

**THE STATE SUPPORT OF AGRICULTURE IN THE CONDITIONS
OF ACCESSION TO WTO**

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Abstract

Russia's accession to the World Trade Organization for agricultural production will entail a number of problems which are connected and with methodical maintenance of transition to new conditions of activity of agricultural producers, and also with need of changes for the directions of the state support. Development of a complex of the actions directed on increase of competitiveness of domestic agricultural production, for leveling of negative consequences for agro-industrial complex from accession to WTO and providing conditions of further development of branch is required.

Key words: *Agro-industrial complex, agriculture, agrarian policy of the state, state support, WTO, competitiveness, food security of the country, customs duties*

National economy development, its homeland security, population standard of living in many respects depends on a condition of agro-industrial complex. The existing level of development of the agrarian sphere, low investment appeal of an industry, risk nature of conducting business activity objectively cause need of more weighed and system approach from the federal and regional authorities to carrying out an agrarian policy. Measures of the state support allow to mitigate negative impact of a market mechanism, to create a competitive environment, to create conditions for long-term economic growth and to ensure food safety of the country. Now the Russian agro-industrial complex comes to a new stage of the development which dynamics will be determined by three major factors: joining of Russia to the WTO, Common economic space forming based on the Customs union and the solution of tasks of food security. The major factor is joining of Russia to the WTO. WTO question - basic for the Russian agricultural industry. As a result of negotiations which were carried on 18 years, it was succeeded to reach optimum balance between protection of interests of the domestic agricultural producer and access of the foreign companies on the Russian market. In total within the WTO more than 60 various agreements are accepted. No more than 20 agreements are translated into Russian. It should be noted that official languages of the World Trade Organization are English, French and Spanish. There are problems in the translation of official documents which very volume and have specific terminology. Within the reached agreements liabilities are determined by amount of the state support: 2012 – 9,0 bln. dollars of the USA; 2013 – 9,0 bln. dollars of the USA; 2014 – 8,1 bln. dollars of the USA; 2015 – 7,2 bln. dollars of the USA; 2016 – 6,3 bln. dollars of the USA; 2017 – 5,4 bln. dollars of the USA; 2018 – 4,4 bln. dollars of the USA.

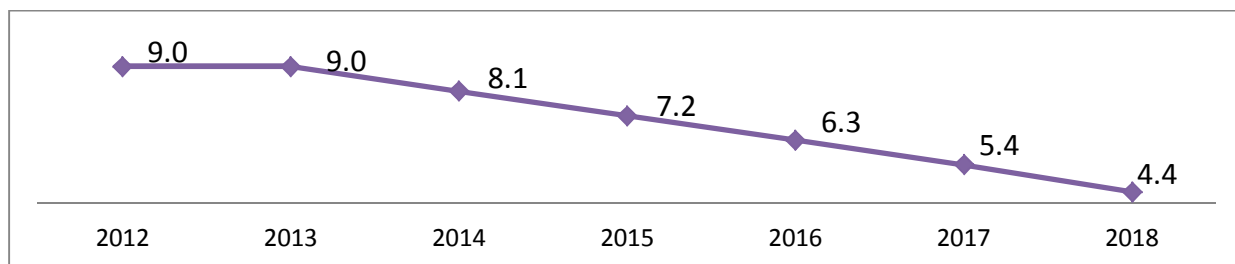


Fig. 1 Amount of the permitted state support, billion rubles

It should be noted that the majority of developed countries finance agricultural industry in the amounts, several times exceeding planned size of subsidies in Russia.

