Public support models of agricultural production in the EAEU countries

The role of agro-food market development and ensuring food security in the national security system has been considered. Main factors contributing to the implementation of the State policy have been presented. Specifics of competitive agribusiness have been revealed using the example of the United States. Priority directions of economic mechanism improvement in the EAEU countries, as well as basic principles of the development and implementation of a unified agricultural and food policy in the areas of the Eurasian agro-food market, agro-industrial production, State regulation of AIC, conditions of implementation of agricultural enterprise financial rehabilitation mechanism have been considered. The authors state that introduction of a comprehensive approach to public support for agricultural sector of economy will provide equal conditions for agricultural producers in the EAEC member countries. The model of public support for agricultural production in Kazakhstan for 2017-2021 have been proposed. The directions of subsidizing crop production, processing crop production and livestock products in the republic have been analyzed. The implementation of the investment subsidy program is aimed at cost reduction of investment and reduction of payback period of investment projects. Measures supporting the effective functioning of economic mechanism in the sphere of taxation, pricing, lending, and insurance have been justified. The conclusion is made that unification of public administration mechanism in the EAEU countries will create equal economic conditions for agricultural producers, increase production efficiency, solve problem of providing population with food, and other important issues of agricultural science.

Keywords: agricultural sector, public support, food policy, crop production, livestock production, subsidizing, lending, taxation, insurance, investments, unification, agricultural science.
part of funds is spent on regulating food export and import, protection of domestic food market. This circumstance is due to the desire to restrict import of cheap food from the United States to domestic market.

The state of food security is ensured through the implementation of government functions: incentives for producers, consumer support, regulation of agro-food sector and market.

Within the frame of the EAEU, development and implementation of a unified agricultural policy should be aimed at ensuring sustainable and balanced development of agro-food market on the basis of the effective State regulation of agroindustrial complex, extension of integration processes [1].

Cooperation in the sphere of lending to rural commodity producers should be one of the essential directions of improvement of economic mechanism. This problem should be solved in view of creating or using one of the profiling banks in the field of agricultural lending in the EAEU countries as an institution of AIC development (provision of large investment loans at low interest rates for the development of priority industries through it) [2].

The development, implementation of a unified agricultural, and food policy play an important role in the effective solution of food security issues. It is expedient to determine the following as its basic principles [3]:

- In the field of the Eurasian agro-food market:
  - development and implementation of unified food balances, which reflect the opportunities for joint solution of food security issues;
  - regulation of export-import operations on agro-food market aimed at competition reduction;
  - development of a unified logistics system on marketing of agro-food products to domestic and foreign markets.

- In the field of agro-industrial production:
  - development of coordinated scheme of joint development and placement of agricultural production, taking into account natural and economic conditions, improvement of specialization of agro-industrial complex;
  - formation of integration links in AIC and establishing large transnational food corporations, dominating on domestic market integration formation and external food markets.

- In the field of State regulation of agroindustrial complex:
  - formation of supranational agro-industrial production management bodies;
  - unification of forms and methods of State regulation and support of agricultural sector;
  - conducting joint events, taking into account the world market situation, modeling and forecasting agro-food sector development, development and implementation of national and supranational food security models.

For efficient use of financial resources in the EAEU countries, it is advisable to establish standards for banking system formation and bank optimization.

Directions of economic development of the Eurasian Economic Union - creation of conditions for increased business activity and investment attractiveness; innovative development and modernization; ensuring the availability of financial resources and development of financial sector; infrastructure development; development of human resources; resource saving; regional development, cross-border and international cooperation [4].

For creating equal conditions for economic activity of agricultural producers in the EAEU, it is necessary to unify loan rates for the use of resources. When buying or selling fixed assets and equipment, including agricultural machinery, it is necessary to abolish the value-added tax, land and real estate tax.

It is proposed to implement the mechanism of financial rehabilitation of agricultural enterprises under the following conditions:

In conditions of drastic shortage of financial resources in the EAEU countries, it is necessary to use bills in settlement-credit relations that have the ability to combine properties of security, debt obligations and settlement funds.

