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THE RURAL ENTREPRENEURSHIP IN THE PROVISION OF FOOD SECURITY

The physical and financial affordability of the food consumption in the necessary quantity according to scientifically substantiated norms, product safety and quality are preconditions for a high level of food security. Food security is interpreted as the protection of life interests of a human, which are expressed in the state guarantee for safe and high quality food products to support normal life activities of a person [1]. However, the common approach to the concept of “food security” in the legislative documents of Ukraine remains undeveloped due to institutional contradictions and postponement of adoption of the “Food Security” Law. The main document, which was approved in this direction “The state target program of development of Ukrainian village for the period till 2015”, has completed its term of validity [2].

Now there is no document on food safety regulation. The mechanism for diagnosis of food security needs the revision and approval at the state level, as it is one of the key instruments for identifying food supply problems of the country.

The concept of food security formation in the international spatial requires coherence among all countries in order to increase production volumes. The preference is given to the international division of labor, i.e. production of agricultural products taking into account favorable natural and climatic conditions and the export-import of food at affordable prices. A key vector for development in this direction is the formation of social and economic relations that will guarantee the access to the required quantity of food for population.

The Economist Intelligence Unit developed the Global Food Security Index in 2012 in order to identify the valid food security problems of different countries around the world and to search for their further solution. Thus, according to the results of this index, it was found that Ukraine in 2016 occupies 63rd place among 113 countries of the world and concedes to such countries as Azerbaidzhan (57th place), Bulgaria (50th place), Russia (48th place), Belorussia (46th place), Poland (29th place). According to the aggregate of all indicators, Ukraine scored only 55.2 points out of 100 possible, which is by 0.8 units more than in 2015. Ukraine occupies the last place by the index of food security of 26 European countries [4].

The main reason for the decline in food security is the low level of GDP per capita, since it is half the world average. Thus, the GDP of Ukraine in 2014 and 2015 decreased by 9.9% and 6.8%. Growing unemployment and insufficient wages generate low purchasing power of the population. At the same time, prices for any agricultural produce are always higher than the income of the population. Thus, food costs in 2015 from average household income amounted to 58.9%, although in the vast majority of countries this indicator ranges from 10-15%, in particular the US, Germany, Austria - 10%, the EU about 12%.

The low level of GDP per capita is the main reason of decline in the food security, as this is almost doubly lower indicator than the world average one. Thus, the GDP of Ukraine decreased by 9.9 % and 6.8 % in 2014 and 2015. Growing unemployment and insufficient wages led to low purchasing power of the population. At the same time, prices for any agricultural products are always higher than the income of the population. Thus, costs for food from average household income amounted to 58.9 % in 2015, although this indicator ranges from 10 to 15 % in the vast majority of countries, in particular such as the US, Germany, Austria, and the EU.

On condition that the population is provided by safe and high quality food products, a high level of food security can be achieved. Accordingly, after the adoption of the Law “On Production and Circulation of Organic Agricultural Products and Raw Materials”, the number of enterprises engaged in organic production in Ukraine increased. Thus, according to world statistics of IFOAM Ukraine had about 400 “organic” enterprises in 2015, which is by 13 times more than in 2003. However, all manufactured products (90 %) are exported practically to such countries as Germany, the Netherlands, Poland, Switzerland and Austria.

Nowadays, Ukraine is on the way to the formation of food safety and quality of products on a European basis, which forecasts introducing of the concept of the Hazard Analysis and Critical Control points in all manufacturing enterprises according to the Laws of Ukraine “On Safety and Quality of Food Products” and “On Infant Nutrition”. The specified food safety management system ensures the prevention of hazards at all stages of the food chain: from the primary producer of raw materials (e.g., farmer) to the last user (e.g., the department) [3]. Its implementation will provide an opportunity to guarantee food safety and increase its competitiveness.

In a transitional period, together with the new food safety management system it a state support for agricultural producers should be strengthened, because most of them face the problems such as a lack of appropriate information and consulting assistance, an absence of programmatic preconditions and underdevelopment of the corresponding infrastructure. Reorientation of production may involve additional financial costs, which will contribute to rising food prices.

The foregoing gives grounds to assert that the food security level would increase only if incomes of the population increased. Therefore, agricultural commodity producers, taking into account the specifics of their activities, require the increased attention from the state. They need the adoption of laws in relation to pricing regulation, development of measures to involve farmers in organic production, improvement of the food safety management system and the formation of the provisions of the national food security system of the country.

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