

PRICES FOR DOMESTIC AGRICULTURAL PRODUCTS AND PROTECTIONISM
AS AN INSTRUMENT OF STATE REGULATION

ОТАҢДЫҚ АУЫЛШАРУАШЫЛЫҚ ӨНІМДЕРІНІҢ БАҒАСЫ ЖӘНЕ ПРОТЕКЦИОНИЗМ
МЕМЛЕКЕТТІК РЕТТЕУ ҚҰРАЛЫ РЕТІНДЕ

ЦЕНЫ НА ОТЕЧЕСТВЕННУЮ СЕЛЬСКОХОЗЯЙСТВЕННУЮ ПРОДУКЦИЮ И
ПРОТЕКЦИОНИЗМ КАК ИНСТРУМЕНТ ГОСУДАРСТВЕННОГО РЕГУЛИРОВАНИЯ

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Abstract. The state of agro-industrial complex largely depends on the well-thought-out agricultural policy of the state, the key element of which is price regulators. The goal is to consider the issues of improving protectionism by stabilizing the rise in prices for domestic and imported agricultural products, as well as theoretical aspects of the price rate of its producers, labeling goods aimed at complying with the law that protects consumer rights. *Methods* – economic-statistical, abstract-logistical, systematic approach, observation and collection of facts, determination of absolute and relative indicators. *Results* – the main problems of regulating pricing of agricultural products, government programs and measures taken to solve the tasks are shown. It was revealed that from December 2021 cost of food has increased significantly. The low level of development of small and medium-sized businesses in agro-industrial complex is one of the factors hindering the increase in the competitiveness of goods and the entry of domestic producers into international markets. *Conclusions* – the authors state that in Kazakhstan there is a significant potential for obtaining organic and environmentally friendly products that are in demand in the republic and abroad. It is necessary to move away from the raw material orientation of agricultural exports, which has reached 70%, while processing enterprises are only 40% loaded, to attract foreign investors to agriculture. The article focuses on the need to optimize the state strategy of agricultural protectionism. The public-private partnership must follow the set goals and consolidated actions to ensure food security.

titors. Because the first condition of the market is to protect the domestic market from the outside market.

The country also does not pay enough attention to the issues of integration of agribusiness participants. Among the main problems of agricultural formations, we can note: low purchase prices for agricultural products, limited internal processing of raw materials, incomplete use of processing capacities and a general lack of quality and competitiveness of domestic production, which hinders their development [1].

The underdevelopment of small and medium-sized businesses in the agricultural sector hinders the creation of competitive products and the entry of domestic producers into international markets.

From January 5 to January 11, 2022, socially significant food products increased in price by 0.2%. The cost of white cabbage increased by 4.3%, potatoes - by 0.8%, buckwheat - by 0.4%, carrots - by 0.2%, rice - by 0.1%, sugar - by 0.1%, salt - by 0.1%. Prices for bread, horns, sunflower and butter, beef, chicken meat, milk, kefir and cottage cheese remained at the same level. Flour, onions and eggs fell slightly - by 0.1% [2].

Material and methods of research. In the analytical part of the work, methods of system and complex analysis, classification, economic and statistical methods of information processing were used scientific works of domestic and foreign economic scientists on the dynamics of the development of prices for agricultural products.

The study of problem, various research methods were used, depending on the purpose and objectives of the study: abstract-logical - to study the directions of development of economic indicators for domestic agricultural products of the Republic of Kazakhstan; monographic - to study the experience of agricultural entrepreneurs from near and far abroad.

In all developed countries of the world, the state pays special attention to agriculture. The strictest protectionist measures are taken to protect the agricultural market. In this regard, effective agrarian policy, including state support, is considered one of the main conditions for agricultural development. The situation with membership in the Pandemic and the World Trade Organization requires a review of the system of state regulation of agriculture in Kazakhstan and a focus on innovative development.

The formation of a stable system of agrarian protectionism is complicated, on the one hand, by a variety of factors affecting the

competitive advantages of agri-food products, and, on the other hand, by the spread of liberal economic ideas in circles involved in the development of the country's economic policy.

The economy of Kazakhstan has realized its absolute insecurity at the present stage of development in an unstable economy. The food crisis has dispelled the myth of an allegedly existing free market.

