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EUROPEAN AND NATIONAL DIMENSIONS OF INVESTMENT IN AGRICULTURE IN THE CONVENTION OF THE COVID-19 PANDEMIC

Abstract. The article examines the types of risks and negative impacts posed by the Covid-19 pandemic for the agricultural sector. It is determined that the main risks are: economic, environmental, social, informational, political, technological. It is investigated that investments in agriculture have their differences. They are primarily manifested in human performance, as in other sectors of the economy, in agriculture, they are also reflected in the natural potential, which under different conditions makes their operation more capital-intensive with long-term profits. It is estimated that over the last year, capital investment in the agricultural sector has fallen significantly, primarily due to restrictions imposed by the country's leadership in 2020 and the stagnation of the entire industry. State regulation of the investment process in agriculture and other branches of the agro-industrial complex is carried out through state programs to support prices for agricultural products and income, the organization of state control and the system of national standards. High investment attractiveness of the industry is a key factor in increasing its competitiveness, ensuring high and sustainable economic growth, thanks to the transparent mechanism of investment in agriculture, it has a chance to start sustainable development, leading to innovation, which in turn provides transformation. in the modernization of technical, technological, and organizational base of agricultural production. The list of programs of state support of agricultural producers and the amount of funding is presented. It is highlighted that at the current stage of sustainable development of agriculture in the European Union, potential risks and threats include the following key factors: climate change and environmental change; reducing the diversity of the biosphere; high rates of population growth in European countries and growing demand for food; reducing the efficiency of agribusiness due to unforeseen factors (epidemics, socio-economic conflicts, etc.). The priority directions of the state institutional support of the investment climate in the agricultural sector in the near future are presented. It is determined that the main guidelines for domestic agricultural producers should be the programs that are currently of most interest to European investors.

Keywords: market, agriculture, investments, regulation, support, state, products.

JEL Classification F13, F21, G18

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ЄВРОПЕЙСЬКИЙ І НАЦІОНАЛЬНИЙ ВИМІРИ ІНВЕСТУВАННЯ В СІЛЬСЬКОМУ ГОСПОДАРСТВІ В УМОВАХ ПАНДЕМІЇ COVID-19

Анотація. Досліджено види ризиків і негативних впливів, які несе пандемія COVID-19 для сільськогосподарської галузі. Визначено, що основними ризиками є: економічні, екологічні, соціальні, інформаційні, політичні, технологічні. Досліджено, що інвестиції в сільське господарство мають свої відмінності. Вони перш за все проявляються в людській працездатності, як і в інших галузях економіки, у сільському господарстві, вони відображаються ще й у природному потенціалі, що за різних умов робить їх функціонування більш капіталомісткою з прибутками в довгостроковій перспективі. Визначено, що за останній рік кількість капітальних інвестицій у сільськогосподарську галузь значно зменшилась, передусім це пов'язано з обмеженнями, які були введені керівництвом країни 2020 року, та застоєм усієї галузі. Висока інвестиційна привабливість галузі є ключовим фактором підвищення її конкурентоспроможності, забезпечення високого та стійкого економічного зростання. Завдяки прозорому механізму інвестування в сільське господарство вона має шанс розпочати сталий розвиток, що веде до інновацій, а це, у свою чергу, забезпечує трансформацію в модернізацію технічної, технологічної та організаційної бази сільськогосподарського виробництва. Представлено перелік програм державної підтримки виробників сільськогосподарської продукції та обсяг фінансування. Висвітлено, що на сучасному етапі сталого розвитку сільського господарства в Європейському Союзі потенційні ризики і загрози включають такі ключові фактори: зміна клімату і зміна навколишнього середовища; зменшення різноманітності біосфери; високі темпи зростання населення у країнах Європи і зростання попиту на продукти харчування; зниження ефективності агробізнесу через непередбачені фактори (епідемії, соціально-економічні конфлікти тощо). Представлено пріоритетні напрями державної інституційної підтримки

інвестиційного клімату в сільськогосподарську галузь найближчим часом. Визначено, що основними орієнтирами для вітчизняних сільгоспвиробників мають стати програми, які зараз найбільше цікавлять європейських інвесторів.

