

2.1. State support for the development of cattle breeding in Ukraine

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2.1. STATE SUPPORT FOR THE DEVELOPMENT OF CATTLE BREEDING IN UKRAINE

Summary

The necessity for the state support of animal husbandry is important in market conditions. It is associated with unique characteristics, which are typical for this branch, its place and its importance for providing the food safety. The development of the branch is in difficult situation, which is resulted by the negative factors influence related to the instability of the external and internal environment. Consequently, there is a need to extend the researches related to an increase of state role and its importance in regulating of an economic process in attempt to prevent the possibility of a crisis and to assist a stable development of the livestock sector for a long period. The dynamics, the structure, and the amount of the beef production in Ukraine are considered in the article.

Keywords: beef production, cattle population, meat consumption, state support, cattle

Introduction

The problem of increasing the efficiency of agricultural state support is especially actual in the conditions of scarce resources. Since the world food prices have been increasing during the last years, the profitability of the agriculture has been also increasing. Consequently, the production and export of cereals, sunflowers, turnips, and other agriculture cultivations are made rapidly. However, the stock-breeding branch is in difficult financial position in Ukraine. Before the crisis of 2009, the amount extension of the branch state support did not result in the required productivity and did not significantly influence the financial position of agriculture producers. During 2009-2010, in the period of the financial crisis boom, the state support of the stock-breeding branch has been being decreased. The beef production has the worst position among the stock-breeding branches. Because of a lack of the state support the branch is actually unprofitable. Also, the tendencies of a cattle number decrease are observed. The significant part of national agriculture companies retracted to produce beef in favour of plant production. Therefore, the households are the main producers of beef in Ukraine. Due to the data of the State Statistics Service of Ukraine up for 1st January 2012, the 76 % of meat was produced in households. The significant structure transformations are first of all associated with an unemployment level increase in country, a poverty of country population, because the milk and the meat production is their only source of earnings. However, the beef production in households is characterized by the insignificant level of productivity figures and by the complication of international quality and safety standards execution (Dibrova, 2010).

Simultaneously, the price system that exists on the whole line of products value formation is the one more condition that noticeably illustrates the structural disproportions of the branch development. Although, the retail prices for beef in the internal market frequently exceed the world prices, purchasing prices are significantly lower than prices for foreign substitutes. Therefore, with a low purchasing power of the majority of the population, a national consumer is made to pay more than an average in the world, and a producer does not receive significant financial resources used to provide the renovation process in the branch. The increase of import in Ukraine is stimulated by unfulfillment of the internal market, high prices for beef in the conditions of the external trade regime liberalization, occurred by the WTO entry.

The above-mentioned facts determine that the state regulation has a significant influence on a financial position of national beef producers. The theoretical consideration and the methodical basis of improving the efficiency of beef producers' state support is caused by a need of a prompt adaptation of the branch to new economic conditions and by a need of a balanced development conditions formation for a long period.

The problem of basing the agriculture state support level and efficiency, especially the stock-breeding state support level and efficiency is deeply considered in scientific researches. O. Borodina, A. Dibrova, I. Kobuta, V. Onegina, T. Ostashko, and G. Cherevko etc. made the significant contribution to the development of methodological and methodical questions. The world financial crisis negatively influenced the national economy and decreased the financial resources of Ukraine. Consequently, there is an intense need of scientific researches associated with the beef production internal support efficiency in Ukraine.

Main material presentation

Cattle are the important branch of productive stock-breeding that provides population with unreplacable food, textile industry with raw materials, plant production with organic fertilizations etc. Beef have the first place among meat products for high quality proteins and amino acids that beef comprises. The branch of stockbreeding based on cattle livestock. It is concentrated on 65% of conditional productive livestock. Its main products are meat and milk. (Ivanuh, 2003)

The most common breeds of cattle in Ukraine are the following: red prairie, black-spotted and Simmental. In some regions are common Lebedynska, brown Carpathian, red Woodland, Ukrainian Whitehead breed of cattle. (Clyment, 2006)