In order to effectively solve these and other tasks and provide assistance from the state, it is necessary general assessment of the state of the industry since the period of agrarian reforms.

Due to the political crisis in neighboring countries, sanctions, the former logistics chains collapsed.

Now, the countries through which the transit flow has increased are increasing the cost of transporting goods on their territory. This is one of the factors affecting agricultural products.

Results and their discussion.

According to analysts, in December 2021, food prices increased by 0.6% over the month and by 9.9% over the year. In the regional context, in monthly dynamics, the residents of the Aktobe region felt the price increase the most (by 1.2%), the lowest price increase was recorded in the Kyzylorda region (by 0.1%). In annual dynamics, food products rose the most in Mangystau (by 11.8%), Akmola (by 10.9%) and Aktobe (by 10.7%) regions.

Fruits and vegetables have risen in price by 10.6% over the year and by 1.9% over the month. Wheat flour of the highest grade cost 260 tenge, first grade - 186 tenge per kilogram. Prices for pasta: horns - 371 tenge, vermicelli - 386 tenge, noodles - 796 tenge per kilogram. Among cereals, buckwheat rose by 18.4% (up to 519 tenge), pearl barley - by 15.1% (up to 260 tenge), oatmeal - by 11.6% (up to 450 tenge), semolina - by 10.6% (up to 336 tenge), millet - by 4.1% (up to 388 tenge per kilogram). Rice, on the contrary, has fallen in price - by 1.9% over the year (up to 368 tenge) [3].

Over the past week, prices for socially important food products have increased by 0.6%, since the beginning of the month – by 2.5%, since the beginning of the year – by 14.1%, which is provided at the bottom of the table.

In this year, 307 billion tenge of subsidies are provided to support the agro-industrial complexes, 99 billion tenge for animal husbandry, 7.4 billion tenge for processing agricultural products, and 119.3 billion tenge for financial instruments.

Table - Average prices for socially significant food products as of April 2022 in tenge per kilogram

Product Name	For the surveyed cities	Nur-Sultan	Almaty	Shymkent	Aktau	Aktobe	Taraz
Wheat flour of the first grade	199	263	236	186	257	161	187
Wheat bread made from flour of the first grade	173	198	160	164	191	156	148
Horns (weight) 2)	245	328	230	212	240	235	224
Rice ground, polished (weight) 2)	267	265	283	255	259	256	253
Buckwheat groats (weight)	465	368	458	511	499	486	470
Sunflower oil, liter	797	828	842	749	841	739	744
Unsalted butter	3 104	3 491	3 373	2 791	3 943	2 650	3 012
Beef shoulder-breast part	2 147	2 479	2 347	2 208	2 530	1 735	2 162
Chicken meat (thighs and legs with flesh)	1 086	1 086	1 187	958	1 163	1 050	1 032
Pasteurized milk 2.5%, liter	287	325	325	271	...	245	...
Granulated sugar	410	451	437	381	392	375	379
Eggs, category 1, dozen	391	481	460	382	419	322	355
Salt	60	72	66	48	54	45	67

The need to develop the export potential of the industry, purchase agricultural machinery, purchase modern irrigation systems and supply the necessary infrastructure. Also 8.2 billion tenge will be allocated for the implementation of investment projects for the production and processing of vegetables and sugar beet. These funds will be used to finance the purchase of modern irrigation systems and the provision of the necessary infrastructure.

As part of the scaling up of the project to increasing the incomes of the rural population, the issue of allocating many billion tenge for micro-crediting of residents of rural settle-

ments and small towns is being worked out. This will create thousand jobs [4].

The dynamics of the main indicators of agricultural production over the past five years shows that:

*in the total gross domestic product of Kazakhstan, the share of agricultural production (hereinafter referred to as GDP) has slightly increased;

* the trend between Kazakhstan and the countries of the European Union continues to increase the volume of mutual trade.

As of April 2021, the largest number of agricultural organizations is located in the Turkestan, Almaty and Akmola regions of the Republic of Kazakhstan (figure 1).

