Legal regulation of the agro-industrial complex of Russia

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Abstract. The article deals with the issues of legal regulation of the agro-industrial complex of Russia at the present stage of development. The authors analyze the legislation that determines the legal basis for the interaction of the elements of the agro-industrial complex, methods of state support for the subjects of this sector of the economy, the prospects for the development of the agro-industrial complex as a whole and its individual elements, as well as some shortcomings in the legal regulation of the activities of the agro-industrial complex subjects. The article notes the exceptional importance of special rules in the regulation of the agro-industrial complex and the need for codification of legislation in this area due to its specificity.

1 Introduction

A lot of attention has always been paid to the legal regulation of the agro-industrial complex (AIC).

Currently, the relevance of such regulation for Russia is growing in connection with the policy of import substitution. The modern agro-industrial complex has a difficult history of formation. The development of agroindustrial integration in our country began at the end of the 1920s with the formation of agroindustrial complexes which carried out the production, processing and sale of any type of agricultural products. However, only in the early 50s of the twentieth century the concept of an agro-industrial complex (AIC) was introduced into scientific and industrial use which is a set of sectors of the national economy engaged in the production of products, their storage, processing and delivery to the consumer.

At present the agro-industrial complex is the largest intersectoral complex uniting several sectors of the economy, aimed at the production and processing of agricultural raw materials and obtaining products from it, brought to the end consumer. This is a set of sectors of the country's economy including agriculture and industries closely related to agricultural production carrying out transportation, storage, processing of agricultural products, supplying them to consumers, providing agriculture with machinery, chemicals and fertilizers, serving agricultural production.

Traditionally the agro-industrial complex includes four areas:

- agriculture that is the core of the agro-industrial complex;

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- industries and services that provide agriculture with means of production and material resources;
- industries that are engaged in the processing of agricultural raw materials;
- infrastructural block: industries that are engaged in the procurement of agricultural raw materials, transportation, storage, trade in consumer goods, training for agriculture, construction in the agro-industrial complex.

Ensuring the well-coordinated and efficient operation of all elements of the agro-industrial complex is not an easy matter, therefore, agricultural policy today is aimed at creating an effective and sustainable system that can provide the country's citizens with food products and factories with raw materials.

The most important law that establishes the legal basis for the implementation of state socio-economic policy in the field of agriculture is the Federal Law of December 29, 2006 N 264-FZ "On the development of agriculture" (as amended on 15.10.2020) [1].

Within the framework of this article we will analyze the legal basis for the activities of the agro-industrial complex of Russia in modern conditions. 1 Legal forms of interaction of elements of the agro-industrial complex. The basis of the agro-industrial complex in Russia is the production of agricultural products. Agriculture is a branch of production the purpose of which is to meet the needs of the population for food, and the food and processing industry - for raw materials. The main branches of agriculture are crop and livestock production.

2 Legal forms of interaction of elements of the agro-industrial complex

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From the point of view of legal regulation agriculture is a type of entrepreneurial activity aimed at systematic profit. Consequently, the main subjects of interaction within the framework of the agro-industrial complex are commercial organizations and peasant farms, the status of which is determined by part of the first Civil Code of the Russian Federation [2]. Also the legal status of agricultural producers is defined by the Federal Laws "On Agricultural Cooperation" [3], "On Consumer Cooperation (Consumer units, their Unions) in the Russian Federation" [4], "On Peasant (Farm) Economy" [5] and others.

The main form of interaction between elements of the agro-industrial complex is civil - legal contracts. Agreements mediate all stages of agricultural production, they are necessary for the sale of agricultural products, they mediate all the supply and maintenance of agriculture, without them it is impossible to properly formalize land relations, organize intrafarm management and labor.

In the course of the fundamental socio-economic reforms that were carried out in our country in the 90s, the agreement took the central place among the legal means necessary for the formation of a new agricultural economy as a whole and for the effective operation of each agricultural commercial organization.

This is quite natural: a market economy and participation in market relations of any commercial organization is impossible without a solid contractual base. The market economy imposes strict requirements on contract execution.

They follow such important principles of contractual law as freedom of contract, proper performance under all conditions of contracts (subject, time, place of performance, addressees, etc.), cooperation of the parties, including the creditor with the debtor, economy, i.e. execution in an effective way, but in accordance with the terms of the
contract, fulfillment of obligations in kind, regardless of compensation for losses and payment of a penalty by the debtor. The system of contractual ties in the agro-industrial complex as a whole and in its central part in agriculture, consists of three groups of contracts. Firstly, these are general civil contracts which are widely used in all sectors of the economy.