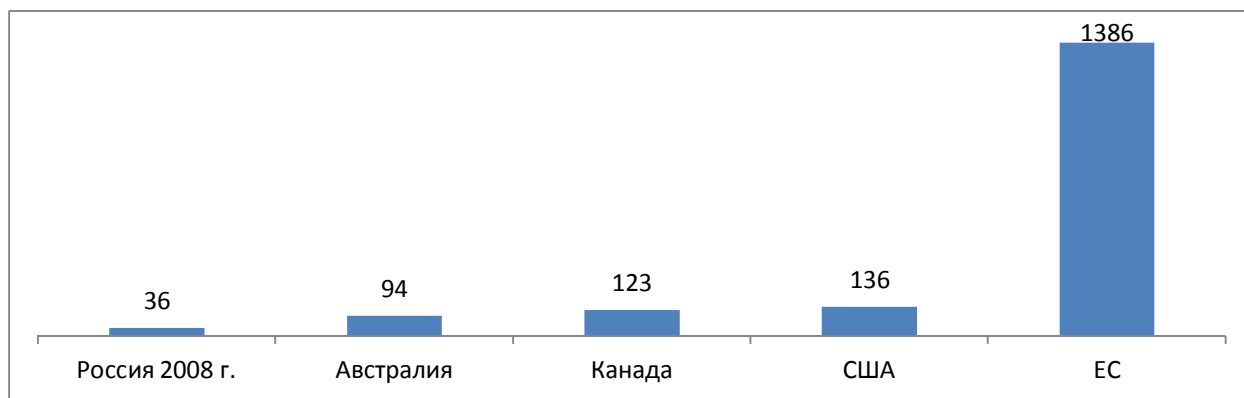


Fig. 2 Amount of state support counting on unit of a cultivated area, dollars/hectare

In the European Union countries state support volume on unit of a cultivated area is nearly 39 times higher, than in the Russian Federation, in the USA and Canada this indicator is nearly 4 times higher, in Australia – by 2,6 times.

Now to estimate, the sum of the internal support which sum is determined according to the Agreement by agriculture, it isn't possible. By various estimates figures from 4,5 to 9,0 bln. dollars of the USA sound.

The problem consists that in expenses of budgets (federal, regional) it isn't possible to define, what expenses belong to expenses on "Agriculture" (on the budgetary classification), as it and expenses direct on agriculture support, expenses on science, to educational institutions of an agricultural orientation, etc.

One more problem is the list of production carried to agricultural. The list of agricultural production according to the annex No. 1 to the Agreement on agriculture and the list of agricultural production in the Russian Federation (statistically) don't coincide. Therefore to determine the amount of internal support

it isn't possible.

Internal support of agriculture, by WTO rules, shares on four baskets. These are "green", "yellow", "red" and "blue" baskets. Besides the agreement provides the development program.

1. "Yellow (amber)" a basket - the directions which financing should be reduced.

The measures making distorting impact on production and realization of agricultural products concerning which obligations for binding of initial level of support and its subsequent stage-by-stage reduction are accepted. The integrating indicator of the amount of financing of such measures, making the annual sum of all types of the state support on which obligations for binding and reduction extend, carries the name of "the aggregated measure of support" (AMP) or "the aggregated indicator of support" (APP). Initial level of binding usually pays as the average annual size of the actual expenses for the last three representative years ("the basic period") both on federal, and on regional levels:

- grants for production of animal husbandry, plant growing and on compound feeds;
- compensation of part of expenses for acquisition of mineral fertilizers and means of chemical protection of plants;
- compensation of part of expenses for energy resources;
- compensation of operating costs on increase of fertility of soils (the maintenance of a meliorative network);
- compensation of cost of the equipment acquired as counter sale to agricultural products;
- expenses on repair and current maintenance of meliorative systems;
- expenses of leasing fund;
- expenses on creation of seasonal stocks of spare parts and material resources;
- capital investments of production appointment, except capital expenses on melioration and a water management;
- granting to the producer of goods (services, works) at the prices below the market;
- purchase at the producer of goods (services, works) at the prices above the market;
- preferential crediting of agricultural producers at the expense of means federal and regional budgets, including write-off and restructuring (including prolongation) debts;
- privileges for transportation of agricultural production.

2. "Blue basket" - for payments on reduction of release of agricultural products.

It means direct payments to producers within programs of restriction and reduction in production of the agricultural products which are carried out by removal of the earth from an agricultural turn, reduction of a livestock of cattle in agriculture, employment reductions in agriculture. Payments are made on separate agricultural grounds. These measures don't fall under restrictions within obligations of member countries of the WTO for reduction of internal support and don't join in APM.

