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MODERN TENDENCIES OF AGROHOLDING DEVELOPMENT IN UKRAINE

***Summary.** In the article it was scrutinized the process of formation and development of holding structures in agrarian sector of Ukrainian economic. It was analyzed the basic indices, scales and results of their activity for the agrarian sector.*

***Key terms:** agroholding, integration processes, agricultural production, state support.*

The stating of the problem. The development of the modern economic system in Ukraine is accompaniment by the transformational process in every sphere of the social production. Today the issue of the agro holding development and its importance in Ukraine and its influence on the socio-economic relations gain more and more actuality.

During the agricultural reformation in Ukraine, it was recreated the Soviet pattern of its organization where the main place belonged to the big enterprises and theirs associations, whereas farming and housekeeping stayed at the end of that distribution. Using the uncertainty in agrarian sector of the country, agro holdings fairly actively increase the amount of agricultural output production by accumulation of the substantial agrarian and investment resources.

But, in spite of rather considerable potential of the big newly established structures, it was come into being because of the results of agro holding activity, a lot of negative phenomena such as low value of labor force and also the loosing of a great amount of working places, stopping of the agricultural enterprises activity, the absence of the financial benefits to support rural infrastructure. Obligations, concerning the rural social sphere support, were taken by the agrarian enterprises, because the workers of such establishments mainly live in one locality. Such situation led to the decay of the life in some individual settlement (mass unemployment, low level of the labor payment, closing down of the educational institutions etc.) because the social problems are not of primary importance for the big enterprises.

The analysis of the latest investigations and publications. The works of many Soviet scientist-economists, especially V. Andriychuk, P. Haidutckyi, V. Holota, S. Demianenko, T. Dudar, A. Lissitsa, V. Mesel-Veseliak, P. Sabluk, O. Chorna and others are dedicated to the agro holding problems of formation and functioning in the context of the integration and global processes and their influence on the countryside. Simultaneously there are still a number of insufficiently studied questions about the agro holding activity. For the majority of small agricultural enterprises on the background of holding structures increasing there is an obvious threat of the loss the competitiveness, and that caused the actuality of this research.

The stating of the task. The aim of the given article is the investigation of the existing situation about the agro holdings creation and activity in Ukraine as a new type of formation and their influence on social and economic development of the rural area.

The summary of the fundamental material of the investigation. From the very outset of the research, it should be cleared up the essence of the notion “agro holding” as an organizational structure in agrarian production.

According to the law of Ukraine “About the holding companies in Ukraine”, the holding company is a joint stock company that possesses, uses and disposes the holding corporative block of stocks (parts, shares) of two or more corporative enterprises. Herewith the holding corporative block of stocks is an enterprise blocks of stocks that excel 50% of their general quantity or is sufficient to a decisive influence on its activity [3].

“Holding is a union of juristic persons that consist of the main and the subsidiary companies, that lead the common industrial, trading, financial and commercial activity and interconnected by the system of participation that gives to the main company the right to determine the most important administrative and economic issues about the activity of the subsidiary companies” [4].

As V. Andriychuk mentioned, “the agro holdings are the results of the capitalization and economic concentration and their special feature is a way of organization of the management by the distinguishing of the main big company, and

the loss of the right of the juristic person by all the others enterprises that were included to its complement with theirs further transformation into the structural subdivision” [1, p.47].

Due to the international classification, holdings are divided into three types: clear (property), administrative (treaty) and mixed formation. So, the clear holding executes the finance and investment and finance and control functions; the administrative holding ensures the production and technology and economic management of the subdivisions; the mixed holding beside the above functions goes in for entrepreneurial business [5]. The holdings that operate in Ukraine are of the mixed type.

As a result of agrarian reformation, it was formed the specific pattern of agrarian sector, the main feature of which is a dual organizing structure. In this structure the two sectors of the agricultural output producers were separated to the corporative (agro holdings) on the one side and the individual (farms and housekeeping) on the other. Such structure leads to the inequality of these two types of producers. Agro holdings misappropriate the property that should become the source of full value renewal of the used natural and social resources but in fact is washed from the village. Herewith the agricultures practically didn't get the straight access to the state support.

In the agriculture, agro holdings are functioned as business structures, because theirs main aim is to increase the own capital by the profit as the rent. Herewith the support and development of the agricultural infrastructure are not in theirs functions. Unlike the farms and housekeeping, the owners of the agro holdings live in the other town, and as a result they don't use the agricultural infrastructure. As a consequence agro holdings rarely pay the taxes to the local budget. “The policy when the company is in Kyiv and possesses the lands throughout Ukraine is widely spread. Agro holdings don't make the working places and hardly imagine the need of the countryside” [4]. According to the officials, the development and support of the farms will assist to the solution of these problems.

Generally in Ukraine it was arisen such situation when each of the producers' links (individual and corporative) occupies the definite place. So, corporative farms deal with the production of the output, that is more commercially attractive and export-oriented and individual farms deals with the production of the output of the food self-sufficiency. The production of such kinds of products is difficult and turned to be unprofitable.