This is the purchase and sale, delivery, contract, including construction contracts, property rent, bank loans, etc. The same group includes the constituent agreements, which are concluded when creating agricultural commercial organizations.

Secondly, these are contracts specific to the agricultural sector of the economy. First of all these contracts include the lease of agricultural land, various contracting agreements and contracts for the provision of services that are used only in the field of agricultural production: production and technical services for agricultural commercial organizations, operation of water management and hydrotechnical and reclamation systems, agrochemicals 

The main fundamental principle of contractual law is the principle of freedom of contract is proclaimed by Art. 420 of the Civil Code of the Russian Federation. This means the most important for all agricultural commercial organizations the ability to independently choose counterparties to conclude all contracts and independently determine the terms of contracts. The principle of freedom of contracts in modern civil circulation, as provided for in Art. 421 of the Civil Code of the Russian Federation, finds a threefold manifestation.

First, in the recognition of citizens and legal entities as free to conclude an agreement. This means that the parties themselves, moreover independently of each other and of the state acting as a sovereign, have the right to decide the issue of entering into contractual relations between themselves. Secondly, in providing the parties with the opportunity to conclude any contract, both provided for and not provided for by law or other legal acts. Thus, the parties can, if necessary, independently create any models of contracts that do not contradict the current legislation.

Finally, thirdly, it is in the freedom of the parties to determine the terms of the contract they conclude, including the one built according to the model specified in the legislation. However, participants in civil turnover have the right to enter into obligations that are not directly provided for by law, but most fully meet their individual needs, including concluding contracts not directly provided for by civil law [6]. In this case, the only requirement for the parties is that the condition chosen in this way does not contradict the law or other legal acts.

All three manifestations of freedom of contracts in the aggregate are necessary for the participants in the turnover in order to realize their property independence into economic independence, to compete on equal terms with other market participants.

However, the principle of freedom of contract is never unlimited. In our state as in all civilized countries, it is limited by legislation on contracts, property rights, entrepreneurial activity, as well as economic methods (also enshrined in legislation), for example, the
determination of regulated prices and tariffs in accordance with antimonopoly legislation.

First of all, trends in the development of contract law in the field of agriculture are the emergence of new objects of contractual relations, for example, land plots, enterprises as single property complexes, objects of intellectual and industrial property, securities, information resources.

The variety of contracts has noticeably increased, new institutions of contract law have appeared, such as trust management, leasing, commercial concession, factoring.
An important innovation was the transfer of contractual disputes with the participation of all agricultural commercial organizations to arbitration (and, if an arbitration clause is included in the contract, arbitration) courts. Thus, all agricultural commercial organizations, regardless of their organizational and legal form, are in the same position in the field of judicial protection of their rights and interests.

Consider the legal framework of contract law between commercial entities of the agro-industrial complex. The abundance of special agricultural legislation, the inconsistency of its norms with general civil legislation, as well as other reasons have repeatedly prompted agricultural scientists to systematize it in the form of codification. The legal basis of contractual relations between agricultural commercial organizations is, first of all, the norms concentrated in the Civil Code of the Russian Federation. Civil legislation is referred to the jurisdiction of the federal authorities. This provision is extremely important, since often both the legislative and executive authorities of the constituent entities of the Federation or municipalities strive to introduce their own “rules of the game” on the local market, issue some special instructions and orders, recommendations and standard forms of contracts. Such activity, whatever its motivation, does not comply with the current legislation, and in the case of disputes being considered in an arbitration court, priority always belongs to federal legislation.

All other normative acts constituting civil legislation must comply with the Civil Code of the Russian Federation, and in case of conflict with it, the norms of the Civil Code apply. It is also important to keep this in mind because there are often contradictions in various acts of civil legislation. When resolving such conflicts, priority is given to the norms of the Civil Code. So, for example, there are a number of normative acts issued before the entry into force of this or that norm of the Civil Code and dedicated to the same contracts that are regulated by the new general civil legislation. This applies, in particular, to leasing in the areas of material and technical supply and the provision of livestock products in the agro-industrial complex. Special normative acts on leasing in these areas were adopted before the entry into force of the second Part of the second Civil Code, containing general rules on leasing, and therefore, in the event of a conflict between these norms, the norms of the Civil Code should be applied, and the rules of special normative acts - in the part that does not contradict the Civil Code [7].