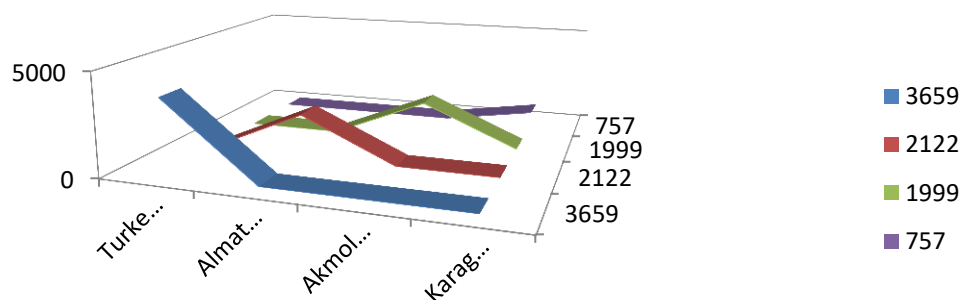


Figure 1 - Number of agricultural enterprises by regions of Kazakhstan

In the first three months of 2021, 563 new organizations in the field of agriculture (excluding forestry and fisheries) were registered in Kazakhstan.

Number of new agricultural organizations by industry:

- mixed agriculture — 211 new organizations;

- animal husbandry — 165 enterprises;
- cultivation of seasonal crops — 133 companies;
- auxiliary activities — 39 organizations;
- cultivation of perennial crops — 8 enterprises.

As of May 1, 2022 year, there are 154 enterprises are operating in Kazakhstan. The

majority of peasant and farm farms are concentrated in Turkestan, Almaty and Akmola regions, where a noticeable advantage has been secured for the first.

The volume of investments in fixed assets in agriculture, forestry and fisheries

amounted to 152 billion tenge, which is 11% less than in January-April 2021.

The main grain-growing regions - Akmo-la, Kostanay and North Kazakhstan regions sent 73.5 billion tenge to the industry, which amounted to 48.3% of the total investment in agriculture, forestry and fisheries (figure 2).

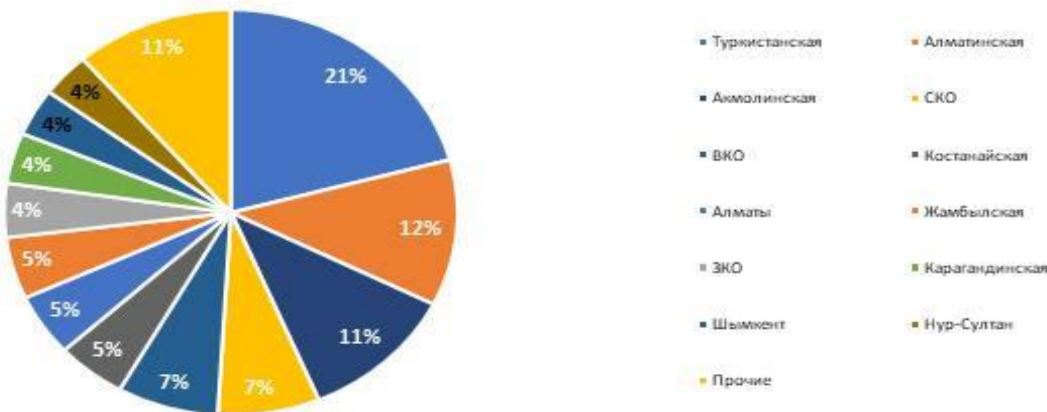


Figure - 2 Agricultural cooperatives by regions of Kazakhstan

The pricing strategy is a set of rules and practical methods that it is advisable to adhere to when setting market prices for certain types of products manufactured by an enterprise [5].

The main volumes of state support for the agro-industrial complex should be directed to solving the most important national economic tasks for large-scale targeted projects – financing agricultural science and education, ensuring expanded reproduction of soil fertility, maintenance of reclamation systems, development of breeding, seed production and breeding, etc. It is necessary to suspend financing from budgetary sources of the current economic activities of enterprises. Centralized support for the agro-industrial complex should increasingly approach international practice that meets WTO requirements. Certain amounts of support will need to be directed to solving the social problems of the state [6].

Price is considered the most important lever for regulating economic processes. There are two types of production in pricing: price reform, which is associated with improving the prices of individual groups of goods and changing the price level, the ratio and order of pricing itself in terms of quality.

