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## РОЗВИТОК ІНФРАСТРУКТУРИ АГРАРНОГО РИНКУ ТА СТИМУЛЮВАННЯ АГРОПРОМИСЛОВОГО ВИРОБНИЦТВА

**Актуальність.** Агропромисловий комплекс є одним з бюджетонаповнюючих галузей народного господарства, частка яких в консолідованому бюджеті України за останні роки становить в середньому 12%, а в експортній структурі - більше третини. Аграрний сектор є частиною загальної економічної системи країни та пов'язаний з іншими секторами економіки складними багатосторонніми відносинами. Стимулювання інтеграційної діяльності в аграрному секторі позитивно впливає на розвиток галузі. У свою чергу, інтеграція України до інститутів світового співтовариства полягає в тому, щоб створити вигідний прецедент, нову форму відносин для економіки для досягнення більш високого рівня розвитку. Сільськогосподарське підприємство характеризується невідповідністю інтересів виробників сільськогосподарської продукції з переробниками та іншими постачальниками. Інтеграція полягає у створенні умов для взаємної допомоги для підприємств на базі узгоджених принципів вигідних відносин (ціноутворення, технологічна допомога на дому) та узгодженості інтересів.

**Мета та завдання.** Метою статті є визначення концептуальних засад регулювання економічного розвитку інфраструктури аграрного ринку та стимулювання агропромислового виробництва, на прикладі місцевих виробників, їх можливостей для географічної сертифікації/ідентифікації та встановлення зав'язків з організаціями, які на місцевому рівні підтримують роботу цих виробників. Сертифіковані місцеві еко продукти можуть впливати на розвиток місцевого бізнесу та впливати на інші продукти, а саме: підвищувати їх цінність, посилювати інтеграцію в сільській місцевості та підвищувати вартість місцевих ресурсів. Завданням також є відображення реального стану та визначення проблем розвитку аграрного сектору, стимулювання агропромислового виробництва України, визначення конкурентоспроможності продукції, функціонування інфраструктури аграрного ринку. Використано методи наукового дослідження: діалектичний метод пізнання дії економічних законів, статистичний та порівняльний аналіз...

**Результати.** Розглянуто концептуальні засади регулювання економічного розвитку інфраструктури аграрного ринку та стимулювання агропромислового виробництва, на прикладі місцевих виробників, їх можливостей для географічної сертифікації/ідентифікації та встановлення зав'язків з організаціями, які на місцевому рівні підтримують роботу цих виробників. Викладено авторське тлумачення агропродовольчого ринку як системи установ та економічних відносин, що забезпечують процеси виробництва в аграрному секторі, обміну, реалізації та споживання продуктів харчування. Вивчені питання аграрного виробництва, які постають у вирішенні комплексу проблем соціального та екологічного характеру, оскільки домінування лише економічних інтересів завдає неоправної шкоди довкіллю, впливає на якість життя громадян, опосередковано зменшує рівень продовольчої безпеки країни та в підсумку знищує національну безпеку держави. Систематизовано теоретико-методологічні засади концепції сталого розвитку з урахуванням особливостей її галузевої реалізації.

**Висновки.** Для вдосконалення розвитку інфраструктури та функціонування аграрного сектору при виробництві продукції дані дослідження слугують орієнтиром для ухвалення управлінських рішень щодо напрямів підвищення виробництва та конкурентоздатності продукції агропромисловості. Інститут сертифікації місцевих еко продуктів вплине на розвиток органічного виробництва, підвищить цінність таких продуктів, посилить інтеграцію в сільській місцевості та підвищить вартість еко продуктів...

**Ключові слова:** аграрний сектор, державна політика, розвиток, аграрний ринок, інфраструктура, європейська практика, транскордонні зв'язки, географічна сертифікація/ідентифікація.

