



## State Support for Providing Agricultural Producers with Petrol, Oil and Lubricants

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### ABSTRACT

The study aims at researching the government support for providing agricultural producers with petrol, oil and lubricants (POL) as a way to improve the energy efficiency during agricultural production. The current federal support measures, the regional experience of state support for providing agricultural producers with POL, and government measures to sustain the growth of POL prices have been considered. In the paper the data contained in the adopted Federal laws and decrees, materials of the Ministry of Agriculture of Russia, the Federal State Statistics Service, the Central Bank of the Russian Federation, JSC Rosselkhozbank, PJSC Sberbank of Russia, the Information and Legal Portal, SOYUZROSSAKHAR and CJSC Krestianskie Vedomosti, All-Russian Agronomic and Agro-engineering Meeting and parliamentary hearings, and the XXIX Congress of ACCOR have been considered. As a result of the study, it has been offered to improve the current state support for providing agricultural producers with POL at the federal and regional levels.

**Key words:** state support, provision, petrol, oil and lubricants, economic efficiency, production, agricultural products, federal, regional.

### 1. INTRODUCTION

It is impossible to achieve the country's food security without improving the energy efficiency in agricultural production. In

order to improve the energy efficiency in the Russian agricultural production, it is necessary to rationally consume POL in agriculture. Under the constant increase in energy prices, the efficient state support is required to provide agricultural producers with POL both at the federal and regional levels. Due to this, the improvement of the current state support for providing agricultural producers with POL at the federal and regional levels is of particular relevance.

### 2. LITERATURE REVIEW

Theoretical sources for developing the problem of state support for providing agricultural producers with energy resources as a measure of improving the energy efficiency in the Russian agricultural production included modern concepts, federal and regional programs for the industry development. The issues related to the state regulation of the agricultural sector of the economy, which also include the state support for providing agricultural producers with energy resources, were specified in the works by F. Dong, D.A. Hennessy, H.H. Jensen and R.J. Volpe [1], D. Lapple and F. Thorne [2], N.D. Avarsky [3], A.B. Babanov [4], K.I. Alekseev [5-10], A.V. Alpatov, A.V. Altukhov [5], G.V. Bepshatny, T.G. Bondarenko [11], N.A. Borkhunov [11, 12], I.N. Buzdalov, A.V. Dudnik [13], N.F. Zaruk, V.V. Maslova [11], G.A. Miroshnikov [5], A.A. Nikonov, O.M. Orlovtsseva [11], A.N. Osipova [1], A.G. Paptsov [14], A.A. Polukhin [5, 7, 15], A.N. Stavtsev [6], E.A. Sagaidak [11], I.G. Ushachev [11], and N.V. Yashkova [16]. The problems of improving the current state support for providing agricultural producers with energy resources were studied by K.I. Alekseev, A.N. Osipov [17], and A.A. Polukhin [18]. Unlike

most scientists, the authors considered this theme at the level of providing agricultural producers with POL as the main type of energy resource consumed by agricultural producers. Besides, they considered the support for providing POL at the regional level in 2019.

### 3. METHODS

#### 3.1 General description

The studies are carried out as part of the thematic research plan of the Federal State Funded Research Institution - Federal Research Center of the Agriculture-based Economy and Social Development of Village Areas - All-Russian Research Institute of Agricultural Economy. The study object is the government support for providing agricultural producers with POL. The sources of empirical information included the data from the official documents adopted by the Government of the Russian Federation, the Ministry of Agriculture of Russia, the Federal State Statistics Service, the Central Bank of the Russian Federation, JSC Rosselkhozbank, PJSC Sberbank of Russia, the Information and Legal Portal, the Union of Sugar Producers of Russia (SOYUZROSSAKHAR), and CJSC Krestianskie Vedomosti, as well as the materials of the All-Russian agronomic and agro-engineering meeting “Results of the work performed by the crop production sector and engineering and technical services in 2018, tasks for taking measures provided by the State Program for 2013 – 2020, the renewal of the machine and tractor fleet and the measures for preparing and organizing seasonal agricultural field works in 2019” and parliamentary hearings on the theme “Food security of the Russian Federation and improving the agricultural export: legal aspects” held in 2019, as well as the XXIX ACCOR Congress. The study is the logical continuation of the previous work on studying the organizational and economic mechanism of energy conservation in agriculture [6-11, 17].

