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Restructuring of the Rural Economy in Ukraine: Undergoing Processes and New Directions

Abstract: The article is devoted to a review and analysis of restructuring in the rural economy of Ukraine in the past 25 years, being the years of the country's independence. The main issues have been noted, one of the most influential being the chaotic and unregulated development – based not on thought-through policies, but on the urge of various business groups to achieve high incomes and control over the market, leaving most of the rural inhabitants without proper support and with underdeveloped infrastructure. The main changes in the 1990s and 2000s have been reviewed with the focus on their influence upon the rural economy. Agricultural production indicators have been analysed, including the structure of areas under crops, changes in the production of main agricultural crops, quantity of livestock, including poultry, as well as economic issues, such as incomes in the sector. Vast analysis is given of factors which influence the undergoing processes in Ukrainian rural economy (in particular the state agricultural support system and quality of reforms in agriculture), as well as local endogenous factors (reluctance of rural inhabitants to develop and take personal initiative).

Key words: rural areas, rural economy, transformation, Ukraine.

1. Introduction

The rural economy of Ukraine during the twenty-five years of independence was developing rather chaotically, basically without clear and supportive state policy, due to which it has still not met the demands of either the rural population concerning the locally available income sources, or the whole country in the aspect of national food security. High agricultural employment, caused by the lack of alternative employment opportunities in rural areas, leads to low efficiency of agricultural sector, and the sector of services in most of the Ukrainian countryside (with some exceptions) is close to inexistent. Production and consumption of agricultural

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goods often have fluctuating (sometimes, at the first glance, even irrational) trends, which emphasize the need for deeper research and coming to some fundamental conclusions that would help clarify the reasons for existing inconsistencies, as well as understand which development measures would be the most appropriate to fast-track the needed reforms. As Ukraine is getting more open with the European community, possibly it is the economic and political integration with the European Union that could be the catalyst which is necessary for quality changes in Ukrainian rural areas, changes in the approaches to production and processing of agricultural goods and foodstuffs, optimization of agricultural production structure and the organizational forms enabling these processes.

2. Rural economy under transformation

Rural economy is a set of economic relations involving production of and trade in goods and services, which are required for the satisfaction of local or remote consumers. Historically, agriculture has been the primary economic activity in rural areas, as they have the basic necessary resources, such as land and labour. In perfect conditions, the rural economy is able to satisfy the demand of local inhabitants for staple goods and services produced locally, as well as provide an adequate income level to support this demand, yet in reality there are always major obstacles for this to come true, and rural population in the countries undergoing economic transformation suffers from both – lack of income generation opportunities, and a deficit of local goods and services at the same time. And to think of it – these issues are the cause and the consequence at the same time, but there are reasons why this situation is not being resolved quickly under the influence of market mechanisms. The causes for this lie in the institutional dimension, the environment, both exogenous and endogenous, in which rural population has to dwell and develop.

Ukrainian rural economy, viewed through national dimension, has been going through major changes in the past 25 years. Before the independence, Ukrainian rural areas were dwelling in centrally planned economy, where efficiency and competitiveness weren't issues at all, and the labour productivity was only a term used to compare and award employees. Output and its increase were the most important categories, as it didn't really matter what quality was the product, it still had eager consumers in this closed uncompetitive economy.

Rural areas of Ukraine received new opportunities still under the Soviet Union regime, when in 1989 new legislation was introduced, which aimed – due to agricultural inefficiency and low output volumes of collective farms – at establishing new forms of organization in agricultural production, such as small farms (individual, family and collective) and various forms of agricultural cooperation. Even though

the idea had prospects, the population was not mentally ready for individual farming, especially the market-oriented one. Additionally, the managers of collective and state farms resisted the new idea and felt that it would distort the present situation in agricultural production (even though the appearance of competition was not an issue at that time due to a widespread deficit of most types of produce). Therefore, such initiatives produced very little result.

At the dawn of the Ukrainian independence, the agricultural activity in the country was conducted by three types of entities, which included: *radhosp* (state-owned farms)¹, *kolhosp* (collective farms)² and *mizhghospodarske pidpryemstvo* (cross-economic unions of *radhosps*, *kolhosps* and/or other state, cooperative or communal enterprises or organizations, according to the Regulation [*Pro zatverdzhennya... 1977*] of the USSR of 1977). In the beginning of 1991 Ukraine had 8.5 thousand *kolhosps* and 2.7 thousand *radhosps*, which accumulated 95% of the country's arable land and were producing 75% of agricultural output. Each of them managed on average 3–4 thousand ha of agricultural land (Mochernyi 2001).

