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## **ANALYSIS OF FOOD MARKET DEVELOPMENT AND ENSURING FOOD SECURITY IN UKRAINE DURING WAR**

**Abstract.** The article analyzes the food market in the context of Ukraine's food security. It is indicated that there is currently a growing trend of food shortages and, as a result, an increase in its prices. The interpretation of food security in accordance with the Law of Ukraine "On Food Security of Ukraine" and the draft Law of Ukraine "On the Basics of Food Security of Ukraine" was considered. It was determined that the food market is a complex economic system and combines disparate elements with interests that do not coincide and are vectors of development, which requires the use of a systemic approach to justifying the prospects of its functioning. It was found that the organization of production and provision of the country's population with high-quality food products is the essence of food security and is an integral part of the national security of the country and regions. It was emphasized that Ukraine plays an increasingly important role in the world agricultural market. Currently, Ukraine continues to fulfill its obligations and make a significant contribution to the food security of its partners in the Middle East, Europe, Southeast Asia and North Africa. It is indicated that the war led to a significant increase in the prices of basic food products in the regions and in Ukraine as a whole. It was determined that the problem of ensuring food security of the country and regions directly depends on the results of the agricultural industry. It was emphasized that one of the main directions of ensuring food security is the introduction of effective mechanisms for the formation of food resources based on the economic stimulation of domestic producers and the development of market



infrastructure. The need to intensify Ukraine's cooperation with international and intergovernmental organizations, in particular FAO, regarding the transformation of food systems is substantiated.

**Keywords:** market, food market, safety, food safety, food products.

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## АНАЛІЗ РОЗВИТКУ ПРОДОВОЛЬЧОГО РИНКУ І ЗАБЕЗПЕЧЕННЯ ПРОДОВОЛЬЧОЇ БЕЗПЕКИ УКРАЇНИ В УМОВАХ ВІЙНИ

**Анотація.** У статті проведено аналіз продовольчого ринку в контексті продовольчої безпеки України. Вказано, що наразі спостерігається зростаюча тенденція нестачі продовольства і, як наслідок, підвищення ціни на нього. Розглянуто трактування продовольчої безпеки згідно з Законом України «Про продовольчу безпеку України» та проектом Закону України «Про основи продовольчої безпеки України». Визначено, що продовольчий ринок являє собою складну економічну систему та об'єднує в собі різноманітні елементи з інтересами, що не збігаються і є векторами розвитку, що вимагає використання системного підходу до обґрунтування перспектив його функціонування. З'ясовано, що організація виробництва та забезпечення населення країни якісними продуктами харчування становить суть продовольчої безпеки та є невід'ємною частиною національної безпеки країни та регіонів. Наголошено, що Україна відіграє дедалі важливішу роль на світовому сільськогосподарському ринку. Наразі Україна продовжує виконувати свої зобов'язання та робити значний внесок у продовольчу безпеку партнерів на Близькому Сході, в Європі, Південно-Східній Азії та Північній Африці. Вказано, що війна призвела до значного зростання цін на основні продукти харчування в регіонах та в Україні в цілому. Визначено, що проблема забезпечення продовольчої безпеки країни та регіонів безпосередньо залежить від результатів діяльності АПК. Наголошено, що одним із основних напрямів



забезпечення продовольчої безпеки є запровадження ефективних механізмів формування продовольчих ресурсів на основі економічного стимулювання вітчизняного товаровиробника та розвитку ринкової інфраструктури. Обґрунтовано необхідність активізації співпраці України з міжнародними й міжурядовими організаціями, зокрема ФАО, щодо трансформації продовольчих систем.

**Ключові слова:** ринок, продовольчий ринок, безпека, продовольча безпека, продукти харчування.

**Introduction.** The food market, as a system of economic relations, has a significant impact on the level of food security of the country. The globality of the food problem is manifested in two extremes: some countries suffer from a lack of food and are forced to fight hunger, while others suffer from a surplus of food or excessive consumption. The problem of food security is important for any country and at any time. Its provision is necessary not only from an economic point of view, but also from a social and political point of view. A state that does not ensure food independence cannot feel safe in the world. Ensuring food security includes a number of state measures, carried out with the aim of preventing food crises and manifestations of hunger. Therefore, in the conditions of war, the problem of developing the food market and ensuring the country's food security acquires an urgent and special importance.

**Literature Review.** Many publications of domestic and foreign scientists are devoted to the analysis of the current state of the food market and ensuring food security of the country, namely: Yu. Kovalenko [1], D. Krylov [3], L. Kucheruk [4], K. Ryabenko [10], O. Skidan [9], R. Stringer [15], O. Trokhimets [10] and others.

**The purpose of the article** – analysis of the food market in the context of food security of Ukraine.

**Results of the study.** In recent years, scientists, experts and politicians have increasingly turned their attention to the acuteness of the problem of food security facing the states. And indeed, there is a growing trend of food shortages in the world and, as a result, an increase in its price.

According to the Law of Ukraine "On Food Security of Ukraine", food security is a socio-economic and ecological situation in which all social and demographic groups of people benefit from the constant and guaranteed supply of safe and high-quality food in the necessary quantities and types, necessary and sufficient for the physical and social development of the individual, ensuring the health of the Ukrainian people [8].

Ensuring food security is the state of the country's economy, in which the physical and economic availability of high-quality and safe food for the entire population in the amount necessary for an active and healthy life is guaranteed and



the threshold for food independence of the state is maintained [7].

The Law of Ukraine "On the Basics of National Security of Ukraine" emphasizes that the critical situation with the food supply of the population is a threat to the national interests and security of Ukraine in the economic sphere [6].

