ESSENCE AND COMPONENTS OF THE AGRICULTURAL SECTOR’S ECONOMIC SECURITY

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Abstract: This paper investigates the nature and components of the agricultural sector’s economic security and the factors of influence on the economic security of the industry. The elements and features of the economic security are exposed. The experience of the leading EU countries as for the development and sustainability of the economic security are analyzed.

Keywords: agricultural economy, economic security, EU experience, development of economic security.

Introduction

To achieve the economic stability in Ukraine, a key challenge is to maintain an appropriate level of the economic security. In conditions of the globalization and the world crisis of the priority development it is necessary to support the national economy are the areas to provide the competitive advantages of the country. For Ukraine this is an agricultural sector. The economic security of the agricultural sector is an important component of the economic security of the state, which is associated with the development and strengthening of the food base.

Methods

The main purpose of this paper is to study the nature and components of the agricultural sector’s economic security, identifying factors of influence and the leading countries’ experience in the formation of their economic security.

To achieve this goal have been used the general scientific methods, special processes and phenomena have been used, including: abstract and logical method for the theoretical generalization of the economic processes; the method of systematic generalization; the historical and economic method to study the genesis of the category of "economic security"; the method of systematic diagnostic analysis to study the situation in the development of the phenomenon and to identify the priority issues of this process.

Results

The economic security is an integral component of the national security. It is a complicated complex concept that has its hierarchical interrelated levels. Its formation should be occurred in the context of the aggregate, integrity and continuity at all governmental levels.

The economic security is defined as a protection of human, society and the state’s interests where the sustainable social development, early detection, prevention and neutralization of real and potential threats to national interests can be ensured (Law of Ukraine on National Security of Ukraine, 2013, p. 351).

F. Medved (2003, p. 129) considers that the economic security is a state security system where there is an aggregate of governmental and social safeguards to ensure the sustainable development, protection of the priority people’s interests, the sources of their material and spiritual development against the internal and external threats.

At present, special attention is given to the formation of the economic security of the agricultural sector. According to the opinion of N.A. Kulahina (2011, p. 53), the economic security of the agricultural sector is a quantitative or qualitative feature of the agricultural system in order to assess its economic stability, the possibility of expanded reproduction and food security.

O.V. Shabinskyy (2004, p. 320) describes the economic security of the agricultural sector as a procurement of resources for the production, food saturation and balanced nutrition of people.

V.I. Muntiyan (1999, p. 464) believes that the most important component of the agricultural economic security is food security, which is determined by the growth of industrial and food capacity of agriculture and...
its ability to respond to the situation in the food market; the availability of the necessary amounts of transitional stocks; the level of the population solvency which should provide the consumer level of the citizens; preventing of the imported expansion of those food products which are able to be realized by the national agriculture in an appropriate amount.

The essence of the agricultural sector’s economic security as a system of economic interests is to find mechanisms of compromise between national interests, food safety and risk management, the result of which is able to provide the stability of the agricultural sector. At the same time, the economic security of the agricultural sector should be considered as a functional system that reflects the interests of the agrarian relations depending on the threats with the different focus which may cause the failure of the food security thresholds.

The economic security can be conditionally divided into 4 sections where the agricultural sector is the 1st field which provides the means of production; the 2nd field is an agricultural production; the 3d field is the products sale; the 4th field is the final product usage (Kulahina, 2011, p. 55).

There is an influence of different factors on the defined fields and therefore on the economic security of the agricultural sector, in the whole. Among main factors of impact there are the products’ orders volume, the amount of budget allocations, the delivery conditions, the climatic conditions, the seasonality and productivity of farm animals and poultry, product quality (the amount of butter in milk, grain moisture, cattle fatness, etc.), the level of marketability, the level of utilization capacity, the industrial competitiveness, availability of substitutes, price, the barriers to entry the markets, the cost of transition to another purchaser/supplier/customer, the effective use of strategic potential.

The components of the agricultural economic security are food safety, environmental safety, security innovation, investment security, logistics security, personnel and financial, social, marketing, organizational and technological security.

According to the handled literature the most sensitive component of the agricultural economic security is objectively the food security, since any negative processes in the food supply of the population may have implications for the crisis of social and economic development.

The modern agricultural sector of Ukraine does not fully ensure the food and economic security, which is associated with a set of industrial, institutional and infrastructural features. In this regard, the economic security turns into an essential attribute of the complex processes that require the implementation of efficient improving mechanisms.

In the context of the food security, Ukraine can use the experience of leading countries (the "Great Eight"), where with the initiative of U.S. President the "New Alliance for Food Security" was created to develop the agricultural technology and to fight against the world food shortages. The declaration states that newly established fund by attracting the foreign capital and the use of innovative agricultural technologies will be able to help 50 million of people to overcome the food shortages or even human starvation.

The "Great Eight" occupies the leading position in the world in agriculture, industrial potential natural resources reserves. Besides those countries have an advantageous geographical position, which contributes to their economic security. But at the same time, they have differences between their industrial potential of mineral resources, social and demographic development and state regulation of the economy, which largely determines the differences in the level of their national interests’ protection.

The main methods of ensuring the development of Germany’s economy are the support of the civilized nature of a market economy, the creation of equal conditions for the competition, the prevention of the monopolization in some areas and the encouragement of the national currency stability.

In the wide sense, the economic security of France is the prevention of economic threats with the help of new schemes, adaptation of the rules and structures, international security and networking cooperation between public and private sectors on the level of foreign economy.

The policy of Great Britain economic security is closely associated with the defense. It is based on the estimates of national interests and realized through their defense. The essence of the «national interests» in economics refers to the national economic interests of society and has the priority over the other forms of public interest.

Undoubtedly, any adaptation of international experience to the terms of Ukraine is quite time consuming process. It is not copying the whole regulatory system, but only a gradual introduction of individual elements, tools, methods and applications. The experience of other countries should be borrowed, based on the
similarity of goals, objectives and priorities of national strategies. It is necessary to take into account the level of economic development, the development of governmental institutions, security and control security using a systemic approach and comparative analysis.

The success of national economic security depends on the stability and capacity of national economies. Only a strong and resistant economy can successfully defend national interests in the conditions of global competition and global imbalances. Thus, the state must not only develop a national security concept which is based on the international experience, but above all, make economic reform of domestic and foreign policy for the protection of all business entities.

Discussion

Consequently, the economic security is a fundamental basis for the successful development and security’s integral part. It is characterized as a state of economic development, which provides its full and harmonious development and effective responses to internal and external threats.

The economic security of the agricultural sector of Ukraine is the guarantor of the food security, namely the achievement of sustainable food consumption, to ensure the competitiveness of agricultural products and foodstuffs in the foreign and domestic markets.

References