Agricultural insurance suggests using one indicator: income from agriculture minus the received subsidies. It is necessary to establish association of insurers that performs functions of solvency guarantor of the entire system in case of bankruptcy of one of them. For this purpose it is necessary to establish a compensation fund, which will be replenished by transferring at least 5% of insurance premiums to insurers. Insurance premium to agricultural producers should be set at 5% of the gross income value, whereas 50% (2.5%) is paid by the State.
In Kazakhstan, when introducing compulsory insurance in livestock production, methodological approaches of Belarus should be used. Here, the insurance rate for animal insurance is set at 0.5%, the insurance premium is paid at the expense of agricultural producer and budget 95%.

In Russia and Kazakhstan, the recommended insurance rate is 1.5%, the insurance premium at the expense of agricultural producers is 50% and 50% at the expense of the budget.

It is recommended to develop and approve the following unified documents: the methodology of calculating insurance tariffs, providing an objective risk assessment (damages); method of calculating insurance coverage of compulsory use by insurance companies to ensure transparent payments. It is necessary to carry out income insurance, which assumes loss recovering from price fall. The purpose of creating a single insurance market is to facilitate the promotion of insurance products and services.

**Budgetary assistance to the regions.** Support for agricultural production in unfavorable zones refers to the «green basket» measures, and therefore, they can be expanded. Such zones include territories with complex soil, geographic and natural climatic conditions that fundamentally affect the receipt of low income from agricultural activities.

By methodology of the Ministry of Agriculture of Russia, it was determined that this group includes 65 objects (soil, natural climatic and socio-economic indicators). More than 50% of farmland is located at the altitude of 600 m above sea level or slopes with steepness which is higher than 15%. According to natural and climatic indicators, the object is considered unfavorable if more than 50% of farmland is located in zones with probability of severe droughts or waterlogging of 30% or higher, or with unfavorable wintering conditions 15-25%.

The introduction of the integrated approach to public support for agricultural sector of economy will provide equal conditions for agricultural producers in the EAEU countries.

In the future, the level of aggregate public support will reach: in Belarus - 13.5%, Russia - 8.5%, Kazakhstan - 7.9%, level of direct public support (yellow basket): in Belarus - 5.5%, Russia - 5%, Kazakhstan - 5%.

However, it should be noted that in Kazakhstan the level of direct public support would not reach the threshold set by the WTO (Table 1).

### The proposed public support model in the EAEU countries

<table>
<thead>
<tr>
<th>Index</th>
<th>Belarus</th>
<th>Russia</th>
<th>Kazakhstan</th>
</tr>
</thead>
<tbody>
<tr>
<td>The level of aggregate public support of agriculture to gross output, %</td>
<td>13,5</td>
<td>8,5</td>
<td>7,9</td>
</tr>
<tr>
<td>Level of direct public support of agriculture to gross output, %</td>
<td>5,5</td>
<td>5,0</td>
<td>5,0</td>
</tr>
<tr>
<td>Level of indirect public support (green basket), %</td>
<td>8,1</td>
<td>3,5</td>
<td>2,9</td>
</tr>
<tr>
<td>Structure of aggregate public support for agriculture, %</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>The level of direct public support in the aggregate public support, %</td>
<td>40,4</td>
<td>58,8</td>
<td>63,4</td>
</tr>
<tr>
<td>The level of indirect public support in the aggregate public support, %</td>
<td>59,6</td>
<td>41,2</td>
<td>36,6</td>
</tr>
<tr>
<td>Threshold level of public support (yellow basket), %</td>
<td>5,0</td>
<td>5,0</td>
<td>8,5</td>
</tr>
</tbody>
</table>

Based on the State Program on Development of Agro-Industrial Complex of the Republic of Kazakhstan for 2017-2021 the level of aggregate public support for agricultural production will increase by 2.1% in 2021 versus 2017, direct support by 1.6%, indirect support by 0.5% (Table 2).