With the beginning of official independence of Ukraine in 1991, a new hope for rural areas appeared. Decollectivization began, which meant the distribution of collective farms' property among rural population. Since this gave a quick opportunity to become wealthy, some people saw their lucky chances and used corruption schemes to get as much of property as possible. Generally, in most cases (predominantly in Western, Northern and Central Ukraine) decollectivization was a totally mismanaged and inefficient process, which led to drastic fragmentation of agricultural land, as well as misuse of other resources and equipment rather than to an establishment of small farms based on private property. In other cases (primarily in Eastern and Southern Ukraine) former managers of state and collective farms found a way to register them as a private enterprise, thus concentrating the wealth and resources under their exclusive management.

Instead of establishing new private types of farms with new owners, aimed at efficiency and competitiveness, household farms (farms belonging to families, basically being subsistence farms) became isolated, deprived of necessary investments, missing proper surrounding infrastructure, with their owners lacking knowledge of market economy and agriculture as a business. Former supply and marketing contacts were lost, and a small size of a farm was more of a disadvantage. The use of land became a means of survival for rural inhabitants, rather than a business. Up to 80% of agricultural produce, grown by household farms, was meant for personal consumption only and not for sale.

¹ Sovkhoz (2016), Wikipedia, <https://en.wikipedia.org/wiki/Sovkhoz> [accessed: 1.08.2016].

² Kolkhoz (2016), Wikipedia, <https://en.wikipedia.org/wiki/Kolkhoz> [accessed: 1.08.2016].

According to a Ukrainian researcher Stepan Mochernyi (Mochernyi 2001), the main reasons for agrarian crisis of 1990s in Ukraine were the unbearable tax burden and disparity in the prices for agricultural products and agricultural inputs. As he points out, with hyperinflation the prices for the agricultural products increased by 60 thousand times, while the average prices of consumer goods – by 288 thousand times. And in addition to this, the total tax burden on agricultural producers was ca. UAH 0.87 per each Ukrainian hryvnia (1 UAH) of their revenue.

Agricultural production had been dropping throughout the 1990s, as newly established private enterprises struggled to stay afloat with hyperinflation, as well as lost supply and marketing contacts. Those who managed to focus upon efficiency and competitiveness found ways to attract investments, buy new machinery and increase economic efficiency and yield. But there were not many of such companies; therefore the overall national agricultural output was steadily decreasing until the stabilization of economic situation at the end of 1990s. This is quite a paradox, since the demand for agricultural produce remained high all these years, yet a lack of political will to support agricultural producers led to their bankruptcy and loss of jobs in rural areas, which were already suffering enough due to budget deficits and lack of financial support for socio-economic rural development. Even in 2012 Ukraine did not manage to reach the 1990 level of production, and it is important to remember that at that time Ukrainian agriculture was more than inefficient, so this level definitely falls short of the existing production potential as well.

After years of economic changes, today's Ukrainian agricultural output is being produced by entities whose organizational forms are different than before. There are two basic forms, which to some extent complement each other, but on the other hand are totally different. These are household farms on one hand, and agricultural enterprises on the other:

- household farms, or small family farms, or individual farms (in Ukrainian – *hospodarstva naselennia*, which literally means farms of the population). According to the official definition (*Metodyka...* 2008) given by the State Statistics Service of Ukraine, these are household farms which conduct agricultural activity in order to satisfy their own needs with the agricultural products and foodstuffs of their own production. The goods produced by them can be sold to the processing enterprises or on the retail market. In Ukrainian statistics these category also includes the individuals, who are running individual agricultural business;
- agricultural enterprises (in Ukrainian – *silskohospodarski pidpryemstva*), which are business entities of various types. This definition also includes a special type of farms, which are called *fermerski gospodarstva* (literally meaning farm households), and are in fact business family farms, introduced

