

THE INTERNATIONAL EXPERIENCE OF THE STATE POLICY OF RAISING THE COMPETITIVENESS OF AGRICULTURE AND THE POSSIBILITIES TO LOCALIZE IT IN THE REPUBLIC OF ARMENIA

Eduard GHAZARYAN

Doctor of Economics, Professor at the National Agrarian University of Armenia
Dean of the Faculty of Agribusiness and Economics

Lusine TSPNETSYAN

Ph.D. applicant, Chair of AMP at the National Agrarian University of Armenia

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Introduction. At the current stage of the development of the agriculture of the Republic of Armenia, among the many problems faced by the sector, the increase of competitiveness merges with its importance. The solution of the mentioned issue is important in terms of increasing the level of security of the country, improving the balance of external commodity circulation of agricultural products, increasing the incomes of farmers in agriculture, and increasing the efficiency of production. Increasing the competitiveness of agriculture in the Republic of Armenia requires effective state policy development and implementation. The latter, in turn, with many observations and studies, also requires a study of the international experience of agricultural support and the evaluation of possibilities to localize it. The purpose of the article is to identify the approaches that will be applicable in the Republic of Armenia as a result of the study of the international experience of the state support of agriculture and the policy of increasing its competitiveness in a number of developed and developing countries. Another aim is to study the international experience of the policy of state support for agriculture and increasing its competitiveness in a number of developed and developing countries and the possibilities of its localization in our country.

Methodology. The article uses dialectics, scientific abstraction, comparative analysis, and logical methods. The application of the dialectic method found its expression in the interrelated study of the state support of agriculture and the policies of increasing its competitiveness in the countries under study. The application of the scientific abstraction method applies to the entire research, as its scope is limited to individual characteristics of agricultural competitiveness. The application of the comparative analysis method found its expression in the comparative analysis of the state support of agriculture and the policies of increasing its competitiveness in the studied countries.

Literature review. The international experience of state support for agriculture has received the attention of a number of economists, including Yu. Akimova, A.

Rusakovitch, P. Yunusova, N. Klimova E. Gusakov and others. However, in the studies of the mentioned authors, the international experience of the state policy of increasing the competitiveness of agriculture and the possibilities of its localization in our country were studied in the context of the state support of the mentioned branch in general, and the emphasis was placed on the aspects that are mostly indirectly related to the aforementioned policy. In other words, the international experience related to the mentioned policy and the possibilities of its localization have not been given the necessary attention.

Scientific novelty. In order to increase the competitiveness of RA agriculture and improve the state policy aimed at it, we propose the following approaches:

- To utilize the state assistance program "Introduction and activity promotion of agro-industrial clusters", and plan assistance approaches and structures, clarifying their geography, participants, and their cooperative relations within its framework.

- Also implement the state support program "Innovations in the field of agriculture and implementation of digital agriculture", and work out approaches and structures for promoting the mentioned innovations and implementation of agriculture.

- To implement "State participation and support programs for the formation and development of territorial infrastructures for the sale and export of agricultural products and raw materials", taking into account the low level of agricultural commercialization and the urgency of solving the sale problem in order to increase competitiveness.

- Currently, in an environment of insufficient state of land resources, especially the use of arable land, the implementation of "Programs for encouraging the joint use and enlargement of land in agriculture" is particularly important. Here, based on certain territorial and climatic features, the provision of support for the cultivation of agricultural crops is considered and justified, with the starting point being the strengthening of border settlements and increasing the level of food security.

- While we face insignificant changes in the introduction of intensive technologies in agriculture, it is vital to implement new state programs for the introduction of these technologies in crop and livestock breeding with the review of existing support mechanisms and components, with the aim of significantly increasing the support element and improving the coordination and control mechanisms of these programs.

- Taking into account the availability of financial resources to increase the competitiveness of farmers in agriculture, it will be appropriate to implement agricultural loans covering the entire territory of the republic with the newly revised mechanism and lending rates, taking into account the territorial and natural-economic peculiarities, in the conditions of the suspension of the "Interest rate subsidy program for loans provided in agriculture". a new program to increase affordability, using both interest rate subsidies and targeted repayment and grace period approaches.