Ключові слова: ринок, сільське господарство, інвестиції, регулювання, підтримка, держава, продукція.

Формул: 0, рис.: 2; табл.: 2; бібл.: 17.

Introduction. At the current stage of world development, the government's priority is to overcome the consequences of the global economic crisis caused by the SARS-CoV-2 coronavirus and to prevent food shortages in the domestic market. Agricultural companies are the main element of the country's food safety system. Therefore, support for such producers in the post-pandemic period is extremely important and essential, especially under conditions of limited budgetary resources. Agriculture is one of the branches, on the development of which depends on the development of the whole Ukrainian economy. It is the production potential of the agrarian sector that should become the starting point of economic recovery, increase of investments efficiency, innovation, and social activity of the country.

Currently, agricultural production is not an attractive target for investment. The problem of attracting investments remains very important, its solution can become one of the main factors of the revival of agro-industrial production and ensuring the competitiveness of its products. Investments in the main funds will ensure the systematic renewal and development of the material and technical base of agricultural companies and the improvement of rural infrastructure. Therefore, the issue of attracting investment in agriculture remains relevant and is one of the key issues of economic development.

Study analysis and problem statement. The study of the investment dimension in the agricultural sector is devoted to a large number of scientific works among domestic scientists, among them, it is necessary to note L. O. Kustrich [1] noted that to organize the attraction and development of investment funds it is necessary to apply methods of regulation aimed at improving the efficiency of investment activity, which must correspond to the appropriate level of development (cycle) of the national economy. Issues of regulation of investment activity in agriculture are of key importance for the realization of the national goals and interests of Ukraine. The scientist Yu. V. Masiuk [2] noted that nowadays agricultural production works in extremely difficult conditions, it is affected by military actions in the east of the country, the destruction of much of the agricultural land, significant devaluation of the national currency, and galloping inflation is a consequence of several — increased costs in times.

The key point in solving the main task of restoring the pace of economic growth, including the creation of basic conditions for sustainable socio-economic development of the country in the medium term is, as emphasized by M. Umarova, the transfer of the economy from the consumer format to the investment format. In the strategy of investment activity an important role is played by a reasonable choice of investment areas — how much it will meet the future national interests of the Kyrgyz Republic [17].

According to the author's position of the researcher «creating conditions for the expanded attraction of foreign investment and financing the necessary costs for the structural adjustment of the economy is one of the main objectives of the foreign economic policy of the Kyrgyz Republic. according to the author, the state should play an active role in creating a favorable investment climate, attracting resources. That is, the Kyrgyz Republic should not only ensure food security, but also regain its status as a major supplier of environmentally friendly agricultural products and products of the processing industry in the foreign market in accordance with international standards and requirements» [17].

The purpose of this article is to explore the European and Ukrainian dimensions of investment in agriculture under pandemic conditions.

Study results. Practice and experience of market transformations allow us to conclude that the initiation of the investment process, which creates the basis for sustainable growth of Ukrainian

production, can and should be started with the industries focused on final consumers, and first of all, it concerns agricultural production because this industry is now experiencing the greatest recession. This refers, firstly, to its low capital intensity and the shortest payback period of capital investment; secondly, the products of this industry are characterized by massive and stable demand in the domestic market. It should be noted that agriculture has strong inter-industry ties, as a result of which investments in its development generate the greatest cumulative effect, stimulating demand for the products of related industries and creating its own investment potential.

The COVID-19 pandemic has led to structural changes in the global economy and serious risks faced by states, institutions, businesses and people in each country in particular. The negative effects of the pandemic are already being felt, in particular due to the growth of public debt gravitating toward public budgets and corporate balance sheets, which could lead to changes in economic relations worldwide, and developing countries could find themselves in deep crisis. models of consumption, production, and competition, as they are exposed to a variety of risks [3].

