WORLD EXPERIENCE OF STATE SUPPORT OF THE AGRO-INDUSTRIAL COMPLEX

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ABSTRACT

The current state of the entire agro-industrial complex dictates the need for a radical revision of the methods of state support. Therefore, experience of using rational elements in organizing the system of state regulation of agricultural production in advanced economies will be interesting and useful for our country. Experience of many developed countries is useful, where agricultural production is of paramount importance in connection with the state provides finance for the agricultural producers in varying amounts. Therefore, it is necessary to study the mechanism of agricultures' state support in the countries such as the US, China and individual EU countries in more detailed form.

Keywords: The Agro-Industrial Complex, State Support, Economic and Administrative Management Methods

INTRODUCTION

The question of the extent in the state that participates in the regulation of the economy is one of the most urgent and debatable problems in the economy. The range of assertions on this issue are incredibly broad and extends from complete non-interference of the state into economic processes, in order to have a strict control over the economy through public administration. This problem is typical for all sectors of the economy, but it is most pronounced in agrarian sector, due to peculiarities reproductive process in agriculture. As Said et al., (2017) declared agriculture plays an important role of the entire national economy. Existing forms and methods of state regulation agrarian sectors are in most cases ineffective. In this research, the issues of the study of agricultures' state regulation as a central link of agar production and identification of its effectiveness ways which are very relevant presented, (Matyunina, 2006).

The state of knowledge of the problem till the mid-80's in the domestic economic literature state sector was taken as objectively given. Scientific research was aimed at methods of farming and development of the state property as the only basis of management. O.A. Suvorov.et al., (2018) studied the electrochemical and electrostatic decomposition technologies as a means of improving the efficiency and safety of agricultural technologies.
transformation of economic relations that has taken place has strengthened the scientific interest in other forms management and in general to the problem of "state and economy". Dominant initially was macroeconomic, the level at which the problems were investigated privatization state ownership, transition to a market distribution of production income and etc. The results of these studies are reflected in the scientific publications of V. Kulikov, V. May, N. Shmelev, E. Yasina. Since the mid-1990s, the attention of economists began to shift to the role of the state sector in a market economy, the relationship between public and private sectors and the effectiveness of state influence on the economy which are studies of A. Anfinogenetic, A. Altukhov, V. Bautin, D. Vermelya, A. Gordeev, V. Dobrynin, A. Emelyanov, V. Klyukacha, V. Miloserdova, A. Petrikova, B. Poskus, V. Svobodin, E. Serova, A. Serkov, I. Usacheva, I. Khitskova, A. Chernyaeva, A. Shutkov, D. Epstein and others. But, despite the great interest of researchers in the problems, a significant part of them has not been studied enough. Many important issues of a methodological and conceptual nature that are related to the definition of the place of the public sector in the transformed economy, forms and methods of state support economic agents, including Agrarian sector economy (Matyunina, 2006). It is widely believed that directed support tools are not being used effectively. Therefore, it is required to develop theoretical and practical questions of increasing the effectiveness of state influence measures on Agriculture with utilizing the world experience. This determined the setting goals and objectives of the study.

METHODS AND MATERIALS

During the research, methods such as analysis and synthesis were used. The materials of the research are chosen according to the studies of well-known economic scientists of different countries of the world and statistical data.

Main part

State support for abroad agriculture is a rather complex mechanism that includes instruments for influencing the incomes of agricultural enterprises, the structure of agricultural production, the agricultural market, the social development of rural areas, inter-branch and inter-farm relations. The goal of the support is to create stable economic, legal and social conditions for the development of the agricultural sector, meeting the population's needs for qualified food at socially acceptable prices, and protecting the environment (A. Neshchadin, 2009).

The main role in the system of state regulation of agriculture in developed countries is price regulation, which provides profit for producers of agricultural products, as well as the establishment of price equilibrium in the relations of agriculture with adjacent industries (60%).