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## THE DEVELOPMENT OF THE INFRASTRUCTURE OF THE AGRICULTURAL MARKET AND THE PROMOTION OF AGRO-INDUSTRIAL PRODUCTION

**Topicality.** The agro-industrial complex is one of the budget-filling branches of the national economy, the share of which in the consolidated budget of Ukraine in recent years is an average of 12%, and in the export structure - more than a third. The agrarian sector is part of the country's overall economic system and is linked to other sectors of the economy through complex multilateral relations. Stimulation of integration activities in the agrarian sector has a positive effect on the development of the industry. In turn, Ukraine's integration into the institutions of the world community is to create a favorable precedent, a new form of economic relations for a higher level of development. An agricultural enterprise is characterized by a mismatch of interests of agricultural producers with processors and other suppliers. Integration is to create conditions for mutual assistance for enterprises on the basis of agreed principles of beneficial relations (pricing, technological assistance at home) and coherence of interests.

**Purpose and tasks.** The purpose of the article is to determine the conceptual framework for regulating the economic development of the agricultural market infrastructure and stimulate agricultural production, for example, local producers, their possibilities for geographical certification / identification and establishing links with organizations that support the work of these producers locally. Certified local eco-products can have an impact on the development of local businesses and influence other products, namely: increase their value, strengthen integration in rural areas and increase the cost of local resources. The task is also to reflect the real state and identify the problems of the agrarian sector development, stimulate the agro-industrial production in Ukraine, the definition of the competitiveness of products, the functioning of the infrastructure of the agrarian market. The methods of scientific research are used: the dialectical method of knowledge of the effect of economic laws, statistical and comparative analysis.

**Results.** The conceptual principles of regulation of the economic development of the infrastructure of the agrarian market and stimulation of agro-industrial production, on the example of local producers, their possibilities for geographical certification / identification and establishment of connections with the organizations supporting the work of these producers at the local level are considered. The author's interpretation of the agro-food market as the system of institutions and economic relations providing the processes of production in the agrarian sector, exchange, sale and consumption of food products is presented. The issues of agrarian production that are solving a complex of problems of social and ecological nature are studied, since the domination of only economic interests causes irreparable damage to the environment, affects the quality of life of citizens, indirectly reduces the level of food security of the country and, as a result, destroys the national security of the state. The theoretical and methodological principles of sustainable development concept are systematized taking into account the peculiarities of its branch implementation.

**Conclusions.** In order to improve the development of the infrastructure and the functioning of the agrarian sector in the production of products, these surveys serve as a benchmark for the adoption of managerial decisions regarding the directions of increasing production and the competitiveness of agro-industrial products. The Institute for Certification of Local Eco-Products will influence the development of organic production, increase the value of such products, increase integration in rural areas and increase the cost of eco-products.

**Key words:** agrarian sector, state policy, development, agrarian market, infrastructure, European practice, transboundary relations, geographical certification / identification

**Problem statement and its connection with important scientific and practical tasks.** The Ukrainian agricultural sector with production potential, which significantly exceeds the needs of the domestic market, is a link, on the one hand, it can become a driving force for the development of the national economy and its effective integration into the world economic space, and on the other hand, the income growth involved in the rural economy makes up more than a third of the total population of the country, give a multiplier effect in the development of other sectors of the national economy.

In addition, the agricultural sector is one of the main budget-forming sectors of the national economy, whose share in the consolidated budget of Ukraine in recent years is 8-9%, and also ranks second among the sectors of the economy in the commodity structure of exports. The agricultural sector contributes to the development of other industries that supply the means of production and consume agricultural products as raw materials, as well as provide transportation, trade and other services.

The combination of industries, feed the population of the country, its agrofood complex - the most important component of the modern national economy of Ukraine. Its share, if we take the market value of goods and services produced in all industries, exceeds 25%, in the country's commodity exports, the share of the agricultural and food industry is more than 40%.

The leader of the consumer market in 2016 was consumer goods - 56.7%, non-food - 27.5, services - 15.8%.

The socio-economic significance of the development of agro-industrial production, its every grocery complex, as well as a specific industry, can ensure the production of a wide range of quality agro-food products, affecting the interests of the entire population of the country, the state as a whole.