In their works, scientists H. V. Berliak and T. M. Mahnushevska identified the types of risks and their possible consequences during the COVID-19 pandemic (*Table 1*).

Table 1

Types of risks and their possible consequences during the COVID-19 pandemic

Type of risk	Possible consequences
Economic risks	The decline in economic activity, structural changes in the global economy. The growth of debt, which gravitates toward state budgets and corporate balance sheets. The threat of a long-term crisis for the developing economy. Creating more complex models of consumption, production, and competition.
Environmental risks	Insufficient investment in industry decarbonization initiatives, which can lead to environmental degradation, loss of biodiversity and subsequent infectious disease outbreaks, and more devastating natural disasters.
Social risks	High unemployment can increase social inequality and affect mental health and social cohesion.
Information risks	The spread of cybercrime and fraud against information resources and electronic money.
Political risks	The situation of instability in the country, loss of confidence in the ruling parties, government agencies, possible unrest, protests, rallies, the relative instability of political beliefs.
Technological risks	Disruption of the development of scientific and technological progress as a result of the limitation of planned funds for the development of science, technology, and innovative technologies.

Source: summarized from data [4].

Success in overcoming the COVID-19 pandemic crisis depends on risk-oriented investment policies.

L. Hrytsenko, surprisingly competently modified the definition of the investment policy of the state, interpreting it as a system of measures that determine the size, structure, and main directions of any investment funds of different forms (physical, financial, material, immaterial, intellectual). Ensure high economic development by concentrating investments in investment projects, where high rates of production, balance, and economic efficiency are achieved, getting the maximum increase in production

Investments in agriculture have their peculiarities. They are manifested in the fact that besides investing in human labor, as in other sectors of the economy, in agriculture they are also realized in nature, which under different conditions makes their activity more capital-intensive with a long-term return and high risk because nature lives by its laws, which are impossible or expensive to control today [6—9].

State regulation of the investment process in agriculture and other sectors of the agro-industrial complex is carried out through state programs to support the prices of agricultural products and income, the organization of state control and the system of national standards. The foreign practice of regulating the development of agricultural production is based on the use of specialized credit and insurance products, financial instruments (subsidies, grants, and subventions), the development of targeted programs, and special taxes. Small and medium agricultural producers

are subject to regulation. Large producers are preferred in Ukraine, and state regulation is carried out with the help of financial instruments and state development and support programs. Apart from the above, taxes, budgets, money, prices and foreign economy are less involved among the spheres of state regulation practiced in the domestic territory.

To organize the attraction and development of investment funds in the agricultural sector it is necessary to apply methods of regulation aimed at improving the efficiency of investment activity that corresponds to the appropriate level of development (cycle) of the national economy. The issues of regulation of investment activity in agriculture are of key importance for the realization of the national goals and interests of Ukraine. They seek to solve such problems. For the state: ensuring sustainable economic growth, improving the welfare and living standards of the population by modernizing the economy, therefore, the expansion of investment activity, the effective transformation of the economic system of the state to increase the efficiency and flexibility of its institutions, the protection of state interests in foreign economic relations. *Fig. 1* shows the dynamics of capital investment in agriculture for the period 2016—2020.

