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# CONTENT

## ECONOMY

|  |    |  |    |
|--|----|--|----|
| <b>Kozachenko A.</b><br>FEATURES OF ACCOUNTING VALUATION OF<br>RECEIVABLES OF THE ENTERPRISE .....                                     | 3  | <b>Tokarchuk D., Prishlyak N., Palamarenko Y.</b><br>METHODOLOGY FOR CALCULATING THE ECONOMIC<br>EFFICIENCY OF WASTE USE FOR THE PRODUCTION OF<br>BIOFUELS IN COMPARISON WITH THEIR TRADITIONAL<br>USE ..... | 24 |
| <b>Pasemko G., Porokhniak N., Besedina G.</b><br>NATURE AND CHARACTERISTICS OF INTELLECTUAL<br>CAPITAL AS AN ECONOMIC PHENOMENON ..... | 10 | <b>Khaietska O.</b><br>THE ROLE OF INNOVATION IN THE DEVELOPMENT OF<br>ORGANIC PRODUCTION .....  | 34 |
| <b>Bairachna O.</b><br>EFFICIENCY OF INTEGRATING FUNCTIONAL TRAINING<br>TOOLS INTO ENTERPRISE PERSONNEL<br>MANAGEMENT.....             | 15 | <b>Shevchuk H.</b><br>CURRENT STATE OF THE FRUIT AND VEGETABLE<br>INDUSTRY AND OVERCOMING THE COVID-19<br>PANDEMIC CONSEQUENCES .....  | 41 |

## SOCIAL COMMUNICATION STUDIES

|  |    |
|--|----|
| <b>Kurban O.</b><br>THE SPECIFICS OF THE CREATION AND OPERATION OF<br>ILLEGAL LOCAL SOCIAL ONLINE NETWORKS ..... | 45 |
|--|----|

## STATE AND LAW

|  |    |  |    |
|--|----|--|----|
| <b>Zyleva E.</b><br>CONCEPT, ESSENCE AND SIGNIFICANCE OF<br>VERIFICATION BY THE PROSECUTOR OF COMPLIANCE<br>WITH THE REQUIREMENTS OF THE LAW IN THE<br>PRETRIAL STAGES OF THE .....    | 52 | <b>Prokopiev R.</b><br>LEGAL FEATURES OF THE CLUSTER APPROACH FOR<br>FORMATION OF THE SYSTEM OF RAILWAY<br>TRANSPORT ENTERPRISES.....    | 63 |
| <b>Malanchiy M.</b><br>DIRECTIONS OF REFORM OF THE PERSONNEL<br>MANAGEMENT SYSTEM OF THE STATE BORDER<br>GUARD SERVICE OF UKRAINE.....   | 55 | <b>Serdiuk O., Myrna O., Sytnyk A., Myrnyi M.</b><br>DEVELOPMENT OF E-DEMOCRACY IN THE UNITED<br>TERRITORIAL COMMUNITIES OF UKRAINE..... | 67 |
| <b>Ostapenko Y.</b><br>EXPANSION OF THE SUBJECT OF ECONOMIC LAW (ON<br>THE EXAMPLE OF THE SPHERE OF<br>COMMERCIALIZATION OF PHYSICAL CULTURAL OR<br>PHYSICAL AND HEALTH ACTIVITY)..... | 59 |  |    |

## CURRENT STATE OF THE FRUIT AND VEGETABLE INDUSTRY AND OVERCOMING THE COVID-19 PANDEMIC CONSEQUENCES

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### Abstract

The aim of the article is to study the current state of influence of COVID-19 on the fruit and vegetable industry and the economic situation in Ukraine in general. The presented state of the Ukrainian economy during the pandemic shows that weakening of the financial and economic performance of the country is especially dangerous: a rapid rise in unemployment and fall of real GDP, rise of consumer prices for food, lower profitability of enterprises are taking place.

