

Comparative analysis of legal regulation of state support for the agro-industrial complex of the Russian Federation and other advanced states.

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Abstract. This article analyzes the development trends and new challenges of Russian agriculture that are widely relying on official statistics. The article begins with a discussion of recent encouraging developments represented by robust agricultural growth, improved food security, reduced dependence on food imports and rapid expansion in exports. The restoration of abandoned agricultural land and the concentration of both land and government support in large agricultural enterprises are then identified as major challenges to food.

1 Introduction

The state always influences agriculture. There is a need to improve the efficiency of agricultural production and further strengthen the existing ties as the agricultural sector develops as well as financial and economic relations in this sector. Forms of state support for agriculture should create favorable conditions for the organizational and economic nature of the functioning of domestic producers, including conditions for the effective use of allocated budget, credit and other financial resources since the unprofitable state of many agricultural organizations does not allow them to use budget support funds.

The main purpose of the study is to study the experience of state support for the agro-industrial complex of advanced countries since the main thing is to understand what the actual concept of organizing production support allows most predominantly to contribute to the development of the agricultural sector.

2 Methodology

Through the method of a comprehensive analysis of the experience of state support for the agro-industrial complex of advanced countries, the possibilities of improving Russian agricultural production are being studied.

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3 Results of the research

In the second half of the 2000s there is a new economic project appeared for the development of the agro-industrial complex (AIC). Since there has been real support for the agro-industrial complex by the state.

State support for agriculture by the federal and regional budgets is formed as a system of direct and indirect methods of assistance. According to the adopted classification of the Organization for Economic Cooperation and Development (OECD) direct measures of state support include subsidizing the income of agricultural producers, which include: compensation for damage from natural disasters; payments for damage associated with the reorganization of production; other direct compensation payments.

In the system of state support for developed countries, as a rule, indirect support measures prevail such as: price and tariff policy, compensation for current costs, maintenance of the infrastructure of rural areas.

Support for agriculture through subsidies, benefits and other methods is the main type of agricultural policy in all developed countries of the world and Europe. As noted by most researchers in some countries government financial flows in the form of various kinds of subsidies and compensations to agriculture are 1.5-2 times higher than the market value of products produced by the agricultural sector.

In 2008 the Ministry of Agriculture of Russia for the first time analyzed the indicator of total support for agricultural producers according to the methodology of the Organization for Economic Cooperation and Development (OECD). In Russia according to the methodology, this level was only about 11%, while its level was over 23% in OECD countries. State support for small forms of agricultural producers in Russia appeared in the form in which it was fully deployed in all constituent entities of the Russian Federation, only in 2013.

Taking into account the current specifics of functioning in agriculture the state makes systemic financial injections - subsidies in all areas of the agricultural sector. Without state support, it is practically very difficult for representatives of subsidiary farms and large agricultural producers to obtain significant and stable results in their activities. Such support is implemented according to the principle of priority distribution within the industry, in accordance with the Federal Law «On the development of agriculture» of December 29, 2006 N 264-FZ. The strategy for supporting the agro-industrial complex of the Russian Federation is presented in the Resolution of the Government of the Russian Federation dated July 14, 2012 N. 717 «On the State Program for the Development of Agriculture and Regulation of the Markets of Agricultural Products, Raw Materials and Food».

A feature of the activities of agricultural producers is that almost every one of them needs and receives, in one form or another, government support from the budgets of all levels, as in any other economically developed country. The effective use of budgetary funds allocated to support agriculture is of particular importance in the difficult economic conditions of the Russian economy. In recent years it is extremely important not only to allocate state support, but also to effectively use it in each of the regions of the Russian Federation.

Consider the use of state support in the Kinelsky district of the Samara region. Agricultural organizations, peasant farms and personal subsidiary plots of the Kinelsky district of the Samara region received more than 200 million rubles from the state in 2017. to reimburse some of the products produced (35% more than in 2014). The funds received through the Ministry of Agriculture and Food of the Samara Region were directed to the following types of state support: payment of interest on investment loans - 17 million rubles; purchase of elite seeds - over 11 million rubles; purchase of equipment - 19 million rubles; reimbursement of part of the costs of crop insurance - 8 million rubles; a grant for the development of a family farm - 10 million rubles; grants to novice farmers - 4 million rubles; subsidies for reimbursement of part of the costs in animal husbandry over 14 million rubles;

purchase of equipment - 5 million rubles; subsidies for the production of meat and bone meal - more than 1 million rubles.