In order to increase the efficiency of subsidies and maximal coverage of the ACP by public support measures, more detailed definition of criteria and subsidy rates will be applied. As a priority, subsidies will be directed to support production of demanded products, reduction of production costs.
### Table 2

<table>
<thead>
<tr>
<th>Index</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>The level of aggregate public support of agriculture to gross output, %</td>
<td>9,1</td>
<td>9,7</td>
<td>10,2</td>
<td>10,5</td>
<td>11,2</td>
</tr>
<tr>
<td>Level of direct public support of agriculture to gross output, %</td>
<td>4,5</td>
<td>5,0</td>
<td>5,4</td>
<td>5,5</td>
<td>6,1</td>
</tr>
<tr>
<td>The level of indirect public support (green basket), %</td>
<td>4,6</td>
<td>4,7</td>
<td>4,8</td>
<td>5,0</td>
<td>5,1</td>
</tr>
<tr>
<td>Structure of aggregate public support for agriculture, %</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>The level of direct public support in the aggregate public support, %</td>
<td>49,0</td>
<td>51,5</td>
<td>52,9</td>
<td>52,3</td>
<td>54,5</td>
</tr>
<tr>
<td>The level of indirect public support in the aggregate public support, %</td>
<td>51,0</td>
<td>48,5</td>
<td>47,1</td>
<td>47,7</td>
<td>45,5</td>
</tr>
<tr>
<td>Threshold level of public support (yellow basket), %</td>
<td>8,5</td>
<td>8,5</td>
<td>8,5</td>
<td>8,5</td>
<td>8,5</td>
</tr>
</tbody>
</table>

Changes in subsidizing crop production and processing of crop production will be aimed at stimulating the introduction of new technologies, the use of high-quality seed material in sowing, large-scale application of mineral fertilizers, plant protection products, purchase of high-performance agricultural machinery and equipment, i.e. factors directly affecting the increased yields, product quality and its cost, respectively, achievement of maximum production effect. This will ensure loading of processing facilities, increase production of high value added export oriented products, and achieve import substitution for vegetable oil and sugar [5].

Budget subsidies are allocated in meat livestock production for breeding work per head of commodity breed stock: basic standard is 10 thous. Tenge, in addition to the offspring yield from 80% - 8 thous. Tenge, on offspring yield from 70% - 6 thous. Tenge; breeding stock per head - 10 thous. Tenge, in addition for offspring yield from 80% - 20 thous. Tenge, from 70% - 15 thous. Tenge. Mixed fodder costs sold by plants to agricultural production cooperatives engaged in production of livestock products have reduced and is 20,000 Tenge per ton.

In Kazakhstan, a shift was done from subsidizing interest rates on loans and leasing with loan terms of 2 or more years to subsidizing investment costs of AIC entities with replenishment of working capital with loan period of up to one year. At the same time, the released funds will be directed to investment subsidies, which will meet the needs of investors – AIC entities.

Subsidizing investment costs will be focused on providing most effective and popular measure of government support aimed at investment cost reduction and reduction of investment projects payback period.

The implementation of the investment subsidizing program is based on the development of reimbursement of part of costs incurred by AIC entity and investments, which foresees:

- revision of priority in favor of subsidizing agricultural cooperatives which implement projects on milk receiving points, slaughter stations, fruits, vegetables and potatoes reception and storage points, poultry production, mini-feed plants, APP, purchase of agricultural equipment aimed at wide coverage of medium and small ACP;
- introduction of mandatory coordination of subsidizing large investment projects on establishing new and expanding existing production capacities aimed to effectively implement sector policies, efficient allocation of budgetary funds;
- lowering threshold criteria for availability of arable land/livestock for providing wider subsidizing of small and medium-sized ACP;
- differentiation of maximum permissible cost of subsidized machinery and equipment aimed to save budget funds.