**Analysis of recent publications on the problem** At the present stage of development of agrarian science, a certain attention is paid to the theoretical problems of the development of the infrastructure of the agrarian market and the practical aspects of its functioning. Issues of infrastructure development were investigated by Gubsky B., Kara D., Kovalenko Yu. and others.

**Allocation of previously unsolved parts of the general problem.** However, today there are insufficiently disclosed questions concerning the conditions for the formation and effective functioning of the infrastructure of the agrarian market..

**Formulation of research objectives (problem statement).** Purpose is to reflect the real state and identify the problems of development of the agricultural sector, stimulate the agro-industrial production of Ukraine and the functioning of the infrastructure of the agricultural market..

**An outline of the main results and their justification.** In agricultural production, a question arises of solving a set of problems of a social and environmental nature, since the dominance of only economic interests causes irreparable harm to the environment, affects the quality of life of citizens, indirectly reduces the level of food security of the country and eventually destroys the national security of the state. The combined interaction of the three main components (economic, environmental and social) is an effective direction for ensuring the sustainable development of the agricultural sector of the national economy.

On the basis of a systematic approach, the sustainable development of the agricultural sector of the national economy is defined as the process of dynamic transition to a new level of functioning. In order to ensure the development of the agricultural sector, it is necessary: to ensure the rational use of the existing natural resource potential, taking into account promising opportunities; ensuring ecological agricultural production; increase employment.

In accordance with generally accepted principles of sustainable development, tactical priority in the agricultural sector should be based on the principles of flexibility and adaptability to changing environmental conditions with the introduction of environmental responsibility of the management subjective and the society as a whole; rational use of natural resources that will ensure competitiveness; applying certain rules and actions towards sustainable development as a strategic goal.

The agro-industrial complex is one of the main budget-forming sectors of the national economy, whose share in the consolidated budget of Ukraine in recent years is on average 12%, and in the export commodity structure - more than a third.

The agricultural sector is part of the general economic system of the country and is connected with other sectors of the economy by complex multilateral relations.

Stimulation of integration activity in the agrarian sector has a positive impact on the development of the industry. In turn, the integration of Ukraine to the institutions of the world community has the goal to

create a profitable precedent, a new form of relationship for the economy to reach a higher level of development. An agricultural enterprise is characterized by inconsistency in the interests of agricultural producers with processors and other suppliers. In integrating the pryagai in creating conditions for mutual assistance and enterprises to support each other on the agreed principles of profitable relationships (pricing, technology-based home help), consistency of interests.

The development of efficient, competitive and innovation-oriented agrarian production is ensured in certain institutional conditions and depends on incentive mechanisms. The latter, in the form of a set of measures, means and institutions, determine the construction of effects acquired as a result of economic exchange. Dynamics of the number of agricultural enterprises in Ukraine of multidirectional changes, which are the result of the development of incentive mechanisms for agricultural production.

Land, natural conditions, appropriate economic relations, the implementation of agricultural technologies (irrigation, destruction of weeds, the introduction of nutrients, loosening the soil, the control of pests and diseases of plants and animals) provide the necessary agricultural products. So, agricultural enterprises (except small) from the sale of actually produced agricultural products in 2012. Received 143 billion UAH., Which is 25% more than in 2011, including: from the sale of crop products - 104, 0 billion UAH. (30% more than in the previous year); from the sale of livestock products - 39.5 billion. UAH. (15% more than in the previous year). A significant increase in the volume of sales by agricultural enterprises to 72.5% in 2012 (against 70% in 2011).

In crop production, land supply in land plots is 2.4% higher than the total for farms, which is associated with cultivation of predominantly intensive and expensive crops: potatoes, vegetables, fruits and berries, and in farms and farms less intensive grain and technical. In livestock farming, the population uses land resources most efficiently: the cost of gross livestock production per 1 hectare was 2.7 thousand UAH. That is 9 times more than in farms and 1.5 times more than in agricultural enterprises. This is explained by the fact that in farms of a population of 100 hectares of farmland there are 19.9 heads of cattle, whereas in agricultural enterprises and farms there are 4.1 and 2.5 heads, respectively..