When we say that the Civil Code of the Russian Federation is the fundamental basis of all contractual relations in agriculture we first of all mean the norms of general civil legislation on legal entities, property, transactions, contracts, responsibility, i.e. those that are concentrated in Part One of the Civil Code. The significance of these norms lies not only in the fact that, on their basis, special norms relating to certain types of contracts are formed, but also in the fact that they are practically a single legal regulator when concluding contracts that have not become the subject of special legislation, for example, not included in as chapters or paragraphs in the Civil Code of the Russian Federation or not regulated by special regulations. The second group of legal norms governing contractual relations of agricultural commercial organizations is made up of special norms contained both in general civil and in special legislative and by-laws, and dedicated to individual contractual institutions: pledge, sale and purchase, lease, contracting, etc. Among the norms of this group, the most important for agricultural commercial organizations are the norms on contracts of purchase and sale, supply, supplies for state needs, as well as norms on lease, pledge, storage, insurance, banking operations, and transactions with securities.

The significance of such norms of general civil legislation lies in the fact that they are norms of direct action, since there are no special regulations on, for example, sale and purchase in civil law. When concluding contracts for the purchase and sale of agricultural products or when purchasing machinery and equipment for agricultural commercial organizations under the same contracts, in cases of leasing property, when obtaining bank
loans - in all these situations, the parties are guided by the norms of the Civil Code. No standard or exemplary forms for such contracts have been officially published yet. A rare exception is the Standard Land Purchase and Sale Agreement (deed of purchase). If we compare the ratio of dispositive and peremptory norms in normative acts of general civil legislation, we will see that dispositive norms prevail for legislative acts, and peremptory norms are of greater importance for by-laws, which are referred to in the Civil Code as “other legal acts”. That is, in general, the higher the level of a normative act in the hierarchical structure of legislation, the greater the proportion of dispositive norms in it, and, conversely, the lower the level in this hierarchy of a normative act, the more peremptory norms in it.

On the other hand, the more special a particular normative act has, the more peremptory norms and less dispositive ones it contains.

An example is the special legislation on the procurement and supply of agricultural products for state needs and the rules on the placement of state orders for such procurement and supply on a competitive basis. In the special legislation regulating these areas, the terms of the concluded contracts are defined in detail, and the degree of detail and imperativeness of the rules contained here is in sharp contrast to the norms of paragraphs 4 and 5 of Ch. 30 of the Civil Code, which are dedicated respectively to supplies for state needs.

An important feature of agricultural legislation is the existence of a third group of norms that are quite specific for this particular area - recommendation ones. They are, first of all, typical for the cooperative sector, where the main regulatory act is the Federal Law "On Agricultural Cooperation".

In law enforcement practice, both when concluding contracts and when considering relevant disputes, the focus is on special rules focused on regulating the most important types of contracts used by agricultural commercial organizations in their activities.

Among these acts should be called paragraphs 5 and 4 of Ch. 30 of the Civil Code of the Russian Federation, dedicated to contracting, the norms of the Land Code on the purchase and sale and lease of land, as well as its norms that determine the general principles and features of the legal status of the subjects of all contractual relations regarding land plots.

It should be noted that such normative acts are widely used in practice which were adopted long before the new civil legislation and, although they have lost for the most part their former imperative meaning, they can be applied by agreement of the parties when they conclude an agreement - as exemplary forms referred to in Art. 427 of the Civil Code.

When preparing draft contracts in commercial practice, one should take into account the indication of Art. 427 of the Civil Code that if neither the legislation, nor the content of a specific contract allow to establish the nature of any of its conditions, then it is necessary to resort to the use of standard forms or recommendations as the customs of trade, if they published in print.

Another area in the field of contract law is the contractual and legal relations of agricultural enterprises with local governments. The basis of this direction was the recognition of the equality of all forms of ownership and the encouragement of economic initiative. Local governments build their relations with agricultural enterprises on a contractual basis, which allows the local community to implement local programs for the economic development of the territory and new areas of economic activity.

Contractual relations of local self-government bodies with agricultural enterprises are based on the Federal Law "On the contractual system in the procurement of goods, works and services to meet state and municipal needs" dated 05.04. 2013 No. 44-FL [11].

The formation of the municipal order is carried out simultaneously with the development of the draft local budget for the next financial year within the funds provided for in the expenditures of the local budget under the concluded contracts, and based on the needs of the municipality in agricultural products. The result of placing a municipal order is the conclusion of an agreement for the execution of a municipal order between local governments and agricultural enterprises. The contract is concluded, as a rule, based on the results of the auction, as well as on the results of placing a municipal order in other ways. Other means should be understood as the mutual debts of an agricultural enterprise to the municipality and vice versa. Contractual relations of agricultural enterprises with local governments are only gaining strength. Strengthening such contractual ties will give good economic results for both parties.