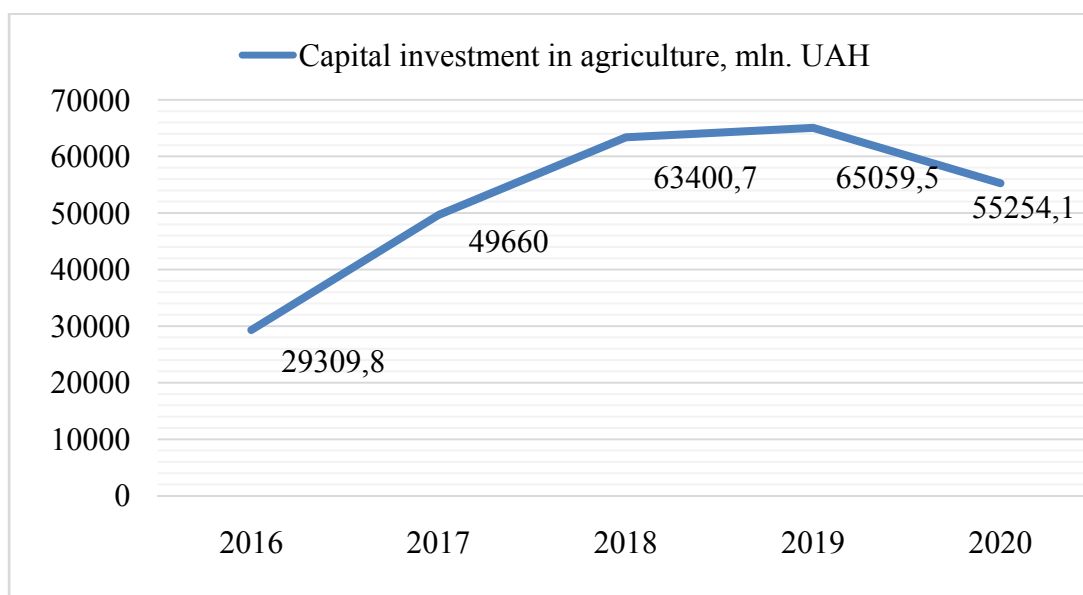


Fig. 1. Dynamics of capital investment in the agricultural sector in Ukraine for the period 2016—2020

Source: summarized from data [10].

As can be seen from *Fig. 1* over the past year, capital investment in the agricultural sector has fallen significantly, primarily due to the restrictions that were introduced by the country’s leadership in 2020 and the stagnation of the entire industry.

Despite such disappointing data, according to a study conducted by the Ministry of Economic Development, Trade and Agriculture of Ukraine together with the UNICEF Representative Office in Ukraine on this situation, experts believe that in 2022—2024 the economic growth of Ukraine will accelerate. Investment increase — an average of 9.3% over the period; Unemployment will only reach the pre-pandemic level — 8.2% in 2024, and respondents believe that Ukraine needs 1—2 years (71% of respondents), 2—3 years to restore the lost potential of pandemic COVID-19 (21% of respondents), from 3 years (7% of respondents), other respondents consider this period less than a year [12].

High investment attractiveness of the industry is a key factor in enhancing its competitiveness, ensuring high and sustainable economic growth, thanks to a transparent mechanism of investment in the agricultural sector has a chance to begin sustainable development, which leads to innovation, which in turn provides a transforming process of modernization of technical, technological and organizational base of agricultural production. *Table 2* shows a list of programs of state support for producers of agricultural products and the amount of funding.

Table 2

**List of programs of state support of agricultural producers
and the amount of funding, mln UAH**

Program	2020	2021	Deviation
Partial compensation of the cost of agricultural machinery of domestic production	1 482,2	1 000,0	-482,2
Financial support of measures in the agricultural sector through credit cheapening	1 053,5	1200	+146,5
Financial support for the development of horticulture, viticulture, and hop growing	290	450	+160
Financial support for farming development	102,8	200	+97,2
State support for livestock breeding and agricultural product processing	1039,1	1150	+110,9
State support for insurance of agricultural products	-	50	+50
Compensation of crop losses in Odessa region	-	240	+240
State support for irrigation	-	50	+50
Support for organic production	-	50	+50
State support for potato growing	-	60	+60
Niche crops	-	50	+50
The total volume of state support	3 967,6	4500	+532,4

Source: summarized from data [11].

As the data in *Table 2* shows, the total support of agricultural producers has increased by 532.4 million UAH in 2021.