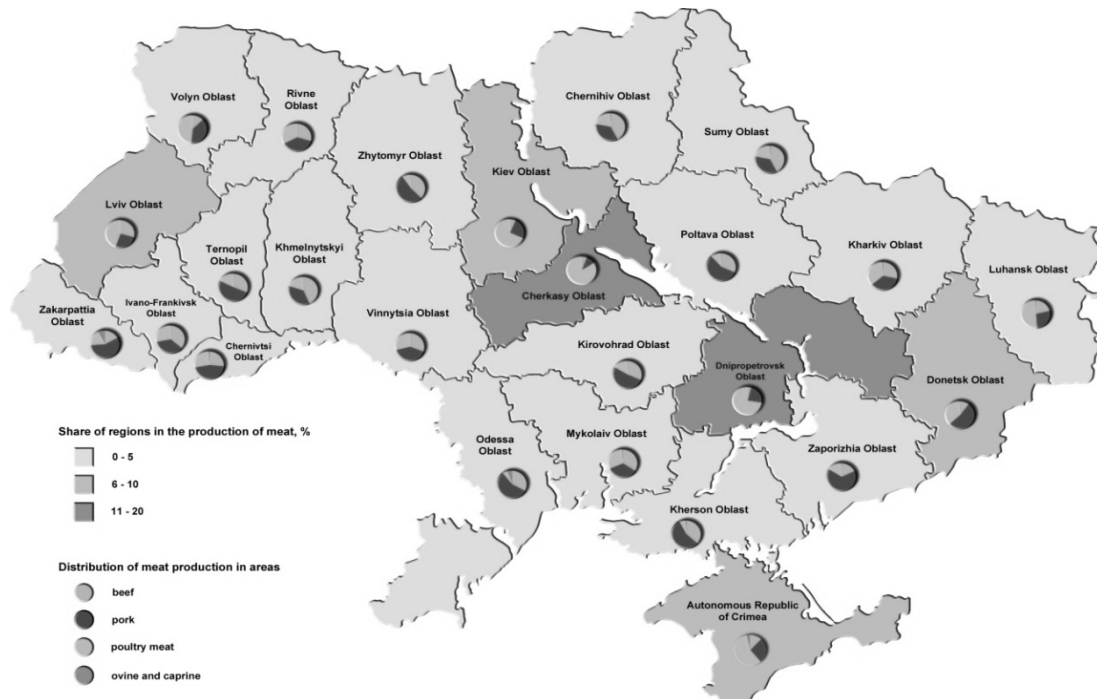
The geographic structure of meat production in Ukraine is shown on Figure 1. The largest share in the production of meat takes Cherkassy and Dnepropetrovsk regions, 15.3% and 10.5% respectively. The third place of meat production by volume in 2011 was the Kiev region with 9.9%.

Meat production is divided into its directions within country as follows. Leading positions in 2011 were taken by poultry meat. The highest concentration of produced product is in Cherkasy, Dnipropetrovsk, Kyiv and Lviv regions and Crimea. An important segment in the structure of meat production of territorial units is pork. Its

share varies from 11% in the Cherkassy region to 66% in Zaporizhia region. On average across Ukraine the produced pork accounts for 41% of the total volume.

Agricultural producers most actively engaged in stockbreeding in the Lviv, Ivano-Frankivsk, Vinnytsia and Khmelnytsky regions.

Figure 1: Geographic structure of meat production in Ukraine, 2011



Source: constructed by the author according to the data of the National Statistics Service of Ukraine

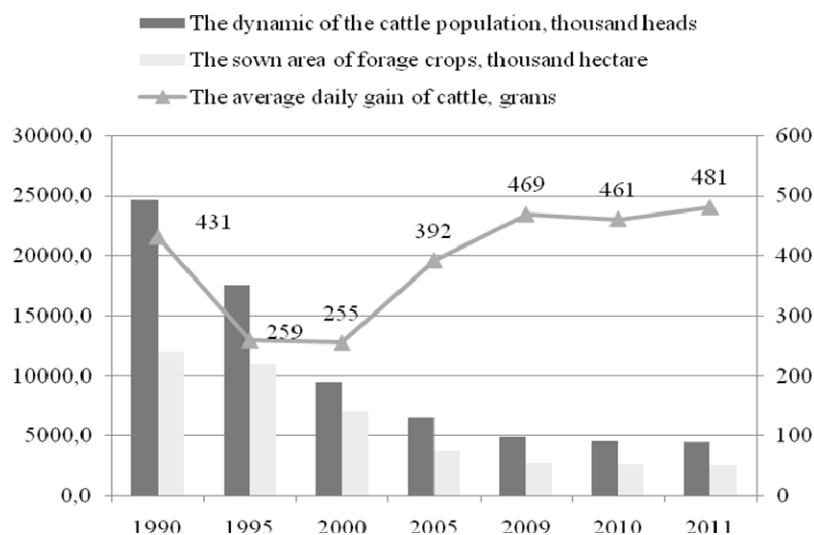
In Ukraine, depending on environmental conditions and the nature and structure of fodder production is used basically three main ways of maintenance of herd: tethered, not tethered with free maintenance on deep litter on pasturage, or not tethered boxed.

Unfortunately, during the last 20 years meat of cattle have been having significant quantitative and qualitative losses. During the period from 1990 to 2011 the number of cattle has been declining more than five times from 24623 thousand heads to 4426 thousand heads. (Figure 2). This was due to the influence of various unfavourable factors for the development of the industry.