When determining the areas for improving the current state support for providing agricultural producers with the necessary POL, the analytical method and the method of expert assessments were used.

#### 3.2 Algorithm

At the initial stage, the types of the current state support for providing agricultural producers with the POL required for the agricultural security at the federal and regional levels were analyzed. Then official documents adopted at the federal and regional levels, as well as the data from the Ministry of Agriculture of Russia, the Federal State Statistics Service, the Central Bank of the Russian Federation, JSC Rosselkhozbank, PJSC Sberbank of Russia, the Information and Legal Portal, SOYUZROSSAKHAR and OJSC Krestianskie Vedomosti, materials of the All-Russian Agronomic and agro-engineering meeting and parliamentary

hearings held in 2019, and the XXIX ACCOR Congress were studied.

The areas of improving the current state support for providing agricultural producers with the necessary POL are offered.

### 4. RESULTS

In order to improve the energy efficiency in the Russian agricultural production, it is necessary to rationally consume POL in agriculture. The dynamics of prices for POL show their constant growth.

At the parliamentary hearings on the theme “Food Security of the Russian Federation and improving the agricultural export: legal aspects” held by the State Duma Committee on Agrarian Issues on April 15, 2019, Dzhambulat Khatuov, the First Deputy Minister of Agriculture, said that over the previous three years every year during the spring field work, the prices for POL had grown from 9 up to 17 %, and the previous year agricultural producers had to pay RUB 41 bln., and only RUB 5 bln were compensated by the state due to providing the green box subsidies to agricultural producers in the area of crop production for purchasing diesel fuel for seasonal field work.

According to the Federal State Statistics Service, the average prices for liquid fuels and lubricants purchased by agricultural organizations increased by 44.8 % for the year in 2017 as compared to 2012, including for gasoline for automobiles – by 37.8 %, diesel fuel – by 46.1 %, and oil, lubricating oils and heavy distillates – by 41.1 %. In 2017 the average price for automotive gasoline was 45,056 rubles/t (in 2013 – 32,181 rubles/t), for diesel fuel – 38,464 rubles/t (in 2013 – 31,162 rubles/t), and for oil, petroleum lubricants and heavy distillates – 100,826 rubles/t (in 2013 – 46,041 rubles/t) [18]. According to the Central Control Administration of the Fuel and Energy Complex of the Ministry of Energy of Russia, as on January 10, 2019, in 2018, the average Russian wholesale price of summer diesel fuel was 51,377 rubles/t, winter diesel fuel – 53,652 rubles/t, and AI-92 gasoline – 49,752 rubles/t. As compared to 2017, the price for summer diesel fuel had risen by 15.2 %, for winter diesel fuel – by 9.1 %, and for gasoline – by 6.5 % [19]. According to the Federal State Statistics Service, in June 2019, the prices for 92 and 95 gasoline grew by 0.7 %, and for diesel fuel – by 0.1 %, although, according to the Bank of Russia, in June the inflation was 4.7 %. From July 3 to July 26, 2019, the price for a ton of summer diesel fuel had decreased by 2.3 % (from RUB 47.7 down to 46.6 thous.), for the AI-92 gasoline – by 4.8 % (from RUB 47.7 thous. down to RUB 45.4 thous.). The wholesale prices for the AI-95 gasoline decreased by 9.5 % (from RUB 51.8 thous. down to RUB 46.9 thous.).

Agricultural producers buy POL mainly by obtaining funds for the seasonal field work on the crop production, and for the seasonal work on the livestock production on credit terms. The main creditor of agricultural producers for the seasonal field work on the crop and livestock production is JSC Rosselkhozbank.

JSC Rosselkhozbank offers loans to legal entities (including peasant households (farms) that have a status of legal entities) and individual entrepreneurs (including heads of peasant households (farms) for the seasonal work on the crop production (including for the purchase of POL), as well as the seasonal work on the livestock production (including for the purchase of POL). The loan amount is determined taking into account the production performance of the borrower, its financial condition, and its debt to the Bank and other credit organizations for loans for the current purposes. The loan is provided for up to 12 months. The principal is repaid by using the individual schedule. Loans are secured by liquid assets (including pledging of future crop products). The borrower must perform its economic activity for at least 12 months after its state registration. Depending on the opportunities and financial state of the borrower, the loan rate is from 5 to 19 % per annum [20]. According to the Ministry of Agriculture of Russia, in 2018, JSC Roselkhozbank as the main creditor of agricultural producers was additionally capitalized in the amount of RUB 25 bln. The amendment to the draft budget for 2019 – 2021 was adopted. According to it, JSC Rosselkhozbank will be additionally capitalized in the amount of RUB 15 bln in 2019, and RUB 10 bln more in 2020.