As D. Krylov notes, guaranteeing food security in Ukraine as a result of modern challenges becomes much more difficult, which requires additional attention from the state and executive authorities [3].

Food security, O. Kochetkov notes, is the state of the country's food market, which ensures guaranteed access of the entire population to food at any time and in the quantities necessary to continue an active and healthy lifestyle [2].

The food market, being a complex economic system, combines disparate elements with interests that do not coincide and are vectors of development, which requires the use of a systemic approach to justifying the prospects of its functioning.

Food security is a central problem of the national welfare system. Organization of production and provision of high-quality food to the country's population is the essence of food security and is an integral part of the national security of the country and regions. The economic and political situation in the country depends on it. No one can deny that one of the basic needs of every human being is the need for food and security.

Ukraine plays an increasingly important role in the world agricultural market. Almost twenty years ago, Ukrainian grain exports helped feed 40 million people; today it is more than 400 million. In 2019-2021, Ukraine accounted for almost 10% of world wheat exports, 15% of corn exports, 15% of barley exports, and almost 50% of sunflower oil exports [5].

The importance of Ukraine's role was particularly evident during the Covid-19 pandemic, when the global raw material supply chain was disrupted. Currently, Ukraine continues to fulfill its obligations and make a significant contribution to the food security of partners in the Middle East, Europe, Southeast Asia and North Africa.

Food security of Ukraine in general and its subjects, in particular, can be defined as an integral factor in preserving national sovereignty, the main component of the state demographic policy, with the aim of ensuring the quality of high standards of livelihood of the population not only in the medium term, but also in the long term [12].

Food security is a complex concept that usually includes three elements: availability, access and utilization of food.

Before the Russian invasion, the Food Affordability Index (FAI) in Ukraine was 12.4, which means that a person with an average salary could buy 12.4 months of food in their consumer basket.

The current GDP index is 7.7, that is, the purchasing power of the average



consumer in Ukraine has decreased by 37.9%. This shows that Ukrainians' access to food has significantly decreased.

The war in the country led to a significant increase in the prices of basic food products in the regions and in Ukraine as a whole. In the Kherson region, the increase in prices amounted to 29.6%, in the Cherkasy, Mykolaiv, Sumy and Ternopil regions, an increase from 13.1 to 10.3% was recorded. In Ukraine, bread, flour, meat, dairy products, milk and vegetables rose in price by 5.6-34.5%, depending on the type of product [5].

The problem of ensuring food security of the country and regions directly depends on the results of the agro-industrial complex. The state, in particular, regional authorities must take care of food security. This is one of the main goals of economic and agrarian policy.

One of the main directions of ensuring food security is the introduction of effective mechanisms for the formation of food resources on the basis of economic stimulation of domestic producers and the development of market infrastructure.

In the conditions of an unstable economic and social environment, a decrease in the efficiency of the functioning of the agro-industrial complex, the presence of food and environmental security problems in the regions, food markets are of interest. On the one hand, they are a complex system of institutions that organize and facilitate exchange. On the other hand, there are systems of economic relations between economic agents that shape the demand and supply of food.

Ukraine not only meets the needs of the domestic food market, but also acts as one of the main suppliers of agricultural products to the world market. Under these conditions, the prospects for domestic exports of agri-food products in 2023 look favorable, but the military invasion of Russia seriously threatens the supply of food in Ukraine and beyond.

Ukrainian agricultural products are represented in the vast majority of countries in the world and are especially important for the countries of Asia, the countries of the Middle East and North Africa, including Egypt and Lebanon, whose stability is paramount for the region.

The importance of Ukraine for world food security is difficult to overestimate. The UN World Food Program (WFP) notes that before the war, Ukraine produced enough food for 400 million people [13].

According to the estimates of the UN WFP, of the 811 million people who regularly suffer from hunger, 283 million suffer from an acute lack of food, and 45 million suffer from hunger in 43 countries [16]. It is clear that every day the war is bringing millions of the poorest sections of the population closer to starvation, and if the war in Ukraine does not stop, then its consequences may double the declared number.

From March 2, 2022, the United Nations published an urgent appeal for help to Ukraine (FLASH APPEAL UKRAINE) [14], in which it emphasized the serious



deterioration of the integrity of the food system in Ukraine, and as a result, some households face the problem of food security, because family farmers and small-scale agricultural producers are leaving war-torn areas.

The Director General of FAO warned about the possible consequences of the crisis for food security outside of Ukraine, including in countries that to some extent depend on wheat supplies from Ukraine. Therefore, in order to minimize the manifestations of the global food crisis, it is necessary to protect and support the production of agricultural products in Ukraine as soon as possible in the conditions of martial law, taking advantage of the opportunities of Ukraine's influence on global food policy, which it has gained thanks to the achievement of leading positions in the world markets of certain types of agricultural products, as well as the activation of cooperation with international and intergovernmental organizations, in particular FAO, regarding the transformation of food systems [11].

Due to the war, Ukraine in 2023 lost a significant part of its arable land (occupied territories, combat zones, or mined territories). The main task in this period is to solve the food security of Ukraine, so that the available resources are used for the needs of our citizens. The state must satisfy people's food needs, including ensuring a certain level of domestic production.

**Conclusion.** Therefore, ensuring food security is one of the main directions of the state policy on issues of national security of Ukraine in the economic sphere. The forecast of the Ukrainian economy in 2023-2024 is very uncertain and will depend on many factors, including the cessation of hostilities and the start of reconstruction works.

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