by a legislative act (*Zakon Ukrainy "Pro fermerski hospodarstva"* 2014) in 2003, meant to transform household farms into competitive businesses by creating favorable conditions. Also, there is a share of highly influential and powerful agricultural enterprises that are being called *agro-holdings* (corporate groups) in the Ukrainian academic literature and in mass-media. Even though such a definition doesn't exist in the legislation, researchers use it to describe complicated organizational structures and groups of agricultural enterprises, which are characterized by typical corporate group features (having a holding company and numerous subsidiaries). In most cases these are joint-stock companies. In an indirect way it is possible to learn more about companies like this based on data on agricultural enterprises, which in 2013 managed not less than 10 thousand hectares. In 2013 there were 178 companies like this in Ukraine, which overall managed 3466.2 thousand hectares of agricultural lands, and their share in the total agricultural land was 15.9% (*Statystychnyi...* 2014).

While in 1990 (*Silske...* 2015) the household farms accounted only for 2669 thousand hectares of agricultural land (6.5% of total), in the end of 2014 they officially owned (or used) 15,869 thousand hectares (43.6%); while the agricultural enterprises in 1990 used 38,705 thousand hectares (93.5%), which changed to 20,549 thousand hectares in 2014 (56.4%).

Output-wise the share of household farms is annually getting smaller, as the industrial sector gains in strength. If in 1990 the household farms accounted for 29.6% of the total agricultural output, in 2014 this share increased to 44.7%, although during the two and a half decades this share has been fluctuating first towards increase (being record high in 2000 with the value of 61.6%), and then back down. The agricultural enterprises have gone the opposite way, first losing their output in 1990s, but then gaining it from the middle of 2000s (*Silske...* 2015).

These figures show that some structural changes did take place in Ukraine and its rural areas throughout those years. Even if Ukrainian economy didn't resemble the market economy for a long time, still market self-regulations did influence many changes. Primarily they focused on termination or decrease of those economic activities, which were uncompetitive and didn't manage to stay afloat under the influence of the global market. Though many new other activities have appeared and developed (some existing and some totally new).

Quite big changes occurred in the structure of areas under crops. With the decrease of the total hectareage of areas under crops in 1990s, the 2000s have stabilized the situation (Table 1). Some agricultural products lost their popularity, but the production of others increased due to high domestic and international demand.

Table 1. Structure of areas under crops in Ukraine according to the agricultural crops, in thousand hectares

Crops	Year						
	1990	1995	2000	2005	2010	2014	2014 to 1990, %
Grain and leguminous crops, including:	14,583	14,152	13,646	15,005	15,090	14,801	1.5
– wheat (both winter and spring)	7,577	5,509	5,619	6,665	6,451	6,061	–20.0
– barley (both winter and spring)	1,046	4,537	3,985	4,500	4,505	3,041	190.7
– maize for grain	1,234	1,174	1,364	1,711	2,709	4,691	280.1
Industrial crops, including:	3,751	3,748	4,187	5,260	7,296	8,437	124.9
– sugar beet (factory)	1,607	1,475	856	652	501	331	–79.4
– sunflower	1,636	2,020	2,943	3,743	4,572	5,257	221.3
– soya	93	25	65	438	1,076	882	848.4
– rape	90	49	214	207	907	1,806	1,906.7
Potatoes, vegetables and cucurbitaceous crops, including:	2,073	2,165	2,277	2,041	1,967	1,900	–8.3
– potatoes	1,429	1,532	1,629	1,514	1,408	1,348	–5.7
– vegetables grown in the open	456	503	538	465	462	463	1.5
Fodder crops, including:	11,999	10,898	7,063	3,738	2,599	2,101	–82.5
– maize for silage, green feed	4,637	3,475	1,920	774	473	346	–92.5
– annual grasses	2,583	2,879	1,765	891	583	408	–84.2
– perennial grasses	3,986	3,906	2,985	1,702	1,238	1,119	–71.9
– feed root crops	624	480	285	294	244	216	–65.4

Source: *Siliske...* 2015.

The agricultural output (Figure 1) corresponds with the previous data and once again shows that major changes positively affected the production of sunflower, which was increasing gradually throughout the analyzed period due to high foreign demand, while the production of sugar beet was gradually decreasing due to low demand for sugar and excessive supply of this product. While most European countries have been struggling with the same issues in their sugar industries,

Ukrainian one declined as well, following the global trend. Such products as grain are to a large extent subject to weather conditions and so their output was fluctuating primarily to these factors. Potatoes were mainly grown by the household farms (97% share in overall potatoes output in 2013) for their own consumption and for animal feed purposes, therefore the production was increasing.