Analysis. *The results of the study on international experience of the state policy of increasing the competitiveness of the agriculture of the Republic of Armenia and the*

possibilities of its localization. It is essential to examine the international experience of state support for agriculture in individual developed and developing countries. Specifically, in terms of the state support of US agriculture, a number of their components were considered critical, of which we considered appropriate to refer to the following.

A significant portion of US agricultural state support spending is carried out within the framework of the "green basket". "Unlinked" support to income is implemented in the form of direct annual payments to farmers growing a certain limited number of agricultural crops (wheat, corn, sorghum, barley, oats, cotton, rice, soybeans and other oilseed crops), the amount of which is calculated based on the area occupied by the crop in the previous agricultural year, on the basis of size and fixed rate per crop. Moreover, current production is not required to receive the subsidy [7, p. 19].

In our republic, agricultural producers are also supported through direct payment within the framework of various programs. The state support program "Promotion of winter wheat production in the Republic of Armenia" launched in 2022 is noteworthy, within the framework of which partial compensation of the costs of cultivating 1 ha of winter wheat, in particular, the costs of purchasing seed, fertilizer and diesel fuel is implemented [1, p. 2209].

In the USA, the "yellow basket" is used along with the "green basket" as part of the state support for agriculture, the big share of which is the "grocery-specific" support. The central place in those support structures is the "Realization loan" system, through the implementation of which, in the event of a fall in market prices, the farmer is guaranteed a minimum level of income from the sale of food products on the market. A farmer can get a "realization loan" from the Commodity Credit Corporation after harvest, according to the current collateral price level of the product. The farmer can buy back the pledged product at the lowest international, market or pledge price of the specified period. If the international or market price is higher than the collateral price during the specified period, the farmer can buy back his product at the international or market price, providing additional income in the amount of the difference between the purchase price and the collateral price. If the product is not bought back, it is considered state property [21]. And the "grocery-non-specific" support is being performed in the form of irrigation measures, the organization of pastures, the purchase of systems producing renewable energy sources, agricultural insurance and other measures to provide interest-free loans for the construction of irrigation systems, the organization of pastures on national lands, lending to farmers for the purchase of systems producing renewable energy sources and the introduction of systems to increase the efficiency of the use of this energy, preferential lending to farmers for the construction of grain storage warehouses [7, p.22-23].

Funding of state insurance programs, subsidizing insurance costs of agricultural crops have become widely supported. The main government insurance programs in the US are the Multi-Peril Crop Insurance Program (MPGI) and the Catastrophe Risk Protection Program (GAT). The MPGI program provides protection against natural disasters (in particular, drought, floods). Within the framework of the program (117

types of crops are included), compensation is made when the actual harvest is lower than the average of the previous few years (based on the yield indicators of the previous 4-10 years). Under the CAT program, farmers are guaranteed a minimum loss compensation in case of less than 50% of the expected harvest and the farmer pays only an administrative cost of \$100 for each insured crop to participate in the program [7, page 23]. State support to agriculture is implemented not only within the above-mentioned baskets, but also within specific programs. During the crisis years, the level of state subsidies to the industry increases dramatically [14, p. 58].

The so-called "direct payments" are received by the producers of the products that are included in the protected categories: wheat, corn, barley, cotton, rice, olive, groundnut. If market prices fall below target, farmers' incomes stabilize countercyclical payments. They are implemented taking into account the size of the cultivated areas and are not related to the current level of production. The rate of these payments depends on the market situation" [14, p. 58]. In the USA, there are also subsidy programs in case of a decrease in the price of livestock products. "The DMLP (Dairy market loss payment) special program is in place to support dairy products, which involves payments to dairy producers in case the market price of milk falls below the set price." [7, pp. 22-23]. The role of indirect support to the industry is increasingly important in US agricultural government support policy. In the United States, great importance is attached to support for the export of agricultural products [14, p. 58].

- state investments in scientific research and experimental construction works: 50%,
- state costs of infrastructure creation: 25%,
- successes in the development of technologies for obtaining means of production: 25% [19, page 9].

