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ANTITRUST LAW IN THE AGROINDUSTRIAL COMPLEX OF THE SVERDLOVSK REGION

Антимонопольное регулирование
в агропромышленном комплексе
Свердловской области

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Abstract

The article considers questions of antimonopoly regulation in agro-industrial complex both the Russian Federation, and the Sverdlovsk region in particular. The authors assess antimonopoly regulation measures on the federal and regional levels with reduction of the statistical information. The different types of the enterprises differing from each other by the site, hardware level, life terms in the regional food market are subjects of the agroindustrial complex. The effective management of the national food sphere depends on the effective management of economic activities on the country territory as the economic and social efficiency of any industry depends on the efficiency level of the territorial administration system of the economic complex and its components. The methodical ware of the strategic State and territorial administrative bodies decisions on the major economic and social problems requires different statistical materials; they are information sources for the agricultural complex analysis. The diagnostics of the agroindustrial complex is to be run taking into account the external factors that impact on its development. National economy structural problems strengthen problems in agroindustrial complex. The authors allocated two reasons of national economy structural problems; they are the global crisis and the exhaustion of the economic growth model of the 2000th. All above deffenes the research relevance of the antitrust law in the agricultural complex.

Ключевые слова:

*сельское хозяйство;
антимонопольное
регулирование;
агропромышленный
комплекс;
рынок;
конкуренция;
государственное
регулирование*

Реферат

Рассматриваются вопросы антимонопольного регулирования в агропромышленном комплексе как Российской Федерации, так и Свердловской области. Дается оценка мер антимонопольного регулирования на федеральном и региональном уровне с приведением статистической информации. Субъекты агропромышленного комплекса представлены различными типами предприятий, отличающихся друг от друга месторасположением, уровнем технического оснащения, сроками функционирования на региональном продовольственном рынке. Эффективность управления национальной продовольственной сферой зависит от эффективности управления хозяйственной деятельностью отраслей на территории страны, так как экономическая и социальная эффективность любой отрасли определяется степенью эффективности действующей системы территориального управления хозяйственным комплексом и ее составляющих. Методическое обеспечение стратегических решений органов государственного и территориального управления по важнейшим экономическим и социальным проблемам осуществляется на основе различных статистических материалов, которые являются источником информа-

ции для анализа деятельности агропромышленного комплекса. Диагностику агропромышленного комплекса необходимо осуществлять с учетом внешних факторов, влияющих на его развитие. Структурные проблемы национальной экономики усиливают проблемы агропромышленного комплекса. Авторы выделяют две причины структурных проблем национальной экономики – глобальный кризис и исчерпание модели экономического роста 2000-х годов. Все вышеизложенное определяет актуальность исследования антимонопольного регулирования в агропромышленном комплексе.

The national economy efficiency necessarily increases in those sectors where the tougher business environment are formed, and the competition between business units is greater.

The Russian economic development feature at the present development stage is the tailing reproduction of the lack of a level playing field on the Russian markets, that realizes through the maintenance of the uneven playing field while entering the market, the unequal participation while acquiring title for goods and services. The competition policy role in Russia should be to identify those sites of inequality, to eliminate it and to prevent its recurring.

An agricultural production in Russia, unlike the other economy sectors, faces the lower efficiency, and as a result, the low financial attractiveness of the industry. The question of how a company can withstand the environment changes that occur frequently, but irregular and almost unpredictable; what preliminary measures can be used to remain its viable and to achieve goals is fundamentally important. The main characteristics that influence the industry conditions include:

- the seasonal nature of agricultural products;
- the sufficiently high dependence on natural and climatic conditions;
- a very high capital ratio;
- a long time gap between the incurred production expenditures, goods manufacture and revenues.
- production inertia that does not allow to respond to changing market conditions quickly enough;
- the price disparity between the costs of agricultural products and resources necessary for its production (machinery, mineral fertilizers, plant protection products, etc.).

No doubt, the agriculture in Russia plays an important social and economic role. This determines the necessity of the agricultural sector state support that is primarily aimed at import phase-out, and ensures the food security and availability for the population requirements.

The Decree of the Russian Federation Government №717 dated 14 July 2012 implemented the State Program for Development of Agriculture and Regulation of Agricultural Commodity Markets for 2013–2020 that fixed the basic instruments of the

agriculture State support such as subsidies to the agricultural producers; purchase and commodity interventions. The program purposes are:

- the Russian Federation food independence ensuring;
- the import phase-out acceleration of meat (pork, poultry, cattle), milk and vegetables.
- the competitiveness improvement of the Russian agricultural products on the domestic and foreign markets;
- the financial sustainability improvement of agricultural enterprises;
- the sustainable development of rural territories;
- the distribution maintenance of the agricultural products taking into account the conditions for its seasonal storage and processing.