**Key words:** fruit and vegetable industry, economy, production, pandemic, unemployment, GDP.

### Issue description.

At the end of 2019, the whole world faced a threat that made adjustments to the economies of all countries – COVID-19. Human lives are a huge loss for the entire planet. According to statistics, the number of deaths in Ukraine during the pandemic was more than 11,000 people; worldwide – 1.4 million people. Significant restrictions have radically changed the everyday life of the population. Coordinated work and transparency of the government and local authorities of all countries can lead to an improvement in the state of the economy, thus improving the everyday life of the people. Compared to 2019, the GDP has fallen in the second quarter of 2020 by 11.4%. The unemployment rate among people aged 15–70 has increased by 9.9%.

### Review of the available research works and publications.

The current state of the economy during the pandemic has been discussed by scientists and by many leading experts in the media: O. D. Radchenko, D. V. Dolbnieva, K. Zvierieva, O. Mushak, T. Hetman, A. Yarmak, S. Glushchenko and many others.

### Objectives.

The task of the article is to highlight the results of the study of the current state of the fruit and vegetable industry of Ukraine and the economy as a whole during the pandemic.

### Presentation of the main results of the study.

The problem of providing the population of any country with food is always relevant, especially when its economy is in a state of disorder, when it is suffering from wars, crises, natural disasters or due to climate and environmental conditions.

The COVID-19 pandemic is another disaster that the whole world has encountered. The outbreak of the virus first occurred in December 2019 in Wuhan, China. In March, the Cabinet of Ministers of Ukraine introduced lockdown in Ukraine. The sphere of services (except for grocery stores, pharmacies, hospitals, veterinary pharmacies and veterinary clinics) and public transport stopped working.

According to WIKIMEDIA COMMONS, as of November 8, 2020, the number of people infected with COVID-19 globally was [10]:

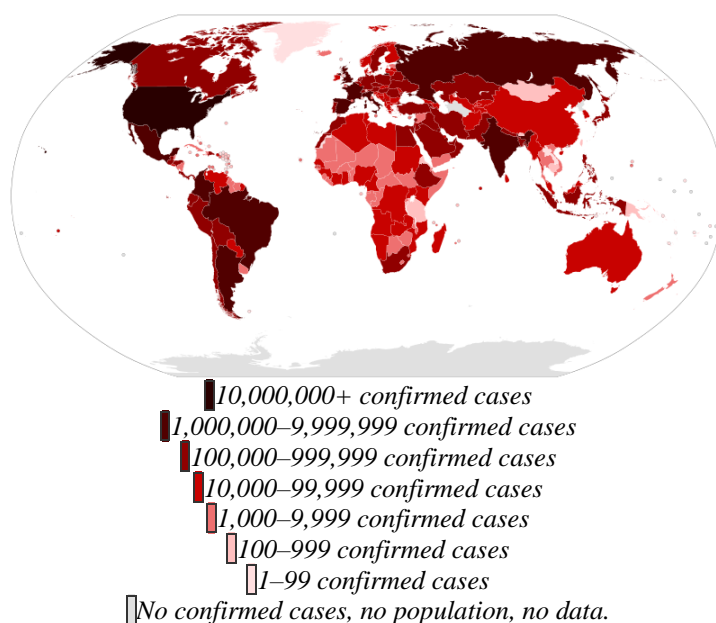


Fig. 1. Map of COVID-19 infected countries and territories

The first two months of the lockdown restrictions became a test for the entire Ukrainian economy, and in

particular for the fruit and vegetable industry. According to Ivan Fursenko, First Deputy Head of the All-

Ukrainian Association of Village and Settlement Councils: “Small agricultural producers have faced the problem of selling their own products through coronavirus lockdown measures introduced by the Government of Ukraine. Up to 80% of vegetables in Ukraine are sold on farmers’ markets by small rural producers who are not allowed to the food supermarket chains. In addition,

rural retirees sell at the farmer’s markets, for whom this is a crucial additional source of livelihood” [5].

The indicator of gross domestic product is an important indicator of socio-economic development of the country. As for the basis of economic development – industrial production, its contribution to the Ukrainian GDP in the second quarter of 2020 fell down by 11.4% [9].