"Research expenses are exempt from taxation" [4, p. 45]. In addition, 40-60% of the tax-free profit is directed to the financing of research and experimental construction works" [16, p. 311]. The high level of integration and cooperation in the production, processing and marketing of agricultural products on a cluster basis, which is characteristic of US agriculture, is highlighted. "30% of agricultural products are produced on that basis. Industrial and commercial companies sign contracts with farmers. Contraction is most developed in the production and sale of perishable and recyclable products" [20, p. 24]. The state promotes cooperation in every possible way at the expense of various subsidies [10]. In the United States, increasing the competitiveness of agriculture, special importance is given to the production of ecologically clean products with the development of organic agriculture. The common agrarian policy of the European Union is aimed at solving the following problems: environmental protection, support for young farmers, support for unfavorable areas for agricultural production,

support for small farms and producer cooperatives [7, p. 4]. The competitiveness of agricultural products in the domestic and foreign markets of the EU countries is achieved with the help of the subsidy mechanism (50% of the value of the produced agricultural products is subsidized from the budget) [20, p. 22].

The main share of agricultural expenditure falls on the financing of programs within the framework of the "Green Basket", within which support refers to "general services", domestic food aid, "untied support", compensation for losses from natural disasters, cost subsidies within the framework of the farmers' retirement program, areas afforestation, investment support, environmental protection and regional aid programs [6 p. 33-34]. In the European Union, a certain place is also allocated to support programs implemented within the framework of the "blue basket" - subsidies for fixed arable land and subsidies for fixed number of livestock [6, p. 40]. The said basket, which is also directly related to direct support to agriculture, removes the uncertainty associated with pre-determining the amount of compensations. "Almost all countries spend half of their national agricultural budgets on structural policies, with differences in the amount spent. For example, the Great Britain allocates approximately 1/3 of the agricultural budget to the modernization program, and the Netherlands and Luxembourg less than 10%" [12, p.15]. The main tool of market regulation are purchase interventions – anti-crisis tools during serious price fluctuations in foreign markets, when the price of products in world markets is below the established level of the intervention price (purchases of wheat, butter, dry skimmed milk) [7, p. 9]. Support for organic agriculture One of the objectives of the (F2F) strategy implemented within the framework of the European Green Deal climate program by 2030 is to use 25% of agricultural land for organic agriculture. 100 billion euro budget for research and innovation from Horizon Europe program is spent for the promotion of research related to organic agriculture in 2021-2027. [15, p.16-17]. One of the directions of the state policy in the European Union is the promotion of the development of agro-industrial clusters. Cluster projects were most actively initiated in Finland. development of technoparks and development of knowledge centers, quality labor market, science and education system, etc. [9, p.65]. Although France is one of the leading producers of agricultural products in the EU, there are a number of problems in the country's agriculture, related to high costs of agricultural production, low profits, reduction of agricultural acreage and ecology [11, p.1563-1565]. The implementation of the "Agroecology" project until 2025, which, unlike previous approaches, is calculated on the reduction of external influences and external costs due to the introduction of technical and technological innovations [11, p.1565-1566]. The implementation of the project is based on the increase in the number of farms and comprehensive support from state authorities, on the one hand, and on the promotion of environmentally friendly, organic products produced in export markets, on the other hand [11, p.1565-1566].

Denmark. "Using various economic, administrative and ideological modes or methods of management activity, the state creates favorable conditions for regulating the life activity of the rural population, promoting the growth of agricultural products and food production and quality, ensuring healthy competition" [13, p. 2]. "Unification of farmers in cooperatives of different activity levels and sectors is promoted by way of defining privileges" [13, p. 4]. As a result, a boost is given to the process of increasing agricultural production, which is of particular importance for increasing its competitiveness. Moreover, under the Law on Agriculture, processing cooperatives gained primacy in the food market, credit and taxation [13, p. 2].

Netherlands. Agriculture is remarkable in the country. It is the second largest exporter of agricultural products and one of the world leaders in the development and implementation of innovations in the agricultural sector. The basis of innovations are research and experimental construction works. Agricultural research is one of the driving forces behind the development of the agricultural sector in the Netherlands [5, page 4].