In order to create equal economic conditions for agricultural producers in the EAEU countries, unified forms and methods of public support on pricing, insurance, subsidizing, and investing have been defined. The main objective - is effective implementation of the resource potential aimed at increasing production of competitive agricultural and food products.
The most important factors are as follows: balanced development of production and agricultural food products markets; ensuring equal conditions for access of producers to common food market; unification of requirements related to agricultural and food products circulation; protection of the producers’ interests on foreign markets; increased export volumes and expansion of its nomenclature; coordinated agro-industrial policy based on the principles of equality and account of interests of mutually beneficial trade and priority of meeting the population demand.

This will require introduction of interstate interaction mechanisms: forecasting and indicative planning; public support of production; processing of agricultural products; regulation of agro-food market; uniform requirements in the sphere of production and circulation of products; ensuring veterinary and sanitary well-being; development of exports of agricultural and food products; investment development [6].

The policy of regulating agricultural prices and revenues foresees monitoring of economic indicators: production costs by groups of specialized farms or production types; price parity for industrial and agricultural products; profitability of agricultural producers and production sectors.

The pricing model in AIC – conformation of purchasing prices of agricultural products in view of the level and dynamics of the world prices. The most important function of price is regulation of incomes of agriculture for the further development of the industry. The pricing system foresees prompt monitoring of price dynamics of inputs, costs and incomes in agriculture, prices of products and AIC services.

The price system of agricultural products in the EAEU countries should include market, target, government procurement and collateral rates. The level of target price of agricultural products should be determined in view of cost recovery, income generation and land rent. Thus, there is a need of State regulation of prices of agricultural products and basic types of material and technical resources: introduction of marginal prices of energy resources, which should be protected against sharp fluctuations in world prices and exchange rate of national currency, setting marginal extra charges on main types of industrial products and services.

Primarily the buyer of the main types of agricultural products and the only seller on the external market should be a State procurement organization, which represents the lower limit of guaranteed prices of agricultural products, while the commodity producer will receive a net profit due to the difference between the collateral rate and the world price. The EAEU countries allocate subsidies for sold products to agricultural producers for processing and sales on markets, according to quotas.

The price policy of the State impact on AIC development should be aimed at solving such important objectives such as stimulating the country's self-sufficiency in food products and achieving the State's food security; equivalent interaction between agriculture and industry; reduction of negative impact of monopolies on agriculture; support of incomes of rural commodity producers at the level which provides extended reproduction; promotion use of innovation; increased production efficiency; increased labor productivity; access to the CIS and foreign markets.

The State, allocating significant funds to support agricultural producers incomes through mechanisms of preferential lending, subsidizing, tax benefits, should subsequently organize centralized purchase of a certain production volume.

Price regulation of agricultural market implies the implementation of state procurement and commodity interventions. The task of commodity interventions is to reduce price trend by selling products from intervention fund in case of its shortage on market [7].

Functioning of economic mechanism in the field of taxation, the results of comparative analysis of taxation system of agricultural producers in the EAEU countries, suggest the unification path in development of interstate taxation system, taking into account the experience of Belarus in establishing a low single tax rate for agricultural commodity producers, and Kazakhstan - in using special tax regime for peasant and private farms which provides exemption from payment of all tax types, replacing them with a single land tax, estimate basis, which is based on land area which is multiplied by estimated value, tax rate not exceeding 0.5 %, Russia - in the field of special preferential taxation with setting unified agricultural tax.

Conclusions

1. Positive trends in the development of agricultural sector of economy in the EAEU countries are restricted by insufficient use of resource potential, dependent on the CIS and foreign countries, as well as the low level of use of high-tech production means.

2. Pricing policy in agro-industrial complex of the member states of the Eurasian Economic Union should be aimed at establishing the equivalent interaction between agricultural production and industry, increased incomes of agricultural producers, increased labor productivity, ensuring the growth of production.
3. For creating unified competitive conditions, agricultural producers need the unified rules of public support, which include the unification of budgetary financing into a single program of social and economic development that has a long-term character and payback. In this regard, the balanced mechanism of interstate cooperation and integration in the sphere of production, processing, sale of agricultural and food products is required.