Currently, state regulation and support of agriculture in foreign countries are carried out in the following main directions: direct government payments; price regulation; reimbursement of costs of agricultural products; promotion of market development; assistance in development of industrial infrastructure; implementation of environmental programs in the agricultural sector.

The system of agriculture state support in the developed foreign countries is based on the interaction of economic and administrative methods of management (A. Neshchadin, 2009).
Administrative methods include various government programs, directive planning (five-year plans, annual socio-economic plans), foreign trade policy instruments (import certification, quoting and licensing). All these methods are aimed primarily at improving the effectiveness of state regulation, as well as on monitoring the proper use of budgetary funds.

Economic methods consist of two groups: direct and indirect. The most complete direct and indirect measures of state support for the agro-industrial complex, practiced in foreign countries, were investigated and generalized by Nazarenko I. and Paptsov G. (VI Nazarenko, AG Paptsov, 2017).

Methods of direct government regulation include instruments of fiscal policy:
- State compensation payments;
- losses due to natural and climatic effects;
- payments for the damages in connection with the reorganization of product. (payments for the reduction of crop areas, forced slaughter of cattle, etc.).
- The financing of research and development;
- The financing of education and professional development in rural areas.

Measures of indirect state regulation of the agro-industrial complex include:
1) Instruments of pricing policy, including government procurement, monitoring of input prices, guaranteed purchase prices for major agricultural products;
2) Instruments of tax policy - preferential tax treatment;
3) Payment for the purchase of agricultural products Weddstv etc. oizvodstva by allocating subsidies for the purchase of fertilizers, pesticides and animal feed, interest payments on loans, payments for property insurance and the development of rural financial institutions of a new type;
4) Assistance to the development of the market, which involves the allocation of state budgetary resources for the preparation and execution of market programs, subsidies for the storage of goods and transportation services for the transport of products.
5) Assistance in the development of industrial infrastructure, which involves budgetary financing for activities with the aim of improving the efficiency of the production process - subsidies for the construction of buildings and facilities for industrial purposes, irrigation, land reclamation, and the formation of farmer associations.

For more effective introduction of optimal measures of state regulation of the agro-industrial complex of Russia (especially in the regions), it is possible to adopt the experience of foreign countries in this direction. In fact, it is necessary to take into account the national interests and peculiarities of Russia.

In this research, further features of the state support of agrarian production in various countries of the world and possibilities of their use in domestic practice are considered.

In countries with a developed agrarian economy, measures of indirect state regulation dominate the measures discussed above. Some will be discussed in more detail and, above all, their legislative aspect.

State support and financing of agricultural production from the budget funds is carried out in accordance with legislative acts, where specific rules, requirements, methods and forms of the mechanism of state support are specified. So, the law on the US agriculture contains
specific volumes for the production of each type of agricultural products, the amount of budget allocated to the agricultural producers. Actually, the law fulfills a dual role, first, it regulates the relations between the state and producers of agricultural products. Second, it defines concrete methods and forms of state support for all participants in agricultural production, regardless of the form of ownership.

In addition, there is a long-term state investment program for the development of agriculture and regulation of agro-food markets. At the same time, various state programs are functioning to protect the natural resources of agriculture: land, water resources, forests. For example, farmers who have agreed to plant pasture grasses on a certain part of their cultivated areas, instead of crops that have a negative impact on the soil (cereals, cotton, etc.), subsidies are issued from the budget. And farmers who implement various saving or preserving technologies on their land plots are compensated up to 50% of the costs. At the same time, the program for the protection of natural resources of agriculture obligatorily provides financing activities aimed at increasing soil fertility and the efficiency of water resources use (VI Nazarenko, AG Paptsov, 2017).