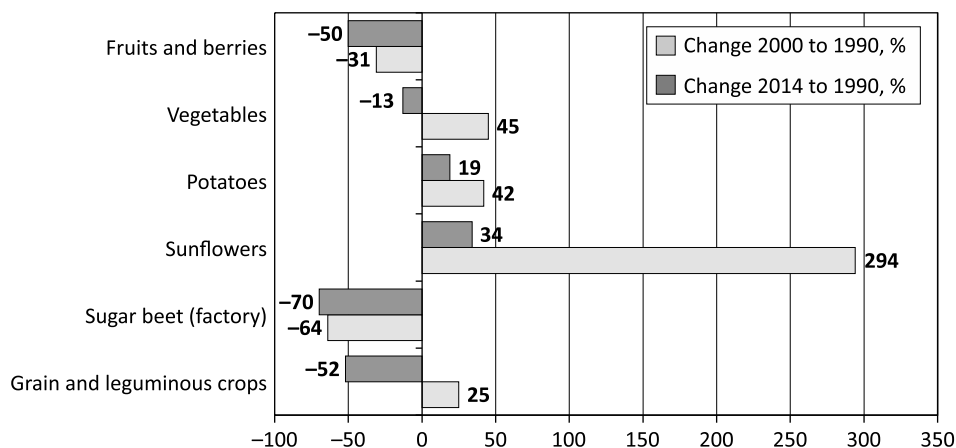


Figure 1. Changes in the production of main agricultural crops of Ukraine

Source: calculated based on data *Silske...* 2015.

An important, yet somewhat troubling issue is the development of animal husbandry in Ukraine (Table 2). During the Soviet times livestock was the basis for survival of the country and population, but in the years of independence the quantity of livestock has been constantly and swiftly decreasing, even though the government tried to apply some measures to keep the livestock numbers steady. This is a major structural change, as it shifted the Ukrainian agriculture from being equally crops and livestock, to being primarily crops (value of livestock output was less than 30% (29.3%) in the overall agricultural output of 2014).

A relatively low level of income in agriculture is one of the factors which cause slow development of rural economy. At the same time it is being considered one of major competitive advantages of Ukrainian rural economy, as the investment into mechanization is rather limited. The permanent devaluation of Ukrainian currency, which began in 2008, is strengthening this advantage, especially in case of production for exports. As seen in Table 3, the average salaries in agriculture showed increasing trend at first, but in 2014 they decreased again (due to the next wave of devaluation), and these tendencies are expected to deepen.

Table 2. Quantity of livestock, including poultry, by the end of each year, in thousand heads

Year	Cattle		Pigs	Sheep and goat	Poultry
	total	including cows			
1990	24,623.4	8,378.2	19,426.9	8,418.7	24,6104.2
1995	17,557.3	7,531.3	13,144.4	4,098.6	14,9748.4
2000	9,423.7	4,958.3	7,652.3	1,875.0	12,3722.0
2005	6,514.1	3,635.1	7,052.8	1,629.5	16,1993.5
2010	4,494.4	2,631.2	7,960.4	1,731.7	20,3839.8
2014	3,884.0	2,262.7	7,350.7	1,371.1	21,3335.7

Source: *Silske...* 2015.**Table 3.** Average monthly salary in agriculture, forestry and fishery of Ukraine

Indicators	Year				
	2010	2011	2012	2013	2014
Average monthly salary of employees in agriculture, forestry and fishery, UAH	1,472	1,853	2,086	2,340	2,556
Average monthly salary of employees in agriculture, forestry and fishery, EUR*	141.3	168.5	203.4	218.8	164.1
The level of salaries in agriculture, forestry and fishery compared to the average national salary, %	65.7	70.4	68.9	71.7	73.4

* calculated on the basis of average annual exchange rate of EUR at the National Bank of Ukraine for particular years.

Source: calculated based on data of *Silske...* 2015.

3. Factors influencing the processes undergoing in rural economy

So what are the reasons for the structural changes happening rather chaotically, and why aren't we satisfied with the results of 25 years of reforms? The problem is that elections after elections the state officials were changing, yet none of them have addressed the problems of rural economy in a proper way which would bring substantial changes to the structure of rural economy, help diversify the income sources in rural areas, support the household farms, help intensify investment and lead to modernization of production processes in agriculture. When some initiatives were introduced by some authorities, then they were changed by the next authorities, the initiatives were dying (either due to changes in legislation or termination thereof, or due to a lack of state funds in the following years, which usually led to cuts in various development programs).

