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Oksana Chan-khi

PhD in Economics,

Associate Professor of Enterprise,

Trade and Exchange Activity Department,

Kyiv Cooperative Institute of Business and Law

Nataliya Mosiichuk

PhD student of Economics of Labour and

Social Development Department

National University of Life and Environmental

Sciences of Ukraine

AGRICULTURAL COOPERATION: FOREIGN EXPERIENCE FOR UKRAINE

Abstract. The advanced experience in development of cooperation in the agrarian sector of foreign countries was summarized, prospects for its implementation in Ukraine was outlined. Regularities and development trends of the cooperation system in the leading countries has been researched. The article demonstrates the necessity of the formulization and implementation of theoretical foundations and practical recommendations for the creation and development of cooperative groups, based on the foreign and domestic experience in view of the current economic, social and political situation in the countryside. It was also determined the tendencies of the development of cooperative processes in the agricultural sector of Ukraine. There are defined advantages of the creation of cooperative societies and advantages of their functioning in Ukraine, based on the international experience. A critical estimation of the state of agrarian cooperation in Ukraine has been made, the causes hindering its development are identified, and there are substantiated

proposals concerning the prospects of the domestic agricultural cooperation under conditions of the globalization and European integration.

Key words: cooperation, agricultural cooperation, cooperative movement, Ukraine, international experience.

Introduction

Modern conditions of agricultural cooperation management as a social and economic phenomenon are an important component of market relations. The economy is undergoing significant changes related to globalization, internationalization and integration of economic life. In addition, when it is faced with stiff competition from large and well-organized mediation of commercial structures that operate and the agricultural market, the majority of small and medium agricultural producers, with limited opportunity for primary processing and storage of the harvested crop are not able to provide effective promotion and marketing of their products to world markets. Therefore, the development of cooperation in the domestic agricultural sector is impossible without the use of foreign experience, furthermore international experience shows about the potentially high economic opportunities of such associations proves the positive impact of their operation for agricultural producers and for the state.

Analysis of the recent research and publications

A lot of domestic and foreign scientists research the cooperative groups' activity question, including agriculture in their considering writings. We mean the works by: Bolgarov N., Grigoriev S., Garovi V., Kloker A., Manzhura A., Panufnik T., Rudick A., Skidan A. However, in the context of globalization and fierce competition in the agricultural product markets remain insufficiently studied and require further analysis and systematization of the issues of revival and development of cooperatives in Ukraine on the basis of the experience of agricultural cooperatives in foreign countries.

The purpose of this article is to summarize the leading foreign experience of development of cooperation in the agricultural sector and to determine prospects of its use in Ukraine.

Results of research

The intensification of international economic cooperation provides a strategy for the effective functioning of agricultural cooperatives, which is the basis of the integrated development ensuring on rural territories and different forms of rural employment. In addition, the agricultural cooperation encourages the improvement of the level of development of agricultural market infrastructure, takes a crucial role in strengthening the economic potential, competitiveness and social status of farmers, improving economic conditions and creating incentives for growth in commercial products. However, until that time, its development is at a low level, mainly due to the underestimation in the economic reform process, cooperative forms of economic activity, the overall adverse conditions of agricultural production, the psychological unwillingness of the farmers to cooperate and the lack of knowledge of rural population about the advantages of cooperation, low level of state support of small forms of managing in agriculture and agricultural cooperatives [4, 8].

In such circumstances, the study and use of best practices for the formation and operation of foreign co-operative organizations is extremely important and topical for Ukraine in the current conditions. In addition, global experience shows that cooperation contributed to the development of many countries. Thus, in particular, in Europe, cooperatives are an important part of economic life and industry. Currently, member States of the EU, there are 250 thousand cooperative enterprises, owned by 163 million citizens (every third citizen of the EU) that employ 5.4 million people [7, p. 55-56].