In the structure of indirect measures of state support of agricultural producers in foreign countries, the largest share is taken by the means spent on maintaining the price policy which allows to stabilize domestic and foreign markets, and also regulates the volume and structure of agricultural production. At the same time, pricing policy is one of the tools of social assistance to the village. However, the most important function of supporting pricing is the regulation of incomes of agricultural producers, which contributes to the effective development of the industry. The pricing system involves monitoring prices of inputs, costs and incomes of farmers, prices for the last products and services of the agro-industrial complex (Foreign experience of financing of agrarian and industrial complex, 2017).

Considering foreign experience, it is important to note that state support of pricing is directed to both internal and external goals. Its mechanism is actively involved in the foreign trade, protecting its own production markets. The state appropriations, taking into account the level of inflation, were 82% in Switzerland, 75% in Norway, 74% in Japan, and 44% in Austria (2011).

State regulation of the pricing system in virtually all developed countries is identical and includes:

- the establishment of the upper and lower limits of price fluctuations and conditional price, which the state is trying to preserve;
- buying or selling goods for the implementation of commodity intervention and maintaining the necessary price level (A. Neshchadin, 2009).

The successful functioning of agriculture in foreign countries is also the result of the current taxation system. As in all branches of the entire national economic complex in developed countries, a certain tax system is inherent in agrarian production. At the same time, agriculture enjoys certain tax preferences, a special taxation regime which is related to the specific nature of agricultural production, in particular seasonal nature, dependency on natural and climatic conditions and the predominance of the small family producers (A. Neshchadin, 2009).

A wide spread in the budget support of the agrarian sector abroad received an agricultural loan. For example, the state helps to the beginning farmers of Germany, which consists not
only in presenting unpaid budgetary funds, but also in providing a loan of 200 thousand euros at 5% per annum. Therefore, for the purposes of construction, beginning farmers can receive a public loan, the amount of which varies up to 120 thousand euros with an interest rate of 1.5% per annum. Also, farmers can expect to enter into commercial credit insurance contract, which is available for purchasing Wed dstv etc. oizvodstva (insurance rate is about 0.4%). (Serobyan, 2016).

In the UK, the system of lending to the farmers is represented by mortgage lending on the security of available land resources. The Agricultural Mortgage Corporation, established in 1928 and has functioned until the present time, also, it receives state support in the form of a reduced interest. The loan period is 5 to 40 years, with the maximum possible amount of collateral being one third of the value of the property. Considering the short-term credit system, it can be said that farms often resort not to traditional bank loans, but to overdrafts.

State support for agriculture in Finland is carried out through the Agriculture Fund, which is formed from funds allocated by the state, interest on loans and taxes on land resources. The Foundation provides loans to the farmers of various areas, in particular, the construction and repairing of the buildings and structures, the purchasing of agricultural equipment, the cultivation of land, the formation of a productive herd. At the same time, the percentage of loans depends on the region, which ranges from 4 to 7%.

A distinctive feature of the credit system in Canada is the provision of interest-free advance loans for seasonal activities, in particular for spring field work.

To overcome the consequences of the global financial and economic crisis, French President Nicolas Sarkozy adopted a series of measurements to implement gratuitous state aid to agriculture in 2010 with the amount of 1.65 billion euros, 1 billion euros bank loans and 650 million euros state aid. The rate for loans at the same time was 1.5% per annum, and for beginner farms only 1% per annum.

The mechanism of state support of the agrarian sector of the US economy is aimed at solving two main tasks at once. First, the effective development of agricultural production. Second, to support low-income segments of the population. The essence of the system of state support for agriculture is to encourage farmers to work with a certain number of people and with the least expenditure. This is achieved by purchasing agricultural products produced by them at higher prices.

For low-income segments of the population, the government provides coupons for which certain types of goods can be purchased in special stores. It is important to note that the amount of funds allocated by the US government to the coupons is definitely higher than the amount spent in Russia to finance agriculture. Each month, the US government spends about $114 to each participant in the food aid program, which is obtained for every ninth citizen of America.