As a result, throughout the last 25 years many changes have occurred, and of course, structural changes did occur in many areas and dimensions, yet none of these are a result of thought through state or regional policies; they rather are an outcome of evolutionary processes, which were undergoing in the developing Ukrainian market economy under the influence of various businessmen, who grew powerful exactly due to uncertain and chaotic market relations, thriving in these somewhat wild survival conditions. And because of this the outcome of these structural changes did not benefit most of the rural population, most of which did not manage to build prosperous farms, even if they owned large land plots. Most of the population had to look for income opportunities elsewhere, migrating to the cities or abroad in order to support their families. And the agricultural activity of the household farms hasn't basically changed during these years, it is still meant primarily for personal consumption and such household members have always been and are still considered poor.

This thought is supported by Kozak (2014), who states that the agricultural policy in Ukraine is declarative and selective. Declarativity is caused by the existence of numerous legislative acts, which describe the features and problems of Ukrainian agriculture and stress the need for quality changes, yet they do not define clear actions in order to achieve the needed results. The implementing legislation which, de jure, sets the specific measures for their implementation, stumbles upon the lack of funding by the state, which leads to inability of its execution. Selectivity is associated with the support of those sectors or even particular agricultural companies and their groups, which have their lobby in the parliament, or even the owners of these agro-holdings themselves are being the authorities at the state or regional level. This contributes to decision-making in favour of the measures that are not aiming at public welfare, but at the welfare of specific groups of prosperous people enjoying high influence and big capital.

In fact the first major state legislative document, which substantiated the foundations and defined the main directions for state measures supporting the development of agriculture and rural areas was the Law of Ukraine *On the Main Principles of State Agrarian Policy until the Year 2015* (*Zakon Ukrayiny „Pro osnovni...”* 2005). This document, after many years of Ukrainian independence, finally defined the goals and strategic objectives for the development of agriculture, as well as the key principles for the state support of agricultural sector. Based on this document, in 2007 a *State Target Program for the Development of Ukrainian Countryside till Year 2015* (*Postanova...* 2013) was enacted, which emphasized the need to create favourable conditions for the development of agriculture, increase of its competitiveness, achieve national food security, keep and develop human potential. Implementation of this program was planned to follow in three stages; during the

first stage (2008–2009) about 140 additional pieces of implementing legislation regulating various issues were supposed to be passed and enacted, and in the second stage (2008–2011) some results were to be achieved. The outcome of this program is that the most of the first stage implementing legislation was introduced following the deadline, which postponed further actions, yet in the end still out of 19 targeted indicators, the expected levels were achieved only in 8 cases, and the overall result of the program was declared as unsatisfactory (Kozak 2014).

Due to permanent lack of state funds, such objectives of this program as the support of social development and rural areas in years 2008–2011 was financed only in 14.4% compared to the planned level, and the support of extension services development – in 15.6%. Overall, only 67% of planned measures were funded by the state (Kozak 2014), but their influence upon the rural economy is unknown.

After the most recent changes at the level of state authorities new opportunities have opened for reforms, which could finally result in changes in the government approach to the development of rural areas and agriculture. According to a speech given by the Prime Minister of Ukraine on June 17, 2015 (Yatsenyuk 2015), „the key aspect for the new agricultural policy of Ukraine should be the development of domestic agricultural processing and sales of finished goods with added value, which would help increase the revenue from exports of processed goods and create new jobs”. This is, of course, wise, and only time will show if these declarations are going to stay on paper, or if they are in fact implemented for the benefit of Ukraine, its agriculture and industry.

An important aspect is that in the conditions of devaluation of the Ukrainian currency the state support for agriculture is shrinking, and its development is not possible without investment into modern production and processing technologies, which are mainly imported. Figures in Table 4 show that, while the amount of funds earmarked for agriculture in the Ukrainian budget was more-less constant in national currency, after its conversion to Euro we can see the real situation and real purchase power of these funds.