Cooperatives covered 100% of farms in Norway, Finland, Sweden, and Japan; in France and Germany – about 80%; in the USA – around 30% [6, p. 275].

In the EU countries the greatest distribution was received two groups of cooperatives: the first are engaged in harvesting, processing and marketing (wholesale and retail) of agricultural products, the second are engaged in wholesale purchase of means of production and their subsequent delivery to the farms of their members.

The European experience shows that marketing cooperatives are rare in their pure form. The vast majority of cooperative unions in the agricultural sector products received from producers undergo specific processing, packaging and the like. This is common for cooperatives in the dairy and beef specialization, forest owners, cooperatives engaged in the cultivation of agricultural crops, breeding birds, and the like. They have a significant share in the market of agricultural products, particularly in Denmark where 90% of commercial milk, butter, cheese, including for export, in Scandinavia and Finland – 80% of the market of meat and dairy products. In the Netherlands more than half of the volume of sales is accounted for marketing cooperatives for individual product groups. They share is almost 100% of vegetables, 95% of fruit, 90% of wool and butter, 85% of cheese, and 80% of commercial milk and milk powder, 65% of sugar and 60% of condensed milk. In France and Germany the coverage of farmers cooperatives less, but they sell in the domestic and foreign markets, about half of the agricultural sector. French cooperatives produce and sell on the international market and 70% of the wine is significant, their participation in the production of alcohol and olive oil [9].

The saturation of the food market and the resulting intense competition stimulate cooperatives to improve production technology and achieve deep processing of agricultural raw materials on the basis of waste-free technologies. So, in Denmark, in addition to large meat processing plants, cooperatives are small enterprises for processing their waste (blood, hair, viscera and bones), which account for a fifth of the market their total production.

An important key to the success of cooperatives is the appropriate production and technical support. In particular, in Sweden and Finland cooperatives serving rural producers supply approximately 60% of the means of production. High rates of delivery is characteristic for France and Germany, where a significant role is played by the cooperatives in the supply of fertilizers and feed (about 50%), and in France through cooperatives supplied farmers with almost 2/3 of grain seeds. In Germany, on the farmers account cooperation for 36% of the supply are machinery and equipment, and 44% fuel [5, p. 17].

Studies indicate that in France, operates a 3,500 agricultural cooperatives involved in processing (60% of sales). All cooperatives covered by sales of grain – 67-70%, pork 65%, more than half of the milk. Processing cooperatives in France give 40-45% of the total food industry products. A significant proportion of the cooperative sector in the manufacture of food products and ensures creation of a favourable competitive environment that encourages the private commercial processing enterprises to improve economic relations with the farmers. They have to add 13300 ' cooperatives land for the joint use of technology where 33% of forage harvesters, 30% grain, 12% arable, 15% distributors of fertilizers and 4% of tractors [6, p. 276]. Widespread is as artificial insemination cooperatives. Members of cooperatives are 9 out of 10 farmers. In the French agricultural cooperatives employ more than 520 thousand employees. The cooperative's annual turnover is on average 77 to 80 billion euros [3].

The main characteristic of the cooperative movement in Germany is the deep integration of credit and agricultural cooperation. More than 700 cooperative banks focus on logistics and marketing of agricultural products, providing services to 75% of the cooperators of the country. The largest cooperative Association is Raiffeisen Bank Union; different degree covers all German agricultural cooperatives. Their share in sales of milk is 85%, of grain – more than 55%, vegetables – about 45%, pork, beef, fruits – 30%, poultry meat

– 19%. In addition, to facilitate the development of cooperative societies the state provides financial assistance for the first five years of functioning of the cooperatives. In the first year the allowance amounts to 3% of the revenue of the cooperative, the second – 2%, in the third, fourth and fifth – up to 1%. In general, the amount of subsidy should not exceed 60%, 40% and 20% respectively of administrative costs of the cooperative and can be up to 25% of investments [6, p. 276-277].

