

Forming of Competitive Advantages of Regional Agrarian and Industrial Complex as Mechanism of Ensuring Economic Safety

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Abstract

The Russian economy faced the problems of increase of efficiency of agrarian-industrial complex, its competitiveness, which directly affects the economic security of the country. The more developed the factors determining the competitiveness the more sustainable and viable economy is becoming before emerging internal and external threats. The paper discusses issues of mutual influence competitiveness and economic security. Special attention is paid to ensuring the competitiveness of the agro-industrial complex. The need to ensure food and economic security of the country and growth of socio-economic efficiency of agriculture highlight are the problems of increasing the competitiveness of Russian agriculture. Proposed a number of measures are suggested on financial and organizational procedures that will enhance the potential of the enterprises of agrarian and industrial complex for production of competitive products.

Keywords: economic security, competition, agrarian-industrial complex, competitiveness

1. Introduction

The economic safety and competitiveness are in fixed interaction. And the economic safety and competitiveness are characteristics of a national economic complex and its components. Competitiveness is the purpose and an exponent of development of a national economic complex, and the economic safety represents the most important condition of its existence. The factors determining competitiveness are developed – especially national economy before the arising external and internal threats. Respectively, the majority of the indicators characterizing competitiveness at the same time are also the indicators characterizing economic safety.

Decrease in competitiveness creates threats for safety of economy, thus the economic safety is a necessary condition of providing and increase of competitiveness. The system "competitiveness – safety" depends on a large number of factors of various nature (Zakharova, Kerashev, 2009), (Goretov, Gumarova, Tsaregorodtsev, 2015).

Works of the Russian scientists (Tsaregorodtsev, 2013), (Danilov, Mikhaylova, Nikitin, 2012), (Ivanova, 2014), (Seredina, 2011), etc. are devoted to researches of problems of economic, food security.

2. Research Objective

The purpose of work is the impact assessment of factors of competitiveness of industries of an agrarian and industrial complex on ensuring economic safety of the region.

3. Research Material

The competition according to the Law of the Russian Federation of 26.07.2006 No. 135-FZ "About protection of the competition" — rivalry of accounting entities in case of which independent actions of each of them exclude or limited possibility of each of them unilaterally to influence general terms of the goods circulation in the corresponding goods market.

According to Art. 2 of the Federal law of October 13, 1995 No. 157-FZ "About state regulation of foreign trade activity" the economic safety represents the state of the economy providing the sufficient level of social, political and

defensive existence and progressive development of the Russian Federation, invulnerability and independence of its economic interests in relation to possible external and internal threats and impacts.

Ensuring economic safety is one of the competition purposes as process. The concept of competitiveness actually includes concept of efficiency and is supplemented that requires ensuring economic safety. It is possible to say that "competitiveness = efficiency + safety" (Gelvanovsky, 2012).

The situation when factors are of micro and macrolevel, being at the same time a criteria of competitiveness and economic safety, create the high competitiveness of a national economic complex and its components creating the sufficient level of economic safety are most acceptable.

According to scientists, all variety of the competitive relations is performed at three levels: the micro - specific types of production, production, the entity; the meso - industries, branch corporate associations of the entities and firm of horizontal type of integration; the macro - economic complexes of cross-industry type of integration (Senchagov, Zakharov, Zokin, 2003). Competitiveness on micro, meso - and macrolevels influences at each other. This close interrelation is shown in nature of the pursued foreign and domestic policy and in strategy of development of the companies. And the economic system of the country is more developed, this interaction is shown more distinctly: actually it is proclaimed as the purpose of the policy pursued by the state and development of the companies.

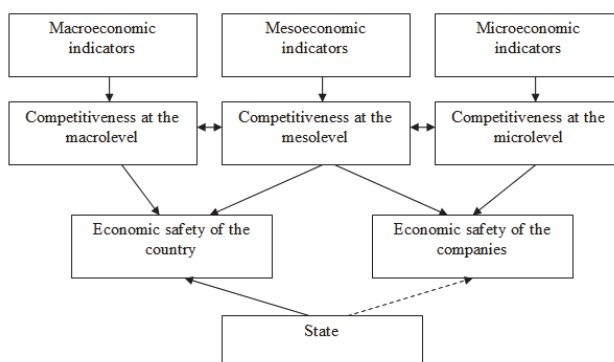


Figure 1. Levels of the competitive relations

At Russia in connection with objective circumstances there is a number of the factors leading to decrease in competitiveness both on internal and in the foreign market, main of which - higher in comparison with average world the indicator of costs of production connected with adverse climatic conditions and the big territory. Russia is the coldest and the most extended country in the world, and this circumstance is the reason of a value addition of construction, high transportation and energy expenses. The labor productivity in Russia constitutes only about 20% of its level in the USA. With respect thereto for maintenance of price competitiveness of a domestic production it is necessary or to underestimate the work pay level by the size compensating additional costs on cargo transportation and the increased power consumption, or artificially support the underestimated rates.