3 State support for agricultural activities

Assessing the current economic situation the state is going to support the tourism sector, agribusiness and innovative ideas in 2021. In Russia there are 175 thousand peasant farms: these entities, important for the country's economy, own a fifth of the market for agricultural products. The potential for the development of small businesses in the industry is far from being exhausted, however, novice farmers, when trying to expand their business, face various problems. The most significant of these is the lack of available funds. Therefore, the Government of the Russian Federation has developed a number of measures to support small businesses in the agricultural sector.

In 2021 a new grant for agricultural producers "agroprogress" will appear in Russia. Support for agribusiness will be provided by the state through subsidies and grants. The state has been supporting this business sector for several years. 2021 will be no exception.

This grant can be received by producers of agricultural products who have been officially working in this area for at least two years. The amount of support is no more than 30 million rubles. Money is given for a reason but for specific purposes.

For example, a grant can be obtained for the development of a production base for the construction of production facilities, for expanding the possibilities for processing and selling products, etc.

Grant "Agroprogress" is a budgetary allocation transferred from the budget of the constituent entity of the Russian Federation and (or) the local budget in accordance with the decision of the regional competitive commission to agricultural producers (with the exception of peasant (farmer) households, citizens with personal subsidiary plots, individual entrepreneurs and agricultural consumer cooperatives) included in the unified register of small and medium-sized businesses operating for more than 24 months from the date of registration in a rural area or on the territory of a rural agglomeration of a constituent entity of the Russian Federation, undertaking, within the framework of the grant agreement, to carry out the activities for which the grant is provided for 5 years from the date of receipt of the grant funds and to achieve the planned performance indicators provided for by the project of the grantee, to provide financial support for costs that are not reimbursed within the framework of other areas of state support.
Table 1 Support for agribusiness through the "Agroprogress" grant.

<table>
<thead>
<tr>
<th>Applicant</th>
<th>Agricultural producers (except for peasant farms, individual entrepreneurs, SPK), operating for at least 24 months from the date of registration, registered in a rural area or rural agglomeration.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mandatory conditions</td>
<td>1. The applicant undertakes to carry out the activity for which the grant is provided for at least 5 years from the date of its receipt.</td>
</tr>
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<td></td>
<td>2. The applicant meets the criteria for micro or small business in accordance with the Federal Law “On the Development of Small and Medium Business in the Russian Federation”.</td>
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<tr>
<td></td>
<td>3. The applicant undertakes to create new permanent jobs registered with the Pension Fund of the Russian Federation, at a total rate of at least 3 new permanent jobs per 1 grant, including at least one new permanent job is no later than November 1 in the year of receipt of the Agprogr</td>
</tr>
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Another change in the state program concerns flax producers. With state support they will be able to buy equipment and machinery for the primary processing of products. Some of the production costs will also be reimbursed to sheep and goat farmers. For this they will be provided with incentive subsidies.

3 Prospects for the development of the agro-industrial complex of Russia

As part of the business program of the AGROFARM exhibition at VDNKh, a foresight session “Agriculture of Russia 2020–2025: a look into the future” was held, moderated by the head of the Agroindustrial Policy Committee of Delovaya Rossiya, the ombudsman for the protection of entrepreneurs' rights in the field of trade regulation Andrey Danilenko, member of the Board of Directors of OOO APK Damate.

According to him, over the past 10 years, the agri-food sector has become a very serious area of growth for the country's economy. In the world, this sector of the economy is attracting more and more investments, and in this area there are many technological solutions and changes, especially in areas such as genetics, breeding, IT technologies and artificial intelligence. There are many innovations in various approaches to production - these are organic products, eco, bio and green brands. The environmental requirements for the production of agricultural products have changed.

President of AKKOR (Association of Peasant (Farming) Farms and Agricultural Cooperatives of Russia) and First Deputy Chairman of the Committee on Agrarian Issues of the State Duma of the Russian Federation Vladimir Plotnikov cited statistics showing the results of the past year successful for Russian agriculture. Thus, for the second year in a row, 121 million tons of grain are harvested in modern Russia, and a record harvest of sunflower and oilseeds has also been harvested. However, the situation is complicated by the low profitability of peasant farms, which, according to Plotnikov, “puts an end to development,” while it is small farms that ensure both the growth of the cattle population and the annual increase in grain production. “This is a big problem that needs to be addressed urgently,” he said. "State support should develop evenly, on a fair basis, and not only in favor of large vertically integrated holdings." Also, the president of AKKOR noted that it is very important in the pursuit of achievements to pay great attention to the quality of products, which directly affects the health of consumers.