PJSC Sberbank of Russia also provides loans for the seasonal field work on the crop production. PJSC Sberbank of Russia provides agricultural producers with a loan secured by the future yield. The purpose of the loan is to finance the costs of sowing and a complex of seasonal field work (including for the purchase of POL). It targets such clients as legal entities and individual entrepreneurs involved in crop production. Loans are provided for 1.5 years. The preferred period for paying the principal can be up to 12 months. The amount to be financed is not more than the amount of expenses according to the feasibility study agreed upon with the bank for the loan or not more than 85 % of the planned revenue from selling the future crops reduced by the amount of all loans previously provided to the borrower whose repayment source is the proceeds from selling the future crops [21].

Since 2017, there has been a scheme for preferential loans to farmers at the interest rate on short-term loans that is at least 1 % per annum and no more than 5 % per annum. During the term of the loan contract (agreement), the amount of the subsidy provided to authorized banks is calculated on the basis of 100 % key rate of the Central Bank of the Russian

Federation that is effective at each date of the interest accrual by the authorized bank on the loan agreement [22]. In accordance with Order No. 24 of the Ministry of Agriculture of the Russian Federation dated 24.01.2017 (as amended on 29.08.2018) “On approving the lists of area for the targeted use of preferential short-term and investment loans and preferential investment loans”, the list of areas for the targeted use of preferential short-term loans includes producers of goods (with the exception of the citizens having private farm holdings, agricultural credit consumer cooperatives) under loan contracts (agreements) concluded since January 1, 2017 for one year to purchase energy resources, including POL.

In accordance with Decree of the Central Bank of the Russian Federation No. 3894-U dated 11.12.2015 “On the refinancing rate of the Bank of Russia and the key rate of the Bank of Russia” since January 1, 2016, the refinancing rate has been equal to the key rate determined as on the relevant date. According to the Central Bank of the Russian Federation, since 03.08.2015, the key rate had been 11 % per annum, and since 19.09.2016 it had been reduced down to 10 %. Since 17.12.2018, the key rate had been 7.75 % per annum, and since 7.09.2019 it had fallen down to 7 %.

The Bank of Russia referred systemically important Russian credit organizations to the banks involved in providing preferential loans. The list of these organizations includes ten banks that account for more than 60 % of the total assets of the Russian banking sector: JSC UniCredit Bank, GPB Bank (JSC), VTB Bank (PJSC), JSC Alfa Bank, PJSC Sberbank of Russia, PJSC Otkritie FC Bank, PJSC Rosbank, PJSC Promsvyazbank, JSC Raiffeisenbank, and JSC Rosselkhozbank. When calculating the total amount of subsidies provided to the authorized banks for preferential short-term loans planned to be granted on the territory of the Siberian and Far Eastern Federal Districts, the increasing coefficient of 1.2 is applied. In addition, the Commission for the Coordination of Agribusiness Lending Issues approved 15 regional authorized banks out of 27 applications submitted for the participation in the new preferred lending mechanism [23]. According to the Ministry of Agriculture of Russia, on May 28, 2018 it was decided to include JSC CentroCredit JSCB and Peresvet JSB for promoting charity and spiritual development of the Fatherland in the list of authorized banks. The Government of the Russian Federation is ready to consider offers on changing the criteria to select banks for the participation in the preferred loan program for the agro-industrial complex, and replace the size of the banks' equity capital to their credit rating. Small agricultural organizations have difficulties with obtaining preferred loans because banks with a certain amount of equity are allowed to participate in the preferred loan program. At present, banks with the capital of at least RUB 10 bln are allowed to

participate in the preferred loan program if before that they have not got any experience in lending the agricultural sector. The banks that have such experience can have the equity of at least RUB 5 bln, and Far Eastern banks – at least RUB 3 bln [24].