Development cooperation in Sweden is mainly in the field of production logistics, agriculture and storage of products with a high degree of centralization and consists of 13 national industry cooperative associations. This system is headed by the Swedish agricultural Union, it organizes the cooperation of the Union members, provides representation and protection of interests. Through the agricultural sales cooperatives of Sweden is being implemented over 90% of the products produced in the agro food complex. More than half of food products produce a cooperative enterprise; in particular they belong to the whole dairy industry, more than 50% meat and 54% milling industries [2, 20].

Cooperative enterprises are an important structural entity in the agricultural sector of Finland. Cooperatives, bringing together almost all farmers provide them with the necessary conditions of production, lending, product sales and application of achievements scientifically-technical progress in the practice of management. Cooperatives deliver up to 50% of fertilizers, 65% of fodder, 40% of the equipment and fuel. Cooperation gives the opportunity to introduce computerization and automation in the agricultural production [6, p. 276].

Also the positive experience of cooperation observed in Switzerland. The Swiss co-operative movement is an example of the so-called non-classical development of consumer cooperative societies. Extension of cooperative activities in Switzerland was done by opening new stores and self-service. Swiss cooperatives have achieved success in cooperative activities due to the concentration and consolidation of consumer societies. Concentration and

consolidation is to merge the different types and branches of cooperatives with a view to establishing single trust organizations. In the 70'Os. Swiss cooperators (cooperators and as most European countries) refused to receive dividends and switched to a policy of low prices [7, pp. 55-57].

We need to deserve attention also the experience of Italy in cooperation. Unlike other countries, the rise of consumer societies of Italy took place in the mid 80-ies, namely the period of decline of the cooperative movement in other European countries. This was due mainly to the insignificant participation of cooperatives in the economy of the country after the war period, as well as religious and political fragmentation of the cooperative movement. Paradoxically, the slow development of the cooperative movement in Italy in the post-war period had a positive impact on future cooperative activities in the country. Close Association with the cooperation of other countries allowed to integrate their experiences and to avoid mistakes. Today in Italy about half of the supermarkets are owned by the societies [6, p. 275].

On the extent of development of cooperatives in agriculture is evidenced by the US experience, where the functions 3651 cooperatives with a turnover of over 120 billion dollars. The number of cooperative members is 3 million 353 thousand, the number to workers on a regular basis reaches 174 thousand male and underemployed – 92 thousand, the Share of primary agricultural products, which is implemented through cooperatives is: milk – 82%, grains and oilseeds – 40, cotton – 43 fruits and vegetables - 19 livestock and wool - 14. The share of resources purchased through the cooperatives, is very important and some of them are: fertilizers – 45%, fuel – 50, protection of plants 34, feed – 21, seeds – 10. Many agricultural cooperatives United States are extremely large enterprises [2, p. 19-20].

Cooperatives play a key role in the agricultural sector of the Canadian economy, particularly in the supply of products for farms, processing and marketing of grains and oilseeds, dairy products, poultry, fruits, vegetables,

livestock, and honey and products from maple syrup. In the agricultural sector there are more than 500 cooperatives whose members are more than 2/3 of the farmers. Among them are agricultural sales cooperatives, which are the modern organizations, with their expertise and the common market of agricultural products, they are giving them an opportunity to compete with large private companies. These cooperatives hold a significant share of the product market in Canada. Agricultural supply cooperatives provide Canada's farmers (their members) means, such as food for animals (27%), fertilizer and chemicals (38%), seeds (19%), grain cleaning equipment, agricultural machinery, and fuel and construction materials. Co-operatives in Canada are non-commercial in relation to their member organizations; they are not for investment purposes, and to provide services to its members. Cooperatives return surplus (cooperative payment) to the members in proportion to membership economic participation in cooperatives. Cooperatives organize the learning process for their members and are working to achieve a common, first of all, economic goals [3].