The production of grain and leguminous crops in Ukraine in 2015 increased compared to 2010 by 20.855 million tons or 53.1%. Similar trends are observed in the production of such crops as sunflower seeds, increased by 4,409,000 tons or 65.1%; potatoes, the production of which increased by 2134 thousand tons or 11.4%. But there was a decrease in the production of sugar beet from 13,749,000 tons in 2010 to 10,331 thousand tons in 2015, or by 24.9%.

The inter-branch relations of the leading part of the domestic agri-food complex — agrarian production — are formed in two directions: the purchase of someone else's and the sale of their products. A characteristic feature of the agrarian industry is a high level of intra-industry self-sufficiency in the means of production, that is, fodder, seeds, livestock, manure - both their own production costs and their own products.

Interbranch proportions in the agri-food complex itself are primarily characterized by the presence of its industries in the food market, which is determined by their marketable products.

Table 1

**Commercial products of the branches of the agri-food complex of Ukraine in 2016**

Areas of agri-food complex	Sales volumes	
	billion of UAH	% To the total
agriculture, hunting	397,3	41,4
fish industry	1,3	0,1
food production	427,2	44,6
alcohol production	57,3	6,0
tobacco production	47,9	5,0
restaurant house	27,7	2,9
Total	958,7	100,0

Agriculture is the coexistence of various types of business activities, the combination of which is caused by external and internal factors, in particular the pleasure of the economic interest of the producer, natural conditions, proximity to markets, specialization of the situation, availability of necessary resources, national characteristics. This gives grounds to distinguish two main forms of competition - external and internal.

The problem of competitiveness is global in nature, therefore, on the one hand, it determines many aspects of economic and social policies of countries, and on the other, it affects the interests of all citizens acting as consumers. Competitiveness of agricultural enterprises is a set of opportunities and resources to produce and sell high-quality agricultural products in the market compared with competitors.

Note that in order to ensure the competitive advantages of modern agrarian enterprises - the leaders must observe certain rules: an agricultural enterprise must offer the best products on the market based on its advantage in certain elements of value; maintain threshold standards for other components of value. Consumers do not expect any outstanding achievements for other components of value, but they expect the supplier to adhere to the standards accepted in the market. Agricultural raw materials at the lowest price on the market are unlikely to find a buyer if its quality and costs for processing or refining are not accepted; dominate the market, constantly increasing value. Competition contributes to the steady growth of consumer expectations; to ensure the provision of the highest value of products that are produced and sold in the agricultural market.

It should be noted that positive social changes are taking place, the level of wages in the agricultural sector is increasing, as well as its relation to the average wage in Ukraine: if in 2010 this share was 63.2%, then in 2016 it grew to 80, 9% respectively. On the other hand, the average share of labor remuneration in the total expenditures on the production of agricultural enterprises for my period is about 5.5%. That is, certain resources for the growth of the level of wages in agriculture and, accordingly, a share in expenditures. The incomes of households engaged in agricultural production also increase.

The state banking system provided loans at 2-3% per annum, which made it possible to implement long-term and large-scale projects. At present, the number of unprofitable enterprises is 21.4%. The level of profitability of all activities decreased to 16.2%, the level of profitability of operating activities - to 22.5%. For production, agricultural enterprises must be provided with the necessary number of appropriate means of production and, above all, means of labor.

The transition to a market economy requires the formation of an appropriate market environment, without which a civilized and agricultural market, in the first place, is impossible. Agricultural producers independently choose the sales channels of their products, the forms of buying and selling resources, and use various intermediary structures in their business activities. All this necessitates the collection, accumulation and processing of growing information flows, agricultural enterprises must use efficiently and in a timely manner. Various newly-established institutions that promote the promotion of agricultural products from the producer to the final consumer, and make it possible to optimize the very process of agricultural production, belong to the market infrastructure. The harmonious development of the entire system of social production and the food security of the country depend on the effective functioning of all the existing infrastructural components.