Generally, the support of agriculture has been and still is rather declarative, the largest problem is the frequent change in approaches by the government and the parliament to its implementation, which creates instability and doesn't allow medium and long-term planning of economic activity by business entities and investors.

An example is the VAT refund to the enterprises exporting cereals, which is widely practiced in many countries, and which functioned in Ukraine by 2010 (Tochylova 2014). After this time the government decided to switch from the refunds to the application of a zero-rate tax. According to the current Minister of Agrarian Policy and Food of Ukraine Oleksiy Pavlenko (*Vidsutnist...* 2015), the lack

of VAT refunds for Ukrainian grain exporters with the simultaneous application of a zero-rate tax is in fact equal to the existence of an export tax at the level of 16.7%. In his opinion, an optimal solution is the renewal of VAT refund to exporters of cereals and industrial crops at the exact rates at which they were previously paid. However, even if this statement is just and would create favourable conditions for Ukrainian exporters, one cannot expect this will be enacted in the current conditions of state budget deficit.

Table 4. Aggregated budget expenses for the support of economic activities in agriculture, forestry, hunting and fishing

Indicators	Year						
	2007	2008	2009	2010	2011	2012	2013
Budget expenses, million UAH	8,037.7	9,630.5	6,285.6	7,326.9	7,642.8	7,486.3	7,705.1
Budget expenses, million EUR*	1,199.7	1,274.0	566.8	703.3	695.0	730.1	720.4
Share in overall expenses aimed at support of economic activities, %	19.8	18.8	15.8	16.7	13.4	12.0	15.2

* counted based on average annual exchange rates of EUR at National Bank of Ukraine for particular years.

Source: based on Holtsler et al. 2015.

The permanence of this problem is underlined by the fact that during all the years of VAT refunds (and even to-date, as not all the state debts have been paid off yet), the level of state debt towards the agricultural exporters has been growing. What it means is that the State Treasury wasn't refunding the VAT on time and still didn't refund all the taxes to the taxpayers. According to the director of State Fiscal Service of Ukraine, Mr Roman Nasirov (*Vlasti...* 2015), who made a statement on the issue in June 2015, the high level of state debt towards the exporters is due to the deficit of public funds, and the refunds of VAT are being handled in the "manual mode", which means that the State Treasury in each particular case decides whom exactly they refund the taxes in a given month. It is understandable that such an approach supports corruption and leads to dishonest competition among the producers, who try to find ways to solve this problem informally and skipping the line. And taking into account the huge volumes of Ukrainian exports of cereals, these funds strengthen the corruption while weakening the state of Ukraine even further.

In order to support the newly founded business family farms, according to the legislation (*Zakon Ukrayiny "Pro fermerski hospodarstva"* 2014), the state is offering (in an open competition) a start-up loan, for which the farms may apply during

the first 3 years since the establishment (depending on the location of the business, some additional rules apply, described in the legislative document). The maximum time for the return of the loan is 5 years. For example, in 2014 business family farms received (*Fermerskym...* 2014) UAH 20 million from the state, which according to the average annual exchange rate of the National Bank of Ukraine equalled EUR 1.28 million. This money is to fund a purchase of 60 modern tractors and other agricultural machines. And for the year 2015 for the same purpose another UAH 25.6 million (*Hto...* 2015) is prepared (according to the current exchange rate it roughly equals EUR 0.93 million). It's important to point out that this state support for the loan cannot exceed UAH 250 thousand (EUR 9 thousand) per one business family farm.

As it was said in the introduction, the processes in rural economy are also largely influenced by the endogenous factors. The fact that agriculture in household farms in Ukraine is pursued mainly by manual labour is setting a system, in which all the household members are usually involved in the production process. As the agricultural land is owned by most rural inhabitants (usually rather small plots of land, sometimes being even 600–1500 square meters surrounding a house), the involvement in the subsistence agricultural activity begins early in the childhood for rural population.

As children in rural areas grow older and combine school activities with helping their parents farm their land, they learn more on how to perform certain types of agricultural activities, which often determines their future lives. Even if such teenagers go to a vocational school or university in the city afterwards, they often come back to their home villages to help their parents grow crops or attend their livestock.

