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## **THE METHODOLOGICAL BASIS FOR THE DEVELOPMENT OF THE FOOD INDUSTRY IN UKRAINE**

**Objective.** *The purpose of the paper is to define the essence of the food industry in Ukraine, research opportunities methodological principles in the context of cyclical growth.*

**Methods.** *The study used: the universal principle of systems of communication and development, which helped expose the dialectics of the relationship between methods and tools for the development of a food complex , taking into account the features of cyclic processes .*

**Results.** *Based on this study suggested scientific - methodical approach development of the food industry in Ukraine, taking into account cyclical phases of changes in the economy.*

**Academic novelty.** *Improved scientific - methodical aspects of the development of the food industry in Ukraine, unlike the existing ones, are based on the cycles , phases, ups and downs in economic growth , which gives a more complete and clear picture of the complex processes of development , it reveals the target entity , highlights the development of subcomplexes.*

**Practical importance.** *The practical significance lies in the fact that the main provisions contained in the article, brought to a level of practical recommendations are applied in the analysis of development of the food industry in Ukraine and its complexes with a view of cyclical growth.*

**Key words:** *mineral water industry, methodology, food complex, theoretical aspects of competitiveness.*

**Problem statement.** Food complex is one of the most important components of a national system of any state, its function is to optimally meet the needs of the population quality, economically and physically accessible food when preferred food self-sufficiency of the State's adjustments to participate in the globalization process.

Methodological overview of food complex including cyclical process of economic growth is quite relevant, provides the most objective scientific basis for evaluation. On its solution depends largely on the quality of life, demographic

situation, the state of food security, the country's competitiveness in the world economy, the quality of participation in various economic alliances

**Analysis of recent research and publications.** Survey of recent research and published work by such prominent researchers as L. Abalkina , V. D. Andrianov,

A. Hriaznova , A.G. Granberg , S. Y. Hlazyeva , M.N. Duma, V.D. Inozemtseva, N.D. Kondratiev , D.S. Lions, V.A. May, B.C. Petrukhin , H.I. Ruzavin, O.A. Shahovoyi , E.G. Yasin, et al, suggests that despite present developments of national economy alleviating some of the old problems, emerging new challenges are calling for scientific attention, as well as integrated theoretical and practical decision-making framework. Particular attention should be paid to the means of international integration, since food industry is one of the most sensitive elements in global commercial relations.

Significance of specified problems clearly requires further research, which leads us to describing the goal and objectives of this paper.

Our goal is to investigate the methodological foundations for studying the food industry of Ukraine in the context of cyclical growth. To achieve this goal, we have planned for the following milestones:

- reviewing the methodological development of the food industry in Ukraine,
- designing a toolkit for development of the food industry and its subsectors in the context of cyclical growth.

**Presentation of basic research material.** Food production complex is a set of industries involved in producing foodstuffs of both plant and animal origin. Additionally, this complex includes lines of production which technically do not belong to agriculture, for instance: salt production, mineral water extraction, fishing, etc. [3].

It should focus on the significant progress Ukrainian food complex in the last decade. Ukraine joined the list of the world's major exporters (wheat , barley, sunflower products ). In the near future it is predicted that Ukraine will become the world's largest producer ripaku. Food complex has a high proportion of the cost of production of agricultural commodities . In food production accounts for 70% of total labor costs and the rest - in the industrial area of the complex and above all - the food industry .

Today , the largest share of expenses for food production accounted for meat and meat products ( 25 - 30%), milk and dairy products (20-23 ) , bread and bakery products , including flour, cereal , pasta shops products ( 15-16 %).

Data analysis portal Latifundist. com, which are the main markets of food , showed demand for Ukrainian products in at least 15 countries. In the future, the number one priority may be China, where domestic demand for corn in this country is growing a tremendous pace , despite the fact that China alone produces 590 million tons of grain

Along with positive and negative trends there, which primarily include growth on imports countries of agricultural products. From the river to year imports of sugar, beef, pork, chickens. Forecast FAPRI (Food and Agricultural Policy Research Institute Iowa State University, University of Missouri-Columbia)

situation in the food industry in Ukraine will change very slowly in the future crop production will prevail animal products [11].

Sustainable development of the export component of the agricultural sector provided food security can be realized only by improving the efficiency of a number of institutions outside the agricultural sector [2].

However, some features just is not enough. To properly dispose of them need to know how to win the "food place" in the global street.

Ukraine today stands as the agro-industrial country as an economic player in the global area, is one of the fastest developed agricultural markets in the world with huge potential. Therefore, special emphasis needs to be done not only to increase production, the development of quality products, explored new markets and upgrading the entire infrastructure of Ukraine (linear and port elevators, rail and river transport ), but also taking into account the change of organizational points in the reproductive process , models of interbank complexes including food complex adaptation to the market environment . One of the most important provisions of improving the efficiency and functioning of the food sector and consequently, increase food resources, optimization of territorial organization is complex [4].

For food complex is a set of interrelated sectors and industries, united by a common functional task, namely the population needs food. Since the formation of the food complex is the result of the integration of industrial and agricultural production in a single process, its formation and development requires constant production and economic links between agriculture, food processing and service industries .

All participants functioning food complex re follow their own goals and are forced to make decisions under conditions of restricted access to full information, then there is an objective need to harmonize their interests in order to achieve the most balanced the needs of all actors: producers, consumers and the public. Thus, one of the tasks that need solutions in the development of the food sector, is to ensure the necessary coordination of public authorities, regional governance entities food sector and consumers of food in addressing industrial, social, economic, environmental and cultural domestic issues [5].

