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COMPARATIVE AND LEGAL ANALYSIS OF FOREIGN EXPERIENCE OF CREDIT AND STATE SUPPORT OF AGRICULTURAL PRODUCERS

Loans for agricultural producers as a tool of state support for the agricultural sector has been and will always be the focus of the vast majority of states. Under these conditions, credit research experience rural producers gained special significance, and therefore determines its relevance. In practice, it is imperative to scientifically justify the attraction of sufficient credit resources to agricultural production on favorable conditions for them. After all, the current world trends of the permanent increase in the demand for agricultural products, caused by the growth of the population of the planet, the processes of urbanization and the constant reduction of sown areas against the background of reducing the fertility of the land, create the prerequisites for Ukraine with its agricultural potential and a real opportunity to become one of the leaders in world agricultural production.

Lending as a means of state support to an agrarian producer exists in most industrialized countries, which spend considerable money on it. According to data provided by the Organization for Economic Cooperation and Development (OECD), which includes 29 countries (including the United States, the European Union, Australia, Canada, etc.), the costs of the seven recent years in supporting the agrarian sector through lending in these countries amounted to more than \$ 1.07 trillion [3].

In the agrarian production of almost all developed economies, a specialized agricultural credit system, the

characteristics of which should be briefly stopped, were created for a long time. It arose in the middle of the nineteenth century. in the form of credit unions in England in the town of Rochydette (1844), the initiators of their creation were local weavers. And in 1846 a credit union of cooperatives in Germany was created. Its founder, F. Raiffeisen, laid the foundation for the principle of mutual assistance among those for whom it arose. The Union functioned without equity and dividends, and members of credit cooperatives carried joint solidarity responsibility. The search for a proper credit system did not end there, and already in 1850 in the Prussian village of Delich G. Schultz, on the initiative of the middle class, he improved the system of credit unions and created a "loan association" (a loan association). This undertaking has become quite widespread in Germany. The structure of these associations approximated by its characteristics to joint-stock companies. On the principles of the Raiffeisen system, local agricultural cash desks were created in France [7].

The historical experience of credit systems in the United States shows that they were something other than an excellent way discussed above. It is the state acted as the initiator of the establishment of the credit system financial institutions. Thus, the US emerged System Federal Credit Banks (1932), the Federal Insurance Corporation (1934), Federal Savings Insurance Corporation (1934), the Federal Association of the mortgage loan (1938), Federal Bank lending telephone (1971) where farmers along with other citizens could obtain loans.

Especially for crediting farmers in 1916 was set up farm credit system, which includes a system of federal land banks, intermediary banks for lending to farmers' land banks, credit association production needs (1933) [7]. This credit and banking system lending preference to farming activities and working in modern conditions, which will be discussed later.

In the process of forming a market system of credit support for the real sector of the economy, all countries had difficulties in taking into account its sectoral differences. So that creates many problems for the credit system, there is a close link between the lending mechanism with high risk in the industry and low profitability of rural production. This system reduced the amount of lending, especially during periods of financial instability of the economy, when the industry needed especially additional financial resources.

An example of the development of agricultural credit commerce can be Holland. In this country, the first cooperative bank was established in 1896. Later, such banks were united into the national RABOBANK, which is still in its much improved form today. The Bank brings together almost 600 local self-sufficient banks, providing a loan of up to \$ 2.5 million [6].

But this is not the only system providing agricultural credit. Along with it, there is now a guarantee fund of the Ministry of Agriculture, which is to support agriculture uses grants the European Community. In the same direction, the system of commercial supply of the sector is also functioning by private banking structures.

Assessing the Dutch experience necessary to provide a positive example of an extensive system of providing credit assistance to support agricultural production.

Considering the financial and credit system of Ukraine in relation to the Dutch, in my opinion, it would be appropriate to borrow and apply some positive aspects of the mechanism of granting loans, but taking into account economic and other social relations that are inherent in Ukraine. This would contribute to the modernization of not only agriculture, but also the economy as a whole.