The main supplier of commodity products to the agricultural market are agricultural enterprises of various forms of ownership and scale of production. Other subjects of such a market are food industry enterprises, procurement organizations, commercial structures, wholesale and retail trade, financial and insurance institutions, agricultural exchanges, and the like. The unity and correlation of the organizational and legal forms of management form the organizational structure of the agrarian market. But the current state of the formation of this structure, unfortunately, is in its infancy and lags significantly behind the needs of national agricultural producers.

Infrastructure is the basis, the foundation, the internal structure of the system. According to economists, the formation of the theoretical foundations of the research of innovation infrastructure is one of the most important problems of modern economic theory. As a result, there arises an objective need to develop conceptual approaches to solving the problem of forming an institutional theory of the innovation infrastructure as that sector of the economy that takes priority.

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The spread of innovations in agriculture has its own specificity, which is due to the fact that adaptation and transfer of the latest developments is necessary in different capacities and level of preparedness for commodity producers.

Institutes of the system of marketing of the agrarian market are the primary links of local markets, firms of retail, wholesale and retail trade, cooperation with which, as a rule, provides for the minimum costs of transportation, storage of products, organization of trade and other marketing activities. The most popular listed infrastructure elements are for small-scale and large-scale agricultural enterprises.

The implementation of large-scale production is provided by wholesale intermediaries in wholesale markets, agricultural exchanges, auctions, fairs, in agro-trading houses and at other objects.

Formation of an effective innovation infrastructure of the agrarian market in Ukraine remains one of the most difficult economic problems of our time, therefore it requires further deep scientific substantiation and improvement of new ideas and searches.

Speaking about the formation of the infrastructure of the agrarian market, we join the opinion of those researchers who note the need to form wholesale markets of both regional and national importance. Wholesale markets, by definition, Gladiy M.V. «Should not be the subject of sale and purchase of agricultural products, but only a place where the seller and the buyer meet, where the price is formed on the basis of supply and demand. Wholesale markets are often compared to motorways: None of - there is no 'business».

Despite the availability of regulatory support for the development of the infrastructure of the agrarian market, in Ukraine its operation does not yet provide free transparent movement of agricultural products, and the lack of a clear implementation scheme “producer - wholesale - retail - consumer” negatively affects the price situation on the agricultural market and does not give the manufacturer the opportunity to receive sufficient income from the grown products. A characteristic feature of the process of selling agricultural products in Ukraine is the small capacity of the primary market for agricultural products, i.e. deliveries of products by manufacturers directly to processing enterprises and the growing volume of the secondary market - intermediation from year to year. At the same time, the direction of commodity flows in commercial distribution channels with non-transparent conditions of sale and purchase, determining product quality and prices leads to significant financial losses for producers

An important role in the organization of the agrarian market belongs to the institutions of market infrastructure, which are designed to perform the function of generating market prices: stock exchanges, wholesale markets, auction trading, price monitoring system, and others. One of the necessary components of the transparency of relations in the market for goods and services and the development of the agrarian market is exchange trading. Stimulates the development of stock trading availability of transport links, both iron and water. Since standard contract sizes must be significant and require transportation to the place of delivery under exchange contracts, exchanges must be located in ports, be close to large cities or to borders, have elevators, and certified warehouses.

The mechanism of functioning of the exchange market (Fig.1) is based on other infrastructural elements, first of all it concerns agro-trading houses (ATH). The main task of regional trading houses is the organization of the local agrarian market and interaction with wholesale markets with exchange goods. Agricultural producers from agro-trading houses carry out operations to sell products and provide production with the necessary material resources.

An important role in shaping the infrastructure of the agrarian market should be played by live cattle auctions, which have not received significant development in the country. The formation of the agrarian market is impossible without the development of exhibitions and fairs, the main conditions of which are the presentation of new products, services and experience, the development of business partner contacts, the formation of demand and market promotion. Certain attention in the formation of the infrastructure of the agrarian market deserve procurement centers established in rural areas in the field of direct production of agricultural products. There are about 22 thousand in Ukraine. A whole network of procurement points, mainly these are points for the procurement of milk from private farms, because most of the milk produced is sold through procurement points.