According to the Ministry of Agriculture of Russia as on May 21, 2018, in 2018, RUB 54.9 bln were provided for implementing the preferred loan mechanism, including RUB 23.75 bln allocated for new preferred loans in 2018 (including short-term ones – RUB 15.58 bln). In accordance with the 2018 Plan of Preferential Loans for Borrowers approved by the Minister of Agriculture of the Russian Federation on 31.01.2018, it was planned to allocate subsidies for short-term loans to authorized banks in the amount of RUB 20.56 bln (including loans to small businesses – RUB 3.2 bln, livestock – RUB 4.1 bln, dairy cattle – RUB 2.3 bln, and beef cattle – RUB 485 mln).

In accordance with the National report on the progress and results of implementing the state program for the development of agriculture and regulation of agricultural products, raw materials and food markets in 2018, approved by order of the Government of the Russian Federation No. 1352-r dated June 22, 2019, as of January 1, 2019, the federal budget funds for preferred loans had been actually used by 97.8 % (RUB 32.65 bln). According to the results of 2018, the authorized banks concluded with borrowers more than 13.7 thous. loan agreements for preferential short-term loans in the amount of RUB 515.9 bln, including RUB 53.9 bln with small business forms, but in fact subsidies had been paid in the amount of RUB 1.48 bln (15 % of the total amount of the listed subsidies for these purposes).

The main creditors of agricultural producers under the preferred loan program include JSC Rosselkhozbank and PJSC Sberbank of Russia. According to the data of the Ministry of Agriculture of Russia provided on September 23, 2019, as on September 18, the total amount of loans issued for the seasonal field work amounted to RUB 336.7 bln, which was by 15.03 % higher than last year for the same period. In particular, JSC Rosselkhozbank issued loans in the amount of RUB 233.93 bln, and PJSC Sberbank of Russia – RUB 102.77 bln. According to the data of large financial organizations lending the industry, the volume of loans issued for seasonal field work in 2018 amounted to RUB 454.8 bln, or 143.5 % by 2017, including JSC Rosselkhozbank issued RUB 325.7 bln (120.3 %), and PJSC Sberbank – RUB 129 bln (2.8 times more).

Decree of the Government of the Russian Federation No. 1230 dated October 16, 2018 “On amending Decree of the Government of the Russian Federation No. 1528 dated December 29, 2016” amends the rules for providing banks

with subsidies from the budget for the reimbursement of the lost income on preferred loans. Thus, under loan agreements concluded in 2017 – 2018, subsidies will be provided in the amount of 100 % of the key rate of the Central Bank of the Russian Federation that is effective at the date of concluding the loan agreement. Under the agreements concluded in 2019 and next years, subsidies will be provided in the amount of 90 % of the key rate. During the term of the loan agreement, the amount of the subsidy for the agreements of 2019 and next years is also calculated based on 90 % of the key rate (for agreements of 2017 – 2018 – 100 % of the key rate). This decision does not change the terms and conditions for obtaining preferred loans for farmers, but expands the list of borrowers.

In accordance with Federal Law No. 459-FZ dated November 29, 2018 “On the Federal Budget for 2019 and for the Planned Period of 2020 and 2021”, RUB 73.14 bln are provided for preferred loans.

In accordance with Federal Law No. 175-FZ dated July 18, 2019 “On amending the Federal Law “On the federal budget for 2019 and the planned period of 2020 and 2021”, the subsidies for the banks to implement the mechanism of preferred loans have been reduced by RUB 3.15 bln, due to the changes made by borrowers in the sampling schedules for concluded agreements.

After joining the World Trade Organization, the agro-industrial complex of Russia had lost a number of support measures, including direct compensation of energy costs. Due to this, when acquiring energy, including POL, from 2013 and during the subsequent years agricultural producers were supported within the “State Program for the Development of Agriculture and Regulation of Agricultural Products, Raw Materials and Food Markets for 2013 – 2020” in the form subsidies that are planned to be provided at a rate for 1 ha of the sown area, taking into account soil-climatic and other conditions of crop production (green box subsidies). At the same time, the agricultural producer independently decides on the distribution of funds (the purchase of POL, thermal and electric energy, fertilizers, etc.).