3. "Green basket" - the resolved measures, preservation of financing of agriculture, despite state obligations within the WTO.

The directions of the state support not making or making the minimum distorting impact on production and realization of agricultural production. The general criterion is that such measures are financed from the state budget on the basis of the federal legislation and Government decisions, instead of at the expense of means of consumers and have no a consequence of maintenance of the prices of producers or increases in outputs:

- services of the general character:
- scientific researches;
- pest control and diseases, veterinary and phytosanitary actions, control of safety of food;
- preparation and professional development of shots;
- information and consulting service;
- inspection services;
- infrastructure improvement (a construction of roads, networks of telecommunication, meliorative constructions), except for operating expenses on maintenance of its functioning;
- assistance to agricultural products sale, including collecting, processing
- and distribution of market information.
- direct payments:
- "untied" support of the income;
- participation in programs of insurance and providing the income of the agricultural producers, not attracting direct stimulation of production of concrete types of agricultural products;
- support of the income of the agricultural producers, not connected with a look
- and output;
- payments as the help at natural disasters;
- assistance to restructuring of agricultural production (including at the expense of implementation of programs of privatization, land use improvement, stimulation of investments and so forth);
- environmental protection;
- programs of regional development for areas with an adverse environment;
- maintenance of strategic food stocks, internal food aid;
- creation of the state reserves for ensuring food security;
- internal food aid.

4. The development program – is an integral part of programs of development of developing countries.

5. "Red" (export subsidies) - it is empty since forbidden measures didn't remain (absolute quotas).

Group of measures concerning which obligations for binding of initial level of subsidizing and its subsequent stage-by-stage reduction also are accepted, measures of export subsidizing belong. It is thus forbidden to apply export subsidies, except what are recorded in the list of obligations of the country – both by types of subsidizing, and by types of production of agriculture. Information on the actual expenses for export subsidies and to the volume of subsidized export is submitted for the last three representative years:

- the offer for export of noncommercial stocks of agricultural production by the state at the prices below, than in domestic market;

- payments when exporting, the governments financed owing to actions, including, at the expense of the taxation of producers;
- subsidizing of marketing and international transport expenses;
- establishment by the state of more reduced rates for transportations of exported production, than for internal deliveries;
- subsidizing of the agricultural production used as raw materials of production intended for export.

Support reference to "yellow" or "green" baskets is carried out according to the annex No. 2 to the Agreement on agriculture. If having analysed the purposes and subsidizing mechanisms, they doesn't correspond to any point, this subsidy belongs in a "yellow" basket. For example, support of breeding animal husbandry – acquisition of breeding cattle. Under point 2 this subsidy doesn't approach, since it not scientific researches, neither training, nor services in marketing, etc. This subsidy also doesn't get under points 3 – 13. The subsidy for acquisition of breeding cattle needs to be carried in a "yellow" basket as it is paid proceeding from the price, i.e. the actual costs of its acquisition. In case the subsidy is provided on 1 head, such subsidy also would belong to a "yellow" basket.

The method of calculation of the aggregated indicator of support is determined by the annex No. 3 to the Agreement by agriculture. In APP separately grocery specific support and grocery nonspecific is considered. Grocery specific support is a support which is directed on support of any concrete product or goods. Grocery nonspecific support – support without a binding to concrete goods. It should be noted that in the Russian Federation the most part, more than 90% of measures of support belongs to the grocery nonspecific. It is considered that such measures more and have smaller impact on trade. It is possible to give price support of intervention purchase of any goods, a subsidy for separate types of production, compensation of part of cost of compound feeds, min. fertilizers as examples of measures of a "yellow" basket, etc. Privileges belong to grocery nonspecific support on payment of cost of fuels and lubricants, consumption by agricultural producers of the electric power on favorable terms.