The volume of financial support for US agriculture is closely linked to the external factors, of the economic situation. In an unfavorable crisis period, funding is significantly increased, in more favorable years, financial support is declining. The state budget funds are spent on financing various activities:

- development of agricultural innovative technologies;
- monitoring of the market situation;
- credit system;
• conservation and seizure of land;
• pricing policy;
• support of farming supply and marketing cooperatives, market orders;
• Food subsidies;
• export subsidies;
• international food aid.

The largest share in the structure of the state budget for agriculture belongs to funds spent in two areas. First, income stabilization programs - they occupy about 60% of the budget. Second, it is a program of agricultural research and science services. Consequently, a third of US farms receive state budget funds.

About 90% of all manufactured commodity products of the United States fall to large farms holdings, which allocate a significant part of public funding (about 70% of budget funds), while ensuring the effective development of agriculture.

US farmers do not have income tax benefits (in Russia personal income tax), they pay the same rate as other taxpayers. However, farms have a number of other tax benefits. In particular, farmers are given the right to reduce the taxable base by the amount of payments to social funds or from the base to deduct a minimum that is not taxed. In addition, farms have the right to pay the average income tax received during the last three years.

All agricultural producers who sold more than 70% of their agricultural products during the year have the right to receive loans at undervalued interest rates, receive subsidies, purchase equipment for leasing, crop insurance to 50%, etc.

Within the framework of state support for US agriculture, there are two types of costs (Chernyakov, 2009):

• Target (guaranteed) prices, intended for most types of agricultural products. Target (purchasing) prices are intended to the farmers with an average and low level of costs. The essence of such prices lies in the fact that they set at a level which would guarantee the farmers’ necessary income for the implementation of expanded reproduction. At the same time, the sale of agricultural products is carried out at market prices, which can be higher, lower or equal to the target. However, if the market price turned out to be lower than the target (guaranteed), then the received difference is compensated to the farmer. Therefore, only the target price is the final price of the sale, which became known as guaranteed;

• Fiscal prices (mortgage rates). The essence measure of state support is that if prices on the food market are lower than collateral, farmers sell their agricultural products on bail to the Credit and Credit Corporation at collateral prices. In this case, within nine months, it can be bought by the farmer. In case, if it did not, the products become the property of the TAC, and the farmer will be given a cash consideration of collateral price minus storage costs. According to the provisions of the 1985 Agricultural Law, US farmers can sell their agricultural products both on the free market and on contract. If the price does not satisfy the farmer, then he has the right to leave the product to storage in the anticipation of a better price, or to surrender it on bail in TAC.

The collateral price (rate) is the lower limit of the guaranteed prices for agricultural products. If, within nine months, prices in the world market are below the lien, the farmer is
given the right to repurchase the surrendered products at world prices. Thus, the farmer receives a net profit as a difference between the collateral price and the price in the world market.

In the EU countries there is a somewhat different system of price regulation. Target or reference prices are characterized by a sufficiently high level, providing an appropriate level of income for medium and large farms. Intervention prices perform the role of minimum prices. According to the prices the farmers purchase state-owned procurement enterprises. This measure is an effective way to maintain the price at a certain level.

In all countries of Western Europe, the mechanism of guaranteed prices for agricultural products operates. For example, Finland has target prices, subsidized and additional. Each year, the Ministry of Agriculture and Forestry determines the target prices and approves them in agreement with the Central Organization of Agricultural Producers. Depending on the rate of inflation, these prices can be adjusted during the year. The basis of the target prices is the price model, which is developed by taking into account the prime cost of production of the most important agricultural products of the southern regions of the country, i.e. with the best conditions for production (A. Neshchadin, 2009).

For areas with unfavorable conditions of production, subsidized prices are provided. They are installed according to the same procedure as the guaranteed prices. A distinctive feature here is that subsidized prices are set on agricultural products, which are intended for export. At the same time, if farms produce products that expenditures exceed subsidized prices, losses are not a subject to reimbursement (Matyunina, 2006). Moreover, if they exceeded the quotas set by the state, the surplus will not be reimbursed even at subsidized prices.