In addition subventions in the amount of 75 million rubles were used to support agricultural producers in the Kinelsky District by directions: payment of interest on short-term loans - 26 million rubles, payment of interest received by the owners of personal subsidiary plots and peasant farms in the amount of 260 thousand rubles, provision of state support in crop production over 35 million rubles.

The Kinelsky District received incentive subsidies in the amount of 17 million rubles: more than 7 million rubles were received to reimburse costs in connection with the production of grain crops to support animal husbandry were received 11 million rubles.

The increase in the volume of state support in the region allows farms to develop dynamically, gradually renew the park of agricultural machinery, introduce modern technologies, strengthen the fodder base and increase the number of farm animals. So in 2017, quite good results were achieved in the district. For example, the gross grain harvest exceeded the results of 2014 by 1.5 times and twice in 2012.

In 2017 farms of all categories had about 11,000 head of cattle including 6,500 cows (the livestock increased by 20% compared to 2015). The largest agricultural enterprises (SEC «named after Kuibyshev», LLC «APK Komsomolets») are actively working to create a flame reproducer for dairy and beef cattle breeding.

The machine and tractor park of the region was significantly depleted. In 2017 local farmers purchased more than 25 modern tractors, 12 grain harvesters, more than 70 units of trailed and mounted implements and equipment. This favorably affects the reduction in the time of field sowing and harvesting operations.

In recent years, more attention has been paid to the modernization of grain cleaning and drying equipment in the Kinelsky region. Small forms of management, in particular, peasant (farming) households, receive a significant impetus. Since 2013 within the framework of state support for the purchase of livestock and equipping a farm, novice livestock breeders («Novice Farmer») could claim up to 1.5 million rubles, and for larger farms («Development of family livestock farms») with experience in the development of rural farms from the budget were allocated up to 10 million rubles. Grants are also allocated as a one-time aid - up to 250 thousand rubles for home improvement for novice farmers. Farmers are required to complete the grant in 18 months, and the ministry can draw conclusions about the effectiveness of the use of funds only after this period.

The main directions: subsidies on loans (a loan received by a farmer can only be used for the development and modernization of the farm); grants for housing and household amenities; assistance in paying off the lease fee (agricultural machinery, animals can be leased); development of family farms on the basis of peasant (private) farms (farms building farms are compensated for 60% of all costs).

In 2017 in the Kinelsky District within the framework of the implementation of this program, the following start-up peasant (farm) farms received: peasant farm Svetlana Mzhelskaya (Georgievka village with a project to develop beef cattle breeding, a grant for the purchase of 25 heifers); peasant farm Aizada Nurlukova (Skolkovo village with a project for the development of dairy cattle breeding), peasant farm Yulia Zhuravleva (Chubovka village with a project for the development of ostrich breeding, a grant for the purchase of ostriches and vehicles for their transportation), peasant farm Yulia Gudkova (Skolokovo village with a project for the development of pig breeding and processing, received a grant for the purchase of equipment for slaughtering livestock, processing meat and offal). The total amount allocated to support budding farmers and family livestock farms is more than 16 million rubles.

The use of the listed types of state support will allow farms engaged in agriculture to develop effectively and dynamically.

4 Discussion of results

Government support for agriculture is a prerequisite for effective functioning in most countries.

This is all the more important for Russia where difficulties arise in the conduct of agricultural production due to the peculiarities of natural and climatic conditions. In recent years, the volume of subsidies to this industry has been increasing which contributes to the growth of agricultural production.

Despite this many agricultural problems require new solutions. Therefore, effective means of state support are required which is not always manifested only in economic growth.