As economic management methods are mastered and economic life democratized, centralized prices (model) are reduced, and the share of contract and free prices increa-

ses. Improving the balance in the commodity market and managing pricing, being flexible in terms of changing the situation, and making a planned impact on the market lead to an approach to the level of prices for similar goods sold through various channels [7]. In particular, we are talking about the price of individual conversion systems sold in state trade, consumer cooperation and the collective farm market.

The following signs of poor functioning of price strategies can be distinguished:

- product prices change too often;
- pricing policy is difficult to explain to consumers;
- participants of commodity distribution channels consider the received share of profit insufficient;
- price decisions are made without sufficient and reliable information about the state, structure, and dynamics of demand;
- too much time and effort of the company's sales staff is spent on "bargaining";
- when conducting a pricing policy, the firm comes into conflict with the legally established pricing procedure.

To implement a stable pricing policy, it is possible to attach a price from the manufacturer on the product, so it will be easier for the state to control prices, and will not allow the price of products to be played on the consumer market (figure 3).



Figure 3 - An example of milk kefir with a price label from the manufacturer

The functions of forming and implementing the policy of Agrarian protectionism are forced to be assumed by the state.

According to the results of the study, it is necessary to carry out some reforms to improve the agricultural sector. To further improve food security. For the further development of agricultural production, it is necessary to minimize the outflow of the population from rural areas to cities, increasing the attractiveness of living in rural areas. Development of various programs that contribute to the development of the country's agricultural sector. The policy of Agrarian protectionism in Kazakhstan is quite relevant, but it should not be abused, forgetting about international cooperation, which is still important at the moment. Therefore, the policy of the state should take into account every nuance, so as not to make a mistake in further development [8].

Conclusions.

1 Considering all the implications of this study, it is necessary to carry out some reforms to improve the agricultural sector. To further increase food security. It is necessary to minimize the outflow from rural areas to cities, increasing the attractiveness of life in rural areas, for further developing agricultural production [9].

2. To develop various programs that will contribute to the development of the agricultural sector of the country. The policy of agrarian protectionism in Kazakhstan is quite relevant, but you should not overuse it, forgetting about international cooperation, which is also important in our time. Therefore, the policy of the state should take into account every nuance in order not to make a mistake in further development.

3. In the Law of the Republic of Kazakhstan dated April 12, 2004 No. 544-II "On regulation of trade activities" (with amendments

and additions as of 04/14/2019) and in article RK 1010-2012 to amend the labeling for the manufacture of products from agricultural producers, which will lead to the regulation of prices for domestic products and can develop agricultural protectionism in the country. The range of domestic products from manufacturers has long been known to everyone by the regions of consumption.

4. The main pricing mechanisms for agricultural products should be formed depending on the relatively worst production conditions. This means that agricultural enterprises with relatively worse natural and economic conditions of management should be able to conduct production activities at the expense of their own sources generated from the sale of products. Current and capital investments in machinery and production technologies should also be carried out at the expense of the farms' own funds, including taking into account the attraction of reimbursable and returnable short- and long-term financial resources. Enterprises operating in average and better conditions will be required to deduct rental income to the budget [10].

5. Many economists now believe that maintaining a steady pace of economic growth and keeping prices stable is essential for long-term prosperity, especially as the economy becomes more complex and moving forward. Strong volatility in any of these variables can have unexpected consequences for the broader economy.

6. Domestic entrepreneurship, focused on the international market, solves the problem of poor quality of products, inefficient pricing policy, poor quality of packaging and limited supply, and declares the need to develop its own production. Products produced with high quality must be competitive.

Based on these measures, domestic trade policy makers should focus on the quality and pricing of products produced in the country. Then he moved on to the organization of measures aimed at developing and expanding trade through the creation of a product security infrastructure. At the same time, it is necessary to focus the system of technical regulation and Metrology on the quality of goods, as well as change the system of state control over the quality of goods.

7. The work of the state and business structures to ensure food security should have clearly set goals and coordinate actions. The experience of market reform shows that the state should pay sufficient attention to the agricultural sector. In the conditions of a stable agricultural sector, it is possible to achieve the required volume of domestic production in full. Thus, the state needs us to resort to a policy of protectionism to support domestic agricultural producers.

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