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PECULIARITIES OF RURAL AREAS IN THE CONTEXT OF CROSS-BORDER COOPERATION

This paper substantiates theoretical and applied principles for the development of rural areas of Ukraine in the context of cross-border cooperation. It outlines the basic directions of rural development policy and EU Common Agricultural Policy. It identifies promising directions for further research of socio-economic development of rural border areas in combination with the strategy of European integration.

Keywords: *sustainable development, cross-border cooperation, rural areas, environmental security, European integration.*

Intensive integration processes characterize contemporary international relations, among which an important role belongs to cross-border cooperation. Cross-border cooperation is a common action aimed at establishing and deepening economic, social, environmental, scientific, technical, cultural and other relations between local communities and authorities of Ukraine, and local communities and relevant authorities of other states within their competence defined by national law. Such cooperation determines priority direction of EU regional policy.

The desire to integrate Ukraine into the European Community requires the elaboration of measures and mechanisms for sustainable development of the economy as a whole, and individual territorial units of border areas. Rural areas play an important role in the CBC. Without overcoming negative tendencies in the development of rural border areas, our state cannot effectively compete with the economies of developed neighbouring countries. Low living standards of the rural population results in the outflow of its most active part, intensifies the external labour migration, which enhances the process of decline of Ukrainian rural areas.

Socio-economic and environmental development of rural areas is one of the priority strategies of most developed countries in the world and the European Union. Effective implementations of state programmes depend on the strategic development of the social and political circumstances of each country, the geographical and climatic conditions, and the current state of economic development and living standards.

For Ukraine, it is important to explore overseas skills of sustainable rural development, to analyze their patterns and trends. Especially useful for the domestic economy in the context of European integration should be the experience of the European Union.

The European Union pays great attention to rural development, as in 27 EU countries the share of rural population is 27.1% (according to the classification by population density), 20.1% of total population live in the predominantly rural areas (classification at the regional level), and the share of employment in agriculture ranges within 3-4% of the total number of employees [7]. Rural development policy in the EU is part of the structural policy and the Common Agricultural Policy (CAP). Throughout its evolution, it gradually departed from the principles that were based on territorial division, and reoriented to approaches related to territorial coordination and convergence. Priorities for the EU rural development policy for 2007-2013 were competitiveness, environment and land management, multifunctional countryside and quality of life [1].

EU Common Agricultural Policy combines elements of market regulation, pricing, foreign trade and structural policies. Since in agricultural economics sectoral and regional factors are integrated into one, CAP aims gradually shifted from problems of agriculture to the challenges of rural development. Therefore, speaking about the current EU agricultural policy, one should understand that it was formed and operated on the foundation and framework of regional, primarily structural, policy. CAP EU in the broadest sense is the general direction of EU policy aimed at [4]:

- improvement of legal regulation of relations in the agricultural sector;
- improvement of administrative relations between institutions and business entities in agriculture;
- adoption of economically viable and effective regulations that enhance the competitiveness of EU agriculture and rural development;
- promotion of further liberalization of EU agriculture in line with WTO requirements.

For effective rural development of the European Union, great importance has the creation of specialized institutions. Since 1988, operates the European Study Group on Rural Development and Village Renewal (ARGE). To provide funding for rural development, there were created such important institutions as The European Regional Development Fund (ERDF), European Social Fund (ESF), European Agricultural Guidance and Guarantee Fund (EAGGF), the Financial Instrument for Fisheries Guidance (FIFG) and others.

The European experience of regulation of agricultural development proves the high quality of regulatory policy, which manifests itself not only in lax taxation of business entities, but also in the developed and diversified system of grants, subsidies and reimbursements for insurance of agricultural activities. In particular, the programme AR & MR (Agency for Restructuring and Modernisation of Agriculture) pays out subsidies on agricultural land (basic subsidy per hectare is 125 euros per year, structural pension benefits (when a farmer reaches 55 years of age, and, for example,

if he owns 20 hectares of farmland, the payment equals 500 euros a month), subsidies on low marketable farms (1250 per year for each sector), etc. [6].

Developed countries actively subsidize agriculture also for reasons of food security and to minimize threat of excessive migration of rural population to the cities and abroad, etc. The amount of such subsidies in the EU is an average of 50% of the agricultural produce, in Switzerland - 82%. According to the existing estimates, nearly 75% of agricultural products sold in the domestic market of the EU, are subject to government support measures [3].