In 2012 the Ministry of Agriculture of Russia announced it had developed a new concept of state support for stimulating the development of agriculture. Since 2013 the Government of the Russian Federation is transferring all sectors of the economy to a new financing program called the «State Program for the Development of Agriculture and Regulation of the Markets of Agricultural Products, Raw Materials and Food for 2013–2020».

Program objectives:

- ensuring food independence of Russia in the parameters set by the Food Security Doctrine of the Russian Federation, approved by the Decree of the President of the Russian Federation of January 30, 2010 N 120 «On approval of the Food Security Doctrine of the Russian Federation»;

- accelerating the process of replacing imported products with domestic ones in the field of animal husbandry, crop production, fruits and vegetables;

- increasing the competitiveness of Russian agriculture in the domestic and foreign markets. In recent years, the development of agriculture has moved to a new level: it has become competitive, modern, high-tech. The development of market relations necessitated the implementation of investment policy.

Based on the data (See Diagram N 1, N 2) there is a noticeable increase in the share of domestic agricultural products in 2020 compared to 2019. There are many ways to develop the agricultural sector. Factors influencing the development of the agro-industrial complex: financial support from the state, climatic conditions, an attractive investment policy, global pricing, the introduction of resource-saving technologies. Despite the efforts made by the state, the pace of development of domestic agricultural production is not sufficient.

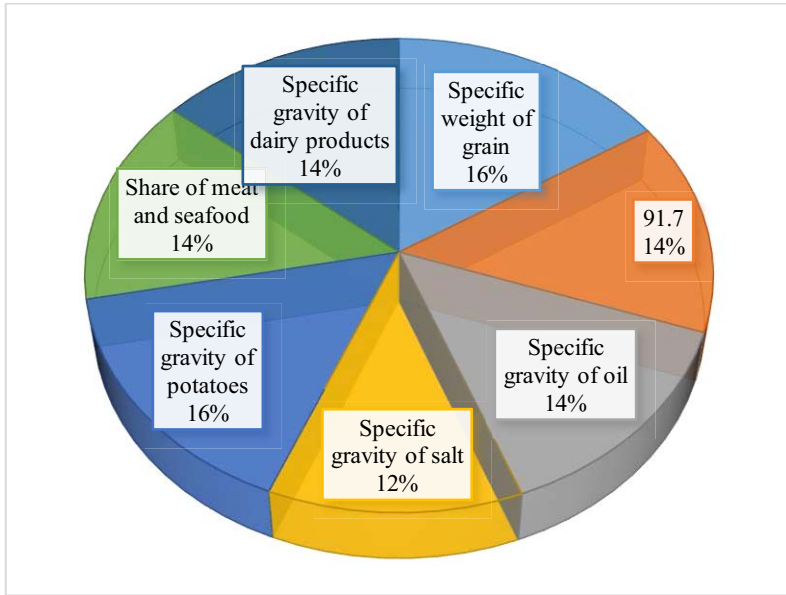


Fig. 1. Information on the indicators of the state development program agriculture and regulation of agricultural markets, raw materials and food for 2019, subprograms and federal target programs and their values (in% 0).