Food security is the compound and major part of homeland and economic security providing steady production of the main food and their availability to the population. Ensuring food security is urged to neutralize the existing and again arising threats which can lead to reduction of outputs, deterioration of access for the population to important types of the food. In this regard it is obvious that any state, wishing to avoid risks of malnutrition of the population, has to provide the citizens with the food during the period of instability of the markets.

The food security should be understood as possibility of the state and ability of domestic agrarian and industrial complex to make and deliver to domestic market and in the state reserves foodstuff and resources in necessary assortment, in sufficient volumes and due to quality taking into account social structure of the population and the actual level of the income providing their physical and economic availability and food independence of the country.

The considerable number of factors as specifics of agrarian production demand participation in this process of economic entities of various spheres and kinds of activity for receiving the final product has impact on economic security of agrarian and industrial complex. In system of economic security of agrarian and industrial complex each of its spheres is characterized by system of indicators peculiar to it and criteria, but includes a number of obligatory elements components, such as investment, ecological, marketing, financial safety, etc.

The leading priority of an agrarian policy of Russia is ensuring food security of the country. The following shall be the determining factors in the solution of this important economic problem (Kazakovtseva, Gumarova, 2014):

- the differentiated development of agricultural production, providing an integrated approach to functioning of all types of business – the state, cooperative, private enterprises, farms and personal subsidiary farms, a combination state and market regulations of agrarian sector of economy;
- reducing import of food from other countries, development of control measures on purchased from abroad import-substituting agricultural production;
- improvement of quality of the domestic agricultural production meeting the highest international standards;
- development and adoption of the Federal law on food security directed on protection of interests of domestic producers, upgrade of agricultural production, increase of competitiveness of the industry, forming of state mechanism of ensuring food security of the country.

Competitiveness of agro-industrial production is determined from the economic point of view as the capability to compete in price conditions and high-quality parameters, providing thus a strong growth of sales volumes in the domestic and international market. It is necessary to recognize that today in the domestic market only about 30% of the entities of agrarian and industrial complex are competitive. It, as a rule, the entities which created own refinery capacities which are actively performing the investment in new technologies, equipment and also providing effective management of costs and financial resources.

However to maintain price competition with import of the food, despite establishment of quotas, sanctions and entering of flexible system of customs duties, with a growth of costs of agricultural enterprises for energy resources and industrial means of production it is becoming much more difficult every year.

The present stage of development of agrarian sector of national economy differs in new characteristics of competitive struggle. If excess of indicators of import production in a number of parameters, the main thing from which was price, is becoming main object of the pre-sanctions period, since the beginning of 2015 the center of competitive struggle was displaced on the regional level. Owing to a currency barrier, in the Russian market of the food if production of agrarian sector from the countries of South America, new to us, it is necessary to break an inertial barrier of the consumer. Domestic producers need to use this time for a gaining of the share of the domestic market. The main obstacle is sharp decrease in access to investment resources that significantly reduces rates of import substitution in regional agrarian sector. Our economy faced the same, but smaller problem in 2008, in case of sharp change of course proportions of market value of foreign and domestic currency.

Need of ensuring food and economic safety of the country, requirements satisfaction of the population for food and growth of social and economic efficiency of agricultural industry put in the forefront a task of increase of competitiveness of domestic agro-industrial complex. Without highly effective and competitive agro-industrial production the solution of many first-priority and strategic tasks on development of national economy and forming of the civilized agrofood market is impossible.

Owing to action of the negative factors which became the reason of degradation of potential production, low level of system effectiveness of management, outflow from the village of qualified personnel, national agro-industrial production remains noncompetitive. The import share in commodity resources of meat is estimated at 51%, milk – 22%, vegetables – 18%. Thus growth rates of national production of agricultural production in recent years is below the rates of increasing in import of foodstuff (except production of poultry farming).

Problems of an unsatisfactory condition of product competitiveness of agrarian and industrial complex of Russia in the foreign markets consist in the following reasons:

- discrepancy of production of agrarian and industrial complex to the European standards;
- technological and technical lagging of an industry from developed countries;
- low use of agrarian capacity of the country - export of raw materials, but not production;
- uses of low-quality raw materials for the purpose of decrease in cost value;
- imperfection of a regulatory framework;
- high degree of operational risk;
- insufficient development of infrastructure of agrarian and industrial complex.