It is necessary to consider that according to item 4 of article 6 of the Agreement on agriculture it isn't required to include in calculation of "The current general APP" and not to reduce the internal support connected with a concrete product which otherwise would have to join in calculation of "the Current APP" when such support doesn't exceed 5 percent from a total cost of production of the basic of an agricultural product within the corresponding year; and the internal support which hasn't been connected with a concrete product which otherwise would have to join in calculation of "the Current APP" when such support doesn't exceed 5 percent from a total cost of agricultural production. For developing member countries the minimum percentage share makes 10 percent.

Thus, for preservation of support of an agricultural producer it is necessary to study attentively experience of rendering the state support of members of the WTO, to reconsider existing mechanisms of state support, to make changes to the current legislation. For example, to provide support proceeding from the fixed areas or a livestock of agricultural animals, having taken for base any previous year or to carry out subsidizing of the half-received income, having defined that this subsidy will be provided in case the enterprise received less the income of not less than 30%.

To receive information on provided measures and mechanisms of support probably through the World Trade Organization. They are obliged to provide it to all members of the WTO. The only and main question, who and how it will carry out?

In spite of the fact that Russia's accession to the World Trade Organization goes a smooth way, it is expected that the agro-industrial complex one of the first will feel changes.

With Russia's accession to the World Trade Organization it becomes more difficult to our agricultural producers to realize the production. The Russian market will be more open for import, and the state won't be able to influence this process as earlier. On counters there will be new goods of producers of the countries of the WTO where the agriculture is more developed, than in our country. There will be a price competition, domestic producers will be compelled to adapt to new conditions, somewhere to reduce the prices, somewhere to improve marketing, thereby working for consumers.

Because of decrease in the customs duties:

- to increase import of pigs;
- there will come deficiency of capacities for slaughter;
- at the excess offer there will be a falling of purchase prices and decrease in incentives to expansion of production of animal husbandry;
- there will be a reduction of demand for grain and compound feed;
- the released volumes of grain, pressing on the market, will lead to decrease in purchase prices of grain, the income and the main thing, to decrease in incentives of zernoproizvoditel to technological modernization;
- finally we will receive grain reduction in production, possible jumps in prices of it, decrease in competitiveness of production of animal husbandry and reduction of a sales market of grain and compound feeds as a whole.

Thanks to the customs duties the state regulated the prices of agricultural production and consumers of food "subsidized" producers. At decrease in duties import prices of animal husbandry production which are much lower than purchase prices of domestic producers, will negatively influence profitability of agricultural producers. So, import price of meat of pigs in 2010 made 62,8 rub/kg, on edge – 82,5 rub/kg (production prime cost of 67,1 rub/kg), on milk – 9,4 and 13,9 rub/kg (10,2 rub/kg), rub/kg KPC-100,8 and 60,4 meat (90,1 rub/kg), on fowl – 43,6 and 74,2 rub/kg (43,7 rub) respectively. All subsectors of agriculture, but especially pig-breeding are exposed to risk and poultry farming, profitability of this business to be reduced, producers will be compelled to take the measures directed on decrease in expenses.

The production base of branches of the food industry of edge now, though has big physical and the obsolescence of the fixed business assets, allows to process initial raw materials at the increased expenses of its processing. Decrease in production expenses with increase of specific weight of an exit of production from unit of processed raw materials and the solution of questions of ecological character for the purpose of increase of competitiveness of production are possible only at modernization of the enterprises. To the enterprises with a low technological level and the small capacity, having high level of wear of the fixed business assets, not allowing to develop competitive production and to solve environmental protection problems at modern level, closing threatens.

Serious problem for the food industry is the lack of raw materials, both on volume, and on stable indicators of quality. Dynamics of production of main types of food has positive character, however, the quantity of made production in the region doesn't ensure achievement of threshold values of the Doctrine food safety (meat, vegetables). Thus, despite increase in outputs of regional food high dependence on production import because of edge limits remains.

The second complexity is an inevitable fight for competitive quality of production and its environmental friendliness. To increase quality of production, the enterprises will need to increase a

stream of investments into equipment modernization, in researches, in production technology improvement.