In Brazil and other Latin American governments significant amounts of land and contribute to the formation on them of farms by providing subsidized loans, thus facilitating the formation of cooperatives. They are forced to do it under the pressure of social and economic problems created by decades of exploitation of land by big companies to their advantage. Cooperation is mainly in the field of agricultural products processing, implementation and delivery to farmers of seeds, fertilizers, machinery etc. [1, p. 69].

Well-developed cooperation in Japan, where farm cooperatives (8038 agricultural cooperatives, among which are multifunctional 3898) process and market about 90% of the total agricultural production of the country (including almost 100% of grain, 95% of potatoes, vegetables, fruits and milk, 85-90% of pork, eggs and poultry meat) and put the farmers up to 80% of their required means of production. Comprehensive primary cooperatives in Japan at the level of pre-structure united in a different federation functions: federation of mutual

assistance, economic and credit federation and council of agricultural cooperatives. Prefecture federation in their turn are members of all Japanese federations. That is, the country has established a centralized cooperative system, which is tasked with protecting the interests of agricultural producers against monopoly capital. It is quite Autonomous in relation to the state. In Japan, as well as in Sweden, Norway and Finland representatives of power structures, together with agricultural cooperatives monitor the state of negotiations between producers and decide such issues as the level of prices for agricultural products, the size of budgetary allocations in agriculture, banking, interest rates for the loan (in Japan they are 2-3 times below the commercial), export subsidies etc. [1, p. 69-70].

Thus, summarizing the experience of developed countries, we note that the main advantages of unions of agricultural commodity producers in cooperatives are [3]:

1. The individual producer is unable to influence the price level as the purchase and sale of the production processing enterprises. A group of farmers (unions or cooperatives) is considered as a single powerful organization that is able to buy significant amounts of goods and services and to sell large quantities of products.

2. A significant advantage of the cooperative associations is the possibility of exchange of experience among farmers regarding the efficiency of agricultural activities, as well as the desire to work as part of associations, groups and not independently.

3. By combining the efforts of farmers in a single organization, and the existence of advantages in the procurement of raw materials and sales of products increases the profitability of production and the resulting profit is distributed evenly between each member of the cooperative. While in a cooperative Association introduced a standardized accounting and the uniform

system of calculation of calculation of production that reduces its cost by reducing construction cost to fixed cost.

4. Joining together in cooperatives, farmers have the opportunity to increase production at the expense of the loan on their own development, and also due to the possibility of use of means of production, leased from other members of the cooperative.

5. Officially registered cooperative enterprises have the opportunity to receive a subsidized loan for investment in agricultural production, processing of products, and provision of production services.

6. The cooperative may obtain a tax exemption or lower tax rates for the construction of new and reconstruction of existing facilities, modernization of material-technical base, which are used in the framework of activities defined by the Charter of the company for period of 5 years from the date of entry of the cooperative into the state register of groups of agricultural producers.

7. Officially registered cooperatives as groups of producers and farmers-members of the Association may obtain as logistical, organizational, and information support from the state. This support includes professional training, modernization of farms, the products certification according to the requirements of the quality systems of food production, information and activities for the promotion of goods to market, economic, legal support and such activities for farmers, the diversification of economic activities towards the development of green tourism and the like.

Summary

On the basis of conducted research we can conclude that a large number of advanced countries of the world recognized at the legislative level, the important role of cooperatives in economic and social issues of the regions. Experience of cooperation of agricultural producers in all advanced countries of the world gives the opportunity to use the advantages of large scale production and profit not only from production of agricultural products and its processing

and implementation, as well as to respond quickly to market changes, use of modern achievements of science. The conducted researches prove that the key to success in agricultural societies is to bring together in a single chain logistics, production, processing and marketing of agricultural products, as well as appropriate financial support. In addition, it is worth noting that only an integrated combination of market-based instruments and state regulation and stimulation of development of cooperation and integration processes ensure the efficient operation of agriculture of each country.

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