It is also interesting that, in order to create optimal conditions for the development of agricultural production for

agricultural producers who can not be financed from their own funds or involved in the general conditions of capital, preferential lending is applied in many countries. Privileges are usually provided through targeted programs that reflect the priorities of public policy.

The basic principle of preferential crediting is partial compensation of the current interest rate from budget funds. However, the mechanism of its application in individual countries varies depending on specific conditions. Thus, in Austria, the size of the preferential rate of credit and budget compensation are directly dependent on the interest rate of the bank, in France the reduced rate is fixed, and the bank's rate only affects the amount of budget compensation.

French farmers are given six preferential loans with interest rates depending on the loan (from 3.75 to 8.25 years) with a maturity of 7-12 years for adverse environmental and environmental zones and 5-9 years for other districts.

For farmers in the Federal Republic of Germany, which is a participant in the Investment Promotion Program and the General Agrarian Program, preferential lending is made in the form of loans with a 1% annual interest rate, or by reducing the loan interest rate on existing loans by 4-7% [5].

In Ukraine, the issues of demand for credit resources and the real possibility of their return were very complicated. The main reasons include: excessively high fees for using loans, the tendency to provide mostly short-term loans, the absence of a regulatory framework for preferential lending regulation, which would include compulsory cases of such lending and responsibility for violating these prescriptions.

It should also be noted that in our country support is provided mainly to large agrarian enterprises. At the same time, farms producing the same or even larger amount of agricultural products receive less aid than large enterprises, and

there is a lack of lending, subsidies, and extended support infrastructure.

Consequently, the current state of the Ukrainian farm sector requires a significant increase in the volume of preferential lending and simplification of the mechanism for granting loans, in particular, within the framework of targeted programs, such as in Germany, where a fifth of the volume of medium and long-term loans of the German Bank of Germany is financed by the program preferential terms "Agriculture", "Young farmers", "Village renewal", etc.

Depending on the role of the agrarian sector in the economy of different countries and the peculiarities of the organization of economic relations, each country has created its integrated credit support system.

For example, the German system of credit support for the agrarian sector, as already noted earlier, now exists in such (due to history) composition: cooperative banks, savings banks, special banks, including Agricultural Rental Bank, mortgage banks, private commercial banks and European Fund for Reproduction.

The cooperative banking sector in Germany has a three-tier organizational structure. Its basis (lower level) is local cooperative banks.

The second level is the regional banks originally created by local banks, and now they are much wider than the previous range of activities.

To the third, upper, level of the cooperative banking sector belongs to Deutsche Genossenschaftsbank, the main shareholders of which are regional cooperative banks.

Local cooperative banks carry out all types of credit operations. Raiffeisenbank specializes in granting privileged, low interest loans to agricultural enterprises, most of which are involved in the trading of locally produced goods.

Until recently, the cooperative banks with preference for short- and medium-term, and later - and long-term loans. In addition to lending to the current activities of agricultural producers, cooperative banks finance investments in fixed assets and construction projects.

Agricultural loans are provided by the Agricultural Rental Bank, as well as other specialized, banks that are significantly smaller in their balance sheets. The Bank opens loans to all entrepreneurs engaged in agriculture, forestry and fisheries. When granting a loan, the bank takes into account the solvency of borrowers, the profitability of their households, liquidity, and the stability of performance. The criterion for determining the amount of debt repayment (interest and principal) is the amount of net profit.

The whole system of credit service provides the following types of loans: loans interregional, preferential, state and at the expense of the free capital market. The first three types of lending can only be carried out by the Agricultural Rental Bank.

Analysis of the practice of credit relations in Germany shows that preferential lending under the fulfillment of targeted programs and the use of targeted loans by specialized lending institutions, such as the Agricultural Rental Bank of Germany, promotes the development of agricultural production and the efficiency of using loans for these purposes.