Regulation of the development of infrastructure and indicators of the level of development and degree of use of the production infrastructure, determining the stages and order of the totality of elements and branches of the production service system. Systematization of infrastructure development indicators should be analyzed with indicators of the basic sectors of the auto-reclosing, reflecting the need for infrastructure services. It is known that in the conditions of an auto-rectifier, the level of infrastructure development does not meet market requirements, it is formed in this sector of the economy, and this very significantly holds back its stabilization and further development.

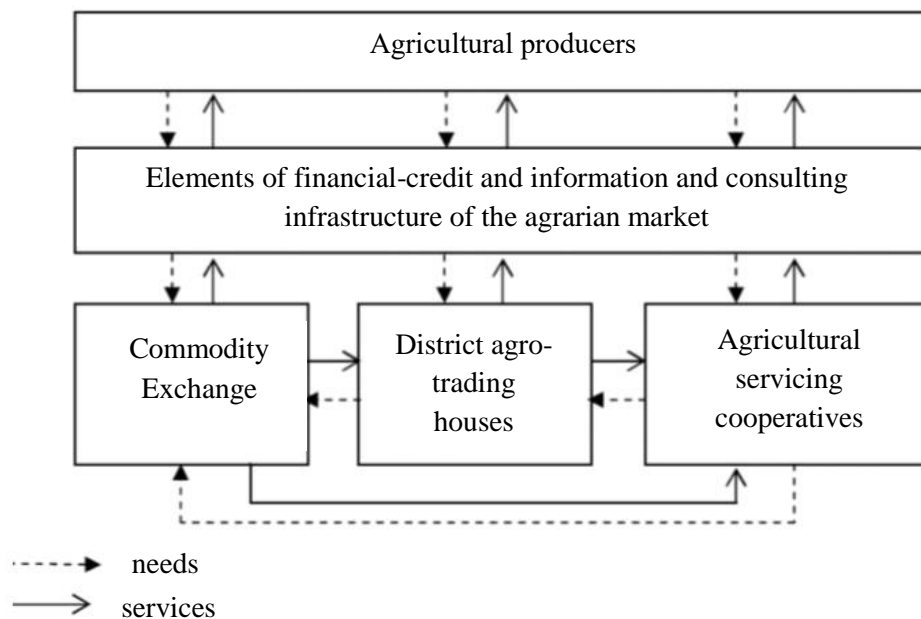


Fig. 1 The mechanism of the exchange of functioning with other elements

One of the most important is the production infrastructure (VI), the dogdo of which owns warehouses with refrigerating devices, storage facilities, a network of highways, energy, water and gas supply lines, elevators, agrotechnical, veterinary, material and technical services, enterprises of primary processing of raw materials, objects of a specialized trading network.

Social infrastructure plays a certain role in reforming the agro-industrial production, since it affects the productivity of labor and the creation of favorable living conditions for the population. The main function of the social infrastructure is to ensure the conditions of production and the livelihoods of the population, directly meeting the socio-cultural and everyday needs of the population, and not the needs of production.

In addition to the industrial and social infrastructure, the market infrastructure is also developing, because without it it is impossible to form market relations of productive forces in the agro-industrial production.

For instance, in Joint Operational Programme Black Sea Basin 2014-2020, which is funded by European Union, Institute of market problems and economic&ecological researches of the National Academy of Sciences of Ukraine implementss the «Sustainable agricultural Trade Network in Black Sea basin»-AgriTradeNet project, which aims increasing the capacity of the local producers, their opportunities for geographical certification/identification and establishment of links between the business organizations in BSB that on the local level supporting the work of the eco producers and organic production.

Regional branding of the local eco (organic) products not only brings benefits for the producer – it may become the indicator of regional development affecting social and economic sphere of the region. The key issue is to create links between regional brands, local community and the region to support its promotion and further development. Certified local products can influence local business development and affect other products – increase their value, strengthen rural integration and valorise local resources. A local product can play a role of a binder for local community – develop networks and relationships between local producers, non-rural businesses, diversify the employment in the region, open new opportunities for migrating unemployed young people, rural retirement population and marginalized groups.