Today, a new format of farmers is emerging - urban dwellers moving to the countryside and engaged in farming. According to Vladimir Plotnikov, it is very important to support this movement and make it more attractive for urban residents. This will also be facilitated by the unification of new farmers on the basis of cooperation.

Problems were also identified. In particular, Maria Antonova, a leading researcher at RANEP, devoted her speech to the difficulties of developing the cooperative movement in agriculture in the country: subsidiary liability of cooperative members, double taxation, disproportionate voting, as well as difficulties in obtaining subsidies by cooperatives created by farmers, and not by the administration.

Following the results of the foresight session, the participants summed up that there is no doubt that Russia has great prospects in terms of participation in the global food market, that we can be leaders in many positions in production in the agri-food sector. It is very important to learn how to form your own trends and enter the market with them, and not blindly follow what is happening in the world. We must be ahead of trends and shape them from a scientific, educational point of view, from the point of view of communication with consumers and support for the domestic sector of the agro-industrial complex.
Conclusion


In order to implement the set tasks state support is guaranteed for the formation and development of a credit system in the field of agricultural development. Interbudgetary transfers from the federal budget to the budgets of the constituent entities of the Russian Federation to reimburse part of the cost of paying interest on loans (borrowings) are provided for the entire period of use of investment loans received from Russian credit institutions and the state development corporation VEB.RF, and loans received from agricultural credit consumer cooperatives, in the manner established by the Government of the Russian Federation. Subsidies from the federal budget to Russian credit institutions, international financial organizations and the state development corporation VEB.RF are provided in accordance with the budgetary legislation of the Russian Federation.

State support can also be provided for the formation and development of a credit system in the field of agricultural development:

1) agricultural producers, as well as organizations and individual entrepreneurs engaged in the primary and (or) subsequent (industrial) processing of agricultural products and their sale in accordance with the list approved by the Government of the Russian Federation, provided that the share of income from the sale of these products in total income from the sale of goods (works, services) of these organizations and individual entrepreneurs is at least seventy percent for a calendar year;

2) organizations and individual entrepreneurs implementing investment projects;

3) organizations and individual entrepreneurs that meet the requirements established by the Government of the Russian Federation in order to implement federal projects that are part of national projects (programs) in areas determined by a legal act of the President of the Russian Federation.

Much attention is paid to the strategy for the development of the fishery sector until 2030 (Order of November 26, 2019 No. 2798-r).

The strategy is aimed at ensuring the dynamic development of the fishery complex, updating production assets, avoiding the raw-material orientation of exports by stimulating the production of products with a high share of added value, creating favorable conditions for doing business and attracting investments in the industry.

The strategy defines the priorities, goals, objectives and targets aimed at ensuring the dynamic development of the fishery complex, updating production assets, avoiding the raw-material orientation of exports by stimulating the production of products with a high share of added value, creating favorable conditions for doing business and attracting investments in the industry.

As part of the implementation of the Strategy, it is planned, in particular, to ensure by 2030 an increase in gross value added due to the development of production of deep processing products; an increase in the total number of jobs in the fishery complex by 24.5 thousand; labor productivity growth by 1.4 times compared to 2018; development and implementation of a national system for environmental certification of harvested (caught) aquatic biological resources and fish and other products produced from them; an increase to 3 million tons per year in the volume of cargo handling of domestic fish and other products.
from aquatic biological resources through Russian seaports; increasing up to 80% of the share of servicing domestic vessels of the fishing fleet in Russian ports.

The strategy is planned to be implemented in two stages: the first one until December 31, 2025, the second one since January 1, 2026 to December 31, 2030 [13].

Thus, the state program for the development of agriculture and regulation of markets for agricultural products, raw materials and food, approved by the Government in 2012, continues to gain momentum. Its goals are to ensure food independence of Russia, accelerate import substitution, increase the competitiveness of domestic products in the domestic and foreign markets [14], as well as the great interest of the state in ensuring environmental safety, which is an integral part of the interests of security and the existence of mankind as a whole [15].

References

11. Federal law "On the contract system in the procurement of goods, works and services to meet state and municipal needs" from 05.04. 2013 No. 44-FZ