In 2015 one of the Russian Federal Antimonopoly Service priorities on the basis of the aim at import phase-out on the agro industrial market set by the Russian Government under the special economic measures is the antitrust compliance control while distributing and granting subsidies to agricultural producers in Russia.

The antitrust law violation in the agricultural sector can lead to inefficient use of the budgetary allocations set for agricultural support, restrict the freedom of the agricultural products movement on the Russian Federation territory and create conditions for the markets monopolization at the regional level, and, consequently, lead to overpricing for agricultural products.

To prevent antitrust law violations the Government implemented a complex of measures aimed at identifying the subsidies availability for farmers:

- the regulatory framework of the Russian Federation subjects that regulates the granting subsidies procedure is analyzed;
- the Expert Council on the agro-industrial complex of the Russian FAS meets with the federal executive authorities implementing policy in agriculture, as well as unions and associations, individual businesses operating in the agroindustrial sector;
- so-called "round tables" with representatives of regional agricultural public authorities, associations of the agricultural producers and business entities as a part of regional seminars and meetings.

The FAS revealed a number of aspects that could restrict the subsidies access for agricultural producers and create discriminating conditions for individual market participants:

- conditions to be met by grantees, extra requirements significantly limiting subsidies range that are included in regulatory acts of the Russian Federation subjects determining the granting subsidies procedure. Through the mechanism of subsidies providing with the additional requirements determination for grantees the Russian Federation local authorities solve problems irrelevant to the purpose of the state support provision, particularly the debt repayment on taxes, rents, interest payments, etc.

- the lack of unified and clear approach to the procedure for the establishment of the budgetary limits set for the agriculture support by the Russian Federation subjects (particularly there is no record of the potential grantees at the level of regions). This leads to the excess of the estimated subsidy amount above the selected limits that determines a high rejection proportion because of the exhaustion of the established budget limits (42.2% of the total rejection numbers). In most of the regional normative legal acts there is no regulation of the subsidies distribution procedure while exceeding the estimated subsidies amount over the established limits, that contains apart from the competition restriction risk, also corruption one;

- the system complexity and opacity of subsidies receiving and its targeted usage confirmation required agro-industrial producers to provide a large number of documents, low level of its information support that makes the grants acquisition and its use monitoring considerably more complicated.

To unify and avoid establishment of the excessive requirements for grantees at the regional level, that are administrative barriers ultimately, the FAS prepared and sent to the Russian Federation Government a proposition to consider the practicality of unified rules of granting and subsidies obtaining from the Federal budget to budgets of the Russian Federation subjects in various areas of agricultural producers support, the exhaustive list of documents and information required to receive subsidies, as well as the submission and consideration date for the application processing.

To improve the openness and transparency of the granting procedure there is also the need for authorities to adopt administrative regulations for considering grants applications and to list at free access agro-industrial producers matching criteria establishes by the article 3 of the Federal Law of the Russian Federation dated December 12, 2006 No. 264-FZ "On the agriculture development". There should be the amount of subsidies in the list of subsidies recipients.

Practically, small farm enterprises (peasant (farmer) entities and individual entrepreneurs) demand subsidies more.

To increase the subsidies availability aimed at the small farms support the government is to consider the upper limits establishment of the average annual entity income determining its right to receive support in the field of agriculture.

An important tool of antitrust regulation of the agricultural Russian markets is the implementation of state purchasing and commodity interventions aimed at stabilizing agricultural prices and maintaining the level of agro-industrial producers income.

Today the authorities carry out purchasing and commodity interventions only on the grain market in accordance with the Rules of the State Purchasing and Commodity Interventions for Market Regulations of the Agricultural Products, Raw Materials and Foodstuff approved by the Government of the Russian Federation No. 580 dated August 3, 2001.

Accordingly to the current regulations, the Ministry of Agriculture of the Russian Federation in coordination with the FAS determines the minimum and maximum prices for agricultural products. Upon reaching it the authorities run purchasing and commodity interventions, respectively. In accordance with the calculation method of the prices approved at the cross-sectoral level, the retrospective analysis principle of the price situation on the relevant market is a base to define these prices.

The usability of purchasing and commodity interventions is worth to expand to stabilize prices on markets subjected to seasonal fluctuations in production volumes, and cost on the sugar and raw milk markets, particularly. The intervention mechanism implementation on these markets will help to find a reasonable balance between demand and supply that positively affect the level of price volatility for the specified products, respectively.