Decree of the Government of the Russian Federation No. 140 dated February 6, 2017, amended Decree of the Government of the Russian Federation No. 1431 dated December 27, 2012 “On approving the rules for the provision and allocation of subsidies from the federal budget to the budgets of the Russian Federation for the green box subsidies to agricultural producers specializing in plant growing”. It was offered to provide green box subsidies not only in the area of crop production, but also for developing the corn and sugar beets seeds production. The methodology for calculating the amount of subsidies from the federal budget to the budgets of

the Russian Federation for providing green box subsidies for these crops was given, too.

The prices for POL, heat and electricity, spare parts, chemical protection equipment increased, and the green box support that aimed at compensating these costs was reduced. Western farmers obtain EUR 500 per hectare, which is 100 times higher than in Russia. In the European Union, the subsidy is EUR 259 on average (RUB 19 thous.) per 1 ha, and in Russia – RUB 200 – 400. Fluctuations in energy prices should be damped, first of all, due to the hectare support whose mechanism has recently been improved. However, the amount of this support should be at least 800 RUB/ha [25].

In 2017, the calculated basic subsidy rate per 1 ha of the sown area, taking into account co-financing from the budgets of the constituent entities of the Russian Federation, amounted to RUB 249.2, including RUB 234.8 from the federal budget, while in 2016 those had been RUB 337.9 and RUB 310.3 [26]. Decree of the Government of the Russian Federation No. 1544 dated December 13, 2017 “On amending the State Program for the Development of Agriculture and Regulation of the Agricultural Products, Raw Materials and Food Market for 2013 – 2020” approved new rules for the provision and allocation of the federal budget to the budgets of the constituent entities of the Russian Federation in order to grant green box subsidies to agricultural producers in the area of crop production. It set the goals, terms and conditions and procedure for the allocation of subsidies from the federal budget to the budgets of the constituent entities of the Russian Federation in order to grant green box subsidies to agricultural producers (excluding private households) in the area of crop production, including the production of seed potatoes, seeds of vegetable crops of open ground, corn, sunflower, sugar beets, linen flax and cannabis, as well as vegetables of open ground. For example, in 2018, subsidies were not provided for the compensation of the costs for some agrotechnological work, improvement of soil fertility and quality as calculated per 1 ha of the sown area used for growing cereals, legumes and fodder crops by the constituent entities of the Russian Federation with the lowest total rank (Belgorod, Voronezh, Kursk, Lipetsk, Tambov and Rostov Regions, Krasnodar and Stavropol Territories).

Order of the Ministry of Agriculture of the Russian Federation No. 26 dated January 24, 2018 “On approving documents and coefficients provided by the Rules for the provision and allocation of the federal budget to the budgets of the constituent entities of the Russian Federation in order to grant green box subsidies to agricultural producers in the area of crop production” provides the coefficients used to determine the share of subsidies provided for support in the crop production, as well as rates of support from the federal budget for the development of vegetable production and

industrial crops (RUB/ha). Thus, the coefficient used to determine the share of subsidies provided for support in the area of crop production was 0.763; and the coefficient used to allocate the funds provided in the federal budget to support crop production in 2018 was 0.8.

Federal Law No. 362-FZ “On the Federal Budget for 2018 and for the Period of 2019 and 2020” approved on December 5, 2017 provided for financing the State Program for the Development of Agriculture and Regulation of Agricultural Products, Raw Materials and Food Markets for 2018 in order to provide agricultural producers with green box subsidies in the area of crop production. The state support remained at the level of 2017 (RUB 11.34 bln). According to this law, in 2018 the greatest support was provided to the Altai Territory – RUB 880.1 mln, the Omsk Region – RUB 582.4 mln, the Orenburg Region – RUB 561.6 mln, the Volgograd Region – RUB 541,8 mln, the Saratov region – RUB 508.8 mln, the Republic of Tatarstan – RUB 441.3 mln, and the Republic of Bashkortostan – RUB 424 mln.

In accordance with the National report on the progress and results of implementing the state program for the development of agriculture and the regulation of agricultural products, raw materials and food markets in 2018 approved by order of the Government of the Russian Federation No. 1352-r dated June 22, 2019, in 2018 the federal budget in the amount of RUB 11.3 bln was allocated to provide agricultural producers with green box subsidies in the area of crop production. Besides, in order to compensate for the costs of acquiring at least 90 thous. tons of diesel fuel for agricultural and technological work in the constituent entities of the Russian Federation due to the increase in prices for POL, by order of the Government of the Russian Federation No. 1620-r dated August 4, 2018, additional budgetary funds of the federal budget in the amount of RUB 5 bln were allocated from the reserve fund of the Government of the Russian Federation. The funds of the federal budget for providing agricultural producers with green box subsidies in the area of crop production were actually used by 99.8 % (RUB 16.3 bln).

