

Social and Economic Aspects of the Current State of Food Independence of the Region (By the Example of Perm Region)

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Abstract: The article presents the main socio-economic problems that have an impact on the development of food safety in the regions of Russia. Statistics and estimates of the agricultural development of the Perm Territory are provided. Reduced production of important products of food crops and livestock leads to the formation of the level of food self-sufficiency of the population of Perm Krai. All this leads to the formation of the challenges of food security in the region. The decrease in production in large farms is compensated by its growth in the private farms of the population. Currently, the main issue in the organization of agricultural production is to create and maintain jobs in the rural areas.

Key words: Food security % Agriculture % Food % Rural areas % Regional economy

INTRODUCTION

Currently in the Perm region, according to statistics there are 2634.1 thousand residents; of them a quarter is the villagers and the rest live in the cities and towns [1-4]. Considering the change in the population dynamics over the last 10-12 years, it should be noted that, in general, the population of the region has decreased by 4%, rural population remains almost at the same level and only in the last 3-4 years, at low reduction of the number of people in Perm region there has been a decline in the number of rural settlements.

The territory of the Perm region is 160.2 thousand square kilometers, including agricultural lands that occupy 29 square kilometers and where the percentage of arable areas has always been 66%. This is a huge and powerful production capacity to address issues of social and economic development of food independence of the Perm region [1 and 3].

However, in recent years, especially with the onset of perestroika, there has been a significant reduction in cultivation area under crop in all categories of farms: from 1850 thousand ha in 1990 to 1267 thousand hectares in 2001. In 2011 the total sown area was 795.2 thousand hectares and the area of forage crops has significantly reduced as well [3 and 4]. In general, all of this was the cause of the overall decline in gross agricultural production.

During the period from 1985 to 1990 to the present time the number of cattle decreased by half and the herd of dairy cattle, pigs and sheep reduced. The poultry industry almost collapsed [2, 3 and 5].

Reduction in the production of basic food crops and livestock has led to a decrease in the level of food independence of the population of the Perm Krai. Ultimately, a problem of food security in the region has appeared.

The decline in agricultural production of large enterprises to some extent is compensated by its increase in private farms of the population. The growth of small-scale mechanized inefficient commodity production is inevitable. Small private farms without the support of large-scale agricultural enterprises cannot become major suppliers of products and serve only as a means of survival for the rural population, as well as a means of profiteering for dealers and speculators.

Lately, technical re-equipment has not been realized in the rural regions, the production, material and technical base of agriculture has significantly weakened and construction of new production and non-production facilities has reduced. The level of energy equipment decreases annually. Because of the difficult financial situation the opportunities for modernization, for simple replacement of equipment, tools of rigging and mechanization and other means of production disappear.

At present writing-off of fixed assets for agricultural purposes 4 times or more exceeds their input. Thus, the load on tractors, grain and forage harvester increases. The service life of a tractor and a combine exceeds the permissible maximum (8-9 years). In general, the degree of depreciation of fixed production assets is from 60 to 70%. The number of tractors has reduced more than three times, combine harvesters-four times, the number of trailers, plows, cultivators and seeders has decreased by 50%. A consequence of all these negative trends is the process of reduction of the level of the financial condition of the enterprises of agroindustrial complex.

The villagers have significant problems with product marketing. Dairy factories, plants and meat processing plants put agricultural producers in disadvantageous conditions in terms of pricing. These circumstances and conditions in the region are deteriorating, especially for milk and meat. The previous perfect system of food purchase from the population through agricultural enterprises and consumer cooperatives has collapsed. At that, many owners of private farms located far from the cities and industrial communities now have no product markets, i.e. no means of livelihood.

Today a very important issue in the organization of agricultural production, in the creation and preservation of jobs in rural areas and thus in solving the socio-economic problems of the Perm region and finally the issues of food independence is the creation of new economic and managerial forms in rural areas. Our studies show that the development and implementation of the organizational forms of management, such as JSC Open, Ltd. and so on have not brought significant positive results in terms of property.

In this regard, there is a need in economic mechanism for vesting the holders and owners in the means of production through economic, financing and leasing agreements. Our studies have confirmed the positive effect of financial incentives on efficiency of production or business regardless of the forms of management. The efficiency may be high at any form of management, applying a set of principles of cost-accounting relations, as in this case, financial incentives and which is more important, the responsibility of the employees for the results of their work become relevant [6].

The destruction of the material and technical base, low level of technological, contractual and labor discipline, especially the loss of human capacity at all levels of production management and complete incompetence of management still inhibit the movement

to necessary stabilization of agriculture and rational use of the remaining means of production.

Weak competitiveness of both goods and their producers has created favorable conditions for imports, i.e. intervention of food import from other regions of the Russian Federation.

Currently there is no problem with strategically important foods in our main market, namely milk and dairy products, meat and meat products, vegetables, eggs and poultry. The main suppliers are Udmurtia, Bashkortostan, Tatarstan, Sverdlovsk and Kirov regions. Food market of the Perm region is the most attractive over the area of the Urals and has a high level of purchasing power. Due to the intervention each year more than 600 thousand tons of milk and dairy products, 140 tons of meat and sausage products and of course, vegetables and egg are sold here. All this greatly aggravates the situation of local agricultural producers by reducing the market segment and infringing the interests of pricing policies.