According to the Ukrainian club of the agrarian business in Ukraine it is counted approximately 79 agro holdings to which were attributed the formations with theirs size more then 10 000 hectares. Theirs total land bank was roughly 6 million hectares that is 16% of the whole area of the agricultural objects that is stayed in possession and use of the agricultural enterprises. The criterion of the land under cultivation, the biggest agro holdings are consider to be such that use from 100 000 to 300 000 hectares of the tillage. The agro holdings with the largest sizes ("Ukrlandfarming", "Ukrainian agrarian investments" and NCH Capital) have in theirs disposal the biggest proportion of land. So, "Ukrainian agrarian investments" controls 330 000 hectares of land. As a result the exclusion of the small enterprises is happened. As the head of the agrarian fellowship of Ukraine Hennadiy Novykov mentioned, "by virtue of the continued till 2006 moratorium on the land selling, agro holdings absorb the one enterprise after the other. And moratorium gives them such an opportunity. In 2013 the absorption will continue because there are no limitation mechanisms for example for the rent quantity in one hand".

One of the main factors of the effective activity of the organizational structure is the availability of the investments. By estimate of the agrarian experts, the straight budget support of the agrarian sector is 30% less in 2013 than previous. Despite the obstacles, the farms will have to count on the own funds. Herewith such situation for agro holdings will be not too significant because they have the access to the lower price credits in the foreign banks, the possibility of an IPO or the bond flotation. As the president of "Ukrainian agrarian investments" Leonid Kozachenko mentioned, the farms are in very difficult position. It is counted about 45 000 of them. 100 hectares are cultivated by 70% of the, the others are small ones, he explained. "20%

of small farms, or approximately 5 000 farms, can come into collision with the serious shortage of finance for their work”, - Kozachenko predicted. Partially the financial support the small enterprises can receive from the agrarian fund, for which the allocation of money is to be 7, 2 billion dollars in 2013 [2].

Agricultural enterprises are the main recipients of grants and subsidies from the state budget for the field development. In recent years the sum of funds that was sent for the field development by the country was about 7 billion hryvnias, of which 4 billion were directed for the events which are related to “yellow” and “green” boxes by WTO. The biggest amounts of money receive the holdings, while the most of agrarian enterprises and farms don't get the appropriate state support. Such situation is unfavorable for agricultural enterprises. It allows concluding about the inefficiency of the existing state support system, because such business structures as agro holdings don't need it so much. Most of the farms need such support because they promote the development of the rural area.

The latest news on the site “The world of the agro technology” shows that in Ukrainian government are turned to limit the access of the taxes benefits for the highly profitable agro holdings. The vice-chairman of the Verkhovna Rada committee on agrarian policy and land relations Sergiy Tereshchuk indicates: “We are confident that the state has to focus the support on the small agrarian enterprises and to develop the farming. For him, the big agrarian structures to a lower extent need the state support and can survive on their own while they now have a claim on the budget funds at the same level with the small farmers [3].

Conclusions. Based on the above we may draw a conclusion that there are more disadvantages from the agro holding activity than advantages. The main drawback is considered to be: the willing to receive the huge profit that leads to the concentrating one's activity on specialization only on some highly profitable kinds of agricultural output that caused the rotation violation and the usage of a big amount of the fertilizers. The usage of these measures lead to the reduction of the soil fertility and its exhaustion. The agro holdings use the labor-saving technologies that increase the level of unemployment among the villagers and the decrease of the welfare level.

Such situation caused the high level of poorness of the rural population the index of what is now 28%; the narrow specialization on some kinds of production leads to the growth of the import production on the market.

Thus for the ensuring balanced level of agriculture development required is the purposeful regulatory state policy that has to be turned on the creation of the equal economic conditions for the development of the different legal form, for the establishment of the mechanism that provide the taxes payment by enterprises and organizations that conduct theirs activity not at the place of registered office, but at the place of theirs agrarian subdivisions activity that are located exactly in the countryside. Such actions will allow the village government to accumulate the local budget funds for the development of the social infrastructure of the village and the regulation of the influence of the agro holding activity on the environment state.

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Анотація. У статті розглянуто процес становлення та розвитку холдингових структур в аграрному секторі економіки України та особливості їх функціонування. Проаналізовано основні показники, масштаби та наслідки їх діяльності для аграрного сектору.

Ключові слова: агрохолдинг, інтеграційні процеси, сільськогосподарське виробництво, державна підтримка.

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FARM CONCENTRATION INFLUENCE ON THE LEVEL OF MARKET COMPETITION

Abstract. It is lighted the relevance of concentration increasing since the development of market relations. Concentration ratio and Herfindahl-Hirschman Index is calculated at 1999, 2006 and 2011 periods. Margin of fluctuations in concentration is defined.

Keywords: concentration, Herfindahl-Hirschman index of concentration, concentration ratio, wheat, sunflower, milk.

Statement of the problem. Agricultural production is developing in conditions of imperfect competition: a lot of companies occupy a small share of the market, which makes it impossible to influence on the price. In fact, the struggle between them is for the quality and cost of production. From the other hand, if the difference between the cost of production and the price is low, competitive market potential is reducing automatically. Traditional features of organization of production processes, which have emerged in the post-Soviet countries, cause a separation of each individual subject in agricultural production.

According to the Decree of the President of Ukraine "On urgent measures to accelerate the reform of the economic agricultural sector" (1999), process of farm reformation became a new stage in the adaptation of farms of different organizational forms of management to the market conditions. In 1999 a lot of small farms appeared in market because of the output of agricultural workers with own land and property