One of the basic factors for the successful development of livestock is fodder production. Organization of fodder supply includes a system of production and use of feed, which is characterized by the appropriate structure of sown area of forage crops, technology of production, harvesting, storage and cooking of feed. (Pokropuvnii, 2001, p. 58). According to data of Figure 2, there was a reduction of sown area under forage crops by 80%: from 11,999 thousands hectares in 2009 to 2477 thousands hectares in 2011. This trend has had a negative impact on the creation of a strong fodder supply for cattle. Indeed the forage crops that is seeded occupy an important place in the diet of cattle. Thus, in the structure of the feed intake the silage accounts for 19-20%, 18% for hay and straw, and 30% on green feed seeded grasses, natural meadows and pastures. (Rybachenko, 2011)

The negative trends in stockbreeding the problems in Ukraine are also connected to the reduced productivity of livestock. A sharp decline in this index occurred between 1990 and 2000. In 2000, the average daily gain of cattle was reduced to 255 g per day, which is less by 40% compared to 1990. In order to improve breeding and productive characteristics of animals was enacted the Law of Ukraine „On the livestock breeding business” (as amended by Law of 21 December 1999. № 1328-XIV).

Figure 2: Dynamics of livestock, average daily gain of cattle and sown area of forage crops in Ukraine



Source: constructed by the author according to the data of the National Statistics Service of Ukraine

Due to a number of organizational and economic measures were managed to restore the capacity of farm animals and increase their productivity. Thus, the average daily growth in 2011 index reached 481 g / day, which is even higher than its value in 1990.

In Ukraine meat is produced by following three categories of farmers.

Agricultural enterprises, which are also called as big farms, this category includes public sector, joint stock companies and partnerships of all types, agricultural cooperatives, agricultural departments of industrial, transport and other enterprises, organizations and research institutes.

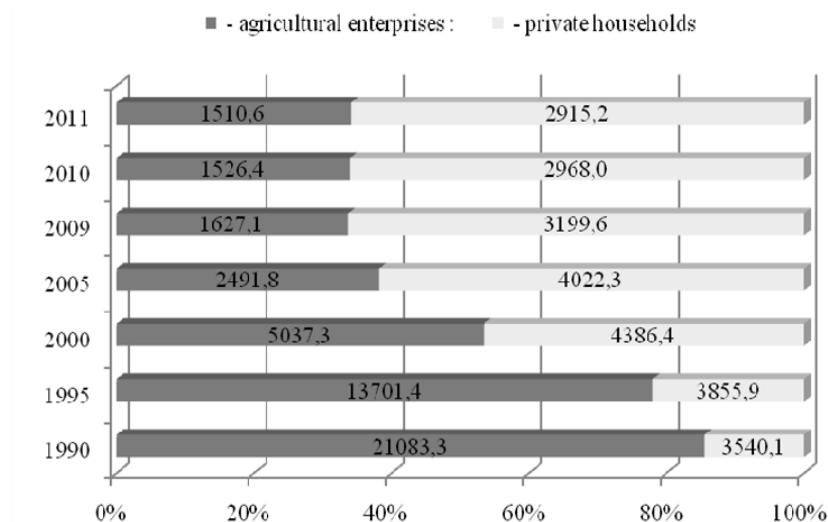
Private households, also known as personal farm (including plots) or small farmers: this category includes individual or family farms that have land, such forms of agricultural production, when an individual or family produce agricultural products to meet family needs for food or other purposes.

Farmers are also usually seen as small producers: the form of free enterprise that uses its own or rented land and other property. Private farmer engaged producing in his own company, sometimes in processing and marketing agricultural products, state registers it as a farmer. (Agriculture Ukraine..., 2003). Significant decline of cattle population was in agriculture companies. According to Figure 3, in 2011 the farms grew 1510.6 thousand heads of cattle against 21,083.3 thousand units in 1990. During the period under reduction was nearly 14 times.

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In spite of this, the share of cattle in households has been increasing from 15% to 66% during the analyzed period. Up for 1 January 2012, households produced 76% of beef products. But as you know, the possibility of increasing of the volume of production of beef and milk in farms is extremely limited. Therefore, scientists and members of government consider that beef will be produced by the wholesale producers in the future.

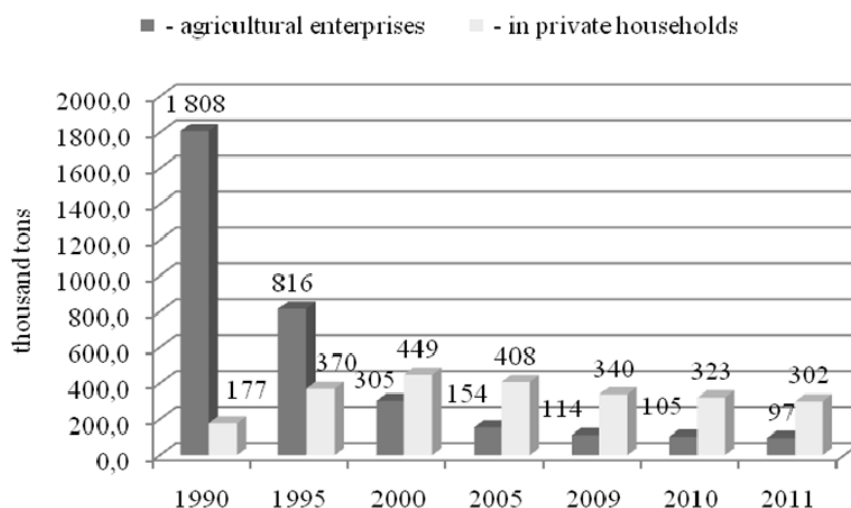
Figure 3: Number of cattle in agricultural enterprises and farms, thousand units



Source: constructed by the author according to the data of the National Statistics Service of Ukraine

Together with the reduction in the number of cattle in farms and the volume of output has also reduced. This figure dropped to 18 times, from 97 thousand tonnes in 2011 to 1,808 thousand tonnes in 1990. That is suggesting that farms began to massively abandon unprofitable type of business.