Due to the Russia's accession to the World Trade Organization there is a strengthening of competitive struggle that, undoubtedly, causes qualitatively new stage of development of agrarian and industrial complex (Zakharova, Kerashev, 2009). Conditions of accession to the WTO are adverse for agrarian sector of national economy, in particular for animal husbandry industries (Kazakovtseva, Gumarova, 2014).

Russia's accession to the World Trade Organization seriously infringed on interests of the Russian agricultural industry which led to differentiation of producers of agricultural production in competitiveness parameters. For increase of competitiveness of agricultural production it is necessary to realize the strategy of innovative development of agrarian sector of Russia on the basis of new world realities and the principles, and, first of all, need of sharp increase of

competitiveness of domestic agricultural production, and also to provide break on the world market. In many European countries, the USA is considered to be innovative basis, infrastructure of economy, and the leading role in strengthening of an innovation in agricultural industry belongs to the state. Due to the upgrade of agrarian sector it is necessary to strengthen a role of the state in determination of the priority directions of development of investing and innovative activities in agricultural industry.

Experience of the state support of innovative activities in developed countries shows that the state will develop such innovative policy which will provide competitiveness of agrarian sector of economy. Thus, increase of innovative development will take the central place in implementation of a state policy in agrofood sector of the Russian Federation.

The famous American economist in the field of the competition M. Porter notes that all developing economies pass through three stages of development differing with methods of the competition.

Table 1. Competition development stages

Competition development stages	Competition methods
economy movable by production factors	the victory in competitive struggle depends generally on the cost elements of production depending on availability of natural and human resources
economy movable by investments	the competition is based, first of all, on increase of a technological level of production and its efficiency reached thus
economy movable by innovations	creation of new, higher "consumer values", that is new goods and services for which the consumer agrees to pay much higher price becomes the main thing

Therefore until in domestic agrarian and industrial complex sufficient inflow of investments for the purpose of carrying out large-scale upgrade and reconstruction of agricultural production won't be provided, in an industry will remain technical, therefore, the problem of increase of competitiveness will be especially actual.

The major conditions influencing competitiveness (Goncharov, Koteev, Rau, 2011):

- positioning in the world market (an export share in release and its dynamics);
- positioning in the domestic market (an import share in the market and its dynamics);
- the technological level of an industry which is expressed in the amount of cumulative investments and quality characteristics of capacities;
- concentration level in the markets which is sufficient for the successful competition to the world companies – leaders in the corresponding industries;
- security with a source of raw materials, development cooperation, historical "attachment" of consumers to producers.

Competitiveness of the entities of agrarian and industrial complex of the region in environment is determined by development in it both separate productions and types of activity, and groups of the interconnected entities, specialized service providers, and also connected with their activities of the non-profit organizations and organizations, in the certain areas competing but at the same time and complementary each other, called in the theory of the competition by competitive clusters.

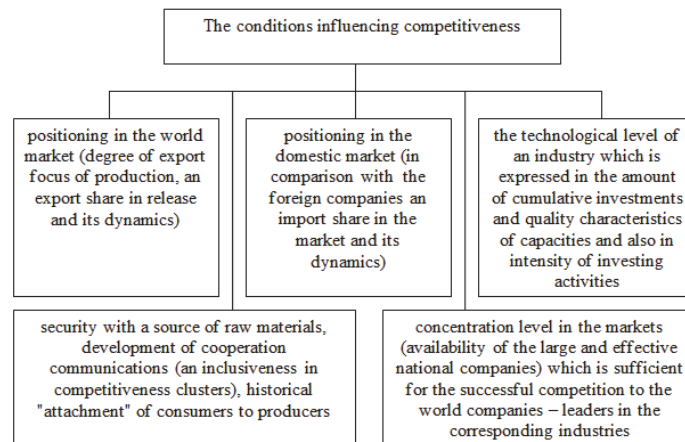


Figure 2. Conditions, influencing competitiveness

As system of an assessment of competitiveness of an agrarian cluster the following indicators can be used:

- growth rates of production of agrarian and industrial complex in comparison with growth rates of economy in general;
- growth rates of production of a cluster in comparison with growth rates of an industry in general;
- share of production of an industry cluster in a gross regional product.

Competitiveness of an industry is reached as due to competitive advantages of its companies and system of their interaction. Among them: achievement of an ecological safety of agricultural production and food, minimization of logistic expenses and optimization of other factors determining competitiveness of agricultural production.