Therefore, «Sustainable agricultural Trade Network in Black Sea Basin»-AgriTradeNet project fits in well with the project priority 1.2 of the Joint Operational Programme Black Sea Basin 2014-2020 which is increasing capacity of local producers and straightening cooperation between business, producers organizations and local authorities for regional branding and transnational trading of agricultural products.

The results «Sustainable agricultural Trade Network in Black Sea basin»-AgriTradeNet project are:

- Increased cross-border links for trade and eco modernisation in the agricultural and connected sectors in Black Sea Basin;

- Increased cross-border trade opportunities for agricultural and organic agro-industrial products;
- Ensured safety eco production of important agricultural products;
- Ensured IT tools for increasing capacity of local producers;
- Published research reports about the local legislation for safety and eco producing of traditional products, report for the local branding opportunities and study about the international trading links for this type of products.
- Developed local producers' market place for promotion of traditional organic agricultural products in the rural areas.

These results will be achieved by a group of activities like management. Implementation activities like: better cooperation of organizations in Black Sea Basin, straitening capacity of local interested organizations, activities for popularization of local eco products and communication activities.

The function of geographical indications: identifying and protecting the origin of local agricultural products and local / regional products, which are a form of intellectual property.

The project (ATN) is aimed at addressing issues such as:

- The ability of the GI to promote the competitiveness of local products in particular environmentally significant agricultural activities against alternative unsustainable or destructive activities;
- Expansion of cross-border links for trade and modernization in agricultural and related sectors in the Black Sea basin;
- Expansion of opportunities for cross-border trade in agricultural and agro-industrial products;
- Ensuring the safety of the production of important agricultural products;
- Providing IT tools to increase the capacity of local producers;
- The degree of internalization of environmental values in the price paid to consumers of GI products and when this will be achieved;
- Consequences of local stakeholders, in particular in relation to the integration of environmental issues into the GI strategies, as a result of creating synergies;
- The ability of GI to shape the socio-economic well-being of local actors, in particular the creation of economic incentives associated with sustainable environmental forms of agriculture;
- The existence of a "greening" process associated with GI products, with a specific focus on the existence of green articles in the product specification.
- Published scientific reports on local legislation to ensure the safety of the production of traditional products;
- Published scientific reports on local legislation to ensure the safety of the production of traditional products;
- A report on local branding opportunities and the study of international trade links for this type of product;
- Developing a market for local producers to promote traditional agricultural products in rural areas.

Geographical indicators are distinctive features.

First, they reduce the information asymmetry that exists between producers and consumers by providing the latest "information" about the product, thus reducing the transaction costs associated with studying the characteristics of the product.

Secondly, features such as GI and trademarks allow differentiation of the product. This means that manufacturers can invest in product quality and build a reputation around a distinguishing mark, occupy new market segments and receive "price bonuses" of the standard product value.

In the synthesis, both in trademarks (TM) and in GI, there is information that allows consumers to identify different products, associate different characteristics and qualities with each of them, and attribute different market values. On the other hand, from the point of view of the manufacturer, the differentiation factor (distinctive quality, distinctive image, etc.) makes it possible to search for higher market rewards for product sales.

The nature of the content of the information provided to the consumer of geographical indication is different from what is embodied in the trademark, in at least one aspect. Instead of signaling an entrepreneurial source of the product, the GI indicates a "quality link" consisting of three elements: the product, the geographical origin and the quality of the product, which is the result of its geographical origin.

Therefore, the GI informs about the specificity of the product (or, and usually protects the mark, but cannot use it on its products). Collective signs are generally similar, but must belong to a collective body, i.e.



manufacturers association. Both types of marks are used in trade. The important point is the territory of origin of the product, the characteristics and definition of the product.

Research in this area, for example, included the study of the honey base of the territory, which influenced the origin, chemical composition, botanical variety of flower honey.