Figure 4: The production of beef of farms in Ukraine

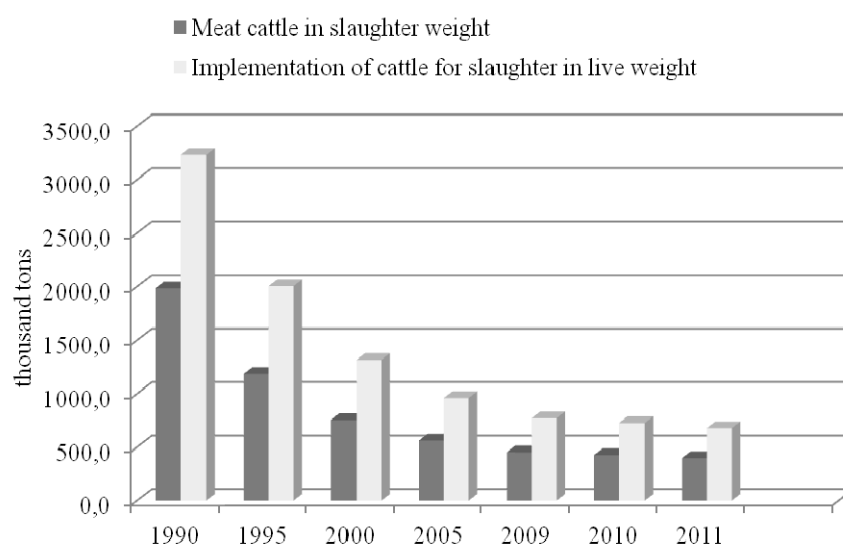


Source: constructed by the author according to the data of the National Statistics Service of Ukraine

In the last ten years, beef production has remained largely a by-product of dairy farming. At the same time, it should be noted that in recent years there have been several attempts to implement projects focused mainly on beef cattle. Among the large holdings continue to breeding of beef cattle following of them: «MHP», «Ukrland Farming», enterprise group «OSI Group». Active development of beef stockbreeding can be identified also at the holdings enterprises such as «Agreyn», «BB Holding», «AgroInvestGroup».

Correlation of sales value for slaughter cattle and of cattle meat production is characterized by disproportion. In 1990, 3,234.6 thousand tonnes of cattle were sold, and 1985.4 thousand tonnes of beef were produced, in 2005 – 961.2 thousand tonnes and 561.8 thousand tonnes, in 2011 – 679.1 thousand tonnes and 399.1 thousand tonnes respectively (Figure 5). The positive changes include reducing disparities.

Figure 5: The relation between realized for slaughter cattle and producing beef and veal production during 1990 to 2011 in Ukraine

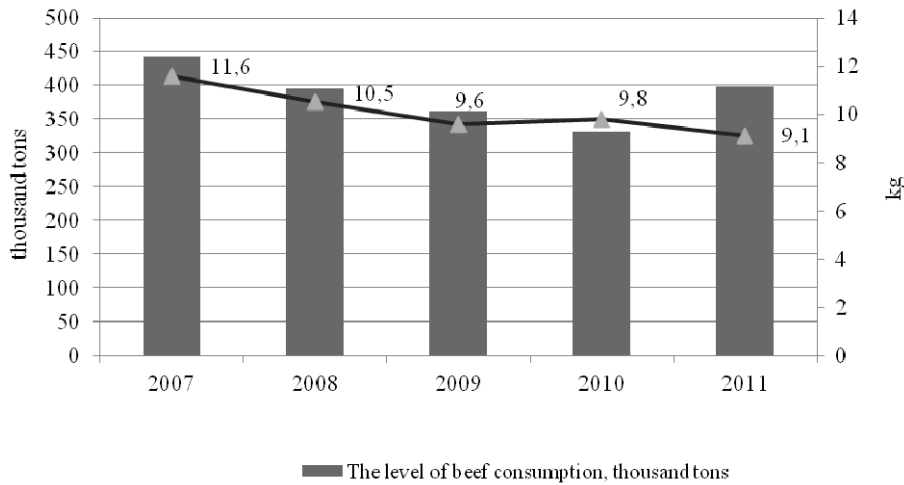


Source: constructed by the author according to the data of the National Statistics Service of Ukraine

The main consumers of the Ukrainian beef are meat factories, exporters, and final consumers. (Key..., p.7) Since cattle breeding is a more durable and a more breeding process in comparison with pig breeding and poultry, the prices for beef are higher than for other types of meat. Unfortunately, the tradition of beef consumption is less developed in comparison with high developed countries, e.g. the European Union and the USA, the population of which have a higher purchasing power. Usually, the Ukrainians choose cheaper meat products.

