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ADAPTATION OF FOREIGN EXPERIENCE OF FORMING OF FINANCIAL MECHANISM OF AGRICULTURAL ENTERPRISES FUNCTIONING

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Abstract. *The article examines the experience of leading countries in the formation of a financial mechanism for the effective operation of agrarian enterprises. It was found out that the effectiveness of the financial mechanism of agrarian farms is significantly influenced by state intervention. In support of agriculture through subsidies, prices, quotas, credit and tax policies, etc. The tools of influence of foreign countries on the financial mechanism, which it would be expedient to adapt and apply in Ukraine, are determined.*

Key words: *financial mechanism, state, state influence, state regulation, price, pricing.*

To ensure successful market activity, every business entity in the agrarian sector must pay attention to various aspects of its activities. One of the main aspects is the formation of an effective financial mechanism. The dramatic changes in the economic and financial spheres that have recently taken place in Ukraine make us think about existing theoretical and methodological approaches to the choice of instruments for the formation of a financial mechanism. In addition, there is a need for careful research and analysis of existing development tools that are used in foreign countries.

The financial mechanism is influenced by world financial processes and globalization, therefore it is expedient to adapt the leading experience of foreign countries. International experience shows that the reform of the financial mechanism of agrarian enterprises takes place mainly due to the strengthening of direct and indirect levers of state influence. State

influence is exercised through regulation of prices for products of agricultural producers and farm incomes, budget financing of agrarian activities, ensuring affordable lending, transparent and clear taxation, regulation of export and import of agrarian products, stabilization of the agricultural market, regulation of land relations, assistance to farms located in adverse climatic conditions, support for scientific and technological progress, social support for farmers, etc. The success of agriculture in the leading countries of Western Europe, the USA, Canada, China, Japan is bound to limit the actions of market mechanisms of self-regulation using external leverage of influence. This is state support to agriculture through subsidies, prices, quotas, credit and tax policies, etc.

While studying the experience of establishing and regulating the financial mechanism of the agrarian sector in foreign countries, it was established that for

the effective functioning of agricultural enterprises, these countries use various tools of influence that would be appropriate for Ukrainian farmers, namely:

- in state policy: the coordination of government programs and plans with scientists and practitioners of the industry, definition of a strategic national priority of financial development of agriculture, formation of the legislative base in accordance with the requirements and characteristics of the industry (Germany, Japan, EU, Canada);

- in price policy: the use of price control methods for innovation, the compensation of part of the cost of production, provided that the use of innovations in production, state purchases and acceptance for production at state-owned vegetable stores under favorable conditions for agricultural producers (USA);

- in agrarian policy: development of strategic tasks, assistance in addressing the problems of the industry, as well as coordination of cooperation between producers and scientists, advisory activities and the introduction of exchanges of skilled personnel between enterprises and scientists (USA, EU countries, the Netherlands);

- in tax policy: use of tax methods for stimulating the introduction of innovations and their financing, among which application of research tax credit, reduction of tax burden, etc. (USA, France, Germany, Norway, Austria, Sweden);

- in credit policy: reimbursement of part of the interest rate at the expense of state subsidies, stimulation by introducing preferential interest rates for lending to certain areas of innovation activity, etc. (Japan, EU countries, Norway);

- in investment policy: promoting domestic and foreign investment by liberalizing legislation, tax breaks and government programs, etc. (US, Japan, Holland, India, EU countries);

- in financial policy: application of the policy of stabilization of agricultural development by strengthening state financial support, using special tax regime, lending and insurance, etc. (EU countries, Australia).

The system of state support for the formation of the financial mechanism of agrarian entrepreneurship should be aimed at creating the conditions for their integration into the system of social and agricultural relations, because due to the limited resource potential their position on the market is unsustainable. Successful development of agrarian business in the leading countries of the world is due to a comprehensive approach to its development, which is reflected in the programs of state support and state regulation. The main forms of state support and regulation of the formation of an effective financial mechanism of agrarian business include: price regulation, direct subsidization, financial and credit provision and tax regulation, support of cooperation. In general, each country chooses the best balance between the various instruments for regulating agricultural enterprises, depending on the national peculiarities of the agrarian sector development and the priority objectives of the agri-food policy. Prospects for further research are related to the development of optimal sources of financial support to actors of agrarian business.

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