market economies in the new global trading system, there remain significant obstacles to the realization of the benefits of free trade, primarily determined by their institutional underdevelopment, lack of adequate financial and staffing [15].

The further development of the world agri-food system is associated with various development scenarios that are inseparable from food security issues. In the first scenario: in the case of deepening the process of international division of labor in world agriculture, food aid to developing countries will be crucial. The modern system of international division of labor in the agri-food sector is formed on the basis of two groups of countries: the first group consists of developed countries, their share being only 20% of the world's population. This group occupies the leading position in the global agri-food system, since the said countries produce and consume more than 2/3 (in value terms) food. In the second group are the developing countries, with their 80% share of the world population, 1/3 of food is produced there and about 1/3 of the total food is consumed [15].

According to another development scenario, the expansion of production capacity and the access of the poorest developing countries to the free market are envisaged. These countries should not only rely upon imports and help due to the instability of the global agri-food market. To ensure food security, it is necessary to increase investment in agricultural development. The main priority areas for this should be the following: an increase in production; increased performance with environmental requirements; strengthening of international specialization on the basis of regional associations.

The second scenario of the development of the world agri-food system is more promising, because the orientation of developing countries for food aid was a factor to cause the world food crisis. In the 1970s at the request of world financial organizations, instead of producing food for self-sufficiency, they had to produce export goods for the world market, and for the funds received to import food and return foreign currency loans (obtained from the same world financial institutions).

In connection with the entry of Ukraine into the WTO, there was a further liberalization of its trade regime in the agri-food sector. Most experts are convinced that global trade trends are the result of an economic and trading game between the US, the EU and some other competitors in the field of agricultural production. A significant number of specialists in the field of international trade emphasize that the United States, while offering effective liberalization of international trade, at the same time, does not cancel out various forms of government intervention when it is useful for agriculture or consumers.

The globalization of agrarian markets and the emergence of transnational corporations have destroyed the perfect competition that has recently been. A characteristic feature of the modern world

food market is the development of global food companies (GFC), which have certain national identities, but carry out significant activities abroad.

So, Ukraine has a sufficient raw material base, high potential of self-sufficiency in products and development of export. At the same time, the technical and technological level of production, the state of fixed assets will require substantial renewal. They slow down the growth of domestic industrial production: the low purchasing power of the population and the lack of financial capacity of enterprises.

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