The course of restructuring the economy leads to fundamental changes in economic relations and socio-economic environment. The foundations for managing the production process and models for inter-sector cooperation change, adapting to changes in the market environment. Territorial organization of the complex still remains one of the lowest hanging fruit in increasing efficiency of the food complex, and, conversely, increasing the food surplus [4]. Food complex consists of a set of interrelated sectors and industries, unified by a common function, namely the need to feed the entire population. Since the food complex emerged as a result of integrating the industrial and agricultural production in a single process, it's continued existence and development requires sustained industrial and economic ties between agriculture, food processing and service industries.

Normally all the participants in the food production process pursue their own goals and have to make decisions with limited access to information about the bigger picture, but in many cases harmonizing their interests could benefit all the participants, be it the producers, consumers or the state. Thus, one of the problems that needs solving in development of the food industry is ensuring the necessary level of coordination between public and regional authorities, economic entities of the food sector and consumers by addressing a number of industrial, social, economic, environmental and cultural issues [5].

One of the specific traits in the process of food complex development is the encompassing context of a wide-scale crisis, which hampers the rate of economic change significantly.

Instead of focusing on the crisis, Keynesian theory is more concerned with the broader problem of cycles in economic development in general. It recognizes the crisis as inevitability in market development, and also concerns itself with "overheating" conditions, accompanied by inflationary processes preceding the next crisis. For Keynesians crisis is neither accidental nor a result of mistakes in economic policy, nor merely a consequence of its monetary nature. The causes of cyclical fluctuations in their opinion are not rooted in the changing environment, but inherent to the market economy [6].

The classical theory of cycles is external; it sees the main causes of short-term fluctuations of the cycle in exogenous factors that lie outside of the economic system. Some of these factors could be revolutions, coups, wars, catastrophes, diplomatic unions and other political disturbances, groundbreaking advances in technology, social unrest caused by epidemics or natural disasters, and others. Any of these factors can have a negative or positive impact on the national economy, pushing it towards recession or recovery, and it always takes some time to return it to a steady state [7].

Keynesian theory of cycles, by contrast, is internal. It considers endlessly repeating cycles of reproduction and renewal as an intrinsic property of economic system. Cyclic fluctuations in demand for consumer goods are recognized as one of the most important of these endogenous driving forces.[6] We feel that the idea of cyclicity in the global economic system, proposed by N.D. Kondratieff and known as "Kondratiev long waves" deserves extra attention. The essence of the idea is that the dynamics of the economic situation have a cyclic nature, with cycles manifested as sinuous waves, mapped to groups of demand indices. The possibility of long waves is first mentioned by a Dutch researcher Jacob Van Dine in the middle of the XIX century, and is encountered again in the work by British economist Hyde Clarke, dating 1847 [7].

N.D. Kondratiev studied the changes in economic indices of different countries, including prices, government debt obligations, nominal wage rates, foreign trade turnover, mining of precious metals at intervals of 100-150 years. The author believes that emergence of long waves in development of the capitalist economy is associated with fluctuations around some equilibrium level (of first, second and third order), as well as the general pace of scientific and technological progress, lifespan of fixed assets and social disturbances [8].

In mid-seventies, J. Forrester developed a mathematical model that explains long cycles as a matter of over accumulation or acute shortage of means of production and fixed capital assets. The sector that produces capital goods provides equipment and technology not only for consumer industries, but also its own needs. Capital growth in context of constant demand is sometimes accelerated by overestimation of demand, changes in interest rates for financial loans, unpredictable delivery latencies and emergent financial intermediaries. As a result, initial amount of orders peaks, increasing the scale of production, and suffers a severe cut back later [8].

Long before the globalization of markets, the whole economy, including food sector, used to be embroiled in a deep, wide-scale crises, coinciding with certain phases in the economic cycle. The food industry is showing signs of recovery and growth after receding to a third of its initial size. Such dynamic is a distinctive trait of cyclic economic development and is most appropriately described by a three phase model: recession - restorative growth - pure growth [2].

A distinctive feature of cyclicity is spiral, and not circular pattern of movement, and it's reasonable to assume cyclicity is a form of progressive development. Only then will the economy be efficient when it develops cyclically. The economic system which represses cyclicity, is, conversely, doomed to extensive growth at best [6].

The fact that food industry is in transition from recession to recovery, and its location on the curve are both large factors in determining an effective strategy for further development.

**Conclusions and recommendations for further researches.** One of the most important means to improve efficiency of national production lies in rational territorial organization, based on a scientific allocation of related sectors and industries in the country.

Development of food complex in after-crisis transition phase of economy can be characterized as "renewed growth". Since the food industry is a complex structural set of different economic subsystems, crisis in each of its constituents has to be overcome gradually, and is fairly local both in scope of structural rearrangements and their intensity. Since economic growth is cyclic, and food complex is the foundation for creating a powerful food industry in Ukraine and ensuring the well-being of population, development of the food complex is closely associated with the ups and downs of economy as a whole.

**Prospects for further research** and analysis of food complex lie with improving the organizational and economic mechanism of operation, innovating and refining methodological approaches to evaluation. Harmonization of reformation processes requires solid scientific underpinnings and justification for further marketing activities and ensuring a stable food supply to the region. The problems associated with increased integration of various food complex subjects and their effective management are still far from resolved.