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## UKRAINE'S AGRICULTURAL SECTOR IN MODERN CONDITIONS: STATE AND PROSPECTS OF DEVELOPMENT

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### **Abstract**

It is a well-known fact that Ukraine is famous for its fertile land due to its favorable climate and large areas of high-quality soil. Agriculture plays an important role in the country's economic development and is an important strategic sector of the Ukrainian national economy. In addition, agriculture is one of the leading factors in the formation of gross domestic product, which shows the degree of economic independence of a country. This work analyzes the current state of Ukrainian agriculture and the factors influencing its development.

**Key words:** *agriculture, real GDP, nominal GDP, investment attractiveness index.*

### **Introduction**

Ukrainian agriculture is one of the key drivers of the country's economy. Over the 30 years of its independence, Ukraine has gone through a difficult economic path, especially in the field of agricultural development. Our country is indeed considered a major agrarian power, which can be easily confirmed by studying important economic indicators, such as the share in GDP, exports, employment, investments, and others. This data is easy to observe and analyze. Today, Ukraine continues to strengthen its position as a strong agricultural economy, but one of the most important problems that creates an obstacle to development is the full-scale invasion of the country.

### **Overview**

Analyzing and studying the factors that influence the development of an enterprise as a whole is quite important in today's environment. Any enterprise focuses its efforts on obtaining the final result, which subsequently shapes the economic development of a particular sector of the country's economy.

There are many factors that affect the formation of profits and the level of development of an enterprise, which are difficult to limit to certain types. Let's look at a few of them that have a direct impact on the Ukrainian agricultural sector.

External factors include natural conditions, transportation conditions, government regulation of prices, tariffs, interest, tax rates and benefits, penalties, competition in the market for goods, etc. These factors are independent of the company's operations, but they have a significant impact on its profits. The most important external factor in the development of agriculture is state regulation, which is carried out through price, tax, antitrust, financial and innovative foreign economic policy and regulatory support.

Internal factors include production and sales volumes, product structure, production costs, product quality, prices, etc. Internal factors are divided into production and non-production factors. Production factors characterize the availability and use of means and objects of labor, labor and financial resources. These factors, in turn, are divided into extensive and intensive [1].

To determine the current state of Ukrainian agriculture, we will analyze real and nominal GDP. Real GDP will allow us to estimate the actual volume of agricultural production and its dynamics compared to previous periods. On the other hand, the analysis of nominal GDP will allow us to take into account the impact of inflation on the total gross domestic product, which is also an important factor in agriculture.

Table 1  
Real and nominal GDP of Ukraine in 2020–2022

	<b>2020</b>	<b>2021</b>	<b>2022</b>
Nominal GDP (UAH million)	4222026	5450849	5239114
Real GDP (UAH million)	3827941	4367501	3883262
Nominal GDP (EUR million)	122733,31	177205,75	122266,37
Real GDP (EUR million)	111277,35	141986,37	90624,55

Table 1 shows the nominal and real GDP figures, which reflect the dynamics of Ukraine's economic development over the past few years. These data, which are based on the state statistics of Ukraine [2], are key to understanding the state of the country's economy and its potential for further growth. We offer a further detailed analysis in Table 2, which contains statistical indicators based on the data from the first table.

Table 2

**Statistical analysis of real and nominal GDP of Ukraine for 2020–2022**

	Absolute deviation		Relative deviation (%)	
	2021/2020	2022/2021	2021/2020	2022/2021
Nominal GDP (UAH million)	1228823	-211735	29,11	-3,88
Real GDP (UAH million)	539560	-484239	14,10	-11,09
Nominal GDP (EUR million)	54472,44	-54939,38	44,38	-31,00
Real GDP (EUR million)	30709,02	-51361,83	27,60	-36,17

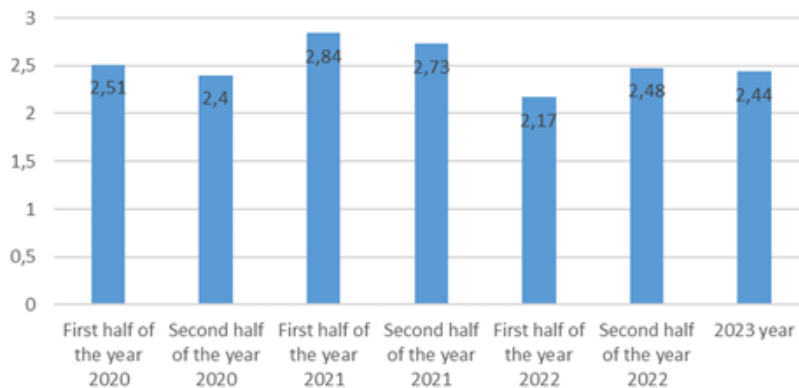
According to Table 2, we can draw the following conclusions: the absolute and relative deviations for Ukraine's nominal and real GDP in hryvnia and euros for the period from 2020 to 2022 demonstrate important trends in the country's economic development. While in 2021 both nominal and real GDP grew in both equivalents, in 2022 we may see a sharp decline. And one of the main reasons for this sharp decline is the military operations in the country. Thus, in 2021, nominal GDP grew by EUR 54,472 million, which is 44.38%. Whereas in 2022, it decreased by EUR 54,939 million, or 31%. In terms of real GDP, the situation is identical: in 2021, the figure increased by EUR 30,709 million compared to the previous year, which is 27.6%, while in 2022 it decreased by EUR 51,361 million, which is 36.17%.

A country's GDP determines the economic conditions in which agriculture operates and can influence its development by increasing demand, investing in technology and infrastructure, promoting trade, and other mechanisms.

However, agricultural development also depends on the investment climate in the country. The analysis of the investment climate will help to assess the attractiveness of Ukraine for investors in agriculture, including the availability of financial resources, legal and regulatory framework, level of corruption, and stability of the political situation. Importantly, the availability of investment can significantly improve infrastructure and

technological development in the agricultural sector, which in turn will contribute to the productivity and competitiveness of the Ukrainian agricultural sector.

In recent years, Ukraine's investment attractiveness index has been fluctuating. In 2021, the index was 2.73, indicating favorable conditions for investment. However, in the first half of 2022, the index dropped to 2.17, but recovered to 2.48 in the second half of 2022. In 2023, the index decreased again to 2.44, indicating that certain factors that limit the country's investment attractiveness remain.



**Figure 1. Dynamics of the investment attractiveness index**

Created by the author based on source [3]

After analyzing the two indicators, we can note that the war that began in 2022 dramatically affected both the country's GDP and its investment attractiveness, which subsequently created a certain crisis in the country's agricultural development.

According to international experts, the war started by the Russian Federation in Ukraine, against a country that is currently a major supplier of major grain crops to the world, has caused a food crisis. According to the USDA, before the war, Ukraine accounted for 46% of the world's sunflower oil exports, 9% of wheat exports, 17% of barley, and 12% of corn on international markets [4].

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