No less interesting is the experience of Austria. Favorable lending covers the main types of agricultural activity, stimulating the development of the most promising sectors and priority areas. In this country, up to 40% of the total amount of preferential loans is used to improve the organizational structure of farms, 27% - for the construction and reconstruction of residential and commercial buildings, 12% - for the mechanization of agricultural production, 5% - to promote the sale of products. In another country (Denmark)

provides state guarantees for preferential loans to young farmers who bought their own economy [2].

A preferential loan for agricultural producers is also used in Japan, the US and other developed countries. Consequently, the feasibility of studying the experience of these countries and its introduction into the practice of farming in agriculture in Ukraine does not raise doubts. However, in my opinion, for the practical realization of such a task, first of all, it is necessary to establish preferential credit rates for loans granted to agricultural producers for production needs, taking into account the period of turnover of working capital on preferential terms. Since these interest rates will be lower than those set by the NBU, sources should be found to cover the difference between them and develop a legal mechanism that would correct this situation.

In the United States, lending is combined with a system of state financial support for the development of the agrarian sector of the economy based on common administrative and cooperative principles. Budgetary funds issued for agricultural programs are 80% controlled by the US Department of Agriculture through the Commodity-Lending Cooperation (CLC), the Farmers' Administration (FA), which was established in 1916, and the Farm Credit System (Farm Credit System) - the largest source of credit, as well as other financial and credit structures. The remaining funds are distributed through the state and local authorities [1].

CLC provides preferential lending to farmers who can not get borrowed funds without warranty obligations. Loans under the guarantee exceed 50% of CLC funds. She has more than two thousand representatives in the states and counties of the country. Decisions on the allocation of loans are authorized by these agencies after agreement with representatives of the local farmer community. They also control the effectiveness of the use of credit.

By the way, all expenditure on agriculture in the United States almost 60% are implementing targeted programs stabilize farm income. This Program, in turn, is divided into such programs as: "Price and Income Support", "Crop Insurance", "Agricultural Credit". The main group of credit institutions that make up the system of agricultural credit include: commercial banks, insurance companies, the Federal Credit System (FCS), Farmers' Administration (FA), Commodity Credit Corporation (CCC) and others, totaling more than 800 banks and associations [4].

Analyzing the experience of the leading countries of the world, it should be noted that at present two approaches to the role of the state in the economy are outlined. The first is represented by the concept of "limited state intervention in the economy", which involves conducting macroeconomic policies based on monetary methods. The second is the rather high active role of the state in transformations, in particular, in the agrarian sector. Ukraine must finally decide which of them is the most favorable and necessary for it and for the development of agriculture, including its lending.

More reasonable and expedient is the latter, since, in my opinion, it only creates the necessary preconditions for the state to have an impact on the economy, including in the agricultural sector. This can be achieved through the implementation of such principles as the coordination of short-term and long-term goals in the adoption of regulatory and managerial decisions, fundamental and current tasks, mastering the mechanism of implementation of goals, ensuring the social orientation of all sectors of the economy and employment.

State regulation includes all actions of the state in the field of credit, pricing, subsidy policy, promotion of agrarian entrepreneurship and small business, active protectionism, protection and state support of the agricultural producer.

Without this, one of the most acute and pressing economic and social problems will not be solved.

Investigation of quantitative and qualitative changes taking place in credit systems of foreign countries, as well as taking into account general tendencies and patterns of their worldwide development, will enable Ukraine to accelerate the path of the evolution of the agricultural lending system, which foreign countries have spent centuries since they have switched to market relations with this the credit system of the agrarian sector for centuries before our state.

A comparative analysis of the experience of highly developed countries of the world with Ukraine on the issues of credit policy is extremely necessary and useful in the context of the decision on the issue of Ukraine's accession to the EU.

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National University of Life and Environmental Sciences of
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