There are also additional prices that apply to products exceeding state quotas. Based on the specific conditions of the internal market of a particular region, they can change (they are usually below target prices).

State support for China's pricing has a significant impact on the effective development of the entire agricultural production. Initially, the state of China created optimal conditions for the functioning of family farms, optimizing price relations, increasing agricultural production and effective development of the agricultural sector through the introduction of mandatory state supplies and additional government purchases, as well as an increase in purchasing prices for grain and other agricultural products. Later the price policy was oriented to the introduction of guaranteed prices, the strengthening of the reform of the system of state orders at conditional prices, which helped to maintain the correlation of the indexes of purchasing prices for products and means of production, in connection with which in China disparity prices between agricultural products and industrial products have not become widespread (Foreign experience of financing of agrarian and industrial complex, 2017).

In China, financial and credit regulation of the agricultural sector is carried out through the Agricultural Bank, the Bank for Agricultural Development and the State Development Bank. These banks provide loans for the purchase of certain types of agricultural products, its storage, processing, rendering assistance to low-income strata of the population, development of resources.

Rural credit cooperatives were widely spread in China in the 2000s. For the best satisfaction of the needs, the agrarians were transformed into commercial banks. In 2005, the first agricultural insurance company was organized, which agreed with crop insurance against
losses in the event of adverse natural and climatic conditions. At the same time, about 65% of insurance contributions are farming, the remaining 35% are state and local governments (Foreign experience of financing of agrarian and industrial complex, 2017).

Since 2006, the state has been stimulating the development of the rural financial market, as a result of which new types of rural financial institutions (village and village banks, credit companies, rural cooperatives of mutual monetary assistance) have been set up and are providing small loans to the farmers for agricultural needs. To eliminate the consequences of the global financial crisis, the availability of obtaining loans from peasants and providing free assistance were considered as main function of financial and credit regulation.

A characteristic feature of China's tax policy should be considered a gradual reduction in the tax burden as a result of the implementation of various government programs. Producers of agricultural products were exempted from paying various taxes, in particular from agricultural tax, a slaughter tax and a tax on special types of agricultural products. In addition, the government of China abolished all types of rural allocations to various funds (to the accumulation fund, social fund, etc.), as well as additional fees charged, which payed from the state budget of China (VI Nazarenko; Paptsov, 2017).

The mechanism of price regulation presupposes control and analysis of the existing dynamics of prices for the means of production, incomes and expenditures in the agrarian sector, prices for the end products and services of the agro industrial complex. Subsidies in the EU countries reached 45-50% of the value of commodity produced by farmers, in Japan and Finland - 70%, in Russia - only 3.5%. In the United States, 30% more funds are invested in the development of the agricultural sector per unit of agricultural output than in other sectors of the economy (Information and Advertising Agrarian Newspaper, 2018).

In addition to the pricing system, control over the provision of budgetary subsidies (national aspect) is envisaged in the EU countries for the organization and regulation of markets for agricultural raw materials and food products. In addition, there are Pan-European measures that provide income for producers of agricultural products, maintaining a certain level of market prices.

In the EU countries, budgetary subsidies are provided in accordance with the norms of a Pan-European subsidy policy. Any other assistances that create the most favorable conditions for any country is prohibited. Such measures are: price interventions (premiums to prices), regulation of production volumes, reimbursement for products produced for export (Ilyina, 2012).

In addition, the country’s finances government activities aimed at improving the quality of agricultural products, ensuring a certain level of farmers' income, providing veterinary supervision, introducing innovative technologies and development, protecting the environment, and stimulating production in depressed areas.

At the same time, both EU member states and autonomous entities (autonomous regions of Italy, departments and districts of France, counties in Germany) or federal states (German lands) with their own budgets (income from taxes) render budgetary support. However, it is known that the volume of budget which subsidies for the investments should not exceed the established volume.