On one hand it is giving the rural population the means to feed themselves, as if a household includes at least a certain land plot, it is usually enough to supply the crops for their basic consumption needs, while some can be traded or sold on regional markets (usually located in regional centres). Yet on the other hand, the habit of constantly being involved in agricultural activity is limiting the young people, and even when they have left their village to live and work in a town or a city, their parents or grandparents count on them for help in the field. It is not unusual, for example, for a medical doctor in a working age, residing and working professionally in a big city, to take a few weeks of vacation just to go to his home village to harvest the potatoes in the family-owned field (a personally known example). It can't be said that it's not right, but such behaviour clearly points to some socio-economic problems (low income of professionals paid by the state, relatively high market prices for agricultural and other produce, which force people to utilize any income-generating or cost-reducing possibilities), and at the same time it is

explaining why such a large share of rural (and also part of urban) population is involved in agricultural production, even though it is not economically efficient and their agricultural produce is not meant to be marketed.

A lack of new businesses in the countryside might also have some historical background. In the Soviet times, rural economy wasn't well developed, with very few services available locally (a village of a few thousand people would mostly have 1 state grocery store and no other type of store), and the more remote the village from a regional center, the less local services were available. There were urban-type villages (a special status given in the USSR since 1981 to large villages with the population exceeding 2,000 and serving special industrial, infrastructural or social purpose) that could boast a more developed business infrastructure – a couple of grocery stores, some limited variety of services (again – state-owned). And only the regional centers (towns) had a wider selection of goods and services available to the rural population, but to acquire them it was necessary to travel a couple of hours, sometimes longer. This historical flashback is meant to make us realize the reasons, why privately owned stores and service companies have not flourished in Ukrainian rural areas within the past 25 years – it was usual for rural population not to have a product and service variety locally, and the demand for such things was at such a low level (due to limited income), that selling these goods or performing these services was profitable only if there was demand from many surrounding villages, so establishing such businesses locally in remote villages often ended in closing the business. The exception are only private grocery stores and kiosks (the state-owned stores transformed to collective or private property, or ceased their existence shortly after Ukraine had become independent), which did appear in slightly larger numbers than before.

4. Conclusions

Restructuring is a process, which has a beginning, but never has an end. Ukraine has been undergoing these processes for 25 years and it cannot be said that the desired results have been achieved. The state regulation of rural development has not been consistent and the state support for the agricultural sector does not benefit most of the population. The agro-holdings have been using the situation to maximize their profits without proper care for their lands and the future of the Ukrainian countryside. The rural population has learned over the years that private initiative doesn't usually bring satisfaction and has developed distrust towards the introduced reforms and a passive attitude towards possibilities of private initiative. All these issues create the modern Ukrainian rural economy, which has undergone many changes under the influence of numerous exogenous and endogenous factors,

yet there is still much to be done to make it an efficient system, which is of benefit to all Ukrainians.

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Restrukturyzacja gospodarki wiejskiej Ukrainy: zachodzące procesy i nowe kierunki

Streszczenie: Artykuł jest poświęcony przeglądowi i analizie restrukturyzacji w gospodarce wiejskiej Ukrainy w ciągu ostatnich 25 lat, będących latami niepodległości kraju. Opisane zostały kluczowe kwestie, jako jedną z najbardziej wpływowych wskazano chaotyczny i nieuregulowany rozwój – opierający się nie na przemysłowej polityce, lecz na chęci otrzymania wysokich dochodów i kontroli nad rynkiem przez różne grupy biznesowe, pozostawiający większość mieszkańców wsi bez odpowiedniego wsparcia i z niedorozwiniętą infrastrukturą. Ważniejsze zmiany w latach 1990 i 2000 zostały poddane przeglądowi z uwzględnieniem ich wpływu na gospodarkę wiejską. Została rozpatrzona dynamika produkcji w rolnictwie, w tym struktura zasiewów, zmiany w produkcji kluczowych upraw rolnych, pogłównia bydła i drobiu, a także kwestie ekonomiczne, takie jak dochody w tym sektorze. Pogłębiona analiza została przeprowadzona w stosunku do czynników wpływających na procesy zachodzące w ukraińskiej gospodarce wiejskiej (w szczególności państwowy system wsparcia rolnictwa i jakość reform w rolnictwie), jak również lokalnych czynników endogenicznych (niechęć mieszkańców wsi do rozwoju i podejmowania indywidualnej inicjatywy).

Słowa kluczowe: obszary wiejskie, gospodarka wiejska, transformacja, Ukraina.