It is necessary to note the main factors that have a negative impact on the functioning of Ukrainian and foreign investors regarding the agricultural sector of Ukraine, there are:

- instability and uncertainty of legislation in the agricultural sector; uncertainty in ownership, especially of natural resources;
- the devaluation of the national currency;
- low solvency of the population and state enterprises;
- high-interest rates on loans;
- imperfect tax system of the state, which tends to change frequently;
- lack of market mechanisms for effective regulation of price relations between the main subjects of the agrarian market;
- decreasing incomes of domestic producers due to the annual increase in imports of agricultural products to Ukraine;
- incomplete processes of institutional transformation in agriculture;
- low level of protection of investments and investor rights;
- low level of state support of agricultural producers, etc.

EU countries are currently facing a very difficult process in the agricultural industry under pandemic conditions. In the EU, state support for agriculture consists of providing cheap credit to farmers, maintaining constant prices, making direct payments, etc. In Europe, 90% of agricultural prices are regulated by the state through subsidies to support farmers because of high commodity prices.

At the present stage of stable agricultural development in the European Union, potential risks and threats include the following key factors:

- 1) climate change and changes in the natural environment;
- 2) a decrease in the diversity of the biosphere;
- 3) high rates of population growth in European countries and increased demand for food;
- 4) decrease in the efficiency of agribusiness due to unforeseen factors (epidemics, socio-economic conflicts, etc.).

It should be noted that traditionally small private farms dominate the agricultural sector of Poland, which generates about 4% of the country's GDP (*Fig. 2*). Government support comes in the form of one-time bonus payments to young farmers, subsidies for the creation of rural infrastructure (drainage, household waste processing), preferential loans (loans at 9.0% per annum for up to 15 years), with 7.0% of them compensated.

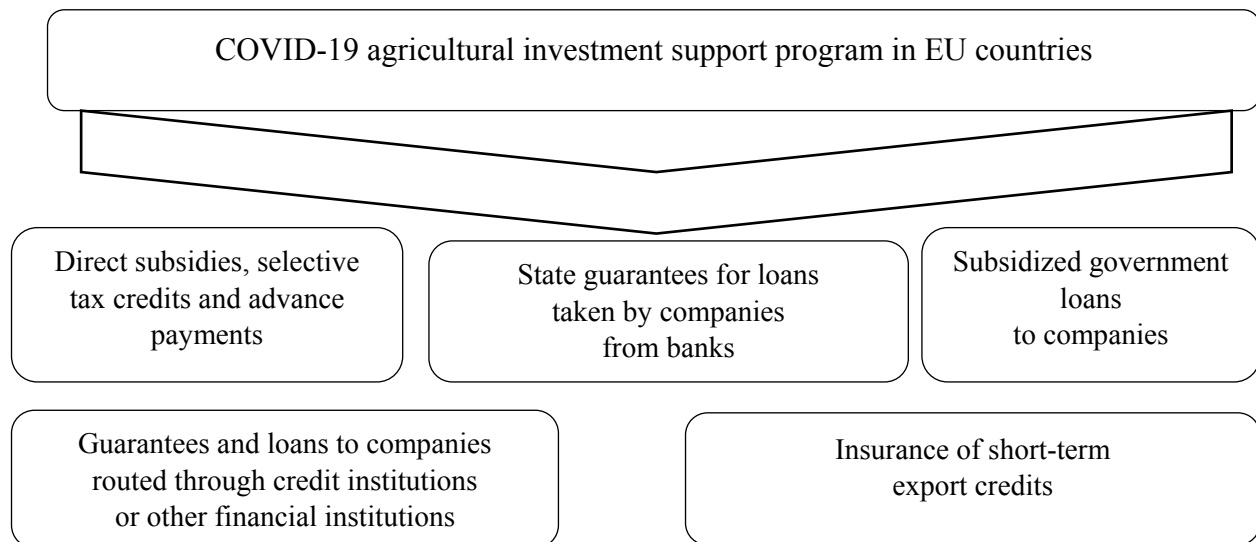


Fig. 2. COVID-19 agricultural investment support program in EU countries
 Source: summarized from data [16].