In some economically developed EU countries, including Norway and Austria, the share of public spending in support of national agricultural production is close or even exceed the share of agricultural production in GDP. Such a high level of public support for agricultural production in the EU is directly related to the provision of conditions for agricultural enterprises to withstand competitive pressure, to introduce innovative technologies, and engage in the cultivation of environmentally friendly products.

Developed network of specialized EU institutions for effective rural development, healthy competition among agricultural producers and focus on the environmental and socio-economic stability, ensure conditions for effective macroeconomic development and the real possibility of forecasting macro-level indicators and the indicators of agricultural market development.

In this aspect particularly interesting for Ukraine is the principle of predictability of pricing policy of the European Union. In particular, for sugar in 2015 was determined basic price per tonne of beet, provided compensations for the reduction of their production, and the payments mechanism for raising saccharinity of beets per tenth of one percent. All these parameters are communicated to each country - member of the EU, and to each farmer through the Agency AR & MR. Under the programme SAPARD (Special Accession Programme for Agriculture and Rural Development) for plant cultivation were financed measures to reduce sugar production [6].

Specialized system of agricultural credit and insurance also provides Stability for the EU agricultural sector. It is based on the activities of the specialized agencies lending to farmers, cooperatives, and land banks and other financial institutions. Quite common in European countries is the practice of public financing for the acquisition of means of production for agriculture. In addition, the system of compensation payments from the state budget insures farmers in case of unfavourable weather conditions, floods, epidemics, etc. There are also budgetary payments related to “regional support”, due to which farmers have the opportunity for agricultural production on an extended basis in areas with adverse weather conditions [2].

The important functions of government regulation in the EU include managing technical progress in agriculture through research institutions and educational institutions, vocational training, advanced training, providing advice to farmers, technical and commercial services through public procurement, public wholesale markets, veterinary care and credit. The state also provides control and accounting (product quality inspection, veterinary inspection, statistics, etc.). Some Western countries now undertake social reconstruction of countryside through the elimination of small production, training of persons driven out from agriculture to work in other industries, as well as the development and implementation of special programmes of rural development [5].

At the same time, exploring issues of public policy of rural development in the context of Ukraine’s European integration, we can not but mention the fact that in recent years in the EU itself have been taking place changes to the approach of prioritizing Common Agricultural Policy (CAP). Thus, the economic integration of Ukraine in the EU involves the objectives of bringing Ukrainian agricultural production to European standards. In this context it is important to take into account modern trends and proposals to reform the CAP, among which should be noted: a) the abolition of payments to farmers to support their income, but instead concentration of resources on intensive rural development and agricultural production compatible with natural conditions, and b) gradual reduction of

direct payments and market regulation instruments (in the future - complete abolition), c) redirection of funding from the budget, intended for direct payments, to rural development to promote quality agricultural produce and consumption of healthy foods in the EU and beyond it [4].

EU agricultural policy is changed and improved in favour of market-oriented reforms. The EU includes a number of countries for which agriculture does not have natural advantages. Ukraine's agriculture is characterized by significant natural resources potential and has the possibility of a gradual approach to the requirements of the EU CAP. This is not about the need for direct copying of the EU Agrarian Policy. But at the same time, due to the factors by which Western states could provide their populations with sufficient food at affordable prices and make the agricultural sector technically equipped and productive, Ukraine could create conditions for the development of efficient production, marketing, processing and distribution structures through appropriate legislation and policies, using European experience.

Consequently, the EU experience is appropriate in terms of improving agricultural market infrastructure and organization of trade flows, achieving parity prices in agriculture, in defining the role of government support for agricultural producers and others. After neighbouring countries joining the EU, Ukraine's membership in the EU has become a real priority prospect that can be accelerated by economic reforms and development of cross-border cooperation.

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В статті обосновані теоретичні та практичні основи розвитку сільських територій України в контексті трансграничного співробітництва. Охарактеризовані основні напрямки політики розвитку сільських територій та Єдиної аграрної політики ЄС. Виявлені перспективні напрямки подальшого

исследований социально-экономического развития сел приграничных территорий Украины в сочетании со стратегией евроинтеграции.

Ключевые слова: *устойчивое развитие, трансграничное сотрудничество, сельские территории, экологическая безопасность, евроинтеграция.*