Thus, the agricultural policy of the EU countries is aimed at clearly organizing sales markets, maintaining a certain level of income for farms, improving the quality of agricultural
products, implementing surplus production and solving a number of other tasks. At the same
time, there are differences in the directions and ways of financing the agricultural sector. So, to
support agricultural production and regulate agricultural markets in addition to the EU
system, Denmark directs a third of its own agricultural budget, Britain and Ireland,
respectively, 15 and 20%.
Most countries spend a significant part of their agricultural budgets on structural policies
(rehabilitation and improvement of farms, improvement of soil fertility, modernization of
the material and technical base, quality of farm work, reduction of production costs and
development of depressed areas), where there are also differences in funding. So, the UK
spends about a third of its agricultural budget on measures aimed at modernization, and the
Netherlands and Luxembourg - less than 10%. In general, in the EU countries, on average,
10% of agricultural budgets are spent on supporting start-up farmers, including in France -
25%, in England and Ireland, this part of the costs is quite insignificant. On average, EU
countries spend on the budget programs "Research and development" in the range of 10%, and
in the Netherlands - almost 30% of budget funds. (Lopatkin, 2017)
The size of subsidies in some EU countries reaches about 45-50% of the value of commodity
output produced by farms. In other states, the amount of budget investments in the agrarian
sector is 1.5 to 2 times higher than the market value of its output. The US agricultural sector,
unlike other sectors of the economy, per unit of output, receives 30% more government
investment. For example, considering the size of subsidies per hectare, it can be noted that in
Russia this figure is about 70 euros, while in the EU countries - about 270 euros, the
Netherlands - 475 euros.
According to the Organization for Economic Co-operation and Development (OECD), the
share of state aid in farmers' income for a long time was 15% in Australia, 30% in USA, 45% in
Canada, 49% in general market countries, 52% in Austria, 59% in Sweden, 66% in Japan, 71%
in Finland, 77% in Norway, 80% in Switzerland, in Russia - only 3.5% (Dolgov, 2014)
The data presented in Table 1 indicate that Russia is inferior in comparison with the United
States and the European Union in terms of the total volume of state support for agriculture, but
outstripped Canada in 2014.

Table 1: Volumes and structure of state support of agriculture in the countries of the world

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<td>Total, million US dollars</td>
<td>% Of total</td>
<td>Total, million US dollars</td>
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<tr>
<td>USA</td>
<td>PSE</td>
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<td>52.2</td>
<td>31596</td>
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<td></td>
<td>GSSE</td>
<td>28379</td>
<td>29.0</td>
<td>71539</td>
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<td>18.8</td>
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<td></td>
<td>TSE</td>
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<td>100</td>
<td>143778</td>
</tr>
<tr>
<td>Canada</td>
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<td>72.3</td>
<td>7581</td>
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<tr>
<td></td>
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<td></td>
<td>TSE</td>
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<tr>
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<td>TCT</td>
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And what is extremely important - in terms of the growth rates of both production and non-production subsidies, it significantly outstripped its partners.

**CONCLUSION**

Thus, the main content of the agrarian policy of most economically developed countries is state support for the agro-industrial complex through various economic instruments, subsidies and benefits. It is clear that foreign experience shows an effective mechanism of state regulation of agriculture, which allows creating competitive products, and ensuring the effective functioning of the agricultural sector. Based on the above experience, the main directions of its application are formulated in this research.

- Overcoming price disparity by establishing target (guaranteed) prices for the most important types of agricultural products;
- granting of additional grants proceeding quantity and quality of the made agricultural production. This will be helpful in increasing production volumes, as well as improving quality;
- stimulation of private investment, which will attract additional financial resources in the development of the industry.

If the proposed directions will be implemented, it will allow to bring the agro-industrial complex to a new level, which will help to ensure competitive agricultural production.

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