The agro-industrial complex of the Mari El Republic is the leading backbone sphere of the economy creating the agrofood market, food and economic safety, labor and settlement potential of the rural territories.

In general the agro-industrial complex of Mari El Republic is the leading backbone sphere of economy of the republic creating the agrofood market, food and economic safety, labor and settlement potential of the rural territories. The republican target program "Development of Agricultural Industry and Regulation of the Markets of Agricultural Production, Raw Materials and Food in the Mari El Republic for 2008-2012" provided growth of business activity in agro-industrial complex of the republic and increase of investment appeal of an industry, a growth in volumes of agricultural production and foodstuff. Work on social development of the rural territories was sped up, activities of large agro-industrial forming gained development.

The modern level of development of agricultural industry of the Mari El Republic is in many respects determined by the available natural and resource potential – the availability of farmlands, efficiency of their use existing in the territory restrictions of farming, infrastructure security and institutional conditions of conducting agrobusiness.

It is possible to estimate competitiveness of agrarian sector of the Mari El Republic on the following indicators:

- growth rate of production of agricultural industry in 2013 in comparison with 2012 in the Mari El Republic was 17,9%, average across Russia – 13,5%, average across Volga federal district – 12,1%;
- the production volume of agricultural production in farms of all agricultural producers in 2014 was 115,8% in a comparable assessment to the level of 2013, the index of production of plant growing constituted 104,0%, animal husbandry – 124,7%;
- gross collection constituted 225,8 thousand tons that is 42,7% more, than in 2013;
- production of cattle and bird on slaughter in live weight in farms of all agricultural producers for 2014 constituted 139,2% to the level of 2013.

For 2014 by the overworking entities of the Mari El Republic produced meat and an offal of 106% to the level of 2013, pork meat - 108,7%, meat and an offal of poultry –160,6%, sausages – 110,2%, semifinished products of meat 136,3%, whole-milk production of 104,4%, oil of creamy 161,3%, –105,1%, torments of rye 139,9%, fruit and vegetable canned food of-120,3%, compound feeds of-131,5% are swept away.

Table 2. Rating of the Mari El Republic among regions on production of main types of production of agricultural industry for 2014.

	Production of agricultural industry per capita		
	kg. (pieces)	rating place in Volga federal district	rating place in the Russian Federation
Meat	330	1	4
Vegetables	232	1	5
Potatoes	470	1	7
Egg	476	4	10
Milk	284	9	26

Following the results of 2014, the Mari El Republic takes the 5th place among all subjects of Russia and 1 place among subjects of the Volga Federal District on an index of production of agricultural industry. Production of meat of cattle and a bird for the last 8 years grew by 5,5 times.

The average monthly salary per worker in agricultural enterprises for 2014 left 115,1% compared with the level of 2013.

As a result of implementation of investment projects the volume of investment into fixed capital of agricultural industry in 2014 left 105,6% compared with the level of last year. In total investments into fixed capital of agricultural industry for 2006-2014 constituted 37 billion rubles, the total amount of the state support of agro-industrial complex of the Republic of Mari El at the expense of budgetary funds for this period constituted 8,5 billion rubles.

Since 2012 in the Mari El Republic departmental target programs for support of the beginning farmers and development of family livestock farms, within which grants on creation and development of country (farmer) farms are provided, are realized. For 2014 the state support at the expense of means of federal and republican budgets was received by 14 participants of the program of support the beginning farmers and 4 participants of the program of support of family livestock farms for the total amount of 31,96 million rubles.

Despite milk increase in production, agricultural enterprises couldn't suspend reducing number of cattle, including cows, it was affected by increase in prices for acquired material resources and energy carriers, a technical lack in technology, current assets deficit, debt load of agricultural enterprises, increase of loan interest rates. The number cattle was reduced by 6,3% to the level of previous year, from it cows – it was reduced by 6,0%, a livestock of pigs – for 1,0%, sheep and goats – for 7,7%. Production of eggs was reduced on 2,2%. The average egg production of chicken layer was reduced by 0,3%. The lack of mortgage providing in case of receipt of the credits for purchase of agricultural machinery doesn't allow to make updating of structure of machine and tractor park in full.