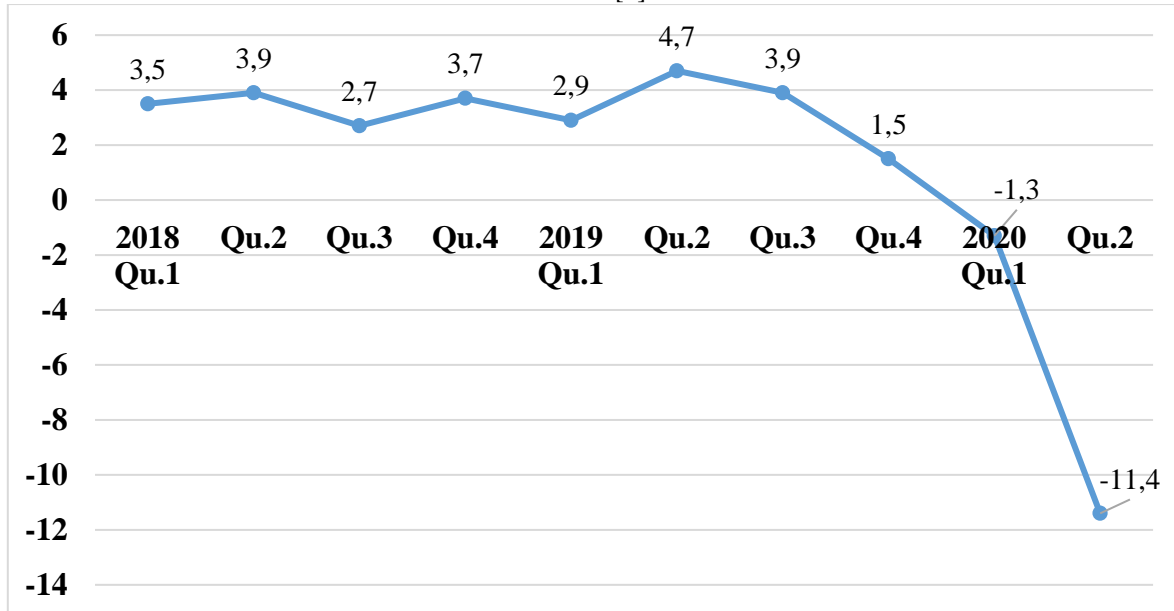


Fig. 2. Change in real GDP  
(In % to the corresponding quarter of the previous year)

During the lockdown, the number of people registered with the State Employment Service has increased by 27% – the number of officially unemployed has already reached 401 thousand persons. As for unofficial unemployment, then the number of those who have lost their jobs and have not registered at the labor exchange for various reasons is estimated at up to 3 million people. These figures are most likely not final. The NBU predicts that this year’s unemployment rate will be

measured by double-digit “percentages”, which has not been the case in Ukraine since 2002 [1].

According to the State Statistics of Ukraine for the period 2018-2020, the number of unemployed population aged 15 and older and aged 15–70 amounted to 1.7 million people. The unemployment rate among the labor force aged 15 and older was 9.8%, and among people aged 15–70 it reached 9.9% [9].