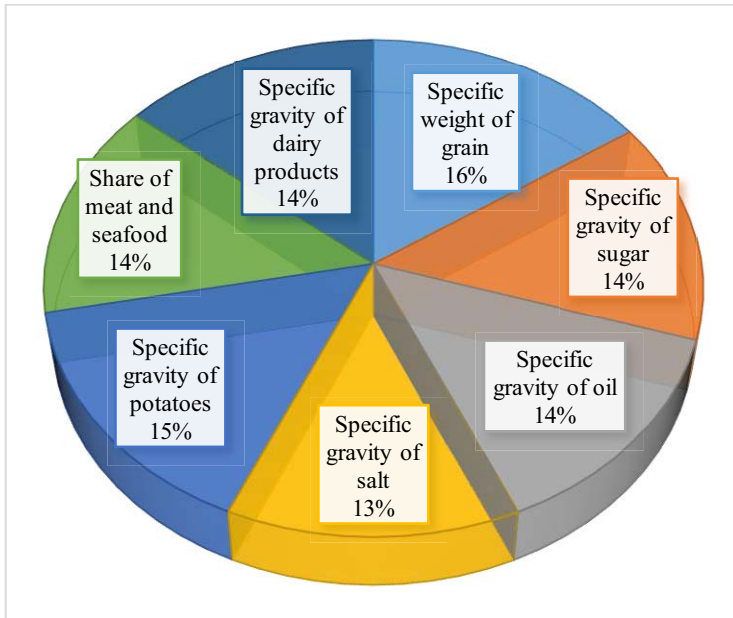


Fig. 2. Information on the indicators of the state development program agriculture and regulation of agricultural markets, raw materials and food for 2020, subprograms and federal target programs and their values (in% 0).

The experience of the European Union (EU) is of great importance for the Russian agro-industrial complex. Despite the large territories, the share of agricultural land in Russia is only 13% of the total land area. For example, in Germany - 48%, in France - 54%, in the Netherlands - 55%, in Denmark - 62%, in the UK - 71%.

The future of EU rural territories are conditioned by the rapid changes in social and economic worldwide evolutions and also by the economic policies based on regional smart specialization or, in other words, in favor of the largest urbanized areas in terms of food provision, among others. As rural areas farming remains the main source of land use occupation, the development of agriculture is widely imposed nearby the city accompanied by the diffusion of new models such as short value chains or local food productions. [2].

Europe has the socio-economic conditions to achieve a Bioeconomy model that gets innovation through the application of agro-ecological knowledge. In particular, rural areas have to innovate in organizational, social and institutional fields based on specific environmental resources and renewed connectivity between local actors within localized agri-food systems. Farmers need to be part of the models of joint knowledge-production (involving academics, practitioners, businesses, land managers and consumers) in order to improve the level of co-operative production behaviors and the development of powerful local networks devoted to a better inclusion and involvement of local populations to the decision-making processes [1].

The total area of arable land in the EU countries is 107.4 million hectares and in Russia - 122.7 million hectares. The remaining 40 million hectares of land are currently not used. In 2013 the Council of the European Union and the European Parliament launched a new phase of the Common Agricultural Policy. This program provides support for young farmers, environmental protection, subsidies for disadvantaged areas. Since 2020 all EU countries will be able to take advantage of the new payment system.

Currently, the USA is the leader in the production of agricultural products. State policy in the field of agricultural development and the significant experience of this country are of great interest to Russia.

Since the 1960s. in the United States various programs have appeared to improve the living standards of rural residents, namely, the issuance of loans and grants. One of these programs is a relatively new area - rural development policy (RDP).

Many agricultural support programs are implemented through the Ministry of Agriculture. This body coordinates and stimulates the actions of the AKP. In 1990, Strategic planning became an important and obligatory part of the programs for the development of the agricultural sector.

Analysis of the methodology and regulatory framework of the US state agricultural policy revealed the following key characteristics.

1. Conceptual framework for sustainability. Productivity growth in the US agricultural sector is critical to the development of global markets. The approach can be seen in the strategy provisions that include: guaranteeing high quality nutrition for US residents, as well as providing food to the population around the world; increased wealth in rural areas, increased government investment in rural development; guaranteeing children's access to safe and balanced nutrition, etc.

2. Developed instruments for financing activities and supporting incomes of commodity producers. Direct financing includes: insurance of agricultural risks and loss of value; organic crop production insurance; concessional lending to farms and the provision of grants; support in purchasing services for the purchase of seeds, fertilizers, livestock, feed, equipment; providing direct loans to rural communities for infrastructure development.

3. Focus on multifunctional agriculture as the basis for achieving the goal of sustainable development. It has been found that multifunctional agriculture contributes to the preservation of ecosystems and restrains the influence of global food chains through direct sales of farm products. At the same time, it should be borne in mind that the transition to activities that do not provide for the production of products, in the absence of reasonable planning, can lead to a loss-making industry of an entire region or district.

4. Cooperation of commodity producers within the framework of marketing, production and sales programs. Cooperatives in the United States are created to meet the need for those resources and services, the market for which does not function effectively. Despite the reduction in number, their advantages remain obvious in solving the following tasks: targeted government funding; providing research and development for sustainable development; creation and maintenance of a knowledge base of participants; technical assistance; and countering monopoly and eliminating price disparities in the food chain.