4. In the field of pricing in the EAEU countries, unification of prices for agricultural products aimed at minimized production cost should be carried out.

5. The lending mechanism should include preferential lending of long-term loans, lower interest rates, lending through a system of collateral transactions, development of mortgage lending.

6. The introduction of the unified mechanism of public administration in the EAEU countries will provide equal economic conditions for agricultural producers, increase production efficiency, address the issue of providing the population with food and other socio-economic issues in the development of agricultural economy.

References


Т.А. Таипов

ЕАЭО елдерінде аграрлық өндірісті мемлекеттік қолдауын үлгілері

Макалада, аграрлық өндірістің кеңешіндегі дамытуы және ұлттық қауіпсіздік жүйесінде ар тұлғаға қауіпсіздікпен камтамасыз өтудін рөлі көрсетілген. Мемлекеттік сақаттау іс-әрекетін қыялы өтетін өзгізің ғалымдар немесе қошемен қоюға құрылған өндіріс құрылықтарымен және құрылықтар үшін жүйелер болып табылады. Адамдар әр тұлғаға қауіпсіздікпен камтамасыз өтеді.

Т.-А. Таипов

Вестник Карагандинского университета
Модели государственной поддержки аграрного производства в странах ЕАЭС

Рассмотрена роль развития агропродовольственного рынка и обеспечения продовольственной безопасности в системе национальной безопасности. Показаны основные факторы, способствующие реализации государственной политики. Выявлены особенности конкурентоспособного агробизнеса на примере США. Рассмотрены приоритетные направления совершенствования хозяйственного механизма в странах ЕАЭС, базовые принципы, разработка и реализация единой сельскохозяйственной и продовольственной политики в сферах евразийского агропродовольственного рынка, агропромышленного производства, государственного регулирования АПК, условия реализации механизма финансового содействия сельхозформированиям. Авторы констатируют, что внедрение комплексного подхода господдержки аграрного сектора экономики позволит поставить в равные условия хозяйствования сельхозпроизводителей стран-участниц ЕАЭС. Предлагается модель государственной поддержки в странах Содружества, модель государственной поддержки сельскохозяйственного производства в Казахстане на 2017–2021 гг. Проанализированы направления субсидирования в растениеводстве, переработке растениеводческой продукции и животноводстве республик. Реализация программы инвестиционного субсидирования ориентирована на удешевление инвестиционных затрат и снижение сроков окупаемости инвестиционных проектов. Обоснованы меры, способствующие эффективному функционированию экономического механизма в сфере налогообложения, ценообразования, кредитования, страхования. Сделан вывод, что унификация механизмов государственного управления в странах ЕАЭС позволит создать равные экономические условия сельхозпроизводителям, повысить эффективность производства, решить проблему обеспечения населения продовольствием и другие важные для аграрной науке проблемы.

Ключевые слова: аграрный сектор, государственная поддержка, продовольственная политика, растениеводство, животноводство, субсидирование, налогообложение, страхование, инвестиции, унификация, аграрная наука.

References

3 Zakon o ratifikatsii Dohovora o Evraziiskom ekonomicheskom soiuze, podpisannoy prezidentami Kazakhstana, Rossii i Belgii v Astane 29 maya 2014 goda i vstupivshiy v silu s 1 yanvaria 2015 goda. [Law on ratification of the Treaty on Eurasian Economic Union, signed by the Presidents of Kazakhstan, Russia and Belarus in Astana on May 29, 2014, and entered into force on January 1, 2015].
hosudarstvennykh sredstv selkhozproizvoditeliami, s uchetom razvitiia edinoho rynka selkhозproduktii i prodovolstviia v
EAES [The team of authors. Recommendations on improvement of the system of accounting and control of the use of public funds
by agricultural producers, in view of development of a single market of agricultural and food products in the EAEU]. Almaty:
Ministerstvo obrazovaniia i nauki Respubliki Kazakhstan. Respublikanskoe obshchestvennoe obedinienie «Akademia
selskohzjajstvennykh nauk Respubliki Kazakhstan» [in Russian].

7