There are also special methods and methods for studying the local / regional product by which it is possible to determine the environmental component of the product obtained.

The existence of both such characteristics of geographic display products (collective and traditional know-how) incited to explore the potential of GI as a tool suitable for the protection of traditional knowledge.

A distinctive element of the GI, adding value to the product, is the highlighted specificity from the origin. It is this element that leads suppliers to occupying a market niche where consumers are willing to pay a higher price for a product.

Promoting regional development is one of the goals of the GI policy. In Europe, the geographical indication applies exclusively to agricultural products. The main goal of EU regulations in this area is the development of rural areas and the production of environmentally friendly local / regional agricultural products.

EU regulation No. 2081/92, replaced by EU regulation No. 510/2006, established the principle of protection of origin as a means of protecting rural development. Promoting products that have certain characteristics can have significant benefits for the rural economy, in particular for less favorable or remote areas, by improving the incomes of farmers and preserving the rural population in these areas.

There are two other guiding principles: protecting businesses from free movement according to authoritative testimony and protecting consumers from misleading labels.

The objectives of sustainable development in rural areas have also been mentioned by European Commission officials, such as the Commissioner for Agriculture and Rural Development.

When considering their potential contribution to development, attention to the issue of the sustainability of such development can be made case for GI using two additional arguments.

Products and industries that are protected through GI have an ideal goal, through which sustainable development can be promoted in the region / rural areas. GI is a means of protecting and promoting such products and production.

In relation to the first point; The two outstanding features of GI, as defined in most existing literature, are closely related to the local environment — we will call it “Locality” —and the existence of historical implantation in an area where the know-how associated with the production of such products is developed over time - we will call it "tradition."

The “terrain” of GI products is related to the issue of sustainable development: first, because the presence of economic entities in one territory ensures that the socio-economic benefits obtained by the GI will be fixed at the local level. This socio-economic aspect was clearly defined and set as European when EU regulation No. 2081/92 was prepared.

This vision corresponds to the “ideal type” of GI products, which, apparently, treats GI products as obligatory related to the territory both in spatial and temporal dimensions.

But the “terrain” of products may have other consequences that imply the sustainability of the production of GI products. Conditions of production and trade of such goods: often determined by these goods. For example, since local products are often, though not exclusively, consumed in local markets, there is a high probability that their supply chains will be shorter with smaller production scales and less intensive production systems.

In addition, the fact that all or most of the production factors are concentrated in a certain area implies the active participation of local communities in the supply chain, contrary to the conditions of agricultural mass production, where horizontal and vertical integration tends to separate participants, and, above all, the “interests of farms” from local region and local interests.

However, before identifying GI products as traditionally local, care should be taken, since this does not necessarily reflect the current situation of many - if not most of them are goods. The existence of a tradition of producing a certain product does not mean that the product is actually produced according to methods that do not change over time.

The fact that the production methods of GI products have evolved over the years. It is even recognized by the legislation of the European Union, which, for example, permits specifications (GI

production rules) that must be changed by legal groups. In addition, as in Europe, there is a requirement for the product to be traditional in order to obtain GI protection.

In addition, it should be added that the “antiquity / tradition” of the product does not exclude the emergence of processes detrimental to sustainability, such as the indication of agricultural production. Finally, it is interesting to return to the issue of using GI as a factor of “mobilization” for local communities; since this is a crucial issue, since there is a generally accepted idea that mobilizing local communities is an important element in ensuring the sustainable management of local resources.

**Conclusions and perspectives of further research..** So, the agricultural sector of Ukraine should be the leading link in the economy, which will contribute to its growth. To solve these problems or reduce their influence is possible with the help of measures that will allow to actively sell domestic products on international markets; changes in the tax system of the agricultural sector; improvement of state control, rental relations; establishing an efficient logistics system; monitoring the market for agricultural products; rational use and protection of agricultural land and a number of other activities. The trends of the modern development of agro-industrial production in Ukraine are associated with the imperfection of the economic mechanism of using the natural resource potential.

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