5. Efficient pricing based on parity monitoring. Monitoring is carried out by calculating price indices received by agricultural producers for products sold, an index of prices paid for means of production, and a parity index. Also, the Risk Management Agency performs forecasting of the price situation in the markets, and the results are used in the calculation of insurance payments, coverage of income of agricultural producers and prices of futures contracts.

6. Market stabilization based on exchange and over-the-counter instruments. It has been established that before the onset of the world food crises of 2007-2008, and 2010–2011, there was a tendency to liberalize and reduce the regulatory function of the state, which made it almost impossible to quickly stabilize the situation and led to economic and social losses. In this regard, the system of regulators in the United States is currently being strengthened in all areas, including: ensuring transparency of the regulatory framework and methodology; guaranteeing the availability of the necessary market information for business entities; production planning; strengthening the powers of regulatory bodies.

Within the framework of exchange regulation, general rules of access are established, monitoring and forecasting of futures contracts and prices are carried out, and the influence of speculative transactions is revealed. OTC trades and commodity swaps are standardized and executed on dedicated registered platforms. Significant deficiencies of the regulator are: increased influence of financial markets and investments on the prices of commodity futures contracts, as well as the gap in the value of futures and cash transactions, distorting the pricing process.

7. Regulation of the market for perishable goods. The Perishable Agricultural Goods Act prohibits unfair and fraudulent practices in the sale of perishable goods by regulating the activities of shippers, distributors and retailers. This ensures that agricultural producers work in partnership with the manufacturing industry and fair trade practices through education, mediation, arbitration, licensing and enforcement. Part of this mechanism is the practice of long-term marketing agreements, which are initiated by the industry in order to ensure stable supplies of milk, fruits, vegetables and are a mandatory regulator for the entire industry in the region. Within the framework of long-term agreements, the maintenance of high quality products is ensured; standardization of packaging; creation of backup storage programs; marketing research and advertising development.

8. Information support for the export of agricultural products and food, which provides for: ensuring transparency of the situation (forecasts of exports and imports by countries and sectors; multipliers of agricultural trade, which provide an assessment of the impact on employment and profitability of related industries; data on prices and volumes of imports, and also origin); monitoring safety and quality criteria for products entering the United States; monitoring bilateral and multilateral trade agreements, and the use of benefits.

In 2002 the United States passed the Farmer Safety and Rural Development Investment Act. The state is extremely interested in supporting agricultural producers. This program provides price stability, direct payments to farmers, export subsidies, and more.

The implementation of the agricultural support program is carried out in three directions: direct, credit and cyclical payments:

- direct payments - the amount of fixed payments that do not affect the price level;

- loan payments - collateral payments that are made when collateral rates are higher than the level of market prices;
- cyclical payments - if the market price is lower than the price level set by the government, then agricultural producers will receive additional income.

The state revises the country's agricultural policy about once every five years. This program is coordinated by the USDA and the US Congress. Farmers and representatives of the agro-industrial complex also take part in the discussion. «Stabilizing Farmer Incomes» is one of the most important agricultural programs. The program is allocated 30-50% of the budget for financing the agricultural sector. Another form of support for the country's agro-industrial complex is preferential taxation of farmers.

This means that tax discounts are provided, the level of taxation is reduced, and the cost of agricultural machinery is removed from the tax base.

In foreign countries, the insurance system plays a special role. Insurance is not a subsidy, but nevertheless it represents a significant support for farmers. Agricultural producers pay tax not on income, but on profits. Smallholder farmers are unable to compete with large commercial farms. Therefore, the US government is proposing to limit subsidies to large producers who receive at least 75% of their income from agriculture. In the United States, subsidies for milk production are leading. This is driving the dairy industry's revenues and creating the world's largest dairy farms. There are more than 40 thousand dairy farms across the country, where about 9 million cattle are kept and about 100 million tons of milk are produced.