The Cabinet of Ministers of Ukraine due to resolution № 565 determined that the level of beef consumption might equal 14 kg per capita per year. Due to the data from the Figure 6, during 2007-2011 the Ukrainians have been actually consumed on an average 10.1 kg per capita. The highest figure was 11.6 kg in 2007.

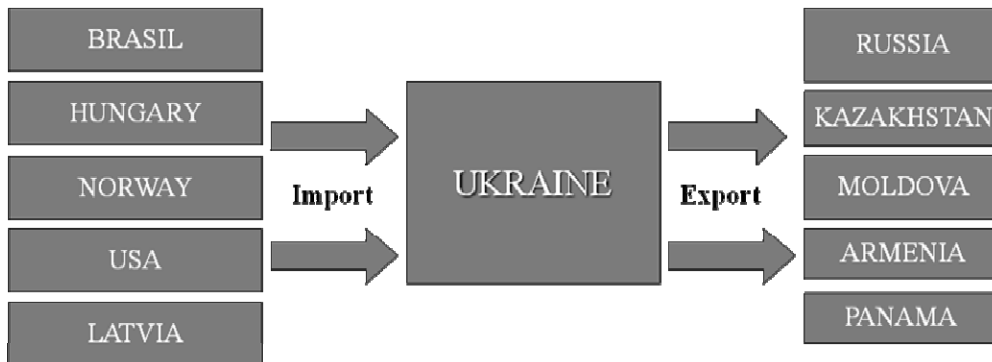
Figure 6: The level of beef consumption in Ukraine



Source: based on the data of the National Statistics Service of Ukraine

Figure 7 shows the main importing countries to Ukraine of cattle meat, and countries that consume beef Ukrainian production. The world prices for beef are significantly higher than prices in the internal market. Due to the FAO data, the world cattle meat markets have the problem of a high feed value, a decrease of cattle meat consumption, a decline of production efficiency. The FAO predicts that in result of this situation the stock-breeding production increases in developing countries.

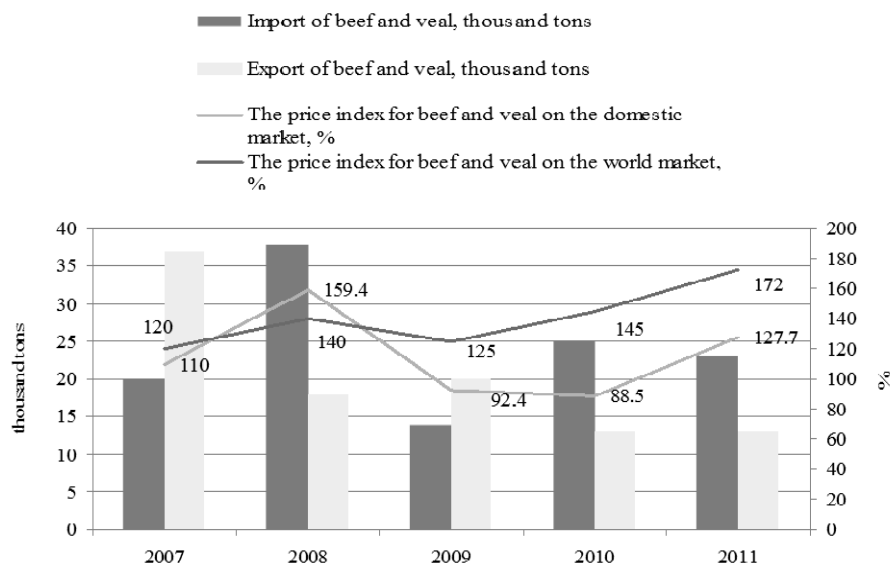
Figure 7: Geographic import-export of cattle meat to/from Ukraine



Source: constructed by the author

The export potential of Ukraine declined after the decrease production of beef and veal. 13 thousand tonnes of beef were exported in 2011 (Figure 8). It is 35% less in comparison with 2007. During the period between 2007 and 2011 Ukraine imported 120 thousand tonnes of meat cattle, which is 20% higher than the export of this type of cattle meat abroad. The author determines that the national meat factories prefer cheaper imported meat products.