According to the data provided by the Ministry of Agriculture of Russia on August 7, 2018, due to the increase in fuel prices, RUB 5 bln were allocated from the reserve fund of the Government of Russia in order to provide 79 regions with subsidies for purchasing at least 90 thous. tons of diesel fuel for agricultural works. The funds were provided under the State Program for the Development of Agriculture and the regulation of agricultural products, raw materials and food markets for 2013 – 2020. The subsidies were allocated among 79 subjects of the Federation that had sown areas of grain, leguminous, and fodder crops. According to the decree of the government, the Altai Territory obtained the greatest support – RUB 336 mln, the Rostov Region – RUB 311 mln, and the

Orenburg Region – RUB 237 mln. Agrarians of the Republic of Crimea were provided with RUB 49.5 mln. According to the data of the Ministry of Agriculture of Russia as of July 17, 2018, the subsidies were paid in the regions through regional agricultural departments at the rate per 1 ton of diesel fuel purchased from January 1 to June 1, 2018 by farms of all forms of ownership found in the state support register.

In 2018, at the regional level, green box subsidies were also provided to agricultural producers in the area of crop production for purchasing diesel fuel for seasonal field work. For example, according to the data of the Ministry of Agriculture of Russia as of October 6 and 7, 2018, RUB 24.8 mln were provided for these purposes in the Lipetsk Region on the terms of cofinancing, and RUB 69 mln in the Moscow Region. According to the data of the Ministry of Agriculture of Russia as of July 17, 2018, in the Stavropol Territory, green box subsidies that were provided to agricultural producers in the area of crop production for purchasing diesel fuel for seasonal field work amounted to RUB 13.3 mln.

In the Sverdlovsk Region, RUB 74 per 1 ha of the sown area of grain, leguminous and fodder crops (without perennial grasses) and RUB 9.5 per 1 ha of perennial grasses were allocated from the regional budget for green box subsidies to agricultural producers in the area of crop production for purchasing diesel fuel for agricultural work. The Omsk Region was cofinanced from the regional budget to provide agricultural producers with green box subsidies in the area of crop production for purchasing diesel fuel. In the Pskov Region RUB 1.8 mln were allocated from the regional budget for providing agricultural producers with green box subsidies in the area of crop production for purchasing diesel fuel. In the Khabarovsk Territory, RUB 9.3 thous. were allocated from the regional budget for providing agricultural producers with green box subsidies in the area of crop production when purchasing 1 ton of diesel fuel [27, 28].

Federal Law No. 459-FZ “On the federal budget for 2019 and the planned period of 2020 and 2021” approved on November 29, 2018 provides for financing the State Program for the Development of Agriculture and the Regulation of Agricultural Products, Raw Materials and Food Markets for 2019 for green box subsidies to agricultural producers in the area of crop production; the state support remained unchanged (RUB 11.34 bln). According to the authors, the hectare support per 1 ha should not be reduced because it is the most affordable for agricultural producers.

In 2019, the following changes were made to the provision of green box subsidies. In order to stimulate agricultural insurance, 15 % of the subsidies in the area of crop production are distributed based on the intensity of crop insurance. This subsidy is subject to the use of seeds of agricultural crops whose varieties or hybrids are included in the State register of

selection achievements. Green box subsidies can be provided to scientific organizations, professional educational organizations, and higher educational institutions involved in the agricultural production, primary and subsequent (industrial) processing of agricultural products in accordance with the list specified in Federal Law No. 264-FZ dated December 29, 2006. In order to improve fertility, there are changes requiring the constituent entities of the Russian Federation to establish the coefficient of 2.0 for agricultural producers involved in liming and (or) phosphorizing and (or) plastering. Green box subsidies for cereals, legumes and fodder crops, as well as for the production of seed potatoes, seeds of vegetables of open ground, corn, sugar beets and sunflowers, vegetables of open ground, linen flax and cannabis have been maintained. The increasing coefficient of 1.7 is applied for subjects of the Nonblack Earth Zone of Russia that are apt to drought and waterlogging, the Siberian and Far Eastern Federal Districts, the Republic of Crimea, and the city of Sevastopol. The subsidy in the area of crop production, with the exception of the share of the subsidy allocated on the basis of the intensity of crop area insurance is not provided to the Belgorod, Voronezh, Kursk, Lipetsk, Tambov, Rostov Regions, Krasnodar and Stavropol Territories [29].