Despite the decrease in the number of cows and the number of farms, milk production is increasing by about 1.5% annually due to the increase in cow productivity. The largest US companies in the field of agriculture are striving to create a system of «smart» agriculture, that is, digitalization, which is based on the collection and processing of information about soil conditions, climatic conditions, etc. In terms of the level of digitalization of agriculture, Russia is inferior to many countries.

In Russia, only 10% of arable land is cultivated using digital technologies. This leads to a loss of 40% of the crop. The experience of farming in China plays an important role for the development of the agro-industrial complex of Russia. The PRC is one of the largest food importers.

Since policy reforms began in the late 1970s the Chinese economy has experienced dramatic growth. However, income and the living standard of rural populations have consistently lagged behind urban populations. To promote rural development, the Chinese government implemented a series of policies.[3,4,5]. During the initial reform period, rural income and agricultural production were marked by fast growth, mostly due to institutional innovations and particularly the implementation of Household Responsibility System (HRS) [6,7].

The recent approach of the Chinese government to promoting rural development, as described in a series of No. 1 Policy Documents issued by the Central Committee of the Chinese Communist Party from 2004 to 2013, reflects its continued commitment to strengthening farmer's land-use rights and the use of market-oriented mechanisms, including emphasizing the role of land rental markets in consolidating farmland and facilitating larger scale of farming operations.

Agricultural economists have also argued for the need to stimulate farmland rental markets in rural China as a means to improve land allocation efficiency [8,9,10,11]. Currently farming operations in rural China are small, partly due to limited farmland and partly resulting from the implementation of HRS in the late 1970s and early 1980s that followed the principle of equality, according to household size, the number of laborers in a household, or both, in farmland allocation. In addition to directly contributing to low agricultural income,

the small farmland area discourages rural households from investing in agriculture and prevents the application of machinery, limiting the potential of agricultural output [12].

Rural households can exchange land-use rights through private farmland rental markets, but the utilization and effectiveness of farmland rental markets vary across rural areas in China [13]. Because farmland rental contracts are often informal and signed for short time periods, rural households do not have secure use rights over rental farmland, which discourages them from renting in larger areas. The inherent insecurity in such short-term informal contracts can also lead to declining investments in rental land [14,15,16]. The Hukou registration system in China that differentiates urban and rural households also influences the decisions of rural households on how to deal with their farmland in the country side, further discouraging farmland exchanges [17].

Because migrant workers do not have the same social security and benefits as the urban population, many of them regard farmland as their safety net and do not intend to permanently settle in cities even if they do well in cities. This prevents them from exiting agriculture and releasing farmland to other households [18].

Today fish and seafood, as well as dairy products, are leading in the list of Russian products imported by China. One of the fastest growing industries in China is the dairy industry. In 2000, in order to increase milk production, the government gave permission to private individuals to raise dairy cattle, which violated the state monopoly. The country has introduced subsidies for milk production to attract private investors. In China, the average price of raw milk is 44.56 euros per 100 kg (2018).

Regional authorities also support the dairy industry. The Beijing government is supporting dairy production with \$ 400,000 annually, subsidies for farm renovations, the purchase of modern equipment and support for regional farms. Government assistance has boosted the dairy industry, which has satisfied domestic demand, created new jobs and increased incomes for small farms. By encouraging small-scale farming, the government is reducing rural poverty.

The PRC government has set strict rules for importers to protect its own dairy industry. This means that milk must only be produced from healthy animals, and the production process must be monitored from start to finish.

The government strives to import cheap but quality goods. In this regard, Russia needs to study the experience of countries such as the United States and China, and other advanced states. Studying the successful experience of foreign countries, Russia needs to make adjustments to the state support of the agro-industrial complex. For the development of agriculture to remain a priority, it is necessary to support the state programs of the country. To solve the problems of financing agricultural enterprises, it is necessary to set new tasks and principles of state economic policy and ensure a favorable investment climate.

5 Conclusions

World experience shows that the development of agriculture is possible only if innovations are widely introduced and production modernized. The most effective agricultural mechanisms are used in foreign practice. Therefore for Russia the use of tools from foreign experience plays an important role.

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