The European Green Deal is a roadmap for actions that will transform the European Union into an efficient, sustainable, and competitive economy, charting the way for Europe to become the world's first climate-neutral continent by 2050, accelerate economic development, improve health, and climate quality. Environmental challenges in all EU areas and policies, ensuring a just and inclusive green transition [6].

As part of the implementation of the European Green Deal, the European Parliament in 2021 allocated 30% of direct payments to farmers for environmental programs. To do this, farmers need to restructure their business model and minimize environmental damage. 35% of the EU agricultural budget will go to protecting the environment in rural areas.

European parliamentarians recommend reallocating 10% of all agricultural land for green spaces, ponds, etc. In total, in 7 years the European Union will invest 387 billion euros in its agricultural sector. At the same time, the national agricultural sector needs investments as part of the implementation of the European Green Deal: €2.6 billion for sustainable soil management (monitoring); €1.4 billion for permanent manure management (monitoring); €600 million for forestry (currently no information in the inventory); €2.2 billion to reduce fossil fuel use in agricultural machinery [15].

Currently, the EU's Common Agricultural Policy focuses on the following priority strategic goals [16]:

- 1) increased investment by small farms, as they reduce poverty;
- 2) increasing investment in innovative projects and programs for agricultural and rural development;
- 3) financing eco-technology of agricultural production;
- 4) improving the access of farmers to all components of agrarian capital, in particular to financial resources, by stimulating the mechanism of attracting private investment in the agricultural sector;
- 5) implementation of a unified agricultural policy in the framework of the Green Deal policy, adopted by several institutional declarations in the development of the agricultural sector based on the principles of agroecological management;
- 6) strengthening of the tendency to create alliances and develop inter-regional and intercontinental agricultural cooperation to create additional jobs, attract investment and increase agricultural production outside the EU (Africa, Asia, Latin America).

In the current environment, support for value-addition in the agricultural industry will address the following key areas: 1) improving farmers' access to finance (providing access to the

financial resources needed to modernize or acquire new means of production); 2) providing access to raw material and marketing markets (restoring supply chains, regulating export tariff restrictions and increasing quotas for agricultural products, providing agricultural producers access to the necessary knowledge, innovation, and information); 3) «smart» industry regulation (reducing regulatory pressure from the state and simplifying conditions of rural

It should be noted that the priority directions of state institutional support of the investment climate in the agricultural sector in the near future should be:

1) restoration of exterritorial regimes of preferential taxation of agribusiness, in particular, small and medium enterprises (in terms of unified tax rates and VAT on the costs of land capitalization, construction of breeding complexes, and rehabilitation of livestock industries);

2) creation of favorable conditions for registration and creation of innovative industrial and agrarian parks, consulting, information, financial and organizational support of integration processes of science, education, innovation capital, and agribusiness

3) creation of preferential conditions for investors involved in financing agricultural production projects, revitalization of rural areas, and solving social and economic problems of rural settlements development;

4) improving access of agricultural producers to financial markets through the use of an active mechanism of repayment of part of the interest rate on loans to commercial banks for agricultural loans, including long-term loans;

5) increasing the volume of targeted financial assistance to agricultural sectors that are of strategic importance for food security and need support for their existence and development (breeding), as well as to sectors that have prospects of entering world markets (winemaking).

The main reference points for domestic agricultural producers should be programs that now activate the interest of European investors: the creation and promotion of organic farms; organic farming and livestock breeding; revival and restitution of agricultural breeds of plants and animals without genetically modified potential; implementation of environmental projects in rural areas.

Conclusions. The current state of the agricultural sector and trends in attracting investment in its development indicate the need to revise the investment policy in the agricultural sector. Its tasks should take into account the specifics of agricultural production, therefore, aimed at restoring soil fertility, ensuring the normal functioning of biological organisms, ensuring food security of the state, as well as social protection and normal living conditions in rural areas. Taking into account the specifics of investment activity in agriculture, in our opinion, will contribute to the effective functioning of the industry, the rational use of investment funds, the creation of a favorable investment climate.

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