For quality management the system which assumes traceability from production of agricultural raw materials before realization of finished goods, forecasting of indicators of quality of production taking into account consumer preferences, the analysis and the accounting of possibility of various technological hazards has to be created. Branches have to be provided with modern control methods and quality managements and safety of raw materials and food throughout all cycle "from a field to the consumer". Besides, creation of the specifications and technical documentation harmonized with the international standards is necessary.

Thus, indirectly Russia's accession to the World Trade Organization stimulates our producers to increase efficiency of the production and to work for long-term prospect.

Existence of a transition period within 5 years will allow to correct errors which can affect work of this or that branch of agriculture. There is a number of tasks without which decision to be the full-fledged participant of the WTO it is impossible.

It is necessary to continue serious work on modernization of agricultural production – both animal husbandry, and plant growing, to construct modern dairy complexes, to deliver an elite meat and dairy livestock. All complex on storage, drying, processing, preparation of a seed material, grain, and also equipment of producers by modern equipment and the equipment is necessary: combines, sowing complexes, stock.

In a transition period till 2018 it is necessary to use a "yellow" basket fully: to finish re-equipment of agro-industrial complex, to reduce product cost, to make it competitive. Only taking into account it it is expedient to invest money in a "green" basket: to work with the earth, shots, to be engaged in infrastructure construction.

The state policy is directed on decrease in negative influence of finding of Russia in the WTO in the sphere of agro-industrial complex at the present stage.

The developed actions of the State program "Development of agriculture and regulation of the markets of agricultural production, raw materials and the food" for 2013 - 2020 will be carried out with the maximum use of instruments of support of a "green" basket, thus key actions of the State program will be kept, including actions for support of production branches, social development of the village, small business in agriculture.

To lower limiting barriers of state support of agrarian and industrial complex it is possible on condition of entering of the amendment into article 7 of the Law "About Agriculture Development" regarding need to keep development of adverse regions in the agricultural relation, and also development of new measures of support.

It is supposed that regions will admit adverse in case in connection with local demographic, natural and geographical conditions level of profitability of the organizations occupied in agriculture appears below an average on branch, however their activity has to proceed for employment, increase of level of the income of the population and preservation of traditional way. Support of such regions will belong to a "green" basket, so – payments to agricultural producers won't be subject to restrictions.

Except the offered measures of support in the State program, a number of legislative initiatives is timely.

The first, this establishment of a zero rate of a profit tax, and is termless. It gives for agricultural producers economy of own means to 15 billion rubles a year.

The second. Grants to beginning farmers who are given on household arrangement, on farm development, on development of family and livestock farms are exempted from the personal income tax. Also it is offered to exempt from subsidy taxes which are given on acquisition of cattle, seeds for farms, personal subsidiary farms. In aggregate, it is about one and a half billion rubles at the today's prices. And this norm extends since January 1, 2012 that is very important.

The third. On import of breeding production the zero rate of the VAT, and for realization within the country it was applied there were 18 percent. Today it is offered to enter a 10 percent through rate on these purposes. It will allow to develop breeding base within the country as without productive cattle to compete with the foreign producer very difficult.

From next year approaches to providing the state support of agrarian and industrial complex will change.

There will be a consolidation (integration) of subsidies to the subsequent direct payments on increase of profitability of agricultural producers. The main emphasis will be placed on support of the regional projects aimed at the complex social and economic development of the village: housing construction, creation of necessary infrastructure (schools, kindergartens, hospitals, clubs, sports constructions), providing villagers with qualitative drinking water, roads with a firm covering. Efforts need to be directed on creating for people of a condition in whom with it would be not only comfortably to work, but also comfortably to live.

Considering that the world agriculture endures the period steadily a growing demand, growth of investments – directed on insurance as risks of deficiency of resources, and it is risk, the connected a lot of monetary offer in the market, – opening of borders for the Russian agrarian and industrial complex is in this case the instrument of attraction of investments, technologies and a factor of expansion of sales markets of production.

The solution of problems with existence in economy of big layer of intermediaries, dynamics of tariffs of monopolies, high tax loading would compensate the risks connected with accession to WTO for agriculture branch. In this case, entry of Russia into the WTO can become for agriculture a powerful positive factor of development.

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