Figure 8: Exports, imports and the price of beef in the domestic and global markets

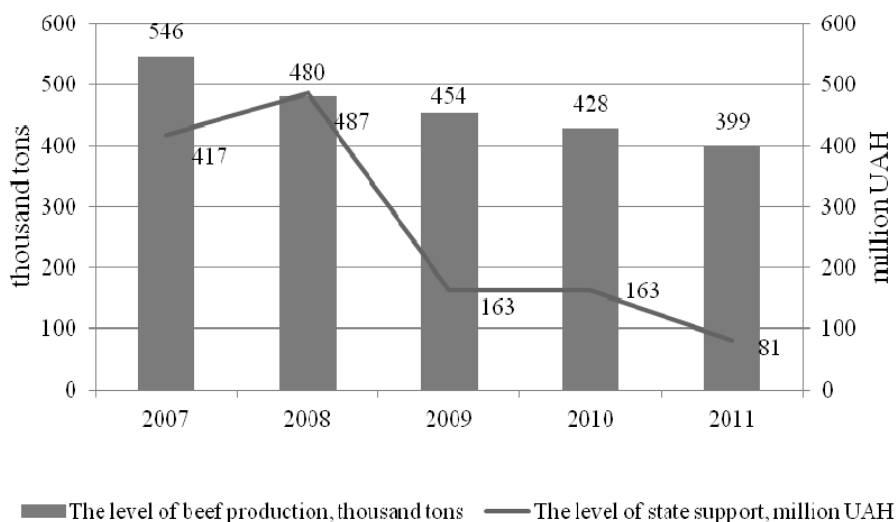


Source: built due to the data of the National Statistics Service of Ukraine and Food and Agricultural Organization of the United Nations (FAO)

Prices for beef on domestic market had the trend to decrease during the analyzed period (Figure 8). A gradual price increase in 2010 and 2011 was caused by a product supply decrease, a price increase for industrial products, consumed in agriculture, and a demand increase for agricultural raw on world markets (Chornorot, 2011).

At such circumstances, a production efficiency in stockbreeding industry largely depends on the governmental supporting activity (Figure 9).

Figure 9: Cattle meat production and the volume of state support for agricultural entities and households in Ukraine



Source: built due to the data of the National Statistics Service of Ukraine

The most important influencing factors of the meat industry development are the subsidies for sapling maintenance and saving, subsidies for product units, government subsidies for product quality, preferential taxation and loaning, minimal prices, duty tariffs for imported and exported products, target programs etc.

One of the most important elements of state regulation of the agricultural sector of economic is the tax system that affects to the amount, location and specialization of agricultural production, the choice of the legal form of business and the level of efficiency of use of available resources. (Mogilny, 2005)

Since 1999 Ukraine has enacted the Law „On Fixed Agricultural Tax” and entered into force amendments №639 of 31.10.1998 in the law „On Value Added Tax”.

From the data of Figure 9, we can see that producers depend on the government financial subsidies. Gradual decrease in the meat cattle industry can be noticed after funding decrease.

Characterizing the structure of financial support of a stockbreeding development, it is important to notice the dominance of indirect support through special regimes and taxation mechanisms using direct budget financing (Andriyevskiy, 2008). A significant portion of subsidy resources are received by meet cattle producers due to VAT. During the analyzed period, the share of stockbreeding industry indirect funding due to VAT equals 55% (Table 1).

Indirect government support through VAT is important for agricultural producers. It provides substantial financial assistance to farmers to develop agricultural production, including livestock production. During 2006 to 2011 beef producers received 823 million UAH from VAT that is 53% of the total public funding.

The operating mechanism charging VAT creates a double effect: on the one hand, there is no outflow of proceeds from the sale of the funds allocated to current production needs, on the other - the funds returned as grants and received as refund. (Shyndyruk, 2006)

Becoming a full member of the World trading organization (WTO), Ukraine has begun to reduce indirect funding sources on behalf of direct programs, which do not provide a price support for producers. Between 2007 and 2011 the total volume of meat cattle industry government financial support has been decreasing from 416759.4 thousand UAH to 81107.5 thousand UAH for almost 80%. Among them VAT subsidies have decreased for 70%. The results of analysis show, that, measuring per 1 metric center, in the period from 2007 to 2011 the price for cattle meat has increased by 2.3 times and general costs has been increasing by 1.8 times, governmental support due to budget subsidies and VAT has decreased 8 and 4 times accordingly. During the analyzed period, the volumes of government financial support of the cattle production have been being far behind the growth of prices and general costs for cattle products.

One of the most influencing factors of stockbreeding support is the support of large-scale production by partial refunding of the cost of farms and complexes building (or reconstruction). In 2011, 500 million UAH were directed from the state budget for this purposes. The mechanism of compensational means receiving and using is confirmed by the Resolution of government № 900 on 4 October 2011. Due to this normative document the budget subsidies will be directed to cover 50% (without including VAT) of costs of farms and complexes built (reconstructed) in 2009-2011.

The achievement of objects capacity minimal level is the main requirement to the state support receiving (Maslak, 2012).

Difficulties in the stockbreeding branch have been confirmed by the beef production at a loss between 2007 and 2011. Due to subsidies, meat producers could compensate their expenses for average 10.5% during the analyzed period.