The agrarian sector has the specifics which significantly depend on weather conditions, the level of a capital turnover of elasticity of the product demand of food. Therefore, the agricultural industry objectively has unequal starting conditions of housekeeping in comparison with other industries. All this results in unprofitability of the agrarian entities, deterioration of their financial condition, emergence of "effect of price scissors" (disparity of the prices) when growth of price for products of the industry advances rates of the change in price for production of agricultural industry. That 70% of fixed assets of an industry are completely amortized is a consequence of such condition. Under these conditions, tax privileges to agricultural industry should be considered as necessary state support of an industry. The major tax privileges for agricultural producers in the Mari El Republic are privileges on regional taxes – the property tax of the organizations and a vehicle tax. The rate of the property tax of the organizations (in agricultural industry) is lowered by 50% from generally established and constitutes 1,1%. Agricultural enterprises and country (farmer) farms on the freight vehicles registered on them used in agricultural production are exempted from payment of a vehicle tax.

Creating favorable conditions for farming, decrease in its expenses and investment risks, entering of tax privileges in case of implementation of investment projects determine the strategic base for further increase of competitiveness of agrarian and industrial complex.

As showed results of modern domestic researches (Ivanova, 2014), in new conditions relevance of wider use of the mechanism of public-private partnership increases in the sphere of agrarian and industrial complex within which the state can assume financing of the expenses which aren't limited to conditions of the WTO in case of implementation of this or that investment project. Public-private partnership will pursue a task of development of priority subindustries of agricultural industry for the purpose of equalization of the market transformations of disproportions of agro-industrial production which arose for the period by support as what have potential advantages in the domestic or world market, and without direct state support can't realize this potential fully. In the Russian Federation such sectors are an industry of dairy animal husbandry and meat cattle breeding which need full state support which measures are directed on stabilization of a livestock of main types of farm animals and increase in production of meat and dairy products now.

Studying of a problem of providing competitiveness of regional agrarian and industrial complex allows to prove as one of the most important directions of increase of competitiveness development of processes of integration is the form of entrepreneurial associations. As a competitive form of interaction of the entities of agrarian and industrial complex there can be an agro-industrial entrepreneurial consolidation which represents the long-term agreement about cooperation of the independent subjects of managing in the sphere of agro-industrial production belonging to general process of forming of value added and establishing the relations providing a synergy effect in the form of additional consumer value of agrarian production.

Modern economic development is provided not only at the expense of increase in production, and first of all, due to high-quality enhancement of a product and production factors of this production, improvement of quality characteristics of economy in general. All listed will mark transition to a new level of development not only agrarian sector, but also economy in general. Thus, the existing model of development agrarian economy sectors, providing high rates of development, can be provided as the system of measures founded on:

- the consecutive upgrade of agrarian sector directed on increase of efficiency, competitiveness, providing diversification structure of economy and considerable potential of growth, effective integration into economic space, a favorable investment and business climate;
- positioning of agricultural industry as type of the economic activity providing development of cooperation communications which allows to combine state and regional interests optimum;
- transition to the principles of spatial development of the agrarian economy oriented to an intensification of innovative components, increase in production of high-technology production, the accelerated implementation

of new technologies, new types of innovative production and services;

- gradual improvement of quality of life of rural population, ensuring development of capabilities of each person, improvement of living conditions and quality of a social environment so they more corresponded to the level and requirements of the modernized rural economics.

As for the future development of agrarian and industrial complex of the Mari El Republic, on the one hand, it is necessary to expect expansion of the state measures for increase of stability of agro-industrial production and to social development of the rural territories. On the other hand, the difficult macroeconomic situation and financial and economic crisis can cause restrictions on application of measures of the state support. Considering environment factors in the agrarian sphere, climatic conditions of farming in the republic, the capacity of agrarian and industrial complex, as the strategic priority directions of its development it is necessary to recognize development of meat and dairy cattle breeding, the meat and dairy industry, poultry farming, goat breeding, development of fish production, production of potatoes and vegetables. Among them: achievement of an ecological safety of agricultural production and food, minimization of logistic expenses and optimization of other factors determining competitiveness of agricultural production.

System effectiveness of the offered actions is measured not so much by the cost of in addition received production, which can be estimated indirectly by expert methods in the range from 3 to 5% of total amount of production of agricultural industry of the republic annually in the next 5 – 7 years, but, first of all, this stimulation of employment of rural population, the solution of a task of import substitution and increase of degree of food security of Russia.

4. Conclusion

Increase of competitiveness of agricultural production will allow to strengthen line items of the Russian producers both in internal and in the foreign market, will promote building-up of their potential production. Forming of competitive advantages of regional agrarian and industrial complex which is based on development of processes of integration in the form of entrepreneurial associations, will allow to use as much as possible the agroproduction capacity of the region, providing increase of competitiveness, food and economic safety of the territorial subject of the Russian Federation.

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