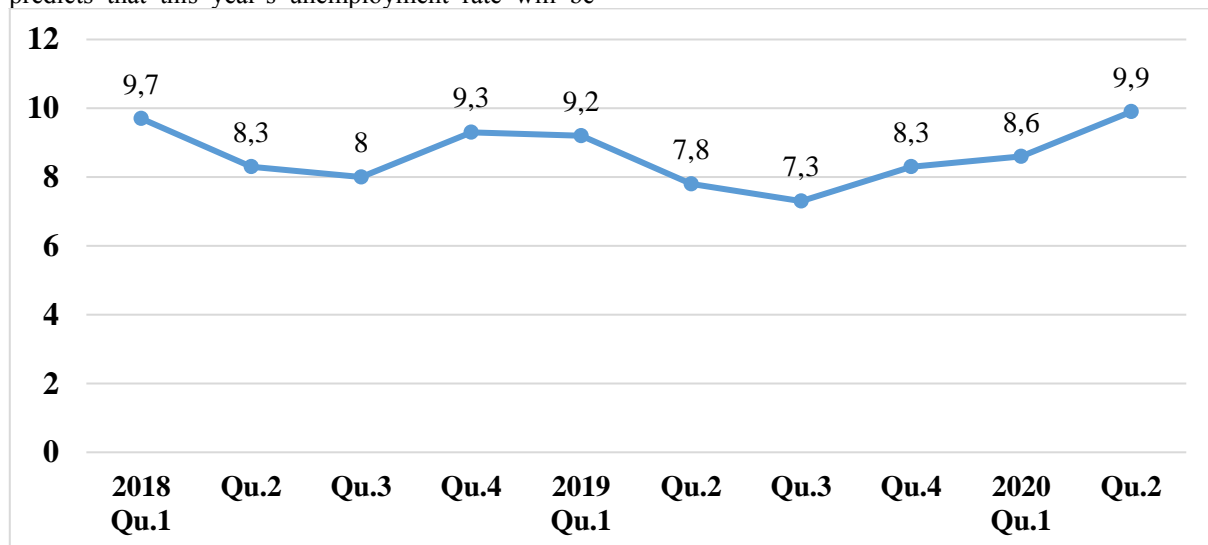


Fig. 3. Unemployment rate of the population aged 15-70  
(in % to the labor force of the corresponding age)

The panic of consumers, the prices that jumped up, the disruption of logistics – all this forced the market participants to fight for survival. Everyone was looking for opportunities for new sales channels and new forms of cooperation.

During the closing of food markets, the consumers panicked and massively bought “in stock”, more than necessary. Supermarkets also sold products to consumers at inflated prices, as they themselves paid a higher price for the product in order to fill the shelves.

The Ukrainian consumers have made changes to their diet in the lockdown environment. Long-term storage products have become more popular. According to Kateryna Zvierieva, Development Director of the Ukrainian Fruit and Vegetable Association, Food and Agriculture Organization of the United Nations (FAO) International Consultant on Agricultural Exports and Food Marketing: “Ordinary Ukrainians have reduced or even refused to buy short-term storage goods.” This change was caused by the fact that Ukrainians tried to go shopping as rarely as possible and tried to buy food

as much as possible in stock, at the same time the purchase of goods such as apples, bananas and citrus significantly increased [7].

At the beginning of the lockdown prices for the goods such as lemons, ginger and garlic have rocketed. “The psychological factor of consumers and the confidence of many ordinary Ukrainians that some vegetables and fruits are a panacea for the coronavirus have affected the level of consumption of these products,” said Kateryna Zvierieva. However, as the public was informed and reassured, the price situation stabilized [2].

According to Tetiana Hetman, head of the Marketing-Analytics Department, the farmers most affected by the lockdown were those who worked with the HoReCa segment – producers of salad vegetables, greens, asparagus, frozen vegetables and berries. The closure of markets and restaurants has nullified their profitability [2].

According to the State Statistics Service of Ukraine during the pandemic, the consumer price index for fruit and vegetables in Ukraine for the period January-October 2020 is shown in Fig. 4 [9].