Table 1. The production effectiveness and the volumes of beef state support in Ukraine

Indexes	Years				
	2007	2008	2009	2010	2011
The amount sold cattle products, thousand tonnes	148,6	222,1	200,6	191,9	170,7
Total value of 1 quintal, UAH	883,5	1101,4	1236,9	1397,2	1590,5
The average retailing price of 1 quintal, UAH	516,4	835,5	830,6	896,1	1196,7
Income (loss) for 1 quintal, UAH	-367,2	-265,8	-406,2	-501,2	-394,1
The state support:					
- from budget support, million UAH	237,9	238,3	78,9	47,4	33,9
for 1 quintal, UAH	160,1	107,3	39,3	24,7	19,9
- from VAT, million UAH	178,9	248,2	83,8	115,7	47,2
for 1 quintal, UAH	120,4	111,8	41,8	60,3	27,7
The level of profitability (unprofitability) without support, %	-41,6	-24,1	-32,9	-35,9	-24,8
The level of profitability (unprofitability) with support, %	-23,6	-4,2	-26,3	-29,8	-21,7
The nominal protection coefficient for producer (NPCp)	1,21	1,33	0,98	0,91	0,89
The producer support equivalent (PSE),%	8,20	17,96	-2,88	-8,11	-7,82
The nominal assistance coefficient for producer (NACp)	1,2	1,27	1,00	1,00	1,00

Source: calculated due to the data of the National Statistics Service of Ukraine

According to an international practice, the efficiency of domestic support of agriculture products is measured by the comparison of domestic and world prices for produced goods. The approach, mentioned above, is based on the principle of differences elimination for prices on domestic and world markets due to abolition of governmental intervention (Dibrova, 2007).

Table 1 contains the measurement of the most common indexes, used in Organization for Economic Co-operation and Development (OECD) member countries. They are the followed: nominal protection coefficient for producer (NPCp), producer support equivalent (PSE) and nominal assistance coefficient for producer (NACp). NACp is used to determine the amount of profits of Ukrainian producers in world prices without a state support. The calculation of NACp confirms the previous consequences. During 2009-2011 the meaning has been being equal one. This means that the beef producers have been receiving profits fully from the market.

According to the data Table 1, by increasing the amount of state support managed somewhat to increase the effectiveness of production of cattle. However, beef

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production in Ukraine is unprofitable. The analysis shows that there are significant regional differences in the amount of state support livestock production in agricultural enterprises.

After grouping farms by the largest state support per 1 hundredweight of beef obtained the following results are given in Table 2.

According to the data Table 2, the following conclusions can be drawn. Most meat cattle were sold by farms, which fell into the group „> 60”. It is in this group with the lowest level of received government subsidies of all types per 1 hundredweight of beef observed the lowest cost and profit of production. Interestingly, the agricultural enterprises of Kharkov and Transcarpathian regions got into the group „151>”, because they received 163.6 UAH per 1 hundredweight and 212.1 UAH per 1 hundredweight of beef respectively, therefore had the greatest loss ratio -60.8%.

Table 2. Grouping of farms by size of state support per 1 hundredweight of beef, 2011

State support per 1 hundredweight, UAH	Number of regions in group	Number of farms in group	Subsidies, per 1 hundred weight, UAH	Including:		Sales volumes, thousand hundredweight	Cost of 1 hundredweight, UAH	The average selling price of 1 hundred-weight, UAH	Profit (loss) is based on 1 hundredweight, UAH	Loss ratio, %
				supports from VAT, UAH	budgetary subsidies, UAH					
> 60	17	31574	33,4	16,9	16,0	1220,0	1601,0	1199,3	-40,1	-24,4
61-150	6	8368	103,0	56,7	46,3	409,0	1608,8	1184,0	-39,5	-25,7
151>	2	2653	187,9	128,5	59,4	78,0	1683,8	1098,8	-60,8	-34,7
Total	25	42595	47,5	27,7	19,9	1707,0	1590,9	1196,7	-39,4	-24,8

Source: calculated due to the data of the National Statistics Service of Ukraine

It can be concluded that the largest share of subsidies goes to big products producers. Subsidies paid to the cost of production, which has two components - the price and volume of sales, the commodity producer hardly is able to influence to the first one, so the second component remains, and that is stimulated an increase in sales due to both its own production and purchase products from the public population

followed by submission to the processing companies to obtain grants. On the other hand, the amount of subsidies depends largely on the business of processing plants. It affects the tax liability and the tax credit on it. For example, the acquisition of main funds by processing plants, now virtually eliminates agricultural commodity producers subsidies. (Borodina, 2008)

The budget subsidy is provided for:

- Agricultural enterprises – for grown and sold, including through commodity exchanges and auctions for slaughter and processing for entities that have their own (rented) processing power or slaughtered and processed in their own (rented) processing workshops – of young cattle, pigs (for except for sows and boars) and domestic poultry (broiler chickens, ducks, geese, turkeys);
- individuals – for grown and sold, including through commodity exchanges and auctions for slaughter and processing for entities that have their own (rented) processing power, young cattle, pigs (except for sows and boars).

To provide fiscal subsidies for locally grown and sold cattle is determined by the following minimum of adopted live weight of young cattle: for farms - 390 kg and for individuals – 330 kg. Young cattle at the time of retirement at the processing plant must be identified and duly registered. (Resolution..., 2009)

There are different opinions of scholars and experts about amounts and procedures of addressing to direct budget support for the development of agricultural production, including livestock. The current mechanism is based on a quantitative approach to the problem. Often in scientific papers can be found criticism of this subsidy by virtue of its inefficiency and irrationality. However, in our opinion, given the present economic situation in which livestock is developing, it is necessary not only to maintain this mechanism, but also increase the amount of funding.