Israel. Israel's agriculture is characterized by an intensive production system due to the need to overcome the scarcity of natural resources, especially water resources. Water in Israel is the most important production factor in agriculture and is supported by the government through various mechanisms; setting water quotas, progressive pricing, managing groundwater pumping, initiating water conservation and water supply projects. In addition, water desalination, municipal wastewater treatment and reuse measures are being taken to help manufacturers reduce costs. The latter positively affects the price competitiveness of agricultural products [7, p. 16]. Thus, the role of the scientific and technical factor is significant in increasing the competitiveness of Israeli agriculture.

In the countries of the Eurasian Economic Union, agriculture is one of the most significant sectors of the economy. Its development takes place with state support. The most common measure of state support directly related to the competitiveness of agriculture is external crediting of farmers and reimbursement of production costs: fertilizers, seeds, plant protection products, fuel and equipment [17, p. 35]. This, in turn, has a positive impact on lowering the cost of agricultural products, increasing the volume of supply and its price competitiveness.

In the Russian Federation, state support to agriculture and increasing its competitiveness is carried out in certain ways, which are conventionally divided into direct and indirect. As can be seen, state support for increasing agriculture and its competitiveness comes in various forms, the main of which is subsidy.

Estonia. State support for agriculture in this country is mainly implemented through subsidies. Moreover, subsidies are provided in different directions [3, page 55]. in which the role of hectare subsidies, additional direct subsidies for animal care and

cultivation of agricultural crops is most important in terms of stabilizing agricultural producers' incomes and product supply.

Georgia. The development of Georgia's agriculture is one of the main priorities of the country. It is no coincidence that a number of programs of state support for agriculture and increasing its competitiveness have been implemented in the country, which relate to agricultural research, wine laboratory research, animal epizootic safety and identification/registration, phytosanitary safety and protection of plants, agricultural cooperatives, support to branch cooperatives, irrigation modernization of systems, agro-insurance, preferential agro-lending [8, p.12-13]. Among the mentioned programs, in our opinion, the application of various mechanisms of assistance to agricultural cooperatives and branch cooperatives is important for increasing the competitiveness of agriculture.

The study of the experience of the above-mentioned countries in the state policy of increasing the competitiveness of agriculture shows that in all countries, for this purpose, almost the same direct and indirect instruments of state support to agriculture are used, among which the various mechanisms of subsidies, the use of the guaranteed price system, targeted lending, tax benefits etc.

In terms of the above, the Republic of Armenia is not an exception either, which for various objective and subjective reasons does not use the opportunities in the above directions. In this case, it is necessary to localize the above-mentioned international experience as much as possible, to identify and evaluate its possibilities and the mechanisms of their use. The full use of the above-mentioned opportunities requires studying the applied mechanisms of state policy and, based on that, nominating the primary ones that regulate problematic relations in the agriculture of the republic and are considered the most justified and possible. Among the elements of that experience can be the application of cluster policy, the expansion of the insurance field, the improvement of their approaches, the mechanisms of technical re-equipment, the introduction of technologies and innovations, the approaches of encouraging businessmen, etc.

Conclusions. The study of the experience of the above-mentioned countries in the state policy of increasing the competitiveness of agriculture shows that in all countries, for this purpose, almost the same direct and indirect instruments of state aid to agriculture are used, among which the different mechanisms of subsidies, the use of a system of guaranteed prices, targeted lending, tax benefits etc.

In terms of increasing the competitiveness of agriculture, the difference lies in the directions of application of these instruments in specific countries, the size, the selection of manifestations, the mechanisms of tax and credit privileges. In the observed countries, the state support to agriculture and increasing its competitiveness is carried out in certain directions, including the stabilization of the income of agricultural producers, price

support and establishment of balance, promotion of export of agricultural products, financing of agricultural research and innovations, agricultural insurance, structural policy, provision of agro-ecology requirements. in particular, related to the development of organic agriculture, the creation of a normative-legal basis for agriculture, development of rural areas and infrastructures, raising the level of technical saturation of agriculture (especially with the use of various leasing mechanisms), increasing the level of integration and cooperation in the field of production, processing and sale of products by promoting the expansion of agricultural cooperatives and clusters.