In 2019, green box subsidies from regional budgets for crop production (per 1 ha of the sown area) by agricultural producers were used in the following regions: Amur, Arkhangelsk, Astrakhan, Belgorod, Bryansk, Vladimir, Volgograd, Vologda, Voronezh, Ivanovo, Irkutsk, Kaliningrad, Kaluga, Kemerovo, Kirov, Kostroma, Kurgan, Kursk, Leningrad, Lipetsk, Moscow, Murmansk, Nizhny Novgorod, Novgorod, Novosibirsk, Omsk, Orenburg, Oryol, Penza, Pskov, Rostov, Riazan, Samara, Saratov, Sakhalin, Sverdlov, Smolensk, Tambov, Tver, Tomsk, Tula, Tyumen, Ulyanov, Chelyabinsk and Yaroslavl regions; Kabardino-Balkarian, Karachay-Cherkess, Udmurtia, Chechen and Chuvash Republics; Altai, Transbaikal, Krasnodar, Krasnoyarsk, Perm, Primorsky, Stavropol and Khabarovsk Territories; the Republics of Adygea, Altai, Bashkortostan, Buryatia, Dagestan, Ingushetia, Kalmykia, Karelia, Komi, Crimea, Mari El, Mordovia, Sakha (Yakutia), North Ossetia-Alania, Tatarstan, Tyva and Khakassia, the Jewish Autonomous Region, Sevastopol [27, 28].

At the regional level in 2019, the following measures were taken to reduce the cost of diesel fuel for agricultural producers: e.g., in the Magadan Region, part of the cost was reimbursed for acquiring diesel fuel used for seasonal agricultural work in the production of potatoes, open field vegetables, animal feed at the rate for 1 ha excluding VAT, and also for the production of hay harvested from natural hayfields and perennial herbs, at the rate for 1 ton of hay (but not more than 90 % of the cost). In the Republic of Crimea, a

subsidy is provided for compensating part of the costs for the purchased diesel fuel used for harvesting crops of the current year in the amount of RUB 50 per 1 ha of the harvested crop. In the Tomsk Region, agricultural producers are provided with subsidies for purchasing POL [28].

According to the data as of March 20, 2019 provided by the Ministry of Agriculture of Russia, in the Udmurt Republic there were negotiations with traders about the central purchase of POL for agricultural producers, which helped them to get a discount on the purchase of POL in the amount of 10 %.

According to the data as of April 8, 2019 provided by the Ministry of Agriculture of Russia, in the Republic of Tatarstan based on the agreement with Tatneft, this year agricultural producers could purchase the diesel fuel required for the seasonal field work at the reduced price of RUB 42.7 thous. per 1 ton.

At the meeting in the government that took place on October 31, 2018, 11 largest oil companies were obliged to fix wholesale prices for gasoline and diesel fuel at the level of June until the end of 2018, and next year to index it no higher than the inflation. The parties agreed that since November 1 all vertically integrated companies, as well as all independent oil refineries had undertaken to deliver gasoline and diesel in the volumes recorded as on the relevant month of 2017, plus 3 %. The arrangements will be recorded in the agreement. The agreement comes into force on November 1, its validity is until March 31, 2019. If necessary, it can be extended. Next year, the fuel prices will be indexed based on the average annual inflation rate, i.e., no more than 4 – 5 %. After the sharp increase in gasoline prices in the spring of this year, the government canceled the planned increase in excise taxes on gasoline and diesel fuel, and also demanded the companies to fix the price of fuel. In addition, the government legislated the right to impose protective duties on the export of petroleum products in order to prevent domestic prices from rising [30]. According to monitoring, when preparing to and during spring field work, diesel prices tend to increase annually. However, due to the measures taken by the government of the Russian Federation in 2018, fuel prices stabilized [31]. At the parliamentary hearings on the theme “Food security of the Russian Federation and improving agricultural export: legal aspects”, held by the Committee of the State Duma on agrarian issues on April 15, 2019, V.I. Kashina, the Chairman of the Committee of the State Duma of the Federal Assembly of the Russian Federation on agrarian issues, reported that as on March 14, 2019, the average wholesale price of summer diesel fuel was 50.77 thous. rubles/t, that of winter diesel fuel – 52.36 thous. rubles/t, and that of AI-92 gasoline – 47.74 thous. rubles/t.