According to the definition of the international organization FAO, the well-being of the nation is conventionally determined not on energy and metals per capita, but on food provision, that is, the level of food independence and safety. We offer our interpretation of these concepts [7, 8 and 9]. Food safety is provision of ecological food that is identified according to medical or biological standards; at that all sorts of sources and resources should be used that practically happens in our Perm region.

Food independence is provision of ecological food that is identified according to medical or biological standards; at that only proper sources and resources with a stock of one cycle (year) should be used [10, 11 and 12]. As we can see among the proposed notions, food independence is the most essential and important for the municipality, subject of the Russian Federation and, finally, the state in terms of socio-economic development.

It is known that in the past five years due to the creation of preferential regime for the import of food products to the Russian Federation the import of meat grew 10 times, poultry-11.5 times, milk and dairy products-5.4 times, flour and cereals-10 times, vodka-11 times and wine-30 times [4]. It means that more than 40% of food is imported at a threshold of 15-20% food independence. The quality of imported products is often very low and the prices for people with low-income are high. By the level of food per capita our state is on the 42-45th place in the world [4 and 6]. Deficit of per capita

consumption of meat is 28%, dairy products-45%, vegetables-56% and fruit-72% [6]. The diet of the average person in the Perm Krai is made up by bread and potatoes. The analysis of food consumption by the Krai population per person a year has shown that the Perm people consume 5 kg less meat and meat products, than on average, people in the Volga Federal District, as well as 62 kg less milk and dairy products and in general consume less vegetable oil, eggs and egg products.

Thus, the agro-industrial complex is an important sector of the economy of Perm region, it provides a significant portion of consumer goods and there, 25% of the population may be employed in production [2 and 3]. Perestroika and economic reforms initiated in 1990 have enhanced the autonomy, the rights of agricultural producers, served to denote new economic forms of management. However, structural changes in agriculture have not given the expected results in the preservation of food stability.

Still food potential of agrarian sector is reducing, soil fertility is deteriorating, equipment is aging, the number of livestock and crops is reducing and the qualified personnel leave the business. All this leads to the fact that in our region, especially in recent years there has been a decrease in the level of food self-sufficiency and the level of profitability of agricultural enterprises does not ensure not only expanded, but even simple production for agrarian producers.

Analysis of the condition of the Perm regional agriculture shows the presence of destabilizing external and internal factors affecting food security and independence. The openness of the market leads to a decrease in the competitiveness of their goods and an increase in the low quality imports; and the loss of governmental control of pricing is one of the main reasons for the decline in agricultural sector. We believe that food independence of our region and the whole Russian Federation is determined by a rational correlation of domestic production and imports of food. It is an adequate ratio that is a crucial factor of food security for the population of Perm Krai. To further study the above mentioned problems, we propose to distinguish five levels of food safety that will allow determining the status of food security in the region.

- C Sustainable food security-food self-sufficiency, as well as the export of certain types of products.
- C Necessary food security-self-sufficiency at the maximum allowable level with a minor addition of imports of individual products.

- C Threshold of food security food self-sufficiency at 70% and imports-not more than 30% of the consumed food.
- C The critical state of food security-the volume of imports to 50% and more of the consumed food.
- C Food disaster-total dependence on imports, the hunger, the maximum increase in prices, depopulation.

At present, the level of food safety of Perm region is in line with the fourth position and is assessed as the state of crisis. To solve this problem, we take into account the health standards of food consumption as the initial basis for the rational choices. Minimum acceptable standards in a crisis situation can be, in our opinion, not lower than 80% for meat, 90% for milk and 70% for vegetables and fruits. Thus, in the Volga Federal District, the threshold of food security should be 80% of meeting the population needs in food by own production. Consequently, the carried out calculation revealed the need to take a number of concrete measures to develop agriculture not only in the Perm region to satisfy the rational food needs through domestic production and minimization of imports.

The performed projections for 2014-2015 allow assuming that the Perm region at favorable agricultural policies will be able to restore food independence (similar tendency may be for the Russian Federation as a whole) in a fairly short period of time (subject to the increase of funding for agriculture) not less than 4 times compared to the level of 2011.

CONCLUSION

In Conclusion We Can Highlight the Following:

- C The percentage of food imports and exports in the region depends on the volume and efficiency of agricultural production and the ratio determines the degree of food security.
- C In determination of the volume of food import a significant role belongs to governmental regulation.
- C In order to improve the food security it is necessary to support the rural producers through subsidies, tax regulation and investment.
- C Optimization of food imports is possible in the short term at capital investment and dynamic development of proper production.
- C The priority program-targeted measures for neutralizing food independence threats to are:

- C Development of the material and technical base and the protection of ownership;
- C Stimulation of domestic commodity producers;
- C Ensuring effective demand for agricultural products;
- C Creation of conditions for full and efficient use of land;
- C De-monopolization of production of energy resources and processing of agricultural products to overcome the price disparity.

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