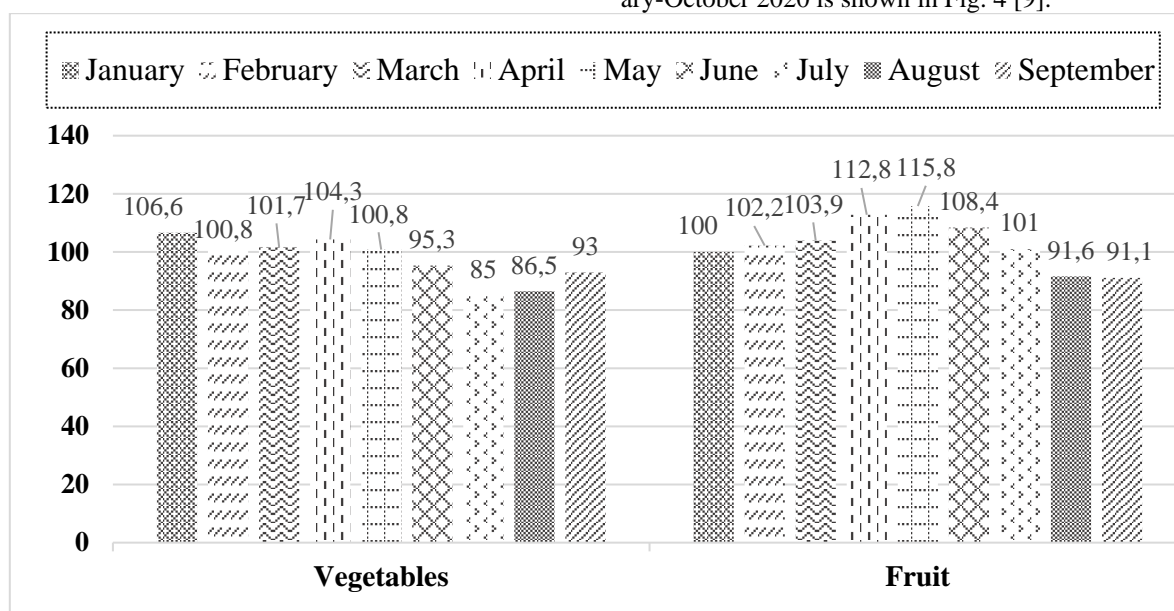


Fig. 4. Consumer price index for fruit and vegetable products in Ukraine for the period of January-October 2020, %

The government has adopted a package of tax benefits for businesses in the law No.3220 to overcome the consequences that arose during the coronavirus pandemic. A number of amendments have been made to the Tax Code of Ukraine and other laws: the income limit for single tax payers has been increased; tenants are temporarily exempt from land fees and real estate tax; business is exempt from certain penalties; a moratorium on certain types of inspections has been introduced, etc. However, the activities of farms and peasant farms do not fall under most of these tax reliefs [3].

According to the first generalizations of experts, coronavirus crisis affects agricultural producers differently, depending on the scale of their production, location, sales channels, relations with the state and sources of funding. The results of an express poll conducted by the European Business Association among representatives of small and micro businesses – participants in the

Unlimit Ukraine project show that the introduction of lockdown in Ukraine due to the coronavirus pandemic may cause closing of one in five small businesses. Farmers and peasant farms will probably get little from the main loan, because the latter are even not always registered as entrepreneurs, often working informally. Therefore, the EU has allocated a package of support to Ukraine for small and medium-sized businesses, where 61 million euro are provided to support the economy, 20 million euro – to support small and medium-sized enterprises, 25 million euro – small farms. In addition, in 2021 Ukraine will receive the first tranche of 26 million euro and the planned 51 million euro under the program “EU Support for the Development of Agriculture and Small Farms in Ukraine” [3].

Stanislav Glushchenko believes that the state should have taken more thoughtful steps, namely, not closing the markets, but bringing trade in line with the

rules and regulations. The period of restrictions, especially at the initial stage, was marked by chaos. “A farmer suffers (not receiving a decent price), a seller (not knowing how much to buy, as the price for a product is one in the morning and completely different in the evening). A seller overprices the goods not to go bust and to cover a fine just in case. And a consumer has to pay for all this situation with the lockdown,” he describes the situation [2].

Middlemen, who traditionally sell goods at markets have suffered in some way, as they had not been allowed to work for a long time.

The horticulture and winemaking industry has not been affected too much. The winegrowers managed to carry out the tying, pruning and other works before the lockdown. By the time the markets closed, the products of private farms and small businesses – nuts, apples, berries – had already been sold. Goods stored in special storage rooms have stayed unsold, i.e. products of large, industrial manufacturers that cooperate with supermarkets, whose work did not stop.

### Conclusions.

As for the country's agroindustry itself, the consequences of COVID-19 can promise great prospects for development. While most countries suffer from a shortage of imported goods, we, as an agrarian country, can provide the country with most agricultural goods on our own. The way to a stable economic situation in the country and rescue can be the creation of cooperatives, where agricultural producers will be able to concentrate large consignments of goods to sell them in supermarkets or food markets. The United States, which has long used such methods, which are aimed at ensuring stability or rising prices for agricultural products and farmers' incomes can be an example for our country. Their support programs include measures to control the level of prices, production volumes, direct payments to farmers, export subsidies, as well as other indirect subsidies to farms.

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