The difference between the approaches used in different countries lies in scales, mechanisms, implementation methods, complications, obstacles and opportunities of their manifestation in individual countries. From this point, the Republic of Armenia is not an exception either, which for various objective and subjective reasons does not use the opportunities in the above directions. In this case, it is necessary to localize the studied international experience as much as possible, to identify and evaluate its possibilities and the mechanisms of their use. These possibilities are differentiated according to the directions of state support of agriculture and its competitiveness increase, which are determined by various factors. In particular, the possibilities of subsidizing agricultural production are determined by the possibilities of the country's budget and the policies adopted by the state in relation to it, and the possibilities of cooperation of this production are determined by its possible scales, methods of implementation and expediency in our country. If these possibilities can be quantitatively evaluated, then separate possibilities due to objective factors (in particular, natural and economic, rational allocation of resources) cannot be measured quantitatively. In this case, not all opportunities can be identified and quantified. At the same time, it is necessary to take into account that the possibilities of state support for agriculture and increasing its competitiveness may be expanded or limited in a given period due to the influence of individual factors. So that the possibilities of localization of the above-mentioned international experience are relative and variable due to different situations, which becomes more prominent in the context of comparing different countries with each other. This circumstance does not allow to get a clear idea about the full or partial use of opportunities. Perhaps the most correct idea can be made about it, judging by the degree of achievement of the expected result. In connection with this, it should be noted that in our country, the possibilities of localization of the international experience of state support to agriculture and the increase of its competitiveness have been used to a greater or lesser extent, especially in the relevant programs (in particular, "Subsidization of interest rates on loans to the agricultural sector", "Reduction of production costs of agricultural crops" subsidy", "affordability of prices of resources used in agriculture", "support for leasing of agricultural equipment in the Republic of Armenia" and a number of other programs), within the framework of implementation. However, the current level

of competitiveness of the republic's agriculture and the existing problems and tasks related to a number of implemented programs indicate the incomplete use of the above-mentioned opportunities. The full use of these requires studying the applied mechanisms of state policy and, based on that, nominating the primary ones that regulate problematic relations in the agriculture of the republic and are considered the most justified and possible. Among the elements of that experience can be the application of cluster policy, the expansion of the insurance field, the improvement of their approaches and mechanisms, the mechanisms of technical re-equipment, the introduction of technologies and innovations, the approaches of encouraging businessmen, etc.

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Eduard GHAZARYAN, Lusine TSPNETSYAN

The international experience of the state policy of increasing the competitiveness of agriculture and the possibilities of its localization in RA

Key words: agriculture, competitiveness, productivity, subsidies, taxes, credits, prices, public policy, international experience, localization, opportunities

The article is devoted to the analysis of the international experience of the state policy of increasing the competitiveness of agriculture and the evaluation of its localization possibilities in the Republic of Armenia. The study of that experience shows that for this purpose, in all countries, almost the same direct and indirect instruments of state aid to agriculture are used, among which different mechanisms of subsidies, the use of a system of guaranteed prices, targeted lending, tax benefits, etc. are typical. In terms of increasing the competitiveness of agriculture, the difference lies in the directions of application of these instruments in specific countries, the size, the selection of manifestations, the mechanisms of tax and credit privileges. In the observed countries, the state support to agriculture and increasing its competitiveness is carried out in certain directions, in particular: stabilization of the income of agricultural producers, price support and establishment of balance, promotion of export of agricultural products, financing of agricultural research and innovations, increasing the level of technical saturation of agriculture. The difference between the approaches used in different countries in relation to these directions lies in the scales, mechanisms, implementation methods, complications, obstacles and opportunities of their manifestation in individual countries. In terms of the above, the Republic of Armenia is not an exception either, which for various objective and subjective reasons does not use the opportunities available in the above directions. In this case, it is necessary to localize the best practices from international experience as much as possible, to identify and evaluate its possibilities and the mechanisms of their use. The full use of the mentioned opportunities requires studying the applied mechanisms of the state policy, and based on that, the primary ones that regulate problematic relations in the republic's agriculture and are considered the most justified and possible have been nominated. Among the elements of that experience can be the application of cluster policy, the expansion of the insurance field, the improvement of their approaches and mechanisms, the mechanisms of technical re-equipment, the introduction of technologies and innovations, the approaches of encouraging businessmen, etc. At the same time, the article presented recommendations on the use of the possibilities of localizing the international experience of state support for agriculture and the state policy of increasing competitiveness in our republic.