From 1 July 2012 was enacted the Law of Ukraine „On peculiarities of agricultural products insurance with state support”, which provides granting to agricultural producers funds from the state budget in the form of subsidies for the payment of insurance premiums (premiums) accrued under the insurance contract. This law will promote the development of the insurance market in agricultural production and allow producers to reduce insurance costs for agricultural products. Also since 2000 was provided partial compensation of interest rates for loans of commercial banks and the implementation of the lease payments. The size of credit rates, that is compensated, the maximum size for the involved loans, and also procedure the compensation of lease payments are determined by the Resolution of Cabinet of Ministers of Ukraine „On approval of the procedure of using of funds allocated in the state budget for the financial support of entities agriculture through the mechanism of reduction of loans and compensation of lease payments from 11.08.2010.

Pricing Regulations as the direction of state support of producing of domestic agricultural products was made possible by the Law of Ukraine „On State Support of Agriculture” (2004). It gave an opportunity for the application of minimum purchase prices of livestock products. However, the possibility of forming of pricing policies for products of the agricultural sector of economic after WTO accession is limited commitments undertaken by Ukraine in joining the community, and the provisions of the multilateral agreements of WTO members. To complete the process of accession to

the WTO were made corresponding changes in national legislation on price regulation. The Law of Ukraine „On Amending the Law of Ukraine” On State Support of Agriculture of the country № 401-V of 30.11.2006 were repealed provisions on the application of minimum purchase prices to import. (Kobuta, 2010)

To create the organizational and economic conditions of integrated rural development and to improve the social level of the rural population – especially, increasing its employment and income – the definition of priority directions of development of the agricultural sector should be used; in modern terms to guarantee food security and to ensure the conditions for competitive development of agricultural sector. These comply with the WTO decision number 1158 of 19 September 2007 of Cabinet of Ministers of Ukraine approved the „Comprehensive Program of developing of Ukrainian village to 2015.” For Livestock development were outlined the following objectives:

- Stop reducing cattle herds by improving mechanisms for budgetary subsidies;
- To provide a gradual increase in the number of high producing dairy cows in farms and bring it to 1.7-1.9 million head by its own reproduction and organization of purchasing of repair heifers outside Ukraine;
- ensure the growth of meat production through the development of beef stockbreeding, poultry and pigs in farms and large farms;
- Encourage the development of beef stockbreeding at favourable for its development regions of the country;
- Promote the development of competitive industries by supporting the formation of mechanized livestock farms and facilities, staffed by highly productive livestock and provided with adequate feeding grounds;
- To create a modern state system of selection of breeding livestock and poultry;
- To create conditions for better support of farmers, especially subsistence farms, by breeding young stock;
- Promote the concentration of livestock production in private farms by forming cooperatives to produce by them the high-quality raw materials and safety for human health animal products, expanding procurement of infrastructure, increase commercialization of livestock production by 1.5 times;
- Promote the development of feed industry on a cooperative basis and the creation of pasture;
- Expand the network of training operators livestock various fields, enhance skills and improve the mechanism of certification of specialists and workers in the sector. (Decision..., 2007)

As we can see in the figures above, since 2007-2008, managed to stop reducing livestock numbers therefore it can be considered as the first success in this project.

Given the crisis in domestic stockbreeding due to a decrease in volume of production of its products and the number of animals in farms of all types of ownership, the need for the developing of industry to meet the food needs of the country and its competitiveness in the domestic and foreign markets, research institutions of the National Academy of Agricultural countries have developed National Science project „Recovered stockbreeding”. Duration of the project is provided to 2015, which is providing the ways and mechanisms to increase cattle

herds, its performance of livestock production with the corresponding organizational, economic, technological, technical and regulatory support. It is based on the basic principles of „State program of development of Ukrainian village to 2015.”

Conclusions

Stock-breeding food producers provide a food safety of a state, provide other branches of an economy with raw materials, and are one of the population social level criteria. Unfortunately, during the last 20 years the meat stock-breeding of Ukraine has been in difficult situation. The cattle branch suffered serious quantitative and qualitative losses. Simultaneously, positions of Ukraine in the world market became weaker and the export potential decreased.

In such a situation in the field of stockbreeding, livestock production efficiency is largely dependent on government support mechanisms. It is clear that government support can provide the stockbreeding sector with anti-crisis-oriented direction, to achieve sustainable development in the conditions of market economy, improve its efficiency and competitiveness in the global market. State support should be put in the centre of the whole system of measures for breeding of cattle production from the critical condition as it will give quick returns, would solve the food problem, and most importantly – will be the locomotive that drives the other sectors of the economy.

The showed calculations of the production effectiveness figures and of the beef producers' internal support determine that there is a need to correct the state program and to search new decisions for the cattle development policy in Ukraine.

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