On September 5, 2015 the Government Executive Order of the Russian Federation No. 1738-r ratified a new edition of the Development Standard of the competition in the Russian Federation subjects. This decision has been widely spread also on the territory of Sverdlovsk region:

- The Plan of Measures ("Roadmap") for Implementation the Competition Development Standard in the Russian Federation Subjects in 2016-2018 approved by the Decree of the Sverdlovsk Region Governor No. 578-UG dated November 23, 2015 "On the implementation of the competition development standard in subjects of the Russian Federation on the Sverdlovsk region territory".

- The Decree of the Sverdlovsk Region Governor dated December 21, 2015 No. 310-RG "On approval the List of Strategic and Socially Important Markets for Competition Development Facilitation in the

Table 1
Agricultural Products in 2016 (actual prices; million rubles)

Regions	Entities of All Categories	including		
		Agroindustrial Enterprises	Public Entities	Farm Entities
RUSSIAN FEDERATION	5 625 996	2 970 485	1 953 282	702 229
Central Federal District	1 417 380	943 574	361 192	112 614
North-West Federal District	242 139	161 796	70 334	10 009
South Federal District	1 027 383	521 849	300 126	205 408
North Caucasian Federal District	452 326	184 784	196 547	70 995
Privolzhsky Federal District	1 307 397	625 109	520 333	161 955
Ural Federal District	329 921	169 740	133 397	26 784
Sverdlovsk Region	76 544	46 038	26 132	4 373
<i>Sverdlovsk Region Share of the Ural Federal District</i>	23,2%	27,1%	19,6%	16,3%
<i>Sverdlovsk Region Share of the Russian Federation</i>	1,4%	1,5%	1,3%	0,6%
Siberian Federal District	672 930	298 946	287 050	86 934
Far Eastern Federal District	177 697	65 307	84 712	27 677

Table 2
The Production Indexes of Agricultural Products
(entities of all categories; comparable prices in percentage to the previous year)

Regions	2014			2015		
	Agriculture	Crop Farming	Breeding	Agriculture	Crop Farming	Breeding
RUSSIAN FEDERATION	103,5	104,9	102,0	103,0	102,9	103,1
Ural Federal District	99,9	97,2	101,9	102,8	105,6	100,9
Sverdlovsk Region	100,1	94,8	103,9	100,8	101,7	100,3
The Production Indexes of Agricultural Products in 2016 (in relative prices; as % to the previous year)						
Regions	Entities of All Categories	including				
		Agroindustrial Enterprises	Public Entities	Farm Entities		
RUSSIAN FEDERATION	104,8	107,7	98,5	114,3		
Central Federal District	103,5	107,5	93,4	109,2		
North-West Federal District	101,2	101,9	100,4	95,9		
South Federal District	108,7	110,9	100,8	117,6		
North Caucasian Federal District	106,1	111,1	100,7	110,6		
Privolzhsky Federal District	106,2	109,4	99,6	120,2		
Ural Federal District	101,6	102,8	98,9	107,8		
Sverdlovsk Region	100,1	99,9	102,1	91,3		
Siberian Federal District	104	105,9	99,3	116,7		
Far Eastern Federal District	98,4	99,5	97,3	99,0		

Sverdlovsk region and the Plan of Measures ("Roadmap") "Competition Development in the Sverdlovsk Region" for the Year 2016 and in the medterm".

• The Resolution dated November 26, 2015 No. 1270 in accordance with the roadmap "Competition Development and Antitrust Improvement Policy". A new indicator supplemented efficiency estimation indicators of the executive authorities of the Russian Federation subjects: the competition development level based on the competition development standard in the regions.

The table 1 demonstrates that the agriculture share of the Sverdlovsk region regarding the Russian Federation accounted for 1.4% in 2016. Undoubtedly, this share compared to other regions is low due to the sufficiently high dependence on climatic conditions. The tables 2 and the table 3 show that the production indexes of the agriculture

in the Sverdlovsk region are lower compared to the Russian Federation as a whole over time.

Thus, the indirect measures of producers support displace market prices and are the indirect taxes for the population. It is necessary to conduct a gradual reduction of indirect protection measures and a significant increase in budget support, although to implement this measure will be difficult considering the revenue decline in the Russian Federation budget. It is necessary to revise the state support structure and reduce the breeding funding proportion and to increase support of the agricultural producers engaged in the crop production, taken into account their negative position because of the low pricing policy and insignificant subsidies. We suggested to focus particularly on the selection criteria revision of the companies for granting from the regional budget to agricultural producers.

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