The government of the Russian Federation and oil companies agreed to reduce the price of summer diesel fuel to the level of October 2018. Diesel fuel is another product with a lower prime cost. Therefore, the cost of summer diesel fuel is lower than the winter one. This will reduce the price of diesel fuel by RUB 1.3 – 1.7 per liter, mainly for agricultural producers [32, 33].

According to the data as of March 25, 2019 provided by the Union of Russian Sugar Producers, the government decided to keep the agreement on fuel prices in wholesale and retail, concluded with the oil industry until March 31, for another three months. Far from all parameters of the current agreement will be maintained until the end of June. Thus, the government is ready to reduce the requirement for the mandatory increase in fuel supplies to the domestic market by 3 % as compared to 2017. The approval of new, increased standards for the sale of fuel through exchange trading is postponed for an indefinite period, too.

In accordance with Federal Law No. 255-FZ dated July 30, 2019 “On amending part two of the Tax Code of the Russian Federation”, since July 1 the damping mechanism for stabilizing the prices of gasoline and diesel fuel has been adjusted and the damper on jet fuel has been introduced since August 1, 2019. The new law adjusts the parameters of the damping mechanism that provides compensation to oil companies for the profits that are not earned due to the supply of gasoline and diesel fuel to the Russian market if the export prices for fuel are higher than domestic ones. However, if prices on foreign markets are lower than domestic ones, manufacturers will send part of the excess profits to the budget. This mechanism makes it possible to compensate for part of the cost of the oil obtained by oil refineries to restrain the increase in gas prices. It is planned to increase the compensation since July 1, 2019 from 60 to 75 % for gasoline and up to 70 % for diesel fuel, and since next 2020 – from 50 to 68 % for gasoline and up to 65 % for diesel fuel. At the same time, since July 1, 2019 it is planned to reduce the conditional average wholesale price in Russia, taken into account when damping, for gasoline from RUB 56 to 51 thous. per 1 ton, diesel fuel – from RUB 50 to 46 thous. In the future, they are expected to increase on an annual basis by 5 % until 2024 inclusive. The damper mechanism will be applied if wholesale prices for gasoline deviate from the conventional indicators by no more than 10 %, and by no more than 20 % for diesel fuel. In order to compensate for the shortfall in income in the federal budget arising from adopting these measures, it is supposed to recognize all dark oil products, including heavy fuel oil and marine fuel, as excisable and classified as middle distillates since April 1, 2020. The additional damper of RUB 2 thous. per 1 ton is provided to the Far Eastern Region. If wholesale prices for gasoline and diesel fuel in this region deviate by more than 20 % from the

average prices in Russia, the premium will return to zero. This is related to the fact that prices in the region differ considerably from the average Russian prices due to logistical difficulties. To compare, in the Moscow Region a liter of AI-95 gasoline costs RUB 44.46 on average, in Yakutia – RUB 53.42, and in Chukotka – RUB 56.89.

## 5. CONCLUSION

The prices for POL are constantly growing. Therefore, it is necessary to improve the current state support for providing agricultural producers with these energy resources both at the federal and regional levels. As a result of the analysis and expert assessment, the following areas for improving the state support have been identified. At the federal level, these are: ensuring short-term preferred loans for all agricultural enterprises by increasing the share of financial resources allocated for small businesses and expanding the list of authorized banks, improvement in the hectare support per 1 ha of the sown area to achieve more complete compensation of energy costs for agricultural producers, and the use of the new mechanism for regulating prices for POL that establishes obligations for the supply of petroleum products to the domestic market for exporters. These are promising areas of state support for agricultural producers at the regional level: reimbursement of part of the cost for acquiring POL used for seasonal agricultural work, and conclusion of agreements with suppliers of the POL required for seasonal field work for their delivery at preferential prices.

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